

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

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**H.R. 3734**

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

**Volumes 1 to 19**

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

**Social Security Administration**

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

## **PREFACE**

This 19-volume compilation contains historical documents pertaining to P.L. 104-193, the "Personal Responsibility and Work Opportunity Act of 1996."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

Pertinent documents include:

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

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

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- F. H.R. 1214, "Personal Responsibility Act of 1995," introduced March 13, 1995 (excerpts). This bill was developed by the three committees with primary jurisdiction (Committees on Ways and Means, Agriculture, and Economic and Educational Opportunities). In addition, the Committee on Commerce worked with Ways and Means staff to draft language for H.R. 1214 as it related to provisions within the Commerce Committee's jurisdiction including ineligibility of illegal aliens for certain public benefits, SSI cash benefits, and SSI service benefits. H.R. 1214 was considered as the base text for floor consideration of welfare reform legislation.
- G. H.R. 1250, "Family Stability and Work Act of 1995," introduced March 15, 1995 (excerpts). This bill was offered as a Democratic substitute for H.R. 4/H.R. 1214. It failed to pass the House on March 23, 1995 by a vote of 96-336.
- H. H.R. 1267, "Individual Responsibility Act of 1995" introduced March 21, 1995 (excerpts). This bill was offered as a Democratic substitute for H.R. 4/H.R. 1214 that maintained several key Republican welfare reform provisions while also keeping the Federal entitlement for cash benefits, school lunches and other social programs. It failed to pass the House on March 23, 1995 by a vote of 205-228.
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  - C. H.R. 2530, "Common Sense Balanced Budget Act of 1995"--as introduced October 25, 1995 (excerpts). This bill was offered by a group of conservative Democrats (Blue Dogs) as an alternative to H.R. 2491. It failed to pass the House on October 28, 1995 by a vote of 72-356.
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11. Legislative Bulletin 104-18, Provisions of the Balanced Budget Act of 1995 (H.R. 2491) as Vetoed by The President on December 6, 1995--February 2, 1996
  12. Legislative Bulletin 104-25, House Committee on Ways and Means Markup of H.R. 3507, The "Personal Responsibility and Work Opportunity Act of 1996"--June 25, 1996
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  14. Legislative Bulletin 104-27, House Passes H.R. 3734, The "Welfare Reform Reconciliation Act of 1996"--July 26, 1996
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  17. Legislative Bulletin 104-32, The President Signs H.R. 3734, The "Personal Responsibility and Work Opportunity Act of 1996"--August 22, 1996
- B. "Major Welfare Reforms Enacted in 1996", Social Security Bulletin, Volume 59, No.3, Fall 1996
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1. H.R. 2903, "Balanced Budget Act of 1995 for Economic Growth and Fairness"--as introduced January 26, 1996 (excerpts). This was the text of President Clinton's balanced-budget plan. It included some provisions of interest, but did not include major welfare reform provisions.
  2. H.R. 2915, "Personal Responsibility and Work Opportunity Act"--as introduced January 31, 1996 (excerpts). Companion bill to S. 1823. These bills reflect proposals presented in a bipartisan plan by the National Governors Association in early 1996.

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

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

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

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

104TH CONGRESS  
2D SESSION

# H. R. 3832

To restore the American family, enhance support and work opportunities for families with children, reduce out-of-wedlock pregnancies, reduce welfare dependence, and control welfare spending.

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## IN THE HOUSE OF REPRESENTATIVES

JULY 17, 1996

Mr. TANNER (for himself and Mr. CASTLE) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on Agriculture, Commerce, Economic and Educational Opportunities, Government Reform and Oversight, Banking and Financial Services, the Judiciary, and the Budget, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To restore the American family, enhance support and work opportunities for families with children, reduce out-of-wedlock pregnancies, reduce welfare dependence, and control welfare spending.

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

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Bipartisan Welfare Re-  
5       form Act of 1996”.

1 **SEC. 2. TABLE OF CONTENTS.**

2 The table of contents of this Act is as follows:

- Sec. 1. Short title.
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- Sec. 102. Reference to Social Security Act.
- Sec. 103. Block grants to States.
- Sec. 104. Services provided by charitable, religious, or private organizations.
- Sec. 105. Census data on grandparents as primary caregivers for their grandchildren.
- Sec. 106. Report on data processing.
- Sec. 107. Study on alternative outcomes measures.
- Sec. 108. Conforming amendments to the Social Security Act.
- Sec. 109. Conforming amendments to the Food Stamp Act of 1977 and related provisions.
- Sec. 110. Conforming amendments to other laws.
- Sec. 111. Development of prototype of counterfeit-resistant social security card required.
- Sec. 112. Disclosure of receipt of Federal funds.
- Sec. 113. Modifications to the job opportunities for certain low-income individuals program.
- Sec. 114. Secretarial submission of legislative proposal for technical and conforming amendments.
- Sec. 115. Application of current AFDC standards under medicaid program.
- Sec. 116. Effective date; transition rule.

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- Sec. 202. Denial of SSI benefits for fugitive felons and probation and parole violators.
- Sec. 203. Verification of eligibility for certain SSI disability benefits.
- Sec. 204. Treatment of prisoners.
- Sec. 205. Effective date of application for benefits.
- Sec. 206. Installment payment of large past-due supplemental security income benefits.
- Sec. 207. Recovery of supplemental security income overpayments from social security benefits.

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- Sec. 213. Additional accountability requirements.

- Sec. 214. Reduction in cash benefits payable to institutionalized individuals whose medical costs are covered by private insurance.
- Sec. 215. Modification respecting parental income deemed to disabled children.
- Sec. 216. Graduated benefits for additional children.

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#### Subtitle D—Studies Regarding Supplemental Security Income Program

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- Sec. 233. Study by General Accounting Office.

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- Sec. 933. Exchange of law enforcement information.
- Sec. 934. Expedited coupon service.
- Sec. 935. Withdrawing fair hearing requests.
- Sec. 936. Income, eligibility, and immigration status verification systems.
- Sec. 937. Bases for suspensions and disqualifications.
- Sec. 938. Authority to suspend stores violating program requirements pending administrative and judicial review.
- Sec. 939. Disqualification of retailers who are disqualified from the WIC program.
- Sec. 940. Permanent debarment of retailers who intentionally submit falsified applications.
- Sec. 941. Expanded civil and criminal forfeiture for violations of the food stamp act.
- Sec. 942. Expanded authority for sharing information provided by retailers.
- Sec. 943. Limitation of Federal match.
- Sec. 944. Collection of overissuances.
- Sec. 945. Standards for administration.
- Sec. 946. Response to waivers.
- Sec. 947. Authorization of appropriations.
- Sec. 948. Authorize States to operate simplified food stamp programs.

- Sec. 949. Emergency food assistance program.
- Sec. 950. Food bank demonstration project.
- Sec. 951. Report on entitlement commodity processing.

## TITLE X—MISCELLANEOUS

### Subtitle A—General Provisions

- Sec. 1001. Expenditure of Federal funds in accordance with laws and procedures applicable to expenditure of State funds.
- Sec. 1002. Elimination of housing assistance with respect to fugitive felons and probation and parole violators.
- Sec. 1003. Sense of the Senate regarding enterprise zones.
- Sec. 1004. Sense of the Senate regarding the inability of the non-custodial parent to pay child support.
- Sec. 1005. Food stamp eligibility.
- Sec. 1006. Establishing national goals to prevent teenage pregnancies.
- Sec. 1007. Sense of the Senate regarding enforcement of statutory rape laws.
- Sec. 1008. Sanctioning for testing positive for controlled substances.
- Sec. 1009. Abstinence education.
- Sec. 1010. Provisions to encourage electronic benefit transfer systems.
- Sec. 1011. Reduction in block grants to States for social services.
- Sec. 1012. Efficient use of Federal transportation funds.
- Sec. 1013. Enhanced Federal match for child welfare automation expenses.

### Subtitle B—Earned Income Tax Credit

- Sec. 1021. Earned income credit and other tax benefits denied to individuals failing to provide taxpayer identification numbers.
- Sec. 1022. Rules relating to denial of earned income credit on basis of disqualified income.
- Sec. 1023. Modification of adjusted gross income definition for earned income credit.
- Sec. 1024. Notice of availability required to be provided to applicants and former recipients of AFDC, food stamps, and medicaid.
- Sec. 1025. Notice of availability of earned income tax credit and dependent care tax credit to be included on W-4 form.
- Sec. 1026. Advance payment of earned income tax credit through State demonstration programs.

# 1 **TITLE I—BLOCK GRANTS FOR** 2 **TEMPORARY ASSISTANCE** 3 **FOR NEEDY FAMILIES**

## 4 **SEC. 101. FINDINGS.**

5 The Congress makes the following findings:

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

1           (2) Marriage is an essential institution of a suc-  
2           cessful society which promotes the interests of chil-  
3           dren.

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

7           (4) In 1992, only 54 percent of single-parent  
8           families with children had a child support order es-  
9           tablished and, of that 54 percent, only about one-  
10          half received the full amount due. Of the cases en-  
11          forced through the public child support enforcement  
12          system, only 18 percent of the caseload has a collec-  
13          tion.

14          (5) The number of individuals receiving aid to  
15          families with dependent children (in this section re-  
16          ferred to as "AFDC") has more than tripled since  
17          1965. More than two-thirds of these recipients are  
18          children. Eighty-nine percent of children receiving  
19          AFDC benefits now live in homes in which no father  
20          is present.

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

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

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

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

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

2 (ii) While the number of children receiving  
3 AFDC benefits increased nearly threefold be-  
4 tween 1965 and 1992, the total number of chil-  
5 dren in the United States aged 0 to 18 has de-  
6 clined by 5.5 percent.

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

11 (C) The increase in the number of children  
12 receiving public assistance is closely related to  
13 the increase in births to unmarried women. Be-  
14 tween 1970 and 1991, the percentage of live  
15 births to unmarried women increased nearly  
16 threefold, from 10.7 percent to 29.5 percent.

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

19 (A) It is estimated that the rate of non-  
20 marital teen pregnancy rose 23 percent from 54  
21 pregnancies per 1,000 unmarried teenagers in  
22 1976 to 66.7 pregnancies in 1991. The overall  
23 rate of nonmarital pregnancy rose 14 percent  
24 from 90.8 pregnancies per 1,000 unmarried  
25 women in 1980 to 103 in both 1991 and 1992.

1 In contrast, the overall pregnancy rate for mar-  
2 ried couples decreased 7.3 percent between  
3 1980 and 1991, from 126.9 pregnancies per  
4 1,000 married women in 1980 to 117.6 preg-  
5 nancies in 1991.

6 (B) The total of all out-of-wedlock births  
7 between 1970 and 1991 has risen from 10.7  
8 percent to 29.5 percent and if the current trend  
9 continues, 50 percent of all births by the year  
10 2015 will be out-of-wedlock.

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

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

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

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

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

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

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

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

23 (A) Only 9 percent of married-couple fami-  
24 lies with children under 18 years of age have  
25 income below the national poverty level. In con-

1           trast, 46 percent of female-headed households  
2           with children under 18 years of age are below  
3           the national poverty level.

4           (B) Among single-parent families, nearly  
5            $\frac{1}{2}$  of the mothers who never married received  
6           AFDC while only  $\frac{1}{5}$  of divorced mothers re-  
7           ceived AFDC.

8           (C) Children born into families receiving  
9           welfare assistance are 3 times more likely to be  
10          on welfare when they reach adulthood than chil-  
11          dren not born into families receiving welfare.

12          (D) Mothers under 20 years of age are at  
13          the greatest risk of bearing low-birth-weight ba-  
14          bies.

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

17          (F) Young women who have children be-  
18          fore finishing high school are more likely to re-  
19          ceive welfare assistance for a longer period of  
20          time.

21          (G) Between 1985 and 1990, the public  
22          cost of births to teenage mothers under the aid  
23          to families with dependent children program,  
24          the food stamp program, and the medicaid pro-  
25          gram has been estimated at \$120,000,000,000.

1           (H) The absence of a father in the life of  
2 a child has a negative effect on school perform-  
3 ance and peer adjustment.

4           (I) Children of teenage single parents have  
5 lower cognitive scores, lower educational aspira-  
6 tions, and a greater likelihood of becoming teen-  
7 age parents themselves.

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

12           (K) Children from single-parent homes are  
13 almost 4 times more likely to be expelled or sus-  
14 pended from school.

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

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

1           (9) Therefore, in light of this demonstration of  
2           the crisis in our Nation, it is the sense of the Con-  
3           gress that prevention of out-of-wedlock pregnancy  
4           and reduction in out-of-wedlock birth are very im-  
5           portant Government interests and the policy con-  
6           tained in part A of title IV of the Social Security  
7           Act (as amended by section 103 of this Act) is in-  
8           tended to address the crisis.

9   **SEC. 102. REFERENCE TO SOCIAL SECURITY ACT.**

10          Except as otherwise specifically provided, wherever in  
11          this title an amendment is expressed in terms of an  
12          amendment to or repeal of a section or other provision,  
13          the reference shall be considered to be made to that sec-  
14          tion or other provision of the Social Security Act.

15   **SEC. 103. BLOCK GRANTS TO STATES.**

16          Part A of title IV (42 U.S.C. 601 et seq.) is amended  
17          to read as follows:

18          **“PART A—BLOCK GRANTS TO STATES FOR**  
19          **TEMPORARY ASSISTANCE FOR NEEDY FAMILIES**

20          **“SEC. 401. PURPOSE.**

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

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

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

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

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

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

17 **“SEC. 402. ELIGIBLE STATES; STATE PLAN.**

18           “(a) IN GENERAL.—As used in this part, the term  
19 ‘eligible State’ means, with respect to a fiscal year, a State  
20 that, during the 2-year period immediately preceding the  
21 fiscal year, has submitted to the Secretary a plan that  
22 meets the requirements of subsection (b) and has been ap-  
23 proved by the Secretary with respect to the fiscal year.

1       “(b) CONTENTS OF STATE PLANS.—A plan meets  
2 the requirements of this subsection if the plan includes  
3 the following:

4           “(1) OUTLINE OF FAMILY ASSISTANCE PRO-  
5       GRAM.—

6           “(A) GENERAL PROVISIONS.—A written  
7 document that outlines how the State will do  
8 the following:

9           “(i) Conduct a program, designed to  
10 serve all political subdivisions in the State,  
11 that provides assistance to needy families  
12 with (or expecting) children and provides  
13 parents with job preparation, work, and  
14 support services to enable them to leave  
15 the program and become self-sufficient.

16           “(ii) Determine, on an objective and  
17 equitable basis, the needs of and the  
18 amount of assistance to be provided to  
19 needy families, and treat families of similar  
20 needs and circumstances similarly, subject  
21 to subparagraph (B).

22           “(iii) Require a parent or caretaker  
23 receiving assistance under the program to  
24 engage in work (as defined by the State)  
25 once the State determines the parent or

1            caretaker is ready to engage in work, or  
2            once the parent or caretaker has received  
3            assistance under the program for 24  
4            months (whether or not consecutive),  
5            whichever is earlier.

6            “(iv) Ensure that parents and care-  
7            takers receiving assistance under the pro-  
8            gram engage in work activities in accord-  
9            ance with section 407.

10           “(v) Grant an opportunity for a fair  
11           hearing before the State agency to any in-  
12           dividual to whom assistance under the pro-  
13           gram is denied, reduced, or terminated, or  
14           whose request for such assistance is not  
15           acted on with reasonable promptness.

16           “(vi) Take such reasonable steps as  
17           the State deems necessary to restrict the  
18           use and disclosure of information about in-  
19           dividuals and families receiving assistance  
20           under the program attributable to funds  
21           provided by the Federal Government.

22           “(vii) Establish goals and take action  
23           to prevent and reduce the incidence of out-  
24           of-wedlock pregnancies, with special em-  
25           phasis on teenage pregnancies, and estab-

1           lish numerical goals for reducing the ille-  
2           gitimacy ratio of the State (as defined in  
3           section 403(a)(2)(B)) for calendar years  
4           1996 through 2005.

5           “(B) SPECIAL PROVISIONS.—

6                   “(i) The plan shall indicate whether  
7           the State intends to treat families moving  
8           into the State from another State dif-  
9           ferently than other families under the pro-  
10          gram, and if so, how the State intends to  
11          treat such families under the program.

12                   “(ii) The plan shall indicate whether  
13          the State intends to provide assistance  
14          under the program to individuals who are  
15          not citizens of the United States, and if so,  
16          shall include an overview of such assist-  
17          ance.

18                   “(iii) The plan shall contain an esti-  
19          mate of the number of individuals (if any)  
20          who will become ineligible for medical as-  
21          sistance under the State plan approved  
22          under title XIX as a result of changes in  
23          the rules governing eligibility for the State  
24          program funded under this part, and shall  
25          indicate the extent (if any) to which the

1 State will provide medical assistance to  
2 such individuals, and the scope of such  
3 medical assistance.

4 “(2) CERTIFICATION THAT THE STATE WILL  
5 OPERATE A CHILD SUPPORT ENFORCEMENT PRO-  
6 GRAM.—The plan shall include a certification by the  
7 chief executive officer of the State that, during the  
8 fiscal year, the State will operate a child support en-  
9 forcement program under the State plan approved  
10 under part D.

11 “(3) CERTIFICATION THAT THE STATE WILL  
12 NOT OPERATE A SEPARATE FINANCIAL SUPPORT  
13 PROGRAM WITH STATE FUNDS TARGETED AT CER-  
14 TAIN CHILD SUPPORT RECIPIENTS.—The plan shall  
15 include a certification by the chief executive officer  
16 of the State that, during the fiscal year, the State  
17 will not operate a separate financial support pro-  
18 gram with State funds targeted at child support re-  
19 cipients who would be eligible for assistance under  
20 the program funded under this part were it not for  
21 payments from the State-funded financial assistance  
22 program.

23 “(4) CERTIFICATION THAT THE STATE WILL  
24 OPERATE A CHILD PROTECTION PROGRAM.—The  
25 plan shall include a certification by the chief execu-

1       tive officer of the State that, during the fiscal year,  
2       the State will operate a child protection program  
3       under the State plan approved under part B.

4               “(5) CERTIFICATION OF THE ADMINISTRATION  
5       OF THE PROGRAM.—The plan shall include a certifi-  
6       cation by the chief executive officer of the State  
7       specifying which State agency or agencies will ad-  
8       minister and supervise the program referred to in  
9       paragraph (1) for the fiscal year, which shall include  
10      assurances that local governments and private sector  
11      organizations—

12               “(A) have been working jointly with the  
13      State in all phases of the plan and design of  
14      welfare services in the State so that services are  
15      provided in a manner appropriate to local popu-  
16      lations;

17               “(B) have had at least 60 days to submit  
18      comments on the final plan and the design of  
19      such services; and

20               “(C) will not have unfunded mandates im-  
21      posed on them under such plan.

22      Such certification shall also include assurance that  
23      when local elected officials are currently responsible  
24      for the administration of welfare services, the local  
25      elected officials will be able to plan, design, and ad-

1 minister for their jurisdictions the programs estab-  
2 lished pursuant to this Act.

3 “(6) CERTIFICATION THAT THE STATE WILL  
4 PROVIDE INDIANS WITH EQUITABLE ACCESS TO AS-  
5 SISTANCE.—The plan shall include a certification by  
6 the chief executive officer of the State that, during  
7 the fiscal year, the State will provide each Indian  
8 who is a member of an Indian tribe in the State that  
9 does not have a tribal family assistance plan ap-  
10 proved under section 412 with equitable access to  
11 assistance under the State program funded under  
12 this part attributable to funds provided by the Fed-  
13 eral Government.

14 “(7) CERTIFICATION OF NONDISPLACEMENT  
15 AND NONREPLACEMENT OF EMPLOYEES.—The plan  
16 shall include a certification that the implementation  
17 of the plan will not result in—

18 “(A) the displacement of a currently em-  
19 ployed worker or position by an individual to  
20 whom assistance is provided under the State  
21 program funded under this part;

22 “(B) the replacement of an employee who  
23 has been terminated with an individual to whom  
24 assistance is provided under the State program  
25 funded under this part; or

1           “(C) the replacement of an employee who  
2           is on layoff from the same position filled by an  
3           individual to whom assistance is provided under  
4           the State program funded under this part or  
5           any equivalent position.

6           “(c) APPROVAL OF STATE PLANS.—The Secretary  
7           shall approve any State plan that meets the requirements  
8           of subsection (b) if the Secretary determines that operat-  
9           ing a State program pursuant to the plan will contribute  
10          to achieving the purposes of this part.

11          “(d) PUBLIC AVAILABILITY OF STATE PLAN SUM-  
12          MARY.—The State shall make available to the public a  
13          summary of any plan submitted by the State under this  
14          section.

15          **“SEC. 403. GRANTS TO STATES.**

16          “(a) GRANTS.—

17                 “(1) FAMILY ASSISTANCE GRANT.—

18                         “(A) IN GENERAL.—Each eligible State  
19                         shall be entitled to receive from the Secretary,  
20                         for each of fiscal years 1996, 1997, 1998,  
21                         1999, 2000, and 2001 a grant in an amount  
22                         equal to the State family assistance grant.

23                         “(B) STATE FAMILY ASSISTANCE GRANT  
24                         DEFINED.—As used in this part, the term

1 'State family assistance grant' means the great-  
2 est of—

3 "(i)  $\frac{1}{3}$  of the total amount required  
4 to be paid to the State under former sec-  
5 tion 403 (as in effect on September 30,  
6 1995) for fiscal years 1992, 1993, and  
7 1994 (other than with respect to amounts  
8 expended by the State for child care under  
9 subsection (g) or (i) of former section 402  
10 (as so in effect));

11 "(ii)(I) the total amount required to  
12 be paid to the State under former section  
13 403 for fiscal year 1994 (other than with  
14 respect to amounts expended by the State  
15 for child care under subsection (g) or (i) of  
16 former section 402 (as so in effect)); plus

17 "(II) an amount equal to 85 percent  
18 of the amount (if any) by which the total  
19 amount required to be paid to the State  
20 under former section 403(a)(5) for emer-  
21 gency assistance for fiscal year 1995 ex-  
22 ceeds the total amount required to be paid  
23 to the State under former section  
24 403(a)(5) for fiscal year 1994, if, during  
25 fiscal year 1994, the Secretary approved

1 under former section 402 an amendment  
2 to the former State plan with respect to  
3 the provision of emergency assistance in  
4 the context of family preservation; or

5 “(iii) the amount required to be paid  
6 to the State under former section 403 (as  
7 in effect on September 30, 1995) for fiscal  
8 year 1995 (other than with respect to  
9 amounts expended by the State under the  
10 State plan approved under part F (as so in  
11 effect) or for child care under subsection  
12 (g) or (i) of former section 402 (as so in  
13 effect)), plus the total amount required to  
14 be paid to the State for fiscal year 1995  
15 under former section 403(1) (as so in ef-  
16 fect).

17 “(C) TOTAL AMOUNT REQUIRED TO BE  
18 PAID TO THE STATE UNDER FORMER SECTION  
19 403 DEFINED.—As used in this part, the term  
20 ‘total amount required to be paid to the State  
21 under former section 403’ means, with respect  
22 to a fiscal year—

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

1           “(I) the Federal share of mainte-  
2           nance assistance expenditures for the  
3           fiscal year, before reduction pursuant  
4           to subparagraph (B) or (C) of section  
5           403(b)(2) (as in effect on September  
6           30, 1995), as reported by the State on  
7           ACF Form 231;

8           “(II) the Federal share of admin-  
9           istrative expenditures (including ad-  
10          ministrative expenditures for the de-  
11          velopment of management information  
12          systems) for the fiscal year, as re-  
13          ported by the State on ACF Form  
14          231;

15          “(III) the Federal share of emer-  
16          gency assistance expenditures for the  
17          fiscal year, as reported by the State  
18          on ACF Form 231;

19          “(IV) the Federal share of ex-  
20          penditures for the fiscal year with re-  
21          spect to child care pursuant to sub-  
22          sections (g) and (i) of former section  
23          402 (as in effect on September 30,  
24          1995), as reported by the State on  
25          ACF Form 231; and

1           “(V) the aggregate amount re-  
2           quired to be paid to the State for the  
3           fiscal year with respect to the State  
4           program operated under part F (as in  
5           effect on September 30, 1995), as de-  
6           termined by the Secretary, including  
7           additional obligations or reductions in  
8           obligations made after the close of the  
9           fiscal year; and

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

12                   “(I) the sum described in clause  
13                   (i); or

14                   “(II) the total amount certified  
15                   by the Secretary under former section  
16                   403 (as in effect during the fiscal  
17                   year) with respect to the territory.

18           “(D) INFORMATION TO BE USED IN DE-  
19           TERMINING AMOUNTS.—

20                   “(i) FOR FISCAL YEARS 1992 AND  
21                   1993.—

22                   “(I) In determining the amount  
23                   described in subclauses (I) through  
24                   (IV) of subparagraph (C)(i) for any  
25                   State for each of fiscal years 1992

1 and 1993, the Secretary shall use in-  
2 formation available as of April 28,  
3 1995.

4 “(II) In determining the amount  
5 described in subparagraph (C)(i)(V)  
6 for any State for each of fiscal years  
7 1992 and 1993, the Secretary shall  
8 use information available as of Janu-  
9 ary 6, 1995.

10 “(ii) FOR FISCAL YEAR 1994.—In de-  
11 termining the amounts described in sub-  
12 paragraph (C)(i) for any State for fiscal  
13 year 1994, the Secretary shall use informa-  
14 tion available as of April 28, 1995.

15 “(iii) FOR FISCAL YEAR 1995.—

16 “(I) In determining the amount  
17 described in subparagraph (B)(ii)(II)  
18 for any State for fiscal year 1995, the  
19 Secretary shall use the information  
20 which was reported by the States and  
21 estimates made by the States with re-  
22 spect to emergency assistance expend-  
23 itures and was available as of August  
24 11, 1995.

1           “(II) In determining the amounts  
2           described in subclauses (I) through  
3           (IV) of subparagraph (C)(i) for any  
4           State for fiscal year 1995, the Sec-  
5           retary shall use information available  
6           as of October 2, 1995.

7           “(III) In determining the amount  
8           described in subparagraph (C)(i)(V)  
9           for any State for fiscal year 1995, the  
10          Secretary shall use information avail-  
11          able as of October 5, 1995.

12          “(E) APPROPRIATION.—Out of any money  
13          in the Treasury of the United States not other-  
14          wise appropriated, there are appropriated for  
15          fiscal years 1996, 1997, 1998, 1999, 2000, and  
16          2001 such sums as are necessary for grants  
17          under this paragraph.

18          “(2) GRANT TO REWARD STATES THAT REDUCE  
19          OUT-OF-WEDLOCK BIRTHS.—

20          “(A) IN GENERAL.—In addition to any  
21          grant under paragraph (1), each eligible State  
22          shall be entitled to receive from the Secretary  
23          for fiscal year 1998 or any succeeding fiscal  
24          year, a grant in an amount equal to the State  
25          family assistance grant multiplied by—

1 “(i) 5 percent if—

2 “(I) the illegitimacy ratio of the  
3 State for the fiscal year is at least 1  
4 percentage point lower than the ille-  
5 gitimacy ratio of the State for fiscal  
6 year 1995; and

7 “(II) the rate of induced preg-  
8 nancy terminations in the State for  
9 the fiscal year is less than the rate of  
10 induced pregnancy terminations in the  
11 State for fiscal year 1995; or

12 “(ii) 10 percent if—

13 “(I) the illegitimacy ratio of the  
14 State for the fiscal year is at least 2  
15 percentage points lower than the ille-  
16 gitimacy ratio of the State for fiscal  
17 year 1995; and

18 “(II) the rate of induced preg-  
19 nancy terminations in the State for  
20 the fiscal year is less than the rate of  
21 induced pregnancy terminations in the  
22 State for fiscal year 1995.

23 “(B) ILLEGITIMACY RATIO.—As used in  
24 this paragraph, the term ‘illegitimacy ratio’

1 means, with respect to a State and a fiscal  
2 year—

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

7 “(ii) the number of births that oc-  
8 curred in the State during the most recent  
9 fiscal year for which such information is  
10 available.

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

15 “(i) any difference between the illegit-  
16 imacy ratio of a State for a fiscal year and  
17 the illegitimacy ratio of the State for fiscal  
18 year 1995 which is attributable to a  
19 change in State methods of reporting data  
20 used to calculate the illegitimacy ratio; and

21 “(ii) any difference between the rate  
22 of induced pregnancy terminations in a  
23 State for a fiscal year and such rate for  
24 fiscal year 1995 which is attributable to a

1 change in State methods of reporting data  
2 used to calculate such rate.

3 “(D) APPROPRIATION.—Out of any money  
4 in the Treasury of the United States not other-  
5 wise appropriated, there are appropriated for  
6 fiscal year 1998 and for each succeeding fiscal  
7 year such sums as are necessary for grants  
8 under this paragraph.

9 “(3) SUPPLEMENTAL GRANT FOR POPULATION  
10 INCREASES IN CERTAIN STATES.—

11 “(A) IN GENERAL.—Each qualifying State  
12 shall, subject to subparagraph (F), be entitled  
13 to receive from the Secretary—

14 “(i) for fiscal year 1997 a grant in an  
15 amount equal to 2.5 percent of the total  
16 amount required to be paid to the State  
17 under former section 403 (as in effect dur-  
18 ing fiscal year 1994) for fiscal year 1994;  
19 and

20 “(ii) for each of fiscal years 1998,  
21 1999, and 2000, a grant in an amount  
22 equal to the sum of—

23 “(I) the amount (if any) required  
24 to be paid to the State under this

1 paragraph for the immediately preced-  
2 ing fiscal year; and

3 “(II) 2.5 percent of the sum of—

4 “(aa) the total amount re-  
5 quired to be paid to the State  
6 under former section 403 (as in  
7 effect during fiscal year 1994)  
8 for fiscal year 1994; and

9 “(bb) the amount (if any)  
10 required to be paid to the State  
11 under this paragraph for the fis-  
12 cal year preceding the fiscal year  
13 for which the grant is to be  
14 made.

15 “(B) PRESERVATION OF GRANT WITHOUT  
16 INCREASES FOR STATES FAILING TO REMAIN  
17 QUALIFYING STATES.—Each State that is not a  
18 qualifying State for a fiscal year specified in  
19 subparagraph (A)(ii) but was a qualifying State  
20 for a prior fiscal year shall, subject to subpara-  
21 graph (F), be entitled to receive from the Sec-  
22 retary for the specified fiscal year, a grant in  
23 an amount equal to the amount required to be  
24 paid to the State under this paragraph for the

1 most recent fiscal year for which the State was  
2 a qualifying State.

3 “(C) QUALIFYING STATE.—

4 “(i) IN GENERAL.—For purposes of  
5 this paragraph, a State is a qualifying  
6 State for a fiscal year if—

7 “(I) the level of welfare spending  
8 per poor person by the State for the  
9 immediately preceding fiscal year is  
10 less than the national average level of  
11 State welfare spending per poor per-  
12 son for such preceding fiscal year; and

13 “(II) the population growth rate  
14 of the State (as determined by the  
15 Bureau of the Census for the most re-  
16 cent fiscal year for which information  
17 is available) exceeds the average popu-  
18 lation growth rate for all States (as so  
19 determined) for such most recent fis-  
20 cal year.

21 “(ii) STATE MUST QUALIFY IN FISCAL  
22 YEAR 1997.—Notwithstanding clause (i), a  
23 State shall not be a qualifying State for  
24 any fiscal year after 1997 by reason of  
25 clause (i) if the State is not a qualifying

1 State for fiscal year 1997 by reason of  
2 clause (i).

3 “(iii) CERTAIN STATES DEEMED  
4 QUALIFYING STATES.—For purposes of  
5 this paragraph, a State is deemed to be a  
6 qualifying State for fiscal years 1997,  
7 1998, 1999, and 2000 if—

8 “(I) the level of welfare spending  
9 per poor person by the State for fiscal  
10 year 1996 is less than 35 percent of  
11 the national average level of State  
12 welfare spending per poor person for  
13 fiscal year 1996; or

14 “(II) the population of the State  
15 increased by more than 10 percent  
16 from April 1, 1990, to July 1, 1994,  
17 as determined by the Bureau of the  
18 Census.

19 “(D) DEFINITIONS.—As used in this para-  
20 graph:

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

1 “(I) the sum of—

2 “(aa) the total amount re-  
3 quired to be paid to the State  
4 under former section 403 (as in  
5 effect during fiscal year 1994)  
6 for fiscal year 1994; and

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

11 “(II) the number of individuals,  
12 according to the 1990 decennial cen-  
13 sus, who were residents of the State  
14 and whose income was below the pov-  
15 erty line.

16 “(ii) NATIONAL AVERAGE LEVEL OF  
17 STATE WELFARE SPENDING PER POOR  
18 PERSON.—The term ‘national average level  
19 of State welfare spending per poor person’  
20 means, with respect to a fiscal year, an  
21 amount equal to—

22 “(I) the total amount required to  
23 be paid to the States under former  
24 section 403 (as in effect during fiscal

1                   year 1994) for fiscal year 1994; di-  
2                   vided by

3                   “(II) the number of individuals,  
4                   according to the 1990 decennial cen-  
5                   sus, who were residents of any State  
6                   and whose income was below the pov-  
7                   erty line.

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

11                  “(E) APPROPRIATION.—Out of any money  
12                  in the Treasury of the United States not other-  
13                  wise appropriated, there are appropriated for  
14                  fiscal years 1997, 1998, 1999, and 2000 such  
15                  sums as are necessary for grants under this  
16                  paragraph, in a total amount not to exceed  
17                  \$800,000,000.

18                  “(F) GRANTS REDUCED PRO RATA IF IN-  
19                  SUFFICIENT APPROPRIATIONS.—If the amount  
20                  appropriated pursuant to this paragraph for a  
21                  fiscal year is less than the total amount of pay-  
22                  ments otherwise required to be made under this  
23                  paragraph for the fiscal year, then the amount  
24                  otherwise payable to any State for the fiscal  
25                  year under this paragraph shall be reduced by

1 a percentage equal to the amount so appro-  
2 priated divided by such total amount.

3 “(G) BUDGET SCORING.—Notwithstanding  
4 section 257(b)(2) of the Balanced Budget and  
5 Emergency Deficit Control Act of 1985, the  
6 baseline shall assume that no grant shall be  
7 made under this paragraph after fiscal year  
8 2000.

9 “(4) SUPPLEMENTAL GRANT FOR OPERATION  
10 OF WORK PROGRAM.—

11 “(A) APPLICATION REQUIREMENTS.—An  
12 eligible State may submit to the Secretary an  
13 application for additional funds to meet the re-  
14 quirements of section 407 with respect to a fis-  
15 cal year if the Secretary determines that—

16 “(i) the total expenditures of the  
17 State to meet such requirements for the  
18 fiscal year exceed the total expenditures of  
19 the State during fiscal year 1994 to carry  
20 out part F (as in effect on September 30,  
21 1994);

22 “(ii) the work programs of the State  
23 under section 407 are coordinated with the  
24 job training programs established by title  
25 II of the Job Training Partnership Act, or

1 (if such title is repealed by the Consoli-  
2 dated and Reformed Education, Employ-  
3 ment, and Rehabilitation Systems Act) the  
4 Consolidated and Reformed Education,  
5 Employment, and Rehabilitation Systems  
6 Act; and

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

10 “(B) GRANTS.—The Secretary may make  
11 a grant to any eligible State which submits an  
12 application in accordance with subparagraph  
13 (A) of this paragraph for a fiscal year in an  
14 amount equal to the Federal medical assistance  
15 percentage of the amount (if any) by which the  
16 total expenditures of the State to meet or ex-  
17 ceed the requirements of section 407 for the fis-  
18 cal year exceeds the total expenditures of the  
19 State during fiscal year 1994 to carry out part  
20 F (as in effect on September 30, 1994).

21 “(C) REGULATIONS.—The Secretary shall  
22 issue regulations providing for the equitable dis-  
23 tribution of funds under this paragraph.

24 “(D) APPROPRIATIONS.—

1           “(i) IN GENERAL.—Out of any money  
2           in the Treasury of the United States not  
3           otherwise appropriated, there are appro-  
4           priated to the Secretary for grants under  
5           this paragraph—

6                   “(I) \$150,000,000 for fiscal year  
7                   1999;

8                   “(II) \$850,000,000 for fiscal  
9                   year 2000;

10                  “(III) \$900,000,000 for fiscal  
11                  year 2001; and

12                  “(IV) \$1,100,000,000 for fiscal  
13                  year 2002 and for each succeeding fis-  
14                  cal year.

15           “(ii) AVAILABILITY.—Amounts appro-  
16           priated pursuant to clause (i) shall remain  
17           available until expended.

18           “(b) CONTINGENCY FUND.—

19                   “(1) ESTABLISHMENT.—There is hereby estab-  
20           lished in the Treasury of the United States a fund  
21           which shall be known as the ‘Contingency Fund for  
22           State Welfare Programs’ (in this section referred to  
23           as the ‘Fund’).

24                   “(2) DEPOSITS INTO FUND.—

1           “(A) Out of any money in the Treasury of  
2           the United States not otherwise appropriated,  
3           there are appropriated for fiscal years 1997,  
4           1998, 1999, 2000, 2001 and 2002 such sums  
5           as are necessary for payment to the Fund in a  
6           total amount not to exceed \$2,000,000,000, ex-  
7           cept as provided in subparagraphs (B) and (C).

8           “(B) If—

9                   “(i) the average rate of total unem-  
10                  ployment in the United States for the most  
11                  recent 3 months for which data for all  
12                  States are available is not less than 7 per-  
13                  cent; and

14                  “(ii) there are insufficient amounts in  
15                  the Fund to pay all State claims under  
16                  paragraph (4) for a quarter in that fiscal  
17                  year;

18           then there are appropriated for that fiscal year,  
19           in addition to amounts appropriated under  
20           paragraph (2)(A), such sums as equal the dif-  
21           ference between the amount needed to pay all  
22           State claims for that quarter and the amount  
23           remaining in the Fund.

24           “(C) If—

1           “(i)(I)(aa) the average rate of total  
2           unemployment in a State (seasonally ad-  
3           justed) for the period consisting of the  
4           most recent 3 months for which data for  
5           all States are published is not less than 9  
6           percent; or

7           “(bb) the average rate of total unem-  
8           ployment in such State (seasonally ad-  
9           justed) for the 3-month period is not less  
10          than 120 percent of such average rate for  
11          either of the prior 2 years; or

12          “(II) the average number of persons  
13          in the State receiving assistance under the  
14          food stamp program, as defined in section  
15          3(h) of the Food Stamp Act of 1977, for  
16          the most recent 3-month period for which  
17          data are available is not less than 120 per-  
18          cent of such average monthly number for  
19          fiscal year 1994 or for fiscal year 1995;  
20          and

21          “(ii) there are insufficient amounts in  
22          the Fund to pay all State claims under  
23          paragraph (4) for a quarter in that fiscal  
24          year; then

1           there are appropriated for payment to the Fund  
2           for that fiscal year, in addition to amounts ap-  
3           propriated pursuant to paragraph (2)(A), for  
4           payments to States described in this subpara-  
5           graph, the amount by which payments to such  
6           States under paragraph (4) would otherwise be  
7           reduced under paragraph (8).

8           “(3) PAYMENTS TO STATES.—The method of  
9           computing and paying amounts to States from the  
10          Fund under this subsection shall be as follows:

11           “(A) The Secretary shall, before each  
12          quarter, estimate the amount to be paid to each  
13          State for the quarter from the Fund, such esti-  
14          mate to be based on—

15                   “(i) a report filed by the State con-  
16                   taining an estimate by the State of qualify-  
17                   ing State expenditures for the quarter; and

18                   “(ii) such other information as the  
19                   Secretary may find relevant and reliable.

20           “(B) The Secretary shall then certify to  
21          the Secretary of the Treasury the amount so es-  
22          timated by the Secretary.

23           “(C) The Secretary of the Treasury shall  
24          thereupon pay to the State, at the time or times  
25          fixed by the Secretary, the amount so certified.

1           “(4) GRANTS.—From amounts appropriated  
2 pursuant to paragraph (2), the Secretary of the  
3 Treasury shall pay to each eligible State for a fiscal  
4 year an amount equal to the lesser of—

5           “(A) the Federal medical assistance per-  
6 centage for the State for the fiscal year (as de-  
7 fined in section 1905(b), as in effect on Sep-  
8 tember 30, 1995) of the amount, if any, by  
9 which the expenditures of the State in the fiscal  
10 year under the State program funded under  
11 this part and expenditures on cash assistance  
12 under other State programs with respect to eli-  
13 gible families (as defined in section  
14 409(a)(5)(B)(i)(III)) exceed historic State ex-  
15 penditures (as defined in section  
16 409(a)(5)(B)(iii)); or

17           “(B) the number of percentage points (if  
18 any) by which 40 percent of the State family  
19 assistance grant for the fiscal year exceeds any  
20 payment to the State for the fiscal year under  
21 section 403(a)(3).

22           “(5) ANNUAL RECONCILIATION.—At the end of  
23 each fiscal year, each State shall remit to the Sec-  
24 retary an amount equal to the amount (if any) by  
25 which the total amount paid to the State under

1 paragraph (4) during the fiscal year exceeds the  
2 lesser of—

3 “(A) the Federal medical assistance per-  
4 centage for the State for the fiscal year (as de-  
5 fined in section 1905(b), as in effect on Sep-  
6 tember 30, 1995) of the amount (if any) by  
7 which the expenditures of the State in the fiscal  
8 year under the State program funded under  
9 this part and expenditures on cash assistance  
10 under other State programs with respect to eli-  
11 gible families (as defined in section  
12 409(a)(5)(B)(i)(III)) exceed historic State ex-  
13 penditures (as defined in section  
14 409(a)(5)(B)(iii)); or

15 “(B) the amount (if any) by which 40 per-  
16 cent of the State family assistance grant for the  
17 fiscal year exceeds any payment to the State for  
18 the fiscal year under section 403(a)(3).

19 “(6) ELIGIBLE STATE.—For purposes of this  
20 subsection, a State is an eligible State for a fiscal  
21 year, if—

22 “(A)(i) the average rate of total unemploy-  
23 ment in such State (seasonally adjusted) for the  
24 period consisting of the most recent 3 months

1 for which data for all States are published is  
2 not less than 6.5 percent; and

3 “(ii) the average rate of total unemploy-  
4 ment in such State (seasonally adjusted) for the  
5 3-month period is not less than 110 percent of  
6 such average rate for either 1994 or 1995; or

7 “(B)(i) the average number of persons in  
8 the State receiving assistance under the food  
9 stamp program, as defined in section 3(h) of  
10 the Food Stamp Act of 1977, for the most re-  
11 cent 3-month period for which data are avail-  
12 able is not less than 110 percent of the product  
13 of--

14 “(I) such average monthly number for  
15 either fiscal year 1994 or fiscal year 1995;  
16 and

17 “(II) the number of percentage points  
18 (if any) by which 100 percent exceeds the  
19 percentage by which the Bipartisan Wel-  
20 fare Reform Act of 1996, had it been in ef-  
21 fect, would have reduced such average  
22 monthly number in such State in such fis-  
23 cal year, as most recently estimated by the  
24 Secretary of Agriculture before the date of  
25 the enactment of such Act; and

1           “(ii) the State is not participating in the  
2           program established under section 23(b) of the  
3           Food Stamp Act of 1977.

4           “(7) STATE.—As used in this subsection, the  
5           term ‘State’ means each of the 50 States of the  
6           United States and the District of Columbia.

7           “(8) PAYMENT PRIORITY.—Claims by States  
8           for payment from the Fund shall be filed quarterly.  
9           If the total amount of claims for any quarter exceeds  
10          the amount available for payment from the fund,  
11          claims shall be paid on a pro rata basis in a manner  
12          to be determined by the Secretary, except in the case  
13          of a State described in paragraph (2)(C).

14          “(9) ANNUAL REPORTS.—The Secretary of the  
15          Treasury shall annually report to Congress on the  
16          status of the Fund.

17 **“SEC. 404. USE OF GRANTS.**

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

21                 “(1) in any manner that is reasonably cal-  
22                 culated to accomplish the purpose of this part, in-  
23                 cluding to provide low income households with as-  
24                 sistance in meeting home heating and cooling costs;  
25                 or

1           “(2) in any manner that the State was author-  
2 ized to use amounts received under part A or F, as  
3 such parts were in effect on September 30, 1995.

4           “(b) LIMITATION ON USE OF GRANT FOR ADMINIS-  
5 TRATIVE PURPOSES.—

6           “(1) LIMITATION.—A State to which a grant is  
7 made under section 403 shall not expend more than  
8 15 percent of the grant for administrative purposes.

9           “(2) EXCEPTION.—Paragraph (1) shall not  
10 apply to the use of a grant for information tech-  
11 nology and computerization needed for tracking or  
12 monitoring required by or under this part.

13           “(c) AUTHORITY TO TREAT INTERSTATE IMMI-  
14 GRANTS UNDER RULES OF FORMER STATE.—A State op-  
15 erating a program funded under this part may apply to  
16 a family the rules (including benefit amounts) of the pro-  
17 gram funded under this part of another State if the family  
18 has moved to the State from the other State and has re-  
19 sided in the State for less than 12 months.

20           “(d) AUTHORITY TO USE PORTION OF GRANT FOR  
21 OTHER PURPOSES.—

22           “(1) IN GENERAL.—A State may use not more  
23 than 20 percent of the amount of the grant made to  
24 the State under section 403 for a fiscal year to carry

1 out a State program pursuant to the Child Care and  
2 Development Block Grant Act of 1990:

3 “(2) APPLICABLE RULES.—Any amount paid to  
4 the State under this part that is used to carry out  
5 a State program pursuant to the Child Care and De-  
6 velopment Block Grant Act of 1990 shall not be sub-  
7 ject to the requirements of this part, but shall be  
8 subject to the requirements that apply to Federal  
9 funds provided directly under such Act to carry out  
10 the program.

11 “(e) AUTHORITY TO RESERVE CERTAIN AMOUNTS  
12 FOR ASSISTANCE.—A State may reserve amounts paid to  
13 the State under this part for any fiscal year for the pur-  
14 pose of providing, without fiscal year limitation, assistance  
15 under the State program funded under this part.

16 “(f) AUTHORITY TO OPERATE EMPLOYMENT PLACE-  
17 MENT PROGRAM.—A State to which a grant is made under  
18 section 403 may use the grant to make payments (or pro-  
19 vide job placement vouchers) to State-approved public and  
20 private job placement agencies that provide employment  
21 placement services to individuals who receive assistance  
22 under the State program funded under this part.

23 “(g) IMPLEMENTATION OF ELECTRONIC BENEFIT  
24 TRANSFER SYSTEM.—A State to which a grant is made  
25 under section 403 is encouraged to implement an elec-

1 tronic benefit transfer system for providing assistance  
2 under the State program funded under this part, and may  
3 use the grant for such purpose.

4 **“SEC. 405. ADMINISTRATIVE PROVISIONS.**

5       “(a) QUARTERLY.—The Secretary shall pay each  
6 grant payable to a State under section 403 in quarterly  
7 installments.

8       “(b) NOTIFICATION.—Not later than 3 months before  
9 the payment of any such quarterly installment to a State,  
10 the Secretary shall notify the State of the amount of any  
11 reduction determined under section 412(a)(1)(B) with re-  
12 spect to the State.

13       “(c) COMPUTATION AND CERTIFICATION OF PAY-  
14 MENTS TO STATES.—

15           “(1) COMPUTATION.—The Secretary shall esti-  
16 mate the amount to be paid to each eligible State for  
17 each quarter under this part, such estimate to be  
18 based on a report filed by the State containing an  
19 estimate by the State of the total sum to be ex-  
20 pended by the State in the quarter under the State  
21 program funded under this part and such other in-  
22 formation as the Secretary may find necessary.

23           “(2) CERTIFICATION.—The Secretary of Health  
24 and Human Services shall certify to the Secretary of  
25 the Treasury the amount estimated under paragraph

1 (1) with respect to a State, reduced or increased to  
2 the extent of any overpayment or underpayment  
3 which the Secretary of Health and Human Services  
4 determines was made under this part to the State  
5 for any prior quarter and with respect to which ad-  
6 justment has not been made under this paragraph.

7 “(d) PAYMENT METHOD.—Upon receipt of a certifi-  
8 cation under subsection (c)(2) with respect to a State, the  
9 Secretary of the Treasury shall, through the Fiscal Service  
10 of the Department of the Treasury and before audit or  
11 settlement by the General Accounting Office, pay to the  
12 State, at the time or times fixed by the Secretary of  
13 Health and Human Services, the amount so certified.

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

16 “(1) IN GENERAL.—Upon receiving notice from  
17 the Secretary of Health and Human Services that a  
18 State agency administering a program funded under  
19 this part has notified the Secretary that a named in-  
20 dividual has been overpaid under the State program  
21 funded under this part, the Secretary of the Treas-  
22 ury shall determine whether any amounts as refunds  
23 of Federal taxes paid are payable to such individual,  
24 regardless of whether the individual filed a tax re-  
25 turn as a married or unmarried individual. If the

1 Secretary of the Treasury finds that any such  
2 amount is so payable, the Secretary shall withhold  
3 from such refunds an amount equal to the overpay-  
4 ment sought to be collected by the State and pay  
5 such amount to the State agency.

6 “(2) REGULATIONS.—The Secretary of the  
7 Treasury shall issue regulations, after review by the  
8 Secretary of Health and Human Services, that pro-  
9 vide—

10 “(A) that a State may only submit under  
11 paragraph (1) requests for collection of over-  
12 payments with respect to individuals—

13 “(i) who are no longer receiving as-  
14 sistance under the State program funded  
15 under this part;

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

22 “(iii) to whom the State agency has  
23 given notice of its intent to request with-  
24 holding by the Secretary of the Treasury

1 from the income tax refunds of such indi-  
2 viduals;

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

8 “(C) the procedures that the State and the  
9 Secretary of the Treasury will follow in carrying  
10 out this subsection which, to the maximum ex-  
11 tent feasible and consistent with the provisions  
12 of this subsection, will be the same as those is-  
13 sued pursuant to section 464(b) applicable to  
14 collection of past-due child support.

15 **“SEC. 406. FEDERAL LOANS FOR STATE WELFARE PRO-**  
16 **GRAMS.**

17 “(a) LOAN AUTHORITY.—

18 “(1) IN GENERAL.—The Secretary shall make  
19 loans to any loan-eligible State, for a period to ma-  
20 turity of not more than 3 years.

21 “(2) LOAN-ELIGIBLE STATE.—As used in para-  
22 graph (1), the term ‘loan-eligible State’ means a  
23 State against which a penalty has not been imposed  
24 under section 409(e).

1       “(b) RATE OF INTEREST.—The Secretary shall  
2 charge and collect interest on any loan made under this  
3 section at a rate equal to the current average market yield  
4 on outstanding marketable obligations of the United  
5 States with remaining periods to maturity comparable to  
6 the period to maturity of the loan.

7       “(c) USE OF LOAN.—A State shall use a loan made  
8 to the State under this section only for any purpose for  
9 which grant amounts received by the State under section  
10 403(a) may be used, including—

11               “(1) welfare anti-fraud activities; and

12               “(2) the provision of assistance under the State  
13 program to Indian families that have moved from  
14 the service area of an Indian tribe with a tribal fam-  
15 ily assistance plan approved under section 412.

16       “(d) LIMITATION ON TOTAL AMOUNT OF LOANS TO  
17 A STATE.—The cumulative dollar amount of all loans  
18 made to a State under this section during fiscal years  
19 1997 through 2001 shall not exceed 10 percent of the  
20 State family assistance grant.

21       “(e) LIMITATION ON TOTAL AMOUNT OF OUTSTAND-  
22 ING LOANS.—The total dollar amount of loans outstand-  
23 ing under this section may not exceed \$1,700,000,000.

24       “(f) APPROPRIATION.—Out of any money in the  
25 Treasury of the United States not otherwise appropriated,

1 there are appropriated such sums as may be necessary for  
 2 the cost of loans under this section.

3 **“SEC. 407. MANDATORY WORK REQUIREMENTS; INDIVID-**  
 4 **UAL RESPONSIBILITY PLANS.**

5 “(a) PARTICIPATION RATE REQUIREMENTS.—

6 “(1) ALL FAMILIES.—A State to which a grant  
 7 is made under section 403 for a fiscal year shall  
 8 achieve the minimum participation rate specified in  
 9 the following table for the fiscal year with respect to  
 10 all families receiving assistance under the State pro-  
 11 gram funded under this part:

<b>“If the fiscal year is:</b>	<b>The minimum participation rate is:</b>
1997 .....	20
1998 .....	25
1999 .....	30
2000 .....	35
2001 .....	40
2002 or thereafter .....	50.

12 “(2) 2-PARENT FAMILIES.—A State to which a  
 13 grant is made under section 403 for a fiscal year  
 14 shall achieve the minimum participation rate speci-  
 15 fied in the following table for the fiscal year with re-  
 16 spect to 2-parent families receiving assistance under  
 17 the State program funded under this part:

<b>“If the fiscal year is:</b>	<b>The minimum participation rate is:</b>
1997 .....	75
1998 .....	75
1999 or thereafter .....	90.

18 “(b) CALCULATION OF PARTICIPATION RATES.—

1           “(1) ALL FAMILIES.—

2                   “(A) AVERAGE MONTHLY RATE.—For pur-  
3           poses of subsection (a)(1), the participation  
4           rate for all families of a State for a fiscal year  
5           is the average of the participation rates for all  
6           families of the State for each month in the fis-  
7           cal year.

8                   “(B) MONTHLY PARTICIPATION RATES.—  
9           The participation rate of a State for all families  
10          of the State for a month, expressed as a per-  
11          centage, is—

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

17                   “(ii) the amount by which—

18                   “(I) the number of families re-  
19           ceiving such assistance during the  
20           month that include an adult receiving  
21           such assistance; exceeds

22                   “(II) the number of families re-  
23           ceiving such assistance that are sub-  
24           ject in such month to a penalty de-  
25           scribed in subsection (e)(1) but have

1 not been subject to such penalty for  
2 more than 3 months within the pre-  
3 ceding 12-month period (whether or  
4 not consecutive).

5 “(C) SPECIAL RULE.—An individual shall  
6 be considered to be engaged in work and to be  
7 an adult recipient of assistance under a State  
8 program funded under this part for purposes of  
9 subparagraph (B) for the first 6 months  
10 (whether or not consecutive) after the first ces-  
11 sation of assistance to an individual under the  
12 program during which the individual is em-  
13 ployed for an average of more than 25 hours  
14 per week in an unsubsidized job in the private  
15 sector.

16 “(2) 2-PARENT FAMILIES.—

17 “(A) AVERAGE MONTHLY RATE.—For pur-  
18 poses of subsection (a)(2), the participation  
19 rate for 2-parent families of a State for a fiscal  
20 year is the average of the participation rates for  
21 2-parent families of the State for each month in  
22 the fiscal year.

23 “(B) MONTHLY PARTICIPATION RATES.—  
24 The participation rate of a State for 2-parent  
25 families of the State for a month shall be cal-

1           culated by use of the formula set forth in para-  
2           graph (1)(B), except that in the formula the  
3           term ‘number of 2-parent families’ shall be sub-  
4           stituted for the term ‘number of families’ each  
5           place such latter term appears.

6           “(3) PRO RATA REDUCTION OF PARTICIPATION  
7           RATE DUE TO CASELOAD REDUCTIONS NOT RE-  
8           QUIRED BY FEDERAL LAW.—

9           “(A) IN GENERAL.—The Secretary shall  
10          prescribe regulations for reducing the minimum  
11          participation rate otherwise required by this  
12          section for a fiscal year by the number of per-  
13          centage points equal to the number of percent-  
14          age points (if any) by which—

15               “(i) the number of families receiving  
16               assistance during the fiscal year under the  
17               State program funded under this part is  
18               less than

19               “(ii) the number of families that re-  
20               ceived aid under the State plan approved  
21               under part A (as in effect on September  
22               30, 1995) during fiscal year 1994 or 1995,  
23               whichever is the greater.

24          The minimum participation rate shall not be re-  
25          duced to the extent that the Secretary deter-

1 mines that the reduction in the number of fami-  
2 lies receiving such assistance is required by  
3 Federal law.

4 “(B) ELIGIBILITY CHANGES NOT COUNT-  
5 ED.—The regulations described in subpara-  
6 graph (A) shall not take into account families  
7 that are diverted from a State program funded  
8 under this part as a result of differences in eli-  
9 gibility criteria under a State program funded  
10 under this part and eligibility criteria under the  
11 State program operated under the State plan  
12 approved under part A (as such plan and such  
13 part were in effect on September 30, 1995).  
14 Such regulations shall place the burden on the  
15 Secretary to prove that such families were di-  
16 verted as a direct result of differences in such  
17 eligibility criteria.

18 “(4) STATE OPTION TO INCLUDE INDIVIDUALS  
19 RECEIVING ASSISTANCE UNDER A TRIBAL FAMILY  
20 ASSISTANCE PLAN.—For purposes of paragraphs  
21 (1)(B) and (2)(B), a State may, at its option, in-  
22 clude families receiving assistance under a tribal  
23 family assistance plan approved under section 412.

24 “(5) STATE OPTION FOR PARTICIPATION RE-  
25 QUIREMENT EXEMPTIONS.—For any fiscal year, a

1 State may, at its option, not require an individual  
 2 who is a single custodial parent caring for a child  
 3 who has not attained 12 months of age to engage in  
 4 work and may disregard such an individual in deter-  
 5 mining the participation rates under subsection (a).

6 “(c) ENGAGED IN WORK.—

7 “(1) ALL FAMILIES.—For purposes of sub-  
 8 section (b)(1)(B)(i), a recipient is engaged in work  
 9 for a month in a fiscal year if the recipient is par-  
 10 ticipating in such activities for at least the minimum  
 11 average number of hours per week specified in the  
 12 following table during the month, not fewer than 20  
 13 hours per week of which are attributable to an activ-  
 14 ity described in paragraph (1), (2), (3), (4), (5), (7),  
 15 or (8) of subsection (d) (or, if the participation of  
 16 the recipient in an activity described in subsection  
 17 (d)(6) has been taken into account for purposes of  
 18 paragraph (1) or (2) of subsection (b) for fewer than  
 19 4 weeks in the fiscal year, an activity described in  
 20 subsection (d)(6)):

<b>“If the month is in fiscal year:</b>	<b>The minimum average number of hours per week is:</b>
1996 .....	20
1997 .....	20
1998 .....	20
1999 or thereafter .....	25.

21 “(2) 2-PARENT FAMILIES.—For purposes of  
 22 subsection (b)(2)(B)(i), an adult is engaged in work

1 for a month in a fiscal year if the adult is making  
2 progress in such activities for at least 25 hours per  
3 week during the month, not fewer than 20 hours per  
4 week of which are attributable to an activity de-  
5 scribed in paragraph (1), (2), (3), (4), (5), (7), or  
6 (8) of subsection (d) (or, if the participation of the  
7 recipient in an activity described in subsection (d)(6)  
8 has been taken into account for purposes of para-  
9 graph (1) or (2) of subsection (b) for fewer than 8  
10 weeks (no more than 4 of which may be consecutive)  
11 in the fiscal year, an activity described in subsection  
12 (d)(6)).

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

22 “(4) OPTION TO REDUCE NUMBER OF HOURS  
23 OF WORK REQUIRED OF SINGLE PARENTS WITH A  
24 CHILD UNDER AGE 6.—Notwithstanding paragraph  
25 (1), a State may reduce to 20 the number of hours

1 per week during which a single custodial parent is  
2 required pursuant to this section to engage in work  
3 activities if the family of the parent includes an indi-  
4 vidual who has not attained 6 years of age.

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

7 “(1) unsubsidized employment;

8 “(2) subsidized private sector employment;

9 “(3) subsidized public sector employment;

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

13 “(5) on-the-job training;

14 “(6) job search and job readiness assistance;

15 “(7) community service programs;

16 “(8) vocational educational training (not to ex-  
17 ceed 12 months with respect to any individual);

18 “(9) job skills training directly related to em-  
19 ployment;

20 “(10) education directly related to employment,  
21 in the case of a recipient who has not received a  
22 high school diploma or a certificate of high school  
23 equivalency; and

24 “(11) satisfactory attendance at secondary  
25 school, in the case of a recipient who—

1           “(A) has not completed secondary school;  
2           and

3           “(B) is a dependent child, or a head of  
4           household who has not attained 20 years of age.

5           “(e) PENALTIES AGAINST INDIVIDUALS.—

6           “(1) IN GENERAL.—Except as provided in para-  
7           graph (2), if an adult in a family receiving assist-  
8           ance under the State program funded under this  
9           part refuses to engage in work required in accord-  
10          ance with this section, the State shall—

11           “(A) reduce the amount of assistance oth-  
12           erwise payable to the family pro rata (or more,  
13           at the option of the State) with respect to any  
14           period during a month in which the adult so re-  
15           fuses; or

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

19           “(2) EXCEPTION.—Notwithstanding paragraph  
20           (1), a State may not reduce or terminate assistance  
21           under the State program funded under this part  
22           based on a refusal of an adult to work if the adult  
23           is a single custodial parent caring for a child who  
24           has not attained 11 years of age, and the adult  
25           proves that the adult has a demonstrated inability

1 (as determined by the State) to obtain needed child  
2 care, for 1 or more of the following reasons:

3 “(A) Unavailability of appropriate child  
4 care within a reasonable distance from the indi-  
5 vidual’s home or work site.

6 “(B) Unavailability or unsuitability of in-  
7 formal child care by a relative or under other  
8 arrangements.

9 “(C) Unavailability of appropriate and af-  
10 fordable formal child care arrangements.

11 “(f) NONDISPLACEMENT IN WORK ACTIVITIES.—

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

18 “(2) NO FILLING OF CERTAIN VACANCIES.—No  
19 adult in a work activity described in subsection (d)  
20 which is funded, in whole or in part, by funds pro-  
21 vided by the Federal Government shall be employed  
22 or assigned—

23 “(A) when any other individual is on layoff  
24 from the same or any substantially equivalent  
25 job; or

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

6           “(3) NO PREEMPTION.—Nothing in this sub-  
7           section shall preempt or supersede any provision of  
8           State or local law that provides greater protection  
9           for employees from displacement.

10          “(g) INDIVIDUAL RESPONSIBILITY PLANS.—

11           “(1) ASSESSMENT.—The State agency respon-  
12           sible for administering the State program funded  
13           under this part shall make an initial assessment of  
14           the skills, prior work experience, and employability  
15           of each applicant for, or recipient of, assistance  
16           under the program who—

17                   “(A) has attained 18 years of age; or

18                   “(B) has not completed high school or ob-  
19           tained a certificate of high school equivalency,  
20           and is not attending secondary school.

21          “(2) CONTENTS OF PLANS.—

22           “(A) IN GENERAL.—On the basis of the  
23           assessment made under paragraph (1) with re-  
24           spect to an individual, the State agency, in con-  
25           sultation with the individual, shall develop an

1 individual responsibility plan for the individual,  
2 which—

3 “(i) shall provide that participation by  
4 the individual in job search activities shall  
5 be a condition of eligibility for assistance  
6 under the State program funded under this  
7 part, except during any period for which  
8 the individual is employed full-time in an  
9 unsubsidized job in the private sector;

10 “(ii) sets forth an employment goal  
11 for the individual and a plan for moving  
12 the individual immediately into private sec-  
13 tor employment;

14 “(iii) sets forth the obligations of the  
15 individual, which may include a require-  
16 ment that the individual attend school,  
17 maintain certain grades and attendance,  
18 keep school age children of the individual  
19 in school, immunize children, attend  
20 parenting and money management classes,  
21 or do other things that will help the indi-  
22 vidual become and remain employed in the  
23 private sector;

24 “(iv) to the greatest extent possible  
25 shall be designed to move the individual

1 into whatever private sector employment  
2 the individual is capable of handling as  
3 quickly as possible, and to increase the re-  
4 sponsibility and amount of work the indi-  
5 vidual is to handle over time;

6 “(v) shall describe the services the  
7 State will provide the individual so that the  
8 individual will be able to obtain and keep  
9 employment in the private sector, and de-  
10 scribe the job counseling and other services  
11 that will be provided by the State; and

12 “(vi) at the option of the State, may  
13 require the individual to undergo appro-  
14 priate substance abuse treatment.

15 “(B) TIMING.—The State agency shall  
16 comply with subparagraph (A) with respect to  
17 an individual—

18 “(i) within 90 days (or, at the option  
19 of the State, 180 days) after the effective  
20 date of this part, in the case of an individ-  
21 ual who, as of such effective date, is a re-  
22 cipient of aid under the State plan ap-  
23 proved under part A (as in effect imme-  
24 diately before such effective date); or

1                   “(ii) within 30 days (or, at the option  
2                   of the State, 90 days) after the individual  
3                   is determined to be eligible for such assist-  
4                   ance, in the case of any other individual.

5                   “(3) PROVISION OF PROGRAM AND EMPLOY-  
6                   MENT INFORMATION.—The State shall inform all ap-  
7                   plicants for and recipients of assistance under the  
8                   State program funded under this part of all avail-  
9                   able services under the program for which they are  
10                  eligible.

11                  “(4) PENALTY FOR NONCOMPLIANCE BY INDI-  
12                  VIDUAL.—The State shall reduce, by such amount  
13                  as the State considers appropriate, the amount of  
14                  assistance otherwise payable under the State pro-  
15                  gram funded under this part to a family that in-  
16                  cludes an individual who fails without good cause to  
17                  comply with an individual responsibility plan signed  
18                  by the individual.

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

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

9       **“SEC. 408. PROHIBITIONS; REQUIREMENTS.**

10       “(a) IN GENERAL.—

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

16                       “(A) a minor child who resides with a cus-  
17 todial parent or other adult caretaker relative of  
18 the child; or

19                       “(B) a pregnant individual.

20               “(2) NO ADDITIONAL CASH ASSISTANCE FOR  
21 CHILDREN BORN TO FAMILIES RECEIVING ASSIST-  
22 ANCE.—

23                       “(A) GENERAL RULE.—A State to which a  
24 grant is made under section 403 shall not use

1 any part of the grant to provide cash benefits  
2 for a minor child who is born to—

3 “(i) a recipient of assistance under  
4 the program operated under this part; or

5 “(ii) a person who received such as-  
6 sistance at any time during the 10-month  
7 period ending with the birth of the child.

8 “(B) EXCEPTION FOR CHILDREN BORN  
9 INTO FAMILIES WITH NO OTHER CHILDREN.—  
10 Subparagraph (A) shall not apply to a minor  
11 child who is born into a family that does not in-  
12 clude any other children.

13 “(C) EXCEPTION FOR VOUCHERS.—Sub-  
14 paragraph (A) shall not apply to vouchers  
15 which are provided in lieu of cash benefits and  
16 which may be used only to pay for particular  
17 goods and services specified by the State as  
18 suitable for the care of the child involved.

19 “(D) EXCEPTION FOR RAPE OR INCEST.—  
20 Subparagraph (A) shall not apply with respect  
21 to a child who is born as a result of rape or in-  
22 cest.

23 “(E) STATE ELECTION TO OPT OUT.—Sub-  
24 paragraph (A) shall not apply to a State if  
25 State law specifically exempts the State pro-

1           gram funded under this part from the applica-  
2           tion of subparagraph (A).

3           “(F) SUBSTITUTION OF FAMILY CAPS IN  
4           EFFECT UNDER WAIVERS.—Subparagraph (A)  
5           shall not apply to a State—

6                   “(i) if, as of the date of the enactment  
7                   of this part, there is in effect a waiver ap-  
8                   proved by the Secretary under section  
9                   1115 which permits the State to deny aid  
10                  under the State plan approved under part  
11                  A of this title (as in effect without regard  
12                  to the amendments made by title I of the  
13                  Bipartisan Welfare Reform Act of 1996) to  
14                  a family by reason of the birth of a child  
15                  to a family member otherwise eligible for  
16                  such aid; and

17                   “(ii) for so long as the State contin-  
18                   ues to implement such policy under the  
19                   State program funded under this part,  
20                   under rules prescribed by the State.

21           “(3) REDUCTION OR ELIMINATION OF ASSIST-  
22           ANCE FOR NONCOOPERATION IN CHILD SUPPORT.—  
23           If the agency responsible for administering the State  
24           plan approved under part D determines that an indi-  
25           vidual is not cooperating with the State in establish-

1 ing, modifying, or enforcing a support order with re-  
2 spect to a child of the individual, then the State—

3 “(A) shall deduct from the assistance that  
4 would otherwise be provided to the family of the  
5 individual under the State program funded  
6 under this part the share of such assistance at-  
7 tributable to the individual; and

8 “(B) may deny the family any assistance  
9 under the State program.

10 “(4) NO ASSISTANCE FOR FAMILIES NOT AS-  
11 SIGNING CERTAIN SUPPORT RIGHTS TO THE  
12 STATE.—

13 “(A) IN GENERAL.—A State to which a  
14 grant is made under section 403 shall require,  
15 as a condition of providing assistance to a fam-  
16 ily under the State program funded under this  
17 part, that a member of the family assign to the  
18 State any rights the family member may have  
19 (on behalf of the family member or of any other  
20 person for whom the family member has applied  
21 for or is receiving such assistance) to support  
22 from any other person, not exceeding the total  
23 amount of assistance so provided to the family,  
24 which accrue (or have accrued) before the date  
25 the family leaves the program, which assign-

1           ment, on and after the date the family leaves  
2           the program, shall not apply with respect to any  
3           support (other than support collected pursuant  
4           to section 464) which accrued before the family  
5           received such assistance and which the State  
6           has not collected by—

7                   “(i) September 30, 2000, if the as-  
8                   signment is executed on or after October 1,  
9                   1997, and before October 1, 2000; or

10                   “(ii) the date the family leaves the  
11                   program, if the assignment is executed on  
12                   or after October 1, 2000.

13           “(B) LIMITATION.—A State to which a  
14           grant is made under section 403 shall not re-  
15           quire, as a condition of providing assistance to  
16           any family under the State program funded  
17           under this part, that a member of the family  
18           assign to the State any rights to support de-  
19           scribed in subparagraph (A) which accrue after  
20           the date the family leaves the program, except  
21           to the extent necessary to enable the State to  
22           comply with section 457.

23           “(5) NO ASSISTANCE FOR TEENAGE PARENTS  
24           WHO DO NOT ATTEND HIGH SCHOOL OR OTHER  
25           EQUIVALENT TRAINING PROGRAM.—A State to

1       which a grant is made under section 403 shall not  
2       use any part of the grant to provide assistance to an  
3       individual who has not attained 18 years of age, is  
4       not married, has a minor child at least 12 weeks of  
5       age in his or her care, and has not successfully com-  
6       pleted a high-school education (or its equivalent), if  
7       the individual does not participate in—

8               “(A) educational activities directed toward  
9               the attainment of a high school diploma or its  
10              equivalent; or

11              “(B) an alternative educational or training  
12              program that has been approved by the State.

13              “(6) NO ASSISTANCE FOR TEENAGE PARENTS  
14              NOT LIVING IN ADULT-SUPERVISED SETTINGS.—

15              “(A) IN GENERAL.—

16              “(i) REQUIREMENT.—Except as pro-  
17              vided in subparagraph (B), a State to  
18              which a grant is made under section 403  
19              shall not use any part of the grant to pro-  
20              vide assistance to an individual described  
21              in clause (ii) of this subparagraph if the  
22              individual and the minor child referred to  
23              in clause (ii)(II) do not reside in a place of  
24              residence maintained by a parent, legal  
25              guardian, or other adult relative of the in-

1           dividual as such parent's, guardian's, or  
2           adult relative's own home.

3           “(ii) INDIVIDUAL DESCRIBED.—For  
4           purposes of clause (i), an individual de-  
5           scribed in this clause is an individual  
6           who—

7                       “(I) has not attained 18 years of  
8                       age; and

9                       “(II) is not married, and has a  
10                      minor child in his or her care.

11           “(B) EXCEPTION.—

12                       “(i) PROVISION OF, OR ASSISTANCE IN  
13                      LOCATING, ADULT-SUPERVISED LIVING AR-  
14                      RANGEMENT.—In the case of an individual  
15                      who is described in clause (ii), the State  
16                      agency referred to in section 402(a)(4)  
17                      shall provide, or assist the individual in lo-  
18                      cating, a second chance home, maternity  
19                      home, or other appropriate adult-super-  
20                      vised supportive living arrangement, taking  
21                      into consideration the needs and concerns  
22                      of the individual, unless the State agency  
23                      determines that the individual's current  
24                      living arrangement is appropriate, and  
25                      thereafter shall require that the individual

1 and the minor child referred to in subpara-  
2 graph (A)(ii)(II) reside in such living ar-  
3 rangement as a condition of the continued  
4 receipt of assistance under the State pro-  
5 gram funded under this part attributable  
6 to funds provided by the Federal Govern-  
7 ment (or in an alternative appropriate ar-  
8 rangement, should circumstances change  
9 and the current arrangement cease to be  
10 appropriate).

11 “(ii) INDIVIDUAL DESCRIBED.—For  
12 purposes of clause (i), an individual is de-  
13 scribed in this clause if the individual is  
14 described in subparagraph (A)(ii), and—

15 “(I) the individual has no parent,  
16 legal guardian or other appropriate  
17 adult relative described in subclause  
18 (II) of his or her own who is living or  
19 whose whereabouts are known;

20 “(II) no living parent, legal  
21 guardian, or other appropriate adult  
22 relative, who would otherwise meet  
23 applicable State criteria to act as the  
24 individual’s legal guardian, of such in-  
25 dividual allows the individual to live in

1 the home of such parent, guardian, or  
2 relative;

3 “(III) the State agency deter-  
4 mines that—

5 “(aa) the individual or the  
6 minor child referred to in sub-  
7 paragraph (A)(ii)(II) is being or  
8 has been subjected to serious  
9 physical or emotional harm, sex-  
10 ual abuse, or exploitation in the  
11 residence of the individual’s own  
12 parent or legal guardian; or

13 “(bb) substantial evidence  
14 exists of an act or failure to act  
15 that presents an imminent or se-  
16 rious harm if the individual and  
17 the minor child lived in the same  
18 residence with the individual’s  
19 own parent or legal guardian; or

20 “(IV) the State agency otherwise  
21 determines that it is in the best inter-  
22 est of the minor child to waive the re-  
23 quirement of subparagraph (A) with  
24 respect to the individual or the minor  
25 child.

1                   “(iii) SECOND-CHANCE HOME.—For  
2                   purposes of this subparagraph, the term  
3                   ‘second-chance home’ means an entity that  
4                   provides individuals described in clause (ii)  
5                   with a supportive and supervised living ar-  
6                   rangement in which such individuals are  
7                   required to learn parenting skills, including  
8                   child development, family budgeting, health  
9                   and nutrition, and other skills to promote  
10                  their long-term economic independence and  
11                  the well-being of their children.

12                  “(7) NO MEDICAL SERVICES.—

13                  “(A) IN GENERAL.—Except as provided in  
14                  subparagraph (B), a State to which a grant is  
15                  made under section 403 shall not use any part  
16                  of the grant to provide medical services.

17                  “(B) EXCEPTION FOR FAMILY PLANNING  
18                  SERVICES.—As used in subparagraph (A), the  
19                  term ‘medical services’ does not include family  
20                  planning services.

21                  “(8) NO ASSISTANCE FOR MORE THAN 5  
22                  YEARS.—

23                  “(A) IN GENERAL.—Except as provided in  
24                  subparagraphs (B) and (C), a State to which a  
25                  grant is made under section 403 shall not use

1 any part of the grant to provide cash assistance  
2 to a family that includes an adult who has re-  
3 ceived assistance under any State program  
4 funded under this part attributable to funds  
5 provided by the Federal Government, for 60  
6 months (whether or not consecutive) after the  
7 date the State program funded under this part  
8 commences.

9 “(B) MINOR CHILD EXCEPTION.—In deter-  
10 mining the number of months for which an in-  
11 dividual who is a parent or pregnant has re-  
12 ceived assistance under the State program  
13 funded under this part, the State shall dis-  
14 regard any month for which such assistance  
15 was provided with respect to the individual and  
16 during which the individual was—

17 “(i) a minor child; and

18 “(ii) not the head of a household or  
19 married to the head of a household.

20 “(C) HARDSHIP EXCEPTION.—

21 “(i) IN GENERAL.—The State may ex-  
22 empt a family from the application of sub-  
23 paragraph (A) by reason of hardship or if  
24 the family includes an individual who has

1           been battered or subjected to extreme cru-  
2           elty.

3           “(ii) LIMITATION.—The number of  
4           families with respect to which an exemp-  
5           tion made by a State under clause (i) is in  
6           effect for a fiscal year shall not exceed 20  
7           percent of the average monthly number of  
8           families to which assistance is provided  
9           under the State program funded under this  
10          part.

11          “(iii) BATTERED OR SUBJECT TO EX-  
12          TREME CRUELTY DEFINED.—For purposes  
13          of clause (i), an individual has been bat-  
14          tered or subjected to extreme cruelty if the  
15          individual has been subjected to—

16               “(I) physical acts that resulted  
17               in, or threatened to result in, physical  
18               injury to the individual;

19               “(II) sexual abuse;

20               “(III) sexual activity involving a  
21               dependent child;

22               “(IV) being forced as the care-  
23               taker relative of a dependent child to  
24               engage in nonconsensual sexual acts  
25               or activities;

1                   “(V) threats of, or attempts at,  
2                   physical or sexual abuse;

3                   “(VI) mental abuse; or

4                   “(VII) neglect or deprivation of  
5                   medical care.

6                   “(D) RULE OF INTERPRETATION.—Sub-  
7                   paragraph (A) shall not be interpreted to re-  
8                   quire any State to provide assistance to any in-  
9                   dividual for any period of time under the State  
10                  program funded under this part.

11                 “(9) DENIAL OF ASSISTANCE FOR 10 YEARS TO  
12                 A PERSON FOUND TO HAVE FRAUDULENTLY MIS-  
13                 REPRESENTED RESIDENCE IN ORDER TO OBTAIN AS-  
14                 SISTANCE IN 2 OR MORE STATES.—A State to which  
15                 a grant is made under section 403 shall not use any  
16                 part of the grant to provide cash assistance to an in-  
17                 dividual during the 10-year period that begins on  
18                 the date the individual is convicted in Federal or  
19                 State court of having made a fraudulent statement  
20                 or representation with respect to the place of resi-  
21                 dence of the individual in order to receive assistance  
22                 simultaneously from 2 or more States under pro-  
23                 grams that are funded under this title, title XIX, or  
24                 the Food Stamp Act of 1977, or benefits in 2 or

1 more States under the supplemental security income  
2 program under title XVI.

3 “(10) DENIAL OF ASSISTANCE FOR FUGITIVE  
4 FELONS AND PROBATION AND PAROLE VIOLA-  
5 TORS.—

6 “(A) IN GENERAL.—A State to which a  
7 grant is made under section 403 shall not use  
8 any part of the grant to provide assistance to  
9 any individual who is—

10 “(i) fleeing to avoid prosecution, or  
11 custody or confinement after conviction,  
12 under the laws of the place from which the  
13 individual flees, for a crime, or an attempt  
14 to commit a crime, which is a felony under  
15 the laws of the place from which the indi-  
16 vidual flees, or which, in the case of the  
17 State of New Jersey, is a high mis-  
18 demeanor under the laws of such State; or

19 “(ii) violating a condition of probation  
20 or parole imposed under Federal or State  
21 law.

22 “(B) EXCHANGE OF INFORMATION WITH  
23 LAW ENFORCEMENT AGENCIES.—If a State to  
24 which a grant is made under section 403 estab-  
25 lishes safeguards against the use or disclosure

1 of information about applicants or recipients of  
2 assistance under the State program funded  
3 under this part, the safeguards shall not pre-  
4 vent the State agency administering the pro-  
5 gram from furnishing a Federal, State, or local  
6 law enforcement officer, upon the request of the  
7 officer, with the current address of any recipi-  
8 ent if the officer furnishes the agency with the  
9 name of the recipient and notifies the agency  
10 that—

11 “(i) the recipient—

12 “(I) is described in subparagraph  
13 (A); or

14 “(II) has information that is nec-  
15 essary for the officer to conduct the  
16 official duties of the officer; and

17 “(ii) the location or apprehension of  
18 the recipient is within such official duties.

19 “(11) DENIAL OF ASSISTANCE FOR MINOR  
20 CHILDREN WHO ARE ABSENT FROM THE HOME FOR  
21 A SIGNIFICANT PERIOD.—

22 “(A) IN GENERAL.—A State to which a  
23 grant is made under section 403 shall not use  
24 any part of the grant to provide assistance for  
25 a minor child who has been, or is expected by

1 a parent (or other caretaker relative) of the  
2 child to be, absent from the home for a period  
3 of 45 consecutive days or, at the option of the  
4 State, such period of not less than 30 and not  
5 more than 90 consecutive days as the State  
6 may provide for in the State plan submitted  
7 pursuant to section 402.

8 “(B) STATE AUTHORITY TO ESTABLISH  
9 GOOD CAUSE EXCEPTIONS.—The State may es-  
10 tablish such good cause exceptions to subpara-  
11 graph (A) as the State considers appropriate if  
12 such exceptions are provided for in the State  
13 plan submitted pursuant to section 402.

14 “(C) DENIAL OF ASSISTANCE FOR REL-  
15 ATIVE WHO FAILS TO NOTIFY STATE AGENCY  
16 OF ABSENCE OF CHILD.—A State to which a  
17 grant is made under section 403 shall not use  
18 any part of the grant to provide assistance for  
19 an individual who is a parent (or other care-  
20 taker relative) of a minor child and who fails to  
21 notify the agency administering the State pro-  
22 gram funded under this part of the absence of  
23 the minor child from the home for the period  
24 specified in or provided for pursuant to sub-  
25 paragraph (A), by the end of the 5-day period

1           that begins with the date that it becomes clear  
2           to the parent (or relative) that the minor child  
3           will be absent for such period so specified or  
4           provided for.

5           “(12) INCOME SECURITY PAYMENTS NOT TO BE  
6           DISREGARDED IN DETERMINING THE AMOUNT OF  
7           ASSISTANCE TO BE PROVIDED TO A FAMILY.—If a  
8           State to which a grant is made under section 403  
9           uses any part of the grant to provide assistance for  
10          any individual who is receiving a payment under a  
11          State plan for old-age assistance approved under  
12          section 2, a State program funded under part B that  
13          provides cash payments for foster care, or the sup-  
14          plemental security income program under title XVI,  
15          then the State shall not disregard the payment in  
16          determining the amount of assistance to be provided  
17          under the State program funded under this part,  
18          from funds provided by the Federal Government, to  
19          the family of which the individual is a member.

20          “(13) PROVISION OF VOUCHERS TO FAMILIES  
21          DENIED CASH ASSISTANCE DUE TO STATE-IMPOSED  
22          TIME LIMITS.—

23                 “(A) REQUIREMENT.—If a family is denied  
24                 assistance under the State program funded  
25                 under this part by reason of a time limit im-

1 posed by the State other than pursuant to para-  
2 graph (8), the State shall provide vouchers to  
3 the family in accordance with subparagraph  
4 (B).

5 “(B) CHARACTERISTICS OF VOUCHERS.—

6 The vouchers referred to in subparagraph (A)  
7 shall be—

8 “(i) in an amount equal to the  
9 amount determined by the State to meet  
10 the needs of only the child or children in  
11 the family, which shall be determined in  
12 the same manner as the State would other-  
13 wise determines the needs of the child or  
14 children under the program;

15 “(ii) designed appropriately to pay a  
16 third party for goods and services to be  
17 provided by the third party to the child or  
18 children in the family; and

19 “(iii) redeemable by a third party de-  
20 scribed in clause (ii) for a dollar amount  
21 equal to the amount of the voucher.

22 “(b) ALIENS.—For special rules relating to the treat-  
23 ment of aliens, see section 402 of the Bipartisan Welfare  
24 Reform Act of 1996.

1 **“SEC. 409. PENALTIES.**

2 “(a) IN GENERAL.—Subject to this section:

3 “(1) FAILURE TO SUBMIT REQUIRED RE-  
4 PORT.—

5 “(A) IN GENERAL.—If the Secretary deter-  
6 mines that a State has not, within 1 month  
7 after the end of a fiscal quarter, submitted the  
8 report required by section 411(a) for the quar-  
9 ter, the Secretary shall reduce the grant pay-  
10 able to the State under section 403(a)(1) for  
11 the immediately succeeding fiscal year by an  
12 amount equal to 4 percent of the State family  
13 assistance grant.

14 “(B) RESCISSION OF PENALTY.—The Sec-  
15 retary shall rescind a penalty imposed on a  
16 State under subparagraph (A) with respect to a  
17 report for a fiscal quarter if the State submits  
18 the report before the end of the immediately  
19 succeeding fiscal quarter.

20 “(2) FAILURE TO PARTICIPATE IN THE INCOME  
21 AND ELIGIBILITY VERIFICATION SYSTEM.—If the  
22 Secretary determines that a State program funded  
23 under this part is not participating during a fiscal  
24 year in the income and eligibility verification system  
25 required by section 1137, the Secretary shall reduce  
26 the grant payable to the State under section

1       403(a)(1) for the immediately succeeding fiscal year  
2       by an amount equal to not more than 2 percent of  
3       the State family assistance grant.

4           “(3) FAILURE TO COMPLY WITH PATERNITY ES-  
5       TABLISHMENT AND CHILD SUPPORT ENFORCEMENT  
6       REQUIREMENTS UNDER PART D.—Notwithstanding  
7       any other provision of this Act, if the Secretary de-  
8       termines that the State agency that administers a  
9       program funded under this part does not enforce the  
10      penalties requested by the agency administering part  
11      D against recipients of assistance under the State  
12      program who fail to cooperate in establishing pater-  
13      nity in accordance with such part, the Secretary  
14      shall reduce the grant payable to the State under  
15      section 403(a)(1) for the immediately succeeding fis-  
16      cal year (without regard to this section) by not more  
17      than 5 percent.

18           “(4) FAILURE TO TIMELY REPAY A FEDERAL  
19      LOAN FUND FOR STATE WELFARE PROGRAMS.—If  
20      the Secretary determines that a State has failed to  
21      repay any amount borrowed from the Federal Loan  
22      Fund for State Welfare Programs established under  
23      section 406 within the period of maturity applicable  
24      to the loan, plus any interest owed on the loan, the  
25      Secretary shall reduce the grant payable to the State

1 under section 403(a)(1) for the immediately succeed-  
2 ing fiscal year quarter (without regard to this sec-  
3 tion) by the outstanding loan amount, plus the inter-  
4 est owed on the outstanding amount. The Secretary  
5 shall not forgive any outstanding loan amount or in-  
6 terest owed on the outstanding amount.

7 “(5) FAILURE OF ANY STATE TO MAINTAIN  
8 CERTAIN LEVEL OF HISTORIC EFFORT.—

9 “(A) IN GENERAL.—The Secretary shall  
10 reduce the grant payable to the State under  
11 section 403(a)(1) for fiscal year 1997, 1998,  
12 1999, 2000, 2001, or 2002 by the amount (if  
13 any) by which qualified State expenditures for  
14 the then immediately preceding fiscal year is  
15 less than the applicable percentage of historic  
16 State expenditures with respect to the fiscal  
17 year.

18 “(B) DEFINITIONS.—As used in this para-  
19 graph:

20 “(i) QUALIFIED STATE EXPENDI-  
21 TURES.—

22 “(I) IN GENERAL.—The term  
23 ‘qualified State expenditures’ means,  
24 with respect to a State and a fiscal  
25 year, the total expenditures by the

1 State during the fiscal year, under all  
2 State programs, for any of the follow-  
3 ing with respect to eligible families:

4 “(aa) Cash assistance.

5 “(bb) Child care assistance.

6 “(cc) Educational activities  
7 designed to increase self-suffi-  
8 ciency, job training, and work,  
9 excluding any expenditure for  
10 public education in the State ex-  
11 cept expenditures which involve  
12 the provision of services or assist-  
13 ance to a member of an eligible  
14 family which is not generally  
15 available to persons who are not  
16 members of eligible families.

17 “(dd) Administrative costs  
18 in connection with the matters  
19 described in items (aa), (bb),  
20 (cc), and (ee), but only to the ex-  
21 tent that such costs do not ex-  
22 ceed 15 percent of the total  
23 amount of qualified State ex-  
24 penditures for the fiscal year.

1                   “(ee) Any other use of funds  
2                   allowable       under       section  
3                   404(a)(1).

4                   “(II) EXCLUSION OF TRANSFERS  
5                   FROM OTHER STATE AND LOCAL PRO-  
6                   GRAMS.—Such term does not include  
7                   expenditures under any State or local  
8                   program during a fiscal year, except  
9                   to the extent that—

10                   “(aa) such expenditures ex-  
11                   ceed the amount expended under  
12                   the State or local program in the  
13                   fiscal year most recently ending  
14                   before the date of the enactment  
15                   of this part; or

16                   “(bb) the State is entitled to  
17                   a payment under former section  
18                   403 (as in effect immediately be-  
19                   fore such date of enactment) with  
20                   respect to such expenditures.

21                   “(III) ELIGIBLE FAMILIES.—As  
22                   used in subclause (I), the term ‘eligi-  
23                   ble families’ means families eligible  
24                   for assistance under the State pro-  
25                   gram funded under this part, and

1 families who would be eligible for such  
2 assistance but for the application of  
3 paragraph (2) or (8) of section 408(a)  
4 of this Act or section 402 of the Bi-  
5 partisan Welfare Reform Act of 1996.

6 “(ii) APPLICABLE PERCENTAGE.—The  
7 term ‘applicable percentage’ means—

8 “(I) for fiscal year 1996, 85 per-  
9 cent; and

10 “(II) for fiscal years 1997, 1998,  
11 1999, 2000, and 2001, 85 percent ad-  
12 justed (if appropriate) in accordance  
13 with subparagraph (C).

14 “(iii) HISTORIC STATE EXPENDI-  
15 TURES.—The term ‘historic State expendi-  
16 tures’ means, with respect to a State and  
17 a fiscal year specified in subparagraph (A),  
18 the lesser of—

19 “(I) the expenditures by the  
20 State under parts A and F (as in ef-  
21 fect during fiscal year 1994) for fiscal  
22 year 1994; or

23 “(II) the amount which bears the  
24 same ratio to the amount described in  
25 subclause (I) as—

1           “(aa) the State family as-  
2           sistance grant for the fiscal year  
3           immediately preceding the fiscal  
4           year specified in subparagraph  
5           (A), plus the total amount re-  
6           quired to be paid to the State  
7           under former section 403 for fis-  
8           cal year 1994 with respect to  
9           amounts expended by the State  
10          for child care under subsection  
11          (g) or (i) of section 402 (as in ef-  
12          fect during fiscal year 1994);  
13          bears to

14           “(bb) the total amount re-  
15          quired to be paid to the State  
16          under former section 403 (as in  
17          effect during fiscal year 1994)  
18          for fiscal year 1994.

19          Such term does not include any expendi-  
20          tures under the State plan approved under  
21          part A (as so in effect) on behalf of indi-  
22          viduals covered by a tribal family assist-  
23          ance plan approved under section 412, as  
24          determined by the Secretary.

1                   “(iv) EXPENDITURES BY THE  
2 STATE.—The term ‘expenditures by the  
3 State’ does not include—

4                   “(I) any expenditures from  
5 amounts made available by the Fed-  
6 eral Government;

7                   “(II) State funds expended for  
8 the medicaid program under title  
9 XIX; or

10                   “(III) any State funds which are  
11 used to match Federal funds or are  
12 expended as a condition of receiving  
13 Federal funds under Federal pro-  
14 grams other than under this part.

15                   “(C) PERFORMANCE-BASED ADJUSTMENTS  
16 TO APPLICABLE PERCENTAGE.—

17                   “(i) INCREASE IN MAINTENANCE OF  
18 EFFORT THRESHOLD FOR FAILURE TO  
19 MEET PARTICIPATION RATES.—If the Sec-  
20 retary determines that a State has failed  
21 to achieve the participation rate required  
22 by section 407 for a fiscal year, the Sec-  
23 retary shall increase the applicable per-  
24 centage for the State for the immediately  
25 succeeding fiscal year by not more than 5

1 percentage points. In determining the  
2 amount of any such increase, the Secretary  
3 shall take into account any increase in the  
4 number of persons served by the State pro-  
5 gram and any increase in the unemploy-  
6 ment rate of the State, in accordance with  
7 regulations which the Secretary shall pre-  
8 scribe.

9 “(ii) REDUCTION IN MAINTENANCE OF  
10 EFFORT THRESHOLD FOR HIGH PERFORM-  
11 ANCE STATES.—

12 “(I) CRITERIA.—The Secretary  
13 shall, by regulation, establish meas-  
14 ures of the effectiveness of the State  
15 program funded under this part in  
16 moving recipients of assistance under  
17 the program into full-time  
18 unsubsidized employment. In develop-  
19 ing the regulations, the Secretary  
20 shall take into account the length of  
21 time former recipients of assistance  
22 under the program remain employed,  
23 the earnings of such former recipients  
24 who obtain private sector employment,  
25 the total State caseload under the

1 program, and the rate of unemploy-  
2 ment in the State.

3 “(II) REDUCTION OF THRESH-  
4 OLD.—The Secretary shall reduce the  
5 applicable percentage for a State for a  
6 fiscal year by not more than 5 per-  
7 centage points if the Secretary deter-  
8 mines that the State achieved the par-  
9 ticipation rate required by section 407  
10 for the immediately preceding fiscal  
11 year and exceeded such performance  
12 threshold as the Secretary may estab-  
13 lish under subclause (I) of this clause.

14 “(6) SUBSTANTIAL NONCOMPLIANCE OF STATE  
15 CHILD SUPPORT ENFORCEMENT PROGRAM WITH RE-  
16 QUIREMENTS OF PART D.—

17 “(A) IN GENERAL.—If a State program  
18 operated under part D is found as a result of  
19 a review conducted under section 452(a)(4) not  
20 to have complied substantially with the require-  
21 ments of such part for any quarter, and the  
22 Secretary determines that the program is not  
23 complying substantially with such requirements  
24 at the time the finding is made, the Secretary  
25 shall reduce the grant payable to the State

1 under section 403(a)(1) for the quarter and  
2 each subsequent quarter that ends before the  
3 1st quarter throughout which the program is  
4 found to be in substantial compliance with such  
5 requirements by—

6 “(i) not less than 1 nor more than 2  
7 percent;

8 “(ii) not less than 2 nor more than 3  
9 percent, if the finding is the 2nd consecu-  
10 tive such finding made as a result of such  
11 a review; or

12 “(iii) not less than 3 nor more than 5  
13 percent, if the finding is the 3rd or a sub-  
14 sequent consecutive such finding made as a  
15 result of such a review.

16 “(B) DISREGARD OF NONCOMPLIANCE  
17 WHICH IS OF A TECHNICAL NATURE.—For pur-  
18 poses of subparagraph (A) of this paragraph  
19 and section 452(a)(4), a State which is not in  
20 full compliance with the requirements of this  
21 part shall be determined to be in substantial  
22 compliance with such requirements only if the  
23 Secretary determines that any noncompliance  
24 with such requirements is of a technical nature

1           which does not adversely affect the performance  
2           of the State's program operated under part D.

3           “(7) FAILURE OF STATE RECEIVING AMOUNTS  
4 FROM CONTINGENCY FUND TO MAINTAIN 100 PER-  
5 CENT OF HISTORIC EFFORT.—If, at the end of any  
6 fiscal year during which amounts from the Contin-  
7 gency Fund for State Welfare Programs have been  
8 paid to a State, the Secretary finds that the State  
9 has failed, during the fiscal year, to expend under  
10 the State program funded under this part an  
11 amount equal to at least 100 percent of the level of  
12 historic State expenditures (as defined in paragraph  
13 (7)(B)(iii) of this subsection) with respect to the fis-  
14 cal year, the Secretary shall reduce the grant pay-  
15 able to the State under section 403(a)(1) for the im-  
16 mediately succeeding fiscal year by the total of the  
17 amounts so paid to the State.

18           “(8) FAILURE TO EXPEND ADDITIONAL STATE  
19 FUNDS TO REPLACE GRANT REDUCTIONS.—If the  
20 grant payable to a State under section 403(a)(1) for  
21 a fiscal year is reduced by reason of this subsection,  
22 the State shall, during the immediately succeeding  
23 fiscal year, expend under the State program funded  
24 under this part an amount equal to the total amount  
25 of such reductions.

1           “(9) FAILURE TO PROVIDE VOUCHER ASSIST-  
2           ANCE.—If the Secretary determines that a State  
3           program funded under this part has failed to comply  
4           with section 408(a)(13) during a fiscal year, the  
5           Secretary shall reduce the grant payable to the State  
6           under section 403(a)(1) for the immediately succeed-  
7           ing fiscal year by an amount equal to the difference  
8           between the amount the State would have expended  
9           on voucher assistance pursuant to section  
10          408(a)(13) during the fiscal year in the absence of  
11          such noncompliance and the amount the State ex-  
12          pended on such voucher assistance during the fiscal  
13          year.

14          “(10) FAILURE TO PROVIDE TRANSITIONAL  
15          MEDICAL ASSISTANCE.—If the Secretary determines  
16          that a State has not complied with section  
17          408(a)(15) during a quarter, the Secretary shall re-  
18          duce the grant payable to the State under section  
19          403(a)(1) for the immediately succeeding quarter by  
20          an amount equal to 5 percent of the portion of the  
21          State family assistance grant that is payable to the  
22          State for such succeeding quarter.

23          “(b) REASONABLE CAUSE EXCEPTION.—

24                 “(1) IN GENERAL.—The Secretary may not im-  
25                 pose a penalty on a State under subsection (a) with

1       respect to a requirement if the Secretary determines  
2       that the State has reasonable cause for failing to  
3       comply with the requirement.

4           “(2) EXCEPTION.—Paragraph (1) of this sub-  
5       section shall not apply to any penalty under sub-  
6       section (a)(5).

7       “(c) CORRECTIVE COMPLIANCE PLAN.—

8           “(1) IN GENERAL.—

9           “(A) NOTIFICATION OF VIOLATION.—Be-  
10       fore imposing a penalty against a State under  
11       subsection (a) with respect to a violation of this  
12       part, the Secretary shall notify the State of the  
13       violation and allow the State the opportunity to  
14       enter into a corrective compliance plan in ac-  
15       cordance with this subsection which outlines  
16       how the State will correct the violation and how  
17       the State will insure continuing compliance with  
18       this part.

19           “(B) 60-DAY PERIOD TO PROPOSE A COR-  
20       RECTIVE COMPLIANCE PLAN.—During the 60-  
21       day period that begins on the date the State re-  
22       ceives a notice provided under subparagraph  
23       (A) with respect to a violation, the State may  
24       submit to the Federal Government a corrective  
25       compliance plan to correct the violation.

1           “(C) CONSULTATION ABOUT MODIFICA-  
2           TIONS.—During the 60-day period that begins  
3           with the date the Secretary receives a corrective  
4           compliance plan submitted by a State in accord-  
5           ance with subparagraph (B), the Secretary may  
6           consult with the State on modifications to the  
7           plan.

8           “(D) ACCEPTANCE OF PLAN.— A correc-  
9           tive compliance plan submitted by a State in ac-  
10          cordance with subparagraph (B) is deemed to  
11          be accepted by the Secretary if the Secretary  
12          does not accept or reject the plan during 60-day  
13          period that begins on the date the plan is sub-  
14          mitted.

15          “(2) EFFECT OF CORRECTING VIOLATION.—  
16          The Secretary may not impose any penalty under  
17          subsection (a) with respect to any violation covered  
18          by a State corrective compliance plan accepted by  
19          the Secretary if the State corrects the violation pur-  
20          suant to the plan.

21          “(3) EFFECT OF FAILING TO CORRECT VIOLA-  
22          TION.—The Secretary shall assess some or all of a  
23          penalty imposed on a State under subsection (a)  
24          with respect to a violation if the State does not, in  
25          a timely manner, correct the violation pursuant to a

1 State corrective compliance plan accepted by the  
2 Secretary.

3 “(d) LIMITATION ON AMOUNT OF PENALTY.—

4 “(1) IN GENERAL.—In imposing the penalties  
5 described in subsection (a), the Secretary shall not  
6 reduce any quarterly payment to a State by more  
7 than 25 percent.

8 “(2) CARRYFORWARD OF UNRECOVERED PEN-  
9 ALTIES.—To the extent that paragraph (1) of this  
10 subsection prevents the Secretary from recovering  
11 during a fiscal year the full amount of penalties im-  
12 posed on a State under subsection (a) of this section  
13 for a prior fiscal year, the Secretary shall apply any  
14 remaining amount of such penalties to the grant  
15 payable to the State under section 403(a)(1) for the  
16 immediately succeeding fiscal year.

17 “(e) OTHER PENALTIES.—If, after reasonable notice  
18 and opportunity for hearing to the State agency admin-  
19 istering or supervising the administration of a State pro-  
20 gram funded under this part, the Secretary finds that the  
21 State has failed to comply substantially with any provision  
22 of this part or of the State plan approved under section  
23 402, the Secretary shall, if subsection (a) does not apply  
24 to the failure, notify the State agency that further pay-  
25 ments will not be made to the State under this part (or,

1 in the Secretary's discretion, that the payments will be re-  
2 duced or limited to categories under, or parts of, the State  
3 program not affected by the failure) until the Secretary  
4 is satisfied that there is no longer any such failure to com-  
5 ply. Until the Secretary is so satisfied, the Secretary shall  
6 make no further payments to the State (or shall reduce  
7 or limit payments to categories under or parts of the State  
8 program not affected by the failure).

9 **"SEC. 410. APPEAL OF ADVERSE DECISION.**

10       “(a) IN GENERAL.—Within 5 days after the date the  
11 Secretary takes any adverse action under this part with  
12 respect to a State, the Secretary shall notify the chief ex-  
13 ecutive officer of the State of the adverse action, including  
14 any action with respect to the State plan submitted under  
15 section 402 or the imposition of a penalty under section  
16 409.

17       “(b) ADMINISTRATIVE REVIEW.—

18               “(1) IN GENERAL.—Within 60 days after the  
19 date a State receives notice under subsection (a) of  
20 an adverse action, the State may appeal the action,  
21 in whole or in part, to the Departmental Appeals  
22 Board established in the Department of Health and  
23 Human Services (in this section referred to as the  
24 ‘Board’) by filing an appeal with the Board.

1           “(2) PROCEDURAL RULES.—The Board shall  
2           consider an appeal filed by a State under paragraph  
3           (1) on the basis of such documentation as the State  
4           may submit and as the Board may require to sup-  
5           port the final decision of the Board. In deciding  
6           whether to uphold an adverse action or any portion  
7           of such an action, the Board shall conduct a thor-  
8           ough review of the issues and take into account all  
9           relevant evidence. The Board shall make a final de-  
10          termination with respect to an appeal filed under  
11          paragraph (1) not less than 60 days after the date  
12          the appeal is filed.

13          “(c) JUDICIAL REVIEW OF ADVERSE DECISION.—

14                 “(1) IN GENERAL.—Within 90 days after the  
15                 date of a final decision by the Board under this sec-  
16                 tion with respect to an adverse action taken against  
17                 a State, the State may obtain judicial review of the  
18                 final decision (and the findings incorporated into the  
19                 final decision) by filing an action in—

20                         “(A) the district court of the United States  
21                         for the judicial district in which the principal or  
22                         headquarters office of the State agency is lo-  
23                         cated; or

24                         “(B) the United States District Court for  
25                         the District of Columbia.

1           “(2) PROCEDURAL RULES.—The district court  
2           in which an action is filed under paragraph (1) shall  
3           review the final decision of the Board on the record  
4           established in the administrative proceeding, in ac-  
5           cordance with the standards of review prescribed by  
6           subparagraphs (A) through (E) of section 706(2) of  
7           title 5, United States Code. The review shall be on  
8           the basis of the documents and supporting data sub-  
9           mitted to the Board.

10 **“SEC. 411. DATA COLLECTION AND REPORTING.**

11           “(a) QUARTERLY REPORTS BY STATES.—

12           “(1) GENERAL REPORTING REQUIREMENT.—

13           “(A) CONTENTS OF REPORT.—Beginning  
14           July 1, 1996, each State shall collect on a  
15           monthly basis, and report to the Secretary on  
16           a quarterly basis, the following disaggregated  
17           case record information on the families receiv-  
18           ing assistance under the State program funded  
19           under this part:

20                   “(i) The county of residence of the  
21                   family.

22                   “(ii) Whether a child receiving such  
23                   assistance or an adult in the family is dis-  
24                   abled.

1           “(iii) The ages of the members of  
2 such families.

3           “(iv) The number of individuals in the  
4 family, and the relation of each family  
5 member to the youngest child in the fam-  
6 ily.

7           “(v) The employment status and earn-  
8 ings of the employed adult in the family.

9           “(vi) The marital status of the adults  
10 in the family, including whether such  
11 adults have never married, are widowed, or  
12 are divorced.

13           “(vii) The race and educational status  
14 of each adult in the family.

15           “(viii) The race and educational sta-  
16 tus of each child in the family.

17           “(ix) Whether the family received sub-  
18 sidized housing, medical assistance under  
19 the State plan approved under title XIX,  
20 food stamps, or subsidized child care, and  
21 if the latter 2, the amount received.

22           “(x) The number of months that the  
23 family has received each type of assistance  
24 under the program.

1           “(xi) If the adults participated in, and  
2           the number of hours per week of participa-  
3           tion in, the following activities:

4                   “(I) Education.

5                   “(II) Subsidized private sector  
6           employment.

7                   “(III) Unsubsidized employment.

8                   “(IV) Public sector employment,  
9           work experience, or community serv-  
10          ice.

11                  “(V) Job search.

12                  “(VI) Job skills training or on-  
13          the-job training.

14                  “(VII) Vocational education.

15           “(xii) Information necessary to cal-  
16           culate participation rates under section  
17           407.

18           “(xiii) The type and amount of assist-  
19           ance received under the program, including  
20           the amount of and reason for any reduc-  
21           tion of assistance (including sanctions).

22           “(xiv) From a sample of closed cases,  
23           whether the family left the program, and if  
24           so, whether the family left due to—

25                   “(I) employment;

1 “(II) marriage;

2 “(III) the prohibition set forth in

3 section 408(a)(8);

4 “(IV) sanction; or

5 “(V) State policy.

6 “(xv) Any amount of unearned income

7 received by any member of the family.

8 “(xvi) The citizenship of the members

9 of the family.

10 “(B) USE OF ESTIMATES.—

11 “(i) AUTHORITY.—A State may com-

12 ply with subparagraph (A) by submitting

13 an estimate which is obtained through the

14 use of scientifically acceptable sampling

15 methods approved by the Secretary.

16 “(ii) SAMPLING AND OTHER METH-

17 ODS.—The Secretary shall provide the

18 States with such case sampling plans and

19 data collection procedures as the Secretary

20 deems necessary to produce statistically

21 valid estimates of the performance of State

22 programs funded under this part. The Sec-

23 retary may develop and implement proce-

24 dures for verifying the quality of data sub-

25 mitted by the States.

1           “(2) REPORT ON USE OF FEDERAL FUNDS TO  
2 COVER ADMINISTRATIVE COSTS AND OVERHEAD.—

3 The report required by paragraph (1) for a fiscal  
4 quarter shall include a statement of the percentage  
5 of the funds paid to the State under this part for  
6 the quarter that are used to cover administrative  
7 costs or overhead.

8           “(3) REPORT ON STATE EXPENDITURES ON  
9 PROGRAMS FOR NEEDY FAMILIES.—The report re-  
10 quired by paragraph (1) for a fiscal quarter shall in-  
11 clude a statement of the total amount expended by  
12 the State during the quarter on programs for needy  
13 families.

14           “(4) REPORT ON NONCUSTODIAL PARENTS PAR-  
15 TICIPATING IN WORK ACTIVITIES.—The report re-  
16 quired by paragraph (1) for a fiscal quarter shall in-  
17 clude the number of noncustodial parents in the  
18 State who participated in work activities (as defined  
19 in section 407(d)) during the quarter.

20           “(5) REPORT ON TRANSITIONAL SERVICES.—  
21 The report required by paragraph (1) for a fiscal  
22 quarter shall include the total amount expended by  
23 the State during the quarter to provide transitional  
24 services to a family that has ceased to receive assist-

1       ance under this part because of employment, along  
2       with a description of such services.

3           “(6) REGULATIONS.—The Secretary shall pre-  
4       scribe such regulations as may be necessary to de-  
5       fine the data elements with respect to which reports  
6       are required by this subsection.

7       “(b) ANNUAL REPORTS TO THE CONGRESS BY THE  
8       SECRETARY.—Not later than 6 months after the end of  
9       fiscal year 1997, and each fiscal year thereafter, the Sec-  
10      retary shall transmit to the Congress a report describ-  
11      ing—

12           “(1) whether the States are meeting—

13                   “(A) the participation rates described in  
14                   section 407(a); and

15                   “(B) the objectives of—

16                           “(i) increasing employment and earn-  
17                           ings of needy families, and child support  
18                           collections; and

19                           “(ii) decreasing out-of-wedlock preg-  
20                           nancies and child poverty;

21           “(2) the demographic and financial characteris-  
22      tics of families applying for assistance, families re-  
23      ceiving assistance, and families that become ineli-  
24      gible to receive assistance;

1           “(3) the characteristics of each State program  
2 funded under this part; and

3           “(4) the trends in employment and earnings of  
4 needy families with minor children living at home.

5 **“SEC. 412. DIRECT FUNDING AND ADMINISTRATION BY IN-**  
6 **DIAN TRIBES.**

7           “(a) GRANTS FOR INDIAN TRIBES.—

8           “(1) TRIBAL FAMILY ASSISTANCE GRANT.—

9           “(A) IN GENERAL.—For each of fiscal  
10 years 1997, 1998, 1999, and 2000, the Sec-  
11 retary shall pay to each Indian tribe that has  
12 an approved tribal family assistance plan a trib-  
13 al family assistance grant for the fiscal year in  
14 an amount equal to the amount determined  
15 under subparagraph (B), and shall reduce the  
16 grant payable under section 403(a)(1) to any  
17 State in which lies the service area or areas of  
18 the Indian tribe by that portion of the amount  
19 so determined that is attributable to expendi-  
20 tures by the State.

21           “(B) AMOUNT DETERMINED.—

22           “(i) IN GENERAL.—The amount de-  
23 termined under this subparagraph is an  
24 amount equal to the total amount of the  
25 Federal payments to a State or States

1 under section 403 (as in effect during such  
2 fiscal year) for fiscal year 1994 attrib-  
3 utable to expenditures (other than child  
4 care expenditures) by the State or States  
5 under parts A and F (as so in effect) for  
6 fiscal year 1994 for Indian families resid-  
7 ing in the service area or areas identified  
8 by the Indian tribe pursuant to subsection  
9 (b)(1)(C) of this section.

10 “(ii) USE OF STATE SUBMITTED  
11 DATA.—

12 “(I) IN GENERAL.—The Sec-  
13 retary shall use State submitted data  
14 to make each determination under  
15 clause (i).

16 “(II) DISAGREEMENT WITH DE-  
17 TERMINATION.—If an Indian tribe or  
18 tribal organization disagrees with  
19 State submitted data described under  
20 subclause (I), the Indian tribe or trib-  
21 al organization may submit to the  
22 Secretary such additional information  
23 as may be relevant to making the de-  
24 termination under clause (i) and the  
25 Secretary may consider such informa-

1                   tion before making such determina-  
2                   tion.

3                   “(2) GRANTS FOR INDIAN TRIBES THAT RE-  
4                   CEIVED JOBS FUNDS.—

5                   “(A) IN GENERAL.—The Secretary shall  
6                   pay to each eligible Indian tribe for each of fis-  
7                   cal years 1996, 1997, 1998, 1999, and 2000 a  
8                   grant in an amount equal to the amount re-  
9                   ceived by the Indian tribe in fiscal year 1994  
10                  under section 482(i) (as in effect during fiscal  
11                  year 1994).

12                  “(B) ELIGIBLE INDIAN TRIBE.—For pur-  
13                  poses of subparagraph (A), the term ‘eligible  
14                  Indian tribe’ means an Indian tribe or Alaska  
15                  Native organization that conducted a job oppor-  
16                  tunities and basic skills training program in fis-  
17                  cal year 1995 under section 482(i) (as in effect  
18                  during fiscal year 1995).

19                  “(C) USE OF GRANT.—Each Indian tribe  
20                  to which a grant is made under this paragraph  
21                  shall use the grant for the purpose of operating  
22                  a program to make work activities available to  
23                  members of the Indian tribe.

24                  “(D) APPROPRIATION.—Out of any money  
25                  in the Treasury of the United States not other-

1 wise appropriated, there are appropriated  
2 \$7,638,474 for each fiscal year specified in sub-  
3 paragraph (A) for grants under subparagraph  
4 (A).

5 “(b) 3-YEAR TRIBAL FAMILY ASSISTANCE PLAN.—

6 “(1) IN GENERAL.—Any Indian tribe that de-  
7 sires to receive a tribal family assistance grant shall  
8 submit to the Secretary a 3-year tribal family assist-  
9 ance plan that—

10 “(A) outlines the Indian tribe’s approach  
11 to providing welfare-related services for the 3-  
12 year period, consistent with this section;

13 “(B) specifies whether the welfare-related  
14 services provided under the plan will be pro-  
15 vided by the Indian tribe or through agree-  
16 ments, contracts, or compacts with intertribal  
17 consortia, States, or other entities;

18 “(C) identifies the population and service  
19 area or areas to be served by such plan;

20 “(D) provides that a family receiving as-  
21 sistance under the plan may not receive duplica-  
22 tive assistance from other State or tribal pro-  
23 grams funded under this part;

24 “(E) identifies the employment opportuni-  
25 ties in or near the service area or areas of the

1 Indian tribe and the manner in which the In-  
2 dian tribe will cooperate and participate in en-  
3 hancing such opportunities for recipients of as-  
4 sistance under the plan consistent with any ap-  
5 plicable State standards; and

6 “(F) applies the fiscal accountability provi-  
7 sions of section 5(f)(1) of the Indian Self-De-  
8 termination and Education Assistance Act (25  
9 U.S.C. 450c(f)(1)), relating to the submission  
10 of a single-agency audit report required by  
11 chapter 75 of title 31, United States Code.

12 “(2) APPROVAL.—The Secretary shall approve  
13 each tribal family assistance plan submitted in ac-  
14 cordance with paragraph (1).

15 “(3) CONSORTIUM OF TRIBES.—Nothing in this  
16 section shall preclude the development and submis-  
17 sion of a single tribal family assistance plan by the  
18 participating Indian tribes of an intertribal consor-  
19 tium.

20 “(c) MINIMUM WORK PARTICIPATION REQUIRE-  
21 MENTS AND TIME LIMITS.—The Secretary, with the par-  
22 ticipation of Indian tribes, shall establish for each Indian  
23 tribe receiving a grant under this section minimum work  
24 participation requirements, appropriate time limits for re-

1 ceipt of welfare-related services under the grant, and pen-  
2 alties against individuals—

3 “(1) consistent with the purposes of this sec-  
4 tion;

5 “(2) consistent with the economic conditions  
6 and resources available to each tribe; and

7 “(3) similar to comparable provisions in section  
8 407(d).

9 “(d) EMERGENCY ASSISTANCE.—Nothing in this sec-  
10 tion shall preclude an Indian tribe from seeking emergency  
11 assistance from any Federal loan program or emergency  
12 fund.

13 “(e) ACCOUNTABILITY.—Nothing in this section shall  
14 be construed to limit the ability of the Secretary to main-  
15 tain program funding accountability consistent with—

16 “(1) generally accepted accounting principles;  
17 and

18 “(2) the requirements of the Indian Self-Deter-  
19 mination and Education Assistance Act (25 U.S.C.  
20 450 et seq.).

21 “(f) PENALTIES.—Subsections (a)(4), (b), and (e) of  
22 section 409 shall apply to an Indian tribe with an ap-  
23 proved tribal assistance plan in the same manner as such  
24 subsections apply to a State.

1       “(g) DATA COLLECTION AND REPORTING.—Section  
2 411 shall apply to an Indian tribe with an approved tribal  
3 family assistance plan.

4       “(h) SPECIAL RULE FOR INDIAN TRIBES IN ALAS-  
5 KA.—

6           “(1) IN GENERAL.—Notwithstanding any other  
7 provision of this section, and except as provided in  
8 paragraph (2), an Indian tribe in the State of Alas-  
9 ka that receives a tribal family assistance grant  
10 under this section shall use the grant to operate a  
11 program in accordance with requirements com-  
12 parable to the requirements applicable to the pro-  
13 gram of the State of Alaska funded under this part.  
14 Comparability of programs shall be established on  
15 the basis of program criteria developed by the Sec-  
16 retary in consultation with the State of Alaska and  
17 such Indian tribes.

18           “(2) WAIVER.—An Indian tribe described in  
19 paragraph (1) may apply to the appropriate State  
20 authority to receive a waiver of the requirement of  
21 paragraph (1).

22 **“SEC. 413. RESEARCH, EVALUATIONS, AND NATIONAL STUD-**  
23 **IES.**

24       “(a) RESEARCH.—The Secretary shall conduct re-  
25 search on the benefits, effects, and costs of operating dif-

1 ferent State programs funded under this part, including  
2 time limits relating to eligibility for assistance. The re-  
3 search shall include studies on the effects of different pro-  
4 grams and the operation of such programs on welfare de-  
5 pendency, illegitimacy, teen pregnancy, employment rates,  
6 child well-being, and any other area the Secretary deems  
7 appropriate. The Secretary shall also conduct research on  
8 the costs and benefits of State activities under section  
9 409.

10       “(b) DEVELOPMENT AND EVALUATION OF INNOVA-  
11 TIVE APPROACHES TO REDUCING WELFARE DEPEND-  
12 ENCY AND INCREASING CHILD WELL-BEING.—

13               “(1) IN GENERAL.—The Secretary may assist  
14 States in developing, and shall evaluate, innovative  
15 approaches for reducing welfare dependency and in-  
16 creasing the well-being of minor children living at  
17 home with respect to recipients of assistance under  
18 programs funded under this part. The Secretary  
19 may provide funds for training and technical assist-  
20 ance to carry out the approaches developed pursuant  
21 to this paragraph.

22               “(2) EVALUATIONS.—In performing the evalua-  
23 tions under paragraph (1), the Secretary shall, to  
24 the maximum extent feasible, use random assign-  
25 ment as an evaluation methodology.

1       “(c) DISSEMINATION OF INFORMATION.—The Sec-  
2 retary shall develop innovative methods of disseminating  
3 information on any research, evaluations, and studies con-  
4 ducted under this section, including the facilitation of the  
5 sharing of information and best practices among States  
6 and localities through the use of computers and other  
7 technologies.

8       “(d) ANNUAL RANKING OF STATES AND REVIEW OF  
9 MOST AND LEAST SUCCESSFUL WORK PROGRAMS.—

10           “(1) ANNUAL RANKING OF STATES.—The Sec-  
11 retary shall rank annually the States to which  
12 grants are paid under section 403 in the order of  
13 their success in placing recipients of assistance  
14 under the State program funded under this part into  
15 long-term private sector jobs, reducing the overall  
16 welfare caseload, and, when a practicable method for  
17 calculating this information becomes available, di-  
18 verting individuals from formally applying to the  
19 State program and receiving assistance. In ranking  
20 States under this subsection, the Secretary shall  
21 take into account the average number of minor chil-  
22 dren living at home in families in the State that  
23 have incomes below the poverty line and the amount  
24 of funding provided each State for such families.

1           “(2) ANNUAL REVIEW OF MOST AND LEAST  
2           SUCCESSFUL WORK PROGRAMS.—The Secretary shall  
3           review the programs of the 3 States most recently  
4           ranked highest under paragraph (1) and the 3  
5           States most recently ranked lowest under paragraph  
6           (1) that provide parents with work experience, as-  
7           sistance in finding employment, and other work  
8           preparation activities and support services to enable  
9           the families of such parents to leave the program  
10          and become self-sufficient.

11          “(e) ANNUAL RANKING OF STATES AND REVIEW OF  
12          ISSUES RELATING TO OUT-OF-WEDLOCK BIRTHS.—

13                 “(1) ANNUAL RANKING OF STATES.—

14                         “(A) IN GENERAL.—The Secretary shall  
15                         annually rank States to which grants are made  
16                         under section 403 based on the following rank-  
17                         ing factors:

18                                 “(i) ABSOLUTE OUT-OF-WEDLOCK RA-  
19                                 TIOS.—The ratio represented by—

20   “(I) the total number of out-of-  
21   wedlock births in families receiving as-  
22   sistance under the State program  
23   under this part in the State for the  
24   most recent fiscal year for which in-  
25   formation is available; over

1                   “(II) the total number of births  
2                   in families receiving assistance under  
3                   the State program under this part in  
4                   the State for such year.

5                   “(ii) NET CHANGES IN THE OUT-OF-  
6                   WEDLOCK RATIO.—The difference between  
7                   the ratio described in subparagraph (A)(i)  
8                   with respect to a State for the most recent  
9                   fiscal year for which such information is  
10                  available and the ratio with respect to the  
11                  State for the immediately preceding year.

12                  “(2) ANNUAL REVIEW.—The Secretary shall re-  
13                  view the programs of the 5 States most recently  
14                  ranked highest under paragraph (1) and the 5  
15                  States most recently ranked the lowest under para-  
16                  graph (1).

17                  “(f) STATE-INITIATED EVALUATIONS.—A State shall  
18                  be eligible to receive funding to evaluate the State pro-  
19                  gram funded under this part if—

20                         “(1) the State submits a proposal to the Sec-  
21                         retary for the evaluation;

22                         “(2) the Secretary determines that the design  
23                         and approach of the evaluation is rigorous and is  
24                         likely to yield information that is credible and will  
25                         be useful to other States; and

1           “(3) unless otherwise waived by the Secretary,  
2           the State contributes to the cost of the evaluation,  
3           from non-Federal sources, an amount equal to at  
4           least 10 percent of the cost of the evaluation.

5           “(g) FUNDING OF STUDIES AND DEMONSTRATIONS.—  
6 TIONS.—

7           “(1) IN GENERAL.—Out of any money in the  
8           Treasury of the United States not otherwise appro-  
9           priated, there are appropriated \$15,000,000 for each  
10          fiscal year specified in section 403(a)(1) for the pur-  
11          pose of paying—

12                   “(A) the cost of conducting the research  
13                   described in subsection (a);

14                   “(B) the cost of developing and evaluating  
15                   innovative approaches for reducing welfare de-  
16                   pendency and increasing the well-being of minor  
17                   children under subsection (b);

18                   “(C) the Federal share of any State-initi-  
19                   ated study approved under subsection (f); and

20                   “(D) an amount determined by the Sec-  
21                   retary to be necessary to operate and evaluate  
22                   demonstration projects, relating to this part,  
23                   that are in effect or approved under section  
24                   1115 as of September 30, 1995, and are contin-  
25                   ued after such date.

1           “(2) ALLOCATION.—Of the amount appro-  
2           priated under paragraph (1) for a fiscal year—

3                   “(A) 50 percent shall be allocated for the  
4                   purposes described in subparagraphs (A) and  
5                   (B) of paragraph (1), and

6                   “(B) 50 percent shall be allocated for the  
7                   purposes described in subparagraphs (C) and  
8                   (D) of paragraph (1).

9   **“SEC. 414. STUDY BY THE CENSUS BUREAU.**

10           “(a) IN GENERAL.—The Bureau of the Census shall  
11           expand the Survey of Income and Program Participation  
12           as necessary to obtain such information as will enable in-  
13           terested persons to evaluate the impact of the amendments  
14           made by title I of the Bipartisan Welfare Reform Act of  
15           1996 on a random national sample of recipients of assist-  
16           ance under State programs funded under this part and  
17           (as appropriate) other low income families, and in doing  
18           so, shall pay particular attention to the issues of out-of-  
19           wedlock birth, welfare dependency, the beginning and end  
20           of welfare spells, and the causes of repeat welfare spells.

21           “(b) APPROPRIATION.—Out of any money in the  
22           Treasury of the United States not otherwise appropriated,  
23           there are appropriated \$10,000,000 for each of fiscal  
24           years 1996, 1997, 1998, 1999, 2000, 2001, and 2002 for

1 payment to the Bureau of the Census to carry out sub-  
2 section (a).

3 **“SEC. 415. WAIVERS.**

4 “(a) CONTINUATION OF WAIVERS.—

5 “(1) WAIVERS IN EFFECT ON DATE OF ENACT-  
6 MENT OF WELFARE REFORM.—Except as provided  
7 in paragraph (3), if any waiver granted to a State  
8 under section 1115 or otherwise which relates to the  
9 provision of assistance under a State plan under this  
10 part (as in effect on September 30, 1995) is in ef-  
11 fect as of the date of the enactment of the Biparti-  
12 san Welfare Reform Act of 1996, the amendments  
13 made by such Act shall not apply with respect to the  
14 State before the expiration (determined without re-  
15 gard to any extensions) of the waiver to the extent  
16 such amendments are inconsistent with the waiver.

17 “(2) WAIVERS GRANTED SUBSEQUENTLY.—Ex-  
18 cept as provided in paragraph (3), if any waiver  
19 granted to a State under section 1115 or otherwise  
20 which relates to the provision of assistance under a  
21 State plan under this part (as in effect on Septem-  
22 ber 30, 1995) is submitted to the Secretary before  
23 the date of the enactment of the Bipartisan Welfare  
24 Reform Act of 1996 and approved by the Secretary  
25 before the effective date of this title, and the State

1 demonstrates to the satisfaction of the Secretary  
2 that the waiver will not result in Federal expendi-  
3 tures under title IV of this Act (as in effect without  
4 regard to the amendments made by the Bipartisan  
5 Welfare Reform Act of 1996) that are greater than  
6 would occur in the absence of the waiver, such  
7 amendments shall not apply with respect to the  
8 State before the expiration (determined without re-  
9 gard to any extensions) of the waiver to the extent  
10 such amendments are inconsistent with the waiver.

11 “(3) FINANCING LIMITATION.—Notwithstand-  
12 ing any other provision of law, beginning with fiscal  
13 year 1996, a State operating under a waiver de-  
14 scribed in paragraph (1) shall be entitled to payment  
15 under section 403 for the fiscal year, in lieu of any  
16 other payment provided for in the waiver.

17 “(b) STATE OPTION TO TERMINATE WAIVER.—

18 “(1) IN GENERAL.—A State may terminate a  
19 waiver described in subsection (a) before the expira-  
20 tion of the waiver.

21 “(2) REPORT.—A State which terminates a  
22 waiver under paragraph (1) shall submit a report to  
23 the Secretary summarizing the waiver and any avail-  
24 able information concerning the result or effect of  
25 the waiver.

1           “(3) HOLD HARMLESS PROVISION.—

2           “(A) IN GENERAL.—Notwithstanding any  
3           other provision of law, a State that, not later  
4           than the date described in subparagraph (B),  
5           submits a written request to terminate a waiver  
6           described in subsection (a) shall be held harm-  
7           less for accrued cost neutrality liabilities in-  
8           curred under the waiver.

9           “(B) DATE DESCRIBED.—The date de-  
10          scribed in this subparagraph is the later of—

11                   “(i) January 1, 1996; or

12                   “(ii) 90 days following the adjourn-  
13                   ment of the first regular session of the  
14                   State legislature that begins after the date  
15                   of the enactment of the Bipartisan Welfare  
16                   Reform Act of 1996.

17          “(c) SECRETARIAL ENCOURAGEMENT OF CURRENT  
18          WAIVERS.—The Secretary shall encourage any State oper-  
19          ating a waiver described in subsection (a) to continue the  
20          waiver and to evaluate, using random sampling and other  
21          characteristics of accepted scientific evaluations, the result  
22          or effect of the waiver.

23          “(d) CONTINUATION OF INDIVIDUAL WAIVERS.—A  
24          State may elect to continue 1 or more individual waivers  
25          described in subsection (a).

1 **“SEC. 416. ASSISTANT SECRETARY FOR FAMILY SUPPORT.**

2 “The programs under this part and part D shall be  
3 administered by an Assistant Secretary for Family Sup-  
4 port within the Department of Health and Human Serv-  
5 ices, who shall be appointed by the President, by and with  
6 the advice and consent of the Senate, and who shall be  
7 in addition to any other Assistant Secretary of Health and  
8 Human Services provided for by law.

9 **“SEC. 417. DEFINITIONS.**

10 “As used in this part:

11 “(1) ADULT.—The term ‘adult’ means an indi-  
12 vidual who is not a minor child.

13 “(2) MINOR CHILD.—The term ‘minor child’  
14 means an individual who—

15 “(A) has not attained 18 years of age; or

16 “(B) has not attained 19 years of age and  
17 is a full-time student in a secondary school (or  
18 in the equivalent level of vocational or technical  
19 training).

20 “(3) FISCAL YEAR.—The term ‘fiscal year’  
21 means any 12-month period ending on September 30  
22 of a calendar year.

23 “(4) INDIAN, INDIAN TRIBE, AND TRIBAL ORGA-  
24 NIZATION.—

25 “(A) IN GENERAL.—Except as provided in  
26 subparagraph (B), the terms ‘Indian’, ‘Indian

1           tribe', and 'tribal organization' have the mean-  
2           ing given such terms by section 4 of the Indian  
3           Self-Determination and Education Assistance  
4           Act (25 U.S.C. 450b).

5           “(B) SPECIAL RULE FOR INDIAN TRIBES  
6           IN ALASKA.—The term ‘Indian tribe’ means,  
7           with respect to the State of Alaska, only the  
8           Metlakatla Indian Community of the Annette  
9           Islands Reserve and the following Alaska Native  
10          regional nonprofit corporations:

11                   “(i) Arctic Slope Native Association.

12                   “(ii) Kawerak, Inc.

13                   “(iii) Maniilaq Association.

14                   “(iv) Association of Village Council  
15          Presidents.

16                   “(v) Tanana Chiefs Conference.

17                   “(vi) Cook Inlet Tribal Council.

18                   “(vii) Bristol Bay Native Association.

19                   “(viii) Aleutian and Pribilof Island  
20          Association.

21                   “(ix) Chugachmuit.

22                   “(x) Tlingit Haida Central Council.

23                   “(xi) Kodiak Area Native Association.

24                   “(xii) Copper River Native Associa-  
25          tion.

1           “(5) STATE.—Except as otherwise specifically  
2           provided, the term ‘State’ means the 50 States of  
3           the United States, the District of Columbia, the  
4           Commonwealth of Puerto Rico, the United States  
5           Virgin Islands, Guam, and American Samoa.”.

6 **SEC. 104. SERVICES PROVIDED BY CHARITABLE, RELI-**  
7 **GIUS, OR PRIVATE ORGANIZATIONS.**

8           (a) IN GENERAL.—

9           (1) STATE OPTIONS.—A State may—

10           (A) administer and provide services under  
11           the programs described in subparagraphs (A)  
12           and (B)(i) of paragraph (2) through contracts  
13           with charitable, religious, or private organiza-  
14           tions; and

15           (B) provide beneficiaries of assistance  
16           under the programs described in subparagraphs  
17           (A) and (B)(ii) of paragraph (2) with certifi-  
18           cates, vouchers, or other forms of disbursement  
19           which are redeemable with such organizations.

20           (2) PROGRAMS DESCRIBED.—The programs de-  
21           scribed in this paragraph are the following pro-  
22           grams:

23           (A) A State program funded under part A  
24           of title IV of the Social Security Act (as amend-  
25           ed by section 103 of this Act).

1           (B) Any other program established or  
2           modified under title I, II, or VI of this Act,  
3           that—

4                   (i) permits contracts with organiza-  
5                   tions; or

6                   (ii) permits certificates, vouchers, or  
7                   other forms of disbursement to be provided  
8                   to beneficiaries, as a means of providing  
9                   assistance.

10       (b) RELIGIOUS ORGANIZATIONS.—The purpose of  
11 this section is to allow States to contract with religious  
12 organizations, or to allow religious organizations to accept  
13 certificates, vouchers, or other forms of disbursement  
14 under any program described in subsection (a)(2), on the  
15 same basis as any other nongovernmental provider without  
16 impairing the religious character of such organizations,  
17 and without diminishing the religious freedom of bene-  
18 ficiaries of assistance funded under such program.

19       (c) NONDISCRIMINATION AGAINST RELIGIOUS ORGA-  
20 NIZATIONS.—In the event a State exercises its authority  
21 under subsection (a), religious organizations are eligible,  
22 on the same basis as any other private organization, as  
23 contractors to provide assistance, or to accept certificates,  
24 vouchers, or other forms of disbursement, under any pro-  
25 gram described in subsection (a)(2) so long as the pro-

1 grams are implemented consistent with the Establishment  
2 Clause of the United States Constitution. Except as pro-  
3 vided in subsection (k), neither the Federal Government  
4 nor a State receiving funds under such programs shall dis-  
5 criminate against an organization which is or applies to  
6 be a contractor to provide assistance, or which accepts cer-  
7 tificates, vouchers, or other forms of disbursement, on the  
8 basis that the organization has a religious character.

9 (d) RELIGIOUS CHARACTER AND FREEDOM.—

10 (1) RELIGIOUS ORGANIZATIONS.—A religious  
11 organization with a contract described in subsection  
12 (a)(1)(A), or which accepts certificates, vouchers, or  
13 other forms of disbursement under subsection  
14 (a)(1)(B), shall retain its independence from Fed-  
15 eral, State, and local governments, including such  
16 organization's control over the definition, develop-  
17 ment, practice, and expression of its religious beliefs.

18 (2) ADDITIONAL SAFEGUARDS.—Neither the  
19 Federal Government nor a State shall require a reli-  
20 gious organization to—

21 (A) alter its form of internal governance;

22 or

23 (B) remove religious art, icons, scripture,

24 or other symbols;

1 in order to be eligible to contract to provide assist-  
2 ance, or to accept certificates, vouchers, or other  
3 forms of disbursement, funded under a program de-  
4 scribed in subsection (a)(2).

5 (e) RIGHTS OF BENEFICIARIES OF ASSISTANCE.—

6 (1) IN GENERAL.—If an individual described in  
7 paragraph (2) has an objection to the religious char-  
8 acter of the organization or institution from which  
9 the individual receives, or would receive, assistance  
10 funded under any program described in subsection  
11 (a)(2), the State in which the individual resides shall  
12 provide such individual (if otherwise eligible for such  
13 assistance) within a reasonable period of time after  
14 the date of such objection with assistance from an  
15 alternative provider that is accessible to the individ-  
16 ual and the value of which is not less than the value  
17 of the assistance which the individual would have re-  
18 ceived from such organization.

19 (2) INDIVIDUAL DESCRIBED.—An individual de-  
20 scribed in this paragraph is an individual who re-  
21 ceives, applies for, or requests to apply for, assist-  
22 ance under a program described in subsection (a)(2).

23 (f) EMPLOYMENT PRACTICES.—A religious organiza-  
24 tion's exemption provided under section 702 of the Civil  
25 Rights Act of 1964 (42 U.S.C. 2000e-1a) regarding em-

1 ployment practices shall not be affected by its participa-  
2 tion in, or receipt of funds from, programs described in  
3 subsection (a)(2).

4 (g) NONDISCRIMINATION AGAINST BENE-  
5 FICIARIES.—Except as otherwise provided in law, a reli-  
6 gious organization shall not discriminate against an indi-  
7 vidual in regard to rendering assistance funded under any  
8 program described in subsection (a)(2) on the basis of reli-  
9 gion, a religious belief, or refusal to actively participate  
10 in a religious practice.

11 (h) FISCAL ACCOUNTABILITY.—

12 (1) IN GENERAL.—Except as provided in para-  
13 graph (2), any religious organization contracting to  
14 provide assistance funded under any program de-  
15 scribed in subsection (a)(2) shall be subject to the  
16 same regulations as other contractors to account in  
17 accord with generally accepted auditing principles  
18 for the use of such funds provided under such pro-  
19 grams.

20 (2) LIMITED AUDIT.—If such organization seg-  
21 regates Federal funds provided under such programs  
22 into separate accounts, then only the financial as-  
23 sistance provided with such funds shall be subject to  
24 audit.

1 (i) COMPLIANCE.—Any party which seeks to enforce  
2 its rights under this section may assert a civil action for  
3 injunctive relief exclusively in an appropriate State court  
4 against the entity or agency that allegedly commits such  
5 violation.

6 (j) LIMITATIONS ON USE OF FUNDS FOR CERTAIN  
7 PURPOSES.—No funds provided directly to institutions or  
8 organizations to provide services and administer programs  
9 under subsection (a)(1)(A) shall be expended for sectarian  
10 worship, instruction, or proselytization.

11 (k) PREEMPTION.—Nothing in this section shall be  
12 construed to preempt any provision of a State constitution  
13 or State statute that prohibits or restricts the expenditure  
14 of State funds in or by religious organizations.

15 **SEC. 105. CENSUS DATA ON GRANDPARENTS AS PRIMARY**  
16 **CAREGIVERS FOR THEIR GRANDCHILDREN.**

17 (a) IN GENERAL.—Not later than 90 days after the  
18 date of the enactment of this Act, the Secretary of Com-  
19 merce, in carrying out section 141 of title 13, United  
20 States Code, shall expand the data collection efforts of the  
21 Bureau of the Census (in this section referred to as the  
22 “Bureau”) to enable the Bureau to collect statistically sig-  
23 nificant data, in connection with its decennial census and  
24 its mid-decade census, concerning the growing trend of

1 grandparents who are the primary caregivers for their  
2 grandchildren.

3 (b) EXPANDED CENSUS QUESTION.—In carrying out  
4 subsection (a), the Secretary of Commerce shall expand  
5 the Bureau's census question that details households  
6 which include both grandparents and their grandchildren.  
7 The expanded question shall be formulated to distinguish  
8 between the following households:

9 (1) A household in which a grandparent tempo-  
10 rarily provides a home for a grandchild for a period  
11 of weeks or months during periods of parental dis-  
12 tress.

13 (2) A household in which a grandparent pro-  
14 vides a home for a grandchild and serves as the pri-  
15 mary caregiver for the grandchild.

16 **SEC. 106. REPORT ON DATA PROCESSING.**

17 (a) IN GENERAL.—Within 6 months after the date  
18 of the enactment of this Act, the Secretary of Health and  
19 Human Services shall prepare and submit to the Congress  
20 a report on—

21 (1) the status of the automated data processing  
22 systems operated by the States to assist manage-  
23 ment in the administration of State programs under  
24 part A of title IV of the Social Security Act (wheth-  
25 er in effect before or after October 1, 1995); and

1           (2) what would be required to establish a sys-  
2       tem capable of—

3           (A) tracking participants in public pro-  
4       grams over time; and

5           (B) checking case records of the States to  
6       determine whether individuals are participating  
7       in public programs of 2 or more States.

8       (b) PREFERRED CONTENTS.—The report required by  
9       subsection (a) should include—

10           (1) a plan for building on the automated data  
11       processing systems of the States to establish a sys-  
12       tem with the capabilities described in subsection  
13       (a)(2); and

14           (2) an estimate of the amount of time required  
15       to establish such a system and of the cost of estab-  
16       lishing such a system.

17 **SEC. 107. STUDY ON ALTERNATIVE OUTCOMES MEASURES.**

18       (a) STUDY.—The Secretary shall, in cooperation with  
19       the States, study and analyze outcomes measures for eval-  
20       uating the success of the States in moving individuals out  
21       of the welfare system through employment as an alter-  
22       native to the minimum participation rates described in  
23       section 407 of the Social Security Act. The study shall  
24       include a determination as to whether such alternative  
25       outcomes measures should be applied on a national or a

1 State-by-State basis and a preliminary assessment of the  
2 effects of section 409(a)(5)(C) of such Act.

3 (b) REPORT.—Not later than September 30, 1998,  
4 the Secretary shall submit to the Committee on Finance  
5 of the Senate and the Committee on Ways and Means of  
6 the House of Representatives a report containing the find-  
7 ings of the study required by subsection (a).

8 **SEC. 108. CONFORMING AMENDMENTS TO THE SOCIAL SE-**  
9 **CURITY ACT.**

10 (a) AMENDMENTS TO TITLE II.—

11 (1) Section 205(c)(2)(C)(vi) (42 U.S.C.  
12 405(c)(2)(C)(vi)), as so redesignated by section  
13 321(a)(9)(B) of the Social Security Independence  
14 and Program Improvements Act of 1994, is amend-  
15 ed—

16 (A) by inserting “an agency administering  
17 a program funded under part A of title IV or”  
18 before “an agency operating”; and

19 (B) by striking “A or D of title IV of this  
20 Act” and inserting “D of such title”.

21 (2) Section 228(d)(1) (42 U.S.C. 428(d)(1)) is  
22 amended by inserting “under a State program fund-  
23 ed under” before “part A of title IV”.

24 (b) AMENDMENT TO PART B OF TITLE IV.—Section  
25 422(b)(2) (42 U.S.C. 622(b)(2)) is amended by striking

1 “under the State plan approved” and inserting “under the  
2 State program funded.”.

3 (c) AMENDMENTS TO PART D OF TITLE IV.—

4 (1) Section 451 (42 U.S.C. 651) is amended by  
5 striking “aid” and inserting “assistance under a  
6 State program funded”.

7 (2) Section 452(a)(10)(C) (42 U.S.C.  
8 652(a)(10)(C)) is amended—

9 (A) by striking “aid to families with de-  
10 pendent children” and inserting “assistance  
11 under a State program funded under part A”;

12 (B) by striking “such aid” and inserting  
13 “such assistance”; and

14 (C) by striking “under section 402(a)(26)  
15 or” and inserting “pursuant to section  
16 408(a)(4) or under section”.

17 (3) Section 452(a)(10)(F) (42 U.S.C.  
18 652(a)(10)(F)) is amended—

19 (A) by striking “aid under a State plan ap-  
20 proved” and inserting “assistance under a State  
21 program funded”; and

22 (B) by striking “in accordance with the  
23 standards referred to in section  
24 402(a)(26)(B)(ii)” and inserting “by the  
25 State”.

1           (4) Section 452(b) (42 U.S.C. 652(b)) is  
2           amended in the first sentence by striking “aid under  
3           the State plan approved under part A” and inserting  
4           “assistance under the State program funded under  
5           part A”.

6           (5) Section 452(d)(3)(B)(i) (42 U.S.C.  
7           652(d)(3)(B)(i)) is amended by striking “1115(c)”  
8           and inserting “1115(b)”.

9           (6) Section 452(g)(2)(A)(ii)(I) (42 U.S.C.  
10          652(g)(2)(A)(ii)(I)) is amended by striking “aid is  
11          being paid under the State’s plan approved under  
12          part A or E” and inserting “assistance is being pro-  
13          vided under the State program funded under part  
14          A”.

15          (7) Section 452(g)(2)(A) (42 U.S.C.  
16          652(g)(2)(A)) is amended in the matter following  
17          clause (iii) by striking “aid was being paid under the  
18          State’s plan approved under part A or E” and in-  
19          serting “assistance was being provided under the  
20          State program funded under part A”.

21          (8) Section 452(g)(2) (42 U.S.C. 652(g)(2)) is  
22          amended in the matter following subparagraph  
23          (B)—

24                         (A) by striking “who is a dependent child”  
25                         and inserting “with respect to whom assistance

1 is being provided under the State program  
2 funded under part A”;

3 (B) by inserting “by the State agency ad-  
4 ministering the State plan approved under this  
5 part” after “found”; and

6 (C) by striking “under section 402(a)(26)”  
7 and inserting “with the State in establishing  
8 paternity”.

9 (9) Section 452(h) (42 U.S.C. 652(h)) is  
10 amended by striking “under section 402(a)(26)” and  
11 inserting “pursuant to section 408(a)(4)”.

12 (10) Section 453(c)(3) (42 U.S.C. 653(c)(3)) is  
13 amended by striking “aid under part A of this title”  
14 and inserting “assistance under a State program  
15 funded under part A”.

16 (11) Section 454(5)(A) (42 U.S.C. 654(5)(A))  
17 is amended—

18 (A) by striking “under section 402(a)(26)”  
19 and inserting “pursuant to section 408(a)(4)”;  
20 and

21 (B) by striking “; except that this para-  
22 graph shall not apply to such payments for any  
23 month following the first month in which the  
24 amount collected is sufficient to make such  
25 family ineligible for assistance under the State

1 plan approved under part A;” and inserting a  
2 comma.

3 (12) Section 454(6)(D) (42 U.S.C. 654(6)(D))  
4 is amended by striking “aid under a State plan ap-  
5 proved” and inserting “assistance under a State pro-  
6 gram funded”.

7 (13) Section 456(a)(1) (42 U.S.C. 656(a)(1)) is  
8 amended by striking “under section 402(a)(26)”.

9 (14) Section 466(a)(3)(B) (42 U.S.C.  
10 666(a)(3)(B)) is amended by striking “402(a)(26)”  
11 and inserting “408(a)(4)”.

12 (15) Section 466(b)(2) (42 U.S.C. 666(b)(2)) is  
13 amended by striking “aid” and inserting “assistance  
14 under a State program funded”.

15 (16) Section 469(a) (42 U.S.C. 669(a)) is  
16 amended—

17 (A) by striking “aid under plans approved”  
18 and inserting “assistance under State programs  
19 funded”; and

20 (B) by striking “such aid” and inserting  
21 “such assistance”.

22 (d) AMENDMENTS TO PART E OF TITLE IV.—

23 (1) Section 470 (42 U.S.C. 670) is amended—

24 (A) by striking “would be” and inserting  
25 “would have been”; and

1 (B) by inserting “(as such plan was in ef-  
2 fect on March 1, 1996)” after “part A”.

3 (2) Section 471(17) (42 U.S.C. 671(17)) is  
4 amended by striking “plans approved under parts A  
5 and D” and inserting “program funded under part  
6 A and plan approved under part D”.

7 (3) Section 472(a) (42 U.S.C. 672(a)) is  
8 amended—

9 (A) in the matter preceding paragraph  
10 (1)—

11 (i) by striking “would meet” and in-  
12 sserting “would have met”;

13 (ii) by inserting “(as such sections  
14 were in effect on June 1, 1995)” after  
15 “407”; and

16 (iii) by inserting “(as so in effect)”  
17 after “406(a)”; and

18 (B) in paragraph (4)—

19 (i) in subparagraph (A)—

20 (I) by inserting “would have”  
21 after “(A)”; and

22 (II) by inserting “(as in effect on  
23 June 1, 1995)” after “section 402”;  
24 and

1                   (ii) in subparagraph (B)(ii), by insert-  
2                   ing “(as in effect on June 1, 1995)” after  
3                   “406(a)”.

4                   (4) Section 472(h) (42 U.S.C. 672(h)) is  
5                   amended to read as follows:

6                   “(h)(1) For purposes of title XIX, any child with re-  
7                   spect to whom foster care maintenance payments are  
8                   made under this section shall be deemed to be a dependent  
9                   child as defined in section 406 (as in effect as of June  
10                  1, 1995) and shall be deemed to be a recipient of aid to  
11                  families with dependent children under part A of this title  
12                  (as so in effect). For purposes of title XX, any child with  
13                  respect to whom foster care maintenance payments are  
14                  made under this section shall be deemed to be a minor  
15                  child in a needy family under a State program funded  
16                  under part A and shall be deemed to be a recipient of  
17                  assistance under such part.

18                  “(2) For purposes of paragraph (1), a child whose  
19                  costs in a foster family home or child care institution are  
20                  covered by the foster care maintenance payments being  
21                  made with respect to the child’s minor parent, as provided  
22                  in section 475(4)(B), shall be considered a child with re-  
23                  spect to whom foster care maintenance payments are  
24                  made under this section.”.

1           (5) Section 473(a)(2) (42 U.S.C. 673(a)(2)) is  
2 amended—

3           (A) in subparagraph (A)(i)—

4                 (i) by inserting “(as such sections  
5 were in effect on June 1, 1995)” after  
6 “407”;

7                 (ii) by inserting “(as so in effect)”  
8 after “specified in section 406(a)”; and

9                 (iii) by inserting “(as such section was  
10 in effect on June 1, 1995)” after “403”;

11           (B) in subparagraph (B)(i)—

12                 (i) by inserting “would have” after  
13 “(B)(i)”; and

14                 (ii) by inserting “(as in effect on June  
15 1, 1995)” after “section 402”; and

16           (C) in subparagraph (B)(ii)(II), by insert-  
17 ing “(as in effect on June 1, 1995)” after  
18 “406(a)”.

19           (6) Section 473(b) (42 U.S.C. 673(b)) is  
20 amended to read as follows:

21           “(b)(1) For purposes of title XIX, any child who is  
22 described in paragraph (3) shall be deemed to be a de-  
23 pendent child as defined in section 406 (as in effect as  
24 of June 1, 1995) and shall be deemed to be a recipient  
25 of aid to families with dependent children under part A

1 of this title (as so in effect) in the State where such child  
2 resides.

3 “(2) For purposes of title XX, any child who is de-  
4 scribed in paragraph (3) shall be deemed to be a minor  
5 child in a needy family under a State program funded  
6 under part A and shall be deemed to be a recipient of  
7 assistance under such part.

8 “(3) A child described in this paragraph is any  
9 child—

10 “(A)(i) who is a child described in subsection  
11 (a)(2), and

12 “(ii) with respect to whom an adoption assist-  
13 ance agreement is in effect under this section  
14 (whether or nor adoption assistance payments are  
15 provided under the agreement or are being made  
16 under this section), including any such child who has  
17 been placed for adoption in accordance with applica-  
18 ble State and local law (whether or not an interlocu-  
19 tory or other judicial decree of adoption has been is-  
20 sued), or

21 “(B) with respect to whom foster care mainte-  
22 nance payments are being made under section 472.

23 “(4) For purposes of paragraphs (1) and (2), a child  
24 whose costs in a foster family home or child-care institu-  
25 tion are covered by the foster care maintenance payments

1 being made with respect to the child's minor parent, as  
 2 provided in section 475(4)(B), shall be considered a child  
 3 with respect to whom foster care maintenance payments  
 4 are being made under section 472.”.

5 (e) REPEAL OF PART F OF TITLE IV.—Part F of  
 6 title IV (42 U.S.C. 681–687) is repealed.

7 (f) AMENDMENT TO TITLE X.—Section 1002(a)(7)  
 8 (42 U.S.C. 1202(a)(7)) is amended by striking “aid to  
 9 families with dependent children under the State plan ap-  
 10 proved under section 402 of this Act” and inserting “as-  
 11 sistance under a State program funded under part A of  
 12 title IV”.

13 (g) AMENDMENTS TO TITLE XI.—

14 (1) Section 1108 (42 U.S.C. 1308) is amend-  
 15 ed—

16 (A) by redesignating subsection (c) as sub-  
 17 section (g);

18 (B) by striking all that precedes subsection

19 (c) and inserting the following:

20 **“SEC. 1108. ADDITIONAL GRANTS TO PUERTO RICO, THE**  
 21 **VIRGIN ISLANDS, GUAM, AND AMERICAN**  
 22 **SAMOA; LIMITATION ON TOTAL PAYMENTS.**

23 **“(a) LIMITATION ON TOTAL PAYMENTS TO EACH**  
 24 **TERRITORY.—**Notwithstanding any other provision of this  
 25 Act, the total amount certified by the Secretary of Health

1 and Human Services under titles I, X, XIV, and XVI,  
2 under parts A and B of title IV, and under subsection  
3 (b) of this section, for payment to any territory for a fiscal  
4 year shall not exceed the ceiling amount for the territory  
5 for the fiscal year.

6 “(b) ENTITLEMENT TO MATCHING GRANT.—

7 “(1) IN GENERAL.—Each territory shall be en-  
8 titled to receive from the Secretary for each fiscal  
9 year a grant in an amount equal to 75 percent of  
10 the amount (if any) by which—

11 “(A) the total expenditures of the territory  
12 during the fiscal year under the territory pro-  
13 grams funded under parts A and B of title IV;  
14 exceeds

15 “(B) the sum of—

16 “(i) the total amount required to be  
17 paid to the territory (other than with re-  
18 spect to child care) under former section  
19 403 (as in effect on September 30, 1995)  
20 for fiscal year 1995, which shall be deter-  
21 mined by applying subparagraphs (C) and  
22 (D) of section 403(a)(1) to the territory;

23 “(ii) the total amount required to be  
24 paid to the territory under former section

1           434 (as so in effect) for fiscal year 1995;  
2           and

3           “(iii) the total amount expended by  
4           the territory during fiscal year 1995 pur-  
5           suant to parts A, B, and F of title IV (as  
6           so in effect), other than for child care.

7           “(2) USE OF GRANT.—Any territory to which a  
8           grant is made under paragraph (1) may expend the  
9           amount under any program operated or funded  
10          under any provision of law specified in subsection  
11          (a).

12          “(c) DEFINITIONS.—As used in this section:

13          “(1) TERRITORY.—The term ‘territory’ means  
14          Puerto Rico, the Virgin Islands, Guam, and Amer-  
15          ican Samoa.

16          “(2) CEILING AMOUNT.—The term ‘ceiling  
17          amount’ means, with respect to a territory and a fis-  
18          cal year, the mandatory ceiling amount with respect  
19          to the territory plus the discretionary ceiling amount  
20          with respect to the territory, reduced for the fiscal  
21          year in accordance with subsection (f).

22          “(3) MANDATORY CEILING AMOUNT.—The term  
23          ‘mandatory ceiling amount’ means—

24                  “(A) \$105,538,000 with respect to Puerto  
25          Rico;

1           “(B) \$4,902,000 with respect to Guam;

2           “(C) \$3,742,000 with respect to the Virgin

3 Islands; and

4           “(D) \$1,122,000 with respect to American

5 Samoa.

6           “(4) DISCRETIONARY CEILING AMOUNT.—The

7 term ‘discretionary ceiling amount’ means, with re-

8 spect to a territory and a fiscal year, the total

9 amount appropriated pursuant to subsection (d)(3)

10 for the fiscal year for payment to the territory.

11           “(5) TOTAL AMOUNT EXPENDED BY THE TER-

12 RITORY.—The term ‘total amount expended by the

13 territory’—

14           “(A) does not include expenditures during

15 the fiscal year from amounts made available by

16 the Federal Government; and

17           “(B) when used with respect to fiscal year

18 1995, also does not include—

19           “(i) expenditures during fiscal year

20 1995 under subsection (g) or (i) of section

21 402 (as in effect on September 30, 1995);

22 or

23           “(ii) any expenditures during fiscal

24 year 1995 for which the territory (but for

25 section 1108, as in effect on September 30,

1           1995) would have received reimbursement  
2           from the Federal Government.

3           “(d) DISCRETIONARY GRANTS.—

4           “(1) IN GENERAL.—The Secretary shall make a  
5           grant to each territory for any fiscal year in the  
6           amount appropriated pursuant to paragraph (3) for  
7           the fiscal year for payment to the territory.

8           “(2) USE OF GRANT.—Any territory to which a  
9           grant is made under paragraph (1) may expend the  
10          amount under any program operated or funded  
11          under any provision of law specified in subsection  
12          (a).

13          “(3) LIMITATION ON AUTHORIZATION OF AP-  
14          PROPRIATIONS.—For grants under paragraph (1),  
15          there are authorized to be appropriated to the Sec-  
16          retary for each fiscal year—

17                 “(A) \$7,951,000 for payment to Puerto  
18                 Rico;

19                 “(B) \$345,000 for payment to Guam;

20                 “(C) \$275,000 for payment to the Virgin  
21                 Islands; and

22                 “(D) \$190,000 for payment to American  
23                 Samoa.

24          “(e) AUTHORITY TO TRANSFER FUNDS AMONG PRO-  
25          GRAMS.—Notwithstanding any other provision of this Act,

1 any territory to which an amount is paid under any provi-  
2 sion of law specified in subsection (a) may use part or  
3 all of the amount to carry out any program operated by  
4 the territory, or funded, under any other such provision  
5 of law.

6 “(f) MAINTENANCE OF EFFORT.—The ceiling  
7 amount with respect to a territory shall be reduced for  
8 a fiscal year by an amount equal to the amount (if any)  
9 by which—

10 “(1) the total amount expended by the territory  
11 under all programs of the territory operated pursu-  
12 ant to the provisions of law specified in subsection  
13 (a) (as such provisions were in effect for fiscal year  
14 1995) for fiscal year 1995; exceeds

15 “(2) the total amount expended by the territory  
16 under all programs of the territory that are funded  
17 under the provisions of law specified in subsection  
18 (a) for the fiscal year that immediately precedes the  
19 fiscal year referred to in the matter preceding para-  
20 graph (1).”; and

21 (C) by striking subsections (d) and (e).

22 (2) Section 1109 (42 U.S.C. 1309) is amended  
23 by striking “or part A of title IV,”.

24 (3) Section 1115 (42 U.S.C. 1315) is amend-  
25 ed—

- 1 (A) in subsection (a)(2)—
- 2 (i) by inserting “(A)” after “(2)”;
- 3 (ii) by striking “403,”;
- 4 (iii) by striking the period at the end
- 5 and inserting “, and”; and
- 6 (iv) by adding at the end the following
- 7 new subparagraph:

8 “(B) costs of such project which would not oth-

9 erwise be a permissible use of funds under part A

10 of title IV and which are not included as part of the

11 costs of projects under section 1110, shall to the ex-

12 tent and for the period prescribed by the Secretary,

13 be regarded as a permissible use of funds under

14 such part.”; and

15 (B) in subsection (c)(3), by striking

16 “under the program of aid to families with de-

17 pendent children” and inserting “part A of

18 such title”.

19 (4) Section 1116 (42 U.S.C. 1316) is amend-

20 ed—

21 (A) in each of subsections (a)(1), (b), and

22 (d), by striking “or part A of title IV,”; and

23 (B) in subsection (a)(3), by striking

24 “404,”.

1           (5) Section 1118 (42 U.S.C. 1318) is amend-  
2       ed—

3                   (A) by striking “403(a),”;

4                   (B) by striking “and part A of title IV,”;

5       and

6                   (C) by striking “, and shall, in the case of  
7       American Samoa, mean 75 per centum with re-  
8       spect to part A of title IV”.

9           (6) Section 1119 (42 U.S.C. 1319) is amend-  
10      ed—

11                   (A) by striking “or part A of title IV”; and

12                   (B) by striking “403(a),”.

13           (7) Section 1133(a) (42 U.S.C. 1320b-3(a)) is  
14      amended by striking “or part A of title IV,”.

15           (8) Section 1136 (42 U.S.C. 1320b-6) is re-  
16      pealed.

17           (9) Section 1137 (42 U.S.C. 1320b-7) is  
18      amended—

19                   (A) in subsection (b), by striking para-  
20      graph (1) and inserting the following:

21                   “(1) any State program funded under part A of  
22      title IV of this Act;” and

23                   (B) in subsection (d)(1)(B)—

1 (i) by striking “In this subsection—”  
2 and all that follows through “(ii) in” and  
3 inserting “In this subsection, in”;

4 (ii) by redesignating subclauses (I),  
5 (II), and (III) as clauses (i), (ii), and (iii);  
6 and

7 (iii) by moving such redesignated ma-  
8 terial 2 ems to the left.

9 (h) AMENDMENT TO TITLE XIV.—Section  
10 1402(a)(7) (42 U.S.C. 1352(a)(7)) is amended by striking  
11 “aid to families with dependent children under the State  
12 plan approved under section 402 of this Act” and insert-  
13 ing “assistance under a State program funded under part  
14 A of title IV”.

15 (i) AMENDMENT TO TITLE XVI AS IN EFFECT WITH  
16 RESPECT TO THE TERRITORIES.—Section 1602(a)(11),  
17 as in effect without regard to the amendment made by  
18 section 301 of the Social Security Amendments of 1972  
19 (42 U.S.C. 1382 note), is amended by striking “aid under  
20 the State plan approved” and inserting “assistance under  
21 a State program funded”.

22 (j) AMENDMENT TO TITLE XVI AS IN EFFECT WITH  
23 RESPECT TO THE STATES.—Section 1611(c)(5)(A) (42  
24 U.S.C. 1382(c)(5)(A)) is amended to read as follows: “(A)  
25 a State program funded under part A of title IV,”.

1 (k) AMENDMENT TO TITLE XIX.—Section 1902(j)  
2 (42 U.S.C. 1396a(j)) is amended by striking “1108(c)”  
3 and inserting “1108(g)”.

4 **SEC. 109. CONFORMING AMENDMENTS TO THE FOOD**  
5 **STAMP ACT OF 1977 AND RELATED PROVI-**  
6 **SIONS.**

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

9 (1) in the second sentence of subsection (a), by  
10 striking “plan approved” and all that follows  
11 through “title IV of the Social Security Act” and in-  
12 serting “program funded under part A of title IV of  
13 the Social Security Act (42 U.S.C. 601 et seq.)”;

14 (2) in subsection (d)—

15 (A) in paragraph (5), by striking “assist-  
16 ance to families with dependent children” and  
17 inserting “assistance under a State program  
18 funded”; and

19 (B) by striking paragraph (13) and redес-  
20 ignating paragraphs (14), (15), and (16) as  
21 paragraphs (13), (14), and (15), respectively;

22 (3) in subsection (j), by striking “plan approved  
23 under part A of title IV of such Act (42 U.S.C. 601  
24 et seq.)” and inserting “program funded under part

1 A of title IV of the Act (42 U.S.C. 601 et seq.)”;

2 and

3 (4) by striking subsection (m).

4 (b) Section 6 of such Act (7 U.S.C. 2015) is amend-

5 ed—

6 (1) in subsection (c)(5), by striking “the State

7 plan approved” and inserting “the State program

8 funded”; and

9 (2) in subsection (e)(6), by striking “aid to

10 families with dependent children” and inserting

11 “benefits under a State program funded”.

12 (c) Section 16(g)(4) of such Act (7 U.S.C.

13 2025(g)(4)) is amended by striking “State plans under the

14 Aid to Families with Dependent Children Program under”

15 and inserting “State programs funded under part A of”.

16 (d) Section 17 of such Act (7 U.S.C. 2026) is amend-

17 ed—

18 (1) in the first sentence of subsection (b)(1)(A),

19 by striking “to aid to families with dependent chil-

20 dren under part A of title IV of the Social Security

21 Act” and inserting “or are receiving assistance

22 under a State program funded under part A of title

23 IV of the Social Security Act (42 U.S.C. 601 et

24 seq.)”; and

1           (2) in subsection (b)(3), by adding at the end  
2 the following new subparagraph:

3           “(I) The Secretary may not grant a waiver  
4 under this paragraph on or after October 1, 1995.  
5 Any reference in this paragraph to a provision of  
6 title IV of the Social Security Act shall be deemed  
7 to be a reference to such provision as in effect on  
8 September 30, 1995.”;

9           (e) Section 20 of such Act (7 U.S.C. 2029) is amend-  
10 ed—

11           (1) in subsection (a)(2)(B) by striking “operat-  
12 ing—” and all that follows through “(ii) any other”  
13 and inserting “operating any”; and

14           (2) in subsection (b)—

15           (A) in paragraph (1)—

16           (i) by striking “(b)(1) A household”  
17 and inserting “(b) A household”; and

18           (ii) in subparagraph (B), by striking  
19 “training program” and inserting “activ-  
20 ity”;

21           (B) by striking paragraph (2); and

22           (C) by redesignating subparagraphs (A)  
23 through (F) as paragraphs (1) through (6), re-  
24 spectively.

1 (f) Section 5(h)(1) of the Agriculture and Consumer  
2 Protection Act of 1973 (Public Law 93-186; 7 U.S.C.  
3 612c note) is amended by striking “the program for aid  
4 to families with dependent children” and inserting “the  
5 State program funded”.

6 (g) Section 9 of the National School Lunch Act (42  
7 U.S.C. 1753) is amended—

8 (1) in subsection (b)—

9 (A) in paragraph (2)(C)(ii)(II)—

10 (i) by striking “program for aid to  
11 families with dependent children” and in-  
12 serting “State program funded”; and

13 (ii) by inserting before the period at  
14 the end the following: “that the Secretary  
15 determines complies with standards estab-  
16 lished by the Secretary that ensure that  
17 the standards under the State program are  
18 comparable to or more restrictive than  
19 those in effect on March 1, 1996”; and

20 (B) in paragraph (6)—

21 (i) in subparagraph (A)(ii)—

22 (I) by striking “an AFDC assist-  
23 ance unit (under the aid to families  
24 with dependent children program au-  
25 thorized” and inserting “a family

1 (under the State program funded”;  
2 and

3 (II) by striking “, in a State”  
4 and all that follows through  
5 “9902(2)))” and inserting “that the  
6 Secretary determines complies with  
7 standards established by the Secretary  
8 that ensure that the standards under  
9 the State program are comparable to  
10 or more restrictive than those in effect  
11 on March 1, 1996”; and

12 (ii) in subparagraph (B), by striking  
13 “aid to families with dependent children”  
14 and inserting “assistance under the State  
15 program funded under part A of title IV of  
16 the Social Security Act (42 U.S.C. 601 et  
17 seq.) that the Secretary determines com-  
18 plies with standards established by the  
19 Secretary that ensure that the standards  
20 under the State program are comparable  
21 to or more restrictive than those in effect  
22 on March 1, 1996”; and

23 (2) in subsection (d)(2)(C)—

1 (A) by striking “program for aid to fami-  
2 lies with dependent children” and inserting  
3 “State program funded”; and

4 (B) by inserting before the period at the  
5 end the following: “that the Secretary deter-  
6 mines complies with standards established by  
7 the Secretary that ensure that the standards  
8 under the State program are comparable to or  
9 more restrictive than those in effect on June 1,  
10 1995”.

11 (h) Section 17(d)(2)(A)(ii)(II) of the Child Nutrition  
12 Act of 1966 (42 U.S.C. 1786(d)(2)(A)(ii)(II)) is amend-  
13 ed—

14 (1) by striking “program for aid to families  
15 with dependent children established” and inserting  
16 “State program funded”; and

17 (2) by inserting before the semicolon the follow-  
18 ing: “that the Secretary determines complies with  
19 standards established by the Secretary that ensure  
20 that the standards under the State program are  
21 comparable to or more restrictive than those in ef-  
22 fect on June 1, 1995”.

23 **SEC. 110. CONFORMING AMENDMENTS TO OTHER LAWS.**

24 (a) Subsection (b) of section 508 of the Unemploy-  
25 ment Compensation Amendments of 1976 (42 U.S.C.

1 603a; Public Law 94-566; 90 Stat. 2689) is amended to  
2 read as follows:

3 “(b) PROVISION FOR REIMBURSEMENT OF EX-  
4 PENSES.—For purposes of section 455 of the Social Secu-  
5 rity Act, expenses incurred to reimburse State employment  
6 offices for furnishing information requested of such of-  
7 fices—

8 “(1) pursuant to the third sentence of section  
9 3(a) of the Act entitled ‘An Act to provide for the  
10 establishment of a national employment system and  
11 for cooperation with the States in the promotion of  
12 such system, and for other purposes’, approved June  
13 6, 1933 (29 U.S.C. 49b(a)), or

14 “(2) by a State or local agency charged with  
15 the duty of carrying a State plan for child support  
16 approved under part D of title IV of the Social Se-  
17 curity Act,

18 shall be considered to constitute expenses incurred in the  
19 administration of such State plan.”.

20 (b) Section 9121 of the Omnibus Budget Reconcili-  
21 ation Act of 1987 (42 U.S.C. 602 note) is repealed.

22 (c) Section 9122 of the Omnibus Budget Reconcili-  
23 ation Act of 1987 (42 U.S.C. 602 note) is repealed.

24 (d) Section 221 of the Housing and Urban-Rural Re-  
25 covery Act of 1983 (42 U.S.C. 602 note), relating to treat-

1 ment under AFDC of certain rental payments for federally  
2 assisted housing, is repealed.

3 (e) Section 159 of the Tax Equity and Fiscal Respon-  
4 sibility Act of 1982 (42 U.S.C. 602 note) is repealed.

5 (f) Section 202(d) of the Social Security Amendments  
6 of 1967 (81 Stat. 882; 42 U.S.C. 602 note) is repealed.

7 (g) Section 903 of the Stewart B. McKinney Home-  
8 less Assistance Amendments Act of 1988 (42 U.S.C.  
9 11381 note), relating to demonstration projects to reduce  
10 number of AFDC families in welfare hotels, is amended—

11 (1) in subsection (a), by striking “aid to fami-  
12 lies with dependent children under a State plan ap-  
13 proved” and inserting “assistance under a State pro-  
14 gram funded”; and

15 (2) in subsection (c), by striking “aid to fami-  
16 lies with dependent children in the State under a  
17 State plan approved” and inserting “assistance in  
18 the State under a State program funded”.

19 (h) The Higher Education Act of 1965 (20 U.S.C.  
20 1001 et seq.) is amended—

21 (1) in section 404C(c)(3) (20 U.S.C. 1070a-  
22 23(c)(3)), by striking “(Aid to Families with De-  
23 pendent Children)”; and

24 (2) in section 480(b)(2) (20 U.S.C.  
25 1087vv(b)(2)), by striking “aid to families with de-

1       pendent children under a State plan approved” and  
2       inserting “assistance under a State program fund-  
3       ed”.

4       (i) The Carl D. Perkins Vocational and Applied Tech-  
5       nology Education Act (20 U.S.C. 2301 et seq.) is amend-  
6       ed—

7               (1) in section 231(d)(3)(A)(ii) (20 U.S.C.  
8       2341(d)(3)(A)(ii)), by striking “the program for aid  
9       to dependent children” and inserting “the State pro-  
10       gram funded”;

11              (2) in section 232(b)(2)(B) (20 U.S.C.  
12       2341a(b)(2)(B)), by striking “the program for aid to  
13       families with dependent children” and inserting “the  
14       State program funded”; and

15              (3) in section 521(14)(B)(iii) (20 U.S.C.  
16       2471(14)(B)(iii)), by striking “the program for aid  
17       to families with dependent children” and inserting  
18       “the State program funded”.

19       (j) The Elementary and Secondary Education Act of  
20       1965 (20 U.S.C. 2701 et seq.) is amended—

21              (1) in section 1113(a)(5) (20 U.S.C.  
22       6313(a)(5)), by striking “Aid to Families with De-  
23       pendent Children Program” and inserting “State  
24       program funded under part A of title IV of the So-  
25       cial Security Act”;

1           (2) in section 1124(c)(5) (20 U.S.C.  
2           6333(c)(5)), by striking “the program of aid to fam-  
3           ilies with dependent children under a State plan ap-  
4           proved under” and inserting “a State program fund-  
5           ed under part A of”; and

6           (3) in section 5203(b)(2) (20 U.S.C.  
7           7233(b)(2))—

8           (A) in subparagraph (A)(xi), by striking  
9           “Aid to Families with Dependent Children ben-  
10          efits” and inserting “assistance under a State  
11          program funded under part A of title IV of the  
12          Social Security Act”; and

13          (B) in subparagraph (B)(viii), by striking  
14          “Aid to Families with Dependent Children” and  
15          inserting “assistance under the State program  
16          funded under part A of title IV of the Social  
17          Security Act”.

18          (k) Chapter VII of title I of Public Law 99–88 (25  
19          U.S.C. 13d–1) is amended to read as follows: “*Provided*  
20          *further*, That general assistance payments made by the  
21          Bureau of Indian Affairs shall be made—

22                 “(1) after April 29, 1985, and before October  
23                 1, 1995, on the basis of Aid to Families with De-  
24                 pendent Children (AFDC) standards of need; and

1           “(2) on and after October 1, 1995, on the basis  
2           of standards of need established under the State  
3           program funded under part A of title IV of the So-  
4           cial Security Act,  
5           except that where a State ratably reduces its AFDC or  
6           State program payments, the Bureau shall reduce general  
7           assistance payments in such State by the same percentage  
8           as the State has reduced the AFDC or State program pay-  
9           ment.”.

10          (1) The Internal Revenue Code of 1986 (26 U.S.C.  
11 1 et seq.) is amended—

12           (1) in section 51(d)(9) (26 U.S.C. 51(d)(9)), by  
13           striking all that follows “agency as” and inserting  
14           “being eligible for financial assistance under part A  
15           of title IV of the Social Security Act and as having  
16           continually received such financial assistance during  
17           the 90-day period which immediately precedes the  
18           date on which such individual is hired by the em-  
19           ployer.”;

20           (2) in section 3304(a)(16) (26 U.S.C.  
21 3304(a)(16)), by striking “eligibility for aid or serv-  
22           ices,” and all that follows through “children ap-  
23           proved” and inserting “eligibility for assistance, or  
24           the amount of such assistance, under a State pro-  
25           gram funded”;

1           (3) in section 6103(l)(7)(D)(i) (26 U.S.C.  
2           6103(l)(7)(D)(i)), by striking “aid to families with  
3           dependent children provided under a State plan ap-  
4           proved” and inserting “a State program funded”;

5           (4) in section 6103(l)(10) (26 U.S.C.  
6           6103(l)(10))—

7           (A) by striking “(c) or (d)” each place it  
8           appears and inserting “(c), (d), or (e)”; and

9           (B) by adding at the end of subparagraph  
10          (B) the following new sentence: “Any return in-  
11          formation disclosed with respect to section  
12          6402(e) shall only be disclosed to officers and  
13          employees of the State agency requesting such  
14          information.”;

15          (5) in section 6103(p)(4) (26 U.S.C.  
16          6103(p)(4)), in the matter preceding subparagraph  
17          (A)—

18                 (A) by striking “(5), (10)” and inserting  
19                 “(5)”; and

20                 (B) by striking “(9), or (12)” and insert-  
21                 ing “(9), (10), or (12)”;

22          (6) in section 6334(a)(11)(A) (26 U.S.C.  
23          6334(a)(11)(A)), by striking “(relating to aid to  
24          families with dependent children)”;

25          (7) in section 6402 (26 U.S.C. 6402)—

1 (A) in subsection (a), by striking “(c) and  
2 (d)” and inserting “(c), (d), and (e)”;

3 (B) by redesignating subsections (e)  
4 through (i) as subsections (f) through (j), re-  
5 spectively; and

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

8 “(e) COLLECTION OF OVERPAYMENTS UNDER TITLE  
9 IV—A OF THE SOCIAL SECURITY ACT.—The amount of  
10 any overpayment to be refunded to the person making the  
11 overpayment shall be reduced (after reductions pursuant  
12 to subsections (c) and (d), but before a credit against fu-  
13 ture liability for an internal revenue tax) in accordance  
14 with section 405(e) of the Social Security Act (concerning  
15 recovery of overpayments to individuals under State plans  
16 approved under part A of title IV of such Act).”; and

17 (8) in section 7523(b)(3)(C) (26 U.S.C.  
18 7523(b)(3)(C)), by striking “aid to families with de-  
19 pendent children” and inserting “assistance under a  
20 State program funded under part A of title IV of the  
21 Social Security Act”.

22 (m) Section 3(b) of the Wagner-Peyser Act (29  
23 U.S.C. 49b(b)) is amended by striking “State plan ap-  
24 proved under part A of title IV” and inserting “State pro-  
25 gram funded under part A of title IV”.

1 (n) The Job Training Partnership Act (29 U.S.C.  
2 1501 et seq.) is amended—

3 (1) in section 4(29)(A)(i) (29 U.S.C.  
4 1503(29)(A)(i)), by striking “(42 U.S.C. 601 et  
5 seq.)”;

6 (2) in section 106(b)(6)(C) (29 U.S.C.  
7 1516(b)(6)(C)), by striking “State aid to families  
8 with dependent children records,” and inserting  
9 “records collected under the State program funded  
10 under part A of title IV of the Social Security Act,”;

11 (3) in section 121(b)(2) (29 U.S.C.  
12 1531(b)(2))—

13 (A) by striking “the JOBS program” and  
14 inserting “the work activities required under  
15 title IV of the Social Security Act”; and

16 (B) by striking the second sentence;

17 (4) in section 123(c) (29 U.S.C. 1533(c))—

18 (A) in paragraph (1)(E), by repealing  
19 clause (vi); and

20 (B) in paragraph (2)(D), by repealing  
21 clause (v);

22 (5) in section 203(b)(3) (29 U.S.C.  
23 1603(b)(3)), by striking “, including recipients  
24 under the JOBS program”;

1           (6) in subparagraphs (A) and (B) of section  
2           204(a)(1) (29 U.S.C. 1604(a)(1) (A) and (B)), by  
3           striking “(such as the JOBS program)” each place  
4           it appears;

5           (7) in section 205(a) (29 U.S.C. 1605(a)), by  
6           striking paragraph (4) and inserting the following:

7           “(4) the portions of title IV of the Social Secu-  
8           rity Act relating to work activities;”;

9           (8) in section 253 (29 U.S.C. 1632)—

10           (A) in subsection (b)(2), by repealing sub-  
11           paragraph (C); and

12           (B) in paragraphs (1)(B) and (2)(B) of  
13           subsection (c), by striking “the JOBS program  
14           or” each place it appears;

15           (9) in section 264 (29 U.S.C. 1644)—

16           (A) in subparagraphs (A) and (B) of sub-  
17           section (b)(1), by striking “(such as the JOBS  
18           program)” each place it appears; and

19           (B) in subparagraphs (A) and (B) of sub-  
20           section (d)(3), by striking “and the JOBS pro-  
21           gram” each place it appears;

22           (10) in section 265(b) (29 U.S.C. 1645(b)), by  
23           striking paragraph (6) and inserting the following:

24           “(6) the portion of title IV of the Social Secu-  
25           rity Act relating to work activities;”;

1           (11) in the second sentence of section 429(e)  
2           (29 U.S.C. 1699(e)), by striking “and shall be in an  
3           amount that does not exceed the maximum amount  
4           that may be provided by the State pursuant to sec-  
5           tion 402(g)(1)(C) of the Social Security Act (42  
6           U.S.C. 602(g)(1)(C))”;

7           (12) in section 454(c) (29 U.S.C. 1734(c)), by  
8           striking “JOBS and”;

9           (13) in section 455(b) (29 U.S.C. 1735(b)), by  
10          striking “the JOBS program,”;

11          (14) in section 501(1) (29 U.S.C. 1791(1)), by  
12          striking “aid to families with dependent children  
13          under part A of title IV of the Social Security Act  
14          (42 U.S.C. 601 et seq.)” and inserting “assistance  
15          under the State program funded under part A of  
16          title IV of the Social Security Act”;

17          (15) in section 506(1)(A) (29 U.S.C.  
18          1791e(1)(A)), by striking “aid to families with de-  
19          pendent children” and inserting “assistance under  
20          the State program funded”;

21          (16) in section 508(a)(2)(A) (29 U.S.C.  
22          1791g(a)(2)(A)), by striking “aid to families with  
23          dependent children” and inserting “assistance under  
24          the State program funded”; and

1           (17) in section 701(b)(2)(A) (29 U.S.C.  
2       1792(b)(2)(A))—

3           (A) in clause (v), by striking the semicolon  
4           and inserting “; and”; and

5           (B) by striking clause (vi).

6       (o) Section 3803(c)(2)(C)(iv) of title 31, United  
7 States Code, is amended to read as follows:

8           “(iv) assistance under a State pro-  
9           gram funded under part A of title IV of  
10          the Social Security Act”.

11       (p) Section 2605(b)(2)(A)(i) of the Low-Income  
12 Home Energy Assistance Act of 1981 (42 U.S.C.  
13 8624(b)(2)(A)(i)) is amended to read as follows:

14           “(i) assistance under the State pro-  
15           gram funded under part A of title IV of  
16           the Social Security Act;”.

17       (q) Section 303(f)(2) of the Family Support Act of  
18 1988 (42 U.S.C. 602 note) is amended—

19           (1) by striking “(A)”; and

20           (2) by striking subparagraphs (B) and (C).

21       (r) The Balanced Budget and Emergency Deficit  
22 Control Act of 1985 (2 U.S.C. 900 et seq.) is amended—

23           (1) in the first section 255(h) (2 U.S.C.  
24       905(h)), by striking “Aid to families with dependent  
25       children (75-0412-0-1-609);” and inserting “Block

1 grants to States for temporary assistance for needy  
2 families;” and

3 (2) in section 256 (2 U.S.C. 906)—

4 (A) by striking subsection (k); and

5 (B) by redesignating subsection (l) as sub-  
6 section (k).

7 (s) The Immigration and Nationality Act (8 U.S.C.  
8 1101 et seq.) is amended—

9 (1) in section 210(f) (8 U.S.C. 1160(f)), by  
10 striking “aid under a State plan approved under”  
11 each place it appears and inserting “assistance  
12 under a State program funded under”;

13 (2) in section 245A(h) (8 U.S.C. 1255a(h))—

14 (A) in paragraph (1)(A)(i), by striking  
15 “program of aid to families with dependent chil-  
16 dren” and inserting “State program of assist-  
17 ance”; and

18 (B) in paragraph (2)(B), by striking “aid  
19 to families with dependent children” and insert-  
20 ing “assistance under a State program funded  
21 under part A of title IV of the Social Security  
22 Act”; and

23 (3) in section 412(e)(4) (8 U.S.C. 1522(e)(4)),  
24 by striking “State plan approved” and inserting  
25 “State program funded”.

1 (t) Section 640(a)(4)(B)(i) of the Head Start Act (42  
2 U.S.C. 9835(a)(4)(B)(i)) is amended by striking “pro-  
3 gram of aid to families with dependent children under a  
4 State plan approved” and inserting “State program of as-  
5 sistance funded”.

6 (u) Section 9 of the Act of April 19, 1950 (64 Stat.  
7 47, chapter 92; 25 U.S.C. 639) is repealed.

8 (v) Subparagraph (E) of section 213(d)(6) of the  
9 School-To-Work Opportunities Act of 1994 (20 U.S.C.  
10 6143(d)(6)) is amended to read as follows:

11 “(E) part A of title IV of the Social Secu-  
12 rity Act (42 U.S.C. 601 et seq.) relating to  
13 work activities;”.

14 (w) Section 552a(a)(8)(B)(iv)(III) of title 5, United  
15 States Code, is amended by striking “section 464 or 1137  
16 of the Social Security Act” and inserting “section 404(e),  
17 464, or 1137 of the Social Security Act.”.

18 **SEC. 111. DEVELOPMENT OF PROTOTYPE OF COUNTER-**  
19 **FEIT-RESISTANT SOCIAL SECURITY CARD RE-**  
20 **QUIRED.**

21 (a) DEVELOPMENT.—

22 (1) IN GENERAL.—The Commissioner of Social  
23 Security (in this section referred to as the “Commis-  
24 sioner”) shall, in accordance with this section, de-

1 develop a prototype of a counterfeit-resistant social se-  
2 curity card. Such prototype card shall—

3 (A) be made of a durable, tamper-resistant  
4 material such as plastic or polyester,

5 (B) employ technologies that provide secu-  
6 rity features, such as magnetic stripes,  
7 holograms, and integrated circuits, and

8 (C) be developed so as to provide individ-  
9 uals with reliable proof of citizenship or legal  
10 resident alien status.

11 (2) ASSISTANCE BY ATTORNEY GENERAL.—The  
12 Attorney General of the United States shall provide  
13 such information and assistance as the Commis-  
14 sioner deems necessary to enable the Commissioner  
15 to comply with this section.

16 (b) STUDY AND REPORT.—

17 (1) IN GENERAL.—The Commissioner shall con-  
18 duct a study and issue a report to Congress which  
19 examines different methods of improving the social  
20 security card application process.

21 (2) ELEMENTS OF STUDY.—The study shall in-  
22 clude an evaluation of the cost and work load impli-  
23 cations of issuing a counterfeit-resistant social secu-  
24 rity card for all individuals over a 3-, 5-, and 10-  
25 year period. The study shall also evaluate the fea-

1 sibility and cost implications of imposing a user fee  
2 for replacement cards and cards issued to individ-  
3 uals who apply for such a card prior to the sched-  
4 uled 3-, 5-, and 10-year phase-in options.

5 (3) DISTRIBUTION OF REPORT.—The Commis-  
6 sioner shall submit copies of the report described in  
7 this subsection along with a facsimile of the proto-  
8 type card as described in subsection (a) to the Com-  
9 mittees on Ways and Means and Judiciary of the  
10 House of Representatives and the Committees on Fi-  
11 nance and Judiciary of the Senate within 1 year  
12 after the date of the enactment of this Act.

13 **SEC. 112. DISCLOSURE OF RECEIPT OF FEDERAL FUNDS.**

14 (a) IN GENERAL.—Whenever an organization that  
15 accepts Federal funds under this Act or the amendments  
16 made by this Act makes any communication that in any  
17 way intends to promote public support or opposition to  
18 any policy of a Federal, State, or local government  
19 through any broadcasting station, newspaper, magazine,  
20 outdoor advertising facility, direct mailing, or any other  
21 type of general public advertising, such communication  
22 shall state the following: “This was prepared and paid for  
23 by an organization that accepts taxpayer dollars.”.

24 (b) FAILURE TO COMPLY.—If an organization makes  
25 any communication described in subsection (a) and fails

1 to provide the statement required by that subsection, such  
2 organization shall be ineligible to receive Federal funds  
3 under this Act or the amendments made by this Act.

4 (c) DEFINITION.—For purposes of this section, the  
5 term “organization” means an organization described in  
6 section 501(c) of the Internal Revenue Code of 1986.

7 (d) EFFECTIVE DATES.—This section shall take ef-  
8 fect—

9 (1) with respect to printed communications 1  
10 year after the date of enactment of this Act; and

11 (2) with respect to any other communication on  
12 the date of enactment of this Act.

13 **SEC. 113. MODIFICATIONS TO THE JOB OPPORTUNITIES**  
14 **FOR CERTAIN LOW-INCOME INDIVIDUALS**  
15 **PROGRAM.**

16 Section 505 of the Family Support Act of 1988 (42  
17 U.S.C. 1315 note) is amended—

18 (1) in the heading, by striking “**DEM-**  
19 **ONSTRATION**”;

20 (2) by striking “demonstration” each place such  
21 term appears;

22 (3) in subsection (a), by striking “in each of  
23 fiscal years” and all that follows through “10” and  
24 inserting “shall enter into agreements with”;

1           (4) in subsection (b)(3), by striking “aid to  
2 families with dependent children under part A of  
3 title IV of the Social Security Act” and inserting  
4 “assistance under the program funded part A of title  
5 IV of the Social Security Act of the State in which  
6 the individual resides”;

7           (5) in subsection (c)—

8           (A) in paragraph (1)(C), by striking “aid  
9 to families with dependent children under part  
10 A of title IV of the Social Security Act” and in-  
11 sserting “assistance under a State program  
12 funded part A of title IV of the Social Security  
13 Act”;

14           (B) in paragraph (2), by striking “aid to  
15 families with dependent children under title IV  
16 of such Act” and inserting “assistance under a  
17 State program funded part A of title IV of the  
18 Social Security Act”;

19           (6) in subsection (d), by striking “job opportu-  
20 nities and basic skills training program (as provided  
21 for under title IV of the Social Security Act)” and  
22 inserting “the State program funded under part A  
23 of title IV of the Social Security Act”; and

24           (7) by striking subsections (e) through (g) and  
25 inserting the following:

1       “(e) AUTHORIZATION OF APPROPRIATIONS.—For the  
2 purpose of conducting projects under this section, there  
3 is authorized to be appropriated an amount not to exceed  
4 \$25,000,000 for any fiscal year.”.

5 **SEC. 114. SECRETARIAL SUBMISSION OF LEGISLATIVE**  
6                                   **PROPOSAL FOR TECHNICAL AND CONFORM-**  
7                                   **ING AMENDMENTS.**

8       Not later than 90 days after the date of the enact-  
9 ment of this Act, the Secretary of Health and Human  
10 Services and the Commissioner of Social Security, in con-  
11 sultation, as appropriate, with the heads of other Federal  
12 agencies, shall submit to the appropriate committees of  
13 Congress a legislative proposal proposing such technical  
14 and conforming amendments as are necessary to bring the  
15 law into conformity with the policy embodied in this title.

16 **SEC. 115. APPLICATION OF CURRENT AFDC STANDARDS**  
17                                   **UNDER MEDICAID PROGRAM.**

18       (a) IN GENERAL.—Title XIX is amended—

19               (1) by redesignating section 1931 as section  
20       1932; and

21               (2) by inserting after section 1930 the following  
22       new section:

23       “APPLICATION OF AFDC STANDARDS AND METHODOLOGY

24       “SEC. 1931. (a)(1) Subject to the succeeding provi-  
25       sions of this section, with respect to a State any reference  
26       in this title (or other provision of law in relation to the

1 operation of this title) to a provision of part A of title  
2 IV, or a State plan under such part (or a provision of  
3 such a plan), including standards and methodologies for  
4 determining income and resources under such part or  
5 plan, shall be considered a reference to such a provision  
6 or plan as in effect as of July 1, 1996, with respect to  
7 the State.

8       “(2) In applying section 1925(a)(1), the reference to  
9 ‘section 402(a)(8)(B)(ii)(II)’ is deemed a reference to a  
10 corresponding earning disregard rule (if any) established  
11 under a State program funded under part A of title IV  
12 (as in effect on and after October 1, 1996).

13       “(3) The provisions of section 406(h) (as in effect  
14 on July 1, 1996) shall apply, in relation to this title, with  
15 respect to individuals who receive assistance under a State  
16 program funded under part A of title IV (as in effect on  
17 and after October 1, 1996) and are eligible for medical  
18 assistance under this title or who are described in sub-  
19 section (b)(1) in the same manner as they apply before  
20 such date with respect to individuals who become ineligible  
21 for aid to families with dependent children as a result  
22 (wholly or partly) of the collection or increased collection  
23 of child or spousal support under part D of title IV.

24       “(4) With respect to the reference in section  
25 1902(a)(5) to a State plan approved under part A of title

1 IV, a State may treat such reference as a reference either  
2 to a State program funded under such part (as in effect  
3 on and after October 1, 1996) or to the State plan under  
4 this title.

5 “(b)(1) For purposes of this title, subject to para-  
6 graph (2), in determining eligibility for medical assistance,  
7 an individual shall be deemed to be receiving aid or assist-  
8 ance under a State plan approved under part A of title  
9 IV (and shall be treated as meeting the income and re-  
10 source standards under such part) only if the individual  
11 meets—

12 “(A) the income and resource standards under  
13 such plan, and

14 “(B) the eligibility requirements of such plan  
15 under subsections (a) through (c) of section 406 and  
16 section 407(a),

17 as in effect as of July 1, 1996. Subject to paragraph  
18 (2)(B), the income and resource methodologies under such  
19 plan as of such date shall be used in the determination  
20 of whether any individual meets income and resource  
21 standards under such plan.

22 “(2) For purposes of applying this section, a State  
23 may—

24 “(A) lower its income standards applicable with  
25 respect to part A of title IV, but not below the in-

1       come standards applicable under its State plan  
2       under such part on May 1, 1988; and

3               “(B) use income and resource standards or  
4       methodologies that are less restrictive than the  
5       standards or methodologies used under the State  
6       plan under such part as of July 1, 1996.

7       “(3) For purposes of applying this section, a State  
8       may, subject to paragraph (4), treat all individuals (or  
9       reasonable categories of individuals) receiving assistance  
10      under the State program funded under part A of title IV  
11      (as in effect on or after October 1, 1996) as individuals  
12      who are receiving aid or assistance under a State plan ap-  
13      proved under part A of title IV (and thereby eligible for  
14      medical assistance under this title).

15      “(4) For purposes of section 1925, an individual who  
16      is receiving assistance under the State program funded  
17      under part A of title IV (as in effect on or after October  
18      1, 1996) and is eligible for medical assistance under this  
19      title shall be treated as an individual receiving aid or as-  
20      sistance pursuant to a plan of the State approved under  
21      part A of title IV (as in effect as of July 1, 1996) (and  
22      thereby eligible for continuation of medical assistance  
23      under such section).

24      “(c) In the case of a waiver of a provision of part  
25      A of title IV in effect with respect to a State as of July

1 1, 1996, if the waiver affects eligibility of individuals for  
2 medical assistance under this title, such waiver may (but  
3 need not) continue to be applied, at the option of the  
4 State, in relation to this title after the date the waiver  
5 would otherwise expire. If a State elects not to continue  
6 to apply such a waiver, then, after the date of the expira-  
7 tion of the waiver, subsection (a) shall be applied as if  
8 any provisions so waived had not been waived.

9 “(d) Nothing in this section, or part A of title IV,  
10 shall be construed as preventing a State from providing  
11 for the same application form for assistance under a State  
12 program funded under part A of title IV (on or after Octo-  
13 ber 1, 1996) and for medical assistance under this title.

14 “(e) The provisions of this section shall apply not-  
15 withstanding any other provision of this title.”.

16 (b) PLAN AMENDMENT.—Section 1902(a) (42 U.S.C.  
17 1396a(a)) is amended—

18 (1) by striking “and” at the end of paragraph  
19 (61),

20 (2) by striking the period at the end of para-  
21 graph (62) and inserting “; and”, and

22 (3) by inserting after paragraph (62) the fol-  
23 lowing new paragraph:

24 “(63) provide for administration and deter-  
25 minations of eligibility with respect to individuals

1       who are (or seek to be) eligible for medical assist-  
2       ance based on the application of section 1931.”.

3       (c) **ELIMINATION OF REQUIREMENT OF MINIMUM**  
4 **AFDC PAYMENT LEVELS.**—(1) Section 1902(c) (42  
5 U.S.C. 1396a(c)) is amended by striking “if—” and all  
6 that follows and inserting the following: “if the State re-  
7 quires individuals described in subsection (l)(1) to apply  
8 for assistance under the State program funded under part  
9 A of title IV as a condition of applying for or receiving  
10 medical assistance under this title.”.

11       (2) Section 1903(i) (42 U.S.C. 1396b(i)) is amended  
12 by striking paragraph (9).

13 **SEC. 116. EFFECTIVE DATE; TRANSITION RULE.**

14       (a) **IN GENERAL.**—Except as otherwise provided in  
15 this title, this title and the amendments made by this title  
16 shall take effect on October 1, 1996.

17       (b) **TRANSITION RULES.**—

18               (1) **STATE OPTION TO ACCELERATE EFFECTIVE**  
19 **DATE.**—

20                       (A) **IN GENERAL.**—If, within 3 months  
21 after the date of the enactment of this Act, the  
22 Secretary of Health and Human Services re-  
23 ceives from a State, a plan described in section  
24 402(a) of the Social Security Act (as added by  
25 the amendment made by section 103 of this

1 Act), this title and the amendments made by  
2 this title (except section 409(a)(5) of the Social  
3 Security Act, as added by the amendment made  
4 by such section 103) shall also apply with re-  
5 spect to the State during the period that begins  
6 on the date the Secretary approves the plan and  
7 ends on September 30, 1996, except that the  
8 State shall be considered an eligible State for  
9 fiscal year 1996 for purposes of part A of title  
10 IV of the Social Security Act (as in effect pur-  
11 suant to the amendment made by such section  
12 103).

13 (B) LIMITATIONS ON FEDERAL OBLIGA-  
14 TIONS.—

15 (i) UNDER AFDC PROGRAM.—If the  
16 Secretary receives from a State the plan  
17 referred to in subparagraph (A), the total  
18 obligations of the Federal Government to  
19 the State under part A of title IV of the  
20 Social Security Act (as in effect on Sep-  
21 tember 30, 1995) with respect to expendi-  
22 tures by the State after the date of the en-  
23 actment of this Act shall not exceed an  
24 amount equal to—

1 (I) the State family assistance  
2 grant (as defined in section  
3 403(a)(1)(B) of the Social Security  
4 Act (as in effect pursuant to the  
5 amendment made by section 103 of  
6 this Act)); minus

7 (II) any obligations of the Fed-  
8 eral Government to the State under  
9 part A of title IV of the Social Secu-  
10 rity Act (as in effect on September  
11 30, 1995) with respect to expendi-  
12 tures by the State during the period  
13 that begins on October 1, 1995, and  
14 ends on the day before the date of the  
15 enactment of this Act.

16 (ii) UNDER TEMPORARY FAMILY AS-  
17 SISTANCE PROGRAM.—Notwithstanding  
18 section 403(a)(1) of the Social Security  
19 Act (as in effect pursuant to the amend-  
20 ment made by section 103 of this Act), the  
21 total obligations of the Federal Govern-  
22 ment to a State under such section  
23 403(a)(1) for fiscal year 1996 after the  
24 termination of the State AFDC program  
25 shall not exceed an amount equal to—

1 (I) the amount described in  
2 clause (i)(I) of this subparagraph;  
3 minus

4 (II) any obligations of the Fed-  
5 eral Government to the State under  
6 part A of title IV of the Social Secu-  
7 rity Act (as in effect on September  
8 30, 1995) with respect to expendi-  
9 tures by the State on or after October  
10 1, 1995.

11 (iii) CHILD CARE OBLIGATIONS EX-  
12 CLUDED IN DETERMINING FEDERAL AFDC  
13 OBLIGATIONS.—As used in this subpara-  
14 graph, the term “obligations of the Federal  
15 Government to the State under part A of  
16 title IV of the Social Security Act” does  
17 not include any obligation of the Federal  
18 Government with respect to child care ex-  
19 penditures by the State.

20 (C) SUBMISSION OF STATE PLAN FOR FIS-  
21 CAL YEAR 1996 DEEMED ACCEPTANCE OF  
22 GRANT LIMITATIONS AND FORMULA.—The sub-  
23 mission of a plan by a State pursuant to sub-  
24 paragraph (A) is deemed to constitute the  
25 State’s acceptance of the grant reductions

1 under subparagraph (B)(ii) (including the for-  
2 mula for computing the amount of the reduc-  
3 tion).

4 (D) DEFINITIONS.—As used in this para-  
5 graph:

6 (i) STATE AFDC PROGRAM.—The term  
7 “State AFDC program” means the State  
8 program under parts A and F of title IV  
9 of the Social Security Act (as in effect on  
10 September 30, 1995).

11 (ii) STATE.—The term “State” means  
12 the 50 States and the District of Colum-  
13 bia.

14 (2) CLAIMS, ACTIONS, AND PROCEEDINGS.—  
15 The amendments made by this title shall not apply  
16 with respect to—

17 (A) powers, duties, functions, rights,  
18 claims, penalties, or obligations applicable to  
19 aid, assistance, or services provided before the  
20 effective date of this title under the provisions  
21 amended; and

22 (B) administrative actions and proceedings  
23 commenced before such date, or authorized be-  
24 fore such date to be commenced, under such  
25 provisions.

1           (3) CLOSING OUT ACCOUNT FOR THOSE PRO-  
2           GRAMS TERMINATED OR SUBSTANTIALLY MODIFIED  
3           BY THIS TITLE.—In closing out accounts, Federal  
4           and State officials may use scientifically acceptable  
5           statistical sampling techniques. Claims made with  
6           respect to State expenditures under a State plan ap-  
7           proved under part A of title IV of the Social Secu-  
8           rity Act (as in effect before the effective date of this  
9           Act) with respect to assistance or services provided  
10          on or before September 30, 1995, shall be treated as  
11          claims with respect to expenditures during fiscal  
12          year 1995 for purposes of reimbursement even if  
13          payment was made by a State on or after October  
14          1, 1995. Each State shall complete the filing of all  
15          claims under the State plan (as so in effect) no later  
16          than September 30, 1997. The head of each Federal  
17          department shall—

18                   (A) use the single audit procedure to re-  
19                   view and resolve any claims in connection with  
20                   the close out of programs under such State  
21                   plans; and

22                   (B) reimburse States for any payments  
23                   made for assistance or services provided during  
24                   a prior fiscal year from funds for fiscal year

1           1995, rather than from funds authorized by  
2           this title.

3           (4) CONTINUANCE IN OFFICE OF ASSISTANT  
4           SECRETARY FOR FAMILY SUPPORT.—The individual  
5           who, on the day before the effective date of this title,  
6           is serving as Assistant Secretary for Family Support  
7           within the Department of Health and Human Serv-  
8           ices shall, until a successor is appointed to such po-  
9           sition—

10           (A) continue to serve in such position; and

11           (B) except as otherwise provided by law—

12           (i) continue to perform the functions  
13           of the Assistant Secretary for Family Sup-  
14           port under section 417 of the Social Secu-  
15           rity Act (as in effect before such effective  
16           date); and

17           (ii) have the powers and duties of the  
18           Assistant Secretary for Family Support  
19           under section 416 of the Social Security  
20           Act (as in effect pursuant to the amend-  
21           ment made by section 103 of this Act).

1           **TITLE II—SUPPLEMENTAL**  
2                           **SECURITY INCOME**

3   **SEC. 200. REFERENCE TO SOCIAL SECURITY ACT.**

4           Except as otherwise specifically provided, wherever in  
5 this title an amendment is expressed in terms of an  
6 amendment to or repeal of a section or other provision,  
7 the reference shall be considered to be made to that sec-  
8 tion or other provision of the Social Security Act.

9   **Subtitle A—Eligibility Restrictions**

10 **SEC. 201. DENIAL OF SSI BENEFITS FOR 10 YEARS TO INDI-**  
11                           **VIDUALS FOUND TO HAVE FRAUDULENTLY**  
12                           **MISREPRESENTED RESIDENCE IN ORDER TO**  
13                           **OBTAIN BENEFITS SIMULTANEOUSLY IN 2 OR**  
14                           **MORE STATES.**

15           (a) IN GENERAL.—Section 1614(a) (42 U.S.C.  
16 1382c(a)) is amended by adding at the end the following  
17 new paragraph:

18           “(5) An individual shall not be considered an eligible  
19 individual for the purposes of this title during the 10-year  
20 period that begins on the date the individual is convicted  
21 in Federal or State court of having made a fraudulent  
22 statement or representation with respect to the place of  
23 residence of the individual in order to receive assistance  
24 simultaneously from 2 or more States under programs  
25 that are funded under title IV, title XIX, or the Food

1 Stamp Act of 1977, or benefits in 2 or more States under  
2 the supplemental security income program under this  
3 title.”.

4 (b) EFFECTIVE DATE.—The amendment made by  
5 this section shall take effect on the date of the enactment  
6 of this Act.

7 **SEC. 202. DENIAL OF SSI BENEFITS FOR FUGITIVE FELONS**  
8 **AND PROBATION AND PAROLE VIOLATORS.**

9 (a) IN GENERAL.—Section 1611(e) (42 U.S.C.  
10 1382(e)) is amended by inserting after paragraph (3) the  
11 following new paragraph:

12 “(4) A person shall not be considered an eligible indi-  
13 vidual or eligible spouse for purposes of this title with re-  
14 spect to any month if during such month the person is—

15 “(A) fleeing to avoid prosecution, or custody or  
16 confinement after conviction, under the laws of the  
17 place from which the person flees, for a crime, or an  
18 attempt to commit a crime, which is a felony under  
19 the laws of the place from which the person flees, or  
20 which, in the case of the State of New Jersey, is a  
21 high misdemeanor under the laws of such State; or

22 “(B) violating a condition of probation or pa-  
23 role imposed under Federal or State law.”.

24 (b) EXCHANGE OF INFORMATION WITH LAW EN-  
25 FORCEMENT AGENCIES.—Section 1611(e) (42 U.S.C.

1 1382(e)), as amended by subsection (a), is amended by  
2 inserting after paragraph (4) the following new paragraph:

3       “(5) Notwithstanding any other provision of law, the  
4 Commissioner shall furnish any Federal, State, or local  
5 law enforcement officer, upon the request of the officer,  
6 with the current address, Social Security number, and  
7 photograph (if applicable) of any recipient of benefits  
8 under this title, if the officer furnishes the Commissioner  
9 with the name of the recipient and notifies the Commis-  
10 sioner that---

11           “(A) the recipient—

12               “(i) is described in subparagraph (A) or  
13               (B) of paragraph (4); or

14               “(ii) has information that is necessary for  
15               the officer to conduct the officer’s official du-  
16               ties; and

17           “(B) the location or apprehension of the recipi-  
18               ent is within the officer’s official duties.”.

19       (c) **EFFECTIVE DATE.**—The amendments made by  
20 this section shall take effect on the date of the enactment  
21 of this Act.

22 **SEC. 203. VERIFICATION OF ELIGIBILITY FOR CERTAIN SSI**  
23 **DISABILITY BENEFITS.**

24       Section 1631 (42 U.S.C. 1383) is amended by adding  
25 at the end the following new subsection:

1       “(o)(1) Notwithstanding any other provision of law,  
2 if the Commissioner of Social Security determines that an  
3 individual, who is 18 years of age or older, is eligible to  
4 receive benefits pursuant to section 1614(a)(3), the Com-  
5 missioner shall, at the time of the determination, either  
6 exempt the individual from an eligibility review or estab-  
7 lish a schedule for reviewing the individual’s continuing  
8 eligibility in accordance with paragraph (2).

9       “(2)(A) The Commissioner shall establish a periodic  
10 review with respect to the continuing eligibility of an indi-  
11 vidual to receive benefits, unless the individual is exempt  
12 from review under subparagraph (C) or is subject to a  
13 scheduled review under subparagraph (B). A periodic re-  
14 view under this subparagraph shall be initiated by the  
15 Commissioner not later than 30 months after the date a  
16 determination is made that the individual is eligible for  
17 benefits and every 30 months thereafter, unless a waiver  
18 is granted under section 221(i)(2). However, the Commis-  
19 sioner shall not postpone the initiation of a periodic review  
20 for more than 12 months in any case in which such waiver  
21 has been granted unless exigent circumstances require  
22 such postponement.

23       “(B)(i) In the case of an individual, other than an  
24 individual who is exempt from review under subparagraph  
25 (C) or with respect to whom subparagraph (A) applies,

1 the Commissioner shall schedule a review regarding the  
2 individual's continuing eligibility to receive benefits at any  
3 time the Commissioner determines, based on the evidence  
4 available, that there is a significant possibility that the  
5 individual may cease to be entitled to such benefits.

6       “(ii) The Commissioner may establish classifications  
7 of individuals for whom a review of continuing eligibility  
8 is scheduled based on the impairments that are the basis  
9 for such individuals' eligibility for benefits. A review of  
10 an individual covered by a classification shall be scheduled  
11 in accordance with the applicable classification, unless the  
12 Commissioner determines that applying such schedule is  
13 inconsistent with the purpose of this Act or the integrity  
14 of the supplemental security income program.

15       “(C)(i) The Commissioner may exempt an individual  
16 from review under this subsection, if the individual's eligi-  
17 bility for benefits is based on a condition that, as a prac-  
18 tical matter, has no substantial likelihood of improving to  
19 a point where the individual will be able to perform sub-  
20 stantial gainful activity.

21       “(ii) The Commissioner may establish classifications  
22 of individuals who are exempt from review under this sub-  
23 section based on the impairments that are the basis for  
24 such individuals' eligibility for benefits. Notwithstanding  
25 any such classification, the Commissioner may, at the time

1 of determining an individual's eligibility, schedule a review  
2 of such individual's continuing eligibility if the Commis-  
3 sioner determines that a review is necessary to preserve  
4 the integrity of the supplemental security income program.

5       “(3) The Commissioner may revise a determination  
6 made under paragraph (1) and schedule a review under  
7 paragraph (2)(B), if the Commissioner obtains credible  
8 evidence that an individual may no longer be eligible for  
9 benefits or the Commissioner determines that a review is  
10 necessary to maintain the integrity of the supplemental  
11 security income program. Information obtained under sec-  
12 tion 1137 may be used as the basis to schedule a review.

13       “(4)(A) The requirements of sections 1614(a)(4) and  
14 1633 shall apply to reviews conducted under this sub-  
15 section.

16       “(B) Such reviews may be conducted by the applica-  
17 ble State agency or the Commissioner, whichever is appro-  
18 priate.

19       “(5) Not later than 3 months after the date of the  
20 enactment of this subsection, the Commissioner shall es-  
21 tablish a schedule for reviewing the continuing eligibility  
22 of each individual who is receiving benefits pursuant to  
23 section 1614(a)(3) on such date of enactment and who  
24 has attained 18 years of age, unless such individual is ex-  
25 empt under paragraph (2)(C). Such review shall be sched-

1 uled under the procedures prescribed by or under para-  
2 graph (2), except that the reviews shall be scheduled so  
3 that the eligibility of  $\frac{1}{3}$  of all such nonexempt individuals  
4 is reviewed within 1 year after such date of enactment,  
5 the eligibility of  $\frac{1}{3}$  of such nonexempt individuals is re-  
6 viewed within 1 year after such date of enactment, and  
7 all remaining nonexempt individuals who continue receiv-  
8 ing benefits shall have their eligibility reviewed within 3  
9 years after such date of enactment. Each individual deter-  
10 mined eligible to continue receiving benefits in a review  
11 scheduled under this paragraph shall, at the time of the  
12 determination, be subject to paragraph (2).”.

13 **SEC. 204. TREATMENT OF PRISONERS.**

14 (a) IMPLEMENTATION OF PROHIBITION AGAINST  
15 PAYMENT OF BENEFITS TO PRISONERS.—

16 (1) IN GENERAL.—Section 1611(e)(1) (42  
17 U.S.C. 1382(e)(1)) is amended by adding at the end  
18 the following new subparagraph:

19 “(I)(i) The Commissioner shall enter into a contract,  
20 with any interested State or local institution referred to  
21 in subparagraph (A), under which—

22 “(I) the institution shall provide to the Com-  
23 missioner, on a monthly basis, the names, social se-  
24 curity account numbers, dates of birth, and such  
25 other identifying information concerning the inmates

1 of the institution as the Commissioner may require  
2 for the purpose of carrying out paragraph (1); and

3 “(II) the Commissioner shall pay to any such  
4 institution, with respect to each inmate of the insti-  
5 tution who is eligible for a benefit under this title for  
6 the month preceding the first month throughout  
7 which such inmate is in such institution and be-  
8 comes ineligible for such benefit (or becomes eligible  
9 only for a benefit payable at a reduced rate) as a re-  
10 sult of the application of this paragraph, an amount  
11 not to exceed \$400 if the institution furnishes the  
12 information described in subclause (I) to the Com-  
13 missioner within 30 days after such individual be-  
14 comes an inmate of such institution, or an amount  
15 not to exceed \$200 if the institution furnishes such  
16 information after 30 days after such date but within  
17 90 days after such date.

18 “(ii) The provisions of section 552a of title 5, United  
19 States Code, shall not apply to any contract entered into  
20 under clause (i) or to information exchanged pursuant to  
21 such contract.”.

22 (2) CONFORMING OASDI AMENDMENTS.—Sec-  
23 tion 202(x)(3) (42 U.S.C. 402(x)(3)) is amended—

24 (A) by inserting “(A)” after “(3)”; and

1 (B) by adding at the end the following new  
2 subparagraph:

3 “(B)(i) The Commissioner shall enter into a contract,  
4 with any interested State or local institution described in  
5 clause (i) or (ii) of paragraph (1)(A) the primary purpose  
6 of which is to confine individuals as described in para-  
7 graph (1)(A), under which—

8 “(I) the institution shall provide to the Com-  
9 missioner, on a monthly basis, the names, social se-  
10 curity account numbers, dates of birth, and such  
11 other identifying information concerning the individ-  
12 uals confined in the institution as the Commissioner  
13 may require for the purpose of carrying out para-  
14 graph (1); and

15 “(II) the Commissioner shall pay to any such  
16 institution, with respect to each individual who is en-  
17 titled to a benefit under this title for the month pre-  
18 ceeding the first month throughout which such indi-  
19 vidual is confined in such institution as described in  
20 paragraph (1)(A), an amount not to exceed \$400 if  
21 the institution furnishes the information described in  
22 subclause (I) to the Commissioner within 30 days  
23 after the date such individual’s confinement in such  
24 institution begins, or an amount not to exceed \$200  
25 if the institution furnishes such information after 30

1 days after such date but within 90 days after such  
2 date.

3 “(ii) The provisions of section 552a of title 5, United  
4 States Code, shall not apply to any contract entered into  
5 under clause (i) or to information exchanged pursuant to  
6 such contract.”.

7 (b) DENIAL OF SSI BENEFITS FOR 10 YEARS TO A  
8 PERSON FOUND TO HAVE FRAUDULENTLY OBTAINED  
9 SSI BENEFITS WHILE IN PRISON.—

10 (1) IN GENERAL.—Section 1611(e)(1) (42  
11 U.S.C. 1382(e)(1)), as amended by subsection  
12 (a)(1), is amended by adding at the end the follow-  
13 ing new subparagraph:

14 “(J) In any case in which the Commissioner of Social  
15 Security finds that a person has made a fraudulent state-  
16 ment or representation in order to obtain or to continue  
17 to receive benefits under this title while being an inmate  
18 in a penal institution, such person shall not be considered  
19 an eligible individual or eligible spouse for any month end-  
20 ing during the 10-year period beginning on the date on  
21 which such person ceases being such an inmate.”.

22 (2) EFFECTIVE DATE.—The amendment made  
23 by this subsection shall apply with respect to state-  
24 ments or representations made on or after the date  
25 of the enactment of this Act.

1           (c) ELIMINATION OF OASDI REQUIREMENT THAT  
2 CONFINEMENT STEM FROM CRIME PUNISHABLE BY IM-  
3 PRISONMENT FOR MORE THAN 1 YEAR.—

4           (1) IN GENERAL.—Section 202(x)(1)(A) (42  
5 U.S.C. 402(x)(1)(A)) is amended—

6           (A) in the matter preceding clause (i), by  
7 striking “during” and inserting “throughout”;

8           (B) in clause (i), by striking “pursuant”  
9 and all that follows through “imposed”; and

10           (C) in clause (ii)(I), by striking “an of-  
11 fense punishable by imprisonment for more  
12 than 1 year” and inserting “a criminal of-  
13 fense”.

14           (2) EFFECTIVE DATE.—The amendments made  
15 by this subsection shall be effective with respect to  
16 benefits payable for months beginning more than  
17 180 days after the date of the enactment of this Act.

18           (d) STUDY OF OTHER POTENTIAL IMPROVEMENTS IN  
19 THE COLLECTION OF INFORMATION RESPECTING PUBLIC  
20 INMATES.—

21           (1) STUDY.—The Commissioner of Social Secu-  
22 rity shall conduct a study of the desirability, feasibil-  
23 ity, and cost of—

24           (A) establishing a system under which  
25 Federal, State, and local courts would furnish

1 to the Commissioner such information respect-  
2 ing court orders by which individuals are con-  
3 fined in jails, prisons, or other public penal,  
4 correctional, or medical facilities as the Com-  
5 missioner may require for the purpose of carry-  
6 ing out sections 202(x) and 1611(e)(1) of the  
7 Social Security Act; and

8 (B) requiring that State and local jails,  
9 prisons, and other institutions that enter into  
10 contracts with the Commissioner under section  
11 202(x)(3)(B) or 1611(e)(1)(I) of the Social Se-  
12 curity Act furnish the information required by  
13 such contracts to the Commissioner by means  
14 of an electronic or other sophisticated data ex-  
15 change system.

16 (2) REPORT.—Not later than 1 year after the  
17 date of the enactment of this Act, the Commissioner  
18 of Social Security shall submit a report on the re-  
19 sults of the study conducted pursuant to this sub-  
20 section to the Committee on Finance of the Senate  
21 and the Committee on Ways and Means of the  
22 House of Representatives.

1 **SEC. 205. EFFECTIVE DATE OF APPLICATION FOR BENE-**  
2 **FITS.**

3 (a) **IN GENERAL.**—Subparagraphs (A) and (B) of  
4 section 1611(c)(7) (42 U.S.C. 1382(c)(7)) are amended  
5 to read as follows:

6 “(A) the first day of the month following the  
7 date such application is filed, or

8 “(B) the first day of the month following the  
9 date such individual becomes eligible for such bene-  
10 fits with respect to such application.”.

11 (b) **SPECIAL RULE RELATING TO EMERGENCY AD-**  
12 **VANCE PAYMENTS.**—Section 1631(a)(4)(A) (42 U.S.C.  
13 1383(a)(4)(A)) is amended—

14 (1) by inserting “for the month following the  
15 date the application is filed” after “is presumptively  
16 eligible for such benefits”; and

17 (2) by inserting “, which shall be repaid  
18 through proportionate reductions in such benefits  
19 over a period of not more than 6 months” before the  
20 semicolon.

21 (c) **CONFORMING AMENDMENTS.**—

22 (1) Section 1614(b) (42 U.S.C. 1382c(b)) is  
23 amended by striking “at the time the application or  
24 request is filed” and inserting “on the first day of  
25 the month following the date the application or re-  
26 quest is filed”.

1           (2) Section 1631(g)(3) (42 U.S.C. 1382j(g)(3))  
2           is amended by inserting “following the month” after  
3           “beginning with the month”.

4           (d) EFFECTIVE DATE.—

5           (1) IN GENERAL.—The amendments made by  
6           this section shall apply to applications for benefits  
7           under title XVI of the Social Security Act filed on  
8           or after the date of the enactment of this Act, with-  
9           out regard to whether regulations have been issued  
10          to implement such amendments.

11          (2) BENEFITS UNDER TITLE XVI.—For pur-  
12          poses of this subsection, the term “benefits under  
13          title XVI of the Social Security Act” includes sup-  
14          plementary payments pursuant to an agreement for  
15          Federal administration under section 1616(a) of the  
16          Social Security Act, and payments pursuant to an  
17          agreement entered into under section 212(b) of Pub-  
18          lic Law 93-66.

19 **SEC. 206. INSTALLMENT PAYMENT OF LARGE PAST-DUE**  
20                   **SUPPLEMENTAL SECURITY INCOME BENE-**  
21                   **FITS.**

22          (a) IN GENERAL.—Section 1631(a) (42 U.S.C. 1383)  
23          is amended by adding at the end the following new para-  
24          graph:

1       “(10)(A) If an individual is eligible for past-due  
2 monthly benefits under this title in an amount that (after  
3 any withholding for reimbursement to a State for interim  
4 assistance under subsection (g)) equals or exceeds the  
5 product of---

6           “(i) 12, and

7           “(ii) the maximum monthly benefit payable  
8 under this title to an eligible individual (or, if appro-  
9 priate, to an eligible individual and eligible spouse),  
10 then the payment of such past-due benefits (after any such  
11 reimbursement to a State) shall be made in installments  
12 as provided in subparagraph (B).

13       “(B)(i) The payment of past-due benefits subject to  
14 this subparagraph shall be made in not to exceed 3 install-  
15 ments that are made at 6-month intervals.

16       “(ii) Except as provided in clause (iii), the amount  
17 of each of the first and second installments may not exceed  
18 an amount equal to the product of clauses (i) and (ii) of  
19 subparagraph (A).

20       “(iii) In the case of an individual who has—

21           “(I) outstanding debt attributable to—

22               “(aa) food,

23               “(bb) clothing,

24               “(cc) shelter, or

1           “(dd) medically necessary services, supplies  
2           or equipment, or medicine; or

3           “(II) current expenses or expenses anticipated  
4           in the near term attributable to—

5           “(aa) medically necessary services, supplies  
6           or equipment, or medicine, or

7           “(bb) the purchase of a home, and  
8 such debt or expenses are not subject to reimbursement  
9 by a public assistance program, the Secretary under title  
10 XVIII, a State plan approved under title XV or XIX, or  
11 any private entity legally liable to provide payment pursu-  
12 ant to an insurance policy, pre-paid plan, or other ar-  
13 rangement, the limitation specified in clause (ii) may be  
14 exceeded by an amount equal to the total of such debt  
15 and expenses.

16           “(C) This paragraph shall not apply to any individual  
17 who, at the time of the Commissioner’s determination that  
18 such individual is eligible for the payment of past-due  
19 monthly benefits under this title—

20           “(i) is afflicted with a medically determinable  
21 impairment that is expected to result in death within  
22 12 months; or

23           “(ii) is ineligible for benefits under this title  
24 and the Commissioner determines that such individ-

1       ual is likely to remain ineligible for the next 12  
2       months.

3       “(D) For purposes of this paragraph, the term ‘bene-  
4       fits under this title’ includes supplementary payments pur-  
5       suant to an agreement for Federal administration under  
6       section 1616(a), and payments pursuant to an agreement  
7       entered into under section 212(b) of Public Law 93-66.”.

8       (b) CONFORMING AMENDMENT.—Section 1631(a)(1)  
9       (42 U.S.C. 1383(a)(1)) is amended by inserting “(subject  
10      to paragraph (10))” immediately before “in such install-  
11      ments”.

12      (c) EFFECTIVE DATE.—

13           (1) IN GENERAL.—The amendments made by  
14      this section are effective with respect to past-due  
15      benefits payable under title XVI of the Social Secu-  
16      rity Act after the third month following the month  
17      in which this Act is enacted.

18           (2) BENEFITS PAYABLE UNDER TITLE XVI.—  
19      For purposes of this subsection, the term “benefits  
20      payable under title XVI of the Social Security Act”  
21      includes supplementary payments pursuant to an  
22      agreement for Federal administration under section  
23      1616(a) of the Social Security Act, and payments  
24      pursuant to an agreement entered into under section  
25      212(b) of Public Law 93-66.

1 **SEC. 207. RECOVERY OF SUPPLEMENTAL SECURITY IN-**  
2 **COME OVERPAYMENTS FROM SOCIAL SECU-**  
3 **RITY BENEFITS.**

4 (a) IN GENERAL.—Part A of title XI is amended by  
5 adding at the end the following new section:

6 “RECOVERY OF SSI OVERPAYMENTS FROM SOCIAL  
7 SECURITY BENEFITS

8 “SEC. 1146. (a) IN GENERAL.—Whenever the Com-  
9 missioner of Social Security determines that more than  
10 the correct amount of any payment has been made to any  
11 person under the supplemental security income program  
12 authorized by title XVI, and the Commissioner is unable  
13 to make proper adjustment or recovery of the amount so  
14 incorrectly paid as provided in section 1631(b), the Com-  
15 missioner (notwithstanding section 207) may recover the  
16 amount incorrectly paid by decreasing any amount which  
17 is payable under the Federal Old-Age and Survivors Insur-  
18 ance program or the Federal Disability Insurance pro-  
19 gram authorized by title II to that person or that person’s  
20 estate.

21 “(b) NO EFFECT ON SSI BENEFIT ELIGIBILITY OR  
22 AMOUNT.—Notwithstanding subsections (a) and (b) of  
23 section 1611, in any case in which the Commissioner takes  
24 action in accordance with subsection (a) to recover an  
25 overpayment from any person, neither that person, nor  
26 any individual whose eligibility or benefit amount is deter-

1 mined by considering any part of that person's income,  
2 shall, as a result of such action—

3           “(1) become eligible under the program of sup-  
4       plemental security income benefits under title XVI,  
5       or

6           “(2) if such person or individual is already so  
7       eligible, become eligible for increased benefits there-  
8       under.

9       “(c) PROGRAM UNDER TITLE XVI.—For purposes of  
10 this section, the term ‘supplemental security income pro-  
11 gram authorized by title XVI’ includes supplementary pay-  
12 ments pursuant to an agreement for Federal administra-  
13 tion under section 1616(a), and payments pursuant to an  
14 agreement entered into under section 212(b) of Public  
15 Law 93-66.”.

16       (b) CONFORMING AMENDMENTS.—

17           (1) Section 204 (42 U.S.C. 404) is amended by  
18       adding at the end the following new subsection:

19           “(g) For payments which are adjusted or withheld  
20 to recover an overpayment of supplemental security in-  
21 come benefits paid under title XVI (including State sup-  
22 plementary payments which were paid under an agreement  
23 pursuant to section 1616(a) or section 212(b) of Public  
24 Law 93-66), see section 1146.”.



1       “(C) An individual under the age of 18 shall be con-  
2 sidered disabled for the purposes of this title if that indi-  
3 vidual has a medically determinable physical or mental im-  
4 pairment, which results in marked and severe functional  
5 limitations, and which can be expected to result in death  
6 or which has lasted or can be expected to last for a contin-  
7 uous period of not less than 12 months.”; and

8           (5) in subparagraph (F), as so redesignated by  
9 paragraph (3) of this subsection, by striking “(D)”  
10 and inserting “(E)”.

11       (b) CHANGES TO CHILDHOOD SSI REGULATIONS.—

12           (1) MODIFICATION TO MEDICAL CRITERIA FOR  
13 EVALUATION OF MENTAL AND EMOTIONAL DIS-  
14 ORDERS.—The Commissioner of Social Security  
15 shall modify sections 112.00C.2. and  
16 112.02B.2.c.(2) of appendix 1 to subpart P of part  
17 404 of title 20, Code of Federal Regulations, to  
18 eliminate references to maladaptive behavior in the  
19 domain of personal/behaviorial function.

20           (2) DISCONTINUANCE OF INDIVIDUALIZED  
21 FUNCTIONAL ASSESSMENT.—The Commissioner of  
22 Social Security shall discontinue the individualized  
23 functional assessment for children set forth in sec-  
24 tions 416.924d and 416.924e of title 20, Code of  
25 Federal Regulations.

1 (c) EFFECTIVE DATE; REGULATIONS; APPLICATION  
2 TO CURRENT RECIPIENTS.—

3 (1) IN GENERAL.—The amendments made by  
4 subsections (a) and (b) shall apply to applicants for  
5 benefits for months beginning on or after the date  
6 of the enactment of this Act, without regard to  
7 whether regulations have been issued to implement  
8 such amendments.

9 (2) REGULATIONS.—The Commissioner of So-  
10 cial Security shall issue such regulations as the  
11 Commissioner determines to be necessary to imple-  
12 ment the amendments made by subsections (a) and  
13 (b) not later than 60 days after the date of the en-  
14 actment of this Act.

15 (3) APPLICATION TO CURRENT RECIPIENTS.—

16 (A) ELIGIBILITY DETERMINATIONS.—Not  
17 later than 1 year after the date of the enact-  
18 ment of this Act, the Commissioner of Social  
19 Security shall redetermine the eligibility of any  
20 individual under age 18 who is receiving supple-  
21 mental security income benefits based on a dis-  
22 ability under title XVI of the Social Security  
23 Act as of the date of the enactment of this Act  
24 and whose eligibility for such benefits may ter-  
25minate by reason of the amendments made by

1 subsection (a) or (b). With respect to any rede-  
2 termination under this subparagraph—

3 (i) section 1614(a)(4) of the Social  
4 Security Act (42 U.S.C. 1382c(a)(4)) shall  
5 not apply;

6 (ii) the Commissioner of Social Secu-  
7 rity shall apply the eligibility criteria for  
8 new applicants for benefits under title XVI  
9 of such Act;

10 (iii) the Commissioner shall give such  
11 redetermination priority over all continuing  
12 eligibility reviews and other reviews under  
13 such title; and

14 (iv) such redetermination shall be  
15 counted as a review or redetermination  
16 otherwise required to be made under sec-  
17 tion 208 of the Social Security Independ-  
18 ence and Program Improvements Act of  
19 1994 or any other provision of title XVI of  
20 the Social Security Act.

21 (B) GRANDFATHER PROVISION.—The  
22 amendments made by subsections (a) and (b),  
23 and the redetermination under subparagraph  
24 (A), shall only apply with respect to the benefits  
25 of an individual described in subparagraph (A)

1 for months beginning on or after the date of re-  
2 determination with respect to the individual.

3 (C) NOTICE.—Not later than 90 days after  
4 the date of the enactment of this Act, the Com-  
5 missioner of Social Security shall notify an indi-  
6 vidual described in subparagraph (A) of the  
7 provisions of this paragraph.

8 **SEC. 212. ELIGIBILITY REDETERMINATIONS AND CONTINU-**  
9 **ING DISABILITY REVIEWS.**

10 (a) CONTINUING DISABILITY REVIEWS RELATING TO  
11 CERTAIN CHILDREN.—Section 1614(a)(3)(H) (42 U.S.C.  
12 1382c(a)(3)(H)), as so redesignated by section 211(a)(3)  
13 of this Act, is amended—

14 (1) by inserting “(i)” after “(H)”; and

15 (2) by adding at the end the following new  
16 clause:

17 “(ii)(I) Not less frequently than once every 3 years,  
18 the Commissioner shall review in accordance with para-  
19 graph (4) the continued eligibility for benefits under this  
20 title of each individual who has not attained 18 years of  
21 age and is eligible for such benefits by reason of an im-  
22 pairment (or combination of impairments) which may im-  
23 prove (or, which is unlikely to improve, at the option of  
24 the Commissioner).

1       “(II) A parent or guardian of a recipient whose case  
2 is reviewed under this clause shall present, at the time  
3 of review, evidence demonstrating that the recipient is,  
4 and has been, receiving treatment, to the extent consid-  
5 ered medically necessary and available, of the condition  
6 which was the basis for providing benefits under this  
7 title.”.

8       (b) DISABILITY ELIGIBILITY REDETERMINATIONS  
9 REQUIRED FOR SSI RECIPIENTS WHO ATTAIN 18 YEARS  
10 OF AGE.—

11       (1) IN GENERAL.—Section 1614(a)(3)(H) (42  
12 U.S.C. 1382c(a)(3)(H)), as so redesignated by sec-  
13 tion 211(a)(3) of this Act and as amended by sub-  
14 section (a) of this section, is amended by adding at  
15 the end the following new clause:

16       “(iii) If an individual is eligible for benefits under this  
17 title by reason of disability for the month preceding the  
18 month in which the individual attains the age of 18 years,  
19 the Commissioner shall redetermine such eligibility—

20       “(I) during the 1-year period beginning on the  
21 individual’s 18th birthday; and

22       “(II) by applying the criteria used in determin-  
23 ing the initial eligibility for applicants who have at-  
24 tained the age of 18 years.

1 With respect to a redetermination under this clause, para-  
2 graph (4) shall not apply and such redetermination shall  
3 be considered a substitute for a review or redetermination  
4 otherwise required under any other provision of this sub-  
5 paragraph during that 1-year period.”.

6 (2) CONFORMING REPEAL.—Section 207 of the  
7 Social Security Independence and Program Improve-  
8 ments Act of 1994 (42 U.S.C. 1382 note; 108 Stat.  
9 1516) is hereby repealed.

10 (c) CONTINUING DISABILITY REVIEW REQUIRED FOR  
11 LOW BIRTH WEIGHT BABIES.—Section 1614(a)(3)(H)  
12 (42 U.S.C. 1382c(a)(3)(H)), as so redesignated by section  
13 211(a)(3) of this Act and as amended by subsections (a)  
14 and (b) of this section, is amended by adding at the end  
15 the following new clause:

16 “(iv)(I) Not later than 12 months after the birth of  
17 an individual, the Commissioner shall review in accordance  
18 with paragraph (4) the continuing eligibility for benefits  
19 under this title by reason of disability of such individual  
20 whose low birth weight is a contributing factor material  
21 to the Commissioner’s determination that the individual  
22 is disabled.

23 “(II) A review under subclause (I) shall be considered  
24 a substitute for a review otherwise required under any

1 other provision of this subparagraph during that 12-  
2 month period.

3       “(III) A parent or guardian of a recipient whose case  
4 is reviewed under this clause shall present, at the time  
5 of review, evidence demonstrating that the recipient is,  
6 and has been, receiving treatment, to the extent consid-  
7 ered medically necessary and available, of the condition  
8 which was the basis for providing benefits under this  
9 title.”.

10       (d) EFFECTIVE DATE.—The amendments made by  
11 this section shall apply to benefits for months beginning  
12 on or after the date of the enactment of this Act, without  
13 regard to whether regulations have been issued to imple-  
14 ment such amendments.

15       (e) APPROPRIATION.—Out of any money in the  
16 Treasury of the United States not otherwise appropriated,  
17 there are appropriated to the Secretary of Health and  
18 Human Services for the conduct of continuing disability  
19 reviews pursuant to the amendments made by this sec-  
20 tion—

- 21               (1) \$200,000,000 for fiscal year 1997;  
22               (2) \$75,000,000 for fiscal year 1998; and  
23               (3) \$25,000,000 for fiscal year 1999.

1 **SEC. 213. ADDITIONAL ACCOUNTABILITY REQUIREMENTS.**

2 (a) **TIGHTENING OF REPRESENTATIVE PAYEE RE-**  
3 **QUIREMENTS.—**

4 (1) **CLARIFICATION OF ROLE.—**Section  
5 1631(a)(2)(B)(ii) (42 U.S.C. 1383(a)(2)(B)(ii)) is  
6 amended by striking “and” at the end of subclause  
7 (II), by striking the period at the end of subclause  
8 (IV) and inserting “; and”, and by adding after sub-  
9 clause (IV) the following new subclause:

10 “(V) advise such person through the notice of  
11 award of benefits, and at such other times as the  
12 Commissioner of Social Security deems appropriate,  
13 of specific examples of appropriate expenditures of  
14 benefits under this title and the proper role of a rep-  
15 resentative payee.”.

16 (2) **DOCUMENTATION OF EXPENDITURES RE-**  
17 **QUIRED.—**

18 (A) **IN GENERAL.—**Subparagraph (C)(i) of  
19 section 1631(a)(2) (42 U.S.C. 1383(a)(2)) is  
20 amended to read as follows:

21 “(C)(i) In any case where payment is made to a rep-  
22 resentative payee of an individual or spouse, the Commis-  
23 sioner of Social Security shall—

24 “(I) require such representative payee to docu-  
25 ment expenditures and keep contemporaneous

1 records of transactions made using such payment;  
2 and

3 “(II) implement statistically valid procedures  
4 for reviewing a sample of such contemporaneous  
5 records in order to identify instances in which such  
6 representative payee is not properly using such pay-  
7 ment.”.

8 (B) CONFORMING AMENDMENT WITH RE-  
9 SPECT TO PARENT PAYEES.—Clause (ii) of sec-  
10 tion 1631(a)(2)(C) (42 U.S.C. 1383(a)(2)(C))  
11 is amended by striking “Clause (i)” and insert-  
12 ing “Subclauses (II) and (III) of clause (i)”.

13 (3) EFFECTIVE DATE.—The amendments made  
14 by this subsection shall apply to benefits paid after  
15 the date of the enactment of this Act.

16 (b) DEDICATED SAVINGS ACCOUNTS.—

17 (1) IN GENERAL.—Section 1631(a)(2)(B) (42  
18 U.S.C. 1383(a)(2)(B)) is amended by adding at the  
19 end the following:

20 “(xiv) Notwithstanding clause (x), the Commissioner  
21 of Social Security may, at the request of the representative  
22 payee, pay any lump sum payment for the benefit of a  
23 child into a dedicated savings account that could only be  
24 used to purchase for such child—

25 “(I) education and job skills training;

1           “(II) special equipment or housing modifica-  
2           tions or both specifically related to, and required by  
3           the nature of, the child’s disability; and

4           “(III) appropriate therapy and rehabilitation.”.

5           (2) DISREGARD OF TRUST FUNDS.—Section  
6           1613(a) (42 U.S.C. 1382b(a)) is amended—

7           (A) by striking “and” at the end of para-  
8           graph (10),

9           (B) by striking the period at the end of  
10          paragraph (11) and inserting “; and”, and

11          (C) by inserting after paragraph (11) the  
12          following:

13          “(12) all amounts deposited in, or interest cred-  
14          ited to, a dedicated savings account described in sec-  
15          tion 1631(a)(2)(B)(xiv).”.

16          (3) EFFECTIVE DATE.—The amendments made  
17          by this subsection shall apply to payments made  
18          after the date of the enactment of this Act.

19 **SEC. 214. REDUCTION IN CASH BENEFITS PAYABLE TO IN-**  
20 **STITUTIONALIZED INDIVIDUALS WHOSE MED-**  
21 **ICAL COSTS ARE COVERED BY PRIVATE IN-**  
22 **SURANCE.**

23          (a) IN GENERAL.—Section 1611(e)(1)(B) (42 U.S.C.  
24          1382(e)(1)(B)) is amended—

1 (1) by striking “title XIX, or” and inserting  
2 “title XIX,”; and

3 (2) by inserting “or, in the case of an eligible  
4 individual under the age of 18 receiving payments  
5 (with respect to such individual) under any health  
6 insurance policy issued by a private provider of such  
7 insurance” after “section 1614(f)(2)(B),”.

8 (b) **EFFECTIVE DATE.**—The amendment made by  
9 this section shall apply to benefits for months beginning  
10 90 or more days after the date of the enactment of this  
11 Act, without regard to whether regulations have been is-  
12 sued to implement such amendments.

13 **SEC. 215. MODIFICATION RESPECTING PARENTAL INCOME**  
14 **DEEMED TO DISABLED CHILDREN.**

15 (a) **IN GENERAL.**—Section 1614(f)(2) (42 U.S.C.  
16 1382c(f)(2)) is amended—

17 (1) by adding at the end of subparagraph (A)  
18 the following: “For purposes of the preceding sen-  
19 tence, the income of such parent or spouse of such  
20 parent shall be reduced by—

21 “(A) the allocation for basic needs described in  
22 subparagraph (C)(i); and

23 “(B) the earned income disregard described in  
24 subparagraph (C)(ii).”; and

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

1       “(C)(i) The allocation for basic needs described by  
2 this clause is—

3               “(I) in the case of an individual who does not  
4 have a spouse, an amount equal to 50 percent of the  
5 maximum monthly benefit payable under this title to  
6 an eligible individual who does not have an eligible  
7 spouse; or

8               “(II) in the case of an individual who has a  
9 spouse, an amount equal to 50 percent of the maxi-  
10 mum monthly benefit payable under this title to an  
11 eligible individual who has an eligible spouse.

12       “(ii) The earned income disregard described by this  
13 clause is an amount determined by deducting the first  
14 \$780 per year (or proportionally smaller amounts for  
15 shorter periods) plus 64 percent of the remainder from  
16 the earned income (determined in accordance with section  
17 1612(a)(1)) of the parent (and spouse, if any).”.

18       (b) PRESERVATION OF MEDICAID ELIGIBILITY.—  
19 Section 1634 (42 U.S.C. 1383e) is amended by adding  
20 at the end the following:

21       “(f) Any child who has not attained 18 years of age  
22 and who would be eligible for a payment under this title  
23 but for the amendment made by section 215(a) of the  
24 Personal Responsibility and Work Opportunity Act of  
25 1996 shall be deemed to be receiving such payment for

1 purposes of eligibility of the child for medical assistance  
2 under a State plan approved under title XIX of this Act.”.

3 (c) EFFECTIVE DATE.—The amendments made by  
4 this section shall apply to months after 1996.

5 **SEC. 216. GRADUATED BENEFITS FOR ADDITIONAL CHIL-**  
6 **DREN.**

7 (a) IN GENERAL.—Section 1611(b) (42 U.S.C.  
8 1382(b)) is amended by adding at the end the following:

9 “(3)(A) The benefit under this title for each eligible  
10 blind or disabled individual as determined pursuant to sec-  
11 tion 1611(a)(1) who—

12 “(i) is a child under the age of 18,

13 “(ii) lives in the same household as 1 or more  
14 persons who are also eligible blind or disabled chil-  
15 dren under the age of 18, and

16 “(iii) does not live in a group or foster home,  
17 shall be equal to the applicable percentage of the amount  
18 in section 1611(b)(1), reduced by the amount of any in-  
19 come of such child, including income deemed to such child  
20 under section 1614(f)(2).

21 “(B) For purposes of this paragraph, the applicable  
22 percentage shall be determined under the following table:

<b>“If the household has:</b>	<b>The applicable percentage for each eligible child is:</b>
1 eligible child .....	100 percent
2 eligible children .....	81.2 percent
3 eligible children .....	71.8 percent
4 eligible children .....	65.9 percent
5 eligible children .....	61.8 percent

<b>“If the household has:</b>	<b>The applicable percentage for each eligible child is:</b>
6 eligible children .....	58.5 percent
7 eligible children .....	55.9 percent
8 eligible children .....	53.5 percent
9 eligible children .....	51.7 percent
10 eligible children .....	50.2 percent
11 eligible children .....	48.7 percent
12 eligible children or more .....	47.4 percent.”.

1       “(C) For purposes of this paragraph, the applicable  
2 household size shall be determined by the number of eligi-  
3 ble blind and disabled children under the age of 18 in such  
4 household whose countable income and resources do not  
5 exceed the limits specified in section 1611(a)(1).”.

6       (b) PRESERVATION OF MEDICAID ELIGIBILITY.—  
7 Section 1634 (42 U.S.C. 1383c), as amended by section  
8 215(b) of this Act, is amended by adding at the end the  
9 following:

10       “(g) Any child who has not attained 18 years of age  
11 and would be eligible for a payment under this title but  
12 for the limitation on payment amount imposed by section  
13 1611(b)(3) shall be deemed to be receiving such benefit  
14 for purposes of establishing such child’s eligibility for med-  
15 ical assistance under a State plan approved under title  
16 XIX.”.

17       (c) EFFECTIVE DATE.—The amendments made by  
18 this section shall take effect—

19               (1) on the date of the enactment of this Act,  
20       with respect to payments made on the basis of deter-

1       minations of eligibility made on or after such date,  
2       and

3               (2) on January 1, 1998, with respect to pay-  
4       ments made for months beginning after such date on  
5       the basis of determinations of eligibility made before  
6       the date of the enactment of this Act.

7       **Subtitle C—State Supplementation**  
8                               **Programs**

9       **SEC. 221. REPEAL OF MAINTENANCE OF EFFORT REQUIRE-**  
10                               **MENTS APPLICABLE TO OPTIONAL STATE**  
11                               **PROGRAMS FOR SUPPLEMENTATION OF SSI**  
12                               **BENEFITS.**

13       Section 1618 (42 U.S.C. 1382g) is hereby repealed.

14       **Subtitle D—Studies Regarding**  
15                               **Supplemental Security Income**  
16                               **Program**

17       **SEC. 231. ANNUAL REPORT ON THE SUPPLEMENTAL SECU-**  
18                               **RITY INCOME PROGRAM.**

19       Title XVI (42 U.S.C. 1381 et seq.), as amended by  
20       section 201(c) of this Act, is amended by adding at the  
21       end the following new section:

22                               “ANNUAL REPORT ON PROGRAM

23               “SEC. 1637. (a) Not later than May 30 of each year,  
24       the Commissioner of Social Security shall prepare and de-  
25       liver a report annually to the President and the Congress  
26       regarding the program under this title, including—

- 1           “(1) a comprehensive description of the pro-  
2           gram;
- 3           “(2) historical and current data on allowances  
4           and denials, including number of applications and  
5           allowance rates at initial determinations, reconsider-  
6           ations, administrative law judge hearings, council of  
7           appeals hearings, and Federal court appeal hearings;
- 8           “(3) historical and current data on characteris-  
9           tics of recipients and program costs, by recipient  
10          group (aged, blind, work disabled adults, and chil-  
11          dren);
- 12          “(4) projections of future number of recipients  
13          and program costs, through at least 25 years;
- 14          “(5) number of redeterminations and continu-  
15          ing disability reviews, and the outcomes of such re-  
16          determinations and reviews;
- 17          “(6) data on the utilization of work incentives;
- 18          “(7) detailed information on administrative and  
19          other program operation costs;
- 20          “(8) summaries of relevant research undertaken  
21          by the Social Security Administration, or by other  
22          researchers;
- 23          “(9) State supplementation program operations;
- 24          “(10) a historical summary of statutory  
25          changes to this title; and



1 advantages and disadvantages of alternative  
2 definitions; and

3 (B) the operation of the disability deter-  
4 mination process, including the appropriate  
5 method of performing comprehensive assess-  
6 ments of individuals under age 18 with physical  
7 and mental impairments;

8 (2) a second phase, which may be concurrent  
9 with the initial phase, examining the validity, reli-  
10 ability, and consistency with current scientific knowl-  
11 edge of the standards and individual listings in the  
12 Listing of Impairments set forth in appendix 1 of  
13 subpart P of part 404 of title 20, Code of Federal  
14 Regulations, and of related evaluation procedures as  
15 promulgated by the Commissioner of Social Security;  
16 and

17 (3) such other issues as the applicable entity  
18 considers appropriate.

19 (c) REPORTS AND REGULATIONS.—

20 (1) REPORTS.—The Commissioner of Social Se-  
21 curity shall request the applicable entity, to submit  
22 an interim report and a final report of the findings  
23 and recommendations resulting from the study de-  
24 scribed in this section to the President and the Con-  
25 gress not later than 18 months and 24 months, re-

1       spectively, from the date of the contract for such  
2       study, and such additional reports as the Commis-  
3       sioner deems appropriate after consultation with the  
4       applicable entity.

5               (2) REGULATIONS.—The Commissioner of So-  
6       cial Security shall review both the interim and final  
7       reports, and shall issue regulations implementing  
8       any necessary changes following each report.

9       **SEC. 233. STUDY BY GENERAL ACCOUNTING OFFICE.**

10       Not later than January 1, 1998, the Comptroller  
11       General of the United States shall study and report on—

12               (1) the impact of the amendments made by,  
13       and the provisions of, this title on the supplemental  
14       security income program under title XVI of the So-  
15       cial Security Act; and

16               (2) extra expenses incurred by families of chil-  
17       dren receiving benefits under such title that are not  
18       covered by other Federal, State, or local programs.

19       **Subtitle E—National Commission**  
20       **on the Future of Disability**

21       **SEC. 241. ESTABLISHMENT.**

22       There is established a commission to be known as the  
23       National Commission on the Future of Disability (referred  
24       to in this subtitle as the “Commission”).

1 **SEC. 242. DUTIES OF THE COMMISSION.**

2 (a) **IN GENERAL.**—The Commission shall develop  
3 and carry out a comprehensive study of all matters related  
4 to the nature, purpose, and adequacy of all Federal pro-  
5 grams serving individuals with disabilities. In particular,  
6 the Commission shall study the disability insurance pro-  
7 gram under title II of the Social Security Act and the sup-  
8 plemental security income program under title XVI of  
9 such Act.

10 (b) **MATTERS STUDIED.**—The Commission shall pre-  
11 pare an inventory of Federal programs serving individuals  
12 with disabilities, and shall examine—

13 (1) trends and projections regarding the size  
14 and characteristics of the population of individuals  
15 with disabilities, and the implications of such analy-  
16 ses for program planning;

17 (2) the feasibility and design of performance  
18 standards for the Nation's disability programs;

19 (3) the adequacy of Federal efforts in rehabili-  
20 tation research and training, and opportunities to  
21 improve the lives of individuals with disabilities  
22 through all manners of scientific and engineering re-  
23 search; and

24 (4) the adequacy of policy research available to  
25 the Federal Government, and what actions might be

1       undertaken to improve the quality and scope of such  
2       research.

3       (c) **RECOMMENDATIONS.**—The Commission shall  
4       submit to the appropriate committees of the Congress and  
5       to the President recommendations and, as appropriate,  
6       proposals for legislation, regarding—

7             (1) which (if any) Federal disability programs  
8       should be eliminated or augmented;

9             (2) what new Federal disability programs (if  
10       any) should be established;

11            (3) the suitability of the organization and loca-  
12       tion of disability programs within the Federal Gov-  
13       ernment;

14            (4) other actions the Federal Government  
15       should take to prevent disabilities and disadvantages  
16       associated with disabilities; and

17            (5) such other matters as the Commission con-  
18       siders appropriate.

19       **SEC. 243. MEMBERSHIP.**

20       (a) **NUMBER AND APPOINTMENT.**—

21             (1) **IN GENERAL.**—The Commission shall be  
22       composed of 15 members, of whom—

23             (A) five shall be appointed by the Presi-  
24       dent, of whom not more than 3 shall be of the  
25       same major political party;

1 (B) three shall be appointed by the Major-  
2 ity Leader of the Senate;

3 (C) two shall be appointed by the Minority  
4 Leader of the Senate;

5 (D) three shall be appointed by the Speak-  
6 er of the House of Representatives; and

7 (E) two shall be appointed by the Minority  
8 Leader of the House of Representatives.

9 (2) REPRESENTATION.—The Commission mem-  
10 bers shall be chosen based on their education, train-  
11 ing, or experience. In appointing individuals as  
12 members of the Commission, the President and the  
13 Majority and Minority Leaders of the Senate and  
14 the Speaker and Minority Leader of the House of  
15 Representatives shall seek to ensure that the mem-  
16 bership of the Commission reflects the general inter-  
17 ests of the business and taxpaying community and  
18 the diversity of individuals with disabilities in the  
19 United States.

20 (b) COMPTROLLER GENERAL.—The Comptroller  
21 General of the United States shall advise the Commission  
22 on the methodology and approach of the study of the Com-  
23 mission.

24 (c) TERM OF APPOINTMENT.—The members shall  
25 serve on the Commission for the life of the Commission.

1       (d) MEETINGS.—The Commission shall locate its  
2 headquarters in the District of Columbia, and shall meet  
3 at the call of the Chairperson, but not less than 4 times  
4 each year during the life of the Commission.

5       (e) QUORUM.—Ten members of the Commission shall  
6 constitute a quorum, but a lesser number may hold hear-  
7 ings.

8       (f) CHAIRPERSON AND VICE CHAIRPERSON.—Not  
9 later than 15 days after the members of the Commission  
10 are appointed, such members shall designate a Chair-  
11 person and Vice Chairperson from among the members of  
12 the Commission.

13       (g) CONTINUATION OF MEMBERSHIP.—If a member  
14 of the Commission becomes an officer or employee of any  
15 government after appointment to the Commission, the in-  
16 dividual may continue as a member until a successor mem-  
17 ber is appointed.

18       (h) VACANCIES.—A vacancy on the Commission shall  
19 be filled in the manner in which the original appointment  
20 was made not later than 30 days after the Commission  
21 is given notice of the vacancy.

22       (i) COMPENSATION.—Members of the Commission  
23 shall receive no additional pay, allowances, or benefits by  
24 reason of their service on the Commission.

1 (j) TRAVEL EXPENSES.—Each member of the Com-  
2 mission shall receive travel expenses, including per diem  
3 in lieu of subsistence, in accordance with sections 5702  
4 and 5703 of title 5, United States Code.

5 **SEC. 244. STAFF AND SUPPORT SERVICES.**

6 (a) DIRECTOR.—

7 (1) APPOINTMENT.—Upon consultation with  
8 the members of the Commission, the Chairperson  
9 shall appoint a Director of the Commission.

10 (2) COMPENSATION.—The Director shall be  
11 paid the rate of basic pay for level V of the Execu-  
12 tive Schedule.

13 (b) STAFF.—With the approval of the Commission,  
14 the Director may appoint such personnel as the Director  
15 considers appropriate.

16 (c) APPLICABILITY OF CIVIL SERVICE LAWS.—The  
17 staff of the Commission shall be appointed without regard  
18 to the provisions of title 5, United States Code, governing  
19 appointments in the competitive service, and shall be paid  
20 without regard to the provisions of chapter 51 and sub-  
21 chapter III of chapter 53 of such title relating to classi-  
22 fication and General Schedule pay rates.

23 (d) EXPERTS AND CONSULTANTS.—With the ap-  
24 proval of the Commission, the Director may procure tem-

1 porary and intermittent services under section 3109(b) of  
2 title 5, United States Code.

3 (e) STAFF OF FEDERAL AGENCIES.—Upon the re-  
4 quest of the Commission, the head of any Federal agency  
5 may detail, on a reimbursable basis, any of the personnel  
6 of such agency to the Commission to assist in carrying  
7 out the duties of the Commission under this subtitle.

8 (f) OTHER RESOURCES.—The Commission shall have  
9 reasonable access to materials, resources, statistical data,  
10 and other information from the Library of Congress and  
11 agencies and elected representatives of the executive and  
12 legislative branches of the Federal Government. The  
13 Chairperson of the Commission shall make requests for  
14 such access in writing when necessary.

15 (g) PHYSICAL FACILITIES.—The Administrator of  
16 the General Services Administration shall locate suitable  
17 office space for the operation of the Commission. The fa-  
18 cilities shall serve as the headquarters of the Commission  
19 and shall include all necessary equipment and incidentals  
20 required for proper functioning of the Commission.

21 **SEC. 245. POWERS OF COMMISSION.**

22 (a) HEARINGS.—The Commission may conduct pub-  
23 lic hearings or forums at the discretion of the Commission,  
24 at any time and place the Commission is able to secure

1 facilities and witnesses, for the purpose of carrying out  
2 the duties of the Commission under this subtitle.

3 (b) DELEGATION OF AUTHORITY.—Any member or  
4 agent of the Commission may, if authorized by the Com-  
5 mission, take any action the Commission is authorized to  
6 take by this section.

7 (c) INFORMATION.—The Commission may secure di-  
8 rectly from any Federal agency information necessary to  
9 enable the Commission to carry out its duties under this  
10 subtitle. Upon request of the Chairperson or Vice Chair-  
11 person of the Commission, the head of a Federal agency  
12 shall furnish the information to the Commission to the ex-  
13 tent permitted by law.

14 (d) GIFTS, BEQUESTS, AND DEVISES.—The Commis-  
15 sion may accept, use, and dispose of gifts, bequests, or  
16 devises of services or property, both real and personal, for  
17 the purpose of aiding or facilitating the work of the Com-  
18 mission. Gifts, bequests, or devises of money and proceeds  
19 from sales of other property received as gifts, bequests,  
20 or devises shall be deposited in the Treasury and shall be  
21 available for disbursement upon order of the Commission.

22 (e) MAILS.—The Commission may use the United  
23 States mails in the same manner and under the same con-  
24 ditions as other Federal agencies.

1 **SEC. 246. REPORTS.**

2 (a) **INTERIM REPORT.**—Not later than 1 year prior  
3 to the date on which the Commission terminates pursuant  
4 to section 247, the Commission shall submit an interim  
5 report to the President and to the Congress. The interim  
6 report shall contain a detailed statement of the findings  
7 and conclusions of the Commission, together with the  
8 Commission's recommendations for legislative and admin-  
9 istrative action, based on the activities of the Commission.

10 (b) **FINAL REPORT.**—Not later than the date on  
11 which the Commission terminates, the Commission shall  
12 submit to the Congress and to the President a final report  
13 containing—

14 (1) a detailed statement of final findings, con-  
15 clusions, and recommendations; and

16 (2) an assessment of the extent to which rec-  
17 ommendations of the Commission included in the in-  
18 terim report under subsection (a) have been imple-  
19 mented.

20 (c) **PRINTING AND PUBLIC DISTRIBUTION.**—Upon  
21 receipt of each report of the Commission under this sec-  
22 tion, the President shall—

23 (1) order the report to be printed; and

24 (2) make the report available to the public upon  
25 request.

1 **SEC. 247. TERMINATION.**

2 The Commission shall terminate on the date that is  
3 2 years after the date on which the members of the Com-  
4 mission have met and designated a Chairperson and Vice  
5 Chairperson.

6 **SEC. 248. AUTHORIZATION OF APPROPRIATIONS.**

7 There are authorized to be appropriated such sums  
8 as are necessary to carry out the purposes of the Commis-  
9 sion.

10 **TITLE III—CHILD SUPPORT**

11 **SEC. 300. REFERENCE TO SOCIAL SECURITY ACT.**

12 Except as otherwise specifically provided, where ever  
13 in this title an amendment is expressed in terms of an  
14 amendment to or repeal of a section or other provision,  
15 the reference shall be considered to be made to that sec-  
16 tion or other provision of the Social Security Act.

17 **Subtitle A—Eligibility for Services;**  
18 **Distribution of Payments**

19 **SEC. 301. STATE OBLIGATION TO PROVIDE CHILD SUP-**  
20 **PORT ENFORCEMENT SERVICES.**

21 (a) STATE PLAN REQUIREMENTS.—Section 454 (42  
22 U.S.C. 654) is amended—

23 (1) by striking paragraph (4) and inserting the  
24 following new paragraph:

25 “(4) provide that the State will—

1           “(A) provide services relating to the estab-  
2           lishment of paternity or the establishment,  
3           modification, or enforcement of child support  
4           obligations, as appropriate, under the plan with  
5           respect to—

6                   “(i) each child for whom (I) assist-  
7                   ance is provided under the State program  
8                   funded under part A of this title, (II) ben-  
9                   efits or services for foster care mainte-  
10                  nance and adoption assistance are provided  
11                  under the State program funded under  
12                  part B of this title, or (III) medical assist-  
13                  ance is provided under the State plan ap-  
14                  proved under title XIX, unless the State  
15                  agency administering the plan determines  
16                  (in accordance with paragraph (29)) that  
17                  it is against the best interests of the child  
18                  to do so; and

19                   “(ii) any other child, if an individual  
20                   applies for such services with respect to  
21                   the child; and

22           “(B) enforce any support obligation estab-  
23           lished with respect to—

24                   “(i) a child with respect to whom the  
25                   State provides services under the plan; or

1                   “(ii) the custodial parent of such a  
2                   child.”; and

3                   (2) in paragraph (6)—

4                   (A) by striking “provide that” and insert-  
5                   ing “provide that—”;

6                   (B) by striking subparagraph (A) and in-  
7                   serting the following new subparagraph:

8                   “(A) services under the plan shall be made  
9                   available to residents of other States on the  
10                  same terms as to residents of the State submit-  
11                  ting the plan;”;

12                  (C) in subparagraph (B), by inserting “on  
13                  individuals not receiving assistance under any  
14                  State program funded under part A” after  
15                  “such services shall be imposed”;

16                  (D) in each of subparagraphs (B), (C),  
17                  (D), and (E)—

18                   (i) by indenting the subparagraph in  
19                   the same manner as, and aligning the left  
20                   margin of the subparagraph with the left  
21                   margin of, the matter inserted by subpara-  
22                   graph (B) of this paragraph; and

23                   (ii) by striking the final comma and  
24                   inserting a semicolon; and

1 (E) in subparagraph (E), by indenting  
2 each of clauses (i) and (ii) 2 additional ems.

3 (b) CONTINUATION OF SERVICES FOR FAMILIES  
4 CEASING TO RECEIVE ASSISTANCE UNDER THE STATE  
5 PROGRAM FUNDED UNDER PART A.—Section 454 (42  
6 U.S.C. 654) is amended—

7 (1) by striking “and” at the end of paragraph  
8 (23);

9 (2) by striking the period at the end of para-  
10 graph (24) and inserting “; and”; and

11 (3) by adding after paragraph (24) the follow-  
12 ing new paragraph:

13 “(25) provide that if a family with respect to  
14 which services are provided under the plan ceases to  
15 receive assistance under the State program funded  
16 under part A, the State shall provide appropriate no-  
17 tice to the family and continue to provide such serv-  
18 ices, subject to the same conditions and on the same  
19 basis as in the case of other individuals to whom  
20 services are furnished under the plan, except that an  
21 application or other request to continue services  
22 shall not be required of such a family and paragraph  
23 (6)(B) shall not apply to the family.”.

24 (c) CONFORMING AMENDMENTS.—

1           (1) Section 452(b) (42 U.S.C. 652(b)) is  
2 amended by striking “454(6)” and inserting  
3 “454(4)”.

4           (2) Section 452(g)(2)(A) (42 U.S.C.  
5 652(g)(2)(A)) is amended by striking “454(6)” each  
6 place it appears and inserting “454(4)(A)(ii)”.

7           (3) Section 466(a)(3)(B) (42 U.S.C.  
8 666(a)(3)(B)) is amended by striking “in the case of  
9 overdue support which a State has agreed to collect  
10 under section 454(6)” and inserting “in any other  
11 case”.

12           (4) Section 466(e) (42 U.S.C. 666(e)) is  
13 amended by striking “paragraph (4) or (6) of sec-  
14 tion 454” and inserting “section 454(4)”.

15 **SEC. 302. DISTRIBUTION OF CHILD SUPPORT COLLEC-**  
16 **TIONS.**

17           (a) **IN GENERAL.**—Section 457 (42 U.S.C. 657) is  
18 amended to read as follows:

19 **“SEC. 457. DISTRIBUTION OF COLLECTED SUPPORT.**

20           “(a) **IN GENERAL.**—An amount collected on behalf  
21 of a family as support by a State pursuant to a plan ap-  
22 proved under this part shall be distributed as follows:

23           “(1) **FAMILIES RECEIVING ASSISTANCE.**—In the  
24 case of a family receiving assistance from the State,  
25 the State shall—

1           “(A) pay to the Federal Government the  
2 Federal share of the amount so collected; and

3           “(B) retain, or distribute to the family, the  
4 State share of the amount so collected.

5           “(2) FAMILIES THAT FORMERLY RECEIVED AS-  
6 SISTANCE.—In the case of a family that formerly re-  
7 ceived assistance from the State:

8           “(A) CURRENT SUPPORT PAYMENTS.—To  
9 the extent that the amount so collected does not  
10 exceed the amount required to be paid to the  
11 family for the month in which collected, the  
12 State shall distribute the amount so collected to  
13 the family.

14           “(B) PAYMENTS OF ARREARAGES.—To the  
15 extent that the amount so collected exceeds the  
16 amount required to be paid to the family for  
17 the month in which collected, the State shall  
18 distribute the amount so collected as follows:

19           “(i) DISTRIBUTION OF ARREARAGES  
20 THAT ACCRUED AFTER THE FAMILY  
21 CEASED TO RECEIVE ASSISTANCE.—

22           “(I) PRE-OCTOBER 1997.—The  
23 provisions of this section (other than  
24 subsection (b)(1)) as in effect and ap-  
25 plied on the day before the date of the

1 enactment of section 302 of the Bi-  
2 partisan Welfare Reform Act of 1996  
3 shall apply with respect to the dis-  
4 tribution of support arrearages that—

5 “(aa) accrued after the fam-  
6 ily ceased to receive assistance,  
7 and

8 “(bb) are collected before  
9 October 1, 1997.

10 “(II) POST-SEPTEMBER 1997.—  
11 With respect the amount so collected  
12 on or after October 1, 1997, or before  
13 such date, at the option of the  
14 State—

15 “(aa) IN GENERAL.—The  
16 State shall first distribute the  
17 amount so collected (other than  
18 any amount described in clause  
19 (iv)) to the family to the extent  
20 necessary to satisfy any support  
21 arrearages with respect to the  
22 family that accrued after the  
23 family ceased to receive assist-  
24 ance from the State.

1                   “(bb) REIMBURSEMENT OF  
2 GOVERNMENTS FOR ASSISTANCE  
3 PROVIDED TO THE FAMILY.—  
4 After the application of division  
5 (aa) and clause (ii)(II)(aa) with  
6 respect to the amount so col-  
7 lected, the State shall retain the  
8 State share of the amount so col-  
9 lected, and pay to the Federal  
10 Government the Federal share  
11 (as defined in subsection  
12 (c)(2)(A)) of the amount so col-  
13 lected, but only to the extent nec-  
14 essary to reimburse amounts paid  
15 to the family as assistance by the  
16 State.

17                   “(cc) DISTRIBUTION OF THE  
18 REMAINDER TO THE FAMILY.—  
19 To the extent that neither divi-  
20 sion (aa) nor division (bb) applies  
21 to the amount so collected, the  
22 State shall distribute the amount  
23 to the family.

1                   “(ii) DISTRIBUTION OF ARREARAGES  
2                   THAT ACCRUED BEFORE THE FAMILY RE-  
3                   CEIVED ASSISTANCE.—

4                   “(I) PRE-OCTOBER 2000.—The  
5                   provisions of this section (other than  
6                   subsection (b)(1)) as in effect and ap-  
7                   plied on the day before the date of the  
8                   enactment of section 302 of the Bi-  
9                   partisan Welfare Reform Act of 1996  
10                  shall apply with respect to the dis-  
11                  tribution of support arrearages that—

12                   “(aa) accrued before the  
13                   family received assistance, and

14                   “(bb) are collected before  
15                   October 1, 2000.

16                  “(II) POST-SEPTEMBER 2000.—  
17                  Unless, based on the report required  
18                  by paragraph (4), the Congress deter-  
19                  mines otherwise, with respect to the  
20                  amount so collected on or after Octo-  
21                  ber 1, 2000, or before such date, at  
22                  the option of the State—

23                   “(aa) IN GENERAL.—The  
24                   State shall first distribute the  
25                   amount so collected (other than

1 any amount described in clause  
2 (iv)) to the family to the extent  
3 necessary to satisfy any support  
4 arrearages with respect to the  
5 family that accrued before the  
6 family received assistance from  
7 the State.

8 “(bb) REIMBURSEMENT OF  
9 GOVERNMENTS FOR ASSISTANCE  
10 PROVIDED TO THE FAMILY.—

11 After the application of clause  
12 (i)(II)(aa) and division (aa) with  
13 respect to the amount so col-  
14 lected, the State shall retain the  
15 State share of the amount so col-  
16 lected, and pay to the Federal  
17 Government the Federal share  
18 (as defined in subsection (c)(2))  
19 of the amount so collected, but  
20 only to the extent necessary to  
21 reimburse of the amounts paid to  
22 the family as assistance by the  
23 State.

24 “(cc) DISTRIBUTION OF THE  
25 REMAINDER TO THE FAMILY.—

1 To the extent that neither divi-  
2 sion (aa) nor division (bb) applies  
3 to the amount so collected, the  
4 State shall distribute the amount  
5 to the family.

6 “(iii) DISTRIBUTION OF ARREARAGES  
7 THAT ACCRUED WHILE THE FAMILY RE-  
8 CEIVED ASSISTANCE.—In the case of a  
9 family described in this subparagraph, the  
10 provisions of paragraph (1) shall apply  
11 with respect to the distribution of support  
12 arrearages that accrued while the family  
13 received assistance.

14 “(iv) AMOUNTS COLLECTED PURSU-  
15 ANT TO SECTION 464.—Notwithstanding  
16 any other provision of this section, any  
17 amount of support collected pursuant to  
18 section 464 shall be retained by the State  
19 to the extent necessary to reimburse  
20 amounts paid to the family as assistance  
21 by the State. The State shall pay to the  
22 Federal Government the Federal share of  
23 the amounts so retained. To the extent the  
24 amount collected pursuant to section 464

1 exceeds the amount so retained, the State  
2 shall distribute the excess to the family.

3 “(v) ORDERING RULES FOR DISTRIBUTIONS.—For purposes of this subpara-  
4 graph, the State shall treat any support  
5 arrearages collected as accruing in the fol-  
6 lowing order:  
7

8 “(I) to the period after the fam-  
9 ily ceased to receive assistance;

10 “(II) to the period before the  
11 family received assistance; and

12 “(III) to the period while the  
13 family was receiving assistance.

14 “(3) FAMILIES THAT NEVER RECEIVED ASSIST-  
15 ANCE.—In the case of any other family, the State  
16 shall distribute the amount so collected to the fam-  
17 ily.

18 “(4) STUDY AND REPORT.—Not later than Oc-  
19 tober 1, 1998, the Secretary shall report to the Con-  
20 gress the Secretary’s findings with respect to—

21 “(A) whether the distribution of post-as-  
22 sistance arrearages to families has been effec-  
23 tive in moving people off of welfare and keeping  
24 them off of welfare;

1           “(B) whether early implementation of a  
2           pre-assistance arrearage program by some  
3           States has been effective in moving people off  
4           of welfare and keeping them off of welfare;

5           “(C) what the overall impact has been of  
6           the amendments made by the Bipartisan Wel-  
7           fare Reform Act of 1996 with respect to child  
8           support enforcement in moving people off of  
9           welfare and keeping them off of welfare; and

10           “(D) based on the information and data  
11           the Secretary has obtained, what changes, if  
12           any, should be made in the policies related to  
13           the distribution of child support arrearages.

14           “(b) CONTINUATION OF ASSIGNMENTS.—Any rights  
15           to support obligations, which were assigned to a State as  
16           a condition of receiving assistance from the State under  
17           part A and which were in effect on the day before the  
18           date of the enactment of the Bipartisan Welfare Reform  
19           Act of 1996, shall remain assigned after such date.

20           “(c) DEFINITIONS.—As used in subsection (a):

21           “(1) ASSISTANCE.—The term ‘assistance from  
22           the State’ means—

23           “(A) assistance under the State program  
24           funded under part A or under the State plan  
25           approved under part A of this title (as in effect

1 on the day before the date of the enactment of  
2 the Bipartisan Welfare Reform Act of 1996); or

3 “(B) benefits under the State plan ap-  
4 proved under part E of this title (as in effect  
5 on the day before the date of the enactment of  
6 the Bipartisan Welfare Reform Act of 1996).

7 “(2) FEDERAL SHARE.—The term ‘Federal  
8 share’ means that portion of the amount collected  
9 resulting from the application of the Federal medical  
10 percentage in effect for the fiscal year in which the  
11 amount is collected.

12 “(3) FEDERAL MEDICAL ASSISTANCE PERCENT-  
13 AGE.—The term ‘Federal medical assistance per-  
14 centage’ means—

15 “(A) the Federal medical assistance per-  
16 centage (as defined in section 1118), in the case  
17 of Puerto Rico, the Virgin Islands, Guam, and  
18 American Samoa; or

19 “(B) the Federal medical assistance per-  
20 centage (as defined in section 1905(b)) in the  
21 case of any other State.

22 “(4) STATE SHARE.—The term ‘State share’  
23 means 100 percent minus the Federal share.

24 “(d) HOLD HARMLESS PROVISION.—If the amounts  
25 collected which could be retained by the State in the fiscal

1 year (to the extent necessary to reimburse the State for  
2 amounts paid to families as assistance by the State) are  
3 less than the State share of the amounts collected in fiscal  
4 year 1995 (determined in accordance with section 457 as  
5 in effect on the day before the date of the enactment of  
6 the Bipartisan Welfare Reform Act of 1996), the State  
7 share for the fiscal year shall be an amount equal to the  
8 State share in fiscal year 1995.”.

9 (b) CONFORMING AMENDMENTS.—

10 (1) Section 464(a)(1) (42 U.S.C. 664(a)(1)) is  
11 amended by striking “section 457(b)(4) or (d)(3)”  
12 and inserting “section 457”.

13 (2) Section 454 (42 U.S.C. 654) is amended—

14 (A) in paragraph (11)—

15 (i) by striking “(11)” and inserting  
16 “(11)(A)”; and

17 (ii) by inserting after the semicolon  
18 “and”; and

19 (B) by redesignating paragraph (12) as  
20 subparagraph (B) of paragraph (11).

21 (c) EFFECTIVE DATES.—

22 (1) IN GENERAL.—Except as provided in para-  
23 graph (2), the amendments made by this section  
24 shall be effective on October 1, 1996, or earlier at  
25 the State’s option.

1           (2) CONFORMING AMENDMENTS.—The amend-  
2           ments made by subsection (b)(2) shall become effec-  
3           tive on the date of the enactment of this Act.

4 **SEC. 303. PRIVACY SAFEGUARDS.**

5           (a) STATE PLAN REQUIREMENT.—Section 454 (42  
6 U.S.C. 654), as amended by section 301(b) of this Act,  
7 is amended—

8           (1) by striking “and” at the end of paragraph  
9           (24);

10           (2) by striking the period at the end of para-  
11           graph (25) and inserting “; and”; and

12           (3) by adding after paragraph (25) the follow-  
13           ing new paragraph:

14           “(26) will have in effect safeguards, applicable  
15           to all confidential information handled by the State  
16           agency, that are designed to protect the privacy  
17           rights of the parties, including—

18           “(A) safeguards against unauthorized use  
19           or disclosure of information relating to proceed-  
20           ings or actions to establish paternity, or to es-  
21           tablish or enforce support;

22           “(B) prohibitions against the release of in-  
23           formation on the whereabouts of 1 party to an-  
24           other party against whom a protective order

1 with respect to the former party has been en-  
2 tered; and

3 “(C) prohibitions against the release of in-  
4 formation on the whereabouts of 1 party to an-  
5 other party if the State has reason to believe  
6 that the release of the information may result  
7 in physical or emotional harm to the former  
8 party.”.

9 (b) EFFECTIVE DATE.—The amendment made by  
10 subsection (a) shall become effective on October 1, 1997.

11 **SEC. 304. RIGHTS TO NOTIFICATION AND HEARINGS.**

12 (a) IN GENERAL.—Section 454 (42 U.S.C. 654), as  
13 amended by section 302(b)(2) of this Act, is amended by  
14 inserting after paragraph (11) the following new para-  
15 graph:

16 “(12) provide for the establishment of proce-  
17 dures to require the State to provide individuals who  
18 are applying for or receiving services under the State  
19 plan, or who are parties to cases in which services  
20 are being provided under the State plan—

21 “(A) with notice of all proceedings in  
22 which support obligations might be established  
23 or modified; and

24 “(B) with a copy of any order establishing  
25 or modifying a child support obligation, or (in

1 the case of a petition for modification) a notice  
2 of determination that there should be no change  
3 in the amount of the child support award, with-  
4 in 14 days after issuance of such order or de-  
5 termination;”.

6 (b) EFFECTIVE DATE.—The amendment made by  
7 subsection (a) shall become effective on October 1, 1997.

8 **Subtitle B—Locate and Case**  
9 **Tracking**

10 **SEC. 311. STATE CASE REGISTRY.**

11 Section 454A, as added by section 344(a)(2) of this  
12 Act, is amended by adding at the end the following new  
13 subsections:

14 “(e) STATE CASE REGISTRY.—

15 “(1) CONTENTS.—The automated system re-  
16 quired by this section shall include a registry (which  
17 shall be known as the ‘State case registry’) that con-  
18 tains records with respect to—

19 “(A) each case in which services are being  
20 provided by the State agency under the State  
21 plan approved under this part; and

22 “(B) each support order established or  
23 modified in the State on or after October 1,  
24 1998.

1           “(2) LINKING OF LOCAL REGISTRIES.—The  
2 State case registry may be established by linking  
3 local case registries of support orders through an  
4 automated information network, subject to this sec-  
5 tion.

6           “(3) USE OF STANDARDIZED DATA ELE-  
7 MENTS.—Such records shall use standardized data  
8 elements for both parents (such as names, social se-  
9 curity numbers and other uniform identification  
10 numbers, dates of birth, and case identification  
11 numbers), and contain such other information (such  
12 as on-case status) as the Secretary may require.

13           “(4) PAYMENT RECORDS.—Each case record in  
14 the State case registry with respect to which services  
15 are being provided under the State plan approved  
16 under this part and with respect to which a support  
17 order has been established shall include a record  
18 of—

19                   “(A) the amount of monthly (or other peri-  
20 odic) support owed under the order, and other  
21 amounts (including arrearages, interest or late  
22 payment penalties, and fees) due or overdue  
23 under the order;

24                   “(B) any amount described in subpara-  
25 graph (A) that has been collected;

1           “(C) the distribution of such collected  
2 amounts;

3           “(D) the birth date of any child for whom  
4 the order requires the provision of support; and

5           “(E) the amount of any lien imposed with  
6 respect to the order pursuant to section  
7 466(a)(4).

8           “(5) UPDATING AND MONITORING.—The State  
9 agency operating the automated system required by  
10 this section shall promptly establish and maintain,  
11 and regularly monitor, case records in the State case  
12 registry with respect to which services are being pro-  
13 vided under the State plan approved under this part,  
14 on the basis of—

15           “(A) information on administrative actions  
16 and administrative and judicial proceedings and  
17 orders relating to paternity and support;

18           “(B) information obtained from compari-  
19 son with Federal, State, or local sources of in-  
20 formation;

21           “(C) information on support collections  
22 and distributions; and

23           “(D) any other relevant information.

24           “(f) INFORMATION COMPARISONS AND OTHER DIS-  
25 CLOSURES OF INFORMATION.—The State shall use the

1 automated system required by this section to extract infor-  
2 mation from (at such times, and in such standardized for-  
3 mat or formats, as may be required by the Secretary), to  
4 share and compare information with, and to receive infor-  
5 mation from, other data bases and information compari-  
6 son services, in order to obtain (or provide) information  
7 necessary to enable the State agency (or the Secretary or  
8 other State or Federal agencies) to carry out this part,  
9 subject to section 6103 of the Internal Revenue Code of  
10 1986. Such information comparison activities shall include  
11 the following:

12           “(1) FEDERAL CASE REGISTRY OF CHILD SUP-  
13           PORT ORDERS.—Furnishing to the Federal Case  
14           Registry of Child Support Orders established under  
15           section 453(h) (and update as necessary, with infor-  
16           mation including notice of expiration of orders) the  
17           minimum amount of information on child support  
18           cases recorded in the State case registry that is nec-  
19           essary to operate the registry (as specified by the  
20           Secretary in regulations).

21           “(2) FEDERAL PARENT LOCATOR SERVICE.—  
22           Exchanging information with the Federal Parent  
23           Locator Service for the purposes specified in section  
24           453.

1           “(3) TEMPORARY FAMILY ASSISTANCE AND  
2           MEDICAID AGENCIES.—Exchanging information with  
3           State agencies (of the State and of other States) ad-  
4           ministering programs funded under part A, pro-  
5           grams operated under State plans under title XIX,  
6           and other programs designated by the Secretary, as  
7           necessary to perform State agency responsibilities  
8           under this part and under such programs.

9           “(4) INTRASTATE AND INTERSTATE INFORMA-  
10          TION COMPARISONS.—Exchanging information with  
11          other agencies of the State, agencies of other States,  
12          and interstate information networks, as necessary  
13          and appropriate to carry out (or assist other States  
14          to carry out) the purposes of this part.”.

15 **SEC. 312. COLLECTION AND DISBURSEMENT OF SUPPORT**  
16 **PAYMENTS.**

17          (a) STATE PLAN REQUIREMENT.—Section 454 (42  
18 U.S.C. 654), as amended by sections 301(b) and 303(a)  
19 of this Act, is amended—

20           (1) by striking “and” at the end of paragraph  
21           (25);

22           (2) by striking the period at the end of para-  
23           graph (26) and inserting “; and”; and

24           (3) by adding after paragraph (26) the follow-  
25           ing new paragraph:

1           “(27) provide that, on and after October 1,  
2           1998, the State agency will—

3                   “(A) operate a State disbursement unit in  
4                   accordance with section 454B; and

5                   “(B) have sufficient State staff (consisting  
6                   of State employees) and (at State option) con-  
7                   tractors reporting directly to the State agency  
8                   to—

9                           “(i) monitor and enforce support col-  
10                           lections through the unit in cases being en-  
11                           forced by the State pursuant to section  
12                           454(4) (including carrying out the auto-  
13                           mated data processing responsibilities de-  
14                           scribed in section 454A(g)); and

15                           “(ii) take the actions described in sec-  
16                           tion 466(c)(1) in appropriate cases.”.

17           (b) ESTABLISHMENT OF STATE DISBURSEMENT  
18 UNIT.—Part D of title IV (42 U.S.C. 651–669), as  
19 amended by section 344(a)(2) of this Act, is amended by  
20 inserting after section 454A the following new section:

21 **“SEC. 454B. COLLECTION AND DISBURSEMENT OF SUP-  
22                           PORT PAYMENTS.**

23           “(a) STATE DISBURSEMENT UNIT.—

24                   “(1) IN GENERAL.—In order for a State to  
25                   meet the requirements of this section, the State

1 agency must establish and operate a unit (which  
2 shall be known as the 'State disbursement unit') for  
3 the collection and disbursement of payments under  
4 support orders—

5 “(A) in all cases being enforced by the  
6 State pursuant to section 454(4); and

7 “(B) in all cases not being enforced by the  
8 State under this part in which the support  
9 order is initially issued in the State on or after  
10 January 1, 1994, and in which the wages of the  
11 absent parent are subject to withholding pursu-  
12 ant to section 466(a)(8)(B).

13 “(2) OPERATION.—The State disbursement  
14 unit shall be operated—

15 “(A) directly by the State agency (or 2 or  
16 more State agencies under a regional coopera-  
17 tive agreement), or (to the extent appropriate)  
18 by a contractor responsible directly to the State  
19 agency; and

20 “(B) except in cases described in para-  
21 graph (1)(B), in coordination with the auto-  
22 mated system established by the State pursuant  
23 to section 454A.

24 “(3) LINKING OF LOCAL DISBURSEMENT  
25 UNITS.—The State disbursement unit may be estab-

1 lished by linking local disbursement units through  
2 an automated information network, subject to this  
3 section, if the Secretary agrees that the system will  
4 not cost more nor take more time to establish or op-  
5 erate than a centralized system. In addition, employ-  
6 ers shall be given 1 location to which income with-  
7 holding is sent.

8 “(b) REQUIRED PROCEDURES.—The State disburse-  
9 ment unit shall use automated procedures, electronic proc-  
10 esses, and computer-driven technology to the maximum  
11 extent feasible, efficient, and economical, for the collection  
12 and disbursement of support payments, including proce-  
13 dures—

14 “(1) for receipt of payments from parents, em-  
15 ployers, and other States, and for disbursements to  
16 custodial parents and other obligees, the State agen-  
17 cy, and the agencies of other States;

18 “(2) for accurate identification of payments;

19 “(3) to ensure prompt disbursement of the cus-  
20 todial parent’s share of any payment; and

21 “(4) to furnish to any parent, upon request,  
22 timely information on the current status of support  
23 payments under an order requiring payments to be  
24 made by or to the parent.

25 “(c) TIMING OF DISBURSEMENTS.—

1           “(1) IN GENERAL.—Except as provided in para-  
2 graph (2), the State disbursement unit shall distrib-  
3 ute all amounts payable under section 457(a) within  
4 2 business days after receipt from the employer or  
5 other source of periodic income, if sufficient infor-  
6 mation identifying the payee is provided.

7           “(2) PERMISSIVE RETENTION OF ARREAR-  
8 AGES.—The State disbursement unit may delay the  
9 distribution of collections toward arrearages until  
10 the resolution of any timely appeal with respect to  
11 such arrearages.

12           “(d) BUSINESS DAY DEFINED.—As used in this sec-  
13 tion, the term ‘business day’ means a day on which State  
14 offices are open for regular business.”.

15           (c) USE OF AUTOMATED SYSTEM.—Section 454A, as  
16 added by section 344(a)(2) and as amended by section 311  
17 of this Act, is amended by adding at the end the following  
18 new subsection:

19           “(g) COLLECTION AND DISTRIBUTION OF SUPPORT  
20 PAYMENTS.—

21           “(1) IN GENERAL.—The State shall use the  
22 automated system required by this section, to the  
23 maximum extent feasible, to assist and facilitate the  
24 collection and disbursement of support payments  
25 through the State disbursement unit operated under

1 section 454B, through the performance of functions,  
2 including, at a minimum—

3 “(A) transmission of orders and notices to  
4 employers (and other debtors) for the withhold-  
5 ing of wages and other income—

6 “(i) within 2 business days after re-  
7 ceipt from a court, another State, an em-  
8 ployer, the Federal Parent Locator Service,  
9 or another source recognized by the State  
10 of notice of, and the income source subject  
11 to, such withholding; and

12 “(ii) using uniform formats prescribed  
13 by the Secretary;

14 “(B) ongoing monitoring to promptly iden-  
15 tify failures to make timely payment of support;  
16 and

17 “(C) automatic use of enforcement proce-  
18 dures (including procedures authorized pursu-  
19 ant to section 466(c)) if payments are not time-  
20 ly made.

21 “(2) BUSINESS DAY DEFINED.—As used in  
22 paragraph (1), the term ‘business day’ means a day  
23 on which State offices are open for regular busi-  
24 ness.”.

1 (d) EFFECTIVE DATE.—The amendments made by  
2 this section shall become effective on October 1, 1998.

3 **SEC. 313. STATE DIRECTORY OF NEW HIRES.**

4 (a) STATE PLAN REQUIREMENT.—Section 454 (42  
5 U.S.C. 654), as amended by sections 301(b), 303(a) and  
6 312(a) of this Act, is amended—

7 (1) by striking “and” at the end of paragraph  
8 (26);

9 (2) by striking the period at the end of para-  
10 graph (27) and inserting “; and”; and

11 (3) by adding after paragraph (27) the follow-  
12 ing new paragraph:

13 “(28) provide that, on and after October 1,  
14 1997, the State will operate a State Directory of  
15 New Hires in accordance with section 453A.”.

16 (b) STATE DIRECTORY OF NEW HIRES.—Part D of  
17 title IV (42 U.S.C. 651–669) is amended by inserting  
18 after section 453 the following new section:

19 **“SEC. 453A. STATE DIRECTORY OF NEW HIRES.**

20 “(a) ESTABLISHMENT.—

21 “(1) IN GENERAL.—

22 “(A) REQUIREMENT FOR STATES THAT  
23 HAVE NO DIRECTORY.—Except as provided in  
24 subparagraph (B), not later than October 1,  
25 1997, each State shall establish an automated

1 directory (to be known as the ‘State Directory  
2 of New Hires’) which shall contain information  
3 supplied in accordance with subsection (b) by  
4 employers on each newly hired employee.

5 “(B) STATES WITH NEW HIRE REPORTING  
6 IN EXISTENCE.—A State which has a new hire  
7 reporting law in existence on the date of the en-  
8 actment of this section may continue to operate  
9 under the State law, but the State must meet  
10 the requirements of this section (other than  
11 subsection (f)) not later than October 1, 1997.

12 “(2) DEFINITIONS.—As used in this section:

13 “(A) EMPLOYEE.—The term ‘employee’—

14 “(i) means an individual who is an  
15 employee within the meaning of chapter 24  
16 of the Internal Revenue Code of 1986; and

17 “(ii) does not include an employee of  
18 a Federal or State agency performing in-  
19 telligence or counterintelligence functions,  
20 if the head of such agency has determined  
21 that reporting pursuant to paragraph (1)  
22 with respect to the employee could endan-  
23 ger the safety of the employee or com-  
24 promise an ongoing investigation or intel-  
25 ligence mission.

1           “(B) EMPLOYER.—

2                   “(i) IN GENERAL.—The term ‘em-  
3           ployer’ has the meaning given such term in  
4           section 3401(d) of the Internal Revenue  
5           Code of 1996 and includes any govern-  
6           mental entity and any labor organization.

7                   “(ii) LABOR ORGANIZATION.—The  
8           term ‘labor organization’ shall have the  
9           meaning given such term in section 2(5) of  
10          the National Labor Relations Act, and in-  
11          cludes any entity (also known as a ‘hiring  
12          hall’) which is used by the organization  
13          and an employer to carry out requirements  
14          described in section 8(f)(3) of such Act of  
15          an agreement between the organization  
16          and the employer.

17          “(b) EMPLOYER INFORMATION.—

18                   “(1) REPORTING REQUIREMENT.—

19                           “(A) IN GENERAL.—Except as provided in  
20                   subparagraphs (B) and (C), each employer shall  
21                   furnish to the Directory of New Hires of the  
22                   State in which a newly hired employee works, a  
23                   report that contains the name, address, and so-  
24                   cial security number of the employee, and the  
25                   name and address of, and identifying number

1 assigned under section 6109 of the Internal  
2 Revenue Code of 1986 to, the employer.

3 “(B) MULTISTATE EMPLOYERS.—An em-  
4 ployer that has employees who are employed in  
5 2 or more States and that transmits reports  
6 magnetically or electronically may comply with  
7 subparagraph (A) by designating 1 State in  
8 which such employer has employees to which  
9 the employer will transmit the report described  
10 in subparagraph (A), and transmitting such re-  
11 port to such State. Any employer that transmits  
12 reports pursuant to this subparagraph shall no-  
13 tify the Secretary in writing as to which State  
14 such employer designates for the purpose of  
15 sending reports.

16 “(C) FEDERAL GOVERNMENT EMPLOY-  
17 ERS.—Any department, agency, or instrumen-  
18 tality of the United States shall comply with  
19 subparagraph (A) by transmitting the report  
20 described in subparagraph (A) to the National  
21 Directory of New Hires established pursuant to  
22 section 453.

23 “(2) TIMING OF REPORT.—Each State may  
24 provide the time within which the report required by

1 paragraph (1) shall be made with respect to an em-  
2 ployee, but such report shall be made—

3 “(A) not later than 20 days after the date  
4 the employer hires the employee; or

5 “(B) in the case of an employer transmit-  
6 ting reports magnetically or electronically, by 2  
7 monthly transmissions (if necessary) not less  
8 than 12 days nor more than 16 days apart.

9 “(c) REPORTING FORMAT AND METHOD.—Each re-  
10 port required by subsection (b) shall be made on a W-  
11 4 form or, at the option of the employer, an equivalent  
12 form, and may be transmitted by 1st class mail, magneti-  
13 cally, or electronically.

14 “(d) CIVIL MONEY PENALTIES ON NONCOMPLYING  
15 EMPLOYERS.—The State shall have the option to set a  
16 State civil money penalty which shall be less than—

17 “(1) \$25; or

18 “(2) \$500 if, under State law, the failure is the  
19 result of a conspiracy between the employer and the  
20 employee to not supply the required report or to  
21 supply a false or incomplete report.

22 “(e) ENTRY OF EMPLOYER INFORMATION.—Infor-  
23 mation shall be entered into the data base maintained by  
24 the State Directory of New Hires within 5 business days  
25 of receipt from an employer pursuant to subsection (b).

1 “(f) INFORMATION COMPARISONS.—

2 “(1) IN GENERAL.—Not later than May 1,  
3 1998, an agency designated by the State shall, di-  
4 rectly or by contract, conduct automated compari-  
5 sons of the social security numbers reported by em-  
6 ployers pursuant to subsection (b) and the social se-  
7 curity numbers appearing in the records of the State  
8 case registry for cases being enforced under the  
9 State plan.

10 “(2) NOTICE OF MATCH.—When an information  
11 comparison conducted under paragraph (1) reveals a  
12 match with respect to the social security number of  
13 an individual required to provide support under a  
14 support order, the State Directory of New Hires  
15 shall provide the agency administering the State  
16 plan approved under this part of the appropriate  
17 State with the name, address, and social security  
18 number of the employee to whom the social security  
19 number is assigned, and the name of, and identify-  
20 ing number assigned under section 6109 of the In-  
21 ternal Revenue Code of 1986 to the employer.

22 “(g) TRANSMISSION OF INFORMATION.—

23 “(1) TRANSMISSION OF WAGE WITHHOLDING  
24 NOTICES TO EMPLOYERS.—Within 2 business days  
25 after the date information regarding a newly hired

1       employee is entered into the State Directory of New  
2       Hires, the State agency enforcing the employee's  
3       child support obligation shall transmit a notice to  
4       the employer of the employee directing the employer  
5       to withhold from the wages of the employee an  
6       amount equal to the monthly (or other periodic)  
7       child support obligation (including any past due sup-  
8       port obligation) of the employee, unless the employ-  
9       ee's wages are not subject to withholding pursuant  
10      to section 466(b)(3).

11           “(2) TRANSMISSIONS TO THE NATIONAL DIREC-  
12      TORY OF NEW HIRES.—

13           “(A) NEW HIRE INFORMATION.—Within 3  
14      business days after the date information re-  
15      garding a newly hired employee is entered into  
16      the State Directory of New Hires, the State Di-  
17      rectory of New Hires shall furnish the informa-  
18      tion to the National Directory of New Hires.

19           “(B) WAGE AND UNEMPLOYMENT COM-  
20      PENSATION INFORMATION.—The State Direc-  
21      tory of New Hires shall, on a quarterly basis,  
22      furnish to the National Directory of New Hires  
23      extracts of the reports required under section  
24      303(a)(6) to be made to the Secretary of Labor  
25      concerning the wages and unemployment com-

1           pensation paid to individuals, by such dates, in  
2           such format, and containing such information  
3           as the Secretary of Health and Human Services  
4           shall specify in regulations.

5           “(3) BUSINESS DAY DEFINED.—As used in this  
6           subsection, the term ‘business day’ means a day on  
7           which State offices are open for regular business.

8           “(h) OTHER USES OF NEW HIRE INFORMATION.—

9           “(1) LOCATION OF CHILD SUPPORT OBLI-  
10          GORS.—The agency administering the State plan ap-  
11          proved under this part shall use information received  
12          pursuant to subsection (f)(2) to locate individuals  
13          for purposes of establishing paternity and establish-  
14          ing, modifying, and enforcing child support obliga-  
15          tions.

16          “(2) VERIFICATION OF ELIGIBILITY FOR CER-  
17          TAIN PROGRAMS.—A State agency responsible for  
18          administering a program specified in section 1137(b)  
19          shall have access to information reported by employ-  
20          ers pursuant to subsection (b) of this section for  
21          purposes of verifying eligibility for the program.

22          “(3) ADMINISTRATION OF EMPLOYMENT SECUR-  
23          ITY AND WORKERS’ COMPENSATION.—State agen-  
24          cies operating employment security and workers’  
25          compensation programs shall have access to informa-

1 tion reported by employers pursuant to subsection  
2 (b) for the purposes of administering such pro-  
3 grams.”.

4 (c) QUARTERLY WAGE REPORTING.—Section  
5 1137(a)(3) (42 U.S.C. 1320b-7(a)(3)) is amended—

6 (1) by inserting “(including State and local gov-  
7 ernmental entities and labor organizations (as de-  
8 fined in section 453A(a)(2)(B)(iii))” after “employ-  
9 ers”; and

10 (2) by inserting “, and except that no report  
11 shall be filed with respect to an employee of a State  
12 or local agency performing intelligence or counter-  
13 intelligence functions, if the head of such agency has  
14 determined that filing such a report could endanger  
15 the safety of the employee or compromise an ongo-  
16 ing investigation or intelligence mission” after  
17 “paragraph (2)”.

18 **SEC. 314. AMENDMENTS CONCERNING INCOME WITHHOLD-**  
19 **ING.**

20 (a) MANDATORY INCOME WITHHOLDING.—

21 (1) IN GENERAL.—Section 466(a)(1) (42  
22 U.S.C. 666(a)(1)) is amended to read as follows:

23 “(1)(A) Procedures described in subsection (b)  
24 for the withholding from income of amounts payable

1 as support in cases subject to enforcement under the  
2 State plan.

3 “(B) Procedures under which the wages of a  
4 person with a support obligation imposed by a sup-  
5 port order issued (or modified) in the State before  
6 October 1, 1996, if not otherwise subject to with-  
7 holding under subsection (b), shall become subject to  
8 withholding as provided in subsection (b) if arrear-  
9 ages occur, without the need for a judicial or admin-  
10 istrative hearing.”

11 (2) CONFORMING AMENDMENTS.—

12 (A) Section 466(b) (42 U.S.C. 666(b)) is  
13 amended in the matter preceding paragraph  
14 (1), by striking “subsection (a)(1)” and insert-  
15 ing “subsection (a)(1)(A)”.

16 (B) Section 466(b)(4) (42 U.S.C.  
17 666(b)(4)) is amended to read as follows:

18 “(4)(A) Such withholding must be carried out  
19 in full compliance with all procedural due process re-  
20 quirements of the State, and the State must send  
21 notice to each noncustodial parent to whom para-  
22 graph (1) applies—

23 “(i) that the withholding has commenced;  
24 and

1           “(ii) of the procedures to follow if the non-  
2           custodial parent desires to contest such with-  
3           holding on the grounds that the withholding or  
4           the amount withheld is improper due to a mis-  
5           take of fact.

6           “(B) The notice under subparagraph (A) of this  
7           paragraph shall include the information provided to  
8           the employer under paragraph (6)(A).”.

9           (C) Section 466(b)(5) (42 U.S.C.  
10          666(b)(5)) is amended by striking all that fol-  
11          lows “administered by” and inserting “the  
12          State through the State disbursement unit es-  
13          tablished pursuant to section 454B, in accord-  
14          ance with the requirements of section 454B.”.

15          (D) Section 466(b)(6)(A) (42 U.S.C.  
16          666(b)(6)(A)) is amended—

17                 (i) in clause (i), by striking “to the  
18                 appropriate agency” and all that follows  
19                 and inserting “to the State disbursement  
20                 unit within 2 business days after the date  
21                 the amount would (but for this subsection)  
22                 have been paid or credited to the employee,  
23                 for distribution in accordance with this  
24                 part. The employer shall comply with the  
25                 procedural rules relating to income with-

1 holding of the State in which the employee  
2 works, regardless of the State where the  
3 notice originates.”.

4 (ii) in clause (ii), by inserting “be in  
5 a standard format prescribed by the Sec-  
6 retary, and” after “shall”; and

7 (iii) by adding at the end the follow-  
8 ing new clause:

9 “(iii) As used in this subparagraph, the term  
10 ‘business day’ means a day on which State offices  
11 are open for regular business.”.

12 (E) Section 466(b)(6)(D) (42 U.S.C.  
13 666(b)(6)(D)) is amended by striking “any em-  
14 ployer” and all that follows and inserting “any  
15 employer who—

16 “(i) discharges from employment, refuses  
17 to employ, or takes disciplinary action against  
18 any noncustodial parent subject to wage with-  
19 holding required by this subsection because of  
20 the existence of such withholding and the obli-  
21 gations or additional obligations which it im-  
22 poses upon the employer; or

23 “(ii) fails to withhold support from wages,  
24 or to pay such amounts to the State disburse-  
25 ment unit in accordance with this subsection.”.

1 (F) Section 466(b) (42 U.S.C. 666(b)) is  
2 amended by adding at the end the following  
3 new paragraph:

4 “(11) Procedures under which the agency ad-  
5 ministering the State plan approved under this part  
6 may execute a withholding order without advance  
7 notice to the obligor, including issuing the withhold-  
8 ing order through electronic means.”.

9 (b) CONFORMING AMENDMENT.—Section 466(c) (42  
10 U.S.C. 666(c)) is repealed.

11 **SEC. 315. LOCATOR INFORMATION FROM INTERSTATE NET-**  
12 **WORKS.**

13 Section 466(a) (42 U.S.C. 666(a)) is amended by  
14 adding at the end the following new paragraph:

15 “(12) LOCATOR INFORMATION FROM INTER-  
16 STATE NETWORKS.—Procedures to ensure that all  
17 Federal and State agencies conducting activities  
18 under this part have access to any system used by  
19 the State to locate an individual for purposes relat-  
20 ing to motor vehicles or law enforcement.”.

21 **SEC. 316. EXPANSION OF THE FEDERAL PARENT LOCATOR**  
22 **SERVICE.**

23 (a) EXPANDED AUTHORITY TO LOCATE INDIVID-  
24 UALS AND ASSETS.—Section 453 (42 U.S.C. 653) is  
25 amended—

1           (1) in subsection (a), by striking all that follows  
2           “subsection (c))” and inserting “, for the purpose of  
3           establishing parentage, establishing, setting the  
4           amount of, modifying, or enforcing child support ob-  
5           ligations, or enforcing child custody or visitation or-  
6           ders—

7           “(1) information on, or facilitating the discov-  
8           ery of, the location of any individual—

9                   “(A) who is under an obligation to pay  
10           child support or provide child custody or visita-  
11           tion rights;

12                   “(B) against whom such an obligation is  
13           sought;

14                   “(C) to whom such an obligation is owed,  
15           including the individual’s social security number (or  
16           numbers), most recent address, and the name, ad-  
17           dress, and employer identification number of the in-  
18           dividual’s employer;

19                   “(2) information on the individual’s wages (or  
20           other income) from, and benefits of, employment (in-  
21           cluding rights to or enrollment in group health care  
22           coverage); and

23                   “(3) information on the type, status, location,  
24           and amount of any assets of, or debts owed by or  
25           to, any such individual.”; and

1 (2) in subsection (b)—

2 (A) in the matter preceding paragraph (1),  
3 by striking “social security” and all that follows  
4 through “absent parent” and inserting “infor-  
5 mation described in subsection (a)”;

6 (B) in the flush paragraph at the end, by  
7 adding the following: “No information shall be  
8 disclosed to any person if the State has notified  
9 the Secretary that the State has reasonable evi-  
10 dence of domestic violence or child abuse and  
11 the disclosure of such information could be  
12 harmful to the custodial parent or the child of  
13 such parent. Information received or transmit-  
14 ted pursuant to this section shall be subject to  
15 the safeguard provisions contained in section  
16 454(26).”.

17 (b) AUTHORIZED PERSON FOR INFORMATION RE-  
18 GARDING VISITATION RIGHTS.—Section 453(c) (42  
19 U.S.C. 653(c)) is amended—

20 (1) in paragraph (1), by striking “support” and  
21 inserting “support or to seek to enforce orders pro-  
22 viding child custody or visitation rights”; and

23 (2) in paragraph (2), by striking “, or any  
24 agent of such court; and” and inserting “or to issue

1 an order against a resident parent for child custody  
2 or visitation rights, or any agent of such court;”.

3 (c) REIMBURSEMENT FOR INFORMATION FROM FED-  
4 ERAL AGENCIES.—Section 453(e)(2) (42 U.S.C.  
5 653(e)(2)) is amended in the 4th sentence by inserting  
6 “in an amount which the Secretary determines to be rea-  
7 sonable payment for the information exchange (which  
8 amount shall not include payment for the costs of obtain-  
9 ing, compiling, or maintaining the information)” before  
10 the period.

11 (d) REIMBURSEMENT FOR REPORTS BY STATE  
12 AGENCIES.—Section 453 (42 U.S.C. 653) is amended by  
13 adding at the end the following new subsection:

14 “(g) REIMBURSEMENT FOR REPORTS BY STATE  
15 AGENCIES.—The Secretary may reimburse Federal and  
16 State agencies for the costs incurred by such entities in  
17 furnishing information requested by the Secretary under  
18 this section in an amount which the Secretary determines  
19 to be reasonable payment for the information exchange  
20 (which amount shall not include payment for the costs of  
21 obtaining, compiling, or maintaining the information).”.

22 (e) CONFORMING AMENDMENTS.—

23 (1) Sections 452(a)(9), 453(a), 453(b), 463(a),  
24 463(e), and 463(f) (42 U.S.C. 652(a)(9), 653(a),  
25 653(b), 663(a), 663(e), and 663(f)) are each amend-

1 ed by inserting “Federal” before “Parent” each  
2 place such term appears.

3 (2) Section 453 (42 U.S.C. 653) is amended in  
4 the heading by adding “FEDERAL” before “PAR-  
5 ENT”.

6 (f) NEW COMPONENTS.—Section 453 (42 U.S.C.  
7 653), as amended by subsection (d) of this section, is  
8 amended by adding at the end the following new sub-  
9 sections:

10 “(h) FEDERAL CASE REGISTRY OF CHILD SUPPORT  
11 ORDERS.—

12 “(1) IN GENERAL.—Not later than October 1,  
13 1998, in order to assist States in administering pro-  
14 grams under State plans approved under this part  
15 and programs funded under part A, and for the  
16 other purposes specified in this section, the Sec-  
17 retary shall establish and maintain in the Federal  
18 Parent Locator Service an automated registry  
19 (which shall be known as the ‘Federal Case Registry  
20 of Child Support Orders’), which shall contain ab-  
21 stracts of support orders and other information de-  
22 scribed in paragraph (2) with respect to each case  
23 in each State case registry maintained pursuant to  
24 section 454A(e), as furnished (and regularly up-

1       dated), pursuant to section 454A(f), by State agen-  
2       cies administering programs under this part.

3               “(2) CASE INFORMATION.—The information re-  
4       ferred to in paragraph (1) with respect to a case  
5       shall be such information as the Secretary may  
6       specify in regulations (including the names, social  
7       security numbers or other uniform identification  
8       numbers, and State case identification numbers) to  
9       identify the individuals who owe or are owed support  
10      (or with respect to or on behalf of whom support ob-  
11      ligations are sought to be established), and the State  
12      or States which have the case.

13              “(i) NATIONAL DIRECTORY OF NEW HIRES.—

14              “(1) IN GENERAL.—In order to assist States in  
15      administering programs under State plans approved  
16      under this part and programs funded under part A,  
17      and for the other purposes specified in this section,  
18      the Secretary shall, not later than October 1, 1996,  
19      establish and maintain in the Federal Parent Loca-  
20      tor Service an automated directory to be known as  
21      the National Directory of New Hires, which shall  
22      contain the information supplied pursuant to section  
23      453A(g)(2).

24              “(2) ENTRY OF DATA.—Information shall be  
25      entered into the data base maintained by the Na-

1 tional Directory of New Hires within 2 business  
2 days of receipt pursuant to section 453A(g)(2).

3 “(3) ADMINISTRATION OF FEDERAL TAX  
4 LAWS.—The Secretary of the Treasury shall have  
5 access to the information in the National Directory  
6 of New Hires for purposes of administering section  
7 32 of the Internal Revenue Code of 1986, or the ad-  
8 vance payment of the earned income tax credit  
9 under section 3507 of such Code, and verifying a  
10 claim with respect to employment in a tax return.

11 “(4) LIST OF MULTISTATE EMPLOYERS.—The  
12 Secretary shall maintain within the National Direc-  
13 tory of New Hires a list of multistate employers that  
14 report information regarding newly hired employees  
15 pursuant to section 453A(b)(1)(B), and the State  
16 which each such employer has designated to receive  
17 such information.

18 “(j) INFORMATION COMPARISONS AND OTHER DIS-  
19 CLOSURES.—

20 “(1) VERIFICATION BY SOCIAL SECURITY AD-  
21 MINISTRATION.—

22 “(A) IN GENERAL.—The Secretary shall  
23 transmit information on individuals and em-  
24 ployers maintained under this section to the So-  
25 cial Security Administration to the extent nec-

1           essary for verification in accordance with sub-  
2           paragraph (B).

3           “(B) VERIFICATION BY SSA.—The Social  
4           Security Administration shall verify the accu-  
5           racy of, correct, or supply to the extent pos-  
6           sible, and report to the Secretary, the following  
7           information supplied by the Secretary pursuant  
8           to subparagraph (A):

9                   “(i) The name, social security num-  
10                  ber, and birth date of each such individual.

11                  “(ii) The employer identification num-  
12                  ber of each such employer.

13           “(2) INFORMATION COMPARISONS.—For the  
14           purpose of locating individuals in a paternity estab-  
15           lishment case or a case involving the establishment,  
16           modification, or enforcement of a support order, the  
17           Secretary shall—

18                   “(A) compare information in the National  
19                  Directory of New Hires against information in  
20                  the support case abstracts in the Federal Case  
21                  Registry of Child Support Orders not less often  
22                  than every 2 business days; and

23                   “(B) within 2 such days after such a com-  
24                  parison reveals a match with respect to an indi-

1           vidual, report the information to the State  
2           agency responsible for the case.

3           “(3) INFORMATION COMPARISONS AND DISCLO-  
4           SURES OF INFORMATION IN ALL REGISTRIES FOR  
5           TITLE IV PROGRAM PURPOSES.—To the extent and  
6           with the frequency that the Secretary determines to  
7           be effective in assisting States to carry out their re-  
8           sponsibilities under programs operated under this  
9           part and programs funded under part A, the Sec-  
10          retary shall—

11                 “(A) compare the information in each com-  
12                 ponent of the Federal Parent Locator Service  
13                 maintained under this section against the infor-  
14                 mation in each other such component (other  
15                 than the comparison required by paragraph  
16                 (2)), and report instances in which such a com-  
17                 parison reveals a match with respect to an indi-  
18                 vidual to State agencies operating such pro-  
19                 grams; and

20                 “(B) disclose information in such registries  
21                 to such State agencies.

22           “(4) PROVISION OF NEW HIRE INFORMATION  
23           TO THE SOCIAL SECURITY ADMINISTRATION.—The  
24           National Directory of New Hires shall provide the  
25           Commissioner of Social Security with all information

1 in the National Directory, which shall be used to de-  
2 termine the accuracy of payments under the supple-  
3 mental security income program under title XVI and  
4 in connection with benefits under title II.

5 “(5) RESEARCH.—The Secretary may provide  
6 access to information reported by employers pursu-  
7 ant to section 453A(b) for research purposes found  
8 by the Secretary to be likely to contribute to achiev-  
9 ing the purposes of part A or this part, but without  
10 personal identifiers.

11 “(k) FEES.—

12 “(1) FOR SSA VERIFICATION.—The Secretary  
13 shall reimburse the Commissioner of Social Security,  
14 at a rate negotiated between the Secretary and the  
15 Commissioner, for the costs incurred by the Com-  
16 missioner in performing the verification services de-  
17 scribed in subsection (j).

18 “(2) FOR INFORMATION FROM STATE DIREC-  
19 TORIES OF NEW HIRES.—The Secretary shall reim-  
20 burse costs incurred by State directories of new  
21 hires in furnishing information as required by sub-  
22 section (j)(3), at rates which the Secretary deter-  
23 mines to be reasonable (which rates shall not include  
24 payment for the costs of obtaining, compiling, or  
25 maintaining such information).

1           “(3) FOR INFORMATION FURNISHED TO STATE  
2           AND FEDERAL AGENCIES.—A State or Federal agen-  
3           cy that receives information from the Secretary pur-  
4           suant to this section shall reimburse the Secretary  
5           for costs incurred by the Secretary in furnishing the  
6           information, at rates which the Secretary determines  
7           to be reasonable (which rates shall include payment  
8           for the costs of obtaining, verifying, maintaining,  
9           and comparing the information).

10          “(1) RESTRICTION ON DISCLOSURE AND USE.—In-  
11          formation in the Federal Parent Locator Service, and in-  
12          formation resulting from comparisons using such informa-  
13          tion, shall not be used or disclosed except as expressly pro-  
14          vided in this section, subject to section 6103 of the Inter-  
15          nal Revenue Code of 1986.

16          “(m) INFORMATION INTEGRITY AND SECURITY.—  
17          The Secretary shall establish and implement safeguards  
18          with respect to the entities established under this section  
19          designed to—

20                 “(1) ensure the accuracy and completeness of  
21                 information in the Federal Parent Locator Service;  
22                 and

23                 “(2) restrict access to confidential information  
24                 in the Federal Parent Locator Service to authorized

1 persons, and restrict use of such information to au-  
2 thorized purposes.

3 “(n) FEDERAL GOVERNMENT REPORTING.—Each  
4 department, agency, and instrumentality of the United  
5 States shall on a quarterly basis report to the Federal  
6 Parent Locator Service the name and social security num-  
7 ber of each employee and the wages paid to the employee  
8 during the previous quarter, except that such a report  
9 shall not be filed with respect to an employee of a depart-  
10 ment, agency, or instrumentality performing intelligence  
11 or counterintelligence functions, if the head of such de-  
12 partment, agency, or instrumentality has determined that  
13 filing such a report could endanger the safety of the em-  
14 ployee or compromise an ongoing investigation or intel-  
15 ligence mission.”

16 (g) CONFORMING AMENDMENTS.—

17 (1) TO PART D OF TITLE IV OF THE SOCIAL SE-  
18 CURITY ACT.—

19 (A) Section 454(8)(B) (42 U.S.C.  
20 654(8)(B)) is amended to read as follows:

21 “(B) the Federal Parent Locator Service  
22 established under section 453;”

23 (B) Section 454(13) (42 U.S.C.654(13)) is  
24 amended by inserting “and provide that infor-  
25 mation requests by parents who are residents of

1 other States be treated with the same priority  
2 as requests by parents who are residents of the  
3 State submitting the plan” before the semi-  
4 colon.

5 (2) TO FEDERAL UNEMPLOYMENT TAX ACT.—  
6 Section 3304(a)(16) of the Internal Revenue Code of  
7 1986 is amended—

8 (A) by striking “Secretary of Health, Edu-  
9 cation, and Welfare” each place such term ap-  
10 pears and inserting “Secretary of Health and  
11 Human Services”;

12 (B) in subparagraph (B), by striking  
13 “such information” and all that follows and in-  
14 serting “information furnished under subpara-  
15 graph (A) or (B) is used only for the purposes  
16 authorized under such subparagraph;”;

17 (C) by striking “and” at the end of sub-  
18 paragraph (A);

19 (D) by redesignating subparagraph (B) as  
20 subparagraph (C); and

21 (E) by inserting after subparagraph (A)  
22 the following new subparagraph:

23 “(B) wage and unemployment compensa-  
24 tion information contained in the records of  
25 such agency shall be furnished to the Secretary

1 of Health and Human Services (in accordance  
2 with regulations promulgated by such Sec-  
3 retary) as necessary for the purposes of the Na-  
4 tional Directory of New Hires established under  
5 section 453(i) of the Social Security Act, and”.

6 (3) TO STATE GRANT PROGRAM UNDER TITLE  
7 III OF THE SOCIAL SECURITY ACT.—Subsection (h)  
8 of section 303 (42 U.S.C. 503) is amended to read  
9 as follows:

10 “(h)(1) The State agency charged with the adminis-  
11 tration of the State law shall, on a reimbursable basis—

12 “(A) disclose quarterly, to the Secretary of  
13 Health and Human Services, wage and claim infor-  
14 mation, as required pursuant to section 453(i)(1),  
15 contained in the records of such agency;

16 “(B) ensure that information provided pursuant  
17 to subparagraph (A) meets such standards relating  
18 to correctness and verification as the Secretary of  
19 Health and Human Services, with the concurrence  
20 of the Secretary of Labor, may find necessary; and

21 “(C) establish such safeguards as the Secretary  
22 of Labor determines are necessary to insure that in-  
23 formation disclosed under subparagraph (A) is used  
24 only for purposes of section 453(i)(1) in carrying out

1 the child support enforcement program under title  
2 IV.

3 “(2) Whenever the Secretary of Labor, after reason-  
4 able notice and opportunity for hearing to the State agen-  
5 cy charged with the administration of the State law, finds  
6 that there is a failure to comply substantially with the re-  
7 quirements of paragraph (1), the Secretary of Labor shall  
8 notify such State agency that further payments will not  
9 be made to the State until the Secretary of Labor is satis-  
10 fied that there is no longer any such failure. Until the  
11 Secretary of Labor is so satisfied, the Secretary shall  
12 make no future certification to the Secretary of the Treas-  
13 ury with respect to the State.

14 “(3) For purposes of this subsection—

15 “(A) the term ‘wage information’ means infor-  
16 mation regarding wages paid to an individual, the  
17 social security account number of such individual,  
18 and the name, address, State, and the Federal em-  
19 ployer identification number of the employer paying  
20 such wages to such individual; and

21 “(B) the term ‘claim information’ means infor-  
22 mation regarding whether an individual is receiving,  
23 has received, or has made application for, unemploy-  
24 ment compensation, the amount of any such com-  
25 pensation being received (or to be received by such

1 individual), and the individual's current (or most re-  
2 cent) home address.”.

3 (4) DISCLOSURE OF CERTAIN INFORMATION TO  
4 AGENTS OF CHILD SUPPORT ENFORCEMENT AGEN-  
5 CIES.—

6 (A) IN GENERAL.—Paragraph (6) of sec-  
7 tion 6103(l) of the Internal Revenue Code of  
8 1986 (relating to disclosure of return informa-  
9 tion to Federal, State, and local child support  
10 enforcement agencies) is amended by redesign-  
11 ating subparagraph (B) as subparagraph (C)  
12 and by inserting after subparagraph (A) the fol-  
13 lowing new subparagraph:

14 “(B) DISCLOSURE TO CERTAIN AGENTS.—  
15 The following information disclosed to any child  
16 support enforcement agency under subpara-  
17 graph (A) with respect to any individual with  
18 respect to whom child support obligations are  
19 sought to be established or enforced may be dis-  
20 closed by such agency to any agent of such  
21 agency which is under contract with such agen-  
22 cy to carry out the purposes described in sub-  
23 paragraph (C):

1           “(i) The address and social security  
2           account number (or numbers) of such indi-  
3           vidual.

4           “(ii) The amount of any reduction  
5           under section 6402(c) (relating to offset of  
6           past-due support against overpayments) in  
7           any overpayment otherwise payable to such  
8           individual.”

9           (B) CONFORMING AMENDMENTS.—

10           (i) Paragraph (3) of section 6103(a)  
11           of such Code is amended by striking  
12           “(l)(12)” and inserting “paragraph (6) or  
13           (12) of subsection (l)”.

14           (ii) Subparagraph (C) of section  
15           6103(l)(6) of such Code, as redesignated  
16           by subsection (a), is amended to read as  
17           follows:

18           “(C) RESTRICTION ON DISCLOSURE.—In-  
19           formation may be disclosed under this para-  
20           graph only for purposes of, and to the extent  
21           necessary in, establishing and collecting child  
22           support obligations from, and locating, individ-  
23           uals owing such obligations.”

24           (iii) The material following subpara-  
25           graph (F) of section 6103(p)(4) of such

1 Code is amended by striking “subsection  
2 (l)(12)(B)” and inserting “paragraph  
3 (6)(A) or (12)(B) of subsection (l)”.

4 **SEC. 317. COLLECTION AND USE OF SOCIAL SECURITY**  
5 **NUMBERS FOR USE IN CHILD SUPPORT EN-**  
6 **FORCEMENT.**

7 (a) STATE LAW REQUIREMENT.—Section 466(a) (42  
8 U.S.C. 666(a)), as amended by section 315 of this Act,  
9 is amended by adding at the end the following new para-  
10 graph:

11 “(13) RECORDING OF SOCIAL SECURITY NUM-  
12 BERS IN CERTAIN FAMILY MATTERS.—Procedures  
13 requiring that the social security number of—

14 “(A) any applicant for a professional li-  
15 cense, commercial driver’s license, occupational  
16 license, or marriage license be recorded on the  
17 application;

18 “(B) any individual who is subject to a di-  
19 vorce decree, support order, or paternity deter-  
20 mination or acknowledgment be placed in the  
21 records relating to the matter; and

22 “(C) any individual who has died be placed  
23 in the records relating to the death and be re-  
24 corded on the death certificate.

1 For purposes of subparagraph (A), if a State allows  
2 the use of a number other than the social security  
3 number, the State shall so advise any applicants.”.

4 (b) CONFORMING AMENDMENTS.—Section  
5 205(c)(2)(C) (42 U.S.C. 405(c)(2)(C)), as amended by  
6 section 321(a)(9) of the Social Security Independence and  
7 Program Improvements Act of 1994, is amended—

8 (1) in clause (i), by striking “may require” and  
9 inserting “shall require”;

10 (2) in clause (ii), by inserting after the 1st sen-  
11 tence the following: “In the administration of any  
12 law involving the issuance of a marriage certificate  
13 or license, each State shall require each party named  
14 in the certificate or license to furnish to the State  
15 (or political subdivision thereof), or any State agen-  
16 cy having administrative responsibility for the law  
17 involved, the social security number of the party.”;

18 (3) in clause (ii), by inserting “or marriage cer-  
19 tificate” after “Such numbers shall not be recorded  
20 on the birth certificate”.

21 (4) in clause (vi), by striking “may” and insert-  
22 ing “shall”; and

23 (5) by adding at the end the following new  
24 clauses:

1           “(x) An agency of a State (or a politi-  
2           cal subdivision thereof) charged with the  
3           administration of any law concerning the  
4           issuance or renewal of a license, certificate,  
5           permit, or other authorization to engage in  
6           a profession, an occupation, or a commer-  
7           cial activity shall require all applicants for  
8           issuance or renewal of the license, certifi-  
9           cate, permit, or other authorization to pro-  
10          vide the applicant’s social security number  
11          to the agency for the purpose of admin-  
12          istering such laws, and for the purpose of  
13          responding to requests for information  
14          from an agency operating pursuant to part  
15          D of title IV.

16           “(xi) All divorce decrees, support or-  
17          ders, and paternity determinations issued,  
18          and all paternity acknowledgments made,  
19          in each State shall include the social secu-  
20          rity number of each party to the decree,  
21          order, determination, or acknowledgment  
22          in the records relating to the matter, for  
23          the purpose of responding to requests for  
24          information from an agency operating pur-  
25          suant to part D of title IV.”.

1           **Subtitle G—Enforcement of**  
2           **Support Orders**

3   **SEC. 361. INTERNAL REVENUE SERVICE COLLECTION OF**  
4           **ARREARAGES.**

5           (a) **COLLECTION OF FEES.**—Section 6305(a) of the  
6 Internal Revenue Code of 1986 (relating to collection of  
7 certain liability) is amended—

8           (1) by striking “and” at the end of paragraph  
9           (3);

10          (2) by striking the period at the end of para-  
11 graph (4) and inserting “, and”;

12          (3) by adding at the end the following new  
13 paragraph:

14           “(5) no additional fee may be assessed for ad-  
15 justments to an amount previously certified pursu-  
16 ant to such section 452(b) with respect to the same  
17 obligor.”; and

18          (4) by striking “Secretary of Health, Edu-  
19 cation, and Welfare” each place it appears and in-  
20 serting “Secretary of Health and Human Services”.

21          (b) **EFFECTIVE DATE.**—The amendments made by  
22 this section shall become effective October 1, 1997.

1 **SEC. 362. AUTHORITY TO COLLECT SUPPORT FROM FED-**  
2 **ERAL EMPLOYEES.**

3 (a) CONSOLIDATION AND STREAMLINING OF AU-  
4 THORITIES.—Section 459 (42 U.S.C. 659) is amended to  
5 read as follows:

6 **“SEC. 459. CONSENT BY THE UNITED STATES TO INCOME**  
7 **WITHHOLDING, GARNISHMENT, AND SIMILAR**  
8 **PROCEEDINGS FOR ENFORCEMENT OF CHILD**  
9 **SUPPORT AND ALIMONY OBLIGATIONS.**

10 “(a) CONSENT TO SUPPORT ENFORCEMENT.—Not-  
11 withstanding any other provision of law (including section  
12 207 of this Act and section 5301 of title 38, United States  
13 Code), effective January 1, 1975, moneys (the entitlement  
14 to which is based upon remuneration for employment) due  
15 from, or payable by, the United States or the District of  
16 Columbia (including any agency, subdivision, or instru-  
17 mentality thereof) to any individual, including members  
18 of the Armed Forces of the United States, shall be subject,  
19 in like manner and to the same extent as if the United  
20 States or the District of Columbia were a private person,  
21 to withholding in accordance with State law enacted pur-  
22 suant to subsections (a)(1) and (b) of section 466 and reg-  
23 ulations of the Secretary under such subsections, and to  
24 any other legal process brought, by a State agency admin-  
25 istering a program under a State plan approved under this

1 part or by an individual obligee, to enforce the legal obliga-  
2 tion of the individual to provide child support or alimony.

3       “(b) CONSENT TO REQUIREMENTS APPLICABLE TO  
4 PRIVATE PERSON.—With respect to notice to withhold in-  
5 come pursuant to subsection (a)(1) or (b) of section 466,  
6 or any other order or process to enforce support obliga-  
7 tions against an individual (if the order or process con-  
8 tains or is accompanied by sufficient data to permit  
9 prompt identification of the individual and the moneys in-  
10 volved), each governmental entity specified in subsection  
11 (a) shall be subject to the same requirements as would  
12 apply if the entity were a private person, except as other-  
13 wise provided in this section.

14       “(c) DESIGNATION OF AGENT; RESPONSE TO NOTICE  
15 OR PROCESS—

16               “(1) DESIGNATION OF AGENT.—The head of  
17 each agency subject to this section shall—

18                       “(A) designate an agent or agents to re-  
19 ceive orders and accept service of process in  
20 matters relating to child support or alimony;  
21 and

22                       “(B) annually publish in the Federal Reg-  
23 ister the designation of the agent or agents,  
24 identified by title or position, mailing address,  
25 and telephone number.

1           “(2) RESPONSE TO NOTICE OR PROCESS.—If an  
2           agent designated pursuant to paragraph (1) of this  
3           subsection receives notice pursuant to State proce-  
4           dures in effect pursuant to subsection (a)(1) or (b)  
5           of section 466, or is effectively served with any  
6           order, process, or interrogatory, with respect to an  
7           individual’s child support or alimony payment obli-  
8           gations, the agent shall—

9           “(A) as soon as possible (but not later  
10          than 15 days) thereafter, send written notice of  
11          the notice or service (together with a copy of  
12          the notice or service) to the individual at the  
13          duty station or last-known home address of the  
14          individual;

15          “(B) within 30 days (or such longer period  
16          as may be prescribed by applicable State law)  
17          after receipt of a notice pursuant to such State  
18          procedures, comply with all applicable provi-  
19          sions of section 466; and

20          “(C) within 30 days (or such longer period  
21          as may be prescribed by applicable State law)  
22          after effective service of any other such order,  
23          process, or interrogatory, respond to the order,  
24          process, or interrogatory.

1       “(d) PRIORITY OF CLAIMS.—If a governmental entity  
2 specified in subsection (a) receives notice or is served with  
3 process, as provided in this section, concerning amounts  
4 owed by an individual to more than 1 person—

5             “(1) support collection under section 466(b)  
6 must be given priority over any other process, as  
7 provided in section 466(b)(7);

8             “(2) allocation of moneys due or payable to an  
9 individual among claimants under section 466(b)  
10 shall be governed by section 466(b) and the regula-  
11 tions prescribed under such section; and

12             “(3) such moneys as remain after compliance  
13 with paragraphs (1) and (2) shall be available to  
14 satisfy any other such processes on a first-come,  
15 first-served basis, with any such process being satis-  
16 fied out of such moneys as remain after the satisfac-  
17 tion of all such processes which have been previously  
18 served.

19       “(e) NO REQUIREMENT TO VARY PAY CYCLES.—A  
20 governmental entity that is affected by legal process  
21 served for the enforcement of an individual’s child support  
22 or alimony payment obligations shall not be required to  
23 vary its normal pay and disbursement cycle in order to  
24 comply with the legal process.

25       “(f) RELIEF FROM LIABILITY.—

1           “(1) Neither the United States, nor the govern-  
2           ment of the District of Columbia, nor any disbursing  
3           officer shall be liable with respect to any payment  
4           made from moneys due or payable from the United  
5           States to any individual pursuant to legal process  
6           regular on its face, if the payment is made in ac-  
7           cordance with this section and the regulations issued  
8           to carry out this section.

9           “(2) No Federal employee whose duties include  
10          taking actions necessary to comply with the require-  
11          ments of subsection (a) with regard to any individ-  
12          ual shall be subject under any law to any discipli-  
13          nary action or civil or criminal liability or penalty  
14          for, or on account of, any disclosure of information  
15          made by the employee in connection with the carry-  
16          ing out of such actions.

17          “(g) REGULATIONS.—Authority to promulgate regu-  
18          lations for the implementation of this section shall, insofar  
19          as this section applies to moneys due from (or payable  
20          by)—

21                 “(1) the United States (other than the legisla-  
22                 tive or judicial branches of the Federal Government)  
23                 or the government of the District of Columbia, be  
24                 vested in the President (or the designee of the Presi-  
25                 dent);

1           “(2) the legislative branch of the Federal Gov-  
2           ernment, be vested jointly in the President pro tem-  
3           pore of the Senate and the Speaker of the House of  
4           Representatives (or their designees), and

5           “(3) the judicial branch of the Federal Govern-  
6           ment, be vested in the Chief Justice of the United  
7           States (or the designee of the Chief Justice).

8           “(h) MONEYS SUBJECT TO PROCESS.—

9           “(1) IN GENERAL.—Subject to paragraph (2),  
10          moneys paid or payable to an individual which are  
11          considered to be based upon remuneration for em-  
12          ployment, for purposes of this section—

13          “(A) consist of—

14                  “(i) compensation paid or payable for  
15                  personal services of the individual, whether  
16                  the compensation is denominated as wages,  
17                  salary, commission, bonus, pay, allowances,  
18                  or otherwise (including severance pay, sick  
19                  pay, and incentive pay);

20                  “(ii) periodic benefits (including a  
21                  periodic benefit as defined in section  
22                  228(h)(3)) or other payments—

23                          “(I) under the insurance system  
24                          established by title II;

1           “(II) under any other system or  
2 fund established by the United States  
3 which provides for the payment of  
4 pensions, retirement or retired pay,  
5 annuities, dependents’ or survivors’  
6 benefits, or similar amounts payable  
7 on account of personal services per-  
8 formed by the individual or any other  
9 individual;

10           “(III) as compensation for death  
11 under any Federal program;

12           “(IV) under any Federal pro-  
13 gram established to provide ‘black  
14 lung’ benefits; or

15           “(V) by the Secretary of Veter-  
16 ans Affairs as compensation for a  
17 service-connected disability paid by  
18 the Secretary to a former member of  
19 the Armed Forces who is in receipt of  
20 retired or retainer pay if the former  
21 member has waived a portion of the  
22 retired or retainer pay in order to re-  
23 ceive such compensation; and

24           “(iii) worker’s compensation benefits  
25 paid under Federal or State law but

1 “(B) do not include any payment—

2 “(i) by way of reimbursement or oth-  
3 erwise, to defray expenses incurred by the  
4 individual in carrying out duties associated  
5 with the employment of the individual; or

6 “(ii) as allowances for members of the  
7 uniformed services payable pursuant to  
8 chapter 7 of title 37, United States Code,  
9 as prescribed by the Secretaries concerned  
10 (defined by section 101(5) of such title) as  
11 necessary for the efficient performance of  
12 duty.

13 “(2) CERTAIN AMOUNTS EXCLUDED.—In deter-  
14 mining the amount of any moneys due from, or pay-  
15 able by, the United States to any individual, there  
16 shall be excluded amounts which—

17 “(A) are owed by the individual to the  
18 United States;

19 “(B) are required by law to be, and are,  
20 deducted from the remuneration or other pay-  
21 ment involved, including Federal employment  
22 taxes, and fines and forfeitures ordered by  
23 court-martial;

24 “(C) are properly withheld for Federal,  
25 State, or local income tax purposes, if the with-

1 holding of the amounts is authorized or re-  
2 quired by law and if amounts withheld are not  
3 greater than would be the case if the individual  
4 claimed all dependents to which he was entitled  
5 (the withholding of additional amounts pursu-  
6 ant to section 3402(i) of the Internal Revenue  
7 Code of 1986 may be permitted only when the  
8 individual presents evidence of a tax obligation  
9 which supports the additional withholding);

10 “(D) are deducted as health insurance pre-  
11 miums;

12 “(E) are deducted as normal retirement  
13 contributions (not including amounts deducted  
14 for supplementary coverage); or

15 “(F) are deducted as normal life insurance  
16 premiums from salary or other remuneration  
17 for employment (not including amounts de-  
18 ducted for supplementary coverage).

19 “(i) DEFINITIONS.—For purposes of this section—

20 “(1) UNITED STATES.—The term ‘United  
21 States’ includes any department, agency, or instru-  
22 mentality of the legislative, judicial, or executive  
23 branch of the Federal Government, the United  
24 States Postal Service, the Postal Rate Commission,  
25 any Federal corporation created by an Act of Con-

1       gress that is wholly owned by the Federal Govern-  
2       ment, and the governments of the territories and  
3       possessions of the United States.

4           “(2) CHILD SUPPORT.—The term ‘child sup-  
5       port’, when used in reference to the legal obligations  
6       of an individual to provide such support, means  
7       amounts required to be paid under a judgment, de-  
8       cree, or order, whether temporary, final, or subject  
9       to modification, issued by a court or an administra-  
10      tive agency of competent jurisdiction, for the sup-  
11      port and maintenance of a child, including a child  
12      who has attained the age of majority under the law  
13      of the issuing State, or a child and the parent with  
14      whom the child is living, which provides for mone-  
15      tary support, health care, arrearages or reimburse-  
16      ment, and which may include other related costs and  
17      fees, interest and penalties, income withholding, at-  
18      torney’s fees, and other relief.

19           “(3) ALIMONY.—

20           “(A) IN GENERAL.—The term ‘alimony’,  
21       when used in reference to the legal obligations  
22       of an individual to provide the same, means  
23       periodic payments of funds for the support and  
24       maintenance of the spouse (or former spouse)  
25       of the individual, and (subject to and in accord-

1           ance with State law) includes separate mainte-  
2           nance, alimony pendente lite, maintenance, and  
3           spousal support, and includes attorney's fees,  
4           interest, and court costs when and to the extent  
5           that the same are expressly made recoverable as  
6           such pursuant to a decree, order, or judgment  
7           issued in accordance with applicable State law  
8           by a court of competent jurisdiction.

9           “(B) EXCEPTIONS.—Such term does not  
10          include—

11                   “(i) any child support; or

12                   “(ii) any payment or transfer of prop-  
13                   erty or its value by an individual to the  
14                   spouse or a former spouse of the individual  
15                   in compliance with any community prop-  
16                   erty settlement, equitable distribution of  
17                   property, or other division of property be-  
18                   tween spouses or former spouses.

19           “(4) PRIVATE PERSON.—The term ‘private per-  
20           son’ means a person who does not have sovereign or  
21           other special immunity or privilege which causes the  
22           person not to be subject to legal process.

23           “(5) LEGAL PROCESS.—The term ‘legal proc-  
24           ess’ means any writ, order, summons, or other simi-  
25           lar process in the nature of garnishment—

1 “(A) which is issued by—

2 “(i) a court or an administrative  
3 agency of competent jurisdiction in any  
4 State, territory, or possession of the Unit-  
5 ed States;

6 “(ii) a court or an administrative  
7 agency of competent jurisdiction in any  
8 foreign country with which the United  
9 States has entered into an agreement  
10 which requires the United States to honor  
11 the process; or

12 “(iii) an authorized official pursuant  
13 to an order of such a court or an adminis-  
14 trative agency of competent jurisdiction or  
15 pursuant to State or local law; and

16 “(B) which is directed to, and the purpose  
17 of which is to compel, a governmental entity  
18 which holds moneys which are otherwise pay-  
19 able to an individual to make a payment from  
20 the moneys to another party in order to satisfy  
21 a legal obligation of the individual to provide  
22 child support or make alimony payments.”.

23 (b) CONFORMING AMENDMENTS.—

24 (1) TO PART D OF TITLE IV.—Sections 461 and  
25 462 (42 U.S.C. 661 and 662) are repealed.

1           (2) TO TITLE 5, UNITED STATES CODE.—Sec-  
2           tion 5520a of title 5, United States Code, is amend-  
3           ed, in subsections (h)(2) and (i), by striking “sec-  
4           tions 459, 461, and 462 of the Social Security Act  
5           (42 U.S.C. 659, 661, and 662)” and inserting “sec-  
6           tion 459 of the Social Security Act (42 U.S.C.  
7           659)”.

8           (c) MILITARY RETIRED AND RETAINER PAY.—

9           (1) DEFINITION OF COURT.—Section  
10          1408(a)(1) of title 10, United States Code, is  
11          amended—

12                 (A) by striking “and” at the end of sub-  
13                 paragraph (B);

14                 (B) by striking the period at the end of  
15                 subparagraph (C) and inserting “; and”; and

16                 (C) by adding after subparagraph (C) the  
17                 following: new subparagraph:

18                         “(D) any administrative or judicial tribu-  
19                         nal of a State competent to enter orders for  
20                         support or maintenance (including a State  
21                         agency administering a program under a State  
22                         plan approved under part D of title IV of the  
23                         Social Security Act), and, for purposes of this  
24                         subparagraph, the term ‘State’ includes the  
25                         District of Columbia, the Commonwealth of

1 Puerto Rico, the Virgin Islands, Guam, and  
2 American Samoa.”.

3 (2) DEFINITION OF COURT ORDER.—Section  
4 1408(a)(2) of such title is amended—

5 (A) by inserting “or a support order, as  
6 defined in section 453(p) of the Social Security  
7 Act (42 U.S.C. 653(p)),” before “which—”;

8 (B) in subparagraph (B)(i), by striking  
9 “(as defined in section 462(b) of the Social Se-  
10 curity Act (42 U.S.C. 662(b)))” and inserting  
11 “(as defined in section 459(i)(2) of the Social  
12 Security Act (42 U.S.C. 662(i)(2)))”; and

13 (C) in subparagraph (B)(ii), by striking  
14 “(as defined in section 462(e) of the Social Se-  
15 curity Act (42 U.S.C. 662(e)))” and inserting  
16 “(as defined in section 459(i)(3) of the Social  
17 Security Act (42 U.S.C. 662(i)(3)))”.

18 (3) PUBLIC PAYEE.—Section 1408(d) of such  
19 title is amended—

20 (A) in the heading, by inserting “(OR FOR  
21 BENEFIT OF)” before “SPOUSE OR”; and

22 (B) in paragraph (1), in the 1st sentence,  
23 by inserting “(or for the benefit of such spouse  
24 or former spouse to a State disbursement unit  
25 established pursuant to section 454B of the So-



1 the address of each member of the Armed Forces  
2 under the jurisdiction of the Secretary. Upon re-  
3 quest of the Secretary of Transportation, addresses  
4 for members of the Coast Guard shall be included in  
5 the centralized personnel locator service.

6 (2) TYPE OF ADDRESS.—

7 (A) RESIDENTIAL ADDRESS.—Except as  
8 provided in subparagraph (B), the address for  
9 a member of the Armed Forces shown in the lo-  
10 cator service shall be the residential address of  
11 that member.

12 (B) DUTY ADDRESS.—The address for a  
13 member of the Armed Forces shown in the loca-  
14 tor service shall be the duty address of that  
15 member in the case of a member—

16 (i) who is permanently assigned over-  
17 seas, to a vessel, or to a routinely  
18 deployable unit; or

19 (ii) with respect to whom the Sec-  
20 retary concerned makes a determination  
21 that the member's residential address  
22 should not be disclosed due to national se-  
23 curity or safety concerns.

24 (3) UPDATING OF LOCATOR INFORMATION.—

25 Within 30 days after a member listed in the locator

1 service establishes a new residential address (or a  
2 new duty address, in the case of a member covered  
3 by paragraph (2)(B)), the Secretary concerned shall  
4 update the locator service to indicate the new ad-  
5 dress of the member.

6 (4) AVAILABILITY OF INFORMATION.—The Sec-  
7 retary of Defense shall make information regarding  
8 the address of a member of the Armed Forces listed  
9 in the locator service available, on request, to the  
10 Federal Parent Locator Service established under  
11 section 453 of the Social Security Act.

12 (b) FACILITATING GRANTING OF LEAVE FOR AT-  
13 TENDANCE AT HEARINGS.—

14 (1) REGULATIONS.—The Secretary of each  
15 military department, and the Secretary of Transpor-  
16 tation with respect to the Coast Guard when it is  
17 not operating as a service in the Navy, shall pre-  
18 scribe regulations to facilitate the granting of leave  
19 to a member of the Armed Forces under the juris-  
20 diction of that Secretary in a case in which—

21 (A) the leave is needed for the member to  
22 attend a hearing described in paragraph (2);

23 (B) the member is not serving in or with  
24 a unit deployed in a contingency operation (as

1 defined in section 101 of title 10, United States  
2 Code); and

3 (C) the exigencies of military service (as  
4 determined by the Secretary concerned) do not  
5 otherwise require that such leave not be grant-  
6 ed.

7 (2) COVERED HEARINGS.—Paragraph (1) ap-  
8 plies to a hearing that is conducted by a court or  
9 pursuant to an administrative process established  
10 under State law, in connection with a civil action—

11 (A) to determine whether a member of the  
12 Armed Forces is a natural parent of a child; or

13 (B) to determine an obligation of a mem-  
14 ber of the Armed Forces to provide child sup-  
15 port.

16 (3) DEFINITIONS.—For purposes of this sub-  
17 section—

18 (A) The term “court” has the meaning  
19 given that term in section 1408(a) of title 10,  
20 United States Code.

21 (B) The term “child support” has the  
22 meaning given such term in section 459(i) of  
23 the Social Security Act (42 U.S.C. 659(i)).

24 (c) PAYMENT OF MILITARY RETIRED PAY IN COM-  
25 PLIANCE WITH CHILD SUPPORT ORDERS.—

1           (1) DATE OF CERTIFICATION OF COURT  
2 ORDER.—Section 1408 of title 10, United States  
3 Code, as amended by section 362(c)(4) of this Act,  
4 is amended—

5           (A) by redesignating subsections (i) and (j)  
6 as subsections (j) and (k), respectively; and

7           (B) by inserting after subsection (h) the  
8 following new subsection:

9           “(i) CERTIFICATION DATE.—It is not necessary that  
10 the date of a certification of the authenticity or complete-  
11 ness of a copy of a court order for child support received  
12 by the Secretary concerned for the purposes of this section  
13 be recent in relation to the date of receipt by the Sec-  
14 retary.”.

15           (2) PAYMENTS CONSISTENT WITH ASSIGN-  
16 MENTS OF RIGHTS TO STATES.—Section 1408(d)(1)  
17 of such title is amended by inserting after the 1st  
18 sentence the following new sentence: “In the case of  
19 a spouse or former spouse who, pursuant to section  
20 408(a)(4) of the Social Security Act, assigns to a  
21 State the rights of the spouse or former spouse to  
22 receive support, the Secretary concerned may make  
23 the child support payments referred to in the preced-  
24 ing sentence to that State in amounts consistent  
25 with that assignment of rights.”.

1           (3) ARREARAGES OWED BY MEMBERS OF THE  
2           UNIFORMED SERVICES.—Section 1408(d) of such  
3           title is amended by adding at the end the following  
4           new paragraph:

5           “(6) In the case of a court order for which effective  
6           service is made on the Secretary concerned on or after  
7           the date of the enactment of this paragraph and which  
8           provides for payments from the disposable retired pay of  
9           a member to satisfy the amount of child support set forth  
10          in the order, the authority provided in paragraph (1) to  
11          make payments from the disposable retired pay of a mem-  
12          ber to satisfy the amount of child support set forth in a  
13          court order shall apply to payment of any amount of child  
14          support arrearages set forth in that order as well as to  
15          amounts of child support that currently become due.”.

16          (4) PAYROLL DEDUCTIONS.—The Secretary of  
17          Defense shall begin payroll deductions within 30  
18          days after receiving notice of withholding, or for the  
19          1st pay period that begins after such 30-day period.

20   **SEC. 364. VOIDING OF FRAUDULENT TRANSFERS.**

21          Section 466 (42 U.S.C. 666), as amended by section  
22          321 of this Act, is amended by adding at the end the fol-  
23          lowing new subsection:

1       “(g) LAWS VOIDING FRAUDULENT TRANSFERS.—In  
2 order to satisfy section 454(20)(A), each State must have  
3 in effect—

4           “(1)(A) the Uniform Fraudulent Conveyance  
5 Act of 1981;

6           “(B) the Uniform Fraudulent Transfer Act  
7 of 1984; or

8           “(C) another law, specifying indicia of  
9 fraud which create a prima facie case that a  
10 debtor transferred income or property to avoid  
11 payment to a child support creditor, which the  
12 Secretary finds affords comparable rights to  
13 child support creditors; and

14          “(2) procedures under which, in any case in  
15 which the State knows of a transfer by a child sup-  
16 port debtor with respect to which such a prima facie  
17 case is established, the State must—

18           “(A) seek to void such transfer; or

19           “(B) obtain a settlement in the best inter-  
20 ests of the child support creditor.”.

21 **SEC. 365. WORK REQUIREMENT FOR PERSONS OWING**  
22 **PAST-DUE CHILD SUPPORT.**

23       (a) IN GENERAL.—Section 466(a) of the Social Secu-  
24 rity Act (42 U.S.C. 666(a)), as amended by sections 315,

1 317(a), and 323 of this Act, is amended by adding at the  
2 end the following new paragraph:

3           “(15) PROCEDURES TO ENSURE THAT PERSONS  
4           OWING PAST-DUE SUPPORT WORK OR HAVE A PLAN  
5           FOR PAYMENT OF SUCH SUPPORT.—

6           “(A) IN GENERAL.—Procedures under  
7           which the State has the authority, in any case  
8           in which an individual owes past-due support  
9           with respect to a child receiving assistance  
10          under a State program funded under part A, to  
11          seek a court order that requires the individual  
12          to—

13                   “(i) pay such support in accordance  
14                   with a plan approved by the court, or, at  
15                   the option of the State, a plan approved by  
16                   the State agency administering the State  
17                   program under this part; or

18                   “(ii) if the individual is subject to  
19                   such a plan and is not incapacitated, par-  
20                   ticipate in such work activities (as defined  
21                   in section 407(d)) as the court, or, at the  
22                   option of the State, the State agency ad-  
23                   ministering the State program under this  
24                   part, deems appropriate.

1           “(B) PAST-DUE SUPPORT DEFINED.—For  
2           purposes of subparagraph (A), the term ‘past-  
3           due support’ means the amount of a delin-  
4           quency, determined under a court order, or an  
5           order of an administrative process established  
6           under State law, for support and maintenance  
7           of a child, or of a child and the parent with  
8           whom the child is living.”.

9           (b) CONFORMING AMENDMENT.—The flush para-  
10          graph at the end of section 466(a) (42 U.S.C.666(a)) is  
11          amended by striking “and (7)” and inserting “(7), and  
12          (15)”.

13          **SEC. 366. DEFINITION OF SUPPORT ORDER.**

14          Section 453 (42 U.S.C. 653) as amended by sections  
15          316 and 345(b) of this Act, is amended by adding at the  
16          end the following new subsection:

17          “(p) SUPPORT ORDER DEFINED.—As used in this  
18          part, the term ‘support order’ means a judgment, decree,  
19          or order, whether temporary, final, or subject to modifica-  
20          tion, issued by a court or an administrative agency of com-  
21          petent jurisdiction, for the support and maintenance of a  
22          child, including a child who has attained the age of major-  
23          ity under the law of the issuing State, or a child and the  
24          parent with whom the child is living, which provides for  
25          monetary support, health care, arrearages, or reimburse-

1 ment, and which may include related costs and fees, inter-  
2 est and penalties, income withholding, attorneys' fees, and  
3 other relief.”.

4 **SEC. 367. REPORTING ARREARAGES TO CREDIT BUREAUS.**

5 Section 466(a)(7) (42 U.S.C. 666(a)(7)) is amended  
6 to read as follows:

7 “(7) REPORTING ARREARAGES TO CREDIT BU-  
8 REAUS.—

9 “(A) IN GENERAL.—Procedures (subject to  
10 safeguards pursuant to subparagraph (B)) re-  
11 quiring the State to report periodically to  
12 consumer reporting agencies (as defined in sec-  
13 tion 603(f) of the Fair Credit Reporting Act  
14 (15 U.S.C. 1681a(f)) the name of any non-  
15 custodial parent who is delinquent in the pay-  
16 ment of support, and the amount of overdue  
17 support owed by such parent.

18 “(B) SAFEGUARDS.—Procedures ensuring  
19 that, in carrying out subparagraph (A), infor-  
20 mation with respect to a noncustodial parent is  
21 reported—

22 “(i) only after such parent has been  
23 afforded all due process required under  
24 State law, including notice and a reason-

1           able opportunity to contest the accuracy of  
2           such information; and

3                   “(ii) only to an entity that has fur-  
4           nished evidence satisfactory to the State  
5           that the entity is a consumer reporting  
6           agency (as so defined).”.

7 **SEC. 368. LIENS.**

8           Section 466(a)(4) (42 U.S.C. 666(a)(4)) is amended  
9 to read as follows:

10           “(4) **LIENS.**—Procedures under which—

11                   “(A) liens arise by operation of law against  
12           real and personal property for amounts of over-  
13           due support owed by a noncustodial parent who  
14           resides or owns property in the State; and

15                   “(B) the State accords full faith and credit  
16           to liens described in subparagraph (A) arising  
17           in another State, without registration of the un-  
18           derlying order.”.

19 **SEC. 369. STATE LAW AUTHORIZING SUSPENSION OF LI-**  
20 **CENSES.**

21           Section 466(a) (42 U.S.C. 666(a)), as amended by  
22 sections 315, 317(a), 323, and 365 of this Act, is amended  
23 by adding at the end the following:

24                   “(16) **AUTHORITY TO WITHHOLD OR SUSPEND**  
25 **LICENSES.**—Procedures under which the State has

1 (and uses in appropriate cases) authority to withhold  
2 or suspend, or to restrict the use of driver's licenses,  
3 professional and occupational licenses, and rec-  
4 reational licenses of individuals owing overdue sup-  
5 port or failing, after receiving appropriate notice, to  
6 comply with subpoenas or warrants relating to pa-  
7 ternity or child support proceedings.”.

8 **SEC. 370. DENIAL OF PASSPORTS FOR NONPAYMENT OF**  
9 **CHILD SUPPORT.**

10 (a) HHS CERTIFICATION PROCEDURE.—

11 (1) SECRETARIAL RESPONSIBILITY.—Section  
12 452 (42 U.S.C. 652), as amended by section 345 of  
13 this Act, is amended by adding at the end the fol-  
14 lowing new subsection:

15 “(k)(1) If the Secretary receives a certification by a  
16 State agency in accordance with the requirements of sec-  
17 tion 454(31) that an individual owes arrearages of child  
18 support in an amount exceeding \$5,000, the Secretary  
19 shall transmit such certification to the Secretary of State  
20 for action (with respect to denial, revocation, or limitation  
21 of passports) pursuant to section 370(b) of the Bipartisan  
22 Welfare Reform Act of 1996.

23 “(2) The Secretary shall not be liable to an individual  
24 for any action with respect to a certification by a State  
25 agency under this section.”.

1           (2) STATE CASE AGENCY RESPONSIBILITY.—  
2           Section 454 (42 U.S.C. 654), as amended by sec-  
3           tions 301(b), 303(a), 312(b), 313(a), 333, and  
4           343(b) of this Act, is amended—

5                   (A) by striking “and” at the end of para-  
6           graph (29);

7                   (B) by striking the period at the end of  
8           paragraph (30) and inserting “; and”; and

9                   (C) by adding after paragraph (30) the fol-  
10          lowing new paragraph:

11                   “(31) provide that the State agency will have in  
12          effect a procedure for certifying to the Secretary, for  
13          purposes of the procedure under section 452(k), de-  
14          terminations that individuals owe arrearages of child  
15          support in an amount exceeding \$5,000, under  
16          which procedure—

17                           “(A) each individual concerned is afforded  
18          notice of such determination and the con-  
19          sequences thereof, and an opportunity to con-  
20          test the determination; and

21                           “(B) the certification by the State agency  
22          is furnished to the Secretary in such format,  
23          and accompanied by such supporting docu-  
24          mentation, as the Secretary may require.”.

1 (b) STATE DEPARTMENT PROCEDURE FOR DENIAL  
2 OF PASSPORTS.—

3 (1) IN GENERAL.—The Secretary of State shall,  
4 upon certification by the Secretary of Health and  
5 Human Services transmitted under section 452(k) of  
6 the Social Security Act, refuse to issue a passport to  
7 such individual, and may revoke, restrict, or limit a  
8 passport issued previously to such individual.

9 (2) LIMIT ON LIABILITY.—The Secretary of  
10 State shall not be liable to an individual for any ac-  
11 tion with respect to a certification by a State agency  
12 under this section.

13 (c) EFFECTIVE DATE.—This section and the amend-  
14 ments made by this section shall become effective October  
15 1, 1996.

16 **SEC. 371. INTERNATIONAL CHILD SUPPORT ENFORCE-**  
17 **MENT.**

18 (a) AUTHORITY FOR INTERNATIONAL AGREE-  
19 MENTS.—Part D of title IV, as amended by section 362(a)  
20 of this Act, is amended by adding after section 459 the  
21 following new section:

22 **“SEC. 459A. INTERNATIONAL CHILD SUPPORT ENFORCE-**  
23 **MENT.**

24 **“(a) AUTHORITY FOR DECLARATIONS.—**

1           “(1) DECLARATION.—The Secretary of State,  
2           with the concurrence of the Secretary of Health and  
3           Human Services, is authorized to declare any foreign  
4           country (or a political subdivision thereof) to be a  
5           foreign reciprocating country if the foreign country  
6           has established, or undertakes to establish, proce-  
7           dures for the establishment and enforcement of du-  
8           ties of support owed to obligees who are residents of  
9           the United States, and such procedures are substan-  
10          tially in conformity with the standards prescribed  
11          under subsection (b).

12           “(2) REVOCATION.—A declaration with respect  
13          to a foreign country made pursuant to paragraph  
14          (1) may be revoked if the Secretaries of State and  
15          Health and Human Services determine that—

16                   “(A) the procedures established by the for-  
17                   foreign nation regarding the establishment and en-  
18                   forcement of duties of support have been so  
19                   changed, or the foreign nation’s implementation  
20                   of such procedures is so unsatisfactory, that  
21                   such procedures do not meet the criteria for  
22                   such a declaration; or

23                   “(B) continued operation of the declaration  
24                   is not consistent with the purposes of this part.

1           “(3) FORM OF DECLARATION.—A declaration  
2           under paragraph (1) may be made in the form of an  
3           international agreement, in connection with an inter-  
4           national agreement or corresponding foreign declara-  
5           tion, or on a unilateral basis.

6           “(b) STANDARDS FOR FOREIGN SUPPORT ENFORCE-  
7           MENT PROCEDURES.—

8           “(1) MANDATORY ELEMENTS.—Child support  
9           enforcement procedures of a foreign country which  
10          may be the subject of a declaration pursuant to sub-  
11          section (a)(1) shall include the following elements:

12                   “(A) The foreign country (or political sub-  
13                   division thereof) has in effect procedures, avail-  
14                   able to residents of the United States—

15                           “(i) for establishment of paternity,  
16                           and for establishment of orders of support  
17                           for children and custodial parents; and

18                           “(ii) for enforcement of orders to pro-  
19                           vide support to children and custodial par-  
20                           ents, including procedures for collection  
21                           and appropriate distribution of support  
22                           payments under such orders.

23                   “(B) The procedures described in subpara-  
24                   graph (A), including legal and administrative

1 assistance, are provided to residents of the  
2 United States at no cost.

3 “(C) An agency of the foreign country is  
4 designated as a Central Authority responsible  
5 for—

6 “(i) facilitating child support enforce-  
7 ment in cases involving residents of the  
8 foreign nation and residents of the United  
9 States; and

10 “(ii) ensuring compliance with the  
11 standards established pursuant to this sub-  
12 section.

13 “(2) ADDITIONAL ELEMENTS.—The Secretary  
14 of Health and Human Services and the Secretary of  
15 State, in consultation with the States, may establish  
16 such additional standards as may be considered nec-  
17 essary to further the purposes of this section.

18 “(c) DESIGNATION OF UNITED STATES CENTRAL  
19 AUTHORITY.—It shall be the responsibility of the Sec-  
20 retary of Health and Human Services to facilitate child  
21 support enforcement in cases involving residents of the  
22 United States and residents of foreign nations that are  
23 the subject of a declaration under this section, by activities  
24 including—

1           “(1) development of uniform forms and proce-  
2           dures for use in such cases;

3           “(2) notification of foreign reciprocating coun-  
4           tries of the State of residence of individuals sought  
5           for support enforcement purposes, on the basis of in-  
6           formation provided by the Federal Parent Locator  
7           Service; and

8           “(3) such other oversight, assistance, and co-  
9           ordination activities as the Secretary may find nec-  
10          essary and appropriate.

11          “(d) EFFECT ON OTHER LAWS.—States may enter  
12          into reciprocal arrangements for the establishment and en-  
13          forcement of child support obligations with foreign coun-  
14          tries that are not the subject of a declaration pursuant  
15          to subsection (a), to the extent consistent with Federal  
16          law.”.

17          (b) STATE PLAN REQUIREMENT.—Section 454 (42  
18          U.S.C. 654), as amended by sections 301(b), 303(a),  
19          312(b), 313(a), 333, 343(b), and 370(a)(2) of this Act,  
20          is amended—

21                  (1) by striking “and” at the end of paragraph  
22                  (30);

23                  (2) by striking the period at the end of para-  
24                  graph (31) and inserting “; and”; and

1           (3) by adding after paragraph (31) the follow-  
2           ing new paragraph:

3           “(32)(A) provide that any request for services  
4           under this part by a foreign reciprocating country or  
5           a foreign country with which the State has an ar-  
6           rangement described in section 459A(d)(2) shall be  
7           treated as a request by a State;

8           “(B) provide, at State option, notwithstanding  
9           paragraph (4) or any other provision of this part,  
10          for services under the plan for enforcement of a  
11          spousal support order not described in paragraph  
12          (4)(B) entered by such a country (or subdivision);  
13          and

14          “(C) provide that no applications will be re-  
15          quired from, and no costs will be assessed for such  
16          services against, the foreign reciprocating country or  
17          foreign obligee (but costs may at State option be as-  
18          sessed against the obligor).”.

19 **SEC. 372. FINANCIAL INSTITUTION DATA MATCHES.**

20          Section 466(a) (42 U.S.C. 666(a)), as amended by  
21          sections 315, 317(a), 323, 365, and 369 of this Act, is  
22          amended by adding at the end the following new para-  
23          graph:

24                 “(17)       FINANCIAL       INSTITUTION       DATA  
25                 MATCHES.—

1           “(A) IN GENERAL.—Procedures under  
2           which the State agency shall enter into agree-  
3           ments with financial institutions doing business  
4           in the State—

5                     “(i) to develop and operate, in coordi-  
6                     nation with such financial institutions, a  
7                     data match system, using automated data  
8                     exchanges to the maximum extent feasible,  
9                     in which each such financial institution is  
10                    required to provide for each calendar quar-  
11                    ter the name, record address, social secu-  
12                    rity number or other taxpayer identifica-  
13                    tion number, and other identifying infor-  
14                    mation for each noncustodial parent who  
15                    maintains an account at such institution  
16                    and who owes past-due support, as identi-  
17                    fied by the State by name and social secu-  
18                    rity number or other taxpayer identifica-  
19                    tion number; and

20                    “(ii) in response to a notice of lien or  
21                    levy, encumber or surrender, as the case  
22                    may be, assets held by such institution on  
23                    behalf of any noncustodial parent who is  
24                    subject to a child support lien pursuant to  
25                    paragraph (4).

1           “(B) REASONABLE FEES.—The State  
2           agency may pay a reasonable fee to a financial  
3           institution for conducting the data match pro-  
4           vided for in subparagraph (A)(i), not to exceed  
5           the actual costs incurred by such financial insti-  
6           tution.

7           “(C) LIABILITY.—A financial institution  
8           shall not be liable under any Federal or State  
9           law to any person—

10           “(i) for any disclosure of information  
11           to the State agency under subparagraph  
12           (A)(i);

13           “(ii) for encumbering or surrendering  
14           any assets held by such financial institu-  
15           tion in response to a notice of lien or levy  
16           issued by the State agency as provided for  
17           in subparagraph (A)(ii); or

18           “(iii) for any other action taken in  
19           good faith to comply with the requirements  
20           of subparagraph (A).

21           “(D) DEFINITIONS.—For purposes of this  
22           paragraph—

23           “(i) FINANCIAL INSTITUTION.—The  
24           term ‘financial institution’ means any Fed-  
25           eral or State commercial savings bank, in-

1 including savings association or cooperative  
2 bank, Federal- or State-chartered credit  
3 union, benefit association, insurance com-  
4 pany, safe deposit company, money-market  
5 mutual fund, or any similar entity author-  
6 ized to do business in the State; and

7 “(ii) ACCOUNT.—The term ‘account’  
8 means a demand deposit account, checking  
9 or negotiable withdrawal order account,  
10 savings account, time deposit account, or  
11 money-market mutual fund account.”.

12 **SEC. 373. ENFORCEMENT OF ORDERS AGAINST PATERNAL**  
13 **OR MATERNAL GRANDPARENTS IN CASES OF**  
14 **MINOR PARENTS.**

15 Section 466(a) (42 U.S.C. 666(a)), as amended by  
16 sections 315, 317(a), 323, 365, 369, and 372 of this Act,  
17 is amended by adding at the end the following new para-  
18 graph:

19 “(18) ENFORCEMENT OF ORDERS AGAINST PA-  
20 TERNAL OR MATERNAL GRANDPARENTS.—Proce-  
21 dures under which, at the State’s option, any child  
22 support order enforced under this part with respect  
23 to a child of minor parents, if the custodial parents  
24 of such child is receiving assistance under the State  
25 program under part A, shall be enforceable, jointly

1 and severally, against the parents of the noncusto-  
2 dial parents of such child.”.

3 **SEC. 374. NONDISCHARGEABILITY IN BANKRUPTCY OF**  
4 **CERTAIN DEBTS FOR THE SUPPORT OF A**  
5 **CHILD.**

6 (a) AMENDMENT TO TITLE 11 OF THE UNITED  
7 STATES CODE.—Section 523(a) of title 11, United States  
8 Code, is amended—

9 (1) in paragraph (16) by striking the period at  
10 the end and inserting “; or”,

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

12 “(17) to a State or municipality for assistance  
13 provided by such State or municipality under a  
14 State program funded under section 403 of the So-  
15 cial Security Act to the extent that such assistance  
16 is provided for the support of a child of the debtor.”,  
17 and

18 (3) in paragraph (5), by inserting “ or section  
19 408” after “section 402(a)(26).

20 (b) AMENDMENT TO THE SOCIAL SECURITY ACT.—  
21 Section 456(b) of the Social Security Act (42 U.S.C.  
22 656(b)) is amended to read as follows:

23 “(b) NONDISCHARGEABILITY.—A debt (as defined in  
24 section 101 of title 11 of the United States Code) to a  
25 State (as defined in such section) or municipality (as de-

1 fined in such section) for assistance provided by such  
2 State or municipality under a State program funded under  
3 section 403 is not dischargeable under section 727, 1141,  
4 1228(a), 1228(b), or 1328(b) of title 11 of the United  
5 States Code to the extent that such assistance is provided  
6 for the support of a child of the debtor (as defined in such  
7 section).”.

8 (c) APPLICATION OF AMENDMENTS.—The amend-  
9 ments made by this section shall apply only with respect  
10 to cases commenced under title 11 of the United States  
11 Code after the effective date of this section.

## 12 **Subtitle H—Medical Support**

### 13 **SEC. 376. CORRECTION TO ERISA DEFINITION OF MEDICAL** 14 **CHILD SUPPORT ORDER.**

15 (a) IN GENERAL.—Section 609(a)(2)(B) of the Em-  
16 ployee Retirement Income Security Act of 1974 (29  
17 U.S.C. 1169(a)(2)(B)) is amended—

18 (1) by striking “issued by a court of competent  
19 jurisdiction”;

20 (2) by striking the period at the end of clause  
21 (ii) and inserting a comma; and

22 (3) by adding, after and below clause (ii), the  
23 following:

24 “if such judgment, decree, or order (I) is issued  
25 by a court of competent jurisdiction or (II) is

1       “(e) STATE ADMINISTRATION.—Each State to which  
2 a grant is made under this section—

3           “(1) may administer State programs funded  
4 with the grant, directly or through grants to or con-  
5 tracts with courts, local public agencies, or non-prof-  
6 it private entities;

7           “(2) shall not be required to operate such pro-  
8 grams on a statewide basis; and

9           “(3) shall monitor, evaluate, and report on such  
10 programs in accordance with regulations prescribed  
11 by the Secretary.”.

## 12       **Subtitle J—Effect of Enactment**

### 13       **SEC. 391. EFFECTIVE DATES.**

14       (a) IN GENERAL.—Except as otherwise specifically  
15 provided (but subject to subsections (b) and (c))—

16           (1) the provisions of this title requiring the en-  
17 actment or amendment of State laws under section  
18 466 of the Social Security Act, or revision of State  
19 plans under section 454 of such Act, shall be effec-  
20 tive with respect to periods beginning on and after  
21 October 1, 1996; and

22           (2) all other provisions of this title shall become  
23 effective upon the date of the enactment of this Act.

1 (b) GRACE PERIOD FOR STATE LAW CHANGES.—The  
2 provisions of this title shall become effective with respect  
3 to a State on the later of—

4 (1) the date specified in this title, or

5 (2) the effective date of laws enacted by the leg-  
6 islature of such State implementing such provisions,  
7 but in no event later than the 1st day of the 1st calendar  
8 quarter beginning after the close of the 1st regular session  
9 of the State legislature that begins after the date of the  
10 enactment of this Act. For purposes of the previous sen-  
11 tence, in the case of a State that has a 2-year legislative  
12 session, each year of such session shall be deemed to be  
13 a separate regular session of the State legislature.

14 (c) GRACE PERIOD FOR STATE CONSTITUTIONAL  
15 AMENDMENT.—A State shall not be found out of compli-  
16 ance with any requirement enacted by this title if the State  
17 is unable to so comply without amending the State con-  
18 stitution until the earlier of—

19 (1) 1 year after the effective date of the nec-  
20 essary State constitutional amendment; or

21 (2) 5 years after the date of the enactment of  
22 this Act.

1 **TITLE IV—RESTRICTING WEL-**  
2 **FARE AND PUBLIC BENEFITS**  
3 **FOR ALIENS**

4 **SEC. 400. STATEMENTS OF NATIONAL POLICY CONCERN-**  
5 **ING WELFARE AND IMMIGRATION.**

6 The Congress makes the following statements con-  
7 cerning national policy with respect to welfare and immi-  
8 gration:

9 (1) Self-sufficiency has been a basic principle of  
10 United States immigration law since this country's  
11 earliest immigration statutes.

12 (2) It continues to be the immigration policy of  
13 the United States that—

14 (A) aliens within the nation's borders not  
15 depend on public resources to meet their needs,  
16 but rather rely on their own capabilities and the  
17 resources of their families, their sponsors, and  
18 private organizations, and

19 (B) the availability of public benefits not  
20 constitute an incentive for immigration to the  
21 United States.

22 (3) Despite the principle of self-sufficiency,  
23 aliens have been applying for and receiving public  
24 benefits from Federal, State, and local governments  
25 at increasing rates.

1           (4) Current eligibility rules for public assistance  
2           and unenforceable financial support agreements have  
3           proved wholly incapable of assuring that individual  
4           aliens not burden the public benefits system.

5           (5) It is a compelling government interest to  
6           enact new rules for eligibility and sponsorship agree-  
7           ments in order to assure that aliens be self-reliant  
8           in accordance with national immigration policy.

9           (6) It is a compelling government interest to re-  
10          move the incentive for illegal immigration provided  
11          by the availability of public benefits.

12          (7) With respect to the State authority to make  
13          determinations concerning the eligibility of qualified  
14          aliens for public benefits in this title, a State that  
15          chooses to follow the Federal classification in deter-  
16          mining the eligibility of such aliens for public assist-  
17          ance shall be considered to have chosen the least re-  
18          strictive means available for achieving the compelling  
19          governmental interest of assuring that aliens be self-  
20          reliant in accordance with national immigration pol-  
21          icy.

1     **Subtitle A—Eligibility for Federal**  
2                                     **Benefits**

3     **SEC. 401. ALIENS WHO ARE NOT QUALIFIED ALIENS INELI-**  
4                                     **GIBLE FOR FEDERAL PUBLIC BENEFITS.**

5             (a) **IN GENERAL.**—Notwithstanding any other provi-  
6 sion of law and except as provided in subsection (b), an  
7 alien who is not a qualified alien (as defined in section  
8 431) is not eligible for any Federal public benefit (as de-  
9 fined in subsection (c)).

10            (b) **EXCEPTIONS.**—

11                 (1) Subsection (a) shall not apply with respect  
12 to the following Federal public benefits:

13                         (A) Emergency medical services under title  
14 XIX or XXI of the Social Security Act.

15                         (B) Short-term, non-cash, in-kind emer-  
16 gency disaster relief.

17                         (C)(i) Public health assistance for immuni-  
18 zations.

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

24                         (D) Programs, services, or assistance (such  
25 as soup kitchens, crisis counseling and interven-

1           tion, and short-term shelter) specified by the  
2           Attorney General, in the Attorney General's  
3           sole and unreviewable discretion after consulta-  
4           tion with appropriate Federal agencies and de-  
5           partments, which (i) deliver in-kind services at  
6           the community level, including through public  
7           or private nonprofit agencies; (ii) do not condi-  
8           tion the provision of assistance, the amount of  
9           assistance provided, or the cost of assistance  
10          provided on the individual recipient's income or  
11          resources; and (iii) are necessary for the protec-  
12          tion of life or safety.

13               (E) Programs for housing or community  
14          development assistance or financial assistance  
15          administered by the Secretary of Housing and  
16          Urban Development, any program under title V  
17          of the Housing Act of 1949, or any assistance  
18          under section 306C of the Consolidated Farm  
19          and Rural Development Act, to the extent that  
20          the alien is receiving such a benefit on the date  
21          of the enactment of this Act.

22               (F) Assistance or benefits under the Na-  
23          tional School Lunch Act or the Child Nutrition  
24          Act of 1966.

1           (2) Subsection (a) shall not apply to any benefit  
2 payable under title II of the Social Security Act to  
3 an alien who is lawfully present in the United States  
4 as determined by the Attorney General, to any bene-  
5 fit if nonpayment of such benefit would contravene  
6 an international agreement described in section 233  
7 of the Social Security Act, to any benefit if nonpay-  
8 ment would be contrary to section 202(t) of the So-  
9 cial Security Act, or to any benefit payable under  
10 title II of the Social Security Act to which entitle-  
11 ment is based on an application filed in or before the  
12 month in which this Act becomes law.

13           (3) Subsection (a) shall not apply—

14           (A) for up to 48 months if the alien can  
15 demonstrate that (i) the alien has been battered  
16 or subject to extreme cruelty in the United  
17 States by a spouse or parent, or by a member  
18 of the spouse or parent's family residing in the  
19 same household as the alien and the spouse or  
20 parent consented or acquiesced to such battery  
21 or cruelty, or (ii) the alien's child has been bat-  
22 tered or subject to extreme cruelty in the Unit-  
23 ed States by a spouse or parent of the alien  
24 (without the active participation of the alien in  
25 the battery or extreme cruelty), or by a member

1 of the spouse or parent's family residing in the  
2 same household as the alien when the spouse or  
3 parent consented or acquiesced to and the alien  
4 did not actively participate in such battery or  
5 cruelty, and (iii) the need for the public benefits  
6 applied for has a substantial connection to the  
7 battery or cruelty described in subclause (I) or  
8 (II); and

9 (B) for more than 48 months if the alien  
10 can demonstrate that any battery or cruelty  
11 under subparagraph (A) is ongoing, has led to  
12 the issuance of an order of a judge or an ad-  
13 ministrative law judge or a prior determination  
14 of the Service, and that the need for such bene-  
15 fits has a substantial connection to such battery  
16 or cruelty.

17 (c) FEDERAL PUBLIC BENEFIT DEFINED.—

18 (1) Except as provided in paragraph (2), for  
19 purposes of this title the term "Federal public bene-  
20 fit" means—

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

1           (B) any retirement, welfare, health, dis-  
2           ability, public or assisted housing, post-second-  
3           ary education, food assistance, unemployment  
4           benefit, or any other similar benefit for which  
5           payments or assistance are provided to an indi-  
6           vidual, household, or family eligibility unit by  
7           an agency of the United States or by appro-  
8           priated funds of the United States.

9           (2) Such term shall not apply—

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

14           (B) with respect to benefits for an alien  
15           who as a work authorized nonimmigrant or as  
16           an alien lawfully admitted for permanent resi-  
17           dence under the Immigration and Nationality  
18           Act qualified for such benefits and for whom  
19           the United States under reciprocal treaty agree-  
20           ments is required to pay benefits, as determined  
21           by the Attorney General, after consultation with  
22           the Secretary of State.

1 **SEC. 402. LIMITED ELIGIBILITY OF CERTAIN QUALIFIED**  
2 **ALIENS FOR CERTAIN FEDERAL PROGRAMS.**

3 (a) **LIMITED ELIGIBILITY FOR SPECIFIED FEDERAL**  
4 **PROGRAMS.—**

5 (1) **IN GENERAL.**—Notwithstanding any other  
6 provision of law and except as provided in paragraph  
7 (2), an alien who is a qualified alien (as defined in  
8 section 431) is not eligible for any specified Federal  
9 program (as defined in paragraph (3)).

10 (2) **EXCEPTIONS.—**

11 (A) **TIME-LIMITED EXCEPTION FOR REFUGEEES AND ASYLEES.**—Paragraph (1) shall not  
12 apply to an alien until 5 years after the date—

13 (i) an alien is admitted to the United  
14 States as a refugee under section 207 of  
15 the Immigration and Nationality Act;

16 (ii) an alien is granted asylum under  
17 section 208 of such Act; or

18 (iii) an alien's deportation is withheld  
19 under section 243(h) of such Act.

20 (B) **CERTAIN PERMANENT RESIDENT**  
21 **ALIENS.**—Paragraph (1) shall not apply to an  
22 alien who—

23 (i) is lawfully admitted to the United  
24 States for permanent residence under the  
25 Immigration and Nationality Act; and  
26

1 (ii)(I) has worked 20 qualifying quar-  
2 ters of coverage as defined under title II of  
3 the Social Security Act or can be credited  
4 with such qualifying quarters as provided  
5 under section 435, and (II) did not receive  
6 any Federal means-tested public benefit  
7 (as defined in section 403(c)) during any  
8 such quarter.

9 (C) VETERAN AND ACTIVE DUTY EXCEP-  
10 TION.—Paragraph (1) shall not apply to an  
11 alien who is lawfully residing in any State and  
12 is—

13 (i) a veteran (as defined in section  
14 101 of title 38, United States Code) with  
15 a discharge characterized as an honorable  
16 discharge and not on account of alienage,

17 (ii) on active duty (other than active  
18 duty for training) in the Armed Forces of  
19 the United States, or

20 (iii) the spouse or unmarried depend-  
21 ent child of an individual described in  
22 clause (i) or (ii).

23 (D) TRANSITION FOR ALIENS CURRENTLY  
24 RECEIVING BENEFITS.—

25 (i) SSI.—

1 (I) IN GENERAL.—With respect  
2 to the specified Federal program de-  
3 scribed in paragraph (3)(A), during  
4 the period beginning on the date of  
5 the enactment of this Act and ending  
6 on the date which is 1 year after such  
7 date of enactment, the Commissioner  
8 of Social Security shall redetermine  
9 the eligibility of any individual who is  
10 receiving benefits under such program  
11 as of the date of the enactment of this  
12 Act and whose eligibility for such ben-  
13 efits may terminate by reason of the  
14 provisions of this subsection.

15 (II) REDETERMINATION CRI-  
16 TERIA.— With respect to any redeter-  
17 mination under subclause (I), the  
18 Commissioner of Social Security shall  
19 apply the eligibility criteria for new  
20 applicants for benefits under such  
21 program.

22 (III) GRANDFATHER PROVI-  
23 SION.—The provisions of this sub-  
24 section and the redetermination under  
25 subclause (I), shall only apply with re-

1 spect to the benefits of an individual  
2 described in subclause (I) for months  
3 beginning on or after the date of the  
4 redetermination with respect to such  
5 individual.

6 (IV) NOTICE.—Not later than  
7 January 1, 1997, the Commissioner of  
8 Social Security shall notify an individ-  
9 ual described in subclause (I) of the  
10 provisions of this clause.

11 (ii) FOOD STAMPS.—

12 (I) IN GENERAL.—With respect  
13 to the specified Federal program de-  
14 scribed in paragraph (3)(B), during  
15 the period beginning on the date of  
16 enactment of this Act and ending on  
17 the date which is 1 year after the date  
18 of enactment, the State agency shall,  
19 at the time of the recertification, re-  
20 certify the eligibility of any individual  
21 who is receiving benefits under such  
22 program as of the date of enactment  
23 of this Act and whose eligibility for  
24 such benefits may terminate by reason  
25 of the provisions of this subsection.

1 (II) RECERTIFICATION CRI-  
2 TERIA.—With respect to any recertifi-  
3 cation under subclause (I), the State  
4 agency shall apply the eligibility cri-  
5 teria for applicants for benefits under  
6 such program.

7 (III) GRANDFATHER PROVI-  
8 SION.—The provisions of this sub-  
9 section and the recertification under  
10 subclause (I) shall only apply with re-  
11 spect to the eligibility of an alien for  
12 a program for months beginning on or  
13 after the date of recertification, if on  
14 the date of enactment of this Act the  
15 alien is lawfully residing in any State  
16 and is receiving benefits under such  
17 program on such date of enactment.

18 (E) FICA EXCEPTION.—Paragraph (1)  
19 shall not apply to an alien if there has been  
20 paid with respect to the self-employment income  
21 or employment of the alien, or of a parent or  
22 spouse of the alien, taxes under chapter 2 or  
23 chapter 21 of the Internal Revenue Code of  
24 1986 in each of 20 different calendar quarters.

1 (F) EXCEPTION FOR BATTERED WOMEN  
2 AND CHILDREN.—Paragraph (1) shall not  
3 apply—

4 (i) for up to 48 months if the alien  
5 can demonstrate that (I) the alien has  
6 been battered or subject to extreme cruelty  
7 in the United States by a spouse or parent,  
8 or by a member of the spouse or parent's  
9 family residing in the same household as  
10 the alien and the spouse or parent con-  
11 sented or acquiesced to such battery or  
12 cruelty, or (II) the alien's child has been  
13 battered or subject to extreme cruelty in  
14 the United States by a spouse or parent of  
15 the alien (without the active participation  
16 of the alien in the battery or extreme cru-  
17 elty), or by a member of the spouse or par-  
18 ent's family residing in the same household  
19 as the alien when the spouse or parent  
20 consented or acquiesced to and the alien  
21 did not actively participate in such battery  
22 or cruelty, and (III) the need for the public  
23 benefits applied for has a substantial con-  
24 nection to the battery or cruelty described  
25 in this clause; and

1 (ii) for more than 48 months if the  
2 alien can demonstrate that any battery or  
3 cruelty under clause (i) is ongoing, has led  
4 to the issuance of an order of a judge or  
5 an administrative law judge or a prior de-  
6 termination of the Service, and that need  
7 for such benefits has a substantial connec-  
8 tion to such battery or cruelty.

9 (G) SSI DISABILITY EXCEPTION.—Para-  
10 graph (1) shall not apply to an alien who has  
11 not attained 18 years of age and is eligible by  
12 reason of disability for supplemental security  
13 income benefits under title XVI of the Social  
14 Security Act.

15 (H) FOOD STAMP EXCEPTION FOR CHIL-  
16 DREN.—Paragraph (1) shall not apply to the  
17 eligibility of an alien who has not attained 18  
18 years of age for the food stamp program under  
19 paragraph (3)(B).

20 (3) SPECIFIED FEDERAL PROGRAM DEFINED.—  
21 For purposes of this title, the term “specified Fed-  
22 eral program” means any of the following:

23 (A) SSI.—The supplemental security in-  
24 come program under title XVI of the Social Se-  
25 curity Act.

1 (B) FOOD STAMPS.—The food stamp pro-  
2 gram as defined in section 3(h) of the Food  
3 Stamp Act of 1977.

4 (b) LIMITED ELIGIBILITY FOR DESIGNATED FED-  
5 ERAL PROGRAMS.—

6 (1) IN GENERAL.—Notwithstanding any other  
7 provision of law and except as provided in section  
8 403 and paragraph (2), a State is authorized to de-  
9 termine the eligibility of an alien who is a qualified  
10 alien (as defined in section 431) for any designated  
11 Federal program (as defined in paragraph (3)).

12 (2) EXCEPTIONS.—Qualified aliens under this  
13 paragraph shall be eligible for any designated Fed-  
14 eral program.

15 (A) TIME-LIMITED EXCEPTION FOR REFU-  
16 GEES AND ASYLEES.—

17 (i) An alien who is admitted to the  
18 United States as a refugee under section  
19 207 of the Immigration and Nationality  
20 Act until 5 years after the date of an  
21 alien's entry into the United States.

22 (ii) An alien who is granted asylum  
23 under section 208 of such Act until 5 years  
24 after the date of such grant of asylum.

1 (iii) An alien whose deportation is  
2 being withheld under section 243(h) of  
3 such Act until 5 years after such withhold-  
4 ing.

5 (B) CERTAIN PERMANENT RESIDENT  
6 ALIENS.—An alien who—

7 (i) is lawfully admitted to the United  
8 States for permanent residence under the  
9 Immigration and Nationality Act; and

10 (ii)(I) has worked 20 qualifying quar-  
11 ters of coverage as defined under title II of  
12 the Social Security Act or can be credited  
13 with such qualifying quarters as provided  
14 under section 435, and (II) did not receive  
15 any Federal means-tested public benefit  
16 (as defined in section 403(c)) during any  
17 such quarter.

18 (C) VETERAN AND ACTIVE DUTY EXCEP-  
19 TION.—An alien who is lawfully residing in any  
20 State and is—

21 (i) a veteran (as defined in section  
22 101 of title 38, United States Code) with  
23 a discharge characterized as an honorable  
24 discharge and not on account of alienage,

1           (ii) on active duty (other than active  
2           duty for training) in the Armed Forces of  
3           the United States, or

4           (iii) the spouse or unmarried depend-  
5           ent child of an individual described in  
6           clause (i) or (ii).

7           (D) TRANSITION FOR THOSE CURRENTLY  
8           RECEIVING BENEFITS.—An alien who on the  
9           date of the enactment of this Act is lawfully re-  
10          siding in any State and is receiving benefits  
11          under such program on the date of the enact-  
12          ment of this Act shall continue to be eligible to  
13          receive such benefits until January 1, 1997.

14          (E) FICA EXCEPTION.—Paragraph (1)  
15          shall not apply to an alien if there has been  
16          paid with respect to the self-employment income  
17          or employment of the alien, or of a parent or  
18          spouse of the alien, taxes under chapter 2 or  
19          chapter 21 of the Internal Revenue Code of  
20          1986 in each of 20 different calendar quarters.

21          (F) TIME-LIMITED EXCEPTION FOR BAT-  
22          TERED WOMEN AND CHILDREN.—Paragraph  
23          (1) shall not apply—

24               (i) for up to 48 months if the alien  
25               can demonstrate that (I) the alien has

1           been battered or subject to extreme cruelty  
2           in the United States by a spouse or parent,  
3           or by a member of the spouse or parent's  
4           family residing in the same household as  
5           the alien and the spouse or parent con-  
6           sented or acquiesced to such battery or  
7           cruelty, or (II) the alien's child has been  
8           battered or subject to extreme cruelty in  
9           the United States by a spouse or parent of  
10          the alien (without the active participation  
11          of the alien in the battery or extreme cru-  
12          elty), or by a member of the spouse or par-  
13          ent's family residing in the same household  
14          as the alien when the spouse or parent  
15          consented or acquiesced to and the alien  
16          did not actively participate in such battery  
17          or cruelty, and (III) the need for the public  
18          benefits applied for has a substantial con-  
19          nection to the battery or cruelty described  
20          in subclause (I) or (II); and

21                 (ii) for more than 48 months if the  
22                 alien can demonstrate that any battery or  
23                 cruelty under clause (i) is ongoing, has led  
24                 to the issuance of an order of a judge or  
25                 an administrative law judge or a prior de-

1            termination of the Service, and that the  
2            need for such benefits has a substantial  
3            connection to such battery or cruelty.

4            (G) SSI DISABILITY EXCEPTION.—Para-  
5            graph (1) shall not apply to an alien who has  
6            not attained 18 years of age and is eligible by  
7            reason of disability for supplemental security  
8            income benefits under title XVI of the Social  
9            Security Act.

10           (3) DESIGNATED FEDERAL PROGRAM DE-  
11           FINED.—For purposes of this title, the term “des-  
12           ignated Federal program” means any of the follow-  
13           ing:

14                (A) TEMPORARY ASSISTANCE FOR NEEDY  
15                FAMILIES.—The program of block grants to  
16                States for temporary assistance for needy fami-  
17                lies under part A of title IV of the Social Secu-  
18                rity Act.

19                (B) SOCIAL SERVICES BLOCK GRANT.—  
20                The program of block grants to States for so-  
21                cial services under title XX of the Social Secu-  
22                rity Act.

1 **SEC. 403. FIVE-YEAR LIMITED ELIGIBILITY OF QUALIFIED**  
2 **ALIENS FOR FEDERAL MEANS-TESTED PUB-**  
3 **LIC BENEFIT.**

4 (a) **IN GENERAL.**—Notwithstanding any other provi-  
5 sion of law and except as provided in subsection (b), an  
6 alien who is a qualified alien (as defined in section 431)  
7 and who enters the United States on or after the date  
8 of the enactment of this Act is not eligible for any Federal  
9 means-tested public benefit (as defined in subsection (c))  
10 for a period of five years beginning on the date of the  
11 alien’s entry into the United States with a status within  
12 the meaning of the term “qualified alien”.

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

15 (1) **EXCEPTION FOR REFUGEES AND**  
16 **ASYLUM SEEKERS.**—

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

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

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

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

1 (A) a veteran (as defined in section 101 of  
2 title 38, United States Code) with a discharge  
3 characterized as an honorable discharge and not  
4 on account of alienage,

5 (B) on active duty (other than active duty  
6 for training) in the Armed Forces of the United  
7 States, or

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

11 (3) FICA EXCEPTION.—An alien if there has  
12 been paid with respect to the self-employment in-  
13 come or employment of the alien, or of a parent or  
14 spouse of the alien, taxes under chapter 2 or chapter  
15 21 of the Internal Revenue Code of 1986 in each of  
16 20 different calendar quarters.

17 (4) EXCEPTION FOR BATTERED WOMEN AND  
18 CHILDREN.—An alien—

19 (A) for up to 48 months if the alien can  
20 demonstrate that (i) the alien has been battered  
21 or subject to extreme cruelty in the United  
22 States by a spouse or parent, or by a member  
23 of the spouse or parent's family residing in the  
24 same household as the alien and the spouse or  
25 parent consented or acquiesced to such battery

1 or cruelty, or (ii) the alien's child has been bat-  
2 tered or subject to extreme cruelty in the Unit-  
3 ed States by a spouse or parent of the alien  
4 (without the active participation of the alien in  
5 the battery or extreme cruelty), or by a member  
6 of the spouse or parent's family residing in the  
7 same household as the alien when the spouse or  
8 parent consented or acquiesced to and the alien  
9 did not actively participate in such battery or  
10 cruelty, and (iii) the need for the public benefits  
11 applied for has a substantial connection to the  
12 battery or cruelty described in clause (i) or (ii);  
13 and

14 (B) for more than 48 months if the alien  
15 can demonstrate that any battery or cruelty  
16 under subparagraph (A) is ongoing, has led to  
17 the issuance of an order of a judge or an ad-  
18 ministrative law judge or a prior determination  
19 of the Service, and that need for such benefits  
20 has a substantial connection to such battery or  
21 cruelty.

22 (5) SSI DISABILITY EXCEPTION.—An alien who  
23 has not attained 18 years of age and is eligible by  
24 reason of disability for supplemental security income  
25 benefits under title XVI of the Social Security Act.

1           (6) FOOD STAMP EXCEPTION FOR CHILDREN.—

2           An alien who has not attained 18 years of age only  
3           for purposes of eligibility for the food stamp pro-  
4           gram as defined in section 3(h) of the Food Stamp  
5           Act of 1977.

6           (c) FEDERAL MEANS-TESTED PUBLIC BENEFIT DE-  
7           FINED.—

8           (1) Except as provided in paragraph (2), for  
9           purposes of this title, the term “Federal means-test-  
10          ed public benefit” means a public benefit (including  
11          cash, medical, housing, and food assistance and so-  
12          cial services) of the Federal Government in which  
13          the eligibility of an individual, household, or family  
14          eligibility unit for benefits, or the amount of such  
15          benefits, or both are determined on the basis of in-  
16          come, resources, or financial need of the individual,  
17          household, or unit.

18          (2) Such term does not include the following:

19                (A) Emergency medical services under title  
20                XIX or XXI of the Social Security Act.

21                (B) Short-term, non-cash, in-kind emer-  
22                gency disaster relief.

23                (C) Assistance or benefits under the Na-  
24                tional School Lunch Act.

1           (D) Assistance or benefits under the Child  
2 Nutrition Act of 1966.

3           (E)(i) Public health assistance for immuni-  
4 zations.

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

10          (F) Payments for foster care and adoption  
11 assistance under part B of title IV of the Social  
12 Security Act for a child who would, in the ab-  
13 sence of subsection (a), be eligible to have such  
14 payments made on the child's behalf under such  
15 part, but only if the foster or adoptive parent  
16 or parents of such child are not described under  
17 subsection (a).

18          (G) Programs, services, or assistance (such  
19 as soup kitchens, crisis counseling and interven-  
20 tion, and short-term shelter) specified by the  
21 Attorney General, in the Attorney General's  
22 sole and unreviewable discretion after consulta-  
23 tion with appropriate Federal agencies and de-  
24 partments, which (i) deliver in-kind services at  
25 the community level, including through public

1 or private nonprofit agencies; (ii) do not condi-  
2 tion the provision of assistance, the amount of  
3 assistance provided, or the cost of assistance  
4 provided on the individual recipient's income or  
5 resources; and (iii) are necessary for the protec-  
6 tion of life or safety.

7 (H) Programs of student assistance under  
8 titles IV, V, IX, and X of the Higher Education  
9 Act of 1965.

10 (I) Means-tested programs under the Ele-  
11 mentary and Secondary Education Act of 1965.

12 (J) The program of medical assistance  
13 under title XIX and title XXI of the Social Se-  
14 curity Act.

15 **SEC. 404. NOTIFICATION AND INFORMATION REPORTING.**

16 (a) NOTIFICATION.—Each Federal agency that ad-  
17 ministers a program to which section 401, 402, or 403  
18 applies shall, directly or through the States, post informa-  
19 tion and provide general notification to the public and to  
20 program recipients of the changes regarding eligibility for  
21 any such program pursuant to this title.

22 (b) INFORMATION REPORTING UNDER TITLE IV OF  
23 THE SOCIAL SECURITY ACT.—Part A of title IV of the  
24 Social Security Act is amended by inserting the following  
25 new section after section 411:

1 **“SEC. 411A. STATE REQUIRED TO PROVIDE CERTAIN INFOR-**  
2 **MATION.**

3 “Each State to which a grant is made under section  
4 403 of the Social Security Act shall, at least 4 times annu-  
5 ally and upon request of the Immigration and Naturaliza-  
6 tion Service, furnish the Immigration and Naturalization  
7 Service with the name and address of, and other identify-  
8 ing information on, any individual who the State knows  
9 is unlawfully in the United States.”.

10 (c) SSI.—Section 1631(e) of such Act (42 U.S.C.  
11 1383(e)) is amended—

12 (1) by redesignating paragraphs (6) and (7) in-  
13 serted by sections 206(d)(2) and 206(f)(1) of the  
14 Social Security Independence and Programs Im-  
15 provement Act of 1994 (Public Law 103–296; 108  
16 Stat. 1514, 1515) as paragraphs (7) and (8), re-  
17 spectively; and

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

20 “(9) Notwithstanding any other provision of  
21 law, the Commissioner shall, at least 4 times annu-  
22 ally and upon request of the Immigration and Natu-  
23 ralization Service (hereafter in this paragraph re-  
24 ferred to as the ‘Service’), furnish the Service with  
25 the name and address of, and other identifying in-  
26 formation on, any individual who the Commissioner

1 knows is unlawfully in the United States, and shall  
2 ensure that each agreement entered into under sec-  
3 tion 1616(a) with a State provides that the State  
4 shall furnish such information at such times with re-  
5 spect to any individual who the State knows is un-  
6 lawfully in the United States.”.

7 (d) INFORMATION REPORTING FOR HOUSING PRO-  
8 GRAMS.—Title I of the United States Housing Act of 1937  
9 (42 U.S.C. 1437 et seq.), as amended by this Act, is fur-  
10 ther amended by adding at the end the following new sec-  
11 tion:

12 **“SEC. 28. PROVISION OF INFORMATION TO LAW ENFORCE-**  
13 **MENT AND OTHER AGENCIES.**

14 “Notwithstanding any other provision of law, the Sec-  
15 retary shall, at least 4 times annually and upon request  
16 of the Immigration and Naturalization Service (hereafter  
17 in this section referred to as the ‘Service’), furnish the  
18 Service with the name and address of, and other identify-  
19 ing information on, any individual who the Secretary  
20 knows is unlawfully in the United States, and shall ensure  
21 that each contract for assistance entered into under sec-  
22 tion 6 or 8 of this Act with a public housing agency pro-  
23 vides that the public housing agency shall furnish such  
24 information at such times with respect to any individual

1 who the public housing agency knows is unlawfully in the  
2 United States.”.

3 **Subtitle B—Eligibility for State**  
4 **and Local Public Benefits Pro-**  
5 **grams**

6 **SEC. 411. ALIENS WHO ARE NOT QUALIFIED ALIENS OR**  
7 **NONIMMIGRANTS INELIGIBLE FOR STATE**  
8 **AND LOCAL PUBLIC BENEFITS.**

9 (a) IN GENERAL.—Notwithstanding any other provi-  
10 sion of law and except as provided in subsections (b) and  
11 (d), an alien who is not described under a paragraph of  
12 this subsection is not eligible for any State or local public  
13 benefit (as defined in subsection (c)):

14 (1) A qualified alien (as defined in section 431).

15 (2) A nonimmigrant under the Immigration and  
16 Nationality Act.

17 (3) An alien who is paroled into the United  
18 States under section 212(d)(5) of such Act for less  
19 than one year.

20 (4) An alien—

21 (A) for up to 48 months if the alien can  
22 demonstrate that (i) the alien has been battered  
23 or subject to extreme cruelty in the United  
24 States by a spouse or parent, or by a member  
25 of the spouse or parent’s family residing in the

1 same household as the alien and the spouse or  
2 parent consented or acquiesced to such battery  
3 or cruelty, or (ii) the alien's child has been bat-  
4 tered or subject to extreme cruelty in the Unit-  
5 ed States by a spouse or parent of the alien  
6 (without the active participation of the alien in  
7 the battery or extreme cruelty), or by a member  
8 of the spouse or parent's family residing in the  
9 same household as the alien when the spouse or  
10 parent consented or acquiesced to and the alien  
11 did not actively participate in such battery or  
12 cruelty, and (iii) the need for the public benefits  
13 applied for has a substantial connection to the  
14 battery or cruelty described in clause (i) or (ii),  
15 and

16 (B) for more than 48 months if the alien  
17 can demonstrate that any battery or cruelty  
18 under subparagraph (A) is ongoing, has led to  
19 the issuance of an order of a judge or an ad-  
20 ministrative law judge or a prior determination  
21 of the Service, and that the need for such bene-  
22 fits has a substantial connection to such battery  
23 or cruelty.

24 (b) EXCEPTIONS.—Subsection (a) shall not apply  
25 with respect to the following State or local public benefits:

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

3 (2) Short-term, noncash, in-kind emergency dis-  
4 aster relief.

5 (3)(A) Public health assistance for immuniza-  
6 tions.

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

12 (4) Programs, services, or assistance (such as  
13 soup kitchens, crisis counseling and intervention,  
14 and short-term shelter) specified by the Attorney  
15 General, in the Attorney General's sole and  
16 unreviewable discretion after consultation with ap-  
17 propriate Federal agencies and departments, which  
18 (A) deliver in-kind services at the community level,  
19 including through public or private nonprofit agen-  
20 cies; (B) do not condition the provision of assistance,  
21 the amount of assistance provided, or the cost of as-  
22 sistance provided on the individual recipient's in-  
23 come or resources; and (C) are necessary for the  
24 protection of life or safety.

25 (e) STATE OR LOCAL PUBLIC BENEFIT DEFINED.—

1           (1) Except as provided in paragraph (2), for  
2 purposes of this subtitle the term “State or local  
3 public benefit” means—

4           (A) any grant, contract, loan, professional  
5 license, or commercial license provided by an  
6 agency of a State or local government or by ap-  
7 propriated funds of a State or local govern-  
8 ment; and

9           (B) any retirement, welfare, health, dis-  
10 ability, public or assisted housing, post-second-  
11 ary education, food assistance, unemployment  
12 benefit, or any other similar benefit for which  
13 payments or assistance are provided to an indi-  
14 vidual, household, or family eligibility unit by  
15 an agency of a State or local government or by  
16 appropriated funds of a State or local govern-  
17 ment.

18           (2) Such term shall not apply—

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

23           (B) with respect to benefits for an alien  
24 who as a work authorized nonimmigrant or as  
25 an alien lawfully admitted for permanent resi-

1           dence under the Immigration and Nationality  
2           Act qualified for such benefits and for whom  
3           the United States under reciprocal treaty agree-  
4           ments is required to pay benefits, as determined  
5           by the Secretary of State, after consultation  
6           with the Attorney General.

7           (d) STATE AUTHORITY TO PROVIDE FOR ELIGI-  
8           BILITY OF ILLEGAL ALIENS FOR STATE AND LOCAL PUB-  
9           LIC BENEFITS.—A State may provide that an alien who  
10          is not lawfully present in the United States is eligible for  
11          any State or local public benefit for which such alien would  
12          otherwise be ineligible under subsection (a) only through  
13          the enactment of a State law after the date of the enact-  
14          ment of this Act which affirmatively provides for such eli-  
15          gibility.

16       **SEC. 412. STATE AUTHORITY TO LIMIT ELIGIBILITY OF**  
17                               **QUALIFIED ALIENS FOR STATE PUBLIC BENE-**  
18                               **FITS.**

19          (a) IN GENERAL.—Notwithstanding any other provi-  
20          sion of law and except as provided in subsection (b), a  
21          State is authorized to determine the eligibility for any  
22          State public benefits (as defined in subsection (c) of an  
23          alien who is a qualified alien (as defined in section 431),  
24          a nonimmigrant under the Immigration and Nationality

1 Act, or an alien who is paroled into the United States  
2 under section 212(d)(5) of such Act for less than one year.

3 (b) EXCEPTIONS.—Qualified aliens under this sub-  
4 section shall be eligible for any State public benefits.

5 (1) TIME-LIMITED EXCEPTION FOR REFUGEES  
6 AND ASYLEES.—

7 (A) An alien who is admitted to the United  
8 States as a refugee under section 207 of the  
9 Immigration and Nationality Act until 5 years  
10 after the date of an alien's entry into the Unit-  
11 ed States.

12 (B) An alien who is granted asylum under  
13 section 208 of such Act until 5 years after the  
14 date of such grant of asylum.

15 (C) An alien whose deportation is being  
16 withheld under section 243(h) of such Act until  
17 5 years after such withholding.

18 (2) CERTAIN PERMANENT RESIDENT ALIENS.—  
19 An alien who—

20 (A) is lawfully admitted to the United  
21 States for permanent residence under the Im-  
22 migration and Nationality Act; and

23 (B)(i) has worked 20 qualifying quarters  
24 of coverage as defined under title II of the So-  
25 cial Security Act or can be credited with such

1           qualifying quarters as provided under section  
2           435, and (ii) did not receive any Federal  
3           means-tested public benefit (as defined in sec-  
4           tion 403(c)) during any such quarter.

5           (3) VETERAN AND ACTIVE DUTY EXCEPTION.—

6           An alien who is lawfully residing in any State and  
7           is—

8                   (A) a veteran (as defined in section 101 of  
9                   title 38, United States Code) with a discharge  
10                   characterized as an honorable discharge and not  
11                   on account of alienage,

12                   (B) on active duty (other than active duty  
13                   for training) in the Armed Forces of the United  
14                   States, or

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

18           (4) TRANSITION FOR THOSE CURRENTLY RE-  
19           CEIVING BENEFITS.—An alien who on the date of  
20           the enactment of this Act is lawfully residing in any  
21           State and is receiving benefits on the date of the en-  
22           actment of this Act shall continue to be eligible to  
23           receive such benefits until January 1, 1997.

24           (5) EXCEPTION FOR BATTERED WOMEN AND  
25           CHILDREN.—An alien—

1 (A) for up to 48 months if the alien can  
2 demonstrate that (i) the alien has been battered  
3 or subject to extreme cruelty in the United  
4 States by a spouse or parent, or by a member  
5 of the spouse or parent's family residing in the  
6 same household as the alien and the spouse or  
7 parent consented or acquiesced to such battery  
8 or cruelty, or (ii) the alien's child has been bat-  
9 tered or subject to extreme cruelty in the Unit-  
10 ed States by a spouse or parent of the alien  
11 (without the active participation of the alien in  
12 the battery or extreme cruelty), or by a member  
13 of the spouse or parent's family residing in the  
14 same household as the alien when the spouse or  
15 parent consented or acquiesced to and the alien  
16 did not actively participate in such battery or  
17 cruelty, and (iii) the need for the public benefits  
18 applied for has a substantial connection to the  
19 battery or cruelty described in clause (i) or (ii);  
20 and

21 (B) for more than 48 months if the alien  
22 can demonstrate that any battery or cruelty  
23 under subparagraph (A) is ongoing, has led to  
24 the issuance of an order of a judge or an ad-  
25 ministrative law judge or a prior determination

1 of the Service, and that the need for such bene-  
2 fits has a substantial connection to such battery  
3 or cruelty.

4 (c) STATE PUBLIC BENEFITS DEFINED.—The term  
5 “State public benefits” means any means-tested public  
6 benefit of a State or political subdivision of a State under  
7 which the State or political subdivision specifies the stand-  
8 ards for eligibility, and does not include any Federal public  
9 benefit.

## 10 **Subtitle C—Attribution of Income** 11 **and Affidavits of Support**

### 12 **SEC. 421. FEDERAL ATTRIBUTION OF SPONSOR’S INCOME** 13 **AND RESOURCES TO ALIEN FOR PURPOSES** 14 **OF MEDICAID ELIGIBILITY.**

15 (a) IN GENERAL.—Notwithstanding any other provi-  
16 sion of law, in determining the eligibility and the amount  
17 of benefits of an alien (other than an alien who has not  
18 attained 18 years of age or an alien who is pregnant) for  
19 the program of medical assistance under title XIX and  
20 title XXI of the Social Security Act, the income and re-  
21 sources of the alien shall be deemed to include the follow-  
22 ing:

23 (1) The income and resources of any person  
24 who executed an affidavit of support pursuant to  
25 section 213A of the Immigration and Nationality

1 Act (as added by section 423) on behalf of such  
2 alien.

3 (2) The income and resources of the spouse (if  
4 any) of the person.

5 (b) APPLICATION.—Subsection (a) shall apply with  
6 respect to an alien (other than an alien who has not at-  
7 tained 18 years of age or an alien who is pregnant) until  
8 such time as the alien—

9 (1) achieves United States citizenship through  
10 naturalization pursuant to chapter 2 of title III of  
11 the Immigration and Nationality Act; or

12 (2)(A) has worked 20 qualifying quarters of  
13 coverage as defined under title II of the Social Secu-  
14 rity Act or can be credited with such qualifying  
15 quarters as provided under section 435, and (B) did  
16 not receive any Federal means-tested public benefit  
17 (as defined in section 403(c)) during any such quar-  
18 ter.

19 (c) REVIEW OF INCOME AND RESOURCES OF ALIEN  
20 UPON REAPPLICATION.—Whenever an alien (other than  
21 an alien who has not attained 18 years of age or an alien  
22 who is pregnant) is required to reapply for benefits under  
23 any Federal means-tested public benefits program, the ap-  
24 plicable agency shall review the income and resources at-  
25 tributed to the alien under subsection (a).

1 **SEC. 422. AUTHORITY FOR STATES TO PROVIDE FOR AT-**  
2 **TRIBUTION OF SPONSOR'S INCOME AND RE-**  
3 **SOURCES TO THE ALIEN WITH RESPECT TO**  
4 **STATE PROGRAMS.**

5 (a) **OPTIONAL APPLICATION TO STATE PROGRAMS.—**  
6 Except as provided in subsection (b), in determining the  
7 eligibility and the amount of benefits of an alien for any  
8 State public benefits (as defined in section 412(c)), the  
9 State or political subdivision that offers the benefits is au-  
10 thorized to provide that the income and resources of the  
11 alien shall be deemed to include—

12 (1) the income and resources of any individual  
13 who executed an affidavit of support pursuant to  
14 section 213A of the Immigration and Nationality  
15 Act (as added by section 423) on behalf of such  
16 alien, and

17 (2) the income and resources of the spouse (if  
18 any) of the individual.

19 (b) **EXCEPTIONS.—**Subsection (a) shall not apply  
20 with respect to the following State public benefits:

21 (1) Emergency medical services.

22 (2) Short-term, noncash, in-kind emergency dis-  
23 aster relief.

24 (3) Programs comparable to assistance or bene-  
25 fits under the National School Lunch Act.

1           (4) Programs comparable to assistance or bene-  
2           fits under the Child Nutrition Act of 1966.

3           (5)(A) Public health assistance for immuniza-  
4           tions.

5           (B) Public health assistance for testing and  
6           treatment of a serious communicable disease if the  
7           appropriate chief State health official determines  
8           that it is necessary to prevent the spread of such  
9           disease.

10          (6) Payments for foster care and adoption as-  
11          sistance.

12          (7) Programs, services, or assistance (such as  
13          soup kitchens, crisis counseling and intervention,  
14          and short-term shelter) specified by the Attorney  
15          General of a State, after consultation with appro-  
16          priate agencies and departments, which (A) deliver  
17          in-kind services at the community level, including  
18          through public or private nonprofit agencies; (B) do  
19          not condition the provision of assistance, the amount  
20          of assistance provided, or the cost of assistance pro-  
21          vided on the individual recipient's income or re-  
22          sources; and (C) are necessary for the protection of  
23          life or safety.

1 **SEC. 423. REQUIREMENTS FOR SPONSOR'S AFFIDAVIT OF**  
2 **SUPPORT.**

3 (a) IN GENERAL.—Title II of the Immigration and  
4 Nationality Act is amended by inserting after section 213  
5 the following new section:

6 “REQUIREMENTS FOR SPONSOR'S AFFIDAVIT OF SUPPORT

7 “SEC. 213A. (a) ENFORCEABILITY.—(1) No affidavit  
8 of support may be accepted by the Attorney General or  
9 by any consular officer to establish that an alien is not  
10 excludable as a public charge under section 212(a)(4) un-  
11 less such affidavit is executed as a contract—

12 “(A) which is legally enforceable against the  
13 sponsor by the sponsored alien, the Federal Govern-  
14 ment, and by any State (or any political subdivision  
15 of such State) which provides any means-tested pub-  
16 lic benefits program, but not later than 10 years  
17 after the alien last receives any such benefit;

18 “(B) in which the sponsor agrees to financially  
19 support the alien, so that the alien will not become  
20 a public charge; and

21 “(C) in which the sponsor agrees to submit to  
22 the jurisdiction of any Federal or State court for the  
23 purpose of actions brought under subsection (e)(2).

24 “(2) A contract under paragraph (1) shall be enforce-  
25 able with respect to benefits provided to the alien until

1 such time as the alien achieves United States citizenship  
2 through naturalization pursuant to chapter 2 of title III.

3       “(b) FORMS.—Not later than 90 days after the date  
4 of enactment of this section, the Attorney General, in con-  
5 sultation with the Secretary of State and the Secretary  
6 of Health and Human Services, shall formulate an affida-  
7 vit of support consistent with the provisions of this sec-  
8 tion.

9       “(c) REMEDIES.—Remedies available to enforce an  
10 affidavit of support under this section include any or all  
11 of the remedies described in sections 3201, 3203, 3204,  
12 or 3205 of title 28, United States Code, as well as an  
13 order for specific performance and payment of legal fees  
14 and other costs of collection, and include corresponding  
15 remedies available under State law. A Federal agency may  
16 seek to collect amounts owed under this section in accord-  
17 ance with the provisions of subchapter II of chapter 37  
18 of title 31, United States Code.

19       “(d) NOTIFICATION OF CHANGE OF ADDRESS.—

20               “(1) IN GENERAL.—The sponsor shall notify  
21 the Attorney General and the State in which the  
22 sponsored alien is currently resident within 30 days  
23 of any change of address of the sponsor during the  
24 period specified in subsection (a)(2).

1           “(2) PENALTY.—Any person subject to the re-  
2           quirement of paragraph (1) who fails to satisfy such  
3           requirement shall be subject to a civil penalty of—

4                   “(A) not less than \$250 or more than  
5                   \$2,000, or

6                   “(B) if such failure occurs with knowledge  
7                   that the alien has received any means-tested  
8                   public benefit, not less than \$2,000 or more  
9                   than \$5,000.

10          “(e) REIMBURSEMENT OF GOVERNMENT EX-  
11          PENSES.—(1)(A) Upon notification that a sponsored alien  
12          has received any benefit under any means-tested public  
13          benefits program, the appropriate Federal, State, or local  
14          official shall request reimbursement by the sponsor in the  
15          amount of such assistance.

16               “(B) The Attorney General, in consultation with the  
17          Secretary of Health and Human Services, shall prescribe  
18          such regulations as may be necessary to carry out sub-  
19          paragraph (A).

20          “(2) If within 45 days after requesting reimburse-  
21          ment, the appropriate Federal, State, or local agency has  
22          not received a response from the sponsor indicating a will-  
23          ingness to commence payments, an action may be brought  
24          against the sponsor pursuant to the affidavit of support.

1       “(3) If the sponsor fails to abide by the repayment  
2 terms established by such agency, the agency may, within  
3 60 days of such failure, bring an action against the spon-  
4 sor pursuant to the affidavit of support.

5       “(4) No cause of action may be brought under this  
6 subsection later than 10 years after the alien last received  
7 any benefit under any means-tested public benefits pro-  
8 gram.

9       “(5) If, pursuant to the terms of this subsection, a  
10 Federal, State, or local agency requests reimbursement  
11 from the sponsor in the amount of assistance provided,  
12 or brings an action against the sponsor pursuant to the  
13 affidavit of support, the appropriate agency may appoint  
14 or hire an individual or other person to act on behalf of  
15 such agency acting under the authority of law for purposes  
16 of collecting any moneys owed. Nothing in this subsection  
17 shall preclude any appropriate Federal, State, or local  
18 agency from directly requesting reimbursement from a  
19 sponsor for the amount of assistance provided, or from  
20 bringing an action against a sponsor pursuant to an affi-  
21 davit of support.

22       “(f) DEFINITIONS.—For the purposes of this sec-  
23 tion—

24               “(1) SPONSOR.—The term ‘sponsor’ means an  
25 individual who—

1           “(A) is a citizen or national of the United  
2 States or an alien who is lawfully admitted to  
3 the United States for permanent residence;

4           “(B) has attained the age of 18 years;

5           “(C) is domiciled in any of the 50 States  
6 or the District of Columbia; and

7           “(D) is the person petitioning for the ad-  
8 mission of the alien under section 204.

9           “(2) MEANS-TESTED PUBLIC BENEFITS PRO-  
10 GRAM.—The term ‘means-tested public benefits pro-  
11 gram’ means a program of public benefits (including  
12 cash, medical, housing, and food assistance and so-  
13 cial services) of the Federal Government or of a  
14 State or political subdivision of a State in which the  
15 eligibility of an individual, household, or family eligi-  
16 bility unit for benefits under the program, or the  
17 amount of such benefits, or both are determined on  
18 the basis of income, resources, or financial need of  
19 the individual, household, or unit.”.

20           (b) CLERICAL AMENDMENT.—The table of contents  
21 of such Act is amended by inserting after the item relating  
22 to section 213 the following:

“Sec. 213A. Requirements for sponsor’s affidavit of support.”.

23           (c) EFFECTIVE DATE.—Subsection (a) of section  
24 213A of the Immigration and Nationality Act, as inserted  
25 by subsection (a) of this section, shall apply to affidavits

1 of support executed on or after a date specified by the  
2 Attorney General, which date shall not be earlier than 60  
3 days (and not later than 90 days) after the date the Attor-  
4 ney General formulates the form for such affidavits under  
5 subsection (b) of such section.

6 (d) BENEFITS NOT SUBJECT TO REIMBURSE-  
7 MENT.—Requirements for reimbursement by a sponsor for  
8 benefits provided to a sponsored alien pursuant to an affi-  
9 davit of support under section 213A of the Immigration  
10 and Nationality Act shall not apply with respect to the  
11 following:

12 (1) Emergency medical services under title XIX  
13 or XXI of the Social Security Act.

14 (2) Short-term, noncash, in-kind emergency dis-  
15 aster relief.

16 (3) Assistance or benefits under the National  
17 School Lunch Act.

18 (4) Assistance or benefits under the Child Nu-  
19 trition Act of 1966.

20 (5)(A) Public health assistance for immuniza-  
21 tions.

22 (B) Public health assistance for testing and  
23 treatment of a serious communicable disease if the  
24 Secretary of Health and Human Services determines

1 that it is necessary to prevent the spread of such  
2 disease.

3 (6) Payments for foster care and adoption as-  
4 sistance under part B of title IV of the Social Secu-  
5 rity Act for a child, but only if the foster or adoptive  
6 parent or parents of such child are not otherwise  
7 ineligible pursuant to section 403 of this Act.

8 (7) Programs, services, or assistance (such as  
9 soup kitchens, crisis counseling and intervention,  
10 and short-term shelter) specified by the Attorney  
11 General, in the Attorney General's sole and  
12 unreviewable discretion after consultation with ap-  
13 propriate Federal agencies and departments, which  
14 (A) deliver in-kind services at the community level,  
15 including through public or private nonprofit agen-  
16 cies; (B) do not condition the provision of assistance,  
17 the amount of assistance provided, or the cost of as-  
18 sistance provided on the individual recipient's in-  
19 come or resources; and (C) are necessary for the  
20 protection of life or safety.

21 (8) Programs of student assistance under titles  
22 IV, V, IX, and X of the Higher Education Act of  
23 1965.

1 **SEC. 424. COSIGNATURE OF ALIEN STUDENT LOANS.**

2 Section 484(b) of the Higher Education Act of 1965  
3 (20 U.S.C. 1091(b)) is amended by adding at the end the  
4 following new paragraph:

5 “(6) Notwithstanding sections 427(a)(2)(A),  
6 428B(a), 428C(b)(4)(A), and 464(c)(1)(E), or any  
7 other provision of this title, a student who is an  
8 alien lawfully admitted for permanent residence  
9 under the Immigration and Nationality Act shall not  
10 be eligible for a loan under this title unless the loan  
11 is endorsed and cosigned by the alien’s sponsor  
12 under section 213A of the Immigration and Nation-  
13 ality Act or by another creditworthy individual who  
14 is a United States citizen.”

15 **Subtitle D—General Provisions**

16 **SEC. 431. DEFINITIONS.**

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

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

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

4           (2) an alien who is granted asylum under sec-  
5           tion 208 of such Act,

6           (3) a refugee who is admitted to the United  
7           States under section 207 of such Act,

8           (4) an alien who is paroled into the United  
9           States under section 212(d)(5) of such Act for a pe-  
10          riod of at least 1 year,

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

13          (6) an alien who is granted conditional entry  
14          pursuant to section 203(a)(7) of such Act as in ef-  
15          fect prior to April 1, 1980.

16 **SEC. 432. VERIFICATION OF ELIGIBILITY FOR FEDERAL**  
17 **PUBLIC BENEFITS.**

18          (a) **IN GENERAL.**—Not later than 18 months after  
19 the date of the enactment of this Act, the Attorney Gen-  
20 eral of the United States, after consultation with the Sec-  
21 retary of Health and Human Services, shall promulgate  
22 regulations requiring verification that a person applying  
23 for a Federal public benefit (as defined in section 401(c)),  
24 to which the limitation under section 401 applies, is a  
25 qualified alien and is eligible to receive such benefit. Such

1 regulations shall, to the extent feasible, require that infor-  
2 mation requested and exchanged be similar in form and  
3 manner to information requested and exchanged under  
4 section 1137 of the Social Security Act.

5 (b) STATE COMPLIANCE.—Not later than 24 months  
6 after the date the regulations described in subsection (a)  
7 are adopted, a State that administers a program that pro-  
8 vides a Federal public benefit shall have in effect a ver-  
9 ification system that complies with the regulations.

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

13 **SEC. 433. STATUTORY CONSTRUCTION.**

14 (a) LIMITATION.—

15 (1) Nothing in this title may be construed as an  
16 entitlement or a determination of an individual's eli-  
17 gibility or fulfillment of the requisite requirements  
18 for any Federal, State, or local governmental pro-  
19 gram, assistance, or benefits. For purposes of this  
20 title, eligibility relates only to the general issue of  
21 eligibility or ineligibility on the basis of alienage.

22 (2) Nothing in this title may be construed as  
23 addressing alien eligibility for a basic public edu-  
24 cation as determined by the Supreme Court of the

1 United States under Plyler v. Doe (457 U.S.  
2 202)(1982).

3 (b) NOT APPLICABLE TO FOREIGN ASSISTANCE.—  
4 This title does not apply to any Federal, State, or local  
5 governmental program, assistance, or benefits provided to  
6 an alien under any program of foreign assistance as deter-  
7 mined by the Secretary of State in consultation with the  
8 Attorney General.

9 (c) SEVERABILITY.—If any provision of this title or  
10 the application of such provision to any person or cir-  
11 cumstance is held to be unconstitutional, the remainder  
12 of this title and the application of the provisions of such  
13 to any person or circumstance shall not be affected there-  
14 by.

15 **SEC. 434. COMMUNICATION BETWEEN STATE AND LOCAL**  
16 **GOVERNMENT AGENCIES AND THE IMMIGRA-**  
17 **TION AND NATURALIZATION SERVICE.**

18 Notwithstanding any other provision of Federal,  
19 State, or local law, no State or local government entity  
20 may be prohibited, or in any way restricted, from sending  
21 to or receiving from the Immigration and Naturalization  
22 Service information regarding the immigration status,  
23 lawful or unlawful, of an alien in the United States.

1 **SEC. 435. QUALIFYING QUARTERS.**

2 For purposes of this title, in determining the number  
3 of qualifying quarters of coverage under title II of the So-  
4 cial Security Act an alien shall be credited with—

5 (1) all of the qualifying quarters of coverage as  
6 defined under title II of the Social Security Act  
7 worked by a parent of such alien while the alien was  
8 under age 18 if the parent did not receive any Fed-  
9 eral means-tested public benefit (as defined in sec-  
10 tion 403(c)) during any such quarter, and

11 (2) all of the qualifying quarters worked by a  
12 spouse of such alien during their marriage if the  
13 spouse did not receive any Federal means-tested  
14 public benefit (as defined in section 403(c)) during  
15 any such quarter and the alien remains married to  
16 such spouse or such spouse is deceased.

17 **SEC. 436. TITLE INAPPLICABLE TO PROGRAMS SPECIFIED**  
18 **BY ATTORNEY GENERAL.**

19 Notwithstanding any other provision of this title, this  
20 title or any provision of this title shall not apply to pro-  
21 grams, services, or assistance (such as soup kitchens, cri-  
22 sis counseling and intervention, and short term shelter)  
23 specified by the Attorney General, in the Attorney Gen-  
24 eral's sole and unreviewable discretion after consultation  
25 with appropriate Federal agencies and departments, which  
26 (1) deliver services at the community level, including

1 through public or private nonprofit agencies; (2) do not  
2 condition the provision of assistance, the amount of assist-  
3 ance provided, or the cost of assistance provided on the  
4 individual recipient's income or resources; and (3) are nec-  
5 essary for the protection of life, safety or the public health.

6 **SEC. 437. TITLE INAPPLICABLE TO PROGRAMS OF NON-**  
7 **PROFIT CHARITABLE ORGANIZATIONS.**

8 Notwithstanding any other provision of this title, this  
9 title or any provision of this title shall not apply to pro-  
10 grams, services, or assistance of a nonprofit charitable or-  
11 ganization, regardless of whether such programs, services,  
12 or assistance are funded, in whole or in part, by the Fed-  
13 eral Government or the government of any State or politi-  
14 cal subdivision of a State.

15 **Subtitle E—Conforming**  
16 **Amendments**

17 **SEC. 441. CONFORMING AMENDMENTS RELATING TO AS-**  
18 **SISTED HOUSING.**

19 (a) LIMITATIONS ON ASSISTANCE.—Section 214 of  
20 the Housing and Community Development Act of 1980  
21 (42 U.S.C. 1436a) is amended—

22 (1) by striking “Secretary of Housing and  
23 Urban Development” each place it appears and in-  
24 serting “applicable Secretary”;

1           (2) in subsection (b), by inserting after “Na-  
2           tional Housing Act,” the following: “the direct loan  
3           program under section 502 of the Housing Act of  
4           1949 or section 502(c)(5)(D), 504, 521(a)(2)(A), or  
5           542 of such Act, subtitle A of title III of the Cran-  
6           ston-Gonzalez National Affordable Housing Act,”;

7           (3) in paragraphs (2) through (6) of subsection  
8           (d), by striking “Secretary” each place it appears  
9           and inserting “applicable Secretary”;

10          (4) in subsection (d), in the matter following  
11          paragraph (6), by striking “the term ‘Secretary’ ”  
12          and inserting “the term ‘applicable Secretary’ ”; and

13          (5) by adding at the end the following new sub-  
14          section:

15          “(h) For purposes of this section, the term ‘applicable  
16          Secretary’ means—

17                 “(1) the Secretary of Housing and Urban De-  
18                 velopment, with respect to financial assistance ad-  
19                 ministered by such Secretary and financial assist-  
20                 ance under subtitle A of title III of the Cranston-  
21                 Gonzalez National Affordable Housing Act; and

22                 “(2) the Secretary of Agriculture, with respect  
23                 to financial assistance administered by such Sec-  
24                 retary.”.

1 (b) CONFORMING AMENDMENTS.—Section 501(h) of  
2 the Housing Act of 1949 (42 U.S.C. 1471(h)) is amend-  
3 ed—

4 (1) by striking “(1)”;

5 (2) by striking “by the Secretary of Housing  
6 and Urban Development”; and

7 (3) by striking paragraph (2).

8 **TITLE V—REDUCTIONS IN FED-**  
9 **ERAL GOVERNMENT POSI-**  
10 **TIONS**

11 **SEC. 501. REDUCTIONS.**

12 (a) DEFINITIONS.—As used in this section:

13 (1) APPROPRIATE EFFECTIVE DATE.—The term  
14 “appropriate effective date”, used with respect to a  
15 Department referred to in this section, means the  
16 date on which all provisions of this Act (other than  
17 title II) that the Department is required to carry  
18 out, and amendments and repeals made by such Act  
19 to provisions of Federal law that the Department is  
20 required to carry out, are effective.

21 (2) COVERED ACTIVITY.—The term “covered  
22 activity”, used with respect to a Department re-  
23 ferred to in this section, means an activity that the  
24 Department is required to carry out under—

1 (A) a provision of this Act (other than title  
2 II); or

3 (B) a provision of Federal law that is  
4 amended or repealed by this Act (other than  
5 title II).

6 (b) REPORTS.—

7 (1) CONTENTS.—Not later than December 31,  
8 1995, each Secretary referred to in paragraph (2)  
9 shall prepare and submit to the relevant committees  
10 described in paragraph (3) a report containing—

11 (A) the determinations described in sub-  
12 section (c);

13 (B) appropriate documentation in support  
14 of such determinations; and

15 (C) a description of the methodology used  
16 in making such determinations.

17 (2) SECRETARY.—The Secretaries referred to in  
18 this paragraph are—

19 (A) the Secretary of Agriculture;

20 (B) the Secretary of Education;

21 (C) the Secretary of Labor;

22 (D) the Secretary of Housing and Urban  
23 Development; and

24 (E) the Secretary of Health and Human  
25 Services.

1           (3) RELEVANT COMMITTEES.—The relevant  
2           Committees described in this paragraph are the fol-  
3           lowing:

4           (A) With respect to each Secretary de-  
5           scribed in paragraph (2), the Committee on  
6           Government Reform and Oversight of the  
7           House of Representatives and the Committee  
8           on Governmental Affairs of the Senate.

9           (B) With respect to the Secretary of Agri-  
10          culture, the Committee on Agriculture and the  
11          Committee on Economic and Educational Op-  
12          portunities of the House of Representatives and  
13          the Committee on Agriculture, Nutrition, and  
14          Forestry of the Senate.

15          (C) With respect to the Secretary of Edu-  
16          cation, the Committee on Economic and Edu-  
17          cational Opportunities of the House of Rep-  
18          resentatives and the Committee on Labor and  
19          Human Resources of the Senate.

20          (D) With respect to the Secretary of  
21          Labor, the Committee on Economic and Edu-  
22          cational Opportunities of the House of Rep-  
23          resentatives and the Committee on Labor and  
24          Human Resources of the Senate.

1           (E) With respect to the Secretary of Hous-  
2           ing and Urban Development, the Committee on  
3           Banking and Financial Services of the House of  
4           Representatives and the Committee on Bank-  
5           ing, Housing, and Urban Affairs of the Senate.

6           (F) With respect to the Secretary of  
7           Health and Human Services, the Committee on  
8           Economic and Educational Opportunities of the  
9           House of Representatives, the Committee on  
10          Labor and Human Resources of the Senate, the  
11          Committee on Ways and Means of the House of  
12          Representatives, and the Committee on Finance  
13          of the Senate.

14          (4) REPORT ON CHANGES.—Not later than De-  
15          cember 31, 1996, and each December 31 thereafter,  
16          each Secretary referred to in paragraph (2) shall  
17          prepare and submit to the relevant Committees de-  
18          scribed in paragraph (3), a report concerning any  
19          changes with respect to the determinations made  
20          under subsection (c) for the year in which the report  
21          is being submitted.

22          (c) DETERMINATIONS.—Not later than October 1,  
23          1996, each Secretary referred to in subsection (b)(2) shall  
24          determine—

1           (1) the number of full-time equivalent positions  
2           required by the Department headed by such Sec-  
3           retary to carry out the covered activities of the De-  
4           partment, as of the day before the date of enactment  
5           of this Act;

6           (2) the number of such positions required by  
7           the Department to carry out the activities, as of the  
8           appropriate effective date for the Department; and

9           (3) the difference obtained by subtracting the  
10          number referred to in paragraph (2) from the num-  
11          ber referred to in paragraph (1).

12          (d) ACTIONS.—Each Secretary referred to in sub-  
13          section (b)(2) shall take such actions as may be necessary,  
14          including reduction in force actions, consistent with sec-  
15          tions 3502 and 3595 of title 5, United States Code, to  
16          reduce the number of positions of personnel of the Depart-  
17          ment—

18               (1) not later than 30 days after the appropriate  
19               effective date for the Department involved, by at  
20               least 50 percent of the difference referred to in sub-  
21               section (c)(3); and

22               (2) not later than 13 months after such appro-  
23               priate effective date, by at least the remainder of  
24               such difference (after the application of paragraph  
25               (1)).

1 (e) CONSISTENCY.—

2 (1) EDUCATION.—The Secretary of Education  
3 shall carry out this section in a manner that enables  
4 the Secretary to meet the requirements of this sec-  
5 tion.

6 (2) LABOR.—The Secretary of Labor shall  
7 carry out this section in a manner that enables the  
8 Secretary to meet the requirements of this section.

9 (3) HEALTH AND HUMAN SERVICES.—The Sec-  
10 retary of Health and Human Services shall carry out  
11 this section in a manner that enables the Secretary  
12 to meet the requirements of this section and sections  
13 502 and 503.

14 (f) CALCULATION.—In determining, under subsection  
15 (c), the number of full-time equivalent positions required  
16 by a Department to carry out a covered activity, a Sec-  
17 retary referred to in subsection (b)(2) shall include the  
18 number of such positions occupied by personnel carrying  
19 out program functions or other functions (including budg-  
20 etary, legislative, administrative, planning, evaluation, and  
21 legal functions) related to the activity.

22 (g) GENERAL ACCOUNTING OFFICE REPORT.—Not  
23 later than July 1, 1996, the Comptroller General of the  
24 United States shall prepare and submit to the committees  
25 described in subsection (b)(3), a report concerning the de-

1 terminations made by each Secretary under subsection (c).  
2 Such report shall contain an analysis of the determina-  
3 tions made by each Secretary under subsection (c) and  
4 a determination as to whether further reductions in full-  
5 time equivalent positions are appropriate.

6 **SEC. 502. REDUCTIONS IN FEDERAL BUREAUCRACY.**

7 (a) IN GENERAL.—The Secretary of Health and  
8 Human Services shall reduce the Federal workforce within  
9 the Department of Health and Human Services by an  
10 amount equal to the sum of—

11 (1) 75 percent of the full-time equivalent posi-  
12 tions at such Department that relate to any direct  
13 spending program, or any program funded through  
14 discretionary spending, that has been converted into  
15 a block grant program under this Act and the  
16 amendments made by this Act; and

17 (2) an amount equal to 75 percent of that por-  
18 tion of the total full-time equivalent departmental  
19 management positions at such Department that  
20 bears the same relationship to the amount appro-  
21 priated for the programs referred to in paragraph  
22 (1) as such amount relates to the total amount ap-  
23 propriated for use by such Department.

24 (b) REDUCTIONS IN THE DEPARTMENT OF HEALTH  
25 AND HUMAN SERVICES.—Notwithstanding any other pro-

1 vision of this Act, the Secretary of Health and Human  
2 Services shall take such actions as may be necessary, in-  
3 cluding reductions in force actions, consistent with sec-  
4 tions 3502 and 3595 of title 5, United States Code, to  
5 reduce the full-time equivalent positions within the De-  
6 partment of Health and Human Services—

7           (1) by 245 full-time equivalent positions related  
8           to the program converted into a block grant under  
9           the amendment made by section 103; and

10           (2) by 60 full-time equivalent managerial posi-  
11           tions in the Department.

12 **SEC. 503. REDUCING PERSONNEL IN WASHINGTON, D.C.**

13           **AREA.**

14           In making reductions in full-time equivalent posi-  
15 tions, the Secretary of Health and Human Services is en-  
16 couraged to reduce personnel in the Washington, D.C.,  
17 area office (agency headquarters) before reducing field  
18 personnel.

19           **TITLE VI—REFORM OF PUBLIC**  
20           **HOUSING**

21 **SEC. 601. FAILURE TO COMPLY WITH OTHER WELFARE**  
22           **AND PUBLIC ASSISTANCE PROGRAMS.**

23           Title I of the United States Housing Act of 1937 (42  
24 U.S.C. 1437 et seq.) is amended by adding at the end  
25 the following new section:

1 **“SEC. 27. FAILURE TO COMPLY WITH OTHER WELFARE**  
2 **AND PUBLIC ASSISTANCE PROGRAMS.**

3 “(a) IN GENERAL.—If the benefits of a family are  
4 reduced under a Federal, State, or local law relating to  
5 welfare or a public assistance program for the failure of  
6 any member of the family to perform an action required  
7 under the law or program, the family may not, for the  
8 duration of the reduction, receive any increased assistance  
9 under this Act as the result of a decrease in the income  
10 of the family to the extent that the decrease in income  
11 is the result of the benefits reduction.

12 “(b) EXCEPTION.—Subsection (a) shall not apply in  
13 any case in which the benefits of a family are reduced be-  
14 cause the welfare or public assistance program to which  
15 the Federal, State, or local law relates limits the period  
16 during which benefits may be provided under the pro-  
17 gram.”.

18 **SEC. 602. FRAUD UNDER MEANS-TESTED WELFARE AND**  
19 **PUBLIC ASSISTANCE PROGRAMS.**

20 (a) IN GENERAL.—If an individual’s benefits under  
21 a Federal, State, or local law relating to a means-tested  
22 welfare or a public assistance program are reduced be-  
23 cause of an act of fraud by the individual under the law  
24 or program, the individual may not, for the duration of  
25 the reduction, receive an increased benefit under any other  
26 means-tested welfare or public assistance program for

1 which Federal funds are appropriated as a result of a de-  
2 crease in the income of the individual (determined under  
3 the applicable program) attributable to such reduction.

4 (b) WELFARE OR PUBLIC ASSISTANCE PROGRAMS  
5 FOR WHICH FEDERAL FUNDS ARE APPROPRIATED.—For  
6 purposes of subsection (a), the term “means-tested welfare  
7 or public assistance program for which Federal funds are  
8 appropriated” includes the food stamp program under the  
9 Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.), any  
10 program of public or assisted housing under title I of the  
11 United States Housing Act of 1937 (42 U.S.C. 1437 et  
12 seq.), and State programs funded under part A of title  
13 IV of the Social Security Act (42 U.S.C. 601 et seq.).

14 **SEC. 603. ANNUAL ADJUSTMENT FACTORS FOR OPERATING**  
15 **COSTS ONLY; RESTRAINT ON RENT IN-**  
16 **CREASES.**

17 (a) ANNUAL ADJUSTMENT FACTORS FOR OPERATING  
18 COSTS ONLY.—Section 8(c)(2)(A) of the United States  
19 Housing Act of 1937 (42 U.S.C. 1437f(c)(2)(A)) is  
20 amended—

21 (1) by striking “(2)(A)” and inserting  
22 “(2)(A)(i)”;

23 (2) by striking the second sentence and all that  
24 follows through the end of the subparagraph; and

1 (f) ASSESSMENT.—Section 19 of the Act is amended  
2 by striking subsection (j).

3 (g) EFFECTIVE DATE.—The amendments made by  
4 subsection (e) shall become effective on October 1, 1996.

5 **SEC. 833. BREASTFEEDING PROMOTION PROGRAM.**

6 Section 21 of the Child Nutrition Act of 1966 (42  
7 U.S.C. 1790) is repealed.

8 **TITLE IX—FOOD STAMP PRO-**  
9 **GRAM AND RELATED PRO-**  
10 **GRAMS**

11 **SEC. 901. DEFINITION OF CERTIFICATION PERIOD.**

12 Section 3(c) of the Food Stamp Act of 1977 (7  
13 U.S.C. 2012(c)) is amended by striking “Except as pro-  
14 vided” and all that follows and inserting the following:  
15 “The certification period shall not exceed 12 months, ex-  
16 cept that the certification period may be up to 24 months  
17 if all adult household members are elderly or disabled. A  
18 State agency shall have at least 1 contact with each cer-  
19 tified household every 12 months.”.

20 **SEC. 902. EXPANDED DEFINITION OF “COUPON”.**

21 Section 3(d) of the Food Stamp Act of 1977 (7  
22 U.S.C. 2012(d)) is amended by striking “or type of certifi-  
23 cate” and inserting “type of certificate, authorization  
24 cards, cash or checks issued in lieu of coupons or access

1 devices, including, but not limited to, electronic benefit  
2 transfer cards and personal identification numbers”.

3 **SEC. 903. TREATMENT OF CHILDREN LIVING AT HOME.**

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

8 **SEC. 904. ADJUSTMENT OF THRIFTY FOOD PLAN.**

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

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

13 “shall—

14 “(1) make”;

15 (2) by striking “scale, (2) make” and inserting  
16 the following:

17 “scale;

18 “(2) make”;

19 (3) by striking “Alaska, (3) make” and insert-  
20 ing the following:

21 “Alaska;

22 “(3) make”; and

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

1 “Columbia; and

2           “(4) on October 1, 1996, and each October 1  
3 thereafter, adjust the cost of the diet to reflect the  
4 cost of the diet, in the preceding June, and round  
5 the result to the nearest lower dollar increment for  
6 each household size, except that on October 1, 1996,  
7 the Secretary may not reduce the cost of the diet in  
8 effect on September 30, 1996.”.

9 **SEC. 905. DEFINITION OF HOMELESS INDIVIDUAL.**

10       Section 3(s)(2)(C) of the Food Stamp Act of 1977  
11 (7 U.S.C. 2012(s)(2)(C)) is amended by inserting “for not  
12 more than 90 days” after “temporary accommodation”.

13 **SEC. 906. INCOME EXCLUSIONS.**

14       (a) **EXCLUSION OF CERTAIN JTPA INCOME.**—Sec-  
15 tion 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014)  
16 is amended---

17           (1) in subsection (d)—

18               (A) by striking “and (16)” and inserting  
19               “(16)”; and

20               (B) by inserting before the period at the  
21               end the following: “, and (17) income received  
22               under the Job Training Partnership Act (29  
23               U.S.C. 1501 et seq.) by a household member  
24               who is less than 19 years of age”; and

1           (2) in subsection (l), by striking “under section  
2       204(b)(1)(C)” and all that follows and inserting  
3       “shall be considered earned income for purposes of  
4       the food stamp program.”.

5       (b) EXCLUSION OF LIFE INSURANCE POLICIES.—  
6       Section 5(g) of the Food Stamp Act of 1977 (7 U.S.C.  
7       2014(g)) is amended by adding at the end the following:  
8       “(6) The Secretary shall exclude from financial re-  
9       sources the cash value of any life insurance policy owned  
10      by a member of a household.”.

11      (c) IN-TANDEM EXCLUSIONS FROM INCOME.—Sec-  
12      tion 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014)  
13      is amended by adding at the end the following:

14      “(n) Whenever a Federal statute enacted after the  
15      date of the enactment of this Act excludes funds from in-  
16      come for purposes of determining eligibility, benefit levels,  
17      or both under State plans approved under part A of title  
18      IV of the Social Security Act, then such funds shall be  
19      excluded from income for purposes of determining eligi-  
20      bility, benefit levels, or both, respectively, under the food  
21      stamp program of households all of whose members re-  
22      ceive benefits under a State plan approved under part A  
23      of title IV of the Social Security Act.”.

1 **SEC. 907. DEDUCTIONS FROM INCOME.**

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

4 (1) in the 1st sentence—

5 (A) by striking “\$85” and inserting  
6 “\$134”;

7 (B) by striking “\$145, \$120, \$170, and  
8 \$75, respectively” and inserting the following:  
9 “\$229, \$189, \$269, and \$118, respectively, for fiscal year  
10 1996; and a standard deduction of \$120 a month for each  
11 household, except that households in Alaska, Hawaii,  
12 Guam, and the Virgin Islands of the United States shall  
13 be allowed a standard deduction of \$200, \$165, \$234, and  
14 \$103, respectively, for fiscal years thereafter, adjusted in  
15 accordance with this subsection”;

16 (2) in the 2nd sentence by striking “Such” and  
17 all that follows through “each October 1 thereafter,”  
18 and inserting “On October 1, 2001, and on each Oc-  
19 tober 1 thereafter, such standard deductions shall be  
20 adjusted”;

21 (3) by striking the 14th sentence; and

22 (4) by inserting after the 9th sentence the fol-  
23 lowing:

24 “A State agency may make use of a standard utility allow-  
25 ance mandatory for all households with qualifying utility  
26 costs if the State agency has developed 1 or more stand-

1 ards that include the cost of heating and cooling and 1  
2 or more standards that do not include the cost of heating  
3 and cooling, and if the Secretary finds that the standards  
4 will not result in an increased cost to the Secretary. A  
5 State agency that has not made the use of a standard util-  
6 ity allowance mandatory shall allow a household to switch,  
7 at the end of a certification period, between the standard  
8 utility allowance and a deduction based on the actual util-  
9 ity costs of the household.”.

10 **SEC. 908. VEHICLE ALLOWANCE.**

11 Section 5(g)(2) of the Food Stamp Act of 1977 (7  
12 U.S.C. 2014(g)(2)) is amended to read as follows:

13 “(2) INCLUDED ASSETS.—

14 “(A) IN GENERAL.—Subject to the other  
15 provisions of this paragraph, the Secretary  
16 shall, in prescribing inclusions in, and exclu-  
17 sions from, financial resources, follow the regu-  
18 lations in force as of June 1, 1982 (other than  
19 those relating to licensed vehicles and inacces-  
20 sible resources).

21 “(B) ADDITIONAL INCLUDED ASSETS.—

22 The Secretary shall include in financial re-  
23 sources—

24 “(i) any boat, snowmobile, or airplane  
25 used for recreational purposes;

1                   “(ii) any vacation home;

2                   “(iii) any mobile home used primarily  
3 for vacation purposes;

4                   “(iv) subject to subparagraph (C), any  
5 licensed vehicle that is used for household  
6 transportation or to obtain or continue em-  
7 ployment to the extent that the fair market  
8 value of the vehicle exceeds a level set by  
9 the Secretary, which shall be \$4,600 begin-  
10 ning October 1, 1995, and adjusted on  
11 each October 1 thereafter to reflect  
12 changes in the new car component of the  
13 Consumer Price Index for All Urban Con-  
14 sumers published by the Bureau of Labor  
15 Statistics for the 12-month period ending  
16 on June 30 preceding the date of such ad-  
17 justment and rounded to the nearest \$50;  
18 and

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

23                   “(C) EXCLUDED VEHICLES.—A vehicle  
24 (and any other property, real or personal, to the  
25 extent the property is directly related to the

1 maintenance or use of the vehicle) shall not be  
2 included in financial resources under this para-  
3 graph if the vehicle is—

4 “(i) used to produce earned income;

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

7 or

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

12 **SEC. 909. VENDOR PAYMENTS FOR TRANSITIONAL HOUS-**  
13 **ING COUNTED AS INCOME.**

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

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

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

19 **SEC. 910. INCREASED PENALTIES FOR VIOLATING FOOD**  
20 **STAMP PROGRAM REQUIREMENTS.**

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

23 (1) in clause (i)—

24 (A) by striking “six months” and inserting

25 “1 year”; and

1 (B) by adding “and” at the end; and  
2 (2) striking clauses (ii) and (iii) and inserting  
3 the following:

4 “(ii) permanently upon—

5 “(I) the second occasion of any such deter-  
6 mination; or

7 “(II) the first occasion of a finding by a  
8 Federal, State, or local court of the trading of  
9 a controlled substance (as defined in section  
10 102 of the Controlled Substances Act (21  
11 U.S.C. 802)), firearms, ammunition, or explo-  
12 sives for coupons.”.

13 **SEC. 911. DISQUALIFICATION OF CONVICTED INDIVIDUALS.**

14 Section 6(b)(1)(ii) of the Food Stamp Act of 1977  
15 (7 U.S.C. 2015(b)(1)(iii)), as amended by section 910, is  
16 amended—

17 (1) in subclause (I), by striking “or” at the  
18 end;

19 (2) in subclause (II), by striking the period at  
20 the end and inserting “; or”; and

21 (3) by inserting after subclause (II) the follow-  
22 ing:

23 “(IV) a conviction of an offense under sub-  
24 section (b) or (c) of section 15 involving an

1 item covered by subsection (b) or (c) of section  
2 15 having a value of \$500 or more.”.

3 **SEC. 912. DISQUALIFICATION.**

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

9 “(d) CONDITIONS OF PARTICIPATION.—

10 “(1) WORK REQUIREMENTS.—

11 “(A) IN GENERAL.—No physically and  
12 mentally fit individual over the age of 15 and  
13 under the age of 60 shall be eligible to partici-  
14 pate in the food stamp program if the individ-  
15 ual—

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

20 “(ii) refuses without good cause to  
21 participate in an employment and training  
22 program under paragraph (4), to the ex-  
23 tent required by the State agency;

24 “(iii) refuses without good cause to  
25 accept an offer of employment, at a site or

1 plant not subject to a strike or lockout at  
2 the time of the refusal, at a wage not less  
3 than the higher of—

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

6 “(II) 80 percent of the wage that  
7 would have governed had the mini-  
8 mum hourly rate under section  
9 6(a)(1) of the Fair Labor Standards  
10 Act of 1938 (29 U.S.C. 206(a)(1))  
11 been applicable to the offer of employ-  
12 ment;

13 “(iv) refuses without good cause to  
14 provide a State agency with sufficient in-  
15 formation to allow the State agency to de-  
16 termine the employment status or the job  
17 availability of the individual;

18 “(v) voluntarily and without good  
19 cause—

20 “(I) quits a job; or

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

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

1           “(B) HOUSEHOLD INELIGIBILITY.—If an  
2 individual who is the head of a household be-  
3 comes ineligible to participate in the food stamp  
4 program under subparagraph (A), the house-  
5 hold shall, at the option of the State agency,  
6 become ineligible to participate in the food  
7 stamp program for a period, determined by the  
8 State agency, that does not exceed the lesser  
9 of—

10           “(i) the duration of the ineligibility of  
11 the individual determined under subpara-  
12 graph (C); or

13           “(ii) 180 days.

14           “(C) DURATION OF INELIGIBILITY.—

15           “(i) FIRST VIOLATION.—The first  
16 time that an individual becomes ineligible  
17 to participate in the food stamp program  
18 under subparagraph (A), the individual  
19 shall remain ineligible until the later of—

20           “(I) the date the individual be-  
21 comes eligible under subparagraph  
22 (A);

23           “(II) the date that is 1 month  
24 after the date the individual became  
25 ineligible; or

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

5                   “(ii) SECOND VIOLATION.—The sec-  
6                   ond time that an individual becomes ineli-  
7                   gible to participate in the food stamp pro-  
8                   gram under subparagraph (A), the individ-  
9                   ual shall remain ineligible until the later  
10                  of—

11                  “(I) the date the individual be-  
12                  comes eligible under subparagraph  
13                  (A);

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

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

21                  “(iii) THIRD OR SUBSEQUENT VIOLA-  
22                  TION.—The third or subsequent time that  
23                  an individual becomes ineligible to partici-  
24                  pate in the food stamp program under sub-

1 paragraph (A), the individual shall remain  
2 ineligible until the later of—

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

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

9 “(III) a date determined by the  
10 State agency; or

11 “(IV) at the option of the State  
12 agency, permanently.

13 “(D) ADMINISTRATION.—

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

17 “(ii) VOLUNTARY QUIT.—The Sec-  
18 retary shall determine the meaning of vol-  
19 untarily quitting and reducing work effort  
20 for the purpose of this paragraph.

21 “(iii) DETERMINATION BY STATE  
22 AGENCY.—

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

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

3           “(bb) the procedures for de-  
4 termining whether an individual  
5 is in compliance with a require-  
6 ment under subparagraph (A);  
7 and

8           “(cc) whether an individual  
9 is in compliance with a require-  
10 ment under subparagraph (A).

11           “(II) NOT LESS RESTRICTIVE.—  
12 A State agency may not determine a  
13 meaning, procedure, or determination  
14 under subclause (I) to be less restric-  
15 tive than a comparable meaning, pro-  
16 cedure, or determination under a  
17 State program funded under part A of  
18 title IV of the Social Security Act (42  
19 U.S.C. 601 et seq.).

20           “(iv) STRIKE AGAINST THE GOVERN-  
21 MENT.—For the purpose of subparagraph  
22 (A)(v), an employee of the Federal Govern-  
23 ment, a State, or a political subdivision of  
24 a State, who is dismissed for participating  
25 in a strike against the Federal Govern-

1           ment, the State, or the political subdivision  
2           of the State shall be considered to have  
3           voluntarily quit without good cause.

4           “(v) SELECTING A HEAD OF HOUSE-  
5           HOLD.—

6                   “(I) IN GENERAL.—For the pur-  
7                   pose of this paragraph, the State  
8                   agency shall allow the household to se-  
9                   lect any adult parent of a child in the  
10                  household as the head of the house-  
11                  hold if all adult household members  
12                  making application under the food  
13                  stamp program agree to the selection.

14                  “(II) TIME FOR MAKING DES-  
15                  IGNATION.—A household may des-  
16                  ignate the head of the household  
17                  under subclause (I) each time the  
18                  household is certified for participation  
19                  in the food stamp program, but may  
20                  not change the designation during a  
21                  certification period unless there is a  
22                  change in the composition of the  
23                  household.

24                  “(vi) CHANGE IN HEAD OF HOUSE-  
25                  HOLD.—If the head of a household leaves

1 the household during a period in which the  
2 household is ineligible to participate in the  
3 food stamp program under subparagraph  
4 (B)—

5 “(I) the household shall, if other-  
6 wise eligible, become eligible to par-  
7 ticipate in the food stamp program;  
8 and

9 “(II) if the head of the household  
10 becomes the head of another house-  
11 hold, the household that becomes  
12 headed by the individual shall become  
13 ineligible to participate in the food  
14 stamp program for the remaining pe-  
15 riod of ineligibility.”

16 (b) CONFORMING AMENDMENT.—

17 (1) The second sentence of section 17(b)(2) of  
18 the Food Stamp Act of 1977 (7 U.S.C. 2026(b)(2))  
19 is amended by striking “6(d)(1)(i)” and inserting  
20 “6(d)(1)(A)(i)”.

21 (2) Section 20(f) of the Food Stamp Act of  
22 1977 (7 U.S.C. 2029(f)) is amended to read as fol-  
23 lows:

24 “(f) DISQUALIFICATION.—An individual or a house-  
25 hold may become ineligible under section 6(d)(1) to par-

1 ticipate in the food stamp program for failing to comply  
2 with this section.”.

3 **SEC. 913. CARETAKER EXEMPTION.**

4 Section 6(d)(2)(B) of the Food Stamp Act of 1977  
5 (7 U.S.C. 2015(d)(2)(B)) is amended to read as follows:  
6 “(B) a parent or other member of a household with re-  
7 sponsibility for the care of (i) a dependent child under the  
8 age of 6 or any lower age designated by the State agency  
9 that is not under the age of 1, or (ii) an incapacitated  
10 person;”.

11 **SEC. 914. EMPLOYMENT AND TRAINING.**

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

14 (1) in subparagraph (D)—

15 (A) in clause (i), by striking “to which the  
16 application” and all that follows through “30  
17 days or less”;

18 (B) in clause (ii), by striking “but with re-  
19 spect” and all that follows through “child  
20 care”; and

21 (C) in clause (iii), by striking “, on the  
22 basis of” and all that follows through “clause  
23 (ii)” and inserting “the exemption continues to  
24 be valid”;

1 shall receive not less than \$50,000 in each fis-  
2 cal year.”.

3 (d) REPORTS.—Section 16(h) of the Food Stamp Act  
4 of 1977 (7 U.S.C. 2025(h)) is amended—

5 (1) in paragraph (5)—

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

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

9 (2) by striking paragraph (6).

10 **SEC. 915. COMPARABLE TREATMENT FOR DISQUALIFICA-**  
11 **TION.**

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

15 “(i) COMPARABLE TREATMENT FOR DISQUALIFICA-  
16 TION.—

17 “(1) IN GENERAL.—If a disqualification is im-  
18 posed on a member of a household for a failure of  
19 the member to perform an action required under a  
20 Federal, State, or local law relating to a means-test-  
21 ed public assistance program, the State agency may  
22 impose the same disqualification on the member of  
23 the household under the food stamp program.

24 “(2) RULES AND PROCEDURES.—If a disquali-  
25 fication is imposed under paragraph (1) for a failure

1 of an individual to perform an action required under  
2 part A of title IV of the Social Security Act (42  
3 U.S.C. 601 et seq.), the State agency may use the  
4 rules and procedures that apply under part A of title  
5 IV of such Act to impose the same disqualification  
6 under the food stamp program.

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

14 (b) STATE PLAN PROVISIONS.—Section 11(e) of the  
15 Food Stamp Act of 1977 (7 U.S.C. 2020(e)) is amended—

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

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

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

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

23 (c) CONFORMING AMENDMENT.—Section 6(d)(2)(A)  
24 of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)(2)(A))

1 is amended by striking “that is comparable to a require-  
2 ment of paragraph (1)”.

3 **SEC. 916. DISQUALIFICATION FOR RECEIPT OF MULTIPLE**  
4 **FOOD STAMP BENEFITS.**

5 Section 6 of the Food Stamp Act of 1977 (7 U.S.C.  
6 2015), as amended by section 915, is amended by adding  
7 at the end the following:

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

18 **SEC. 917. DISQUALIFICATION OF FLEEING FELONS.**

19 Section 6 of the Food Stamp Act of 1977 (7 U.S.C.  
20 2015), as amended by sections 915 and 916, is amended  
21 by adding at the end the following:

22 “(k) DISQUALIFICATION OF FLEEING FELONS.—No  
23 member of a household who is otherwise eligible to partici-  
24 pate in the food stamp program shall be eligible to partici-  
25 pate in the program as a member of that or any other

1 household during any period during which the individual  
2 is—

3           “(1) fleeing to avoid prosecution, or custody or  
4           confinement after conviction, under the law of the  
5           place from which the individual is fleeing, for a  
6           crime, or attempt to commit a crime, that is a felony  
7           under the law of the place from which the individual  
8           is fleeing or that, in the case of New Jersey, is a  
9           high misdemeanor under the law of New Jersey; or  
10           “(2) violating a condition of probation or parole  
11           imposed under a Federal or State law.”.

12 **SEC. 918. COOPERATION WITH CHILD SUPPORT AGENCIES.**

13           Section 6 of the Food Stamp Act of 1977 (7 U.S.C.  
14 2015), as amended by sections 915, 916, and 917, is  
15 amended by adding at the end the following:

16           “(l) CUSTODIAL PARENT’S COOPERATION WITH  
17 CHILD SUPPORT AGENCIES.—

18           “(1) IN GENERAL.—At the option of a State  
19           agency, subject to paragraphs (2) and (3), no natu-  
20           ral or adoptive parent or other individual (collec-  
21           tively referred to in this subsection as ‘the individ-  
22           ual’) who is living with and exercising parental con-  
23           trol over a child under the age of 18 who has an ab-  
24           sent parent shall be eligible to participate in the food  
25           stamp program unless the individual cooperates with

1 the State agency administering the program estab-  
2 lished under part D of title IV of the Social Security  
3 Act (42 U.S.C. 651 et seq.)—

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

6 “(B) in obtaining support for—

7 “(i) the child; or

8 “(ii) the individual and the child.

9 “(2) GOOD CAUSE FOR NONCOOPERATION.—

10 Paragraph (1) shall not apply to the individual if  
11 good cause is found for refusing to cooperate, as de-  
12 termined by the State agency in accordance with  
13 standards prescribed by the Secretary in consulta-  
14 tion with the Secretary of Health and Human Serv-  
15 ices. The standards shall take into consideration cir-  
16 cumstances under which cooperation may be against  
17 the best interests of the child.

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

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

24 “(1) IN GENERAL.—At the option of a State  
25 agency, subject to paragraphs (2) and (3), a puta-

1       tive or identified noncustodial parent of a child  
2       under the age of 18 (referred to in this subsection  
3       as ‘the individual’) shall not be eligible to participate  
4       in the food stamp program if the individual refuses  
5       to cooperate with the State agency administering the  
6       program established under part D of title IV of the  
7       Social Security Act (42 U.S.C. 651 et seq.)—

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

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

11              “(2) REFUSAL TO COOPERATE.—

12              “(A) GUIDELINES.—The Secretary, in con-  
13              sultation with the Secretary of Health and  
14              Human Services, shall develop guidelines on  
15              what constitutes a refusal to cooperate under  
16              paragraph (1).

17              “(B) PROCEDURES.—The State agency  
18              shall develop procedures, using guidelines devel-  
19              oped under subparagraph (A), for determining  
20              whether an individual is refusing to cooperate  
21              under paragraph (1).

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

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

7   **SEC. 919. DISQUALIFICATION RELATING TO CHILD SUP-**  
8                           **PORT ARREARS.**

9           Section 6 of the Food Stamp Act of 1977 (7 U.S.C.  
10          2015), as amended by sections 915, 916, 917 and 918,  
11          is amended by adding at the end the following:

12          “(o) DISQUALIFICATION FOR CHILD SUPPORT AR-  
13          REARS.—

14               “(1) IN GENERAL.—At the option of a State  
15               agency, except as provided in paragraph (2), no indi-  
16               vidual shall be eligible to participate in the food  
17               stamp program as a member of any household dur-  
18               ing any month that the individual is delinquent in  
19               any payment due under a court order for the sup-  
20               port of a child of the individual.

21               “(2) EXCEPTIONS.—Paragraph (1) shall not  
22               apply if—

23                       “(A) a court is allowing the individual to  
24                       delay payment; or

1           “(B) the individual is complying with a  
2           payment plan approved by a court or the State  
3           agency designated under part D of title IV of  
4           the Social Security Act (42 U.S.C. 651 et seq.)  
5           to provide support for the child of the individ-  
6           ual.”.

7 **SEC. 920. WORK REQUIREMENT FOR ABLE-BODIED RECIPI-**  
8           **ENTS.**

9           (a) IN GENERAL.—Section 6 of the Food Stamp Act  
10          of 1977 (7 U.S.C. 2015), as amended by sections 915,  
11          916, 917, 918, and 919, is amended by adding at the end  
12          the following:

13          “(p) WORK REQUIREMENT.—

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

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

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

20                          “(C) a program of employment or training  
21                          operated or supervised by a State or local gov-  
22                          ernment, as determined appropriate by the Sec-  
23                          retary.

24                  “(2) WORK REQUIREMENT.—No individual  
25          shall be eligible to participate in the food stamp pro-

1       gram as a member of any household if, during the  
2       preceding 12 months, the individual received food  
3       stamp benefits for not less than 6 months during  
4       which the individual did not—

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

7               “(B) participate in a workfare program  
8               under section 20 or a comparable State or local  
9               workfare program;

10              “(C) participate in and comply with the re-  
11              quirements of an approved employment and  
12              training program under subsection (d)(4); or

13              “(D) participate in and comply with the  
14              requirements of a work program for 20 hours  
15              or more per week.

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

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

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

21                      “(C) a parent or other member of a house-  
22                      hold with a dependent child under 18 years of  
23                      age; or

24                      “(D) otherwise exempt under subsection  
25                      (d)(2).

1           “(4) WAIVER.—

2                   “(A) IN GENERAL.—The Secretary may  
3 waive the applicability of paragraph (2) to any  
4 group of individuals in the State if the Sec-  
5 retary makes a determination that the area in  
6 which the individuals reside—

7                           “(i) has an unemployment rate of over  
8                           8 percent; or

9                           “(ii) does not have a sufficient num-  
10 ber of jobs to provide employment for the  
11 individuals.

12                   “(B) REPORT.—The Secretary shall report  
13 the basis for a waiver under subparagraph (A)  
14 to the Committee on Agriculture of the House  
15 of Representatives and the Committee on Agri-  
16 culture, Nutrition, and Forestry of the Sen-  
17 ate.”.

18           (b) WORK AND TRAINING PROGRAMS.—Section  
19 6(d)(4) of the Food Stamp Act of 1977 (7 U.S.C.  
20 2015(d)(4)) is amended by adding at the end the follow-  
21 ing:

22                   “(O) REQUIRED PARTICIPATION IN WORK  
23 AND TRAINING PROGRAMS.—A State agency  
24 shall provide an opportunity to participate in  
25 the employment and training program under

1 this paragraph to any individual who would oth-  
2 erwise become subject to disqualification under  
3 subsection (p).

4 “(P) COORDINATING WORK REQUIRE-  
5 MENTS.—

6 “(i) IN GENERAL.—Notwithstanding  
7 any other provision of this paragraph, a  
8 State agency that meets the participation  
9 requirements of clause (ii) may operate the  
10 employment and training program of the  
11 State for individuals who are members of  
12 households receiving allotments under this  
13 Act as part of a program operated by the  
14 State under part F of title IV of the Social  
15 Security Act (42 U.S.C. 681 et seq.), sub-  
16 ject to the requirements of such Act.

17 “(ii) PARTICIPATION REQUIRE-  
18 MENTS.—A State agency may exercise the  
19 option under clause (i) if the State agency  
20 provides an opportunity to participate in  
21 an approved employment and training pro-  
22 gram to an individual who is—

23 “(I) subject to subsection (p);

24 “(II) not employed at least an  
25 average of 20 hours per week;

1                   “(III) not participating in a  
2                   workfare program under section 20  
3                   (or a comparable State or local pro-  
4                   gram); and

5                   “(IV) not subject to a waiver  
6                   under subsection (i)(4).”.

7 **SEC. 921. ENCOURAGE ELECTRONIC BENEFIT TRANSFER**  
8 **SYSTEMS.**

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

11                   (1) by amending paragraph (1) to read as fol-  
12                   lows:

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

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

23                           “(B) **TIMELY IMPLEMENTATION.**—State  
24                           agencies are encouraged to implement an elec-

1           tronic benefit transfer system under subpara-  
2           graph (A) as soon as practicable.

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

8           “(D) OPERATION.—An electronic benefit  
9           transfer system should take into account gen-  
10          erally accepted standard operating rules based  
11          on—

12                   “(i) commercial electronic funds  
13                   transfer technology;

14                   “(ii) the need to permit interstate op-  
15                   eration and law enforcement monitoring;  
16                   and

17                   “(iii) the need to permit monitoring  
18                   and investigations by authorized law en-  
19                   forcement agencies.”;

20          (2) in paragraph (2)—

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

23                   (B) in subparagraph (A)—

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

25                           (ii) by striking “on-line”;

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

2 “(I) procurement standards.”; and

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

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

10 (b) SENSE OF CONGRESS.—It is the sense of Con-  
11 gress that a State that operates an electronic benefit  
12 transfer system under the Food Stamp Act of 1977 (7  
13 U.S.C. 2011 et seq.) should operate the system in a man-  
14 ner that is compatible with electronic benefit transfer sys-  
15 tems operated by other States.

16 **SEC. 922. VALUE OF MINIMUM ALLOTMENT.**

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

20 **SEC. 923. BENEFITS ON RECERTIFICATION.**

21 Section 8(c)(2)(B) of the Food Stamp Act of 1977  
22 (7 U.S.C. 2017(c)(2)(B)) is amended by striking “of more  
23 than one month”.

1 **SEC. 924. OPTIONAL COMBINED ALLOTMENT FOR EXPE-**  
2 **DITED HOUSEHOLDS.**

3 Section 8(e)(3) of the Food Stamp Act of 1977 (7  
4 U.S.C. 2017(c)(3)) is amended to read as follows:

5 “(3) OPTIONAL COMBINED ALLOTMENT FOR  
6 EXPEDITED HOUSEHOLDS.—A State agency may  
7 provide to an eligible household applying after the  
8 15th day of a month, in lieu of the initial allotment  
9 of the household and the regular allotment of the  
10 household for the following month, an allotment that  
11 is equal to the total amount of the initial allotment  
12 and the first regular allotment. The allotment shall  
13 be provided in accordance with section 11(e)(3) in  
14 the case of a household that is not entitled to expe-  
15 dited service and in accordance with paragraphs (3)  
16 and (9) of section 11(e) in the case of a household  
17 that is entitled to expedited service.”.

18 **SEC. 925. FAILURE TO COMPLY WITH OTHER MEANS-TEST-**  
19 **ED PUBLIC ASSISTANCE PROGRAMS.**

20 Section 8(d) of the Food Stamp Act of 1977 (7  
21 U.S.C. 2017(d)) is amended to read as follows:

22 “(d) REDUCTION OF PUBLIC ASSISTANCE BENE-  
23 FITS.—

24 “(1) IN GENERAL.—If the benefits of a house-  
25 hold are reduced under a Federal, State, or local law  
26 relating to a means-tested public assistance program

1 for the failure of a member of the household to per-  
 2 form an action required under the law or program,  
 3 for the duration of the reduction—

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

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

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

19 **SEC. 926. ALLOTMENTS FOR HOUSEHOLDS RESIDING IN**  
 20 **CENTERS.**

21 Section 8 of the Food Stamp Act of 1977 (7 U.S.C.  
 22 2017) is amended by adding at the end the following:

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

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

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

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

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

16 **SEC. 927. AUTHORITY TO ESTABLISH AUTHORIZATION PE-**  
17 **RIODS.**

18           Section 9(a)(1) of the Food Stamp Act of 1977 (7  
19 U.S.C. 2018(a)(1)) is amended by adding at the end the  
20 following:

21           “The Secretary is authorized to issue regulations estab-  
22 lishing specific time periods during which authorization to  
23 accept and redeem coupons under the food stamp program  
24 shall be valid.”.

1 **SEC. 928. SPECIFIC PERIOD FOR PROHIBITING PARTICIPA-**  
2 **TION OF STORES BASED ON LACK OF BUSI-**  
3 **NESS INTEGRITY.**

4 Section 9(a)(1) of the Food Stamp Act of 1977 (7  
5 U.S.C. 2018(a)(1)), as amended by section 927, is amend-  
6 ed by adding at the end the following:

7 “The Secretary is authorized to issue regulations estab-  
8 lishing specific time periods during which a retail food  
9 store or wholesale food concern that has an application  
10 for approval to accept and redeem coupons denied or that  
11 has such an approval withdrawn on the basis of business  
12 integrity and reputation cannot submit a new application  
13 for approval. Such periods shall reflect the severity of  
14 business integrity infractions that are the basis of such  
15 denials or withdrawals.”.

16 **SEC. 929. INFORMATION FOR VERIFYING ELIGIBILITY FOR**  
17 **AUTHORIZATION.**

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

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

23 (2) by inserting after the 1st sentence the fol-  
24 lowing:

25 “The regulations may require retail food stores and whole-  
26 sale food concerns to provide written authorization for the

1 Secretary to verify all relevant tax filings with appropriate  
2 agencies and to obtain corroborating documentation from  
3 other sources in order that the accuracy of information  
4 provided by such stores and concerns may be verified.”.

5 **SEC. 930. WAITING PERIOD FOR STORES THAT INITIALLY**  
6 **FAIL TO MEET AUTHORIZATION CRITERIA.**

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

10 “Regulations issued pursuant to this Act shall prohibit a  
11 retail food store or wholesale food concern that has an ap-  
12 plication for approval to accept and redeem coupons de-  
13 nied because it does not meet criteria for approval estab-  
14 lished by the Secretary in regulations from submitting a  
15 new application for six months from the date of such de-  
16 nial.”.

17 **SEC. 931. OPERATION OF FOOD STAMP OFFICES.**

18 Section 11(e)(2) of the Food Stamp Act of 1977 (7  
19 U.S.C. 2020(e)(2)) is amended to read as follows:

20 “(2)(A) that the State agency shall establish  
21 procedures governing the operation of food stamp of-  
22 fices that the State agency determines best serve  
23 households in the State, including households with  
24 special needs, such as households with elderly or dis-  
25 abled members, households in rural areas with low-

1 income members, homeless individuals, households  
2 residing on reservations, and households in areas in  
3 which a substantial number of members of low-in-  
4 come households speak a language other than Eng-  
5 lish.

6 “(B) In carrying out subparagraph (A), a State  
7 agency—

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

11 “(ii) shall develop an application contain-  
12 ing the information necessary to comply with  
13 this Act;

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

18 “(iv) shall consider an application that  
19 contains the name, address, and signature of  
20 the applicant to be filed on the date the appli-  
21 cant submits the application;

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

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

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

6                   “(vi) shall provide a method of certifying  
7                   and issuing coupons to eligible homeless individ-  
8                   uals, to ensure that participation in the food  
9                   stamp program is limited to eligible households;  
10                  and

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

14                  “(C) Nothing in this Act shall prohibit the use  
15                  of signatures provided and maintained electronically,  
16                  storage of records using automated retrieval systems  
17                  only, or any other feature of a State agency’s appli-  
18                  cation system that does not rely exclusively on the  
19                  collection and retention of paper applications or  
20                  other records.

21                  “(D) The signature of any adult under this  
22                  paragraph shall be considered sufficient to comply  
23                  with any provision of Federal law requiring a house-  
24                  hold member to sign an application or statement.”;

1           (2) in the last sentence of subsection (i) by  
2 striking “No” and inserting “Other than in a case  
3 of disqualification as a penalty for failure to comply  
4 with a public assistance program rule or regulation,  
5 no”.

6 **SEC. 932. MANDATORY CLAIMS COLLECTION METHODS.**

7           (a) ADMINISTRATION.—Section 11(e)(8) of the Food  
8 Stamp Act of 1977 (7 U.S.C. 2020(e)(8)) is amended by  
9 inserting “or refunds of Federal taxes as authorized pur-  
10 suant to section 3720A of title 31 of the United States  
11 Code” before the semicolon at the end.

12           (b) COLLECTION OF CLAIMS.—Section 13(d) of the  
13 Food Stamp Act of 1977 (7 U.S.C. 2022(d)) is amend-  
14 ed—

15           (1) by striking “may” and inserting “shall”;  
16 and

17           (2) by inserting “or refunds of Federal taxes as  
18 authorized pursuant to section 3720A of title 31 of  
19 the United States Code” before the period at the  
20 end.

21           (c) RELATED AMENDMENTS.—Section 6103(1) of  
22 the Internal Revenue Code (26 U.S.C. 6103(1)) is amend-  
23 ed—

1           (1) by striking “officers and employees” in  
2 paragraph (10)(A) and inserting “officers, employ-  
3 ees or agents, including State agencies”; and

4           (2) by striking “officers and employees” in  
5 paragraph (10)(B) and inserting “officers, employ-  
6 ees or agents, including State agencies”.

7 **SEC. 933. EXCHANGE OF LAW ENFORCEMENT INFORMA-**  
8 **TION.**

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

11           (1) by striking “that (A) such” and inserting  
12 the following:

13           “that—

14                       “(A) the”;

15           (2) by striking “law, (B) notwithstanding” and  
16 inserting the following:

17           “law;

18                       “(B) notwithstanding”;

19           (3) by striking “Act, and (C) such” and insert-  
20 ing the following:

21           “Act;

22                       “(C) the”; and

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

24                       “(D) notwithstanding any other provision  
25 of law, the address, social security number, and,

1 if available, photograph of any member of a  
2 household shall be made available, on request,  
3 to any Federal, State, or local law enforcement  
4 officer if the officer furnishes the State agency  
5 with the name of the member and notifies the  
6 agency that—

7 “(i) the member—

8 “(I) is fleeing to avoid prosecu-  
9 tion, or custody or confinement after  
10 conviction, for a crime (or attempt to  
11 commit a crime) that, under the law  
12 of the place the member is fleeing, is  
13 a felony (or, in the case of New Jer-  
14 sey, a high misdemeanor), or is violat-  
15 ing a condition of probation or parole  
16 imposed under Federal or State law;  
17 or

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

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

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

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

3 **SEC. 934. EXPEDITED COUPON SERVICE.**

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

6                   (1) in subparagraph (A)—

7                           (A) by striking “five days” and inserting  
8                           “7 days”; and

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

10                   (2) by striking subparagraph (B);

11                   (3) in subparagraph (D) by striking “, (B), or  
12                   (C)” and inserting “or (B)”; and

13                   (4) by redesignating subparagraphs (C) and  
14                   (D) as subparagraphs (B) and (C), respectively.

15 **SEC. 935. WITHDRAWING FAIR HEARING REQUESTS.**

16           Section 11(e)(10) of the Food Stamp Act of 1977 (7  
17 U.S.C. 2020(e)(10)) is amended by inserting before the  
18 semicolon at the end a period and the following: “At the  
19 option of a State, at any time prior to a fair hearing deter-  
20 mination under this paragraph, a household may with-  
21 draw, orally or in writing, a request by the household for  
22 the fair hearing. If the withdrawal request is an oral re-  
23 quest, the State agency shall provide a written notice to  
24 the household confirming the withdrawal request and pro-

1 viding the household with an opportunity to request a  
2 hearing”.

3 **SEC. 936. INCOME, ELIGIBILITY, AND IMMIGRATION STATUS**

4 **VERIFICATION SYSTEMS.**

5 Section 11(e)(19) of the Food Stamp Act of 1977 (7  
6 U.S.C. 2020(e)(19)) is amended by striking “that infor-  
7 mation is” and inserting “at the option of the State agen-  
8 cy, that information may be”.

9 **SEC. 937. BASES FOR SUSPENSIONS AND DISQUALIFICA-**

10 **TIONS.**

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

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

1 **SEC. 948. AUTHORIZE STATES TO OPERATE SIMPLIFIED**  
2 **FOOD STAMP PROGRAMS.**

3 (a) **AUTHORITY FOR PROGRAM.**—The Food Stamp  
4 Act of 1977 (7 U.S.C. 2011 et seq.) is amended by adding  
5 at the end the following:

6 **“SEC. 24. SIMPLIFIED FOOD STAMP PROGRAM.**

7 “(a) **DEFINITION.**—In this section, the term ‘Federal  
8 costs’ does not include any Federal costs incurred under  
9 section 17.

10 “(b) **STATE OPTION.**—Subject to subsection (d), a  
11 State may elect to carry out a simplified food stamp pro-  
12 gram for households described in subsection (c)(1), state-  
13 wide or in a political subdivision of the State, in accord-  
14 ance with this section.

15 “(c) **PROGRAM REQUIREMENTS.**—If a State elects to  
16 carry out such simplified food stamp program, within the  
17 State or a political subdivision of the State—

18 “(1) only households in which all members re-  
19 ceive assistance under a State program funded  
20 under part A of title IV of the Social Security Act  
21 (42 U.S.C. 601 et seq.) shall receive benefits under  
22 this section. Such households shall be automatically  
23 eligible to participate in such simplified food stamp  
24 program; and

25 “(2) subject to subsection (f), benefits under  
26 such simplified food stamp program shall be deter-

1       mined under rules and procedures established by the  
2       State under—

3               “(A) a State program funded under part A  
4               of title IV of the Social Security Act (42 U.S.C.  
5               601 et seq.);

6               “(B) the food stamp program; or

7               “(C) a combination of a State program  
8               funded under part A of title IV of the Social  
9               Security Act (42 US..C. 601 et seq.) and the  
10              food stamp program.

11       “(d) STATE PLAN.—(1) A State may not operate  
12       such simplified food stamp program unless the Secretary  
13       approves a State plan for the operation of such simplified  
14       food stamp program under paragraph (2).

15       “(2) The Secretary is authorized to approve any State  
16       plan to carry out such simplified food stamp program if  
17       the Secretary determines that the plan—

18              “(A) simplifies program administration while  
19              fulfilling the goals of the food stamp program to  
20              permit low-income households to obtain a more nu-  
21              trititious diet;

22              “(B) complies with this section;

23              “(C) would not increase Federal costs for any  
24              fiscal year; and

1           “(D) would not substantially alter, as deter-  
2           mined by the Secretary, the appropriate distribution  
3           of benefits according to household need.

4           “(e) COST DETERMINATION.—(1) During each fiscal  
5           year and not later than 90 days after the end of each fiscal  
6           year, the Secretary shall determine using data provided  
7           by the State deemed appropriate by the Secretary whether  
8           such simplified food stamp program being carried out by  
9           a State is increasing Federal costs under this Act above  
10          what the costs would have been for the same population  
11          had they been subject to the rules of the food stamp pro-  
12          gram.

13          “(2) If the Secretary determines that such simplified  
14          food stamp program has increased Federal costs under  
15          this Act for any fiscal year or any portion of any fiscal  
16          year, the Secretary shall notify the State not later than  
17          30 days after the Secretary makes the determination  
18          under paragraph (1).

19          “(3)(A) Not later than 90 days after the date of a  
20          notification under paragraph (2), the State shall submit  
21          a plan for approval by the Secretary for prompt corrective  
22          action that is designed to prevent such simplified food  
23          stamp program from increasing Federal costs under this  
24          Act.

1       “(B) If the State does not submit a plan under sub-  
2 paragraph (A) or carry out a plan approved by the Sec-  
3 retary, the Secretary shall terminate the approval of the  
4 State operating such simplified food stamp program and  
5 the State shall be ineligible to operate a future Simplified  
6 Program.

7       “(f) RULES AND PROCEDURES.—(1) In operating  
8 such simplified food stamp program, a State or political  
9 subdivision of a State may follow the rules and procedures  
10 established by the State or political subdivision under a  
11 State program funded under part A of title IV of the So-  
12 cial Security Act (42 U.S.C. 601 et seq.) or under the  
13 food stamp program.

14       “(2) In operating such simplified food stamp pro-  
15 gram, a State or political subdivision shall comply with  
16 the requirements of—

17           “(A) section 5(e) to the extent that it requires  
18 an excess shelter expense deduction;

19           “(B) subsections (a) through (g) of section 7;

20           “(C) section 8(a) (except that the income of a  
21 household may be determined under a State pro-  
22 gram funded under part A of title IV of the Social  
23 Security Act (42 U.S.C. 601 et seq.));

24           “(D) subsections (b) and (d) of section 8;

1           “(E) subsections (a), (c), (d), and (n) of section  
2     11;

3           “(F) paragraphs (8), (9), (12), (18), (20), (24),  
4     and (25) of section 11(e);

5           “(G) section 11(e)(2), to the extent that it re-  
6     quires the State agency to provide an application to  
7     households on the 1st day they contact a food stamp  
8     office in person during office hours to make what  
9     may reasonably be interpreted as an oral or written  
10    request for food stamp assistance and to allow those  
11    households to file such application on the same day;

12          “(H) section 11(e)(3), to the extent that it re-  
13    quires the State agency to complete certification of  
14    an eligible household and provide an allotment retro-  
15    active to the period of application to an eligible  
16    household not later than 30 days following the filing  
17    of an application;

18          “(I) section 11(e)(10) (or a comparable require-  
19    ment established by the State under a State pro-  
20    gram funded under part A of title IV of the Social  
21    Security Act (42 U.S.C. 601 et seq.)); and

22          “(J) section 16.

23          “(3) Notwithstanding any other provision of this sec-  
24    tion, a household may not receive benefits under this sec-  
25    tion as a result of the eligibility of the household under

1 a State program funded under part A of title IV of the  
2 Social Security Act (42 U.S.C. 601 et seq.), unless the  
3 Secretary determines that any household with income  
4 above 130 percent of the poverty guidelines is not eligible  
5 for such simplified food stamp program.”.

6 (b) REPEALER.—Section 8 of the Food Stamp Act  
7 of 1977 (7 U.S.C. 2017) is amended by striking sub-  
8 section (e).

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

11 (1) in paragraph (24) by striking “and” at the  
12 end;

13 (2) in paragraph (25) by striking the period at  
14 the end; and

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

16 “(26) if a State elects to carry out a simplified  
17 food stamp program under section 24, the plan of  
18 the State agency for operating such simplified food  
19 stamp program, including—

20 “(A) the rules and procedures to be fol-  
21 lowed by the State to determine food stamp  
22 benefits; and

23 “(B) a description of the method by which  
24 the State will carry out a quality control system  
25 under section 16(c).”.

1 (d) REPEAL OF DEMONSTRATION PROJECTS.—Sec-  
2 tion 17 of the Food Stamp Act of 1977 (7 U.S.C. 2026)  
3 is amended by—

4 (1) by striking subsection (i); and

5 (2) redesignating subsections (j) through (l) as  
6 subsections (i) through (k), respectively.

7 **SEC. 949. EMERGENCY FOOD ASSISTANCE PROGRAM.**

8 (a) DEFINITIONS.—Section 201A of the Emergency  
9 Food Assistance Act of 1983 (Public Law 98–8; 7 U.S.C.  
10 612c note) is amended to read as follows:

11 **“SEC. 201A. DEFINITIONS.**

12 “In this Act:

13 “(1) **ADDITIONAL COMMODITIES.**—The term  
14 ‘additional commodities’ means commodities made  
15 available under section 214 in addition to the com-  
16 modities made available under sections 202 and  
17 203D.

18 “(2) **AVERAGE MONTHLY NUMBER OF UNEM-**  
19 **EMPLOYED PERSONS.**—The term ‘average monthly  
20 number of unemployed persons’ means the average  
21 monthly number of unemployed persons in each  
22 State in the most recent fiscal year for which infor-  
23 mation concerning the number of unemployed per-  
24 sons is available, as determined by the Bureau of  
25 Labor Statistics of the Department of Labor.

1           **TITLE X—MISCELLANEOUS**

2   **SEC. 1001. EXPENDITURE OF FEDERAL FUNDS IN ACCORD-**  
3                   **ANCE WITH LAWS AND PROCEDURES APPLI-**  
4                   **CABLE TO EXPENDITURE OF STATE FUNDS.**

5           (a) **IN GENERAL.**—Notwithstanding any other provi-  
6 sion of law, any funds received by a State under the provi-  
7 sions of law specified in subsection (b) shall be expended  
8 only in accordance with the laws and procedures applicable  
9 to expenditures of the State's own revenues, including ap-  
10 propriation by the State legislature, consistent with the  
11 terms and conditions required under such provisions of  
12 law.

13           (b) **PROVISIONS OF LAW.**—The provisions of law  
14 specified in this subsection are the following:

15                   (1) Part A of title IV of the Social Security Act  
16                   (relating to block grants for temporary assistance  
17                   for needy families).

18                   (2) Section 25 of the Food Stamp Act of 1977  
19                   (relating to the optional State food assistance block  
20                   grant).

21                   (3) The Child Care and Development Block  
22                   Grant Act of 1990 (relating to block grants for child  
23                   care).

1 **SEC. 1002. ELIMINATION OF HOUSING ASSISTANCE WITH**  
2 **RESPECT TO FUGITIVE FELONS AND PROBA-**  
3 **TION AND PAROLE VIOLATORS.**

4 (a) **ELIGIBILITY FOR ASSISTANCE.**—The United  
5 States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is  
6 amended—

7 (1) in section 6(1)—

8 (A) in paragraph (5), by striking “and” at  
9 the end;

10 (B) in paragraph (6), by striking the pe-  
11 riod at the end and inserting “; and”; and

12 (C) by inserting immediately after para-  
13 graph (6) the following new paragraph:

14 “(7) provide that it shall be cause for imme-  
15 diate termination of the tenancy of a public housing  
16 tenant if such tenant—

17 “(A) is fleeing to avoid prosecution, or cus-  
18 tody or confinement after conviction, under the  
19 laws of the place from which the individual  
20 flees, for a crime, or attempt to commit a  
21 crime, which is a felony under the laws of the  
22 place from which the individual flees, or which,  
23 in the case of the State of New Jersey, is a  
24 high misdemeanor under the laws of such State;  
25 or

1           “(2) is violating a condition of probation or pa-  
2 role imposed under Federal or State law.”; and

3           (2) in section 8(d)(1)(B)—

4           (A) in clause (iii), by striking “and” at the  
5 end;

6           (B) in clause (iv), by striking the period at  
7 the end and inserting “; and”; and

8           (C) by adding after clause (iv) the follow-  
9 ing new clause:

10           “(v) it shall be cause for termination  
11 of the tenancy of a tenant if such tenant—

12           “(I) is fleeing to avoid prosecu-  
13 tion, or custody or confinement after  
14 conviction, under the laws of the place  
15 from which the individual flees, for a  
16 crime, or attempt to commit a crime,  
17 which is a felony under the laws of  
18 the place from which the individual  
19 flees, or which, in the case of the  
20 State of New Jersey, is a high mis-  
21 demeanor under the laws of such  
22 State; or

23           “(II) is violating a condition of  
24 probation or parole imposed under  
25 Federal or State law;”.

1 (b) PROVISION OF INFORMATION TO LAW ENFORCE-  
2 MENT AGENCIES.—Title I of the United States Housing  
3 Act of 1937 (42 U.S.C. 1437 et seq.), as amended by sec-  
4 tion 601 of this Act, is amended by adding at the end  
5 the following:

6 **“SEC. 28. EXCHANGE OF INFORMATION WITH LAW EN-  
7 FORCEMENT AGENCIES.**

8 “Notwithstanding any other provision of law, each  
9 public housing agency that enters into a contract for as-  
10 sistance under section 6 or 8 of this Act with the Secretary  
11 shall furnish any Federal, State, or local law enforcement  
12 officer, upon the request of the officer, with the current  
13 address, Social Security number, and photograph (if appli-  
14 cable) of any recipient of assistance under this Act, if the  
15 officer—

16 “(1) furnishes the public housing agency with  
17 the name of the recipient; and

18 “(2) notifies the agency that—

19 “(A) such recipient—

20 “(i) is fleeing to avoid prosecution, or  
21 custody or confinement after conviction,  
22 under the laws of the place from which the  
23 individual flees, for a crime, or attempt to  
24 commit a crime, which is a felony under  
25 the laws of the place from which the indi-

1           vidual flees, or which, in the case of the  
2           State of New Jersey, is a high mis-  
3           demeanor under the laws of such State; or

4                   “(ii) is violating a condition of proba-  
5           tion or parole imposed under Federal or  
6           State law; or

7                   “(iii) has information that is nec-  
8           essary for the officer to conduct the offi-  
9           cer’s official duties;

10                   “(B) the location or apprehension of the  
11           recipient is within such officer’s official duties;  
12           and

13                   “(C) the request is made in the proper ex-  
14           ercise of the officer’s official duties.”.

15 **SEC. 1003. SENSE OF THE SENATE REGARDING ENTER-**  
16 **PRISE ZONES.**

17           (a) FINDINGS.—The Senate finds that:

18                   (1) Many of the Nation’s urban centers are  
19           places with high levels of poverty, high rates of wel-  
20           fare dependency, high crime rates, poor schools, and  
21           joblessness;

22                   (2) Federal tax incentives and regulatory re-  
23           forms can encourage economic growth, job creation  
24           and small business formation in many urban centers;

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

6           (4) The empowerment zones enacted in 1993  
7           should be enhanced by providing incentives to in-  
8           crease entrepreneurial growth, capital formation, job  
9           creation, educational opportunities, and home owner-  
10          ship in the designated communities and zones.

11          (b) SENSE OF THE SENATE.—Therefore, it is the  
12          Sense of the Senate that the Congress should adopt enter-  
13          prise zone legislation in the One Hundred Fourth Con-  
14          gress, and that such enterprise zone legislation provide the  
15          following incentives and provisions:

16               (1) Federal tax incentives that expand access to  
17               capital, increase the formation and expansion of  
18               small businesses, and promote commercial revitaliza-  
19               tion;

20               (2) Regulatory reforms that allow localities to  
21               petition Federal agencies, subject to the relevant  
22               agencies' approval, for waivers or modifications of  
23               regulations to improve job creation, small business  
24               formation and expansion, community development,

1 or economic revitalization objectives of the enterprise  
2 zones;

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

6 (4) School reform pilot projects in certain des-  
7 ignated enterprise zones to provide low-income par-  
8 ents with new and expanded educational options for  
9 their children's elementary and secondary schooling.

10 **SEC. 1004. SENSE OF THE SENATE REGARDING THE IN-**  
11 **ABILITY OF THE NONCUSTODIAL PARENT TO**  
12 **PAY CHILD SUPPORT.**

13 It is the sense of the Senate that—

14 (a) States should diligently continue their ef-  
15 forts to enforce child support payments by the non-  
16 custodial parent to the custodial parent, regardless  
17 of the employment status or location of the non-  
18 custodial parent; and

19 (b) States are encouraged to pursue pilot pro-  
20 grams in which the parents of a nonadult, noncusto-  
21 dial parent who refuses to or is unable to pay child  
22 support must—

23 (1) pay or contribute to the child support  
24 owed by the noncustodial parent; or

1                   (2) otherwise fulfill all financial obligations  
2                   and meet all conditions imposed on the  
3                   non-custodial parent, such as participation in a  
4                   work program or other related activity.

5 **SEC. 1005. FOOD STAMP ELIGIBILITY.**

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

9           “The State agency shall, at its option, consider either  
10 all income and financial resources of the individual ren-  
11 dered ineligible to participate in the food stamp program  
12 under this subsection, or such income, less a pro rata  
13 share, and the financial resources of the ineligible individ-  
14 ual, to determine the eligibility and the value of the allot-  
15 ment of the household of which such individual is a mem-  
16 ber.”.

17 **SEC. 1006. ESTABLISHING NATIONAL GOALS TO PREVENT**  
18 **TEENAGE PREGNANCIES.**

19           (a) IN GENERAL.—Not later than January 1, 1997,  
20 the Secretary of Health and Human Services shall estab-  
21 lish and implement a strategy for—

22                   (1) preventing out-of-wedlock teenage preg-  
23 nancies, and

1           (2) assuring that at least 25 percent of the  
2           communities in the United States have teenage preg-  
3           nancy prevention programs in place.

4           (b) REPORT.—Not later than June 30, 1998, and an-  
5           nually thereafter, the Secretary shall report to the Con-  
6           gress with respect to the progress that has been made in  
7           meeting the goals described in paragraphs (1) and (2) of  
8           subsection (a).

9   **SEC. 1007. SENSE OF THE SENATE REGARDING ENFORCE-**  
10                           **MENT OF STATUTORY RAPE LAWS.**

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

14   **SEC. 1008. SANCTIONING FOR TESTING POSITIVE FOR**  
15                           **CONTROLLED SUBSTANCES.**

16           Notwithstanding any other provision of law, States  
17           shall not be prohibited by the Federal Government from  
18           sanctioning welfare recipients who test positive for use of  
19           controlled substances.

20   **SEC. 1009. ABSTINENCE EDUCATION.**

21           Title V of the Social Security Act (42 U.S.C. 701–  
22           709) is amended by adding at the end the following new  
23           section:

24                           “ABSTINENCE EDUCATION

25           “SEC. 510. (a) There are authorized to be appro-  
26           priated \$75,000,000 for the purposes of enabling the Sec-

1 retary, through grants, contracts, or otherwise to provide  
2 for abstinence education, and at the option of the State,  
3 where appropriate, mentoring, counseling, and adult su-  
4 pervision to promote abstinence from sexual activity, with  
5 a focus on those groups which are most likely to bear chil-  
6 dren out of wedlock.

7 “(b) For purposes of this section, the term ‘absti-  
8 nence education’ means an educational or motivational  
9 program which—

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

13 “(2) teaches abstinence from sexual activity  
14 outside marriage as the expected standard for all  
15 school age children;

16 “(3) teaches that abstinence from sexual activ-  
17 ity is the only certain way to avoid out-of-wedlock  
18 pregnancy, sexually transmitted diseases, and other  
19 associated health problems;

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

23 “(5) teaches that sexual activity outside of the  
24 context of marriage is likely to have harmful psycho-  
25 logical and physical effects;

1           “(6) teaches that bearing children out-of-wed-  
2 lock is likely to have harmful consequences for the  
3 child, the child’s parents, and society;

4           “(7) teaches young people how to reject sexual  
5 advances and how alcohol and drug use increases  
6 vulnerability to sexual advances; and

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

9 **SEC. 1010. PROVISIONS TO ENCOURAGE ELECTRONIC BEN-**  
10 **EFIT TRANSFER SYSTEMS.**

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

13           (1) by striking “(d) In the event” and inserting  
14 “(d) APPLICABILITY TO SERVICE PROVIDERS  
15 OTHER THAN CERTAIN FINANCIAL INSTITU-  
16 TIONS.—

17           “(1) IN GENERAL.—In the event”; and

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

20           “(2) STATE AND LOCAL GOVERNMENT ELEC-  
21 TRONIC BENEFIT TRANSFER PROGRAMS.—

22           “(A) EXEMPTION GENERALLY.—The dis-  
23 closures, protections, responsibilities, and rem-  
24 edies established under this title, and any regu-  
25 lation prescribed or order issued by the Board

1 in accordance with this title, shall not apply to  
2 any electronic benefit transfer program estab-  
3 lished under State or local law or administered  
4 by a State or local government.

5 “(B) EXCEPTION FOR DIRECT DEPOSIT  
6 INTO RECIPIENT’S ACCOUNT.—Subparagraph  
7 (A) shall not apply with respect to any elec-  
8 tronic funds transfer under an electronic benefit  
9 transfer program for deposits directly into a  
10 consumer account held by the recipient of the  
11 benefit.

12 “(C) RULE OF CONSTRUCTION.—No provi-  
13 sion of this paragraph may be construed as—

14 “(i) affecting or altering the protec-  
15 tions otherwise applicable with respect to  
16 benefits established by Federal, State, or  
17 local law; or

18 “(ii) otherwise superseding the appli-  
19 cation of any State or local law.

20 “(D) ELECTRONIC BENEFIT TRANSFER  
21 PROGRAM DEFINED.—For purposes of this  
22 paragraph, the term ‘electronic benefit transfer  
23 program’—

24 “(i) means a program under which a  
25 government agency distributes needs-tested

1           benefits by establishing accounts to be  
2           accessed by recipients electronically, such  
3           as through automated teller machines, or  
4           point-of-sale terminals; and

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

10 **SEC. 1011. REDUCTION IN BLOCK GRANTS TO STATES FOR**  
11 **SOCIAL SERVICES.**

12           Section 2003(c) of the Social Security Act (42 U.S.C.  
13 1397b(c)) is amended—

14                   (1) by striking “and” at the end of paragraph  
15           (4); and

16                   (2) by striking paragraph (5) and inserting the  
17           following:

18                   “(5) \$2,800,000,000 for each of the fiscal years  
19           1990 through 1996 and for each fiscal year after fis-  
20           cal year 2002; and

21                   “(6) \$2,520,000,000 for each of the fiscal years  
22           1997 through 2002.”.

1 under part A (for the purposes of facilitat-  
2 ing verification of eligibility of foster chil-  
3 dren); and

4 “(iv) are determined by the Secretary  
5 to be likely to provide more efficient, eco-  
6 nomical, and effective administration of  
7 the programs carried out under a State  
8 plan approved under this part;”.

9 (b) EFFECTIVE DATE.—The amendments made by  
10 this section shall be effective on and after October 1,  
11 1996.

## 12 **Subtitle B—Earned Income Tax** 13 **Credit**

### 14 **SEC. 1021. EARNED INCOME CREDIT AND OTHER TAX BENE-** 15 **FITS DENIED TO INDIVIDUALS FAILING TO** 16 **PROVIDE TAXPAYER IDENTIFICATION NUM-** 17 **BERS.**

18 (a) EARNED INCOME CREDIT.—

19 (1) IN GENERAL.—Section 32(c)(1) of the In-  
20 ternal Revenue Code of 1986 (relating to individuals  
21 eligible to claim the earned income credit) is amend-  
22 ed by adding at the end the following new subpara-  
23 graph:

24 “(F) IDENTIFICATION NUMBER REQUIRE-  
25 MENT.—The term ‘eligible individual’ does not

1 include any individual who does not include on  
2 the return of tax for the taxable year—

3 “(i) such individual’s taxpayer identi-  
4 fication number, and

5 “(ii) if the individual is married (with-  
6 in the meaning of section 7703), the tax-  
7 payer identification number of such indi-  
8 vidual’s spouse.”

9 (2) SPECIAL IDENTIFICATION NUMBER.—Sec-  
10 tion 32 of such Code is amended by adding at the  
11 end the following new subsection:

12 “(1) IDENTIFICATION NUMBERS.—Solely for pur-  
13 poses of subsections (c)(1)(F) and (c)(3)(D), a taxpayer  
14 identification number means a social security number is-  
15 sued to an individual by the Social Security Administra-  
16 tion (other than a social security number issued pursuant  
17 to subclause (II) (or that portion of subclause (III) that  
18 relates to subclause (II)) of section 205(c)(2)(B)(i) of the  
19 Social Security Act).”

20 (b) PERSONAL EXEMPTION.—

21 (1) IN GENERAL.—Section 151 of such Code  
22 (relating to allowance of deductions for personal ex-  
23 emptions) is amended by adding at the end the fol-  
24 lowing new subsection:

1       “(e) IDENTIFYING INFORMATION REQUIRED.—No  
2 exemption shall be allowed under this section with respect  
3 to any individual unless the taxpayer identification num-  
4 ber of such individual is included on the return claiming  
5 the exemption.”

6           (2) CONFORMING AMENDMENTS.—

7           (A) Subsection (e) of section 6109 of such  
8 Code is repealed.

9           (B) Section 6724(d)(3) of such Code is  
10 amended by adding “and” at the end of sub-  
11 paragraph (C), by striking subparagraph (D),  
12 and by redesignating subparagraph (E) as sub-  
13 paragraph (D).

14       (c) DEPENDENT CARE CREDIT.—Subsection (e) of  
15 section 21 of such Code (relating to expenses for house-  
16 hold and dependent care services necessary for gainful em-  
17 ployment) is amended by adding at the end the following  
18 new paragraph:

19           “(10) IDENTIFYING INFORMATION REQUIRED  
20 WITH RESPECT TO QUALIFYING INDIVIDUALS.—No  
21 credit shall be allowed under this section with re-  
22 spect to any qualifying individual unless the tax-  
23 payer identification number of such individual is in-  
24 cluded on the return claiming the credit.”

1 (d) EXTENSION OF PROCEDURES APPLICABLE TO  
2 MATHEMATICAL OR CLERICAL ERRORS.—Section  
3 6213(g)(2) of such Code (relating to the definition of  
4 mathematical or clerical errors) is amended—

5 (1) by striking “and” at the end of subpara-  
6 graph (D), and

7 (2) by striking the period at the end of sub-  
8 paragraph (E) and inserting a comma, and

9 (3) by adding at the end the following new sub-  
10 paragraphs:

11 “(F) an omission of a correct taxpayer  
12 identification number required under section 21  
13 (relating to expenses for household and depend-  
14 ent care services necessary for gainful employ-  
15 ment), section 32 (relating to the earned in-  
16 come credit) to be included on a return, or sec-  
17 tion 151 (relating to allowance of deductions for  
18 personal exemptions), and

19 “(G) an entry on a return claiming the  
20 credit under section 32 with respect to net  
21 earnings from self-employment described in sec-  
22 tion 32(c)(2)(A) to the extent the tax imposed  
23 by section 1401 (relating to self-employment  
24 tax) on such net earnings has not been paid.”

1 (e) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply with respect to returns the due  
3 date for which (without regard to extensions) is more than  
4 30 days after the date of the enactment of this Act.

5 **SEC. 1022. RULES RELATING TO DENIAL OF EARNED IN-**  
6 **COME CREDIT ON BASIS OF DISQUALIFIED**  
7 **INCOME.**

8 (a) REDUCTION IN DISQUALIFIED INCOME THRESH-  
9 OLD.—

10 (1) IN GENERAL.—Section 32(i)(1) of the In-  
11 ternal Revenue Code of 1986 (relating to denial of  
12 credit for individuals having excessive investment in-  
13 come) is amended by striking “\$2,350” and insert-  
14 ing “\$2,200”.

15 (2) ADJUSTMENT FOR INFLATION.—Section  
16 32(j) of such Code is amended to read as follows:

17 “(j) INFLATION ADJUSTMENTS.—

18 “(1) IN GENERAL.—In the case of any taxable  
19 year beginning after the applicable calendar year,  
20 each dollar amount referred to in paragraph (2)(B)  
21 shall be increased by an amount equal to—

22 “(A) such dollar amount, multiplied by

23 “(B) the cost-of-living adjustment deter-  
24 mined under section 1(f)(3) for the calendar  
25 year in which the taxable year begins, except

1           that subparagraph (B) thereof shall be applied  
2           by reference to the CPI for the calendar year  
3           preceding the applicable calendar year rather  
4           than the CPI for calendar year 1992.

5           “(2) DEFINITIONS, ETC.—For purposes of  
6           paragraph (1)—

7                   “(A) APPLICABLE CALENDAR YEAR.—The  
8           term ‘applicable calendar year’ means—

9                           “(i) 1994 in the case of the dollar  
10                           amounts referred to in clause (i) of sub-  
11                           paragraph (B), and

12                           “(ii) 1996 in the case of the dollar  
13                           amount referred to in clause (ii) of sub-  
14                           paragraph (B).

15                   “(B) DOLLAR AMOUNTS.—The dollar  
16           amounts referred to in this subparagraph are—

17                           “(i) the dollar amounts contained in  
18                           subsection (b)(2)(A), and

19                           “(ii) the dollar amount contained in  
20                           subsection (i)(1).

21           “(3) ROUNDING.—

22                   “(A) IN GENERAL.—Except as provided in  
23           subparagraph (B), if any dollar amount after  
24           being increased under paragraph (1) is not a  
25           multiple of \$10, such dollar amount shall be

1 rounded to the nearest multiple of \$10 (or, if  
2 such dollar amount is a multiple of \$5, such  
3 dollar amount shall be increased to the next  
4 higher multiple of \$10).

5 “(B) DISQUALIFIED INCOME THRESHOLD  
6 AMOUNT.—If the dollar amount referred to in  
7 paragraph (2)(B)(ii) after being increased  
8 under paragraph (1) is not a multiple of \$50,  
9 such amount shall be rounded to the next low-  
10 est multiple of \$50.”

11 (b) DEFINITION OF DISQUALIFIED INCOME.—Para-  
12 graph (2) of section 32(i) of such Code (defining disquali-  
13 fied income) is amended by striking “and” at the end of  
14 subparagraph (B), by striking the period at the end of  
15 subparagraph (C) and inserting a comma, and by adding  
16 at the end the following new subparagraphs:

17 “(D) the capital gain net income (as de-  
18 fined in section 1222) of the taxpayer for such  
19 taxable year, and

20 “(E) the excess (if any) of—

21 “(i) the aggregate income from all  
22 passive activities for the taxable year (de-  
23 termined without regard to any amount in-  
24 cluded in earned income under subsection

1 (c)(2) or described in a preceding subpara-  
2 graph), over

3 “(ii) the aggregate losses from all pas-  
4 sive activities for the taxable year (as so  
5 determined).

6 For purposes of subparagraph (E), the term  
7 ‘passive activity’ has the meaning given such  
8 term by section 469.”

9 (c) EFFECTIVE DATE.—The amendments made by  
10 this section shall apply to taxable years beginning after  
11 December 31, 1995.

12 **SEC. 1023. MODIFICATION OF ADJUSTED GROSS INCOME**  
13 **DEFINITION FOR EARNED INCOME CREDIT.**

14 (a) IN GENERAL.—Subsections (a)(2), (c)(1)(C), and  
15 (f)(2)(B) of section 32 of the Internal Revenue Code of  
16 1986 are each amended by striking “adjusted gross in-  
17 come” and inserting “modified adjusted gross income”.

18 (b) MODIFIED ADJUSTED GROSS INCOME DE-  
19 FINED.—Section 32(c) of such Code (relating to defini-  
20 tions and special rules) is amended by adding at the end  
21 the following new paragraph:

22 “(5) MODIFIED ADJUSTED GROSS INCOME.—

23 “(A) IN GENERAL.—The term ‘modified  
24 adjusted gross income’ means adjusted gross in-  
25 come—

1           “(i) determined without regard to the  
2           amounts described in subparagraph (B),  
3           and

4           “(ii) increased by

5           “(I) the amount of interest re-  
6           ceived or accrued by the taxpayer dur-  
7           ing the taxable year which is exempt  
8           from tax, and

9           “(II) amounts received as a pen-  
10          sion or annuity, and any distributions  
11          or payments received from an individ-  
12          ual retirement plan, by the taxpayer  
13          during the taxable year to the extent  
14          not included in gross income.

15          Clause (ii)(II) shall not include any amount  
16          which is not includible in gross income by rea-  
17          son of section 402(c), 403(a)(4), 403(b)(8),  
18          408(d) (3), (4), or (5), or 457(e)(10).

19          “(B) CERTAIN AMOUNTS DISREGARDED.—

20          An amount is described in this subparagraph if  
21          it is—

22          “(i) the amount of losses from sales  
23          or exchanges of capital assets in excess of  
24          gains from such sales or exchanges to the

1 extent such amount does not exceed the  
2 amount under section 1211(b)(1),

3 “(ii) the net loss from estates and  
4 trusts,

5 “(iii) the excess (if any) of amounts  
6 described in subsection (i)(2)(C)(ii) over  
7 the amounts described in subsection  
8 (i)(2)(C)(i) (relating to nonbusiness rents  
9 and royalties), and

10 “(iv) the net loss from the carrying on  
11 of trades or businesses, computed sepa-  
12 rately with respect to—

13 “(I) trades or businesses (other  
14 than farming) conducted as sole pro-  
15 prietorships,

16 “(II) trades or businesses of  
17 farming conducted as sole proprietor-  
18 ships, and

19 “(III) other trades or businesses.

20 For purposes of clause (iv), there shall not  
21 be taken into account items which are at-  
22 tributable to a trade or business which  
23 consists of the performance of services by  
24 the taxpayer as an employee.”

1 (c) EFFECTIVE DATE.—The amendments made by  
 2 this section shall apply to taxable years beginning after  
 3 December 31, 1995.

4 **SEC. 1024. NOTICE OF AVAILABILITY REQUIRED TO BE PRO-**  
 5 **VIDED TO APPLICANTS AND FORMER RECIPI-**  
 6 **ENTS OF TEMPORARY ASSISTANCE FOR**  
 7 **NEEDY FAMILIES, FOOD STAMPS, AND MEDIC-**  
 8 **AID.**

9 (a) TEMPORARY ASSISTANCE FOR NEEDY FAMI-  
 10 LIES.—Section 408(a), as added by section 103 of this  
 11 Act, is amended by adding at the end the following:

12 “(16) NOTICE OF EITC AVAILABILITY.—A State  
 13 to which a grant is made under section 403 shall  
 14 provide written notice of the existence and availabil-  
 15 ity of the earned income credit under section 32 of  
 16 the Internal Revenue Code of 1986 to—

17 “(A) any individual who applies for assist-  
 18 ance under the State program funded under  
 19 this part, upon receipt of the application; and

20 “(B) any individual whose assistance under  
 21 the State program is terminated, in the notice  
 22 of termination of such assistance.”.

23 (b) FOOD STAMPS.—Section 11(e) of the Food  
 24 Stamp Act of 1977 (7 U.S.C. 2020(e)) is amended—

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

3           (2) in paragraph (25) by striking the period at  
4 the end and inserting “; and”; and

5           (3) by inserting after paragraph (25) the fol-  
6 lowing:

7           “(26) that whenever a household applies for  
8 food stamp benefits, and whenever such benefits are  
9 terminated with respect to a household, the State  
10 agency shall provide to each member of such house-  
11 hold notice of—

12                   “(A) the existence of the earned income  
13 tax credit under section 32 of the Internal Rev-  
14 enue Code of 1986; and

15                   “(B) the fact that such credit may be ap-  
16 plicable to such member.”.

17       (c) MEDICAID.—Section 1902(a) (42 U.S.C.  
18 1396a(a)) is amended—

19           (1) by striking “and” at the end of paragraph  
20 (61);

21           (2) by striking the period at the end of para-  
22 graph (62) and inserting “; and”; and

23           (3) by adding at the end the following new  
24 paragraph:

1           “(63) provide that the State shall provide notice  
2           of the existence and availability of the earned income  
3           tax credit under section 32 of the Internal Revenue  
4           Code of 1986 to each individual applying for medical  
5           assistance under the State plan and to each individ-  
6           ual whose eligibility for medical assistance under the  
7           State plan is terminated.”.

8   **SEC. 1025. NOTICE OF AVAILABILITY OF EARNED INCOME**  
9                           **TAX CREDIT AND DEPENDENT CARE TAX**  
10                           **CREDIT TO BE INCLUDED ON W-4 FORM.**

11           Section 11114 of the Omnibus Budget Reconciliation  
12 Act of 1990 (26 U.S.C. 21 note), relating to program to  
13 increase public awareness, is amended by adding at the  
14 end the following new sentence: “Such means shall include  
15 printing a notice of the availability of such credits on the  
16 forms used by employees to determine the proper number  
17 of withholding exemptions under chapter 24 of the Inter-  
18 nal Revenue Code of 1986.”.

19   **SEC. 1026. ADVANCE PAYMENT OF EARNED INCOME TAX**  
20                           **CREDIT THROUGH STATE DEMONSTRATION**  
21                           **PROGRAMS.**

22           (a) IN GENERAL.—Section 3507 of the Internal Rev-  
23 enue Code of 1986 (relating to the advance payment of  
24 the earned income tax credit) is amended by adding at  
25 the end the following:

1 “(g) STATE DEMONSTRATIONS.—

2 “(1) IN GENERAL.—In lieu of receiving earned  
3 income advance amounts from an employer under  
4 subsection (a), a participating resident shall receive  
5 advance earned income payments from a responsible  
6 State agency pursuant to a State Advance Payment  
7 Program that is designated pursuant to paragraph  
8 (2).

9 “(2) DESIGNATIONS.—

10 “(A) IN GENERAL.—From among the  
11 States submitting proposals satisfying the re-  
12 quirements of subsection (g)(3), the Secretary  
13 (in consultation with the Secretary of Health  
14 and Human Services) may designate not more  
15 than 4 State Advance Payment Demonstra-  
16 tions. States selected for the demonstrations  
17 may have, in the aggregate, no more than 5  
18 percent of the total number of household par-  
19 ticipating in the program under the Food  
20 Stamp program in the immediately preceding  
21 fiscal year, Administrative costs of a State in  
22 conducting a demonstration under this section  
23 may be included for matching under section  
24 403(a) of the Social Security Act and section  
25 16(a) of the Food Stamp Act of 1977.

1           “(B) WHEN DESIGNATION MAY BE  
2 MADE.—Any designation under this paragraph  
3 shall be made no later than December 31,  
4 1995.

5           “(C) PERIOD FOR WHICH DESIGNATION IS  
6 IN EFFECT.—

7           “(i) IN GENERAL.—Designations  
8 made under this paragraph shall be effec-  
9 tive for advance earned income payments  
10 made after December 31, 1995, and before  
11 January 1, 1999.

12           “(ii) SPECIAL RULES.—

13           “(I) REVOCATION OF DESIGNA-  
14 TIONS.—The Secretary may revoke  
15 the designation under this paragraph  
16 if the Secretary determines that the  
17 State is not complying substantially  
18 with the proposal described in para-  
19 graph (3) submitted by the State.

20           “(II) AUTOMATIC TERMINATION  
21 OF DESIGNATIONS.—Any failure by a  
22 State to comply with the reporting re-  
23 quirements described in paragraphs  
24 (3)(F) and (3)(G) has the effect of  
25 immediately terminating the designa-

1                   tion under this paragraph (2) and  
2                   rendering paragraph (5)(A)(ii) inap-  
3                   plicable to subsequent payments.

4                   “(3) PROPOSALS.—No State may be designated  
5                   under subsection (g)(2) unless the State’s proposal  
6                   for such designation—

7                   “(A) identifies the responsible State agen-  
8                   cy,

9                   “(B) describes how and when the advance  
10                  earned income payments will be made by that  
11                  agency, including a description of any other  
12                  State or Federal benefits with which such pay-  
13                  ments will be coordinated,

14                  “(C) describes how the State will obtain  
15                  the information on which the amount of ad-  
16                  vance earned income payments made to each  
17                  participating resident will be determined in ac-  
18                  cordance with paragraph (4),

19                  “(D) describes how State residents who  
20                  will be eligible to receive advance earned income  
21                  payments will be selected, notified of the oppor-  
22                  tunity to receive advance earned income pay-  
23                  ments from the responsible State agency, and  
24                  given the opportunity to elect to participate in  
25                  the program,

1           “(E) describes how the State will verify, in  
2           addition to receiving the certifications and  
3           statement described in paragraph (7)(D)(iv),  
4           the eligibility of participating residents for the  
5           earned tax credit,

6           “(F) commits the State to furnishing to  
7           each participating resident and to the Secretary  
8           by January 31 of each year a written statement  
9           showing—

10           “(i) the name and taxpayer identifica-  
11           tion number of the participating resident,  
12           and

13           “(ii) the total amount of advance  
14           earned income payments made to the par-  
15           ticipating resident during the prior cal-  
16           endar year,

17           “(G) commits the State to furnishing to  
18           the Secretary by December 1 of each year a  
19           written statement showing the name and tax-  
20           payer identification number of each participat-  
21           ing resident,

22           “(H) commits the State to treat the ad-  
23           vanced earned income payments as described in  
24           subsection (g)(5) and any repayments of exces-

1           sive advance earned income payments as de-  
2           scribed in subsection (g)(6),

3           “(I) commits the State to assess the devel-  
4           opment and implementation of its State Ad-  
5           vance Payment Program, including an agree-  
6           ment to share its findings and lessons with  
7           other interested States in a manner to be de-  
8           scribed by the Secretary, and

9           “(J) is submitted to the Secretary on or  
10          before June 30, 1995.

11          “(4) AMOUNT AND TIMING OF ADVANCE  
12          EARNED INCOME PAYMENTS.—

13          “(A) AMOUNT.—

14                  “(i) IN GENERAL.—The method for  
15                  determining the amount of advance earned  
16                  income payments made to each participat-  
17                  ing resident is to conform to the full extent  
18                  possible with the provisions of subsection  
19                  (c).

20                  “(ii) SPECIAL RULE.—A State may,  
21                  at its election, apply the rules of subsection  
22                  (c)(2)(B) by substituting ‘between 60 per-  
23                  cent and 75 percent of the credit percent-  
24                  age in effect under section 32(b)(1) for an  
25                  individual with the corresponding number

1 of qualifying children' for '60 percent of  
2 the credit percentage in effect under sec-  
3 tion 32(b)(1) for such an eligible individual  
4 with 1 qualifying child' in clause (i) and  
5 'the same percentage (as applied in clause  
6 (i))' for '60 percent' in clause (ii).

7 "(B) TIMING.—The frequency of advance  
8 earned income payments may be made on the  
9 basis of the payroll periods of participating resi-  
10 dents, on a single statewide schedule, or on any  
11 other reasonable basis prescribed by the State  
12 in its proposal; however, in no event may ad-  
13 vance earned income payments be made to any  
14 participating resident less frequently than on a  
15 calendar-quarter basis.

16 "(5) PAYMENTS TO BE TREATED AS PAYMENTS  
17 OF WITHHOLDING AND FICA TAXES.—

18 "(A) IN GENERAL.—For purposes of this  
19 title, advance earned income payments during  
20 any calendar quarter—

21 "(i) shall neither be treated as a pay-  
22 ment of compensation nor be included in  
23 gross income, and

24 "(ii) shall be treated as made out of—

1           “(I) amounts required to be de-  
2           ducted by the State and withheld for  
3           the calendar quarter by the State  
4           under section 3401 (relating to wage  
5           withholding), and

6           “(II) amounts required to be de-  
7           ducted for the calendar quarter under  
8           section 3102 (relating to FICA em-  
9           ployee taxes), and

10           “(III) amounts of the taxes im-  
11           posed on the State for the calendar  
12           quarter under section 3111 (relating  
13           to FICA employer taxes),

14           as if the State had paid to the Secretary,  
15           on the day on which payments are made to  
16           participating residents, an amount equal to  
17           such payments.

18           “(B) ADVANCE PAYMENTS EXCEED TAXES  
19           DUE.—If for any calendar quarter the aggre-  
20           gate amount of advance earned income pay-  
21           ments made by the responsible State agency  
22           under a State Advance Payment Program ex-  
23           ceeds the sum of the amounts referred to in  
24           subparagraph (A)(ii) (without regard to para-  
25           graph (6)(A)), each such advance earned in-

1           come payment shall be reduced by an amount  
2           which bears the same ratio to such excess as  
3           such advance earned income payment bears to  
4           the aggregate amount of all such advance  
5           earned income payments.

6           “(6) STATE REPAYMENT OF EXCESSIVE AD-  
7           VANCE EARNED INCOME PAYMENTS.—

8                   “(A) IN GENERAL.—Notwithstanding any  
9           other provision of law, in the case of an exces-  
10          sive advance earned income payment a State  
11          shall be treated as having deducted and with-  
12          held under section 3401 (relating to wage with-  
13          holding), and therefore is required to pay to the  
14          United States, the repayment amount during  
15          the repayment calendar quarter.

16                   “(B) EXCESSIVE ADVANCE EARNED IN-  
17          COME PAYMENT.—For purposes of this section,  
18          an excessive advance income payment is that  
19          portion of any advance earned income payment  
20          that, when combined with other advance earned  
21          income payments previously made to the same  
22          participating resident during the same calendar  
23          year, exceeds the amount of earned income tax  
24          credit to which that participating resident is en-  
25          titled under section 32 for that year.

1           “(C) REPAYMENT AMOUNT.—The repay-  
2           ment amount is equal to 50 percent of the ex-  
3           cess of—

4                   “(i) excessive advance earned income  
5                   payments made by a State during a par-  
6                   ticular calendar year, over

7                   “(ii) the sum of—

8                           “(I) 4 percent of all advance  
9                           earned income payments made by the  
10                          State during that calendar year, and

11                           “(II) the excessive advance  
12                           earned income payments made by the  
13                           State during that calendar year that  
14                           have been collected from participating  
15                           residents by the Secretary.

16           “(D) REPAYMENT CALENDAR QUARTER.—

17           The repayment calendar quarter is the second  
18           calendar quarter of the third calendar year  
19           after the calendar year in which an excessive  
20           earned income payment is made.

21           “(7) DEFINITIONS.—For purposes of this sec-  
22           tion—

23                   “(A) STATE ADVANCE PAYMENT PRO-  
24                   GRAM.—The term ‘State Advance Payment  
25                   Program’ means the program described in a

1 proposal submitted for designation under para-  
2 graph (1) and designated by the Secretary  
3 under paragraph (2).

4 “(B) RESPONSIBLE STATE AGENCY.—The  
5 term ‘responsible State agency’ means the sin-  
6 gle State agency that will be making the ad-  
7 vance earned income payments to residents of  
8 the State who elect to participate in a State Ad-  
9 vance Payment Program.

10 “(C) ADVANCE EARNED INCOME PAY-  
11 MENTS.—The term ‘advance earned income  
12 payments’ means an amount paid by a respon-  
13 sible State agency to residents of the State pur-  
14 suant to a State Advance Payment Program.

15 “(D) PARTICIPATING RESIDENT.—The  
16 term ‘participating resident’ means an individ-  
17 ual who—

18 “(i) is a resident of a State that has  
19 in effect a designated State Advance Pay-  
20 ment Program,

21 “(ii) makes the election described in  
22 paragraph (3)(C) pursuant to guidelines  
23 prescribed by the State,

1                   “(iii) certifies to the State the number  
2                   of qualifying children the individual has,  
3                   and

4                   “(iv) provides to the State the certifi-  
5                   cations and statement set forth in sub-  
6                   sections (b)(1), (b)(2), (b)(3), and (b)(4)  
7                   (except that for purposes of this clause  
8                   (iv), the term ‘any employer’ shall be sub-  
9                   stituted for ‘another employer’ in sub-  
10                  section (b)(3)), along with any other infor-  
11                  mation required by the State.”.

12           (b) TECHNICAL ASSISTANCE.—The Secretaries of  
13 Treasury and Health and Human Services shall jointly en-  
14 sure that technical assistance is provided to State Advance  
15 Payment Programs and that these programs are rigor-  
16 ously evaluated.

17           (c) ANNUAL REPORTS.—The Secretary shall issue  
18 annual reports detailing the extent to which—

19                   (1) residents participate in the State Advance  
20                   Payment Programs,

21                   (2) participating residents file Federal and  
22                   State tax returns,

23                   (3) participating residents report accurately the  
24                   amount of the advance earned income payments

1       made to them by the responsible State agency dur-  
2       ing the year, and

3             (4) recipients of excessive advance earned in-  
4       come payments repaid those amounts.

5       The report shall also contain an estimate of the amount  
6       of advance earned income payments made by each respon-  
7       sible State agency but not reported on the tax returns of  
8       a participating resident and the amount of excessive ad-  
9       vance earned income payments.

10       (d) AUTHORIZATION OF APPROPRIATIONS.—For pur-  
11       poses of providing technical assistance described in sub-  
12       section (b), preparing the reports described in subsection  
13       (c), and providing grants to States in support of des-  
14       ignated State Advance Payment Programs, there are au-  
15       thorized to be appropriated in advance to the Secretary  
16       of the Treasury and the Secretary of Health and Human  
17       Services a total of \$1,400,000 for fiscal years 1996  
18       through 1999.



**HOUR OF MEETING ON TOMORROW**

Mr. HOBSON. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 9 a.m. tomorrow.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

**REMOVAL OF NAME OF MEMBER  
AS COSPONSOR OF H.R. 359**

Mr. BEVILL. Mr. Speaker, I ask unanimous consent that my name be removed as a cosponsor of H.R. 359.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Alabama?

There was no objection.

**WELFARE AND MEDICAID REFORM  
ACT OF 1996**

The SPEAKER pro tempore. Pursuant to the order of the House of today and rule XXIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 3734.

□ 1640

**IN THE COMMITTEE OF THE WHOLE**

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 3734) to provide for reconciliation pursuant to section 201(a)(1) of the concurrent resolution on the budget for fiscal year 1997, with Mr. GREENE of Utah in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the order of the House of today, the bill is considered as having been read the first time.

The gentleman from Ohio [Mr. KASICH] and the gentleman from Minnesota [Mr. SABO], will each control 60 minutes.

The Chair recognizes the gentleman from Ohio [Mr. KASICH].

Mr. KASICH. Madam Chairman, I yield myself such time as I may consume.

Madam Chairman, today we have the beginning of a debate that really represents wonderful news for America. Frankly, the third time, they say in lore, is always a charm. Well, this is the third time we are going to bring to the floor, and we are going to pass, a welfare reform bill that ends welfare as we know it and provides a new level of opportunity for all Americans, opportunity for people who find themselves in need of assistance and opportunity for those folks who get up and go to work every morning and ask nothing from their government other than to have their level of taxation kept at a minimum and to have the maximum amount of personal liberty.

Now, Madam Chairman, this welfare bill that we are about to consider today is something that I think Americans have been asking for virtually all

of my adult life. And let me tell my colleagues what it is about. It is founded on the basis of Judeo-Christianity. Judeo-Christianity says it is a sin not to help people who need help, but it also says it is equally a sin to continue to help people who need to learn how to help themselves.

What we have in this bill is a generous amount of continued assistance for those people who find themselves in real need. I was born and raised in a community where we had a public housing development just down the street, and we always believed that it was necessary that people get the kind of help they need to lift themselves up by their bootstraps, to get the kind of help from those people in our society who have been successful, who have been blessed; and that from those people who are the most successful there is a need and a reason and, frankly, an ultimatum in some respects to make sure that we help those who, through no fault of their own, find themselves dependent.

Now, at the same time, we also believed in the community where I was born and raised that we need to give people an opportunity to be able to lift themselves out of these situations that make them dependent. I think we all recognize in this country that if we have a program that traps people in dependence, it is wrong.

In other words, we do not want to have created a welfare system in our country where people have learned to depend on it and not to be able to depend on themselves.

□ 1845

Frankly, it is not fair to those folks. It is certainly not fair to their children who get raised in an environment where they seem to get confused about the issue of dependency and independence. I believe virtually everybody in this country wants to be independent from help from others. I believe that virtually everybody in this country wants to have a job. But I think that we have created some systems, including the current welfare system, that have provided too many of the wrong incentives for people to avoid work or to be lulled into a sense of dependency. It is wrong. It is wrong for the people on the system. It is wrong for their children.

So what we attempt to do in this welfare bill is to provide generous amounts of money so that the children of people on welfare can be taken care of while the people who are on welfare get trained and get a job. We say at the end of the day, you must go and find a job. We will train you. We will help you find a job. And at the end of the day, you are going to have to get off of welfare and you are going to have to go to work. I think that is what most people in this country want.

Second, however, it will not just be a victory for those who have found themselves trapped in the system that in some respects has robbed themselves

**PROVIDING FOR CONSIDERATION  
OF H.R. 3734, WELFARE AND  
MEDICAID REFORM ACT OF 1996**

Mr. HOBSON. Mr. Speaker, I ask unanimous consent that it be in order at any time for the Speaker, pursuant to clause 1(b) of rule XXII, to declare the House resolved into the Committee of the Whole House on the State of the Union for consideration of the bill (H.R. 3734) to provide for reconciliation pursuant to section 201(a)(1) of the concurrent resolution on the budget for fiscal year 1997, that the first reading of the bill be dispensed with, that all points of order against consideration of the bill be waived, that general debate be confined to the bill and be limited to 2 hours equally divided and controlled by the chairman and ranking minority member of the Committee on the Budget, that after general debate the Committee of the Whole rise without motion, and that no further consideration of the bill be in order except pursuant to a subsequent order of the House.

The SPEAKER pro tempore (Mr. BARRETT of Nebraska). Is there objection to the request of the gentleman from Ohio?

There was no objection.

and their children of the independence that they dream about. But this is a bill that in my judgment is a terrific victory for those who struggle every day to make ends meet.

There are the mothers and fathers who take their kids to day care. These are the mothers and fathers who on every paycheck sit down and try to figure out how they can make their ends meet. And these are people who do not get anything from the Government. They do not get food stamps. They do not get any form of welfare, any kind of subsidy from the Federal Government. These people get up and they go to work every day, and they struggle every day just to keep their heads above water. Frankly, they are the ones that are truly the American heroes in this country.

It is not the people who struck it rich and made a million dollars or in some cases made billions of dollars. It is not the NBA players who are signing contracts for \$105 million. They are not our heroes. Our heroes are the mothers and fathers who fight their way off welfare. They are the mothers and fathers who have never been on it and work hard to stay off of it, and all they want to do is to raise their children in a God-fearing country with decent values and security.

This bill today represents a terrific victory for those people who get up every day and go to work. That is who we are passing this bill for, for those who find themselves stuck in a system that has not allowed them to become independent and, second, for those Americans who go to work every day, the real American heroes.

This bill is compassionate for those who really need the help. We recognize there are people in our society who, no matter what happens, are not ever going to get a job. Do you know what? We have got provisions that protect them. We recognize there are some people who will never become independent. That is a fact of life. We have got to deal with it. But we also recognize that, if we have a strong training, if we have a strong child care section and if we have a strong work requirement and we say to people, at some point you must go to work, we think that is also compassionate.

So, we think we have a welfare bill that is balanced. We think also we have a welfare bill that essentially speaks to what Americans all across this country have wanted, help those who need help, but force those who need to learn how to help themselves to go to work. That is what this bill does. It is reinventing welfare as we know it.

As the American people find out what is in this bill, and this bill will pass the House, it will pass the Senate, and it will be sent to the President, we hope and pray he will sign it. If he does, it is going to be a victory for everybody in this country, those concerned about those that cannot help themselves, those who need to learn to start helping themselves, and those

who get up every day and work hard to make sure that they are independent.

This is a good bill for America. This is a great day for the House. Let us keep our fingers crossed because the third time can be a charm.

Madam Chairman, I yield the balance of my time to the gentleman from Kansas [Mr. ROBERTS], chairman of the Committee on Agriculture, and I ask unanimous consent that the gentleman from Kansas be permitted to yield time to additional speakers.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. SABO. Madam Chairman, I ask unanimous consent to yield my first 30 minutes to the gentlewoman from California [Ms. ROYBAL-ALLARD] and that she have the authority to yield time.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

The CHAIRMAN. The gentlewoman from California [Ms. ROYBAL-ALLARD] is recognized for 30 minutes.

Ms. ROYBAL-ALLARD. Madam Chairman, I yield 2 minutes to the gentleman from Arizona [Mr. PASTOR].

Mr. PASTOR. Madam Chairman, I want to thank my colleague for yielding the 2 minutes.

We heard the chairman of the Committee on the Budget talk about a victory for America as we debate this bill and the consequences of it. I have to tell my colleagues that they are going to hear some Members speak to inform us that this victory is not shared by all Americans. Americans who work hard, Americans who want to take care of the families, people who have been in this country for many years but because of their status as legal immigrants will not be able to share this victory.

There are a number of us who are concerned both on the substitute and also concerned with the base bill. We feel that the treatment of legal immigrants is very unfair. There is a misconception in this country, there is a misconception in this House that legal immigrants are people who recently came over and are here legally only for one reason, to get on public assistance. That is not the case. We will hear tonight that many of these people have been here for many, many years, have worked hard, have raised their children, and now, in many cases, will need the services and the opportunities that they have earned.

We will also hear that there will be many children that will be put in very hard situations by these bills. As adults, as Americans, as parents, as family members, we are concerned about the children that will not savor this taste of victory.

We will hear about other parts of the bills that will affect people on domestic violence, entitlements and will not savor the taste of victory.

So, Madam Chairman, we will rise in opposition to both bills.

Mr. ROBERTS. Madam Chairman, I yield 4 minutes to the distinguished gentleman from Michigan [Mr. CAMP], a former member of the sometimes powerful House Committee on Agriculture, a current valued member of the Committee on Ways and Means.

(Mr. CAMP asked and was given permission to revise and extend his remarks.)

Mr. CAMP. Madam Chairman, today Congress is again attempting to end welfare as we know it. Over the last 19 months, my colleagues and I have twice written, debated, and adopted welfare reform legislation only to have our efforts vetoed by the President. How many more families will be trapped in the current system while time wastes in Washington?

Our current welfare system has deprived hope, diminished opportunity and destroyed lives. After 30 years and billions and billions of dollars, I ask, has the Federal Government solved the problems of poverty and dependency?

Just spending more money on the Washington welfare system will not work. Just spending more money on the current system will not help children. We need to start over. The bill before us today is a fresh start. It accomplishes five important goals for welfare reform.

First, it requires work in exchange for benefits. It encourages independence and self-reliance for able-bodied people. To help those that work, the bill provides more child care funding than current law and more than the President's proposal for working families. We have a moral obligation to improve the lives of our children, and we must do all we can to change the culture of poverty that our current welfare laws have created.

Second, this legislation also time limits welfare benefits to 5 years. While the goal is to move all families from welfare to work, some families may need more time or more help. So we retain an effective safety net. Our bill allows a hardship exemption from the time limit for up to 20 percent of those on welfare. The hard-working families in the Fourth Congressional District of Michigan and across the country believe welfare should be a hand up, not a handout. They very much support the requirement that able-bodied welfare recipients work for the benefits so generously provided by the American taxpayer.

Third, we do not give welfare to felons and noncitizens. Many people are not aware, the Federal Government sends checks to convicted felons serving time in prison. Cannot these tax dollars be better spent helping those families truly in need? Also many noncitizens have a proud tradition of hard work and achievement. They come to America to share in the American dream, which does not and should not include welfare dependency.

Fourth, this legislation also provides States with the flexibility to meet the needs of its citizens. My State of

Michigan, under the leadership of Gov. John Engler, and other States, have made tremendous strides in moving people from welfare to work. These accomplishments, however, have come in spite of the Federal Government and the current welfare laws.

For too long the Federal Government has maintained policies which have created a culture of poverty, dependence and despair. This bill brings control of welfare back to the people where it belongs.

It is important to remember what the Government's role in promoting independence should be. While legislators can design programs to help those struggling to gain financial security, the Government cannot make them succeed. Changing one's attitude is something that can only be accomplished by that individual.

Personal responsibility is the focus of this legislation. Individuals must accept responsibility for their actions and work with Government programs to improve their lives.

The current Washington-based welfare system demands no responsibility, no work ethic, no learning, no commitment and, in the end, no pride. Instead, it promotes illegitimacy, rewards irresponsibility and discourages self-esteem. Our families and our children deserve better.

I urge my colleagues to support the bill.

Ms. ROYBAL-ALLARD. Madam Chairman, I yield myself 1½ minutes.

Madam Chairman, I, like other Members of this body, am in strong support of welfare reform. But I am not for reform regardless of the consequences. For that reason, I rise in strong opposition to H.R. 3734.

This bill will have many unintended consequences to women, children and families in this country. One of those consequences is its impact on victims of domestic violence. Current studies reveal that 25 to 60 percent of participants in welfare-to-work programs are victims of domestic abuse. For these women, the welfare system is often the only hope they have for escape and survival. This bill will effectively shred that safety net.

By eliminating the guarantee status of AFDC and imposing inflexible time limits and work requirements, H.R. 3734 will force many battered women to stay with their batterers or return to them for financial support.

With the passage of the Violence Against Women Act, Congress has taken a strong stance against domestic violence. Let us not turn our backs on the victims of this deplorable crime. The lives of battered women and their children depend on it.

I hope that my colleagues will vote no on H.R. 3734.

Mr. ROBERTS. Madam Chairman, I yield 2 minutes to the distinguished gentleman from Tennessee [Mr. WAMP].

Mr. WAMP. Madam Chairman, I thank the gentleman for yielding the time.

I want to just speak a moment to the separation of policy versus politics in this debate, because we know it is sound policy to address the welfare system in this country, replacing welfare with a working populous of able-bodied people. But there is also a political equation here. There has been for many months. We know that welfare reform has been passed twice by this Congress and vetoed both times. But our President, Bill Clinton, came into these chambers and delivered the State of the Union address in January, and he challenged us to send a clean welfare reform bill back to him.

□ 1900

There were some politics associated with whether or not he might sign it, take the credit and all of that. I want to say that as a freshman Member of this body, many of us have been very unfortunately blamed for some of the misfires of the last few months. We have been called unreasonable, radical, extremist. We, many of us, went to the leadership of our side, our party, Members like the gentleman from Nevada [Mr. ENSIGN] myself, and said let us disconnect Medicaid, health care for the poor, from welfare and do what the President asked us to do and send a clean welfare reform bill, and as the gentleman from Ohio [Mr. KASICH] articulated, the President is expected to sign this bill because we are sending him substantive welfare reform, effective and efficient welfare reform, but we are sending him the clean bill that he asked for. We did make that decision on this side of the aisle to disconnect the two so that he could not say I do not want Medicaid attached to this.

This comprehensive bill provides the job training, the child care, the career education, those components that we all believe should accompany a comprehensive welfare reform bill. This is going to be one of the greatest successes of this Congress. Yes, he will get credit, but we will get credit. We are doing the people's business.

Ms. ROYBAL-ALLARD. Madam Chairman, I yield 2 minutes to the gentleman from California [Ms. LOFGREN].

Ms. LOFGREN. Madam Chairman, I, until this Congress, was a member of the local government that had responsibility for administering the welfare program, and I felt, coming here, that there were a lot of changes I want to make. There is no doubt that a lot of things need to be fixed in welfare programs in this country. We need to put people back to work, we need to have expectations for work, we need to pay attention to child care, we need to change the whole system. But what concerns me is that once again the bill that we will deal with goes too far.

As you know, I think, and I want to talk about legal immigrants, not illegal immigrants because they are eligible for nothing and should be eligible for nothing, but I want to talk about

what is fair to taxpayers, and I will give my colleagues a couple of examples.

In my district there are large numbers of Vietnamese freedom fighters, people who fought communism who came to this country as originally refugees, ultimately became residents, and under the bill before us, if after paying taxes for years and years and years, 14 years, they get a stroke, they cannot get nursing home coverage.

Let me talk about another example. An immigrant who comes in with her husband, and her husband works for 50 years and dies, and then as she is an old person, she is 65, she has a stroke, and she is not eligible to get the kind of nursing home care that the widow of every other taxpayer in America can look to get.

Now, I do not think that is fair. There are some abuses among immigrant groups, and there are necessary steps that need to be taken, and in fact the Deal bill earlier this year did deal with those. But this is unfair. I think when we look at our taxpayers, if they are legal residents or citizens, we ought to make sure that people who have worked hard and paid their taxes are treated fairly, and this so-called reform bill fails in that regard.

Mr. ROBERTS. Madam Chairman, I yield 3½ minutes to the distinguished gentleman from Virginia [Mr. GOODLATTE] and take the House's time to thank him for his contributions in increasing the trafficking penalties and bringing integrity to the food stamp reforms that we have passed in the Committee on Agriculture and hope to pass on the House floor.

Mr. GOODLATTE. Madam Chairman, I thank the chairman of the Committee on Agriculture for his kind words.

Madam Chairman, I rise in support of the welfare reform bill under consideration today, especially the reforms to the Food Stamp Program. The Food Stamp Program provides benefits to more than 27 million people each month at a cost this year of more than \$26 billion. It is growing out of control and badly in need of reform.

The Committee on Agriculture held eight hearings during the 104th Congress to review the Food Stamp Program, and many of the reforms included in this bill are based on the testimony received in these hearings. Witnesses appearing before the committee and the subcommittee on department operations, nutrition and foreign agriculture represented a wide variety of organizations. They included the administration, the General Accounting Office, the U.S. Department of Agriculture Office of Inspector General, the United States Secret Service, Governors, State and local welfare administrators. Representatives from organizations providing direct food assistance to needy families testified. Testimony was also received from grocers, agricultural organizations, churches and advocacy groups.

The following principles guided the committee in formulating the reforms

to the Food Stamp Program. The Food Stamp Program is retained as a safety net. With other programs returned to the States in block grants, it is essential to be able to provide food as a basic need while States are undergoing the transition to State-designed welfare programs. States are permitted to use one set of rules for families applying for food stamps and AFDC. This provides one-stop service, making it more efficient. Therefore, the programs can become more taxpayer friendly by eliminating redtape.

The Food Stamp Program is taken off automatic pilot. All automatic spending increases are ended except annual increases in food benefits. Able-bodied individuals without dependents must work. In keeping with the effort to encourage private sector employment and help people regain their independence, able-bodied people who are from 18 to 50 years old with no dependents would be eligible for food stamps for a limited period of time and then must work or participate in a workfare or training program in order to receive food stamps.

States are permitted to establish programs to encourage employers to participate in an improved wage supplementation program so that welfare recipients have the opportunity to work in real jobs. This means practical work experience in the real world.

Forfeiture-of-property legislation, using forfeiture proceeds to reimburse law enforcement officials, is authorized. We want to stop criminals from profiting from the Food Stamp Program. Penalties for violating food stamp requirements are doubled, and the rules governing participation by retail and wholesale food stores have been tightened.

Under certain circumstances States may operate their own Food Stamp Program. Once a State has implemented an electronic benefits transfer, EBT system on a Statewide basis, reduces rates of error to acceptable levels or pays that part of the food stamp error over acceptable levels, the State will have the option of operating a Food Stamp Program under a block grant.

Madam Chairman, I urge my colleague to support this bill. The welfare system, including the Food Stamp Program, needs significant reform, and it is accomplished in this bill.

Ms. ROYBAL-ALLARD. Madam Chairman, I yield 2 minutes to the gentlewoman from Texas [Ms. JACKSON-LEE].

(Ms. JACKSON-LEE of Texas asked and was given permission to revise and extend her remarks.)

Ms. JACKSON-LEE of Texas. Madam Chairman, I want real welfare reform. All of us have tried to work to respond to those who would come in good faith. But I want to simply appeal to the women of America, the families of America. This Republican bill cuts some almost \$60 billion from individuals across this Nation who, each time

we ask them, they say I would like to work, I would like to get off welfare, and, yes, as an American I want to contribute to what America has to offer.

But these children are the ones that we are speaking about, children who may not have the child care necessary for their parents to transition from welfare to work because we lessen the opportunity for those families to have transitional child care. If the money runs out in the State, folks, if the bucket is empty, then they do not have an opportunity to go to work if the children are not cared for.

And then when we look at Medicaid, we find that Medicaid will not be available for a period of time for those families. Medicaid equals health care. It is important to recognize that we are concerned about those families when we have a 5-year limit cutoff whether they will have the inability to carry Medicaid to insure good health for their children and for themselves.

This is a bad bill. The Republican bill is a repeat, a *deja vu*, of cutting billions of dollars, but yet not responding to the fact that we all can compromise together insuring that families have child care and job training and, yes, work. This is short on work, and then when it is short on work, it is short on opportunity to protect our children. We do not give them good health care, we do not provide safe and warm places for them to stay while those parents, those mothers, are going out to work.

I am reminded that my constituents to a one want welfare reform. I have voted for good welfare reform. Let us go back to the table and not cut \$60 billion just to make us feel good. Let us make sure that we work for the American people, who want real welfare reform.

Madam Chairman, I rise today to speak on H.R. 3734, the Republican welfare budget reconciliation, because of my concerns regarding some of the reform provisions.

While this effort at welfare reform contains both a few improvements and some further steps backward, it still poses dangers to children. This bill will abandon the basic Federal assurances of aid for poor children and families, make deep cuts in food stamp and SSI benefits. This bill would cause older children to lose their AFDC benefits, and provide inadequate child care funding for parents who are required to work, and it would eliminate almost all help for legal immigrants in need.

Welfare reform is synonymous with women and children which means that the \$53 billion in spending cuts over 6 years will hurt them disproportionately. This bill will reduce food stamps by \$23.2 billion, it will reduce Supplemental Security Income [SSI] by \$9.6 billion and aid to legal immigrants by \$17.1 billion.

In the State of Texas alone, 137,641 children would be denied aid by the year 2005 because of the federally mandated 5 year limit on receiving welfare benefits. There will be 46,986 babies in Texas who would be denied aid in the next 4 years because they were born in families already on welfare, and another 89,327 children in Texas would be denied aid if the State froze its spending on cash assistance at the 1994 levels.

This bill would lead another 60,000 Texas children into poverty.

This legislation is decidedly more mean spirited in its methods than any I have seen to date. It narrows the definition of disability for poor children seeking to qualify for Supplemental Security Income [SSI]. This bill would withhold vital cash aid for children with a wide range of serious disabilities including mental retardation, tuberculosis, autism, serious mental illness, head injuries, and arthritis.

Food stamp benefits would be cut severely, and the Federal guarantee of food aid could be eliminated on the State level as an option given to them by this legislation. The cuts to the Food Stamp Program would hurt 14 million children.

The victims of domestic violence and their children would still have no assurance that, if they escape the violence, they could at least survive with cash assistance until they are able to find work. This would cause many women and their children being forced by harsh economic realities back into the abusive environment they were attempting to escape.

I would like to caution my colleagues to carefully consider their vote on this bill. I will continue to be committed to working for compassionate and fair welfare reform.

Ms. ROYBAL-ALLARD. Madam Chairman, I yield 3 minutes to the distinguished gentleman from California [Mr. TORRES].

Mr. TORRES. Madam Chairman, I thank the gentlewoman for yielding this time to me.

I was struck by the message that the gentleman from Ohio [Mr. KASICH], the distinguished chairman of the Committee on the Budget, talked about the parables of sin and that it is sinful not to help. At the same time, he said it is a sin not to help one's self, and he talked about his community and where he was born and raised and how he grew up and how that community pulled itself up by the bootstraps. And that is well and good; that is the story of our country.

But what about when we have bad times? What about when we have depressions? What about my community when I was growing up, where I was born, when we had a Great Depression?

My father was deported because he was from the other side of the border and he was working here as a copper miner. My mother was left alone with my brother and I. We were on welfare, we were on relief. We suffered, we were hungry. I wore corduroy pants. My colleagues remember that, those that remember the Depression. I wore those corduroy tennis shoes. We stood in lines for food.

Thank heavens for relief or welfare, what it was called then, and, yes, we want to change welfare as we know it today, we want to reform the ills of people who exploit and cheat on welfare. But what about the people that cannot find jobs? What about the incapacitated?

What about the homeless who have lost their jobs and because of that they have lost their homes and had to move and live out of their vehicles or live in parks?

What about the elderly, who, as was mentioned here earlier, are legal immigrants who came here many, many years ago and worked hard and paid taxes and sent their sons and daughters to war to defend this Nation, and here they are in their time of need, elderly, widowed, alone, will not be given the kind of assistance because they are legal immigrants.

What a shame, what a shame of this country. We cannot tolerate this.

What about the children, the millions of children that will be put on the street because they will be pushed into poverty by this ill-thought-of, ill-conceived Republican bill? In 70 percent of these families one of the parents is probably already working, but yet those children will be denied. What about the children of immigrants in this country, children who were born here or have the fault, if my colleagues will, of choosing the wrong parents and will be denied Medicaid or food stamps, or disabled children who will be denied SSI benefits all because, as I said, they made the mistake of choosing their parents?

□ 1915

This is unconscionable. We need to come back to the table and negotiate a welfare bill that is right for this country in these times. We need to send the President a bill that he can sign. I simply say we need to work harder at this. We cannot allow this bill to be passed.

Ms. ROYBAL-ALLARD. Madam Chairman, I yield 3 minutes to the gentlewoman from California [Ms. WATERS].

Ms. WATERS. Madam Chairman, this is not welfare reform, this is welfare bashing. Welfare reform has become the political football in this election year. Children and families are going to be hurt if this bill is signed into law. Poor children in families will be hungrier and they will be poorer. Yes, some politicians will use this bill to get reelected, rather than spend their time to produce credible, sensible, welfare reform.

Madam Chairman, I believe in welfare reform and I believe we can do a better job. This bill gets rid of all the entitlements. That means you can have a family who has worked hard, mother and father worked hard for the last 20 years and all of a sudden they are downsized on the job, they lose their job, the job exported somewhere to a Third World country for cheap labor. They could go in for welfare benefits and, because there is no entitlement, they can say I am sorry, I cannot give it to you. Money has run out. Sorry, there is none left for you. That does not make good sense.

It puts a 5-year limit on the time that you can receive benefits. That does not make good sense. There are some people who could get off welfare in 6 months or a year, and some who may have college education and all they need to do is just get back into the workplace with a little assistance,

a little experience. There are others who dropped out of school a long time ago, who may be illiterate. It is going to take them a longer time. They need to be job trained, they need to have their GEDs, they need to get some experience, they need to be helped to get back into the workplace.

It does not make good sense, Madam Chairman, to treat everybody the same. We must assess each individual and determine where their strengths are, where their weaknesses are. Most welfare recipients want to be independent. They do not like being on welfare. We need to have credible child care, we need to have credible job training programs. They will get off.

If politicians would simply use their time and their talent to create credible welfare reform for this country we could get people off welfare, but this is welfare bashing. This no entitlements, everybody off at the same time, this does nothing to deal with real welfare reform. Members are going to starve some children, they are going to take food stamps from a family of three that only makes about \$6,200 a year, they are going to take food out of the mouths of hungry children in this election year, having people believing that they are protecting their taxpayer dollars.

I want to tell the Members, nobody is going to be protected. What we are going to have is more desperate families out there, more desperate mothers and fathers who will say, "I am not going to allow these children to be hungry, I am not going to allow them to be treated this way. I have done everything that I could. I worked hard every day.

"When I went to the welfare office after having worked 20 years, you told me there are no more entitlements. I cannot get any help." Is that fair? No.

I will tell the Members what is fair. It is fair to have entitlements and equal application of the law. I ask my colleagues in the House to reject this non-credible nonsensical welfare bill.

Mr. ROBERTS. Madam Chairman, I yield 2 minutes to the gentleman from Georgia [Mr. KINGSTON].

Mr. KINGSTON. Madam Chairman, I have been listening to them, about children and so forth. This is the same rhetoric we heard from the same group when we passed welfare reform, when we tried to change some of the other entitlement programs, to not have a complete overhaul but to target the areas that are wasting money, to try to reduce the bureaucracy of Washington. Yet, we hear from the same people. To my knowledge, we have not heard from one Democrat who has ever supported a welfare reform bill on the floor of the House.

Madam Chairman, I think what we are really hearing is people who are against welfare reform. I am a father of four children. I do not want to see any kids starving out on the street. I do not want to throw any elderly out. I am hearing people debate a bill that is not even on the floor of the House.

I think it is time to get back to the fact that we are increasing food stamps. The school lunch program was mentioned. We are not even affecting the school lunch program by this bill. Madam Chairman, this Congress is concerned with a government policy that has spent over \$5 trillion fighting poverty, and it has failed. It has not moved us down the road. I would hope that these folks would say, listen, it is time to say welfare should not be a way of life; that able-bodied people should be required to work in order to get public assistance.

One of the gentlemen earlier talked about coming to this country during the Depression. The FDR-type programs all had a work requirement. That gives people self-esteem. I heard President Clinton say one of the best things about people getting off of welfare is when the 12-year-old child at school, when he is asked "What does your Momma do?" instead of saying "She is on welfare," they can say, "She works. Here is where she works."

That is what we want to do. We want to get the poor independent instead of keeping them dependent so bureaucrat after bureaucrat in Washington can benefit from a government poverty program. They are poverty brokers in Washington, they are not people who want to make the recipients independent.

Ms. ROYBAL-ALLARD. Madam Chairman, I yield 30 seconds to the gentlewoman from California [Ms. WATERS].

Ms. WATERS. Madam Chairman, I think it is very important that we put the facts on the floor and that we not get so carried away with our rhetoric that we mischaracterize what has taken place here.

Every Democrat has voted for a welfare bill. Remember the Deal bill? I am sure the gentleman is familiar with that. It had tougher work requirements in it. If the gentleman would like to correct the record, I know the gentleman does not want to go on the record misquoted or misunderstood. The gentleman just said we had never voted for welfare reform. I think the gentleman needs to correct that.

Mr. KINGSTON. Madam Chairman, will the gentlewoman yield?

Ms. WATERS. I yield to the gentleman from Georgia.

Mr. KINGSTON. Madam Chairman, here is what I hear from Democrat after Democrat: We want welfare reform, but we—

Ms. WATERS. The gentleman needs to correct the record.

Mr. KINGSTON. If the gentlewoman would yield time, we can talk about it.

Ms. ROYBAL-ALLARD. Madam Chairman, I yield 3 minutes to the gentleman from New Jersey [Mr. PAYNE], chairman of the Congressional Black Caucus.

(Mr. PAYNE of New Jersey asked and was given permission to revise and extend his remarks.)

Mr. PAYNE of New Jersey. Madam Chairman, I rise in opposition to H.R.

3734. "End welfare as we know it" was what was said during the last campaign. Let us take a look at this question of ending welfare as we know it.

On June 27, 1996, the Committee on the Budget released the Republican vision, and I use that word loosely, of welfare reform; and some of the details that have surfaced, they certainly need to be looked at more closely.

Currently the welfare system in this country is one that in some cases does foster cycles of dependency. Many times an individual cannot get off of welfare rolls because she cannot get a job that will provide a living wage for herself or her family, get quality child care for her family, get adequate housing for her family, get adequate health care for her family.

If we are going to end welfare as we know it, does this bill help to accomplish those things? The answer is definitely no. Providing jobs and job security will change this type of system to promote one that encourages self-sufficiency. However, we are unwilling and we are unable to invest the necessary resources in our families.

However, without the adequate support in places, opportunity for employment, opportunity for day care, opportunity for an adequate salary, and to promote and encourage self-sufficiency, taking this punitive approach to drop people from the welfare rolls will certainly do more harm.

In our subcommittee a resolution that was brought up to say that if a person cannot find a job when the time expires, will they be able to continue to have benefits, and the Republican Members of the committee all voted no, throw the children out.

So because we are not addressing the root causes, the lack of adequate jobs, the underlying conditions of the problem will continue to exist. An experiment conducted in my home State of New Jersey and also in Illinois found that 80 percent of welfare recipients who found jobs were able to break the cycle of poverty. It was very simple. They were able to work their way out. Yet, only 2 percent of those that had to depend on the system were able to break the cycle of poverty. The answer is jobs.

We had 100 jobs available in the city of Newark. Fourteen hundred people started to get in line at 6 a.m. for those 100 jobs. It was not even 100. They said possibly up to 100, but maybe 50. Fourteen hundred people went and waited for hours and hours to apply for the jobs. So the answer is certainly there. Remember, there are 9 million children who receive welfare, which is about 65 percent of the welfare rolls. Today there are over 14 million children living in poverty. One out of five children go hungry every day. Let us defeat H.R. 3734.

Mr. ROBERTS. Madam Chairman, it is a pleasure to yield 2 minutes to the gentleman from Iowa [Mr. GANSKE], a gentleman whose testimony before the Committee on Ways and Means helped

shape the reform bill that is now on the House floor.

Mr. GANSKE. Madam Chairman, before coming to Congress I was a physician in Des Moines, IA. My wife is a family physician. My wife has helped 13-year-old girls deliver their babies. I have taken care of 15-years-olds who have gunshot wounds to the head, and 17-year-olds who have needle track infections up and down their arms and probably have AIDS because of it.

I took care of 15-year-old young women who would bring their babies into my office with a cleft lip, a cleft palate, a hand deformity, and there would almost never be a dad there with them. My heart would go out to them because they had a hard road ahead of them. It is one thing to take care of a little baby who is 2 years old as a single parent. It is quite another thing to take care of a 15-year-old boy who has never had the advantage of a dad, who gets involved with a gang, and then ends up shooting himself or somebody else.

We have to do something about the illegitimacy problem. In Iowa alone there were 9,000 illegitimate births last year. Next to my office, in neighborhoods close to where I practiced, there was a 60-percent illegitimacy rate in Des Moines, IA. That is why I testified before the Committee on Ways and Means in February 1995. I advocated offering States an incentive to reduce their illegitimacy rates. Increase their block grant if they are successful.

I am happy that such a proposal was in our reform bill. It was twice vetoed by the President, but it is in the current bill. Starting in 1988, this bill increases a State's grants by 5 percent for lowering the illegitimacy rate by 1 percent, and 10 percent for lowering the illegitimacy rate by 2 percent below the 1995 level.

This legislation is needed. We need to give States the incentives to address the illegitimacy problem. It is a two-person problem. It is not a problem with the young women. That is why in this bill there are strong provisions to make the young fathers responsible economically for their children. We need to pass this bill.

Ms. ROYBAL-ALLARD. Madam Chairman, I yield 5 minutes to the gentleman from New Mexico [Mr. RICHARDSON].

(Mr. RICHARDSON asked and was given permission to revise and extend his remarks.)

Mr. RICHARDSON. Madam Chairman, I would hope that we stop personalizing and politicizing this bill. All I seem to hear is Democrats, Republicans, do this. I want to talk to Members about people. I want to talk to Members about legal immigrants, men and women who are here legally, pay their taxes, serve in the military, but are taking the biggest hit in all of the bills we are debating today.

The bill that is the centerpiece of the majority retains very harsh and uncompromising language. While we all

support the strengthening of requirements and the sponsors of legal immigrants applying for either SSI, food stamps, or AFDC, the bill bans SSI and food stamps for virtually all legal immigrants and imposes a 5-year ban on all other Federal programs, including nonemergency Medicaid; imagine that, nonemergency Medicaid, for new legal immigrants. These bans would also cover legal immigrants who become disabled after entering the country, families with children, and current recipients.

Madam Chairman, .3 million immigrant children, .3 million, are affected. That is not right. That is not the traditions of this country.

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Madam Chairman, this bill unfairly shifts costs to States with high numbers of legal immigrants. The bill requires virtually all Federal, State and local benefits programs to verify recipients' citizenship or alien status. These are new unfunded mandates for State, local, and nonprofit service providers and barriers to participation for citizens.

Again, let us look at the facts. First of all, legal immigrants work hard and pay taxes. That has been documented. The foreign-born are more likely to work than the native-born, 77 to 74 percent.

In 1992, Business Week estimates legal immigrants work and earn at least \$240 billion a year and they pay over \$90 billion in taxes.

Legal immigrants are a net benefit to the economy. A new Urban Institute study: For every increase of 100 people in the native population, employment grew by 26 jobs; and for every increase of 100 in the immigrant population, employment grew by 46 jobs.

Research shows that immigrants actually complement native workers rather than substitute for native workers.

If no Mexican immigration had occurred between 1970 and 1980, 53,000 production jobs, 12,000 high-paying non-production jobs, and 25,000 jobs in related industries would have been lost. Again, this is the respected, bipartisan Urban Institute.

Last, welfare among legal immigrants is low. Among nonrefugee immigrants of working age who entered during the 1980's, 2 percent report welfare incomes versus 3.7 percent of working age natives.

Nonrefugee immigrants of working age are less prone to welfare use than natives according to a CATO study.

Madam Chairman, all of us here want welfare reform. It is not true that these gentleman on this side and others on that side have not voted for welfare reform. That is the number one issue among our constituents. What we are doing now is targeting illegal and legal immigrants indiscriminately. What we are doing is turning the clock back to a darker time when people in America, but only certain people in

America, lived and worked under the shadow of second-class status. There is no justification for targeting immigrants who do not abuse the welfare system, who work hard, who play by the rules, who pay taxes, and who serve in the military at America's calling. Most immigrants are long-term residents who have lived in this country and have paid taxes for 10 years or more. Immigrants do not come to this country to take advantage of our welfare system.

So, Madam Chairman, here we face a number of welfare reform bills, substitutes. Let me say that legal immigrants take a hit in all bills. So as a Hispanic American whose mother is Mexican and as many in this body that have an ethnic background that is not a pure American, I do not think there is one native American in this body—there is in the Senate—what we have and what we are doing is wrong, it should be rejected, and we should stand behind the best traditions of this country.

Mr. ROBERTS. Madam Chairman, I yield 1 minute to the distinguished gentleman from Nebraska [Mr. BARRETT], chairman of the Subcommittee on General Farm Commodities of the Committee on Agriculture.

Mr. BARRETT of Nebraska. I thank the chairman for yielding this time.

Madam Chairman, despite having invested more than \$1 trillion, the Federal Government's 30-year war on poverty has instead created a war of poverty. Along with giving States and communities more flexibility in designing welfare programs, H.R. 3734 will provide welfare recipients with a better coordinated system of child care. The bill will provide \$4.5 billion more for child care than is currently available and it will consolidate 7 separate programs that have often left child care providers, and families, confused and without assistance.

The bill is tough on getting welfare recipients back to work but without these improvements in child care assistance, welfare families may not be able to afford work and pay for child care at the same time.

Madam Chairman, while the bill provides more funds for child care, it will make other needed reforms that should save \$53 billion by 2002. I would encourage the House to support the bill and help end a way of poverty that has permeated our Nation's welfare system for more than 30 years.

Ms. ROYBAL-ALLARD. Madam Chairman, I yield 3 minutes to the gentlewoman from Hawaii [Mrs. MINK].

Mrs. MINK of Hawaii. Madam Chairman, I thank my colleague from California for yielding me this time.

Madam Chairman, it grieves me to be here this evening to see the end of a period of almost 60 years in which this country's beliefs in its responsibility to the poor is going to be shattered. I speak of that element in our Aid to Dependent Children's program which is referred to as the entitlement. It was

the safety net, it was the guarantee that all children, no matter where they lived, whatever region of this country they came from, whatever their ethnic background, that they would have the assurance of a Federal program which allowed them the eligibility to participate. No political situation, no situation on a local level, no Governor, no State could alter that eligibility which the Federal Government assured that child.

What we are debating here is a destruction of that very basic guarantee. If we destroy that guarantee, it will be 100 years from now before it ever can be restored. It was the genius of this country, as in the words of the chair of the Committee on the Budget, to understand that it was a sin not to provide for those less fortunate in our society that gave birth to this program. What is honored was the mothers of this country that found themselves without the necessary means to raise their children, and this country rose up to the responsibility and provided an entitlement program which said "Children everywhere in America, you will have this assurance," and we are about to break that guarantee by destroying that entitlement and putting the money simply into the State coffers without that guarantee. It is the destruction of that entitlement that troubles me the most.

We started on this debate with an effort to try to reform welfare. Every single Democrat joined in that when we voted for the Deal bill. No one should leave this floor with a belief that Democrats are not interested in improving the welfare system, because we all voted for it. But now we see a bill coming from the majority which takes about 50 percent of the cuts in this program from the hides of noncitizens of the United States. Is that fair?

The Chairman of the Committee on the Budget also said that this is a victory for everyone in America. It is not a victory for the children that will be left out of this program, and it is certainly not a victory for legal residents of this country who came to America with the promise of liberty and equal treatment, and they are going to find themselves now without the protections if they become disabled, without the protections if they should become impoverished, as every other American. That is what is wrong. This is not welfare reform. It is destruction of the basic guarantees of our democracy.

Mr. ROBERTS. Madam Chairman, I yield 2 minutes to the gentleman from Nevada [Mr. ENSIGN], a valued member of the Committee on Ways and Means.

Mr. ENSIGN. Madam Chairman, we have to ask ourselves a few questions here. First of all, does the current welfare system help children as the last speaker talked about? She talked about a safety net. Is the current welfare system a safety net or has it become a spider web that just absolutely grabs onto people and creates a dependency cycle that destroys families? Is

the current welfare system compassionate? The answers to all of these questions are an obvious no, the current welfare system is not compassionate and it does destroy families.

What effect has our welfare system has on out-of-wedlock births? What effect has it had on crime rates? What effect has it had on the work ethic in America? Our bill gets people off welfare and into work. That is true compassion.

Our bill does stop noncitizens from receiving welfare benefits. I am sorry. I believe that welfare benefits should only be reserved for citizens of the United States. It is currently law in the United States that if you are a non-citizen that comes here and you go on the Government dole, that is grounds for deportation, has been the law, at least during this century. That is grounds for deportation here. We are an opportunity society. We want to attract people from around the world to come here to better their own lives and to better this country at the same time.

My mom when my parents were divorced when I was about 3 years of age would have made more money going on welfare because she had no child support. She had three kids to raise. But I saw my mom each and every single day get up and go to work, and that taught me a work ethic that we are robbing from welfare families today. The children of welfare families are losing that. That is not compassion. We want to be an opportunity society that takes people and provides them opportunities.

Our bill provides money for child care, \$2 billion more than the President, and also transitional health care for children in the time that these welfare moms and welfare families are getting off of welfare and into work.

Ms. ROYBAL-ALLARD. Madam Chairman, I yield the balance of my time to the gentleman from California [Mr. BECERRA].

The CHAIRMAN. The gentleman from California is recognized for 5 minutes.

Mr. BECERRA. Madam Chairman, I thank the gentlewoman from California for yielding me this time.

Madam Chairman, let me begin by first thanking many of my colleagues and the folks within my own leadership in the Democratic caucus of the House for the time and effort that has been spent with many of us who have had concerns about welfare and meaningful reform of welfare. I want to thank those who took the time to hear us out. Unlike some of the folks on the other side of the aisle, there has been a great deal of effort on the part of our leadership and many of the members of our caucus, from both sides of the spectrum, to try to address issues of grave concern to us all.

As President Clinton has said, the current welfare system is broken and must be replaced. This is true for the sake of the people who are trapped by it as well as for the taxpayers who pay for it.

But when we began to consider reforming welfare, discussions centered on providing sufficient child care to enable recipients to leave welfare for work, on rewarding States for placing people in jobs, on restoring the guarantee of health coverage for poor families, on requiring States to maintain their stake in moving people from welfare to work, and on protecting States and families in the event of economic recession and population growth. But this House bill has failed miserably in achieving these goals.

Instead, it relies on catchy slogans and soundbites of setting time limits so you are off if you do not make it, if you do not cut it. We block grant in this bill, give you a lump sum of money which looks good but never is enough to cover your needs in the States. And we talk about, as we have heard some of the Members on the other side of the aisle say, the noncitizen alien, and they use as graphic a term as they can to try to describe these human beings who are in this country, one, legally; are in this country, two, paying taxes; are in this country, three, willing and ready and obligated to serve in time of war, as many have, and are prepared to die, as many have, for this country even though they have yet not become U.S. citizens.

The effect of this bill, well, it is weak on work. They force people off of welfare, but they do not help them get into work. It will shove more children into poverty, and we know that from many of the studies, and everyone across the board says that.

Let me focus finally for the rest of my time on this one last issue: The hidden tax that you do not hear many people talk about. There is a tax in this bill. Let us go ahead and disclose it now.

□ 1945

Thirty billion dollars of the so-called savings that amount to \$60 billion comes from a particular population of people, not because they are lazy and do not work, not because they have come into this country without documents. These are folks who happen to be immigrants; they haven't yet reached the stage of becoming citizens. But this population of legal residents in this country who are entitled to be here because this country has granted them permission has now been told you are going to pay a tax of about \$2,000 per person, about \$30 billion is being extracted from the hides of people who are entitled to be here, who are working and paying taxes.

Why? Well, they do not vote. They do not have a say in this place and chances are they are not going to contribute money to the coffers, campaign coffers of people who are hitting them. So there is no stake here or negative stake here in going after the legal immigrant.

So what we see is that these individuals are being told, and their children are being told, no, you have worked 5

years, 10 years, 15 years and now all of a sudden you have been hit by a car and you need some assistance with the medical bills because you cannot pay them all yourself, sorry. You happen to not yet have become a citizen, even though you have worked here for quite some time and paid taxes, and that hidden tax will cost those individuals about \$2,000 per person, and if you exclude children, it is a much heavier hit for the adults.

More than 200 years ago we had some folks toss some tea over a harbor because of the issue of taxation without representation, yet we see it being done here today but in a very concealed way.

Finally, let me close by saying the following things: For some reason this Congress this session has decided it wants to hit my family in virtually everything I have to come up here to discuss, and in committee as well. It seems that I am having to defend my parents or my relatives. My parents who migrated to Sacramento, CA, would face many of the situations that are in this bill that would deny them services, even though my parents have worked hard in this country for decades. I am not sure why I have to constantly try to explain to my father that the Congress of the United States and this noble country is out to get them. They are fortunately now citizens, so they will not be impacted. But isn't it ironic just because they happen to have that day been able to become citizens things have changed?

It is a hidden tax. It is an unfair tax and that must change. We need meaningful reform. Let's change welfare as we know it, as the President said, but let us do it in a way that includes all Americans.

Mr. ROBERTS. Madam Chairman, I yield myself such time as I may consume.

Madam Chairman, I think it is obvious that we all know that welfare reform is a front-burner topic, not only on this floor in this town, but certainly all throughout the Nation, and the American people want change.

I think the House of Representatives has responded to the American public. I believe that real welfare reform is represented in the bill that is being considered today. This bill represents real change.

I want to congratulate the members on the Committee on Agriculture and all Members who have worked so diligently on reforming the Food Stamp Program. That is the part of welfare reform for which the Committee on Agriculture is responsible. The very first hearing held by me and my Republican majority in the committee was on enforcement in the Food Stamp Program, and following that hearing, the chairman of the subcommittee, our late and beloved colleague, Mr. Bill Emerson, held four hearings on the Food Stamp Program. Bill was an expert in regard to the Food Stamp Program.

From the testimony received in these hearings, the committee formulated

the principles that really guided our reform. The bill being debated today simply reflects those principles.

First, keep the Food Stamp Program, that was a tough fight, as a safety sunset so that food can be provided as a basic need while States are undergoing the transition to State-designated welfare programs.

Second, second principle, to harmonize welfare and the Food Stamp Program for families receiving benefits from both programs, not on a separate track. We streamlined that.

Third, take the Food Stamp Program off of automatic pilot. Started out 12 years ago at about \$12 billion, went up to \$27 billion and was ever increasing.

Fourth, able-bodied participants, able-bodied participants without dependents must work in private sector jobs.

Lastly, tighten controls on waste and abuse. Out of the \$27 billion in the Food Stamp Program, estimated by the new Inspector General at the Department of Agriculture, anywhere from \$3 billion to \$5 billion is now going to fraud and abuse. So we are tightening those controls, and we curb the trafficking with increased penalties.

Now that is real reform. It is essentially the same bill that was approved by the House on December 21, last year, by a vote of 245 to 178. One significant exception, the food stamp funding cap is eliminated.

Now, that cap was eliminated as a concession to and at the request of the National Governors' Association, the Clinton administration, and the Secretary of Agriculture. We sat down and we worked with all of these folks. Food stamp reforms still include measures to control the cost of the Food Stamp Program, however.

The bill represents sound policy. The program is retained as a Federal safety net. States are allowed to harmonize their AFDC and Food Stamp programs. As I indicated, the food stamps are taken off of automatic pilot, except for the annual food benefit increases; able-bodied persons without dependents must work; and there are increased penalties for trafficking and fraud.

It is a good package. Through the reforms in this bill, the committee will meet its target under the 1997 budget resolution. But, first and foremost, we reform the program.

Last April, the Clinton administration submitted its welfare reform bill. There are many similarities between the two bills, since we adopted many of the USDA proposals and they in turn adopted many of ours. A review indicates that 55 percent of the provisions are identical; 72 percent are either identical or very similar—72 percent in agreement with the USDA and the Clinton administration. We worked hard to do that.

There are some differences. We take the Food Stamp Program off of automatic pilot for all but annual food increases. If needed, we can come back in; we can appropriate the funds, and the administration bill does not.

We have a strong work requirement. We expect able-bodied persons, no dependents, between the ages of 18 and 50 to work or be in a training program after 4 months of food stamp benefits. The administration's work requirement, as far as I am concerned, is very weak. We allow States to operate work supplementation programs and the administration does not.

This program now provides benefits to an average of 27 million people each month at an annual cost of more than \$26 billion. Everybody should agree that for the most part these benefits go to families in need of help and are used to buy food. There is no question in my mind that the Food Stamp Program helps poor people and those who have temporary fallen on hard times. However, there is also no question in my mind that the program is in need of real reform.

As I have indicated, this bill reflects the principle that the Food Stamp Program should remain a Federal program. States will be undergoing a transition to State-designed welfare programs. During this period, this Food Stamp Program will remain as a safety net and be able to provide food as a basic need. The program will remain at the Federal level and equal access to food for every American in need is still ensured.

Now, I mentioned we had taken the program off of automatic pilot except for the annual increases. The food stamp deductions are kept at the current levels instead of being adjusted automatically. Food stamp benefits will increase to reflect the increases in the cost of food. Food stamp spending will no longer grow out of control. Out of control: 1984, \$12.4 billion, 232.4 million people participating; 1996, \$26.4 billion, 27.5. Under this bill, 1997, \$26 billion; by the year 2002, \$30.4 billion. It increases, does not decrease.

It is a transition, but we stop that annual growth increase. If the economy goes down, food stamps went up. If the economy went up, food stamp spending went up and the participants went up.

The food stamp deductions, as I have indicated, are kept at the current levels, and as I have indicated, the spending will certainly no longer grow out of control. Oversight from the Committee on Agriculture is essential so that when reforms are needed, why, the committee will act.

I want to talk about the strong work program. Again, able-bodied persons between the ages of 18 and 50 years, no dependents, will be able to receive food stamps for 4 months. Eligibility will cease at the end of this period if they are not working at least 20 hours per week in a regular job. The rule will not apply to those who are in training programs such as approved by a Governor of a State.

A State may request a waiver of these rules if the unemployment rates are high or there is a lack of jobs in the area. Please remember that. We are not heartless. We just expect able-bodied

people between 18 and 50 who have no one relying upon them to work at least half the time if they want to continue to receive the food stamps.

It is essential to begin to restore integrity to the program. Incidences of fraud and abuse and losses are steadily increasing. The public has lost confidence in the program. There are frequent reports in the press and on national television in regard to abuse. We held the hearing in the House Committee on Agriculture. The Inspector General of the Department, the new Inspector General, Roger Viadero, came down from the Department, showed on television the massive fraud in many food centers that were not food centers, they were trafficking centers for organized crime.

Abuse of the program usually occurs in three ways: Fraudulent receipt of benefits by recipients; street trafficking in food stamps by recipients; and trafficking offenses made by retail and wholesale grocers. We double the disqualification periods for food stamp participants who intentionally defraud the program. First offense, the period is changed to 1 year. Second offense, the disqualification period is changed to 2 years. And then if you are convicted of trafficking food stamps with a value over \$500, adios, you are permanently disqualified.

As I have indicated, the trafficking by unethical wholesale and retail food stores is a serious problem, had it on tape, national television, sickened the American public, not fair to the recipient, not fair to the taxpayer. Also, benefits Congress appropriates for needy families are going to others who are making money from the program. Therefore, the bill limits the authorization period for stores and provides the Secretary of Agriculture with other means to ensure that only those stores abiding by the rules are authorized to accept food stamps. It is amazing that that was not changed before.

Finally, the bill includes a provision that all property used to traffic in food stamps and the proceeds traceable to any property used to traffic in food stamps will be subject to criminal forfeiture. They have to give it up.

This bill and the Committee on Agriculture's contribution to the bill, I think, represents good policy. We have kept the Food Stamp Program as a safety net for families in need of food. We have taken the program off of automatic pilot. We save \$23 billion. Congress is back in control of spending on food stamps. States are provided with an option to harmonize food stamps with their new AFDC programs. We take steps to restore integrity to the Food Stamp Program by giving law enforcement and the Department additional means to curtail fraud and abuse. We encourage and facilitate the EBT programs. We begin a strong work program, again, so that able-bodied people, no dependents, between the ages of 18 and 50 years can receive food stamps for a limited amount of time without working.

This represents good food stamp policy and reform. I hope all Members will agree with me and support this bill.

Madam Chairman, I reserve the balance of my time.

Mr. SABO. Madam Chairman, how much time remains on both sides?

The CHAIRMAN. The gentleman from Minnesota [Mr. SABO] has 30 minutes remaining, and the gentleman from Kansas [Mr. ROBERTS] has 2¼ minutes remaining.

Mr. SABO. Madam Chairman, I yield myself 1 minute and 30 seconds.

Madam Chairman, as a State legislator in the 1970's, I regularly came to Washington to participate in meetings on welfare reform. It is something we have understood that needed to be done for many, many years, but there is a right way to do it and there is a wrong way to do it. Unfortunately, the majority Republican plan is one that does it the wrong way. It is weak on work and it punishes children.

Tomorrow we will have an opportunity to vote for a better alternative. The Castle-Tanner substitute, a genuine effort by some Democrats to work with some Members of the Republican side to develop a truly bipartisan plan. It is a plan that is fairer to children, tougher in requiring people to go to work, understands the diversity of this country, requires States to maintain their efforts, rather than allowing the States to pull billions of dollars out of the program, as the Republican plan does.

Madam Chairman, this country would be well-served if tomorrow a majority of this House in a bipartisan fashion would vote for the bipartisan substitute amendment that is going to be offered.

□ 2000

Mr. SABO. Madam Chairman, I ask unanimous consent that I be allowed to yield the remainder of my time to the gentleman from Texas, Mr. STENHOLM, and that Mr. STENHOLM have authority to yield to other Members.

The SPEAKER pro tempore (Ms. GREENE of Utah). Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. STENHOLM. Madam Chairman, I yield myself such time as I may consume.

Madam Chairman, it has been stated numerous times already tonight that the House now has a historic opportunity to move toward enactment of meaningful welfare reform legislation, discouraging the cycle of dependency and moving welfare recipients into work. I could not agree more. But I believe the legislation I am supporting is the best way for the House to realize that opportunity.

There is a bipartisan welfare reform alternative that can be supported by a strong majority of members on both sides of the aisle and can be signed into law. That's how historic opportunities are realized.

My objections to the Majority bill come down to two simple concerns: I believe their proposal is weak on work and tough on kids. In my book, that's a bad equation that is fixed by the Castle-Tanner substitute.

This substitute achieves \$53 billion in savings in welfare programs as required by the Majority-approved budget, while protecting children and providing States with the resources that CBO says they need to put welfare recipients to work.

Let me repeat. CBO says they need. How many times have we in this body heard unfunded Federal mandates. I would ask my friends on the other side of the aisle to take a good hard look at their language because CBO says it falls short regarding the very States we are attempting to work with. In fact, the Castle-Tanner substitute is the only proposal that has real work requirements that the Congressional Budget Office says States will be able to implement to move welfare recipients to work.

Madam Chairman, over the last two years, I have solicited the views of welfare providers, recipients, and local citizens in my district on what Congress should do to allow local communities to implement effective welfare reform. The citizens in my district expressed a very strong desire for local flexibility and adequate funding to design a workable welfare delivery system that would more efficiently and effectively move welfare recipients from welfare to work.

I am proud of the work performed by my constituents. They invested their time and energy, they engaged in dialogue with individuals of a different perspective, they developed common goals, and they promoted concrete suggestions for improvements. They did the work I asked of them and now it's my turn to do my part here in Washington. That is precisely how I ended up one of the strongest supporters of the Castle-Tanner substitute. It is the only welfare reform alternative that provides local communities with the support they need to move welfare recipients to work.

The welfare reform bill proposed by the majority falls well short of giving state and local governments that flexibility or the resources they need to implement welfare reform proposals. The National Governors Association adopted a resolution yesterday expressing "concerns about restrictions on states flexibility and unfunded costs" in the work requirements of H.R. 3734." That is the Governors' Association. The Republican bill rejects the NGA recommendations for state flexibility in developing work programs appropriate for local communities and does not provide any additional funds for states to meet the increased work requirements.

CBO has estimated that the Republican bill would fall \$12.9 billion short of the funding for work programs necessary to meet the work requirements

in the bill, and \$800 million short of the costs of providing child care assistance to individuals required to work. The CBO report accompanying the Republican bill states:

CBO \*\*\* concludes that most states would fail to meet these [work] requirements \*\*\* most states would simply accept the penalties rather than implement the requirements.

That is CBO. The same CBO we talk about day in and days out that we need to pay attention to. The Castle-Tanner substitute ensures that states would be able to meet the work requirements in the bill by providing \$3 billion in additional mandatory funds that states can access in order to meet the costs of moving welfare recipients to work. In addition, Castle-Tanner adopts the recommendations of the National Governors Association regarding state flexibility in meeting work requirements.

Rhetoric about tough work requirements is either an empty promise or the greatest unfunded mandate Congress ever imposed if it is not backed up with funding for states and local governments to meet the work requirements. Welfare reform will fail to meet the goal of ending the cycle of dependency and moving welfare recipients to work if states do not have sufficient resources to operate work programs. As the CBO report makes abundantly clear, the work requirements in H.R. 3734 are illusory because states will not be able to implement them. If you support breaking the cycle of dependency and actually moving welfare recipients into work instead of just talking about it, vote for the Castle-Tanner substitute.

The Castle-Tanner substitute proves that it is possible to dramatically reform the welfare system in this country without harming children, while still achieving substantial budgetary savings.

As we said, we do have an historic opportunity to reform our failed welfare system. We cannot afford to waste this opportunity. The House can take a tremendous step toward ending the political gridlock and finding a bipartisan solution to the problems of our welfare system by passing the Castle-Tanner bill tomorrow. I urge my colleagues to vote for the bipartisan Castle-Tanner substitute.

Madam Chairman, I reserve the balance of my time.

Mr. ROBERTS. Madam Chairman, I yield 1 minute to the gentlewoman from Florida [Mrs. FOWLER].

(Mrs. FOWLER asked and was given permission to revise and extend her remarks.)

Mrs. FOWLER. Madam Chairman, I have a few questions for the defenders of the present welfare system.

Is there compassion in a system run by Washington bureaucrats?

Is there compassion in a system that encourages illegitimacy and undermines traditional values like work and family?

Is it compassionate for generation after generation to be trapped in dependency and despair?

The answer is: No. Compassion is not measured by dollar signs. For thirty years, we have poured trillions of dollars into a system that does not work. It destroys families; devastates women; and crushes the hopes and dreams of children. There is nothing compassionate about our current welfare system.

The bill we are considering today replaces Washington bureaucrats with caring social workers at the State and local level. It gives States flexibility to develop their own solutions for helping the needy. It provides child care for welfare mothers who want to work. It rewards work while retaining a safety net for those who fall on hard times, and it provides for comprehensive child support enforcement.

I strongly encourage my colleagues to support this measure, because I believe it will save lives, restore hope, and help those who want to experience the American dream.

Mr. ROBERTS. Madam Chairman, I yield the remainder of my time to the gentlewoman from Kansas [Mrs. MEYERS], the distinguished chairman of the Committee on Small Business, the original author of welfare reform, and I ask unanimous consent that she be authorized to yield additional time to other Members.

Mr. CHAIRMAN. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. STENHOLM. Madam Chairman, I yield 2 minutes to the gentleman from Virginia [Mr. PAYNE].

Mr. PAYNE of Virginia. Madam Chairman, I thank my colleague from Texas for yielding me this time.

Madam Chairman, Republicans and Democrats all agree that the current welfare system does not work. Instead of requiring work, it punishes those who go to work; instead of instilling personal responsibility, it encourages dependence on the Government; and instead of encouraging marriage and family stability, it penalizes two-parent families and rewards teenage pregnancies. We all agree that welfare must be dramatically reformed, and that welfare should only offer transitional assistance leading to work, not a way of life. Real welfare reform must be about replacing a welfare check with a paycheck. Tomorrow we will have two choices before us, the Republican welfare bill, and the Castle-Tanner bipartisan substitute. The bipartisan bill is the bill that will ensure that welfare reform really works.

The bipartisan bill gets people into the workforce as quickly as possible, while providing money for work requirements to be effective. It includes the provisions that are necessary to make transition to work a reality and not just rhetoric. The Castle-Tanner bipartisan bill provides \$3 billion in supplemental funds for states to meet

the costs of work programs for welfare recipients. This is money in the bank, not just an authorization backed by a hope that someday we might actually find this money.

The bipartisan bill requires individual responsibility, by requiring welfare recipients to sign a contract with their State which outlines the individual's responsibility to move to private sector employment.

The Castle-Tanner bill requires community responsibility as well, by requiring the States to certify that local governments have been involved in developing the State plan, and that no unfunded mandates to local government will result from its implementation.

The Castle-Tanner bipartisan bill provides real welfare reform that really works. I urge my colleagues to support it tomorrow.

Mrs. MEYERS of Kansas. Madam Chairman, I yield myself such time as I may consume.

Madam Chairman, I rise in strong support of this legislation to reform welfare. Let me talk for a minute about what this bill is based on and why I think it takes us in the right direction to achieve really meaningful welfare reform.

First of all, we need to admit that Washington does not have all the answers. We have tried that. During most of the 30 years the answer to every problem and the meaning of every reform by Congress was to create another Federal program and today we have literally hundreds of Federal programs intended to help people of limited incomes with separate regulations, separate applications, separate eligibility rules, and separate reporting.

In this bill we return power and flexibility to the States to create welfare systems that work best in their States. What works best in Kansas will not be identical to what works best in New York. This bill recognizes that. At the same time as we give States flexibility, we hold them accountable in the two most important areas for reducing welfare dependency, increasing work and reducing out-of-wedlock births.

Let me just say that some people have tried to claim that our emphasis on reducing out-of-wedlock births puts the blame only on the mothers. That is not true.

This bill has very strong paternity establishment and child support enforcement provisions, provisions that are long overdue. Fathers must and will be held accountable. But it is also true that we must stop sending conflicting signals.

I have met in my district with young women on welfare. We are not serving these young women well. We say that they should stay in school and not have a child until they are married and have a degree. Then we turn around and offer them money if they do exactly the opposite. We all know which part of that message a lot of young women hear.

I am pleased that in this bill reducing out-of-wedlock births is recognized as an important and essential part of reducing welfare dependence. I am pleased that the Subcommittee on Procurement, Exports, and Business Opportunities has helped to craft the very strong work requirements in this bill, and I hope that we do not hear any claim in this debate that this bill is weak on work. Any such claim is simply untrue.

The bill calls for more people in work than any other proposal that has been offered this year, including the President's, and under this bill the emphasis is on real work. It is clear from experience and studies that the best way to move from dependence to independence through work is to get work experience, a real job, and that is the emphasis of this bill.

I am also pleased that the Subcommittee on Procurement, Exports, and Business Opportunities portion of the bill makes major critical reforms in Federal support for child care. We address the current maze of child care programs. We have multiple child care programs and each one has its own eligibility rules. Under this bill there would be a single child care program so that our expenditures for child care can be an important help rather than an obstacle to independence from welfare.

We increase the amount of money for child care. That is the second false claim I hope we do not hear in this debate, that the bill is short on child care. We have \$4.5 billion more than the current law and almost \$2 billion more in guaranteed money for child care than does the President's plan.

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So I hope we do not hear any claims from the other side that the bill is short on child care. Let me talk about two other parts of the bill that were reported by the Committee on Economic and Educational Opportunities. One is the child protection block grant. Child abuse is a terrible problem in this country. Despite the fact that there have been a lot of programs set up at the Federal level, our efforts at preventing child abuse have not been very effective in large part because it is made up of numerous small disparate single-purpose grant programs. The bill consolidates six of those programs into a block grant with increased funding.

In addition, instead of keeping most of the money in Washington, the bill sends most of the money to the States, which, of course, are the ones who actually deal with the problems of broken families and broken homes.

Finally, let me address the child nutrition area. We make no changes in reimbursements for school lunches or breakfasts. Our bill saves money in the child nutrition area, primarily by means testing the family day care food program. This is currently the only child nutrition program which is not income tested, meaning that we cur-

rently pay the same full subsidy to buy lunches and breakfasts for children of millionaires as we do for the children of the poorest families. This is long overdue reform that is included in this legislation.

Madam Chairman, no issue is more important for us to address than is welfare reform. That is why we are determined to give the American people welfare reform despite President Clinton's vetoes of our earlier bills. He has no more excuses to oppose welfare reform. I urge my colleagues to support this legislation, and I urge the President to sign welfare reform so that we can at long last begin to fill a well-intentioned but too often destructive system.

Madam Chairman, I reserve the balance of my time.

Mr. STENHOLM. Madam Chairman, I yield 3 minutes to the gentleman from Maryland [Mr. WYNN].

Mr. WYNN. Madam Chairman, I thank the gentleman from Texas for yielding me the time.

I agree, the current welfare system does not work. It should be changed. As a result of the current welfare system, its recipients have lost self-respect. We have created a system of dependency and put welfare recipients outside the mainstream of American society. If all we were talking about was putting able-bodied people to work and solving food stamp fraud, we would not have much of a debate.

The fact is today that the Republican bill is seriously flawed. It lacks compassion. It hurts children. And it reflects a continued pattern of extremism.

Let us talk about the children. Children are going to be harmed by this bill because it makes no provision for the reality that, when benefits run out or their parents are put out of the program, these children still have to eat. There are no vouchers. I am here today to support the Tanner-Castle alternative because I believe it does contain compassion in that it provides for these circumstances by requiring States to offer vouchers when benefits run out so that children are not harmed.

Let me be blunt. I do not believe we should target legal immigrants, but I am pressed with the Tanner-Castle bill, Tanner-Castle amendment, excuse me, because it addresses the concerns of immigrant children. Under the Republican plan, 300,000 immigrant children will be hurt. They will starve because they will be denied food assistance. This problem is corrected under the Tanner-Castle alternative. Those children will be able to get food assistance under that program. Disabled immigrant children will also be able to get assistance under the Tanner-Castle substitute.

Also under the Republican plan, 1.2 million women and children will lose Medicaid coverage as they transition from welfare to work. This problem is also corrected by the Tanner-Castle

proposal, which extends Medicaid benefits during this transition period.

The Republican plan is flawed on a second count. It provides inadequate work programs. There is no support for work, only a lot of rhetoric. The CBO, their favorite source, says that the bill is \$12 billion short of what is needed for work requirements. This creates a large unfunded mandate, something they also say they abhor because States will have to bear the burden. Tanner-Castle again responds to this concern by being the only bill that provides additional funds to States so that they can implement work requirements. That is why we say the Republicans are weak on work.

The Republicans also are inadequate in child care. Again CBO says they are \$800 million short of the child care assistance necessary to provide for real transition to work.

The problem is they are not serious about putting people to work. The Tanner-Castle substitute on the alternative provides sufficient child care assistance, an additional \$2 billion for child care assistance to ensure that people who want to go to work and have children can do so.

CBO concludes that under the Republican bill, rather, States would fail to meet their work requirements.

Reject false welfare reform. Adopt a realistic and sound alternative.

Mrs. MEYERS of Kansas. Madam Chairman, I yield 4 minutes to the gentleman from California [Mr. CUNNINGHAM].

Mr. CUNNINGHAM. Madam Chairman, many have spoken about the destruction of the welfare system. I think Republicans and Democrats alike can view this as not destruction but the rebirth of a failed system. Ninety percent of the American people believe that the current system has failed, and we need to work on it.

Republicans do not have a key on the welfare system plan. We produced in the House of Representatives a bipartisan plan. It passed this House. In the Senate, Senator Dole worked and passed a bipartisan welfare plan. They did that twice, bipartisan. And both times the President vetoed it.

Then the Governors of this great country all got together. They said that if Congress cannot do it, let us have the Governors, that have got the direct responsibility in their States to take care of it, produce a plan. And they did so. In a bipartisan manner, Republican and Democrat Governors worked together, produced a plan and the President would still not sign that plan. Even today, the Governors are working, again, to come up with a plan.

I would say that I used to teach in Hinsdale. We had three great schools: Hinsdale, Evanston, and Newtrier. Just a few miles away there are miles and miles of Federal housing. I would say to my colleagues, those children do not carry books. They carry guns. Their ideologues and their role models are

pimps and drug dealers. What chance, what opportunity, what portion or even the pursuit of happiness do those children have? next to none.

The pregnancy rate, I rode on an airplane with an African-American. And he told me, he said, "DUKE, our neighborhoods used to be proud neighborhoods. We had industry next to us. The people had jobs. They took pride in those neighborhoods, whether it was Harlem, whether it was Chicago, whether it was any of our major great cities." The welfare system, people started not working. Then what you had was a follow-on of generation and generation, where the person did not work and did not take the responsibility.

Pretty soon the businesses started moving out of those communities. So I think the biggest welfare reform is re-establishing, like Jack Kemp, one idea of the enterprise zones to bring the businesses back into the inner cities so that we can have those jobs for people to work. We can work on that together. The substitute, there is no reason why we cannot come together. I think we have a good bill. But education is another one.

Let me tell my colleagues in California how welfare and education and a lot of different things have been hindered. I have almost 800,000 illegals, K through 12; 800,000. Take just 400,000, half of that. At \$5,000 a child, that is \$2 billion a year. Take 7 years. What we could not do with our school systems. I truly believe that education has a vital role in keeping people off of welfare. If you do not believe that, I think you are on the wrong tree.

Over half of the children born in Los Angeles are to illegals. Take the School Lunch Program that you fight for. My priority is the American citizen and the American children. The School Lunch Program at half the number we actually have, take two meals, not three at \$1.90, that is \$1.2 million a day for illegals keeping us from welfare reform in California.

We want the State to have the flexibility and we think that this reform bill is gentle to children and a rebirth.

Mr. STENHOLM. Madam Chairman, I yield 4 minutes to the gentlewoman from North Carolina [Mrs. CLAYTON].

Mrs. CLAYTON. Madam Chairman, we have a rare opportunity in this Congress, an opportunity to support a bill that is both bipartisan and bicameral. We must and we will have welfare reform. The question is, how will we have welfare reform?

But the bill the majority is putting forth, H.R. 3734, does not provide the kind of constructive changes found in the Castle-Tanner alternative that we will also consider. We need reform that makes a difference. We do not need reform that merely is different but makes a difference in lives.

Reform means improving, making better, perfecting. Reform of our welfare system should reflect our most basic values: the importance of work,

the responsibility of parents to care and provide for their children, and nurturing the hope of a better life in their communities, both for their children and their parents.

That is why I believe Castle-Tanner is much preferred over H.R. 3734. Castle-Tanner gives us real reform and it also gives compassion.

For example, Castle-Tanner provides real protection for children.

If a family that has been on welfare for less than 5 years is removed by the State, Castle-Tanner requires that the State provide vouchers for the needs of the children of that family.

And, if a family that has been on welfare for more than 5 years is removed by the State, Castle-Tanner gives that State the option of also providing vouchers for the needs of the children of that family.

Castle-Tanner protects children.

If a family loses Medicaid coverage because of a time limit, Castle-Tanner makes provision for continued Medicaid coverage.

And, while I believe the immigration provisions of Castle-Tanner need to be strengthened, I am encouraged that Castle-Tanner exempts immigrant children from food stamp and SSI bans and provides food assistance to thousands of immigrant children who would otherwise be denied under H.R. 3734.

In addition, Castle-Tanner makes clear that States must allow for appeals, with full due process protections, when individuals are denied welfare assistance.

And, the Secretary of Health and Human Services is given the power to enforce the appeal protections.

Castle-Tanner also protects children who are exposed by block grant funding when there is an economic downturn. This is done with the establishment of an uncapped contingency fund that States can use when there is a national or a severe regional recession.

More importantly, Castle-Tanner preserves the national food stamp safety net and rejects the optional food stamp block grant contained in H.R. 3734.

In addition, Castle-Tanner contains provisions that will give a realistic opportunity of welfare participants moving from welfare to work.

Castle-Tanner provides \$3 billion in additional and mandatory funding that States can make use of in ensuring an effective transition from welfare to work.

And, Castle-Tanner contains sufficient funding for child care, a vital component if we truly expect mothers with dependent children to be able to go to work without jeopardizing the interests of the child.

There are many other strong points in Castle-Tanner when compared to H.R. 3734, such as the 85 percent mandatory State commitment level rather than 75 percent; the requirement that the Secretary of HHS must approve State plans, thereby ensuring a single standard; and the requirement that State plans do not impose unfunded mandates on local governments.

Castle-Tanner has support among Democrats and Republicans in the House and in the Senate.

We do need to discontinue our current system of welfare. But, we do not need to abandon our children. Castle-Tanner will give us change that improves the lives of all Americans, not just change that enriches the lives of some. The savings in the Castle-Tanner alternative meet the mandate of the budget resolution.

I urge all of my colleagues to support welfare reform that works, welfare reform that protects the children, welfare reform that gives us a better system.

Support Castle-Tanner. It will make a difference.

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Mrs. MEYERS of Kansas. Madam chairman, I yield 2 minutes to the gentleman from Texas [Mr. SMITH].

Mr. SMITH of Texas. Madam Chairman, I thank my friend from Kansas, Mrs. MEYERS, for yielding this time to me.

I would like to offer my strong support for H.R. 3734, the Personal Responsibility Act. Welfare hurts people. It hurts those who receive it by creating a culture of dependency that crimps people's desire to benefit themselves and improve their own lives.

American taxpayers are willing to help those who need it. But we have grown increasingly tired of footing the bill for those who will not help themselves.

Perhaps the most fundamental requirement of America's immigration policy is that immigrants be self-reliant, not dependent on the American taxpayers for support. Since 1882, for over 100 years, those who are likely to become public charges or participate in the welfare system have been inadmissible to our country. Since 1917 noncitizens who become public charges after they enter the United States have, in fact, been subject to deportation.

Many immigrants come to America for economic opportunity. In fact, most of them do. However, others come to live off the American taxpayer. Non-citizen welfare recipients of supplemental security income have increased 580 percent over the last 12 years. When all the major welfare programs are added together, studies show that immigrants receive \$26 billion each year in welfare assistance.

Now, should not those funds rather be going to needy American citizens?

This bill complements the House immigration reform bill, H.R. 2202, which passed the House by a vote of 333 to 87. H.R. 2202 prevents illegal aliens from receiving public benefits, enforces the public charge exclusion and deportation provisions of current law and encourages immigrant sponsors to fulfill their financial obligations.

It is critical for Congress to send both H.R. 3424 and H.R. 2202 to the President this year. The American people are depending on us to reform

America's welfare and immigration policies.

President Clinton, after promising to end welfare as we know it, has twice this year vetoed proposals to do just that. Let us hope the administration will finally keep its promise to the American people and sign this bill.

Mrs. MEYERS of Kansas. Madam Chairman, I yield 3 minutes to the gentleman from Delaware [Mr. CASTLE].

Mr. CASTLE. Madam Chairman, I thank the gentlewoman from Kansas for yielding this time to me, and I thank those that said nice things about the bill I presented. I have sponsored with the distinguished gentleman from Tennessee [Mr. TANNER], and I support both the Castle-Tanner proposal and the Republican welfare reform proposals, and I will speak probably of the Castle-Tanner more tomorrow.

But I would like to share with my colleagues my strong beliefs in the need to improve welfare, but also what I believe is tremendous hope and opportunity for people in America.

Now, I learned this from practical experience. When I was fortunate enough to be Governor of Delaware, I worked with the Governor of Arkansas at that time in 1988 with the Governors, heading up a group to work on welfare reform, and that was Bill Clinton, and from that came the Family Support Act. And I got into it, jumped in with both feet, and I said we are going to do this in Delaware, and we did something not many States had done at that time. We wrote letters to people in which we said, "If you're going to continue to receive welfare, you're going to have to come to our classes," and I shuddered a little bit at some of those reactions, and I went to the first class after about 4 or 5 weeks. It was 18 women and 1 man, as a matter of fact, and I remember it vividly. But I was stunned by the fact that virtually everyone I spoke to, I think everyone I spoke to that day, said very positive things about the fact that we have given them opportunity. I expected them to be very upset and disconcerted by the fact that we had said that they would have to work.

And I found from that and then from going back to graduations and then from talking to many of these people who I saw on the street thereafter that this truly was opportunity for them. It truly lifted their self-esteem, it truly gave them family pride because their kids realize that they were given that opportunity, and they could go forward.

And I think it has made a difference in Delaware. About a third of the individuals in Delaware have now been able to go to work in some way or another.

I have a letter here today from a lady in Bridgeville, DE, and I am not going to read the whole thing. It might seem a little bit self-serving, but she said: "In 1992 I found myself on food stamps and thrust into your First Step program." She did not like it, I guess at that time.

When I graduated from First Step, I found myself on the stage with you at Del Tech, each giving our speech. To me it was perhaps the turning point in my life. Because of your faith in me and in humanity, I found myself enrolled in Delaware State University. I was fortunate to participate in several of the welfare reform panels, and that led to a most wonderful woman who saw my picture in the paper and who was my benefactor for books and school supplies for my college education.

An unusual story, but a story of an individual who is able to be educated and is now out in the workplace and is supporting her family. And this has happened on many occasions. It is not going to happen on every occasion. But our welfare reform bills, the ones we have before us, give that opportunity, and they tell people that they are going to go out and they are going to get a job, and I would just tell those who are concerned about this being draconian and hardhearted that I think it does provide a lot of opportunity.

On the other hand, these bills are not easy. We are going to change welfare. We are going to change it as we know it today. We are going to limit benefits for certain able-bodied adults to 2 years of assistance without work, and we are going to limit their lifetime benefits to a maximum of 5 years. People need to understand there is going to be change. But let me just make it clear that in both of these bills about 20 percent of those people would be accepted.

There are many other good aspects to it, but I would encourage all of us to consider welfare reform. It is in the best interests of this country.

Mr. STENHOLM. Madam Chairman, I yield 5 minutes to the gentleman from Tennessee [Mr. TANNER], the other half of the Castle-Tanner team.

(Mr. TANNER asked and was given permission to revise and extend his remarks.)

Mr. TANNER. Madam Chairman, I thank the gentleman from Texas, and I want to publicly thank the gentleman from Delaware [Mr. CASTLE]. We have worked very hard on the so-called Castle-Tanner bill. It is the only bipartisan, actually bicameral, bill that we have before the 104th Congress. This bill has been introduced specifically and in the same wording that we have in our bill in the Senate by Senator BIDEN and Senator SPECTER.

I want to compliment the Republicans for moving off of H.R. 4. The gentleman from Delaware [Mr. CASTLE] spoke to that. I am not yet ready to make that leap, but I want to commend some movement and some willingness to work on the part of the Republican majority, but I want to spend most of my time talking about what I think the Castle-Tanner bill is a better bill for the country and for the people that are both paying for the welfare system and those who are trapped or otherwise a part of it tonight. I want to speak more tomorrow about the differences, but let me just say this: Any system that we try to do in the Castle-Tanner bill is in some respects very

much like the Republican bill. We are time limited, we give the States flexibility, we are interested in work, we require work and so forth, as the gentleman from Delaware suggested in his remarks. But there are three or four things that we do that we think will make it work better, and CBO happens to agree with us.

We have a stronger maintenance-of-effort factor in the Castle-Tanner bill. This is important because welfare reform must truly be, in our opinion, a Federal-State partnership, and we do not want to, it seems to me, give the States money and they do not match it and make welfare more a Federal program than it perhaps already is in the minds of some.

The other thing we do has to do with children. We restrict the transferability of these block grant funds that go to the States so that they must be used for child care. After all, if anybody gets unintentionally hurt by our best intentioned efforts to reform the welfare system and demand that able-bodied adults work, it is going to be children who have no other opportunity, who have no other means to support themselves than they came into the world and happen to be born to what some might consider deadbeat parents. This is our main concern, and Castle-Tanner, I think if my colleagues carefully read it, does a better job, even though the Republicans are trying to do better, a better job of trying to put that safety net in society for people who otherwise have no recourse and no opportunity or ability to help themselves.

Another area about the children is in the area of vouchers. The Republican bill, unfortunately, prohibits Federal involvement for vouchers for children whose parents have been cut off because they refuse to work or otherwise are not cooperating, refuses or prohibits using Federal money for vouchers after the 5-year cutoff time.

Now, I understood at the outset that we were trying to give the States flexibility, that we were trying to give to the States a block grant for them to fashion programs that were better than this one-size-fits-all Federal program, and so we do that, and yet then we say, "But, by the way, you cannot use Federal money to help kids after 5 years." I do not understand the logic of that proposal, but maybe we can continue to work on that. I hope so.

And bottom line: I think we have a historic opportunity in this 104th Congress. I think we have an opportunity to change the system so that people are, as the gentleman from Delaware said, better off than they are now.

This system is broken, everybody knows it, nobody defends status quo, and we are trying to change it. If we could move the Castle-Tanner bill, if we could move toward it just a little bit more, I think we could get a bill that the President would sign and actually become law. That, I think, is the bottom line.

Let us quit throwing brickbats at each other and trying to threaten vetoes or not threatening vetoes or we are going to make this political statement, and try to come together as we have tried to do with 16 Democrats and 16 Republicans to seek an American solution to an American problem. I believe that is what our people that sent us here would like to see happen, and I think we have a chance to do that if we can continue to tweak this thing and work together.

I believe we have a historic opportunity.

Mrs. MEYERS of Kansas. Madam Chairman, I yield 3 minutes to the gentleman from Missouri [Mr. TALENT].

Mr. TALENT. Madam Chairman, I thank the gentlewoman for yielding this time to me, and I want to speak in the same vein as my friend, the last speaker, the gentleman from Tennessee [Mr. TANNER]. I agree with one thing he said, certainly that we have a historic opportunity in this Congress, disagree with another thing he said, that nobody here is defending the existing system. I think that there are a lot of Members who quite sincerely are giving ground inch by inch, if at all, fighting furiously almost like a covered retreat to try and save as much of the system as they can, and I thought it would be useful to take a look at the system that we have created in this country over the last 30 years.

Madam Chairman, in the immediate postwar era, poverty in this country was 30 percent. It declined pretty steadily until it reached 15 percent in 1965 when the Federal Government declared war on poverty. In the last 30 years we have spent \$5 trillion on means-tested entitlement programs, and the poverty rate is 15 percent.

Poverty has stayed the same. It is more intractable now, it is more ugly now, but it has not gone down. What we have gotten instead is a 6-fold increase in illegitimacy, an illegitimacy rate of 32 percent compared with about 6 to 7 percent in 1965. That is the kind of system that we have now and that we need to change.

As my colleagues know, I could talk about statistics, about what that means for kids, about how much more likely they are to go to prison or to be on drugs. But I would rather talk about a story, the story of Eric Morris, a 5-year-old boy who was raised in a Chicago housing project. He was a good boy, had an older brother named Derrick. He refused to shoplift for kids who wanted him to steal candy, and so these older kids, these 10- and 11-year-old kids, lured him to a room in the 14th floor of that public housing project, dangled him out the window, and when his brother tried to help him, they fought his brother and they dropped him deliberately and killed him. And Eric died.

Madam Chairman, Eric Morris did not need the system that we have given him. He did not need individual employment plans. He did not need sub-

sidized day care. He did not need counseling. He did not need all the other 78 programs that we are fighting over today.

□ 2045

He needed a dad. That is what Eric Morse needed. That is what the other kids in his housing project needed. What our system has done is taken away the dads from these kids and given them government instead. Senator MOYNIHAN said 30 years ago that a society that does that asks for and gets chaos.

It is time, and I agree with the gentleman from Tennessee [Mr. TANNER], to stop fighting, to stop engaging in politics, to stop defending this system, to change it, this system that is destroying the kids and the families and the neighborhoods of America. That is what this bill is designed to do. Let us pass it. Let us send it to the President. Let us urge him to sign it. Let us make sure there are no more Eric Morses.

Mrs. VUCANOVICH. Madam Chairman, I yield 2 minutes and 30 seconds to the gentleman from Arkansas [Mr. HUTCHINSON].

Mr. HUTCHINSON. Madam Chairman, I thank the gentlewoman for yielding time to me.

Madam Chairman, I rise in strong support of the Republican welfare reform plan. Some on the other side have complained that the work requirements contained in the Republican plan are too strong, and the States will not be able to meet them. What are those work requirements? It would require over a period of years, over the next 6 years, to have 50 percent of the caseload working. I suggest if we tell the American people that those standards are too tough, they will find that statement laughable. Most people say, why should it not even be tougher? Why only 50 percent?

One provision in the GOP welfare plan that I think is very good is the ability of the Governors to count the net reduction of the caseload toward their participation rates. In other words, if a State has 40,000 on welfare one year and they drop that caseload to 30,000 the next year, those 10,000 cases they have reduced on their welfare rolls can be counted towards their work participation rate. That is our goal, to see a net reduction, to see people permanently leaving the welfare rolls.

One of my concerns about the Castle-Tanner substitute, which I assume will be offered tomorrow, is that their approach would gut the idea of a net reduction in the caseload. They would allow the Governors to count routine caseload turnover toward the work participation rates, so any AFDC recipient who obtained work for a period of 6 months after leaving the rolls could be counted toward the participation requirement.

This would make the work requirements virtually a sham. There is always, there is always a regular turnover in AFDC caseload. Hundreds of

thousands of recipients obtain jobs and leave AFDC every year, and an equal number, almost an equal number, enroll on our caseload every year.

By claiming credit for individuals who obtained a job and left AFDC, a Governor would automatically meet at least 10 percent of the participation requirement without in any way altering the existing welfare system. Nearly all States would be able to meet their requirements for the first and second years without the least change in the status quo.

I do not believe that is what the American people want. I do not believe the American people want a welfare reform system that says it is not really reform, it is just more of the status quo when it comes to work.

We have success in the drug war, not when we get people off drugs, but when we keep young people from ever getting on drugs. It is the same way in welfare reform. The greatest success is not just in turnover, getting them off and having them come back on. The greatest success in welfare is when we dissuade people from ever getting on welfare. That comes from real work requirements.

The President said: Give me a bill with real work requirements, tough work requirements that is good for children, and I will support it. We have such a bill. Let us pass this tomorrow. Let us not take a substitute.

Mr. STENHOLM. Madam Chairman, I yield 4 minutes to the gentlewoman from Florida [Mrs. THURMAN].

Mrs. THURMAN. Madam Chairman, I thank the gentleman from Texas for yielding me this time.

Madam Chairman, I honestly believe that tomorrow this is going to be one of the most important votes we take in this Congress, and maybe for some of us, in our careers. I think welfare changes make no sense if we deform, rather than reform, the current system. The only bill this House will have the opportunity to debate that actually reforms the system is the bipartisan Castle-Tanner bill.

Reforming welfare means assessing the policy impact of a proposal and considering what these changes will mean for real people, like our Nation's children. The best way for us to deform the system is to say you want to cut \$60 billion, and then start cutting the vital programs that form our social safety net without any concern for who gets hurt. This is the key difference between Castle-Tanner and the majority's bill. In the Castle-Tanner bill, we worried about people. We made certain that innocent children would not be hurt. The majority worried about numbers and only numbers.

For example, when I raised the issue in the Committee on Agriculture about the leadership's freeze on the vehicle allowance for welfare recipients, something, by the way, that all States have asked for in their waivers. Members from the other side of the aisle seemed surprised and somewhat discouraged

that this was in the bill. But they told me they could not do anything about it, because the freeze helped them reach their arbitrary budget target. The ability of welfare recipients to actually have transportation to get to work did not matter.

Let me remind many people here there are a lot of places that do not have mass transit or buses. What mattered, again, was how much money could be saved by ignoring this problem. Similarly, the majority's bill retains the excess shelter deduction cap which clearly disadvantages families with children who have high utility costs or high rent costs. Kicking children out of their homes may save some money, but you cannot call it responsible public policy.

Worst of all, among the food stamp programs in the majority's bill is the optional block grant. These poorly funded block grants will force children to lose their access to the food necessary to keep them healthy and alive. If we had allowed these block grants in 1990, 8.3 million children would not have received decent nutrition. Castle-Tanner rejects block grants, but it still retains the same language for fraud and abuse.

The bottom line is not only how much money we save but how many people we successfully move from welfare to work. In Castle-Tanner we guarantee a strong nutritional safety net for families and children while successfully getting people into the job market.

Madam Chairman, we care about reform and we care about families. By the way, we also save \$53 billion. Support Castle-Tanner. It is responsible welfare reform.

Mrs. VUCANOVICH. Madam Chairman, I yield 2 minutes to the gentlewoman from New Jersey [Mrs. ROUKEMA].

(Mrs. ROUKEMA asked and was given permission to revise and extend her remarks.)

Mrs. ROUKEMA. Madam Chairman, I rise in support of H.R. 3734, budget reconciliation legislation that contains a comprehensive welfare reform package.

Last April, I supported the initial House version of welfare reform legislation with some reservations. I was very pleased to see subsequently that the conference committee report on H.R. 4 last November included many significant improvements from the Senate-passed bill, which have properly been retained in the legislation before us now.

There should be no question that we must enact strong welfare reform legislation this year. The American people are demanding that we restore the notion of "individual responsibility and self-reliance" to a system that has run amok over the past 20 years.

Above all else, I want to stress my goal has always been to require self-reliance and responsibility, while ensuring that innocent children do not go hungry and homeless as a result of any Federal action—this bill meets that test, too.

Block grants can work as long as we establish maintenance of effort standards where the

safety net and food stamps are protected. Block grants must not become a blank check for the Governors while still gaining the benefits of flexibility at the State level.

First, this bill requires welfare recipients to work—a big step in the right direction.

Second, this bill places time limits on welfare benefits—no longer will people be allowed to live their lives on welfare.

Third, this bill keeps the family cap in place, which means that mothers on welfare don't get extra cash benefits for having babies.

In other words, the United States will no longer be the only nation in the western world that pays young girls to have babies.

New Jersey already has this policy in place, and I am pleased to see that H.R. 3734 retains this worthwhile reform—I should mention that the New Jersey family-cap law was sponsored by a Democratic State legislator, and gained strong bi-partisan support and was ultimately signed into law by a Democratic Governor.

Fourth, they bill has a strong and effective child support enforcement reform title, which is something that I have worked on here in Congress for more than 10 years.

As I have long maintained, strong child support enforcement reforms must be an essential component of any true welfare reform plan, because improved child support enforcement is welfare prevention: One of primary reasons that so many mothers with children land on welfare rolls is that they are not receiving the child support payments they are legally and morally owed.

Failure to pay court-ordered child support is not a victimless crime. The children going with these payments are the first victims. But, the taxpayers who have to pick up the tab for deadbeat parents evading their obligations are the ultimate victims.

The core of these child support enforcement reforms is the absolute requirement for interstate enforcement of child support, because the current, State-based system is only as good as its weakest link.

Specifically, I want to note that the Roukema amendment on license revocation, which the House overwhelmingly approved last April, 426 to 5, has been included in this bill. It requires States to implement a license revocation program for deadbeat parents who have driver's licenses, professional licenses, occupational licenses, or recreational licenses.

This reform has worked very well in 19 States—the State of Maine, in particular, has been a leader—that already have it in place, and if license revocation is implemented nationwide I am convinced it will work even more successfully.

Later tonight, I will ask the Rules Committee to include a second child support enforcement proposal—a requirement that States enact criminal penalties of their own design for willful nonsupport of children—as part of the manager's amendment to H.R. 3734. I hope that the Rules Committee will do the right thing, and include this tough reform in the legislation we will vote on tomorrow.

Fifth, I believe that the legislation's reforms for nutrition programs represents significant progress in maintaining the safety net for those in our society who are unable to provide for themselves.

During both Opportunities Committee markup and floor debate on welfare reform last year, I repeatedly attempted to protect the current safety net for school lunches so that, during times of recession, when more families

move toward or beyond the poverty level and become eligible to participate in the school lunch program, additional money would be available to provide nutrition services.

Thankfully, the Senate saved the House from itself with its decision to preserve the current Federal safety net for school lunches, and H.R. 3734 follows the Senate position on this issue, which I wholeheartedly support.

I have always preferred to see the school lunch program completely maintained at the Federal level, and this legislation correctly does just that!

I am also extremely pleased that the welfare reform package before us does not block grant nutrition services for WIC, the nutrition program serving low-income, postpartum women with children and infants.

Finally, I am gratified to see that this bill incorporates a "Rainy Day Fund" for those States that suffer a recession or economic downturn.

Last year, I repeatedly advocated that this kind of provision be included in any kind of welfare reform package that contains block grants in order to ensure that those who truly depend on our safety net programs can continue to rely on them during times of economic distress.

Earlier this spring, the National Governors Association called upon the Congress to put \$2 billion of funding into the "Rainy Day Fund", and this legislation meets the goal—I enthusiastically support this provision.

We have been so close to passing meaningful welfare reform for so long. Let us today finally move that process forward one more step by passing this comprehensive welfare reform bill.

This is the bill. This is the time. The people of America should not have to wait any longer. I urge my colleagues to join me in supporting this important package.

Mrs. VUCANOVICH. Madam Chairman, I yield 3 minutes to the gentleman from Florida [Mr. WELDON].

Mr. WELDON of Florida. Madam Chairman, I thank the gentlewoman for yielding time to me, and I rise in support of H.R. 3734, the Republican welfare reform bill.

In my opinion, Madam Chairman, our reform bill is a very good start. I think further reforms will probably be needed in the future to ultimately get the Federal Government out of the business of trying to help the poor, because the Federal Government is completely incompetent and incapable of helping the poor.

Indeed, I feel that the current system is almost criminal, and the victims are children. That point was very vividly driven home to me when I had the opportunity a few years ago to meet a businessman in my district who had recently relocated from Oklahoma. I remember him describing to me how he had taken part in a program in Oklahoma where he went into the inner city in Oklahoma and took part in a program where they would read books to these young children ages 5, 6, and 7, you can help improve their reading scores. We all know how important reading is to overall academic performance.

He told me a story that totally amazed me. When he first started tak-

ing part in the program he would frequently ask these kids what they wanted to be and what they wanted to do when they grew up. A fairly high percentage of them said they wanted to be on welfare and they wanted to collect a check.

Contrary to what most children learn when they are growing up, that they want to either become a fireman or a policeman or a mother or a daddy and work, these kids had actually learned that they did not want to work. It has been said by many people, kids will frequently model what you do and not what you say.

The current system, I think all we need to do is go into our inner cities and see what is going on: The high crime rates, the high drug abuse rates that are very, very closely linked to our welfare system and the high incidence of fatherlessness. I believe that the Federal Government is completely incapable of helping these people, contrary to all the claims that are made by people on the other side of the aisle.

My colleague from California made a comment about making sure children are alive, well-fed, and healthy. We are certainly making sure they are alive in the current system, but we are certainly making sure they are not healthy. There is a tremendous spiritual poverty that goes with the current system, and I believe our bill, H.R. 3734, which has some serious work requirements and seriously tries to address the terrible issue of illegitimacy, is a good bill. It is a good start on dealing with the welfare disaster that currently exists today.

I encourage all my colleagues on both sides of the aisle to support the bill, and the President of the United States to do what he said he was going to do, and that is sign welfare reform.

Mr. STENHOLM. Madam Chairman, I yield myself the balance of my time.

Madam Chairman, I take this time to make a comment or two regarding some of the allegations about some of the statements that have been made from this side of the aisle. To the best of my knowledge this evening, no one on this side has suggested, by any other standard other than CBO or the National Governors Association, that the proposal of the majority has some problems with work. We did not make this up. The Congressional Budget Office has carefully analyzed their proposal and suggests that it is going to come up short regarding the work requirements.

Also, regarding the allegations on child care and children, we are not making this up. This is the Congressional Budget Office analysis of the proposal that is before us. This is why we say that the bipartisan attempt by the gentleman from Delaware [Mr. CASTLE] and the gentleman from Tennessee [Mr. TANNER] to address some of these concerns is worthy of serious consideration by both sides of the aisle. I want to make that point, Madam Chairman, so the rhetoric of this body does not overshadow the facts.

Madam Chairman, I would make a few other observations. Statements have been made by a few this evening about the vetoing of the welfare reform bill twice by the President. I think most reasonable citizens of the United States, when they look at the original bills that were vetoed by the President and compare them with the two bills we will be considering tomorrow, they will see the wisdom of those vetoes, because I think any fair-minded person on either side of the aisle will see that as a result of having to go back to the drawing board and take another look at how we might make welfare reform more workable, we will see that both proposals are significantly better than the proposal that was vetoed twice. That is progress, that is not a subject for criticism.

Madam Chairman, Castle-Tanner, as has been said many times, and I think it bears repeating, is bipartisan and bicameral. If we are truly serious about getting a bill, which we are, and let me make this observation, every single Member of the House of Representatives has voted with their name on the board, with a green light, for significant welfare reform. We have differences of opinion, and that is to be expected in a body of 435 as diverse as we are in the representation of the people of the 50 States of the United States.

But it is not a fair statement to say to anyone that anyone on either side of the aisle is not serious about welfare reform, because we are. Those of us who support very strongly the Castle-Tanner believe that it merits the support, merits the support because it is stronger on work, particularly by making certain that the mandate that we place on the States under the giving of the flexibility to the States, that we send the money with the mandate, rather than saying to the States, "You do it, and by the way, if there is not enough money, that is your problem."

□ 2100

Clearly my people at home, my constituency have said, "Please, no more unfunded Federal mandates." We believe a careful analysis of Tanner-Castle will show that it is superior.

The criticisms that we offer tonight are based on CBO, and that is my final comment to make tonight, whether it is talking about work funding, child care, who is tough and who is not tough, what works and what will not work, the shelter cap, for example, all of the other areas. We believe that CBO and their careful analysis should cause most Members to support the Castle-Tanner and we hope that that will be the verdict tomorrow.

If we can send that bill to the Senate and the Senate works their will and then a conference, there is no doubt in this Member's mind that we will have the most significant welfare reform bill that will meet the test of what all of our constituents want us to do. The current system is broken and it needs

to be fixed. Castle-Tanner in our opinion does the best job of fixing it.

Madam Chairman, I yield back the balance of my time.

Mrs. MEYERS of Kansas. Madam Chairman, I yield myself the balance of my time.

Madam Chairman, I would just like to comment that the work requirements in our bill are in fact very tough. States are going to have to work harder than they ever have in order to assist welfare recipients into work. Work requirements that are not challenging like the ones that are currently in place do nothing to really reform this system.

What the gentleman from Texas was referring to in terms of the CBO estimates, CBO assumes a 30- to 40-percent reduction in the welfare case load under our bill, but they do not factor that in in the cost of the work program. That is the discrepancy that I think the gentleman is referring to, and I do not understand it either.

I would like to just close by saying that if we make no changes in the way we handle welfare, Madam Chairman, by 2000, just 4 years from now, 80 percent of minority children and 40 percent of all children in this country are going to be born out of wedlock. That is because of Federal programs that were intended to be a help over a difficult spot in someone's lives and instead they have become an incentive that actually attracts people into the system, it pulls people into the system. Of course, with 40 percent of our children born out of wedlock, there is a tremendous dollar cost to this country, but more than that there is an enormous human cost. These children are born and raised in their early years without a father, without much structure in their life, sometimes without enough food and clothing. By the time they are old enough to go to school, they are already disadvantaged, many of them, in terms of their ability to learn and their health.

I think our bill resolves that problem. It ends the incentive nature that welfare has grown to be. I think our welfare programs were started with the best of intentions, but when you say to a young woman, if you will have two children with no man in the house, we will give you \$18,000 a year, that is more of an incentive than most of our teenagers can resist.

Our bill has more money for child care, it has more people in real work. I urge my colleagues to support the bill.

Mr. WELDON of Florida. Mr. Chairman, I rise in strong support of H.R. 3437 the Personal Responsibility and Work Opportunity Act. This historic welfare reform bill will end welfare as we know it. During the past 30 years, taxpayers have spent \$5 trillion on failed welfare programs. What kind of return have the taxpayers received on their investment? The rate of poverty has not decreased at all. Furthermore, the average length of stay on welfare is 13 years. Today's illegitimacy rate among welfare families is almost 50 percent and crime continues to run rampant. Cur-

rent programs have encouraged dependency, trapped people in unsafe housing, and saddled the poor with rules that are anti-work and anti-family. Clearly, those trapped in poverty and the taxpayers deserve better.

This bill overhauls our broken welfare system. This plan makes sure welfare is not a way of life; stresses work not welfare; stops welfare to noncitizens and felons; restores power and flexibility to the States; and seeks to half the rise in illegitimacy.

By imposing a 5-year lifetime limit for collecting AFDC, this bill guarantees that welfare is a helping hand, not a lifetime handout. Recognizing the need for helping true hardship cases, States would be allowed to exempt up to 20 percent of their caseload from the 5-year limit. In addition, H.R. 3437 for the first time ever requires able bodied welfare recipients to work for their benefits. Those who can work must do so within 2 years or lose benefits. States will be required to have at least 50 percent of their welfare recipients working by 2002. To help families make the transition from welfare to work, the legislation provides \$4.5 billion more than current law for child care to help parents who work.

Under this bill noncitizens will no longer be eligible for the major welfare programs. Felons will not be eligible for welfare benefits and State and local jails will be given incentives to report felons who are skirting the rules and receiving welfare benefits.

Our current system has proven that the one-size-fits-all welfare system does not work. H.R. 3437 will give more power and flexibility to the States by ending the entitlement status of numerous welfare programs by block granting the money to the states. No longer will States spend countless hours filling out the required bureaucratic forms hoping to receive a waiver from Washington to implement their welfare program. States will also be rewarded for moving families from welfare to work.

Finally and most importantly, this bill addresses illegitimacy by allowing States to limit cash benefits for teen mothers. States will be allowed to set family caps that would stop the practice of increasing welfare payments for every additional child a recipient has while on welfare. States can also stop payment to unmarried teens and make them conditional on the mother staying in school and living with an adult. This legislation seeks to reverse the increase in illegitimacy by also increasing efforts to establish paternity and crack down on deadbeat dads.

The sad state of our current welfare system and the cycles of poverty and hopelessness it perpetuates are of great concern to me. I believe this bill goes to the heart of reforming the welfare system by encouraging and helping individuals in need become responsible for themselves and their family. I wholeheartedly support this bill because it makes welfare a helping hand in times of trouble, not a handout that becomes a way of life. I truly believe that this reform will give taxpayers a better return on their investment in helping those in need.

Mr. DE LA GARZA. Mr. Chairman, House Democrats and Republicans, Senate Democrats and Republicans, and President Clinton share a common goal—all agree that welfare reform is urgently needed. Reform is needed not only for the recipients of welfare, who many times are trapped in a cycle of poverty from which they cannot escape, but also for the American taxpayers who deserve a better return on their investment in our future.

Over the last year, the food stamp provisions in the various welfare reform proposals have come to look very much alike. We have reached agreement on dozens of provisions. Yet, there continues to be serious policy differences on several key issues. We must resolve these differences so that we will have real welfare reform that works for both low income families and American taxpayers. We want congressional passage of a bill that the President will sign.

Determining food stamp reform in the context of budget reconciliation causes us to lose sight of the people the Food Stamp Program is intended to serve. We must remember that our goal is to reform welfare in order to move people toward self-sufficiency. Reform by itself is a hollow word. Reform for reform's sake is meaningless. We aren't OMB, CBO, or GAO. We can't work in the vacuum of numbers only. We cannot let the bureaucrats with the green eye shades determine what path reform will take. We are Members of Congress. It is our responsibility to put faces with these numbers. We must interject the human element into the process in order to ensure that real need is addressed in welfare reform. We must ensure that our children and the aged and disabled are not left unprotected. We must remember that a dollar spent now can actually result in saving thousands of dollars later, if we help produce a future taxpaying citizen.

We must determine the policy that will move people toward self-sufficiency. This must be a policy-driven bill, not one that is driven by empty, faceless numbers that are wrong as many times as they are right.

Our constituents don't want a handout. They want jobs. They want economic development. They want the American dream. These are the people we must help. These are the people for whom we must redesign these programs to help them achieve their desire of becoming successful citizens.

We are particularly concerned that this bill will jeopardize the nutritional status of millions of poor families because of a basic misunderstanding of how the program works. The perception is that this program is out of control, that hundreds of thousands of families are added to the food stamp rolls every month. The reality is something very different. Over the last year and a half, as the economy has improved, food stamp participation has actually dropped by over 1 million people. This vital program is clearly filling a very real need. If the need isn't there, the program doesn't continue to expand, but if the need is there, the program is there to meet it.

The block grant provisions in H.R. 3734 sets funding at levels well below that necessary to feed hungry families in times of recessions or if food prices increase. The total loss of food stamp funding to States that choose the block grant will be over \$2.5 billion. If block grants had been chosen by all States in 1990, the Food Stamp Program would have served 8.3 million fewer children. Castle-Tanner does not include the block grant authority.

To assure adequate nutrition and the good health of our poor families, the calculation of food stamp benefits must take into account extremely high housing expenses. H.R. 3734 limits this calculation, leaving poor families with children who pay more than half of their income for housing with less money to buy food. This provision alone will reduce benefits

to these families by over \$4 billion over 6 years, resulting in more hungry children. Castle-Tanner does not include this harsh limitation.

We all want people on welfare to be self-sufficient—they want to be self-sufficient. But, the way to help people become self-sufficient is not to deny them food stamps after 4 months. Eighty percent of the able-bodied recipients between the ages of 18 and 50 receive food stamps on a temporary basis already, they leave the program within a year. H.R. 3734 will simply kick 700,000 people off the program each month, without a helping hand to find a job. What these people need most is the opportunity to work—job training, or a job slot. Castle-Tanner will give them that helping hand if they are unable to find work on their own after 6 months.

The Castle-Tanner alternative achieves significant deficit reduction. The food stamp provisions save \$20 billion over a 6-year period. The majority's bill last year was intended to achieve \$16 billion over 7 years. Castle-Tanner goes well beyond that level of savings, and yet we have been accused of not supporting welfare reform.

The American people are not mean-spirited. They do not want children to be poor and hungry. We must remember that we are reforming the programs that impact the most vulnerable of our constituents. We must remember the faces of the poor and hungry of our Nation.

Let the record show that the minority strongly supports welfare reform, but not at the cost of the Nation's poor families and children, not at the cost of the Nation's future.

The CHAIRMAN. All time for general debate has expired.

Under the previous order of the House of today, the Committee rises.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. HAYWORTH) having assumed the chair, Ms. GREENE of Utah, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 3734) to provide for reconciliation pursuant to section 201(a)(1) of the concurrent resolution on the budget for fiscal year 1997, had come to no resolution thereon.

#### APPOINTMENT OF CONFEREES ON H.R. 3230, NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1997

The SPEAKER pro tempore. Without objection, the chair appoints the following conferees on the Senate amendment to H.R. 3230:

From the Committee on National Security, for consideration of the House bill and the Senate amendment, and modifications committed to conference: Messrs. SPENCE, STUMP, HUNTER, KASICH, BATEMAN, HANSEN, WELDON of Pennsylvania, HEFLEY, SAXTON, CUNNINGHAM, BUYER, TORKILDSEN, Mrs. FOWLER, Messrs. MCHUGH, TALENT, WATTS of Oklahoma, HOSTETTLER, CHAMBLISS, HILLEARY, HASTINGS, of Washington, DELLUMS, MONTGOMERY, Mrs. SCHROEDER, Messrs. SKELTON, SISISKY, SPRATT, ORTIZ, PICKETT, EVANS, TANNER, BROWDER, TAYLOR

of Mississippi, TEJEDA, MCHALE, KENEDY of Rhode Island, and DELAURO.

As additional conferees from the Permanent Select Committee on Intelligence, for consideration of matters within the jurisdiction of that committee under clause 2 of rule XLVIII: Messrs. COMBEST, LEWIS of California, and DICKS.

As additional conferees from the Committee on Banking and Financial Services, for consideration of sections 1085 and 1089 of the Senate amendment, and modifications committed to conference: Messrs. CASTLE, BACHUS, and GONZALEZ.

As additional conferees from the Committee on Commerce, for consideration of sections 601, 741, 742, 2863, 3154, and 3402 of the House bill, and sections 345-347, 561, 562, 601, 724, 1080, 2827, 3175, and 3181-91 of the Senate amendment, and modifications committed to conference: Messrs. BLILEY, BILIRAKIS, and DINGELL.

Provided that Mr. RICHARDSON is appointed in lieu of Mr. DINGELL and Mr. SCHAEFER is appointed in lieu of Mr. BILIRAKIS for consideration of sections 3181-91 of the Senate amendment.

Provided that Mr. OXLEY is appointed in lieu of Mr. BILIRAKIS for the consideration of section 3154 of the House bill, and sections 345-347 and 3175 of the Senate amendment.

Provided that Mr. SCHAEFER is appointed in lieu of Mr. BILIRAKIS for the consideration of sections 2863 and 3402 of the House bill, and section 2827 of the Senate amendment.

As additional conferees from the Committee on Economic and Educational Opportunities, for consideration of sections 572, 1086, and 1122 of the Senate amendment, and modifications committed to conference: Messrs. GOODLING, MCKEON, and CLAY.

As additional conferees from the Committee on Government Reform and Oversight, for consideration of sections 332-36, 362, 366, 807, 821-25, 1047, 3523-39, 3542, and 3548 of the House bill, and sections 636, 809(b), 921, 924-25, 1081, 1082, 1101, 1102, 1104, 1105, 1109-1134, 1401-34, and 2826 of the Senate amendment, and modifications committed to conference: Mr. CLINGER, Mr. MICA, and Mrs. COLLINS of ILLINOIS.

Provided that Mr. HORN is appointed in lieu of Mr. MICA for consideration of sections 362, 366, 807, and 821-25 of the House bill, and sections 890(b), 1081, 1401-34, and 2826 of the Senate amendment.

Provided that Mr. ZELIFF is appointed in lieu of Mr. MICA for consideration of section 1082 of the Senate amendment.

As additional conferees from the Committee on International Relations, for consideration for sections 233-234, 237, 1041, 1043, 1052, 1101-05, 1301, 1307, 1501-53 of the House bill, and sections 234, 1005, 1021, 1031, 1041-43, 1045, 1323, 1332-35, 1337, 1341-44, and 1352-54 of the Senate amendment, and modifications committed to conference: Messrs. GILMAN, BEREUTER, and HAMILTON.

As additional conferees from the Committee on the Judiciary, for consideration of sections 537, 543, 1066, 1080, 1088, 1201-16, and 1313 of the Senate amendment, and modifications committed to conference: Messrs. HYDE, MCCOLLUM, and CONYERS.

Provided that Mr. MOORHEAD is appointed in lieu of Mr. MCCOLLUM for consideration of sections 537 and 1080 of the Senate amendment.

Provided that Mr. SMITH of Texas is appointed in lieu of Mr. MCCOLLUM for consideration of sections 1066 and 1201-16 of the Senate amendment.

As additional conferees from the Committee on Resources, for consideration of sections 247, 601, 2821, 1401-14, 2901-13, and 2921-31 of the House bill, and sections 251-52, 351, 601, 1074, 2821, 2836, and 2837 of the Senate amendment, and modifications committed to conference: Messrs. HANSEN, SAXTON, and MILLER of California.

As additional conferees from the Committee on Science, for consideration of sections 203, 211, 245, and 247 of the House bill, and sections 211 and 251-52 of the Senate amendment, and modifications committed to conference: Mr. WALKER, Mr. SENSENBRENNER, and Ms. HARMAN.

As additional conferees from the Committee on Transportation and Infrastructure, for consideration of sections 324, 327, 501, and 601 of the House bill, and sections 345-348, 536, 601, 641, 1004, 1009-1010, 1311, 1314, and 3162 of the Senate amendment, and modifications committed to conference: Messrs. SHUSTER, COBLE, and BARCIA.

As additional conferees from the Committee on Veterans' Affairs, for consideration of sections 556, 638, and 2821 of the House bill, and sections 538 and 2828 of the Senate amendment, and modifications committed to conference: Messrs. STUMP, SMITH of New Jersey, and MONTGOMERY.

As additional conferees from the Committee on Ways and Means, for consideration of sections 905, 1041(c)(2), 1550(a)(2), and 3313 of the House bill, and sections 1045(c)(2), 1214 and 1323 of the Senate amendment, and modifications committed to conference: Messrs. CRANE, THOMAS, and GIBBONS.

There was no objection.

#### SPECIAL ORDERS

The SPEAKER pro tempore. Under the Speaker's announced policy of May 12, 1995, and under a previous order of the House, the following Members will be recognized for 5 minutes each.

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from the District of Columbia [Ms. NORTON] is recognized for 5 minutes.

[Ms. NORTON addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.]



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PROVIDING FOR FURTHER CONSIDERATION OF H.R. 3734, WELFARE AND MEDICAID REFORM ACT OF 1996

Mr. GOSS. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 482 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 482

*Resolved*, That at any time after the adoption of this resolution the Speaker may, pursuant to clause 1(b) of rule XXIII, declare the House resolved into the Committee of the Whole House on the state of the Union for further consideration of the bill (H.R. 3734) to provide for reconciliation pursuant to section 201(a)(1) of the concurrent resolution on the budget for fiscal year 1997. All time for general debate under the terms of the order of the House of July 17, 1996, shall be considered as expired. Further general debate shall be confined to the bill and amendments specified in this resolution and shall not exceed two hours equally divided and controlled by

the chairman and ranking minority member of the Committee on the Budget. After general debate the bill shall be considered for amendment under the five-minute rule. An amendment in the nature of a substitute consisting of the text of H.R. 3829, modified by the amendment printed in part 1 of the report of the Committee on Rules accompanying this resolution, shall be considered as adopted in the House and in the Committee of the Whole. The bill, as amended, shall be considered as the original bill for the purpose of further amendment and shall be considered as read. No other amendment shall be in order except (1) the further amendment printed in part 2 of the report of the Committee on Rules, which may be offered only by the chairman of the Committee on the Budget or his designee, shall be considered as read, shall be debatable for the time specified in the report equally divided and controlled by the proponent and an opponent, shall not be subject to amendment, and shall not be subject to a demand for division of the question in the House or in the Committee of the Whole; and (2) a further amendment in the nature of a substitute consisting of the text of H.R. 3832, which may be offered only by the minority leader or his designee, shall be considered as read, shall be debatable for one hour equally divided and controlled by the proponent and an opponent, and shall not be subject to amendment. All points of order against the further amendments are waived. At the conclusion of consideration of the bill, as amended, for amendment the Committee shall rise and report the bill, as amended, to the House with such further amendments as may have been adopted. The previous question shall be considered as ordered on the bill, as amended, and any further amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

The SPEAKER pro tempore. The gentleman from Florida [Mr. GOSS] is recognized for 1 hour.

Mr. GOSS. Mr. Speaker, for the purposes of debate only, I yield the customary 30 minutes to the distinguished gentleman from Texas [Mr. FROST], pending which I yield myself such time as I may consume. During consideration of this resolution all time yielded is for the purpose of debate only.

(Mr. GOSS asked and was given permission to revise and extend his remarks and to include extraneous material.)

Mr. GOSS. Mr. Speaker, this is a modified closed rule providing for the consideration of H.R. 3474, the Personal Responsibility Act of 1996, a major reform measure. As Members know, this has twice attempted to reform welfare only to be stopped dead by a Presidential veto. It is my hope that three times will prove to be the charm and we can actually succeed in ending welfare as we know it.

This rule waives all points of order against consideration of the bill and provides 2 hours of additional general debate equally divided and controlled by the chairman and ranking minority member of the Committee on the Budget.

As Members know, a unanimous consent agreement was reached to allow Members to proceed last night with 2 hours of general debate so today's time will bring to 4 hours the general debate time.

□ 0915

This legislation is brought to the House under the procedures of reconciliation as provided by the budget resolution we adopted earlier this year. For that reason, the time is controlled by the Committee on the Budget, although I know members of the Committee on Ways and Means and agriculture committees will have time to comment on the bill's provisions.

The rule provides for the adoption in the House and the Committee of the Whole an amendment in the nature of a substitute consisting of the text of H.R. 3829, as modified by the amendment printed in part 1 of our committee on Rules report. This amendment makes this complex bill better and broadens its support.

It includes a review of State work requirements, limits on transfers into title XX programs, an assurance that States may spend their own money even after the 5-year Federal limit is reached, a compromise on the so-called maintenance of effort requirement that States have, and Medicaid contingent for cases where work requirements are not satisfied. These provisions are highly technical but also extremely important to the ability of our States to make the best use of these reforms.

In addition, the amendment incorporated by this rule addresses the issue of child support and the allocation of fees, ensuring that a percentage of such funds are dedicated to local child support offices.

The rule further provides that the text of H.R. 3829, as modified by the amendment I have just described, shall be considered as original text for the purpose of amendment. In that regard, the rule provides for consideration of an amendment printed in part 2 of the Committee on Rules report, if offered by the chairman of the Committee on the Budget or his designee, which shall be debatable for 20 minutes, equally divided and controlled by a proponent and an opponent. This amendment shall not be subject to amendment and all points of order against it are waived. It provides for a more stringent work requirement for able-bodied adult food stamp recipients who have no dependents.

In addition, the rule provides for consideration of a second amendment printed in part 2 of the Committee on Rules report if offered by the minority leader or his designee. All points of order against this amendment, which consists of the text of H.R. 3832, are also waived.

This amendment shall be debatable for 1 hour, with the time equally divided and controlled by a proponent and an opponent. This amendment shall not be subject to amendment. It is my understanding that this amendment reflects the bipartisan proposal put forth by the gentleman from Delaware [Mr. CASTLE] and the gentleman from Tennessee [Mr. TANNER]. Some Members know of this as the Castle-Tanner amendment.

Finally, the rule provides for a motion to recommit, with or without instructions.

Mr. Speaker, it is a somewhat complicated rule, as I have just described, but it is fair, it is comprehensive, and it does the job very well. This is an extremely complicated subject. Welfare reform has been one of the most vexing issues in modern times. Our majority has made it a priority to address the root causes of the failure of the current welfare system.

I think everyone now agrees that the welfare system is, indeed, failing us as Americans. Thirty years and more than \$5 trillion after it began, welfare programs we know today have very little to show for all of the good intentions they had; they have very little to show, tragically, except a self-perpetuating cycle of dependency. We have more children and families than ever before trapped today by the very same programs that were designed to set them free from poverty.

It is a devastating fact that more than three-quarters of those folks currently on welfare will stay on for more than 5 years. In fact, the average family on welfare stays on for 13 years.

Mr. Speaker, the bill we consider today and hopefully send to the President, and receive his signature this time, is a bold break with the failed policies of welfare as we know it. This bill says that we are committed to moving people off welfare into productive jobs. This bill says we trust our State and our local officials to make crucial decisions about solving their own welfare problems.

This bill says that if you are able to work, we will help you get training and show you the way. But we expect you to go to work in exchange for cash benefits. This bill says if you are on welfare and you have more children, your benefits will not increase unless your State votes to allow it.

This bill says States can enforce some tough love policies when it comes to requiring unmarried teenagers who have children to live with an adult and stay in school. This bill cracks down on deadbeat parents and boosts child support enforcement.

Mr. Speaker, let me emphasize what this bill does not do. This bill does not take away the safety net for children. In fact, this bill has increased levels of funding for child care programs so parents can make the transition from welfare to work. This is not a small matter. It is in excess of \$4.5 billion, so I am told.

This bill also ensures that families will continue to receive food stamps, nutrition assistance, and health care. Even if they lose their cash benefits they will still be able to get these emergency needs met.

This bill also grants States the flexibility to exempt up to 20 percent of their caseload from the 5-year limit, to deal with those who cannot make the transition from welfare to work. And there will be some, and they are provided for.

The bottom line is that we have tried the one-size-fits-all, Washington-knows-best approach to welfare, and it has failed. It has failed tragically. It has failed miserably. It has failed pathetically. Our States and localities are asking for opportunity to do better.

Under this bill, welfare reform programs such as Wisconsin Works and Florida's WAGES initiative will no longer be derailed by the Federal bureaucracy. Under this bill States will

utilize on-target, creative solutions within a flexible and responsible Federal framework.

Mr. Speaker, this legislation is also a budget saver. It does provide for an increase of \$137 billion of the taxpayers' dollars over the next 6 years as compared with what we spent on welfare in the last 6 years, but it meets our budget targets.

We are demonstrating that we can invest in our people, provide new oppor-

tunities to better deliver necessary services, and to still meet our budget targets. That is what we mean by ending welfare as we know it. We are offering something better, much better. It is true reform.

Mr. Speaker, I include for the RECORD a document entitled "The Amendment Process Under Special Rules."

The material referred to is as follows:

THE AMENDMENT PROCESS UNDER SPECIAL RULES REPORTED BY THE RULES COMMITTEE,<sup>1</sup> 103D CONGRESS V. 104TH CONGRESS

(As of July 17, 1996)

Rule type	103d Congress		104th Congress	
	Number of rules	Percent of total	Number of rules	Percent of total
Open/Modified-Open <sup>2</sup>	46	44	79	59
Structured/Modified Closed <sup>3</sup>	49	47	37	28
Closed <sup>4</sup>	9	9	17	13
<b>Total</b>	<b>104</b>	<b>100</b>	<b>133</b>	<b>100</b>

<sup>1</sup> This table applies only to rules which provide for the original consideration of bills, joint resolutions or budget resolutions and which provide for an amendment process. It does not apply to special rules which only waive points of order against appropriations bills which are already privileged and are considered under an open amendment process under House rules.

<sup>2</sup> An open rule is one under which any Member may offer a germane amendment under the five-minute rule. A modified open rule is one under which any Member may offer a germane amendment under the five-minute rule subject only to an overall time limit on the amendment process and/or a requirement that the amendment be preprinted in the Congressional Record.

<sup>3</sup> A structured or modified closed rule is one under which the Rules Committee limits the amendments that may be offered only to those amendments designated in the special rule or the Rules Committee report to accompany it, or which preclude amendments to a particular portion of a bill, even though the rest of the bill may be completely open to amendment.

<sup>4</sup> A closed rule is one under which no amendments may be offered (other than amendments recommended by the committee in reporting the bill).

SPECIAL RULES REPORTED BY THE RULES COMMITTEE, 104TH CONGRESS

(As of July 17, 1996)

H. Res. No. (Date rept.)	Rule type	Bill No.	Subject	Disposition of rule
H. Res. 38 (1/18/95)	O	H.R. 5	Unfunded Mandate Reform	A: 350-71 (1/19/95).
H. Res. 44 (1/24/95)	MC	H. Con. Res. 17	Social Security	A: 255-172 (1/25/95).
H. Res. 51 (1/31/95)	O	H.J. Res. 1	Balanced Budget Amnd	
H. Res. 52 (1/31/95)	O	H.R. 101	Land Transfer, Taos Pueblo Indians	A: voice vote (2/1/95).
H. Res. 53 (1/31/95)	O	H.R. 400	Land Exchange, Arctic Nat'l. Park and Preserve	A: voice vote (2/1/95).
H. Res. 55 (2/1/95)	O	H.R. 440	Land Conveyance, Butte County, Calif	A: voice vote (2/1/95).
H. Res. 60 (2/6/95)	O	H.R. 2	Line Item Veto	A: voice vote (2/2/95).
H. Res. 61 (2/6/95)	O	H.R. 565	Victim Restitution	A: voice vote (2/7/95).
H. Res. 62 (2/6/95)	O	H.R. 666	Exclusionary Rule Reform	A: voice vote (2/7/95).
H. Res. 63 (2/8/95)	MO	H.R. 667	Violent Criminal Incarceration	A: voice vote (2/9/95).
H. Res. 69 (2/9/95)	MO	H.R. 668	Criminal Alien Deportation	A: voice vote (2/10/95).
H. Res. 79 (2/10/95)	MO	H.R. 728	Law Enforcement Block Grants	A: voice vote (2/13/95).
H. Res. 83 (2/13/95)	MO	H.R. 7	National Security Revitalization	PQ: 229-199; A: 227-197 (2/15/95).
H. Res. 88 (2/16/95)	MC	H.R. 831	Health Insurance Deductibility	PQ: 230-191; A: 229-188 (2/21/95).
H. Res. 91 (2/21/95)	O	H.R. 830	Paperwork Reduction Act	A: voice vote (2/22/95).
H. Res. 92 (2/21/95)	MC	H.R. 889	Defense Supplemental	A: 282-144 (2/22/95).
H. Res. 93 (2/22/95)	MO	H.R. 450	Regulatory Transition Act	A: 252-175 (2/23/95).
H. Res. 96 (2/24/95)	MO	H.R. 1022	Risk Assessment	A: 253-165 (2/27/95).
H. Res. 100 (2/27/95)	O	H.R. 926	Regulatory Reform and Relief Act	A: voice vote (2/28/95).
H. Res. 101 (2/28/95)	MO	H.R. 925	Private Property Protection Act	A: 271-151 (3/2/95).
H. Res. 103 (3/3/95)	MO	H.R. 1058	Securities Litigation Reform	
H. Res. 104 (3/3/95)	MO	H.R. 988	Attorney Accountability Act	A: voice vote (3/6/95).
H. Res. 105 (3/6/95)	MO			A: 257-155 (3/7/95).
H. Res. 108 (3/7/95)	Debate	H.R. 956	Product Liability Reform	A: voice vote (3/8/95).
H. Res. 109 (3/8/95)	MC			PQ: 234-191; A: 247-181 (3/9/95).
H. Res. 115 (3/14/95)	MO	H.R. 1159	Making Emergency Supp. Approps	A: 242-190 (3/15/95).
H. Res. 116 (3/15/95)	MC	H.J. Res. 73	Term Limits Const. Amnd	A: voice vote (3/28/95).
H. Res. 117 (3/16/95)	Debate	H.R. 4	Personal Responsibility Act of 1995	A: voice vote (3/21/95).
H. Res. 119 (3/21/95)	O			A: 217-211 (3/22/95).
H. Res. 125 (4/3/95)	MC	H.R. 1271	Family Privacy Protection Act	A: 423-1 (4/4/95).
H. Res. 126 (4/3/95)	O	H.R. 650	Older Persons Housing Act	A: voice vote (4/6/95).
H. Res. 128 (4/4/95)	MC	H.R. 1215	Contract With America Tax Relief Act of 1995	A: 228-204 (4/5/95).
H. Res. 130 (4/5/95)	MC	H.R. 483	Medicare Select Expansion	A: 253-172 (4/6/95).
H. Res. 136 (5/1/95)	O	H.R. 655	Hydrogen Future Act of 1995	A: voice vote (5/2/95).
H. Res. 139 (5/3/95)	O	H.R. 1361	Coast Guard Auth. FY 1996	A: voice vote (5/9/95).
H. Res. 140 (5/9/95)	O	H.R. 961	Clean Water Amendments	A: 414-4 (5/10/95).
H. Res. 144 (5/11/95)	O	H.R. 535	Fish Hatchery—Arkansas	A: voice vote (5/15/95).
H. Res. 145 (5/11/95)	O	H.R. 584	Fish Hatchery—Iowa	A: voice vote (5/15/95).
H. Res. 146 (5/11/95)	O	H.R. 614	Fish Hatchery—Minnesota	A: voice vote (5/15/95).
H. Res. 149 (5/16/95)	MC	H. Con. Res. 67	Budget Resolution FY 1996	PQ: 252-170 A: 255-168 (5/17/95).
H. Res. 155 (5/22/95)	MC	H.R. 1561	American Overseas Interests Act	A: 233-176 (5/23/95).
H. Res. 164 (6/8/95)	MO	H.R. 1530	Nat. Defense Auth. FY 1996	PQ: 225-191 A: 233-183 (6/13/95).
H. Res. 167 (6/15/95)	MC	H.R. 1817	MillCon Appropriations FY 1996	PQ: 223-180 A: 245-155 (6/16/95).
H. Res. 169 (6/19/95)	O	H.R. 1854	Leg. Branch Approps. FY 1996	PQ: 232-196 A: 236-191 (6/20/95).
H. Res. 170 (6/20/95)	O	H.R. 1868	For. Ops. Approps. FY 1996	PQ: 221-178 A: 217-175 (6/22/95).
H. Res. 171 (6/22/95)	O	H.R. 1905	Energy & Water Approps. FY 1996	A: voice vote (7/12/95).
H. Res. 173 (6/27/95)	MC	H.J. Res. 79	Flag Constitutional Amendment	PQ: 258-170 A: 271-152 (6/28/95).
H. Res. 176 (6/28/95)	C	H.R. 1944	Emer. Supp. Approps	PQ: 236-194 A: 234-192 (6/29/95).
H. Res. 185 (7/11/95)	O	H.R. 1977	Interior Approps. FY 1996	PQ: 235-193 D: 192-238 (7/12/95).
H. Res. 187 (7/12/95)	O	H.R. 1977	Interior Approps. FY 1996 #2	PQ: 230-194 A: 229-195 (7/13/95).
H. Res. 188 (7/12/95)	O	H.R. 1976	Agriculture Approps. FY 1996	PQ: 242-185 A: voice vote (7/18/95).
H. Res. 190 (7/17/95)	O	H.R. 2020	Treasury/Postal Approps. FY 1996	PQ: 232-192 A: voice vote (7/18/95).
H. Res. 193 (7/19/95)	C	H.J. Res. 96	Disapproval of MFN to China	A: voice vote (7/20/95).
H. Res. 194 (7/19/95)	O	H.R. 2002	Transportation Approps. FY 1996	PQ: 217-202 (7/21/95).
H. Res. 197 (7/21/95)	O	H.R. 70	Exports of Alaskan Crude Oil	A: voice vote (7/24/95).
H. Res. 198 (7/21/95)	O	H.R. 2076	Commerce, State Approps. FY 1996	A: voice vote (7/25/95).
H. Res. 201 (7/25/95)	O	H.R. 2099	VA/HUD Approps. FY 1996	A: 230-189 (7/25/95).
H. Res. 204 (7/28/95)	MC	S. 21	Terminating U.S. Arms Embargo on Bosnia	A: voice vote (8/1/95).
H. Res. 205 (7/28/95)	O	H.R. 2126	Defense Approps. FY 1996	A: 409-1 (7/31/95).
H. Res. 207 (8/1/95)	MC	H.R. 1555	Communications Act of 1995	A: 255-156 (8/2/95).
H. Res. 208 (8/1/95)	O	H.R. 2127	Labor, HHS Approps. FY 1996	A: 323-104 (8/2/95).
H. Res. 215 (9/7/95)	O	H.R. 1594	Economically Targeted Investments	A: voice vote (9/12/95).
H. Res. 216 (9/7/95)	MO	H.R. 1655	Intelligence Authorization FY 1996	A: voice vote (9/12/95).
H. Res. 218 (9/12/95)	O	H.R. 1162	Deficit Reduction Lockbox	A: voice vote (9/13/95).
H. Res. 219 (9/12/95)	O	H.R. 1670	Federal Acquisition Reform Act	A: 414-0 (9/13/95).
H. Res. 222 (9/18/95)	O	H.R. 1617	CAREERS Act	A: 388-2 (9/19/95).
H. Res. 224 (9/19/95)	O	H.R. 2274	Natl. Highway System	PQ: 241-173 A: 375-39-1 (9/20/95).
H. Res. 225 (9/19/95)	MC	H.R. 927	Cuban Liberty & Dem. Solidarity	A: 304-118 (9/20/95).
H. Res. 226 (9/21/95)	O	H.R. 743	Team Act	A: 344-66-1 (9/27/95).

SPECIAL RULES REPORTED BY THE RULES COMMITTEE, 104TH CONGRESS—Continued

[As of July 17, 1996]

H. Res. No. (Date repl.)	Rule type	Bill No.	Subject	Disposition of rule
H. Res. 227 (9/21/95)	O	H.R. 1170	3-Judge Court	A: voice vote (9/28/95).
H. Res. 228 (9/21/95)	O	H.R. 1601	Internat. Space Station	A: voice vote (9/27/95).
H. Res. 230 (9/27/95)	C	H.J. Res. 108	Continuing Resolution FY 1996	A: voice vote (9/28/95).
H. Res. 234 (9/29/95)	O	H.R. 2405	Ornithus Science Auth	A: voice vote (10/11/95).
H. Res. 237 (10/17/95)	MC	H.R. 2259	Disapprove Sentencing Guidelines	A: voice vote (10/18/95).
H. Res. 238 (10/18/95)	MC	H.R. 2425	Medicare Preservation Act	PQ: 231-194 A: 227-192 (10/19/95).
H. Res. 239 (10/19/95)	C	H.R. 2492	Leg. Branch Approps	PQ: 235-184 A: voice vote (10/31/95).
H. Res. 245 (10/25/95)	MC	H. Con. Res. 109	Social Security Earnings Reform	PQ: 228-191 A: 235-185 (10/26/95).
H. Res. 251 (10/31/95)	C	H.R. 2491	Seven-Year Balanced Budget	
H. Res. 252 (10/31/95)	MO	H.R. 1833	Partial Birth Abortion Ban	A: 237-190 (11/1/95).
H. Res. 257 (11/7/95)	C	H.R. 2546	D.C. Approps	A: 241-181 (11/1/95).
H. Res. 258 (11/8/95)	MC	H.J. Res. 115	Cont. Res. FY 1996	A: 216-210 (11/8/95).
H. Res. 259 (11/9/95)	C	H.R. 2586	Debt Limit	A: 220-200 (11/10/95).
H. Res. 262 (11/9/95)	O	H.R. 2539	ICC Termination Act	A: voice vote (11/14/95).
H. Res. 269 (11/15/95)	C	H.R. 2586	Increase Debt Limit	A: 220-185 (11/10/95).
H. Res. 270 (11/15/95)	C	H.R. 2564	Lobbying Reform	A: voice vote (11/16/95).
H. Res. 273 (11/18/95)	MC	H.J. Res. 122	Further Cont. Resolution	A: 249-176 (11/15/95).
H. Res. 284 (11/29/95)	O	H.R. 2606	Prohibition on Funds for Bosnia	A: 239-181 (11/17/95).
H. Res. 287 (11/30/95)	O	H.R. 1788	Amtrak Reform	A: voice vote (11/30/95).
H. Res. 293 (12/7/95)	C	H.R. 1350	Maritime Security Act	A: voice vote (12/6/95).
H. Res. 303 (12/13/95)	O	H.R. 2621	Protect Federal Trust Funds	PQ: 223-183 A: 228-184 (12/14/95).
H. Res. 309 (12/18/95)	C	H.R. 1745	Utah Public Lands	PQ: 221-197 A: voice vote (5/15/96).
H. Res. 313 (12/19/95)	C	H. Con. Res. 122	Budget Res. w/President	PQ: 230-188 A: 229-189 (12/19/95).
H. Res. 323 (12/21/95)	C	H.R. 558	Texas Low-Level Radioactive	A: voice vote (12/20/95).
H. Res. 366 (2/27/96)	MC	H.R. 2677	Natl. Parks & Wildlife Refuge	Tabled (2/28/96).
H. Res. 371 (3/6/96)	O	H.R. 2854	Farm Bill	Tabled (2/28/96).
H. Res. 372 (3/6/96)	MC	H.R. 994	Small Business Growth	PQ: 228-182 A: 244-168 (2/28/96).
H. Res. 380 (3/12/96)	C	H.R. 3021	Debt Limit Increase	Tabled (4/17/96).
H. Res. 384 (3/14/96)	MC	H.R. 3019	Cont. Approps. FY 1996	A: voice vote (3/7/96).
H. Res. 386 (3/20/96)	C	H.R. 2703	Effective Death Penalty	PQ: voice vote A: 235-175 (3/7/96).
H. Res. 388 (3/21/96)	C	H.R. 2202	Immigration	A: 251-157 (3/13/96).
H. Res. 391 (3/27/96)	C	H.J. Res. 185	Further Cont. Approps	PQ: 233-152 A: voice vote (3/19/96).
H. Res. 392 (3/27/96)	MC	H.R. 125	Gun Crime Enforcement	PQ: 234-187 A: 237-183 (3/21/96).
H. Res. 395 (3/29/96)	O	H.R. 3136	Contract w/America Advancement	A: 244-166 (3/22/96).
H. Res. 396 (3/29/96)	MC	H.R. 3103	Health Coverage Affordability	PQ: 232-180 A: 232-177, (3/28/96).
H. Res. 409 (4/23/96)	O	H.J. Res. 159	Tax Limitation Const. Amdmt.	PQ: 229-186 A: Voice Vote (3/29/96).
H. Res. 410 (4/23/96)	O	H.R. 842	Truth in Budgeting Act	PQ: 232-168 A: 234-162 (4/15/96).
H. Res. 411 (4/23/96)	C	H.R. 2715	Paperwork Elimination Act	A: voice vote (4/17/96).
H. Res. 418 (4/30/96)	O	H.R. 1675	Natl. Wildlife Refuge	A: voice vote (4/24/96).
H. Res. 419 (4/30/96)	O	H.J. Res. 175	Further Cont. Approps. FY 1996	A: voice vote (4/24/96).
H. Res. 421 (5/2/96)	O	H.R. 2641	U.S. Marshals Service	PQ: 219-203 A: voice vote (5/1/96).
H. Res. 422 (5/2/96)	O	H.R. 2149	Ocean Shipping Reform	A: 422-0 (5/1/96).
H. Res. 426 (5/7/96)	O	H.R. 2974	Crimes Against Children & Elderly	A: voice vote (5/7/96).
H. Res. 427 (5/7/96)	O	H.R. 3120	Witness & Jury Tampering	A: voice vote (5/7/96).
H. Res. 428 (5/7/96)	MC	H.R. 2406	U.S. Housing Act of 1996	PQ: 218-208 A: voice vote (5/8/96).
H. Res. 430 (5/9/96)	S	H.R. 3322	Omnibus Civilian Science Auth	A: voice vote (5/9/96).
H. Res. 435 (5/15/96)	MC	H.R. 3286	Adoption Promotion & Stability	A: voice vote (5/9/96).
H. Res. 436 (5/16/96)	C	H.R. 3230	DoD Auth. FY 1997	A: 235-149 (5/10/96).
H. Res. 437 (5/16/96)	MO	H. Con. Res. 178	Con. Res. on the Budget, 1997	PQ: 227-196 A: voice vote (5/16/96).
H. Res. 438 (5/16/96)	MC	H.R. 3415	Repeat 4.3 cent fuel tax	PQ: 221-181 A: voice vote (5/21/96).
H. Res. 440 (5/21/96)	MC	H.R. 3259	Intell. Auth. FY 1997	A: voice vote (5/21/96).
H. Res. 442 (5/29/96)	O	H.R. 3144	Defend America Act	
H. Res. 445 (5/30/96)	O	H.R. 3448	Small Bus. Job Protection	A: 219-211 (5/22/96).
H. Res. 446 (6/5/96)	MC	H.R. 1227	Employee Commuting Flexibility	
H. Res. 448 (6/8/96)	MC	H.R. 3517	Mil. Const. Approps. FY 1997	A: voice vote (5/30/96).
H. Res. 451 (6/10/96)	O	H.R. 3540	For. Ops. Approps. FY 1997	A: voice vote (6/5/96).
H. Res. 453 (6/12/96)	O	H.R. 3562	WI Works Waiver Approval	A: 363-59 (6/5/96).
H. Res. 455 (6/18/96)	O	H.R. 2754	Shipbuilding Trade Agreement	A: voice vote (6/12/96).
H. Res. 456 (6/19/96)	O	H.R. 3603	Agriculture Appropriations, FY 1997	A: voice vote (6/11/96).
H. Res. 460 (6/25/96)	O	H.R. 3610	Defense Appropriations, FY 1997	A: voice vote (6/13/96).
H. Res. 472 (7/9/96)	O	H.R. 3652	Interior Approps, FY 1997	A: voice vote (6/19/96).
H. Res. 473 (7/9/96)	MC	H.R. 3666	VA/HUD Approps	A: 246-166 (6/25/96).
H. Res. 474 (7/10/96)	MC	H.R. 3675	Transportation Approps	A: voice vote (6/26/96).
H. Res. 475 (7/11/96)	O	H.R. 3755	Labor/HHS Approps	PQ: 218-202 A: voice vote (7/10/96).
H. Res. 479 (7/16/96)	O	H.R. 3754	Leg. Branch Approps	A: voice vote (7/10/96).
H. Res. 481 (7/17/96)	MC	H.R. 3396	Defense of Marriage Act	A: 290-133 (7/11/96).
H. Res. 482 (7/17/96)	MC	H.R. 3756	Treasury/Postal Approps	A: voice vote (7/16/96).
		H.R. 3814	Commerce, State Approps	A: voice vote (7/17/96).
		H.R. 3820	Campaign Finance Reform	
		H.R. 3734	Personal Responsibility Act	

Codes: O-open rule; MO-modified open rule; MC-modified closed rule; S/C-structured/closed rule; A-adoption vote; D-defeated; PQ-previous question vote. Source: Notices of Action Taken, Committee on Rules, 104th Congress.

Mr. GOSS. Mr. Speaker, I reserve the balance of my time.

Mr. FROST. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, welfare reform is a very serious issue.

There is probably not a person in this country who thinks we should leave our welfare system as it is.

But there are also about a million suggestions out there as to how to fix it.

Unfortunately, my Republican colleagues have taken the wrong suggestions.

This Gingrich welfare bill, Mr. Speaker, is tough on children, weak on work, and soft on deadbeat parents.

Luckily, this rule will allow the House to vote on another, much better, bipartisan welfare bill.

Mr. Speaker, the American people have said time and time again that they want us to work together. They have said that they want us to put poli-

tics aside and work for the benefits to the entire country.

They have also said that they want to see fewer people on welfare and more people out there working for a living.

And today, Mr. Speaker, we have a chance to give the American people what they asked for.

We have a bill crafted by Republicans and Democrats alike. We have a bill President Clinton believes he can sign. And we have a bill that takes some serious steps toward helping parents find and keep work without punishing their children for their parents' poverty.

And today we will have a chance to vote for either that bill or the Gingrich bill.

It's question of priorities.

And, on the subject of priorities, Mr. Speaker, I want to take this opportunity to remind my colleagues of something I think is very very important—when we talk about welfare, when we talk about food stamps—we

are talking about children, about 15 million American children who live in poverty in this country today. And Mr. Chairman, as far as I'm concerned this Congress has no greater responsibility than to those children.

About two out of every three people on welfare is a child, Mr. Speaker. A fact that I think is too often overlooked.

So when we talk about welfare, let's remember that its full name is Aid to Families With Dependent Children—and those children are depending on us to take care of them, regardless of who their parents are or whether they have a job. For that reason, this Republican welfare proposal is woefully inadequate.

The Republican welfare bill will cut food stamps for families of three earning \$6,250 a year. Most families with children will lose \$470 a year in food stamp benefits.

The Republican welfare bill will push over 1 million children into poverty.

It will decrease the likelihood that poor children get the medical attention they need by failing to guarantee Medicaid eligibility.

The Republican welfare bill actually weakens current law and increases Federal costs in updating child support orders.

And the Republican bill has an extremely weak work program which will not help parents get jobs to support their families but will more likely leave poor children, and their parents, out in the street.

Mr. Speaker, I urge my colleagues, when you think about welfare reform, remember: The majority of people on welfare are poor children who need every single bit of help this Congress and this country can give them.

Mr. Speaker, I reserve the balance of my time.

Mr. GOSS. Mr. Speaker, I am pleased to note that apparently we have received the approbation of the minority with the rule. We may not agree on all of the exact bits and tenets of the different versions of the welfare bill, but we apparently have a good rule on the floor. I am pleased that everybody agrees with that.

Mr. Speaker, I yield such time as he may consume to the gentleman from New York [Mr. SOLOMON], chairman of the Committee on Rules.

Mr. SOLOMON. I thank the gentleman from Sanibel, FL, for yielding me the time. I will not take that much time, because this is a good rule.

Mr. Speaker, I rise in very strong support of the rule and the very vital underlying legislation it brings to the floor. I concur with the gentleman from Florida, with everything he has said about the failed welfare system in this country. The status quo, Mr. Speaker, must go. This bill guarantees that it will go.

Mr. Speaker, the welfare reform issue at the national level I think is very difficult for the American people to track, as President Clinton's position seems to twist and contort with each new development that the States bring forward, the States who know how to deal with it. As many Members are aware, it is the States, our laboratories of democracy, that have pioneered welfare reform, which attempts to grapple with the problem of poverty at the local community level, and that is where we need to deal with it, not inside this beltway here.

The Clinton administration, through bureaucratic inertia, has blocked these bold efforts at the State and local levels. They have blocked it time and time again right in my own State of New York by not giving us the States' rights ability to deal with these problems.

The recent experience of the State of Wisconsin, attempting to receive Federal waivers through the Federal bureaucracy, just like my State of New York has tried to do, and the over-

whelming endorsement of this program on this floor by a vote of 289 to 136, that is overwhelming, is a compelling argument that the waiver process should be junked. The fact that imaginative and creative local officials must traipse to Washington and get down on their hands and knees and beg for approval to implement reforms that their constituents want, Mr. Speaker, is an absolute disgrace.

This bill provides local flexibility to deal with these important problems. My constituents in upstate New York want to help lower income families and single moms with kids, but they want to do it in their own communities with their own solutions, not with Washington solutions, which have failed so miserably by creating second- and third- and now fourth-generation welfare recipients.

Most importantly, this Personal Responsibility Act of 1996, the welfare bill before us, requires work for able-bodied people. It imposes time limits on benefits that recipients may receive.

Twice this week, at around midnight, I have an apartment over across the river in Virginia, and when I left here at 11 or 12 o'clock at night I went into a chain grocery store called the Giant grocery store. And as I was shopping there, getting some food to go home and eat at midnight, which you should not do, Mr. Speaker, I watched the people going through those checkout lines. They were very, very young people. I think 19, 20, 21 years old, I do not think they were parents. One fellow was drunk as a skunk and he had a whole handful of food stamps, and he could not even count them. The things they were buying were not nutritious food.

Those are the things that we deal with in this bill. In other words, we cannot let people like that continue to be second-, third-, and fourth-generation welfare recipients. We want to help them. We want to establish a work program and let them get off this welfare and become meaningful citizens.

Mr. Speaker, it is about time for the President to become a player in this debate, especially in light of his ambitious promise on this subject in his 1992 campaign. If one were to listen to his recent speeches on this subject, one might think that he is an individual who truly supports welfare reform. A casual observer may forget that it was President Clinton, as the gentleman from Florida has said, who has now twice vetoed compassionate welfare reform in this body.

□ 0930

Mr. Speaker, I could go on, but I think we all understand the issue. We need to get this bill on the floor, we need to pass it, and we need to get it to the President's desk so that he can sign it.

I urge strong support of the bill and I urge the President to make the compassionate public policy choice and to sign this bill.

Mr. MOAKLEY. Mr. Speaker, I yield myself such time as I may consume.

We all hear stories about abuse of welfare, but all I want is for everybody in this Chamber to realize that 2 out of every 3 people on welfare are children. I think that is a fact that we overlook too often. We hear all the stories about food stamps and the people buying all kinds of things. I remember President Reagan brought some abuse of welfare to light and when it was investigated it could never have happened and it did not happen. Let us not look at some of the false stereotypes we fall into and just remember the full name of welfare is Aid to Families with Dependent Children. They are dependent upon us. I think we should remember that.

Mr. Speaker, I yield 3 minutes to the gentlewoman from Florida [Mrs. MEEK].

(Mrs. MEEK of Florida asked and was given permission to revise and extend her remarks.)

Mrs. MEEK of Florida. Mr. Speaker, I thank the ranking member for yielding me this time.

Mr. Speaker, I rise in strong opposition to this rule to H.R. 3437, a rule that is designed to protect this fatally flawed bill.

There are two main problems with this legislation as I see it. First of all, we need to separate politics and bipartisanship from the lives of children in this country. Until we do that, we will see this kind of report coming before the Congress. We were elected to represent the people and not any particular political party. Let us put the children in the middle of this and let our influence start out from there.

One is the harsh treatment of legal U.S. residents in this bill. Children are in that minority of legal immigrants you are talking about. You want to ban food stamps from these people and these children, you want to ban SSI from them, and you want to keep them from becoming what they could, and, that is, true American citizens as you have become. The bill even bans non-emergency medical care under Medicaid for new legal immigrants.

Mr. Speaker, I want to tell Members a little bit about these people that the Republican majority wants to cut out in this rule. They have played by the rules. They meet every requirement of the law. They live and they work hard. They pay taxes. They serve in the military. You are going to say to me that you are not going to protect their children? This rule does that. So you want to be sure to look at these flaws.

The other one is the costs that were paid by the Federal Government for care, AFDC and welfare to these children will now be paid by the States. You keep talking about States rights but you are not giving them that much money to do the job you want them to do. All of this is going to be shifted to the counties and the States. This is an unfunded mandate, if you ask me, because what they are going to do is make the States and the counties provide the medical care which they cannot provide wholly. So we are going to

have a 2- or 3-tier system of health care for these people.

Let me give a concrete idea of how unfair this rule is in protecting this bill. My own State of Florida estimates it will lose almost \$600 million a year in Federal funds because of this bill. What are they going to do with these funds? They were designed to protect the children. Now what you are doing, and let no one fool us, this particular rule is there just to protect this bill.

The second thing it does, it takes away the earned income tax credit which is saying we are going to help you on one hand and then we are going to take it away on the other. Every time I come to this floor I talk about the earned income tax credit because it is for the working poor to protect their children. I want to say to this Congress, there is no reason why you should let this flawed rule take care of a flawed bill. The best thing to do is to vote against the rule. That will put some stops on this bill.

Mr. Speaker, I want the American public to know that what the Republicans are doing is taking away the safety net for children.

Mr. GOSS. Mr. Speaker, I would just note for the record that this is H.R. 3734. I think it has been misspoken a few times this morning as H.R. 3437, for those Members who are watching and tracking. It is H.R. 3734.

Mr. Speaker, I yield such time as he may consume to the gentleman from San Dimas, CA [Mr. DREIER], the distinguished vice chairman of the Rules Committee.

(Mr. DREIER asked and was given permission to revise and extend his remarks.)

Mr. DREIER. Mr. Speaker, I thank my friend for yielding me this time. Let me begin, as many of my colleagues have this morning, in extending our heartfelt thoughts and prayers to those loved ones of the victims of the tragic TWA Flight 800 crash that took place off Long Island last night.

Mr. Speaker, let me say that I strongly support this rule. I do so because we have been struggling for years and years and years to try and reform the welfare system. From our side of the aisle, there have been a wide range of proposals over the past several years designed to do just that, to try and end welfare as we know it.

We were all very enthused in 1992 with the commitment that President Clinton made to end welfare as we know it, and I have to say that right after that election in 1992, I had the privilege of writing an article for my home town newspaper, the Los Angeles Times, in which I stated that I looked forward to working with the President on issues like reforming welfare, because when he said that he was committed to ending welfare as we know it, we all took him at his word.

Now I believe that we have put together a product that I hope he will be able to sign. We know that he has twice vetoed the welfare reform pack-

age that we have moved out of this Congress, and it has been very, very difficult for us to face the fact the President who wanted to end welfare as we know it would veto welfare reform legislation, but I hope and pray that this will do it.

Why? Because we are not only concerned about those U.S. taxpayers who are saddled with perpetuating the cradle-to-the-grave welfare system that we have had over the past three decades, but we are equally if not more concerned with those people who have been subjected to the welfare state for years and years and years and have seen the perpetuation of this cycle, generational cycle, of dependence.

My friend from Sanibel, Florida [Mr. GOSS] talked about the fact that we have seen the average use of the welfare system, 13 years. We also know of extreme examples where it has gone on for generation after generation. We looked at the poverty rate as it existed in the mid 1960's when the Great Society began and the War on Poverty began, and the poverty rate was about 14.7 percent.

Beginning with the Great Society programs, we started spending billions and billions of dollars, and we have now spent \$5.3 trillion on subventions combating the welfare problem. What is it that we have seen? Well, the poverty rate has gone from 14.7 percent up to 15.1 percent.

Mr. Speaker, there is bipartisan recognition, Democrats and Republicans alike. Democrats who represent constituents who are on welfare and subjected to this generational cycle of welfare, they acknowledge that the welfare system that we have today has failed. That is why I believe that we are taking a very positive step in finally moving forward with this.

My friend from Glens Falls, I am told, just mentioned a situation that he encountered last night when he was in a grocery store looking at someone who was obviously abusing the Food Stamp Program. just a couple of hours ago I was running here on Capitol Hill and I was around one of the parks, and I was over at one of the benches and had seen a number of people who obviously rely on food stamps for their survival, and what was on the ground but cracked crab legs.

It seems to me that when we have people who are abusing the Food Stamp Program and living extraordinarily well off the Food Stamp Program, it obviously is a system that has failed. That is why looking at creative approaches, as the Committee on the Budget and the Committee on Ways and Means have done, and allowing the amazing proposals that have come from States like Massachusetts under Governor William Weld and Wisconsin under Governor Tommy Thompson, my State of California, Governor Pete Wilson's action allowing creativity for dealing with poverty and the welfare structure, to come from those States is, I believe, a very positive sign.

Mr. Speaker, I am encouraged by the fact that we, I believe, have legislation which President Clinton will be able to sign, and I am pleased that also it is very bipartisan. I hope we will be able to move ahead as expeditiously as possible to get this measure to his desk so that we can all be part of ending welfare as we know it.

Mr. MOAKLEY. Mr. Speaker, once again we all hear horror stories, but as far as the definition of food, I think crab legs is a healthy diet. It is not ketchup. I think it is something that could be bought with stamps. I think that that is not a bad diet.

Mr. Speaker, I yield 3 minutes to the gentlewoman from California [Ms. WOOLSEY].

(Ms. WOOLSEY asked and was given permission to revise and extend her remarks.)

Ms. WOOLSEY. Mr. Speaker, for certain it is getting closer to election day. I understand that my friends on the other side of the aisle want to take credit for getting tough on welfare. But what they are really doing is getting tough on children. You see, when I look at the welfare reform bill, it leaves me asking, What about the children? Two out of three welfare recipients are children. Have they forgotten about the children? Apparently so. Because, Mr. Speaker, this bill demands that mothers go to work but fails to provide the education, the training, and the support that these mothers need to take care of their children so that they can get off welfare permanently.

When a mother is kicked off the welfare rolls, there is no safety net for her children, no guarantee that her children will receive food and shelter, no guarantee that they will have any medical care, no guarantee that they can survive. In fact, this bill says to poor children, "Don't get hungry, don't get sick and for heaven's sake, don't get cold, because your time is up and we don't think you're important enough to protect you."

Mr. Speaker, no other Member of this body knows better than I do how wrong this is. This is the wrong way to fix the welfare system. When I was a single working mother with three small children, my children were 1, 3, and 5 years old, I could not have stayed in the work force without the safety net of health care, child care, and food for my children. That safety net was provided by the welfare system.

I urge my colleagues, do not take this vote lightly. Do not vote for this rule. This bill is not about helping welfare recipients, about helping people get off welfare and into jobs that pay a livable wage. Rather, it is a vote for making poor children even poorer despite the political hoopla, despite all this rhetoric around the debate. Your vote today is a matter of life and death for millions and millions of children. Make no mistake, your vote will have consequences for children long after election day.

Mr. MOAKLEY. Mr. Speaker, we hear the tales about generation after generation of people on welfare. The statistics as I have heard them is that the average stay on welfare is 2 years, single female, white. I would just like to clarify that.

Mr. Speaker, I yield 2 minutes to the gentleman from New Jersey [Mr. PALLONE].

Mr. PALLONE. Mr. Speaker, I rise in opposition to the rule because I do not believe it allows for sufficient amendments that would change this terrible Republican leadership bill. I do want to say, though, that I am pleased that the Castle-Tanner substitute is in order because I think that that does make things better, if you will, for the two major problems that I see with this Republican legislation. One is that it really does not do anything to get people to work or provide the resources so that the States can get people off welfare and get a job.

□ 0945

Second, because this Republican legislation also is very tough on kids and basically takes away almost all the protections for children that exist in the current system, the Castle-Tanner substitute would at least provide sufficient or at least more resources to get people to work and, also, I think, protect that safety net for children.

I was listening to what the gentleman from New York [Mr. SOLOMON] said about the need for a compassionate public policy, and that that is why this Republican bill has been brought forward, but I would say this does just the opposite.

If we want to get people to work, if we want to protect kids in a situation where we are changing radically the nature of the welfare system, then we cannot move forward with this Republican bill.

I wanted to mention two things, because I listened to what some of my colleagues said on the other side. The gentleman from California [Mr. DREIER] talked about the fraud in the welfare system. He mentioned the crab legs. The gentleman from New York [Mr. SOLOMON] talked about people waiting in line who he did not think needed welfare. Well, do not give us these examples, which are a small percentage of the people that are on welfare.

In addition to that, this Republican bill does not do anything to curb fraud or to end benefits for people who fail to comply with work requirements or to reduce administrative costs in the welfare program. The largest share of this Republican welfare bill's cuts or savings would come from across-the-board cuts in the food stamp benefit program.

What that means is that the average person who gets food stamps now is not going to be able to continue to have a sufficient level of food.

Mr. MOAKLEY. Mr. Speaker, I yield myself such time as I may consume to say that if the Republican welfare bill

goes through, this pushes 1 million children into poverty, and this is from a family that already has one parent working.

Mr. Speaker, I yield 3 minutes to the gentleman from Connecticut [Mrs. KENNELLY].

Mrs. KENNELLY. Mr. Speaker, I was very dismayed yesterday because I thought that we were going to bring this bill to the floor and that a bill, the Castle-Tanner bill, would not be allowed to be debated and voted on, and I found out I was wrong. That is why I am going to vote for this rule and speak for this rule because it allows Castle-Tanner to come to the floor.

The Castle-Tanner bill answers the Republican demand for State flexibility at the same time that it looks to the concerns of Democrats for protecting children. Most important, the bill addresses the bipartisan desire to make welfare to work, the transition and the main point.

I am not suggesting Castle-Tanner is perfect, because no compromise is, and the men and women that worked on this bill worked very hard to bring about a bill that I think, under the right circumstance, we all could vote for. The Castle-Tanner bill would require work after 2 years and it would pose a 5-year limit, like the majority bill does. However, unlike the majority's bill, the legislation would not prevent States from helping children at the point where their parents get cut off.

Second, food stamps. The Castle-Tanner bill would reform the food stamp program, but it would not threaten the nutritional safety net established by an optional food stamp block program.

We have heard talk this morning about food stamps. Of course we all know of situations where there has been abuse of food stamps, but what many of us who come from cities know about is the need, the absolute importance for food stamps for young children and for their nutritional futures and for their health in their future.

I know, having worked with food stamps for years, that crab is nutritional and crab certainly is under the guidelines, and what gets us off the track is when we start getting into these anecdotal situations.

Third, unlike the majority legislation before us, Castle-Tanner has mandatory funding needed to make tough work requirements a reality. All of us have read the Congressional Budget Office letter that has already predicted that many States will not meet the majority's work requirement because the bill does not have adequate funding in it.

Finally, the bipartisan Castle-Tanner bill does not consider State accountability incompatible with State flexibility. The bill has a strong maintenance-of-effort requirement, and I salute the majority for increasing their maintenance-of-effort requirement just very recently, but Castle-Tanner still has the best, and that is 85 percent.

Mr. Speaker, I do not agree with every policy decision in the Castle-Tanner bill, but I do commend the people for getting together from both sides of the aisle to make this bill a bill, as I said, that we can all vote for because it represents a good faith effort to find the common ground on welfare reform.

Welfare reform is an issue we all agree on. Welfare reform is something that has to be done. The status quo is not working. So I urge all my colleagues to vote for a bill that would demand responsibility, reward work, protect children, and I thank the chairman of the Committee on Rules for letting Castle-Tanner come to the floor.

Mr. MOAKLEY. Mr. Speaker, I yield myself such time as I may consume to say that the CBO has said that most States cannot meet the work requirements, given the resources the Republicans wanted to vote to the cause of work. In fact, the Republicans, according to CBO, their bill is \$10 billion short of what the CBO said is needed for the work program.

Mr. Speaker, I yield 2 minutes to the gentleman from Michigan [Mr. LEVIN].

(Mr. LEVIN asked and was given permission to revise and extend his remarks.)

Mr. LEVIN. Mr. Speaker, welfare reform is essential. It is about getting people off welfare into work and helping, not hurting, the child; in a word, tough on work, protective of children. That is the American value.

When this process started last year, the Republican proposals were weak on work, tough on kids, not providing any additional resources to States to help move welfare recipients into work, causing people to go without health care if they went to work, providing no or inadequate day care for children, hitting severely handicapped kids, and raising taxes on low- to moderate-income working families.

The Republicans have moved away in some areas from extreme or inadequate positions, but they have considerably further to go. Castle-Tanner is much stronger on work and providing resources to the States to get people to work, in requiring States to use Federal moneys for welfare to work, not for other purposes, and in making sure that if a recession hits, people who want to work or kids who are innocent bystanders do not get hurt.

Taking food from kids is not welfare reform, whether the parent is a citizen or other legal resident. The Republican bill does far too much of this. Tanner-Castle is more protective of children.

Tanner-Castle has been the only bipartisan effort in the House. We need more, not less of such effort. The only way to achieve more is to vote for Tanner-Castle and against the Republican bill. That is the best hope that in the end welfare reform will be what it must be, not a political football but an instrument to break the cycle of dependency for the sake of parents, surely of their children, and for taxpayers who foot the bill.

Mr. MOAKLEY. Mr. Speaker, I yield 2 minutes to the gentleman from Maryland [Mr. WYNN] who knows something about crab cakes.

Mr. WYNN. Mr. Speaker, I thank the ranking member for yielding me this time.

Mr. Speaker, I rise to oppose this rule. It supports a very bad welfare reform bill. That is unfortunate, because in point of fact we ought to put people to work.

The welfare system should be reformed, and we ought to set time limits for people receiving welfare. The problem is the Republican bill hurts children and does not do a lot about putting people to work. It hurts innocent children because there are no vouchers in the program.

What happens at the end of the period for benefits? The children are hurt because there are no provisions made after the benefits are exhausted. Three hundred thousand legal immigrant children will be harmed because they will be ineligible for food stamps. Why is that? Why are we hurting children? Let us just put people to work; 1.2 million women and children will lose Medicaid benefits. They will not have health care. Why are we doing that? That does not have anything to do with putting people to work.

The bill is weak on work. Fortunately, we have an alternative. The Castle-Tanner bill makes provisions. It provides vouchers for when benefits are exhausted. It provides continued Medicaid coverage so children can get health care. It provides food stamps for legal immigrant children so that they will not starve.

The Republican proposal is weak on work. According to the CBO, the bill is \$12 billion short of what is needed to meet the work requirements. It is an unfunded mandate on the States. The CBO, one of their favorite authorities, also says they do not provide adequate child care. They are \$800 million short in terms of adequate child care benefits.

On the other hand, the bipartisan Castle-Tanner alternative provides additional funds for work. They provide an additional \$2 billion to provide child care so that people can go to work.

We are not debating whether we ought to reform the welfare system; we are debating what makes sense and whether we ought to punish children as the price of welfare reform.

Mr. Speaker, I urge rejection of the Republican proposal.

Mr. MOAKLEY. Mr. Speaker, could you inform my dear friend, the gentleman from Florida [Mr. GOSS], and myself how much time is remaining?

The SPEAKER pro tempore. The gentleman from Massachusetts [Mr. MOAKLEY] has 1¼ minutes remaining, and the gentleman from Florida [Mr. GOSS] has 13 minutes remaining.

Mr. GOSS. Mr. Speaker, I yield 4 minutes to the gentleman from Delaware, Governor CASTLE.

Mr. CASTLE. Mr. Speaker, I thank the distinguished gentleman for yielding me this time.

I would like to address my comments this morning strictly to this rule, rather than either to Castle-Tanner or to the bill itself, because the rule is a little bit different than some of the rules we normally take up here on the floor, in that it has a self-enacting amendment in it that has some substantive concerns that I think we really need to at least bring forth.

Let me just say first and foremost, and I think this is vitally important, I very much appreciate the very good work which the Committee on Rules has done. They have allowed, in a free-standing way, the Castle-Tanner legislation, which is the Gephardt substitute in this rule, to come to the floor.

There will be no objections as to dollars. There is a dollar differential; it is \$53 billion versus \$60-some in the Republican bill, but it will be allowed to be considered. That was a concern of mine, and it was a concern of a number of my contemporaries on the other side of the aisle, and I am very pleased that was able to be worked out. That is important, I think, for the whole process of hearing and voting in this Chamber. And, of course, I am supportive of that legislation.

I want to point out, however, that there are some changes in the rule that we should pay some attention to, and there are five that I have singled out here that we need to look at.

One is the review of the implementation of the State work programs. It would be an understatement to say that this is going to be simple. When we require people to work for a number of hours, and we require up to 35 hours a week, when we require a percentage of the population, up to 50 percent of the welfare population, to be able to go to work, we have to keep track of that. We have to determine what work is. We have to go through definitional phases. Benefits can be lost or whatever it may be.

I think it is extremely important that we make sure that is going to be able to work. And one of the amendments here states that 3 years after enactment, the Committee on Ways and Means and the Committee on Banking and Financial Services shall conduct hearings and other appropriate activities to review the status of these areas. And that is before they get into the greater demands, because it is on an incremental basis. That is a very important change.

Another important change is the limitation on amounts which can be transferred to the title XX programs. This is a social service block grant. There are several block grants being set up; most of them deal with welfare: The TANF, the transitional aid to needy families, the child care, and the child welfare.

We are all for transferring to child care where necessary. It allows the 30-percent transfer. But when we get into social services, there are certain areas that are not as welfare oriented, and it also points out that all funds so trans-

ferred into the social service block grant must be services for children or their families, so that it keeps that money in welfare, so that States cannot all of a sudden fund other programs away from welfare. We thought that was a very significant change to make, and we did get it.

It also states very clearly there will be no limitations on State spending beyond the 5 years. I am not totally happy that some of the Federal benefits are going to be eliminated all together, although I am an absolute believer that welfare should cease after 5 years, but I think there are certain vouchers and other things that should be continued. They are not going to be, but I want to make sure that States would have the ability to do that with their own money, and it does state that very clearly.

The maintenance of effort has been raised by what the States have to do. I am also concerned the States are going to step back, and we have raised that to 80 percent in this legislation, or 75 percent if the States do a good job. So that what they have done starting in 1994, in terms of funding, would have to continue as far as the future is concerned.

□ 1000

We have made in the modifications to the legislation in this rule, specifically in this rule, not as a separate amendment to come up, we have made some positive changes which makes the bill more palatable even to those who might object. I understand that some may object otherwise. At least there has been consideration of various areas that I think needed to be examined if we were going to be able to support the legislation.

I think with the combination of being able to allow Castle-Tanner to come to the floor to be debated, with the changes which are here, the rule is a good rule. That does not mean you have to agree with the underlying legislation. That is up to everyone here. I happen to be very supportive.

Obviously, it is Castle-Tanner and I will support the Republican proposal, too. But it does mean that we will have the opportunity for full and open debate. I also appreciate the fact that there are 2 extra hours so that everyone's views can be aired. This is a very, very important subject. It is not simple. This legislation is not simple. The interactions with these families and these children are very complicated. Putting the programs in place in the States is also very complicated, and we need to do this very carefully. I think this rule at least gives us that opportunity. I support the rule and would urge everybody to do so.

Mr. MOAKLEY. Mr. Speaker, I yield 2 minutes to the gentlewoman from Texas [Ms. JACKSON-LEE].

(Ms. JACKSON-LEE of Texas asked and was given permission to revise and extend her remarks.)

Ms. JACKSON-LEE of Texas. Mr. Speaker, I thank very much the gentleman from Massachusetts [Mr. MOAKLEY].

I rise this morning to consistently repeat what I have already said, that I enjoy and appreciate the need for real welfare reform. I would hope, however, that we as Americans would focus on ensuring that our children would fare well. The Republican bill cuts some \$60 billion from our children.

I rise this morning to support this rule because I want us to discuss on the floor of the House today a real way to reform welfare. I want the American public to understand that many times welfare goes to those families who in economic recessions or depressions lose the opportunity to work and, therefore, food stamps are a necessity for survival. The Republican plan block grants, puts a certain small amount of money for food stamps; and when a crisis occurs in a community and there is need for the bridge for those families once they can find work, we have no resources in the Republican plan.

The Castle-Tanner bill does answer that question. In fact, even when there is a cutoff time, the Castle-Tanner bill allows States to provide vouchers. The Castle-Tanner bill recognizes that legal immigrants pay taxes and they are in fact contributors to this community and they have children. It provides a bridge for those children so that we do not become a burden on local communities. The Republican bill cuts off those who work hard in this country. Then I offered an amendment yesterday evening to respect work and to respect the women in my district on welfare who have said to me: Congresswoman, we want to work. But we need child care, job training, health care and, yes, jobs.

I offered an amendment that would provide transitional child care once a parent gets a job and needs to work. The Republican bill does not offer sufficient child care. Then with the idea of Medicaid, who in their right mind would not want children to have good health care?

I will support this rule because I want real welfare. I want Americans to fare well. I would hope that we would defeat ultimately the Republican plan.

Mr. MOAKLEY. Mr. Speaker, I yield 2 minutes to the gentlewoman from New York [Ms. VELÁZQUEZ].

Ms. VELÁZQUEZ. Mr. Speaker, I rise today in strong opposition to the welfare budget agreement. Once again, a far-right, out-of-touch, radical minority is pushing for welfare reform that eliminates survival programs that millions of poor children desperately depend on.

The cuts in this bill are vicious. H.R. 3734 would block grant AFDC benefits and arbitrarily throw thousands of children and families off the welfare rolls after 2 years—even if they cannot find a job.

Genuine welfare reform must help poor people gain the skills and re-

sources needed to become self-sufficient. Yet this short-sided bill includes work requirements without providing jobs. In fact, according to the CBO, most States will not be able to satisfy the work requirements included in H.R. 3734.

This bill also gives legal immigrants the shaft. Most of us here today descended from immigrant roots. Yet H.R. 3734 calls for an unprecedented denial of benefits for legal immigrants who, despite their contributions by working hard and paying taxes, fall on hard times.

I support real welfare reform, but not by hurting children, not on the backs of legal immigrants and not without real job creation. The main target of any welfare legislation ought to be poverty, not children.

This bill is an outrage. I implore my colleagues, on both sides of the aisle, to support fairness and basic decency and reject this heartless legislation.

Mr. MOAKLEY. Mr. Speaker, I yield 1½ minutes to the gentleman from Texas [Mr. DOGGETT].

Mr. DOGGETT. Mr. Speaker, Americans realize that the welfare system is working neither for the taxpayer nor for those it is designed to help. But the question is not whether to change the system but how to change it.

The question is, will we provide the means to escape welfare or will we simply be plain mean to poor people? Like most every other problem that this Gingrich Congress has faced, the best way to solve the problem is with a bipartisan approach. I have not found any party or, for that matter, any individual who has got a perfect answer to this challenge.

Unfortunately, like strengthening Medicare, like trying to get a balanced budget, like trying to avert these costly Gingrich Government shutdowns, when some of us have said, let us work together and find a common moderate approach, others have replied, it is NEWT's way or no way.

That is where we are this morning. Do we pursue a bipartisan approach such as that advanced by Governor CASTLE and by the gentleman from Tennessee, Mr. TANNER, and try to place the emphasis not on targeting poor kids but targeting what is wrong in this system, or do we take an extreme approach that is more designed to address the political welfare needs of those who have failed again and again in this Congress rather than repairing the real welfare reform system?

I believe we have got an approach that will work, imperfectly, to get us out of the welfare problems we have today. Let us get about adopting it in a bipartisan way.

Mr. MOAKLEY. Mr. Speaker, I yield 2 minutes to the gentleman from Oregon [Mr. BLUMENAUER].

Mr. BLUMENAUER. Mr. Speaker, we have reached a point where there is a national consensus that is emerging that our No. 1 priority in social welfare is to protect poor children. There is a

consensus that welfare, in fact, tracts children in poverty, and the key is to allow families to work to escape.

Unfortunately, Mr. Speaker, the Republican bill hinders that progress that is so critical and undercuts that national consensus.

I come from a State, Oregon, that is actually moving people off welfare into gainful employment. The bill that we have looming before us is going to undercut the progress of my State.

First of all, by having inflexible work participation requirements, you will actually penalize the successful State as it ratchets down into the next century. By having all child support in a centralized bureaucratic system, which my State tried in the 1970's, found to be unnecessary, found to be expensive and found that we had better ways, we will be forced back into that unnecessary bureaucracy, unnecessary expense.

By having a 5-year arbitrary limit on child care, we deal with the ironic situation of having some successful families who are fighting to remain employed to be forced back into poverty. This is lunacy.

I appreciate at least having the Tanner-Castle amendment being put before us as an alternative. We need to keep this progressing so that the President and the Senate can work with people of good faith to have a bill that will work so poor children do not pay the price for our inability to square rhetoric with reality.

Mr. GOSS. Mr. Speaker, I include for the RECORD the statement of the gentlewoman from Ohio, Ms. DEBORAH PRYCE, a member of the Committee on Rules, who is unable to be here.

Ms. PRYCE. Mr. Speaker, I am pleased to rise in strong support of this fair rule and the underlying Welfare Reform Act.

Mr. Speaker, a generation ago, President Lyndon Johnson launched his much-celebrated War on Poverty with the hope of creating a Great Society here in America. Well, here we are in 1996, 30 years and more than \$5 trillion later, ready to launch a new war. Only this time, the war is not so much against poverty itself, but against a failed welfare system that has trapped the less fortunate in our society in a seemingly endless cycle of poverty and despair.

The bill that we will soon consider under the terms of this structured, but very fair and balanced rule, takes welfare in an entirely new direction—one which replaces strict Federal control with increased flexibility and more room for innovation at the State and local level.

Instead of promoting dependency and illegitimacy, this bill seeks to replace a failed system with one based on the dignity of work and the strength of families. Most importantly, this legislation promotes creative solutions closer to home and offers a real sense of hope to the truly needy and less fortunate among us.

Unfortunately, we'll hear some complaints from those who prefer to keep the status quo in place. But, Mr. Speaker, there is nothing wrong with a welfare reform plan that advocates commonsense principles like requiring welfare recipients to find work, or even cutting

off benefits for parents who refuse to cooperate with child support authorities.

And speaking of children, who are often the most vulnerable in our society, I've seen the effects of generational welfare in my courtroom, and I can say that the current welfare system takes a terrible toll on the well-being of children. That's why I am very pleased that this bill looks out for the best interests of children by emphasizing child care, protection, and nutrition.

So, Mr. Speaker, I would urge my colleagues to vote for this fair rule and to support putting an end to the status quo in our welfare system. It takes courage to vote for change, but change is exactly what is so badly needed if we are to transform welfare into a temporary helping hand in times of trouble, and not a hand-out that becomes a way of life. Vote "yes" on the rule and "yes" on the Welfare Reform Act.

Mr. Speaker, I yield 3 minutes to the distinguished gentleman from California [Mr. DREIER], vice chairman of the Committee on Rules, from greater San Dimas, CA, and surrounding areas.

(Mr. DREIER asked and was given permission to revise and extend his remarks.)

Mr. DREIER. Mr. Speaker, I thank my friend for yielding me this time.

This has been a very interesting debate over the past few minutes, Mr. Speaker. My friend, the gentleman from Texas [Mr. DOGGETT], said it is NEWT's way or no way. The fact of the matter is, the Democrats did not come up with any proposal whatsoever to deal with welfare reform, and we are still giving them two opportunities with, first, the substitute which they said they requested, which is the Castle-Tanner substitute and, second, a motion to recommit. So without coming up with proposals, they call it NEWT's way or no way. We are giving them two opportunities to offer alternatives to this package.

Second thing I heard during this debate is that the system, this proposal, would be vicious and heartless. I am told that my friend, the gentlewoman from New York [Ms. VELÁZQUEZ], just said that.

Mr. Speaker, what is vicious and heartless about doing what we can to encourage opportunity for those who are at the lower end of the economic spectrum?

A few moments ago I was talking with my friend, the gentleman from South Boston, MA [Mr. MOAKLEY], who said that it is true that we so often hear about the extreme cases of abuse of the welfare system. The fact of the matter is, the average welfare recipient out there is that single mother who is struggling to make ends meet with two or three children. We do not want to do anything possible, we do not want to do anything at all that would jeopardize the opportunity for that mother to be able to benefit from this program as long as we continue to do everything possible to ensure that she has opportunity there.

We can improve this economy so that we can have the chance for that moth-

er to get off of that cycle of dependence, which has been generational, and back onto a running of that economic ladder so that she can see improvement. We want to end the cycle which has created drug dependence and alcohol abuse and the crime problem that exists. Most everybody who has looked at the welfare system has said that we have seen the crime as a byproduct of the welfare system.

We do not know that any of the proposals that we are going to be voting on are the panacea. James Q. Wilson from Harvard University has said that no one has the guaranteed solution, but we have looked at the situation that has existed for the past three decades and we all know that it has failed. We are moving ahead again with a package that I believe will create the opportunity for us to improve the system. The President should sign this measure as we move forward. I thank my friends who have worked in a bipartisan way on this.

I again thank my very distinguished friend from Sanibel, FL, for yielding the time to me.

Mr. MOAKLEY. Mr. Speaker, I yield 2 minutes to the gentleman from Minnesota [Mr. VENTO].

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Mr. VENTO. Mr. Speaker, I rise in opposition to the Republican initiative that is being presented before us by this rule. Obviously, there are some changes in the rule, to in fact, eliminate some of the most egregious positions in the Republican bill. That is good, but I think that my Republican colleagues should be moving further to a center position on the matter of welfare reform.

In the first instance, I think if we take away the bumper strip welfare reform label and look behind it, we find much more than simply welfare reform. We find significant cuts in food and nutrition programs, we find significant, an attack really; half the savings in this bill are extracted from the legal immigrants in this country, whether it be California, New York, or my home State of Minnesota.

In my State of Minnesota in my school district in St. Paul, nearly a quarter of the kids come from Southeast Asia, families and their parents and those kids would be denied significant benefits that are today available. The legal immigrants, Southeast Asians are working, they are paying taxes. If they become disabled, if they become unable to make ends meet, they would be denied the benefits simply because they did not pass the citizenship test by the policies within this Republican bill.

Now, this bill is wrong because it does not protect kids. Seventy percent of those on welfare are children, 8.8 million persons of the 12.8 million that collect AFDC are children. That is not the way we need to deal with our budget problems; we need to protect children and the vulnerable. We ought to

empower people so they can go back to work. That costs money in terms of training and education. But this measure pays lip service to those needs.

There are other issues that need to be addressed. In our State we reduced the welfare load because we provided health care for those that needed it. That substantially reduced the need for welfare in our State of Minnesota.

We should not be targeting the legal immigrants. As and I said, half the dollar savings in this measure is cut from legal immigrant benefit programs. Illegal immigrants are not eligible for much of anything today, so let us not confuse the two.

Plus, we ought to maintain the State effort. I trust my State will maintain their effort, but I do not know, given the pressures that Minnesota will go through and be under. We should be requiring them to at least do what we are doing today. Not just 175 percent or 80 percent of the effort that the Republican bill requires.

And we need to deal with the economic cycle in terms of downtown so that we do not leave people out in the cold. Our Nation doesn't need more homeless, we do not need that type of problem in the name of welfare reform. We need to address our concerns and help State and local communities respond to the needs of the vulnerable in our communities.

Mr. Speaker, I rise in opposition to this bill, H.R. 3734.

Instead of helping people out of poverty and off the welfare rolls, this Republican measure simply ignores the needs of poor families and children. H.R. 3734 does include work requirements, which I agree should be a part of the effort to reform welfare. However, this bill does not provide welfare recipients with essential services, such as child care, health care, education and training, that would help them down a successful path to the world of work. These expenses can devastate a poor family's income and throw them back into the welfare system, and in this bill, these types of support are grossly inadequate.

The underlying measure mandates work, however, it eliminates the guarantee to one of the key services that give parents the ability to go to their jobs, child care. While this bill does take a significant step forward regarding child care programs by adding extra dollars for child care initiatives, it eliminates the guarantee of that assistance, making these services dependent on the availability of State resources to continue funding such programs. These funds are also given to States as a block grant, a funding mechanism that would not allow funding levels to rise along with need. At the same time, the measure reduces funds targeted for increasing the quality of child care.

For many poor families, a single medical emergency or health problem can push them into poverty and onto welfare. This is one reason why access to adequate medical care is an essential element in the struggle to get welfare families off the rolls and out of poverty as well as keeping other families from entering this cycle of poverty and welfare. This Republican measure, however, ignores this logic by eliminating the guarantee

for some families to Medicaid, the main provider of medical care to the poor. With two out of every three welfare recipients being children, we cannot afford to abandon this type of assistance. Having adequate, affordable health care is also vital to parents, directly impacting their health and ability to work. At one time in Congress, we were talking about expanding health care coverage so no American would be denied adequate medical care. Now, this 104th Congress has designs to take medical coverage away from our most vulnerable and poorest residents. In fact, about half the cuts in the Republican's budget proposal are in the Federal health care programs, Medicare and Medicaid.

Conveniently, this bill simply takes the criteria of need out of welfare eligibility requirements. State budgets replace that characteristic to become the determining factor in whether our poorest families and children receive essential food, shelter, and medical assistance. The unrealistic part of this scenario is that the needs of these poor families and their children do not conveniently disappear when funding to provide such assistance runs out.

While this bill dramatically reduces spending on welfare programs at the Federal level, the bill also allows States to follow suit and reduce their funding of welfare-related programs. In this bill, irregardless of need, States will only be required to spend 75 to 80 percent of the amount they spent in fiscal year 1994 on welfare programs. While I understand that States and local public officials care about the well-being of their citizens, the funding shortfall included in this bill will force them to do more with less, and that willingness to maintain the social safety net provided in current law will be greatly strained. State and local officials may benefit by the flexibility provided but this measure, but flexibility cannot make up for such an inadequate level of funding provided by this bill, which will hamper States' abilities to meet the expensive work requirements in the bill without endangering the health and well-being of America's poorest residents. The Congressional Budget Office has pointed out that the Republican bill's spending provisions fall far short of the necessary funds needed to meet the work requirements. In addition, in some instances, funds can be moved out of the program for which they are allocated and be expended on unrelated programs.

One provision in this measure, which claims big cuts and savings, would deny benefits to legal immigrants, noncitizens who pay taxes and contribute to our economy. Half the funding cuts in this bill come on the backs of these hard-working members of our communities. Such is the case with the Southeast Asians, especially the Hmong, natives of Laos who have a concentrated population in Minnesota and in other parts of the Nation. Because they have failed their citizenship test largely based on language difficulties, they would be denied essential and basic public assistance benefits under this bill.

Individuals in our society should be expected to do what they can for themselves, but policies should be careful to differentiate between those who cannot and those who will not. Cutting off assistance to those who are trying to lift themselves out of poverty and off of welfare is not sound public policy. Unfortunately, that is exactly the policy that this bill puts forth. We must help those in need help themselves. I urge my colleagues to oppose

this underlying measure and renew our efforts for real welfare reform so that those dependent can truly achieve self-sufficiency.

The Tanner-Castle substitute offers the basis for true compromise and real welfare reform. And, while I have misgivings about the measure, which would abandon the entitlement commitment, the provisions of this measure are generally funded adequately. Also, the issue of expansion of need during economic downturns is addressed. The required State commitment is greater, and children as well as other vulnerable populations are protected. This measure, the Castle-Tanner bill, isn't perfect, but it is a sound foundation and format to transition from today's welfare system to a welfare program with greater State flexibility with a reasonable prospect of meeting the problems of those who are in need in our society.

Mr. GOSS. Mr. Speaker, I yield 4 minutes to the distinguished gentleman from Florida [Mr. SHAW].

Mr. SHAW. Mr. Speaker, I thank the gentleman for yielding this time to me.

I think we are, and I sense that we are, right here in one of the finest hours of this Congress. We are taking one of the thorniest, most difficult political issues for all of the Members on both sides, and we are opening up the rule to this extent. I think it is truly remarkable and speaks very well of the leadership in this Congress and the faith that the Republicans, as the majority, has in the Democrats as the minority. We are not only allowing a second bill to be introduced and we are not only allowing the motion to reconsider, but also we are also relaxing the dollar figure because this is a reconciliation process.

Under the rules the minority party could have been absolutely shut out of this process by simply saying, "Adhere to the rules, and the rules means you've got to save \$60 billion." This was not done, and I think that is absolutely in the absolute tradition of fairness.

Now we are going to be faced with a bill that is a substitute. Interestingly enough, both the Republican bill and the substitute that is going to be offered here today in the entitlement of welfare; that is a quantum leap. It shows confidence in the States in block granting them to the States. That is a quantum leap for this Congress, and I think that it speaks very well of those that support either one of those issues.

And then those that do not really believe that the States should take over the welfare system, the Democrats are given the opportunities on a motion to recommit. So, if they want to hold on to much of the status quo and hold on to the Federal grip on welfare, they will have the opportunity to do so and put it forth in a Democrat process, and that is absolutely amazing, and it is wonderful that this is happening, particularly in these days where we see that there are so many gotchas and oneupmanships going on in this House.

So I want to compliment all of the people, to very briefly that one might say, "Well, if the Castle-Tanner bill

and the Republican bill both block grant welfare, then what is the difference?" Well, there are two, really two, basic differences that we are going to be asked to consider ourselves and to decide between. Those of us who are going to oppose the Castle-Tanner bill, those of us on the Republican side who oppose that particular bill, we do not believe that American taxpayers should simply still be required to shell out their money to pay welfare to non-citizens. This is a growing, growing area where the alien population on welfare is growing at a much higher percent than the U.S. citizen group. So we feel that Castle-Tanner is going the wrong way on that.

We also feel that in the area of time-limited welfare, to put out vouchers after the 5 years is counterproductive to what we want to do. But we are compassionate, we do say that 20 percent of the case load can be made an exception, and if the States want to go ahead and pay that amount out after 5 years, they can, and we also explicitly state in the bill that the States that want to use their own dollars to pay out after 5 years, they simply can do that too. We are not strapping the States, we are not limiting the States, in that regard.

But I look forward to a very healthy debate, one in which we will voice very honest differences of opinion today. I think this is going to be one of the finest hours that we will have in this Congress, and we are now given the tremendous opportunity to end the stagnation of welfare that has destroyed so many lives, and that is the important thing, and that is what we have got to accomplish.

And after we get through with this democratic process, I hope that the President will follow suit, not play politics, and sign this bill.

Mr. MOAKLEY. Mr. Speaker, I yield all my remaining time to the gentleman from Tennessee [Mr. CLEMENT], my last speaker.

The SPEAKER pro tempore (Mr. KOLBE). The gentleman from Tennessee is recognized for 1¼ minutes.

Mr. CLEMENT. Mr. Speaker, since I have been a Member of Congress, I have been a strong advocate of a tough but reasonable welfare reform bill that empowers rather than punishes, one that calls for responsibility rather than dependence. America was built on the principles of hard work, determination, and individual initiative. In effect these are the same values our current welfare system penalizes.

Today we are called upon to enact a meaningful welfare reform. We must not struggle to establish a Democratic or Republican reform plan, but rather we must strive for a compromise that results in an American resolution of this most difficult problem.

Mr. Speaker, I feel that the Castle-Tanner welfare reform bill achieves this effect as a bipartisan proposal that strikes a balance between the welfare reform plans advocated by the two parties. The Castle-Tanner alternative

provides tough welfare reform that protects children and moves able welfare recipients to work.

This bipartisan substitute provides \$3 billion in mandatory funding that States can access for work programs. Consequently, if mothers and fathers trying to escape welfare to work, they must have an adequate funding for child care. Castle-Tanner contains \$4.5 billion more than the current law for child care assistance to families that leave welfare for work. In effect, this proposal provides States with the flexibility to develop successful work programs tailored to the needs of local communities.

Support this legislation. Let us pass welfare reform this year.

Mr. GOSS. Mr. Speaker, I yield such time as he may consume to the distinguished gentleman from Kentucky [Mr. BUNNING].

Mr. BUNNING of Kentucky. Mr. Speaker, I rise in strong support of the rule and also in support of H.R. 3734, the Republican welfare reform bill.

Mr. Speaker, I urge my colleagues to vote for the Republican welfare reform bill before the House today. I supported it in both the Ways and Means Committee and the Budget Committee, and I am going to vote for it today.

The case for welfare reform is pretty clear. The system that we have now just does not work. Period. During the last 30 years, we have spent over \$5 trillion on antipoverty programs, but we have not reduced the percentage of Americans who actually live in poverty. In fact, the poverty rate has slightly risen during that time.

It's time for some tough love, and I think that this legislation fits the bill.

If we are going to help people escape poverty, we have to encourage personal responsibility. The welfare system that we have now is supposed to act as a safety net to help people when they need a hand, but instead it acts to trap them in poverty and ends up becoming a way of life.

We simply say that if you are able, you should work. If you are noncitizen, you should not come to the United States expecting a handout. And if you are a felon, you are going to be kicked off the dole.

All of the recent innovation in welfare has taken place in the States. They have raced ahead of Washington in attacking poverty with new, inventive approaches and we should give them the latitude they need to craft programs at the local level that really work and help people. Our bill does that.

Very important to me, our proposal also attacks the problem of illegitimacy. Welfare now actually encourages out-of-wedlock births and induces single, teen mothers to move out on their own to try to raise their children. We think that this is absolutely wrong-headed, and that's why our bill ends the practice of subsidizing out-of-wedlock births and tells teen mothers that they have to live with their families if they want to continue to get public assistance.

Mr. Speaker, I am also compelled to speak about the transracial adoption section in this bill. I deeply appreciate my Chairman, Mr. ARCHER, agreeing to add to it the base bill.

We know that many children, mainly minority kids, are left to languish in foster care be-

cause of the skin. The practice of race-matching that prevails in the adoption community is discriminatory, and we have to stop it if we are going to give these kids a chance and get them into permanent, loving homes.

In the past 18 months, the House has twice passed legislation that penalizes adoption agencies that continue to race-match, but the President vetoed our first effort and the other bill's future in the Senate is up in the air because of the gridlock in that body. By including the transracial section in this bill, we are only improving our chances at actually passing legislation this year and bettering the lives for the half a million children who are stuck in foster care today.

Mr. Speaker, I commend the bill before us today to my colleagues. It takes welfare in a new direction and I believe that it will give hope and expand opportunity to millions of Americans who are trapped in poverty.

Mr. GOSS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I want to respond to a few of the remarks that were made.

First of all, one of the speakers from the other side said this bill is tough on welfare. This bill is tough on welfare abuse. We all know that there is a lot and we need to deal with it. We are dealing with it.

Others have said that we have not provided enough for children. I would add that in the areas of child support, child nutrition, child care, we have added more than there is now under the existing system. In child care alone I understand there is an additional, beyond what we have today, \$4.5 billion provided for, and I frankly believe it is in both versions that we are going to have an opportunity to consider.

I also need to point out that compared to the last 6 years, which has been a time when we have been spending maximum dollars on welfare, in the next 6 years we are going to spend \$137 billion more. I do not think that means we are dodging the issue. We are targeting the money better, and we are going to take care of more people with true need and stop the waste, fraud, and abuse in this program that President Clinton has asked us to deal with.

I would also point out in the options that we have today the two that we are going to be voting on frankly are more similar than they are different. The point is they both bring substantial reform. I obviously prefer H.R. 3734, but others have spoken to the fact that there are great differences. Actually there are not that many differences.

I would point out that we are giving in this rule two bites of the apple to the other side, which has not always happened in the past when the other side was in the majority under the reconciliation process.

There was some statement made that we are having some cuts in the EITC. One of the speakers mentioned that. No; there are not cuts. There are some attempts to reduce fraud and abuse in the EITC, again as the President has asked.

Mr. Speaker, I have run out of time. I urge strong support for this rule. It is an excellent rule.

Mr. Speaker, I yield back the balance of my time, and I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. MOAKLEY. Mr. Speaker, I object to the vote on the grounds that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 358, nays 54, not voting 21, as follows:

[Roll No. 327]

YEAS—358

Abercrombie	Combest	Goodling
Ackerman	Condit	Gordon
Allard	Cooley	Goss
Andrews	Costello	Graham
Archer	Cox	Green (TX)
Armey	Cramer	Greene (UT)
Bachus	Crane	Greenwood
Baesler	Crapo	Gunderson
Baker (CA)	Cremeans	Gutknecht
Baker (LA)	Cubin	Hall (TX)
Baldacci	Cummings	Hamilton
Ballenger	Cunningham	Hancock
Barcia	Danner	Hansen
Barr	Davis	Harman
Barrett (NE)	Deal	Hastert
Barrett (WI)	DeLauro	Hastings (FL)
Bartlett	DeLay	Hastings (WA)
Barton	Deutsch	Hayes
Bass	Diaz-Balart	Hayworth
Bateman	Dickey	Hefley
Bentsen	Dicks	Hefner
Bereuter	Dingell	Heineman
Berman	Dixon	Herger
Bevill	Doggett	Hilleary
Bilbray	Dooley	Hobson
Bilirakis	Doolittle	Hoekstra
Bishop	Dornan	Hoke
Bliley	Doyle	Holden
Blumenauer	Dreier	Horn
Blute	Duncan	Hostettler
Boehert	Dunn	Houghton
Boehner	Durbin	Hoyer
Bonilla	Edwards	Hutchinson
Bonior	Ehlers	Hyde
Bono	Ehrlich	Inglis
Borski	English	Istook
Boucher	Ensign	Jackson-Lee
Brewster	Eshoo	(TX)
Browder	Evans	Jacobs
Brown (CA)	Everett	Johnson (CT)
Brown (FL)	Ewing	Johnson, E. B.
Brown (OH)	Farr	Johnson, Sam
Brownback	Fawell	Johnston
Bryant (TN)	Fazio	Jones
Bryant (TX)	Fields (LA)	Kanjorski
Bunn	Fields (TX)	Kaptur
Bunning	Flanagan	Kasich
Burr	Foley	Kelly
Burton	Ford	Kennedy (MA)
Buyer	Fowler	Kennelly
Callahan	Fox	Kildee
Calvert	Franks (CT)	Kim
Camp	Franks (NJ)	King
Campbell	Frelinghuysen	Kingston
Canady	Frisa	Kleczka
Cardin	Frost	Klink
Castle	Funderburk	Klug
Chabot	Furse	Knollenberg
Chambliss	Gallely	Kolbe
Chapman	Ganske	LaFalce
Chenoweth	Cejdenson	LaHood
Christensen	Gekas	Lantos
Chrysler	Gephardt	Largent
Clayton	Ceren	Latham
Clement	Gilchrest	LaTourette
Clinger	Gillmor	Laughlin
Coble	Gilman	Lazio
Coburn	Gonzalez	Leach
Collins (GA)	Goodlatte	Levin

Lewis (CA)	Norwood	Skelton
Lewis (GA)	Nussle	Slaughter
Lewis (KY)	Obey	Smith (MI)
Lightfoot	Ortiz	Smith (NJ)
Linder	Orton	Smith (TX)
Lipinski	Oxley	Smith (WA)
Livingston	Parker	Solomon
LoBiondo	Paxon	Souder
Longley	Peterson (MN)	Spence
Lowe	Petri	Spratt
Lucas	Pickett	Stearns
Luther	Pomeroy	Stenholm
Maloney	Porter	Stockman
Manton	Portman	Studds
Manzullo	Poshard	Stump
Markey	Pryce	Stupak
Martini	Quillen	Talent
Mascara	Quinn	Tanner
Matsui	Radanovich	Tate
McCarthy	Rahall	Tauzin
McCollum	Ramstad	Taylor (NC)
McCrery	Reed	Tejeda
McHale	Regula	Thomas
McHugh	Richardson	Thornberry
McInnis	Riggs	Thornton
McIntosh	Rivers	Thurman
McKeon	Roberts	Tiahrt
McKinney	Roemer	Torkildsen
McNulty	Rogers	Torricelli
Meehan	Rohrabacher	Trafigant
Metcalf	Ros-Lehtinen	Upton
Meyers	Rose	Vento
Mica	Royce	Volkmer
Millender-	Sabo	Vucanovich
McDonald	Salmon	Walker
Miller (FL)	Sanford	Walsh
Minge	Sawyer	Wamp
Moakley	Saxton	Ward
Molinari	Scarborough	Watts (OK)
Mollohan	Schaefer	Waxman
Montgomery	Schumer	Weldon (FL)
Moorhead	Scott	Weldon (PA)
Moran	Seastrand	Weller
Morella	Sensenbrenner	White
Murtha	Shadegg	Whitfield
Myers	Shaw	Wicker
Myrick	Shays	Wilson
Neal	Shuster	Wise
Nethercutt	Sisisky	Wolf
Neumann	Skaggs	Zeliff
Ney	Skeen	Zimmer

## NAYS—54

Becerra	Hinche	Roukema
Beilenson	Jackson (IL)	Roybal-Allard
Clay	Jefferson	Rush
Clyburn	Johnson (SD)	Sanders
Coleman	Kennedy (RI)	Schroeder
Collins (IL)	Loftgren	Stark
Conyers	McDermott	Stokes
Coyne	Meek	Thompson
DeFazio	Menendez	Torres
Dellums	Mink	Towns
Fattah	Nadler	Velazquez
Filner	Olver	Visclosky
Flake	Owens	Waters
Foglietta	Pallone	Watt (NC)
Frank (MA)	Pastor	Williams
Gibbons	Payne (NJ)	Woolsey
Gutierrez	Pelosi	Wynn
Hilliard	Rangel	Yates

## NOT VOTING—21

Collins (MI)	Martinez	Pombo
de la Garza	McDade	Roth
Engel	Miller (CA)	Schiff
Forbes	Oberstar	Serrano
Hall (OH)	Packard	Taylor (MS)
Hunter	Payne (VA)	Young (AK)
Lincoln	Peterson (FL)	Young (FL)

## □ 1045

Messrs. SOLOMON, CUMMINGS, and BONIOR changed their vote from "nay" to "yea."

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

## WELFARE AND MEDICAID REFORM ACT OF 1996

The SPEAKER pro tempore [Mr. KOLBE]. Pursuant to House Resolution

482 and rule XXIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 3734.

## □ 1047

## IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 3734) to provide for reconciliation pursuant to section 201(a)(1) of the concurrent resolution on the budget for fiscal year 1997, with Ms. GREENE of Utah in the chair.

The Clerk read the title of the bill.

## POINT OF ORDER

Mr. ORTON. Madam Chairman, I rise to make a point of order against consideration of H.R. 3724.

The CHAIRMAN. The gentleman will state his point of order.

Mr. ORTON. Madam Chairman, section 425 of the Congressional Budget Act prohibits us from considering legislation which would create an unfunded mandate upon the States. The Congressional Budget Office has ruled that H.R. 3734 falls \$12.9 billion short in funding necessary to fund the work requirements of the bill. Also the National Governors Association has stated: We are concerned that the bill restricts State flexibility and will create additional unfunded costs.

This bill clearly creates an unfunded mandate, violates section 425 of the Congressional Budget Act, and I would further point out that section 426 of the Congressional Budget Act prohibits this House from considering a rule which would waive section 425. So that in any event we would have a vote and a determination as to whether or not a bill does in fact create an unfunded mandate.

The CHAIRMAN. The Chair would respond to the gentleman's point of order as follows. Points of order against consideration of the bill H.R. 3734 were waived by unanimous consent on July 17, 1996. Further, a point of order against consideration of House Resolution 482 would not be timely after adoption of that resolution.

The gentleman's points are not in order.

Mr. ORTON. I thank the Chairman. I think it is clear to the House and the country that in fact we are violating the first bill we passed in this Congress with the adoption of this bill.

The CHAIRMAN. When the Committee of the Whole rose on Wednesday, July 17, 1996, all time for general debate pursuant to the previous order of the House had expired.

Pursuant to House Resolution 482, there will be 2 additional hours of general debate. The gentleman from Ohio [Mr. KASICH] and the gentleman from Minnesota [Mr. SABO] will each control 1 hour.

Mr. SABO. Madam Chairman, I ask unanimous consent that the gentleman from Texas [Mr. ARCHER] be allowed to

control the time for the gentleman from Ohio [Mr. KASICH] temporarily and be allowed to yield time.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Texas [Mr. ARCHER].

Mr. ARCHER. Madam Chairman, I yield myself such time as I may consume.

Madam Chairman, since 1965, roughly 30 years ago, government in this country has spent \$5.5 trillion on welfare programs, more than has been spent on all of the wars fought in this century. Yet people are poorer and more dependent than ever. Despite our best efforts, despite the expenditure of these massive amounts of money, we have lost the war on poverty.

Madam Chairman, today, we stand on the threshold of a new effort, an effort that can win the war.

With the vote we take today, we recognize that the Great Society's welfare programs have not helped people. They have destroyed people. They have not kept families together. They have torn them apart.

These policies haven't turned urban areas of America into shining cities on a hill. They have made them into war zones where law-abiding citizens are afraid to go out at night.

They have led to the creation of two Americas. One marked by hope and opportunity. The other by despair and decay.

In short, the welfare state has created a world in which children have no dreams for tomorrow and parents have abandoned their hopes for today.

The people trapped in welfare, the mothers, the children, the fathers, are our fellow citizens, one and all. We have a moral obligation to them, as Americans, to lend a helping hand.

For the people on welfare aren't abusing welfare, as much as welfare is abusing them.

We are on the threshold of improving America by fixing our failed welfare state. We're improving America for the children on welfare, for the parents on welfare, and for ourselves.

Our reforms are based on five pillars. The pillars represent the values that made America great.

One—we think people on welfare should work for their benefits. A welfare worker I spoke with told me the biggest beneficiaries of work aren't the moms or the dads. Yes, they benefit. But she said it's the children who watch their parents get up each morning, go to a job, and return home at night who are the big winners. These children get better grades in school, have fewer problems with crime, and are less likely to end up on welfare because the values and virtues of work, not idleness, are instilled in them at a young age.

Two—Time limit benefits. Welfare should be a temporary helping hand, not a way of life.

Three—Provide no welfare for felons and noncitizens. America always has been and always will be the land of opportunity for immigrants. But it's not right to ask hardworking, taxpaying Americans to support noncitizens who come here and then go on welfare.

Four—Return power and control of welfare to the states and communities where help can best be delivered. We must remove Washington's control over welfare. This city built the failed welfare state. It's time to get Washington out of the welfare business.

Five—Reward personal responsibility and fight illegitimacy. We shouldn't have a welfare system that promotes illegitimacy and discourages marriage. It's time to change signals and return to old-fashioned values.

Madam Chairman, today's vote will be historic.

It represents the biggest, most helpful change to social policy in America since the 1930s.

This vote recognizes that America is a caring country, that Americans are a giving people, and that welfare recipients are capable of success if we would only let them try.

Our colleague, J.C. WATTS, has a wonderful way of expressing it. He says America's welfare recipients are eagles waiting to soar.

Madam Chairman, I think it's time we removed the heavy hand of the Federal Government from their wings. We must let our fellow citizens on welfare reach new heights as they climb the economic ladder of life.

That's what this bill does. It helps people to help themselves. It restores hope and it provides opportunity. It's strong welfare reform and it's what the American people have wanted for years.

Madam Chairman, there is no good reason why this bill should not be passed by the Congress and signed into law. The American people expect nothing less, and families on welfare deserve much, much more than the sad status quo.

For the sake of all Americans, I hope the President will let this bill become law.

Madam Chairman, I reserve the balance of my time.

Mr. SABO. Madam Chairman, I yield 2 minutes to the gentleman from California [Mr. MATSUI].

Mr. MATSUI. Madam Chairman, yesterday we heard the chairman of the Budget Committee say that this debate was really about Judeo-Christian ethics. That is why I was somewhat disappointed last night when I read Congress Daily. In the Congress Daily we talked about welfare reform and we talked about what this debate was really all about. The chairman of the subcommittee that has jurisdiction over welfare was quoted as stating from a political point of view, the President of the United States is in a box.

Madam Chairman, that is what this debate is all about—to jeopardize 9 million children who will be affected by

this bill just to put the President of the United States in a box.

What kind of people would draft legislation for political purposes to affect so many children of America? This bill is weak on work and tough on America's children.

□ 1100

The Congressional Budget Office, their own agency, hired by the Republican House and Senate, has said that the 1.7 million jobs that the Republicans say will be created by a woman going off welfare is an illusion. It is deceptive, it is not going to happen, because they do not provide the resources for it. Their own agency has said they will not obtain those 1.7 million jobs. So this is not a jobs bill. This is not a bill to get people off of welfare into work.

But the worst part of this bill is what it will do to children. Because of those time limits and because of the fact that the Republican bill prohibits the States from using Federal funds for vouchers or any kind of assistance after a woman meets those time limits, she will then become destitute, she will become homeless, her children will probably have to go into foster care, even though she might be a good mother.

This is what this is all about. It is about politics to hurt America's children. I urge a "no" vote on this legislation.

Mr. ARCHER. Madam Chairman, I yield 2½ minutes to the gentlewoman from Connecticut [Mrs. JOHNSON], the chairman of the Subcommittee on Oversight of the Committee on Ways and Means, the chairman of the Committee on Standards of Official Conduct, a person who is so greatly respected on our committee and has given such great service to this House, the country, in all of those roles.

Mrs. JOHNSON of Connecticut. Madam Chairman, I rise in strong support of this bill, and I could not disagree more with the preceding speaker. We have to change the future. Welfare cannot be a way of life for either women or children. It is not a satisfactory way of life. There is no hope, there is no opportunity when you are on welfare.

Now, remember, under this bill at the end of 5 years you get Medicaid, nutrition assistance, housing assistance, energy assistance, all those programs that provide services, on a means-tested basis. In addition, 20 percent of the whole caseload can be carried forward. So we are not talking about a draconian system; we are talking about reform and creating hope and opportunity in our welfare system for both the women and children on welfare.

This bill, let me show you, will allow States, for instance, to be free of the rigid law that now governs income disregards.

The woman is on welfare and starts earning money, and we right away start reducing benefits. Under this re-

form bill States will have complete freedom to design a fairer system. They may choose to keep her benefits up, and, as her salary goes up, to then decline her benefits. States have the power to help her get a good start in those 5 years. They have the power to educate and train, but to combine that with work experience. Under this program, women on welfare could immediately go to work for half a day in new day care centers, use State day care subsidies to give informed leadership to those centers as skilled master teachers. Let welfare mothers, who are good care providers, be the soldiers in those day care centers and then in the afternoon go on education and training centers while other welfare recipients staff the day care centers. It will cut the cost of day care and it will allow the money to be used powerfully in the transition period. This gives opportunity to States to create the kind of humane and supportive system women need to literally change their lives.

In addition, the terrible decline in the cities is in part the result of non-payment of rent. Part of the problem of our cities is that if a welfare recipient fails to pay their rent, it takes at least 6 months to solve the problem and sometimes much more than that. Under this new system, States can say you miss a month's rent? Fine, we will pay it directly now until you get on your feet. So we can prevent the degradation of our housing stock in the cities just by requiring personal responsibility on the part of welfare recipients and providing States the flexibility to create a more realistic support system, under the umbrella of Federal concern, compassion and support.

Mr. SABO. Madam Chairman, I yield myself such time as I may consume.

Madam Chairman, if I might inquire of the chairman of the Committee on Ways and Means, we are curious if there is a final version of the bill and if there is a final summary of the last minute changes?

Mr. ARCHER. Madam Chairman, will the gentleman yield?

Mr. SABO. I yield to the gentleman from Texas.

Mr. ARCHER. Madam Chairman, the Committee on Rules had the statutory language of the bill. That was made a part of the rule we voted on.

Mr. SABO. Is there a summary of the last minute changes that were made?

Mr. ARCHER. Not to my knowledge, although the gentleman is aware that this bill did not come out of the Committee on Ways and Means; it came out of his committee, the Committee on the Budget.

Mr. SABO. Well, it has been substantially changed since it came through the Committee on the Budget. Many of us are curious what the final form of the bill is.

Madam Chairman, I yield 2 minutes to the gentlewoman from California [Ms. WOOLSEY].

(Ms. WOOLSEY asked and was given permission to revise and extend her remarks.)

Ms. WOOLSEY. Madam Chairman, we all agree that welfare does not work, the welfare system does not work for the taxpayers, and it does not work for the families who are on welfare, and we all agree that the welfare system must be overhauled. It must be overhauled so that it helps recipients get jobs and stay off welfare permanently. But that is the easy part.

The challenge and responsibility we face as legislators, however, is finding the answers to, what if's. What if a mother on welfare cannot find a job? What if she is not earning enough to take care of her family? What if her benefits are cut off and she is unable to provide her children with food, with clothes, and with health care?

Madam Chairman, this bill does not even attempt to answer these, what if's. In fact, the majority has gone out of its way to prevent States from meeting the basic needs of children, children whose parents are unable to get a job.

This bill says to poor children, do not get hungry, do not get sick, and, for Pete's sake, do not get cold, because your time is up, and we do not think you are important enough to provide you with the basics that you need to survive.

Madam Chairman, no other Member of this body knows better than I do that this is the wrong way to fix welfare. As a single mother with three small children, working, many years ago, I could not have stayed in the work force if I did not have the safety net of health care, child care, and food that the welfare system provided for my family.

So I urge my colleagues, do not take this vote lightly. Your vote today will have consequences, consequences for children long after election day, and it will be too late to answer the, what if's tomorrow.

Mr. ARCHER. Madam Chairman, I yield 2 minutes to the gentleman from California [Mr. HERGER], a respected member of the Committee on Ways and Means.

Mr. HERGER. Madam Chairman, over the last three decades the American taxpayer has spent \$5 trillion on our welfare system. Working Americans may be asking themselves, what have we gained from all that spending? Do we have less poverty in the United States? No; are welfare recipients spending less time on welfare? No; after spending \$5 trillion on welfare, have we solved the problems of poverty and dependency on Federal dollars? Is it extreme to think that maybe there is a better way of running our welfare system? Madam Chairwoman, the Republican welfare reform proposal will allow welfare to work better for all Americans. Our welfare reform makes welfare a way out—not a way of life. It promotes work over a continual cycle of welfare. It returns power and money to the States and encourages personal responsibility. Madam, Chairwoman, this reform proposal also denies wel-

fare for noncitizens and includes a provision I developed with a sheriff in my district to deny imprisoned criminals welfare and create an incentive for local law enforcement officials to help stop this abuse. Currently, an estimated 5 to 10 percent of inmates in local and State jails are illegally receiving welfare checks. Without this welfare reform, the American taxpayer will allegedly give prisoners \$270 million over the next 7 years in welfare payments.

Madam Chairwoman, our current welfare system is inefficient, unfair, and damaging to those it is supposed to help. The American people deserve a better welfare program that is unaccepting to those abusing the system and compassionate to those in real need.

I urge my colleagues to vote for this welfare reform.

Mr. SABO. Madam Chairman, I yield 2 minutes to the distinguished gentleman from New York [Mr. RANGEL].

(Mr. RANGEL asked and was given permission to revise and extend his remarks.)

Mr. RANGEL. Madam Chairman, we have gotten off the subject now of substantive legislation, and we are now dealing with Presidential politics.

Well, let us do it. The welfare bill now has become like a tennis ball in a political volley, and the question is, Does it make more sense to force the President to keep his commitment to change welfare as we know it, or really do we want to get the President in the position that he has to veto the bill?

Well, we have tried so many times on the Republican side to find out just what is it that the President hates. Obviously, it was the tremendous cuts that were recommended by the other side as relates to Medicaid. So what was the solution? Continue to make certain it was one package, until it becomes politically expedient to change that and to put another poison pill, and several other poison pills, so you can go home and say the President has vetoed the welfare bill once again.

Who really suffers? It is really the voters, or it is our children? This obsession in saying that the Federal Government cannot take care of them has no responsibility to our children, but that the Governors should be trusted. And then to have the Christian coalition to come up and embrace this in a Christian way.

Well, thank God we have the National Council of Catholic Bishops that say the program stinks. Thank God we have the Jewish Council Against Poverty that says it is no good. Thank God we have the Protestant Council that says it is no good. It may be good politics, but it is bad for the children of our Nation.

The whole concept that we are saying 5 years, but the Governors can say 2: We are relinquishing our responsibility to the children of the United States of America, and it is a bad day in the congressional history.

Mr. ARCHER. Madam Chairman, I yield 2 minutes to the very respected gentleman from Louisiana [Mr. MCCRERY], a member of the Committee on Ways and Means.

Mr. MCCRERY. Madam Chairman, I thank the gentleman for yielding me time.

Madam Chairman, I want to talk for just a while about the basis for reform. I think it is worthwhile to examine the current welfare system and its results over the last few years.

This chart shows very graphically, this line right here is the poverty rate in the United States. Beginning in 1950, you can see it drops until about 1965 or so.

Well, it just happens to be that 1965 was the beginning of the Great Society programs, and the avalanche of welfare spending in this country; as it has been said, \$5 trillion over the last 30 years.

What happens in 1965? It flattens out, the poverty rate, and then even goes up. So nothing has happened on the poverty rate. It has even gone up a little bit since 1965, since we have spent \$5 trillion.

This blue line right here is spending on welfare. Look, it is going off the chart in 1995. We are not getting the results, folks, that were advertised with all the taxpayer spending that we have done.

It is the current system that is trapping children in poverty. It is the current system that is cruel to children. And if you do not recognize that, you have not been paying attention.

Now is the time, not next year, not 5 or 10 years from now, now is the time finally to do something about this terrible welfare system that we have got. The status quo stinks. Admit it. Let us do something about it and quit talking about it.

We sent the President two welfare bills. We are going to send him another one. We keep modifying it. This one is patterned after the bipartisan Governors' proposal. I have met with the President to talk about welfare reform, and this is very, very close. This bill is very, very close to what the President says he wants.

Let us pass it, send it to him, and I hope he signs it.

Mr. SABO. Madam Chairman, I yield 2½ minutes to the distinguished gentleman from Tennessee [Mr. FORD].

Mr. FORD. Madam Chairman, let me thank my colleague for yielding me time.

Madam Chairman, much of today's welfare news is good. There are fewer welfare and food stamp recipients today than when President Clinton took office. The poverty rate is down and teen pregnancy rates are lower in most States. Teen birth rates have dropped as well. Child support collections have grown and welfare reform is alive and well in States, thanks to 38 waivers approved by the Clinton administration.

□ 1115

That is all good news for the President and even better news for American families.

Unfortunately, Madam Chairman, we have not made much progress on national welfare reform. Partisan politics seems to have gotten in the way, and that is a shame. President Clinton has twice sent Congress welfare reform proposals. He has sent clear signals about the kind of reform he will sign into law. He wants a bill that requires work, promotes responsibility, and protects children. He would impose tough time limits and work requirements, provide more funding for child care, require teen parents to live at home and stay in school, and crack down on child support enforcement. And that is real welfare reform.

He vetoed the Republican plan, H.R. 4, because it was not real welfare reform. He rejected H.R. 4 because it was weak on work, it did little to move people from welfare to work, it did not guarantee child care, it gutted the earned income tax credit, it was tough on children, it made unacceptable deep cuts that undermined child welfare, school lunch, and aid to disabled children. It was a step backward in an effort to get health care coverage to all Americans and it eliminated the guaranteed medical coverage that single parents need to move from welfare to entry-level jobs.

Thanks to the National Governors' Association, today we will try again to send another welfare package to the President. I remain skeptical about what my Republican colleagues want as a bipartisan effort in a Republican bill. Admittedly, this new Republican plan corrects some of the worst mistakes of the vetoed bill, confirming that the President was right to say "no" to the last Republican plan, but it looks to me like the Republicans want to make certain that this bill is also unacceptable to the President.

I want one point to clear, Madam Chairman. I support welfare reform. So does our President. But we also want to make sure that needy children are not the victims of excessive election-year posturing. Real welfare reform should give children a safety net on which to rely, and it makes certain children are not punished for the mistakes of their parents.

Mr. ARCHER. Madam Chairman, I yield 3 minutes to the gentleman from Texas [Mr. DELAY]; the whip of the House.

Mr. DELAY. Madam Chairman, I thank the chairman for yielding me this time, and I rise in support of this legislation. I really commend the chairman of the Committee on Ways and Means and the Committee on the Budget for their efforts in producing this legislation.

Madam Chairman, as my colleagues ponder their vote on this important issue, I would just urge them to consider this question: Does the current welfare system help people realize the

American dream? If the answer is no, we should vote for this reform legislation.

I believe that the current welfare system has destroyed the American dream for too many people, and this bill represents an important part of our agenda to restore the American dream. It also represents a core philosophical principle; that a hand-up is better than a hand-out.

The American people have rightfully demanded that we fix this welfare system. They instinctively understand that the current welfare system undermines incentives to work, encourages the expansion of the underclass, breaks up families, and promotes welfare as a way of life. And they understand that the current system is a perversion of basic American values that value work, that promote personal responsibility, and that foster freedom.

This reform legislation values work. It requires that every able-bodied welfare recipient work for their benefits within 2 years. It promotes personal responsibility. It cracks down on deadbeat dads, giving States the tools to track down men who leave or abandon their families and leave their children to fend for themselves. And it fosters freedom.

Scripture says if you give a man a fish, he can eat for a day; but if you teach a man to fish, he can eat for the rest of his life.

Our reform plan gives welfare recipients the incentives to gain their freedom, to gain control of their lives and to become productive members of society.

Madam Chairman, some on the left call our efforts mean and extreme. Well, I say that defending the status quo is extreme. Continuing the current system that has destroyed families and promoted dependency is mean. The legislation, this legislation, is a common-sense effort to restore the basic American values of work, personal responsibility and freedom to our Federal welfare system. It is a necessary step to restore the American dream for those who are currently in the welfare system.

I urge my colleagues to have the courage to change this system. Stand with the American people and vote for this commonsense reform plan.

Mr. SABO. Madam Chairman, I yield 2 minutes to the gentleman from Virginia [Mr. PAYNE].

Mr. PAYNE of Virginia. Madam Chairman, I thank my colleague for yielding me this time.

Madam Chairman, Republicans and Democrats agree that the current welfare system does not work. Instead of requiring work, it punishes those who go to work; instead of instilling personal responsibility, it encourages dependence on the Government; and instead of encouraging marriage and family stability, it penalizes two-parent families and rewards teenage pregnancies.

We all agree that welfare must be dramatically reformed, and that welfare

should only offer transitional assistance leading to work, not a way of life. Where we disagree, however, is whether the Republican bill will make transition to work a reality or whether it is just empty rhetoric.

Real welfare reform must be about replacing a welfare check with a paycheck. Real welfare reform gets people into the work force as quickly as possible. In order to do that, real welfare reform provides enough money for the work requirements to be effective.

The Congressional Budget Office has concluded that the Republican bill will not work because most States will fail to meet the work requirements. It will be less expensive for the States to accept the penalties for failing to meet the participation rates than it will be to meet the costs of the work programs.

Creating a system that is prone to failure from the outset is not real welfare reform.

The Castle-Tanner bipartisan bill provides \$3 billion in supplemental funds for States to meet the costs of work programs for welfare recipients. This is money in the bank, not just an authorization backed by a hope that someday we might actually find this money.

The Castle-Tanner bipartisan bill provides real welfare reform and I urge my colleagues to support this plan.

Mr. SHAW. Madam Chairman, I yield 2 minutes to the gentleman from New Jersey [Mr. ZIMMER], a distinguished member of the Committee on Ways and Means.

Mr. ZIMMER. Madam Chairman, I thank the gentleman from Florida for yielding me this time, and I commend him for his tenacious and principled support for true welfare reform.

Madam Chairman, welfare as we know it has unmercifully condemned generation after generation of Americans to a life without hope and without access to the American dream. This bill will foster independence by breaking the chains that bind families to the welfare state.

The current system, which fosters poverty, despair, hopelessness, and illegitimacy will be replaced with a program that generates hope, optimism, and self-esteem. People will be accountable for their own lives. Mothers and fathers will be responsible for the children they bring into this world.

What this bill proposes is very straightforward: No more money for nothing. It tells the poor that we will help you get on your feet but we owe it to you as well as to ourselves, to require that you work for your benefits, and that after a specified period of time you get a real job.

You see, work is not punishment. Work is the foundation of the American dream. It gives us self-respect and gives our children respect for us and for themselves.

I urge those who have rejected reform in the past to reconsider for the sake of our future. I urge this House to

pass this legislation. I urge the President to sign this legislation.

Mr. SABO. Madam Chairman, I yield 2 minutes to the distinguished gentlewoman from North Carolina [Mrs. CLAYTON].

Mrs. CLAYTON. Madam Chairman, I thank the gentleman for yielding me this time.

Madam Chairman, in a ideal world we would not be forced to save money while sacrificing even some of our children. In an ideal world we would provide something to wear, something to eat, and a place to sleep for all of our children, even those who happen to be born in circumstances not of their own creation or their own will. In an ideal world we would not set time limits and spending caps and impose budget savings requirements on the most vulnerable people of our society, our children.

I realize, however, we do not live in an ideal world. I too believe we must reform our welfare system because the current welfare system surely is not working. However, the proposed welfare system by the Republicans is doomed not to work either. In fact, I offer to say that it will not work for millions of children and for millions of mothers that we want to be self-sufficient and who desire to work.

I intend to vote for Castle-Tanner because it treats our children better than the bill before us treats them. It honors people's will. The bill before us is short on reform, weak on work, and tough on our children. Millions of children will be abandoned.

I admonish my colleagues, as they consider the decision they will make in the context of the decisions we make all the time, and the ones we have made. Last week this House refused to fund teenage pregnancy prevention programs by \$30 million, yet now we are talking about teenage pregnancy as if we wanted to prevent it. We are now willing to punish them, however, if indeed they happen to have a child.

We should have stepping stones for our children and not have them as stumbling blocks. Recently the education funding was slashed. Where is the development in our children? This House has voted numerous times to cut nutrition programs.

We should not abandon our children. The proposal before us does not honor the principle of work, responsibility and caring for children.

Mr. SHAW. Madam Chairman, I yield myself such time as I may consume to advise the last speaker who said that our bill is tough on children that the bill she referred to, which will be the Gephardt substitute, mimics exactly what is in the bill that she is criticizing as far as the children's program are concerned.

I would also tell the gentlewoman that in the bill there is some \$6 billion of cuts in EITC, which is what the President criticized the Republicans for as calling that a tax increase. It is not in our bill, it is in her bill.

Madam Chairman, I yield 2 minutes to the gentlewoman from Washington

[Ms. DUNN], a distinguished member of the Committee on Ways and Means.

Ms. DUNN of Washington. Madam Chairman, I am involved in this debate on welfare because I believe that the current welfare system and what it does to children, and families is a crime. The system is cruel, it is broken, and it needs to be fixed.

For the third time today, Madam Chairman, we are going to vote to send to the President a welfare bill so he can keep his promise that he made in his campaign to reform welfare. It is a clean bill and it protects children.

It is based on three principles: One, that welfare should not be a way of life; that these poor children, some of whom never have a working role model in their lives, will not be put in that position ever, ever again. It is also based on the second principle of returning flexibility to the States; and, third, it is based on the principle that if Government is going to provide incentives in our lives, that the incentive in welfare should be to encourage personal responsibility in our citizens.

Today I want to focus on one thing that is probably the most important thing in this whole debate, and that is the children. Back home in Washington State women tell me, "Jennifer, my child support is the sole difference between making ends meet and going on welfare." On behalf of these women, we have a responsibility to make sure that deadbeat parents pay their child support to their own flesh and blood children.

□ 1130

Today in this Nation, Madam Chairman, \$34 billion is owed by parents who have left their children's home to custodial parents. Thirty percent of these people leave the State in order to avoid that responsibility. I think it is outrageous. The tools this bill provides give us the way to track those deadbeat parents down.

I know what it is like to raise children as a single parent. I have done that. I worried about money, and I worried about child care. I worried about how you fit a full-time job around the responsibilities of my own children's needs. It is hard enough in my case, Madam Chairman, where I did receive support. I cannot imagine what it would be like when a parent did not receive that support.

It is the mothers and the children that we have included in these provisions. As far as I am concerned, Madam Chairman, the President needs to sign this bill for the sake of our children.

Mr. SABO. Madam Chairman, I yield 30 seconds to the gentlewoman from North Carolina [Mrs. CLAYTON].

Mrs. CLAYTON. Madam Chairman, I want to respond to the distinguished chair of the Committee on Ways and Means. The bill that he said that I am supporting, I am delighted to be supporting, Castle-Tanner, really indeed allows States to provide for vouchers, wherein his bill does not.

Castle-Tanner also provides Medicaid coverage for children, where his bill indeed does not. Castle-Tanner also has a no caps on assistance in the event of an economic turndown. The bill he has makes no provisions for that, or very limited, in their contingency fund.

Mr. SABO. Madam Chairman, I yield 2 minutes to the gentleman from Maryland [Mr. CARDIN].

Mr. CARDIN. Madam Chairman, I along with many of my colleagues on both sides of the aisle have been working for almost 4 years to dramatically reform our Nation's welfare system. The current system has failed. A new system is needed. The Federal Government in partnership with our States needs to provide temporary compassionate assistance to those who have genuine need, making it clear that people who receive welfare must become employed as soon as possible in a private sector job. We must move people off of welfare to work.

My concern is that the Republican bill will move people off of welfare, but in far too many cases our children will end up on the streets.

The Republican bill is woefully inadequate in providing resources to our States. It is inadequate in financing safe, affordable day care for welfare parents. It does not adequately deal with one of the principal problems in our welfare system; that is, preventing out-of-wedlock births, particularly among our teenagers.

Quite frankly, the failure of the Republican bill is because it was developed in a partisan political manner, rather than in an open legislative format. We have not even really had a chance to review this bill because it was developed by the Republicans in a closed meeting, rather than using an open forum so that we could debate some of these issues and could work out some of these issues.

The Castle-Tanner bill substitute is the only bill that has been worked out in a bipartisan manner in an open forum. I urge my colleagues to support the Castle-Tanner substitute. It is far better than the Republican bill and although I believe it can be improved, I urge my colleagues to vote for the substitute and against the underlying bill.

Then let us work together, Democrats and Republicans, to dramatically change our welfare system. It can be done this year. If our objective is to get a welfare bill enacted, I urge my colleagues to follow that action. If our objective is to get the President to veto another bill, then I understand what the Republicans are doing.

Mr. SHAW. Madam Chairman, I yield 2 minutes to the distinguished gentleman from the State of Georgia [Mr. COLLINS, a valued member of the Committee on Ways and Means.

Mr. COLLINS of Georgia. Madam Chairman, I thank the chairman for yielding the time to me.

Madam Chairman, we have previously debated and passed legislative proposals that will change the welfare

system. And although President Clinton vetoed those measures, he has proposed welfare legislation of his own.

So today, we have two different approaches to welfare reform. We must clearly understand that the real debate is about whether we are going to just piecemeal reform the broken welfare system, or if we are going to entirely change welfare as we know it.

We all agree the welfare system is a failure. It is an open-ended Federal entitlement that encourages people to believe that receiving a welfare check, free health care, and other free services without working is their right. By the end of the decade, American workers will have spent over \$6 trillion on welfare programs. After 30 years under the current system, our poverty rate remains unchanged and we have millions of people trapped, dependent upon broken welfare programs.

Americans are tired of paying for a welfare system that just doesn't work. And although Presidential candidate Clinton once stated that he intended to change welfare as we know it, his proposal will only make limited reforms to a system that fails those who receive welfare and those working people who pay the bill.

In sharp contrast to the President's patchwork plan, the Republican majority's proposal changes the welfare system as we know it. The Republican plan will remove the one-size-fits-all entitlement system. This measure will transfer the management authority from the bureaucratic Federal level to the States. Local authorities will finally have the ability to design a welfare program that best meets the needs of the poor in their region. Welfare programs will be administered on a local level through a State/Federal financial partnership. The responsibility for administering welfare programs will be where it needs to be: closer to those who need the assistance, and closer to the workers who pay the bill.

Working Americans support the Personal Responsibility and Work Opportunity Act because it will comprehensively change the welfare system as we know it.

Mr. SABO. Madam Chairman, I yield 2 minutes and 30 seconds to the distinguished gentleman from California [Mr. WAXMAN].

Mr. WAXMAN. Madam Chairman, I rise in opposition to the Republican welfare bill. This legislation masquerades as reform, but it is not that. It is instead a giant step back into poverty for millions of American children.

But it is more. This bill will have a devastating impact on the health care system in many urban areas and in many States in this Nation because of its mean-spirited and shortsighted provisions to deny Medicaid funds for necessary medical care for legal immigrants.

Whatever the view Members may have as to whether we should provide cash support to legal immigrants who

end up in need of assistance, there can be no justification to deny health care services to persons who are legally in this country. Cutting Medicaid funds is not going to keep people from getting sick. It is not going to keep them from needing health care services. All this bill will accomplish is to keep them from going for care when they need it and causing them to be sicker and more costly cases when the situation becomes so bad they end up in an emergency room.

Local hospitals and local governments are going to be left holding the bag for these costs. The sad fact is, they cannot afford it. There should not be a Member from California in this House that supports this policy. It will have devastating consequences for Los Angeles, and it will have devastating consequences for the State of California.

The \$12 billion reduction in Medicaid expenditures resulting from these provisions is fully one-fifth of the expenditures my Republican colleagues were trying to cut from Medicaid with their block grant proposal. Trying to achieve a big chunk of those so-called savings through the back door of the welfare bill by taking away any access to Medicaid for legal immigrants is wrong. It will hurt urban hospitals. It will hurt innocent people. It is the wrong thing to do.

Mr. SABO. Madam Chairman, will the gentleman yield?

Mr. WAXMAN. I yield to the gentleman from Minnesota.

Mr. SABO. Madam Chairman, is what the gentleman is saying that this bill will mean a significant transfer from Federal resources to obligations on the local property tax?

Mr. WAXMAN. Absolutely.

Mr. SABO. Madam Chairman, I thank the gentleman for his answer.

Mr. SHAW. Madam Chairman, I yield 2 minutes to the distinguished gentleman from Pennsylvania [Mr. ENGLISH], a valued member of the Subcommittee on Human Resources of the Committee on Ways and Means.

Mr. ENGLISH of Pennsylvania. Madam Chairman, today we will vote on fundamental welfare reform legislation, a mainstream proposal that working families across the Nation have been demanding for years. Three decades and \$5 trillion ago, this Nation declared war on poverty. What was the outcome? All we have to show are casualties. Children killing children, boys and girls growing up without fathers, and welfare recipients spending an average of 13 years out of work because work does not pay as well as Uncle Sam.

Madam Chairman, generations have been trapped in this soul-destroying system, prisoners of the lost war on poverty. I have to ask this House: How many more of our children must we lose to poverty and violence before we say, enough is enough? We have the opportunity today to change America by fixing the failed welfare state and re-

storing the American dream for an abandoned underclass.

Under this bill, welfare will be converted into a work program. Every person receiving welfare must work within 2 years or cash benefits will end. Under our bill, lifetime welfare benefits will be limited to 5 years but up to 20 percent of families can be exempted for hardship. States are required to have 50 percent of welfare families working by 2002.

Our bill will end welfare payments for noncitizens; those we welcome to our country as guests should not abuse the hospitality of hard-working Americans. American families are spending \$8 billion every year on welfare for noncitizens. That is not fair.

Our bill will stop the destructive practice of giving Social Security cash benefits to drug addicts and alcoholics, blighting their lives at great public expense.

Madam Chairman, we in Washington need to learn from past mistakes. We must create a welfare system that ties welfare rights to responsible behavior.

I urge all of my colleagues to put aside petty partisan politics. Support this bill and allow this Congress to leave an enduring legacy of social reform.

Mr. SABO. Madam Chairman, I yield 2 minutes to the distinguished gentleman from Florida [Mrs. MEEK].

(Mrs. MEEK of Florida asked and was given permission to revise and extend her remarks.)

Mrs. MEEK of Florida. Madam Chairman, I thank my ranking member for yielding the time to me.

I say over and over again, this is a flawed bill. It is not hard to see it. They are wrapping it in politics to try and save the fact that there is no substance in this bill that is going to save the children of this country.

Everything I have heard from the majority side makes me know they have never, ever experienced welfare. Now they are beginning to try to reform it. I want to reform it. I know it needs to be reformed. But it does not have to be reformed on the backs of the children of this country. It does not have to be reformed on food stamps. And they are having a similar idea that people who get food stamps, AFDC, do not know how to choose their food. That is not correct. The same Members who feel that way are the ones who drafted this bill.

This bill is going to deny 300,000 children of legal immigrants from getting food stamps. Do they want to cut children off from food? They have said they have a family-friendly atmosphere in the Republican Party. This does not meet the test of family-friendly.

Until yesterday they have changed back and forth so much, it is hard. I have not seen this new language. But yesterday their bill prohibited benefits and vouchers. Now they have switched over and now they are making that, they are putting that in, but they are not requiring it. They are not fooling

me, because they are making it permissive. They cannot do it or they may do it. Why not say, as our bills do, that they will be required to provide vouchers to these children who will go off Medicaid?

My colleagues have exceeded the limits of care and sympathy and compassion which this Congress is supposed to give to the American people. They are not fooling the American people by saying this is a good welfare bill. We all want to reform welfare. Why can we not get together, both Republicans and Democrats, put our heads together and reform this without having a one-sided view toward Medicare and toward welfare?

I say to my colleagues, turn this bill back. I do not blame the President of the United States. Every time we send him a bad bill, he should veto it, no matter how many times.

Mr. SHAW. Madam Chairman, I yield 1 minute to the gentlewoman from Washington [Ms. DUNN].

Ms. DUNN of Washington. Madam Chairman, I thank the gentleman for yielding the time to me.

I am very alarmed at the misinformation I have heard last evening and today coming out on the issue of child care. I want to set something straight. In the Republican bill, the bill that we are debating and voting on today, in fact, we have been told by the people who make these estimates that we need, in child care, \$16 billion to perform the duties that are outlined in the bill. We have, in fact, in the Republican bill provided \$23 billion.

Madam Chairman, I just want to say in my book of mathematics, that leaves \$7 billion aside that can be helped to ease working mothers off AFDC into the working world.

□ 1145

In addition, Madam Chairman, that is \$4.5 billion more than is in the current child care portion of the welfare bill. It is also very important, as it is also \$2 billion more than the President has in his own legislation.

Mr. SHAW. Madam Chairman, I yield 2 minutes to the distinguished gentleman from Nevada [Mr. ENSIGN], a member of the Committee on Ways and Means.

Mr. ENSIGN. Madam Chairman, I think we have to ask ourselves a couple of fundamental questions. First of all, has the current welfare system worked? Has it helped children? Is it compassionate, especially to those children? Should we continue to give cash payments to prisoners and drug addicts?

The answers to these questions are obvious. Out-of-wedlock births have skyrocketed since our welfare system began. Crime rates have skyrocketed. This is federally funded child abuse.

Madam Chairman, we tell the teenage mom, "If you have a child out of wedlock, move away from your parents, we'll get you an apartment. By the way, don't work, don't save, and if

you want a little extra money, have another child out of wedlock." This is truly federally funded child abuse.

Our bill does something remarkable. It reforms welfare in a compassionate way. It has \$2 billion more, as the previous speaker talked about, for child care than the President does so that in the transition from welfare to work we can help families do that.

We also provide transitional health care, which is one of the biggest incentives to staying on welfare, the lack of health care coverage.

We also stopped cash payments to noncitizens and prisoners. There is a fundamental disagreement between that side of the aisle and this side of the aisle on whether we should continue cash payments to noncitizens. We believe, I believe strongly, that it should be reserved for U.S. citizens.

We also fundamentally believe that we to have a limit, a time limit on the amount of time that somebody can receive welfare benefits. There is no greater incentive than to know that at the end of a certain period of time they are going to have to get a job, they better get their life together, they better get out there, take advantage of the job training we provide, get their life together so that they can get off of welfare so that they can take care of their own family and have that personal responsibility.

Lastly, from somebody who grew up with a deadbeat dad, I am applauding this bill for the strong child support enforcement provisions that it has so we can go after those deadbeat parents who are abandoning their children and not taking full responsibility.

I thank the chairman of the subcommittee for writing a great bill.

Mr. SABO. Madam Chairman, I yield myself 1 minute to say I find it very unfortunate when we compare legal immigrants in this country with prisoners and put them in the same category.

In fact I find it sort of personal. My parents were both immigrants to this country. I remember when my mother became a citizen. I also hear this discussion of nothing has ever been given or done in conjunction with legal immigrants. My father was a homesteader. That was how he and many other immigrants got started in this country, and they worked hard and did well.

But regardless of how one feels on this question, to rhetorically combine legal immigrants with prisoners I think is totally unfortunate.

Madam Chairman, I yield 2 minutes to the gentleman from Maryland [Mr. HOYER].

(Mr. HOYER asked and was given permission to revise and extend his remarks.)

Mr. HOYER. Madam Chairman, there is a consensus on this floor that our welfare system undermines the core values Americans believe in: responsibility, work, opportunity, and family. Too many people who do not want to

be on welfare cannot escape it. Too many people who want to be on welfare are allowed to coast at the taxpayers' expenses.

We agree that we must create a different kind of social safety net which will uphold the values our current system undermines. It must require work, it must demand responsibility, and it must protect children.

Today the House will consider two alternative welfare reform proposals. One, offered by the House Republican leadership, I suggest, is not reform at all, although it has much in it with which we agree and Castle-Tanner agree. It lacks the funds for serious work requirements. CBO says so, not us. And under this bill children can be denied all support, even in an emergency, when their families are cut off welfare due to time limits.

When the American people demanded an end to welfare, this is not what they had in mind.

The so-called welfare reform bill offered today by the Republican leadership makes a mockery, in my opinion, of the American values of work and family. It does have progress in it. But it is not bipartisan, and that is what the American public wanted. They wanted us to come together in-bipartisan manner and reform welfare. Governor CASTLE, now a Congressman, and the gentleman from Tennessee [Mr. TANNER] have done exactly that. Their bill brings together and reinforces family values, while meeting our responsibilities to our people and reinforcing our expectations on their personal responsibility.

I urge my colleagues to come together in a bipartisan fashion, as most of the Members on this side of the aisle will do. Democrats will support a bipartisan effort to accomplish this objective. All of us should do the same.

America's welfare system is at odds with the core values Americans believe in: Responsibility, work, opportunity, and family. Too many people who don't want to be on welfare can't escape it. Too many people who want to be on welfare are allowed to coast at the taxpayers' expense. In both cases, this broken system weakens families, undermines personal responsibility, destroys self-respect and initiative, and fails to move able-bodied people from welfare to work.

A complete overhaul of the welfare system is long overdue. We must create a different kind of social safety net which will uphold the values our current system destroys. It must require work. It must demand responsibility. And it must protect children, to break the generational cycle of poverty.

Today, the House will consider two alternative welfare reform proposals. First, offered by the House Republican leadership, is not reform at all. It lacks the funds for serious work requirements. It shreds the safety net for children. The Nation's Governors adopted a resolution expressing their concern about restrictions on States' flexibility and unfunded costs in the Job Program, a shortfall of \$13 billion which will knock the teeth out of the much-touted work requirements in the Republican bill.

The second alternative, the bipartisan Tanner-Castle welfare reform proposal, will truly reform our broken system. It, and it alone, requires all recipients to start work—real work, in real jobs—within 2 years. It provides funding to make those requirements real. It establishes a 5-year lifetime limit for welfare benefits, with a State option to create a shorter limit. It requires teen parents to live at home or in a supervised setting, and teaches responsibility by requiring school or training attendance as a condition of receiving assistance. It includes tough child support enforcement provisions to make sure deadbeat parents live up to their responsibility to support their children.

Unlike the Republican leadership proposal, the Tanner-Castle bill is tough on work without being tough on kids. It includes additional funding above the leadership bill for child care, to make sure children aren't left on the streets when their parents go to work. Under the Republican leadership bill children could be denied all support, even in an emergency, when their families are cut off welfare because of a time limit. The bipartisan bill provides vouchers to meet the needs of children if their parents exceed the welfare time limit. While the Republican leadership bill would deny Medicaid coverage for children in families who exceed a time limit, the bipartisan bill ensures that no child loses medical care because of welfare reform.

The so-called welfare reform bill offered today by the Republican leadership makes a mockery of the American values of work and family. It contains a hollow promise of work requirements which the Nation's Governors and the Congressional Budget Office both concede States can never achieve. It strips poor children of food assistance and medical care. I do not believe that when the American people demanded an end to welfare as we know it, this is what they had in mind.

The bipartisan Tanner-Castle bill supports those American values we all share. It demands work and personal responsibility without shredding the social safety net and abandoning children. I urge my colleagues to reject the Republican leadership bill, and support the bipartisan Tanner-Castle proposal.

Mr. SHAW. Madam Chairman, I yield myself such time as I may consume.

Madam Chairman, I would like to respond very quickly to what the gentleman from Minnesota [Mr. SABO] said. Nobody in this House is criticizing or putting anything saying that people coming into this country to experience the American dream are in the class of felons. That is ridiculous. That argument falls on deaf ears. It has no relevancy.

But I would like to share this with him. When his parents or grandparents came into this country, they made a pledge not to become a public charge, and I would bet next week's paycheck that they did not become a public charge. They came for a better way of life, and they went to work. They made something of themselves, and they had a child or a grandchild that came to the U.S. Congress.

I would also like to say, when we are talking about aliens, aliens over 65 are five times more likely to go on SSI than citizens over 65. Alien SSI appli-

cations have increased 370 percent from 1982 to 1992. We have got to stop making welfare available for citizens of other countries. It is that simple.

Madam Chairman, I yield 2 minutes to the gentleman from Nebraska [Mr. CHRISTENSEN], a valuable member of the Committee on Ways and Means.

Mr. CHRISTENSEN. Madam Chairman, welfare reform is an issue, like the previous speaker said, that we can agree on, that we can come together on in a bipartisan fashion and that we can work together on. I think all agree that the welfare system has caused people to rely on the Government instead of themselves. I think Senator JOHN ASHCROFT said it best last week when he talked about the system, that it has deprived hope, it has diminished opportunity, and it has destroyed lives.

But there are questions that we have to ask. After spending billions of dollars, has the Government solved the problems of poverty and of dependency? How many more families are we going to allow to be trapped in the current system before we get a bill out of this House? How many more children must we sacrifice to poverty before we say enough is enough?

As my colleagues know, we have heard many people say, and I think the statement is accurate, the fact is we cannot have a moral environment to raise children in America when we have 12-year-olds having babies, 15-year-olds killing each other, 17-year-olds dying of AIDS, and 18-year-olds who are graduating with diplomas that they cannot read. If we are to restore our moral health in this country, we must change the system that fosters that environment.

As Franklin Delano Roosevelt said in the late 1930's, giving permanent aid to anyone destroys them. Our bill gives people a chance. It puts a hand out so they can help themselves.

It is time that we worked together in a bipartisan fashion to end welfare as we know it.

Mr. SABO. Madam Chairman, I yield 2 minutes to the distinguished gentleman from Washington [Mr. MCDERMOTT].

(Mr. MCDERMOTT asked and was given permission to revise and extend his remarks.)

Mr. MCDERMOTT. Madam Chairman, the gentlewoman from Florida put her finger on the fundamental problem here, and that is that the Republican bill will not guarantee support to children if all else fails.

Now, my brother runs the public assistance program in the State of Washington. I know the facts. In the State of Washington there are 100,000 adults on welfare, 125,000 people, unduplicated count, on unemployment. That is 225,000 people on average every month in the year 1995. If they all showed up for a job on tomorrow, there would be jobs.

Last year they created 44,000 new jobs in the State of Washington. That means 181,000 adults in the State of

Washington, that DRI, McGraw-Hill, the economic forecaster says is the fifth most rapidly growing State in this country, could not get jobs, 181,000 people.

Now the Labor Department has recently said that the unemployment rate is as low as it ever is. Tomorrow Mr. Greenspan is going to meet with the Federal Reserve to talk about raising the interest rates so that we can slow the economy so we do not have inflation. Now, we cannot slow the economy and stop job creation when we have 181,000 people in 1995 in the State of Washington who could not get a job and say to their children, "Hey, folks, kids, I'm sorry. Your Ma went down for a job, but there was none, and you can't eat." That is what the Republican bill says. They will not give a voucher if they have done everything, and there is no way.

I think the President, who cares about the kids in this country, is going to take a long careful look at what comes out of this body because, if we are not careful of how we deal with the weakest and the most vulnerable in our society, we are not a civil society.

Mr. SHAW. Madam Chairman, I yield 2 minutes to the distinguished gentleman from Texas, Mr. SAM JOHNSON, from the Committee on Ways and Means.

(Mr. SAM JOHNSON of Texas asked and was given permission to revise and extend his remarks.)

Mr. SAM JOHNSON of Texas. Madam Chairman, I have to disagree with the gentleman that just spoke. It is a shame, but I tell my colleagues that. The Government has been spending billions of dollars, and I would just like to know, has the Government solved our problems of poverty and dependency? I think not. How many more families are going to be trapped in the current system while we spin our wheels here in Washington, DC. talking about it? Do my colleagues not think that State and local governments, churches and communities can do a better job of caring and providing for our Nation's welfare recipients? Of course they can.

As my colleagues know, how many more of our Nation's cities are going to surrender to poverty and violence before we here in Washington decide to act? Why does Washington continue to promote a welfare system that encourages illegitimacy and discourages parents? Should not Washington encourage work? I think so.

I tell my colleagues what this bill is about: compassion, hope and opportunity. It is about people coming together and taking charge of a system that has failed them and every mother and child on welfare.

Do we trust Washington, or do we trust the local charities, the churches, community centers, and local government officials? I trust and believe the American people at home will have the answer. Can we not do better than the welfare system that we have in place right now?

This strong welfare reform bill ends welfare as we know it. It gives power back to the States, power back to the communities, power back to the people at local communities to solve their own problem. It is a must that we act today to pass this legislation.

Mr. SABO. Madam Chairman, I yield 2 minutes to the distinguished gentlewoman from California [Ms. WATERS].

□ 1200

Ms. WATERS. Madam Chairman, both of these welfare reform bills before us are little more than poll-driven political responses to a real problem. This is not true welfare reform. Instead we are placing a foot on the necks of poor children and families and calling it reform. Every Member of Congress understands the difference between an AFDC entitlement and not having one. We all understand the difference between block grants and Federal involvement in this problem.

In desperation, I appeal to each Member's spiritual sense. I challenge those who claim moral values. To the Christian Coalition supporters, I challenge you today, the Bible is replete with examples of how we are obligated to treat the poor. Witness Proverbs 14:31: He who oppresses a poor man insults his maker, but he who is kind to the needy honors him.

Proverbs 29:7: A righteous man knows the rights of the poor; a wicked man does not understand such knowledge.

Ecclesiastes 4:1: Defraud not the poor of his living, and make not the needy eyes to wait long.

Ecclesiastes 4:4: Reject not the supplication of the afflicted; neither turn away thy face from a poor man.

Proverbs 21:13: Who so stoppeth his ears at the cry of the poor, he also shall cry himself, but shall not be heard.

And Deuteronomy 15:7-8: Thou shalt not harden thine heart, nor shut thine hand from thy poor brother; but thou shalt open thine hand wide unto him, and shalt surely lend him sufficient for his need.

Mr. SHAW. Madam Chairman, I yield 1 minute to the distinguished gentleman from Tennessee [Mr. WAMP].

(Mr. WAMP asked and was given permission to revise and extend his remarks.)

Mr. WAMP. Madam Chairman, one of the most wonderful lessons for the young people of this country is that great things can be done in our society when it does not matter who gets the credit. The Republicans should be commended for taking Medicaid off of their welfare bill because the President, our President, came here in January and asked us for a clean welfare bill and said he would sign it into law. We should not worry if he gets the credit for doing that.

This is the clean bill that he asked for; it is. We disconnected Medicaid so he would sign it, not so he would veto it. We should pass it today and give him this clean bill. It does not matter

if he gets the credit. The Democrats should not care if the Republicans get the credit, because it is these children that are trapped in dependency and poverty that are going to get the benefit and the reward.

We are doing the people's business. We should support the conference report when it comes back, and we should support the President so he can sign this bill into law and do the people's business.

Mr. SABO. Madam Chairman, I yield 2 minutes to the distinguished gentleman from California [Mr. FAZIO].

Mr. FAZIO of California. Madam Chairman, I rise in strong support of the bipartisan welfare reform bill offered by MIKE CASTLE and JOHN TANNER.

The Castle-Tanner bipartisan bill is a much better bill than the alternative presented by the other party. It requires work, and provides the support needed to make the commitment to work a reality and not just rhetoric.

The bipartisan bill contains many provisions which represent a moderate, more balanced approach to welfare reform while still achieving over \$50 billion in savings.

It includes stronger protections for children and families under the block grant and assures the maintenance of a national nutrition safety net so that families will not go hungry and children will have the nutrition they need to grow and learn.

The bipartisan welfare reform bill improves past efforts made by this House in significant ways while continuing to promote personal responsibility as its central theme.

Indeed, this approach requires all welfare recipients to sign an individual responsibility contract which outlines a plan for the recipient to become self-sufficient as quickly as possible.

And the bipartisan bill holds deadbeat parents responsible for their children through strong child support enforcement measures.

Castle-Tanner also ensures greater State flexibility by giving the States the option of providing vouchers for the needs of the child, or emergency assistance to families that have reached the time limits but have been unable to find a job.

This bill also provides a more substantial contingency fund to assist States with high unemployment or increases in child poverty. If the fund is exhausted during hard times, the bill creates an uncapped contingency fund for real emergencies.

My colleagues, this bill provides greater resources to ensure that welfare reform will succeed, it improves State flexibility, and it guarantees fiscal and personal responsibility. Above all, it protects innocent children.

We have an historic opportunity to pass a meaningful, bipartisan, welfare reform bill that the President will sign. Let's not squander this chance. I urge you to vote "yes" on the bipartisan substitute.

Mr. SHAW. Madam Chairman, I yield myself such time as I may consume.

Madam Chairman, I would ask the gentleman from California if he is aware that the bill that he has endorsed imposes a tax increase which the President characterized as a tax increase on the working poor by slashing EITC?

Mr. FAZIO of California. Madam Chairman, will the gentleman yield?

Mr. SHAW. I yield to the gentleman from California.

Mr. FAZIO of California. Madam Chairman, I would say to the gentleman from Florida, certainly this side of the aisle has been totally opposed to the Republican plans to slash the EITC and the budget.

Mr. SHAW. Reclaiming my time, Madam Chairman. I would advise the gentleman from California that his bill does precisely that. Our bill does not.

Madam Chairman, I yield 2 minutes to the gentleman from Ohio [Mr. TRAFICANT].

(Mr. TRAFICANT asked and was given permission to revise and extend his remarks.)

Mr. TRAFICANT. Madam Chairman, I support the bill. While Congress has tried with good intentions, the Congress of the United States has failed. What began as a hand up is now a hand-out. Generation after generation are literally trapped at the bottom of the ladder without a good view of what America has to offer. The welfare system is not only broken, it is token. It has become a social placebo with a failing track record.

I ask all who are in here today to deny the following. I say the welfare system currently promotes dependency and illegitimacy, discourages thrift, discourages work, separates, separates and destroys families, isolates children, and from an early age, stifles their ambition, no less.

There is one other element here, folks, in this formula. Our current welfare system penalizes hardworking Americans who pay for this failing train that keeps rolling down the track at us, hurting us.

This is not about Republican and Democrat. There should be more consensus today. This is about a welfare system that is bad for America. Let me submit that the Founders are rolling over in their graves looking at the great Constitution and saying, my God, how could this great instrument somehow be so misused, misapplied, that there are now Americans without hope, Americans without goals, and Americans without ambition? Shame, Congress. Come together on this issue. Pass this bill.

Mr. SABO. Madam Chairman, I yield myself 30 seconds.

Madam Chairman, I would indicate to the gentleman from Florida [Mr. SHAW] that all the EITC changes in Castle-Tanner rely on compliance. None of them change the phase-out rates as proposed originally by the House Republican plan. Those are not

included in Castle-Tanner. Fortunately, you have pulled those provisions out of your bill but they are scheduled to reappear in your budget resolution in reconciliation bill No. 3, and then some further additional cuts in EITC even beyond what you did in this bill originally.

Madam Chairman, I yield 2 minutes to the gentleman from Massachusetts [Mr. OLVER].

(Mr. OLVER asked and was given permission to revise and extend his remarks.)

Mr. OLVER. Madam Chairman, I thank the gentleman for yielding time to me.

Madam Chairman, along with every Member of this Chamber, I believe that the current welfare system needs to be reformed. Over the course of this debate, which has continued now for more than a year, each and every one of us has voted to end welfare as we know it. Some of us want to move people to work while protecting the well-being of our children. Others want to squeeze as much money as possible from the system even if the action is punitive, unworkable, and threatens children. That is the crucial difference between the Republican bill and the bipartisan bill that we have before us today.

Madam Chairman, H.R. 3734, the Republican bill, offers little protection for poor children. H.R. 3734, the Republican bill, prohibits vouchers for children of parents who have reached the time limit on welfare but cannot find jobs. H.R. 3734 slashes food stamps, the ultimate social safety net, assuring that more of our own children, our own poor children, will go hungry in a country whose farmers are so magnificently productive that they can feed half of the world.

H.R. 3734 ends the guarantee of child protection and child abuse services, and worst of all, it ends the guarantee of health coverage for millions of poor women and children. We all want to see welfare reformed, Madam Chairman, but we should not jeopardize the health and well-being of children who are really totally without responsibility for the conditions that they are forced to grow up in.

I urge a "no" vote on the Republican bill, Madam Chairman.

Mr. SHAW. Madam Chairman, I yield myself such time as I may consume.

Madam Chairman, I would invite the gentleman from Minnesota to read on page 7, subtitle B, the earned income tax credit of the gentleman's bill. It provides and it has been scored that that is a \$6 billion statement. The gentleman stands there and tells us that we are going to somehow put this into our bill. It is not in our bill, it is in the gentleman's bill.

It is a tax increase. It is the gentleman's problem, and he is going to have to deal with it. We took it out of our bill because we did not want a tax increase on the working poor. He left it in his bill because obviously he wanted

to take \$6 billion out of the pockets of working Americans.

Madam Chairman, I yield 2 minutes to the gentlewoman from Washington [Ms. DUNN].

Ms. DUNN of Washington. Madam Chairman, I thank the gentleman for yielding time to me.

Madam Chairman, Democrats have been arguing today that noncitizens are less likely to receive welfare than citizens, but the leading scholar in this area, whose name is George Borjas of the Kennedy School, says just the opposite.

We have a chart here that I would like Members to look at. These numbers are percentages of households receiving welfare programs. The first line says "Aid to Families with Dependent Children," our AFDC program. 4.4 percent of immigrant households receive this kind of aid, as opposed to 2.9 percent of folks who are citizens of the United States, and the chart continues.

In short, Madam Chairman, I just want to say that there is simply no question that some Members are today on this floor spreading misinformation. Welfare for noncitizens has gotten out of hand. We have an opportunity through this legislation to change that.

Madam Chairman, I would say, too, that America is a generous country. We welcome legal immigrants into this Nation, as long as they are here because they want to take advantage of a nation of opportunity. But we can no longer ask our citizens who work for a living to support people who are not citizens of the United States.

Mr. SABO. Madam Chairman, I yield 1½ minutes to the gentleman from Michigan [Mr. LEVIN].

Mr. LEVIN. Madam Chairman, the Republican bill is weak on work. It does not provide the resources, according to CBO. I want to say something, though, to my friend, the gentleman from Florida [Mr. SHAW], on the tax subject. Look, we forced you to drop your tax increases on the working poor. They were in your bill and you know it. We forced them out. Every bit of the EIT change in Castle-Tanner relates to compliance.

Mr. SHAW. Madam Chairman, will the gentleman yield?

Mr. LEVIN. I yield to the gentleman from Florida.

Mr. SHAW. You forced it out, and where did it go? It went to your bill.

Mr. LEVIN. Madam Chairman, I take my time back. The gentleman is 100 percent wrong. You had a phasing down of the amount of money people could earn and still be eligible for the EITC. You had changes in terms of calculation of Social Security and its impact on EITC. We do not change the substance of the EITC law as it affects the working poor.

We forced you not to do that, so do not use that sham argument. We say there should be compliance. We say the law should be followed. That is where all of our money is, and it is disgrace-

ful that you do not have it in, and that you for months and months wanted to hit the working poor. Shame on you for using that argument.

Mr. SHAW. Madam Chairman, I yield myself such time as I may consume. I want to respond to my good friend, a valued Member and a good friend of mine, and someone who has really worked hard, trying to work on welfare reform.

Madam Chairman, I can tell the gentleman from Michigan, he is wrong. He has the increase in his bill. We do not have the increase in our bill. The gentleman gets up there and says shame on us for having it in there and then taking it out. That is absolutely ridiculous.

□ 1215

Mr. LEVIN. Madam Chairman, will the gentleman yield?

Mr. SHAW. I yield to the gentleman from Michigan.

Mr. LEVIN. Madam Chairman, compliance is not an increase.

Mr. SHAW. Modification is. I would tell the gentleman, read section 1023 of your bill.

Mr. LEVIN. I have read it.

Mr. SHAW. Modification of Adjusted Gross Income Definition for the Earned Income Tax Credit. You take working poor out by a modification of the definition.

Mr. LEVIN. That is simply not true.

Mr. SHAW. Madam Chairman, I reserve the balance of my time.

Mr. SABO. Madam Chairman, I yield 2 minutes to the gentleman from North Dakota [Mr. POMEROY].

Mr. POMEROY. Madam Chairman, the plan of the majority to reform the welfare system is weak on work and tough on kids. In my comments, I will talk about the work requirement.

We must reform the welfare system. This reform is in fact overdue. The heart of the reform has to be time-limiting benefits and instilling a tough work requirement. There is broad agreement in the Chamber on that point. But the key distinction between the proposals before us this afternoon is that the bipartisan plan has a work requirement which will succeed and the majority's plan cannot.

This is a very complex issue. There is nothing all that tough about understanding what it takes to make a work requirement succeed. Individuals presently receiving welfare benefits and not in a workplace must have the training required to achieve vocational skills before they will be employable and can stand on their own as constructive members in the workplace. Folks without jobs just will not be able to get jobs if they do not have job skills and employers. We cannot expect employers to hire folks that offer nothing in terms of what they need in the workplace.

The nonpartisan Congressional Budget Office has assessed the two plans on this critical point. They say the work requirement in the bipartisan plan can

succeed but the work requirement in the majority's proposal falls \$9 to \$12 billion short of what it takes to make a work requirement succeed.

That is the choice. The bipartisan plan, which time-limits benefits and gets today's recipients off welfare into the workplace as constructive members of our society, versus the majority's proposal which, while it claims to have a work requirement, by the Congressional Budget Office's own evaluation it falls short of what it takes to create a work requirement which has any chance of getting people off of the welfare rolls and into the workplace.

Vote "yes" on Castle-Tanner and no on the majority proposal.

Mr. SABO. Madam Chairman, I yield 2 minutes to the gentlewoman from Connecticut [Mrs. KENNELLY].

Mrs. KENNELLY. Madam Chairman, there are differing opinions on to how to reform welfare. But one area that we all agree on is the need to improve our child support laws. In fact, this might be the single area where we have had consistent bipartisan cooperation.

However, a last-minute change was inserted into the bill's child support title that weakens assurances of fair child support awards.

The majority's welfare bill now guts a provision in current law that requires States to review child support orders every 3 years for AFDC families.

I should first point out that this change will cost the Federal Government \$63 million over the next 6 years. Child support paid on behalf of families on AFDC helps offset the cost of welfare. Therefore, regular updates in child support orders mean fewer dollars being spent on AFDC. The change in the bill ignores this fact and lets non-custodial parents off the hook, while sticking Federal taxpayers with the bill.

I am also concerned this change in modifying child support orders might hurt families leaving AFDC. If we want families to leave welfare and become self-sufficient then we should ensure that they have the child support they are owed.

I urge my colleagues to think twice before watering down child support enforcement, while preaching getting tough on young mothers. Let's all agree that we need tough child support enforcement that says both parents should be involved in providing for their children.

Mr. SHAW. Madam Chairman, I yield 3 minutes to the distinguished gentleman from Louisiana [Mr. HAYES], a member of the Committee on Ways and Means.

(Mr. HAYES asked and was given permission to revise and extend his remarks.)

Mr. HAYES. Madam Chairman, it was the mid-1960's, and I remember the day very well when as a student in a Louisiana public high school and part of a debate squad, we were talking about Lyndon Johnson's effort at a Great Society with an alleged war on

poverty. Three decades later, that same high school is in the midst of a war with drugs, teen pregnancy, and guns. Poverty has not changed. Over the course of that 30 years, America has spent \$5 trillion, an amount ironically close to the total national debt, on a fake war on poverty.

So what happens to real veterans of real wars? Oh, I represent many of them. I represent a young man who was in a real war in Vietnam, who has got to find a way through his impaired health to get someone to drive him almost 100 miles to go to a real military installation to have a real druggist give him an honest, legitimate prescription.

Unfortunately, within my congressional district there are crack addicts that cannot be evicted from Federal public housing because their neighbors cannot find a legal way to throw them out to prevent their own kids from being sold crack, and that person has a Federal welfare check delivered to their doorstep.

I represent a group of Americans who in that three decades now knows that today they must work and work and work until May 7 of each year just to pay Government taxes. Then they get to earn money for their own family. Within the course of that work they recognize that there is almost \$200 billion a year, most of which is thrown away on the dole to families who put work behind the rewards of a Federal handout. In 17 States, the equivalent of welfare for starting welfare recipients is above \$10 an hour. In 40 States, including my Louisiana, a starting welfare recipient is above \$8 an hour, which is better than in many counties a starting teacher or a starting police officer.

There are the kind of things where America looks and says: We don't want to change welfare as you folks in Washington know it, we want to change welfare as we know it in our neighborhoods, where senior citizens are terrified to leave at night because the monies that are diverted in a failed system for three decades prevent our own safety, our own sanctity, and the educational future of our own children.

Mr. SABO. Madam Chairman, I yield 2 minutes to the gentleman from Rhode Island [Mr. KENNEDY].

Mr. KENNEDY of Rhode Island. Madam Chairman, do you not love all this talk about how we are going to get money from these poor people to give money to other constituents who are more deserving? Yet this same Republican majority who is talking about cutting \$53 billion from welfare has no problem giving a tax cut of \$245 billion over 7 years, better than half of which goes to individuals and families with incomes of \$100,000 or more.

It seems to me that our Republican friends are against welfare for the poor but they have no problem with welfare for the rich. I do not want to hear my Republican colleagues talk about local control, because I worked in a State

legislature and I know what block granting is all about. This mantra of States rights, let the States decide, let the States manage it, in my State of Rhode Island, that is a prescription for disaster. I will tell Members why. Because without the assistance that comes through entitlement programs, the money goes to the States. So the money goes to the State bureaucrats; it does not go to the women and children and the poor people who need the assistance.

Once again under States rights, just as it stood 30 years ago, States rights means justice will depend on geography. If you are a poor person in Rhode Island, you will not be treated the same as if you are a poor person in a State like Tennessee, which has got a much better economy than we have in Rhode Island.

Finally, my last point is that what this bill does to legal residents is shameful. To cut assistance to people who already pay taxes and in fact tax-paying, legal residents who do not enjoy many of the exemptions that regular citizens enjoy because they have not attained citizenship. They will be denied the same benefits as citizens. This to me represents no more than the same immigrant bashing that this majority has continued all 2 years it has been in the majority.

Mr. SHAW. Madam Chairman, I yield 1 minute to the gentleman from Maryland [Mr. GILCHREST].

Mr. GILCHREST. Madam Chairman, I thank the gentleman for yielding me this time.

Madam Chairman, I think to a large extent the debate has covered most of the material on why it is important to change the welfare system as we know it today. I do not think there is one person in this Congress that would say the welfare system is working. It has perpetuated the paralysis of poverty far too long.

There are some minor disagreements about how we ought to move forward. But at least we as a Congress want to move forward to make a fair assessment, to provide a program so that people have a sense of opportunity for the wonders that this Nation has to offer.

This program that the gentleman from Florida [Mr. SHAW] is offering before this Congress does some amazing things. He discovers, in my judgment, the mystery of human initiative, and that is a sense of responsibility and a sense of dignity for all Americans.

This is a fair bill, it is fundamentally sound. It will offer opportunity for individuals, whether they are on welfare now or may be on welfare in the future.

Madam Chairman, I urge my colleagues to vote for Mr. SHAW's bill.

Mr. SABO. Madam Chairman, I yield 2 minutes to the distinguished gentleman from Wisconsin [Mr. OBEY].

Mr. OBEY. Madam Chairman, the existing welfare system is broken, it needs radical overhaul. There is no doubt about that. But in doing it, I ask

every Member of this House to please put the politics aside. Taxpayers are tired of people who will not work taking a bite out of their tax dollars. They want us to be tough, but they do not want us to be mean.

They do not want us to say to a worker who is laid off because his company moved out of town or out of the country, "Tough luck, Charlie, you're on your own, baby." They do not want us to say to a sick or hungry kid, "Sorry, kid, God gave you the wrong set of parents. You're on your own." They do not want us to pass a political document that will never become law, that is just designed to define the differences between Bill Clinton and Bob Dole one more time. They want us to work it out. They want us to get it done.

That is what Castle-Tanner does. It is a bipartisan package. It does work it out. It is tough, but it is not mean. A friend of mine in the legislature used to say, "You know, the problem with politics is that all too often it gives the poor and the rich the same amount of ice, but the poor get theirs in the wintertime."

That is the difference between the Castle-Tanner bill and the committee bill. Vote for Castle-Tanner. It is a tough, good welfare reform bill that gets the job done without being mean.

Mr. SHAW. Madam Chairman, I yield such time as he may consume to the gentleman from Minnesota [Mr. RAMSTAD].

(Mr. RAMSTAD asked and was given permission to revise and expend his remarks.)

Mr. RAMSTAD. I thank the gentleman for yielding me this time.

Madam Chairman, I rise in strong support of the Personal Responsibility and Work Opportunity Act.

Madam Chairman, in 1992, Presidential candidate Bill Clinton pledged to "end welfare as we know it." Today 4 years later, welfare recipients and taxpayers are still waiting for President Clinton to make good on his promise.

The President could keep his word by signing the welfare reform waiver proposals on his desk from Wisconsin and Minnesota, as well as the comprehensive Federal welfare reform bill before us today which would empower States to proceed with innovative changes.

To hasten approval of badly needed welfare reform, we in this Congress took a bold step toward meeting the President halfway when we separated welfare reform from the Medicaid reform bill that had threatened to doom both reforms.

The time for action is long overdue. Our Nation's welfare system is in dire need of reform. America has spent \$5.4 trillion on social welfare programs since the beginning of the "War on Poverty" in the 1960's. Yet, the poverty rate has not decreased and the number of families on welfare has skyrocketed from 1.9 million in 1970 to 5 million today. The sad history of welfare is one of three generations of people who have become trapped in a cycle of dependency. Since 1993 alone, the number of single women who are heads of households in poverty has increased by 175,000 women.

Frustrated by inaction at the Federal level, individual States have moved forward with their own reform proposals. Minnesota and Wisconsin, for example, have put together comprehensive welfare reform plans to move welfare recipients from welfare to work. A Minnesota Department of Human Services pilot project—the Minnesota Family Investment Plan [MFIP]—has resulted in reduced case-loads for the Aid to Families with Dependent Children [AFDC] program in the seven counties in which it operates. Minnesota would like to expand MFIP throughout the State as well as implement a number of additional pioneering measures recently passed by the State legislature.

Wisconsin would like to implement "Wisconsin Works," the welfare plan praised by President Clinton during his May 18 Saturday radio address as a "sweeping welfare reform plan, one of [the] boldest yet attempted in America \* \* \* We should get it done."

Unfortunately, since the President has twice vetoed welfare reform passed by Congress that would allow States to change the welfare system in ways which meet the needs of their residents, States must still go through an arduous special waiver process to enact their reform plans.

But the President has yet to approve the waiver requests of Minnesota and Wisconsin. Minnesota submitted its waiver requests last March 28. According to the Minnesota Department of Human Services, it is critical these waivers be approved before the end of this month. And while the President said he would make the final decision on the Wisconsin waiver request by mid-July, he has yet to do so. I remain hopeful the President has truly had a change of heart and will approve both States' requests.

It should be pointed out that the Clinton administration has granted several waivers to allow other States to implement similar proposals. But why should we approach this in a piecemeal, one-waiver-at-a-time fashion and waste valuable time and taxpayer dollars—time and money which could be better spent helping families and children escape the web of welfare dependency?

How much longer can we continue to wait for the President to "end welfare as we know it?" How much longer will the President defend the welfare status quo and deny people in need and American taxpayers the opportunity for true reform?

I believe the time is right to move beyond the piecemeal waiver process, put partisan politics aside and pass the comprehensive welfare reform legislation before us today.

Madam Chairman, it's time to change the failed welfare system's vicious cycle of dependency.

When this legislation is placed before the President again soon, we will find out if he has, indeed, really changed his position or if he will continue to fight to preserve the status quo. I hope the President will take the opportunity to support the Minnesota and Wisconsin plans—as well as proposals for the 48 other States—and sign the bill. Without national welfare reform for all 50 States, the cycle of poverty is destined to continue indefinitely.

□ 1230

Mr. SHAW. Madam Chairman, I yield myself 5 minutes.

(Mr. SHAW asked and was given permission to revise and extend his remarks.)

Mr. SHAW. Madam Chairman, today I think is a defining day in the history of this Congress. We are going straight at probably one of the biggest problems that we have in this country and something that I can only describe as a national disgrace.

I respect every Member of this body, and I respect the great diversity all across this country. I respect the Governors of this country, and I respect the 50 States.

But I would say to all of my colleagues, let us recognize that we have a failed welfare system in this country. Let us realize that at one time or another, every sitting Member of this Congress who has been here through the 104th Congress has at one time voted against the existing welfare system.

What brings us together is that we all agree that the existing welfare system is not worth defending. We must change. We have got stagnation of population. We have tremendous problems out there that have been caused by a welfare system that the Congress procrastinated with, did nothing about, did not change. Now we are bringing forth change.

Last year there was a Democrat substitute which took the vote of every Member on the minority side, and then there was a Republican bill that prevailed and went on to the President, and he vetoed it. It went to the President again and he vetoed it.

What we are giving to the President today is another chance, another chance to deliver upon his promise to change welfare as we know it today.

That is tremendously important. Those of you who vote for the Castle-Tanner substitute which will be put forth by Mr. GEPHARDT at a later time today, you are saying you will have faith in the States and you are willing to send the programs back to the States and let them run it, and you are going to give them great latitude in designing it.

I have great respect for the authors of that bill and what is in that bill. But can we do better? Yes, we can do better. We can do better by passing the bill that the Republicans have put forth, that has come to us from the Committee on Ways and Means.

Why is that a better bill? One, it does not slash the earned income tax credit. I would like to read a provision from the Executive Office of the President in talking about the Republican bill when the Republicans were cutting EITC.

He says the bill would still raise taxes on millions of working families by cutting the earned income tax credit. This is a letter written on July 16 to the gentleman from New York [Mr. SOLOMON]. At a later time I may put it into the RECORD.

Now, when is a tax increase not a tax increase? To hear some of the Members come to the floor, they say it is not a tax increase when it is in the Democrat bill, but it is when it is in the Republican bill.

Mr. Chairman, we took it out. We were criticized for it. We went back and looked at it and said, "You are right," and we took it out and we are not going to put it back in. But it is in the substitute, in the one we are going to be asked to vote on later this evening.

That is an important distinction for many of the Members on the Democrat side of the aisle. I respect that. I respect it so much that we took it out of our bill.

What else have we done? The President said that Medicaid was a poison pill. We took it out of our bill.

This is not an exercise in politics. This is a rescue mission by the Members of Congress to smash a corrupt system that has led to poverty across this country, has perpetuated it, and led to stagnation of people, an unforgivable sin, a stagnation of people within our inner cities all across this country who are paid to do nothing with their lives, paid not to get married, paid not to work, paid to have children, who then themselves turn around and go into the welfare system.

This is a rescue mission. I respect every Member for wanting to change that system, but I would say that the best way to go is with the Republican bill. Vote against the substitute that will be offered by Mr. GEPHARDT.

If you truly believe that noncitizens who are growing on our welfare rolls at a tremendous speed, if you believe they should still receive welfare, fine, vote for the Gephardt substitute. If you believe that welfare should truly not be time-limited, fine, vote for the substitute. But vote for something. That is what is very important.

This I think is an historic moment. I think that the President will end up signing the bill that we will send him. It makes a lot of sense. It is a good bill.

Mr. LEVIN. Madam Chairman, I yield myself 10 seconds.

To the gentleman from Florida [Mr. SHAW], what we force Republicans to take out in the EITC change relating to rates, Democrats do not put back in period. That is a fib.

Madam Chairman, I yield 2 minutes to the gentleman from California [Mr. BECERRA].

(Mr. BECERRA asked and was given permission to revise and extend his remarks.)

Mr. BECERRA. Madam Chairman, I thank the gentleman for yielding me time.

Let me begin by trying to dispel some myths and correct something that the chairman of the Subcommittee on Human Resources of the Committee on Ways and Means has just said. Legal immigrants are not over utilizing welfare, AFDC, for example. In fact, they use it as a lower rate than does the citizen population.

What we find is a skew in the numbers because of the refugee population, which by definition comes without anything because they are escaping persecution. We have in the law a re-

quirement that we try to aid them as they try to transition from a place they had to escape without bringing anything with them.

We hear people say that we have to deny immigrants, legal immigrants, not undocumented, access to services for which they pay with their taxes, because in every respect they do what a citizen does. They must contribute in their taxes.

We are saying here in this bill, "Let's deny them services because they are coming in this country to get welfare." Absolutely not true. A respected, well-known research center, conservative research center which the Republican majority often uses, the Cato Institute, told us immigrants contribute about \$285 billion to the economy, pay \$70 billion in taxes, and net, in other words, in excess, they contribute \$25 billion more than they use in services from the government.

Now, why do we hear all this talk? Because they cannot vote, they cannot hurt people who attack them, and they are an easy target, especially when we call them non-citizens. On behalf of my parents who were immigrants, on behalf of the over 1 million active and now veteran, legal immigrants who served this country in time of war, and on behalf of the two Congressional Medal of Honor winners who served this country, both legal immigrants, that I can talk of, I say they do not come here to take, they come to give.

The proof is in the pudding, and we should not attack a group just because it happens to be politically tenable to go after them, because they cannot go after us. It is unfortunate it is done. Let us have some decent debate on this and get meaningful welfare reform, but let us not attack folks trying to make this country better than what it is.

Mr. SHAW. Madam Chairman, I yield myself such time as I may consume.

Madam Chairman, I would say to the gentleman in the well, we exempt veterans who are non-citizens.

Madam Chairman, I yield the balance of my time back to the gentleman from Ohio [Mr. KASICH] and ask unanimous consent that he be allowed to control the remainder of the time.

The CHAIRMAN. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. KASICH. Madam Chairman, I yield 2 minutes to the very distinguished gentleman from Florida [Mr. STEARNS].

(Mr. STEARNS asked and was given permission to revise and extend his remarks.)

Mr. STEARNS. Madam Chairman, I thank the distinguished chairman for yielding me time.

Madam Chairman, Margaret Thatcher once said, "Pennies do not come from heaven, they have to be earned here on earth."

For years we have asked the question, does increased social spending equate with a better childhood? Since

1960, the \$5 trillion spent on social programs has increased at a rate above inflation. The simple answer, however, is that children are still suffering because the system is flawed.

I would like to give, Madam Chairman, another quote. "Work banishes those three great evils: Boredom, vice, and poverty." That came from the great philosopher, Voltaire. There is nothing wrong with work.

Our plan increases funding for welfare. Now, we are going to hear on that side of the aisle that there are huge cuts that affect children, huge cuts that affect the underprivileged. But as Margaret Thatcher said and the philosopher Voltaire said, work does not hurt anyone.

Yet, even notwithstanding that fact, if we look at this graph, we will see welfare spending will increase 31 percent. Spending will increase \$137 billion under the House welfare reform plan. Clearly when we hear the President say there is not enough money, there is going to be plenty, ample amounts of money for their program.

I would say to my colleagues on this side of the aisle, it is time we force the President to end this double talk on welfare and keep his promise to end welfare as we know it, correcting the inequalities that are in the system. This bill does it. The Republican bill does it, and it enforces the things that President Clinton talked about in his 1992 campaign.

So, by signing our bill, he has nothing to lose. Continuing to pour more money into the welfare system is not the answer.

Mr. LEVIN. Madam Chairman, I yield 1 minute to the distinguished gentleman from New York [Mrs. MALONEY].

(Mrs. MALONEY asked and was given permission to revise and extend her remarks.)

Mrs. MALONEY. Madam Chairman, the American people do not want to hurt children. The Republican bill is so removed from reality, it punishes children and penalizes working families. The bill would hurt millions of innocent children by making deep cuts in benefits, especially during economic downturns, by limiting the contingency fund to only \$2 billion. The Tanner-Castle substitute has an uncapped contingency fund for use during these troubling times.

When we completely eliminate the Federal guarantee, those of us who have worked in city and State legislatures know that given the financial pressures, the poor will often fall through the cracks.

This Republican bill just tells defenseless children, tough luck. This bill will not put people to work. CBO says that it needs \$10 billion more for the program, for their work program. It will put families with children out on the street. That is not welfare reform, it is a blueprint for disaster.

Say yes to welfare reform, and no to this cruel and senseless bill.

Mr. KASICH. Madam Chairman, I yield 2 minutes to the gentlewoman from North Carolina [Mrs. MYRICK].

Mrs. MYRICK. Madam Chairman, back home in Charlotte, we have many successes in moving people off of welfare—because we have created programs that work best for the folks in our community.

As mayor of Charlotte, I worked closely with many people who found themselves needing the helping hand of welfare assistance.

Many people on welfare are young, single mothers. In working with them, I learned what kind of help they need to become self-sufficient.

Our bill will offer them exactly that form of help.

It will restore power and flexibility to the States, confirming our commitment to send power, money, and influence back home—and finally get Washington bureaucrats out of the picture so we can design our own programs at home.

It will help young mothers obtain jobs so they can feel good about themselves, and their kids can be proud of them.

Child care is one of their major concerns. Our bill has specific provisions for child care assistance. I was a working mom and I know that it is difficult to go out in search of a better life when you have your kids to care for.

It will also ensure that children receive nutritious meals at school through the school breakfast and lunch programs, as well as the special milk program.

Our bill will offer protections, as well as assistance, by assuring that certain vulnerable people—such a pregnant women and people certified as physically or mentally unable to work—are exempt from the work requirement.

In short, our bill makes sure that the needy are helped—and that those that can—help themselves.

Mr. SABO. Madam Chairman, I yield 2 minutes to the distinguished gentlewoman from New York [Mrs. LOWEY].

Mrs. LOWEY. Madam Chairman, I rise today in opposition to the Republican welfare bill and in support of the bipartisan alternative, the Castle-Tanner bill. We all agree that reform of our failed welfare system is long overdue. The system is failing both the taxpayers who fund it and the individuals that it is supposed to help.

Welfare must be reformed to better reflect and reinforce our shared American values of work and responsibility, but, unfortunately, the Republican welfare bill does not reflect our values. It is just too tough on children and too weak on work.

The American people want welfare reform to move Americans into the work force, not to punish children. This bill fails this fundamental test.

□ 1245

In reforming the welfare system, our focus must be on moving people into real jobs. Unfortunately, this bill will

not move welfare recipients into the work force. It does not create a real incentive for the States to move people off welfare and on to jobs, and it does not improve access to education and training so that people have the skills they need to get a job.

Quite simply, this bill imposes time limits without giving recipients the skills and education they need to find jobs before the time limits kick in. That is cruel and unfair. Real welfare reform should move recipients off the dole and on to jobs, not off the dole and on to the streets.

The other major flaws in the Republican bill: The legislation prohibits Federal assistance from going to children if their parents reach the bill's time limit. That is wrong. We must not punish children for the failures of their parents.

By contrast, the bipartisan Castle-Tanner bill requires States to provide help to children if their parents reach the time limit. Castle-Tanner also preserves the nutritional safety net for our children instead of giving States the option to block grant food stamps.

The Republican bill is also bad for New York. The Republican bill shifts Medicaid costs from the Federal Government to State and local governments, and we are going to lose \$1.8 billion in Medicaid costs.

Mr. KASICH. Madam Chairman, I yield 2 minutes to the distinguished gentleman from New York, the young Mr. LAZIO.

Mr. LAZIO of New York. Madam Chairman, I want to take a moment to express my deepest sorrow over the tragedy of TWA flight 800, which went down just last night off the shore of my own home on Long Island. Our thoughts and our prayers are with the families of the victims as they deal with their loss, and our gratitude goes to the rescuers throughout the country who are helping to recover important evidence.

Today almost 1.5 million people in my home State of New York are receiving some sort of public assistance. That is a big number. And far too often that is exactly how these people are treated, as numbers to be fed into a broken welfare system, processed and pushed out again.

The current system is inefficient, unfair and damaging to those it is supposed to help. Is this how we are supposed to show compassion? I think we can do better. This reform will replace our failed welfare system with one based on individual responsibility, accountability and hope for future generations.

By destroying the work ethic and encouraging fathers to leave home, our current system results in broken families, a disintegration of moral standards and devastated communities.

In contrast, these reforms would strengthen families, require able-bodied recipients to work, attack fraud and abuse, and crack down on deadbeat parents. Most importantly, it provides

hope for children by giving them the tools to break the cruel cycle of dependency. We will give them the incentive and tools to break out of the welfare trap that holds them down and limits their potential. By honoring work we allow people to assume responsibilities for themselves.

By providing more funding, more funding for child care, we will provide them with the opportunity to provide a better life for their children and end the cycle of dependency that has resulted in families raising a fourth generation on public assistance.

As a result of a welfare system that discourages two-parent families, today's illegitimacy rate among welfare families has continued to rise. This plan seeks to reverse this trend by increasing efforts to establish paternity and by demanding deadbeat fathers pay child support. Under the plan all mothers will be encouraged to identify the father of their children or face the risk of reduced benefits.

Most importantly, this reform gives hope to our children, the most defenseless victims of our current system. The system fosters dependency, crime, violence and despair, yet somehow we expect children born and raised under these circumstances to be able to break the cycle of dependency. That is simply not fair.

Madam Chairman, I am proud to support this bill. It moves us in the right direction.

Mr. SABO. Madam Chairman, I yield 2 minutes to the distinguished gentleman from New York [Mr. OWENS].

(Mr. OWENS asked and was given permission to revise and extend his remarks.)

Mr. OWENS. Madam Chairman, welfare reform is very much in order. The business of policymakers is reform. As legislators, the constant improvement of Government functions and programs is our job. Reform is a permanent, ongoing process. There is not a single Government program in existence that cannot use some reform. But reform should not be driven by manufactured hysteria and scapegoating. Welfare reform should not become the oppression and persecution of the poor.

At the heart of the welfare program is the aid to families with dependent children. Children are the primary recipients. The survival and development of children is what aid to families with dependent children is all about. Children are our Nation's greatest resource, and the AFDC program is about the salvation of those children.

Welfare reform can be accomplished without the kind of extremism and the persecution of the poor which is involved in the Republican reform bill.

Put the problem in perspective. We are talking about 1 percent, approximately 1 percent, of the total Federal budget. There are many other subsidy programs we should be looking at which would cost us far more. The farm subsidy program, farmers home loan mortgages, and the subsidies to farmers not to grow grain or plant or plow

fields; those are very expensive subsidies.

We give aid to people who are in earthquake zones, we give aid to people who are victims of hurricanes and floods. We have numerous places where we subsidize people.

There are also other areas where there is definite waste in Government that we should take a hard look at.

The CIA found they had \$3 billion they did not know they had in a slush fund. The Federal Reserve Board has \$3 billion for rainy days, and they have not had a rainy day in 79 years. So we have a lot of places to look for waste and improving Government and reforming Government. We do not have to persecute the poor in order to get rid of waste.

AFDC is a program for children. It has been badly administered. It is not administered by poor people, we can improve the administration of it. We can find ways to improve it in many ways, but we should not persecute the poor. We should not persecute children in the process. This is about developing children, and we should be about the business of developing children.

Mr. KASICH. Madam Chairman. I yield 2 minutes to the distinguished gentleman from the State of Arizona [Mr. KOLBE].

Mr. KOLBE. Madam Chairman, I thank the gentleman for yielding me this time.

Madam Chairman, we are able to come to the floor today and offer the American people a meaningful welfare reform proposal because of the work done by my colleagues Representatives CASTLE and TANNER. I have remained committed to changing the welfare system as we know it and worked with Representatives CASTLE and TANNER to continue the welfare debate. Their efforts continued the discussions between the majority and minority in the House, the administration, and the Governors to find a workable welfare compromise. I am pleased that the Republican majority have incorporated many of the suggestions included in the Castle-Tanner proposal. Therefore, I will join my fellow colleagues in support of H.R. 3734 as offered by the Republican majority.

Madam Chairman, this bill answers the American people's demands to reform the current welfare program and addresses many of the concerns of the bipartisan Castle-Tanner group, the Governors and the administration. Over the past 18 months, this Congress has set out to truly reform the welfare program, and twice our efforts have been stopped by two Presidential vetoes.

Madam Chairman, the American people recognize that the current welfare system is a failure. It traps welfare recipients in a cycle of dependency, and undermines the values of work and family that form the foundation of communities. The welfare state has created a world where children have no hope for tomorrow. Welfare cannot be a

way of life for women and children. This bill provides women with the support to become working members of our society through the job training and child support programs.

This bill restores power and flexibility to the States through the cash welfare and child care block grants. States will be given maximum flexibility to reform welfare, to develop income-support programs, and move families into the work force.

We all agree the program must be changed, however some of my colleagues are saying the changes we are making is going to cut welfare programs, and that is simply untrue.

Madam Chairman, over the last 6 years the Federal Government has spent over \$441 billion on welfare programs. Through the next 6 years, through 2002 our welfare bill proposes to spend \$578 billion. It is not cutting spending in the welfare bill that will be sent to the President, it increases it by \$137 billion. This is not a cut to welfare. We should support this bill.

This bill ends the long-term dependency of the welfare program and encourages self-sufficiency through imposing tougher work requirements. This bill guarantees that welfare becomes a helping hand and not a lifetime hand-out by imposing a 5-year lifetime limit for collecting AFDC. This bill is a common-sense effort to restore the basic values of work and restore the American dream for those currently in the welfare system.

This bill restores power and flexibility to the States, confirming our commitment to give the decisionmaking, money, and influence back to the States and get Washington bureaucrats out of your pockets. Through the cash welfare and child care block grants States will be given the maximum flexibility to reform welfare, develop income-support programs, and move families into the work force.

Washington's answers have not ended the war on poverty. We have found that the best welfare solutions come from those closest to the problems—not from bureaucrats in Washington. It is time to get the Washington bureaucrats out of the welfare system.

We all agree the program must be changed, however, some of my colleagues are saying these changes will cut funding to welfare programs—this is completely untrue.

Madame Chairman, over the last 6 years the Federal Government has spent \$441.3 billion on welfare programs, including aid to families with dependent children [AFDC], child care, child support enforcement, food stamps, and child support.

Over the next 6 years, through 2002, our welfare bill will spend \$578.3 billion. Our bill is not cutting spending in the welfare bill that will be sent to the President. In actuality, over the next 6 years, even after reform, welfare spending will increase by \$137 billion. Let me say this again, the Federal Government will spend an additional \$137 billion on welfare over the next 6 years. This is not a funding cut to the welfare program.

Madame Chairman, we are presenting to the President a meaningful welfare plan that incorporates changes requested by the governors and the bipartisan Castle-Tanner group. It is bipartisan effort and I urge my colleague to join me in supporting this welfare

proposal and I encourage President Clinton to move beyond his words of support and sign our bill.

Mr. SABO. Madam Chairman, how much time is remaining on both sides?

The CHAIRMAN. The gentleman from Minnesota [Mr. SABO] has 11½ minutes remaining, and the gentleman from Ohio [Mr. KASICH] has 7 minutes remaining.

Mr. SABO. Madam Chairman, I yield 2 minutes to the gentlewoman from Connecticut [Ms. DELAURO].

Ms. DELAURO. Madam Chairman, today is a sad day for those of us who support real welfare reform. The Republican bill fails to meet the goal of moving people from the welfare dole to the working rolls. It fails to protect children from the ravages of stark poverty. This bill is tough on kids and weak on work.

The American people want welfare reform that replaces dependency with the dignity that is earned from working for a living. At the same time the American people want us to protect innocent children who have no means to take care of themselves, and this bill moves in the opposite direction on both counts.

The Republicans' Congressional Budget Office says that the Gingrich welfare plan underfunds the work program by \$10 billion, by \$10 billion, making it impossible to take people from welfare to work. It builds in the failure of getting people to work.

Under this bill's food stamp block grant plan more than 1 million children in this country could be forced into poverty. One million. It is outrageous. This bill is an unforgivable assault on our Nation's values and what we are about.

Fortunately, today, we have a viable and a fair substitute, a bipartisan plan, Tanner-Castle, I repeat bipartisan, that puts people to work without throwing more kids into poverty. It has strong work requirements and the needed funds to make them work. It reforms AFDC and ends the cycle of dependency for welfare recipients and their families. It emphasizes the dignity of work over the punishment of children.

We have precedent here. Last year the Republican leadership tried to drop 2 million children from the school lunch program. Now they are targeting kids again. It is wrong, and I call on my colleagues to reject it.

We must not miss the opportunity today, it is an historic moment, to deliver real welfare reform that this country needs. Let us stand together for a bipartisan commonsense approach. Reject this failed agenda and support Tanner-Castle.

Mr. KASICH. Madam Chairman, I yield 2 minutes to the distinguished gentleman from the State of Connecticut [Mr. SHAYS], a member of the Committee on the Budget.

Mr. SHAYS. Madam Chairman, I thank my colleague for yielding me this time.

Madam Chairman, this new Republican majority has three primary objectives: One is to balance our Federal

budget and to get our financial house in order; the second is to save our trust funds for future generations; and the third, and that is the one most involved with this effort today, we are trying to transform our caretaking social and corporate and welfare state into a caring opportunity society.

There is nothing caring about our present welfare system. When I see my own communities, I see young children having babies, I see young children selling drugs, I see young children killing each other. In my communities there is nothing humane or caring about the system that we have. I see 24-year-olds who have never had a job, not because a job does not exist, because maybe it is a dead-end job, in their view. If I had ever said that to my dad, my dad would have doubled the amount of time I took that job.

And 30-year-old grandparents. We basically have three generations of people on welfare. We have helped subsidize and create the very system we are trying to eliminate.

Madam Chairman, I believe that child care and job training should be designed by the States, not the Federal Government. I believe child care and job training should be designed by local governments, not the Federal Government. I want to move power and money and influence out of this place and back to local communities, who know how to spend the money.

Madam Chairman, I want to add to what the gentleman from Arizona [Mr. KOLBE] said: \$441 billion for welfare up to \$578 billion, an increase of \$137 billion. Hardly a cut. We need to change the system, and this bill does it.

I would conclude by saying that in the final analysis, it is not what we do for our children but what we have taught them to do for themselves that will help make them be successful human beings. We need to teach them how to grow the seeds, how to grow the seeds, not just hand them the food.

This is a caring bill, and the sooner we pass it, the better.

Mr. SABO. Madam Chairman, I yield 2 minutes to the distinguished gentleman from Michigan [Mr. DINGELL].

(Mr. DINGELL asked and was given permission to revise and extend his remarks.)

Mr. DINGELL. Madam Chairman, we must reform welfare. But as we work to reform welfare it is important to remember that we do not need to provide welfare assistance solely for altruistic reasons.

We provide welfare assistance and financial assistance to those in need because it is in the best interest of our society to do so as we fit them for return to work and to membership in this society and in the productive units of this society.

□ 1300

Madam Chairman, work works. One of the highest priorities must be giving States and their residents the tools to find and keep good-paying jobs. No

Federal, State, or local government funds should be given to individuals without expecting something from those individuals in return. The purpose of welfare is to give financial lift to help people out of difficult times. Yet it must also provide them with the tools, training, education to support their families and to become productive parts of our work force.

The Castle-Tanner bipartisan reform welfare program, of which I am proud cosponsor, provides the States with tools to reduce welfare rolls through education and training of recipients. I support this proposal for this reason, because it is the only version of welfare reform being considered today which will help Michiganians off welfare by providing the skills to achieve good jobs.

Madam Chairman, we must care for the kids. Twenty-one percent of our children through no fault of their own are living in poverty. The Castle-Tanner bipartisan welfare reform will improve our welfare system so that abused children are protected. Neglected children get care, and hungry children will be fed. It will provide families with the support they need to care for their children while they move to become useful working components of our society. Without a guarantee for our children for food, shelter, and medical care, we will have a failure in this bill.

The Republican bill fails by comparison. It does not take care of children. It does not take care of the hungry. It does not provide means for getting people back to work.

I urge support of Castle-Tanner.

Mr. SABO. Madam Chairman, I yield 2 minutes to the distinguished gentleman from Texas [Ms. JACKSON-LEE].

(Ms. JACKSON-LEE of Texas asked and was given permission to revise and extend her remarks.)

Ms. JACKSON-LEE of Texas. Madam Chairman, I thank the gentleman for yielding the time.

I think that I really know America. I know an America that rose to help the victims in Oklahoma City. I know an America that rushed to the Midwest when floods overtook that community. I know an America that extended themselves to help those in hurricane-ridden Florida. And I know an America who stood on June 1, 100,000 strong and stood for our children.

The Castle-Tanner bill is what we call real welfare reform. It fares well for Americans. We do not need a bill that cuts Americans who need some \$60 billion, as the Republican bill does. We need a bill that has Americans who work hard and pay taxes joining us in saying that is fair. If you have a cutoff, then require the States to provide a bridge for those who may not yet be able to be independent after a 5- or 2-year cutoff. Provide vouchers. If you cut Medicaid, allow families with children to still carry Medicaid. Excess shelter provision is needed, and the Castle-Tanner has that.

Although we are in a climate of bashing hard-working immigrants, of which many of us came to this Nation in so many shapes and sizes, they pay taxes. They work. This provision in the Castle-Tanner bill allows for legal immigrants who have fallen on hard times, who cannot find work, to be able to be provided for.

Yes, the Castle-Tanner bill does not increase the taxes of working poor, people who have made the decision that I would rather stand up and be counted in the work force but yet still need food stamps in order to carry the day for their children.

I do not know about my colleagues, but the bill to pass today for real welfare reform that fares America well is the bill that supports our children. Why can we not do this in a bipartisan manner and stop the accusations? I am going to stand for the children of America and not cast aside those who are least able to serve.

Please support the Castle-Tanner legislation.

Mr. KASICH. Madam Chairman, I yield 1½ minutes to the distinguished gentleman from Arizona [Mr. HAYWORTH].

Mr. HAYWORTH. Madam Chairman, I thank the chairman of the Committee on the Budget, my colleague from Ohio, for this time.

Madam Chairman, she is called by an unlikely nickname, Pee Wee. Pee Wee Mestas of Holbrook, AZ, operates the Wayside Drive-in and offers a true spirit of compassion that goes beyond bromides to putting her philosophy and, yes, her faith in action. For, you see, Madam Chairman, Pee Wee Mestas, the operator of the Wayside Drive-in in Holbrook tries to do a gigantic job, not only providing for her family but trying to introduce the concept of work to young ladies in her hometown who have had children out of wedlock.

Recently Pee Wee shared with me her frustration, for inevitably, Pee Wee says, when she offers jobs to these young ladies, they come and they work for a couple of weeks. But then invariably, and this is the sad fact, then invariably they say: Pee Wee, listen, I appreciate the opportunity to have this job, but, you see, the government will pay me more to stay home and do nothing.

Madam Chairman, I respectfully submit that the issue is not about the care of children, for all of us in this Chamber truly care for children. The issue is teaching those mothers, those parents who have failed to take responsibility, they need responsibility, they need work. That is genuine compassion. Vote for the majority plan.

Mr. SABO. Madam Chairman, I yield the balance of my time to the distinguished gentleman from Massachusetts [Mr. NEAL] who has worked very hard on the issue of welfare reform.

The CHAIRMAN. The gentleman from Massachusetts [Mr. NEAL] is recognized for 5½ minutes.

(Mr. NEAL of Massachusetts asked and was given permission to revise and extend his remarks.)

Mr. NEAL of Massachusetts. Madam Chairman, there is a great verse from the old folksong that goes like this: When will we ever learn?

Two years ago, one side in this institution learned that they would be unsuccessful in imposing their will on the other side when it came to the health care debate. And for the better part of 18 months, the majority in this House has failed to successfully pass welfare reform.

The truth is, today, and Members will never hear them give any credit to this gentleman, but Bill Clinton forever changed the culture of the welfare debate in this country when he said we would end welfare as we currently know it.

There is but one piece of legislation in front of this House today that commands the respect of Democrats and Republicans alike. That is the Castle-Tanner legislation. That is legislation based upon the hard-won experience of the former Governor of Delaware and the distinguished gentleman from Tennessee, because they worked diligently to come up with a piece of legislation that Republicans and Democrats alike could support.

No Member of this institution supports or defends the status quo when it comes to the current welfare system in America. We reject the notion that one out of three children being born out of wedlock in the long run ensures the social viability of this Nation. But as Al Smith used to say, let us take a look at the facts.

Members will never hear it from the majority in this House, but today there are 1.3 million fewer welfare recipients across this Nation. Bill Clinton has granted 67 experiments in 40 States. Seventy-five percent of the welfare recipients in this country today are in work programs across this Nation.

But let us not lose sight of this fact. I reject the suggestion of the previous speaker on the Republican side, when he said that this debate was not about children. There are 12.8 million AFDC recipients in America today; 8.8 million of those AFDC recipients are children.

Despite the mistakes of parents who may well have been involved in anti-social behavior or, through no fault of their own, receiving welfare benefits, we ask ourselves today, what do we do about those 8.8 million children? Is there anybody of the Jewish faith or the Protestant faith or the Catholic faith today or other faiths in this institution that would reject the instruction of those religious creeds and say that we have an obligation to those children to move them through this difficult time in their lives? Their only mistake was to be born into circumstances over which they had no control.

But what is ironic about much of this debate today is that we have an opportunity in this Chamber to reject the status quo, to do it as Democrats and Republicans alike and, indeed, every-

body would acknowledge how far the Democratic Party has moved during the last 18 months on this issue.

Do my colleagues know what else is extraordinary? As the Democratic Party has moved to the center in this debate, the Republican Party has moved more to the right. The goal of welfare reform has been elusive because there is an element on the other side that does not want to change in policy. They want a campaign issue for November. And the nominee of the Republican Party really had very little interest in coming to terms with a welfare bill that he knew that the President of the United States would sign.

We have a chance in the next hours of this day to create a welfare bill that Republicans and Democrats can go home and point to as a tangible achievement and to remind the American people that the system really does work when there is an element of goodwill that governs our lives.

The choice is relatively simple today. Will we vote for a piece of legislation that protects 8.8 million American children, or will we be caught up in a political issue for the fall?

I would remind all that, again, it was Bill Clinton who changed the culture of the welfare debate in this country and has said repeatedly, if a good, sound welfare bill is put on his desk, he will sign that legislation. Do Members know what else is interesting? He has already stated he will sign the Castle-Tanner bill if put on his desk.

We can accomplish that in the next few hours. Vote for Castle-Tanner and to welfare say farewell.

Mr. KASICH. Madam Chairman, I yield myself the balance of my time.

The CHAIRMAN. The gentleman from Ohio [Mr. KASICH] is recognized for 3½ minutes.

Mr. KASICH. Madam Chairman, I want to compliment the previous speaker. I think he did a pretty good job down here putting out his point of view, some of which I would agree with and some of which I would not. But I think he did a nice job with his remarks. I do want to say that when we look at what is happening in the House of Representatives, I said it this morning and have been saying it now for many months, the kind of change that we have seen in this House of Representatives is absolutely breathtaking.

We have had a welfare system that did not have time limits, did not have good work requirements, did not have good incentives for people to go to work, did not have good training requirements.

The American people are very smart. They knew we did not have a system that worked. I think the American people, because I am one of them, kind of grew up with the philosophy of Judeo-Christianity. We help people who need help and to teach people how to help themselves. That is the bottom line.

Somebody may have something, may fall on hard times, we are there at the

doorstep. But it gets old after awhile when those very same people who needed the help decide for whatever reason not to help themselves.

What does this bill do? It says, look, you have got to go to work; you have got to get trained. You cannot be on welfare forever. If you are down and out, if you are down on your luck, if you need some help, if your kids are sick, if you are sick, we are going to help you.

But at some point, in fairness to all those people, frankly, who are in this building today, who get up and go to work and pay their taxes, this is what they want. They want the time limits. They want the training requirements. They want the work requirements, and they want people to go to work.

□ 1315

And for those who can never go to work because they are just not capable, we are going to take care of them, but for the vast majority of Americans who want to work, we are going to fundamentally change the system.

For those that wonder about this Congress, as my colleagues know, the President did make a campaign speech a couple years ago saying he was going to change welfare as we know it. He has vetoed two bills, third time is the charm, but he vetoed the two bills that we sent to him since this Republican Congress took control.

Now, this is not braggadocio or partisanship. Frankly, it is the facts. The facts are the reason why we are debating fundamental welfare reform is because this Congress kept its word. The reason why people who go to work are going to feel better about the newly created welfare program is because we kept our word, and it is significant. The substitute that is being offered is a pretty positive substitute. Does not go far enough; it is too much, too much give, too much compromise, too much of the old system. But the compromise legislation ends the entitlement. It has work requirements. It has some form of time limits.

Can my colleagues imagine, the Republicans and Democrats today in the House of Representatives are debating the most fundamental change in welfare since the program was created, and we are doing it because we want to help those people who are poor, we want to help those people who are disadvantaged get to work, and at the same time we are sticking up for the taxpayers in this country who go to work, who are willing to share their income with those who are less fortunate but who only ask that at some point in time those who are less fortunate get out and help themselves.

I think this is a win-win today. I would defeat the substitute, I would pass the bill. Let us have real welfare reform, and I think at the end of the day the President signs it and this Congress will go down in history as the Congress that stood up for working people in America.

Mr. NADLER. Madam Chairman, I rise in strong opposition to H.R. 3734, the Republican Welfare Reform Act being considered today on the House floor.

This welfare reform bill is a direct assault on America's children, and on America's future. Most of the provisions of this bill would have their primary impact on low-income children. This bill would cut \$61.1 billion from vital family survival programs, denying benefits to millions of children who are in desperate need.

This bill eliminates AFDC as an entitlement program, and creates a block grant to the States, denying the assurance of basic necessities to poor families and children when they are in need.

The child care assistance provided in this bill is insufficient. How do the authors of this legislation expect low-income families to get off welfare if they can't even afford a safe, decent, place for their children to be cared for while they work? According to the CBO, this bill falls \$800 million short of the costs of providing child care assistance to individuals required to work.

Furthermore, the CBO has estimated that this bill would fall \$12.9 billion short of the funding necessary to meet the work program requirements in the bill. If we are to move families effectively toward financial independence, we must—before we remove a vital safety net—provide the training necessary to perform jobs that will provide financial independence.

Madam Chairman, the magnitude of cuts to and elimination of programs that provide children and families important protections is unprecedented. Not only does this bill take away the assurance of emergency assistance for the very poor, but it also reduces drastically funding for child nutrition programs and food stamps. More than half of all food stamp recipients are children, and this bill slashes food stamp spending by \$28.4 billion over 6 years, putting many children in jeopardy of not receiving the nutrition they need.

Madam Chairman, this bill is counter to the so-called family values about which there has been much discussion during the 104th Congress. If this really were a bill to promote and foster independence, it would focus on creating jobs and providing training, educational opportunities, and child care assistance. But instead, this legislation's focus is on removing basic assistance from children in dire need.

Madam Chairman, I urge my colleagues to vote against this very damaging bill.

Mr. SMITH of New Jersey. Madam Chairman, I would first like to commend Mr. SHAW and Mr. ARCHER, along with the other members of their respective committees, for once again forging legislation which will truly end welfare as we know it.

Although we had previously passed welfare reform legislation on two separate occasions, Mr. Clinton, in failing to keep his promise to the American people twice vetoed our welfare bills. Madam Chairman, I am hopeful that once this monumental legislation is again passed and presented to the President, he will sign the bill this time, if for no other reason than it will be politically expedient for him to do so.

As you are aware Madam Chairman, this welfare proposal includes a general rule which prohibits States from providing cash assistance under the family assistance block grant to a child born to a recipient of cash welfare

benefits or who received cash benefits anytime during the pregnancy. This has been referred to as the "family cap" provision. However, the bill does permit States to opt out of this prohibition if a State passes legislation specifically exempting the State program funded under the family assistance block grant from application of the prohibition. I worked hard for this relief option and I am hopeful that most States will utilize it.

For those States, however, that do not opt out, Madam Chairman, and in particular for the children of these States, I am pleased that the bill includes my amendment that permits States to provide vouchers for children born to families receiving assistance. I worked diligently to have this amendment included in our original welfare reform bill (H.R. 1214 and H.R. 4), where it was passed overwhelmingly during consideration of that bill—352 to 80.

I admit the original family cap-child exclusion had surface appeal to many Americans who are fed up with people being on the dole. Americans want the abuse of the system to end.

However, the voucher-exception provision to the family cap will help the weakest and most vulnerable people in our society—children. I am sure everyone agrees that we must not punish children for the sins of their parents.

My voucher-exception amendment now included in this legislation enables us to accomplish the goal of the family cap provision—i.e., discouraging out-of-wedlock pregnancies—without driving children further into poverty or forcing their mothers to have an abortion. My provision maintains the restriction on cash benefits, but allows vouchers to be used to pay for particular goods and services specified by the State as suitable for the care of the child involved.

This means that State's will be able to provide for the most essential needs of the children: clothing, shoes, diapers, powders, bedding, laundry detergents, and travel to the doctor.

Over the years numerous studies have shown that money—or more precisely the lack of it—heavily influences a woman's decision to abort her child. Without my amendment, we would be saying to mothers, "the State will not help you feed your child, but we will—as they do in many States—pay for you to destroy your child."

A major study by the Alan Guttmacher Institute, a research organization associated with Planned Parenthood, which performs or refers for 230,000 abortions a year found that 68 percent of women having abortions said they did so because "they could not afford to have a child now." Among 21 percent of the total sample, this was the most important reason for the abortion; no other factor was cited more frequently as most important.

The voucher-exception provision permits states to provide compassionate care for children—care which offers help to women who do not want to have abortions, or who may otherwise feel trapped by a State program that limits their ability to care for another child.

Mr. PORTMAN. Madam Chairman, I rise in support of real welfare reform—something that is long, long overdue.

The current welfare system is broken. It needs a major overhaul. No one can doubt the fact the war on poverty has failed—no one. We have spent over \$5.4 trillion on welfare in the last generation, but, in the long term, the

current system has more often harmed the very people it was designed to help.

Madam Chairman, the welfare reform issue has been thoroughly and, I believe, thoughtfully studied and debated by this Congress. Remember, this marks the third time this session that this Congress will pass a welfare reform bill and sent it to the President.

This new proposal is a fundamental change in the direction of our welfare system. It is the product of many, many hours of hearings and many sensible compromises. We are not, as some might have you believe, turning our backs on welfare recipients, nor should we. This bill continues to protect the children that are the most vulnerable people affected by our broken welfare system. It will continue to protect and to strengthen the role of families. But, it also protects our taxpayers. We're telling our taxpayers that, for now on, welfare will be a helping hand, not a handout.

The new plan contains the major provisions I have worked for—work requirements, flexibility to allow States to address their own unique needs, and a 5-year time limit for those on welfare. My home State of Ohio has developed creative and innovative solutions closer to the real needs of people on welfare.

I applaud Subcommittee Chairman SHAW, Chairman ARCHER, and Chairman KASICH for their leadership and urge my colleagues to support this bill. I think this bill is long overdue and urge the President to sign it.

Ms. JACKSON-LEE of Texas. Madam Chairman, I rise today to speak out against a great injustice—an injustice that is being committed against our Nation's children—defenseless, nonvoting, children. I am referring of course to H.R. 3734, the Welfare Budget Reconciliation Act for fiscal year 1997.

We speak so often in this House about family values and protecting children. At the same time however, my colleagues on the other side of the aisle, have presented a welfare reform bill that will effectively eliminate the Federal guarantee of assistance for poor children in this country for the first time in 60 years and will push millions more children into poverty.

This partisan bill is anti-family and anti-child. The Republican bill continues to be weak on work and hard on families. Without adequate funding for education, training, child care and employment, most of our Nation's poor will be unable to avoid or escape the welfare trap. Even before the adoption of amendments increasing work in committee, the Congressional Budget Office [CBO] estimated that the Republican proposal is some \$9 billion short of what would be needed in fiscal years 1999 through 2002 to provide adequate money for the States to carry out the work program. Furthermore, the increase in the minimum work hours requirement, without a commensurate increase in child care funding, will make it almost impossible for States to provide child care for families making the transition from welfare to work. True welfare reform can never be achieved and welfare dependency will never be broken, unless we provide adequate education, training, child care, and jobs that pay a living wage.

I am also concerned about block grants in the bill which would eliminate any assurance of Federal funding for the prevention of child abuse. Child protection systems across the Nation are overwhelmed by the crisis facing families and their children. Federal, State and local efforts to prevent abuse have done little

to alleviate the problem. In its April, 1995 report on child abuse and neglect fatalities, the U.S. Advisory Board on Child Abuse and Neglect reported that almost 2,000 infants and young children die from abuse and neglect at the hands of parents and caretakers each year. The vast majority of these children were under age 5 when they died and 45 percent were under the age of 1. It is critically important that child protection agencies increase their efforts to help children earlier in their lives. This bill does not go far enough to protect the Nation's children.

Similarly, the proposed cuts in the Summer Food Program will seriously jeopardize the program's continued viability—threatening the health and well-being of the 2 million low-income children who rely on the program.

More children will be hurt by the bill's denial of benefits to legal immigrants. The Republican bill would cut benefits for immigrants by about \$19 billion and only 6 percent of these savings would come from denying benefits to illegal immigrants. Low-income legal immigrants would be denied aid provided under major programs such as SSI, Medicaid and food stamps. They would also be denied assistance under smaller programs such as meals-on-wheels to the homebound elderly and prenatal care for pregnant women. Under this bill, nearly half a million current elderly and disabled beneficiaries who are legal immigrants would be terminated from the SSI program. Similarly, the Congressional Budget Office estimates that by 2002, approximately 140,000 low-income legal immigrant children who would be eligible for Medicaid under current law would be denied it under this legislation. Most of these children are likely to have no other health insurance. I cannot believe we would pass legislation that would result in even one more child being denied health care that could prevent disease and illness.

This bill also changes the guidelines under which nonimmigrant children qualify for benefits under the SSI program. As a result, the CBO estimates that by 2002, some 315,000 low-income disabled children who would qualify for benefits under current law would be denied SSI. This represents 22 percent of the children that would qualify under current law. The bill would reduce the total benefits the program provides to disabled children by more than \$7 billion over 6 years.

Madam Chairman, mandatory welfare-to-work programs can get parents off welfare and into jobs, but only if the program is well designed and is given the resources to be successful. The GOP bill is punitive and wrong-headed. It will not put people to work, it will put them on the street. Any restructuring of the welfare system must move people away from dependency toward self-sufficiency. Facilitating the transition off welfare requires job training, guaranteed child care and health insurance at an affordable price.

We cannot expect to reduce our welfare rolls if we do not provide the women of this Nation the opportunity to better themselves and their families through job training and education, if we do not provide them with good quality child care and most importantly if we do not provide them with a job.

Together, welfare programs make up the safety net that poor children and their families rely on in times of need. We must not allow the safety net to be shredded. We must keep our promises to the children of this Nation. We

must ensure that in times of need they receive the health care, food, and general services they need to survive. I urge my colleagues to oppose this dangerous legislation and to live up to our moral responsibility to help the poor help themselves. Therefore, I support the Castle-Tanner welfare reform legislation which remedies many of these problems and fairly moves people from welfare to work.

Mr. BUYER. Madam Chairman, in passing real welfare reform, thus ending welfare as millions know it, Congress is giving more hope, more opportunity, and more responsibility to families across America.

Our current welfare system destroys lives by providing permanent aid to anyone. It creates poverty, dependence, hopelessness—repeated generation after generation in the same families. Some people are saddened that President Clinton vetoed real welfare reform not once but twice. I am more than saddened—I am angry. By keeping in place the same failed welfare policies of the past, the President has retained the status quo and denied the American Dream to millions of families. This is wrong. Government at the very least should not continue programs that hurt families and especially children. Welfare should be a helping hand in times of trouble, not a hand-out that becomes a way of life. I urge the President to not offer his veto a third time, but to provide his signature for the first time.

The current welfare system subsidizes illegitimacy, destroys families, and promotes waste, fraud, and abuse. It is not a morally healthy environment when you have 12-year-olds having babies, 15-year-olds killing each other, 17-year-olds dying of AIDS and 18-year-olds graduating with diplomas they cannot read. Welfare as we now know it is a system that keeps over a third of poor Americans locked in a seemingly endless cycle of destitution that has not stemmed a steady and growing epidemic of people living in poverty—14.5 percent of Americans in 1994.

The debate surrounding welfare should not be centered around cost—although the costs have been enormous over the years—but rather about principles such as purpose, dignity, and hope. Currently welfare consists of 80 Federal programs which provide cash payments, food, housing, and medical benefits. When created, it was thought that providing these handouts would allow individuals time in which to make the necessary changes in their lives to become a productive and self-sufficient member of society.

It is important to note that among industrialized nations at the start of this decade, the United States had the most murders, the worst schools, the most abortions, the highest infant mortality, the most illegitimacy, the most one-parent families, the most children in jail, and the most children on government aid.

Many of our successes in fighting welfare have begun in communities and neighborhoods. There are a number of alternatives to Washington bureaucracy. Habitat for Humanity is one such example. While the Department of Housing and Urban Development [HUD] requires absolutely nothing from tenants, Habitat requires recipients to learn the responsibility of home ownership and requires them to build a home for someone else before they help build their own home. One works to foster responsibility while the other fosters only more dependence. HUD requires only taxpayer dollars

while Habitat for Humanity requires hard work and commitment from the individual, the family and community volunteers and donations. One works, the other does not work.

The 104th Congress has passed two dramatic welfare reform plans, only to see them end at the desk of President Clinton and his veto pen. The overriding messages of this bill are compassion, work, and responsibility. Our welfare reform plan includes:

**Deadbeat dads:** This bill assures that children receive the support necessary by establishing State tracking procedures, promoting automation of child support procedures in every State, takes measures to establish paternity, and toughens child support collections.

**Work requirement:** In 1979, 14 percent of welfare beneficiaries were working at paid jobs. By 1990, the number had dropped by one-half to 7 percent. Today, fewer than 7 percent of AFDC recipients work. Approximately 4.7 million families currently are on AFDC and over 90 percent will spend more than 2 years on welfare, and 77 percent will spend more than 5 years on welfare. This bill provides tough work requirements and enforces those work requirements. Able-bodied food stamp recipients between the age of 18 and 50 years with no dependents are required to either work 20 hours per week in a job or participate in a State work or training program within 120 days for receipt of benefits. It also gives incentives to reward States who are successful in moving families off welfare and into work. Work offers the best opportunity for long-term prosperity.

Congress also worked with the Nation's Governors to assure single parents will be able to balance work with caring for their young children. At the Governors' requests, exceptions can be made at the State level to the lifetime 5-year benefits limit if a hardship exists. States must have 50 percent of welfare families working by 2002 or face losing Federal funds.

**Child care:** This bill provides for child care to allow parents to receive proper training and education in pursuit of employment.

**Child nutrition:** Child nutrition programs are streamlined to reduce costs without making cuts in school lunch, school breakfast or WIC programs.

**Food stamp program:** Food stamps remain a Federal program but it requires able-bodied single adults to spend at least 20 hours a week in work-related activity or lose food-stamp benefits. In addition, it allows States to use one set of eligibility rules for families seeking cash welfare and food stamps.

**Supplemental security income:** Denies SSI to prisoners, people who fraudulently receive SSI while in prison, people who receive SSI from two or more States, fugitive felons, and probation and parole violators.

**Provisions for noncitizens:** Present law requires that when aliens come to the United States to live they must sign an affidavit that states they will not become dependent on the State, in other words they will get a job and become productive members of society. Unfortunately, many come to the United States, never become U.S. citizens, and receive assistance from taxpayers. This bill ends, 1 year after enactment, Medicaid and food stamps for most noncitizens now on the welfare rolls until they become citizens.

This welfare reform plan is the first step to allow millions an opportunity at the American

Dream. Washington has finally come to the realization what our States and local communities have long known that dollars alone won't solve this problem.

In changing welfare we must also change people's habits. If beneficiaries believe, as many currently do, that all they need to do is sign-up for benefits and wait for the check, then they have no incentive to find work. In contrast, if able bodies individuals know they only have 2 years to find a job, they will have to change their behavior and seek training that will lead to a job. By passing this bill we are extending our hand and offering real assistance, not just a handout but an opportunity for a new and better life. We are offering a way out of a system which has trapped adults and children for the past three decades.

This welfare reform bill moves toward individual responsibility, work ethic, learning, and commitment. It allows individuals in their own communities to reach out and help their neighbors. It helps children, encourages families to stay together, puts people back to work and strengthens America's moral fiber. It returns the program to its original intent—a temporary helping hand for those most in need. In the end, it provides opportunities that do not currently exist for welfare beneficiaries to seek the American Dream with a sense of purpose, dignity, and hope.

Mr. COYNE. Madam Chairman, in 1935 the Social Security Act became law. It established a commitment by the Federal Government to provide a guaranteed safety net for people who need assistance in making ends meet. The Republican welfare reform legislation currently being considered by the House of Representatives ends this 60-year commitment to poor families and leaves their economic fate to the vagaries of State politics. Further, this bill makes substantial cuts in the earned income tax credit [EITC], puts millions of children in jeopardy of losing their access to health care, and gives the States millions of Federal taxpayer dollars and provides inadequate Federal oversight to ensure that they will spend these funds wisely. For these reasons, I cannot support this legislation.

The bill before us today will end the Federal guarantee of economic assistance for families in need. This means that individual States will determine who will be eligible for assistance and how to provide for these families with limited Federal dollars. Under this system, if you are poor and happen to live in New York, you may be eligible to receive welfare assistance, while if you are poor and happen to live in Mississippi, you may not be eligible to receive any assistance at all. This is hardly an equitable means of distributing Federal dollars. Eliminating the Federal commitment to the Nation's poor is something that I simply cannot support. Families in need of assistance should have somewhere to turn, regardless of the State in which they live.

Under this legislation, many children who currently have access to health care services through the Medicaid Program may lose this critically important access. It is estimated that as many as 1 million children may lose their health care coverage under this legislation. This legislation will allow States to deny health care coverage to children who are currently receiving cash assistance but who will become ineligible for assistance under this bill. Not only will this legislation make many children ineligible for economic assistance, it will hit

them twice by making them ineligible for health care services as well. At a time when the number of uninsured children is rising, it is unconscionable that we are considering legislation that will increase the number of uninsured children.

It is ironic that the Republican majority has chosen to make the working poor pay for the costs of this bill through cuts to the EITC. This bill actually raises taxes on approximately 4.3 million working families earning between \$17,000 and \$29,000 per year by phrasing out the EITC more quickly. Instead of placing the burden of funding their welfare proposal on those who can best afford it, the Republican majority has chosen to place this burden squarely on the shoulders of those who can least afford it.

During the Ways and Means Committee's consideration of this bill, the Democratic minority was assured that the cuts in the earned income tax credit would be balanced by a nonrefundable \$500 per child tax credit. However, because this child tax credit is nonrefundable, millions of working poor families will not be eligible to receive the child credit because they do not earn enough income. Many families who are hurt by the cuts in the EITC will be ineligible to receive the child tax credit. Not surprisingly, the bill before us does not contain the \$500 per child tax credit but retains the devastating cuts to the EITC.

This legislation sends a mixed message to welfare recipients. Under current law, States are prohibited from counting families' EITC payments in the calculation of their welfare eligibility and benefits. The legislation under consideration today will permit States to use EITC payments in these calculations. Individuals who are trying to make ends meet through paid work but who just don't make enough money to get by, face punishment by the State for their efforts. I offered an amendment during the Ways and Means Committee's markup of this legislation that would have required States to continue the current policy of disregarding EITC payments in welfare determinations, but it was defeated by the Republican majority. The EITC was established and has enjoyed bipartisan support because it rewards work—exactly what this bill is trying to accomplish—and so I do not understand why my Republican colleagues insist on allowing States to punish families who are genuinely trying to make work pay.

I believe that individuals who can work and who can find a job should do so. I also believe that families who play by the rules should not be penalized for their inability to find work. This legislation does exactly that. By refusing to acknowledge that not everyone who currently receives welfare will be able to find a job that will provide a living wage, the Republican majority is setting up its welfare reform proposal to fail. It will fail because it will harm innocent children as well as their parents. The welfare reform bill before the House of Representatives contains provisions that will push more children into poverty—some estimate as many as 1.5 million—with little hope of ever getting out. The bill explicitly leaves open the possibility that children will suffer for the deeds of their parents and allows States to use children as pawns in influencing the behavior of their parents.

The Republican majority, during markup of this legislation in the Ways and Means Committee, repeatedly refused to soften provisions

in the bill that will undoubtedly hurt the children of individuals who cannot find work within the bill's arbitrary time limit. Under this legislation, States are prohibited from using Federal block grant funds to provide vouchers for the children whose parents who are cut off from cash assistance because of the time limit. This means that children will be punished because their parents cannot find work. I cannot support legislation with these effects on millions of our Nation's most vulnerable citizens.

This bill grants States millions of Federal dollars and gives the Federal Government sorely inadequate oversight in return. Under this legislation, States must outline for the Department of Health and Human Services how they plan to meet the bill's requirements. However, the bill provides no organization, department or entity with the authority to ensure that States do what they say they are going to do. It will be exceedingly easy for States to submit fair and equitable plans to move individuals from welfare to work, yet fail to do so in practice. The Federal Government, although it will supply funding for the States' assistance programs, will have no recourse to protect beneficiaries from the failure of the States to act fairly.

The Republican majority is again placing before the House of Representatives legislation that is part of a partisan political agenda. They know as well as I do that President Clinton's welfare reform efforts have already yielded substantial results. They know that the President has granted 67 welfare waivers to 40 States to allow them to experiment with different types of welfare-to-work strategies. They know that welfare rolls are down by nearly 10 percent since President Bush left office—that represents nearly 1.3 million fewer individuals receiving welfare checks each month. They know that teen pregnancy rates are down in 30 of the 41 States that report such rates. In the face of these statistics, I do not understand the Republican majority's uncalled-for attempt to bring radical and punitive change to the Nation's 60-year-old safety net for the poor.

The bill before us today ends the Federal guarantee of assistance to poor families. It punishes children for the deeds of their parents and will almost surely force millions more children into poverty and deprive them of health care.

Welfare reform does not need to be punitive. It does not need to end the responsibility of the Federal Government for the economic well-being of its citizens. The Republican majority's brand of welfare reform does little to address existing barriers to economic self sufficiency: inadequate education and training opportunities, unaffordable health care, inadequate child care and a dearth of viable job opportunities. Instead, the Republican majority has chosen again to continue its agenda of pursuing policies that injure our Nation's most defenseless citizens while doing little to reduce the pernicious effects of poverty.

Mr. REED. Madam Chairman, I believe it is vital that we pass a meaningful welfare reform bill. Meaningful welfare reform should move individuals to work and instill individual responsibility, while ensuring that children are protected.

The Republican bill debated today, just like the one vetoed by the President last year, does not pass these essential tests. In fact, the Republican bill fails to provide sufficient

funding to move welfare recipients to work; does not provide adequate resources for States and individuals in the event of a severe recession; and unduly and unnecessarily harms children. The Republican bill can be summed up as weak on work and tough on children.

I support the Castle-Tanner alternative which is a tough, balanced, and bipartisan welfare reform bill that can be signed into law if the Republicans would let it reach the President's desk. Castle-Tanner contains the funding States need to put people to work according to the Congressional Budget Office. In addition, Castle-Tanner contains time limits for welfare benefits, guarantees protections for children, requires State accountability in operating welfare programs, and improves the response to economic downturns.

In my State of Rhode Island, a coalition of State officials, business leaders, and anti-poverty groups are currently working out the final details of a compromise welfare reform package. Unlike the Republican bill which would jeopardize this Rhode Island welfare reform effort, Castle-Tanner compliments it by providing the necessary resources and flexibility to move Rhode Island welfare recipients into work.

I urge my colleagues to support the Castle-Tanner substitute. Castle-Tanner is the only bill offered today that will provide the funding, flexibility, and protections necessary to create a reformed welfare system that promotes work. Castle-Tanner is responsible and meaningful welfare reform and it is a better bill for both Rhode Island and America.

Mr. DURBIN. Madam Chairman, I rise in support of welfare reform.

The current welfare system is in desperate need of reform. For public aid recipients trapped in the system, for those who exploit the welfare system, and for the taxpayers who foot the bills, an overhaul of welfare in America is a high priority.

The fundamental problem with our current system is that for many people welfare becomes more than a helping hand; it becomes a way of life. For some who enroll in the primary welfare program, Aid to Families with Dependent Children [AFDC], welfare becomes a trap they cannot escape. Some are afraid to lose the health benefits they receive through Medicaid. Others are unable to secure child care to enable them to go to work. We must eliminate these barriers and chart a clear path for welfare recipients to go after a paycheck instead of a welfare check. Welfare should be viewed as temporary assistance, not a lifestyle.

I believe welfare benefits should be cut off for recipients who are unwilling to pursue work, education or training. I also believe we must strengthen child support enforcement. Billions of dollars in child support payments go uncollected each year. By establishing paternity at birth and pursuing deadbeat parents, we can reduce the number of families that are impoverished by the failure of non-custodial parents to fulfill their financial obligations.

Today the House of Representatives is considering two proposals—the Gingrich bill and a bipartisan proposal offered by Representatives CASTLE and TANNER. The bipartisan Castle-Tanner welfare reform bill is dramatically better than the Gingrich bill.

The bipartisan bill will move people from welfare to work. It provides sufficient funding

for work programs, and provides needed child care assistance for mothers who will be required to work and for working poor families.

The bipartisan bill protects children. It requires States to provide vouchers for the children of families who are removed from welfare before they reach the 5-year time limit, and it gives States the option of providing vouchers for children of families who exceed the 5-year limit. It allows families to continue their Medicaid coverage if they lose welfare benefits because of a time limit. And it continues the eligibility of the children of legal immigrants for SSI and food stamps.

In contrast, the Gingrich welfare bill is weak on work and tough on children. It cuts resources for programs that move people from welfare to work, potentially leaving States with a \$9 billion deficit over 6 years. It discourages work by reducing the Earned Income Tax Credit, which has the effect of raising taxes on more than 4 million poor working families. It makes deep cuts in food stamps, endangering the nutrition of millions of children and elderly Americans. It denies food assistance to more than 300,000 children simply because they or their parents are immigrants. It does not ensure Medicaid eligibility when States change their welfare rules, endangering the health of millions of poor families. And it fails to ensure that child support orders are updated regularly to reflect the growing income of the non-custodial parent.

I still have significant problems with parts of the Castle-Tanner bill, particularly provisions relating to legal immigrants. Legal immigrants play by the rules and contribute to the progress of our country, just as all of our ancestors have done. I support effective requirements on the sponsors of legal immigrants who apply for benefits, but I do not believe that people who live legally in our country should be treated unfairly.

I am supporting Castle-Tanner in the hope that bipartisan welfare reform will become a reality this year. But before I support sending a measure to the President, I hope that the House-Senate conference committee addresses the serious flaws in the House effort.

Mr. RICHARDSON. Madam Chairman, I oppose this closed rule which prohibits this House from taking a vote on issues critical to Native American tribes.

Yesterday, I testified before the committee on two amendments important for the safety and futures of American Indian children. My amendments would have restored the current set-aside level for tribes under the Child Care Block Grant and made tribes eligible for Title IV-E adoption and foster care assistance funds.

I am disappointed that the Congress will not have an opportunity to vote on these important issues.

Because of my particular concern about the Title IV-E adoption assistance and foster care program, I will be introducing legislation to make Indian children eligible for this assistance. I strongly believe this is an issue that this Congress on obligation to vote on whether it is a part of welfare reform or a free standing bill.

Mr. HORN. Madam Chairman, after the billions of taxpayer dollars spent to end poverty, why do the welfare rolls continue to grow?

Why can't we do better than the welfare system we have in place right now?

How many more families will be trapped in the current welfare system before Congress and the President finally act?

Isn't it time that the President lived up to his campaign promise to "end welfare as we know it?"

And, isn't it time for Congress to act?

These are the questions that America wants answered. I urge my colleagues to provide those answers by voting for welfare reform today.

Mr. COSTELLO. Madam Chairman, I rise in opposition to the welfare reform plan presented to this House today. This plan is another mean-spirited attack on the most vulnerable citizens in our society, who have been asked to endure huge cuts in programs to pay for tax cuts for the very wealthy. In the interest of scoring political points, the leadership of this House has offered to send the President a bill that begs to be vetoed. This bill should not go forward.

I fully believe our welfare reform system is in dire need of reform. For too long, it has fostered dependence and not provided the resources or incentive for work. However, I cannot in good conscience support a bill that as a policy turns its back on poor and needy children. This bill eliminates the Federal safety net of Medicaid and food stamps for many kids, and cuts millions of dollars by denying Supplemental Security Income [SSI] assistance to the poor and disabled. And, by mandating that individuals work without providing adequate employment resources and child assistance, this bill threatens the health and safety of thousands of children who now rely on their parents care. This legislation is now responsible reform, and the real losers under this bill are the 1 million children who will be pushed into poverty under this so-called reform.

I urge my colleagues to support the Castle-Tanner substitute, which represents a modest compromise that will protect children while reforming our welfare system. The Castle-Tanner proposal guarantees protections for children and provides the support necessary for individuals to move into work. Castle-Tanner is serious about moving individuals from welfare to work. It imposes work requirements within 2 years of receiving assistance and ends subsidies after 5 years. It does not however, end food or medical assistance to children whose parents no longer qualify. Further, the Castle-Tanner substitute holds fathers responsible for their children through strong child support enforcement.

Castle-Tanner provides States with broad flexibility to develop successful welfare programs based on the needs of local communities. However, unlike the Republican bill, the Castle-Tanner compromise does not allow States to shirk their responsibilities to provide for their citizens. Under Castle-Tanner, States must continue to spend a reasonable and responsible amount of State dollars on assistance programs. Successful welfare reform must be a thoughtful joint partnership between the States and the Federal Government.

Madam Chairman, we have a responsibility to pass meaningful reform in this House. We cannot abuse this responsibility by passing legislation that will hurt thousands of children. I urge my colleagues to defeat the Republican bill and pass the bipartisan Castle-Tanner substitute, so that we can achieve meaningful, lasting welfare reform that President Clinton can sign into law.

Mrs. COLLINS of Illinois. Madam Chairman, welfare as we know it today, had its roots in

American society almost 75 years ago. It is challenging to observe what the public and private sectors are doing to support children and families in the transition from welfare to work to self-sufficiency. Congress has the important role of providing a national view and in assuring that national priorities are addressed at the State and local levels of service administration and delivery. Many families need help to transition from public assistance, known as welfare, to self-sufficiency. We, as the national representatives of our society, must help build bridges and extend ladders to support parents and families as they move from welfare to work to self-sufficiency.

Work, responsibility, empowerment, and self-sufficiency should be the hallmarks of this welfare reform debate. The Republican philosophy is simply to get people off the public payrolls, with no attention to or concern about what these families will do when they face the challenges that may be inevitable for many of them. The best plan is one which must not come about at the expense of the children, and which will help people make the difficult transition from welfare to work. That's the real test of welfare reform.

There are five basic principles that must be considered in any welfare reform effort: Welfare reform must protect children. Their well-being must be our top priority; parents must take responsibility for their families, personally, emotionally, and financially; it is critically important to empower young people to reduce teen pregnancy and out-of-wedlock childbirth; quality child care is an issue that must be addressed and provided; and there must be access to quality health care.

We, as Federal legislators, must assure that the children are protected. They must not be required to pay for either the mistakes of their parents nor for the failures of our educational or private, corporate system that has left too many parents without adequate life and work skills to be self-sufficient. Reform ought not be just a race to save money by kicking needy families off welfare. Instead, our emphasis must be on enabling and empowering, not punishing parents and families—a true profamily agenda. Workable welfare reform legislation has to have not only real requirements for work, but also for job training, counseling, and personal as well as financial support.

One positive approach is based on a simple compact: Job training, job contracts, child care and child support enforcement to transition people to work; plus time limits on cash assistance to ensure parents' self-sufficiency so that welfare is not a way of life. Most people will find jobs in the private sector, but for those who do not, we should take the money which would have been spent on welfare checks and use it to find a subsidized job, preferably within the private sector. Merely passing the problem back to the States with reduced resources is not the answer. Job skill for real work is the answer.

#### CHILD SUPPORT COLLECTIONS

It is my belief that both parents should be required to support their children. Child support enforcement is an integral part of real welfare reform. For example, we have to develop and implement a multipronged approach to increasing child support collections. Therefore, paternity should be required to be established in the hospital, at the birth of the child, if at all possible, and without penalizing the

mothers. I'd like to see a Federal law requiring uniform State laws which will prevent parents from evading their responsibilities by crossing State lines. This would require centralized registries and new hire reporting procedures or a national employment registry, which could be the IRS.

There are over 19 States that are using professional license suspension or revocation as a method to enforce child support payments. The threat of taking away driving, professional, and other work-related licenses works. The Congressional Budget Office has estimated that the Federal Government could save over \$146 million in welfare payments in the first 5 years as a result of a nationwide license revocation or suspension program. Therefore, it is reasonable to predict that just one major child support enforcement proposal would help boost child support collections to \$20 billion by the year 2000.

#### TEEN PREGNANCY AND POVERTY

The link between teen births and poverty is clear: 80 percent of the children born to teenage parents who dropped out of high school and did not marry are poor. That contrasts to only 8 percent of children born to married high school graduates over 20. Simply denying AFDC benefits to a teenage mother, as the original Republican plan proposed, won't do anything to move her family toward self-sufficiency. It's mean-spirited and makes the children pay the price. This approach will lead to more dependency, not less. One solution is possible when there is a stable functional home environment: Require teen mothers to live at home with their parents, identify their child's father, finish high school, learn parenting skills and work. Welfare reform efforts must be flexible.

#### CHILD CARE

There are welfare reform experiments in place that have been testing various ways we can use requirements to move from welfare to self-sufficiency. All of them stress work and responsibility. When we talk about empowering families to move from welfare to self-sufficiency we must also talk about child care. Child care support is particularly critical for low-income parents because it is such a significant part of a low-income family's budget. On average, poor working families pay more than a quarter of their income on child care.

The child care development block grant signed into law by President Bush with bipartisan support has made a significant contribution to low-income working families. In 1993, 65 percent of the children served were in families with incomes at or below the poverty line. Real welfare reform requires more child care, not less. The original Republican plan would reduce Federal funding for child care by \$1.6 billion, or 15 percent over 5 years, and yet it kicks mothers off welfare after 2 years. This is hypocritical. That would mean 320,000 fewer children would be served by the year 2000. That means working families would be pitted against welfare recipients for scarce child care assistance. That's not the way to reform welfare and move families to self-sufficiency.

Recent studies have shown that children from low-income families are more likely to be in low-quality centers. The child care development and block grants have been instrumental in raising the standards for child care programs. We need to focus not only on safe, nurturing environments for children while their parents work and go to school, but also on the

quality of the developmental and educational environment for the children's benefit; and, we must continue to expand child care opportunities to help working parents stay out of the welfare system, and for parents on welfare to transition off.

In summary: Work, responsibility, and empowerment are the keys to helping people make the transition from welfare to self-sufficiency. Budget cutting is not welfare reform. Supporting parents to develop self-sufficiency is. Putting people to work is. With continue advocacy, we can make the changes that are necessary. We can establish and maintain the bridges from welfare to self-sufficiency for families. I have recently learned a startling statistic prepared by The Brookings Institution. A chart showing change in adjusted real personal income demonstrated that the top levels of income increased from 30 to 40 percent over the last two decades. The middle incomes saw a modest increase in adjusted real personal income; however, the lowest levels of income saw a dramatic decline of down to a 30-percent decrease. From a plus 40-percent increase for the very wealthy to a 30-percent decrease for the very poor, and the Dole-Gingrich Republicans want to decrease welfare.

I cannot help but wonder whether the Dole-Gingrich Republicans even know who the welfare recipients are. Well, let me put a face on them. They are the single mom who dropped out of high school as a pregnant teenager, who was abused by adults as a child and abused by her spouse or partner as an adult. She receives a pittance in Aid to Families with Dependent Children [AFDC] and an allotment for food stamps. She can't get a midlevel paying job because she has no skills. Even if she could get a low paying job—where the competition is tough—there aren't any health care benefits; and after she pays for babysitting and transportation she is hard pressed to pay the rent. And heaven forbid if the kids get sick—she can't afford medical care.

Will the Dole-Gingrich Republicans give her a job? Will they help support jobs training programs so she can develop some employable skill? Not in this original bill. That mom and her kids make up the largest population of welfare recipients. The next large population group that the Federal Government subsidizes with welfare are the disabled—and the eligibility is that they cannot hold a job. Will the Dole-Gingrich Republicans employ that person with disabilities? Or will they support training programs or funding to assist an employer with providing any adaptive or assistive equipment that would make most persons with disabilities employable. Their record of little compassion and understanding for the least fortunate doesn't indicate that they will.

Madam Chairman, I stand for responsible government, for responsible parents, and for a responsible and responsive private sector. We all must join together to achieve reform of a system that can benefit all sectors by enabling all families to be proud and self-sufficient.

While I do not agree with several of the provisions of the Castle-Tanner substitute it is better than the Republican bill.

Ms. BROWN of Florida. Madam Chairman, I rise in opposition to the Republican welfare reform proposal. Instead of solving the welfare problems in this country, this bill creates new ones. By relying on block grants to distribute

money to States, the neediest and most vulnerable people of this country could be left out in the cold.

Sending money in the form of block grants is a virtual guarantee that rapid growth States like Florida will either have to make up for the loss of money on their own—or deny assistance to the neediest families in their jurisdiction. We need to balance this country's budget in a way that holds everyone responsible—not just the poor and the needy.

By cutting the earned-income tax credit, the Republicans are simply punishing low-income working families. And by getting rid of job training programs, the Republicans are eliminating the chance that welfare recipients will have the necessary skills to get a job.

The Republican proposal is a mean-spirited attempt to punish those who are already suffering.

Ms. ESHOO. Madam Chairman, I rise in opposition to this bill and in strong support of the Tanner-Castle substitute for welfare reform.

The Tanner-Castle proposal is sounder policy for our country and reforms a broken system by focusing on two critical elements: It protects children and it promotes and assures work.

The Tanner-Castle proposal differs from H.R. 3734 in several other important areas: It provides \$3 billion in mandatory resources for work programs; it requires vouchers for the needs of children during the 5-year time limit for benefits; enough mandatory funding is provided for child care for all welfare recipients; local governments are allowed greater participation in the process of setting up programs in their areas that meet the needs of their citizens; it includes an open ended contingency fund for States to access in the event of an economic recession; it requires a greater annual commitment by the States for welfare programs; it provides food stamp benefits for the children of legal immigrants.

These are not differences that negate the reforms of the welfare system that my Republican colleagues are seeking. The provisions I have listed ensure that when we make these reforms we are improving the current system while maintaining a safety net for those who need it. Change for the sake of change is not good enough unless there is a regard for the impact it will have.

Madam Chairman, the Tanner-Castle legislation meets the test that those who are in the system are given the assistance they need to move from welfare to work. H.R. 3734 does not.

Our country must have a sound, workable, and fair welfare reform policy. H.R. 3734 is tough on kids and weak on work. More than 1 million children could be pushed into poverty and in 70 percent of these families, one of the parents is working. The bill makes it less likely that child support orders will be updated regularly—actually weakening current law on deadbeat parents—while increasing Federal costs. I urge my colleagues to support the Tanner-Castle substitute and oppose the underlying bill.

Mrs. VUCANOVICH. Madam Chairman, in the board game called life, there is no welfare square that keeps your game piece there indefinitely. Instead, there is hope, opportunity to go to college, to go to work, to get married and have a family, to be a success and win the game. We teach these values to our children through the games that they play, yet our

Government over the years has changed the values for our children to live by.

Today on the House floor we are not playing a game. Today we are taking a step, hopefully with the President's support, to restore our American values and reform the welfare system so that welfare is no longer a way of life. We can offer our citizens and children a chance—a chance to work, a chance to go to school, and a chance to be a success and win the real game of life.

H.R. 3734 promotes work and helps mothers on welfare by providing the job training and child care they need to achieve this goal. This bill says no more handouts to prisoners and noncitizens who have imposed on our system, and reduced opportunities for those who truly deserve assistance.

In addition, this bill restores power and flexibility of the welfare program to the States. You and I both know that Washington bureaucrats do not know what is best for Nevadans—most of them have not even been to the Silver State to learn what Nevadans need and what challenges must be faced. The best solutions can come from those who know us best, our own State government. To help our States, the bill provides appropriate funding and additional funding opportunities for those States, like Nevada, with growing populations.

Lastly, and I find most importantly, the bill encourages responsibility of families to reduce illegitimacy rates and to have parents take financial responsibility for their children. Today's illegitimacy rate among welfare families is almost 50 percent and is expected to rise. This bill takes bold steps to establish paternity and to make fathers pay child support. These are tough provisions, and it is about time that the Federal Government helps States track down parents who are unwilling to take care of their own family members. You see, Madam Chairman, this is not a game—the 104th Congress means business.

H.R. 3734 helps our future by helping our children. Our children will be our leaders someday and we must instill in them the values we grew up with. Responsibility for family, hope to go to college or have a good job, dreams to be a success—they are not just squares on a board game, but are attainable goals in the real game of life. H.R. 3437 is a first step in making these goals become a reality, and I encourage my colleagues to support this legislation, and urge the President's to sign this essential bill for our children.

Mr. RICHARDSON. Madam Chairman, I am committed to reforming our failing welfare system. Our Nation needs a welfare reform that gives people back the dignity and control that comes from work and independence.

Our current system pays cash assistance when people lack adequate means to provide for their families rather than providing them with the means to support themselves.

My voting record reflects what I want to see in a welfare reform bill.

I believe that welfare should be a temporary program that provides a safety net for people who fall on hard times. I have voted for a program that limits persons to a 5-year lifetime limit for welfare assistance.

I believe that able-bodied adults with no children should not be eligible for food stamp benefits if they are not working at least part time.

I also believe that welfare recipients must be aggressively looking for a job. I have voted

for legislation which terminates a persons benefits if they refused to work, to accept a job, or refused to look for work. If a job is not available, welfare recipients should be put in community service jobs.

Central to the welfare debate are our children. I believe that people should not have children until they are able to support them. I support provisions which reduce benefits for teen parents who fail to maintain minimum performance in school and denies teen parents assistance unless they are living with a parent or responsible adult.

Additionally, I believe that parents—both parents—have responsibilities to support their children. I have voted for legislation which withholds paychecks for parents who do not pay child support.

At the same time we are holding parents responsible for their children, we should not punish a child whose parents fail. We have a moral obligation to provide that no child goes hungry, is denied needed medical care, or is left with inadequate supervision.

Welfare reform must include child care monies for people entering the work force with small children.

I also believe a welfare reform plan should give people access to the training they need, but expect them to work in return. I am disappointed that H.R. 3734 has no provisions to move people into the work force.

Madam Chairman, I am ready to make welfare reform a reality. Welfare reform must be tough on work, but fair to children.

Mr. CLAY. Madam Chairman, I rise to oppose this partisan and politically motivated welfare bill that would push 1 million more children into poverty.

Were it not for the fact that many have exploited this issue for raw political purposes, perhaps we could reform a welfare system badly in need of revision.

Were it not for the fact that those promoting an agenda of slashing domestic assistance programs to finance unfair economic priorities, perhaps real welfare reform could be achieved. Were it not for the fact that the Republican majority in this House is willing to exploit the condition of our Nation's poor in a desperate attempt to resuscitate their extreme and failed agenda, perhaps a proposal could be framed that fostered realistic work requirements and compassionate safety nets.

Rather than exhausting my time objecting to the most reprehensible provisions of this Republican plan, let me focus on some of the things that must be contained in any welfare reform bill I can support in good conscience:

First, welfare reform must contain realistic work requirements, not harsh punitive measures devised to appeal to a crazed, cynical, public scapegoating of the poor. Most welfare recipients want what is best for themselves and their families. They want fulfilling jobs that pay a livable wage. But when those clamoring for workfare oppose adequate resources for job training, and education, their sincerity is called into question. When those championing workfare in place of welfare show no concern that jobs are available which pay decent wages, welfare reform is an empty vessel.

Second, welfare reform must ensure that parents seeking to stay off welfare are able to leave their children in safe and healthy child care settings. Without adequate child care funding, welfare reform is a bizarre notion.

Third, welfare reform must ensure that the poor are protected against hunger and illness.

There must be an adequate contingency funding to shelter the poor against recessions. Adequate food stamps must be available for poor families so they don't starve, and, Medicaid must be preserved to protect welfare recipients from the range of health risks that threaten the medical well-being of the poor and the elderly.

Welfare reform must preserve critical Federal efforts to protect children from abuse and neglect. It must not be used as a vehicle for reckless experimentation with those protections.

Madam Chairman, we have a solemn responsibility to address the Nation's problems with logical, compassionate legislation. The Republican welfare bill before us has little to do with logic, compassion or the reform of welfare.

I urge my colleagues to reject this misnamed, misdirected bill that espouses unrealistic, inhumane expectations. The architects of this flawed plan are willing to inflict suffering and misery on children. Their bill speaks volumes about the warped morality of those who would let children and the elderly starve.

Madam Chairman, the mere consideration of this trashy legislation evidence that this Congress and the American people who insist on this perversion of decency have lost all sense of purpose. This assault on the poor is driven by dishonesty and deception. It constitutes a reckless abandonment of humane values.

I urge its defeat.

Mr. BEREUTER. Madam Chairman, this Member is pleased to support welfare reform legislation currently before the House for consideration.

This Member has been a long-time supporter of efforts to reform our current welfare system to ensure that only those who are unable to provide their own basic needs receive assistance.

Enactment of a strong welfare reform measure that places an emphasis on work as its centerpiece is long overdue. The Congressional Budget Office has estimated that 1.3 million families now on welfare will be working in fiscal year 2002 as a result of the enactment of this legislation which converts welfare into a work program.

President Clinton promised to end welfare as we know it during his 1992 Presidential campaign. The President should be true to his initial instincts and campaign promise and sign this much needed welfare reform measure. The President's prior two vetoes of welfare reform legislation represented another broken promise to the American people for they were consistent with what the President requested. This Member is hopeful that speedy action will be taken to enact this welfare reform bill. It provides a compassionate solution for a failed welfare system.

However, this Member is concerned that once again, the President by his rhetoric in the past week, is laying the groundwork to reverse his course, violate his own statements, and again veto strong welfare reform legislation. It seems that Marian Wright Edelman will oppose any welfare reform bill that is worthy of reform. It would seem that as long as Marian Wright Edelman is opposed to this welfare reform bill, Mrs. Clinton will oppose it, and the President will veto this legislation and every welfare reform bill that is worthy of being called a reform bill.

For millions of poor Americans trapped in a system of despair, this measure offers them hope to escape the welfare cycle. It does that by replacing our current welfare bureaucracy with reforms based on the dignity and necessity of work for the able-bodied, and on the strength of families. States are also granted maximum flexibility to help needy individuals achieve self-reliance.

In addition, this important legislation ensures that absent parents are not allowed to walk away from their moral and financial responsibility to care for their children. Deadbeat parents currently compound the Nation's welfare problems, causing millions of children to live in poverty.

Madam Chairman, this Member urges his colleagues to support this strong welfare reform measure which ensures that the system of something for nothing is ended, and to require that welfare recipients meet reasonable and responsible standards.

Mr. KLECZKA. Madam Chairman, I rise in support of the welfare proposal put forth by the majority today.

I commend my colleagues on their decision to remove the poison pill of Medicaid from this bill.

And I commend my colleagues for the substantial steps they have taken to address the President's concerns, and the concerns of my Democratic colleagues.

This new bill ensures the continuation of health care coverage for those no longer eligible for AFDC. It deletes the unwarranted reductions to the earned income tax credit that were included in the original bill. And, it adds in \$3 billion in work program funding.

No piece of legislation is perfect; this one is no exception. We know full well that we will revisit this issue repeatedly as problems arise.

I would have preferred to see more Federal funding for job placement and training, for child care, and for protection during recessions.

I would have preferred to increase State flexibility by giving States the option to use Federal funds to provide vouchers for children whose parents hit the time limits, rather than removing the protection of those vouchers by including a mandate against them.

I have fought, unsuccessfully, for stronger nondisplacement language so that America's workers can be assured that their jobs won't be put in jeopardy. This omission still concerns me.

However, this legislation is a solid start.

It gives our States the tools and the flexibility they need to enact meaningful, constructive reform.

A reform based upon personal responsibility, and personal achievement. A reform that moves people into the work force—permanently.

Congress must put aside partisan differences and pass this plan—to reform and revitalize our welfare system.

Ms. PELOSI. Madam Chairman, we can all agree that the welfare status quo is unacceptable. But the Republican welfare reform proposal will make the problems of poverty and dependence much worse because it refuses to make work the cornerstone of welfare reform.

Real welfare reform is about work. Opportunities for work, jobs that pay a living wage, job training opportunities to provide skills necessary to earn a living wage are long-term solutions for a permanent and productive reform in our welfare system.

Real welfare reform must emphasize the importance of work. Real welfare reform must also aid rather than punish children. Fourteen million children live in poverty in the United States. Passage of that legislation would add millions more to that statistic. This welfare bill is punitive and unrealistic.

Abolishing the safety net for children, imposing family caps, denying legal immigrants benefits, imposing arbitrary time limits, and failing to provide adequate child care, health care, education, job training, and work opportunities for people in need will thrust millions more into poverty.

This bill cuts almost \$60 billion from the poor in this country. These cuts will affect children whose parents are on welfare. These cuts will trap countless women in abusive relationships, with nowhere to turn—without a realistic way to gain independence, gain work, and provide for their children.

Welfare reform must be about education, job training, and work. We must keep families together, rather than ripping them apart. We cannot simply reduce the deficit at the cost of our poorest Americans. This proposal has little wisdom, conscience, or heart.

Some of my colleagues will vote for this bill and then wash their hands of welfare reform, saying they have done their job. But the job of welfare reform is more complex and dire. People living in poverty are not cardboard cut-outs—they do not have the same stories, they do not need the same services. This bill treats everyone alike—with unrealistic time limits and no real, lasting, and effective plan to move welfare recipients to work at a living wage.

The denial of benefits to legal immigrants in this legislation will do great harm to children and have a devastating impact on the health care system in our country. Only 3.9 percent of immigrants, who come to the United States to join their families or to work, rely on public assistance, compared to 4.2 percent of native-born citizens. According to the Urban Institute, immigrants pay \$25 billion more annually than they receive in benefits. Yet the myth persists that welfare benefits are the primary purpose for immigration to the United States. Instead of appreciating legal immigrants for their significant contributions to this, their adopted country, this bill blatantly punishes them, especially young children and the elderly. It bans SSI and food stamps for virtually all legal immigrants. It tosses aside people who pay taxes, serve our country, and play by the rules. This lacks compassion and common sense.

If we want to achieve real welfare reform, we need to offer some long-term solutions to help people move up and out from the cycle of poverty.

The current welfare system is not adequate, but this bill makes it far worse. I urge my colleagues to oppose the Republican bill and work together for meaningful reform that puts people to work and pulls them out of poverty for good.

Mr. SERRANO. Madam Chairman, I rise in emphatic opposition to the Republicans' welfare reform bill. I am tempted to simply repeat the remarks I made last year, on the so-called Personal Responsibility Act, since the flaws in this bill are remarkably similar. But I do have a few new things to say.

It is clear to all thinking people that our current welfare system fails the people it is meant to help, and every Member of this House, Democrat as well as Republican, has voted for

some form of welfare reform in the last 2 years. But the Republicans' approach will make the situation of the poor—and of the charities that help them and the cities that contain them—much worse.

The clearest sign that this bill is totally misguided is that it saves so much money. Everyone knows it takes more spending, not less, to give poor mothers the tools they need to get and keep jobs and to escape poverty. They need education, training, job-search assistance, day care and health care for their children, and jobs—and that means jobs that don't displace others.

Cost is the main reason Congress has been slow to face welfare reform in the past. But this bill cuts the programs that sustain our neediest families. It slashes the safety net for the poorest children and families.

And, Madam Chairman, it is incomprehensible to me that we have now reached a point where not one of the proposals before the House today preserves the entitlement—the guarantee that some modest assistance will be there for those families whose desperate circumstances make them eligible. What recourse will these wretched families have?

A very, very big problem with this bill is how it treats our children. No child chooses to be born into a poor family, but an eighth of the country's children now receive some support from the welfare system, and the Republican bill will push more than 1 million additional children into poverty.

But, Madam Chairman, I want to concentrate on provisions related to immigrants and public assistance. The immigrant provisions in this bill—and, sadly, in the otherwise superior Castle-Tanner substitute—are a disgrace, and an absolute bar to my supporting either bill.

The United States is a nation of immigrants. That is a cliché precisely because it is true. We all have roots beyond the borders of the United States; we all have ancestors, as near as our parents or as remote as our many-times-great grandparents, who, willingly or not, came to America.

We know that immigrants don't come for public assistance; they come to join family members and to provide a better life for their children. They work, they pay taxes, they participate in their schools and churches and communities, and they play by the rules. Why should they be targeted by this bill? Why should fully half the savings in this bill be achieved on the backs of legal immigrants who are in trouble or who wish to better themselves?

I can think of only one reason. For the past several years, this country has seen a rising tide of antiimmigrant feeling, whipped up by public officials who find naming scapegoats easier than dealing with the real problems facing their constituents. If the economy turns down, why, it must be immigrants. If schools are crowded, immigrants must be the reason. Crime? Immigrants. Deficits? Immigrants. Strange languages on the subway? Immigrants.

The assault is broad and comprehensive. It may begin with legitimate concerns over control of our Nation's borders, but it quickly moves to encompass those immigrants who have done everything we have asked of them—and more—to qualify for the rights to live here, work and pay taxes, and become Americans.

The antiterrorism bill has already made long-term immigrants with deep roots in America suddenly subject to detention and deportation for long-ago, mostly minor brushes with the law.

The immigration bill—supposed to deal with control of our borders and enforcement of our employment eligibility laws—includes provisions to deny citizens and legal residents the right to reunite their families in America.

Both the immigration bill and this bill would go way beyond enforcing sponsors' obligations to support the immigrants they bring to this country. Instead, they would make it impossible for our society to meet its moral obligations to help people in trouble. It would also deny immigrants the ability to better themselves through education and training.

Funds for bilingual education are slashed, even as some Members of this House would impose English-only policies on government. Bilingual ballots and voting assistance are under attack, when even life-long English speakers think they need law degrees to understand some of the propositions that appear on our ballots.

Madam Chairman, one thing that disturbs me very much is that this assault seems to be related to changes in the ethnicity of many recent immigrants. This suggests that ethnic discrimination is likely to rise. If immigrants are singled out as the class of people who are not worthy of, or entitled to, assistance available to citizens, those who look or sound foreign are at risk of extra scrutiny. You may recall reports that, after proposition 187 passed in California, Hispanics' rights to buy a pizza were questioned. People who look like you, Madam Chairman, are unlikely to be asked, but increasingly, people who look like me are being questioned about our immigration status. This is illegal, undemocratic, unfair, but increasingly real.

Madam Chairman, I could go on, but I will close by urging all of my colleagues to reject the Republicans' ugly, mean-spirited welfare reform bill. It is simply too far off course. We need to return to basic principles and start all over again if welfare reform is to result in a welfare system that is compassionate, workable, and, above all, fair.

Mr. JOHNSON of South Dakota. Madam Chairman, I rise today in reluctant support of H.R. 3734 so that we may move forward with needed welfare reform in this country. While I preferred the bipartisan approach taken in the amendment by Mr. CASTLE and Mr. TANNER, which gives States more flexibility to develop and implement welfare programs, it is paramount that we no longer accept the status quo. The provisions in H.R. 3734 are much improved compared to H.R. 4 of last year, which I could not support and was also vetoed by the President. It is too late in the congressional session to start over, and my vote for H.R. 3734 is a vote to keep the debate and the possibility of a bipartisan agreement on welfare reform alive.

The welfare reform bill which passed the House today was an improvement over H.R. 4 because it does the following: First, deletes the elimination of Medicaid changes that threatened access to medical care for the most vulnerable in our country; second, deletes the block granting of the child nutrition program; third, adds resources for child care above the level in previous bills; fourth, includes a work performance bonus that gives

States an incentive to move people from welfare to work; and fifth, preserves funding for foster care and adoption assistance programs.

There are several things that I believe must and will be improved via Senate and conference committee action on this legislation. Among these, I believe we simply must further ensure that children who happen to have been born into difficult circumstances do not go hungry. Punishing innocent children is not a solution nor should it even be an option. We must require States to protect children if their parents are removed from the welfare rolls.

As this bill moves to conference, it is my judgment that we must address the concerns raised recently by the National Governors Association regarding the restrictions on State flexibility and unfunded costs in the work requirements of H.R. 3734. The Congressional Budget Office has concluded that most States would fail to meet the work requirements and that most would simply accept the penalties rather than implement the requirements for work. The most important reform we can enact in the welfare system is to move people to self-sufficiency. We must not fail in that regard and therefore I am hopeful that this bill is improved in conference to ensure adequate resources to States to implement solid work requirements.

We must ensure that no families lose health care coverage when States change AFDC rules. Even though the Medicaid reconciliation provisions have been removed, we need to guarantee that families do not lose health care coverage even if they are removed from welfare rolls.

Madam Chairman, our Nation demands that we reform our welfare system. This legislation moves a long way toward needed reform, but it can still be better. I offer my reluctant support and hope that the Senate and the conference committee address my concerns and make this bill the best that it can possibly be.

The CHAIRMAN. All time for debate pursuant to House Resolution 482 has expired.

Pursuant to the rule, an amendment in the nature of a substitute consisting of the text of H.R. 3829, modified by the amendment printed in part 1 of House Report 104-686 is adopted. The bill, as amended, shall be considered as an original bill for the purpose for further amendment and is considered read.

The text of the amendment in the nature of a substitute, as modified, is as follows:

#### H.R. 3829

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### SECTION 1. SHORT TITLE.

This Act may be cited as the "Welfare Reform Reconciliation Act of 1996".

#### SEC. 2. TABLE OF TITLES.

The table of titles of this Act is as follows:  
Title I—Committee on Agriculture  
Title II—Committee on Commerce  
Title III—Committee on Economic and Educational Opportunities  
Title IV—Committee on Ways and Means

#### 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:

- Sec. 1001. Short title.  
 Sec. 1002. Table of contents.  
 Subtitle A—Food Stamp Program
- Sec. 1011. Definition of certification period.  
 Sec. 1012. Definition of coupon.  
 Sec. 1013. Treatment of children living at home.  
 Sec. 1014. Optional additional criteria for separate household determinations.  
 Sec. 1015. Adjustment of thrifty food plan.  
 Sec. 1016. Definition of homeless individual.  
 Sec. 1017. State option for eligibility standards.  
 Sec. 1018. Earnings of students.  
 Sec. 1019. Energy assistance.  
 Sec. 1020. Deductions from income.  
 Sec. 1021. Vehicle allowance.  
 Sec. 1022. Vendor payments for transitional housing counted as income.  
 Sec. 1023. Doubled penalties for violating food stamp program requirements.  
 Sec. 1024. Disqualification of convicted individuals.  
 Sec. 1025. Disqualification.  
 Sec. 1026. Caretaker exemption.  
 Sec. 1027. Employment and training.  
 Sec. 1028. Comparable treatment for disqualification.  
 Sec. 1029. Disqualification for receipt of multiple food stamp benefits.  
 Sec. 1030. Disqualification of fleeing felons.  
 Sec. 1031. Cooperation with child support agencies.  
 Sec. 1032. Disqualification relating to child support arrears.  
 Sec. 1033. Work requirement.  
 Sec. 1034. Encourage electronic benefit transfer systems.  
 Sec. 1035. Value of minimum allotment.  
 Sec. 1036. Benefits on recertification.  
 Sec. 1037. Optional combined allotment for expedited households.  
 Sec. 1038. Failure to comply with other means-tested public assistance programs.  
 Sec. 1039. Allotments for households residing in centers.  
 Sec. 1040. Condition precedent for approval of retail food stores and wholesale food concerns.  
 Sec. 1041. Authority to establish authorization periods.  
 Sec. 1042. Information for verifying eligibility for authorization.  
 Sec. 1043. Waiting period for stores that fail to meet authorization criteria.  
 Sec. 1044. Operation of food stamp offices.  
 Sec. 1045. State employee and training standards.  
 Sec. 1046. Exchange of law enforcement information.  
 Sec. 1047. Expedited coupon service.  
 Sec. 1048. Withdrawing fair hearing requests.  
 Sec. 1049. Income, eligibility, and immigration status verification systems.  
 Sec. 1050. Disqualification of retailers who intentionally submit falsified applications.  
 Sec. 1051. Disqualification of retailers who are disqualified under the WIC program.  
 Sec. 1052. Collection of overissuances.  
 Sec. 1053. Authority to suspend stores violating program requirements pending administrative and judicial review.  
 Sec. 1054. Expanded criminal forfeiture for violations.  
 Sec. 1055. Limitation of Federal match.  
 Sec. 1056. Standards for administration.  
 Sec. 1057. Work supplementation or support program.  
 Sec. 1058. Waiver authority.  
 Sec. 1059. Response to waivers.
- Sec. 1060. Employment initiatives program.  
 Sec. 1061. Reauthorization.  
 Sec. 1062. Simplified food stamp program.  
 Sec. 1063. State food assistance block grant.  
 Sec. 1064. A study of the use of food stamps to purchase vitamins and minerals.  
 Sec. 1065. Investigations.  
 Sec. 1066. Food stamp eligibility.  
 Sec. 1067. Report by the Secretary.  
 Sec. 1068. Deficit reduction.
- Subtitle B—Commodity Distribution Programs
- Sec. 1071. Emergency food assistance program.  
 Sec. 1072. Food bank demonstration project.  
 Sec. 1073. Hunger prevention programs.  
 Sec. 1074. Report on entitlement commodity processing.
- Subtitle C—Electronic Benefit Transfer Systems
- Sec. 1091. Provisions to encourage electronic benefit transfer systems.
- Subtitle A—Food Stamp Program
- SEC. 1011. DEFINITION OF CERTIFICATION PERIOD.
- Section 3(c) of the Food Stamp Act of 1977 (7 U.S.C. 2012(c)) is amended by striking "Except as provided" and all that follows and inserting the following: "The certification period shall not exceed 12 months, except that the certification period may be up to 24 months if all adult household members are elderly or disabled. A State agency shall have at least 1 contact with each certified household every 12 months."
- SEC. 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 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)(7)) 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 Energy Assistance Act of 1981 (42 U.S.C. 8624(f)) 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 subsection (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 Columbia, Alaska, Hawaii, Guam, and the Virgin Islands 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 overissuance 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 dependent 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 regulation 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 elderly 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 available information about the medical condition of the member, public or private medical insurance coverage, and the current verified medical expenses incurred by the member); and

“(III) not require further reporting or verification of a change in medical expenses if such a change has been anticipated for the certification period.

“(7) EXCESS SHELTER EXPENSE DEDUCTION.—

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

“(B) MAXIMUM AMOUNT OF DEDUCTION.—In the case of a household that does not contain an elderly or disabled individual, the excess 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 standards 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-Income 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 regulations 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 paragraph 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 HOUSING 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 inserting "2 years".

**SEC. 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."

**SEC. 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.**—

"(I) **WORK REQUIREMENTS.**—

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

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

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

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

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

"(II) 80 percent of the wage that would have governed had the minimum hourly rate under section 6(a)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)) been applicable to the offer of employment;

"(iv) refuses without good cause to provide a State agency with sufficient information to allow the State agency to determine the employment status or the job availability of the individual;

"(v) voluntarily and without good cause—

"(I) quits a job; or

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

"(vi) fails to comply with section 20.

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

"(i) the duration of the ineligibility of the individual determined under subparagraph (C); or

"(ii) 180 days.

"(C) **DURATION OF INELIGIBILITY.**—

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

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

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

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

"(ii) **SECOND VIOLATION.**—The second time that an individual becomes ineligible to participate in the food stamp program under subparagraph (A), the individual shall remain ineligible until the later of—

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

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

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

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

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

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

"(III) a date determined by the State agency; or

"(IV) at the option of the State agency, permanently.

"(D) **ADMINISTRATION.**—

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

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

"(iii) **DETERMINATION BY STATE AGENCY.**—

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

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

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

"(cc) whether an individual is in compliance with a requirement under subparagraph (A).

"(II) **NOT LESS RESTRICTIVE.**—A State agency may not determine a meaning, procedure, or determination under subclause (I) to be less restrictive than a comparable meaning, procedure, or determination under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.).

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

"(v) **SELECTING A HEAD OF HOUSEHOLD.**—

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

"(II) **TIME FOR MAKING DESIGNATION.**—A household may designate the head of the household under subclause (I) each time the

household is certified for participation in the food stamp program, but may not change the designation during a certification period unless there is a change in the composition of the household.

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

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

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

(b) **CONFORMING AMENDMENT.**—

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

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

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

**SEC. 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."

**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 (C)—  
 (A) by striking "(G)(i) The State" and inserting "(C) The State"; and  
 (B) by striking clause (ii);  
 (6) in subparagraph (H), by striking "(H)(i) The Secretary" and all that follows through "(ii) Federal funds" and inserting "(H) Federal funds";  
 (7) in subparagraph (I)(i)(II), by striking "or was in operation," and all that follows through "Social Security Act" and inserting the following: " ", except that 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 Secretary" and all that follows through the end of paragraph (1) and inserting the following:  
 "(h) FUNDING OF EMPLOYMENT AND TRAINING PROGRAMS.—  
 "(1) IN GENERAL.—  
 "(A) AMOUNTS.—To carry out employment and training programs, the Secretary shall reserve for allocation to State agencies from funds made available for each fiscal year under section 18(a)(1) the amount of—  
 "(i) for fiscal year 1996, \$75,000,000;  
 "(ii) for fiscal year 1997, \$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 facili-

tate 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 individ-

ual 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:

"(1) 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 from 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 con-

siders 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:

“(1) 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 perform 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 de-

scribed in the last sentence of section 3(i), a State agency may provide an allotment for the individual to—

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

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

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

**SEC. 1040. CONDITION PRECEDENT FOR APPROVAL OF RETAIL 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 participation in the food stamp program unless an authorized employee of the Department of Agriculture, a designee of the Secretary, or, if practicable, an official of the State or local government designated by the Secretary has visited the store or concern for the purpose of determining whether the store or concern should be approved or reauthorized, as appropriate.”

**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 written authorization for the Secretary to verify all relevant tax filings with appropriate agencies and to obtain corroborating documentation from other sources so that the accuracy of information provided by the stores and concerns may be verified.”

**SEC. 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 de-

termines 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).

**SEC. 1046. EXCHANGE OF LAW ENFORCEMENT INFORMATION.**

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

- (1) by striking "that (A) such" and inserting the following: "that—  
“(A) the”;
- (2) by striking "law, (B) notwithstanding" and inserting the following: "law;  
“(B) notwithstanding”;
- (3) by striking "Act, and (C) such" and inserting the following: "Act;  
“(C) the”; and
- (4) by adding at the end the following:  
“(D) notwithstanding any other provision of law, the address, social security number, and, if available, photograph of any member of a household shall be made available, on request, to any Federal, State, or local law enforcement officer if the officer furnishes the State agency with the name of the member and notifies the agency that—  
“(i) the member—  
“(I) is fleeing to avoid prosecution, or custody or confinement after conviction, for a crime (or attempt to commit a crime) that, under the law of the place the member is fleeing, is a felony (or, in the case of New Jersey, a high misdemeanor), or is violating a condition of probation or parole imposed under Federal or State law; or  
“(II) has information that is necessary for the officer to conduct an official duty related to subclause (I);  
“(ii) locating or apprehending the member is an official duty; and  
“(iii) the request is being made in the proper exercise of an official duty; and  
“(E) the safeguards shall not prevent compliance with paragraph (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.”.

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

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

- “(g) DISQUALIFICATION OF RETAILERS WHO ARE DISQUALIFIED UNDER THE WIC PROGRAM.—  
“(1) IN GENERAL.—The Secretary shall issue regulations providing criteria for the disqualification under this Act of an approved retail food store and a wholesale food concern that is disqualified from accepting benefits under the special supplemental nutrition program for women, infants, and children established under section 17 of the Child Nutrition Act of 1966 (7 U.S.C. 1786).

“(2) TERMS.—A disqualification under paragraph (1)—

“(A) shall be for the same length of time as the disqualification from the program referred to in paragraph (1);

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

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

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

(a) COLLECTION OF OVERISSUANCES.—Section 13 of the Food Stamp Act of 1977 (7 U.S.C. 2022) is amended—

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

“(b) COLLECTION OF OVERISSUANCES.—

“(1) IN GENERAL.—Except as otherwise provided in this subsection, a State agency shall collect any overissuance of coupons issued to a household by—

“(A) reducing the allotment of the household;

“(B) withholding amounts from unemployment compensation from a member of the household under subsection (c);

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

“(D) any other means.

“(2) COST EFFECTIVENESS.—Paragraph (1) shall not apply if the State agency demonstrates to the satisfaction of the Secretary that all of the means referred to in paragraph (1) are not cost effective.

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

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

“(B) \$10.

“(4) PROCEDURES.—A State agency shall collect an overissuance of coupons issued to a household under paragraph (1) in accordance with the requirements established by the State agency for providing notice, electing a means of payment, and establishing a time schedule for payment.”; and

(2) in subsection (d)—

(A) by striking "as determined under subsection (b) and except for claims arising from an error of the State agency," and inserting "as determined under subsection (b)(1)."; and

(B) by inserting before the period at the end the following: "or a Federal income tax refund as authorized by section 3720A of title 31, United States Code".

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

(1) by striking "and excluding claims" and all that follows through "such section"; and

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

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

**SEC. 1053. AUTHORITY TO SUSPEND STORES VIOLATING PROGRAM REQUIREMENTS PENDING ADMINISTRATIVE AND JUDICIAL REVIEW.**

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

(1) by redesignating the first through seventeenth sentences as paragraphs (1) through (17), respectively; and

(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 property 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 misdemeanor) 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 Department to initiate and complete the forfeiture proceeding;

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

"(C) third, to reimburse any Federal or State law enforcement agency for any costs incurred 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 recruitment 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 subsection (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 section 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 subsection, 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 employment 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 approval is specifically prohibited by this Act.

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

#### SEC. 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 eligible 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.

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

#### 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 followed 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 households; and

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

(c) CONFORMING AMENDMENTS.—

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

(A) by striking subsection (e); and

(B) by redesignating subsection (f) as subsection (e).

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

(A) by striking subsection (i); and

(B) by redesignating subsections (j) through (l) as subsections (i) through (k), respectively.

#### SEC. 1063. STATE FOOD ASSISTANCE BLOCK GRANT.

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

##### “SEC. 27. STATE FOOD ASSISTANCE BLOCK GRANT.

“(a) DEFINITIONS.—In this section:

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

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

“(b) ESTABLISHMENT.—The Secretary shall establish a program to make grants to States in accordance with this section to provide—

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

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

“(c) ELECTION.—

“(1) IN GENERAL.—A State may annually elect to participate in the program established under subsection (b) if the State—

“(A) has fully implemented an electronic benefit transfer system that operates in the entire State;

“(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 farmworkers;

"(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—

"(i) 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 implement an employment and training program in accordance with the terms and con-

ditions 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 provision 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 provision 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—

"(A) receiving, processing, and determining the validity of complaints made to the Secretary concerning any failure of a State to comply with the State plan or any requirement of this section; and

"(B) imposing penalties under this section.

"(j) GRANT.—

"(1) IN GENERAL.—For each fiscal year, the Secretary shall pay to a State that has an application approved by the Secretary under subsection (e)(4) an amount that is equal to the grant of the State under subsection (m) for the fiscal year.

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

"(3) SPENDING OF GRANTS BY STATE.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), a grant to a State determined under subsection (m)(1) for a fiscal year may be expended by the State only in the fiscal year.

"(B) CARRYOVER.—The State may reserve up to 10 percent of a grant determined under subsection (m)(1) for a fiscal year to provide assistance under this section in subsequent fiscal years, except that the reserved funds may not exceed 30 percent of the total grant received under this section for a fiscal year.

"(4) FOOD ASSISTANCE AND ADMINISTRATIVE EXPENDITURES.—In each fiscal year, not more than 6 percent of the Federal and State funds required to be expended by a State under

this section shall be used for administrative expenses.

"(5) PROVISION OF FOOD ASSISTANCE.—A State may provide food assistance under this section in any manner determined appropriate by the State, such as electronic benefit transfer limited to food purchases, coupons limited to food purchases, or direct provision of commodities.

"(k) QUALITY CONTROL.—Each State participating in the program established under this section shall maintain a system in accordance with, and shall be subject to section 16(c), including sanctions and eligibility for incentive payment under section 16(c), adjusted for State specific characteristics under regulations issued by the Secretary.

"(l) NONDISCRIMINATION.—

"(1) IN GENERAL.—The Secretary shall not provide financial assistance for any program, project, or activity under this section if any person with responsibilities for the operation of the program, project, or activity discriminates with respect to the program, project, or activity because of race, religion, color, national origin, sex, or disability.

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

"(m) GRANT CALCULATION.—

"(1) STATE GRANT.—

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

"(i) the greater of, as determined by the Secretary—

"(I) the total dollar value of all benefits issued under the food stamp program established under this Act by the State during fiscal year 1994; or

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

"(ii) the greater of, as determined by the Secretary—

"(I) the total amount received by the State for administrative costs under section 16(a) (not including any adjustment under section 16(c)) for fiscal year 1994; or

"(II) the average per fiscal year of the total amount received by the State for administrative costs under section 16(a) (not including any adjustment under section 16(c)) for each of fiscal years 1992 through 1994.

"(B) INSUFFICIENT FUNDS.—If the Secretary finds that the total amount of grants to which States would otherwise be entitled for a fiscal year under subparagraph (A) will exceed the amount of funds that will be made available to provide the grants for the fiscal year, the Secretary shall reduce the grants made to States under this subsection, on a pro rata basis, to the extent necessary.

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

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

"(6) BLOCK GRANT STATES.—Each State electing to operate a program under section 27 shall—

"(A) receive the greater of—

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

"(ii) the average per fiscal year of the total dollar value of all funds received under para-

graph (1) by the State during each of fiscal years 1992 through 1994; and

"(B) be eligible to receive funds under paragraph (2), within the limitations in section 6(d)(4)(K)."

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

"(1) RESEARCH ON OPTIONAL STATE FOOD ASSISTANCE BLOCK GRANT.—The Secretary may conduct research on the effects and costs of a State program carried out under section 27."

SEC. 1064. A STUDY OF THE USE OF FOOD STAMPS TO PURCHASE VITAMINS AND MINERALS.

The Secretary of Agriculture shall, in consultation with the National Academy of Sciences and the Center for Disease Control and Prevention, conduct a study of the use of food stamps to purchase vitamins and minerals. The study shall include an analysis of scientific findings on the efficacy of and need for vitamins and minerals, including the adequacy of vitamin and mineral intake in low income populations, as shown by existing research and surveys, and the potential value of nutritional supplements in filling nutrient gaps that may exist in the population as a whole or in vulnerable subgroups in the U.S. population; the impact of nutritional improvements (including vitamin or mineral supplementation) on health status and health care costs for women of childbearing age, pregnant or lactating women, and the elderly; the cost of vitamin and mineral supplements commercially available; the purchasing 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 agricultural commodities. The Secretary shall report the results 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 following:

"Regulations issued pursuant to this Act shall provide criteria for the finding of violations and the suspension or disqualification of a retail food store or wholesale food concern on the basis of evidence which may include, but is not limited to, facts established through on-site investigations, inconsistent redemption data or evidence obtained through transaction reports under electronic benefit transfer 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 pro-

vided 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.

Subtitle B—Commodity Distribution Programs

SEC. 1071. EMERGENCY FOOD ASSISTANCE PROGRAM.

(a) DEFINITIONS.—Section 201A of the Emergency Food Assistance Act of 1983 (Public Law 98-8; 7 U.S.C. 612c note) is amended to read as follows:

"SEC. 201A. DEFINITIONS.

"In this Act:

"(1) ADDITIONAL COMMODITIES.—The term 'additional commodities' means commodities made available under section 214 in addition to the commodities made available under sections 202 and 203D.

"(2) AVERAGE MONTHLY NUMBER OF UNEMPLOYED PERSONS.—The term 'average monthly number of unemployed persons' means the average monthly number of unemployed persons in each State in the most recent fiscal year for which information concerning the number of unemployed persons is available, as determined by the Bureau of Labor Statistics of the Department of Labor.

"(3) ELIGIBLE RECIPIENT AGENCY.—The term 'eligible recipient agency' means a public or nonprofit organization—

"(A) that administers—

"(i) an emergency feeding organization;

"(ii) a charitable institution (including a hospital and a retirement home, but excluding a penal institution) to the extent that the institution serves needy persons;

"(iii) a summer camp for children, or a child nutrition program providing food service;

"(iv) a nutrition project operating under the Older Americans Act of 1965 (42 U.S.C. 3001 et seq.), including a project that operates a congregate nutrition site and a project that provides home-delivered meals; or

"(v) a disaster relief program;

"(B) that has been designated by the appropriate State agency, or by the Secretary; and

"(C) that has been approved by the Secretary for participation in the program established under this Act.

"(4) EMERGENCY FEEDING ORGANIZATION.—The term 'emergency feeding organization' means a public or nonprofit organization that administers activities and projects (including the activities and projects of a charitable institution, a food bank, a food pantry, a hunger relief center, a soup kitchen, or a similar public or private nonprofit eligible recipient agency) providing nutrition assistance to relieve situations of emergency and distress through the provision of food to needy persons, including low-income and unemployed persons.

"(5) FOOD BANK.—The term 'food bank' means a public or charitable institution that maintains an established operation involving the provision of food or edible commodities, or the products of food or edible commodities, to food pantries, soup kitchens, hunger relief centers, or other food or feeding centers that, as an integral part of their normal activities, provide meals or food to feed needy persons on a regular basis.

"(6) FOOD PANTRY.—The term 'food pantry' means a public or private nonprofit organization that distributes food to low-income and unemployed households, including food from sources other than the Department of Agriculture, to relieve situations of emergency and distress.

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

"(8) SOUP KITCHEN.—The term 'soup kitchen' means a public or charitable institution that, as an integral part of the normal activities of the institution, maintains an established feeding operation to provide food to needy homeless persons on a regular basis.

"(9) TOTAL VALUE OF ADDITIONAL COMMODITIES.—The term 'total value of additional commodities' means the actual cost of all additional commodities made available under section 214 that are paid by the Secretary (including the distribution and processing costs incurred by the Secretary).

"(10) VALUE OF ADDITIONAL COMMODITIES ALLOCATED TO EACH STATE.—The term 'value of additional commodities allocated to each State' means the actual cost of additional commodities made available under section 214 and allocated to each State that are paid by the Secretary (including the distribution and processing costs incurred by the Secretary)."

(b) STATE PLAN.—Section 202A of the Act (7 U.S.C. 612c note) is amended to read as follows:

**"SEC. 202A. STATE PLAN.**

"(a) IN GENERAL.—To receive commodities under this Act, a State shall submit a plan of operation and administration every 4 years to the Secretary for approval. The plan may be amended at any time, with the approval of the Secretary.

"(b) REQUIREMENTS.—Each plan shall—

"(1) designate the State agency responsible for distributing the commodities received under this Act;

"(2) set forth a plan of operation and administration to expeditiously distribute commodities under this Act;

"(3) set forth the standards of eligibility for recipient agencies; and

"(4) set forth the standards of eligibility for individual or household recipients of commodities, which shall require—

"(A) individuals or households to be comprised of needy persons; and

"(B) individual or household members to be residing in the geographic location served by the distributing agency at the time of applying for assistance.

"(c) STATE ADVISORY BOARD.—The Secretary shall encourage each State receiving commodities under this Act to establish a State advisory board consisting of representatives of all interested entities, both public and private, in the distribution of commodities received under this Act in the State."

(c) AUTHORIZATION OF APPROPRIATIONS FOR ADMINISTRATIVE FUNDS.—Section 204(a)(1) of the Act (7 U.S.C. 612c note) is amended—

(1) in the first sentence by striking "for State and local" and all that follows through "under this title" and inserting "to pay for the direct and indirect administrative costs of the State related to the processing, transporting, and distributing to eligible recipient agencies of commodities provided by the Secretary under this Act and commodities secured from other sources"; and

(2) by striking the fourth sentence.

(d) DELIVERY OF COMMODITIES.—Section 214 of the Act (7 U.S.C. 612c note) is amended—

(1) by striking subsections (a) through (e) and (j);

(2) by redesignating subsections (f) through (i) as subsections (a) through (d), respectively;

(3) in subsection (b), as redesignated by paragraph (2)—

(A) in the first sentence, by striking "subsection (f) or subsection (j) if applicable," and inserting "subsection (a)"; and

(B) in the second sentence, by striking "subsection (f)" and inserting "subsection (a)";

(4) by striking subsection (c), as redesignated by paragraph (2), and inserting the following:

"(c) ADMINISTRATION.—

"(1) IN GENERAL.—Commodities made available for each fiscal year under this section shall be delivered at reasonable intervals to States based on the grants calculated under subsection (a), or reallocated under subsection (b), before December 31 of the following fiscal year.

"(2) ENTITLEMENT.—Each State shall be entitled to receive the value of additional commodities determined under subsection (a)."; and

(5) in subsection (d), as redesignated by paragraph (2), by striking "or reduce" and all that follows through "each fiscal year".

(e) TECHNICAL AMENDMENTS.—The Act (7 U.S.C. 612c note) is amended—

(1) in the first sentence of section 203B(a), by striking "203 and 203A of this Act" and inserting "203A";

(2) in section 204(a), by striking "title" each place it appears and inserting "Act";

(3) in the first sentence of section 210(e), by striking "(except as otherwise provided for in section 214(j))"; and

(4) by striking section 212.

(f) REPORT ON EFAP.—Section 1571 of the Food Security Act of 1985 (Public Law 99-198; 7 U.S.C. 612c note) is repealed.

(g) AVAILABILITY OF COMMODITIES UNDER THE FOOD STAMP PROGRAM.—The Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.), as amended by sections 1062 and 1063, is amended by adding at the end the following:

**"SEC. 28. AVAILABILITY OF COMMODITIES FOR THE EMERGENCY FOOD ASSISTANCE PROGRAM.**

"(a) PURCHASE OF COMMODITIES.—From amounts appropriated under this Act, for each of fiscal years 1997 through 2002, the Secretary shall purchase \$300,000,000 of a variety of nutritious and useful commodities of the types that the Secretary has the authority to acquire through the Commodity Credit Corporation or under section 32 of the Act entitled 'An Act to amend the Agricultural Adjustment Act, and for other purposes', approved August 24, 1935 (7 U.S.C. 612c), and distribute the commodities to States for distribution in accordance with section 214 of the Emergency Food Assistance Act of 1983 (Public Law 98-8; 7 U.S.C. 612c note).

"(b) BASIS FOR COMMODITY PURCHASES.—In purchasing commodities under subsection (a), the Secretary shall, to the extent practicable and appropriate, make purchases based on—

"(1) agricultural market conditions;

"(2) preferences and needs of States and distributing agencies; and

"(3) preferences of recipients."

(h) EFFECTIVE DATE.—The amendments made by subsection (d) shall become effective on October 1, 1996.

**SEC. 1072. FOOD BANK DEMONSTRATION PROJECT.**

Section 3 of the Charitable Assistance and Food Bank Act of 1987 (Public Law 100-232; 7 U.S.C. 612c note) is repealed.

**SEC. 1073. HUNGER PREVENTION PROGRAMS.**

The Hunger Prevention Act of 1988 (Public Law 100-435; 7 U.S.C. 612c note) is amended—

(1) by striking section 110;

(2) by striking subtitle C of title II; and

(3) by striking section 502.

**SEC. 1074. REPORT ON ENTITLEMENT COMMODITY PROCESSING.**

Section 1773 of the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101-624; 7 U.S.C. 612c note) is amended by striking subsection (f).

**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 established 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-related payments, including salaries and pension, retirement, or unemployment benefits established by Federal, State, or local governments."

**TITLE II—COMMITTEE ON COMMERCE**

**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 position 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 benefits.

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 immunizations.

(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 benefit" means—

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

(B) any retirement, welfare, health, disability, or any other similar benefit for which payments or assistance are provided to an individual, household, or family eligible unit by an agency of the United States or by appropriated 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 eligible 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 meaning 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 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. 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 subparagraph:

"(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 adding 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 activity outside marriage as the expected standard for all school age children;

"(C) teaches that abstinence from sexual activity is the only certain way to avoid out-of-wedlock pregnancy, sexually transmitted diseases, and other associated health problems;

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

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

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

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

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

(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".

(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. Repeat 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.

**Subtitle B—Child Nutrition Programs**

**CHAPTER 1—NATIONAL SCHOOL LUNCH ACT**

Sec. 3201. State disbursement to schools.

Sec. 3202. Nutritional and other program requirements.

Sec. 3203. Free and reduced price policy statement.

Sec. 3204. Special assistance.

Sec. 3205. Miscellaneous provisions and definitions.

Sec. 3206. Summer food service program for children.

Sec. 3207. Commodity distribution.

Sec. 3208. Child care food program.

Sec. 3209. Pilot projects.

Sec. 3210. Reduction of paperwork.

Sec. 3211. Information on income eligibility.

Sec. 3212. Nutrition guidance for child nutrition programs.

Sec. 3213. Information clearinghouse.

**CHAPTER 2—CHILD NUTRITION ACT OF 1966**

Sec. 3221. Special milk program.

Sec. 3222. Free and reduced price policy statement.

Sec. 3223. School breakfast program authorization.

Sec. 3224. State administrative expenses.

Sec. 3225. Regulations.

Sec. 3226. Prohibitions.

Sec. 3227. Miscellaneous provisions and definitions.

Sec. 3228. Accounts and records.

Sec. 3229. Special supplemental nutrition program for women, infants, and children.

Sec. 3230. Cash grants for nutrition education.

Sec. 3231. Nutrition education and training.

**CHAPTER 3—MISCELLANEOUS PROVISIONS**

Sec. 3241. Coordination of school lunch, school breakfast, and summer food service programs.

**Subtitle C—Related Provisions**

Sec. 3301. Requirement that data relating to the incidence of poverty in the United States be published at least every 2 years.

Sec. 3302. Sense of the Congress.

Sec. 3303. Legislative accountability.

**Subtitle A—Child Care**

**SEC. 3101. SHORT TITLE AND REFERENCES.**

(a) SHORT TITLE.—This subtitle may be cited as the "Child Care and Development Block Grant Amendments of 1996".

(b) REFERENCES.—Except as otherwise expressly provided, whenever in this subtitle an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858 et seq.).

**SEC. 3102. GOALS.**

Section 658A (42 U.S.C. 9801 note) is amended—

(1) in the section heading by inserting "AND GOALS" after "TITLE";

(2) by inserting "(a) SHORT TITLE.—" before "This"; and

(3) by adding at the end the following:

"(b) GOALS.—The goals of this subchapter are—

"(1) to allow each State maximum flexibility in developing child care programs and policies that best suit the needs of children and parents within such State;

"(2) to promote parental choice to empower working parents to make their own decisions on the child care that best suits their family's needs;

"(3) to encourage States to provide consumer education information to help parents make informed choices about child care;

"(4) to assist States to provide child care to parents trying to achieve independence from public assistance; and

"(5) to assist States in implementing the health, safety, licensing, and registration standards established in State regulations."

**SEC. 3103. AUTHORIZATION OF APPROPRIATIONS AND ENTITLEMENT AUTHORITY.**

(a) IN GENERAL.—Section 658B (42 U.S.C. 9858) is amended to read as follows:

"SEC. 658B. AUTHORIZATION OF APPROPRIATIONS.

"There is authorized to be appropriated to carry out this subchapter \$1,000,000,000 for each of the fiscal years 1996 through 2002."

(b) SOCIAL SECURITY ACT.—Part A of title IV of the Social Security Act (42 U.S.C. 601-617) is amended by adding at the end the following new section:

**"SEC. 418. FUNDING FOR CHILD CARE.**

"(a) GENERAL CHILD CARE ENTITLEMENT.—

"(1) GENERAL ENTITLEMENT.—Subject to the amount appropriated under paragraph (3), each State shall, for the purpose of providing child care assistance, be entitled to payments under a grant under this subsection for a fiscal year in an amount equal to—

"(A) the sum of the total amount required to be paid to the State under section 403 for fiscal year 1994 or 1995 (whichever is greater) with respect to amounts expended for child care under section—

"(i) 402(g) of this Act (as such section was in effect before October 1, 1995); and

"(ii) 402(i) of this Act (as so in effect); or

"(B) the average of the total amounts required to be paid to the State for fiscal years 1992 through 1994 under the sections referred to in subparagraph (A);

whichever is greater.

"(2) REMAINDER.—

"(A) GRANTS.—The Secretary shall use any amounts appropriated for a fiscal year under paragraph (3), and remaining after the reservation described in paragraph (4) and after grants are awarded under paragraph (1), to make grants to States under this paragraph.

"(B) AMOUNT.—Subject to subparagraph (C), the amount of a grant awarded to a State for a fiscal year under this paragraph shall be based on the formula used for determining the amount of Federal payments to the State under section 403(n) (as such section was in effect before October 1, 1995).

"(C) MATCHING REQUIREMENT.—The Secretary shall pay to each eligible State in a fiscal year an amount, under a grant under subparagraph (A), equal to the Federal medical assistance percentage for such State for fiscal year 1995 (as defined in section 1905(b)) of so much of the expenditures by the State for child care in such year as exceed the State set-aside for such State under paragraph (1)(A) for such year and the amount of State expenditures in fiscal year 1994 or 1995 (whichever is greater) that equal the non-Federal share for the programs described in subparagraph (A) of paragraph (1).

"(D) REDISTRIBUTION.—

"(i) IN GENERAL.—With respect to any fiscal year, if the Secretary determines (in accordance with clause (ii)) that amounts under any grant awarded to a State under this paragraph for such fiscal year will not be used by such State during such fiscal year for carrying out the purpose for which the grant is made, the Secretary shall make such amounts available in the subsequent fiscal year for carrying out such purpose to 1 or more States which apply for such funds to the extent the Secretary determines that such States will be able to use such additional amounts for carrying out such purpose. Such available amounts shall be redistributed to a State pursuant to section 402(i) (as such section was in effect before October 1, 1995) by substituting 'the number of children residing in all States applying for such funds' for 'the number of children residing in the United States in the second preceding fiscal year'.

"(ii) TIME OF DETERMINATION AND DISTRIBUTION.—The determination of the Secretary under clause (i) for a fiscal year shall be made not later than the end of the first quarter of the subsequent fiscal year. The redistribution of amounts under clause (i) shall be made as close as practicable to the date on which such determination is made. Any amount made available to a State from an appropriation for a fiscal year in accordance with this subparagraph shall, for purposes of this part, be regarded as part of such State's payment (as determined under this subsection) for the fiscal year in which the redistribution is made.

"(3) APPROPRIATION.—For grants under this section, there are appropriated—

"(A) \$1,967,000,000 for fiscal year 1997;

"(B) \$2,067,000,000 for fiscal year 1998;

"(C) \$2,167,000,000 for fiscal year 1999;

"(D) \$2,367,000,000 for fiscal year 2000;

"(E) \$2,567,000,000 for fiscal year 2001; and

"(F) \$2,717,000,000 for fiscal year 2002.

"(4) INDIAN TRIBES.—The Secretary shall reserve not more than 1 percent of the aggregate amount appropriated to carry out this section in each fiscal year for payments to Indian tribes and tribal organizations.

"(b) USE OF FUNDS.—

"(1) IN GENERAL.—Amounts received by a State under this section shall only be used to provide child care assistance. Amounts received by a State under a grant under subsection (a)(1) shall be available for use by the State without fiscal year limitation.

"(2) USE FOR CERTAIN POPULATIONS.—A State shall ensure that not less than 70 percent of the total amount of funds received by the State in a fiscal year under this section are used to provide child care assistance to families who are receiving assistance under a State program under this part, families who are attempting through work activities to transition off of such assistance program, and families who are at risk of becoming dependent on such assistance program.

"(c) APPLICATION OF CHILD CARE AND DEVELOPMENT BLOCK GRANT ACT OF 1990.—Notwithstanding any other provision of law, amounts provided to a State under this section shall be transferred to the lead agency under the Child Care and Development Block Grant Act of 1990, integrated by the State into the programs established by the State under such Act, and be subject to requirements and limitations of such Act.

"(d) DEFINITION.—As used in this section, the term 'State' means each of the 50 States or the District of Columbia."

**SEC. 3104. LEAD AGENCY.**

Section 658D(b) (42 U.S.C. 9858b(b)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (A), by striking "State" the first place that such appears and inserting "governmental or nongovernmental"; and

(B) in subparagraph (C), by inserting "with sufficient time and Statewide distribution of the notice of such hearing," after "hearing in the State"; and

(2) in paragraph (2), by striking the second sentence.

**SEC. 3105. APPLICATION AND PLAN.**

Section 658E (42 U.S.C. 9858c) is amended—

(1) in subsection (b)—

(A) by striking "implemented—" and all that follows through "(2)" and inserting "implemented"; and

(B) by striking "for subsequent State plans";

(2) in subsection (c)—

(A) in paragraph (2)—

(i) in subparagraph (A)—

(I) in clause (i) by striking ", other than through assistance provided under paragraph (3)(C)."; and

(II) by striking "except" and all that follows through "1992", and inserting "and provide a detailed description of the procedures the State will implement to carry out the requirements of this subparagraph";

(ii) in subparagraph (B)—

(I) by striking "Provide assurances" and inserting "Certify"; and

(II) by inserting before the period at the end "and provide a detailed description of such procedures";

(iii) in subparagraph (C)—

(I) by striking "Provide assurances" and inserting "Certify"; and

(II) by inserting before the period at the end "and provide a detailed description of how such record is maintained and is made available";

(iv) by amending subparagraph (D) to read as follows:

"(D) CONSUMER EDUCATION INFORMATION.—Certify that the State will collect and disseminate to parents of eligible children and

the general public, consumer education information that will promote informed child care choices.";

(v) in subparagraph (E), to read as follows:

"(E) COMPLIANCE WITH STATE LICENSING REQUIREMENTS.—

"(i) IN GENERAL.—Certify that the State has in effect licensing requirements applicable to child care services provided within the State, and provide a detailed description of such requirements and of how such requirements are effectively enforced. Nothing in the preceding sentence shall be construed to require that licensing requirements be applied to specific types of providers of child care services.

"(ii) INDIAN TRIBES AND TRIBAL ORGANIZATIONS.—In lieu of any licensing and regulatory requirements applicable under State and local law, the Secretary, in consultation with Indian tribes and tribal organizations, shall develop minimum child care standards (that appropriately reflect tribal needs and available resources) that shall be applicable to Indian tribes and tribal organization receiving assistance under this subchapter.";

(vi) in subparagraph (G) by striking "Provide assurances" and inserting "Certify"; and

(vii) by striking subparagraphs (H), (I), and (J) and inserting the following:

"(H) MEETING THE NEEDS OF CERTAIN POPULATIONS.—Demonstrate the manner in which the State will meet the specific child care needs of families who are receiving assistance under a State program under part A of title IV of the Social Security Act, families who are attempting through work activities to transition off of such assistance program, and families that are at risk of becoming dependent on such assistance program.";

(B) in paragraph (3)—

(i) in subparagraph (A), by striking "(B) and (C)" and inserting "(B) through (D)";

(ii) in subparagraph (B)—

(I) by striking "—Subject to the reservation contained in subparagraph (C), the" and inserting "AND RELATED ACTIVITIES.—The";

(II) in clause (i) by striking "; and" at the end and inserting a period;

(III) by striking "for—" and all that follows through "section 658E(c)(2)(A)" and inserting "for child care services on sliding fee scale basis, activities that improve the quality or availability of such services, and any other activity that the State deems appropriate to realize any of the goals specified in paragraphs (2) through (5) of section 658A(b)"; and

(IV) by striking clause (ii);

(iii) by amending subparagraph (C) to read as follows:

"(C) LIMITATION ON ADMINISTRATIVE COSTS.—Not more than 5 percent of the aggregate amount of funds available to the State to carry out this subchapter by a State in each fiscal year may be expended for administrative costs incurred by such State to carry out all of its functions and duties under this subchapter. As used in the preceding sentence, the term 'administrative costs' shall not include the costs of providing direct services."; and

(iv) by adding at the end thereof the following:

"(D) ASSISTANCE FOR CERTAIN FAMILIES.—A State shall ensure that a substantial portion of the amounts available (after the State has complied with the requirement of section 418(b)(2) of the Social Security Act with respect to each of the fiscal years 1997 through 2002) to the State to carry out activities under this subchapter in each fiscal year is used to provide assistance to low-income working families other than families described in paragraph (2)(H)."; and

(C) in paragraph (4)(A)—

(i) by striking "provide assurances" and inserting "certify";

(ii) in the first sentence by inserting "and shall provide a summary of the facts relied on by the State to determine that such rates are sufficient to ensure such access" before the period; and

(iii) by striking the last sentence.

**SEC. 3106. LIMITATION ON STATE ALLOTMENTS.**

Section 658F(b)(1) (42 U.S.C. 9858d(b)(1)) is amended by striking "No" and inserting "Except as provided for in section 658O(c)(6), no".

**SEC. 3107. ACTIVITIES TO IMPROVE THE QUALITY OF CHILD CARE.**

Section 658G (42 U.S.C. 9858e) is amended to read as follows:

**"SEC. 658G. ACTIVITIES TO IMPROVE THE QUALITY OF CHILD CARE.**

"A State that receives funds to carry out this subchapter for a fiscal year, shall use not less than 4 percent of the amount of such funds for activities that are designed to provide comprehensive consumer education to parents and the public, activities that increase parental choice, and activities designed to improve the quality and availability of child care (such as resource and referral services)."

**SEC. 3108. REPEAL OF EARLY CHILDHOOD DEVELOPMENT AND BEFORE- AND AFTER-SCHOOL CARE REQUIREMENT.**

Section 658H (42 U.S.C. 9858f) is repealed.

**SEC. 3109. ADMINISTRATION AND ENFORCEMENT.**

Section 658I(b) (42 U.S.C. 9858g(b)) is amended—

(1) in paragraph (1), by striking ", and shall have" and all that follows through "(2)"; and

(2) in the matter following clause (ii) of paragraph (2)(A), by striking "finding and that" and all that follows through the period and inserting "finding and shall require that the State reimburse the Secretary for any funds that were improperly expended for purposes prohibited or not authorized by this subchapter, that the Secretary deduct from the administrative portion of the State allotment for the following fiscal year an amount that is less than or equal to any improperly expended funds, or a combination of such options."

**SEC. 3110. PAYMENTS.**

Section 658J(c) (42 U.S.C. 9858h(c)) is amended by striking "expended" and inserting "obligated".

**SEC. 3111. ANNUAL REPORT AND AUDITS.**

Section 658K (42 U.S.C. 9858i) is amended—

(1) in the section heading by striking "ANNUAL REPORT" and inserting "REPORTS";

(2) in subsection (a), to read as follows:

"(a) REPORTS.—

"(1) COLLECTION OF INFORMATION BY STATES.—

"(A) IN GENERAL.—A State that receives funds to carry out this subchapter shall collect the information described in subparagraph (B) on a monthly basis.

"(B) REQUIRED INFORMATION.—The information required under this subparagraph shall include, with respect to a family unit receiving assistance under this subchapter information concerning—

"(i) family income;

"(ii) county of residence;

"(iii) the gender, race, and age of children receiving such assistance;

"(iv) whether the family includes only 1 parent;

"(v) the sources of family income, including the amount obtained from (and separately identified)—

"(I) employment, including self-employment;

"(II) cash or other assistance under part A of title IV of the Social Security Act;

- “(III) housing assistance;
- “(IV) assistance under the Food Stamp Act of 1977; and
- “(V) other assistance programs;
- “(vi) the number of months the family has received benefits;
- “(vii) the type of child care in which the child was enrolled (such as family child care, home care, or center-based child care);
- “(viii) whether the child care provider involved was a relative;
- “(ix) the cost of child care for such families; and
- “(x) the average hours per week of such care;

during the period for which such information is required to be submitted.

“(C) SUBMISSION TO SECRETARY.—A State described in subparagraph (A) shall, on a quarterly basis, submit the information required to be collected under subparagraph (B) to the Secretary.

“(D) SAMPLING.—The Secretary may disapprove the information collected by a State under this paragraph if the State uses sampling methods to collect such information.

“(2) BIENNIAL REPORTS.—Not later than December 31, 1997, and every 6 months thereafter, a State described in paragraph (1)(A) shall prepare and submit to the Secretary a report that includes aggregate data concerning—

“(A) the number of child care providers that received funding under this subchapter as separately identified based on the types of providers listed in section 658P(5);

“(B) the monthly cost of child care services, and the portion of such cost that is paid for with assistance provided under this subchapter, listed by the type of child care services provided;

“(C) the number of payments made by the State through vouchers, contracts, cash, and disregards under public benefit programs, listed by the type of child care services provided;

“(D) the manner in which consumer education information was provided to parents and the number of parents to whom such information was provided; and

“(E) the total number (without duplication) of children and families served under this subchapter;

during the period for which such report is required to be submitted.”; and

(2) in subsection (b)—

(A) in paragraph (1) by striking “a application” and inserting “an application”;

(B) in paragraph (2) by striking “any agency administering activities that receive” and inserting “the State that receives”; and

(C) in paragraph (4) by striking “entitles” and inserting “entitled”.

#### SEC. 3112. REPORT BY THE SECRETARY.

Section 658L (42 U.S.C. 9858j) is amended—

(1) by striking “1993” and inserting “1997”;

(2) by striking “annually” and inserting “biennially”; and

(3) by striking “Education and Labor” and inserting “Economic and Educational Opportunities”.

#### SEC. 3113. ALLOTMENTS.

Section 658O (42 U.S.C. 9858m) is amended—

(1) in subsection (a)—

(A) in paragraph (1)

(i) by striking “POSSESSIONS” and inserting “POSSESSIONS”;

(ii) by inserting “and” after “States.”; and

(iii) by striking “, and the Trust Territory of the Pacific Islands”;

(B) in paragraph (2), by striking “3 percent” and inserting “1 percent”;

(2) in subsection (c)—

(A) in paragraph (5) by striking “our” and inserting “out”; and

(B) by adding at the end thereof the following new paragraph:

“(6) CONSTRUCTION OR RENOVATION OF FACILITIES.—

“(A) REQUEST FOR USE OF FUNDS.—An Indian tribe or tribal organization may submit to the Secretary a request to use amounts provided under this subsection for construction or renovation purposes.

“(B) DETERMINATION.—With respect to a request submitted under subparagraph (A), and except as provided in subparagraph (C), upon a determination by the Secretary that adequate facilities are not otherwise available to an Indian tribe or tribal organization to enable such tribe or organization to carry out child care programs in accordance with this subchapter, and that the lack of such facilities will inhibit the operation of such programs in the future, the Secretary may permit the tribe or organization to use assistance provided under this subsection to make payments for the construction or renovation of facilities that will be used to carry out such programs.

“(C) LIMITATION.—The Secretary may not permit an Indian tribe or tribal organization to use amounts provided under this subsection for construction or renovation if such use will result in a decrease in the level of child care services provided by the tribe or organization as compared to the level of such services provided by the tribe or organization in the fiscal year preceding the year for which the determination under subparagraph (A) is being made.

“(D) UNIFORM PROCEDURES.—The Secretary shall develop and implement uniform procedures for the solicitation and consideration of requests under this paragraph.”; and

(3) in subsection (e), by adding at the end thereof the following new paragraph:

“(4) INDIAN TRIBES OR TRIBAL ORGANIZATIONS.—Any portion of a grant or contract made to an Indian tribe or tribal organization under subsection (c) that the Secretary determines is not being used in a manner consistent with the provision of this subchapter in the period for which the grant or contract is made available, shall be allotted by the Secretary to other tribes or organizations that have submitted applications under subsection (c) in accordance with their respective needs.”.

#### SEC. 3114. DEFINITIONS.

Section 658P (42 U.S.C. 9858n) is amended—

(1) in paragraph (2), in the first sentence by inserting “or as a deposit for child care services if such a deposit is required of other children being cared for by the provider” after “child care services”; and

(2) by striking paragraph (3);

(3) in paragraph (4)(B), by striking “75 percent” and inserting “85 percent”;

(4) in paragraph (5)(B)—

(A) by inserting “great grandchild, sibling (if such provider lives in a separate residence),” after “grandchild.”;

(B) by striking “is registered and”; and

(C) by striking “State” and inserting “applicable”.

(5) by striking paragraph (10);

(6) in paragraph (13)—

(A) by inserting “or” after “Samoa.”; and

(B) by striking “, and the Trust Territory of the Pacific Islands”;

(7) in paragraph (14)—

(A) by striking “The term” and inserting the following:

“(A) IN GENERAL.—The term”; and

(B) by adding at the end thereof the following new subparagraph:

“(B) OTHER ORGANIZATIONS.—Such term includes a Native Hawaiian Organization, as defined in section 4009(4) of the Augustus F. Hawkins-Robert T. Stafford Elementary and Secondary School Improvement Amendments of 1988 (20 U.S.C. 4909(4)) and a private nonprofit organization established for the

purpose of serving youth who are Indians or Native Hawaiians.”.

#### SEC. 3115. REPEALS.

(a) CHILD DEVELOPMENT ASSOCIATE SCHOLARSHIP ASSISTANCE ACT OF 1985.—Title VI of the Human Services Reauthorization Act of 1986 (42 U.S.C. 10901-10905) is repealed.

(b) STATE DEPENDENT CARE DEVELOPMENT GRANTS ACT.—Subchapter E of chapter 8 of subtitle A of title VI of the Omnibus Budget Reconciliation Act of 1981 (42 U.S.C. 9871-9877) is repealed.

(c) PROGRAMS OF NATIONAL SIGNIFICANCE.—Title X of the Elementary and Secondary Education Act of 1965, as amended by Public Law 103-382 (108 Stat. 3809 et seq.), is amended—

(1) in section 10413(a) by striking paragraph (4).

(2) in section 10963(b)(2) by striking subparagraph (G), and

(3) in section 10974(a)(6) by striking subparagraph (G).

(d) NATIVE HAWAIIAN FAMILY-BASED EDUCATION CENTERS.—Section 9205 of the Native Hawaiian Education Act (Public Law 103-382; 108 Stat. 3794) is repealed.

(e) CERTAIN CHILD CARE PROGRAMS UNDER THE SOCIAL SECURITY ACT.—

(1) AFDC AND TRANSITIONAL CHILD CARE PROGRAMS.—Section 402 of the Social Security Act (42 U.S.C. 602) is amended by striking subsection (g).

(2) AT-RISK CHILD CARE PROGRAM.—

(A) AUTHORIZATION.—Section 402 of the Social Security Act (42 U.S.C. 602) is amended by striking subsection (i).

(B) FUNDING PROVISIONS.—Section 403 of the Social Security Act (42 U.S.C. 603) is amended by striking subsection (n).

#### SEC. 3116. EFFECTIVE DATE.

(a) IN GENERAL.—Except as provided in subsection (b), this subtitle and the amendments made by this subtitle shall take effect on October 1, 1996.

(b) EXCEPTION.—The amendment made by section 3303(a) shall take effect on the date of enactment of this Act.

### Subtitle B—Child Nutrition Programs CHAPTER 1—NATIONAL SCHOOL LUNCH ACT

#### SEC. 3201. STATE DISBURSEMENT TO SCHOOLS.

(a) IN GENERAL.—Section 8 of the National School Lunch Act (42 U.S.C. 1757) is amended—

(1) in the third sentence, by striking “Nothing” and all that follows through “educational agency to” and inserting “The State educational agency may”;

(2) by striking the fourth and fifth sentences;

(3) by redesignating the first through sixth sentences, as amended by paragraph (1), as subsections (a) through (f), respectively;

(4) in subsection (b), as redesignated by paragraph (3), by striking “the preceding sentence” and inserting “subsection (a)”; and

(5) in subsection (d), as redesignated by paragraph (3), by striking “Such food costs” and inserting “Use of funds paid to States”.

(b) DEFINITION OF CHILD.—Section 12(d) of the Act (42 U.S.C. 1760(d)) is amended by adding at the end the following:

“(9) ‘child’ includes an individual, regardless of age, who—

“(A) is determined by a State educational agency, in accordance with regulations prescribed by the Secretary, to have 1 or more mental or physical disabilities; and

“(B) is attending any institution, as defined in section 17(a), or any nonresidential public or nonprofit private school of high school grade or under, for the purpose of participating in a school program established for individuals with mental or physical disabilities.

No institution that is not otherwise eligible to participate in the program under section 17 shall be considered eligible because of this paragraph."

**SEC. 3202. NUTRITIONAL AND OTHER PROGRAM REQUIREMENTS.**

(a) **NUTRITIONAL STANDARDS.**—Section 9(a) of the National School Lunch Act (42 U.S.C. 1758(a)) is amended—

(1) in paragraph (2)—  
(A) by striking "(2)(A) Lunches" and inserting "(2) Lunches";

(B) by striking subparagraph (B); and  
(C) by redesignating clauses (i) and (ii) as subparagraphs (A) and (B), respectively;  
(2) by striking paragraph (3); and  
(3) by redesignating paragraph (4) as paragraph (3).

(b) **ELIGIBILITY GUIDELINES.**—Section 9(b) of the Act is amended—

(1) in paragraph (2)—  
(A) by striking subparagraph (A); and  
(B) by redesignating subparagraphs (B) and (C) as subparagraphs (A) and (B), respectively;

(2) in paragraph (5), by striking the third sentence; and

(3) in paragraph (6), by striking "paragraph (2)(C)" and inserting "paragraph (2)(B)".

(c) **UTILIZATION OF AGRICULTURAL COMMODITIES.**—Section 9(c) of the Act is amended by striking the second, fourth, and sixth sentences.

(d) **CONFORMING AMENDMENT.**—The last sentence of section 9(d)(1) of the Act is amended by striking "subsection (b)(2)(C)" and inserting "subsection (b)(2)(B)".

(e) **NUTRITIONAL INFORMATION.**—Section 9(f) of the Act is amended—

(1) by striking paragraph (1);  
(2) by striking "(2)";  
(3) by redesignating subparagraphs (A) through (D) as paragraphs (1) through (4), respectively;

(4) by striking paragraph (1), as redesignated by paragraph (3), and inserting the following:

"(1) **NUTRITIONAL REQUIREMENTS.**—Except as provided in paragraph (2), not later than the first day of the 1996-1997 school year, schools that are participating in the school lunch or school breakfast program shall serve lunches and breakfasts under the program that—

"(A) are consistent with the goals of the most recent Dietary Guidelines for Americans published under section 301 of the National Nutrition Monitoring and Related Research Act of 1990 (7 U.S.C. 5341); and

"(B) provide, on the average over each week, at least—

"(i) with respect to school lunches, 1/3 of the daily recommended dietary allowance established by the Food and Nutrition Board of the National Research Council of the National Academy of Sciences; and

"(ii) with respect to school breakfasts, 1/4 of the daily recommended dietary allowance established by the Food and Nutrition Board of the National Research Council of the National Academy of Sciences.";

(5) in paragraph (3), as redesignated by paragraph (3)—

(A) by redesignating clauses (i) and (ii) as subparagraphs (A) and (B), respectively; and  
(B) in subparagraph (A), as so redesignated, by redesignating subclauses (I) and (II) as clauses (i) and (ii), respectively; and

(6) in paragraph (4), as redesignated by paragraph (3)—

(A) by redesignating clauses (i) and (ii) as subparagraphs (A) and (B), respectively;

(B) in subparagraph (A) (as redesignated by subparagraph (A)), by redesignating subclauses (I) and (II) as clauses (i) and (ii), respectively; and

(C) in subparagraph (A)(ii) (as redesignated by subparagraph (B)), by striking "subparagraph (C)" and inserting "paragraph (3)".

(f) **USE OF RESOURCES.**—Section 9 of the Act is amended by striking subsection (h).

**SEC. 3203. FREE AND REDUCED PRICE POLICY STATEMENT.**

Section 9(b)(2) of the National School Lunch Act (42 U.S.C. 1758(b)(2)), as amended by section 3202(b)(1), is further amended by adding at the end the following:

"(C) **FREE AND REDUCED PRICE POLICY STATEMENT.**—After the initial submission, a school shall not be required to submit a free and reduced price policy statement to a State educational agency under this Act unless there is a substantive change in the free and reduced price policy of the school. A routine change in the policy of a school, such as an annual adjustment of the income eligibility guidelines for free and reduced price meals, shall not be sufficient cause for requiring the school to submit a policy statement."

**SEC. 3204. SPECIAL ASSISTANCE.**

(a) **EXTENSION OF PAYMENT PERIOD.**—Section 11(a)(1)(D)(i) of the National School Lunch Act (42 U.S.C. 1759a(a)(1)(D)(i)) is amended by striking ", on the date of enactment of this subparagraph."

(b) **APPLICABILITY OF OTHER PROVISIONS.**—Section 11 of the Act is amended—

(1) by striking subsection (d);

(2) in subsection (e)(2)—  
(A) by striking "The" and inserting "On request of the Secretary, the"; and

(B) by striking "each month"; and

(3) by redesignating subsections (e) and (f), as so amended, as subsections (d) and (e), respectively.

**SEC. 3205. MISCELLANEOUS PROVISIONS AND DEFINITIONS.**

(a) **ACCOUNTS AND RECORDS.**—Section 12(a) of the National School Lunch Act (42 U.S.C. 1760(a)) is amended by striking "at all times be available" and inserting "be available at any reasonable time".

(b) **RESTRICTION ON REQUIREMENTS.**—Section 12(c) of the Act is amended by striking "neither the Secretary nor the State shall" and inserting "the Secretary shall not".

(c) **DEFINITIONS.**—Section 12(d) of the Act, as amended by section 3201(b), is further amended—

(1) in paragraph (1), by striking "the Trust Territory of the Pacific Islands" and inserting "the Commonwealth of the Northern Mariana Islands";

(2) by striking paragraphs (3) and (4); and

(3) by redesignating paragraphs (1), (2), and (5) through (9) as paragraphs (6), (7), (3), (4), (2), (5), and (1), respectively, and rearranging the paragraphs so as to appear in numerical order.

(d) **ADJUSTMENTS TO NATIONAL AVERAGE PAYMENT RATES.**—Section 12(f) of the Act is amended by striking "the Trust Territory of the Pacific Islands".

(e) **EXPEDITED RULEMAKING.**—Section 12(k) of the Act is amended—

(1) by striking paragraphs (1), (2), and (5); and

(2) by redesignating paragraphs (3) and (4) as paragraphs (1) and (2), respectively.

(f) **WAIVER.**—Section 12(l) of the Act is amended—

(1) in paragraph (2)(A)—

(A) in clause (iii), by adding "and" at the end;

(B) in clause (iv), by striking the semicolon at the end and inserting a period; and

(C) by striking clauses (v) through (vii);

(2) in paragraph (3)—

(A) by striking "(A)"; and

(B) by striking subparagraphs (B) through (D);

(3) in paragraph (4)—

(A) in the matter preceding subparagraph (A), by striking "of any requirement relating" and inserting "that increases Federal costs or that relates";

(B) by striking subparagraph (D);

(C) by redesignating subparagraphs (E) through (N) as subparagraphs (D) through (M), respectively; and

(D) in subparagraph (L), as redesignated by subparagraph (C), by striking "and" at the end and inserting "or"; and

(4) in paragraph (6)—

(A) by striking "(A)(i)" and all that follows through "(B)"; and

(B) by redesignating clauses (i) through (iv) as subparagraphs (A) through (D), respectively.

(g) **FOOD AND NUTRITION PROJECTS.**—Section 12 of the Act is amended by striking subsection (m).

**SEC. 3206. SUMMER FOOD SERVICE PROGRAM FOR CHILDREN.**

(a) **ESTABLISHMENT OF PROGRAM.**—Section 13(a) of the National School Lunch Act (42 U.S.C. 1761(a)) is amended—

(1) in paragraph (1)—

(A) in the first sentence, by striking "initiate, maintain, and expand" and inserting "initiate and maintain"; and

(B) in subparagraph (E) of the second sentence, by striking "the Trust Territory of the Pacific Islands,"; and

(2) in paragraph (7)(A), by striking "Except as provided in subparagraph (C), private" and inserting "Private".

(b) **SERVICE INSTITUTIONS.**—Section 13(b) of the Act is amended by striking "(b)(1)" and all that follows through the end of paragraph (1) and inserting the following:

"(b) **SERVICE INSTITUTIONS.**—

"(1) **PAYMENTS.**—

"(A) **IN GENERAL.**—Except as otherwise provided in this paragraph, payments to service institutions shall equal the full cost of food service operations (which cost shall include the costs of obtaining, preparing, and serving food, but shall not include administrative costs).

"(B) **MAXIMUM AMOUNTS.**—Subject to subparagraph (C), payments to any institution under subparagraph (A) shall not exceed—

"(i) \$1.82 for each lunch and supper served;

"(ii) \$1.13 for each breakfast served; and

"(iii) 46 cents for each meal supplement served.

"(C) **ADJUSTMENTS.**—Amounts specified in subparagraph (B) shall be adjusted on January 1, 1997, and each January 1 thereafter, to the nearest lower cent increment in accordance with the changes for the 12-month period ending the preceding November 30 in the series for food away from home of the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics of the Department of Labor. Each adjustment shall be based on the unrounded adjustment for the prior 12-month period."

(c) **ADMINISTRATION OF SERVICE INSTITUTIONS.**—Section 13(b)(2) of the Act is amended—

(1) in the first sentence, by striking "four meals" and inserting "3 meals, or 2 meals and 1 supplement,"; and

(2) by striking the second sentence.

(d) **REIMBURSEMENTS.**—Section 13(c)(2) of the Act is amended—

(1) by striking subparagraph (A);

(2) in subparagraph (B)—

(A) in the first sentence—

(i) by striking ", and such higher education institutions,"; and

(ii) by striking "without application" and inserting "upon showing residence in areas in which poor economic conditions exist or on the basis of income eligibility statements for children enrolled in the program"; and

(B) by adding at the end the following: "The higher education institutions referred

to in the preceding sentence shall be eligible to participate in the program under this paragraph without application.”;

(3) in subparagraph (C)(ii), by striking “severe need”; and

(4) by redesignating subparagraphs (B) through (E), as so amended, as subparagraphs (A) through (D), respectively.

(e) ADVANCE PROGRAM PAYMENTS.—Section 13(e)(1) of the Act is amended—

(1) by striking “institution: *Provided*, That (A) the” and inserting “institution. The”;

(2) by inserting “(excluding a school)” after “any service institution”; and

(3) by striking “responsibilities, and (B) no” and inserting “responsibilities. No”.

(f) FOOD REQUIREMENTS.—Section 13(f) of the Act is amended—

(1) by redesignating the first through seventh sentences as paragraphs (1) through (7), respectively;

(2) by striking paragraph (3), as redesignated by paragraph (1);

(3) in paragraph (4), as redesignated by paragraph (1), by striking “the first sentence” and inserting “paragraph (1)”;

(4) in paragraph (6), as redesignated by paragraph (1), by striking “that bacteria levels” and all that follows through the period at the end and inserting “conformance with standards set by local health authorities.”; and

(5) by redesignating paragraphs (4) through (7), as redesignated by paragraph (1), as paragraphs (3) through (6), respectively.

(g) PERMITTING OFFER VERSUS SERVE.—Section 13(f) of the Act, as amended by subsection (f), is further amended by adding at the end the following:

“(7) OFFER VERSUS SERVE.—A school food authority participating as a service institution may permit a child attending a site on school premises operated directly by the authority to refuse not more than 1 item of a meal that the child does not intend to consume. A refusal of an offered food item shall not affect the amount of payments made under this section to a school for the meal.”.

(h) FOOD SERVICE MANAGEMENT COMPANIES.—Section 13(l) of the Act is amended—

(1) by striking paragraph (4);

(2) in paragraph (5), by striking the first sentence; and

(3) by redesignating paragraph (5), as so amended, as paragraph (4).

(i) RECORDS.—The second sentence of section 13(m) of the Act is amended by striking “at all times be available” and inserting “be available at any reasonable time”.

(j) REMOVING MANDATORY NOTICE TO INSTITUTIONS.—Section 13(n)(2) of the Act is amended by striking “, and its plans and schedule for informing service institutions of the availability of the program”.

(k) PLAN.—Section 13(n) of the Act is amended—

(1) in paragraph (2), by striking “, including the State’s methods of assessing need”;

(2) by striking paragraph (3);

(3) in paragraph (4), by striking “and schedule”; and

(4) by redesignating paragraphs (4) through (7), as so amended, as paragraphs (3) through (6), respectively.

(l) MONITORING AND TRAINING.—Section 13(q) of the Act is amended—

(1) by striking paragraphs (2) and (4);

(2) in paragraph (3), by striking “paragraphs (1) and (2) of this subsection” and inserting “paragraph (1)”;

(3) by redesignating paragraph (3), as so amended, as paragraph (2).

(m) EXPIRED PROGRAM.—Section 13 of the Act is amended—

(1) by striking subsection (p); and

(2) by redesignating subsections (q) and (r), as so amended, as subsections (p) and (q), respectively.

(n) EFFECTIVE DATE.—The amendments made by subsection (b) shall become effective on January 1, 1997.

#### SEC. 3207. COMMODITY DISTRIBUTION.

(a) CERÉAL AND SHORTENING IN COMMODITY DONATIONS.—Section 14(b) of the National School Lunch Act (42 U.S.C. 1762a(b)) is amended—

(1) by striking paragraph (1); and

(2) by redesignating paragraphs (2) and (3) as paragraphs (1) and (2), respectively.

(b) IMPACT STUDY AND PURCHASING PROCEDURES.—Section 14(d) of the Act is amended by striking the second and third sentences.

(c) CASH COMPENSATION FOR PILOT PROJECT SCHOOLS.—Section 14(g) of the Act is amended by striking paragraph (3).

(d) STATE ADVISORY COUNCIL.—Section 14 is amended—

(1) by striking subsection (e); and

(2) by redesignating subsections (f) and (g), as so amended, as subsections (e) and (f), respectively.

#### SEC. 3208. CHILD CARE FOOD PROGRAM.

(a) ESTABLISHMENT OF PROGRAM.—Section 17 of the National School Lunch Act (42 U.S.C. 1766) is amended—

(1) in the section heading, by striking “AND ADULT”; and

(2) in the first sentence of subsection (a), by striking “initiate, maintain, and expand” and inserting “initiate and maintain”.

(b) PAYMENTS TO SPONSOR EMPLOYEES.—Paragraph (2) of the last sentence of section 17(a) of the Act (42 U.S.C. 1766(a)) is amended—

(1) by striking “and” at the end of subparagraph (B);

(2) by striking the period at the end of subparagraph (C) and inserting “; and”; and

(3) by adding at the end the following:

“(D) in the case of a family or group day care home sponsoring organization that employs more than 1 employee, the organization does not base payments to an employee of the organization on the number of family or group day care homes recruited.”.

(c) TECHNICAL ASSISTANCE.—The last sentence of section 17(d)(1) of the Act is amended by striking “, and shall provide technical assistance” and all that follows through “its application”.

(d) REIMBURSEMENT OF CHILD CARE INSTITUTIONS.—Section 17(f)(2)(B) of the Act (42 U.S.C. 1766(f)(2)(B)) is amended by striking “two meals and two supplements or three meals and one supplement” and inserting “two meals and one supplement”.

(e) IMPROVED TARGETING OF DAY CARE HOME REIMBURSEMENTS.—

(1) RESTRUCTURED DAY CARE HOME REIMBURSEMENTS.—Section 17(f)(3) of the Act is amended by striking “(3)(A) Institutions” and all that follows through the end of subparagraph (A) and inserting the following:

“(3) REIMBURSEMENT OF FAMILY OR GROUP DAY CARE HOME SPONSORING ORGANIZATIONS.—

“(A) REIMBURSEMENT FACTOR.—

“(i) IN GENERAL.—An institution that participates in the program under this section as a family or group day care home sponsoring organization shall be provided, for payment to a home sponsored by the organization, reimbursement factors in accordance with this subparagraph for the cost of obtaining and preparing food and prescribed labor costs involved in providing meals under this section.

“(ii) TIER I FAMILY OR GROUP DAY CARE HOMES.—

“(I) DEFINITION.—In this paragraph, the term ‘tier I family or group day care home’ means—

“(aa) a family or group day care home that is located in a geographic area, as defined by the Secretary based on census data, in which at least 50 percent of the children residing in

the area are members of households whose incomes meet the income eligibility guidelines for free or reduced price meals under section 9;

“(bb) a family or group day care home that is located in an area served by a school enrolling elementary students in which at least 50 percent of the total number of children enrolled are certified eligible to receive free or reduced price school meals under this Act or the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.); or

“(cc) a family or group day care home that is operated by a provider whose household meets the income eligibility guidelines for free or reduced price meals under section 9 and whose income is verified by the sponsoring organization of the home under regulations established by the Secretary.

“(II) REIMBURSEMENT.—Except as provided in subclause (III), a tier I family or group day care home shall be provided reimbursement factors under this clause without a requirement for documentation of the costs described in clause (i), except that reimbursement shall not be provided under this subclause for meals or supplements served to the children of a person acting as a family or group day care home provider unless the children meet the income eligibility guidelines for free or reduced price meals under section 9.

“(III) FACTORS.—Except as provided in subclause (IV), the reimbursement factors applied to a home referred to in subclause (II) shall be the factors in effect on July 1, 1996.

“(IV) ADJUSTMENTS.—The reimbursement factors under this subparagraph shall be adjusted on July 1, 1997, and each July 1 thereafter, to reflect changes in the Consumer Price Index for food at home for the most recent 12-month period for which the data are available. The reimbursement factors under this subparagraph shall be rounded to the nearest lower cent increment and based on the unrounded adjustment in effect on June 30 of the preceding school year.

“(iii) TIER II FAMILY OR GROUP DAY CARE HOMES.—

“(I) IN GENERAL.—

“(aa) FACTORS.—Except as provided in subclause (II), with respect to meals or supplements served under this clause by a family or group day care home that does not meet the criteria set forth in clause (ii)(I), the reimbursement factors shall be 90 cents for lunches and suppers, 25 cents for breakfasts, and 10 cents for supplements.

“(bb) ADJUSTMENTS.—The factors shall be adjusted on July 1, 1997, and each July 1 thereafter, to reflect changes in the Consumer Price Index for food at home for the most recent 12-month period for which the data are available. The reimbursement factors under this item shall be rounded down to the nearest lower cent increment and based on the unrounded adjustment for the preceding 12-month period.

“(cc) REIMBURSEMENT.—A family or group day care home shall be provided reimbursement factors under this subclause without a requirement for documentation of the costs described in clause (i), except that reimbursement shall not be provided under this subclause for meals or supplements served to the children of a person acting as a family or group day care home provider unless the children meet the income eligibility guidelines for free or reduced price meals under section 9.

“(II) OTHER FACTORS.—A family or group day care home that does not meet the criteria set forth in clause (ii)(I) may elect to be provided reimbursement factors determined in accordance with the following requirements:

“(aa) CHILDREN ELIGIBLE FOR FREE OR REDUCED PRICE MEALS.—In the case of meals or

supplements served under this subsection to children who are members of households whose incomes meet the income eligibility guidelines for free or reduced price meals under section 9, the family or group day care home shall be provided reimbursement factors set by the Secretary in accordance with clause (ii)(III).

"(bb) INELIGIBLE CHILDREN.—In the case of meals or supplements served under this subsection to children who are members of households whose incomes do not meet the income eligibility guidelines, the family or group day care home shall be provided reimbursement factors in accordance with subclause (I).

"(III) INFORMATION AND DETERMINATIONS.—

"(aa) IN GENERAL.—If a family or group day care home elects to claim the factors described in subclause (II), the family or group day care home sponsoring organization serving the home shall collect the necessary income information, as determined by the Secretary, from any parent or other caretaker to make the determinations specified in subclause (II) and shall make the determinations in accordance with rules prescribed by the Secretary.

"(bb) CATEGORICAL ELIGIBILITY.—In making a determination under item (aa), a family or group day care home sponsoring organization may consider a child participating in or subsidized under, or a child with a parent participating in or subsidized under, a federally or State supported child care or other benefit program with an income eligibility limit that does not exceed the eligibility standard for free or reduced price meals under section 9 to be a child who is a member of a household whose income meets the income eligibility guidelines under section 9.

"(cc) FACTORS FOR CHILDREN ONLY.—A family or group day care home may elect to receive the reimbursement factors prescribed under clause (ii)(III) solely for the children participating in a program referred to in item (bb) if the home elects not to have income statements collected from parents or other caretakers.

"(IV) SIMPLIFIED MEAL COUNTING AND REPORTING PROCEDURES.—The Secretary shall prescribe simplified meal counting and reporting procedures for use by a family or group day care home that elects to claim the factors under subclause (II) and by a family or group day care home sponsoring organization that sponsors the home. The procedures the Secretary prescribes may include 1 or more of the following:

"(aa) Setting an annual percentage for each home of the number of meals served that are to be reimbursed in accordance with the reimbursement factors prescribed under clause (ii)(III) and an annual percentage of the number of meals served that are to be reimbursed in accordance with the reimbursement factors prescribed under subclause (I), based on the family income of children enrolled in the home in a specified month or other period.

"(bb) Placing a home into 1 of 2 or more reimbursement categories annually based on the percentage of children in the home whose households have incomes that meet the income eligibility guidelines under section 9, with each such reimbursement category carrying a set of reimbursement factors such as the factors prescribed under clause (ii)(III) or subclause (I) or factors established within the range of factors prescribed under clause (ii)(III) and subclause (I).

"(cc) Such other simplified procedures as the Secretary may prescribe.

"(V) MINIMUM VERIFICATION REQUIREMENTS.—The Secretary may establish any necessary minimum verification requirements."

(2) GRANTS TO STATES TO PROVIDE ASSISTANCE TO FAMILY OR GROUP DAY CARE HOMES.—Section 17(f)(3) of the Act is amended by adding at the end the following:

"(D) GRANTS TO STATES TO PROVIDE ASSISTANCE TO FAMILY OR GROUP DAY CARE HOMES.—

"(i) IN GENERAL.—

"(I) RESERVATION.—From amounts made available to carry out this section, the Secretary shall reserve \$5,000,000 of the amount made available for fiscal year 1997.

"(II) PURPOSE.—The Secretary shall use the funds made available under subclause (I) to provide grants to States for the purpose of providing—

"(aa) assistance, including grants, to family and day care home sponsoring organizations and other appropriate organizations, in securing and providing training, materials, automated data processing assistance, and other assistance for the staff of the sponsoring organizations; and

"(bb) training and other assistance to family and group day care homes in the implementation of the amendment to subparagraph (A) made by section 3208(e)(1) of the Personal Responsibility and Work Opportunity Act of 1996.

"(ii) ALLOCATION.—The Secretary shall allocate from the funds reserved under clause (i)(I)—

"(I) \$30,000 in base funding to each State; and

"(II) any remaining amount among the States, based on the number of family day care homes participating in the program in a State during fiscal year 1995 as a percentage of the number of all family day care homes participating in the program during fiscal year 1995.

"(iii) RETENTION OF FUNDS.—Of the amount of funds made available to a State for fiscal year 1997 under clause (i), the State may retain not to exceed 30 percent of the amount to carry out this subparagraph.

"(iv) ADDITIONAL PAYMENTS.—Any payments received under this subparagraph shall be in addition to payments that a State receives under subparagraph (A)."

(3) PROVISION OF DATA.—Section 17(f)(3) of the Act, as amended by paragraph (2), is further amended by adding at the end the following:

"(E) PROVISION OF DATA TO FAMILY OR GROUP DAY CARE HOME SPONSORING ORGANIZATIONS.—

"(i) CENSUS DATA.—The Secretary shall provide to each State agency administering a child care food program under this section data from the most recent decennial census survey or other appropriate census survey for which the data are available showing which areas in the State meet the requirements of subparagraph (A)(ii)(I)(aa). The State agency shall provide the data to family or group day care home sponsoring organizations located in the State.

"(ii) SCHOOL DATA.—

"(I) IN GENERAL.—A State agency administering the school lunch program under this Act or the school breakfast program under the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.) shall provide to approved family or group day care home sponsoring organizations a list of schools serving elementary school children in the State in which not less than 1/2 of the children enrolled are certified to receive free or reduced price meals. The State agency shall collect the data necessary to create the list annually and provide the list on a timely basis to any approved family or group day care home sponsoring organization that requests the list.

"(II) USE OF DATA FROM PRECEDING SCHOOL YEAR.—In determining for a fiscal year or other annual period whether a home qualifies as a tier I family or group day care home under subparagraph (A)(ii)(I), the State

agency administering the program under this section, and a family or group day care home sponsoring organization, shall use the most current available data at the time of the determination.

"(iii) DURATION OF DETERMINATION.—For purposes of this section, a determination that a family or group day care home is located in an area that qualifies the home as a tier I family or group day care home (as the term is defined in subparagraph (A)(ii)(I)), shall be in effect for 3 years (unless the determination is made on the basis of census data, in which case the determination shall remain in effect until more recent census data are available) unless the State agency determines that the area in which the home is located no longer qualifies the home as a tier I family or group day care home."

(4) CONFORMING AMENDMENTS.—Section 17(c) of the Act is amended by inserting "except as provided in subsection (f)(3)," after "For purposes of this section," each place it appears in paragraphs (1), (2), and (3).

(f) REIMBURSEMENT.—Section 17(f) of the Act is amended—

(1) in paragraph (3)—

(A) in subparagraph (B), by striking the third and fourth sentences; and

(B) in subparagraph (C)—

(i) by striking "(i)" and

(ii) by striking clause (ii); and

(2) in paragraph (4), by striking "shall" and inserting "may" in the first sentence.

(g) NUTRITIONAL REQUIREMENTS.—Section 17(g)(1) of the Act is amended—

(1) in subparagraph (A), by striking the second sentence; and

(2) in subparagraph (B), by striking the second sentence.

(h) ELIMINATION OF STATE PAPERWORK AND OUTREACH BURDEN.—Section 17 of the Act is amended by striking subsection (k) and inserting the following:

"(k) TRAINING AND TECHNICAL ASSISTANCE.—A State participating in the program established under this section shall provide sufficient training, technical assistance, and monitoring to facilitate effective operation of the program. The Secretary shall assist the State in developing plans to fulfill the requirements of this subsection."

(i) RECORDS.—The second sentence of section 17(m) of the Act is amended by striking "at all times" and inserting "at any reasonable time".

(j) MODIFICATION OF ADULT CARE FOOD PROGRAM.—Section 17(o) of the Act is amended—

(1) in the first sentence of paragraph (1)—

(A) by striking "adult day care centers" and inserting "day care centers for chronically impaired disabled persons"; and

(B) by striking "to persons 60 years of age or older"; and

(2) in paragraph (2)—

(A) in subparagraph (A)—

(i) by striking "adult day care center" and inserting "day care center for chronically impaired disabled persons"; and

(ii) in clause (i)—

(I) by striking "adult";

(II) by striking "adults" and inserting "persons"; and

(III) by striking "or persons 60 years of age or older"; and

(B) in subparagraph (B), by striking "adult day care services" and inserting "day care services for chronically impaired disabled persons".

(k) UNNEEDED PROVISION.—Section 17 of the Act is amended by striking subsection (q).

(l) CONFORMING AMENDMENTS.—

(1) Section 17B(f) of the Act (42 U.S.C. 1766b(f)) is amended—

(A) in the subsection heading, by striking "AND ADULT"; and

(B) in paragraph (1), by striking "and adult".

(2) Section 18(e)(3)(B) of the Act (42 U.S.C. 1769(e)(3)(B)) is amended by striking "and adult".

(3) Section 25(b)(1)(C) of the Act (42 U.S.C. 1769f(b)(1)(C)) is amended by striking "and adult".

(4) Section 3(1) of the Healthy Meals for Healthy Americans Act of 1994 (Public Law 103-448) is amended by striking "and adult".

(m) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall become effective on the date of enactment of this Act.

(2) IMPROVED TARGETING OF DAY CARE HOME REIMBURSEMENTS.—The amendments made by paragraphs (1) and (4) of subsection (e) shall become effective on July 1, 1997.

(3) REGULATIONS.—

(A) INTERIM REGULATIONS.—Not later than January 1, 1997, the Secretary shall issue interim regulations to implement—

(i) the amendments made by paragraphs (1), (3), and (4) of subsection (e); and

(ii) section 17(f)(3)(C) of the National School Lunch Act (42 U.S.C. 1766(f)(3)(C)).

(B) FINAL REGULATIONS.—Not later than July 1, 1997, the Secretary shall issue final regulations to implement the provisions of law referred to in subparagraph (A).

(n) STUDY OF IMPACT OF AMENDMENTS ON PROGRAM PARTICIPATION AND FAMILY DAY CARE LICENSING.—

(1) IN GENERAL.—The Secretary of Agriculture, in conjunction with the Secretary of Health and Human Services, shall study the impact of the amendments made by this section on—

(A) the number of family day care homes participating in the child care food program established under section 17 of the National School Lunch Act (42 U.S.C. 1766);

(B) the number of day care home sponsoring organizations participating in the program;

(C) the number of day care homes that are licensed, certified, registered, or approved by each State in accordance with regulations issued by the Secretary;

(D) the rate of growth of the numbers referred to in subparagraphs (A) through (C);

(E) the nutritional adequacy and quality of meals served in family day care homes that—

(i) received reimbursement under the program prior to the amendments made by this section but do not receive reimbursement after the amendments made by this section; or

(ii) received full reimbursement under the program prior to the amendments made by this section but do not receive full reimbursement after the amendments made by this section; and

(F) the proportion of low-income children participating in the program prior to the amendments made by this section and the proportion of low-income children participating in the program after the amendments made by this section.

(2) REQUIRED DATA.—Each State agency participating in the child care food program under section 17 of the National School Lunch Act (42 U.S.C. 1766) shall submit to the Secretary data on—

(A) the number of family day care homes participating in the program on June 30, 1997, and June 30, 1998;

(B) the number of family day care homes licensed, certified, registered, or approved for service on June 30, 1997, and June 30, 1998; and

(C) such other data as the Secretary may require to carry out this subsection.

(3) SUBMISSION OF REPORT.—Not later than 2 years after the effective date of this section, the Secretary shall submit the study required under this subsection to the Com-

mittee on Economic and Educational Opportunities of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

SEC. 3209. PILOT PROJECTS.

(a) UNIVERSAL FREE PILOT.—Section 18(d) of the National School Lunch Act (42 U.S.C. 1769(d)) is amended—

(1) by striking paragraph (3); and

(2) by redesignating paragraphs (4) and (5) as paragraphs (3) and (4), respectively.

(b) DEMO PROJECT OUTSIDE SCHOOL HOURS.—Section 18(e) of the Act is amended—

(1) in paragraph (1)—

(A) in subparagraph (A)—

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

(ii) by striking "shall" and inserting "may"; and

(B) by striking subparagraph (B); and

(2) by striking paragraph (5) and inserting the following:

"(5) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subsection such sums as are necessary for each of fiscal years 1997 and 1998."

(c) ELIMINATING PROJECTS.—Section 18 of the Act is amended—

(1) by striking subsections (a) and (g) through (i); and

(2) by redesignating subsections (b) through (f), as so amended, as subsections (a) through (e), respectively.

(d) CONFORMING AMENDMENT.—Section 17B(d)(1)(A) of the Act (42 U.S.C. 1766b(d)(1)(A)) is amended by striking "18(c)" and inserting "18(b)".

SEC. 3210. REDUCTION OF PAPERWORK.

Section 19 of the National School Lunch Act (42 U.S.C. 1769a) is repealed.

SEC. 3211. INFORMATION ON INCOME ELIGIBILITY.

Section 23 of the National School Lunch Act (42 U.S.C. 1769d) is repealed.

SEC. 3212. NUTRITION GUIDANCE FOR CHILD NUTRITION PROGRAMS.

Section 24 of the National School Lunch Act (42 U.S.C. 1769e) is repealed.

SEC. 3213. INFORMATION CLEARINGHOUSE.

Section 26 of the National School Lunch Act (42 U.S.C. 1769g) is repealed.

CHAPTER 2—CHILD NUTRITION ACT OF 1966

SEC. 3221. SPECIAL MILK PROGRAM.

Section 3(a)(3) of the Child Nutrition Act of 1966 (42 U.S.C. 1772(a)(3)) is amended by striking "the Trust Territory of the Pacific Islands" and inserting "the Commonwealth of the Northern Mariana Islands".

SEC. 3222. FREE AND REDUCED PRICE POLICY STATEMENT.

Section 4(b)(1) of the Child Nutrition Act of 1966 (42 U.S.C. 1773(b)(1)) is amended by adding at the end the following:

"(E) FREE AND REDUCED PRICE POLICY STATEMENT.—After the initial submission, a school shall not be required to submit a free and reduced price policy statement to a State educational agency under this Act unless there is a substantive change in the free and reduced price policy of the school. A routine change in the policy of a school, such as an annual adjustment of the income eligibility guidelines for free and reduced price meals, shall not be sufficient cause for requiring the school to submit a policy statement."

SEC. 3223. SCHOOL BREAKFAST PROGRAM AUTHORIZATION.

(a) TRAINING AND TECHNICAL ASSISTANCE IN FOOD PREPARATION.—Section 4(e)(1) of the Child Nutrition Act of 1966 (42 U.S.C. 1773(e)(1)) is amended—

(1) in subparagraph (A), by striking "(A)"; and

(2) by striking subparagraph (B).

(b) EXPANSION OF PROGRAM; STARTUP AND EXPANSION COSTS.—

(1) IN GENERAL.—Section 4 of the Act is amended by striking subsections (f) and (g).

(2) EFFECTIVE DATE.—The amendments made by paragraph (1) shall become effective on October 1, 1996.

SEC. 3224. STATE ADMINISTRATIVE EXPENSES.

(a) USE OF FUNDS FOR COMMODITY DISTRIBUTION ADMINISTRATION; STUDIES.—Section 7 of the Child Nutrition Act of 1966 (42 U.S.C. 1776) is amended—

(1) by striking subsections (e) and (h); and

(2) by redesignating subsections (f), (g), and (i) as subsections (e), (f), and (g), respectively.

(b) APPROVAL OF CHANGES.—Section 7(e) of the Act, as so redesignated, is amended—

(1) by striking "each year an annual plan" and inserting "the initial fiscal year a plan"; and

(2) by adding at the end the following: "After submitting the initial plan, a State shall only be required to submit to the Secretary for approval a substantive change in the plan."

SEC. 3225. REGULATIONS.

Section 10(b) of the Child Nutrition Act of 1966 (42 U.S.C. 1779(b)) is amended—

(1) in paragraph (1), by striking "(1)"; and

(2) by striking paragraphs (2) through (4).

SEC. 3226. PROHIBITIONS.

Section 11(a) of the Child Nutrition Act of 1966 (42 U.S.C. 1780(a)) is amended by striking "neither the Secretary nor the State shall" and inserting "the Secretary shall not".

SEC. 3227. MISCELLANEOUS PROVISIONS AND DEFINITIONS.

Section 15 of the Child Nutrition Act of 1966 (42 U.S.C. 1784) is amended—

(1) in paragraph (1), by striking "the Trust Territory of the Pacific Islands" and inserting "the Commonwealth of the Northern Mariana Islands"; and

(2) in the first sentence of paragraph (3)—

(A) in subparagraph (A), by inserting "and" at the end; and

(B) by striking ", and (C)" and all that follows through "Governor of Puerto Rico".

SEC. 3228. ACCOUNTS AND RECORDS.

The second sentence of section 16(a) of the Child Nutrition Act of 1966 (42 U.S.C. 1785(a)) is amended by striking "at all times be available" and inserting "be available at any reasonable time".

SEC. 3229. SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN.

(a) DEFINITIONS.—Section 17(b) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(b)) is amended—

(1) in paragraph (15)(B)(iii), by inserting "of not more than 365 days" after "accommodation"; and

(2) in paragraph (16)—

(A) in subparagraph (A), by adding "and" at the end; and

(B) in subparagraph (B), by striking "and" and inserting a period; and

(C) by striking subparagraph (C).

(b) SECRETARY'S PROMOTION OF WIC.—Section 17(c) of the Act is amended by striking paragraph (5).

(c) ELIGIBLE PARTICIPANTS.—Section 17(d) of the Act is amended by striking paragraph (4).

(d) NUTRITION EDUCATION AND DRUG ABUSE EDUCATION.—Section 17(e) of the Act is amended—

(1) in the first sentence of paragraph (1), by striking "shall ensure" and all that follows through "is provided" and inserting "shall provide nutrition education and may provide drug abuse education";

(2) in paragraph (2), by striking the third sentence;

(3) in paragraph (4)—  
 (A) in the matter preceding subparagraph (A), by striking "shall";  
 (B) by striking subparagraph (A);  
 (C) by redesignating subparagraphs (B) and (C) as subparagraphs (A) and (B), respectively;  
 (D) in subparagraphs (A) and (B) (as redesignated), by inserting "shall" before "provide" each place it appears;  
 (E) in subparagraph (A) (as redesignated), by striking "and" at the end;  
 (F) in subparagraph (B) (as redesignated), by striking the period and inserting "; and"; and  
 (G) by adding at the end the following:  
 "(C) may provide a local agency with materials describing other programs for which participants in the program may be eligible.";

(4) in paragraph (5), by striking "The State" and all that follows through "local agency shall" and inserting "Each local agency shall"; and  
 (5) by striking paragraph (6).  
 (e) STATE PLAN.—Section 17(f) of the Act is amended—  
 (1) in paragraph (1)—  
 (A) in subparagraph (A)—  
 (i) by striking "annually to the Secretary, by a date specified by the Secretary, a" and inserting "to the Secretary, by a date specified by the Secretary, an initial"; and  
 (ii) by adding at the end the following:  
 "After submitting the initial plan, a State shall only be required to submit to the Secretary for approval a substantive change in the plan.";  
 (B) in subparagraph (C)—  
 (i) by striking clause (iii) and inserting the following:  
 "(iii) a plan to coordinate operations under the program with other services or programs that may benefit participants in, and applicants for, the program";  
 (ii) in clause (vi), by inserting after "in the State" the following: "(including a plan to improve access to the program for participants and prospective applicants who are employed, or who reside in rural areas)";  
 (iii) in clause (vii), by striking "to provide program benefits" and all that follows through "emphasis on" and inserting "for";  
 (iv) by striking clauses (ix), (x), and (xii);  
 (v) in clause (xiii), by striking "may require" and inserting "may reasonably require"; and  
 (vi) by redesignating clauses (xi) and (xiii), as so amended, as clauses (ix) and (x), respectively;  
 (C) by striking subparagraph (D); and  
 (D) by redesignating subparagraph (E) as subparagraph (D);  
 (2) by striking paragraphs (2), (6), (8), and (22);  
 (3) in the second sentence of paragraph (5), by striking "at all times be available" and inserting "be available at any reasonable time";  
 (4) in paragraph (9)(B), by striking the second sentence;  
 (5) in the first sentence of paragraph (11), by striking ", including standards that will ensure sufficient State agency staff";  
 (6) in paragraph (12), by striking the third sentence;  
 (7) in paragraph (14), by striking "shall" and inserting "may";  
 (8) in paragraph (17), by striking "and to accommodate" and all that follows through "facilities";  
 (9) in paragraph (19), by striking "shall" and inserting "may"; and  
 (10) by redesignating paragraphs (3), (4), (5), (7), (9) through (19), (20), (21), (23), and (24), as so amended, as paragraphs (2), (3), (4), (5), (6) through (16), (17), (18), (19), and (20), respectively.

(f) INFORMATION.—Section 17(g) of the Act is amended—  
 (1) in paragraph (5), by striking "the report required under subsection (d)(4)" and inserting "reports on program participant characteristics"; and  
 (2) by striking paragraph (6).  
 (g) PROCUREMENT OF INFANT FORMULA.—  
 (1) IN GENERAL.—Section 17(h) of the Act is amended—  
 (A) in paragraph (4)(E), by striking "and, on" and all that follows through "(d)(4)";  
 (B) in paragraph (8)—  
 (i) by striking subparagraphs (A), (C), and (M);  
 (ii) in subparagraph (G)—  
 (I) in clause (i), by striking "(i)"; and  
 (II) by striking clauses (ii) through (ix);  
 (iii) in subparagraph (I), by striking "Secretary—" and all that follows through "(v) may" and inserting "Secretary may";  
 (iv) by redesignating subparagraphs (B) and (D) through (L) as subparagraphs (A) and (B) through (J), respectively;  
 (v) in subparagraph (A)(i), as so redesignated, by striking "subparagraphs (C), (D), and (E)(iii), in carrying out subparagraph (A)," and inserting "subparagraphs (B) and (C)(iii)";  
 (vi) in subparagraph (B)(i), as so redesignated, by striking "subparagraph (B)" each place it appears and inserting "subparagraph (A)"; and  
 (vii) in subparagraph (C)(iii), as so redesignated, by striking "subparagraph (B)" and inserting "subparagraph (A)"; and  
 (C) in paragraph (10)(B)—  
 (i) in clause (i), by striking the semicolon and inserting "; and";  
 (ii) in clause (ii), by striking "; and" and inserting a period; and  
 (iii) by striking clause (iii).  
 (2) APPLICATION.—The amendments made by paragraph (1) shall not apply to a contract for the procurement of infant formula under section 17(h)(8) of the Act that is in effect on the effective date of this subsection.  
 (h) NATIONAL ADVISORY COUNCIL ON MATERNAL, INFANT, AND FETAL NUTRITION.—Section 17(k)(3) of the Act is amended by striking "Secretary shall designate" and inserting "Council shall elect".  
 (i) COMPLETED STUDY; COMMUNITY COLLEGE DEMONSTRATION; GRANTS FOR INFORMATION AND DATA SYSTEM.—Section 17 of the Act is amended by striking subsections (n), (o), and (p).  
 (j) DISQUALIFICATION OF VENDORS WHO ARE DISQUALIFIED UNDER THE FOOD STAMP PROGRAM.—Section 17 of the Act, as so amended, is further amended by adding at the end the following:  
 "(n) DISQUALIFICATION OF VENDORS WHO ARE DISQUALIFIED UNDER THE FOOD STAMP PROGRAM.—  
 "(1) IN GENERAL.—The Secretary shall issue regulations providing criteria for the disqualification under this section of an approved vendor that is disqualified from accepting benefits under the food stamp program established under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.).  
 "(2) TERMS.—A disqualification under paragraph (1)—  
 "(A) shall be for the same period as the disqualification from the program referred to in paragraph (1);  
 "(B) may begin at a later date than the disqualification from the program referred to in paragraph (1); and  
 "(C) shall not be subject to judicial or administrative review.".

SEC. 3230. CASH GRANTS FOR NUTRITION EDUCATION.  
 Section 18 of the Child Nutrition Act of 1966 (42 U.S.C. 1787) is repealed.

SEC. 3231. NUTRITION EDUCATION AND TRAINING.  
 (a) FINDINGS.—Section 19 of the Child Nutrition Act of 1966 (42 U.S.C. 1788) is amended—  
 (1) in subsection (a), by striking "that—" and all that follows through the period at the end and inserting "that effective dissemination of scientifically valid information to children participating or eligible to participate in the school lunch and related child nutrition programs should be encouraged."; and  
 (2) in subsection (b), by striking "encourage" and all that follows through "establishing" and inserting "establish".  
 (b) USE OF FUNDS.—Section 19(f) of the Act is amended—  
 (1) in paragraph (1)—  
 (A) by striking subparagraph (B); and  
 (B) in subparagraph (A)—  
 (i) by striking "(A)";  
 (ii) by striking clauses (ix) through (xix);  
 (iii) by redesignating clauses (i) through (viii) and (xx) as subparagraphs (A) through (H) and (I), respectively;  
 (iv) in subparagraph (I), as so redesignated, by striking the period at the end and inserting "; and"; and  
 (v) by adding at the end the following:  
 "(J) other appropriate related activities, as determined by the State.";  
 (2) by striking paragraphs (2) and (4); and  
 (3) by redesignating paragraph (3) as paragraph (2).  
 (c) ACCOUNTS, RECORDS, AND REPORTS.—The second sentence of section 19(g)(1) of the Act is amended by striking "at all times be available" and inserting "be available at any reasonable time".  
 (d) STATE COORDINATORS FOR NUTRITION; STATE PLAN.—Section 19(h) of the Act is amended—  
 (1) in the second sentence of paragraph (1)—  
 (A) by striking "as provided in paragraph (2) of this subsection"; and  
 (B) by striking "as provided in paragraph (3) of this subsection";  
 (2) in paragraph (2), by striking the second and third sentences; and  
 (3) by striking paragraph (3).  
 (e) AUTHORIZATION OF APPROPRIATIONS.—Section 19(i) of the Act is amended—  
 (1) in the first sentence of paragraph (2)(A), by striking "and each succeeding fiscal year";  
 (2) by redesignating paragraphs (3) and (4) as paragraphs (4) and (5), respectively; and  
 (3) by inserting after paragraph (2) the following:  
 "(3) FISCAL YEARS 1997 THROUGH 2002.—  
 "(A) IN GENERAL.—There are authorized to be appropriated to carry out this section \$10,000,000 for each of fiscal years 1997 through 2002.  
 "(B) GRANTS.—  
 "(i) IN GENERAL.—Grants to each State from the amounts made available under subparagraph (A) shall be based on a rate of 50 cents for each child enrolled in schools or institutions within the State, except that no State shall receive an amount less than \$75,000 per fiscal year.  
 "(ii) INSUFFICIENT FUNDS.—If the amount made available for any fiscal year is insufficient to pay the amount to which each State is entitled under clause (i), the amount of each grant shall be ratably reduced.".

(f) ASSESSMENT.—Section 19 of the Act is amended by striking subsection (j).  
 (g) EFFECTIVE DATE.—The amendments made by subsection (e) shall become effective on October 1, 1996.

**CHAPTER 3—MISCELLANEOUS PROVISIONS**

**SEC. 3241. COORDINATION OF SCHOOL LUNCH, SCHOOL BREAKFAST, AND SUMMER FOOD SERVICE PROGRAMS.**

**(a) COORDINATION.—**

(1) **IN GENERAL.**—The Secretary of Agriculture shall develop proposed changes to the regulations under the school lunch program under the National School Lunch Act, the summer food service program under section 13 of that Act, and the school breakfast program under section 4 of the Child Nutrition Act of 1966, for the purpose of simplifying and coordinating those programs into a comprehensive meal program.

(2) **CONSULTATION.**—In developing proposed changes to the regulations under paragraph (1), the Secretary of Agriculture shall consult with local, State, and regional administrators of the programs described in such paragraph.

(b) **REPORT.**—Not later than November 1, 1997, the Secretary of Agriculture shall submit to the Committee on Agriculture, Nutrition, and Forestry of the Senate and the Committee on Economic and Educational Opportunities of the House of Representatives a report containing the proposed changes developed under subsection (a).

**Subtitle C—Related Provisions**

**Sec. 3301. REQUIREMENT THAT DATA RELATING TO THE INCIDENCE OF POVERTY IN THE UNITED STATES BE PUBLISHED AT LEAST EVERY 2 YEARS.**

(a) **IN GENERAL.**—The Secretary shall, to the extent feasible, produce and publish for each State, county, and local unit of general purpose government for which data have been compiled in the then most recent census of population under section 141(a) of title 13, United States Code, and for each school district, data relating to the incidence of poverty. Such data may be produced by means of sampling, estimation, or any other method that the Secretary determines will produce current, comprehensive, and reliable data.

(b) **CONTENT; FREQUENCY.**—Data under this section—

(1) shall include—

(A) for each school district, the number of children age 5 to 17, inclusive, in families below the poverty level; and

(B) for each State and county referred to in subsection (a), the number of individuals age 65 or older below the poverty level; and

(2) shall be published—

(A) for each State, county, and local unit of general purpose government referred to in subsection (a), in 1997 and at least every second year thereafter; and

(B) for each school district, in 1999 and at least every second year thereafter.

(c) **AUTHORITY TO AGGREGATE.—**

(1) **IN GENERAL.**—If reliable data could not otherwise be produced, the Secretary may, for purposes of subsection (b)(1)(A), aggregate school districts, but only to the extent necessary to achieve reliability.

(2) **INFORMATION RELATING TO USE OF AUTHORITY.**—Any data produced under this subsection shall be appropriately identified and shall be accompanied by a detailed explanation as to how and why aggregation was used (including the measures taken to minimize any such aggregation).

(d) **REPORT TO BE SUBMITTED WHENEVER DATA IS NOT TIMELY PUBLISHED.**—If the Secretary is unable to produce and publish the data required under this section for any State, county, local unit of general purpose government, or school district in any year specified in subsection (b)(2), a report shall be submitted by the Secretary to the President of the Senate and the Speaker of the House of Representatives, not later than 90

days before the start of the following year, enumerating each government or school district excluded and giving the reasons for the exclusion.

(e) **CRITERIA RELATING TO POVERTY.**—In carrying out this section, the Secretary shall use the same criteria relating to poverty as were used in the then most recent census of population under section 141(a) of title 13, United States Code (subject to such periodic adjustments as may be necessary to compensate for inflation and other similar factors).

(f) **CONSULTATION.**—The Secretary shall consult with the Secretary of Education in carrying out the requirements of this section relating to school districts.

(g) **DEFINITION.**—For the purpose of this section, the term "Secretary" means the Secretary of Health and Human Services.

(h) **AUTHORIZATION OF APPROPRIATIONS.**—There are authorized to be appropriated to carry out this section \$1,500,000 for each of fiscal years 1997 through 2000.

**SEC. 3302. SENSE OF THE CONGRESS.**

It is the sense of the Congress that this title, and the amendments made by this title, should not result in an increase in the number of children who are hungry, homeless, poor, or medically uninsured.

**SEC. 3303. LEGISLATIVE ACCOUNTABILITY.**

In the event that this title, or the amendments made by this title, results in an increase in the number of children in the United States who are hungry, homeless, poor, or medically uninsured by the end of the fiscal year 1997, the Congress—

(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 medical aid 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.

**CHAPTER 1—ELIGIBILITY FOR SERVICES; DISTRIBUTION OF PAYMENTS**

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.
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- 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.
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- CHAPTER 4—PATERNITY ESTABLISHMENT**
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- Sec. 4346. Reports and data collection by the Secretary.
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- 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 arrearages.
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Sec. 4404. Notification and information reporting.

**CHAPTER 2—ELIGIBILITY FOR STATE AND LOCAL PUBLIC BENEFITS PROGRAMS**

Sec. 4411. Aliens who are not qualified aliens or nonimmigrants ineligible for State and local public benefits.

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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 non-marital 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, nevertheless, the negative consequences of raising children in single-parent homes are well documented as follows:

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

(B) Among single-parent families, nearly 1/2 of the mothers who never married received AFDC while only 1/5 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 medicare 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 as-

pirations, 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)  $\frac{1}{2}$  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)  $\frac{1}{4}$  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(i) (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:

"(i) BONUS YEAR.—The term 'bonus year' means fiscal years 1999, 2000, 2001, 2002, and 2003.

"(ii) HIGH PERFORMING STATE.—The term 'high performing State' means, with respect to 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 Pro-

grams' (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 eligible 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 1/2 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) during the fiscal year exceeds—

"(A) the Federal medical assistance percentage for the State for the fiscal year (as defined in section 1905(b), as in effect on September 30, 1995) of the amount (if any) by which the expenditures under the State program funded under this part for the fiscal year exceed historic State expenditures (as defined in section 409(a)(7)(B)(iii)); multiplied by

"(B) 1/2 times the number of months during the fiscal year for which the Secretary makes a payment to the State under this subsection.

"(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 begins with any month for which the State is a needy State.

"(6) NEEDY STATE.—For purposes of paragraph (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 consisting 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 Responsibility and Work Opportunity Act of 1996 had been in effect through-out 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 through-out 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 Emergency 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, as-

sistance 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 individual 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:

If the fiscal year is:	The minimum participation rate is:
1997 .....	25
1998 .....	30
1999 .....	35
2000 .....	40
2001 .....	45
2002 or thereafter .....	50.

"(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:

The minimum participation rate is:	rate is:
"If the fiscal year is:	
1996 .....	50
1997 .....	75
1998 .....	75
1999 or thereafter .....	90.

"(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 fiscal 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 diverted 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:	The minimum average number of hours per week is:
1996 .....	20
1997 .....	20
1998 .....	20
1999 .....	25
2000 or thereafter ...	30.

"(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 paragraphs (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 vocational 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 determining 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 REQUIREMENTS.—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 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 NONCUSTODIAL, NONSUPPORTING MINOR PARENTS.—It is the sense of the Congress that the States should require noncustodial, non-supporting parents who have not attained 18 years of age to fulfill community work obligations and attend appropriate parenting or money management classes after school.

“(i) REVIEW OF IMPLEMENTATION OF STATE WORK PROGRAMS.—During fiscal year 1999, the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate shall hold hearings and engage in other appropriate activities to review the implementation of this section by the States, and shall invite the Governors of the States to testify before them regarding such implementation. Based on such hearings, such Committees may introduce such legislation as may be appropriate to remedy any problems with the State programs operated pursuant to this section.

In section 404(d) of the Social Security Act, as proposed to be added by section 4103(a)(1), strike paragraph (2) and insert the following:

“(2) LIMITATION ON AMOUNT TRANSFERABLE TO TITLE XX PROGRAMS.—Notwithstanding paragraph (1), not more than 1/3 of the total amount paid to a State under this part for a fiscal year that is used to carry out State programs pursuant to provisions of law specified in paragraph (1) may be used to carry out State programs pursuant to title XX.

“(3) APPLICABLE RULES.—

“(A) IN GENERAL.—Except as provided in subparagraph (B) of this paragraph, any amount paid to a State under this part that is used to carry out a State program pursuant to a provision of law specified in paragraph (1) shall not be subject to the requirements of this part, but shall be subject to the requirements that apply to Federal funds provided directly under the provision of law to carry out the program.

“(B) EXCEPTION RELATING TO TITLE XX PROGRAMS.—All amounts paid to a State under this part that are used to carry out State programs pursuant to title XX shall be used only for programs and services to children or their families.

At the end of section 408(a)(8) of the Social Security Act, as proposed to be added by section 4103(a)(2), add the following:

“(E) RULE OF INTERPRETATION.—This part shall not be interpreted to prohibit any State from expending State funds not originating with the Federal Government on benefits for children or families that have become ineligible for assistance under the State program funded under this part by reason of subparagraph (A).

In section 409(a)(7)(B) of the Social Security Act, as proposed to be added by section

4103(a)(1), strike clause (ii) and insert the following:

“(ii) APPLICABLE PERCENTAGE.—The term ‘applicable percentage’ means for fiscal years 1997 through 2001, 80 percent (or, if the State meets the requirements of section 407(a) for the fiscal year, 75 percent) reduced (if appropriate) in accordance with subparagraph (C)(ii).

In section 1931(a) of the Social Security Act, as proposed to be inserted by section 4115(a)(2)—

(1) in paragraph (1), strike “through (4)” and insert “through (5)”,

(2) in paragraph (3), strike “and” at the end,

(3) in paragraph (4), strike the period at the end and insert “; and”, and

(4) insert after paragraph (4) the following:

“(5) a State may terminate medical assistance under this title for an individual because the individual fails to meet any requirement imposed pursuant to section 407 if the individual was eligible for the medical assistance—

“(A) on the basis of receipt of assistance under a State program funded under part A of title IV, or

“(B) pursuant to paragraph (1), on the basis that the individual meets the requirements for receipt of aid or assistance under the State plan under part A of title IV (as in effect on July 16, 1996).

In paragraph (31)(B) of section 454 of the Social Security Act, as proposed to be added by section 4347(3)—

(1) strike “and shall” and insert “shall”; and

(2) insert “, and shall permit the country office of the State agency administering the State program under this part which collected such amounts to retain an amount equal to 5 percent of the amount applied to the payment of such penalties” before the period.

#### “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 approved 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 completed 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 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 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 individual as such parent's, guardian's, or adult relative's own home.

"(ii) INDIVIDUAL DESCRIBED.—For purposes of clause (i), an individual described 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 program 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.—Subparagraph (A) shall not be interpreted to require any State to provide assistance to any individual 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 MISREPRESENTED RESIDENCE IN ORDER TO OBTAIN ASSISTANCE 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 individual during the 10-year period that begins on the date the individual is convicted in Federal or State court of having made a fraudulent statement or representation with respect to the place of

residence of the individual in order to receive assistance simultaneously from 2 or more States under programs that are funded under this title, title XIX, or the Food Stamp Act of 1977, or benefits in 2 or more States under the supplemental security income program under title XVI. The preceding sentence shall not apply with respect to a conviction of an individual, for any month beginning after the President of the United States grants a pardon with respect to the conduct which was the subject of the conviction.

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

"(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 individual flees, or which, in the case of the State of New Jersey, is a high misdemeanor under the laws of such State; or

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

The preceding sentence shall not apply with respect 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 subparagraph (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 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 describe 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 treatment of aliens, see section 4402 of the Personal Responsibility and Work Opportunity Act of 1996.

"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 Secretary 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 INTENTIONAL 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 further 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 Secretary 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 succeeds 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 exceed 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 'eligible 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 determines that any noncompliance with such

requirements 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 PERCENT OF HISTORIC EFFORT.—**If, at the end of any fiscal year during which amounts from the Contingency Fund for State Welfare Programs have been paid to a State, the Secretary finds that the expenditures 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 reduce 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.—**

**"(I) 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.—**

**"(I) 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 section 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 required by paragraph (1) for a fiscal quarter shall include the number of non-custodial 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 assistance under this part because of employment, along with a description of such services.

"(6) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to define 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 Secretary shall transmit to the Congress a report describing—

"(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 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.—**

**"(I) 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 agreements, contracts, or compacts with intertribal consortia, States, or other entities;

**"(C)** identifies the population and service area or areas to be served by such plan;

**"(D)** provides that a family receiving assistance under the plan may not receive duplicative assistance from other State or tribal programs funded under this part;

**"(E)** identifies the employment opportunities in or near the service area or areas of the Indian tribe and the manner in which the Indian tribe will cooperate and participate in enhancing such opportunities for recipients of assistance under the plan consistent with any applicable State standards; and

**"(F)** applies the fiscal accountability provisions of section 5(f)(1) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450c(f)(1)), relating to the submission of a single-agency audit report required by chapter 75 of title 31, United States Code.

**"(2) APPROVAL.—**The Secretary shall approve each tribal family assistance plan submitted in accordance with paragraph (1).

**"(3) CONSORTIUM OF TRIBES.—**Nothing in this section shall preclude the development and submission of a single 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 comparable to the requirements applicable to the program of the State of Alaska funded under this part. Comparability of programs shall be established on the basis of program criteria developed by the Secretary 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 STUDIES.**

**"(a) RESEARCH.—**The Secretary shall conduct research on the benefits, effects, and costs of operating different State programs funded under this part, including time limits relating to eligibility for assistance. The research shall include studies on the effects of different programs and the operation of such programs on welfare dependency, illegitimacy, teen pregnancy, employment rates, child well-being, and any other area the Secretary deems appropriate. 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 as-

sistance 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 ranking factors:

**"(i) ABSOLUTE OUT-OF-WEDLOCK RATIOS.—**The ratio represented by—

**"(I)** the total number of out-of-wedlock births in families receiving assistance under the State program under this part in the State for the most recent fiscal year for which information 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 review the programs of the 5 States most recently ranked highest under paragraph (1) and the 5 States most recently ranked the lowest under paragraph (1).

**"(f) STATE-INITIATED EVALUATIONS.—**A State shall be eligible to receive funding to evaluate the State program funded under this part if—

**"(1)** the State submits a proposal to the Secretary 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 submit 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—

"(A) 50 percent shall be allocated for the purposes described in subparagraphs (A) and (B) of paragraph (1), and

"(B) 50 percent shall be allocated for the purposes described in subparagraphs (C) and (D) of paragraph (1).

"(3) DEMONSTRATIONS OF INNOVATIVE STRATEGIES.—The Secretary may implement and evaluate demonstrations of innovative and promising strategies which—

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

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

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

"SEC. 414. STUDY BY THE CENSUS BUREAU.

"(a) IN GENERAL.—The Bureau of the Census shall expand the Survey of Income and Program Participation as necessary to obtain such information as will enable interested persons to evaluate the impact of the amendments made by subtitle A of the Personal Responsibility and Work Opportunity Act of 1996 on a random national sample of recipients of assistance under State programs funded under this part and (as appropriate) other low income families, and in doing so, shall pay particular attention to the issues of out-of-wedlock birth, welfare dependency, the beginning and end of welfare spells, and the causes of repeat welfare spells.

"(b) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated \$10,000,000 for each of fiscal years 1996, 1997, 1998, 1999, 2000, 2001, and 2002 for payment to the Bureau of the Census to carry out subsection (a).

"SEC. 415. WAIVERS.

"(a) CONTINUATION OF WAIVERS.—

"(1) WAIVERS IN EFFECT ON DATE OF ENACTMENT OF WELFARE REFORM.—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 in effect as of the date of the enactment of the Personal Responsibility and Work Opportunity Act of 1996, the amendments made by such Act (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 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 re-

gard 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 harmless 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 meaning 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 programs.

(2) **LIMITED AUDIT.**—If such organization segregates Federal funds provided under such programs into separate accounts, then only the financial assistance provided with such funds shall be subject to audit.

(i) **COMPLIANCE.**—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 Commerce, 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 grow-

ing 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.—**

(1) Section 205(c)(2)(C)(vi) (42 U.S.C. 405(c)(2)(C)(vi)), as so redesignated by section 321(a)(9)(B) of the Social Security Independence and Program Improvements Act of 1994, is amended—

(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 funded 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 dependent 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".

(5) Section 452(d)(3)(B)(i) (42 U.S.C. 652(d)(3)(B)(i)) is amended by striking "1115(c)" and inserting "1115(b)".

(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 inserting "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(c)(3) (42 U.S.C. 653(c)(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 paragraph 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 approved" and inserting "assistance under a State program 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".

(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".

(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:

"(1) 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), respectively.

(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 inserting "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".

(h) Section 17(d)(2)(A)(ii)(II) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(d)(2)(A)(ii)(II)) is amended—

(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—

(1) in section 231(d)(3)(A)(ii) (20 U.S.C. 2341(d)(3)(A)(ii)), by striking "The program for aid to dependent children" and inserting "The State program funded";

(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)(xi), 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 fur-

ther. 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 (j) 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)"; and

(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—

(1) in section 4(29)(A)(i) (29 U.S.C. 1503(29)(A)(i)), by striking "(42 U.S.C. 601 et seq.)";

(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 Security Act relating to work activities";

(8) in section 253 (29 U.S.C. 1632)—

(A) in subsection (b)(2), by repealing subparagraph (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";

(p) 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";

(q) 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).

(r) 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).

(s) 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 Finance 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 effect—

(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 "DEMONSTRATION";

(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 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 opportunities 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 CONFORMING AMENDMENTS.**

Not later than 90 days after the date of the enactment of this Act, the Secretary of Health and Human Services and the Commissioner of Social Security, in 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 subtitle.

**SEC. 4115. CONFORMING AMENDMENTS TO MEDICAID PROGRAM.**

(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 METHODOLOGIES UNDER PART A OF TITLE IV FOR CERTAIN INDIVIDUALS

"SEC. 1931. (a) For purposes of applying this title with respect to a State, notwithstanding any other provision of this title—

"(1) except as provided in paragraphs (2) through (4), any reference in this title (or other provision of law in relation to the operation of this title) to a provision of part A of title IV, or a State plan under such part, shall be considered a reference to such provision or plan as in effect as of 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 (1)(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—

(1) 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—

(1) 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 expenditures in fiscal year 1997 shall not exceed an amount equal to the State family assistance grant.

(ii) UNDER TEMPORARY FAMILY ASSISTANCE PROGRAM.—Notwithstanding section 403(a)(1) of the Social Security Act (as in effect pursuant to the amendments made by section 4103(a) of this Act), the total obligations of the Federal Government to a State under such section 403(a)(1)—

(1) for fiscal year 1996, shall be an amount equal to—

(a) the State family assistance grant; multiplied by

(b)  $\frac{1}{366}$  of the number of days during the period that begins 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—

(a) 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

(b) 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), whichever is later, and ends on September 30, 1997.

(iii) CHILD CARE OBLIGATIONS EXCLUDED IN DETERMINING FEDERAL AFDC OBLIGATIONS.—As used in this subparagraph, 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 duties; and

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

(c) EFFECTIVE DATE.—The amendments made by this section shall 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 agreement, with any interested State or local institution described in clause (i) or (ii) of section 202(x)(1)(A) the primary purpose of which is to confine individuals as described 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 entered 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 primary 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 entered into under clause (i) or to information exchanged pursuant to such agreement.

"(II) The Commissioner is authorized to provide, on a reimbursable basis, informa-

tion 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 beginning after the month in which this Act is enacted.

(b) ELIMINATION OF OASDI REQUIREMENT THAT CONFINEMENT STEM FROM CRIME PUNISHABLE BY IMPRISONMENT 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 offense punishable by imprisonment for more than 1 year" and inserting "a criminal offense".

(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 Security shall conduct a study of the desirability, feasibility, and cost of—

(A) establishing a system under which Federal, State, and local courts would furnish to the Commissioner such information respecting court orders by which individuals are confined in jails, prisons, or other public penal, correctional, or medical facilities as the Commissioner may require for the purpose of carrying out sections 202(x) and 1611(e)(1) of the Social Security Act; and

(B) requiring that State and local jails, prisons, and other institutions that enter into 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 continuous period of not less than 12 months.

“(ii) The Commissioner shall ensure that the combined 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 regulations prescribed under this subparagraph provide for the evaluation of chil-

dren 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 accordance with regulations prescribed pursuant to subparagraph (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 DISORDERS.**—The Commissioner of Social Security shall modify sections 112.00C.2. and 112.02B.2.c.(2) of appendix 1 to subpart P of part 404 of title 20, Code of Federal Regulations, to eliminate references to maladaptive behavior in the domain of personal/behavioral function.

(2) **DISCONTINUANCE OF INDIVIDUALIZED FUNCTIONAL ASSESSMENT.**—The Commissioner of Social Security shall discontinue the individualized functional assessment for children set forth in sections 416.924d and 416.924e of title 20, Code of Federal Regulations.

(c) **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 subparagraph:

“(B) in the case of an individual who is under the age of 18—

“(i) substantial evidence which demonstrates that there has been medical improvement in the individual’s impairment or combination of impairments, and that such impairment or combination of impairments no longer results in marked and severe functional limitations; or

“(ii) substantial evidence which demonstrates that, as determined on the basis of new or improved diagnostic techniques or evaluations, the individual’s impairment or combination 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 subparagraph (C) and by inserting in such subparagraph “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 REDETERMINATIONS.**—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 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 subparagraph—

(i) section 1614(a)(4) of the Social Security Act (42 U.S.C. 1382c(a)(4)) shall not apply;

(ii) the Commissioner of Social Security shall apply the eligibility criteria for new applicants for benefits under title XVI of such Act;

(iii) the Commissioner shall give such redetermination priority over all continuing eligibility reviews and other reviews under such title; and

(iv) such redetermination shall be counted as a review or redetermination otherwise required to be made under section 208 of the Social Security Independence and Program Improvements Act of 1994 or any other provision of title XVI of the Social Security Act.

(B) **GRANDFATHER PROVISION.**—The 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 Security shall submit for review to the committees of jurisdiction in the Congress any final regulation pertaining 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 purposes of this subsection, the term "benefits under title XVI of the Social Security Act" includes supplementary payments pursuant to an agreement for Federal administration under section 1616(a) of the Social Security Act, and payments pursuant to an agreement entered into under section 212(b) of Public Law 93-66.

**SEC. 4212. ELIGIBILITY REDETERMINATIONS AND CONTINUING DISABILITY REVIEWS.**

(a) **CONTINUING DISABILITY REVIEWS RELATING TO CERTAIN CHILDREN.**—Section 1614(a)(3)(H) (42 U.S.C. 1382c(a)(3)(H)), as redesignated by section 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."

(2) **CONFORMING REPEAL.**—Section 207 of the Social Security Independence and Program Improvements Act of 1994 (42 U.S.C. 1382 note; 108 Stat. 1516) is hereby repealed.

(c) **CONTINUING DISABILITY REVIEW REQUIRED FOR LOW BIRTH WEIGHT BABIES.**—Section 1614(a)(3)(H) (42 U.S.C. 1382c(a)(3)(H)), as amended by subsections (a) and (b) 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 resource 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 subparagraph (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 required 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 administering a State plan approved under title XIX.

"(3) For purposes of this subsection—

"(A) the term 'trust' includes any legal instrument 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.—

(1) 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 ad-

dition 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 subparagraph (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 meaning 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)(I) 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.

"(II) 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 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 considered 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 individual in an amount less than that specified in clause (i)(II), and

"(II) any other funds representing an underpayment 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 establish 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(a) (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 account 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 INSTITUTIONALIZED INDIVIDUALS WHOSE MEDICAL COSTS ARE COVERED BY PRIVATE INSURANCE.

(a) IN GENERAL.—Section 1611(e)(1)(B) (42 U.S.C. 1382(e)(1)(B)) is amended—

(1) by striking "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 issued 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 sup-

plementary 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 Insurance program or the Federal Disability Insurance program 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 determined by considering any part of that person's income, shall, as a result of such action—

"(1) become eligible under the program of supplemental security income benefits under title XVI, or

"(2) if such person or individual is already so eligible, become eligible for increased benefits thereunder.

"(c) PROGRAM UNDER TITLE XVI.—For purposes of this section, the term 'supplemental security income program authorized by title XVI' 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 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 income benefits paid under title XVI (including State supplementary 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 prescribe 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 PROCESS.

(a) IN GENERAL.—Not later than 90 days after the date of the enactment of this Act, and from funds otherwise appropriated, the Commissioner of Social Security shall make arrangements with the National Academy of Sciences, or other independent entity, to conduct a study of the disability determination process under titles II and XVI of the

Social Security Act. This study shall be undertaken in consultation with professionals representing appropriate disciplines.

(b) **STUDY COMPONENTS.**—The study described in subsection (a) shall include—

(1) an initial phase examining the appropriateness of, and making recommendations regarding—

(A) the definitions of disability in effect on the date of the enactment of this Act and the advantages and disadvantages of alternative definitions; and

(B) the operation of the disability determination process, including the appropriate method of performing comprehensive assessments of individuals under age 18 with physical and mental impairments;

(2) a second phase, which may be concurrent with the initial phase, examining the validity, reliability, and consistency with current scientific knowledge of the standards and individual listings in the Listing of Impairments set forth in appendix 1 of subpart P of part 404 of title 20, Code of Federal Regulations, and of related evaluation procedures as promulgated by the Commissioner of Social Security; and

(3) such other issues as the applicable entity considers appropriate.

(c) **REPORTS AND REGULATIONS.**—

(1) **REPORTS.**—The Commissioner of Social Security shall request the applicable entity, to submit an interim report and a final report of the findings and recommendations resulting from the study described in this section to the President and the Congress not later than 18 months and 24 months, respectively, from the date of the contract for such study, and such additional reports as the Commissioner deems appropriate after consultation with the applicable entity.

(2) **REGULATIONS.**—The Commissioner of Social Security shall review both the interim and final reports, and shall issue regulations implementing any necessary changes following each report.

**SEC. 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 program under title II of the Social Security Act and the supplemental security income disability program under title XVI of such Act.

(b) **MATTERS STUDIED.**—The Commission shall prepare an inventory of Federal programs serving individuals with disabilities, and shall examine—

(1) trends and projections regarding the size and characteristics of the population of individuals with disabilities, and the implications of such analyses for program planning;

(2) the feasibility and design of performance standards for the Nation's disability programs;

(3) the adequacy of Federal efforts in rehabilitation research and training, and opportunities to improve the lives of individuals with disabilities through all manners of scientific and engineering research; and

(4) the adequacy of policy research available to the Federal Government, and what actions might be undertaken to improve the quality and scope of such research.

(c) **RECOMMENDATIONS.**—The Commission shall submit to the appropriate committees of the Congress and to the President recommendations and, as appropriate, proposals for legislation, regarding—

(1) which (if any) Federal disability programs should be eliminated or augmented;

(2) what new Federal disability programs (if any) should be established;

(3) the suitability of the organization and location of disability programs within the Federal Government;

(4) other actions the Federal Government should take to prevent disabilities and disadvantages associated with disabilities; and

(5) such other matters as the Commission considers appropriate.

**SEC. 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)—

“(a) **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)(I)(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.

“(ii) **DISTRIBUTION OF ARREARAGES THAT ACCRUED BEFORE THE FAMILY RECEIVED ASSISTANCE.**—

“(I) **PRE-OCTOBER 2000.**—Except as provided in subclause (II), the provisions of this section (other than subsection (b)(1)) as in effect and applied on the day before the date of the enactment of section 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 (l) 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 paragraph (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 amendments made by subsection (b)(2) shall become effective 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 paragraph:

"(12) provide for the establishment of procedures to require the State to provide individuals who are applying for or receiving services under the State plan, or who are parties to cases in which services are being provided under the State plan—

"(A) with notice of all proceedings in which support obligations might be established or modified; and

"(B) with a copy of any order establishing or modifying a child support obligation, or (in the case of a petition for modification) a notice of determination that there should be no change in the amount of the child support award, within 14 days after issuance of such order or determination."

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall become effective on October 1, 1997.

#### 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 information from, other data bases and information comparison services, in order to obtain (or provide) information necessary to enable the State agency (or the Secretary or other State or Federal agencies) to carry out this part, subject to section 6103 of the Internal Revenue Code of 1986. Such information comparison activities shall include the following:

“(1) **FEDERAL CASE REGISTRY OF CHILD SUPPORT ORDERS.**—Furnishing to the Federal Case Registry of Child Support Orders established under section 453(h) (and update as necessary, with information including notice of expiration of orders) the minimum amount of information on child support cases recorded in the State case registry that is necessary to operate the registry (as specified by the Secretary in regulations).

“(2) **FEDERAL PARENT LOCATOR SERVICE.**—Exchanging information with the Federal Parent Locator Service for the purposes specified in section 453.

“(3) **TEMPORARY FAMILY ASSISTANCE AND MEDICAID AGENCIES.**—Exchanging information with State agencies (of the State and of other States) administering programs funded under part A, programs operated under 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”; and

(3) by adding after paragraph (26) the following new paragraph:

“(27) provide that, on and after October 1, 1998, the State agency will—

“(A) operate a State disbursement unit in accordance with section 454B; and

“(B) have sufficient State staff (consisting of State employees) and (at State option) contractors reporting directly to the State agency to—

“(i) monitor and enforce support collections through the unit in cases being enforced by the State pursuant to section 454(4) (including carrying out the automated data processing responsibilities described in section 454A(g)); and

“(ii) take the actions described in section 466(c)(1) in appropriate cases.”

(b) **ESTABLISHMENT OF STATE DISBURSEMENT UNIT.**—Part D of title IV (42 U.S.C. 651-669), as amended by section 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 operate than a centralized system. In addition, employers shall be given 1 location to which income withholding is sent.

“(b) **REQUIRED PROCEDURES.**—The State disbursement unit shall use automated procedures, electronic processes, and computer-driven technology to the maximum extent feasible, efficient, and economical, for the collection and disbursement of support payments, including procedures—

“(1) for receipt of payments from parents, employers, and other States, and for disbursements to custodial parents and other obligees, the State agency, and the agencies of other States;

“(2) for accurate identification of payments;

“(3) to ensure prompt disbursement of the custodial parent’s share of any payment; and

“(4) to furnish to any parent, upon request, timely information on the current status of support payments under an order requiring payments to be made by or to the parent, 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 effective date of this section, are made to, and distributed 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:

"(28) provide that, on and after October 1, 1997, the State will operate a State Directory of New Hires in accordance with section 453A."

(b) STATE DIRECTORY OF NEW HIRES.—Part D of title IV (42 U.S.C. 651-669) is amended by inserting after section 453 the following new section:

**"SEC. 453A. STATE DIRECTORY OF NEW HIRES.**

**"(a) ESTABLISHMENT.—**

**"(1) IN GENERAL.—**

**"(A) REQUIREMENT FOR STATES THAT HAVE NO DIRECTORY.—**Except as provided in subparagraph (B), not later than October 1, 1997, each State shall establish an automated directory (to be known as the 'State Directory of New Hires') which shall contain information supplied in accordance with subsection (b) by employers on each newly hired employee.

**"(B) STATES WITH NEW HIRE REPORTING IN EXISTENCE.—**A State which has a new hire reporting law in existence on the date of the enactment of this section may continue to operate under the State law, but the State must meet the requirements of subsection (g)(2) not later than October 1, 1997, and the requirements of this section (other than subsection (g)(2)) not later than October 1, 1998.

**"(2) DEFINITIONS.—**As used in this section:

**"(A) EMPLOYEE.—**The term 'employee'—

**"(i)** means an individual who is an employee within the meaning of chapter 24 of the Internal Revenue Code of 1986; and

**"(ii)** does not include an employee of a Federal or State agency performing intelligence or counterintelligence functions, if the head of such agency has determined that reporting pursuant to paragraph (1) with respect to the employee could endanger the safety of the employee or compromise an ongoing investigation or intelligence mission.

**"(B) EMPLOYER.—**

**"(i)** IN GENERAL.—The term 'employer' has the meaning given such term in section 3401(d) of the Internal Revenue Code of 1986 and includes any governmental entity and any labor organization.

**"(ii)** LABOR ORGANIZATION.—The term 'labor organization' shall have the meaning given such term in section 2(5) of the National Labor Relations Act, and includes any entity (also known as a 'hiring hall') which is used by the organization and an employer to carry out requirements described in section 8(f)(3) of such Act of an agreement between the organization and the employer.

**"(b) EMPLOYER INFORMATION.—**

**"(1) REPORTING REQUIREMENT.—**

**"(A)** IN GENERAL.—Except as provided in subparagraphs (B) and (C), each employer shall furnish to the Directory of New Hires of the State in which a newly hired employee works, a report that contains the name, address, and social security number of the employee, and the name and address of, and identifying number assigned under section 6109 of the Internal Revenue Code of 1986 to, the employer.

**"(B)** MULTISTATE EMPLOYERS.—An employer that has employees who are employed in 2 or more States and that transmits reports magnetically or electronically may comply with subparagraph (A) by designating 1 State in which such employer has employees to which the employer will transmit the report described in subparagraph (A), and transmitting such report to such State. Any employer that transmits reports pursuant to

this subparagraph shall notify the Secretary in writing as to which State such employer designates for the purpose of sending reports.

**"(C) FEDERAL GOVERNMENT EMPLOYERS.—**Any department, agency, or instrumentality of the United States shall comply with subparagraph (A) by transmitting the report described in subparagraph (A) to the National Directory of New Hires established pursuant to section 453.

**"(2) TIMING OF REPORT.—**Each State may provide the time within which the report required by paragraph (1) shall be made with respect to an employee, but such report shall be made—

**"(A)** not later than 20 days after the date the employer hires the employee; or

**"(B)** in the case of an employer transmitting reports magnetically or electronically, by 2 monthly transmissions (if necessary) not less than 12 days nor more than 16 days apart.

**"(c) REPORTING FORMAT AND METHOD.—**Each report required by subsection (b) shall be made on a W-4 form or, at the option of the employer, an equivalent form, and may be transmitted by 1st class mail, magnetically, or electronically.

**"(d) CIVIL MONEY PENALTIES ON NON-COMPLYING EMPLOYERS.—**The State shall have the option to set a State civil money penalty which shall be less than—

**"(1)** \$25; or

**"(2)** \$500 if, under State law, the failure is the result of a conspiracy between the employer and the employee to not supply the required report or to supply a false or incomplete report.

**"(e) ENTRY OF EMPLOYER INFORMATION.—**Information shall be entered into the data base maintained by the State Directory of New Hires within 5 business days of receipt from an employer pursuant to subsection (b).

**"(f) INFORMATION COMPARISONS.—**

**"(1)** IN GENERAL.—Not later than May 1, 1998, an agency designated by the State shall, directly or by contract, conduct automated comparisons of the social security numbers reported by employers pursuant to subsection (b) and the social security numbers appearing in the records of the State case registry for cases being enforced under the State plan.

**"(2) NOTICE OF MATCH.—**When an information comparison conducted under paragraph (1) reveals a match with respect to the social security number of an individual required to provide support under a support order, the State Directory of New Hires shall provide the agency administering the State plan approved under this part of the appropriate State with the name, address, and social security number of the employee to whom the social security number is assigned, and the name and address of, and identifying number assigned under section 6109 of the Internal Revenue Code of 1986 to, the employer.

**"(g) TRANSMISSION OF INFORMATION.—**

**"(1) TRANSMISSION OF WAGE WITHHOLDING NOTICES TO EMPLOYERS.—**Within 2 business days after the date information regarding a newly hired employee is entered into the State Directory of New Hires, the State agency enforcing the employee's child support obligation shall transmit a notice to the employer of the employee directing the employer to withhold from the 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 OBLIGATIONS.—**The agency administering the State plan approved under this part shall use information received pursuant to subsection (f)(2) to locate individuals for purposes of establishing paternity and establishing, modifying, and enforcing child support obligations, 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. 431A. 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 arrearages occur, without the need for a judicial or administrative hearing."

(2) CONFORMING AMENDMENTS.—

(A) Section 466(b) (42 U.S.C. 666(b)) is amended in the matter preceding paragraph (1), by striking "subsection (a)(1)" and inserting "subsection (a)(1)(A)".

(B) Section 466(b)(4) (42 U.S.C. 666(b)(4)) is amended to read as follows:

"(4)(A) Such withholding must be carried out in full compliance with all procedural due process requirements of the State, and the State must send notice to each noncustodial parent to whom paragraph (1) applies—

"(i) that the withholding has commenced; and

"(ii) of the procedures to follow if the noncustodial parent desires to contest such withholding on the grounds that the withholding or the amount withheld is improper due to a mistake of fact.

"(B) The notice under subparagraph (A) of this paragraph shall include the information provided to the employer under paragraph (6)(A)."

(C) Section 466(b)(5) (42 U.S.C. 666(b)(5)) is amended by striking all that follows "administered by" and inserting "the State through the State disbursement unit established pursuant to section 454B, in accordance with the requirements of section 454B."

(D) Section 466(b)(6)(A) (42 U.S.C. 666(b)(6)(A)) is amended—

(i) in clause (i), by striking "to the appropriate agency" and all that follows and inserting "to the State disbursement unit within 5 business days after the date the amount would (but for this subsection) have been paid or credited to the employee, for distribution in accordance with this part. The employer shall 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 Secretary, and" after "shall"; and

(iii) by adding at the end the following new clause:

"(iii) As used in this subparagraph, the term 'business day' means a day on which State offices are open for regular business."

(E) Section 466(b)(6)(D) (42 U.S.C. 666(b)(6)(D)) is amended by striking "any employer" and all that follows and inserting "any employer who—

"(i) discharges from employment, refuses to employ, or takes disciplinary action against any noncustodial parent subject to income withholding required by this subsection because of the existence of such withholding and the obligations or additional obligations which it imposes upon the employer; or

"(ii) fails to withhold support from income or to pay such amounts to the State disbursement unit in accordance with this subsection."

(F) Section 466(b) (42 U.S.C. 666(b)) is amended by adding at the end the following new paragraph:

"(11) Procedures under which the agency administering the State plan approved under this part may execute a withholding order without advance notice to the obligor, including issuing the withholding order through electronic means."

(b) 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)(6)(C), 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 INTER-STATE 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 INTER-STATE NETWORKS.—Procedures to ensure that all Federal and State agencies conducting activities under this part have access to any system used by the State to locate an individual for purposes relating to motor vehicles or law enforcement."

SEC. 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.";

(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";

(c) REIMBURSEMENT FOR INFORMATION FROM FEDERAL AGENCIES.—Section 453(e)(2) (42 U.S.C. 653(e)(2)) is amended in the 4th sentence by inserting "in an amount which the Secretary determines to be reasonable payment for the information exchange (which amount shall not include payment for the costs of obtaining, compiling, or maintaining the information)" before the period.

(d) REIMBURSEMENT FOR REPORTS BY STATE AGENCIES.—Section 453 (42 U.S.C. 653) is amended by adding at the end the following new subsection:

"(g) REIMBURSEMENT FOR REPORTS BY STATE AGENCIES.—The Secretary may reimburse Federal and State agencies for the costs incurred by such entities in furnishing information requested by the Secretary under this section in an amount which the Secretary determines to be reasonable payment for the information exchange (which amount shall not include payment for the costs of obtaining, compiling, or maintaining the information)."

(e) CONFORMING AMENDMENTS.—

(1) Sections 452(a)(9), 453(a), 453(b), 463(a), 463(e), and 463(f) (42 U.S.C. 652(a)(9), 653(a), 653(b), 663(a), 663(e), and 663(f)) are each amended by inserting "Federal" before "Parent" each place such term appears.

(2) Section 453 (42 U.S.C. 653) is amended in the heading by adding "FEDERAL" before "PARENT".

(f) NEW COMPONENTS.—Section 453 (42 U.S.C. 653), as amended by subsection (d) of this section, is amended by adding at the end the following new subsections:

"(h) FEDERAL CASE REGISTRY OF CHILD SUPPORT ORDERS.—

"(1) IN GENERAL.—Not later than October 1, 1998, in order to assist States in administering programs under State plans approved under this part and programs funded under part A, and for the other purposes specified in this section, the Secretary shall establish and maintain in the Federal Parent Locator Service an automated registry (which shall be known as the 'Federal Case Registry of Child Support Orders'), which shall contain abstracts of support orders and other information described in paragraph (2) with respect to each case in each State case registry maintained pursuant to section 454A(e), as furnished (and regularly updated), pursuant to section 454A(f), by State agencies administering programs under this part.

"(2) CASE INFORMATION.—The information referred to in paragraph (1) with respect to a case shall be such information as the Secretary may specify in regulations (including the names, social security numbers or other uniform identification numbers, and State case identification numbers) to identify the individuals who owe or are owed support (or with respect to or on behalf of whom support obligations are sought to be established), and the State or States which have the case.

"(i) NATIONAL DIRECTORY OF NEW HIRES.—

"(1) IN GENERAL.—In order to assist States in administering programs under State plans approved under this part and programs funded under part A, and for the other purposes specified in this section, the Secretary shall, not later than October 1, 1997, establish and maintain in the Federal Parent Locator Service an automated directory to be known as the National Directory of New Hires, which shall contain the information supplied pursuant to section 453A(g)(2).

"(2) ENTRY OF DATA.—Information shall be entered into the data base maintained by the National Directory of New Hires within 2 business days of receipt pursuant to section 453A(g)(2).

"(3) ADMINISTRATION OF FEDERAL TAX LAWS.—The Secretary of the Treasury shall have access to the information in the National Directory of New Hires for purposes of administering section 32 of the Internal Revenue Code of 1986, or the advance payment of the earned income tax credit under section 3507 of such Code, and verifying a claim with respect to employment in a tax return.

"(4) LIST OF MULTISTATE EMPLOYERS.—The Secretary shall maintain within the National Directory of New Hires a list of multistate employers that report information regarding newly hired employees pursuant to section 453A(b)(1)(B), and the State which each such employer has designated to receive such information.

"(j) INFORMATION COMPARISONS AND OTHER DISCLOSURES.—

"(1) VERIFICATION BY SOCIAL SECURITY ADMINISTRATION.—

"(A) IN GENERAL.—The Secretary shall transmit information on individuals and employers maintained under this section to the Social Security Administration to the extent necessary for verification in accordance with subparagraph (B).

"(B) VERIFICATION BY SSA.—The Social Security Administration shall verify the accuracy of, correct, or supply to the extent possible, and report to the Secretary, the 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 supplemental security income program under title XVI and in connection with benefits under title II.

"(5) RESEARCH.—The Secretary may provide access to information reported by employers pursuant to section 453A(b) for re-

search purposes found by the Secretary to be likely to contribute to achieving the purposes of part A or this part, but without personal identifiers.

"(k) FEES.—

"(1) FOR SSA VERIFICATION.—The Secretary shall reimburse the Commissioner of Social Security, at a rate negotiated between the Secretary and the Commissioner, for the costs incurred by the Commissioner in performing the verification services described in subsection (j).

"(2) FOR INFORMATION FROM STATE DIRECTORIES OF NEW HIRES.—The Secretary shall reimburse costs incurred by State directories of new hires in furnishing information as required by subsection (j)(3), at rates which the Secretary determines to be reasonable (which rates shall not include payment for the costs of obtaining, compiling, or maintaining such information).

"(3) FOR INFORMATION FURNISHED TO STATE AND FEDERAL AGENCIES.—A State or Federal agency that receives information from the Secretary pursuant to this section shall reimburse the Secretary for costs incurred by the Secretary in furnishing the information, at rates which the Secretary determines to be reasonable (which rates shall include payment for the costs of obtaining, verifying, maintaining, and comparing the information).

"(l) RESTRICTION ON DISCLOSURE AND USE.—Information in the Federal Parent Locator Service, and information resulting from comparisons using such information, shall not be used or disclosed except as expressly provided in this section, subject to section 6103 of the Internal Revenue Code of 1986.

"(m) INFORMATION INTEGRITY AND SECURITY.—The Secretary shall establish and implement safeguards with respect to the entities established under this section designed to—

"(1) ensure the accuracy and completeness of information in the Federal Parent Locator Service; and

"(2) restrict access to confidential information in the Federal Parent Locator Service to authorized persons, and restrict use of such information to authorized purposes.

"(n) FEDERAL GOVERNMENT REPORTING.—Each department, agency, and instrumentality of the United States shall on a quarterly basis report to the Federal Parent Locator Service the name and social security number of each employee and the wages paid to the employee during the previous quarter, except that such a report shall not be filed with respect to an employee of a department, agency, or instrumentality performing intelligence or counterintelligence functions, if the head of such department, agency, or instrumentality has determined that filing such a report could endanger the safety of the employee or compromise an ongoing investigation or intelligence mission."

"(g) CONFORMING AMENDMENTS.—

"(1) TO PART D OF TITLE IV OF THE SOCIAL SECURITY ACT.—

"(A) Section 454(8)(B) (42 U.S.C. 654(8)(B)) is amended to read as follows:

"(B) the Federal Parent Locator Service established under section 453;"

"(B) Section 454(13) (42 U.S.C. 654(13)) is amended by inserting "and provide that information requests by parents who are residents of other States be treated with the same priority as requests by parents who are residents of the State submitting the plan" before the semicolon.

"(2) TO FEDERAL UNEMPLOYMENT TAX ACT.—Section 3304(a)(16) of the Internal Revenue Code of 1986 is amended—

"(A) by striking "Secretary of Health, Education, and Welfare" each place such term appears and inserting "Secretary of Health and Human Services";

"(B) in subparagraph (B), by striking "such information" and all that follows and inserting "information furnished under subparagraph (A) or (B) is used only for the purposes authorized under such subparagraph;"

"(C) by striking "and" at the end of subparagraph (A);

"(D) by redesignating subparagraph (B) as subparagraph (C); and

"(E) by inserting after subparagraph (A) the following new subparagraph:

"(B) wage and unemployment compensation information contained in the records of such agency shall be furnished to the Secretary of Health and Human Services (in accordance with regulations promulgated by such Secretary) as necessary for the purposes of the National Directory of New Hires established under section 453(i) of the Social Security Act, and"

"(3) TO STATE GRANT PROGRAM UNDER TITLE III OF THE SOCIAL SECURITY ACT.—Subsection (h) of section 303 (42 U.S.C. 503) is amended to read as follows:

"(h)(1) The State agency charged with the administration of the State law shall, on a reimbursable basis—

"(A) disclose quarterly, to the Secretary of Health and Human Services, wage and claim information, as required pursuant to section 453(i)(1), contained in the records of such agency;

"(B) ensure that information provided pursuant to subparagraph (A) meets such standards relating to correctness and verification as the Secretary of Health and Human Services, with the concurrence of the Secretary of Labor, may find necessary; and

"(C) establish such safeguards as the Secretary of Labor determines are necessary to insure that information disclosed under subparagraph (A) is used only for purposes of section 453(i)(1) in carrying out the child support enforcement program under title IV.

"(2) Whenever the Secretary of Labor, after reasonable notice and opportunity for hearing to the State agency charged with the administration of the State law, finds that there is a failure to comply substantially with the requirements of paragraph (1), the Secretary of Labor shall notify such State agency that further payments will not be made to the State until the Secretary of Labor is satisfied that there is no longer any such failure. Until the Secretary of Labor is so satisfied, the Secretary shall make no future certification to the Secretary of the Treasury with respect to the State.

"(3) For purposes of this subsection—

"(A) the term 'wage information' means information regarding wages paid to an individual, the social security account number of such individual, and the name, address, State, and the Federal employer identification number of the employer paying such wages to such individual; and

"(B) the term 'claim information' means information regarding whether an individual is receiving, has received, or has made application for, unemployment compensation, the amount of any such compensation being received (or to be received by such individual), and the individual's current (or most recent) home address."

"(4) DISCLOSURE OF CERTAIN INFORMATION TO AGENTS OF CHILD SUPPORT ENFORCEMENT AGENCIES.—

"(A) IN GENERAL.—Paragraph (6) of section 6103(l) of the Internal Revenue Code of 1986 (relating to disclosure of return information to Federal, State, and local child support enforcement agencies) is amended by redesignating subparagraph (B) as subparagraph (C) and by inserting after subparagraph (A) the following new subparagraph:

"(B) DISCLOSURE TO CERTAIN AGENTS.—The following information disclosed to any child

support enforcement agency under subparagraph (A) with respect to any individual with respect to whom child support obligations are sought to be established or enforced may be disclosed by such agency to any agent of such agency which is under contract with such agency to carry out the purposes described in subparagraph (C):

"(i) The address and social security account number (or numbers) of such individual.

"(ii) The amount of any reduction under section 6402(c) (relating to offset of past-due support against overpayments) in any overpayment otherwise payable to such individual."

**(B) CONFORMING AMENDMENTS.—**

(i) Paragraph (3) of section 6103(a) of such Code is amended by striking "(1)(12)" and inserting "paragraph (6) or (12) of subsection (1)".

(ii) Subparagraph (C) of section 6103(l)(6) of such Code, as redesignated by subsection (a), is amended to read as follows:

"(C) RESTRICTION ON DISCLOSURE.—Information may be disclosed under this paragraph only for purposes of, and to the extent necessary in, establishing and collecting child support obligations from, and locating, individuals owing such obligations."

(iii) The material following subparagraph (F) of section 6103(p)(4) of such Code is amended by striking "subsection (1)(12)(B)" and inserting "paragraph (6)(A) or (12)(B) of subsection (1)".

(h) REQUIREMENT FOR COOPERATION.—The Secretary of Labor and the Secretary of Health and Human Services shall work jointly to develop cost-effective and efficient methods of accessing the information in the various State directories of new hires and the National Directory of New Hires as established pursuant to the amendments made by this 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)";

(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 "arrear 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 INTERSTATE CASES.**

Section 466(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 case-load of such other State; and

"(D) the State shall maintain records of—

"(i) the number of such requests for assistance received by the State;

"(ii) the number of cases for which the State collected support in response to such a request; and

"(iii) the amount of such collected support."

**SEC. 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;"

**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:

"(I) 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 obligee, to direct the obligor or other payor to change the payee to the appropriate government entity.

"(F) INCOME WITHHOLDING.—To order income withholding in accordance with subsections (a)(1)(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 payments to include amounts for arrearages, subject to such conditions or limitations as the State may provide.

Such procedures shall be subject to due process safeguards, including (as appropriate) requirements for notice, opportunity to contest the action, and opportunity for an appeal on the record to an independent administrative or judicial tribunal.

"(2) SUBSTANTIVE AND PROCEDURAL RULES.—The expedited procedures required under subsection (a)(2) shall include the following rules and authority, applicable with respect to all proceedings to establish paternity or to establish, modify, or enforce support orders:

"(A) LOCATOR INFORMATION; PRESUMPTIONS CONCERNING NOTICE.—Procedures under which—

"(i) each party to any paternity or child support proceeding is required (subject to privacy safeguards) to file with the tribunal and the State case registry upon entry of an order, and to update as appropriate, information on location and identity of the party, including social security number, residential and mailing addresses, telephone number, driver's license number, and name, address, and telephone number of employer; and

"(ii) in any subsequent child support enforcement action between the parties, upon sufficient showing that diligent effort has been made to ascertain the location of such a party, the tribunal may deem State due process requirements for notice and service of process to be met with respect to the party, upon delivery of written notice to the most recent residential or employer address filed with the tribunal pursuant to clause (i).

"(B) STATEWIDE JURISDICTION.—Procedures under which—

"(i) the State agency and any administrative or judicial tribunal with authority to hear child support and paternity cases exerts statewide jurisdiction over the parties; and

"(ii) in a State in which orders are issued by courts or administrative tribunals, a case may be transferred between local jurisdictions in the State without need for any additional filing by the petitioner, or service of process upon the respondent, to retain jurisdiction over the parties.

"(3) COORDINATION WITH ERISA.—Notwithstanding subsection (d) of section 514 of the Employee Retirement Income Security Act of 1974 (relating to effect on other laws), nothing in this subsection shall be construed to alter, amend, modify, invalidate, impair, or supersede subsections (a), (b), and (c) of such section 514 as it applies with respect to any procedure referred to in paragraph (1) and any expedited procedure referred to in paragraph (2), except to the extent that such procedure would be consistent with the requirements of section 206(d)(3) of such Act (relating to qualified domestic relations orders) or the requirements of section 609(a) of

such Act (relating to qualified medical child support orders) if the reference in such section 206(d)(3) to a domestic relations order and the reference in such section 609(a) to a medical child support order were a reference to a support order referred to in paragraphs (1) and (2) relating to the same matters, respectively."

(b) AUTOMATION OF STATE AGENCY FUNCTIONS.—Section 454A, as added by section 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 subsection:

"(h) EXPEDITED ADMINISTRATIVE PROCEDURES.—The automated system required by this section shall be used, to the maximum extent feasible, to implement the expedited administrative procedures required by section 466(c)."

#### CHAPTER 4—PATERNITY ESTABLISHMENT SEC. 4331. STATE LAWS CONCERNING PATERNITY ESTABLISHMENT.

(a) STATE LAWS REQUIRED.—Section 466(a)(5) (42 U.S.C. 666(a)(5)) is amended to read as follows:

"(5) PROCEDURES CONCERNING PATERNITY ESTABLISHMENT.—

"(A) ESTABLISHMENT PROCESS AVAILABLE FROM BIRTH UNTIL AGE 18.—

"(i) Procedures which permit the establishment of the paternity of a child at any time before the child attains 18 years of age.

"(ii) As of August 16, 1984, clause (i) shall also apply to a child for whom paternity has not been established or for whom a paternity action was brought but dismissed because a statute of limitations of less than 18 years was then in effect in the State.

"(B) PROCEDURES CONCERNING GENETIC TESTING.—

"(i) GENETIC TESTING REQUIRED IN CERTAIN CONTESTED CASES.—Procedures under which the State is required, in a contested paternity case (unless otherwise barred by State law) to require the child and all other parties (other than individuals found under section 454(29) to have good cause and other exceptions for refusing to cooperate) to submit to genetic tests upon the request of any such party, if the request is supported by a sworn statement by the party—

"(I) alleging paternity, and setting forth facts establishing a reasonable possibility of the requisite sexual contact between the parties; or

"(II) denying paternity, and setting forth facts establishing a reasonable possibility of the nonexistence of sexual contact between the parties.

"(ii) OTHER REQUIREMENTS.—Procedures which require the State agency, in any case in which the agency orders genetic testing—

"(I) to pay costs of such tests, subject to recoupment (if the State so elects) from the alleged father if paternity is established; and

"(II) to obtain additional testing in any case if an original test result is contested, upon request and advance payment by the contestant.

"(C) VOLUNTARY PATERNITY ACKNOWLEDGMENT.—

"(i) SIMPLE CIVIL PROCESS.—Procedures for a simple civil process for voluntarily acknowledging paternity under which the State must provide that, before a mother and a putative father can sign an acknowledgment of paternity, the mother and the putative father must be given notice, orally and in writing, of the alternatives to, the legal consequences of, and the rights (including, if 1 parent is a minor, any rights afforded due to minority status) and responsibilities that arise from, signing the acknowledgment.

"(ii) HOSPITAL-BASED PROGRAM.—Such procedures must include a hospital-based program for the voluntary acknowledgment of

paternity focusing on the period immediately before or after the birth of a child.

"(iii) PATERNITY ESTABLISHMENT SERVICES.—

"(I) STATE-OFFERED SERVICES.—Such procedures must require the State agency responsible for maintaining birth records to offer voluntary paternity establishment services.

"(II) REGULATIONS.—

"(aa) SERVICES OFFERED BY HOSPITALS AND BIRTH RECORD AGENCIES.—The Secretary shall prescribe regulations governing voluntary paternity establishment services offered by hospitals and birth record agencies.

"(bb) SERVICES OFFERED BY OTHER ENTITIES.—The Secretary shall prescribe regulations specifying the types of other entities that may offer voluntary paternity establishment services, and governing the provision of such services, which shall include a requirement that such an entity must use the same notice provisions used by, use the same materials used by, provide the personnel providing such services with the same training provided by, and evaluate the provision of such services in the same manner as the provision of such services is evaluated by, voluntary paternity establishment programs of hospitals and birth record agencies.

"(iv) USE OF PATERNITY ACKNOWLEDGMENT AFFIDAVIT.—Such procedures must require the State to develop and use an affidavit for the voluntary acknowledgment of paternity which includes the minimum requirements of the affidavit specified by the Secretary under section 452(a)(7) for the voluntary acknowledgment of paternity, and to give full faith and credit to such an affidavit signed in any other State according to its procedures.

"(D) STATUS OF SIGNED PATERNITY ACKNOWLEDGMENT.—

"(i) INCLUSION IN BIRTH RECORDS.—Procedures under which the name of the father shall be included on the record of birth of the child of unmarried parents only if—

"(I) the father and mother have signed a voluntary acknowledgment of paternity; or

"(II) a court or an administrative agency of competent jurisdiction has issued an adjudication of paternity.

Nothing in this clause shall preclude a State agency from obtaining an admission of paternity from the father for submission in a judicial or administrative proceeding, or prohibit the issuance of an order in a judicial or administrative proceeding which bases a legal finding of paternity on an admission of paternity by the father and any other additional showing required by State law.

"(ii) LEGAL FINDING OF PATERNITY.—Procedures under which a signed voluntary acknowledgment of paternity is considered a legal finding of paternity, subject to the right of any signatory to rescind the acknowledgment within the earlier of—

"(I) 60 days; or

"(II) the date of an administrative or judicial proceeding relating to the child (including a proceeding to establish a support order) in which the signatory is a party.

"(iii) CONTEST.—Procedures under which, after the 60-day period referred to in clause (ii), a signed voluntary acknowledgment of paternity may be challenged in court only on the basis of fraud, duress, or material mistake of fact, with the burden of proof upon the challenger, and under which the legal responsibilities (including child support obligations) of any signatory arising from the acknowledgment may not be suspended during the challenge, except for good cause shown.

"(E) BAR ON ACKNOWLEDGMENT RATIFICATION PROCEEDINGS.—Procedures under which judicial or administrative proceedings are not required or permitted to ratify an unchallenged acknowledgment of paternity.

"(F) ADMISSIBILITY OF GENETIC TESTING RESULTS.—Procedures—

"(i) requiring the admission into evidence, for purposes of establishing paternity, of the results of any genetic test that is—

"(I) of a type generally acknowledged as reliable by accreditation bodies designated by the Secretary; and

"(II) performed by a laboratory approved by such an accreditation body;

"(ii) requiring an objection to genetic testing results to be made in writing not later than a specified number of days before any hearing at which the results may be introduced into evidence (or, at State option, not later than a specified number of days after receipt of the results); and

"(iii) making the test results admissible as evidence of paternity without the need for foundation testimony or other proof of authenticity or accuracy, unless objection is made.

"(G) PRESUMPTION OF PATERNITY IN CERTAIN CASES.—Procedures which create a rebuttable or, at the option of the State, conclusive presumption of paternity upon genetic testing results indicating a threshold probability that the alleged father is the father of the child.

"(H) DEFAULT ORDERS.—Procedures requiring a default order to be entered in a paternity case upon a showing of service of process on the defendant and any additional showing required by State law.

"(I) NO RIGHT TO JURY TRIAL.—Procedures providing that the parties to an action to establish paternity are not entitled to a trial by jury.

"(J) TEMPORARY SUPPORT ORDER BASED ON PROBABLE PATERNITY IN CONTESTED CASES.—Procedures which require that a temporary order be issued, upon motion by a party, requiring the provision of child support pending an administrative or judicial determination of parentage, if there is clear and convincing evidence of paternity (on the basis of genetic tests or other evidence).

"(K) PROOF OF CERTAIN SUPPORT AND PATERNITY ESTABLISHMENT COSTS.—Procedures under which bills for pregnancy, childbirth, and genetic testing are admissible as evidence without requiring third-party foundation testimony, and shall constitute prima facie evidence of amounts incurred for such services or for testing on behalf of the child.

"(L) STANDING OF PUTATIVE FATHERS.—Procedures ensuring that the putative father has a reasonable opportunity to initiate a paternity action.

"(M) FILING OF ACKNOWLEDGMENTS AND ADJUDICATIONS IN STATE REGISTRY OF BIRTH RECORDS.—Procedures under which voluntary acknowledgments and adjudications of paternity by judicial or administrative processes are filed with the State registry of birth records for comparison with information in the State case registry."

(b) NATIONAL PATERNITY ACKNOWLEDGMENT AFFIDAVIT.—Section 452(a)(7) (42 U.S.C. 652(a)(7)) is amended by inserting "and specify the minimum requirements of an affidavit to be used for the voluntary acknowledgment of paternity which shall include the social security number of each parent and, after consultation with the States, other common elements as determined by such designee" before the semicolon.

(c) CONFORMING AMENDMENT.—Section 468 (42 U.S.C. 668) is amended by striking "a simple civil process for voluntarily acknowledging paternity and"

#### SEC. 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 redetermination at appropriate intervals) as to whether an individual who has applied for or is receiving assistance under the State program funded under part A 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 individual by providing the State agency with the name of, and such other information as the State agency may require with respect to, the noncustodial parent of the child, subject to good cause and other exceptions which—

"(i) shall be defined, taking into account the best interests of the child, and

"(ii) shall be applied in each case.

by, at the option of the State, the State agency administering the State program under part A, this part, or title XIX;

"(B) shall require the individual to supply additional necessary information and appear at interviews, hearings, and legal proceedings;

"(C) shall require the individual and the child to submit to genetic tests pursuant to judicial or administrative order;

"(D) may request that the individual sign a voluntary acknowledgment of paternity, after notice of the rights and consequences of such an acknowledgment, but may not require the individual to sign an acknowledgment or otherwise relinquish the right to genetic tests as a condition of cooperation and eligibility for assistance under the State program funded under part A, or the State program under title XIX; and

"(E) shall promptly notify the individual, the State agency administering the State program funded under part A, and the State agency administering the State program under title XIX, of each such determination, and if noncooperation is determined, the basis therefor."

**CHAPTER 5—PROGRAM ADMINISTRATION AND FUNDING**

**SEC. 4341. PERFORMANCE-BASED INCENTIVES AND PENALTIES.**

(a) **DEVELOPMENT OF NEW SYSTEM.**—The Secretary of Health and Human Services, in consultation with State directors of programs under part D of title IV of the Social Security Act, shall develop a new incentive system to replace, in a revenue neutral manner, the system under section 458 of such Act. The new system shall provide additional payments to any State based on such State's performance under such a program. Not later than November 1, 1996, the Secretary shall report on the new system to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate.

(b) **CONFORMING AMENDMENTS TO PRESENT SYSTEM.**—Section 458 (42 U.S.C. 658) is amended—

(1) in subsection (a), by striking "aid to families with dependent children under a State plan approved under part A of this title" and inserting "assistance under a program funded under part A";

(2) in subsection (b)(1)(A), by striking "section 402(a)(26)" and inserting "section 408(a)(4)";

(3) in subsections (b) and (c)—

(A) by striking "AFDC collections" each place it appears and inserting "title IV-A collections", and

(B) by striking "non-AFDC collections" each place it appears and inserting "non-title IV-A collections"; and

(4) in subsection (c), by striking "combined AFDC/non-AFDC administrative costs" both places it appears and inserting "combined title IV-A/non-title IV-A administrative costs".

(c) **CALCULATION OF PATERNITY ESTABLISHMENT PERCENTAGE.**—

(1) Section 452(g)(1)(A) (42 U.S.C. 652(g)(1)(A)) is amended by striking "75" and inserting "90".

(2) Section 452(g)(1) (42 U.S.C. 652(g)(1)) is amended—

(A) by redesignating subparagraphs (B) through (E) as subparagraphs (C) through (F), respectively, and by inserting after subparagraph (A) the following new subparagraph:

"(B) for a State with a paternity establishment percentage of not less than 75 percent but less than 90 percent for such fiscal year, the paternity establishment percentage of the State for the immediately preceding fiscal year plus 2 percentage points;"; and

(B) by adding at the end the following new flush sentence:

"In determining compliance under this section, a State may use as its paternity establishment percentage either the State's IV-D paternity establishment percentage (as defined in paragraph (2)(A)) or the State's statewide paternity establishment percentage (as defined in paragraph (2)(B))."

(3) Section 452(g)(2) (42 U.S.C. 652(g)(2)) is amended—

(A) in subparagraph (A)—

(i) in the matter preceding clause (i)—

(I) by striking "paternity establishment percentage" and inserting "IV-D paternity establishment percentage"; and

(II) by striking "(or all States, as the case may be)"; 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—

"(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 subparagraph (B) of paragraph (14); and

(3) by inserting after paragraph (14) the following new paragraph:

"(15) provide for—

"(A) a process for annual reviews of and reports to the Secretary on the State program operated under the State plan approved under this part, including such information as may be necessary to measure State compliance with Federal requirements for 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 percentages) to the extent necessary for purposes of sections 452(g) and 458;";

(b) **FEDERAL ACTIVITIES.**—Section 452(a)(4) (42 U.S.C. 652(a)(4)) is amended to read as follows:

"(4)(A) review data and calculations transmitted by State agencies pursuant to section 454(15)(B) on State program accomplishments with respect to performance indicators for purposes of subsection (g) of this section and section 458;

"(B) review annual reports submitted pursuant to section 454(15)(A) and, as appropriate, provide to the State comments, recommendations for additional or alternative corrective actions, and technical assistance; and

"(C) conduct audits, in accordance with the Government auditing standards of the Comptroller General of the United States—

"(i) at least once every 3 years (or more frequently, in the case of a State which fails to meet the requirements of this part concerning performance standards and reliability of program data) to assess the completeness, reliability, and security of the data and the accuracy of the reporting systems used in calculating performance indicators under subsection (g) of this section and section 458;

"(ii) of the adequacy of financial management of the State program operated under the State plan approved under this part, including assessments of—

"(I) whether Federal and other funds made available to carry out the State program are being appropriately expended, and are properly and fully accounted for; and

"(II) whether collections and disbursements of support payments are carried out correctly and are fully accounted for; and

"(iii) for such other purposes as the Secretary may find necessary;";

(c) **EFFECTIVE DATE.**—The amendments made by this section shall be effective with respect to calendar quarters beginning 12 months or more after the date of the enactment of this 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 semicolon.

(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”; 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)”;

(F) by striking “(including” and all that follows and inserting a semicolon.

(2) **AUTOMATED DATA PROCESSING.**—Part D of title IV (42 U.S.C. 651-669) is amended by inserting after section 454 the following new section:

**“SEC. 454A. AUTOMATED DATA PROCESSING.**

“(a) **IN GENERAL.**—In order for a State to meet the requirements of this section, the State agency administering the State program under this part shall have in operation a single statewide automated data processing and information retrieval system which has the capability to perform the tasks specified in this section with the frequency and in the manner required by or under this part.

“(b) **PROGRAM MANAGEMENT.**—The automated system required by this section shall perform such functions as the Secretary may specify relating to management of the State program under this part, including—

“(1) controlling and accounting for use of Federal, State, and local funds in carrying out the program; and

“(2) maintaining the data necessary to meet Federal reporting requirements under this part on a timely basis.

“(c) **CALCULATION OF PERFORMANCE INDICATORS.**—In order to enable the Secretary to determine the incentive payments and penalty adjustments required by sections 452(g) and 458, the State agency shall—

“(1) use the automated system—

“(A) to maintain the requisite data on State performance with respect to paternity establishment and child support enforcement in the State; and

“(B) to calculate the paternity establishment percentage for the State for each fiscal year; and

“(2) have in place systems controls to ensure the completeness and reliability of, and ready access to, the data described in paragraph (1)(A), and the accuracy of the calculations described in paragraph (1)(B).

“(d) **INFORMATION INTEGRITY AND SECURITY.**—The State agency shall have in effect

safeguards on the integrity, accuracy, and completeness of, access to, and use of data in the automated system required by this section, which shall include the following (in addition to such other safeguards as the Secretary may specify in regulations):

“(1) **POLICIES RESTRICTING ACCESS.**—Written policies concerning access to data by State agency personnel, and sharing of data with other persons, which—

“(A) permit access to and use of data only to the extent necessary to carry out the State program under this part; and

“(B) specify the data which may be used for particular program purposes, and the personnel permitted access to such data.

“(2) **SYSTEMS CONTROLS.**—Systems controls (such as passwords or blocking of fields) to ensure strict adherence to the policies described in paragraph (1).

“(3) **MONITORING OF ACCESS.**—Routine monitoring of access to and use of the automated system, through methods such as audit trails and feedback mechanisms, to guard against and promptly identify unauthorized access or use.

“(4) **TRAINING AND INFORMATION.**—Procedures to ensure that all personnel (including State and local agency staff and contractors) who may have access to or be required to use confidential program data are informed of applicable requirements and penalties (including those in section 6103 of the Internal Revenue Code of 1986), and are adequately trained in security procedures.

“(5) **PENALTIES.**—Administrative penalties (up to and including dismissal from employment) for unauthorized access to, or disclosure or use of, confidential data.”

(3) **REGULATIONS.**—The Secretary of Health and Human Services shall prescribe final regulations for implementation of section 454A of the Social Security Act not later than 2 years after the date of the enactment of this 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 SPECIAL PROJECTS OF REGIONAL OR NATIONAL SIGNIFICANCE.**—Section 452 (42 U.S.C. 652) is amended by adding at the end the following new subsection:

“(j) Out of any money in the Treasury of the United States not otherwise appropriated, there is hereby appropriated to the Secretary for each fiscal year an amount equal to 1 percent of the total amount paid to the Federal Government pursuant to section 457(a) during the immediately preceding fiscal year (as determined on the basis of the most recent reliable data available to the Secretary as of the end of the 3rd calendar quarter following the end of such preceding fiscal year), to cover costs incurred by the Secretary for—

“(1) information dissemination and technical assistance to States, training of State and Federal staff, staffing studies, and related activities needed to improve programs under this part (including technical assistance concerning State automated systems required by this part); and

“(2) research, demonstration, and special projects of regional or national significance relating to the operation of State programs under this part.

The amount appropriated under this subsection shall remain available until expended.”

(b) **OPERATION OF FEDERAL PARENT LOCATOR SERVICE.**—Section 453 (42 U.S.C. 653), as amended by section 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"

(3) Section 452(a)(10)(G) (42 U.S.C. 652(a)(10)(G)) is amended by striking "on the use of Federal courts and"

(4) Section 452(a)(10) (42 U.S.C. 652(a)(10)) is amended—

(A) in subparagraph (H), by striking "and";

(B) in subparagraph (I), by striking the period and inserting "; and"; and

(C) by inserting after subparagraph (I) the following new subparagraph:

"(J) compliance, by State, with the standards established pursuant to subsections (h) and (i)."

(5) Section 452(a)(10) (42 U.S.C. 652(a)(10)) is amended by striking "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 extinguished 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);

(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 carrying out of such actions.

"(g) REGULATIONS.—Authority to promulgate regulations for the implementation of this section shall, insofar as this section applies to moneys due from (or payable by)—

"(1) the United States (other than the legislative or judicial branches of the Federal Government) or the government of the District of Columbia, be vested in the President (or the designee of the President);

"(2) the legislative branch of the Federal Government, be vested jointly in the President pro tempore of the Senate and the Speaker of the House of Representatives (or their designees), and

"(3) the judicial branch of the Federal Government, be vested in the Chief Justice of the United States (or the designee of the Chief Justice).

"(h) MONEYS SUBJECT TO PROCESS.—

"(1) IN GENERAL.—Subject to paragraph (2), moneys paid or payable to an individual which are considered to be based upon remuneration for employment, for purposes of this section—

"(A) consist of—

"(i) compensation paid or payable for personal services of the individual, whether the compensation is denominated as wages, salary, commission, bonus, pay, allowances, or otherwise (including severance pay, sick pay, and incentive pay);

"(ii) periodic benefits (including a periodic benefit as defined in section 228(h)(3)) or other payments—

"(I) under the insurance system established by title II;

"(II) under any other system or fund established by the United States which provides for the payment of pensions, retirement or retired pay, annuities, dependents' or survivors' benefits, or similar amounts payable on account of personal services performed by the individual or any other individual;

"(III) as compensation for death under any Federal program;

"(IV) under any Federal program established to provide 'black lung' benefits; or

"(V) by the Secretary of Veterans Affairs as compensation for a service-connected disability paid by the Secretary to a former member of the Armed Forces who is in receipt of retired or retainer pay if the former member has waived a portion of the retired or retainer pay in order to receive such compensation; and

“(iii) worker’s compensation benefits paid under Federal or State law but

“(B) do not include any payment—

“(i) by way of reimbursement or otherwise, to defray expenses incurred by the individual in carrying out duties associated with the employment of the individual; or

“(ii) as allowances for members of the uniformed services payable pursuant to chapter 7 of title 37, United States Code, as prescribed by the Secretaries concerned (defined by section 101(5) of such title) as necessary for the efficient performance of duty.

“(2) CERTAIN AMOUNTS EXCLUDED.—In determining the amount of any moneys due from, or payable by, the United States to any individual, there shall be excluded amounts which—

“(A) are owed by the individual to the United States;

“(B) are required by law to be, and are, deducted from the remuneration or other payment involved, including Federal employment taxes, and fines and forfeitures ordered by court-martial;

“(C) are properly withheld for Federal, State, or local income tax purposes, if the withholding of the amounts is authorized or required by law and if amounts withheld are not greater than would be the case if the individual claimed all dependents to which he was entitled (the withholding of additional amounts pursuant to section 3402(i) of the Internal Revenue Code of 1986 may be permitted only when the individual presents evidence of a tax obligation which supports the additional withholding);

“(D) are deducted as health insurance premiums;

“(E) are deducted as normal retirement contributions (not including amounts deducted for supplementary coverage); or

“(F) are deducted as normal life insurance premiums from salary or other remuneration for employment (not including amounts deducted for supplementary coverage).

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

“(1) UNITED STATES.—The term ‘United States’ includes any department, agency, or instrumentality of the legislative, judicial, or executive branch of the Federal Government, the United States Postal Service, the Postal Rate Commission, any Federal corporation created by an Act of Congress that is wholly owned by the Federal Government, and the governments of the territories and possessions of the United States.

“(2) CHILD SUPPORT.—The term ‘child support’, when used in reference to the legal obligations of an individual to provide such support, means amounts required to be paid under a judgment, decree, or order, whether temporary, final, or subject to modification, issued by a court or an administrative agency of competent jurisdiction, for the support and maintenance of a child, including a child who has attained the age of majority under the law of the issuing State, or a child and the parent with whom the child is living, which provides for monetary support, health care, arrearages or reimbursement, and which may include other related costs and fees, interest and penalties, income withholding, attorney’s fees, and other relief.

“(3) ALIMONY.—

“(A) IN GENERAL.—The term ‘alimony’, when used in reference to the legal obligations of an individual to provide the same, means periodic payments of funds for the support and maintenance of the spouse (or former spouse) of the individual, and (subject to and in accordance with State law) includes separate maintenance, alimony pendente lite, maintenance, and spousal support, and includes attorney’s fees, interest, and court costs when and to the extent that the same are expressly made recoverable as

such pursuant to a decree, order, or judgment issued in accordance with applicable State law by a court of competent jurisdiction.

“(B) EXCEPTIONS.—Such term does not include—

“(i) any child support; or

“(ii) any payment or transfer of property or its value by an individual to the spouse or a former spouse of the individual in compliance with any community property settlement, equitable distribution of property, or other division of property between spouses or former spouses.

“(4) PRIVATE PERSON.—The term ‘private person’ means a person who does not have sovereign or other special immunity or privilege which causes the person not to be subject to legal process.

“(5) LEGAL PROCESS.—The term ‘legal process’ means any writ, order, summons, or other similar process in the nature of garnishment—

“(A) which is issued by—

“(i) a court or an administrative agency of competent jurisdiction in any State, territory, or possession of the United States;

“(ii) a court or an administrative agency of competent jurisdiction in any foreign country with which the United States has entered into an agreement which requires the United States to honor the process; or

“(iii) an authorized official pursuant to an order of such a court or an administrative agency of competent jurisdiction or pursuant to State or local law; and

“(B) which is directed to, and the purpose of which is to compel, a governmental entity which holds moneys which are otherwise payable to an individual to make a payment from the moneys to another party in order to satisfy a legal obligation of the individual to provide child support or make alimony payments.”.

(b) CONFORMING AMENDMENTS.—

(1) TO PART D OF TITLE IV.—Sections 461 and 462 (42 U.S.C. 661 and 662) are repealed.

(2) TO TITLE 5, UNITED STATES CODE.—Section 5520a of title 5, United States Code, is amended, in subsections (h)(2) and (i), by striking “sections 459, 461, and 462 of the Social Security Act (42 U.S.C. 659, 661, and 662)” and inserting “section 459 of the Social Security Act (42 U.S.C. 659)”.

(c) MILITARY RETIRED AND RETAINER PAY.—

(1) DEFINITION OF COURT.—Section 1408(a)(1) of title 10, United States Code, is amended—

(A) by striking “and” at the end of subparagraph (B);

(B) by striking the period at the end of subparagraph (C) and inserting “; and”; and

(C) by adding after subparagraph (C) the following new subparagraph:

“(D) any administrative or judicial tribunal of a State competent to enter orders for support or maintenance (including a State agency administering a program under a State plan approved under part D of title IV of the Social Security Act), and, for purposes of this subparagraph, the term ‘State’ includes the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa.”.

(2) DEFINITION OF COURT ORDER.—Section 1408(a)(2) of such title is amended—

(A) by inserting “or a support order, as defined in section 453(p) of the Social Security Act (42 U.S.C. 653(p)),” before “which—”; and

(B) in subparagraph (B)(i), by striking “(as defined in section 462(b) of the Social Security Act (42 U.S.C. 662(b)))” and inserting “(as defined in section 459(i)(2) of the Social Security Act (42 U.S.C. 659(i)(2)))”; and

(C) in subparagraph (B)(ii), by striking “(as defined in section 462(c) of the Social Security Act (42 U.S.C. 662(c)))” and inserting “(as defined in section 459(i)(3) of the Social Security Act (42 U.S.C. 659(i)(3)))”.

(3) PUBLIC PAYEE.—Section 1408(d) of such title is amended—

(A) in the heading, by inserting “(OR FOR BENEFIT OF)” before “SPOUSE OR”; and

(B) in paragraph (1), in the 1st sentence, by inserting “(or for the benefit of such spouse or former spouse to a State disbursement unit established pursuant to section 454B of the Social Security Act or other public payee designated by a State, in accordance with part D of title IV of the Social Security Act, as directed by court order, or as otherwise directed in accordance with such part D)” before “in an amount sufficient”.

(4) RELATIONSHIP TO PART D OF TITLE IV.—Section 1408 of such title is amended by adding at the end the following new subsection:

“(j) RELATIONSHIP TO OTHER LAWS.—In any case involving an order providing for payment of child support (as defined in section 459(i)(2) of the Social Security Act) by a member who has never been married to the other parent of the child, the provisions of this section shall not apply, and the case shall be subject to the provisions of section 459 of such Act.”.

(d) EFFECTIVE DATE.—The amendments made by this section shall become effective 6 months after the date of the enactment of this Act.

#### SEC. 4363. ENFORCEMENT OF CHILD SUPPORT OBLIGATIONS OF MEMBERS OF THE ARMED FORCES.

(a) AVAILABILITY OF LOCATOR INFORMATION.—

(1) MAINTENANCE OF ADDRESS INFORMATION.—The Secretary of Defense shall establish a centralized personnel locator service that includes the address of each member of the Armed Forces under the jurisdiction of the Secretary. Upon request of the Secretary of Transportation, addresses for members of the Coast Guard shall be included in the centralized personnel locator service.

(2) TYPE OF ADDRESS.—

(A) RESIDENTIAL ADDRESS.—Except as provided in subparagraph (B), the address for a member of the Armed Forces shown in the locator service shall be the residential address of that member.

(B) DUTY ADDRESS.—The address for a member of the Armed Forces shown in the locator service shall be the duty address of that member in the case of a member—

(i) who is permanently assigned overseas, to a vessel, or to a routinely deployable unit; or

(ii) with respect to whom the Secretary concerned makes a determination that the member’s residential address should not be disclosed due to national security or safety concerns.

(3) UPDATING OF LOCATOR INFORMATION.—Within 30 days after a member listed in the locator service establishes a new residential address (or a new duty address, in the case of a member covered by paragraph (2)(B)), the Secretary concerned shall update the locator service to indicate the new address of the member.

(4) AVAILABILITY OF INFORMATION.—The Secretary of Defense shall make information regarding the address of a member of the Armed Forces listed in the locator service available, on request, to the Federal Parent Locator Service established under section 453 of the Social Security Act.

(b) FACILITATING GRANTING OF LEAVE FOR ATTENDANCE AT HEARINGS.—

(1) REGULATIONS.—The Secretary of each military department, and the Secretary of Transportation with respect to the Coast Guard when it is not operating as a service in the Navy, shall prescribe regulations to facilitate the granting of leave to a member of the Armed Forces under the jurisdiction of that Secretary in a case in which—

(A) the leave is needed for the member to attend a hearing described in paragraph (2);

(B) the member is not serving in or with a unit deployed in a contingency operation (as defined in section 101 of title 10, United States Code); and

(C) the exigencies of military service (as determined by the Secretary concerned) do not otherwise require that such leave not be granted.

(2) COVERED HEARINGS.—Paragraph (1) applies to a hearing that is conducted by a court or pursuant to an administrative process established under State law, in connection with a civil action—

(A) to determine whether a member of the Armed Forces is a natural parent of a child; or

(B) to determine an obligation of a member of the Armed Forces to provide child support.

(3) DEFINITIONS.—For purposes of this subsection—

(A) The term "court" has the meaning given that term in section 1408(a) of title 10, United States Code.

(B) The term "child support" has the meaning given such term in section 459(i) of the Social Security Act (42 U.S.C. 659(i)).

(C) PAYMENT OF MILITARY RETIRED PAY IN COMPLIANCE WITH CHILD SUPPORT ORDERS.—

(1) DATE OF CERTIFICATION OF COURT ORDER.—Section 1408 of title 10, United States Code, as amended by section 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 be recent in relation to the date of receipt by the Secretary."

(2) PAYMENTS CONSISTENT WITH ASSIGNMENTS OF RIGHTS TO STATES.—Section 1408(d)(1) of such title is amended by inserting after the 1st sentence the following new sentence: "In the case of a spouse or former spouse who, pursuant to section 408(a)(4) of the Social Security Act (42 U.S.C. 608(a)(4)), assigns to a State the rights of the spouse or former spouse to receive support, the Secretary concerned may make the child support payments referred to in the preceding sentence to that State in amounts consistent with that assignment of rights."

(3) ARREARAGES OWED BY MEMBERS OF THE UNIFORMED SERVICES.—Section 1408(d) of such title is amended by adding at the end the following new paragraph:

"(6) In the case of a court order for which effective service is made on the Secretary concerned on or after the date of the enactment of this paragraph and which provides for payments from the disposable retired pay of a member to satisfy the amount of child support set forth in the order, the authority provided in paragraph (1) to make payments from the disposable retired pay of a member to satisfy the amount of child support set forth in a court order shall apply to payment of any amount of child support arrearages set forth in that order as well as to amounts of child support that currently become due."

(4) PAYROLL DEDUCTIONS.—The Secretary of Defense shall begin payroll deductions within 30 days after receiving notice of withholding, or for the 1st pay period that begins after such 30-day period.

SEC. 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 transferred income or property to avoid payment to a child support creditor, which the Secretary finds affords comparable rights to child support creditors; and

"(2) procedures under which, in any case in which the State knows of a transfer by a child support debtor with respect to which such a prima facie case is established, the State must—

"(A) seek to void such transfer; or

"(B) obtain a settlement in the best interests of the child support creditor."

SEC. 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)".

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 BUREAU.

Section 466(a)(7) (42 U.S.C. 666(a)(7)) is amended to read as follows:

"(7) REPORTING ARREARAGES TO CREDIT BUREAU.—

"(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 noncustodial parent who is delinquent in the payment of support, and the amount of overdue support owed by such parent.

"(B) SAFEGUARDS.—Procedures ensuring that, in carrying out subparagraph (A), information with respect to a noncustodial parent is reported—

"(i) only after such parent has been afforded all due process required under State law, including notice and a reasonable opportunity to contest the accuracy of such information; and

"(ii) only to an entity that has furnished evidence satisfactory to the State that the entity is a consumer reporting agency (as so defined)."

SEC. 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 overdue support owed by a noncustodial parent who resides or owns property in the State; and

"(B) the State accords full faith and credit to liens described in subparagraph (A) arising in another State, when the State agency, party, or other entity seeking to enforce such a lien complies with the procedural rules relating to recording or serving liens that arise within the State, except that such rules may not require judicial notice or hearing prior to the enforcement of such a lien."

SEC. 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 implementation of such procedures is so unsatisfactory, that such procedures do not meet the criteria for such a declaration; or

"(B) continued operation of the declaration is not consistent with the purposes of this part.

"(3) FORM OF DECLARATION.—A declaration under paragraph (1) may be made in the form of an international agreement, in connection with an international agreement or corresponding foreign declaration, or on a unilateral basis.

"(b) STANDARDS FOR FOREIGN SUPPORT ENFORCEMENT PROCEDURES.—

"(1) MANDATORY ELEMENTS.—Support enforcement procedures of a foreign country which may be the subject of a declaration pursuant to subsection (a)(1) shall include the following elements:

"(A) The foreign country (or political subdivision thereof) has in effect procedures, available to residents of the United States—

"(i) for establishment of paternity, and for establishment of orders of support for children and custodial parents; and

"(ii) for enforcement of orders to provide support to children and custodial parents, including procedures for collection and appropriate distribution of 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 4315, 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 that is enforceable under

this part is not released by a discharge in bankruptcy under title 11 of the United States Code."

(c) APPLICATION OF AMENDMENTS.—The amendments made by this section shall apply only with respect to cases commenced under title 11 of the United States Code after the date of the enactment of this Act.

#### CHAPTER 8—MEDICAL SUPPORT

##### SEC. 4376. CORRECTION TO ERISA DEFINITION OF MEDICAL CHILD SUPPORT ORDER.

(a) IN GENERAL.—Section 609(a)(2)(B) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1169(a)(2)(B)) is amended—

(1) by striking "issued by a court of competent jurisdiction";

(2) by striking the period at the end of clause (ii) and inserting a comma; and

(3) by adding, after and below clause (ii), the following:

"if such judgment, decree, or order (I) is issued by a court of competent jurisdiction or (II) is issued through an administrative process established under State law and has the force and effect of law under applicable State law."

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall take effect on the date of the enactment of this 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(c) (42 U.S.C. 653(c)).

(B) Subparagraphs (B) and (C) of section 454(9) (42 U.S.C. 654(9)).

(C) Section 456(a)(3) (42 U.S.C. 656(a)(3)).

(D) Subsections (a)(3)(A), (a)(6), (a)(8)(B)(i), (b)(3)(A), and (b)(3)(B) of section 466 (42 U.S.C. 666).

(E) Paragraphs (2) and (4) of section 469(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 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.

(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 benefit if nonpayment of such benefit would contravene an international agreement described in section 233 of the Social Security Act, to any benefit if nonpayment would be contrary to section 202(t) of the Social Security Act, or to any benefit payable under title II of the Social Security Act to which entitlement 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, disability, public or assisted housing, post-secondary education, food assistance, unemployment benefit, or any other similar benefit for which payments or assistance are provided to an individual, household, or family eligibility unit by an agency of the United States or by appropriated funds of the United States.

(2) 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. 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 Federal program (as defined in paragraph (3)).

##### (2) EXCEPTIONS.—

(A) TIME-LIMITED EXCEPTION FOR REFUGEES 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.—

(1) 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 benefits 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, recertify 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, redetermine 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 agreement 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 dependent 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 residing in any State and is receiving benefits under such program on the date of the enactment of this Act shall continue to be eligible to receive such benefits until January 1, 1997.

(3) **DESIGNATED FEDERAL PROGRAM DEFINED.**—For purposes of this subtitle, the term "designated Federal program" means any of the following:

(A) **TEMPORARY ASSISTANCE FOR NEEDY FAMILIES.**—The program of block grants to States for temporary assistance for needy families under part A of title IV of the Social Security 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 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) 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.

(H) Programs of student assistance under titles IV, V, IX, and X of the Higher Education Act of 1965.

(I) Means-tested programs under the Elementary and Secondary Education Act of 1965.

(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 identifying 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 section 6 or 8 of this Act with a public housing agency provides 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 provision 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 income 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, post-secondary education, food assistance, unemployment benefit, or any other similar benefit for which payments or assistance are provided to an individual, household, or family eligibility unit by an agency of a State or local government or by appropriated funds of a State or local government.

(2) 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 (c)) 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 subsection 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 United 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 Immigration 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 enactment 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 SPONSOR'S 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 subparagraph (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:

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

(2) Short-term, non-cash, in-kind emergency disaster relief.

(3) Assistance or benefits under the National School Lunch Act.

(4) Assistance or benefits under the Child Nutrition Act of 1966.

(5) Public health assistance for immunizations 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 inter-

vention, 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.

(8) Programs of student assistance under titles IV, V, IX, and X of the Higher Education Act of 1965.

(9) Benefits under the Head Start Act.

(10) Means-tested programs under the Elementary and Secondary Education Act of 1965.

(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 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.

##### 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 determined 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 circumstance 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.

**SEC. 4434. COMMUNICATION BETWEEN STATE AND LOCAL GOVERNMENT AGENCIES AND THE IMMIGRATION 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.

**SEC. 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 Federal 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:

"(I) IDENTIFICATION NUMBERS.—Solely for purposes of subsections (c)(1)(F) and (c)(3)(D), a taxpayer identification number means a social security number issued to an individual by the Social Security Administration (other than a social security number issued pursuant to clause (II) (or that portion of clause (III) that relates to clause (II)) of section 205(c)(2)(B)(i) of the Social Security Act)."

(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 period at the end of subparagraph (E) and inserting a comma, and by inserting after subparagraph (E) the following 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 section 32(c)(2)(A) to the extent the tax imposed by section 1401 (relating to self-employment tax) on such net earnings has not been paid."

(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 AP-

PROPRIATED.—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 seq.), and State programs funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.).

**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;

"(3) improve the intake, assessment, screening, and investigation of reports of abuse and neglect;

"(4) enhance the general child protective system by improving risk and safety assessment tools and protocols;

"(5) improve legal preparation and representation, including procedures for appealing and responding to appeals of substantiated reports of abuse and neglect;

"(6) provide support, treatment, and family preservation services to families which are, or are at risk of, abusing or neglecting their children;

"(7) support children who must be removed from or who cannot live with their families;

"(8) make timely decisions about permanent living arrangements for children who must be removed from or who cannot live with their families;

"(9) provide for continuing evaluation and improvement of child protection laws, regulations, and services;

"(10) develop and facilitate training protocols for individuals mandated to report child abuse or neglect; and

"(11) develop and enhance the capacity of community-based programs to integrate shared leadership strategies between parents and professionals to prevent and treat child abuse and neglect at the neighborhood level."

**"SEC. 422. ELIGIBLE STATES.**

"(a) IN GENERAL.—As used in this part, 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 part, 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 INVESTIGATION.—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 part, the State shall have laws and procedures in effect affording individuals an opportunity 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 necessary to prevent the withholding of medically indicated treatment from disabled infants with life-threatening conditions.

"(B) WITHHOLDING OF MEDICALLY INDICATED TREATMENT.—As used in subparagraph (A), 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, hydration, and medication) which, in the treating physician's or physicians' reasonable medical judgment, will be most likely to be effective in ameliorating or correcting all such conditions, except that such term does not include the failure to provide treatment (other than appropriate nutrition, hydration, or medication) to an infant when, in the treating physician's or physicians' reasonable medical judgment—

"(i) the infant is chronically and irreversibly 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.—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 COOPERATIVE EFFORTS.—A certification by the State, where appropriate, that all steps will be taken, including cooperative efforts with the State agencies administering the plans approved under parts A and D, to secure an assignment to the State of any rights to support on behalf of each child receiving foster care maintenance payments under part E.

"(14) 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. 423. GRANTS TO STATES FOR CHILD PROTECTION.**

"(a) FUNDING OF BLOCK GRANTS.—

"(1) ENTITLEMENT COMPONENT.—

"(A) ELIGIBLE STATES.—Each eligible State shall be entitled to receive from the Secretary for each fiscal year specified in subsection (b)(1) a grant in an amount equal to the State share of 99 percent of the child protection amount for the fiscal year.

"(B) INDIAN TRIBES AND TRIBAL ORGANIZATIONS.—The Secretary shall reserve for payments to Indian tribes (as defined in section 658P(7) of the Child Care and Development Block Grant Act of 1990) and tribal organizations (as defined in section 658P(14) of such Act) for each fiscal year specified in subsection (b)(1) an amount equal to 1 percent of the child protection amount for the fiscal year.

"(2) AUTHORIZATION COMPONENT.—

"(A) IN GENERAL.—

"(i) ELIGIBLE STATES.—For each eligible State for each fiscal year specified in subsection (b)(1), the Secretary shall supplement the grant under paragraph (1)(A) of this subsection by an amount equal to the State share of 99.64 percent of the amount (if any) appropriated pursuant to subparagraph (B) of this paragraph for the fiscal year.

"(ii) INDIAN TRIBES AND TRIBAL ORGANIZATIONS.—The Secretary shall supplement the amount reserved for payments pursuant to paragraph (1)(B) of this subsection for each fiscal year specified in subsection (b)(1), by an amount equal to 0.36 percent of the amount (if any) appropriated pursuant to subparagraph (B) of this paragraph for the fiscal year.

"(B) LIMITATION ON AUTHORIZATION OF APPROPRIATIONS.—For grants under subparagraph (A), there are authorized to be appropriated to the Secretary an amount not to exceed \$325,000,000 for each fiscal year specified in subsection (b)(1).

"(b) DEFINITIONS.—As used in this section:

"(1) CHILD PROTECTION AMOUNT.—The term 'child protection amount' means—

"(A) \$240,000,000 for fiscal year 1997;

"(B) \$255,000,000 for fiscal year 1998;

"(C) \$262,000,000 for fiscal year 1999;

"(D) \$270,000,000 for fiscal year 2000;

"(E) \$278,000,000 for fiscal year 2001; and

"(F) \$286,000,000 for fiscal year 2002;

"(2) STATE SHARE.—

"(A) IN GENERAL.—The term 'State share' means the qualified child protection expenses of the State divided by the sum of the qualified child protection expenses of all of the States.

"(B) QUALIFIED CHILD PROTECTION EXPENSES.—The term 'qualified child protection expenses' means, with respect to a State the greater of—

"(i) the total amount of one-third of the Federal grant amounts to the State under the provisions of law specified in clauses (i) and (ii) of subparagraph (C) for fiscal years 1992, 1993, and 1994; or

"(ii) the total amount of the Federal grant amounts to the State under the provisions of law specified in clauses (i) and (ii) of subparagraph (C) for fiscal year 1994.

"(C) PROVISIONS OF LAW.—The provisions of law specified in this subparagraph are the following (as in effect with respect to each of the fiscal years referred to in subparagraph (B)):

"(i) Section 423 of this Act.

"(ii) Section 434 of this Act.

"(D) DETERMINATION OF INFORMATION.—In determining amounts for fiscal years 1992, 1993, and 1994 under clauses (i) and (ii) of subparagraph (B), the Secretary shall use information listed as actual amounts in the Justification for Estimates for Appropriation Committees of the Administration for Children and Families for fiscal years 1994, 1995, and 1996, respectively.

"(c) USE OF GRANT.—

"(1) IN GENERAL.—A State to which a grant is made under this section may use the grant in any manner that the State deems appropriate to accomplish the purpose of this part.

"(2) TIMING OF EXPENDITURES.—A State to which a grant is made under this section for a fiscal year shall expend the total amount of the grant not later than the end of the immediately succeeding fiscal year.

"(3) RULE OF INTERPRETATION.—This part shall not be interpreted to prohibit short- and long-term foster care facilities operated for profit from receiving funds provided under this part or part E.

"(4) PROHIBITION AGAINST USE OF FUNDS FOR FOSTER CARE MAINTENANCE OR ADOPTION ASSISTANCE PAYMENTS.—Funds provided under this part shall not be used to make foster care maintenance payments or adoption assistance payments under any State plan approved under part E.

"(d) TIMING OF PAYMENTS.—The Secretary shall pay each eligible State the amount of the grant payable to the State under this section in quarterly installments.

"(e) PENALTIES.—

"(1) FOR USE OF GRANT IN VIOLATION OF THIS PART.—If an audit conducted pursuant to chapter 75 of title 31, United States Code, finds that an amount paid to a State under this section for a fiscal year has been used in violation of this part, then the Secretary shall reduce the amount of the grant that would (in the absence of this paragraph) be payable to the State under this section for the immediately succeeding fiscal year by the amount so used, plus 5 percent of the grant paid under this section to the State for such fiscal year.

"(2) FOR FAILURE TO MAINTAIN EFFORT.—

"(A) IN GENERAL.—If an audit conducted pursuant to chapter 75 of title 31, United States Code, finds that the amount expended by a State (other than from amounts provided by the Federal Government) during the fiscal years specified in subparagraph (B), to carry out the State program funded under this part is less than the applicable percentage specified in such subparagraph of the total amount expended by the State (other than from amounts provided by the Federal Government) during fiscal year 1994 under part B of this title (as in effect on the day before the date of the enactment of this part), then the Secretary shall reduce the amount of the grant that would (in the absence of this paragraph) be payable to the State under this section for the immediately succeeding fiscal year by the amount of the difference, plus 5 percent of the grant paid under this section to the State for such fiscal year.

"(B) SPECIFICATION OF FISCAL YEARS AND APPLICABLE PERCENTAGES.—The fiscal years and applicable percentages specified in this subparagraph are as follows:

"(i) For fiscal years 1997 and 1998, 100 percent.

"(ii) For fiscal years 1999 through 2002, 75 percent.

"(3) FOR FAILURE TO SUBMIT REQUIRED REPORT.—

"(A) IN GENERAL.—The Secretary shall reduce by 3 percent the amount of the grant that would (in the absence of this paragraph) be payable to a State under this section for

a fiscal year if the Secretary determines that the State has not submitted the report required by section 424 for the immediately preceding fiscal year, within 6 months after the end of the immediately preceding fiscal year.

"(B) RESCISSION OF PENALTY.—The Secretary shall rescind a penalty imposed on a State under subparagraph (A) with respect to a report for a fiscal year if the State submits the report before the end of the immediately succeeding fiscal year.

"(4) STATE FUNDS TO REPLACE REDUCTIONS IN GRANT.—A State which has a penalty imposed against it under this subsection for a fiscal year shall expend additional State funds in an amount equal to the amount of the penalty for the purpose of carrying out the State program under this part during the immediately succeeding fiscal year.

"(5) REASONABLE CAUSE EXCEPTION.—Except in the case of the penalty described in paragraph (2), the Secretary may not impose a penalty on a State under this subsection with respect to a requirement if the Secretary determines that the State has reasonable cause for failing to comply with the requirement.

"(6) CORRECTIVE COMPLIANCE PLAN.—

"(A) IN GENERAL.—

"(i) NOTIFICATION OF VIOLATION.—Before imposing a penalty against a State under this subsection 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 paragraph which outlines how the State will correct the violation and how the State will insure continuing compliance with this part.

"(ii) 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 clause (i) with respect to a violation, the State may submit to the Federal Government a corrective compliance plan to correct the violation.

"(iii) 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 clause (ii), the Secretary may consult with the State on modifications to the plan.

"(iv) ACCEPTANCE OF PLAN.—A corrective compliance plan submitted by a State in accordance with clause (ii) is deemed to be accepted by the Secretary if the Secretary does not accept or reject the plan during the 60-day period that begins on the date the plan is submitted.

"(B) EFFECT OF CORRECTING VIOLATION.—The Secretary may not impose any penalty under this subsection 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.

"(C) EFFECT OF FAILING TO CORRECT VIOLATION.—The Secretary shall assess some or all of a penalty imposed on a State under this subsection 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.

"(7) LIMITATION ON AMOUNT OF PENALTY.—

"(A) IN GENERAL.—In imposing the penalties described in this subsection, the Secretary shall not reduce any quarterly payment to a State by more than 25 percent.

"(B) CARRYFORWARD OF UNRECOVERED PENALTIES.—To the extent that subparagraph (A) prevents the Secretary from recovering during a fiscal year the full amount of all penalties imposed on a State under this subsection for a prior fiscal year, the Secretary shall apply any remaining amount of such penalties to the grant payable to the State

under subsection (a) for the immediately succeeding fiscal year.

**"(f) TREATMENT OF TERRITORIES.—**

**"(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 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.

**"(c) 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.—**Not later than 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.

**"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 section 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 appropriated and there are appropriated to the Secretary for each of fiscal years 1996 through 1998 \$10,000,000 for the purpose of carrying out section 13712 of the Omnibus Budget Reconciliation Act of 1993 (42 U.S.C. 670 note). All funds appropriated under this subsection shall be expended not later than September 30, 1999.

**"SEC. 426. DEFINITIONS.**

**"For purposes of this part and part E, the following definitions shall apply:**

**"(1) ADMINISTRATIVE REVIEW.—**The term 'administrative review' means a review open to the participation of the parents of the child, conducted by a panel of appropriate persons at least one of whom is not responsible for the case management of, or the delivery of services to, either the child or the parents who are the subject of the review.

**"(2) ADOPTION ASSISTANCE AGREEMENT.—**The term 'adoption assistance agreement' means a written agreement, binding on the parties to the agreement, between the State, other relevant agencies, and the prospective adoptive parents of a minor child which at a minimum—

**"(A)** specifies the nature and amount of any payments, services, and assistance to be provided under such agreement; and

**"(B)** stipulates that the agreement shall remain in effect regardless of the State of which the adoptive parents are residents at any given time.

The agreement shall contain provisions for the protection (under an interstate compact approved by the Secretary or otherwise) of the interests of the child in cases where the adoptive parents and child move to another State while the agreement is effective.

**"(3) CASE PLAN.—**The term 'case plan' means a written document which includes at least the following:

**"(A)** A description of the type of home or institution in which a child is to be placed, including a discussion of the appropriateness of the placement and how the agency which is responsible for the child plans to carry out the voluntary placement agreement entered into or judicial determination made with respect to the child in accordance with section 472(a)(1).

**"(B)** A plan for assuring that the child receives proper care and that services are provided to the parents, child, and foster parents in order to improve the conditions in the parents' home, facilitate return of the child to his or her own home or the permanent placement of the child, and address the needs of the child while in foster care, including a discussion of the appropriateness of the services that have been provided to the child under the plan.

**"(C)** To the extent available and accessible, the health and education records of the child, including—

**"(i)** the names and addresses of the child's health and educational providers;

**"(ii)** the child's grade level performance;

**"(iii)** the child's school record;

**"(iv)** assurances that the child's placement in foster care takes into account proximity to the school in which the child is enrolled at the time of placement;

**"(v)** a record of the child's immunizations;

**"(vi)** the child's known medical problems;

**"(vii)** the child's medications; and

**"(viii)** any other relevant health and education information concerning the child determined to be appropriate by the State.

Where appropriate, for a child age 16 or over, the case plan must also include a written description of the programs and services which will help such child prepare for the transition from foster care to independent living.

**"(4) CASE REVIEW SYSTEM.—**The term 'case review system' means a procedure for assuring that—

**"(A)** each child has a case plan designed to achieve placement in the least restrictive (most family-like) and most appropriate setting available and in close proximity to the parents' home, consistent with the best interests and special needs of the child, which—

**"(i)** if the child has been placed in a foster family home or child-care institution a substantial distance from the home of the parents of the child, or in a State different from the State in which such home is located, sets forth the reasons why such placement is in the best interests of the child; and

**"(ii)** if the child has been placed in foster care outside the State in which the home of the parents of the child is located, requires that, periodically, but not less frequently than every 12 months, a caseworker on the staff of the State in which the home of the parents of the child is located, or of the State in which the child has been placed, visit such child in such home or institution and submit a report on such visit to the State in which the home of the parents of the child is located;

**"(B)** the status of each child is reviewed periodically but no less frequently than once every 6 months by either a court or by administrative review (as defined in paragraph (1)) in order to determine the continuing necessity for and appropriateness of the placement, the extent of compliance with the case plan, and the extent of progress which has been made toward alleviating or mitigating the causes necessitating placement in foster care, and to project a likely date by which the child may be returned to the home or placed for adoption or legal guardianship;

**"(C)** with respect to each such child, procedural safeguards will be applied, among other things, to assure each child in foster care under the supervision of the State of a dispositional hearing to be held, in a family or juvenile court or another court (including a tribal court) of competent jurisdiction, or by an administrative body appointed or approved by the court, no later than 18 months after the original placement (and not less frequently than every 12 months thereafter during the continuation of foster care), which hearing shall determine the future status of the child (including whether the child should be returned to the parent, should be continued in foster care for a specified period, should be placed for adoption, or should (because of the child's special needs or circumstances) be continued in foster care on a permanent or long-term basis) and, in the case of a child described in subparagraph (A)(ii), whether the out-of-State placement continues to be appropriate and in the best

interests of the child, and, in the case of a child who has attained age 16, the services needed to assist the child to make the transition from foster care to independent living; and procedural safeguards shall also be applied with respect to parental rights pertaining to the removal of the child from the home of his parents, to a change in the child's placement, and to any determination affecting visitation privileges of parents; and

"(D) a child's health and education record (as described in paragraph (3)(C)) is reviewed and updated, and supplied to the foster parent or foster care provider with whom the child is placed, at the time of each placement of the child in foster care.

"(5) **CHILD-CARE INSTITUTION.**—The term 'child-care institution' means a private child-care institution, or a public child-care institution which accommodates no more than 25 children, which is licensed by the State in which it is situated or has been approved, by the agency of such State responsible for licensing or approval of institutions of this type, as meeting the standards established for such licensing, but the term shall not include detention facilities, forestry camps, training schools, or any other facility operated primarily for the detention of children who are determined to be delinquent.

"(6) **FOSTER CARE MAINTENANCE PAYMENTS.**—

"(A) **IN GENERAL.**—The term 'foster care maintenance payments' means payments to cover the cost of (and the cost of providing) food, clothing, shelter, daily supervision, school supplies, a child's personal incidentals, liability insurance with respect to a child, and reasonable travel to the child's home for visitation. In the case of institutional care, such term shall include the reasonable costs of administration and operation of such institution as are necessarily required to provide the items described in the preceding sentence.

"(B) **SPECIAL RULE.**—In cases where—

"(i) a child placed in a foster family home or child-care institution is the parent of a son or daughter who is in the same home or institution; and

"(ii) payments described in subparagraph (A) are being made under this part with respect to such child,

the foster care maintenance payments made with respect to such child as otherwise determined under subparagraph (A) shall also include such amounts as may be necessary to cover the cost of the items described in that subparagraph with respect to such son or daughter.

"(7) **FOSTER FAMILY HOME.**—The term 'foster family home' means a foster family home for children which is licensed by the State in which it is situated or has been approved, by the agency of such State having responsibility for licensing homes of this type, as meeting the standards established for such licensing.

"(8) **PARENTS.**—The term 'parents' means biological or adoptive parents or legal guardians, as determined by applicable State law.

"(9) **STATE.**—The term 'State' means the 50 States and the District of Columbia.

"(10) **VOLUNTARY PLACEMENT.**—The term 'voluntary placement' means an out-of-home placement of a minor, by or with participation of the State, after the parents or guardians of the minor have requested the assistance of the State and signed a voluntary placement agreement.

"(11) **VOLUNTARY PLACEMENT AGREEMENT.**—The term 'voluntary placement agreement' means a written agreement, binding on the parties to the agreement, between the State, any other agency acting on its behalf, and the parents or guardians of a minor child which specifies, at a minimum, the legal sta-

tus of the child and the rights and obligations of the parents or guardians, the child, and the agency while the child is in placement."

**SEC. 4702. CONFORMING AMENDMENTS.**

(a) **AMENDMENTS TO PART D OF TITLE IV OF THE SOCIAL SECURITY ACT.**—

(1) Section 452(a)(10)(C) of the Social Security Act (42 U.S.C. 652(a)(10)(C)), as amended by section 4108(b)(2) of this Act, is amended by striking "or under section 471(a)(17)."

(2) Section 452(g)(2)(A) of such Act (42 U.S.C. 652(g)(2)(A)), as amended by paragraphs (6) and (7) of section 4108(b) of this Act, is amended by inserting "or benefits or services for foster care maintenance were being provided under the State program funded under part E" after "part A" each place it appears.

(3) Section 466(a)(3)(B) of such Act (42 U.S.C. 666(a)(3)(B)), as amended by section 4108(b)(14) of this Act, is amended by striking "or 471(a)(17)".

(b) **AMENDMENT TO SECTION 9442 OF THE OMNIBUS BUDGET RECONCILIATION ACT OF 1986.**—Section 9442(4) of the Omnibus Budget Reconciliation Act of 1986 (42 U.S.C. 679a(4)) is amended by inserting "(as in effect before October 1, 1995)" after "Act".

(c) **REDESIGNATION AND AMENDMENTS OF SECTION 1123.**—

(1) **REDESIGNATION.**—The Social Security Act is amended by redesignating section 1123, the second place it appears (42 U.S.C. 1320a-1a), as section 1123A.

(2) **AMENDMENTS.**—Section 1123A of such Act, as so redesignated, is amended in subsection (a)—

(A) by striking "The Secretary" and inserting "Notwithstanding section 423(g), the Secretary"; and

(B) in paragraph (2), by inserting "under this section" after "promulgated".

**Subchapter B—Foster Care, Adoption Assistance, and Independent Living Programs**

**SEC. 4711. CONFORMING AMENDMENTS TO PART E OF TITLE IV.**

(a) **PURPOSE; APPROPRIATION.**—Section 470 of the Social Security Act (42 U.S.C. 670) is amended—

(1) by amending the heading to read as follows:

"**SEC. 470. PURPOSE; APPROPRIATION.**"; and

(2) in the second sentence, by striking "this part" and inserting "section 422".

(b) **STATE PLAN FOR FOSTER CARE AND ADOPTION ASSISTANCE.**—Section 471 of such Act (42 U.S.C. 671) is amended to read as follows:

"**SEC. 471. ELIGIBLE STATES.**

"In order for a State to be eligible for payments under this part, the State shall have submitted to the Secretary a plan which satisfies the requirements of section 422."

(c) **FOSTER CARE MAINTENANCE PAYMENTS PROGRAM.**—Section 472 of such Act (42 U.S.C. 672) is amended to read as follows:

"**SEC. 472. REQUIREMENTS FOR FOSTER CARE MAINTENANCE PAYMENTS.**

"(a) **IN GENERAL.**—Each State operating a program under this part shall make foster care maintenance payments, as defined in section 426(6) with respect to a child who would meet the requirements of section 406(a) (as in effect on the day before the date of the enactment of the Personal Responsibility and Work Opportunity Act of 1996) or of section 407 (as so in effect) but for the removal of the child from the home of a relative (specified in section 406(a) (as so in effect)), if—

"(1) the removal from the home occurred pursuant to a voluntary placement agreement entered into by the child's parent or legal guardian, or was the result of a judicial determination to the effect that continu-

ation therein would be contrary to the welfare of such child and that reasonable efforts of the type described in section 422(a)(12) have been made;

"(2) such child's placement and care are the responsibility of—

"(A) the State; or

"(B) any other public agency with which the State has made an agreement for the administration of the State program under this part which is still in effect;

"(3) such child has been placed in a foster family home or child-care institution as a result of the voluntary placement agreement or judicial determination referred to in paragraph (1); and

"(4) such child—

"(A) would have been eligible to receive aid under the eligibility standards under the State plan approved under section 402 (as in effect on the day before the date of the enactment of this part and adjusted for inflation, in accordance with regulations issued by the Secretary) in or for the month in which such agreement was entered into or court proceedings leading to the removal of such child from the home were initiated; or

"(B) would have received such aid in or for such month if application had been made therefor, or the child had been living with a relative specified in section 406(a) (as so in effect) within 6 months prior to the month in which such agreement was entered into or such proceedings were initiated, and would have received such aid in or for such month if in such month such child had been living with such a relative and application therefor had been made.

"(b) **LIMITATION ON FOSTER CARE PAYMENTS.**—Foster care maintenance payments may be made under this part only on behalf of a child described in subsection (a) of this section who is—

"(1) in the foster family home of an individual, whether the payments therefore are made to such individual or to a public or private child placement or child-care agency; or

"(2) in a child-care institution, whether the payments therefore are made to such institution or to a public or private child placement or child-care agency, which payments shall be limited so as to include in such payments only those items which are included in the term 'foster care maintenance payments' (as defined in section 426(6)).

"(c) **VOLUNTARY PLACEMENTS.**—

"(1) **SATISFACTION OF CHILD PROTECTION STANDARDS.**—Notwithstanding any other provision of this section, Federal payments may be made under this part with respect to amounts expended by any State as foster care maintenance payments under this part, in the case of children removed from their homes pursuant to voluntary placement agreements as described in subsection (a), only if (at the time such amounts were expended) the State has fulfilled all of the requirements of section 422(a)(11).

"(2) **REMOVAL IN EXCESS OF 180 DAYS.**—No Federal payment may be made under this part with respect to amounts expended by any State as foster care maintenance payments, in the case of any child who was removed from such child's home pursuant to a voluntary placement agreement as described in subsection (a) and has remained in voluntary placement for a period in excess of 180 days, unless there has been a judicial determination (within the first 180 days of such placement) that such placement is in the best interests of the child.

"(3) **DEEMED REVOCATION OF AGREEMENTS.**—In any case where—

"(A) the placement of a minor child in foster care occurred pursuant to a voluntary placement agreement entered into by the

parents or guardians of such child as provided in subsection (a); and

“(B) such parents or guardians request (in such manner and form as the Secretary may prescribe) that the child be returned to their home or to the home of a relative, the voluntary placement agreement shall be deemed to be revoked unless the State opposes such request and obtains a judicial determination, by a court of competent jurisdiction, that the return of the child to such home would be contrary to the child's best interests.

“(d) ELIGIBILITY FOR MEDICAL ASSISTANCE.—For purposes of titles XIX and XX, any child with respect to whom foster care maintenance payments are made under this section is deemed to be a recipient of cash assistance under part A of this title. For the purposes of the preceding sentence, a child whose costs in a foster family home or child-care institution are covered by the foster care maintenance payments being made with respect to his or her minor parent, as provided in section 426(6)(B), shall be considered a child with respect to whom foster care maintenance payments are made under this section.”

(d) ADOPTION ASSISTANCE PROGRAM.—Section 473 of such Act (42 U.S.C. 673) is amended to read as follows:

“SEC. 473. REQUIREMENTS FOR ADOPTION ASSISTANCE PAYMENTS.

“(a) IN GENERAL.—A State operating a program under this part shall enter into adoption assistance agreements with the adoptive parents of children with special needs.

“(b) PAYMENTS UNDER AGREEMENTS.—

“(1) IN GENERAL.—Under any adoption assistance agreement entered into by a State with parents who adopt a child with special needs, the State—

“(A) shall make payments of nonrecurring adoption expenses incurred by or on behalf of such parents in connection with the adoption of such child, directly through the State agency or through another public or nonprofit private agency, in amounts determined under subsection (e), and

“(B) in any case where the child meets the requirements of subsection (d), may make adoption assistance payments to such parents, directly through the State agency or through another public or nonprofit private agency, in amounts so determined.

“(2) DEFINITION OF NONRECURRING ADOPTION EXPENSES.—

“(A) IN GENERAL.—For purposes of paragraph (1)(A), the term ‘nonrecurring adoption expenses’ means reasonable and necessary adoption fees, court costs, attorney fees, and other expenses which are directly related to the legal adoption of a child with special needs and which are not incurred in violation of State or Federal law.

“(B) TREATMENT AS AN ADMINISTRATIVE EXPENSE.—A State's payment of nonrecurring adoption expenses under an adoption assistance agreement shall be treated as an expenditure made for the proper and efficient administration of the State plan for purposes of section 474(a)(3)(E).

“(c) ELIGIBILITY FOR MEDICAL ASSISTANCE.—For purposes of titles XIX and XX, any child—

“(1)(A) who is a child described in subsection (b), and

“(B) with respect to whom an adoption assistance agreement is in effect under this section (whether or not adoption assistance payments are provided under the agreement or are being made under this section), including any such child who has been placed for adoption in accordance with applicable State and local law (whether or not an interlocutory or other judicial decree of adoption has been issued), or

“(2) with respect to whom foster care maintenance payments are being made under section 472,

is deemed to be a recipient of cash assistance under part A of this title in the State where such child resides. For purposes of the preceding sentence, a child whose costs in a foster family home or child-care institution are covered by the foster care maintenance payments being made with respect to his or her minor parent, as provided in section 426(6)(B), shall be considered a child with respect to whom foster care maintenance payments are being made under section 472.

“(d) CHILDREN WITH SPECIAL NEEDS.—For purposes of subsection (b)(1)(B), a child meets the requirements of this subsection if such child—

“(1)(A) at the time adoption proceedings were initiated, met the requirements of section 406(a) (as in effect on the day before the date of the enactment of the Personal Responsibility and Work Opportunity Act of 1996) or section 407 (as so in effect) or would have met such requirements except for such child's removal from the home of a relative (specified in section 406(a) (as so in effect)), either pursuant to a voluntary placement agreement with respect to which Federal payments are provided under section 474 (or 403 (as so in effect)) or as a result of a judicial determination to the effect that continuation therein would be contrary to the welfare of such child;

“(B) meets all of the requirements of title XVI with respect to eligibility for supplemental security income benefits; or

“(C) is a child whose costs in a foster family home or child-care institution are covered by the foster care maintenance payments being made with respect to his or her minor parent;

“(2)(A) would have received aid under the eligibility standards under the State plan approved under section 402 (as in effect on the day before the date of the enactment of this part, adjusted for inflation, in accordance with regulations issued by the Secretary) in or for the month in which such agreement was entered into or court proceedings leading to the removal of such child from the home were initiated;

“(B) would have received such aid in or for such month if application had been made therefor, or had been living with a relative specified in section 406(a) (as so in effect) within 6 months prior to the month in which such agreement was entered into or such proceedings were initiated, and would have received such aid in or for such month if in such month such child had been living with such a relative and application therefor had been made; or

“(C) is a child described in subparagraph (A) or (B); and

“(3) has been determined by the State, pursuant to subsection (h) of this section, to be a child with special needs.

“(e) DETERMINATION OF PAYMENTS.—The amount of the payments to be made in any case under subsection (b) shall be determined through agreement between the adoptive parents and the State or a public or nonprofit private agency administering the program under this part, which shall take into consideration the circumstances of the adopting parents and the needs of the child being adopted, and may be readjusted periodically, with the concurrence of the adopting parents (which may be specified in the adoption assistance agreement), depending upon changes in such circumstances. However, in no case may the amount of the adoption assistance payment exceed the foster care maintenance payment which would have been paid during the period if the child with respect to whom the adoption assistance payment is made had been in a foster family home.

“(f) PAYMENT EXCEPTION.—Notwithstanding subsection (e), no payment may be made to parents with respect to any child who has attained the age of 18 (or, where the State determines that the child has a mental or physical disability which warrants the continuation of assistance, the age of 21), and no payment may be made to parents with respect to any child if the State determines that the parents are no longer legally responsible for the support of the child or if the State determines that the child is no longer receiving any support from such parents. Parents who have been receiving adoption assistance payments under this part shall keep the State or public or nonprofit private agency administering the program under this part informed of circumstances which would, pursuant to this section, make them ineligible for such assistance payments, or eligible for assistance payments in a different amount.

“(g) PREADOPTON PAYMENTS.—For purposes of this part, individuals with whom a child who has been determined by the State, pursuant to subsection (h), to be a child with special needs is placed for adoption in accordance with applicable State and local law shall be eligible for adoption assistance payments during the period of the placement, on the same terms and subject to the same conditions as if such individuals had adopted such child.

“(h) DETERMINATION OF CHILD WITH SPECIAL NEEDS.—For purposes of this section, a child shall not be considered a child with special needs unless—

“(1) the State has determined that the child cannot or should not be returned to the home of the child's parents; and

“(2) the State had first determined—

“(A) that there exists with respect to the child a specific factor or condition such as the child's ethnic background, age, or membership in a minority or sibling group, or the presence of factors such as medical conditions or physical, mental, or emotional handicaps because of which it is reasonable to conclude that such child cannot be placed with adoptive parents without providing adoption assistance under this part or medical assistance under title XIX; and

“(B) that, except where it would be against the best interests of the child because of such factors as the existence of significant emotional ties with prospective adoptive parents while in the care of such parents as a foster child, a reasonable, but unsuccessful, effort has been made to place the child with appropriate adoptive parents without providing adoption assistance under this section or medical assistance under title XIX.”

(e) PAYMENTS TO STATES; ALLOTMENTS TO STATES.—Section 474 of such Act (42 U.S.C. 674) is amended to read as follows:

“SEC. 474. PAYMENTS TO STATES; ALLOTMENTS TO STATES.

“(a) FOSTER CARE, ADOPTION ASSISTANCE, AND INDEPENDENT LIVING PROGRAMS PAYMENTS.—Each eligible State, as determined under section 471, shall be entitled to receive from the Secretary for each quarter of each fiscal year a payment equal to the sum of—

“(1) an amount equal to the Federal medical assistance percentage (as defined in section 1905(b) of this Act as in effect on the day before the date of the enactment of the Personal Responsibility and Work Opportunity Act of 1996) of the total amount expended during such quarter as foster care maintenance payments under the child protection program under this part for children in foster family homes or child-care institutions; plus

“(2) an amount equal to the Federal medical assistance percentage (as defined in section 1905(b) of this Act (as so in effect)) of the total amount expended during such quarter as adoption assistance payments under

the child protection program under this part pursuant to adoption assistance agreements; plus

"(3) an amount equal to the sum of the following proportions of the total amounts expended during such quarter as found necessary by the Secretary for the provision of child placement services and for the proper and efficient administration of the State foster care and adoption assistance program—

"(A) 75 percent of so much of such expenditures as are for the training (including both short and long-term training at educational institutions through grants to such institutions or by direct financial assistance to students enrolled in such institutions) of personnel employed or preparing for employment by the State agency or by the local agency administering the plan in the political subdivision;

"(B) 75 percent of so much of such expenditures (including travel and per diem expenses) as are for the short-term training of current or prospective foster or adoptive parents and the members of the staff of State-licensed or State-approved child care institutions providing care to foster and adopted children receiving assistance under this part, in ways that increase the ability of such current or prospective parents, staff members, and institutions to provide support and assistance to foster and adopted children, whether incurred directly by the State or by contract;

"(C) 50 percent (or, if the quarter is in fiscal year 1997, 75 percent) of so much of such expenditures as are for the planning, design, development, or installation of statewide mechanized data collection and information retrieval systems (including 50 percent (or, if the quarter is in fiscal year 1997, 75 percent) of the full amount of expenditures for hardware components for such systems) but only to the extent that such systems—

"(i) meet the requirements imposed by regulations;

"(ii) to the extent practicable, are capable of interfacing with the State data collection system that collects information relating to child abuse and neglect;

"(iii) to the extent practicable, have the capability of interfacing with, and retrieving information from, the State data collection system that collects information relating to the eligibility of individuals under part A (for the purposes of facilitating verification of eligibility of foster children); and

"(iv) are determined by the Secretary to be likely to provide more efficient, economical, and effective administration of the programs carried out under a State plan approved under this part;

"(D) 50 percent of so much of such expenditures as are for the operation of the statewide mechanized data collection and information retrieval systems referred to in subparagraph (C); and

"(E) one-half of the remainder of such expenditures; plus

"(4) an amount equal to the sum of—

"(A) so much of the amounts expended by such State to carry out a program under section 476, as do not exceed the basic amount for such State determined under subsection (e)(1) of such section; and

"(B) the lesser of—

"(i) one-half of any additional amounts expended by such State for such programs; or

"(ii) the maximum additional amount for such State under subsection (e)(1) of such section.

"(b) AUTOMATED DATA COLLECTION EXPENDITURES.—The Secretary shall treat as necessary for the proper and efficient administration of the State plan all expenditures of a State necessary in order for the State to plan, design, develop, install, and operate data collection and information retrieval

systems, without regard to whether the systems may be used with respect to foster or adoptive children other than those on behalf of whom foster care maintenance payments or adoption assistance payments may be made under this part.

"(c) ESTIMATES BY THE SECRETARY.—

"(1) IN GENERAL.—The Secretary shall, prior to the beginning of each quarter, estimate the amount which a State will be entitled to receive under subsection (a) for such quarter, such estimates to be based on—

"(A) a report filed by the State containing its estimate of the total sum to be expended in such quarter in accordance with subsection (a), and stating the amount appropriated or made available by the State and its political subdivisions for such expenditures in such quarter, and if such amount is less than the State's proportionate share of the total sum of such estimated expenditures, the source or sources from which the difference is expected to be derived;

"(B) records showing the number of children in the State receiving assistance under this part; and

"(C) such other information as the Secretary may find necessary.

"(2) PAYMENTS.—The Secretary shall pay to the States the amounts so estimated under paragraph (1), reduced or increased to the extent of any overpayment or underpayment which the Secretary determines was made under this subsection to such State for any prior quarter and with respect to which adjustment has not already been made under this subsection.

"(3) PRO RATA SHARE.—The pro rata share to which the United States is equitably entitled, as determined by the Secretary, of the net amount recovered during any quarter by the State or any political subdivision thereof with respect to foster care and adoption assistance furnished under this part shall be considered an overpayment to be adjusted under this subsection.

"(d) ALLOWANCE OR DISALLOWANCE OF CLAIM.—

"(1) IN GENERAL.—Within 60 days after receipt of a State claim for expenditures pursuant to subsection (b)(1), the Secretary shall allow, disallow, or defer such claim.

"(2) NOTICE.—Within 15 days after a decision to defer a State claim, the Secretary shall notify the State of the reasons for the deferral and of the additional information necessary to determine the allowability of the claim.

"(3) DECISION.—Within 90 days after receiving such necessary information (in readily reviewable form), the Secretary shall—

"(A) disallow the claim, if able to complete the review and determine that the claim is not allowable; or

"(B) in any other case, allow the claim, subject to disallowance (as necessary)—

"(i) upon completion of the review, if it is determined that the claim is not allowable; or

"(ii) on the basis of findings of an audit or financial management review."

(f) DEFINITIONS.—Section 475 of such Act (42 U.S.C. 675) is amended to read as follows: "SEC. 475. DEFINITIONS.

For definitions of terms used in this part, see section 426."

(g) TECHNICAL ASSISTANCE; DATA COLLECTION AND EVALUATION.—Part E of title IV of such Act is amended by striking section 476.

(h) INDEPENDENT LIVING INITIATIVES.—Part E of title IV of such Act (42 U.S.C. 670 et seq.), as amended by subsection (g) of this section, is amended—

(1) by redesignating section 477 as section 476; and

(2) by amending section 476, as so redesignated, to read as follows:

"SEC. 476. REQUIREMENTS FOR INDEPENDENT LIVING PROGRAMS.

"(a) PAYMENTS FOR INDEPENDENT LIVING PROGRAMS.—

"(1) IN GENERAL.—Payments shall be made in accordance with this section for the purpose of assisting States and localities in establishing and carrying out programs designed to assist children described in paragraph (2) who have attained age 16 in making the transition from foster care to independent living. Any State which provides for the establishment and carrying out of one or more such programs in accordance with this section for a fiscal year shall be entitled to receive payments under this section for such fiscal year, in an amount determined under subsection (e).

"(2) PROGRAM REQUIREMENTS.—A program established and carried out under paragraph (1)—

"(A) shall be designed to assist children with respect to whom foster care maintenance payments are being made by the State under this part;

"(B) may at the option of the State also include any or all other children in foster care under the responsibility of the State; and

"(C) may at the option of the State also include any child who has not attained age 21 to whom foster care maintenance payments were previously made by a State under this part and whose payments were discontinued on or after the date such child attained age 16, and any child who previously was in foster care described in subparagraph (B) and for whom such care was discontinued on or after the date such child attained age 16; and a written transitional independent living plan of the type described in subsection (d)(6) shall be developed for such child as a part of such program.

"(b) USE OF FUNDS.—Payment under this section shall be made to the State, and shall be used for the purpose of conducting and providing in accordance with this section (directly or under contracts with local governmental entities or private nonprofit organizations) the activities and services required to carry out the program or programs involved.

"(c) SUBMISSION OF PROGRAM DESCRIPTION AND ASSURANCES.—In order for a State to receive payments under this section for any fiscal year, the State, prior to February 1 of such fiscal year, must submit to the Secretary, in such manner and form as the Secretary may prescribe, a description of the program together with satisfactory assurances that the program will be operated in an effective and efficient manner and will otherwise meet the requirements of this section.

"(d) PROGRAM OBJECTIVES.—In carrying out the purpose described in subsection (a), it shall be the objective of each program established under this section to help the individuals participating in such program to prepare to live independently upon leaving foster care. Such programs may include (subject to the availability of funds) programs to—

"(1) enable participants to seek a high school diploma or its equivalent or to take part in appropriate vocational training;

"(2) provide training in daily living skills, budgeting, locating and maintaining housing, and career planning;

"(3) provide for individual and group counseling;

"(4) integrate and coordinate services otherwise available to participants;

"(5) provide for the establishment of outreach programs designed to attract individuals who are eligible to participate in the program;

"(6) provide each participant a written transitional independent living plan which

shall be based on an assessment of his needs, and which shall be incorporated into his case plan, as defined in section 426(3); and

"(7) provide participants with other services and assistance designed to improve their transition to independent living.

"(e) DETERMINATION OF PAYMENTS.—

"(1) BASIC AMOUNT.—

"(A) IN GENERAL.—The basic amount to which a State shall be entitled under section 474(a)(4) for a fiscal year shall be an amount which bears the same ratio to the basic ceiling for such fiscal year as such State's average number of children receiving foster care maintenance payments under part E in fiscal year 1984 bore to the total of the average number of children receiving such payments under such part for all States for fiscal year 1984.

"(B) MAXIMUM ADDITIONAL AMOUNT.—The maximum additional amount to which a State shall be entitled under section 474(a)(4) for a fiscal year shall be an amount which bears the same ratio to the additional ceiling for such fiscal year as the basic amount of such State bears to \$45,000,000.

"(C) DEFINITIONS.—For purposes of this section:

"(i) BASIC CEILING.—The term 'basic ceiling' means, for any fiscal year, \$45,000,000.

"(ii) ADDITIONAL CEILING.—The term 'additional ceiling' means, for any fiscal year, \$25,000,000.

"(2) REALLOCATION OF FUNDS.—If any State does not apply for funds under this section for any fiscal year within the time provided in subsection (c), the funds to which such State would have been entitled for such fiscal year shall be reallocated to one or more other States on the basis of their relative need for additional payments under this section (as determined by the Secretary).

"(3) SUPPLEMENT TO OTHER FUNDS.—Any amounts payable to States under this section shall be in addition to amounts payable to States under paragraphs (1), (2), and (3) of section 474(a), and shall supplement and not replace any other funds which may be available for the same general purposes in the localities involved.

"(f) LIMITATION ON USE OF FUNDS.—Payments made to a State under this section for any fiscal year—

"(1) shall be used only for the specific purposes described in this section;

"(2) may not be used for the provision of room or board;

"(3) may be made on an estimated basis in advance of the determination of the exact amount, with appropriate subsequent adjustments to take account of any error in the estimates; and

"(4) shall be expended by such State in such fiscal year or in the succeeding fiscal year.

"(g) REPORTING REQUIREMENTS.—Not later than the first January 1 following the end of each fiscal year, each State shall submit to the Secretary a report on the programs carried out during such fiscal year with the amounts received under this section. Such report shall be in such form and contain such information as may be necessary to provide an accurate description of such activities, to provide a complete record of the purposes for which the funds were spent, and to indicate the extent to which the expenditure of such funds succeeded in accomplishing the purpose described in subsection (a).

"(h) ASSISTANCE NOT CONSIDERED INCOME OR RESOURCES.—Notwithstanding any other provision of this title, payments made and services provided to participants in a program under this section, as a direct consequence of their participation in such program, shall not be considered as income or resources for purposes of determining eligibility (or the eligibility of any other persons)

for assistance under the State's plan approved under this part or part A, or for purposes of determining the level of such assistance."

(i) COLLECTION OF DATA RELATING TO ADOPTION AND FOSTER CARE.—Part E of title IV of such Act (42 U.S.C. 670 et seq.) is amended—

(1) by redesignating section 479 as section 477; and

(2) by amending section 477, as so redesignated, to read as follows:

"SEC. 477. COLLECTION OF DATA RELATING TO ADOPTION AND FOSTER CARE.

"For requirements with respect to the collection of data relating to adoption and foster care, see section 424."

#### Subchapter C—Miscellaneous

SEC. 4721. SECRETARIAL SUBMISSION OF LEGISLATIVE PROPOSAL FOR TECHNICAL AND CONFORMING AMENDMENTS.

Not later than 90 days after the date of the enactment of this chapter, the Secretary of Health and Human Services, in consultation, as appropriate, with the heads of other Federal agencies, shall submit to the appropriate committees of Congress a legislative proposal providing for such technical and conforming amendments in the law as are required by the provisions of this chapter.

SEC. 4722. SENSE OF THE CONGRESS REGARDING TIMELY ADOPTION OF CHILDREN.

It is the sense of the Congress that—

(1) too many children who wish to be adopted are spending inordinate amounts of time in foster care;

(2) there is an urgent need for States to increase the number of waiting children being adopted in a timely and lawful manner;

(3) studies have shown that States spend an excess of \$15,000 each year on each special needs child in foster care, and would save significant amounts of money if they offered incentives to families to adopt special needs children;

(4) States should allocate sufficient funds under this subtitle for adoption assistance and medical assistance to encourage more families to adopt children who otherwise would languish in the foster care system for a period that many experts consider detrimental to their development;

(5) States should offer incentives for families that adopt special needs children to make adoption more affordable for middle-class families;

(6) when it is necessary for a State to remove a child from the home of the child's biological parents, the State should strive—

(A) to provide the child with a single foster care placement and a single coordinated case team; and

(B) to conclude an adoption of the child, when adoption is the goal of the child and the State, within one year of the child's placement in foster care; and

(7) States should participate in local, regional, or national programs to enable maximum visibility of waiting children to potential parents. Such programs should include a nationwide, interactive computer network to disseminate information on children eligible for adoption to help match them with families around the country.

SEC. 4723. REMOVAL OF BARRIERS TO INTERETHNIC ADOPTION.

(a) STATE PLAN REQUIREMENTS.—Section 422(a) of the Social Security Act (42 U.S.C. 622(a)), as added by section 4701 of this Act, is amended by adding at the end the following:

"(15) CERTIFICATION REGARDING REMOVAL OF BARRIERS TO INTERETHNIC ADOPTION.—A certification that, not later than January 1, 1997, the State has in effect such laws and procedures as may be necessary to ensure that neither the State nor any other entity in the State that receives funds from the

Federal Government and is involved in adoption or foster care placements may—

"(A) deny to any person the opportunity to become an adoptive or a foster parent, on the basis of the race, color, or national origin of the person, or of the child, involved; or

"(B) delay or deny the placement of a child for adoption or into foster care, on the basis of the race, color, or national origin of the adoptive or foster parent, or the child, involved."

(b) ENFORCEMENT.—Section 423(e) of such Act (42 U.S.C. 623(e)), as added by section 4701 of this Act, is amended by redesignating paragraphs (5), (6), and (7) as paragraphs (6), (7), and (8), respectively, and by inserting after paragraph (4) the following:

"(5) PENALTY FOR FAILURE TO REMOVE BARRIERS TO INTERETHNIC ADOPTION.—

"(A) REDUCTION OF PAYMENTS TO THE STATE.—If a State's program operated under this part is found, as a result of a review conducted under section 1123, to have violated section 422(a)(15) during a quarter with respect to any person, then, notwithstanding any regulations promulgated under section 1123(b)(3), the Secretary shall reduce the amount otherwise payable to the State under this part, for the quarter and for each subsequent quarter before the 1st quarter for which the State program is found, as a result of such a review, not to have violated section 422(a)(15) with respect to any person, by—

"(i) 2 percent of such otherwise payable amount, in the case of the 1st such finding with respect to the State;

"(ii) 5 percent of such otherwise payable amount, in the case of the 2nd such finding with respect to the State; or

"(iii) 10 percent of such otherwise payable amount, in the case of the 3rd or subsequent such finding with respect to the State.

"(B) RETURN OF FUNDS PAID TO OTHER VIOLATORS.—Any other entity which is in a State that receives funds under this part and which violates section 422(a)(15) during a quarter with respect to any person shall remit to the Secretary all funds that were paid by the State to the entity during the quarter from such funds.

"(C) PRIVATE CAUSE OF ACTION.—

"(i) IN GENERAL.—Any individual who is aggrieved by a violation of section 422(a)(15) by a State or other entity may bring an action seeking relief from the State or other entity in any United States district court.

"(ii) LIMITATION.—An action under this subparagraph may not be brought more than 2 years after the date the alleged violation occurred.

"(D) NO EFFECT ON THE INDIAN CHILD WELFARE ACT OF 1978.—This paragraph shall not be construed to affect the application of the Indian Child Welfare Act of 1978."

(c) CIVIL RIGHTS.—

(1) PROHIBITED CONDUCT.—A person or government that is involved in adoption or foster care placements may not—

(A) deny to any individual the opportunity to become an adoptive or a foster parent, on the basis of the race, color, or national origin of the individual, or of the child, involved; or

(B) delay or deny the placement of a child for adoption or into foster care, on the basis of the race, color, or national origin of the adoptive or foster parent, or the child, involved.

(2) ENFORCEMENT.—Noncompliance with paragraph (1) is deemed a violation of title VI of the Civil Rights Act of 1964.

(3) NO EFFECT ON THE INDIAN CHILD WELFARE ACT OF 1978.—This subsection shall not be construed to affect the application of the Indian Child Welfare Act of 1978.

(d) CONFORMING REPEAL.—Section 553 of the Howard M. Metzenbaum Multiethnic

Placement Act of 1994 (42 U.S.C. 5115a) is repealed.

**SEC. 4724. EFFECTIVE DATE; TRANSITION RULES.**

**(a) EFFECTIVE DATE.—**

(1) **IN GENERAL.**—Except as provided in paragraph (2), this chapter and the amendments made by this chapter shall be effective on and after October 1, 1996.

(2) **EXCEPTION.**—Section 425 of the Social Security Act, as added by section 4701 of this Act, shall take effect on the date of the enactment of this chapter.

(3) **TEMPORARY REDESIGNATION OF SECTION 425.**—During the period beginning on the date of the enactment of this chapter and ending on October 1, 1996, section 425 of the Social Security Act, as added by section 4701 of this Act, is redesignated as section 425A.

**(b) TRANSITION RULES.—**

(1) **CLAIMS, ACTIONS, AND PROCEEDINGS.**—The amendments made by this chapter 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 chapter 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.

(2) **CLOSING OUT ACCOUNT FOR THOSE PROGRAMS TERMINATED OR SUBSTANTIALLY MODIFIED BY THIS CHAPTER.**—In closing out accounts, Federal and State officials may use scientifically acceptable statistical sampling techniques. Claims made under programs which are repealed or substantially amended in this 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, paraprofessional, 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 organizations 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, including disabled infants with life-threatening conditions, by—

“(A) promoting model adoption legislation and procedures in the States and territories of the United States in order to eliminate jurisdictional and legal obstacles to adoption;

“(B) providing a mechanism for the Department of Health and Human Services to—

“(i) promote quality standards for adoption services, preplacement, post-placement, and post-legal adoption counseling, and standards to protect the rights of children in need of adoption;

“(ii) maintain a national adoption information exchange system to bring together 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 responding appropriately to the behavior of their children;

“(ii) services to facilitate the ability of parents to serve as resources to one another (such as through mutual support and parent self-help groups);

“(iii) early developmental screening of children to assess any needs of children, and to identify types of support that may be provided;

“(iv) outreach services provided through voluntary home visits and other methods to assist parents in becoming aware of and able to participate in family resources and support program activities;

“(v) community and social services to assist families in obtaining community resources; and

“(vi) 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, hydration, and medication) which, in the treating physician'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 physician's or physicians' reasonable medical judgment—

"(A) the infant is chronically and irreversibly 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 INVESTIGATION.—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 opportunity 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 necessary to prevent the withholding of medically indicated treatment from disabled infants with life-threatening conditions.

"(B) WITHHOLDING OF MEDICALLY INDICATED TREATMENT.—As used in subparagraph (A), 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, hydration, and medication) which, in the treating physician's or physicians' reasonable medical judgment, will be most likely to be effective in ameliorating or correcting all such conditions, except that such term does not include the failure to provide treatment (other than appropriate nutrition, hydration, or medication) to an infant when, in the treating physician's or physicians' reasonable medical judgment—

"(i) the infant is chronically and irreversibly 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.—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.

“(c) 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 children, with at least a portion of any such research conducted under a project being field initiated;

“(2) shall at a minimum, focus on—

“(A) the nature and scope of child abuse and neglect;

“(B) the causes, prevention, assessment, identification, treatment, cultural and socioeconomic distinctions, and the consequences of child abuse and neglect;

“(C) appropriate, effective and culturally sensitive investigative, administrative, and judicial procedures with respect to cases of child abuse; and

“(D) the national incidence of child abuse and neglect, including—

“(i) the extent to which incidents of child abuse are increasing or decreasing in number and severity;

“(ii) the incidence of substantiated and unsubstantiated reported child abuse cases;

“(iii) the number of substantiated cases that result in a judicial finding of child abuse or neglect or related criminal court convictions;

“(iv) the extent to which the number of unsubstantiated, unfounded and false reported cases of child abuse or neglect have contributed to the inability of a State to respond effectively to serious cases of child abuse or neglect;

“(v) the extent to which the lack of adequate resources and the lack of adequate training of reporters have contributed to the inability of a State to respond effectively to serious cases of child abuse and neglect;

“(vi) the number of unsubstantiated, false, or unfounded reports that have resulted in a child being placed in substitute care, and the duration of such placement;

“(vii) the extent to which unsubstantiated reports return as more serious cases of child abuse or neglect;

“(viii) the incidence and prevalence of physical, sexual, and emotional abuse and physical and emotional neglect in substitute care;

“(ix) the incidence and outcomes of abuse allegations reported within the context of divorce, custody, or other family court proceedings, and the interaction between this

venue and the child protective services system; and

"(x) the cases of children reunited with their families or receiving family preservation services that result in subsequent substantiated reports of child abuse and neglect, including the death of the child; and

"(3) may include the appointment of an advisory board to—

"(A) provide recommendations on coordinating Federal, State, and local child abuse and neglect activities at the State level with similar activities at the State and local level pertaining to family violence prevention;

"(B) consider specific modifications needed in State laws and programs to reduce the number of unfounded or unsubstantiated reports of child abuse or neglect while enhancing the ability to identify and substantiate legitimate cases of abuse or neglect which place a child in danger; and

"(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 protective service agency, community social service agencies and family support programs, schools, churches and synagogues, and other community agencies to allow for the establishment of a triage system that—

"(A) accepts, screens and assesses reports received to determine which such reports require an intensive intervention and which require voluntary referral to another agency, program or project;

"(B) provides, either directly or through referral, a variety of community-linked services to assist families in preventing child abuse and neglect; and

"(C) provides further investigation and intensive intervention where the child's safety is in jeopardy.

"(2) KINSHIP CARE PROGRAMS AND PROJECTS.—The Secretary may award grants to public entities to assist such entities in developing or implementing procedures using adult relatives as the preferred placement for children removed from their home, where such relatives are determined to be capable of providing a safe nurturing environment for the child and where, to the maximum extent practicable, such relatives comply with relevant State child protection standards.

"(3) ADOPTION OPPORTUNITIES.—The Secretary may award grants to public entities to assist such entities in developing or implementing programs to expand opportunities for the adoption of children with special needs.

"(4) FAMILY RESOURCE CENTERS.—The Secretary may award grants to public or nonprofit private entities to provide for the establishment of family resource programs and support services that—

"(A) develop, expand, and enhance statewide networks of community-based, prevention-focused centers, programs, or services that provide comprehensive support for families;

"(B) promote the development of parental competencies and capacities in order to increase family stability;

"(C) support the additional needs of families with children with disabilities;

"(D) foster the development of a continuum of preventive services for children and families through State and community-based collaborations and partnerships (both public and private); and

"(E) maximize funding for the financing, planning, community mobilization, collaboration, assessment, information and referral, startup, training and technical assistance, information management, reporting, and evaluation costs for establishing, operating, or expanding a statewide network of community-based, prevention-focused family resource and support services.

"(5) OTHER INNOVATIVE PROGRAMS.—The Secretary may award grants to public or private nonprofit organizations to assist such entities in developing or implementing innovative programs and projects that show promise of preventing and treating cases of child abuse and neglect (such as Parents Anonymous).

"(b) GRANTS FOR ABANDONED INFANT PROGRAMS.—The Secretary may award grants to public and nonprofit private entities to assist such entities in developing or implementing procedures—

"(1) to prevent the abandonment of infants and young children, including the provision of services to members of the natural family for any condition that increases the probability of abandonment of an infant or young child;

"(2) to identify and address the needs of abandoned infants and young children;

"(3) to assist abandoned infants and young children to reside with their natural families or in foster care, as appropriate;

"(4) to recruit, train, and retain foster families for abandoned infants and young children;

"(5) to carry out residential care programs for abandoned infants and young children

who are unable to reside with their families or to be placed in foster care;

"(6) to carry out programs of respite care for families and foster families of infants and young children; and

"(7) to recruit and train health and social services personnel to work with families, foster care families, and residential care programs for abandoned infants and young children.

"(c) EVALUATION.—In making grants for demonstration projects under this section, the Secretary shall require all such projects to be evaluated for their effectiveness. Funding for such evaluations shall be provided either as a stated percentage of a demonstration grant or as a separate grant entered into by the Secretary for the purpose of evaluating a particular demonstration project or group of projects.

**"SEC. 204. TECHNICAL ASSISTANCE.**

"(a) CHILD ABUSE AND NEGLECT.—

"(1) IN GENERAL.—The Secretary shall provide technical assistance under this title to States to assist such States in planning, improving, developing, and carrying out programs and activities relating to the prevention, assessment identification, and treatment of child abuse and neglect.

"(2) EVALUATION.—Technical assistance provided under paragraph (1) may include an evaluation or identification of—

"(A) various methods and procedures for the investigation, assessment, and prosecution of child physical and sexual abuse cases;

"(B) ways to mitigate psychological trauma to the child victim; and

"(C) effective programs carried out by the States under this Act.

"(b) ADOPTION OPPORTUNITIES.—The Secretary shall provide, directly or by grant to or contract with public or private nonprofit agencies or organizations—

"(1) technical assistance and resource and referral information to assist State or local governments with termination of parental rights issues, in recruiting and retaining adoptive families, in the successful placement of children with special needs, and in the provision of pre- and post-placement services, including post-legal adoption services; and

"(2) other assistance to help State and local governments replicate successful adoption-related projects from other areas in the United States.

**"SEC. 205. TRAINING RESOURCES.**

"(a) TRAINING PROGRAMS.—The Secretary may award grants to public or private nonprofit organizations—

"(1) for the training of professional and paraprofessional personnel in the fields of medicine, law, education, law enforcement, social work, and other relevant fields who are engaged in, or intend to work in, the field of prevention, identification, and treatment of child abuse and neglect, including the links between domestic violence and child abuse;

"(2) to provide culturally specific instruction in methods of protecting children from child abuse and neglect to children and to persons responsible for the welfare of children, including parents of and persons who work with children with disabilities; and

"(3) to improve the recruitment, selection, and training of volunteers serving in private and public nonprofit children, youth and family service organizations in order to prevent child abuse and neglect through collaborative analysis of current recruitment, selection, and training programs and development of model programs for dissemination and replication nationally.

"(b) DISSEMINATION OF INFORMATION.—The Secretary may provide for and disseminate

information relating to various training resources available at the State and local level to—

"(1) individuals who are engaged, or who intend to engage, in the prevention, identification, assessment, and treatment of child abuse and neglect; and

"(2) appropriate State and local officials, including prosecutors, to assist in training law enforcement, legal, judicial, medical, mental health, education, and child welfare personnel in appropriate methods of interacting during investigative, administrative, and judicial proceedings with children who have been subjected to abuse.

**"SEC. 206. APPLICATIONS AND AMOUNTS OF GRANTS.**

"(a) REQUIREMENT OF APPLICATION.—The Secretary may not make a grant to a State or other entity under this title unless—

"(1) an application for the grant is submitted to the Secretary;

"(2) with respect to carrying out the purpose for which the grant is to be made, the application provides assurances of compliance satisfactory to the Secretary; and

"(3) the application otherwise is in such form, is made in such manner, and contains such agreements, assurances, and information as the Secretary determines to be necessary to carry out this title.

"(b) AMOUNT OF GRANT.—The Secretary shall determine the amount of a grant to be awarded under this title.

**"SEC. 207. PEER REVIEW FOR GRANTS.**

"(a) ESTABLISHMENT OF PEER REVIEW PROCESS.—

"(1) IN GENERAL.—The Secretary shall, in consultation with experts in the field and other Federal agencies, establish a formal, rigorous, and meritorious peer review process for purposes of evaluating and reviewing applications for grants under this title and determining the relative merits of the projects for which such assistance is requested. The purpose of this process is to enhance the quality and usefulness of research in the field of child abuse and neglect.

"(2) REQUIREMENTS FOR MEMBERS.—In establishing the process required by paragraph (1), the Secretary shall appoint to the peer review panels only members who are experts in the field of child abuse and neglect or related disciplines, with appropriate expertise in the application to be reviewed, and who are not individuals who are officers or employees of the Administration for Children and Families. The panels shall meet as often as is necessary to facilitate the expeditious review of applications for grants and contracts under this title, but may not meet less than once a year. The Secretary shall ensure that the peer review panel utilizes scientifically valid review criteria and scoring guidelines for review committees.

"(b) REVIEW OF APPLICATIONS FOR ASSISTANCE.—Each peer review panel established under subsection (a)(1) that reviews any application for a grant shall—

"(1) determine and evaluate the merit of each project described in such application;

"(2) rank such application with respect to all other applications it reviews in the same priority area for the fiscal year involved, according to the relative merit of all of the projects that are described in such application and for which financial assistance is requested; and

"(3) make recommendations to the Secretary concerning whether the application for the project shall be approved. The Secretary shall award grants under this title on the basis of competitive review.

"(c) NOTICE OF APPROVAL.—

"(1) IN GENERAL.—The Secretary shall provide grants under this title from among the projects which the peer review panels estab-

lished under subsection (a)(1) have determined to have merit.

"(2) REQUIREMENT OF EXPLANATION.—In the instance in which the Secretary approves an application for a program under this title without having approved all applications ranked above such application, the Secretary shall append to the approved application a detailed explanation of the reasons relied on for approving the application and for failing to approve each pending application that is superior in merit.

**"SEC. 208. NATIONAL RANDOM SAMPLE STUDY OF CHILD WELFARE.**

"(a) IN GENERAL.—The Secretary shall 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, and such other research as may be necessary.

"(b) REQUIREMENTS.—The study required by subsection (a) shall—

"(1) have a longitudinal component; and

"(2) yield data reliable at the State level for as many States as the Secretary determines is feasible.

"(c) PREFERRED CONTENTS.—In conducting the study required by subsection (a), the Secretary should—

"(1) collect data on the child protection programs of different small States (or different groups of such States) in different years to yield an occasional picture of the child protection programs of such States;

"(2) carefully consider selecting the sample from cases of confirmed abuse or neglect; and

"(3) follow each case for several years while obtaining information on, among other things—

"(A) the type of abuse or neglect involved;

"(B) the frequency of contact with State or local agencies;

"(C) whether the child involved has been separated from the family, and, if so, under what circumstances;

"(D) the number, type, and characteristics of out-of-home placements of the child; and

"(E) the average duration of each placement.

"(d) REPORTS.—

"(1) IN GENERAL.—From time to time, the Secretary shall prepare reports summarizing the results of the study required by subsection (a).

"(2) AVAILABILITY.—The Secretary shall make available to the public any report prepared under paragraph (1), in writing or in the form of an electronic data tape.

"(3) AUTHORITY TO CHARGE FEE.—The Secretary may charge and collect a fee for the furnishing of reports under paragraph (2).

"(4) FUNDING.—The Secretary shall carry out this section using amounts made available under section 425 of the Social Security Act.

**"TITLE III—GENERAL PROVISIONS**

**"SEC. 301. AUTHORIZATION OF APPROPRIATIONS.**

"(a) TITLE I.—There are authorized to be appropriated to carry out title I, \$230,000,000 for fiscal year 1996, and such sums as may be necessary for each of the fiscal years 1997 through 2002.

"(b) TITLE II.—

"(1) IN GENERAL.—Of the amount appropriated under subsection (a) for a fiscal year, the Secretary shall make available 12 percent of such amount to carry out title II (except for sections 203 and 208).

"(2) GRANTS FOR DEMONSTRATION PROJECTS.—Of the amount made available under paragraph (1) for a fiscal year, the Secretary shall make available not less than 40 percent of such amount to carry out section 203.

"(c) INDIAN TRIBES.—Of the amount appropriated under subsection (a) for a fiscal year,

the Secretary shall make available 1 percent of such amount to provide grants and contracts to Indian tribes and Tribal Organizations.

"(d) AVAILABILITY OF APPROPRIATIONS.—Amounts appropriated under subsection (a) shall remain available until expended.

**"SEC. 302. GRANTS TO STATES FOR PROGRAMS RELATING TO THE INVESTIGATION AND PROSECUTION OF CHILD ABUSE AND NEGLECT CASES.**

"(a) GRANTS TO STATES.—The Secretary, in consultation with the Attorney General, is authorized to make grants to the States for the purpose of assisting States in developing, establishing, and operating programs designed to improve—

"(1) the handling of child abuse and neglect cases, particularly cases of child sexual abuse and exploitation, in a manner which limits additional trauma to the child victim;

"(2) the handling of cases of suspected child abuse or neglect related fatalities; and

"(3) the investigation and prosecution of cases of child abuse and neglect, particularly child sexual abuse and exploitation.

"(b) ELIGIBILITY REQUIREMENTS.—In order for a State to qualify for assistance under this section, such State shall—

"(1) be an eligible State under section 102;

"(2) establish a task force as provided in subsection (c);

"(3) fulfill the requirements of subsection (d);

"(4) submit annually an application to the Secretary at such time and containing such information and assurances as the Secretary considers necessary, including an assurance that the State will—

"(A) make such reports to the Secretary as may reasonably be required; and

"(B) maintain and provide access to records relating to activities under subsection (a); and

"(5) submit annually to the Secretary a report on the manner in which assistance received under this program was expended throughout the State, with particular attention focused on the areas described in paragraphs (1) through (3) of subsection (a).

"(c) STATE TASK FORCES.—

"(1) GENERAL RULE.—Except as provided in paragraph (2), a State requesting assistance under this section shall establish or designate, and maintain, a State multidisciplinary task force on children's justice (hereafter in this section referred to as 'State task force') composed of professionals with knowledge and experience relating to the criminal justice system and issues of child physical abuse, child neglect, child sexual abuse and exploitation, and child maltreatment related fatalities. The State task force shall include—

"(A) individuals representing the law enforcement community;

"(B) judges and attorneys involved in both civil and criminal court proceedings related to child abuse and neglect (including individuals involved with the defense as well as the prosecution of such cases);

"(C) child advocates, including both attorneys for children and, where such programs are in operation, court appointed special advocates;

"(D) health and mental health professionals;

"(E) individuals representing child protective service agencies;

"(F) individuals experienced in working with children with disabilities;

"(G) parents; and

"(H) representatives of parents' groups.

"(2) EXISTING TASK FORCE.—As determined by the Secretary, a State commission or task force established after January 1, 1983, with substantially comparable membership and functions, may be considered the State task force for purposes of this subsection.

"(d) STATE TASK FORCE STUDY.—Before a State receives assistance under this section, and at 3-year intervals thereafter, the State task force shall comprehensively—

"(1) review and evaluate State investigative, administrative and both civil and criminal judicial handling of cases of child abuse and neglect, particularly child sexual abuse and exploitation, as well as cases involving suspected child maltreatment related fatalities and cases involving a potential combination of jurisdictions, such as interstate, Federal-State, and State-Tribal; and

"(2) make policy and training recommendations in each of the categories described in subsection (e).

The task force may make such other comments and recommendations as are considered relevant and useful.

"(e) ADOPTION OF STATE TASK FORCE RECOMMENDATIONS.—

"(1) GENERAL RULE.—Subject to the provisions of paragraph (2), before a State receives assistance under this section, a State shall adopt recommendations of the State task force in each of the following categories—

"(A) investigative, administrative, and judicial handling of cases of child abuse and neglect, particularly child sexual abuse and exploitation, as well as cases involving suspected child maltreatment related fatalities and cases involving a potential combination of jurisdictions, such as interstate, Federal-State, and State-Tribal, in a manner which reduces the additional trauma to the child victim and the victim's family and which also ensures procedural fairness to the accused;

"(B) experimental, model and demonstration programs for testing innovative approaches and techniques which may improve the prompt and successful resolution of civil and criminal court proceedings or enhance the effectiveness of judicial and administrative action in child abuse and neglect cases, particularly child sexual abuse and exploitation cases, including the enhancement of performance of court-appointed attorneys and guardians ad litem for children; and

"(C) reform of State laws, ordinances, regulations, protocols and procedures to provide comprehensive protection for children from abuse, particularly child sexual abuse and exploitation, while ensuring fairness to all affected persons.

"(2) EXEMPTION.—As determined by the Secretary, a State shall be considered to be in fulfillment of the requirements of this subsection if—

"(A) the State adopts an alternative to the recommendations of the State task force, which carries out the purpose of this section, in each of the categories under paragraph (1) for which the State task force's recommendations are not adopted; or

"(B) the State is making substantial progress toward adopting recommendations of the State task force or a comparable alternative to such recommendations.

"(f) FUNDS AVAILABLE.—For grants under this section, the Secretary shall use the amount authorized by section 1404A of the Victims of Crime Act of 1984.

"SEC. 303. TRANSITIONAL PROVISION.

"A State or other entity that has a grant, contract, or cooperative agreement in effect, on the date of enactment of this Act, under the Family Resource and Support Program, the Community-Based Family Resource Program, the Family Support Center Program, the Emergency Child Abuse Prevention Grant Program, the Abandoned Infants Assistance Act of 1988, or the Temporary Child Care for Children with Disabilities and Crisis Nurseries Programs shall continue to receive funds under such grant, contract, or cooperative agreement, subject to the original terms

under which such funds were provided, through the end of the applicable grant, contract, or agreement cycle.

"SEC. 304. RULE OF CONSTRUCTION.

"(a) IN GENERAL.—Nothing in this Act, or in part B or E of title IV of the Social Security Act, shall be construed—

"(1) as establishing a Federal requirement that a parent or legal guardian provide a child any medical service or treatment against the religious beliefs of the parent or legal guardian; and

"(2) to require that a State find, or to prohibit a State from finding, abuse or neglect in cases in which a parent or legal guardian relies solely or partially upon spiritual means rather than medical treatment, in accordance with the religious beliefs of the parent or legal guardian.

"(b) STATE REQUIREMENT.—Notwithstanding subsection (a), a State shall have in place authority under State law to permit the child protective service system of the State to pursue any legal remedies, including the authority to initiate legal proceedings in a court of competent jurisdiction, to provide medical care or treatment for a child when such care or treatment is necessary to prevent or remedy serious harm to the child, or to prevent the withholding of medically indicated treatment from children with life threatening conditions. Except with respect to the withholding of medically indicated treatments from disabled infants with life threatening conditions, case by case determinations concerning the exercise of the authority of this subsection shall be within the sole discretion of the State."

SEC. 4752. REAUTHORIZATIONS.

(a) MISSING CHILDREN'S ASSISTANCE ACT.—Section 408 of the Missing Children's Assistance Act (42 U.S.C. 5777) is amended—

(1) by striking "To" and inserting "(a) IN GENERAL.—To"

(2) by striking "and 1996" and inserting "1996, and 1997"; and

(3) by adding at the end thereof the following new subsection:

"(b) EVALUATION.—The Administrator shall use not more than 5 percent of the amount appropriated for a fiscal year under subsection (a) to conduct an evaluation of the effectiveness of the programs and activities established and operated under this title."

(b) VICTIMS OF CHILD ABUSE ACT OF 1990.—Section 214B of the Victims of Child Abuse Act of 1990 (42 U.S.C. 13004) is amended—

(1) in subsection (a)(2), by striking "and 1996" and inserting "1996, and 1997"; and

(2) in subsection (b)(2), by striking "and 1996" and inserting "1996, and 1997".

SEC. 4753. REPEALS.

(a) IN GENERAL.—The following provisions of law are repealed:

(1) Title II of the Child Abuse Prevention and Treatment and Adoption Reform Act of 1978 (42 U.S.C. 5111 et seq.).

(2) The Abandoned Infants Assistance Act of 1988 (42 U.S.C. 670 note).

(3) The Temporary Child Care for Children with Disabilities and Crisis Nurseries Act of 1986 (42 U.S.C. 5117 et seq.).

(4) Subtitle F of title VII of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11481 et seq.).

(b) CONFORMING AMENDMENTS.—

(1) RECOMMENDED LEGISLATION.—After consultation with the appropriate committees of the Congress and the Director of the Office of Management and Budget, the Secretary of Health and Human Services shall prepare and submit to the Congress a legislative proposal in the form of an implementing bill containing technical and conforming amendments to reflect the 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.

(c) **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 Secretary to carry out the covered activities of the Department, 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 number referred to in paragraph (1).

(d) **ACTIONS.**—Each Secretary referred to in subsection (b)(2) shall take such actions as may be necessary, including reduction in force actions, consistent with sections 3502 and 3595 of title 5, United States Code, to reduce the number of positions of personnel of the Department—

(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 budgetary, 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 BUREAU OF BUDGETING.**

(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."

The CHAIRMAN. No other amendment shall be in order except the following amendments:

First, a further amendment printed in part 2 of the report, which may be offered only by the gentleman from Ohio [Mr. KASICH] or his designee, shall be considered read, shall be debatable for the time specified in the report,

equally divided and controlled by the proponent and an opponent, shall not be subject to amendment, and shall not be subject to a demand for division of the question; and

Second, a further amendment in the nature of a substitute consisting of the text of H.R. 3832, which may be offered only by the gentleman from Missouri [Mr. GEPHARDT] or his designee, shall be considered read, shall be debatable for 1 hour, equally divided and controlled by the proponent and an opponent, and shall not be subject to amendment.

AMENDMENT OFFERED BY MR. NEY

Mr. NEY. Mr. Chairman, I offer an amendment as the designee of the gentleman from Ohio [Mr. KASICH].

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment offered by Mr. NEY: Subsection (o) of section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015), as added by section 1033(a), is amended—

(1) in paragraph (2)—

(A) by striking " , during the preceding 12-month period." ;

(B) by inserting "after the effective date of this subsection" after "received", and

(C) by striking "4" and insert "3", and

(2) in paragraph (5) by striking subparagraph (B) and making such technical and conforming changes as may be appropriate.

Section 1033 is amended by striking subsection (b) and making such technical and conforming changes as may be appropriate.

The CHAIRMAN. Pursuant to House Resolution 482, the gentleman from Ohio [Mr. NEY] and a Member opposed each will control 10 minutes.

Mr. SABO. Madam Chairman, I rise in opposition.

The CHAIRMAN. The gentleman from Minnesota [Mr. SABO] will be recognized to control the time in opposition.

The Chair recognizes the gentleman from Ohio [Mr. NEY].

Mr. NEY. Madam Chairman, I yield myself such time as I may consume.

Madam Chairman, caring for people is not necessarily synonymous with taking care of people. Anyone can say that they feel pain, and many people obviously do feel pain for others that have not had the path of opportunity in this country. We have to work with all Americans to try and alleviate and minimize and finally end the pain once and for all. We need to reach out a helping hand to every person currently in the welfare system and say to them: If you want to work, we're going to help you climb that ladder of opportunity in this great country.

My amendment, which is the Kasich-Ney amendment, and I thank my colleague, the gentleman from Ohio [Mr. KASICH], for his guidance and support on this amendment; this amendment to H.R. 3437 is just that: It is a ladder. The amendment will tell every able-bodied person without children between the ages of 18 and 50 that there is no escalator built by Washington that will carry them up the ladder of opportunity, but with a little help from us,

and if they are willing to help themselves, they can have a chance in this country.

Madam Chairman, as my colleagues know, under the base text of the bill, able-bodied adults between the ages of 18 and 50 who have no children are permitted to receive food stamps without working for 4 months out of every 12-month period. This means they could potentially work 8 months and take 4 months off. The amendment, while retaining the exemptions in the base bill; I would like to just restate those exemptions for the record; this is who the amendment does not affect: Anyone under 18 or over the age of 50, anyone medically certified as physically or mentally incapable or unable to be employed, a parent or other member of the household responsible for a dependent child or a pregnant woman.

Those are the persons that are not included in this amendment. They are exempted from it.

What I am talking about, very clearly, are people who have no dependents, that are 18 years old to 50 years old that are able to work and are receiving food stamps. So instead of the 4 months off potentially every year, there will be a 3-month lifetime ability to take off.

Now, they have to remain employed for at least 20 hours, be in a job training program or one of the workfare programs.

I believe that this is a very fair measure. I believe that this is a measure that will help people on the opportunity scale in this country.

I would ask, Madam Chairman, why does Washington continue to promote a welfare system that discourages work? Is it extreme to think that we can do better? Is it extreme to want to give welfare recipients hope instead of an endless cycle of dependency? Should we not be trying to encourage work?

And that is what this amendment does, but it is an amendment that provides some safety, it provides a course of a safety net, it has the ability to have waivers from the State departments of human services. So it is a well-crafted, very fair amendment, but it simply says: If you want assistance from your government and you are 18 to 50 years old, and you don't have any dependents, and you are capable of working, then you have to simply work.

This is a fair amendment, it provides the change that is necessary in this country, and let me just say in closing, as my colleague, the gentleman from Ohio [Mr. KASICH], many times refers to the end of the day, this amendment is referring to the end of the day because that day has come that we have to step up to the plate and take the responsibility to help people.

The easy path is to say to an individual man or woman in this country, Take the check, don't be seen, take 4 months of the year off, we don't want to address the problem of what we do with you.

What we are doing is forcing this issue to be addressed, but we are providing help to a person. But we want to say that, yes, we are going to be there. There are going to be some problems throughout the course in welfare reform, we better believe there are. But I can tell my colleagues for sure that the current system is in hard failure, and the current system is not creating opportunity, and what the bottom line of this Congress is and the bottom line of this change in this country, this is about children, and each and every one of us as human beings are responsible, we are responsible for whether this planet is going to be safe and prosperous and peaceful for children, and we do not want to have a legacy of children who know nothing but the welfare system. We want to provide opportunity.

This is another step in the right direction, it is a caring step, and it shows that we are a Congress that cares to help involve people in that ladder of opportunity.

Madam Chairman, I reserve the balance of my time.

Mr. SABO. Madam Chairman, I yield 3 minutes to the distinguished gentleman from Texas [Mr. STENHOLM].

(Mr. STENHOLM asked and was given permission to revise and extend his remarks.)

Mr. STENHOLM. Madam Chairman, I rise in opposition to this single-bullet amendment to this year's first reconciliation bill. I understand full well the political advantage which is sought with amendments such as this. I am certainly not interested in ever defending a wasteful use of food stamps. But I am also interested in abandoning people in real need, confronted by unexpected, uncontrollable circumstances who count on food stamps for their survival.

I find it amazing that the Rules Committee took the unprecedented action of allowing an amendment other than a complete substitute. Had I known there was any possibility of such amendments being made in order, I assure my colleagues I would have had a number of my own to offer, and I know dozens of other Members would have wanted to do the same.

This unprecedented change of the rules aside, I must point out that this particular amendment is not about a food stamp time limit; it is a lifetime ban on food stamp benefits if ever they have received them in their adult life for 3 months and been unable to find work during that 3 months. If they have faced unexpected and uncontrollable circumstances in their life, if they have been laid off from their job in a period of recession, if they went on food stamps, searched high and low for work and found nothing after 3 months, it is tough luck for them. They are off the food stamp program and until they have reached age 50 or until you have found a job. It does not matter if they are following all of the rules, looking for work, in real need of a hand up, the

food stamp program just will not be there for them.

The implication behind this amendment is that finding some kind of job is always easy. That simply is not true.

For example, food stamp data show that more than 40 percent of those who would be affected by this provision are women, and nearly one-third of those women are over the age of 40. Whether widowed, divorced, or facing some other difficult life circumstance, these 40-plus women typically have a very difficult time finding employment. Their skills may be out of date or underdeveloped because they have been raising their families, and there simply are not many jobs out there for which they are qualified without training, which is another shortcoming of the base bill.

Coming from a rural district, I know very well that this amendment will hit particularly hard because there are an especially limited number of new employment opportunities in many small towns and rural communities of America.

This amendment is much more extreme even than the original bill passed by the House last year. Under that bill, people who were unable to find work could have continued to get food stamps if they participated in job search programs. This amendment cuts those people off the program and imposes the harshest work requirement of any proposal made during this Congress.

The amendment cannot be said to be toughening the work requirements. Such a statement assumes that for every person cut off from food stamps there is a job. Common sense tells us that is not the case. If this amendment were really intended to put people to work, it would provide a number of things, including funding for additional workfare slots. But, of course, that would cost money, and this amendment is intended to save an additional \$2.2 billion. This is just another example of how extreme philosophy and this year's budget, not sound policy, are driving welfare reform.

This amendment is bad policy, a paperwork nightmare, and I urge every Member to vote against it.

Mr. SABO. Madam Chairman, I yield 2 minutes to the distinguished gentleman from North Carolina [Mrs. CLAYTON].

Mrs. CLAYTON. Madam Chairman, I rise today in strong opposition to the Kasich-Ney amendment.

I believe that the 4-month time limit presently contained in this legislation is egregious. This amendment would further reduce this already short period of time by 30 days.

According to data collected by USDA, three-fourths of able-bodied, nonelderly food stamp recipients leave within 9 months because they have found a job or another alternative means to augment their income, but over one-half of those people need more than 4 months to do so.

Even our current unemployment compensation system acknowledges that people need about 6 months to find a job.

That is why I offered an amendment, albeit unsuccessful, during the Agriculture Committee consideration of the food stamp title to increase the limit from 4 months to 6 months, which is consistent with last year's Senate welfare reform package.

The Congressional Budget Office has estimated that 700,000 unemployed people who are willing to work and willing to comply with the tenets of a work program would be denied food stamp assistance under the 4-month ceiling contained in H.R. 3734, whereas under the 6-month scenario of my amendment only 450,000 workers would be cut off.

If the proposed 120-day limit is shortened further to 90 days, 90 days, close to 1 million Americans will be denied food stamp assistance, 1 million of the poorest of the poor.

Madam Chairman, the majority must be credited here for the inclusion of the 4-month bridge, which is not as long as I would like it to be, but it is far better than the 3-month ceiling that this punitive amendment seeks to introduce.

Thirty days, Madam Chairman; imagine not eating for 30 days? That is the reality that some poor Americans who are actively looking for work will have to face, if the Kasich-Ney amendment passes. Is the small budget reduction gained by this proposal worth the large loss of food assistance, sustenance if my colleagues will, to those 1 million Americans denied assistance under a 90-day ceiling?

□ 1330

Mr. NEY. Madam Chairman, I yield 3 minutes to my colleague, the gentleman from Ohio [Mr. KASICH].

Mr. KASICH. Madam Chairman, let me make clear what the amendment does so that there is no confusion. If you are able-bodied, single, between the ages of 18 and 50 and you get food stamps, we are saying you have to work 20 hours a week. It is no more complicated than that. If you cannot get a job, you go in a workfare program; 45 out of 50 States have a workfare program.

Let me just suggest to the Members, if there is any program that Americans who go to work are frustrated about, it is food stamps. They get frustrated to stand in line at the grocery store and just observe what goes on and the way in which people buy. They think people are trading them, they think there is a lot of fraud involved in the program. The American people, while supporting a food stamp program, they want the food stamp program cleaned up, tightened up, and fixed and reformed.

Madam Chairman, what this amendment says is that if you need to get food stamps and you are single, you are able-bodied, you are between the ages of 18 and 50, you have to do some work in exchange for the food stamps.

The opposition to this amendment, frankly, is opposed to the very premises that underlie our bill, our welfare bill. Our welfare bill says at some point you have to get trained, you have to go to work. You have to get off the system and get a job.

What this amendment says is very simple. If your people at home are frustrated about food stamps, this amendment does not take away food stamps. It says, though, if you are going to get food stamps, you are going to work 20 hours a week; 20 hours a week.

If you cannot find a job, you go to work for the State in a workfare program, and maybe you whitewash the graffiti, or maybe you clean up the neighborhood, but you participate in a program where you do some work in exchange, in exchange for the food stamps that you get.

Madam Chairman, it is not complicated. There is not a reason that I can think of as to why you should not be able to put in 20 hours a week if you are able-bodied, between the age of 18 to 50, in exchange for that program.

I would say to the House, think about this. If my colleagues support the underlying parts of this bill that call for people to work, that call for people to get trained, then clearly they support this concept. We are not asking people to work overly generous hours. In fact, there is already a requirement that says you have to work 8 months out of the year. What we say is we will give you a little exemption up front for 3 months, you have your 3 months, but after that if you need the food stamps you have to put in a little bit of work.

I think that is fair for the people who get the food stamps, and I think it is eminently reasonable and fair for the people that pay the bills for those who get the food stamps.

Support the Ney amendment.

Mr. SABO. Madam Chairman, I yield 2 minutes to the gentleman from Michigan [Mr. LEVIN].

Mr. LEVIN. Madam Chairman, I want to tell the gentleman from Ohio I fully share, and indeed I have worked hard for the concept, off of welfare and into work, with time limits. But this amendment goes far beyond it.

Take the State of Michigan in the early 1980's. We had unemployment rising for 3 years in a row. We had about 115,000 more people on food stamps. In the Detroit metropolitan area, unemployment did not hit the 10 percent mark at any point.

So what about people, able bodied, who have been working all their lives, who are thrown out on the streets because there is no work? They had been on food stamps for 3 months 10 years earlier. What the gentleman is saying to those people: Starve. Oh, Members say all they have to do is get a job through workfare. Is there a workfare program in Michigan for 50,000 people or 100,000 people thrown out of work in a recession? Of course there is not.

I believe unequivocally people on welfare, able bodied, get to work with

the adequate support protections in Castle-Tanner. What I do not say is to the hard-working person, with or without kids, if you cannot find a job, if you are working hard, looking hard to find one, we are going to say you starve, because 10 years ago you were on food stamps for 3 months.

Yes, Madam Chairman, I think this shows the difference between the two bills. They just insist on thinking tough means mean. I think tough means getting people off of welfare to work, but not hurting the hard-working person who hits hard times.

Vote against this amendment. It has been considered in the Senate before and rejected, across the board, on a bipartisan basis. This violates the spirit of getting tough on work but not being mean to kids or mean to anybody else.

Mr. NEY. Madam Chairman, I yield myself the balance of my time.

The CHAIRMAN. The gentleman from Ohio [Mr. NEY] is recognized for 2 minutes.

Mr. NEY. Madam Chairman, let me make this point very clear. This does not apply to children. Let me read the exemptions once again: Anyone under 18 years old or over 50, this does not apply to them. Anyone medically certified as physically or mentally incapable or unfit for employment, it does not apply to them. A parent or other member of a household responsible for a dependent child, it does not apply to them. A pregnant woman, it does not apply to her.

Also, if the gentleman wants to talk about unemployment, if we read the text, there are hardship exemptions. It can be waived. There are safeguards in this. The bottom line is it saves \$2.2 billion on the fiscal side, but the real bottom line is it is responsible. It is a good amendment. It is fair. It is an amendment, and I cannot even believe some of the statements I have heard about this amendment. It is a very responsible amendment.

Mr. KASICH. Madam Chairman, will the gentleman yield?

Mr. NEY. I yield to the gentleman from Ohio.

Mr. KASICH. In other words, Madam Chairman, if you are under the age of 18 or over the age of 50, this does not apply to you. Only if you are childless and able-bodied and if there is an unemployment rate over 10 percent, it can be waived, is that correct? So if you have high unemployment or if you have children or if you are sick, it does not apply. It is only if you are able-bodied, if you are childless, and you live in an area where you are getting food stamps and there are jobs available, then it applies.

So if you are able-bodied and there are jobs available, you go and you have to work 20 hours to get your food stamps. Then of course if you cannot find a job then you do workfare. That is what it is. But there are a number of exemptions in here for people who find themselves in particularly difficult circumstances and in a State with high

unemployment. Or you can be in job training. They can go to job training.

Mr. NEY. The gentleman is correct. It just means you simply have to work, just like everyone else. This is responsible, it is fair, it has exemptions. I urge support of the amendment.

Mr. SABO. Madam Chairman, I yield 45 seconds to the gentleman from North Carolina [Mr. HEFNER].

Mr. HEFNER. Madam Chairman, I guess I do not understand what the gentleman talks about, asking about a waiver. How would you get that? Would it have to do with the percentage of unemployment in this district?

I have been in this place for 22 years. I have seen some mean-spirited amendments in this place. To me this is the most mean-spirited amendment that I have ever seen on any bill that has come before this House. If this is what you have to do to get reelected to this Congress, I do not want to be a part of this body any longer if I have to vote for such mean-spirited legislation as this. It is not worth it to be in this most deliberative body in the world. I do not think it speaks well for this body as a whole to accept a mean-spirited amendment like this. It is degrading.

Mr. SABO. Madam Chairman, I yield the balance of my time to the gentlewoman from Florida [Mrs. THURMAN].

The CHAIRMAN. The gentlewoman from Florida [Mrs. THURMAN] is recognized for 2 minutes.

Mrs. THURMAN. Madam Chairman, I have to tell the Members, I am shocked at this attempt one more time to further erode one of the few protections we have for laidoff and downsized employees in America. The Kasich-Ney amendment actually penalizes people who play by the rules and do exactly what we want people on welfare to do: find a job.

Someone who loses her job during a recession is often forced to turn to food stamp assistance to meet her basic needs. If this person acts responsibly and finds a new job within 3 short months, she should not be disqualified, yes, for the rest of her adult years, from further food stamp assistance. If 10 years later this welfare success story is downsized, as so many people in modern America have been, the Kasich-Ney amendment would deny her the temporary assistance needed for her to get back into the job market.

Why? Because it is about money, not policy. Good policy would be to reinforce the goal of moving people to work instead of offering an amendment that penalizes people who are trying to fulfill that goal. I sit on the Committee on Agriculture in the House. No one came before our committee to offer this amendment. In fact, we had a discussion about how the 4-month time limit in the majority's bill was unrealistic if job slots are not available.

I was actually encouraged by the conversation and believed we may have been able to reach a compromise on this issue. Now, all of a sudden, an

amendment surfaces to not only cut back the time limit to 3 months, but to prohibit 18- to 50-year-olds from any further food assistance. The logic escapes me. Is it not the people that we want to work that we are trying to help? This amendment simply is another example of money over policy. While the majority may believe that this saves them money, the policy is quite costly.

The CHAIRMAN. All time for debate on this amendment has expired.

The question is on the amendment offered by the gentleman from Ohio [Mr. NEY].

The question was taken; and the chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. NEY. Madam Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 239, noes 184, not voting 10, as follows:

[Roll No 328]

AYES—239

- |              |               |               |
|--------------|---------------|---------------|
| Allard       | Ehrlich       | Kingston      |
| Archer       | English       | Klug          |
| Armey        | Ensign        | Knollenberg   |
| Bachus       | Everett       | Kolbe         |
| Baesler      | Ewing         | LaHood        |
| Baker (CA)   | Fawell        | Largent       |
| Baker (LA)   | Fields (TX)   | Latham        |
| Ballenger    | Flanagan      | LaTourrette   |
| Barr         | Foley         | Laughlin      |
| Barrett (NE) | Fowler        | Lazio         |
| Bartlett     | Fox           | Leach         |
| Barton       | Franks (CT)   | Lewis (CA)    |
| Bass         | Franks (NJ)   | Lewis (KY)    |
| Bateman      | Frelinghuysen | Lightfoot     |
| Bereuter     | Frisa         | Linder        |
| Bilbray      | Funderburk    | Lipinski      |
| Bilirakis    | Furse         | Livingston    |
| Biley        | Galleghy      | LoBiondo      |
| Boehner      | Ganske        | Longley       |
| Bonilla      | Gekas         | Lucas         |
| Bono         | Geren         | Manzullo      |
| Browder      | Gilchrist     | Martini       |
| Brownback    | Gillmor       | McCollum      |
| Bryant (TN)  | Goodlatte     | McCrery       |
| Bunning      | Goodling      | McHale        |
| Burr         | Gordon        | McHugh        |
| Burton       | Goss          | McInnis       |
| Buyer        | Graham        | McIntosh      |
| Callahan     | Greene (UT)   | McKeon        |
| Calvert      | Greenwood     | Metcalf       |
| Camp         | Gunderson     | Meyers        |
| Campbell     | Gutknecht     | Mica          |
| Canady       | Hall (TX)     | Miller (FL)   |
| Chabot       | Hamilton      | Molinari      |
| Chambliss    | Hancock       | Moorhead      |
| Chenoweth    | Hansen        | Moran         |
| Christensen  | Hastert       | Myers         |
| Chrysler     | Hastings (WA) | Myrick        |
| Clement      | Hayes         | Neumann       |
| Clinger      | Hayworth      | Ney           |
| Coble        | Hefley        | Norwood       |
| Coburn       | Heineman      | Nussle        |
| Collins (GA) | Hergert       | Oxley         |
| Combest      | Hilleary      | Parker        |
| Cooley       | Hobson        | Paxon         |
| Cox          | Hoekstra      | Peterson (MN) |
| Cramer       | Hoke          | Petri         |
| Crane        | Holden        | Pombo         |
| Crapo        | Horn          | Porter        |
| Creameans    | Hostettler    | Portman       |
| Cubin        | Hunter        | Poshard       |
| Cunningham   | Hutchinson    | Pryce         |
| Danner       | Hyde          | Quillen       |
| Deal         | Inglis        | Radanovich    |
| DeLay        | Istook        | Ramstad       |
| Diaz-Balart  | Johnson (SD)  | Regula        |
| Dickey       | Johnson, Sam  | Richardson    |
| Dornan       | Jones         | Riggs         |
| Dreier       | Kasich        | Roberts       |
| Duncan       | Kelly         | Roemer        |
| Dunn         | Kim           | Rogers        |
| Ehlers       | King          | Rohrabacher   |

- |               |             |
|---------------|-------------|
| Ros-Lehtinen  | Smith (WA)  |
| Roth          | Solomon     |
| Royce         | Souder      |
| Salmon        | Spence      |
| Sanford       | Stearns     |
| Saxton        | Stockman    |
| Schaefer      | Stump       |
| Seastrand     | Talent      |
| Sensenbrenner | Tate        |
| Shadegg       | Tauzin      |
| Shaw          | Taylor (MS) |
| Shuster       | Taylor (NC) |
| Sisisky       | Thomas      |
| Skeen         | Thornberry  |
| Skelton       | Tiahrt      |
| Smith (MI)    | Torkildsen  |
| Smith (NJ)    | Trafficant  |
| Smith (TX)    | Upton       |

- |             |
|-------------|
| Visclosky   |
| Vucanovich  |
| Walker      |
| Wamp        |
| Ward        |
| Watts (OK)  |
| Weldon (FL) |
| Weldon (PA) |
| Weller      |
| White       |
| Whitfield   |
| Wicker      |
| Williams    |
| Wolf        |
| Young (AK)  |
| Zeliff      |
| Zimmer      |

NOES—184

- |              |                |               |
|--------------|----------------|---------------|
| Abercrombie  | Frank (MA)     | Nadler        |
| Ackerman     | Frost          | Neal          |
| Andrews      | Gejdenson      | Nethercutt    |
| Baldacci     | Gephardt       | Oberstar      |
| Barcia       | Gibbons        | Obey          |
| Barrett (WI) | Gilman         | Olver         |
| Becerra      | Gonzalez       | Ortiz         |
| Beilenson    | Green (TX)     | Orton         |
| Bentsen      | Gutierrez      | Owens         |
| Berman       | Hall (OH)      | Pallone       |
| Bevill       | Harman         | Pastor        |
| Bishop       | Hastings (FL)  | Payne (NJ)    |
| Blumenauer   | Hefner         | Payne (VA)    |
| Blute        | Hilliard       | Pelosi        |
| Boehlert     | Hinchey        | Peterson (FL) |
| Bonior       | Houghton       | Pickett       |
| Borski       | Hoyer          | Pomeroy       |
| Boucher      | Jackson (IL)   | Quinn         |
| Brewster     | Jackson-Lee    | Rahall        |
| Brown (CA)   | (TX)           | Rangel        |
| Brown (FL)   | Jacobs         | Reed          |
| Brown (OH)   | Jefferson      | Rivers        |
| Bryant (TX)  | Johnson (CT)   | Rose          |
| Bunn         | Johnson, E. B. | Roukema       |
| Cardin       | Johnston       | Roybal-Allard |
| Castle       | Kanjorski      | Rush          |
| Chapman      | Kaptur         | Sabo          |
| Clay         | Kennedy (MA)   | Sanders       |
| Clayton      | Kennedy (RI)   | Sawyer        |
| Clyburn      | Kennelly       | Schroeder     |
| Coleman      | Kildee         | Schumer       |
| Collins (IL) | Klecicka       | Scott         |
| Collins (MI) | Klink          | Serrano       |
| Condit       | LaFalce        | Shays         |
| Conyers      | Lantos         | Skaggs        |
| Costello     | Levin          | Slaughter     |
| Coyne        | Lewis (GA)     | Spratt        |
| Cummings     | Lofgren        | Stark         |
| Davis        | Lowe           | Stenholm      |
| DeFazio      | Luther         | Stokes        |
| DeLauro      | Maloney        | Studds        |
| Dellums      | Manton         | Stupak        |
| Deutsch      | Markey         | Tanner        |
| Dicks        | Martinez       | Tejeda        |
| Dingell      | Mascara        | Thompson      |
| Dixon        | Matsui         | Thornton      |
| Doggett      | McCarthy       | Thurman       |
| Dooley       | McDermott      | Torres        |
| Doyle        | McKinney       | Torricelli    |
| Durbin       | McNulty        | Towns         |
| Edwards      | Meehan         | Velazquez     |
| Engel        | Meek           | Vento         |
| Eshoo        | Menendez       | Volkmer       |
| Evans        | Millender      | Walsh         |
| Farr         | McDonald       | Waters        |
| Fattah       | Minge          | Watt (NC)     |
| Fazio        | Mink           | Waxman        |
| Fields (LA)  | Moakley        | Wilson        |
| Filner       | Mollohan       | Wise          |
| Flake        | Montgomery     | Woolsey       |
| Foglietta    | Morella        | Wynn          |
| Ford         | Murtha         | Yates         |

NOT VOTING—10

- |             |             |            |
|-------------|-------------|------------|
| de la Garza | McDade      | Schiff     |
| Doolittle   | Miller (CA) | Young (FL) |
| Forbes      | Packard     |            |
| Lincoln     | Scarborough |            |

□ 1401

The Clerk announced the following pair:

On this vote:

Mr. Forbes for, with Mrs. Lincoln against.

Messrs. NADLER, DEUTSCH, and SHAYS, and Mrs. JOHNSON of Connecticut changed their vote from "aye" to "no."

Mr. PETERSON of Minnesota, Mrs. KELLY, and Mr. JOHNSON of South Dakota changed their vote from "no" to "aye."

So the amendment was agreed to.

The result of the vote was announced as above recorded.

PERSONAL EXPLANATION

Mr. SCARBOROUGH. Madam Chairman, on rollcall No. 328, I was detained at a meeting. Had I been present, I would have voted "aye."

Mr. SHAW. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. UPTON) having assumed the chair, Ms. GREENE of Utah, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 3734) to provide for reconciliation pursuant to section 201(a)(1) of the concurrent resolution on the budget for fiscal year 1997, had come to no resolution thereon.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee of the Whole rose earlier today, the amendment printed in part 2 of House Report 104-686 offered by the gentleman from Ohio [Mr. NEY] had been disposed of.

AMENDMENT IN THE NATURE OF A SUBSTITUTE  
OFFERED BY MR. TANNER

Mr. TANNER. Madam Chairman, as the designee of the minority leader, I offer an amendment in the nature of a substitute.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment in the nature of a substitute is as follows:

Amendment in the nature of a substitute offered by Mr. TANNER: Strike out all after the enacting clause and insert:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Bipartisan Welfare Reform Act of 1996".

SEC. 2. TABLE OF CONTENTS.

The table of contents of this Act is as follows:

- Sec. 1. Short title.
- Sec. 2. Table of contents.

TITLE I—BLOCK GRANTS FOR TEMPORARY ASSISTANCE FOR NEEDY FAMILIES

- Sec. 101. Findings.
- Sec. 102. Reference to Social Security Act.
- Sec. 103. Block grants to States.
- Sec. 104. Services provided by charitable, religious, or private organizations.
- Sec. 105. Census data on grandparents as primary caregivers for their grandchildren.
- Sec. 106. Report on data processing.
- Sec. 107. Study on alternative outcomes measures.
- Sec. 108. Conforming amendments to the Social Security Act.
- Sec. 109. Conforming amendments to the Food Stamp Act of 1977 and related provisions.
- Sec. 110. Conforming amendments to other laws.
- Sec. 111. Development of prototype of counterfeit-resistant social security card required.
- Sec. 112. Disclosure of receipt of Federal funds.
- Sec. 113. Modifications to the job opportunities for certain low-income individuals program.
- Sec. 114. Secretarial submission of legislative proposal for technical and conforming amendments.
- Sec. 115. Application of current AFDC standards under medicaid program.
- Sec. 116. Effective date; transition rule.

TITLE II—SUPPLEMENTAL SECURITY INCOME

- Sec. 200. Reference to Social Security Act.
- Subtitle A—Eligibility Restrictions
- Sec. 201. 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. 202. Denial of SSI benefits for fugitive felons and probation and parole violators.
- Sec. 203. Verification of eligibility for certain SSI disability benefits.
- Sec. 204. Treatment of prisoners.
- Sec. 205. Effective date of application for benefits.
- Sec. 206. Installment payment of large past-due supplemental security income benefits.

WELFARE AND MEDICAID REFORM  
ACT OF 1996

The SPEAKER pro tempore. Pursuant to House Resolution 482 and rule XXIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 3734.

□ 1407

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 3734) to provide for reconciliation pursuant to section 201(a)(1) of the concurrent resolution on the budget for fiscal year 1997, with Ms. GREENE of Utah in the chair.

Sec. 207. Recovery of supplemental security income overpayments from social security benefits.

Subtitle B—Benefits for Disabled Children

- Sec. 211. Definition and eligibility rules.  
 Sec. 212. Eligibility redeterminations and continuing disability reviews.  
 Sec. 213. Additional accountability requirements.  
 Sec. 214. Reduction in cash benefits payable to institutionalized individuals whose medical costs are covered by private insurance.  
 Sec. 215. Modification respecting parental income deemed to disabled children.  
 Sec. 216. Graduated benefits for additional children.

Subtitle C—State Supplementation Programs

- Sec. 221. Repeal of maintenance of effort requirements applicable to optional State programs for supplementation of SSI benefits.

Subtitle D—Studies Regarding Supplemental Security Income Program

- Sec. 231. Annual report on the supplemental security income program.  
 Sec. 232. Study of disability determination process.  
 Sec. 233. Study by General Accounting Office.

Subtitle E—National Commission on the Future of Disability

- Sec. 241. Establishment.  
 Sec. 242. Duties of the Commission.  
 Sec. 243. Membership.  
 Sec. 244. Staff and support services.  
 Sec. 245. Powers of Commission.  
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 Sec. 247. Termination.  
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TITLE III—CHILD SUPPORT

- Sec. 300. Reference to Social Security Act.  
 Subtitle A—Eligibility for Services: Distribution of Payments  
 Sec. 301. State obligation to provide child support enforcement services.  
 Sec. 302. Distribution of child support collections.  
 Sec. 303. Privacy safeguards.  
 Sec. 304. Rights to notification and hearings.

Subtitle B—Locate and Case Tracking

- Sec. 311. State case registry.  
 Sec. 312. Collection and disbursement of support payments.  
 Sec. 313. State directory of new hires.  
 Sec. 314. Amendments concerning income withholding.  
 Sec. 315. Locator information from interstate networks.  
 Sec. 316. Expansion of the Federal parent locator service.  
 Sec. 317. Collection and use of social security numbers for use in child support enforcement.

Subtitle C—Streamlining and Uniformity of Procedures

- Sec. 321. Adoption of uniform State laws.  
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 Sec. 323. Administrative enforcement in interstate cases.  
 Sec. 324. Use of forms in interstate enforcement.  
 Sec. 325. State laws providing expedited procedures.

Subtitle D—Paternity Establishment

- Sec. 331. State laws concerning paternity establishment.  
 Sec. 332. Outreach for voluntary paternity establishment.

Sec. 333. Cooperation by applicants for and recipients of temporary family assistance.

Subtitle E—Program Administration and Funding

- Sec. 341. Performance-based incentives and penalties.  
 Sec. 342. Federal and State reviews and audits.  
 Sec. 343. Required reporting procedures.  
 Sec. 344. Automated data processing requirements.  
 Sec. 345. Technical assistance.  
 Sec. 346. Reports and data collection by the Secretary.

Subtitle F—Establishment and Modification of Support Orders

- Sec. 351. Simplified process for review and adjustment of child support orders.  
 Sec. 352. Furnishing consumer reports for certain purposes relating to child support.  
 Sec. 353. Nonliability for financial institutions providing financial records to State child support enforcement agencies in child support cases.

Subtitle G—Enforcement of Support Orders

- Sec. 361. Internal Revenue Service collection of arrearages.  
 Sec. 362. Authority to collect support from Federal employees.  
 Sec. 363. Enforcement of child support obligations of members of the Armed Forces.  
 Sec. 364. Voiding of fraudulent transfers.  
 Sec. 365. Work requirement for persons owing past-due child support.  
 Sec. 366. Definition of support order.  
 Sec. 367. Reporting arrearages to credit bureau.  
 Sec. 368. Liens.  
 Sec. 369. State law authorizing suspension of licenses.

Sec. 370. Denial of passports for nonpayment of child support.

Sec. 371. International child support enforcement.

Sec. 372. Financial institution data matches.

Sec. 373. Enforcement of orders against paternal or maternal grandparents in cases of minor parents.

Sec. 374. Nondischargeability in bankruptcy of certain debts for the support of a child.

Subtitle H—Medical Support

- Sec. 376. Correction to ERISA definition of medical child support order.  
 Sec. 377. Enforcement of orders for health care coverage.

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

Sec. 381. Grants to States for access and visitation programs.

Subtitle J—Effect of Enactment

Sec. 391. Effective dates.

TITLE IV—RESTRICTING WELFARE AND PUBLIC BENEFITS FOR ALIENS

Sec. 400. Statements of national policy concerning welfare and immigration.

Subtitle A—Eligibility for Federal Benefits

- Sec. 401. Aliens who are not qualified aliens ineligible for Federal public benefits.  
 Sec. 402. Limited eligibility of certain qualified aliens for certain Federal programs.  
 Sec. 403. Five-year limited eligibility of qualified aliens for Federal means-tested public benefit.  
 Sec. 404. Notification and information reporting.

Subtitle B—Eligibility for State and Local Public Benefits Programs

- Sec. 411. Aliens who are not qualified aliens or nonimmigrants ineligible for State and local public benefits.  
 Sec. 412. State authority to limit eligibility of qualified aliens for State public benefits.

Subtitle C—Attribution of Income and Affidavits of Support

- Sec. 421. Federal attribution of sponsor's income and resources to alien for purposes of medicaid eligibility.  
 Sec. 422. Authority for States to provide for attribution of sponsor's income and resources to the alien with respect to State programs.  
 Sec. 423. Requirements for sponsor's affidavit of support.  
 Sec. 424. Cosignature of alien student loans.

Subtitle D—General Provisions

- Sec. 431. Definitions.  
 Sec. 432. Verification of eligibility for Federal public benefits.  
 Sec. 433. Statutory construction.  
 Sec. 434. Communication between State and local government agencies and the Immigration and Naturalization Service.  
 Sec. 435. Qualifying quarters.  
 Sec. 436. Title inapplicable to programs specified by Attorney General.  
 Sec. 437. Title inapplicable to programs of nonprofit charitable organizations.

Subtitle E—Conforming Amendments

Sec. 441. Conforming amendments relating to assisted housing.

TITLE V—REDUCTIONS IN FEDERAL GOVERNMENT POSITIONS

- Sec. 501. Reductions.  
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 Sec. 503. Reducing personnel in Washington, D.C. area.

TITLE VI—REFORM OF PUBLIC HOUSING

- Sec. 601. Failure to comply with other welfare and public assistance programs.  
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TITLE VII—CHILD CARE

- Sec. 701. Short title and references.  
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 Sec. 709. Administration and enforcement.  
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TITLE VIII—CHILD NUTRITION PROGRAMS

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- Sec. 910. Increased penalties for violating food stamp program requirements.
- Sec. 911. Disqualification of convicted individuals.
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- Sec. 921. Encourage electronic benefit transfer systems.
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- Sec. 926. Allotments for households residing in centers.
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- Sec. 929. Information for verifying eligibility for authorization.
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- Sec. 936. Income, eligibility, and immigration status verification systems.
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- Sec. 941. Expanded civil and criminal forfeiture for violations of the food stamp act.
- Sec. 942. Expanded authority for sharing information provided by retailers.
- Sec. 943. Limitation of Federal match.
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- Sec. 946. Response to waivers.
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#### TITLE X—MISCELLANEOUS

##### Subtitle A—General Provisions

- Sec. 1001. Expenditure of Federal funds in accordance with laws and procedures applicable to expenditure of State funds.
- Sec. 1002. Elimination of housing assistance with respect to fugitive felons and probation and parole violators.
- Sec. 1003. Sense of the Senate regarding enterprise zones.
- Sec. 1004. Sense of the Senate regarding the inability of the non-custodial parent to pay child support.
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- Sec. 1021. Earned income credit and other tax benefits denied to individuals failing to provide taxpayer identification numbers.
- Sec. 1022. Rules relating to denial of earned income credit on basis of disqualified income.
- Sec. 1023. Modification of adjusted gross income definition for earned income credit.
- Sec. 1024. Notice of availability required to be provided to applicants and former recipients of AFDC, food stamps, and medicaid.

- Sec. 1025. Notice of availability of earned income tax credit and dependent care tax credit to be included on W-4 form.
- Sec. 1026. Advance payment of earned income tax credit through State demonstration programs.

#### TITLE I—BLOCK GRANTS FOR TEMPORARY ASSISTANCE FOR NEEDY FAMILIES

##### SEC. 101. 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 non-marital 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.

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

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

(B) Among single-parent families, nearly 1/2 of the mothers who never married received AFDC while only 1/3 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.

(N) 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 103 of this Act) is intended to address the crisis.

#### SEC. 102. REFERENCE TO SOCIAL SECURITY ACT.

Except as otherwise specifically provided, wherever in this title 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. 103. BLOCK GRANTS TO STATES.

Part A of title IV (42 U.S.C. 601 et seq.) is amended to read as follows:

#### "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 meets the requirements of subsection (b) and has been approved by the Secretary with respect to the fiscal year.

"(b) CONTENTS OF STATE PLANS.—A plan meets the requirements of this subsection if the plan includes the following:

"(1) OUTLINE OF FAMILY ASSISTANCE PROGRAM.—

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

"(i) Conduct a program, designed to serve all political subdivisions in the State, 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) Determine, on an objective and equitable basis, the needs of and the amount of assistance to be provided to needy families, and treat families of similar needs and circumstances similarly, subject to subparagraph (B).

"(iii) 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.

"(iv) Ensure that parents and caretakers receiving assistance under the program engage in work activities in accordance with section 407.

"(v) Grant an opportunity for a fair hearing before the State agency to any individual to whom assistance under the program is denied, reduced, or terminated, or whose re-

quest for such assistance is not acted on with reasonable promptness.

"(vi) 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.

"(vii) Establish goals and take action to prevent and reduce the incidence of out-of-wedlock pregnancies, with special emphasis on teenage pregnancies, and establish numerical goals for reducing the illegitimacy ratio of the State (as defined in section 403(a)(2)(B)) for calendar years 1996 through 2005.

##### "(B) SPECIAL PROVISIONS.—

"(i) The plan 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 plan 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 plan shall contain an estimate of the number of individuals (if any) who will become ineligible for medical assistance under the State plan approved under title XIX as a result of changes in the rules governing eligibility for the State program funded under this part, and shall indicate the extent (if any) to which the State will provide medical assistance to such individuals, and the scope of such medical assistance.

"(2) CERTIFICATION THAT THE STATE WILL OPERATE A CHILD SUPPORT ENFORCEMENT PROGRAM.—The plan shall include 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 NOT OPERATE A SEPARATE FINANCIAL SUPPORT PROGRAM WITH STATE FUNDS TARGETED AT CERTAIN CHILD SUPPORT RECIPIENTS.—The plan shall include a certification by the chief executive officer of the State that, during the fiscal year, the State will not operate a separate financial support program with State funds targeted at child support recipients who would be eligible for assistance under the program funded under this part were it not for payments from the State-funded financial assistance program.

"(4) CERTIFICATION THAT THE STATE WILL OPERATE A CHILD PROTECTION PROGRAM.—The plan shall include 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.

"(5) CERTIFICATION OF THE ADMINISTRATION OF THE PROGRAM.—The plan shall include 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 working jointly with the State in all phases of the plan and design of welfare services in the State so that services are provided in a manner appropriate to local populations;

"(B) have had at least 60 days to submit comments on the final plan and the design of such services; and

"(C) will not have unfunded mandates imposed on them under such plan.

Such certification shall also include assurance that when local elected officials are currently responsible for the administration

of welfare services, the local elected officials will be able to plan, design, and administer for their jurisdictions the programs established pursuant to this Act.

“(6) CERTIFICATION THAT THE STATE WILL PROVIDE INDIANS WITH EQUITABLE ACCESS TO ASSISTANCE.—The plan shall include 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.

“(7) CERTIFICATION OF NONDISPLACEMENT AND NONREPLACEMENT OF EMPLOYEES.—The plan shall include a certification that the implementation of the plan will not result in—

“(A) the displacement of a currently employed worker or position by an individual to whom assistance is provided under the State program funded under this part;

“(B) the replacement of an employee who has been terminated with an individual to whom assistance is provided under the State program funded under this part; or

“(C) the replacement of an employee who is on layoff from the same position filled by an individual to whom assistance is provided under the State program funded under this part or any equivalent position.

“(c) APPROVAL OF STATE PLANS.—The Secretary shall approve any State plan that meets the requirements of subsection (b) if the Secretary determines that operating a State program pursuant to the plan will contribute to achieving the purposes of this part.

“(d) 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) ½ 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, the Secretary approved under former section 402 an amendment to the former State plan with respect to the provision of emergency assistance in the context of family preservation; or

“(iii) the amount required to be paid to the State under former section 403 (as in effect on September 30, 1995) for fiscal year 1995 (other than with respect to amounts expended by the State under the State plan ap-

proved 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 amount 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 (IV) 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)(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 other-

wise 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.—In addition to any grant under paragraph (1), 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, as determined by 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) 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 section 407 are coordinated with the job training programs established by title II of the Job Training Partnership Act, or (if such title is repealed by the Consolidated and Reformed Education, Employment, and Rehabilitation Systems Act) the Consolidated and Reformed Education, Employment, and Rehabilitation Systems Act; 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) of this paragraph 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) APPROPRIATIONS.—

“(i) IN GENERAL.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated to the Secretary for grants under this paragraph—

“(I) \$150,000,000 for fiscal year 1999;

“(II) \$850,000,000 for fiscal year 2000;

“(III) \$900,000,000 for fiscal year 2001; and

“(IV) \$1,100,000,000 for fiscal year 2002 and for each succeeding fiscal year.

“(ii) AVAILABILITY.—Amounts appropriated pursuant to clause (i) shall 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.—

“(A) Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for fiscal years 1997, 1998, 1999, 2000, 2001 and 2002 such sums as are necessary for payment to the Fund in a total amount not to exceed \$2,000,000,000, except as provided in subparagraphs (B) and (C).

“(B) If—

“(i) the average rate of total unemployment in the United States for the most recent 3 months for which data for all States are available is not less than 7 percent; and

“(ii) there are insufficient amounts in the Fund to pay all State claims under paragraph (4) for a quarter in that fiscal year;

then there are appropriated for that fiscal year, in addition to amounts appropriated under paragraph (2)(A), such sums as equal the difference between the amount needed to pay all State claims for that quarter and the amount remaining in the Fund.

“(C) If—

“(i)(I)(aa) the average rate of total unemployment in a State (seasonally adjusted) for the period consisting of the most recent 3 months for which data for all States are published is not less than 9 percent; or

“(bb) the average rate of total unemployment in such State (seasonally adjusted) for the 3-month period is not less than 120 percent of such average rate for either of the prior 2 years; or

“(II) the average number of persons in the State receiving assistance under the food stamp program, as defined in section 3(h) of the Food Stamp Act of 1977, for the most recent 3-month period for which data are available is not less than 120 percent of such average monthly number for fiscal year 1994 or for fiscal year 1995; and

“(ii) there are insufficient amounts in the Fund to pay all State claims under paragraph (4) for a quarter in that fiscal year; then

there are appropriated for payment to the Fund for that fiscal year, in addition to amounts appropriated pursuant to paragraph (2)(A), for payments to States described in this subparagraph, the amount by which payments to such States under paragraph (4) would otherwise be reduced under paragraph (8).

“(3) PAYMENTS TO STATES.—The method of computing and paying amounts to States from the Fund under this subsection shall be as follows:

“(A) The Secretary shall, before each quarter, estimate the amount to be paid to each State for the quarter from the Fund, such estimate to be based on—

“(i) a report filed by the State containing an estimate by the State of qualifying State expenditures for the quarter; and

“(ii) such other information as the Secretary may find relevant and reliable.

“(B) The Secretary shall then certify to the Secretary of the Treasury the amount so estimated by the Secretary.

“(C) The Secretary of the Treasury shall thereupon pay to the State, at the time or times fixed by the Secretary, the amount so certified.

“(4) GRANTS.—From amounts appropriated pursuant to paragraph (2), the Secretary of the Treasury shall pay to each eligible State for a fiscal year an amount equal to the lesser of—

“(A) the Federal medical assistance percentage for the State for the fiscal year (as defined in section 1905(b), as in effect on September 30, 1995) of the amount, if any, by which the expenditures of the State in the fiscal year under the State program funded under this part and expenditures on cash assistance under other State programs with respect to eligible families (as defined in section 409(a)(5)(B)(i)(III)) exceed historic State expenditures (as defined in section 409(a)(5)(B)(iii)); or

“(B) the number of percentage points (if any) by which 40 percent of the State family assistance grant for the fiscal year exceeds any payment to the State for the fiscal year under section 403(a)(3).

"(5) ANNUAL RECONCILIATION.—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 (4) during the fiscal year exceeds the lesser of—

"(A) the Federal medical assistance percentage for the State for the fiscal year (as defined in section 1905(b), as in effect on September 30, 1995) of the amount (if any) by which the expenditures of the State in the fiscal year under the State program funded under this part and expenditures on cash assistance under other State programs with respect to eligible families (as defined in section 409(a)(5)(B)(i)(III)) exceed historic State expenditures (as defined in section 409(a)(5)(B)(iii)); or

"(B) the amount (if any) by which 40 percent of the State family assistance grant for the fiscal year exceeds any payment to the State for the fiscal year under section 403(a)(3).

"(6) ELIGIBLE STATE.—For purposes of this subsection, a State is an eligible State for a fiscal year, if—

"(A)(i) the average rate of total unemployment in such State (seasonally adjusted) for the period consisting of the most recent 3 months for which data for all States are published is not less than 6.5 percent; and

"(ii) the average rate of total unemployment in such State (seasonally adjusted) for the 3-month period is not less than 110 percent of such average rate for either 1994 or 1995; or

"(B)(i) the average number of persons in the State receiving assistance under the food stamp program, as defined in section 3(h) of the Food Stamp Act of 1977, for the most recent 3-month period for which data are available is not less than 110 percent of the product of—

"(I) such average monthly number for either fiscal year 1994 or fiscal year 1995; and

"(II) the number of percentage points (if any) by which 100 percent exceeds the percentage by which the Bipartisan Welfare Reform Act of 1996, had it been in effect, would have reduced such average monthly number in such State in such fiscal year, as most recently estimated by the Secretary of Agriculture before the date of the enactment of such Act; and

"(ii) the State is not participating in the program established under section 23(b) of the Food Stamp Act of 1977.

"(7) STATE.—As used in this subsection, the term 'State' means each of the 50 States of the United States and the District of Columbia.

"(8) PAYMENT PRIORITY.—Claims by States for payment from the Fund shall be filed quarterly. If the total amount of claims for any quarter exceeds the amount available for payment from the fund, claims shall be paid on a pro rata basis in a manner to be determined by the Secretary, except in the case of a State described in paragraph (2)(C).

"(9) ANNUAL REPORTS.—The Secretary of the Treasury shall annually report to Congress on the status of the Fund.

#### "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 20 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 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 the Child Care and Development Block Grant Act of 1990 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 such Act 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 individual 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(e).

"(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; INDIVIDUAL RESPONSIBILITY PLANS.**

“(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:

If the fiscal year is:	The minimum participation rate is:
1997 .....	20
1998 .....	25
1999 .....	30
2000 .....	35
2001 .....	40
2002 or thereafter ...	50.

“(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:

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

“(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).

“(C) SPECIAL RULE.—An individual shall be considered to be engaged in work and to be

an adult recipient of assistance under a State program funded under this part for purposes of subparagraph (B) for the first 6 months (whether or not consecutive) after the first cessation of assistance to an individual under the program during which the individual is employed for an average of more than 25 hours per week in an unsubsidized job in the private sector.

“(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 number of families receiving assistance during the fiscal year under the State program funded under this part is less than

“(ii) the number of families that received aid under the State plan approved under part A (as in effect on September 30, 1995) during fiscal year 1994 or 1995, whichever is the greater.

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 diverted 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 such 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), (7),

or (8) of subsection (d) (or, if the participation of the recipient in an activity described in subsection (d)(6) has been taken into account for purposes of paragraph (1) or (2) of subsection (b) for fewer than 4 weeks in the fiscal year, an activity described in subsection (d)(6)):

If the month is in fiscal year:	The minimum average number of hours per week is:
1996 .....	20
1997 .....	20
1998 .....	20
1999 or thereafter ...	25.

“(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 such activities for at least 25 hours per week 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), (7), or (8) of subsection (d) (or, if the participation of the recipient in an activity described in subsection (d)(6) has been taken into account for purposes of paragraph (1) or (2) of subsection (b) for fewer than 8 weeks (no more than 4 of which may be consecutive) in the fiscal year, an activity described in subsection (d)(6)).

“(3) LIMITATION ON VOCATIONAL EDUCATION ACTIVITIES COUNTED AS WORK.—For purposes of determining monthly participation rates under paragraphs (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 vocational educational training.

“(4) OPTION TO REDUCE NUMBER OF HOURS OF WORK REQUIRED OF SINGLE PARENTS WITH A CHILD UNDER AGE 6.—Notwithstanding paragraph (1), a State may reduce to 20 the number of hours per week during which a single custodial parent is required pursuant to this section to engage in work activities if the family of the parent includes an individual who has not attained 6 years of age.

“(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—

“(A) has not completed secondary school; and

“(B) is a dependent child, or a head of household who has not attained 20 years of age.

“(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 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) 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 applicant for, or 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 paragraph (1) with respect to an individual, the State agency, in consultation with the individual, shall develop an individual responsibility plan for the individual, which—

“(i) shall provide that participation by the individual in job search activities shall be a condition of eligibility for assistance under the State program funded under this part, except during any period for which the individual is employed full-time in an unsubsidized job in the private sector;

“(ii) sets forth an employment goal for the individual and a plan for moving the individual immediately into private sector employment;

“(iii) 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;

“(iv) to the greatest extent possible shall be 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;

“(v) shall describe 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 describe the job counseling and other services that will be provided by the State; and

“(vi) at the option of the State, may require the individual to undergo appropriate substance abuse treatment.

“(B) TIMING.—The State agency shall comply with subparagraph (A) 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) PROVISION OF PROGRAM AND EMPLOYMENT INFORMATION.—The State shall inform all applicants for and recipients of assistance under the State program funded under this part of all available services under the program for which they are eligible.

“(4) PENALTY FOR NONCOMPLIANCE BY INDIVIDUAL.—The State shall reduce, by such amount as the State considers appropriate, the amount of assistance otherwise payable under the State program funded under this part to a family that includes an individual who fails without good cause to comply with an individual responsibility plan signed by the individual.

“(h) 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.

“(i) SENSE OF THE CONGRESS THAT STATES SHOULD IMPOSE CERTAIN REQUIREMENTS ON NONCUSTODIAL, NONSUPPORTING MINOR PARENTS.—It is the sense of the Congress that the States should require noncustodial, non-supporting parents who have not attained 18 years of age to fulfill community work obligations and attend 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 approved 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 title I of the Bipartisan Welfare Reform 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 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, modifying, or enforcing a support order with respect to a child of the individual, 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, except to the extent necessary to enable the State to comply with section 457.

“(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 completed 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 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 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 individual as such parent's, guardian's, or adult relative's own home.

“(ii) INDIVIDUAL DESCRIBED.—For purposes of clause (i), an individual described 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 program 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 cash 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.—Subparagraph (A) shall not be interpreted to require any State to provide assistance to any individual 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 MISREPRESENTED RESIDENCE IN ORDER TO OBTAIN ASSISTANCE 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 individual during the 10-year period that begins on the date the individual is convicted in Federal or State court of having made a fraudulent statement or representation with respect to the place of residence of the individual in order to receive assistance simultaneously from 2 or more States under programs that are funded under this title, title XIX, or the Food Stamp Act of 1977, or benefits in 2 or more States under the supplemental security income program under title XVI.

“(10) DENIAL OF ASSISTANCE FOR FUGITIVE FELONS AND PROBATION AND PAROLE VIOLATORS.—

“(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 individual flees, or which, in the case of the State of New Jersey, is a high misdemeanor under the laws of such State; or

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

“(B) EXCHANGE OF INFORMATION WITH LAW ENFORCEMENT AGENCIES.—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 90 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 subparagraph (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 a payment under a State plan for old-age assistance approved under section 2, a State program funded under part B that provides cash payments for foster care, or the supplemental security income program under title XVI, then the State shall not 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) PROVISION OF VOUCHERS TO FAMILIES DENIED CASH ASSISTANCE DUE TO STATE-IMPOSED TIME LIMITS.—

“(A) REQUIREMENT.—If a family is denied assistance under the State program funded under this part by reason of a time limit imposed by the State other than pursuant to paragraph (8), the State shall provide vouchers to the family in accordance with subparagraph (B).

“(B) CHARACTERISTICS OF VOUCHERS.—The vouchers referred to in subparagraph (A) shall be—

“(i) in an amount equal to the amount determined by the State to meet the needs of only the child or children in the family, which shall be determined in the same manner as the State would otherwise determine the needs of the child or children under the program;

“(ii) designed appropriately to pay a third party for goods and services to be provided by the third party to the child or children in the family; and

“(iii) redeemable by a third party described in clause (ii) for a dollar amount equal to the amount of the voucher.

“(b) ALIENS.—For special rules relating to the treatment of aliens, see section 402 of the Bipartisan Welfare Reform Act of 1996.

#### “SEC. 409. PENALTIES.

“(a) IN GENERAL.—Subject to this section:

“(1) 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 Secretary shall rescind a penalty imposed on a State under subparagraph (A) with respect to a report for a fiscal quarter if the State submits the report before the end of the immediately succeeding fiscal quarter.

“(2) 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 fis-

cal year by an amount equal to not more than 2 percent of the State family assistance grant.

“(3) FAILURE TO COMPLY WITH PATERNITY ESTABLISHMENT AND CHILD SUPPORT ENFORCEMENT REQUIREMENTS UNDER PART D.—Notwithstanding any other provision of this Act, if the Secretary determines that the State agency that administers a program funded under this part does not enforce the penalties requested by the agency administering part D against recipients of assistance under the State program who fail to cooperate in establishing paternity in accordance with such part, the Secretary shall reduce 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.

“(4) 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.

“(5) 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 1997, 1998, 1999, 2000, 2001, or 2002 by the amount (if any) by which qualified State expenditures for the then immediately preceding fiscal year is less than the applicable percentage of historic State expenditures with respect to the 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 eligible families.

“(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 exceed 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) such 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 such expenditures.

“(III) ELIGIBLE FAMILIES.—As used in subclause (I), the term ‘eligible families’ means families eligible for assistance under the State program funded under this part, and families who would be eligible for such assistance but for the application of paragraph (2) or (8) of section 408(a) of this Act or section 402 of the Bipartisan Welfare Reform Act of 1996.

“(ii) APPLICABLE PERCENTAGE.—The term ‘applicable percentage’ means—

“(I) for fiscal year 1996, 85 percent; and

“(II) for fiscal years 1997, 1998, 1999, 2000, and 2001, 85 percent adjusted (if appropriate) in accordance with subparagraph (C).

“(iii) HISTORIC STATE EXPENDITURES.—The term ‘historic State expenditures’ means, with respect to a State and a fiscal year specified in subparagraph (A), 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 for the fiscal year immediately preceding the fiscal year specified in subparagraph (A), 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) PERFORMANCE-BASED ADJUSTMENTS TO APPLICABLE PERCENTAGE.—

“(i) INCREASE IN MAINTENANCE OF EFFORT THRESHOLD FOR FAILURE TO MEET PARTICIPATION RATES.—If the Secretary determines that a State has failed to achieve the participation rate required by section 407 for a fiscal year, the Secretary shall increase the applicable percentage for the State for the immediately succeeding fiscal year by not more than 5 percentage points. In determining the amount of any such increase, the Secretary shall take into account any increase in the number of persons served by the State program and any increase in the unemployment rate of the State, in accordance with regulations which the Secretary shall prescribe.

“(ii) REDUCTION IN MAINTENANCE OF EFFORT THRESHOLD FOR HIGH PERFORMANCE STATES.—

“(I) CRITERIA.—The Secretary shall, by regulation, establish measures of the effectiveness of the State program funded under this part in moving recipients of assistance under the program into full-time unsubsidized employment. In developing the regulations, the Secretary shall take into account the length of time former recipients of assistance under the program remain employed, the earnings of such former recipients who obtain private sector employment, the total State caseload under the program, and the rate of unemployment in the State.

“(II) REDUCTION OF THRESHOLD.—The Secretary shall reduce the applicable percentage for a State for a fiscal year by not more than 5 percentage points if the Secretary determines that the State achieved the participation rate required by section 407 for the immediately preceding fiscal year and exceeded such performance threshold as the Secretary may establish under subclause (I) of this clause.

“(6) 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) of this paragraph 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 determines that any non-compliance with such requirements is of a technical nature which does not adversely affect the performance of the State's program operated under part D.

“(7) FAILURE OF STATE RECEIVING AMOUNTS FROM CONTINGENCY FUND TO MAINTAIN 100 PERCENT OF HISTORIC EFFORT.—If, at the end of any fiscal year during which amounts from the Contingency Fund for State Welfare Programs have been paid to a State, the Secretary finds that the State has failed, during the fiscal year, to expend under the State program funded under this part an amount equal to at least 100 percent of the level of historic State expenditures (as defined in paragraph (7)(B)(iii) of this subsection) with respect to 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 the total of the amounts so paid to the State.

“(8) 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.

“(9) FAILURE TO PROVIDE VOUCHER ASSISTANCE.—If the Secretary determines that a State program funded under this part has failed to comply with section 408(a)(13) during a 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 the difference between the amount the State would have expended on voucher assistance pursuant to section 408(a)(13) during the fiscal year in the absence of such noncompliance

and the amount the State expended on such voucher assistance during the fiscal year.

“(10) FAILURE TO PROVIDE TRANSITIONAL MEDICAL ASSISTANCE.—If the Secretary determines that a State has not complied with section 408(a)(15) during a quarter, the Secretary shall reduce the grant payable to the State under section 403(a)(1) for the immediately succeeding quarter by an amount equal to 5 percent of the portion of the State family assistance grant that is payable to the State for such succeeding quarter.

“(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 subsection (a)(5).

“(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.

“(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.

“(e) OTHER PENALTIES.—If, after reasonable notice and opportunity for hearing to the State agency administering or supervising

the administration of a State program funded under this part, the Secretary finds that the State has failed to comply substantially with any provision of this part or of the State plan approved under section 402, the Secretary shall, if subsection (a) does not apply to the failure, notify the State agency that further payments will not be made to the State under this part (or, in the Secretary's discretion, that the payments will be reduced or limited to categories under, or parts of, the State program not affected by the failure) until the Secretary is satisfied that there is no longer any such failure to comply. Until the Secretary is so satisfied, the Secretary shall make no further payments to the State (or shall reduce or limit payments to categories under or parts of the State program not affected by the failure).

“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 section 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.—Beginning July 1, 1996, each 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) 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.

"(xv) Any amount of unearned income received by any member of the family.

"(xvi) The citizenship of the members of the family.

"(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 re-

port required by paragraph (1) for a fiscal quarter shall include the number of non-custodial 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 assistance under this part because of employment, along with a description of such services.

"(6) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to define 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 Secretary shall transmit to the Congress a report describing—

"(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, and 2000 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 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 agreements, contracts, or compacts with intertribal consortia, States, or other entities;

"(C) identifies the population and service area or areas to be served by such plan;

"(D) provides that a family receiving assistance under the plan may not receive duplicative assistance from other State or tribal programs funded under this part;

"(E) identifies the employment opportunities in or near the service area or areas of the Indian tribe and the manner in which the Indian tribe will cooperate and participate in enhancing such opportunities for recipients of assistance under the plan consistent with any applicable State standards; and

"(F) applies the fiscal accountability provisions of section 5(f)(1) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450c(f)(1)), relating to the submission of a single-agency audit report required by chapter 75 of title 31, United States Code.

"(2) APPROVAL.—The Secretary shall approve each tribal family assistance plan submitted in accordance with paragraph (1).

"(3) CONSORTIUM OF TRIBES.—Nothing in this section shall preclude the development and submission of a single 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.—Subsections (a)(4), (b), and (e) 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.

“(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 comparable to the requirements applicable to the program of the State of Alaska funded under this part. Comparability of programs shall be established on the basis of program criteria developed by the Secretary 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 STUDIES.

“(a) RESEARCH.—The Secretary shall conduct research on the benefits, effects, and costs of operating different State programs funded under this part, including time limits relating to eligibility for assistance. The research shall include studies on the effects of different programs and the operation of such programs on welfare dependency, illegitimacy, teen pregnancy, employment rates, child well-being, and any other area the Secretary deems appropriate. 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 ranking factors:

“(i) ABSOLUTE OUT-OF-WEDLOCK RATIOS.—

The ratio represented by—

“(I) the total number of out-of-wedlock births in families receiving assistance under the State program under this part in the State for the most recent fiscal year for which information 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 review the programs of the 5 States most recently ranked highest under paragraph (1) and the 5 States most recently ranked the lowest under paragraph (1).

“(f) STATE-INITIATED EVALUATIONS.—A State shall be eligible to receive funding to evaluate the State program funded under this part if—

“(1) the State submits a proposal to the Secretary 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) 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—

“(A) 50 percent shall be allocated for the purposes described in subparagraphs (A) and (B) of paragraph (1), and

“(B) 50 percent shall be allocated for the purposes described in subparagraphs (C) and (D) of paragraph (1).

“SEC. 414. STUDY BY THE CENSUS BUREAU.

“(a) IN GENERAL.—The Bureau of the Census shall expand the Survey of Income and Program Participation as necessary to obtain such information as will enable interested persons to evaluate the impact of the amendments made by title I of the Bipartisan Welfare Reform Act of 1996 on a random national sample of recipients of assistance under State programs funded under this part and (as appropriate) other low income families, and in doing so, shall pay particular attention to the issues of out-of-wedlock birth, welfare dependency, the beginning and end of welfare spells, and the causes of repeat welfare spells.

“(b) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated \$10,000,000 for each of fiscal years 1996, 1997, 1998, 1999, 2000, 2001, and 2002 for payment to the Bureau of the Census to carry out subsection (a).

“SEC. 415. WAIVERS.

“(a) CONTINUATION OF WAIVERS.—

“(1) WAIVERS IN EFFECT ON DATE OF ENACTMENT OF WELFARE REFORM.—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 in effect as of the date of the enactment of the Bipartisan Welfare Reform Act of 1996, the amendments made by 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 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 Bipartisan Welfare Reform Act of 1996 and approved by the Secretary before the effective date of this title, 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 Bipartisan Welfare Reform Act of 1996) that are greater than would occur in the absence of the waiver, such amendments shall not apply with respect to the State before the expiration (determined without regard to any extensions) of the waiver to the extent such amendments are inconsistent with the 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 harmless for accrued cost neutrality liabilities incurred under the waiver.

"(B) DATE DESCRIBED.—The date described in this subparagraph is the later of—

"(i) January 1, 1996; or

"(ii) 90 days following the adjournment of the first regular session of the State legislature that begins after the date of the enactment of the Bipartisan Welfare Reform 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. 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 meaning 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."

**SEC. 104. 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 103 of this Act).

(B) Any other program established or modified under title I, II, or VI of this Act, 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 programs.

(2) LIMITED AUDIT.—If such organization segregates Federal funds provided under such programs into separate accounts, then only the financial assistance provided with such funds shall be subject to audit.

(i) COMPLIANCE.—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. 105. 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 Commerce, 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. 106. 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. 107. 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)(5)(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. 108. CONFORMING AMENDMENTS TO THE SOCIAL SECURITY ACT.

##### (a) AMENDMENTS TO TITLE II.—

(1) Section 205(c)(2)(C)(vi) (42 U.S.C. 405(c)(2)(C)(vi)), as so redesignated by section 321(a)(9)(B) of the Social Security Independence and Program Improvements Act of 1994, is amended—

(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 funded under" before "part A of title IV".

(b) AMENDMENT TO PART B OF TITLE IV.—Section 422(b)(2) (42 U.S.C. 622(b)(2)) is amended by striking "under the State plan approved" and inserting "under the State program funded".

##### (c) 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 dependent 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".

(5) Section 452(d)(3)(B)(i) (42 U.S.C. 652(d)(3)(B)(i)) is amended by striking "1115(c)" and inserting "1115(b)".

(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 inserting "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 agency administering the State plan approved under this part" after "found"; and

(C) by striking "under section 402(a)(26)" and inserting "with the State in establishing paternity".

(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(c)(3) (42 U.S.C. 653(c)(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 paragraph 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 approved" and inserting "assistance under a State program 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)(4)".

(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".

##### (d) AMENDMENTS TO PART E OF TITLE IV.—

(1) Section 470 (42 U.S.C. 670) is amended—

(A) by striking "would be" and inserting "would have been"; and

(B) by inserting "(as such plan was in effect on March 1, 1996)" after "part A".

(2) Section 471(17) (42 U.S.C. 671(17)) is amended by striking "plans approved under parts A and D" and inserting "program funded under part A and plan approved under part D".

(3) Section 472(a) (42 U.S.C. 672(a)) is amended—

(A) in the matter preceding paragraph (1)—

(i) by striking "would meet" and inserting "would have met";

(ii) by inserting "(as such sections were in effect on June 1, 1995)" after "407"; and

(iii) by inserting "(as so in effect)" after "406(a)"; and

(B) in paragraph (4)—

(i) in subparagraph (A)—

(I) by inserting "would have" after "(A)"; and

(II) by inserting "(as in effect on June 1, 1995)" after "section 402"; and

(ii) in subparagraph (B)(ii), by inserting "(as in effect on June 1, 1995)" after "406(a)".

(4) Section 472(h) (42 U.S.C. 672(h)) is amended to read as follows:

"(h)(1) For purposes of title XIX, any child with respect to whom foster care maintenance payments are made under this section shall be deemed to be a dependent child as defined in section 406 (as in effect as of June 1, 1995) and shall be deemed to be a recipient of aid to families with dependent children under part A of this title (as so in effect). For purposes of title XX, any child with respect to whom foster care maintenance payments are made under this section shall be deemed to be a minor child in a needy family under a State program funded under part A and shall be deemed to be a recipient of assistance under such part.

"(2) For purposes of paragraph (1), a child whose costs in a foster family home or child care institution are covered by the foster care maintenance payments being made with respect to the child's minor parent, as provided in section 475(4)(B), shall be considered a child with respect to whom foster care maintenance payments are made under this section."

(5) Section 473(a)(2) (42 U.S.C. 673(a)(2)) is amended—

(A) in subparagraph (A)(i)—

(i) by inserting "(as such sections were in effect on June 1, 1995)" after "407";

(ii) by inserting "(as so in effect)" after "specified in section 406(a)"; and

(iii) by inserting "(as such section was in effect on June 1, 1995)" after "403";

(B) in subparagraph (B)(i)—

(i) by inserting "would have" after "(B)(i)"; and

(ii) by inserting "(as in effect on June 1, 1995)" after "section 402"; and

(C) in subparagraph (B)(ii)(II), by inserting "(as in effect on June 1, 1995)" after "406(a)".

(6) Section 473(b) (42 U.S.C. 673(b)) is amended to read as follows:

"(b)(1) For purposes of title XIX, any child who is described in paragraph (3) shall be deemed to be a dependent child as defined in section 406 (as in effect as of June 1, 1995) and shall be deemed to be a recipient of aid to families with dependent children under part

A of this title (as so in effect) in the State where such child resides.

"(2) For purposes of title XX, any child who is described in paragraph (3) shall be deemed to be a minor child in a needy family under a State program funded under part A and shall be deemed to be a recipient of assistance under such part.

"(3) A child described in this paragraph is any child—

"(A)(i) who is a child described in subsection (a)(2), and

"(ii) with respect to whom an adoption assistance agreement is in effect under this section (whether or not adoption assistance payments are provided under the agreement or are being made under this section), including any such child who has been placed for adoption in accordance with applicable State and local law (whether or not an interlocutory or other judicial decree of adoption has been issued), or

"(B) with respect to whom foster care maintenance payments are being made under section 472.

"(4) For purposes of paragraphs (1) and (2), a child whose costs in a foster family home or child-care institution are covered by the foster care maintenance payments being made with respect to the child's minor parent, as provided in section 475(4)(B), shall be considered a child with respect to whom foster care maintenance payments are being made under section 472."

(e) REPEAL OF PART F OF TITLE IV.—Part F of title IV (42 U.S.C. 681–687) is repealed.

(f) 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."

(g) AMENDMENTS TO TITLE XI.—

(1) Section 1108 (42 U.S.C. 1308) is amended—

(A) by redesignating subsection (c) as subsection (g);

(B) 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 and B 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 and B 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

(C) by striking subsections (d) and (e).

(2) Section 1109 (42 U.S.C. 1309) is amended by striking "or part A of title IV."

(3) 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 "under the program of aid to families with dependent children" and inserting "part A of such title".

(4) 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.".

(5) 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."

(6) Section 1119 (42 U.S.C. 1319) is amended—

(A) by striking "or part A of title IV"; and

(B) by striking "403(a).";

(7) Section 1133(a) (42 U.S.C. 1320b-3(a)) is amended by striking "or part A of title IV."

(8) Section 1136 (42 U.S.C. 1320b-6) is repealed.

(9) 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.

(h) 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."

(i) 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".

(j) 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."

(k) AMENDMENT TO TITLE XIX.—Section 1902(j) (42 U.S.C. 1396a(j)) is amended by striking "1108(c)" and inserting "1108(g)".

**SEC. 109. 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".

(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), respectively.

(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 inserting "State program funded"; and

(ii) by inserting before the period at the end the following: "that the Secretary deter-

mines 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 March 1, 1996"; 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 March 1, 1996"; 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 March 1, 1996"; 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".

(h) Section 17(d)(2)(A)(ii)(II) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(d)(2)(A)(ii)(II)) is amended—

(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. 110. 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 404(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—

(1) in section 231(d)(3)(A)(ii) (20 U.S.C. 2341(d)(3)(A)(ii)), by striking "the program for aid to dependent children" and inserting "the State program funded";

(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)(xi), 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) 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 (j) 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)."; and

(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—

(1) in section 4(29)(A)(i) (29 U.S.C. 1503(29)(A)(i)), by striking "(42 U.S.C. 601 et seq.)";

(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 Security Act relating to work activities";

(8) in section 253 (29 U.S.C. 1632)—

(A) in subsection (b)(2), by repealing subparagraph (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";

(p) 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";

(q) 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).

(r) 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).

(s) 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. 111. 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 Finance and Judiciary of the Senate within 1 year after the date of the enactment of this Act.

**SEC. 112. DISCLOSURE OF RECEIPT OF FEDERAL FUNDS.**

(a) **IN GENERAL.**—Whenever an organization that accepts Federal funds under this Act or the amendments made by this 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 Act or the amendments made by this Act.

(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 effect—

(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. 113. 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 "DEMONSTRATION";

(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 part A of title 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 opportunities and basic skills training program (as provided for under title IV of the Social Security Act)" and inserting "the State pro-

gram 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. 114. SECRETARIAL SUBMISSION OF LEGISLATIVE PROPOSAL FOR TECHNICAL AND CONFORMING AMENDMENTS.**

Not later than 90 days after the date of the enactment of this Act, the Secretary of Health and Human Services and the Commissioner of Social Security, in 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 title.

**SEC. 115. APPLICATION OF CURRENT AFDC STANDARDS UNDER MEDICAID PROGRAM.**

(a) **IN GENERAL.**—Title XIX is amended—

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

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

"**APPLICATION OF AFDC STANDARDS AND METHODOLOGY**

"**SEC. 1931.** (a)(1) Subject to the succeeding provisions of this section, with respect to a State any reference in this title (or other provision of law in relation to the operation of this title) to a provision of part A of title IV, or a State plan under such part (or a provision of such a plan), including standards and methodologies for determining income and resources under such part or plan, shall be considered a reference to such a provision or plan as in effect as of July 1, 1996, with respect to the State.

"(2) In applying section 1925(a)(1), the reference to 'section 402(a)(8)(B)(ii)(II)' is deemed a reference to a corresponding earning disregard rule (if any) established under a State program funded under part A of title IV (as in effect on and after October 1, 1996).

"(3) The provisions of section 406(h) (as in effect on July 1, 1996) shall apply, in relation to this title, with respect to individuals who receive assistance under a State program funded under part A of title IV (as in effect on and after October 1, 1996) and are eligible for medical assistance under this title or who are described in subsection (b)(1) in the same manner as they apply before such date with respect to individuals who become ineligible for aid to families with dependent children as a result (wholly or partly) of the collection or increased collection of child or spousal support under part D of title IV.

"(4) With respect to the reference in section 1902(a)(5) to a State plan approved under part A of title IV, a State may treat such reference as a reference either to a State program funded under such part (as in effect on and after October 1, 1996) or to the State plan under this title.

"(b)(1) For purposes of this title, subject to paragraph (2), in determining eligibility for medical assistance, an individual shall be deemed to be receiving aid or assistance under a State plan approved under part A of title IV (and shall be treated as meeting the income and resource standards under such part) only if the individual meets—

"(A) the income and resource standards under such plan, and

"(B) the eligibility requirements of such plan under subsections (a) through (c) of section 406 and section 407(a).

as in effect as of July 1, 1996. Subject to paragraph (2)(B), the income and resource

methodologies under such plan as of such date shall be used in the determination of whether any individual meets income and resource standards under such plan.

"(2) For purposes of applying this section, a State may—

"(A) lower its income standards applicable with respect to part A of title IV, but not below the income standards applicable under its State plan under such part on May 1, 1988; and

"(B) use income and resource standards or methodologies that are less restrictive than the standards or methodologies used under the State plan under such part as of July 1, 1996.

"(3) For purposes of applying this section, a State may, subject to paragraph (4), treat all individuals (or reasonable categories of individuals) receiving assistance under the State program funded under part A of title IV (as in effect on or after October 1, 1996) as individuals who are receiving aid or assistance under a State plan approved under part A of title IV (and thereby eligible for medical assistance under this title).

"(4) For purposes of section 1925, an individual who is receiving assistance under the State program funded under part A of title IV (as in effect on or after October 1, 1996) and is eligible for medical assistance under this title shall be treated as an individual receiving aid or assistance pursuant to a plan of the State approved under part A of title IV (as in effect as of July 1, 1996) (and thereby eligible for continuation of medical assistance under such section).

"(c) 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 1, 1996, if the waiver affects eligibility of individuals for medical assistance under this title, such waiver may (but need not) continue to be applied, at the option of the State, in relation to this title after the date the waiver would otherwise expire. If a State elects not to continue to apply such a waiver, then, after the date of the expiration of the waiver, subsection (a) shall be applied as if any provisions so waived had not been waived.

"(d) Nothing in this section, or part A of title IV, shall be construed as preventing a State from providing for the same application form for assistance under a State program funded under part A of title IV (on or after October 1, 1996) and for medical assistance under this title.

"(e) The provisions of this section shall apply notwithstanding any other provision of this title."

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

(c) **ELIMINATION OF REQUIREMENT OF MINIMUM AFDC PAYMENT LEVELS.**—(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 (1)(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. 116. EFFECTIVE DATE; TRANSITION RULE.**

(a) **IN GENERAL.**—Except as otherwise provided in this title, this title and the amendments made by this title shall take effect on October 1, 1996.

**(b) TRANSITION RULES.**—**(1) STATE OPTION TO ACCELERATE EFFECTIVE DATE.**—

(A) **IN GENERAL.**—If, within 3 months after the date of the enactment of this Act, 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 103 of this Act), this title and the amendments made by this title (except section 409(a)(5) of the Social Security Act, as added by the amendment made by such section 103) shall also apply with respect to the State during the period that begins on the date the Secretary approves the plan and ends on September 30, 1996, except that the State shall be considered an eligible State for fiscal year 1996 for purposes of part A of title IV of the Social Security Act (as in effect pursuant to the amendment made by such section 103).

**(B) LIMITATIONS ON FEDERAL OBLIGATIONS.**—

(i) **UNDER AFDC PROGRAM.**—If the Secretary receives from a State the plan referred to in subparagraph (A), 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 by the State after the date of the enactment of this Act shall not exceed an amount equal to—

(I) the State family assistance grant (as defined in section 403(a)(1)(B) of the Social Security Act (as in effect pursuant to the amendment made by section 103 of this Act)); minus

(II) any 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 by the State during the period that begins on October 1, 1995, and ends on the day before the date of the enactment of this Act.

(ii) **UNDER TEMPORARY FAMILY ASSISTANCE PROGRAM.**—Notwithstanding section 403(a)(1) of the Social Security Act (as in effect pursuant to the amendment made by section 103 of this Act), the total obligations of the Federal Government to a State under such section 403(a)(1) for fiscal year 1996 after the termination of the State AFDC program shall not exceed an amount equal to—

(I) the amount described in clause (i)(I) of this subparagraph; minus

(II) any 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 by the State on or after October 1, 1995.

(iii) **CHILD CARE OBLIGATIONS EXCLUDED IN DETERMINING FEDERAL AFDC OBLIGATIONS.**—As used in this subparagraph, 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 DEEMED ACCEPTANCE OF GRANT LIMITATIONS AND FORMULA.**—The submission of a plan by a State pursuant to subparagraph (A) is deemed to constitute the State's acceptance of the grant reductions under subparagraph (B)(ii) (including the formula for computing the amount of the reduction).

(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.

(2) **CLAIMS, ACTIONS, AND PROCEEDINGS.**—The amendments made by this title 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 title 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 TITLE.**—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 before the effective date of this Act) 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) no later than September 30, 1997. 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 title.

(4) **CONTINUANCE IN OFFICE OF ASSISTANT SECRETARY FOR FAMILY SUPPORT.**—The individual who, on the day before the effective date of this title, 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 103 of this Act).

**TITLE II—SUPPLEMENTAL SECURITY INCOME****SEC. 200. REFERENCE TO SOCIAL SECURITY ACT.**

Except as otherwise specifically provided, wherever in this title 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.

**Subtitle A—Eligibility Restrictions****SEC. 201. DENIAL OF SSI BENEFITS FOR 10 YEARS TO INDIVIDUALS FOUND TO HAVE FRAUDULENTLY MISREPRESENTED RESIDENCE IN ORDER TO OBTAIN BENEFITS SIMULTANEOUSLY IN 2 OR MORE STATES.**

(a) **IN GENERAL.**—Section 1614(a) (42 U.S.C. 1382c(a)) is amended by adding at the end the following new paragraph:

"(5) An individual shall not be considered an eligible individual for the purposes of this title 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 re-

spect to the place of residence of the individual in order to receive assistance simultaneously from 2 or more States under programs that are funded under 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) **EFFECTIVE DATE.**—The amendment made by this section shall take effect on the date of the enactment of this Act.

**SEC. 202. DENIAL OF SSI BENEFITS FOR FUGITIVE FELONS AND PROBATION AND PAROLE VIOLATORS.**

(a) **IN GENERAL.**—Section 1611(e) (42 U.S.C. 1382(e)) is amended by inserting after paragraph (3) the following new paragraph:

"(4) A person shall not 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 WITH LAW ENFORCEMENT AGENCIES.**—Section 1611(e) (42 U.S.C. 1382(e)), as amended by subsection (a), is amended by inserting after paragraph (4) the following new paragraph:

"(5) Notwithstanding any other provision of law, the Commissioner shall furnish any Federal, State, or local law enforcement officer, upon the request of the officer, with the current address, Social Security number, and photograph (if applicable) of any recipient of benefits under this title, if the officer furnishes the Commissioner with the name of the recipient and notifies the Commissioner that—

"(A) the recipient—

"(i) is described in subparagraph (A) or (B) of paragraph (4); or

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

"(B) the location or apprehension of the recipient is within 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. 203. VERIFICATION OF ELIGIBILITY FOR CERTAIN SSI DISABILITY BENEFITS.**

Section 1631 (42 U.S.C. 1383) is amended by adding at the end the following new subsection:

"(o)(1) Notwithstanding any other provision of law, if the Commissioner of Social Security determines that an individual, who is 18 years of age or older, is eligible to receive benefits pursuant to section 1614(a)(3), the Commissioner shall, at the time of the determination, either exempt the individual from an eligibility review or establish a schedule for reviewing the individual's continuing eligibility in accordance with paragraph (2).

"(2)(A) The Commissioner shall establish a periodic review with respect to the continuing eligibility of an individual to receive benefits, unless the individual is exempt from review under subparagraph (C) or is subject to a scheduled review under subparagraph (B). A periodic review under this subparagraph shall be initiated by the Commissioner not later than 30 months after the date a determination is made that the individual is eligible for benefits and every 30 months thereafter, unless a waiver is granted under section 221(i)(2). However, the Commissioner shall not postpone the initiation

of a periodic review for more than 12 months in any case in which such waiver has been granted unless exigent circumstances require such postponement.

"(B)(i) In the case of an individual, other than an individual who is exempt from review under subparagraph (C) or with respect to whom subparagraph (A) applies, the Commissioner shall schedule a review regarding the individual's continuing eligibility to receive benefits at any time the Commissioner determines, based on the evidence available, that there is a significant possibility that the individual may cease to be entitled to such benefits.

"(ii) The Commissioner may establish classifications of individuals for whom a review of continuing eligibility is scheduled based on the impairments that are the basis for such individuals' eligibility for benefits. A review of an individual covered by a classification shall be scheduled in accordance with the applicable classification, unless the Commissioner determines that applying such schedule is inconsistent with the purpose of this Act or the integrity of the supplemental security income program.

"(C)(i) The Commissioner may exempt an individual from review under this subsection, if the individual's eligibility for benefits is based on a condition that, as a practical matter, has no substantial likelihood of improving to a point where the individual will be able to perform substantial gainful activity.

"(ii) The Commissioner may establish classifications of individuals who are exempt from review under this subsection based on the impairments that are the basis for such individuals' eligibility for benefits. Notwithstanding any such classification, the Commissioner may, at the time of determining an individual's eligibility, schedule a review of such individual's continuing eligibility if the Commissioner determines that a review is necessary to preserve the integrity of the supplemental security income program.

"(3) The Commissioner may revise a determination made under paragraph (1) and schedule a review under paragraph (2)(B), if the Commissioner obtains credible evidence that an individual may no longer be eligible for benefits or the Commissioner determines that a review is necessary to maintain the integrity of the supplemental security income program. Information obtained under section 1137 may be used as the basis to schedule a review.

"(4)(A) The requirements of sections 1614(a)(4) and 1633 shall apply to reviews conducted under this subsection.

"(B) Such reviews may be conducted by the applicable State agency or the Commissioner, whichever is appropriate.

"(5) Not later than 3 months after the date of the enactment of this subsection, the Commissioner shall establish a schedule for reviewing the continuing eligibility of each individual who is receiving benefits pursuant to section 1614(a)(3) on such date of enactment and who has attained 18 years of age, unless such individual is exempt under paragraph (2)(C). Such review shall be scheduled under the procedures prescribed by or under paragraph (2), except that the reviews shall be scheduled so that the eligibility of 1/3 of all such nonexempt individuals is reviewed within 1 year after such date of enactment, the eligibility of 1/3 of such nonexempt individuals is reviewed within 1 year after such date of enactment, and all remaining nonexempt individuals who continue receiving benefits shall have their eligibility reviewed within 3 years after such date of enactment. Each individual determined eligible to continue receiving benefits in a review scheduled under this paragraph shall, at the time of the determination, be subject to paragraph (2)."

#### SEC. 204. 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 a contract, with any interested State or local institution referred to in subparagraph (A), under which—

"(I) the institution shall provide to the Commissioner, on a monthly basis, the names, social security account numbers, dates of birth, and such other identifying information concerning the inmates of the institution as the Commissioner may require for the purpose of carrying out paragraph (1); and

"(II) the Commissioner shall pay to any such institution, with respect to each inmate of the institution who is eligible for a benefit under this title for the month preceding the first month throughout which such inmate is in such institution and becomes ineligible for such benefit (or becomes eligible only for a benefit payable at a reduced rate) as a result of the application of this paragraph, an amount not to exceed \$400 if the institution furnishes the information described in subclause (I) to the Commissioner within 30 days after such individual becomes an inmate of such institution, or an amount not to exceed \$200 if the institution furnishes such information after 30 days after such date but within 90 days after such date.

"(ii) The provisions of section 552a of title 5, United States Code, shall not apply to any contract entered into under clause (i) or to information exchanged pursuant to such contract."

(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 a contract, with any interested State or local institution described in clause (i) or (ii) of paragraph (1)(A) the primary 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, the names, social security account numbers, dates of birth, and 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), an amount not to exceed \$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 an amount not to exceed \$200 if the institution furnishes such information after 30 days after such date but within 90 days after such date.

"(ii) The provisions of section 552a of title 5, United States Code, shall not apply to any contract entered into under clause (i) or to information exchanged pursuant to such contract."

(b) DENIAL OF SSI BENEFITS FOR 10 YEARS TO A PERSON FOUND TO HAVE FRAUDULENTLY OBTAINED SSI BENEFITS WHILE IN PRISON.—

(1) IN GENERAL.—Section 1611(e)(1) (42 U.S.C. 1382(e)(1)), as amended by subsection (a)(1), is amended by adding at the end the following new subparagraph:

"(J) In any case in which the Commissioner of Social Security finds that a person has made a fraudulent statement or representation in order to obtain or to continue to receive benefits under this title while being an inmate in a penal institution, such person shall not be considered an eligible individual or eligible spouse for any month ending during the 10-year period beginning on the date on which such person ceases being such an inmate."

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply with respect to statements or representations made on or after the date of the enactment of this Act.

(c) ELIMINATION OF OASDI REQUIREMENT THAT CONFINEMENT STEM FROM CRIME PUNISHABLE BY IMPRISONMENT 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)(1), by striking "an offense punishable by imprisonment for more than 1 year" and inserting "a criminal offense".

(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.

(d) STUDY OF OTHER POTENTIAL IMPROVEMENTS IN THE COLLECTION OF INFORMATION RESPECTING PUBLIC INMATES.—

(1) STUDY.—The Commissioner of Social Security shall conduct a study of the desirability, feasibility, and cost of—

(A) establishing a system under which Federal, State, and local courts would furnish to the Commissioner such information respecting court orders by which individuals are confined in jails, prisons, or other public penal, correctional, or medical facilities as the Commissioner may require for the purpose of carrying out sections 202(x) and 1611(e)(1) of the Social Security Act; and

(B) requiring that State and local jails, prisons, and other institutions that enter into contracts with the Commissioner under section 202(x)(3)(B) or 1611(e)(1)(I) of the Social Security Act furnish the information required by such contracts to the Commissioner by means of an electronic or other sophisticated data exchange system.

(2) REPORT.—Not later than 1 year after the date of the enactment of this Act, the Commissioner of Social Security shall submit a report on the results of the study conducted pursuant to this subsection to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives.

#### SEC. 205. 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.

**SEC. 206. 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 XV or 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. 207. 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 Insurance program or the Federal Disability Insurance program 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 determined by considering any part of that person's income, shall, as a result of such action—

"(1) become eligible under the program of supplemental security income benefits under title XVI, or

"(2) if such person or individual is already so eligible, become eligible for increased benefits thereunder.

"(c) **PROGRAM UNDER TITLE XVI.**—For purposes of this section, the term "supplemental security income program authorized by title XVI" 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 AMENDMENTS.—**

(1) Section 204 (42 U.S.C. 404) is amended by adding at the end the following new section:

"(g) For payments which are adjusted or withheld to recover an overpayment of supplemental security income benefits paid under title XVI (including State supplementary payments which were paid under an agreement pursuant to section 1616(a) or sec-

tion 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.

**Subtitle B—Benefits for Disabled Children SEC. 211. DEFINITION AND ELIGIBILITY RULES.**

(a) **DEFINITION OF CHILDHOOD DISABILITY.**—Section 1614(a)(3) (42 U.S.C. 1382c(a)(3)) is amended—

(1) in subparagraph (A), by striking "An individual" and inserting "Except as provided in subparagraph (C), an individual";

(2) in subparagraph (A), by striking "(or, in the case of an individual under the age of 18, if he suffers from any medically determinable physical or mental impairment of comparable severity)";

(3) by redesignating subparagraphs (C) through (H) as subparagraphs (D) through (I), respectively;

(4) by inserting after subparagraph (B) the following new subparagraph:

"(C) An individual under the age of 18 shall be considered disabled for the purposes of this title if that individual has a medically determinable physical or mental impairment, which results in marked and severe functional limitations, and which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months."; and

(5) in subparagraph (F), as so redesignated by paragraph (3) of this subsection, by striking "(D)" and inserting "(E)".

**(b) CHANGES TO CHILDHOOD SSI REGULATIONS.—**

(1) **MODIFICATION TO MEDICAL CRITERIA FOR EVALUATION OF MENTAL AND EMOTIONAL DISORDERS.**—The Commissioner of Social Security shall modify sections 112.00C.2. and 112.02B.2.c.(2) of appendix I to subpart P of part 404 of title 20, Code of Federal Regulations, to eliminate references to maladaptive behavior in the domain of personal/behavioral function.

(2) **DISCONTINUANCE OF INDIVIDUALIZED FUNCTIONAL ASSESSMENT.**—The Commissioner of Social Security shall discontinue the individualized functional assessment for children set forth in sections 416.924d and 416.924e of title 20, Code of Federal Regulations.

**(c) EFFECTIVE DATE; REGULATIONS; APPLICATION TO CURRENT RECIPIENTS.—**

(1) **IN GENERAL.**—The amendments made by subsections (a) and (b) shall apply to applicants for benefits for months beginning on or after the date of the enactment of this Act, without regard to whether regulations have been issued to implement such amendments.

(2) **REGULATIONS.**—The Commissioner of Social Security shall issue such regulations as the Commissioner determines to be necessary to implement the amendments made by subsections (a) and (b) not later than 60 days after the date of the enactment of this Act.

**(3) APPLICATION TO CURRENT RECIPIENTS.—**

(A) **ELIGIBILITY DETERMINATIONS.**—Not later than 1 year after the date of the enactment of this Act, the Commissioner of Social Security shall redetermine the eligibility of any individual under age 18 who is receiving supplemental security income benefits based on a disability under title XVI of the Social Security Act as of the date of the enactment of this Act and whose eligibility for such benefits may terminate by reason of the amendments made by subsection (a) or (b). With respect to any redetermination under this subparagraph—

(i) section 1614(a)(4) of the Social Security Act (42 U.S.C. 1382c(a)(4)) shall not apply;

(ii) the Commissioner of Social Security shall apply the eligibility criteria for new applicants for benefits under title XVI of such Act;

(iii) the Commissioner shall give such redetermination priority over all continuing eligibility reviews and other reviews under such title; and

(iv) such redetermination shall be counted as a review or redetermination otherwise required to be made under section 208 of the Social Security Independence and Program Improvements Act of 1994 or any other provision of title XVI of the Social Security Act.

(B) GRANDFATHER PROVISION.—The amendments made by subsections (a) and (b), and the redetermination under subparagraph (A), shall only apply with respect to the benefits of an individual described in subparagraph (A) for months beginning on or after the date of redetermination with respect to the individual.

(C) NOTICE.—Not later than 90 days after the date of the enactment of this Act, the Commissioner of Social Security shall notify an individual described in subparagraph (A) of the provisions of this paragraph.

**SEC. 212. ELIGIBILITY REDETERMINATIONS AND CONTINUING DISABILITY REVIEWS.**

(a) CONTINUING DISABILITY REVIEWS RELATING TO CERTAIN CHILDREN.—Section 1614(a)(3)(H) (42 U.S.C. 1382c(a)(3)(H)), as so redesignated by section 211(a)(3) of this Act, is amended—

(1) by inserting "(i)" after "(H)"; and

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

"(i)(I) Not less frequently than once every 3 years, the Commissioner shall review in accordance with paragraph (4) the continued eligibility for benefits under this title of each individual who has not attained 18 years of age and is eligible for such benefits by reason of an impairment (or combination of impairments) which may improve (or, which is unlikely to improve, at the option of the Commissioner).

"(II) A parent or guardian of a recipient whose case is reviewed under this clause shall present, at the time of review, evidence demonstrating that the recipient is, and has been, receiving treatment, to the extent considered medically necessary and available, of the condition which was the basis for providing benefits under this title."

(b) DISABILITY ELIGIBILITY REDETERMINATIONS REQUIRED FOR SSI RECIPIENTS WHO ATTAIN 18 YEARS OF AGE.—

(1) IN GENERAL.—Section 1614(a)(3)(H) (42 U.S.C. 1382c(a)(3)(H)), as so redesignated by section 211(a)(3) of this Act and 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 have attained the age of 18 years.

With respect to a redetermination under this clause, paragraph (4) shall not apply and such redetermination shall be considered a substitute for a review or redetermination otherwise required under any other provision of this subparagraph during that 1-year period."

(2) CONFORMING REPEAL.—Section 207 of the Social Security Independence and Program Improvements Act of 1994 (42 U.S.C. 1382 note; 108 Stat. 1516) is hereby repealed.

(c) CONTINUING DISABILITY REVIEW REQUIRED FOR LOW BIRTH WEIGHT BABIES.—Section 1614(a)(3)(H) (42 U.S.C. 1382c(a)(3)(H)), as so redesignated by section 211(a)(3) of this Act and 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 parent or guardian of a recipient whose case is reviewed under this clause shall present, at the time of review, evidence demonstrating that the recipient is, and has been, receiving treatment, to the extent considered medically necessary and available, of the condition which was the basis for providing benefits under this title."

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to benefits for months beginning on or after the date of the enactment of this Act, without regard to whether regulations have been issued to implement such amendments.

(e) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated to the Secretary of Health and Human Services for the conduct of continuing disability reviews pursuant to the amendments made by this section—

- (1) \$200,000,000 for fiscal year 1997;
- (2) \$75,000,000 for fiscal year 1998; and
- (3) \$25,000,000 for fiscal year 1999.

**SEC. 213. ADDITIONAL ACCOUNTABILITY REQUIREMENTS.**

(a) TIGHTENING OF REPRESENTATIVE PAYEE REQUIREMENTS.—

(1) CLARIFICATION OF ROLE.—Section 1631(a)(2)(B)(ii) (42 U.S.C. 1383(a)(2)(B)(ii)) is amended by striking "and" at the end of subclause (II), by striking the period at the end of subclause (IV) and inserting "; and", and by adding after subclause (IV) the following new subclause:

"(V) advise such person through the notice of award of benefits, and at such other times as the Commissioner of Social Security deems appropriate, of specific examples of appropriate expenditures of benefits under this title and the proper role of a representative payee."

(2) DOCUMENTATION OF EXPENDITURES REQUIRED.—

(A) IN GENERAL.—Subparagraph (C)(i) of section 1631(a)(2) (42 U.S.C. 1383(a)(2)) is amended to read as follows:

"(C)(i) In any case where payment is made to a representative payee of an individual or spouse, the Commissioner of Social Security shall—

"(I) require such representative payee to document expenditures and keep contemporaneous records of transactions made using such payment; and

"(II) implement statistically valid procedures for reviewing a sample of such contemporaneous records in order to identify instances in which such representative payee is not properly using such payment."

(B) CONFORMING AMENDMENT WITH RESPECT TO PARENT PAYEES.—Clause (ii) of section 1631(a)(2)(C) (42 U.S.C. 1383(a)(2)(C)) is amended by striking "Clause (i)" and inserting "Subclauses (II) and (III) of clause (i)".

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to bene-

fits paid after the date of the enactment of this Act.

(b) DEDICATED SAVINGS ACCOUNTS.—

(1) IN GENERAL.—Section 1631(a)(2)(B) (42 U.S.C. 1383(a)(2)(B)) is amended by adding at the end the following:

"(xiv) Notwithstanding clause (x), the Commissioner of Social Security may, at the request of the representative payee, pay any lump sum payment for the benefit of a child into a dedicated savings account that could only be used to purchase for such child—

"(I) education and job skills training;

"(II) special equipment or housing modifications or both specifically related to, and required by the nature of, the child's disability; and

"(III) appropriate therapy and rehabilitation."

(2) DISREGARD OF TRUST FUNDS.—Section 1613(a) (42 U.S.C. 1382b(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:

"(12) all amounts deposited in, or interest credited to, a dedicated savings account described in section 1631(a)(2)(B)(xiv)."

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to payments made after the date of the enactment of this Act.

**SEC. 214. REDUCTION IN CASH BENEFITS PAYABLE TO INSTITUTIONALIZED INDIVIDUALS WHOSE MEDICAL COSTS ARE COVERED BY PRIVATE INSURANCE.**

(a) IN GENERAL.—Section 1611(e)(1)(B) (42 U.S.C. 1382(e)(1)(B)) is amended—

(1) by striking "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 issued to implement such amendments.

**SEC. 215. MODIFICATION RESPECTING PARENTAL INCOME DEEMED TO DISABLED CHILDREN.**

(a) IN GENERAL.—Section 1614(f)(2) (42 U.S.C. 1382c(f)(2)) is amended—

(1) by adding at the end of subparagraph (A) the following: "For purposes of the preceding sentence, the income of such parent or spouse of such parent shall be reduced by—

"(A) the allocation for basic needs described in subparagraph (C)(i); and

"(B) the earned income disregard described in subparagraph (C)(ii)."; and

(2) by adding at the end the following:

"(C)(i) The allocation for basic needs described by this clause is—

"(I) in the case of an individual who does not have a spouse, an amount equal to 50 percent of the maximum monthly benefit payable under this title to an eligible individual who does not have an eligible spouse; or

"(II) in the case of an individual who has a spouse, an amount equal to 50 percent of the maximum monthly benefit payable under this title to an eligible individual who has an eligible spouse.

"(ii) The earned income disregard described by this clause is an amount determined by deducting the first \$780 per year (or proportionally smaller amounts for shorter periods) plus 64 percent of the remainder

from the earned income (determined in accordance with section 1612(a)(1) of the parent (and spouse, if any)).

(b) PRESERVATION OF MEDICAID ELIGIBILITY.—Section 1634 (42 U.S.C. 1383c) is amended by adding at the end the following:

“(f) Any child who has not attained 18 years of age and who would be eligible for a payment under this title but for the amendment made by section 215(a) of the Personal Responsibility and Work Opportunity Act of 1996 shall be deemed to be receiving such payment for purposes of eligibility of the child for medical assistance under a State plan approved under title XIX of this Act.”

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to months after 1996.

**SEC. 216. GRADUATED BENEFITS FOR ADDITIONAL CHILDREN.**

(a) IN GENERAL.—Section 1611(b) (42 U.S.C. 1382(b)) is amended by adding at the end the following:

“(3) (A) The benefit under this title for each eligible blind or disabled individual as determined pursuant to section 1611(a)(1) who—

- “(i) is a child under the age of 18,
- “(ii) lives in the same household as 1 or more persons who are also eligible blind or disabled children under the age of 18, and
- “(iii) does not live in a group or foster home,

shall be equal to the applicable percentage of the amount in section 1611(b)(1), reduced by the amount of any income of such child, including income deemed to such child under section 1614(f)(2).

“(B) For purposes of this paragraph, the applicable percentage shall be determined under the following table:

“If the household has:	The applicable percentage for each eligible child is:
1 eligible child .....	100 percent
2 eligible children .....	81.2 percent
3 eligible children .....	71.8 percent
4 eligible children .....	65.9 percent
5 eligible children .....	61.8 percent
6 eligible children .....	58.5 percent
7 eligible children .....	55.9 percent
8 eligible children .....	53.5 percent
9 eligible children .....	51.7 percent
10 eligible children .....	50.2 percent
11 eligible children .....	48.7 percent
12 eligible children or more.	47.4 percent.”

“(C) For purposes of this paragraph, the applicable household size shall be determined by the number of eligible blind and disabled children under the age of 18 in such household whose countable income and resources do not exceed the limits specified in section 1611(a)(1).”

(b) PRESERVATION OF MEDICAID ELIGIBILITY.—Section 1634 (42 U.S.C. 1383c), as amended by section 215(b) of this Act, is amended by adding at the end the following:

“(g) Any child who has not attained 18 years of age and would be eligible for a payment under this title but for the limitation on payment amount imposed by section 1611(b)(3) shall be deemed to be receiving such benefit for purposes of establishing such child's eligibility for medical assistance under a State plan approved under title XIX.”

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect—

(1) on the date of the enactment of this Act, with respect to payments made on the basis of determinations of eligibility made on or after such date, and

(2) on January 1, 1998, with respect to payments made for months beginning after such date on the basis of determinations of eligibility made before the date of the enactment of this Act.

**Subtitle C—State Supplementation Programs**

**SEC. 221. 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.

**Subtitle D—Studies Regarding Supplemental Security Income Program**

**SEC. 231. ANNUAL REPORT ON THE SUPPLEMENTAL SECURITY INCOME PROGRAM.**

Title XVI (42 U.S.C. 1381 et seq.), as amended by section 201(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 at initial determinations, reconsiderations, administrative law judge hearings, council of appeals hearings, and Federal court appeal hearings;

“(3) historical and current data on characteristics of recipients and program costs, by recipient group (aged, blind, work disabled adults, and children);

“(4) projections of future number of recipients and program costs, through at least 25 years;

“(5) number of redeterminations and continuing disability reviews, and the outcomes of such redeterminations and reviews;

“(6) data on the utilization of work incentives;

“(7) detailed information on administrative and other program operation costs;

“(8) summaries of relevant research undertaken by the Social Security Administration, or by other researchers;

“(9) State supplementation program operations;

“(10) a historical summary of statutory changes to this title; and

“(11) such other information as the Commissioner deems useful.

“(b) 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 under this section.”

**SEC. 232. STUDY OF DISABILITY DETERMINATION PROCESS.**

(a) IN GENERAL.—Not later than 90 days after the date of the enactment of this Act, and from funds otherwise appropriated, the Commissioner of Social Security shall make arrangements with the National Academy of Sciences, or other independent entity, to conduct a study of the disability determination process under titles II and XVI of the Social Security Act. This study shall be undertaken in consultation with professionals representing appropriate disciplines.

(b) STUDY COMPONENTS.—The study described in subsection (a) shall include—

(1) an initial phase examining the appropriateness of, and making recommendations regarding—

(A) the definitions of disability in effect on the date of the enactment of this Act and the advantages and disadvantages of alternative definitions; and

(B) the operation of the disability determination process, including the appropriate method of performing comprehensive assessments of individuals under age 18 with physical and mental impairments:

(2) a second phase, which may be concurrent with the initial phase, examining the validity, reliability, and consistency with current scientific knowledge of the standards and individual listings in the Listing of Impairments set forth in appendix 1 of subpart P of part 404 of title 20, Code of Federal Regulations, and of related evaluation procedures as promulgated by the Commissioner of Social Security; and

(3) such other issues as the applicable entity considers appropriate.

(c) REPORTS AND REGULATIONS.—

(1) REPORTS.—The Commissioner of Social Security shall request the applicable entity, to submit an interim report and a final report of the findings and recommendations resulting from the study described in this section to the President and the Congress not later than 18 months and 24 months, respectively, from the date of the contract for such study, and such additional reports as the Commissioner deems appropriate after consultation with the applicable entity.

(2) REGULATIONS.—The Commissioner of Social Security shall review both the interim and final reports, and shall issue regulations implementing any necessary changes following each report.

**SEC. 233. STUDY BY GENERAL ACCOUNTING OFFICE.**

Not later than January 1, 1998, 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 title 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.

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

**SEC. 241. ESTABLISHMENT.**

There is established a commission to be known as the National Commission on the Future of Disability (referred to in this subtitle as the “Commission”).

**SEC. 242. DUTIES OF THE COMMISSION.**

(a) IN GENERAL.—The Commission shall develop and carry out a comprehensive study of all matters related to the nature, purpose, and adequacy of all Federal programs serving individuals with disabilities. In particular, the Commission shall study the disability insurance program under title II of the Social Security Act and the supplemental security income program under title XVI of such Act.

(b) MATTERS STUDIED.—The Commission shall prepare an inventory of Federal programs serving individuals with disabilities, and shall examine—

(1) trends and projections regarding the size and characteristics of the population of individuals with disabilities, and the implications of such analyses for program planning;

(2) the feasibility and design of performance standards for the Nation's disability programs;

(3) the adequacy of Federal efforts in rehabilitation research and training, and opportunities to improve the lives of individuals with disabilities through all manners of scientific and engineering research; and

(4) the adequacy of policy research available to the Federal Government, and what actions might be undertaken to improve the quality and scope of such research.

(c) RECOMMENDATIONS.—The Commission shall submit to the appropriate committees of the Congress and to the President recommendations and, as appropriate, proposals for legislation, regarding—

(1) which (if any) Federal disability programs should be eliminated or augmented:

(2) what new Federal disability programs (if any) should be established;

(3) the suitability of the organization and location of disability programs within the Federal Government;

(4) other actions the Federal Government should take to prevent disabilities and disadvantages associated with disabilities; and

(5) such other matters as the Commission considers appropriate.

#### SEC. 243. 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. 244. STAFF AND SUPPORT SERVICES.

(a) DIRECTOR.—

(1) APPOINTMENT.—Upon consultation with the members of the Commission, the Chairperson shall appoint a Director of the Commission.

(2) COMPENSATION.—The Director shall be paid the rate of basic pay for level V of the Executive Schedule.

(b) STAFF.—With the approval of the Commission, the Director may appoint such personnel as the Director considers appropriate.

(c) APPLICABILITY OF CIVIL SERVICE LAWS.—The staff of the Commission shall be appointed without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and shall be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates.

(d) EXPERTS AND CONSULTANTS.—With the approval of the Commission, the Director may procure temporary and intermittent services under section 3109(b) of title 5, United States Code.

(e) STAFF OF FEDERAL AGENCIES.—Upon the request of the Commission, the head of any Federal agency may detail, on a reimbursable basis, any of the personnel of such agency to the Commission to assist in carrying out the duties of the Commission under this subtitle.

(f) OTHER RESOURCES.—The Commission shall have reasonable access to materials, resources, statistical data, and other information from the Library of Congress and agencies and elected representatives of the executive and legislative branches of the Federal Government. The Chairperson of the Commission shall make requests for such access in writing when necessary.

(g) PHYSICAL FACILITIES.—The Administrator of the General Services Administration shall locate suitable office space for the operation of the Commission. The facilities shall serve as the headquarters of the Commission and shall include all necessary equipment and incidentals required for proper functioning of the Commission.

#### SEC. 245. POWERS OF COMMISSION.

(a) HEARINGS.—The Commission may conduct public hearings or forums at the discretion of the Commission, at any time and place the Commission is able to secure facilities and witnesses, for the purpose of carrying out the duties of the Commission under this subtitle.

(b) DELEGATION OF AUTHORITY.—Any member or agent of the Commission may, if authorized by the Commission, take any action the Commission is authorized to take by this section.

(c) INFORMATION.—The Commission may secure directly from any Federal agency information necessary to enable the Commission to carry out its duties under this subtitle. Upon request of the Chairperson or Vice Chairperson of the Commission, the head of a Federal agency shall furnish the information to the Commission to the extent permitted by law.

(d) GIFTS, BEQUESTS, AND DEVICES.—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. 246. REPORTS.

(a) INTERIM REPORT.—Not later than 1 year prior to the date on which the Commission terminates pursuant to section 247, 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. 247. 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. 248. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated such sums as are necessary to carry out the purposes of the Commission.

### TITLE III—CHILD SUPPORT

#### SEC. 300. REFERENCE TO SOCIAL SECURITY ACT.

Except as otherwise specifically provided, where ever in this title 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.

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

#### SEC. 301. 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 and adoption assistance are provided under the State program funded under part B of this title, or (III) medical assistance is provided under the State plan approved under title XIX, unless the State agency administering the plan determines (in accordance with paragraph (29)) that it is against the best interests of the child to do so; and

“(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. 302. 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.—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.—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 302 of the Bipartisan Welfare Reform 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)(A)) 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.

"(ii) DISTRIBUTION OF ARREARAGES THAT ACCRUED BEFORE THE FAMILY RECEIVED ASSISTANCE.—

"(I) PRE-OCTOBER 2000.—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 302 of the Bipartisan Welfare Reform 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 of the 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 necessary to reimburse 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, the State shall treat any support arrearages collected as accruing in the following order:

"(I) to the period after the family ceased to receive assistance;

"(II) to the period before the family received assistance; and

"(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 Bipartisan Welfare Reform 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 Bipartisan Welfare Reform 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 Bipartisan Welfare Reform Act of 1996); or

"(B) benefits under the State plan approved under part E of this title (as in effect on the day before the date of the enactment of the Bipartisan Welfare Reform Act of 1996).

"(2) FEDERAL SHARE.—The term 'Federal share' means that portion of the amount collected resulting from the application of the Federal medical percentage in effect for the fiscal year in which the amount is collected.

"(3) FEDERAL MEDICAL ASSISTANCE PERCENTAGE.—The term 'Federal medical assistance percentage' means—

"(A) the Federal medical assistance percentage (as defined in section 1118), in the case of Puerto Rico, the Virgin Islands, Guam, and American Samoa; or

"(B) the Federal medical assistance percentage (as defined in section 1905(b)) in the case of any other State.

"(4) STATE SHARE.—The term 'State share' means 100 percent minus the Federal share.

"(d) HOLD HARMLESS PROVISION.—If the amounts collected which could be retained by the State in the fiscal year (to the extent necessary to reimburse the State for amounts paid to families as assistance by the State) are less than the State share of the amounts collected in fiscal year 1995 (determined in accordance with section 457 as in effect on the day before the date of the enactment of the Bipartisan Welfare Reform Act of 1996), the State share for the fiscal year shall be an amount equal to the State share 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 paragraph (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 amendments made by subsection (b)(2) shall become effective on the date of the enactment of this Act.

#### SEC. 303. PRIVACY SAFEGUARDS.

(a) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 654), as amended by section 301(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. 304. RIGHTS TO NOTIFICATION AND HEARINGS.

(a) IN GENERAL.—Section 454 (42 U.S.C. 654), as amended by section 302(b)(2) of this Act, is amended by inserting after paragraph (11) the following new paragraph:

"(12) provide for the establishment of procedures to require the State to provide individuals who are applying for or receiving services under the State plan, or who are parties to cases in which services are being provided under the State plan—

"(A) with notice of all proceedings in which support obligations might be established or modified; and

"(B) with a copy of any order establishing or modifying a child support obligation, or (in the case of a petition for modification) a

notice of determination that there should be no change in the amount of the child support award, within 14 days after issuance of such order or determination."

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall become effective on October 1, 1997.

#### Subtitle B—Locate and Case Tracking SEC. 311. STATE CASE REGISTRY.

Section 454A, as added by section 344(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 maintain, and regularly monitor, case records in the State case registry with respect to which services are being provided under the State plan approved under this part, on the basis of—

"(A) information on administrative actions and administrative and judicial proceedings and orders relating to paternity and support;

"(B) information obtained from comparison with Federal, State, or local sources of information;

"(C) information on support collections and distributions; and

"(D) any other relevant information.

"(f) INFORMATION COMPARISONS AND OTHER DISCLOSURES OF INFORMATION.—The State shall use the automated system required by this section to extract information from (at such times, and in such standardized format or formats, as may be required by the Secretary), to share and compare information with, and to receive information from, other data bases and information comparison services, in order to obtain (or provide) information necessary to enable the State agency (or the Secretary or other State or Federal

agencies) to carry out this part, subject to section 6103 of the Internal Revenue Code of 1986. Such information comparison activities shall include the following:

"(1) FEDERAL CASE REGISTRY OF CHILD SUPPORT ORDERS.—Furnishing to the Federal Case Registry of Child Support Orders established under section 453(h) (and update as necessary, with information including notice of expiration of orders) the minimum amount of information on child support cases recorded in the State case registry that is necessary to operate the registry (as specified by the Secretary in regulations).

"(2) FEDERAL PARENT LOCATOR SERVICE.—Exchanging information with the Federal Parent Locator Service for the purposes specified in section 453.

"(3) TEMPORARY FAMILY ASSISTANCE AND MEDICAID AGENCIES.—Exchanging information with State agencies (of the State and of other States) administering programs funded under part A, programs operated under State plans 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. 312. COLLECTION AND DISBURSEMENT OF SUPPORT PAYMENTS.

(a) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 654), as amended by sections 301(b) and 303(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"; and

(3) by adding after paragraph (26) the following new paragraph:

"(27) provide that, on and after October 1, 1998, the State agency will—

"(A) operate a State disbursement unit in accordance with section 454B; and

"(B) have sufficient State staff (consisting of State employees) and (at State option) contractors reporting directly to the State agency to—

"(i) monitor and enforce support collections through the unit in cases being enforced by the State pursuant to section 454(4) (including carrying out the automated data processing responsibilities described in section 454A(g)); and

"(ii) take the actions described in section 466(c)(1) in appropriate cases."

(b) ESTABLISHMENT OF STATE DISBURSEMENT UNIT.—Part D of title IV (42 U.S.C. 651-669), as amended by section 344(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 wages of the absent 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 operate than a centralized system. In addition, employers shall be given 1 location to which income withholding is sent.

"(b) REQUIRED PROCEDURES.—The State disbursement unit shall use automated procedures, electronic processes, and computer-driven technology to the maximum extent feasible, efficient, and economical, for the collection and disbursement of support payments, including procedures—

"(1) for receipt of payments from parents, employers, and other States, and for disbursements to custodial parents and other obligees, the State agency, and the agencies of other States;

"(2) for accurate identification of payments;

"(3) to ensure prompt disbursement of the custodial parent's share of any payment; and

"(4) to furnish to any parent, upon request, timely information on the current status of support payments under an order requiring payments to be made by or to the parent.

"(c) TIMING OF DISBURSEMENTS.—

"(1) IN GENERAL.—Except as provided in paragraph (2), the State disbursement unit shall distribute all amounts payable under section 457(a) within 2 business days after receipt from the employer or other source of periodic income, if sufficient information identifying the payee is provided.

"(2) PERMISSIVE RETENTION OF ARREARAGES.—The State disbursement unit may delay the distribution of collections toward arrearages until the resolution of any timely appeal with respect to such arrearages.

"(d) BUSINESS DAY DEFINED.—As used in this section, the term 'business day' means a day on which State offices are open for regular business."

(c) USE OF AUTOMATED SYSTEM.—Section 454A, as added by section 344(a)(2) and as amended by section 311 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 wages and other income—

"(i) within 2 business days after receipt from a court, another State, an employer, the Federal Parent Locator Service, or another source recognized by the State of notice of, and the income source subject to, such withholding; 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 pur-

suant 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 DATE.—The amendments made by this section shall become effective on October 1, 1998.

#### SEC. 313. STATE DIRECTORY OF NEW HIRES.

(a) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 654), as amended by sections 301(b), 303(a) and 312(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:

"(28) provide that, on and after October 1, 1997, the State will operate a State Directory of New Hires in accordance with section 453A."

(b) STATE DIRECTORY OF NEW HIRES.—Part D of title IV (42 U.S.C. 651-669) is amended by inserting after section 453 the following new section:

#### "SEC. 453A. STATE DIRECTORY OF NEW HIRES.

"(a) ESTABLISHMENT.—

"(1) IN GENERAL.—

"(A) REQUIREMENT FOR STATES THAT HAVE NO DIRECTORY.—Except as provided in subparagraph (B), not later than October 1, 1997, each State shall establish an automated directory (to be known as the 'State Directory of New Hires') which shall contain information supplied in accordance with subsection (b) by employers on each newly hired employee.

"(B) STATES WITH NEW HIRE REPORTING IN EXISTENCE.—A State which has a new hire reporting law in existence on the date of the enactment of this section may continue to operate under the State law, but the State must meet the requirements of this section (other than subsection (f)) not later than October 1, 1997.

"(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 1996 and includes any governmental entity and any labor organization.

"(ii) LABOR ORGANIZATION.—The term 'labor organization' shall have the meaning given such term in section 2(5) of the National Labor Relations Act, and includes any entity (also known as a 'hiring hall') which is used by the organization and an employer to carry out requirements described in section 8(f)(3) of such Act of an agreement between the organization and the employer.

"(b) EMPLOYER INFORMATION.—

"(1) REPORTING REQUIREMENT.—

"(A) IN GENERAL.—Except as provided in subparagraphs (B) and (C), each employer shall furnish to the Directory of New Hires of the State in which a newly hired employee works, a report that contains the name, address, and social security number of the employee, and the name and address of, and identifying number assigned under section 6109 of the Internal Revenue Code of 1986 to, the employer.

"(B) MULTISTATE EMPLOYERS.—An employer that has employees who are employed in 2 or more States and that transmits reports magnetically or electronically may comply with subparagraph (A) by designating 1 State in which such employer has employees to which the employer will transmit the report described in subparagraph (A), and transmitting such report to such State. Any employer that transmits reports pursuant to this subparagraph shall notify the Secretary in writing as to which State such employer designates for the purpose of sending reports.

"(C) FEDERAL GOVERNMENT EMPLOYERS.—Any department, agency, or instrumentality of the United States shall comply with subparagraph (A) by transmitting the report described in subparagraph (A) to the National Directory of New Hires established pursuant to section 453.

"(2) TIMING OF REPORT.—Each State may provide the time within which the report required by paragraph (1) shall be made with respect to an employee, but such report shall be made—

"(A) not later than 20 days after the date the employer hires the employee; or

"(B) in the case of an employer transmitting reports magnetically or electronically, by 2 monthly transmissions (if necessary) not less than 12 days nor more than 16 days apart.

"(c) REPORTING FORMAT AND METHOD.—Each report required by subsection (b) shall be made on a W-4 form or, at the option of the employer, an equivalent form, and may be transmitted by 1st class mail, magnetically, or electronically.

"(d) CIVIL MONEY PENALTIES ON NON-COMPLYING EMPLOYERS.—The State shall have the option to set a State civil money penalty which shall be less than—

"(1) \$25; or

"(2) \$500 if, under State law, the failure is the result of a conspiracy between the employer and the employee to not supply the required report or to supply a false or incomplete report.

"(e) ENTRY OF EMPLOYER INFORMATION.—Information shall be entered into the data base maintained by the State Directory of New Hires within 5 business days of receipt from an employer pursuant to subsection (b).

"(f) INFORMATION COMPARISONS.—

"(1) IN GENERAL.—Not later than May 1, 1998, an agency designated by the State shall, directly or by contract, conduct automated comparisons of the social security numbers reported by employers pursuant to subsection (b) and the social security numbers appearing in the records of the State case registry for cases being enforced under the State plan.

"(2) NOTICE OF MATCH.—When an information comparison conducted under paragraph (1) reveals a match with respect to the social security number of an individual required to provide support under a support order, the State Directory of New Hires shall provide the agency administering the State plan approved under this part of the appropriate State with the name, address, and social security number of the employee to whom the social security number is assigned, and the name of, and identifying number assigned under section 6109 of the Internal Revenue Code of 1986 to the employer.

"(g) TRANSMISSION OF INFORMATION.—

"(1) TRANSMISSION OF WAGE WITHHOLDING NOTICES TO EMPLOYERS.—Within 2 business days after the date information regarding a newly hired employee is entered into the State Directory of New Hires, the State agency enforcing the employee's child support obligation shall transmit a notice to the employer of the employee directing the employer to withhold from the wages of the employee an amount equal to the monthly (or

other periodic) child support obligation (including any past due support obligation) of the employee, unless the employee's wages are not subject to withholding pursuant to section 466(b)(3).

"(2) TRANSMISSIONS TO THE NATIONAL DIRECTORY OF NEW HIRES.—

"(A) NEW HIRE INFORMATION.—Within 3 business days after the date information regarding a newly hired employee is entered into the State Directory of New Hires, the State Directory of New Hires shall furnish the information to the National Directory of New Hires.

"(B) WAGE AND UNEMPLOYMENT COMPENSATION INFORMATION.—The State Directory of New Hires shall, on a quarterly basis, furnish to the National Directory of New Hires extracts of the reports required under section 303(a)(6) to be made to the Secretary of Labor concerning the wages and unemployment compensation paid to individuals, by such dates, in such format, and containing such information as the Secretary of Health and Human Services shall specify in regulations.

"(3) BUSINESS DAY DEFINED.—As used in this subsection, the term 'business day' means a day on which State offices are open for regular business.

"(h) OTHER USES OF NEW HIRE INFORMATION.—

"(1) LOCATION OF CHILD SUPPORT OBLIGATIONS.—The agency administering the State plan approved under this part shall use information received pursuant to subsection (f)(2) to locate individuals for purposes of establishing paternity and establishing, modifying, and enforcing child support obligations.

"(2) VERIFICATION OF ELIGIBILITY FOR CERTAIN PROGRAMS.—A State agency responsible for administering a program specified in section 1137(b) shall have access to information reported by employers pursuant to subsection (b) of this section for purposes of verifying eligibility for the program.

"(3) ADMINISTRATION OF EMPLOYMENT SECURITY AND WORKERS' COMPENSATION.—State agencies operating employment security and workers' compensation programs shall have access to information reported by employers pursuant to subsection (b) for the purposes of administering such programs."

(c) QUARTERLY WAGE REPORTING.—Section 1137(a)(3) (42 U.S.C. 1320b-7(a)(3)) is amended—

(1) by inserting "(including State and local governmental entities and labor organizations (as defined in section 453A(a)(2)(B)(iii))" after "employers"; and

(2) by inserting "", and except that no report shall be filed with respect to an employee of a State or local agency performing intelligence or counterintelligence functions, if the head of such agency has determined that filing such a report could endanger the safety of the employee or compromise an ongoing investigation or intelligence mission" after "paragraph (2)".

#### SEC. 314. AMENDMENTS CONCERNING INCOME WITHHOLDING.

(a) MANDATORY INCOME WITHHOLDING.—(1) IN GENERAL.—Section 466(a)(1) (42 U.S.C. 666(a)(1)) is amended to read as follows:

"(1)(A) Procedures described in subsection (b) for the withholding from income of amounts payable as support in cases subject to enforcement under the State plan.

"(B) Procedures under which the wages of a person with a support obligation imposed by a support order issued (or modified) in the State before October 1, 1996, if not otherwise subject to withholding under subsection (b), shall become subject to withholding as provided in subsection (b) if arrearages occur, without the need for a judicial or administrative hearing."

(2) CONFORMING AMENDMENTS.—

(A) Section 466(b) (42 U.S.C. 666(b)) is amended in the matter preceding paragraph (1), by striking "subsection (a)(1)" and inserting "subsection (a)(1)(A)".

(B) Section 466(b)(4) (42 U.S.C. 666(b)(4)) is amended to read as follows:

"(4)(A) Such withholding must be carried out in full compliance with all procedural due process requirements of the State, and the State must send notice to each noncustodial parent to whom paragraph (1) applies—

"(i) that the withholding has commenced; and

"(ii) of the procedures to follow if the noncustodial parent desires to contest such withholding on the grounds that the withholding or the amount withheld is improper due to a mistake of fact.

"(B) The notice under subparagraph (A) of this paragraph shall include the information provided to the employer under paragraph (6)(A)."

(C) Section 466(b)(5) (42 U.S.C. 666(b)(5)) is amended by striking all that follows "administered by" and inserting "the State through the State disbursement unit established pursuant to section 454B, in accordance with the requirements of section 454B."

(D) Section 466(b)(6)(A) (42 U.S.C. 666(b)(6)(A)) is amended—

(i) in clause (i), by striking "to the appropriate agency" and all that follows and inserting "to the State disbursement unit within 2 business days after the date the amount would (but for this subsection) have been paid or credited to the employee, for distribution in accordance with this part. The employer shall comply with the procedural rules relating to income withholding of the State in which the employee works, regardless of the State where the notice originates."

(ii) in clause (ii), by inserting "be in a standard format prescribed by the Secretary, and" after "shall"; and

(iii) by adding at the end the following new clause:

"(iii) As used in this subparagraph, the term 'business day' means a day on which State offices are open for regular business."

(E) Section 466(b)(6)(D) (42 U.S.C. 666(b)(6)(D)) is amended by striking "any employer" and all that follows and inserting "any employer who—

(i) discharges from employment, refuses to employ, or takes disciplinary action against any noncustodial parent subject to wage withholding required by this subsection because of the existence of such withholding and the obligations or additional obligations which it imposes upon the employer; or

(ii) fails to withhold support from wages, or to pay such amounts to the State disbursement unit in accordance with this subsection."

(F) Section 466(b) (42 U.S.C. 666(b)) is amended by adding at the end the following new paragraph:

"(11) Procedures under which the agency administering the State plan approved under this part may execute a withholding order without advance notice to the obligor, including issuing the withholding order through electronic means."

(g) CONFORMING AMENDMENT.—Section 466(c) (42 U.S.C. 666(c)) is repealed.

#### SEC. 315. LOCATOR INFORMATION FROM INTER-STATE NETWORKS.

Section 466(a) (42 U.S.C. 666(a)) is amended by adding at the end the following new paragraph:

"(12) LOCATOR INFORMATION FROM INTER-STATE NETWORKS.—Procedures to ensure that all Federal and State agencies conducting activities under this part have access to any system used by the State to locate an individual for purposes relating to motor vehicles or law enforcement."

#### SEC. 316. 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;"

(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, 1996, establish and maintain in the Federal Parent Locator Service an automated directory to be known as the National Directory of New Hires, which shall contain the information supplied pursuant to section 453A(g)(2).

"(2) ENTRY OF DATA.—Information shall be entered into the data base maintained by the National Directory of New Hires within 2 business days of receipt pursuant to section 453A(g)(2).

"(3) ADMINISTRATION OF FEDERAL TAX LAWS.—The Secretary of the Treasury shall have access to the information in the National Directory of New Hires for purposes of administering section 32 of the Internal Revenue Code of 1986, or the advance payment of the earned income tax credit under section 3507 of such Code, and verifying a claim with respect to employment in a tax return.

"(4) LIST OF MULTISTATE EMPLOYERS.—The Secretary shall maintain within the National Directory of New Hires a list of multistate employers that report information regarding newly hired employees pursuant to section 453A(b)(1)(B), and the State which each such employer has designated to receive such information.

"(j) INFORMATION COMPARISONS AND OTHER DISCLOSURES.—

"(1) VERIFICATION BY SOCIAL SECURITY ADMINISTRATION.—

"(A) IN GENERAL.—The Secretary shall transmit information on individuals and employers maintained under this section to the Social Security Administration to the extent necessary for verification in accordance with subparagraph (B).

"(B) VERIFICATION BY SSA.—The Social Security Administration shall verify the accuracy of, correct, or supply to the extent possible, and report to the Secretary, the fol-

lowing information supplied by the Secretary pursuant to subparagraph (A):

"(i) The name, social security number, and birth date of each such individual.

"(ii) The employer identification number of each such employer.

"(2) INFORMATION COMPARISONS.—For the purpose of locating individuals in a paternity establishment case or a case involving the establishment, modification, or enforcement of a support order, the Secretary shall—

"(A) compare information in the National Directory of New Hires against information in the support case abstracts in the Federal Case Registry of Child Support Orders not less often than every 2 business days; and

"(B) within 2 such days after such a comparison reveals a match with respect to an individual, report the information to the State agency responsible for the case.

"(3) INFORMATION COMPARISONS AND DISCLOSURES OF INFORMATION IN ALL REGISTRIES FOR TITLE IV PROGRAM PURPOSES.—To the extent and with the frequency that the Secretary determines to be effective in assisting States to carry out their responsibilities under programs operated under this part and programs funded under part A, the Secretary shall—

"(A) compare the information in each component of the Federal Parent Locator Service maintained under this section against the information in each other such component (other than the comparison required by paragraph (2)), and report instances in which such a comparison reveals a match with respect to an individual to State agencies operating such programs; and

"(B) disclose information in such registries to such State agencies.

"(4) PROVISION OF NEW HIRE INFORMATION TO THE SOCIAL SECURITY ADMINISTRATION.—The National Directory of New Hires shall provide the Commissioner of Social Security with all information in the National Directory, which shall be used to determine the accuracy of payments under the supplemental security income program under title XVI and in connection with benefits under title II.

"(5) RESEARCH.—The Secretary may provide access to information reported by employers pursuant to section 453A(b) for research purposes found by the Secretary to be likely to contribute to achieving the purposes of part A or this part, but without personal identifiers.

"(k) FEES.—

"(1) FOR SSA VERIFICATION.—The Secretary shall reimburse the Commissioner of Social Security, at a rate negotiated between the Secretary and the Commissioner, for the costs incurred by the Commissioner in performing the verification services described in subsection (j).

"(2) FOR INFORMATION FROM STATE DIRECTORIES OF NEW HIRES.—The Secretary shall reimburse costs incurred by State directories of new hires in furnishing information as required by subsection (j)(3), at rates which the Secretary determines to be reasonable (which rates shall not include payment for the costs of obtaining, compiling, or maintaining such information).

"(3) FOR INFORMATION FURNISHED TO STATE AND FEDERAL AGENCIES.—A State or Federal agency that receives information from the Secretary pursuant to this section shall reimburse the Secretary for costs incurred by the Secretary in furnishing the information, at rates which the Secretary determines to be reasonable (which rates shall include payment for the costs of obtaining, verifying, maintaining, and comparing the information).

"(l) RESTRICTION ON DISCLOSURE AND USE.—Information in the Federal Parent Locator Service, and information resulting from comparisons using such information, shall

not be used or disclosed except as expressly provided in this section, subject to section 6103 of the Internal Revenue Code of 1986.

"(m) INFORMATION INTEGRITY AND SECURITY.—The Secretary shall establish and implement safeguards with respect to the entities established under this section designed to—

"(1) ensure the accuracy and completeness of information in the Federal Parent Locator Service; and

"(2) restrict access to confidential information in the Federal Parent Locator Service to authorized persons, and restrict use of such information to authorized purposes.

"(n) FEDERAL GOVERNMENT REPORTING.—Each department, agency, and instrumentality of the United States shall on a quarterly basis report to the Federal Parent Locator Service the name and social security number of each employee and the wages paid to the employee during the previous quarter, except that such a report shall not be filed with respect to an employee of a department, agency, or instrumentality performing intelligence or counterintelligence functions, if the head of such department, agency, or instrumentality has determined that filing such a report could endanger the safety of the employee or compromise an ongoing investigation or intelligence mission."

(g) CONFORMING AMENDMENTS.—

(1) TO PART D OF TITLE IV OF THE SOCIAL SECURITY ACT.—

(A) Section 454(8)(B) (42 U.S.C. 654(8)(B)) is amended to read as follows:

"(B) the Federal Parent Locator Service established under section 453;"

(B) Section 454(13) (42 U.S.C. 654(13)) is amended by inserting "and provide that information requests by parents who are residents of other States be treated with the same priority as requests by parents who are residents of the State submitting the plan" before the semicolon.

(2) TO FEDERAL UNEMPLOYMENT TAX ACT.—Section 3304(a)(16) of the Internal Revenue Code of 1986 is amended—

(A) by striking "Secretary of Health, Education, and Welfare" each place such term appears and inserting "Secretary of Health and Human Services";

(B) in subparagraph (B), by striking "such information" and all that follows and inserting "information furnished under subparagraph (A) or (B) is used only for the purposes authorized under such subparagraph";

(C) by striking "and" at the end of subparagraph (A);

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

(E) by inserting after subparagraph (A) the following new subparagraph:

"(B) wage and unemployment compensation information contained in the records of such agency shall be furnished to the Secretary of Health and Human Services (in accordance with regulations promulgated by such Secretary) as necessary for the purposes of the National Directory of New Hires established under section 453(i) of the Social Security Act, and".

(3) TO STATE GRANT PROGRAM UNDER TITLE III OF THE SOCIAL SECURITY ACT.—Subsection (h) of section 303 (42 U.S.C. 503) is amended to read as follows:

"(h)(1) The State agency charged with the administration of the State law shall, on a reimbursable basis—

"(A) disclose quarterly, to the Secretary of Health and Human Services, wage and claim information, as required pursuant to section 453(i)(1), contained in the records of such agency;

"(B) ensure that information provided pursuant to subparagraph (A) meets such standards relating to correctness and verification

as the Secretary of Health and Human Services, with the concurrence of the Secretary of Labor, may find necessary; and

"(C) establish such safeguards as the Secretary of Labor determines are necessary to insure that information disclosed under subparagraph (A) is used only for purposes of section 453(i)(1) in carrying out the child support enforcement program under title IV.

"(2) Whenever the Secretary of Labor, after reasonable notice and opportunity for hearing to the State agency charged with the administration of the State law, finds that there is a failure to comply substantially with the requirements of paragraph (1), the Secretary of Labor shall notify such State agency that further payments will not be made to the State until the Secretary of Labor is satisfied that there is no longer any such failure. Until the Secretary of Labor is so satisfied, the Secretary shall make no future certification to the Secretary of the Treasury with respect to the State.

"(3) For purposes of this subsection—

"(A) the term 'wage information' means information regarding wages paid to an individual, the social security account number of such individual, and the name, address, State, and the Federal employer identification number of the employer paying such wages to such individual; and

"(B) the term 'claim information' means information regarding whether an individual is receiving, has received, or has made application for, unemployment compensation; the amount of any such compensation being received (or to be received by such individual), and the individual's current (or most recent) home address."

(4) DISCLOSURE OF CERTAIN INFORMATION TO AGENCIES 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 AGENCIES.—The following information disclosed to any child support enforcement agency under subparagraph (A) with respect to any individual with respect to whom child support obligations are sought to be established or enforced may be disclosed by such agency to any agent of such agency which is under contract with such agency to carry out the purposes described in subparagraph (C):

"(i) The address and social security account number (or numbers) of such individual.

"(ii) The amount of any reduction under section 6402(c) (relating to offset of past-due support against overpayments) in any overpayment otherwise payable to such individual."

(B) CONFORMING AMENDMENTS.—

(i) Paragraph (3) of section 6103(a) of such Code is amended by striking "(1)(12)" and inserting "paragraph (6) or (12) of subsection (1)".

(ii) Subparagraph (C) of section 6103(l)(6) of such Code, as redesignated by subsection (a), is amended to read as follows:

"(C) RESTRICTION ON DISCLOSURE.—Information may be disclosed under this paragraph only for purposes of, and to the extent necessary in, establishing and collecting child support obligations from, and locating, individuals owing such obligations."

(iii) The material following subparagraph (F) of section 6103(p)(4) of such Code is amended by striking "subsection (1)(12)(B)" and inserting "paragraph (6)(A) or (12)(B) of subsection (1)".

SEC. 317. 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 315 of this Act, is amended by adding at the end the following new paragraph:

"(13) RECORDING OF SOCIAL SECURITY NUMBERS IN CERTAIN FAMILY MATTERS.—Procedures requiring that the social security number of—

"(A) any applicant for a professional license, commercial driver's license, occupational license, or marriage license be recorded on the application;

"(B) any individual who is subject to a divorce decree, support order, or paternity determination or acknowledgment be placed in the records relating to the matter; and

"(C) any individual who has died be placed in the records relating to the death and be recorded on the death certificate.

For purposes of subparagraph (A), if a State allows the use of a number other than the social security number, the State shall so advise any applicants."

(b) CONFORMING AMENDMENTS.—Section 205(c)(2)(C) (42 U.S.C. 405(c)(2)(C)), as amended by section 321(a)(9) of the Social Security Independence and Program Improvements Act of 1994, is amended—

(1) in clause (i), by striking "may require" and inserting "shall require";

(2) in clause (ii), by inserting after the 1st sentence the following: "In the administration of any law involving the issuance of a marriage certificate or license, each State shall require each party named in the certificate or license to furnish to the State (or political subdivision thereof), or any State agency having administrative responsibility for the law involved, the social security number of the party.";

(3) in clause (iii), 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."

(f) 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.

(g) All divorce decrees, support orders, and paternity determinations issued, and all paternity acknowledgments made, in each State shall include the social security number of each party to the decree, order, determination, or acknowledgment in the records relating to the matter, for the purpose of responding to requests for information from an agency operating pursuant to part D of title IV."

Subtitle C—Streamlining and Uniformity of Procedures

SEC. 321. 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. 322. 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 2d undesignated paragraph the following:

"'child's home State' means the State in which a child lived with a parent or a person acting as parent for at least 6 consecutive months immediately preceding the time of filing of a petition or comparable pleading for support and, if a child is less than 6 months old, the State in which the child lived from birth with any of them. A period of temporary absence of any of them is counted as part of the 6-month period.";

(3) in subsection (c), by inserting "by a court of a State" before "is made";

(4) in subsection (c)(1), by inserting "and subsections (e), (f), and (g)" after "located";

(5) in subsection (d)—

(A) by inserting "individual" before "contestant"; and

(B) by striking "subsection (e)" and inserting "subsections (e) and (f)";

(6) in subsection (e), by striking "make a modification of a child support order with respect to a child that is made" and inserting "modify a child support order issued";

(7) in subsection (e)(1), by inserting "pursuant to subsection (i)" before the semicolon;

(8) in subsection (e)(2)—

(A) by inserting "individual" before "contestant" each place such term appears; and

(B) by striking "to that court's making the modification and assuming" and inserting "with the State of continuing, exclusive jurisdiction for a court of another State to modify the order and assume";

(9) by redesignating subsections (f) and (g) as subsections (g) and (h), respectively;

(10) by inserting after subsection (e) the following new subsection:

"(f) RECOGNITION OF CHILD SUPPORT ORDERS.—If 1 or more child support orders have been issued in this or another State with regard to an obligor and a child, a court shall apply the following rules in determining which order to recognize for purposes of continuing, exclusive jurisdiction and enforcement:

"(1) If only 1 court has issued a child support order, the order of that court must be recognized.

"(2) If 2 or more courts have issued child support orders for the same obligor and child, and only 1 of the courts would have continuing, exclusive jurisdiction under this section, the order of that court must be recognized.

"(3) If 2 or more courts have issued child support orders for the same obligor and child, and more than 1 of the courts would have continuing, exclusive jurisdiction under this section, an order issued by a court in the current home State of the child must be recognized, but if an order has not been issued in the current home State of the child, the order most recently issued must be recognized.

"(4) If 2 or more courts have issued child support orders for the same obligor and child, and none of the courts would have continuing, exclusive jurisdiction under this section, a court may issue a child support order, which must be recognized.

"(5) The court that has issued an order recognized under this subsection is the court having continuing, exclusive jurisdiction."

(11) in subsection (g) (as so redesignated)—  
(A) by striking "PRIOR" and inserting "MODIFIED"; and

(B) by striking "subsection (e)" and inserting "subsections (e) and (f)";

(12) in subsection (h) (as so redesignated)—  
(A) in paragraph (2), by inserting "including the duration of current payments and other obligations of support" before the comma; and

(B) in paragraph (3), by inserting "arrearages under" after "enforce"; and

(13) by adding at the end the following new subsection:

"(i) REGISTRATION FOR MODIFICATION.—If there is no individual contestant or child residing in the issuing State, the party or support enforcement agency seeking to modify, or to modify and enforce, a child support order issued in another State shall register that order in a State with jurisdiction over the nonmovant for the purpose of modification."

#### SEC. 323. ADMINISTRATIVE ENFORCEMENT IN INTERSTATE CASES.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 315 and 317(a) of this Act, is amended by adding at the end the following new paragraph:

"(14) ADMINISTRATIVE ENFORCEMENT IN INTERSTATE CASES.—Procedures under which—

"(A)(i) the State shall respond within 5 business days to a request made by another State to enforce a support order; and

"(ii) the term 'business day' means a day on which State offices are open for regular business;

"(B) the State may, by electronic or other means, transmit to another State a request for assistance in a case involving the enforcement of a support order, which request—

"(i) shall include such information as will enable the State to which the request is transmitted to compare the information about the case to the information in the data bases of the State; and

"(ii) shall constitute a certification by the requesting State—

"(I) of the amount of support under the order the payment of which is in arrears; and

"(II) that the requesting State has complied with all procedural due process requirements applicable to the case;

"(C) if the State provides assistance to another State pursuant to this paragraph with respect to a case, neither State shall consider the case to be transferred to the case-load of such other State; and

"(D) the State shall maintain records of—

"(i) the number of such requests for assistance received by the State;

"(ii) the number of cases for which the State collected support in response to such a request; and

"(iii) the amount of such collected support."

#### SEC. 324. USE OF FORMS IN INTERSTATE ENFORCEMENT.

(a) PROMULGATION.—Section 452(a) (42 U.S.C. 652(a)) is amended—

(1) by striking "and" at the end of paragraph (9);

(2) by striking the period at the end of paragraph (10) and inserting "; and"; and

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

"(11) not later than June 30, 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) no later than October 1, 1996, in using the forms promulgated pursuant to section 452(a)(11) for income withholding, imposition of liens, and issuance of administrative subpoenas in interstate child support cases."

#### SEC. 325. STATE LAWS PROVIDING EXPEDITED PROCEDURES.

(a) STATE LAW REQUIREMENTS.—Section 466 (42 U.S.C. 666), as amended by section 314 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 or enforcement of support orders, without the necessity of obtaining an order from any other judicial or administrative tribunal, and to recognize and enforce the authority of State agencies of other States) to take the following actions:

"(A) GENETIC TESTING.—To order genetic testing for the purpose of paternity establishment as provided in section 466(a)(5).

"(B) FINANCIAL OR OTHER INFORMATION.—To subpoena any financial or other information needed to establish, modify, or enforce a support order, and to impose penalties for failure to respond to such a subpoena.

"(C) RESPONSE TO STATE AGENCY REQUEST.—To require all entities in the State (including for-profit, nonprofit, and governmental employers) to provide promptly, in response to a request by the State agency of that or any other State administering a program under this part, information on the employment, compensation, and benefits of any individual employed by such entity as an employee or contractor, and to sanction failure to respond to any such request.

"(D) ACCESS TO CERTAIN RECORDS.—To obtain access, subject to safeguards on privacy and information security, to the following records (including automated access, in the case of records maintained in automated data bases):

"(i) Records of other State and local governmental agencies, including—

"(I) vital statistics (including records of marriage, birth, and divorce);

"(II) State and local tax and revenue records (including information on residence address, employer, income and assets);

"(III) records concerning real and titled personal property;

"(IV) records of occupational and professional licenses, and records concerning the ownership and control of corporations, partnerships, and other business entities;

"(V) employment security records;

"(VI) records of agencies administering public assistance programs;

"(VII) records of the motor vehicle department; and

"(VIII) corrections records.

"(ii) Certain records held by private entities, including—

"(I) customer records of public utilities and cable television companies; and

"(II) information (including information on assets and liabilities) on individuals who owe or are owed support (or against or with respect to whom a support obligation is sought) held by financial institutions (subject to limitations on liability of such entities arising from affording such access), as provided pursuant to agreements described in subsection (a)(18).

"(E) CHANGE IN PAYEE.—In cases in which support is subject to an assignment in order to comply with a requirement imposed pursuant to part A or section 1912, or to a requirement to pay through the State disbursement unit established pursuant to section 454B, upon providing notice to obligor and obligee, to direct the obligor or other payor to change the payee to the appropriate government entity.

"(F) INCOME WITHHOLDING.—To order income withholding in accordance with subsections (a)(1) and (b) of section 466.

"(G) SECURING ASSETS.—In cases in which there is a support arrearage, to secure assets to satisfy the arrearage by—

"(i) intercepting or seizing periodic or lump-sum payments from—

"(I) a State or local agency, including unemployment compensation, workers' compensation, and other benefits; and

"(II) judgments, settlements, and lotteries;

"(ii) attaching and seizing assets of the obligor held in financial institutions;

"(iii) attaching public and private retirement funds; and

"(iv) imposing liens in accordance with subsection (a)(4) and, in appropriate cases, to force sale of property and distribution of proceeds.

"(H) INCREASE MONTHLY PAYMENTS.—For the purpose of securing overdue support, to increase the amount of monthly support payments to include amounts for arrearages, subject to such conditions or limitations as the State may provide.

Such procedures shall be subject to due process safeguards, including (as appropriate) requirements for notice, opportunity to contest the action, and opportunity for an appeal on the record to an independent administrative or judicial tribunal.

"(2) SUBSTANTIVE AND PROCEDURAL RULES.—The expedited procedures required under subsection (a)(2) shall include the following rules and authority, applicable with respect to all proceedings to establish paternity or to establish, modify, or enforce support orders:

"(A) LOCATOR INFORMATION; PRESUMPTIONS CONCERNING NOTICE.—Procedures under which—

"(i) each party to any paternity or child support proceeding is required (subject to privacy safeguards) to file with the tribunal and the State case registry upon entry of an order, and to update as appropriate, information on location and identity of the party, including social security number, residential and mailing addresses, telephone number, driver's license number, and name, address, and name and telephone number of employer; and

"(ii) in any subsequent child support enforcement action between the parties, upon sufficient showing that diligent effort has been made to ascertain the location of such a party, the tribunal may deem State due process requirements for notice and service

of process to be met with respect to the party, upon delivery of written notice to the most recent residential or employer address filed with the tribunal pursuant to clause (i).

“(B) STATEWIDE JURISDICTION.—Procedures under which—

“(i) the State agency and any administrative or judicial tribunal with authority to hear child support and paternity cases exerts statewide jurisdiction over the parties; and

“(ii) in a State in which orders are issued by courts or administrative tribunals, a case may be transferred between local jurisdictions in the State without need for any additional filing by the petitioner, or service of process upon the respondent, to retain jurisdiction over the parties.

“(3) COORDINATION WITH ERISA.—Notwithstanding subsection (d) of section 514 of the Employee Retirement Income Security Act of 1974 (relating to effect on other laws), nothing in this subsection shall be construed to alter, amend, modify, invalidate, impair, or supersede subsections (a), (b), and (c) of such section 514 as it applies with respect to any procedure referred to in paragraph (1) and any expedited procedure referred to in paragraph (2), except to the extent that such procedure would be consistent with the requirements of section 206(d)(3) of such Act (relating to qualified domestic relations orders) or the requirements of section 609(a) of such Act (relating to qualified medical child support orders) if the reference in such section 206(d)(3) to a domestic relations order and the reference in such section 609(a) to a medical child support order were a reference to a support order referred to in paragraphs (1) and (2) relating to the same matters, respectively.”

(b) AUTOMATION OF STATE AGENCY FUNCTIONS.—Section 454A, as added by section 344(a)(2) and as amended by sections 311 and 312(c) of this Act, is amended by adding at the end the following new subsection:

“(h) EXPEDITED ADMINISTRATIVE PROCEDURES.—The automated system required by this section shall be used, to the maximum extent feasible, to implement the expedited administrative procedures required by section 466(c).”

#### Subtitle D—Paternity Establishment

#### SEC. 331. STATE LAWS CONCERNING PATERNITY ESTABLISHMENT.

(a) STATE LAWS REQUIRED.—Section 466(a)(5) (42 U.S.C. 666(a)(5)) is amended to read as follows:

“(5) PROCEDURES CONCERNING PATERNITY ESTABLISHMENT.—

“(A) ESTABLISHMENT PROCESS AVAILABLE FROM BIRTH UNTIL AGE 18.—

“(i) Procedures which permit the establishment of the paternity of a child at any time before the child attains 18 years of age.

“(ii) As of August 16, 1984, clause (i) shall also apply to a child for whom paternity has not been established or for whom a paternity action was brought but dismissed because a statute of limitations of less than 18 years was then in effect in the State.

“(B) PROCEDURES CONCERNING GENETIC TESTING.—

“(i) GENETIC TESTING REQUIRED IN CERTAIN CONTESTED CASES.—Procedures under which the State is required, in a contested paternity case (unless otherwise barred by State law) to require the child and all other parties (other than individuals found under section 454(29) to have good cause for refusing to cooperate) to submit to genetic tests upon the request of any such party, if the request is supported by a sworn statement by the party—

“(I) alleging paternity, and setting forth facts establishing a reasonable possibility of the requisite sexual contact between the parties; or

“(II) denying paternity, and setting forth facts establishing a reasonable possibility of the nonexistence of sexual contact between the parties.

“(ii) OTHER REQUIREMENTS.—Procedures which require the State agency, in any case in which the agency orders genetic testing—

“(I) to pay costs of such tests, subject to recoupment (if the State so elects) from the alleged father if paternity is established; and

“(II) to obtain additional testing in any case if an original test result is contested, upon request and advance payment by the contestant.

“(C) VOLUNTARY PATERNITY ACKNOWLEDGMENT.—

“(i) SIMPLE CIVIL PROCESS.—Procedures for a simple civil process for voluntarily acknowledging paternity under which the State must provide that, before a mother and a putative father can sign an acknowledgment of paternity, the mother and the putative father must be given notice, orally and in writing, of the alternatives to, the legal consequences of, and the rights (including, if 1 parent is a minor, any rights afforded due to minority status) and responsibilities that arise from, signing the acknowledgment.

“(ii) HOSPITAL-BASED PROGRAM.—Such procedures must include a hospital-based program for the voluntary acknowledgment of paternity focusing on the period immediately before or after the birth of a child, subject to such good cause exceptions, taking into account the best interests of the child, as the State may establish.

“(iii) PATERNITY ESTABLISHMENT SERVICES.—

“(I) STATE-OFFERED SERVICES.—Such procedures must require the State agency responsible for maintaining birth records to offer voluntary paternity establishment services.

“(II) REGULATIONS.—

“(aa) SERVICES OFFERED BY HOSPITALS AND BIRTH RECORD AGENCIES.—The Secretary shall prescribe regulations governing voluntary paternity establishment services offered by hospitals and birth record agencies.

“(bb) SERVICES OFFERED BY OTHER ENTITIES.—The Secretary shall prescribe regulations specifying the types of other entities that may offer voluntary paternity establishment services, and governing the provision of such services, which shall include a requirement that such an entity must use the same notice provisions used by, use the same materials used by, provide the personnel providing such services with the same training provided by, and evaluate the provision of such services in the same manner as the provision of such services is evaluated by, voluntary paternity establishment programs of hospitals and birth record agencies.

“(iv) USE OF PATERNITY ACKNOWLEDGMENT AFFIDAVIT.—Such procedures must require the State to develop and use an affidavit for the voluntary acknowledgment of paternity which includes the minimum requirements of the affidavit developed 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 pa-

ternity 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 develop 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. 332. 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. 333. COOPERATION BY APPLICANTS FOR AND RECIPIENTS OF TEMPORARY FAMILY ASSISTANCE.**

Section 454 (42 U.S.C. 654), as amended by sections 301(b), 303(a), 312(a), and 313(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 or the State program under title XIX is cooperating in good faith with the State in establishing the paternity of, or in establishing, modifying, or enforcing a support order for, any child of the individual by providing the State agency with the name of, and such other information as the State agency may require with respect to, the noncustodial parent of the child, subject to such good cause exceptions, taking into account the best interests of the child, as the State may establish through the State agency, or at the option of the State, through the State agencies administering the State programs funded under part A and title XIX;

"(B) shall require the individual to supply additional necessary information and appear at interviews, hearings, and legal proceedings;

"(C) shall require the individual and the child to submit to genetic tests pursuant to judicial or administrative order;

"(D) may request that the individual sign a voluntary acknowledgment of paternity, after notice of the rights and consequences of such an acknowledgment, but may not require the individual to sign an acknowledgment or otherwise relinquish the right to genetic tests as a condition of cooperation and eligibility for assistance under the State program funded under part A or the State program under title XIX; and

"(E) shall promptly notify the individual and the State agency administering the State program funded under part A and the State agency administering the State program under title XIX of each such determination, and if noncooperation is determined, the basis therefore."

**Subtitle E—Program Administration and Funding**

**SEC. 341. PERFORMANCE-BASED INCENTIVES AND PENALTIES.**

(a) DEVELOPMENT OF NEW SYSTEM.—The Secretary of Health and Human Services, in consultation with State directors of programs under part D of title IV of the Social Security Act, shall develop a new incentive system to replace, in a revenue neutral manner, the system under section 458 of such Act. The new system shall provide additional payments to any State based on such State's performance under such a program. Not later than June 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";

(c) CALCULATION OF IV-D 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 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;"

(3) Section 452(g)(2)(A) (42 U.S.C. 652(g)(2)(A)) is amended in the matter preceding clause (i)—

(A) by striking "paternity establishment percentage" and inserting "IV-D paternity establishment percentage"; and

(B) by striking "(or all States, as the case may be)".

(4) Section 452(g)(2) (42 U.S.C. 652(g)(2)) is amended by adding at the end the following new sentence: "In meeting the 90 percent paternity establishment requirement, a State may calculate either the paternity establishment rate of cases in the program funded under this part or the paternity establishment rate of all out-of-wedlock births in the State."

(5) Section 452(g)(3) (42 U.S.C. 652(g)(3)) is amended—

(A) by striking subparagraph (A) and redesignating subparagraphs (B) and (C) as subparagraphs (A) and (B), respectively;

(B) in subparagraph (A) (as 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"; and

(C) in subparagraph (B) (as so redesignated) by inserting "and securing support" before the period.

(d) EFFECTIVE DATES.—

(1) INCENTIVE ADJUSTMENTS.—

(A) IN GENERAL.—The system developed under subsection (a) and the amendments made by subsection (b) shall become effective on October 1, 1997, except to the extent provided in subparagraph (B).

(B) APPLICATION OF SECTION 458.—Section 458 of the Social Security Act, as in effect on the day before the date of the enactment of this section, shall be effective for purposes of incentive payments to States for fiscal years before fiscal year 1999.

(2) PENALTY REDUCTIONS.—The amendments made by subsection (c) shall become effective with respect to calendar quarters beginning on or after the date of the enactment of this Act.

**SEC. 342. FEDERAL AND STATE REVIEWS AND AUDITS.**

(a) STATE AGENCY ACTIVITIES.—Section 454 (42 U.S.C. 654) is amended—

(1) in paragraph (14), by striking "(14)" and inserting "(14)(A)";

(2) by redesignating paragraph (15) as subparagraph (B) of paragraph (14); and

(3) by inserting after paragraph (14) the following new paragraph:

"(15) provide for—

"(A) a process for annual reviews of and reports to the Secretary on the State program operated under the State plan approved under this part, including such information as may be necessary to measure State compliance with Federal requirements for 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 IV-D paternity establishment percentages to the extent necessary for purposes of sections 452(g) and 458."

(b) FEDERAL ACTIVITIES.—Section 452(a)(4) (42 U.S.C. 652(a)(4)) is amended to read as follows:

"(4)(A) review data and calculations transmitted by State agencies pursuant to section 454(15)(B) on State program accomplishments with respect to performance indicators for purposes of subsection (g) of this section and section 458;

"(B) review annual reports submitted pursuant to section 454(15)(A) and, as appropriate, provide to the State comments, recommendations for additional or alternative corrective actions, and technical assistance; and

"(C) conduct audits, in accordance with the Government auditing standards of the Comptroller General of the United States—

"(i) at least once every 3 years (or more frequently, in the case of a State which fails to meet the requirements of this part concerning performance standards and reliability of program data) to assess the completeness, reliability, and security of the data, and the accuracy of the reporting systems, used in calculating performance indicators under subsection (g) of this section and section 458;

"(ii) of the adequacy of financial management of the State program operated under the State plan approved under this part, including assessments of—

"(I) whether Federal and other funds made available to carry out the State program are being appropriately expended, and are properly and fully accounted for; and

"(II) whether collections and disbursements of support payments are carried out correctly and are fully accounted for; and

"(iii) for such other purposes as the Secretary may find necessary."

(c) **EFFECTIVE DATE.**—The amendments made by this section shall be effective with respect to calendar quarters beginning 12 months or more after the date of the enactment of this Act.

#### SEC. 343. REQUIRED REPORTING PROCEDURES.

(a) **ESTABLISHMENT.**—Section 452(a)(5) (42 U.S.C. 652(a)(5)) is amended by inserting ", and establish procedures to be followed by States for collecting and reporting information required to be provided under this part, and establish uniform definitions (including those necessary to enable the measurement of State compliance with the requirements of this part relating to expedited processes) to be applied in following such procedures" before the semicolon.

(b) **STATE PLAN REQUIREMENT.**—Section 454 (42 U.S.C. 654), as amended by sections 301(b), 303(a), 312(a), 313(a), and 333 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"; 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. 344. 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 IV-D paternity establishment percentage for the State for each fiscal year; and

"(2) have in place systems controls to ensure the completeness and reliability of, and ready access to, the data described in paragraph (1)(A), and the accuracy of the calculations described in paragraph (1)(B).

"(d) **INFORMATION INTEGRITY AND SECURITY.**—The State agency shall have in effect safeguards on the integrity, accuracy, and completeness of, access to, and use of data in the automated system required by this section, which shall include the following (in addition to such other safeguards as the Secretary may specify in regulations):

"(1) **POLICIES RESTRICTING ACCESS.**—Written policies concerning access to data by State agency personnel, and sharing of data with other persons, which—

"(A) permit access to and use of data only to the extent necessary to carry out the State program under this part; and

"(B) specify the data which may be used for particular program purposes, and the personnel permitted access to such data.

"(2) **SYSTEMS CONTROLS.**—Systems controls (such as passwords or blocking of fields) to ensure strict adherence to the policies described in paragraph (1).

"(3) **MONITORING OF ACCESS.**—Routine monitoring of access to and use of the automated system, through methods such as audit trails and feedback mechanisms, to guard against and promptly identify unauthorized access or use.

"(4) **TRAINING AND INFORMATION.**—Procedures to ensure that all personnel (including State and local agency staff and contractors) who may have access to or be required to use confidential program data are informed of applicable requirements and penalties (including those in section 6103 of the Internal Revenue Code of 1986), and are adequately trained in security procedures.

"(5) **PENALTIES.**—Administrative penalties (up to and including dismissal from employment) for unauthorized access to, or disclosure or use of, confidential data."

(3) **REGULATIONS.**—The Secretary of Health and Human Services shall prescribe final regulations for implementation of section 454A of the Social Security Act not later than 2 years after the date of the enactment of this Act.

(4) **IMPLEMENTATION TIMETABLE.**—Section 454(24) (42 U.S.C. 654(24)), as amended by section 303(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 Bipartisan Welfare Reform 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 344(a)(3) of the Bipartisan Welfare Reform 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 May 1, 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. 345. TECHNICAL ASSISTANCE.

(a) **FOR TRAINING OF FEDERAL AND STATE STAFF, RESEARCH AND DEMONSTRATION PROGRAMS, AND SPECIAL PROJECTS OF REGIONAL OR NATIONAL SIGNIFICANCE.**—Section 452 (42 U.S.C. 652) is amended by adding at the end the following new subsection:

"(j) Out of any money in the Treasury of the United States not otherwise appropriated, there is hereby appropriated to the Secretary for each fiscal year an amount equal to 1 percent of the total amount paid to the Federal Government pursuant to section 457(a) during the immediately preceding fiscal year (as determined on the basis of the most recent reliable data available to the Secretary as of the end of the 3rd calendar quarter following the end of such preceding fiscal year), to cover costs incurred by the Secretary for—

"(1) information dissemination and technical assistance to States, training of State and Federal staff, staffing studies, and related activities needed to improve programs under this part (including technical assistance concerning State automated systems required by this part); and

"(2) research, demonstration, and special projects of regional or national significance relating to the operation of State programs under this part.

The amount appropriated under this subsection shall remain available until expended."

(b) OPERATION OF FEDERAL PARENT LOCATOR SERVICE.—Section 453 (42 U.S.C. 653), as amended by section 316 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. 346. REPORTS AND DATA COLLECTION BY THE SECRETARY.**

(a) ANNUAL REPORT TO CONGRESS.—

(1) Section 452(a)(10)(A) (42 U.S.C. 652(a)(10)(A)) is amended—

(A) by striking "this part;" and inserting "this part, including—"; and

(B) by adding at the end the following new clauses:

"(i) the total amount of child support payments collected as a result of services furnished during the fiscal year to individuals receiving services under this part;

"(ii) the cost to the States and to the Federal Government of so furnishing the services; and

"(iii) the number of cases involving families—

"(I) who became ineligible for assistance under State programs funded under part A during a month in the fiscal year; and

"(II) with respect to whom a child support payment was received in the month."

(2) Section 452(a)(10)(C) (42 U.S.C. 652(a)(10)(C)) is amended—

(A) in the matter preceding clause (i)—

(i) by striking "with the data required under each clause being separately stated for cases" and inserting "separately stated for (1) case";

(ii) by striking "cases where the child was formerly receiving" and inserting "or formerly received";

(iii) by inserting "or 1912" after "471(a)(17)"; and

(iv) by inserting "(2)" before "all other";

(B) in each of clauses (i) and (ii), by striking "and the total amount of such obligations";

(C) in clause (iii), by striking "described in" and all that follows and inserting "in which support was collected during the fiscal year";

(D) by striking clause (iv); and

(E) by redesignating clause (v) as clause (vii), and inserting after clause (iii) the following new clauses:

"(iv) the total amount of support collected during such fiscal year and distributed as current support;

"(v) the total amount of support collected during such fiscal year and distributed as arrearages;

"(vi) the total amount of support due and unpaid for all fiscal years; and"

(3) Section 452(a)(10)(G) (42 U.S.C. 652(a)(10)(G)) is amended by striking "on the use of Federal courts and".

(4) Section 452(a)(10) (42 U.S.C. 652(a)(10)) is amended—

(A) in subparagraph (H), by striking "and";

(B) in subparagraph (I), by striking the period and inserting "and"; and

(C) by inserting after subparagraph (I) the following new subparagraph:

"(J) compliance, by State, with the standards established pursuant to subsections (h) and (i)."

(5) Section 452(a)(10) (42 U.S.C. 652(a)(10)) is amended by striking all that follows subparagraph (J), as added by paragraph (4).

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall be effective with respect to fiscal year 1996 and succeeding fiscal years.

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

**SEC. 351. SIMPLIFIED PROCESS FOR REVIEW AND ADJUSTMENT OF CHILD SUPPORT ORDERS.**

Section 466(a)(10) (42 U.S.C. 666(a)(10)) is amended to read as follows:

"(10) REVIEW AND ADJUSTMENT OF SUPPORT ORDERS UPON REQUEST.—Procedures under which the State shall review and adjust each support order being enforced under this part upon the request of either parent or the State if there is an assignment. Such procedures shall provide the following:

"(A) IN GENERAL.—

"(i) 3-YEAR CYCLE.—Except as provided in subparagraphs (B) and (C), the State shall review and, as appropriate, adjust the support order every 3 years, taking into account the best interests of the child involved.

"(ii) METHODS OF ADJUSTMENT.—The State may elect to review and, if appropriate, adjust an order pursuant to clause (i) by—

"(I) reviewing and, if appropriate, adjusting the order in accordance with the guidelines established pursuant to section 467(a) if the amount of the child support award under the order differs from the amount that would be awarded in accordance with the guidelines; or

"(II) applying a cost-of-living adjustment to the order in accordance with a formula developed by the State and permit either party to contest the adjustment, within 30 days after the date of the notice of the adjustment, by making a request for review and, if appropriate, adjustment of the order in accordance with the child support guidelines established pursuant to section 467(a).

"(iii) NO PROOF OF CHANGE IN CIRCUMSTANCES NECESSARY.—Any adjustment under this subparagraph (A) shall be made without a requirement for proof or showing of a change in circumstances.

"(B) AUTOMATED METHOD.—The State may use automated methods (including automated comparisons with wage or State income tax data) to identify orders eligible for review, conduct the review, identify orders eligible for adjustment, and apply the appropriate adjustment to the orders eligible for adjustment under the threshold established by the State.

"(C) REQUEST UPON SUBSTANTIAL CHANGE IN CIRCUMSTANCES.—The State shall, at the request of either parent subject to such an order or of any State child support enforcement agency, review and, if appropriate, adjust the order in accordance with the guidelines established pursuant to section 467(a) based upon a substantial change in the circumstances of either parent.

"(D) NOTICE OF RIGHT TO REVIEW.—The State shall provide notice not less than once every 3 years to the parents subject to such an order informing them of their right to request the State to review and, if appropriate, adjust the order pursuant to this paragraph. The notice may be included in the order."

**SEC. 352. 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. 353. 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(v));

(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).

(3) STATE CHILD SUPPORT ENFORCEMENT AGENCY.—The term "State child support enforcement agency" means a State agency which administers a State program for establishing and enforcing child support obligations.

#### Subtitle G—Enforcement of Support Orders

#### SEC. 361. INTERNAL REVENUE SERVICE COLLECTION OF ARREARAGES.

(a) COLLECTION OF FEES.—Section 6305(a) of the Internal Revenue Code of 1986 (relating to collection of certain liability) is amended—

(1) by striking "and" at the end of paragraph (3);

(2) by striking the period at the end of paragraph (4) and inserting ", and";

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

"(5) no additional fee may be assessed for adjustments to an amount previously certified pursuant to such section 452(b) with respect to the same obligor."; and

(4) by striking "Secretary of Health, Education, and Welfare" each place it appears and inserting "Secretary of Health and Human Services".

(b) EFFECTIVE DATE.—The amendments made by this section shall become effective October 1, 1997.

#### SEC. 362. 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 sub-

sections, and to any other legal process brought, by a State agency administering a program under a State plan approved under this part or by an individual obligee, to enforce the legal obligation of the individual to provide child support or alimony.

"(b) CONSENT TO REQUIREMENTS APPLICABLE TO PRIVATE PERSON.—With respect to notice to withhold income pursuant to subsection (a)(1) or (b) of section 466, or any other order or process to enforce support obligations against an individual (if the order or process contains or is accompanied by sufficient data to permit prompt identification of the individual and the moneys involved), each governmental entity specified in subsection (a) shall be subject to the same requirements as would apply if the entity were a private person, except as otherwise provided in this section.

"(c) DESIGNATION OF AGENT: RESPONSE TO NOTICE OR PROCESS—

"(1) DESIGNATION OF AGENT.—The head of each agency subject to this section shall—

"(A) designate an agent or agents to receive orders and accept service of process in matters relating to child support or alimony; and

"(B) annually publish in the Federal Register the designation of the agent or agents, identified by title or position, mailing address, and telephone number.

"(2) RESPONSE TO NOTICE OR PROCESS.—If an agent designated pursuant to paragraph (1) of this subsection receives notice pursuant to State procedures in effect pursuant to subsection (a)(1) or (b) of section 466, or is effectively served with any order, process, or interrogatory, with respect to an individual's child support or alimony payment obligations, the agent shall—

"(A) as soon as possible (but not later than 15 days) thereafter, send written notice of the notice or service (together with a copy of the notice or service) to the individual at the duty station or last-known home address of the individual;

"(B) within 30 days (or such longer period as may be prescribed by applicable State law) after receipt of a notice pursuant to such State procedures, comply with all applicable provisions of section 466; and

"(C) within 30 days (or such longer period as may be prescribed by applicable State law) after effective service of any other such order, process, or interrogatory, respond to the order, process, or interrogatory.

"(d) PRIORITY OF CLAIMS.—If a governmental entity specified in subsection (a) receives notice or is served with process, as provided in this section, concerning amounts owed by an individual to more than 1 person—

"(1) support collection under section 466(b) must be given priority over any other process, as provided in section 466(b)(7);

"(2) allocation of moneys due or payable to an individual among claimants under section 466(b) shall be governed by section 466(b) and the regulations prescribed under such section; and

"(3) such moneys as remain after compliance with paragraphs (1) and (2) shall be available to satisfy any other such processes on a first-come, first-served basis, with any such process being satisfied out of such moneys as remain after the satisfaction of all such processes which have been previously served.

"(e) NO REQUIREMENT TO VARY PAY CYCLES.—A governmental entity that is affected by legal process served for the enforcement of an individual's child support or alimony payment obligations shall not be required to vary its normal pay and disbursement cycle in order to comply with the legal process.

"(f) RELIEF FROM LIABILITY.—

"(1) Neither the United States, nor the government of the District of Columbia, nor any disbursing officer shall be liable with respect to any payment made from moneys due or payable from the United States to any individual pursuant to legal process regular on its face, if the payment is made in accordance with this section and the regulations issued to carry out this section.

"(2) No Federal employee whose duties include taking actions necessary to comply with the requirements of subsection (a) with regard to any individual shall be subject under any law to any disciplinary action or civil or criminal liability or penalty for, or on account of, any disclosure of information made by the employee in connection with the carrying out of such actions.

"(g) REGULATIONS.—Authority to promulgate regulations for the implementation of this section shall, insofar as this section applies to moneys due from (or payable by)—

"(1) the United States (other than the legislative or judicial branches of the Federal Government) or the government of the District of Columbia, be vested in the President (or the designee of the President);

"(2) the legislative branch of the Federal Government, be vested jointly in the President pro tempore of the Senate and the Speaker of the House of Representatives (or their designees), and

"(3) the judicial branch of the Federal Government, be vested in the Chief Justice of the United States (or the designee of the Chief Justice).

"(h) MONEYS SUBJECT TO PROCESS.—

"(1) IN GENERAL.—Subject to paragraph (2), moneys paid or payable to an individual which are considered to be based upon remuneration for employment, for purposes of this section—

"(A) consist of—

"(i) compensation paid or payable for personal services of the individual, whether the compensation is denominated as wages, salary, commission, bonus, pay, allowances, or otherwise (including severance pay, sick pay, and incentive pay);

"(ii) periodic benefits (including a periodic benefit as defined in section 228(h)(3)) or other payments—

"(I) under the insurance system established by title II;

"(II) under any other system or fund established by the United States which provides for the payment of pensions, retirement or retired pay, annuities, dependents' or survivors' benefits, or similar amounts payable on account of personal services performed by the individual or any other individual;

"(III) as compensation for death under any Federal program;

"(IV) under any Federal program established to provide 'black lung' benefits; or

"(V) by the Secretary of Veterans Affairs as compensation for a service-connected disability paid by the Secretary to a former member of the Armed Forces who is in receipt of retired or retainer pay if the former member has waived a portion of the retired or retainer pay in order to receive such compensation; and

"(iii) worker's compensation benefits paid under Federal or State law but

"(B) do not include any payment—

"(i) by way of reimbursement or otherwise, to defray expenses incurred by the individual in carrying out duties associated with the employment of the individual; or

"(ii) as allowances for members of the uniformed services payable pursuant to chapter 7 of title 37, United States Code, as prescribed by the Secretaries concerned (defined by section 101(5) of such title) as necessary for the efficient performance of duty.

"(2) CERTAIN AMOUNTS EXCLUDED.—In determining the amount of any moneys due from,

or payable by, the United States to any individual, there shall be excluded amounts which—

“(A) are owed by the individual to the United States;

“(B) are required by law to be, and are, deducted from the remuneration or other payment involved, including Federal employment taxes, and fines and forfeitures ordered by court-martial;

“(C) are properly withheld for Federal, State, or local income tax purposes, if the withholding of the amounts is authorized or required by law and if amounts withheld are not greater than would be the case if the individual claimed all dependents to which he was entitled (the withholding of additional amounts pursuant to section 3402(i) of the Internal Revenue Code of 1986 may be permitted only when the individual presents evidence of a tax obligation which supports the additional withholding);

“(D) are deducted as health insurance premiums;

“(E) are deducted as normal retirement contributions (not including amounts deducted for supplementary coverage); or

“(F) are deducted as normal life insurance premiums from salary or other remuneration for employment (not including amounts deducted for supplementary coverage).

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

“(1) UNITED STATES.—The term ‘United States’ includes any department, agency, or instrumentality of the legislative, judicial, or executive branch of the Federal Government, the United States Postal Service, the Postal Rate Commission, any Federal corporation created by an Act of Congress that is wholly owned by the Federal Government, and the governments of the territories and possessions of the United States.

“(2) CHILD SUPPORT.—The term ‘child support’, when used in reference to the legal obligations of an individual to provide such support, means amounts required to be paid under a judgment, decree, or order, whether temporary, final, or subject to modification, issued by a court or an administrative agency of competent jurisdiction, for the support and maintenance of a child, including a child who has attained the age of majority under the law of the issuing State, or a child and the parent with whom the child is living, which provides for monetary support, health care, arrearages or reimbursement, and which may include other related costs and fees, interest and penalties, income withholding, attorney’s fees, and other relief.

“(3) ALIMONY.—

“(A) IN GENERAL.—The term ‘alimony’, when used in reference to the legal obligations of an individual to provide the same, means periodic payments of funds for the support and maintenance of the spouse (or former spouse) of the individual, and (subject to and in accordance with State law) includes separate maintenance, alimony pendente lite, maintenance, and spousal support, and includes attorney’s fees, interest, and court costs when and to the extent that the same are expressly made recoverable as such pursuant to a decree, order, or judgment issued in accordance with applicable State law by a court of competent jurisdiction.

“(B) EXCEPTIONS.—Such term does not include—

“(i) any child support; or

“(ii) any payment or transfer of property or its value by an individual to the spouse or a former spouse of the individual in compliance with any community property settlement, equitable distribution of property, or other division of property between spouses or former spouses.

“(4) PRIVATE PERSON.—The term ‘private person’ means a person who does not have sovereign or other special immunity or privilege which causes the person not to be subject to legal process.

“(5) LEGAL PROCESS.—The term ‘legal process’ means any writ, order, summons, or other similar process in the nature of garnishment—

“(A) which is issued by—

“(i) a court or an administrative agency of competent jurisdiction in any State, territory, or possession of the United States;

“(ii) a court or an administrative agency of competent jurisdiction in any foreign country with which the United States has entered into an agreement which requires the United States to honor the process; or

“(iii) an authorized official pursuant to an order of such a court or an administrative agency of competent jurisdiction or pursuant to State or local law; and

“(B) which is directed to, and the purpose of which is to compel, a governmental entity which holds moneys which are otherwise payable to an individual to make a payment from the moneys to another party in order to satisfy a legal obligation of the individual to provide child support or make alimony payments.”

(b) CONFORMING AMENDMENTS.—

(1) TO PART D OF TITLE IV.—Sections 461 and 462 (42 U.S.C. 661 and 662) are repealed.

(2) TO TITLE 5, UNITED STATES CODE.—Section 5520a of title 5, United States Code, is amended, in subsections (h)(2) and (i), by striking “sections 459, 461, and 462 of the Social Security Act (42 U.S.C. 659, 661, and 662)” and inserting “section 459 of the Social Security Act (42 U.S.C. 659)”.

(c) MILITARY RETIRED AND RETAINER PAY.—

(1) DEFINITION OF COURT.—Section 1408(a)(1) of title 10, United States Code, is amended—

(A) by striking “and” at the end of subparagraph (B);

(B) by striking the period at the end of subparagraph (C) and inserting “; and”; and

(C) by adding after subparagraph (C) the following: new subparagraph:

“(D) any administrative or judicial tribunal of a State competent to enter orders for support or maintenance (including a State agency administering a program under a State plan approved under part D of title IV of the Social Security Act), and, for purposes of this subparagraph, the term ‘State’ includes the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa.”

(2) DEFINITION OF COURT ORDER.—Section 1408(a)(2) of such title is amended—

(A) by inserting “or a support order, as defined in section 453(p) of the Social Security Act (42 U.S.C. 653(p))” before “which”; and

(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. 662(i)(2)))”; and

(C) in subparagraph (B)(ii), by striking “(as defined in section 462(c) of the Social Security Act (42 U.S.C. 662(c)))” and inserting “(as defined in section 459(i)(3) of the Social Security Act (42 U.S.C. 662(i)(3)))”.

(3) PUBLIC PAYEE.—Section 1408(d) of such title is amended—

(A) in the heading, by inserting “(OR FOR BENEFIT OF)” before “SPOUSE OR”; and

(B) in paragraph (1), in the 1st sentence, by inserting “(or for the benefit of such spouse or former spouse to a State disbursement unit established pursuant to section 454B of the Social Security Act or other public payee designated by a State, in accordance with part D of title IV of the Social Security Act, as directed by court order, or as otherwise directed in accordance with such part D)” before “in an amount sufficient”.

(4) RELATIONSHIP TO PART D OF TITLE IV.—Section 1408 of such title is amended by adding at the end the following new subsection:

“(j) RELATIONSHIP TO OTHER LAWS.—In any case involving an order providing for payment of child support (as defined in section 459(i)(2) of the Social Security Act) by a member who has never been married to the other parent of the child, the provisions of this section shall not apply, and the case shall be subject to the provisions of section 459 of such Act.”

(d) EFFECTIVE DATE.—The amendments made by this section shall become effective 6 months after the date of the enactment of this Act.

#### SEC. 363. ENFORCEMENT OF CHILD SUPPORT OBLIGATIONS OF MEMBERS OF THE ARMED FORCES.

(a) AVAILABILITY OF LOCATOR INFORMATION.—

(1) MAINTENANCE OF ADDRESS INFORMATION.—The Secretary of Defense shall establish a centralized personnel locator service that includes the address of each member of the Armed Forces under the jurisdiction of the Secretary. Upon request of the Secretary of Transportation, addresses for members of the Coast Guard shall be included in the centralized personnel locator service.

(2) TYPE OF ADDRESS.—

(A) RESIDENTIAL ADDRESS.—Except as provided in subparagraph (B), the address for a member of the Armed Forces shown in the locator service shall be the residential address of that member.

(B) DUTY ADDRESS.—The address for a member of the Armed Forces shown in the locator service shall be the duty address of that member in the case of a member—

(i) who is permanently assigned overseas, to a vessel, or to a routinely deployable unit; or

(ii) with respect to whom the Secretary concerned makes a determination that the member’s residential address should not be disclosed due to national security or safety concerns.

(3) UPDATING OF LOCATOR INFORMATION.—Within 30 days after a member listed in the locator service establishes a new residential address (or a new duty address, in the case of a member covered by paragraph (2)(B)), the Secretary concerned shall update the locator service to indicate the new address of the member.

(4) AVAILABILITY OF INFORMATION.—The Secretary of Defense shall make information regarding the address of a member of the Armed Forces listed in the locator service available, on request, to the Federal Parent Locator Service established under section 453 of the Social Security Act.

(b) FACILITATING GRANTING OF LEAVE FOR ATTENDANCE AT HEARINGS.—

(1) REGULATIONS.—The Secretary of each military department, and the Secretary of Transportation with respect to the Coast Guard when it is not operating as a service in the Navy, shall prescribe regulations to facilitate the granting of leave to a member of the Armed Forces under the jurisdiction of that Secretary in a case in which—

(A) the leave is needed for the member to attend a hearing described in paragraph (2);

(B) the member is not serving in or with a unit deployed in a contingency operation (as defined in section 101 of title 10, United States Code); and

(C) the exigencies of military service (as determined by the Secretary concerned) do not otherwise require that such leave not be granted.

(2) COVERED HEARINGS.—Paragraph (1) applies to a hearing that is conducted by a court or pursuant to an administrative process established under State law, in connection with a civil action—

(A) to determine whether a member of the Armed Forces is a natural parent of a child; or

(B) to determine an obligation of a member of the Armed Forces to provide child support.

(3) DEFINITIONS.—For purposes of this subsection—

(A) The term "court" has the meaning given that term in section 1408(a) of title 10, United States Code.

(B) The term "child support" has the meaning given such term in section 459(i) of the Social Security Act (42 U.S.C. 659(i)).

(c) PAYMENT OF MILITARY RETIRED PAY IN COMPLIANCE WITH CHILD SUPPORT ORDERS.—

(1) DATE OF CERTIFICATION OF COURT ORDER.—Section 1408 of title 10, United States Code, as amended by section 362(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 be recent in relation to the date of receipt by the Secretary."

(2) PAYMENTS CONSISTENT WITH ASSIGNMENTS OF RIGHTS TO STATES.—Section 1408(d)(1) of such title is amended by inserting after the 1st sentence the following new sentence: "In the case of a spouse or former spouse who, pursuant to section 408(a)(4) of the Social Security Act, assigns to a State the rights of the spouse or former spouse to receive support, the Secretary concerned may make the child support payments referred to in the preceding sentence to that State in amounts consistent with that assignment of rights."

(3) ARREARAGES OWED BY MEMBERS OF THE UNIFORMED SERVICES.—Section 1408(d) of such title is amended by adding at the end the following new paragraph:

"(6) In the case of a court order for which effective service is made on the Secretary concerned on or after the date of the enactment of this paragraph and which provides for payments from the disposable retired pay of a member to satisfy the amount of child support set forth in the order, the authority provided in paragraph (1) to make payments from the disposable retired pay of a member to satisfy the amount of child support set forth in a court order shall apply to payment of any amount of child support arrearages set forth in that order as well as to amounts of child support that currently become due."

(4) PAYROLL DEDUCTIONS.—The Secretary of Defense shall begin payroll deductions within 30 days after receiving notice of withholding, or for the 1st pay period that begins after such 30-day period.

SEC. 364. VOIDING OF FRAUDULENT TRANSFERS.

Section 466 (42 U.S.C. 666), as amended by section 321 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 transferred income or property to avoid payment to a child support creditor, which the Secretary finds affords comparable rights to child support creditors; and

"(2) procedures under which, in any case in which the State knows of a transfer by a

child support debtor with respect to which such a prima facie case is established, the State must—

"(A) seek to void such transfer; or

"(B) obtain a settlement in the best interests of the child support creditor."

SEC. 365. WORK REQUIREMENT FOR PERSONS OWING PAST-DUE CHILD SUPPORT.

(a) IN GENERAL.—Section 466(a) of the Social Security Act (42 U.S.C. 666(a)), as amended by sections 315, 317(a), and 323 of this Act, is amended by adding at the end the following new paragraph:

"(15) PROCEDURES TO ENSURE THAT PERSONS OWING PAST-DUE SUPPORT WORK OR HAVE A PLAN FOR PAYMENT OF SUCH SUPPORT.—

"(A) IN GENERAL.—Procedures under which the State has the authority, in any case in which an individual owes past-due support with respect to a child receiving assistance under a State program funded under part A, to seek a court order that requires the individual to—

"(i) pay such support in accordance with a plan approved by the court, or, at the option of the State, a plan approved by the State agency administering the State program under this part; or

"(ii) if the individual is subject to such a plan and is not incapacitated, participate in such work activities (as defined in section 407(d)) as the court, or, at the option of the State, the State agency administering the State program under this part, deems appropriate.

"(B) PAST-DUE SUPPORT DEFINED.—For purposes of subparagraph (A), the term 'past-due support' means the amount of a delinquency, determined under a court order, or an order of an administrative process established under State law, for support and maintenance of a child, or of a child and the parent with whom the child is living."

(b) CONFORMING AMENDMENT.—The flush paragraph at the end of section 466(a) (42 U.S.C. 666(a)) is amended by striking "and (7)" and inserting "(7), and (15)".

SEC. 366. DEFINITION OF SUPPORT ORDER.

Section 453 (42 U.S.C. 653) as amended by sections 316 and 345(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. 367. 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 noncustodial parent who is delinquent in the payment of support, and the amount of overdue support owed by such parent.

"(B) SAFEGUARDS.—Procedures ensuring that, in carrying out subparagraph (A), information with respect to a noncustodial parent is reported—

"(i) only after such parent has been afforded all due process required under State

law, including notice and a reasonable opportunity to contest the accuracy of such information; and

"(ii) only to an entity that has furnished evidence satisfactory to the State that the entity is a consumer reporting agency (as so defined)."

SEC. 368. LIENS.

Section 466(a)(4) (42 U.S.C. 666(a)(4)) is amended to read as follows:

"(4) LIENS.—Procedures under which—

"(A) liens arise by operation of law against real and personal property for amounts of overdue support owed by a noncustodial parent who resides or owns property in the State; and

"(B) the State accords full faith and credit to liens described in subparagraph (A) arising in another State, without registration of the underlying order."

SEC. 369. STATE LAW AUTHORIZING SUSPENSION OF LICENSES.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 315, 317(a), 323, and 365 of this Act, is amended by adding at the end the following:

"(16) AUTHORITY TO WITHHOLD OR SUSPEND LICENSES.—Procedures under which the State has (and uses in appropriate cases) authority to withhold or suspend, or to restrict the use of driver's licenses, professional and occupational licenses, and recreational licenses of individuals owing overdue support or failing, after receiving appropriate notice, to comply with subpoenas or warrants relating to paternity or child support proceedings."

SEC. 370. 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 345 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 section 370(b) of the Bipartisan Welfare Reform Act of 1996.

"(2) The Secretary shall not be liable to an individual for any action with respect to a certification by a State agency under this section."

(2) STATE CASE AGENCY RESPONSIBILITY.—Section 454 (42 U.S.C. 654), as amended by sections 301(b), 303(a), 312(b), 313(a), 333, and 343(b) of this Act, is amended—

(A) by striking "and" at the end of paragraph (29);

(B) by striking the period at the end of paragraph (30) and inserting "; and"; and

(C) by adding after paragraph (30) the following new paragraph:

"(31) provide that the State agency will have in effect a procedure for certifying to the Secretary, for purposes of the procedure under section 452(k), determinations that individuals owe arrearages of child support in an amount exceeding \$5,000, under which procedure—

"(A) each individual concerned is afforded notice of such determination and the consequences thereof, and an opportunity to contest the determination; and

"(B) the certification by the State agency is furnished to the Secretary in such format, and accompanied by such supporting documentation, as the Secretary may require."

(b) STATE DEPARTMENT PROCEDURE FOR DENIAL OF PASSPORTS.—

(1) IN GENERAL.—The Secretary of State shall, upon certification by the Secretary of Health and Human Services transmitted

under section 452(k) of the Social Security Act, refuse to issue a passport to such individual, and may revoke, restrict, or limit a passport issued previously to such individual.

(2) **LIMIT ON LIABILITY.**—The Secretary of State shall not be liable to an individual for any action with respect to a certification by a State agency under this section.

(c) **EFFECTIVE DATE.**—This section and the amendments made by this section shall become effective October 1, 1996.

**SEC. 371. INTERNATIONAL CHILD SUPPORT ENFORCEMENT.**

(a) **AUTHORITY FOR INTERNATIONAL AGREEMENTS.**—Part D of title IV, as amended by section 362(a) of this Act, is amended by adding after section 459 the following new section:

**"SEC. 459A. INTERNATIONAL CHILD 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 nation regarding the establishment and enforcement of duties of support have been so changed, or the foreign nation's implementation of such procedures is so unsatisfactory, that such procedures do not meet the criteria for such a declaration; or

**"(B)** continued operation of the declaration is not consistent with the purposes of this part.

**"(3) FORM OF DECLARATION.**—A declaration under paragraph (1) may be made in the form of an international agreement, in connection with an international agreement or corresponding foreign declaration, or on a unilateral basis.

**"(b) STANDARDS FOR FOREIGN SUPPORT ENFORCEMENT PROCEDURES.—**

**"(1) MANDATORY ELEMENTS.**—Child 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 child support enforcement in cases involving residents of the foreign nation 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 child support enforcement in cases involving residents of the United States and residents of foreign nations 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 child 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 301(b), 303(a), 312(b), 313(a), 333, 343(b), and 370(a)(2) of this Act, is amended—

(1) by striking "and" at the end of paragraph (30);

(2) by striking the period at the end of paragraph (31) and inserting "; and"; and

(3) by adding after paragraph (31) the following new paragraph:

**"(32)(A)** provide that any request for services under this part by a foreign reciprocating country or a foreign country with which the State has an arrangement described in section 459A(d)(2) shall be treated as a request by a State;

**"(B)** provide, at State option, notwithstanding paragraph (4) or any other provision of this part, for services under the plan for enforcement of a spousal support order not described in paragraph (4)(B) entered by such a country (or subdivision); and

**"(C)** provide that no applications will be required from, and no costs will be assessed for such services against, the foreign reciprocating country or foreign obligee (but costs may at State option be assessed against the obligor)."

**SEC. 372. FINANCIAL INSTITUTION DATA MATCHES.**

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 315, 317(a), 323, 365, and 369 of this Act, is amended by adding at the end the following new paragraph:

**"(17) FINANCIAL INSTITUTION DATA MATCHES.—**

**"(A) IN GENERAL.**—Procedures under which the State agency shall enter into agreements with financial institutions doing business in the State—

**"(i)** to develop and operate, in coordination with such financial institutions, a data match system, using automated data exchanges to the maximum extent feasible, in which each such financial institution is required to provide for each calendar quarter the name, record address, social security number or other taxpayer identification number, and other identifying information for each noncustodial parent who maintains an account at such institution and who owes past-due support, as identified by the State by name and social security number or other taxpayer identification number; and

**"(ii)** in response to a notice of lien or levy, encumber or surrender, as the case may be, assets held by such institution on behalf of

any noncustodial parent who is subject to a child support lien pursuant to paragraph (4).

**"(B) REASONABLE FEES.**—The State agency may pay a reasonable fee to a financial institution for conducting the data match provided for in subparagraph (A)(i), not to exceed the actual costs incurred by such financial institution.

**"(C) LIABILITY.**—A financial institution shall not be liable under any Federal or State law to any person—

**"(i)** for any disclosure of information to the State agency under subparagraph (A)(i);

**"(ii)** for encumbering or surrendering any assets held by such financial institution in response to a notice of lien or levy issued by the State agency as provided for in subparagraph (A)(ii); or

**"(iii)** for any other action taken in good faith to comply with the requirements of subparagraph (A).

**"(D) DEFINITIONS.**—For purposes of this paragraph—

**"(i) FINANCIAL INSTITUTION.**—The term 'financial institution' means any Federal or State commercial savings bank, including savings association or cooperative bank, Federal- or State-chartered credit union, benefit association, insurance company, safe deposit company, money-market mutual fund, or any similar entity authorized to do business in the State; and

**"(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. 373. 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 315, 317(a), 323, 365, 369, and 372 of this Act, is amended by adding at the end the following new paragraph:

**"(18) ENFORCEMENT OF ORDERS AGAINST PATERNAL OR MATERNAL GRANDPARENTS.**—Procedures under which, at the State's option, any child support order enforced under this part with respect to a child of minor parents, if the custodial parents 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 parents of such child."

**SEC. 374. NONDISCHARGEABILITY IN BANKRUPTCY OF CERTAIN DEBTS FOR THE SUPPORT OF A CHILD.**

(a) **AMENDMENT TO TITLE 11 OF THE UNITED STATES CODE.**—Section 523(a) of title 11, United States Code, is amended—

(1) in paragraph (16) by striking the period at the end and inserting "; or";

(2) by adding at the end the following:

**"(17)** to a State or municipality for assistance provided by such State or municipality under a State program funded under section 403 of the Social Security Act to the extent that such assistance is provided for the support of a child of the debtor." and

(3) in paragraph (5), by inserting " or section 408" after "section 402(a)(26).

(b) **AMENDMENT TO THE SOCIAL SECURITY ACT.**—Section 456(b) of the Social Security Act (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) to a State (as defined in such section) or municipality (as defined in such section) for assistance provided by such State or municipality under a State program funded under section 403 is not dischargeable under section 727, 1141, 1228(a), 1228(b), or 1328(b) of title 11 of the United States Code to the extent that such assistance is provided for the support of a child of the debtor (as defined in such section)."

(c) APPLICATION OF AMENDMENTS.—The amendments made by this section shall apply only with respect to cases commenced under title 11 of the United States Code after the effective date of this section.

#### Subtitle H—Medical Support

##### SEC. 376. CORRECTION TO ERISA DEFINITION OF MEDICAL CHILD SUPPORT ORDER.

(a) IN GENERAL.—Section 609(a)(2)(B) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1169(a)(2)(B)) is amended—

- (1) by striking "issued by a court of competent jurisdiction";
- (2) by striking the period at the end of clause (ii) and inserting a comma; and
- (3) by adding, after and below clause (ii), the following:

"if such judgment, decree, or order (I) is issued by a court of competent jurisdiction or (II) is issued through an administrative process established under State law and has the force and effect of law under applicable State law."

#### (b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall take effect on the date of the enactment of this 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. 377. ENFORCEMENT OF ORDERS FOR HEALTH CARE COVERAGE.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 315, 317(a), 323, 365, 369, 372, and 373 of this Act, is amended by adding at the end the following new paragraph:

"(19) HEALTH CARE COVERAGE.—Procedures under which all child support orders enforced pursuant to this part shall include a provision for the health care coverage of the child, and in the case in which a noncustodial parent provides such coverage and changes employment, and the new employer provides health care coverage, the State agency shall transfer notice of the provision to the employer, which notice shall operate to enroll the child in the noncustodial parent's health plan, unless the noncustodial parent contests the notice."

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

##### SEC. 381. GRANTS TO STATES FOR ACCESS AND VISITATION PROGRAMS.

Part D of title IV (42 U.S.C. 651-669) is amended by adding at the end the following:

##### "SEC. 469A. GRANTS TO STATES FOR ACCESS AND VISITATION PROGRAMS.

"(a) IN GENERAL.—The Administration for Children and Families shall make grants under this section to enable States to establish and administer programs to support and facilitate noncustodial parents' access to and visitation of their children, by means of activities including mediation (both voluntary and mandatory), counseling, education, development of parenting plans, visitation enforcement (including monitoring, supervision and neutral drop-off and pickup), and development of guidelines for visitation and alternative custody arrangements.

"(b) AMOUNT OF GRANT.—The amount of the grant to be made to a State under this section for a fiscal year shall be an amount equal to the lesser of—

"(1) 90 percent of State expenditures during the fiscal year for activities described in subsection (a); or

"(2) the allotment of the State under subsection (c) for the fiscal year.

#### "(c) ALLOTMENTS TO STATES.—

"(1) IN GENERAL.—The allotment of a State for a fiscal year is the amount that bears the same ratio to the amount appropriated for grants under this section for the fiscal year as the number of children in the State living with only 1 biological parent bears to the total number of such children in all States.

"(2) MINIMUM ALLOTMENT.—The Administration for Children and Families shall adjust allotments to States under paragraph (1) as necessary to ensure that no State is allotted less than—

"(A) \$50,000 for fiscal year 1996 or 1997; or

"(B) \$100,000 for any succeeding fiscal year.

"(d) NO SUPPLANTATION OF STATE EXPENDITURES FOR SIMILAR ACTIVITIES.—A State to which a grant is made under this section may not use the grant to supplant expenditures by the State for activities specified in subsection (a), but shall use the grant to supplement such expenditures at a level at least equal to the level of such expenditures for fiscal year 1995.

"(e) STATE ADMINISTRATION.—Each State to which a grant is made under this section—

"(1) may administer State programs funded with the grant, directly or through grants to or contracts with courts, local public agencies, or non-profit private entities;

"(2) shall not be required to operate such programs on a statewide basis; and

"(3) shall monitor, evaluate, and report on such programs in accordance with regulations prescribed by the Secretary."

#### Subtitle J—Effect of Enactment

##### SEC. 391. EFFECTIVE DATES.

(a) IN GENERAL.—Except as otherwise specifically provided (but subject to subsections (b) and (c))—

(1) the provisions of this title requiring the enactment or amendment of State laws under section 466 of the Social Security Act, or revision of State plans under section 454 of such Act, shall be effective with respect to periods beginning on and after October 1, 1996; and

(2) all other provisions of this title shall become effective upon the date of the enactment of this Act.

(b) GRACE PERIOD FOR STATE LAW CHANGES.—The provisions of this title shall become effective with respect to a State on the later of—

(1) the date specified in this title, or

(2) the effective date of laws enacted by the legislature of such State implementing such provisions,

but in no event later than the 1st day of the 1st calendar quarter beginning after the close of the 1st regular session of the State legislature that begins after the date of the enactment of this Act. For purposes of the previous sentence, in the case of a State that has a 2-year legislative session, each year of such session shall be deemed to be a separate regular session of the State legislature.

(c) GRACE PERIOD FOR STATE CONSTITUTIONAL AMENDMENT.—A State shall not be found out of compliance with any requirement enacted by this title if the State is unable to so comply without amending the State constitution until the earlier of—

(1) 1 year after the effective date of the necessary State constitutional amendment; or

(2) 5 years after the date of the enactment of this Act.

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

##### SEC. 400. 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 title, a State that chooses to follow the Federal classification in determining the eligibility of such aliens for public assistance shall be considered to have chosen the least restrictive means available for achieving the compelling governmental interest of assuring that aliens be self-reliant in accordance with national immigration policy.

#### Subtitle A—Eligibility for Federal Benefits

##### SEC. 401. 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 431) 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 or XXI of the Social Security Act.

(B) Short-term, non-cash, in-kind emergency disaster relief.

(C)(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.

(D) Programs, services, or assistance (such as soup kitchens, crisis counseling and intervention, and short-term shelter) specified by the Attorney General, in the Attorney General's sole and unreviewable discretion after consultation with appropriate Federal agencies and departments, which (i) deliver in-kind services at the community level, including through public or private nonprofit agencies; (ii) do not condition the provision of assistance, the amount of assistance provided, or the cost of assistance provided on

the individual recipient's income or resources; and (iii) are necessary for the protection of life 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.

(F) Assistance or benefits under the National School Lunch Act or the Child Nutrition Act of 1966.

(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 benefit if nonpayment of such benefit would contravene an international agreement described in section 233 of the Social Security Act, to any benefit if nonpayment would be contrary to section 202(t) of the Social Security Act, or to any benefit payable under title II of the Social Security Act to which entitlement is based on an application filed in or before the month in which this Act becomes law.

(3) Subsection (a) shall not apply—

(A) for up to 48 months if the alien can demonstrate that (i) the alien has been battered or subject to extreme cruelty in the United States by a spouse or parent, or by a member of the spouse or parent's family residing in the same household as the alien and the spouse or parent consented or acquiesced to such battery or cruelty, or (ii) the alien's child has been battered or subject to extreme cruelty in the United States by a spouse or parent of the alien (without the active participation of the alien in the battery or extreme cruelty), or by a member of the spouse or parent's family residing in the same household as the alien when the spouse or parent consented or acquiesced to and the alien did not actively participate in such battery or cruelty, and (iii) the need for the public benefits applied for has a substantial connection to the battery or cruelty described in subclause (I) or (II); and

(B) for more than 48 months if the alien can demonstrate that any battery or cruelty under subparagraph (A) is ongoing, has led to the issuance of an order of a judge or an administrative law judge or a prior determination of the Service, and that the need for such benefits has a substantial connection to such battery or cruelty.

(c) FEDERAL PUBLIC BENEFIT DEFINED.—

(1) Except as provided in paragraph (2), for purposes of this title the term "Federal public benefit" means—

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

(B) any retirement, welfare, health, disability, public or assisted housing, post-secondary education, food assistance, unemployment benefit, or any other similar benefit for which payments or assistance are provided to an individual, household, or family eligibility unit by an agency of the United States or by appropriated funds of the United States.

(2) 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. 402. LIMITED ELIGIBILITY OF CERTAIN 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 431) is not eligible for any specified Federal program (as defined in paragraph (3)).

(2) EXCEPTIONS.—

(A) TIME-LIMITED EXCEPTION FOR REFUGEES 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 20 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 403(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.—

(1) 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 benefits 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.—

(1) IN GENERAL.—Notwithstanding any 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, recertify 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.

(E) FICA EXCEPTION.—Paragraph (1) shall not apply to an alien if there has been paid with respect to the self-employment income or employment of the alien, or of a parent or spouse of the alien, taxes under chapter 2 or chapter 21 of the Internal Revenue Code of 1986 in each of 20 different calendar quarters.

(F) EXCEPTION FOR BATTERED WOMEN AND CHILDREN.—Paragraph (1) shall not apply—

(i) for up to 48 months if the alien can demonstrate that (I) the alien has been battered or subject to extreme cruelty in the United States by a spouse or parent, or by a member of the spouse or parent's family residing in the same household as the alien and the spouse or parent consented or acquiesced to such battery or cruelty, or (II) the alien's child has been battered or subject to extreme cruelty in the United States by a spouse or parent of the alien (without the active participation of the alien in the battery or extreme cruelty), or by a member of the spouse or parent's family residing in the same household as the alien when the spouse or parent consented or acquiesced to and the alien did not actively participate in such battery or cruelty, and (III) the need for the public benefits applied for has a substantial connection to the battery or cruelty described in this clause; and

(ii) for more than 48 months if the alien can demonstrate that any battery or cruelty under clause (i) is ongoing, has led to the issuance of an order of a judge or an administrative law judge or a prior determination of the Service, and that need for such benefits has a substantial connection to such battery or cruelty.

(G) SSI DISABILITY EXCEPTION.—Paragraph (1) shall not apply to an alien who has not attained 18 years of age and is eligible by reason of disability for supplemental security income benefits under title XVI of the Social Security Act.

(H) FOOD STAMP EXCEPTION FOR CHILDREN.—Paragraph (1) shall not apply to the eligibility of an alien who has not attained 18 years of age for the food stamp program under paragraph (3)(B).

(3) SPECIFIED FEDERAL PROGRAM DEFINED.—For purposes of this title, 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.

(B) FOOD STAMPS.—The food stamp program as defined in section 3(h) of the Food Stamp Act of 1977.

(b) LIMITED ELIGIBILITY FOR DESIGNATED FEDERAL PROGRAMS.—

(1) IN GENERAL.—Notwithstanding any other provision of law and except as provided

in section 403 and paragraph (2), a State is authorized to determine the eligibility of an alien who is a qualified alien (as defined in section 431) 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 20 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 403(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 dependent 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 residing in any State and is receiving benefits under such program on the date of the enactment of this Act shall continue to be eligible to receive such benefits until January 1, 1997.

(E) FICA EXCEPTION.—Paragraph (1) shall not apply to an alien if there has been paid with respect to the self-employment income or employment of the alien, or of a parent or spouse of the alien, taxes under chapter 2 or chapter 21 of the Internal Revenue Code of 1986 in each of 20 different calendar quarters.

(F) TIME-LIMITED EXCEPTION FOR BATTERED WOMEN AND CHILDREN.—Paragraph (1) shall not apply—

(i) for up to 48 months if the alien can demonstrate that (I) the alien has been battered or subject to extreme cruelty in the United States by a spouse or parent, or by a member of the spouse or parent's family residing in the same household as the alien and the spouse or parent consented or acquiesced to such battery or cruelty, or (II) the alien's child has been battered or subject to extreme cruelty in the United States by a spouse or parent of the alien (without the active participation of the alien in the battery or extreme cruelty), or by a member of the spouse or parent's family residing in the same household as the alien when the spouse or parent consented or acquiesced to and the alien did not actively participate in such battery or cruelty, and (III) the need for the public benefits applied for has a substantial connection to the battery or cruelty described in subclause (I) or (II); and

(ii) for more than 48 months if the alien can demonstrate that any battery or cruelty under clause (i) is ongoing, has led to the issuance of an order of a judge or an adminis-

trative law judge or a prior determination of the Service, and that the need for such benefits has a substantial connection to such battery or cruelty.

(G) SSI DISABILITY EXCEPTION.—Paragraph (1) shall not apply to an alien who has not attained 18 years of age and is eligible by reason of disability for supplemental security income benefits under title XVI of the Social Security Act.

(3) DESIGNATED FEDERAL PROGRAM DEFINED.—For purposes of this title, the term "designated Federal program" means any of the following:

(A) TEMPORARY ASSISTANCE FOR NEEDY FAMILIES.—The program of block grants to States for temporary assistance for needy families under part A of title IV of the Social Security 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. 403. 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 431) 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).

(3) FICA EXCEPTION.—An alien if there has been paid with respect to the self-employment income or employment of the alien, or of a parent or spouse of the alien, taxes under chapter 2 or chapter 21 of the Internal Revenue Code of 1986 in each of 20 different calendar quarters.

(4) EXCEPTION FOR BATTERED WOMEN AND CHILDREN.—An alien—

(A) for up to 48 months if the alien can demonstrate that (i) the alien has been battered or subject to extreme cruelty in the United States by a spouse or parent, or by a member of the spouse or parent's family residing in the same household as the alien and the spouse or parent consented or acquiesced to such battery or cruelty, or (ii) the alien's child has been battered or subject to extreme cruelty in the United States by a spouse or parent of the alien (without the active participation of the alien in the battery or extreme cruelty), or by a member of the spouse or parent's family residing in the same household as the alien when the spouse or parent consented or acquiesced to and the

alien did not actively participate in such battery or cruelty, and (iii) the need for the public benefits applied for has a substantial connection to the battery or cruelty described in clause (i) or (ii); and

(B) for more than 48 months if the alien can demonstrate that any battery or cruelty under subparagraph (A) is ongoing, has led to the issuance of an order of a judge or an administrative law judge or a prior determination of the Service, and that need for such benefits has a substantial connection to such battery or cruelty.

(5) SSI DISABILITY EXCEPTION.—An alien who has not attained 18 years of age and is eligible by reason of disability for supplemental security income benefits under title XVI of the Social Security Act.

(6) FOOD STAMP EXCEPTION FOR CHILDREN.—An alien who has not attained 18 years of age only for purposes of eligibility for the food stamp program as defined in section 3(h) of the Food Stamp Act of 1977.

(c) FEDERAL MEANS-TESTED PUBLIC BENEFIT DEFINED.—

(1) Except as provided in paragraph (2), for purposes of this title, the term "Federal means-tested public benefit" means a public benefit (including cash, medical, housing, and food assistance and social services) of the Federal Government in which the eligibility of an individual, 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 or XXI 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)(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.

(F) Payments for foster care and adoption assistance under part B 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.

(H) Programs of student assistance under titles IV, V, IX, and X of the Higher Education Act of 1965.

(I) Means-tested programs under the Elementary and Secondary Education Act of 1965.

(J) The program of medical assistance under title XIX and title XXI of the Social Security Act.

**SEC. 404. NOTIFICATION AND INFORMATION REPORTING.**

(a) **NOTIFICATION.**—Each Federal agency that administers a program to which section 401, 402, or 403 applies shall, directly or through the States, post information and provide general notification to the public and to program recipients of the changes regarding eligibility for any such program pursuant to this title.

(b) **INFORMATION REPORTING UNDER TITLE IV OF THE SOCIAL SECURITY ACT.**—Part A of title IV of the Social Security 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 of the Social Security Act 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 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.), as amended by this Act, is further amended by adding at the end the following new section:

**“SEC. 28. 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 identifying 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 section 6 or 8 of this Act with a public housing agency provides 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.”

**Subtitle B—Eligibility for State and Local Public Benefits Programs****SEC. 411. ALIENS WHO ARE NOT QUALIFIED ALIENS OR NONIMMIGRANTS INELIGIBLE FOR STATE AND LOCAL PUBLIC BENEFITS.**

(a) **IN GENERAL.**—Notwithstanding any other provision of law and except as provided in subsections (b) and (d), an alien who is not described under a paragraph of this subsection is not eligible for any State or local public benefit (as defined in subsection (c)):

(1) A qualified alien (as defined in section 431).

(2) A nonimmigrant under the Immigration and Nationality Act.

(3) An alien who is paroled into the United States under section 212(d)(5) of such Act for less than one year.

(4) An alien—

(A) for up to 48 months if the alien can demonstrate that (i) the alien has been battered or subject to extreme cruelty in the United States by a spouse or parent, or by a member of the spouse or parent's family residing in the same household as the alien and the spouse or parent consented or acquiesced to such battery or cruelty, or (ii) the alien's child has been battered or subject to extreme cruelty in the United States by a spouse or parent of the alien (without the active participation of the alien in the battery or extreme cruelty), or by a member of the spouse or parent's family residing in the same household as the alien when the spouse or parent consented or acquiesced to and the alien did not actively participate in such battery or cruelty, and (iii) the need for the public benefits applied for has a substantial connection to the battery or cruelty described in clause (i) or (ii), and

(B) for more than 48 months if the alien can demonstrate that any battery or cruelty under subparagraph (A) is ongoing, has led to the issuance of an order of a judge or an administrative law judge or a prior determination of the Service, and that the need for such benefits has a substantial connection to such battery or cruelty.

(b) **EXCEPTIONS.**—Subsection (a) shall not apply with respect to the following State or local public benefits:

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

(2) Short-term, noncash, in-kind emergency disaster relief.

(3)(A) Public health assistance for immunizations.

(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.

(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 income 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 subtitle the term “State or local public benefit” means—

(A) any grant, contract, loan, professional license, or commercial license provided by an agency of a State or local government or by appropriated funds of a State or local government; and

(B) any retirement, welfare, health, disability, public or assisted housing, post-secondary education, food assistance, unemployment benefit, or any other similar benefit for which payments or assistance are provided to an individual, household, or family eligibility unit by an agency of a State or local government or by appropriated funds of a State or local government.

(2) 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. 412. 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 (c) of an alien who is a qualified alien (as defined in section 431), 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 subsection 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 United 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 Immigration and Nationality Act; and

(B)(i) has worked 20 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 403(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 enactment of this Act shall continue to be eligible to receive such benefits until January 1, 1997.

(5) **EXCEPTION FOR BATTERED WOMEN AND CHILDREN.**—An alien—

(A) for up to 48 months if the alien can demonstrate that (i) the alien has been battered or subject to extreme cruelty in the United States by a spouse or parent, or by a member of the spouse or parent's family residing in the same household as the alien and the spouse or parent consented or acquiesced to such battery or cruelty, or (ii) the alien's child has been battered or subject to extreme cruelty in the United States by a spouse or parent of the alien (without the active participation of the alien in the battery or extreme cruelty), or by a member of the spouse or parent's family residing in the same household as the alien when the spouse or parent consented or acquiesced to and the alien did not actively participate in such battery or cruelty, and (iii) the need for the public benefits applied for has a substantial connection to the battery or cruelty described in clause (i) or (ii); and

(B) for more than 48 months if the alien can demonstrate that any battery or cruelty under subparagraph (A) is ongoing, has led to the issuance of an order of a judge or an administrative law judge or a prior determination of the Service, and that the need for such benefits has a substantial connection to such battery or cruelty.

(c) **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.

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

#### SEC. 421. FEDERAL ATTRIBUTION OF SPONSOR'S INCOME AND RESOURCES TO ALIEN FOR PURPOSES OF MEDICAID ELIGIBILITY.

(a) **IN GENERAL.**—Notwithstanding any other provision of law, in determining the eligibility and the amount of benefits of an alien (other than an alien who has not attained 18 years of age or an alien who is pregnant) for the program of medical assistance under title XIX and title XXI of the Social Security Act, 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 423) 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 (other than an alien who has not attained 18 years of age or an alien who is pregnant) 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 20 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 (B) did not receive any Federal means-tested public benefit (as defined in section 403(c)) during any such quarter.

(c) **REVIEW OF INCOME AND RESOURCES OF ALIEN UPON REAPPLICATION.**—Whenever an alien (other than an alien who has not attained 18 years of age or an alien who is pregnant) 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).

#### SEC. 422. AUTHORITY FOR STATES TO PROVIDE FOR ATTRIBUTION OF SPONSOR'S INCOME AND RESOURCES TO THE ALIEN WITH RESPECT TO STATE PROGRAMS.

(a) **OPTIONAL APPLICATION TO STATE PROGRAMS.**—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 412(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 423) 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, noncash, 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)(A) Public health assistance for immunizations.

(B) Public health assistance for testing and treatment of a serious communicable disease if the appropriate chief State health official determines that it is necessary to prevent the spread of such 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. 423. 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 sections 3201, 3203, 3204, or 3205 of title 28, United States Code, as well as an order for specific performance and payment of legal fees and other costs of collection, and include corresponding remedies available under State law. A Federal agency may seek to collect amounts owed under this section in accordance with the provisions of subchapter II of chapter 37 of title 31, United States Code.

"(d) **NOTIFICATION OF CHANGE OF ADDRESS.**—

"(1) **IN GENERAL.**—The sponsor shall notify the Attorney General and the State in which the sponsored alien is currently resident within 30 days of any change of address of the sponsor during the period specified in subsection (a)(2).

"(2) **PENALTY.**—Any person subject to the requirement of paragraph (1) who fails to satisfy such requirement shall be subject to a civil penalty of—

"(A) not less than \$250 or more than \$2,000,

or

"(B) if such failure occurs with knowledge that the alien has received any means-tested public benefit, not less than \$2,000 or more than \$5,000.

"(e) **REIMBURSEMENT OF GOVERNMENT EXPENSES.**—(1)(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 subparagraph (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) has attained the age of 18 years;

"(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 not be earlier than 60 days (and not later than 90 days) after the date the Attorney General formulates the form for such affidavits under subsection (b) of 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:

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

(2) Short-term, noncash, in-kind emergency disaster relief.

(3) Assistance or benefits under the National School Lunch Act.

(4) Assistance or benefits under the Child Nutrition Act of 1966.

(5)(A) Public health assistance for immunizations.

(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.

(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 403 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.

(8) Programs of student assistance under titles IV, V, IX, and X of the Higher Education Act of 1965.

#### SEC. 424. COSIGNATURE OF ALIEN STUDENT LOANS.

Section 484(b) of the Higher Education Act of 1965 (20 U.S.C. 1091(b)) is amended by adding at the end the following new paragraph:

"(6) Notwithstanding sections 427(a)(2)(A), 428B(a), 428C(b)(4)(A), and 464(c)(1)(E), or any other provision of this title, a student who is an alien lawfully admitted for permanent residence under the Immigration and Nationality Act shall not be eligible for a loan under this title unless the loan is endorsed and cosigned by the alien's sponsor under section 213A of the Immigration and Nationality Act or by another creditworthy individual who is a United States citizen."

#### Subtitle D—General Provisions

##### SEC. 431. DEFINITIONS.

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

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

(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. 432. 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 401(c)), to which the limitation under section 401 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.

##### SEC. 433. STATUTORY CONSTRUCTION.

(a) LIMITATION.—

(1) Nothing in this title 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 title, eligibility relates only to the general issue of eligibility or ineligibility on the basis of alienage.

(2) Nothing in this title may be construed as addressing alien eligibility for a basic public education as determined by the Supreme Court of the United States under *Plyler v. Doe* (457 U.S. 202) (1982).

(b) NOT APPLICABLE TO FOREIGN ASSISTANCE.—This title does not apply to any Federal, State, or local governmental program, assistance, or benefits provided to an alien under any program of foreign assistance as determined by the Secretary of State in consultation with the Attorney General.

(c) SEVERABILITY.—If any provision of this title or the application of such provision to any person or circumstance is held to be unconstitutional, the remainder of this title and the application of the provisions of such title to any person or circumstance shall not be affected thereby.

##### SEC. 434. COMMUNICATION BETWEEN STATE AND LOCAL GOVERNMENT AGENCIES AND THE IMMIGRATION 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.

##### SEC. 435. QUALIFYING QUARTERS.

For purposes of this title, 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 Federal means-tested public benefit (as defined in section 403(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 403(c)) during any such quarter and the alien remains married to such spouse or such spouse is deceased.

##### SEC. 436. TITLE INAPPLICABLE TO PROGRAMS SPECIFIED BY ATTORNEY GENERAL.

Notwithstanding any other provision of this title, this title or any provision of this title shall not apply to programs, services, or assistance (such as soup kitchens, crisis counseling and intervention, and short term shelter) specified by the Attorney General, in the Attorney General's sole and unreviewable discretion after consultation with appropriate Federal agencies and departments, which (1) deliver services at the community level, including through public or private nonprofit agencies; (2) do not condition the provision of assistance, the amount of assistance provided, or the cost of assistance provided on the individual recipient's income or resources; and (3) are necessary for the protection of life, safety or the public health.

##### SEC. 437. TITLE INAPPLICABLE TO PROGRAMS OF NONPROFIT CHARITABLE ORGANIZATIONS.

Notwithstanding any other provision of this title, this title or any provision of this title shall not apply to programs, services, or assistance of a nonprofit charitable organization, regardless of whether such programs, services, or assistance are funded, in whole or in part, by the Federal Government or the government of any State or political subdivision of a State.

#### Subtitle E—Conforming Amendments

##### SEC. 441. 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).

#### TITLE V—REDUCTIONS IN FEDERAL GOVERNMENT POSITIONS

##### SEC. 501. 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 title II) that the Department is required to carry out, and amendments and repeals made by such 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 title II); or

(B) a provision of Federal law that is amended or repealed by this Act (other than title II).

(b) REPORTS.—

(1) CONTENTS.—Not later than December 31, 1995, each Secretary referred to in paragraph (2) shall prepare and submit to the relevant committees described in paragraph (3) a report containing—

(A) the determinations described in subsection (c);

(B) appropriate documentation in support of such determinations; and

(C) a description of the methodology used in making such determinations.

(2) SECRETARY.—The Secretaries referred to in this paragraph are—

(A) the Secretary of Agriculture;

(B) the Secretary of Education;

(C) the Secretary of Labor;

(D) the Secretary of Housing and Urban Development; and

(E) the Secretary of Health and Human Services.

(3) RELEVANT COMMITTEES.—The relevant committees described in this paragraph are the following:

(A) With respect to each Secretary described in paragraph (2), the Committee on Government Reform and Oversight of the House of Representatives and the Committee on Governmental Affairs of the Senate.

(B) With respect to the Secretary of Agriculture, the Committee on Agriculture and the Committee on Economic and Educational Opportunities of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

(C) With respect to the Secretary of Education, the Committee on Economic and Educational Opportunities of the House of Representatives and the Committee on Labor and Human Resources of the Senate.

(D) With respect to the Secretary of Labor, the Committee on Economic and Educational Opportunities of the House of Representatives and the Committee on Labor and Human Resources of the Senate.

(E) With respect to the Secretary of Housing and Urban Development, the Committee on Banking and Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate.

(F) With respect to the Secretary of Health and Human Services, the Committee on Economic and Educational Opportunities of the House of Representatives, the Committee on Labor and Human Resources of the Senate, the Committee on Ways and Means of the House of Representatives, and the Committee on Finance of the Senate.

(4) REPORT ON CHANGES.—Not later than December 31, 1996, and each December 31 thereafter, each Secretary referred to in paragraph (2) shall prepare and submit to the relevant committees described in paragraph (3), a report concerning any changes with respect to the determinations made under subsection (c) for the year in which the report is being submitted.

(c) DETERMINATIONS.—Not later than October 1, 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 Secretary to carry out the covered activities of the Department, 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 number referred to in paragraph (1).

(d) ACTIONS.—Each Secretary referred to in subsection (b)(2) shall take such actions as may be necessary, including reduction in force actions, consistent with sections 3502 and 3595 of title 5, United States Code, to reduce the number of positions of personnel of the Department—

(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 502 and 503.

(f) CALCULATION.—In determining, under subsection (c), the number of full-time equivalent positions required by a Department to

carry out a covered activity, a Secretary referred to in subsection (b)(2) shall include the number of such positions occupied by personnel carrying out program functions or other functions (including budgetary, legislative, administrative, planning, evaluation, and legal functions) related to the activity.

(g) GENERAL ACCOUNTING OFFICE REPORT.—Not later than July 1, 1996, the Comptroller General of the United States shall prepare and submit to the committees described in subsection (b)(3), a report concerning the determinations made by each Secretary under subsection (c). Such report shall contain an analysis of the determinations made by each Secretary under subsection (c) and a determination as to whether further reductions in full-time equivalent positions are appropriate.

##### SEC. 502. 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. 503. 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.

#### TITLE VI—REFORM OF PUBLIC HOUSING

##### SEC. 601. FAILURE TO COMPLY WITH OTHER WELFARE AND PUBLIC ASSISTANCE 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. FAILURE TO COMPLY WITH OTHER WELFARE AND PUBLIC ASSISTANCE PROGRAMS.

"(a) IN GENERAL.—If the benefits of a family are reduced under a Federal, State, or local law relating to welfare or a public assistance program for the failure of any member of the family to perform an action required under the law or program, the family may not, for the duration of the reduction, receive any increased assistance under this Act as the result of a decrease in the income of the family to the extent that the decrease in income is the result of the benefits reduction.

“(b) EXCEPTION.—Subsection (a) shall not apply in any case in which the benefits of a family are reduced because the welfare or public assistance program to which the Federal, State, or local law relates limits the period during which benefits may be provided under the program.”

**SEC. 602. 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 seq.), and State programs funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.).

**SEC. 603. ANNUAL ADJUSTMENT FACTORS FOR OPERATING COSTS ONLY; RESTRAINT ON RENT INCREASES.**

(a) ANNUAL ADJUSTMENT FACTORS FOR OPERATING COSTS ONLY.—Section 8(c)(2)(A) of the United States Housing Act of 1937 (42 U.S.C. 1437f(c)(2)(A)) is amended—

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

(2) by striking the second sentence and all that follows through the end of the subparagraph; and

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

“(ii) Each assistance contract under this section shall provide that—

“(1) if the maximum monthly rent for a unit in a new construction or substantial rehabilitation project to be adjusted using an annual adjustment factor exceeds 100 percent of the fair market rent for an existing dwelling unit in the market area, the Secretary shall adjust the rent using an operating costs factor that increases the rent to reflect increases in operating costs in the market area; and

“(II) if the owner of a unit in a project described in subclause (I) demonstrates that the adjusted rent determined under subclause (I) would not exceed the rent for an unassisted unit of similar quality, type, and age in the same market area, as determined by the Secretary, the Secretary shall use the otherwise applicable annual adjustment factor.”

(b) RESTRAINT ON SECTION 8 RENT INCREASES.—Section 8(c)(2)(A) of the United States Housing Act of 1937 (42 U.S.C. 1437f(c)(2)(A)), as amended by subsection (a), is amended by adding at the end the following new clause:

“(iii)(I) Subject to subclause (II), with respect to any unit assisted under this section that is occupied by the same family at the time of the most recent annual rental adjustment, if the assistance contract provides for the adjustment of the maximum monthly rent by applying an annual adjustment factor, and if the rent for the unit is otherwise eligible for an adjustment based on the full amount of the annual adjustment factor, 0.01 shall be subtracted from the amount of the

annual adjustment factor, except that the annual adjustment factor shall not be reduced to less than 1.0.

“(II) With respect to any unit described in subclause (I) that is assisted under the certificate program, the adjusted rent shall not exceed the rent for a comparable unassisted unit of similar quality, type, and age in the market area in which the unit is located.”

(c) EFFECTIVE DATE.—The amendments made by this section shall become effective on October 1, 1996.

**SEC. 604. EFFECTIVE DATE.**

This title and the amendment made by this title shall become effective on the date of enactment of this Act.

**TITLE VII—CHILD CARE**

**SEC. 701. SHORT TITLE AND REFERENCES.**

(a) SHORT TITLE.—This title may be cited as the “Child Care and Development Block Grant Amendments of 1995”.

(b) REFERENCES.—Except as otherwise expressly provided, whenever in this title an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858 et seq.).

**SEC. 702. GOALS.**

(a) GOALS.—Section 658A (42 U.S.C. 9801 note) is amended—

(1) in the section heading by inserting “AND GOALS” after “TITLE”;

(2) by inserting “(a) SHORT TITLE.—” before “This”; and

(3) by adding at the end the following:

“(b) GOALS.—The goals of this subchapter are—

“(1) to allow each State maximum flexibility in developing child care programs and policies that best suit the needs of children and parents within such State;

“(2) to promote parental choice to empower working parents to make their own decisions on the child care that best suits their family's needs;

“(3) to encourage States to provide consumer education information to help parents make informed choices about child care;

“(4) to assist States to provide child care to parents trying to achieve independence from public assistance; and

“(5) to assist States in implementing the health, safety, licensing, and registration standards established in State regulations.”

**SEC. 803. AUTHORIZATION OF APPROPRIATIONS AND ENTITLEMENT AUTHORITY.**

(a) IN GENERAL.—Section 658B (42 U.S.C. 9858) is amended to read as follows:

**“SEC. 658B. AUTHORIZATION OF APPROPRIATIONS.**

“There is authorized to be appropriated to carry out this subchapter \$1,000,000,000 for each of the fiscal years 1996 through 2002.”

(b) SOCIAL SECURITY ACT.—Part A of title IV of the Social Security Act (as amended by section 103 of this Act) is amended by redesignating section 417 as section 418 and inserting after section 416 the following:

**“SEC. 417. FUNDING FOR CHILD CARE.**

“(a) GENERAL CHILD CARE ENTITLEMENT.—

“(1) GENERAL ENTITLEMENT.—Subject to the amount appropriated under paragraph (3), each State shall, for the purpose of providing child care assistance, be entitled to payments under a grant under this subsection for a fiscal year in an amount equal to the greatest of—

“(A) the sum of—

“(i) the total amount required to be paid to the State under former section 403 for fiscal year 1994 with respect to amounts expended for child care under section 402(g) of this Act (as such section was in effect before October 1, 1995); and

“(ii) such total amount with respect to amounts expended for child care under section 403(i) of this Act (as so in effect); or

“(B) the sum described in subparagraph (A) for fiscal year 1995; or

“(C) the average of the total amounts required to be paid to the State for fiscal years 1992 through 1994 under the sections referred to in subparagraph (A).

“(2) REMAINDER.—

“(A) GRANTS.—The Secretary shall use any amounts appropriated for a fiscal year under paragraph (3), and remaining after the reservation described in paragraph (5) and after grants are awarded under paragraph (1), to make grants to States under this paragraph.

“(B) AMOUNT.—Subject to subparagraph (C), the amount of a grant awarded to a State for a fiscal year under this paragraph shall be based on the formula used for determining the amount of Federal payments to the State under section 403(n) (as such section was in effect before October 1, 1995).

“(C) MATCHING REQUIREMENT.—The Secretary shall pay to each eligible State in a fiscal year an amount, under a grant under subparagraph (A), equal to the Federal medical assistance percentage for such State for fiscal year 1995 (as defined in section 1905(b)) of so much of the expenditures by the State for child care in such year as exceed the State set-aside for such State under subsection (a)(1) for such year and the amount of State expenditures in fiscal year 1995 that equal the non-Federal share for the programs described in subparagraphs (A), (B) and (C) of paragraph (1).

“(3) APPROPRIATION.—There are authorized to be appropriated, and there are appropriated, to carry out this section—

“(A) \$1,967,000,000 for fiscal year 1997;

“(B) \$2,067,000,000 for fiscal year 1998;

“(C) \$2,167,000,000 for fiscal year 1999;

“(D) \$2,367,000,000 for fiscal year 2000;

“(E) \$2,567,000,000 for fiscal year 2001; and

“(F) \$2,767,000,000 for fiscal year 2002.

“(4) REDISTRIBUTION.—With respect to any fiscal year, if the Secretary determines that amounts under any grant awarded to a State under this subsection for such fiscal year will not be used by such State for carrying out the purpose for which the grant is made, the Secretary shall make such amounts available for carrying out such purpose to 1 or more other States which apply for such funds to the extent the Secretary determines that such other States will be able to use such additional amounts for carrying out such purpose. Such available amounts shall be redistributed to a State pursuant to section 402(i) (as such section was in effect before October 1, 1995) by substituting ‘the number of children residing in all States applying for such funds’ for ‘the number of children residing in the United States in the second preceding fiscal year’. Any amount made available to a State from an appropriation for a fiscal year in accordance with the preceding sentence shall, for purposes of this part, be regarded as part of such State's payment (as determined under this subsection) for such year.

“(5) INDIAN TRIBES.—The Secretary shall reserve not more than 1 percent of the aggregate amount appropriated to carry out this section in each fiscal year for payments to Indian tribes and tribal organizations.

“(b) USE OF FUNDS.—

“(1) IN GENERAL.—Amounts received by a State under this section shall only be used to provide child care assistance.

“(2) USE FOR CERTAIN POPULATIONS.—A State shall ensure that not less than 70 percent of the total amount of funds received by the State in a fiscal year under this section are used to provide child care assistance to families who are receiving assistance under a State program under this part, families who

are attempting through work activities to transition off of such assistance program, and families who are at risk of becoming dependent on such assistance program.

“(c) APPLICATION OF CHILD CARE AND DEVELOPMENT BLOCK GRANT ACT OF 1990.—Notwithstanding any other provision of law, amounts provided to a State under this section shall be transferred to the lead agency under the Child Care and Development Block Grant Act of 1990, integrated by the State into the programs established by the State under such Act, and be subject to requirements and limitations of such Act.

“(d) DEFINITION.—As used in this section, the term ‘State’ means each of the 50 States or the District of Columbia.”

#### SEC. 704. LEAD AGENCY.

Section 658D(b) (42 U.S.C. 9858b(b)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (A), by striking “State” the first place that such appears and inserting “governmental or nongovernmental”; and

(B) in subparagraph (C), by inserting “with sufficient time and Statewide distribution of the notice of such hearing.” after “hearing in the State”; and

(2) in paragraph (2), by striking the second sentence.

#### SEC. 705. APPLICATION AND PLAN.

Section 658E (42 U.S.C. 9858e) is amended—

(1) in subsection (b)—

(A) by striking “implemented—” and all that follows through “(2)” and inserting “implemented”; and

(B) by striking “for subsequent State plans”;

(2) in subsection (c)—

(A) in paragraph (2)—

(i) in subparagraph (A)—

(I) in clause (i) by striking “, other than through assistance provided under paragraph (3)(C).”; and

(II) by striking “except” and all that follows through “1992”, and inserting “and provide a detailed description of the procedures the State will implement to carry out the requirements of this subparagraph”;

(ii) in subparagraph (B)—

(I) by striking “Provide assurances” and inserting “Certify”; and

(II) by inserting before the period at the end “and provide a detailed description of such procedures”;

(iii) in subparagraph (C)—

(I) by striking “Provide assurances” and inserting “Certify”; and

(II) by inserting before the period at the end “and provide a detailed description of how such record is maintained and is made available”;

(iv) by amending subparagraph (D) to read as follows:

“(D) CONSUMER EDUCATION INFORMATION.—Certify that the State will collect and disseminate to parents of eligible children and the general public, consumer education information that will promote informed child care choices.”;

(v) in subparagraph (E), to read as follows:

“(E) COMPLIANCE WITH STATE LICENSING REQUIREMENTS.—

“(i) IN GENERAL.—Certify that the State has in effect licensing requirements applicable to child care services provided within the State, and provide a detailed description of such requirements and of how such requirements are effectively enforced. Nothing in the preceding sentence shall be construed to require that licensing requirements be applied to specific types of providers of child care services.

“(ii) INDIAN TRIBES AND TRIBAL ORGANIZATIONS.—In lieu of any licensing and regulatory requirements applicable under State

and local law, the Secretary, in consultation with Indian tribes and tribal organizations, shall develop minimum child care standards (that appropriately reflect tribal needs and available resources) that shall be applicable to Indian tribes and tribal organizations receiving assistance under this subchapter.”;

(vi) by striking “Provide assurances” and inserting “Certify”; and

(vii) by striking subparagraphs (H), (I), and (J) and inserting the following:

“(G) MEETING THE NEEDS OF CERTAIN POPULATIONS.—Demonstrate the manner in which the State will meet the specific child care needs of families who are receiving assistance under a State program under part A of title IV of the Social Security Act, families who are attempting through work activities to transition off of such assistance program, and families who are at risk of becoming dependent on such assistance program.

“(H) PRESERVING PARENTAL CHOICE.—Certify that the State will not implement any policy or practice which has the effect of significantly restricting parental choice by—

“(i) expressly or effectively excluding any category of care or type of provider within a category of care;

“(ii) limiting parental access to or choices from among various categories of care or types of providers; or

“(iii) excluding a significant number of providers in any category of care.

“(I) INFORMING PARENTS OF OPTIONS.—Provides assurances that parents will be informed regarding their options under this section, including the option to receive a child care certificate or voucher.”;

(B) in paragraph (3)—

(i) in subparagraph (A), by striking “(B) and (C)” and inserting “(B) through (D)”;

(ii) in subparagraph (B)—

(I) by striking “—Subject to the reservation contained in subparagraph (C), the” and inserting “AND RELATED ACTIVITIES.—The”;

(II) in clause (i) by striking “; and” at the end and inserting a period;

(III) by striking “for—” and all that follows through “section 658E(c)(2)(A)” and inserting “for child care services on sliding fee scale basis, activities that improve the quality or availability of such services, and any other activity that the State deems appropriate to realize any of the goals specified in paragraphs (2) through (5) of section 658A(b)”;

(IV) by striking clause (ii);

(v) by amending subparagraph (C) to read as follows:

“(C) LIMITATION ON ADMINISTRATIVE COSTS.—Not more than 5 percent of the aggregate amount of funds available to the State to carry out this subchapter by a State in each fiscal year may be expended for administrative costs incurred by such State to carry out all of its functions and duties under this subchapter. As used in the preceding sentence, the term ‘administrative costs’ shall not include the costs of providing direct services.”; and

(iv) by adding at the end thereof the following:

“(D) ASSISTANCE FOR CERTAIN FAMILIES.—A State shall ensure that a substantial portion of the amounts available (after the State has complied with the requirement of section 417(b)(2) of the Social Security Act with respect to each of the fiscal years 1997 through 2002) to the State to carry out activities this subchapter in each fiscal year is used to provide assistance to low-income working families other than families described in paragraph (2)(F).”; and

(C) in paragraph (4)(A)—

(i) by striking “provide assurances” and inserting “certify”;

(ii) in the first sentence by inserting “and shall provide a summary of the facts relied

on by the State to determine that such rates are sufficient to ensure such access” before the period; and

(iii) by striking the last sentence.

#### SEC. 706. LIMITATION ON STATE ALLOTMENTS.

Section 658F(b) (42 U.S.C. 9858d(b)) is amended—

(1) in paragraph (1), by striking “No” and inserting “Except as provided for in section 658O(c)(6), no”; and

(2) in paragraph (2), by striking “referred to in section 658E(c)(2)(F)”.

#### SEC. 707. ACTIVITIES TO IMPROVE THE QUALITY OF CHILD CARE.

Section 658G (42 U.S.C. 9858e) is amended to read as follows:

“SEC. 658G. ACTIVITIES TO IMPROVE THE QUALITY OF CHILD CARE.

“A State that receives funds to carry out this subchapter for a fiscal year, shall use not less than 4 percent of the amount of such funds for activities that are designed to provide comprehensive consumer education to parents and the public, activities that increase parental choice, and activities designed to improve the quality and availability of child care (such as resource and referral services).”

#### SEC. 708. REPEAL OF EARLY CHILDHOOD DEVELOPMENT AND BEFORE- AND AFTER-SCHOOL CARE REQUIREMENT.

Section 658H (42 U.S.C. 9858f) is repealed.

#### SEC. 709. ADMINISTRATION AND ENFORCEMENT.

Section 658I(b) (42 U.S.C. 9858g(b)) is amended—

(1) in paragraph (1), by striking “, and shall have” and all that follows through “(2)”;

(2) in the matter following clause (ii) of paragraph (2)(A), by striking “finding and that” and all that follows through the period and inserting “finding and shall require that the State reimburse the Secretary for any funds that were improperly expended for purposes prohibited or not authorized by this subchapter, that the Secretary deduct from the administrative portion of the State allotment for the following fiscal year an amount that is less than or equal to any improperly expended funds, or a combination of such options.”

#### SEC. 710. PAYMENTS.

Section 658J(c) (42 U.S.C. 9858h(c)) is amended by striking “expended” and inserting “obligated”.

#### SEC. 711. ANNUAL REPORT AND AUDITS.

Section 658K (42 U.S.C. 9858i) is amended—

(1) in the section heading by striking “ANNUAL REPORT” and inserting “REPORTS”;

(2) in subsection (a), to read as follows:

“(a) REPORTS.—

“(1) COLLECTION OF INFORMATION BY STATES.—

“(A) IN GENERAL.—A State that receives funds to carry out this subchapter shall collect the information described in subparagraph (B) on a monthly basis.

“(B) REQUIRED INFORMATION.—The information required under this subparagraph shall include, with respect to a family unit receiving assistance under this subchapter information concerning—

“(i) family income;

“(ii) county of residence;

“(iii) the gender, race, and age of children receiving such assistance;

“(iv) whether the family includes only 1 parent;

“(v) the sources of family income, including the amount obtained from (and separately identified)—

“(I) employment, including self-employment;

“(II) cash or other assistance under part A of title IV of the Social Security Act;

“(III) housing assistance;

"(IV) assistance under the Food Stamp Act of 1977; and

"(V) other assistance programs;

"(vi) the number of months the family has received benefits;

"(vii) the type of child care in which the child was enrolled (such as family child care, home care, or center-based child care);

"(viii) whether the child care provider involved was a relative;

"(ix) the cost of child care for such families; and

"(x) the average hours per week of such care;

during the period for which such information is required to be submitted.

"(C) SUBMISSION TO SECRETARY.—A State described in subparagraph (A) shall, on a quarterly basis, submit the information required to be collected under subparagraph (B) to the Secretary.

"(D) SAMPLING.—The Secretary may disapprove the information collected by a State under this paragraph if the State uses sampling methods to collect such information.

"(2) BIENNIAL REPORTS.—Not later than December 31, 1997, and every 6 months thereafter, a State described in paragraph (1)(A) shall prepare and submit to the Secretary a report that includes aggregate data concerning—

"(A) the number of child care providers that received funding under this subchapter as separately identified based on the types of providers listed in section 658P(5);

"(B) the monthly cost of child care services, and the portion of such cost that is paid for with assistance provided under this subchapter, listed by the type of child care services provided;

"(C) the number of payments made by the State through vouchers, contracts, cash, and disregards under public benefit programs, listed by the type of child care services provided;

"(D) the manner in which consumer education information was provided to parents and the number of parents to whom such information was provided; and

"(E) the total number (without duplication) of children and families served under this subchapter;

during the period for which such report is required to be submitted"; and

(2) in subsection (b)—

(A) in paragraph (1) by striking "a application" and inserting "an application";

(B) in paragraph (2) by striking "any agency administering activities that receive" and inserting "the State that receives"; and

(C) in paragraph (4) by striking "entitles" and inserting "entitled".

#### SEC. 712. REPORT BY THE SECRETARY.

Section 658L (42 U.S.C. 9858j) is amended—

(1) by striking "1993" and inserting "1997";

(2) by striking "annually" and inserting "biennially"; and

(3) by striking "Education and Labor" and inserting "Economic and Educational Opportunities".

#### SEC. 713. ALLOTMENTS.

Section 658O (42 U.S.C. 9858m) is amended—

(1) in subsection (a)—

(A) in paragraph (1)

(i) by striking "POSSESSIONS" and inserting "POSSESSIONS";

(ii) by inserting "and" after "States."; and

(iii) by striking "and the Trust Territory of the Pacific Islands"; and

(B) in paragraph (2), by striking "3 percent" and inserting "1 percent";

(2) in subsection (c)—

(A) in paragraph (5) by striking "our" and inserting "out"; and

(B) by adding at the end thereof the following new paragraph:

"(6) CONSTRUCTION OR RENOVATION OF FACILITIES.—

"(A) REQUEST FOR USE OF FUNDS.—An Indian tribe or tribal organization may submit to the Secretary a request to use amounts provided under this subsection for construction or renovation purposes.

"(B) DETERMINATION.—With respect to a request submitted under subparagraph (A), and except as provided in subparagraph (C), upon a determination by the Secretary that adequate facilities are not otherwise available to an Indian tribe or tribal organization to enable such tribe or organization to carry out child care programs in accordance with this subchapter, and that the lack of such facilities will inhibit the operation of such programs in the future, the Secretary may permit the tribe or organization to use assistance provided under this subsection to make payments for the construction or renovation of facilities that will be used to carry out such programs.

"(C) LIMITATION.—The Secretary may not permit an Indian tribe or tribal organization to use amounts provided under this subsection for construction or renovation if such use will result in a decrease in the level of child care services provided by the tribe or organization as compared to the level of such services provided by the tribe or organization in the fiscal year preceding the year for which the determination under subparagraph (A) is being made.

"(D) UNIFORM PROCEDURES.—The Secretary shall develop and implement uniform procedures for the solicitation and consideration of requests under this paragraph"; and

(3) in subsection (e), by adding at the end thereof the following new paragraph:

"(4) INDIAN TRIBES OR TRIBAL ORGANIZATIONS.—Any portion of a grant or contract made to an Indian tribe or tribal organization under subsection (c) that the Secretary determines is not being used in a manner consistent with the provision of this subchapter in the period for which the grant or contract is made available, shall be allotted by the Secretary to other tribes or organizations that have submitted applications under subsection (c) in accordance with their respective needs."

#### SEC. 714. DEFINITIONS.

Section 658P (42 U.S.C. 9858n) is amended—

(1) in paragraph (2), in the first sentence by inserting "or as a deposit for child care services if such a deposit is required of other children being cared for by the provider" after "child care services"; and

(2) by striking paragraph (3);

(3) in paragraph (4)(B), by striking "75 percent" and inserting "85 percent";

(4) in paragraph (5)(B)—

(A) by inserting "great grandchild, sibling (if such provider lives in a separate residence)," after "grandchild."; and

(B) by striking "is registered and"; and

(C) by striking "State" and inserting "applicable";

(5) by striking paragraph (10);

(6) in paragraph (13)—

(A) by inserting "or" after "Samoa."; and

(B) by striking "and the Trust Territory of the Pacific Islands";

(7) in paragraph (14)—

(A) by striking "The term" and inserting the following:

"(A) IN GENERAL.—The term"; and

(B) by adding at the end thereof the following new subparagraph:

"(B) OTHER ORGANIZATIONS.—Such term includes a Native Hawaiian Organization, as defined in section 4009(4) of the Augustus F. Hawkins-Robert T. Stafford Elementary and Secondary School Improvement Amendments of 1988 (20 U.S.C. 4909(4)) and a private nonprofit organization established for the

purpose of serving youth who are Indians or Native Hawaiians."

#### SEC. 715. REPEALS.

(a) CHILD DEVELOPMENT ASSOCIATE SCHOLARSHIP ASSISTANCE ACT OF 1985.—Title VI of the Human Services Reauthorization Act of 1986 (42 U.S.C. 10901-10905) is repealed.

(b) STATE DEPENDENT CARE DEVELOPMENT GRANTS ACT.—Subchapter E of chapter 8 of subtitle A of title VI of the Omnibus Budget Reconciliation Act of 1981 (42 U.S.C. 9871-9877) is repealed.

(c) PROGRAMS OF NATIONAL SIGNIFICANCE.—Title X of the Elementary and Secondary Education Act of 1965, as amended by Public Law 103-382 (108 Stat. 3809 et seq.), is amended—

(1) in section 10413(a) by striking paragraph (4).

(2) in section 10963(b)(2) by striking subparagraph (G), and

(3) in section 10974(a)(6) by striking subparagraph (G).

(d) NATIVE HAWAIIAN FAMILY-BASED EDUCATION CENTERS.—Section 9205 of the Native Hawaiian Education Act (Public Law 103-382; 108 Stat. 3794) is repealed.

#### SEC. 716. EFFECTIVE DATE.

(a) IN GENERAL.—Except as provided in subsection (b), this title and the amendments made by this title shall take effect on October 1, 1996.

(b) EXCEPTION.—The amendment made by section 803(a) shall take effect on the date of enactment of this Act.

### TITLE VIII—CHILD NUTRITION PROGRAMS

#### Subtitle A—National School Lunch Act

##### SEC. 801. VALUE OF FOOD ASSISTANCE.

(a) IN GENERAL.—Section 6(e)(1) of the National School Lunch Act (42 U.S.C. 1755(e)(1)) is amended by striking subparagraph (B) and inserting the following:

"(B) ADJUSTMENTS.—

"(i) IN GENERAL.—The value of food assistance for each meal shall be adjusted each July 1 by the annual percentage change in a 3-month average value of the Price Index for Foods Used in Schools and Institutions for March, April, and May each year.

"(ii) ADJUSTMENTS.—Except as otherwise provided in this subparagraph, in the case of each school year, the Secretary shall—

"(I) base the adjustment made under clause (i) on the amount of the unrounded adjustment for the preceding school year;

"(II) adjust the resulting amount in accordance with clause (i); and

"(III) round the result to the nearest lower cent increment.

"(iii) ADJUSTMENT FOR 24-MONTH PERIOD BEGINNING JULY 1, 1996.—In the case of the 24-month period beginning July 1, 1996, the value of food assistance shall be the same as the value of food assistance in effect on June 30, 1996.

"(iv) ADJUSTMENT FOR SCHOOL YEAR BEGINNING JULY 1, 1998.—In the case of the school year beginning July 1, 1998, the Secretary shall—

"(I) base the adjustment made under clause (i) on the amount of the unrounded adjustment for the value of food assistance for the school year beginning July 1, 1995;

"(II) adjust the resulting amount to reflect the annual percentage change in a 3-month average value of the Price Index for Foods Used in Schools and Institutions for March, April, and May for the most recent 12-month period for which the data are available; and

"(III) round the result to the nearest lower cent increment."

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall become effective on July 1, 1996.

##### SEC. 802. COMMODITY ASSISTANCE.

(a) IN GENERAL.—Section 6(g) of the National School Lunch Act (42 U.S.C. 1755(g)) is

amended by striking "12 percent" and inserting "8 percent".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall become effective on July 1, 1996.

#### SEC. 803. STATE DISBURSEMENT TO SCHOOLS.

(a) IN GENERAL.—Section 8 of the National School Lunch Act (42 U.S.C. 1757) is amended—

(1) in the third sentence, by striking "Nothing" and all that follows through "educational agency to" and inserting "The State educational agency may";

(2) by striking the fourth, fifth, and eighth sentences;

(3) by redesignating the first through sixth sentences, as amended by paragraph (1), as subsections (a) through (f), respectively;

(4) in subsection (b), as redesignated by paragraph (3), by striking "the preceding sentence" and inserting "subsection (a)"; and

(5) in subsection (d), as redesignated by paragraph (3), by striking "Such food costs" and inserting "Use of funds paid to States".

(b) DEFINITION OF CHILD.—Section 12(d) of the Act (42 U.S.C. 1760(d)) is amended by adding at the end the following:

"(9) 'child' includes an individual, regardless of age, who—

"(A) is determined by a State educational agency, in accordance with regulations prescribed by the Secretary, to have 1 or more mental or physical disabilities; and

"(B) is attending any institution, as defined in section 17(a), or any nonresidential public or nonprofit private school of high school grade or under, for the purpose of participating in a school program established for individuals with mental or physical disabilities.

No institution that is not otherwise eligible to participate in the program under section 17 shall be considered eligible because of this paragraph."

#### SEC. 804. NUTRITIONAL AND OTHER PROGRAM REQUIREMENTS.

(a) NUTRITIONAL STANDARDS.—Section 9(a) of the National School Lunch Act (42 U.S.C. 1758(a)) is amended—

(1) in paragraph (2)—

(A) by striking "(2)(A) Lunches" and inserting "(2) Lunches";

(B) by striking subparagraph (B); and

(C) by redesignating clauses (i) and (ii) as subparagraphs (A) and (B), respectively;

(2) by striking paragraph (3); and

(3) by redesignating paragraph (4) as paragraph (3).

(b) ELIGIBILITY GUIDELINES.—Section 9(b) of the Act is amended—

(1) in paragraph (2)—

(A) by striking subparagraph (A); and

(B) by redesignating subparagraphs (B) and (C) as subparagraphs (A) and (B), respectively;

(2) in paragraph (5), by striking the third sentence; and

(3) in paragraph (6), by striking "paragraph (2)(C)" and inserting "paragraph (2)(B)".

(c) UTILIZATION OF AGRICULTURAL COMMODITIES.—Section 9(c) of the Act is amended by striking the second, fourth, and sixth sentences.

(d) CONFORMING AMENDMENT.—The last sentence of section 9(d)(1) of the Act is amended by striking "subsection (b)(2)(C)" and inserting "subsection (b)(2)(B)".

(e) NUTRITIONAL INFORMATION.—Section 9(f) of the Act is amended—

(1) by striking paragraph (1);

(2) by striking "(2)";

(3) by redesignating subparagraphs (A) through (D) as paragraphs (1) through (4), respectively;

(4) by striking paragraph (1), as redesignated by paragraph (3), and inserting the following:

"(1) NUTRITIONAL REQUIREMENTS.—Except as provided in paragraph (2), not later than the first day of the 1996-1997 school year, schools that are participating in the school lunch or school breakfast program shall serve lunches and breakfasts under the program that—

"(A) are consistent with the goals of the most recent Dietary Guidelines for Americans published under section 301 of the National Nutrition Monitoring and Related Research Act of 1990 (7 U.S.C. 5341); and

"(B) provide, on the average over each week, at least—

"(i) with respect to school lunches,  $\frac{1}{3}$  of the daily recommended dietary allowance established by the Food and Nutrition Board of the National Research Council of the National Academy of Sciences; and

"(ii) with respect to school breakfasts,  $\frac{1}{4}$  of the daily recommended dietary allowance established by the Food and Nutrition Board of the National Research Council of the National Academy of Sciences.";

(5) in paragraph (3), as redesignated by paragraph (3)—

(A) by redesignating clauses (i) and (ii) as subparagraphs (A) and (B), respectively; and

(B) in subparagraph (A), as so redesignated, by redesignating subclauses (I) and (II) as clauses (i) and (ii), respectively; and

(6) in paragraph (4), as redesignated by paragraph (3), by striking the first sentence and inserting the following: "Schools may use any reasonable approach to meet the requirements of this paragraph, including any approach described in paragraph (3)."

(f) USE OF RESOURCES.—Section 9 of the Act is amended by striking subsection (h).

#### SEC. 805. FREE AND REDUCED PRICE POLICY STATEMENT.

Section 9(b)(2) of the National School Lunch Act (42 U.S.C. 1758(b)(2)), as amended by section 802(b)(1), is further amended by adding at the end the following:

"(C) FREE AND REDUCED PRICE POLICY STATEMENT.—After the initial submission, a school shall not be required to submit a free and reduced price policy statement to a State educational agency under this Act unless there is a substantive change in the free and reduced price policy of the school. A routine change in the policy of a school, such as an annual adjustment of the income eligibility guidelines for free and reduced price meals, shall not be sufficient cause for requiring the school to submit a policy statement."

#### SEC. 806. SPECIAL ASSISTANCE.

(a) REIMBURSEMENT RATES FOR LUNCHES, BREAKFASTS, AND SUPPLEMENTS.—

(1) IN GENERAL.—Section 11(a)(3)(B) of the National School Lunch Act (42 U.S.C. 1759a(a)(3)(B)) is amended—

(A) by designating the second and third sentences as subparagraphs (C) and (D), respectively; and

(B) by striking subparagraph (D) (as so designated) and inserting the following:

"(D) ROUNDING.—Except as otherwise provided in this paragraph, in the case of each school year, the Secretary shall—

"(i) base the adjustment made under this paragraph on the amount of the unrounded adjustment for the preceding school year;

"(ii) adjust the resulting amount in accordance with subparagraphs (B) and (C); and

"(iii) round the result to the nearest lower cent increment.

"(E) ADJUSTMENT FOR 12-MONTH PERIOD BEGINNING JULY 1, 1996.—In the case of the 12-month period beginning July 1, 1996, the national average payment rates for paid lunches, paid breakfasts, and paid supplements shall be the same as the national average payment rate for paid lunches, paid breakfasts, and paid supplements, respec-

tively, for the school year beginning July 1, 1995, rounded to the nearest lower cent increment.

"(F) ADJUSTMENT FOR SCHOOL YEAR BEGINNING JULY 1, 1997.—In the case of the school year beginning July 1, 1997, the Secretary shall—

"(i) base the adjustments made under this paragraph for—

"(I) paid lunches and paid breakfasts on the amount of the unrounded adjustment for paid lunches for the school year beginning July 1, 1996; and

"(II) paid supplements on the amount of the unrounded adjustment for paid supplements for the school year beginning July 1, 1996;

"(ii) adjust each resulting amount in accordance with subparagraph (C); and

"(iii) round each result to the nearest lower cent increment."

(2) EFFECTIVE DATE.—The amendments made by paragraph (1) shall become effective on July 1, 1996.

(b) FINANCING BASED ON NEED.—Section 11(b) of the Act is amended—

(1) in the second sentence, by striking "within" and all that follows through "all States"; and

(2) by striking the third sentence.

(c) APPLICABILITY OF OTHER PROVISIONS.—Section 11 of the Act is amended—

(1) by striking subsection (d);

(2) in subsection (e)(2)—

(A) by striking "The" and inserting "On request of the Secretary, the"; and

(B) by striking "each month"; and

(3) by redesignating subsections (e) and (f), as so amended, as subsections (d) and (e), respectively.

#### SEC. 807. MISCELLANEOUS PROVISIONS AND DEFINITIONS.

(a) ACCOUNTS AND RECORDS.—Section 12(a) of the National School Lunch Act (42 U.S.C. 1760(a)) is amended by striking "at all times be available" and inserting "be available at any reasonable time".

(b) RESTRICTION ON REQUIREMENTS.—Section 12(c) of the Act is amended by striking "neither the Secretary nor the State shall" and inserting "the Secretary shall not".

(c) DEFINITIONS.—Section 12(d) of the Act, as amended by section 801(b), is further amended—

(1) in paragraph (1), by striking "the Trust Territory of the Pacific Islands" and inserting "the Commonwealth of the Northern Mariana Islands";

(2) by striking paragraphs (3) and (4); and

(3) by redesignating paragraphs (1), (2), and (5) through (9) as paragraphs (6), (7), (3), (4), (2), (5), and (1), respectively, and rearranging the paragraphs so as to appear in numerical order.

(d) ADJUSTMENTS TO NATIONAL AVERAGE PAYMENT RATES.—Section 12(f) of the Act is amended by striking "the Trust Territory of the Pacific Islands".

(e) EXPEDITED RULEMAKING.—Section 12(k) of the Act is amended—

(1) by striking paragraphs (1), (2), and (5); and

(2) by redesignating paragraphs (3) and (4) as paragraphs (1) and (2), respectively.

(f) WAIVER.—Section 12(l) of the Act is amended—

(1) in paragraph (1)(A)(i), by inserting after "program" the following: "and would not have the effect of transferring funds or commodities from the support of meals for children with incomes below the income criteria for free or reduced price meals, as provided in section 9(b)";

(2) in paragraph (2)—

(A) by striking "(A)";

(B) in clause (iii), by adding "and" at the end;

(C) in clause (iv), by striking the semicolon at the end and inserting a period;

(D) by striking clauses (v) through (vii);  
 (E) by striking subparagraph (B); and  
 (F) by redesignating clauses (i) through (iv), as so amended, as subparagraphs (A) through (D), respectively;

(3) in paragraph (3)—  
 (A) by striking "(A)"; and  
 (B) by striking subparagraphs (B) through (D);

(4) in paragraph (4)—  
 (A) in the matter preceding subparagraph (A), by striking "of any requirement relating" and inserting "that increases Federal costs or that relates";

(B) by striking subparagraphs (B), (D), (F), (H), (J), (K), and (L);

(C) by redesignating subparagraphs (C), (E), (G), (I), (M), and (N) as subparagraphs (B) through (G), respectively; and

(D) in subparagraph (F), as redesignated by subparagraph (C), by striking "and" at the end and inserting "or"; and

(5) in paragraph (6)—  
 (A) by striking "(A)(i)" and all that follows through "(B)"; and

(B) by redesignating clauses (i) through (iv) as subparagraphs (A) through (D), respectively.

(g) **FOOD AND NUTRITION PROJECTS.**—Section 12 of the Act is amended by striking subsection (m).

**SEC. 808. SUMMER FOOD SERVICE PROGRAM FOR CHILDREN.**

(a) **ESTABLISHMENT OF PROGRAM.**—Section 13(a) of the National School Lunch Act (42 U.S.C. 1761(a)) is amended—

(1) in paragraph (1)—  
 (A) in the first sentence, by striking "initiate, maintain, and expand" and insert "initiate and maintain"; and

(B) in subparagraph (E) of the second sentence, by striking "the Trust Territory of the Pacific Islands"; and

(2) in paragraph (7)(A), by striking "Except as provided in subparagraph (C), private" and inserting "Private".

(b) **SERVICE INSTITUTIONS.**—Section 13(b) of the Act is amended by striking "(b)(1)" and all that follows through the end of paragraph (1) and inserting the following:

"(b) **SERVICE INSTITUTIONS.**—

"(1) **PAYMENTS.**—

"(A) **IN GENERAL.**—Except as otherwise provided in this paragraph, payments to service institutions shall equal the full cost of food service operations (which cost shall include the costs of obtaining, preparing, and serving food, but shall not include administrative costs).

"(B) **MAXIMUM AMOUNTS.**—Subject to subparagraph (C), payments to any institution under subparagraph (A) shall not exceed—

"(i) \$2.00 for each lunch and supper served;

"(ii) \$1.20 for each breakfast served; and

"(iii) 50 cents for each meal supplement served.

"(C) **ADJUSTMENTS.**—Amounts specified in subparagraph (B) shall be adjusted each January 1 to the nearest lower cent increment in accordance with the changes for the 12-month period ending the preceding November 30 in the series for food away from home of the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics of the Department of Labor. Each adjustment shall be based on the unrounded adjustment for the prior 12-month period."

(c) **ADMINISTRATION OF SERVICE INSTITUTIONS.**—Section 13(b)(2) of the Act is amended—

(1) in the first sentence, by striking "four meals" and inserting "3 meals, or 2 meals and 1 supplement"; and

(2) by striking the second sentence.

(d) **REIMBURSEMENTS.**—Section 13(c)(2) of the Act is amended—

(1) by striking subparagraph (A);

(2) in subparagraph (B)—

(A) in the first sentence—

(i) by striking "and such higher education institutions."; and

(ii) by striking "without application" and inserting "upon showing residence in areas in which poor economic conditions exist or on the basis of income eligibility statements for children enrolled in the program"; and

(B) by adding at the end the following: "The higher education institutions referred to in the preceding sentence shall be eligible to participate in the program under this paragraph without application.";

(3) in subparagraph (C)(ii), by striking "severe need"; and

(4) by redesignating subparagraphs (B) through (E), as so amended, as subparagraphs (A) through (D), respectively.

(e) **ADVANCE PROGRAM PAYMENTS.**—Section 13(e)(1) of the Act is amended—

(1) by striking "institution: *Provided*, That (A) the" and inserting "institution. The";

(2) by inserting "(excluding a school)" after "any service institution"; and

(3) by striking "responsibilities, and (B) no" and inserting "responsibilities. No".

(f) **FOOD REQUIREMENTS.**—Section 13(f) of the Act is amended—

(1) by redesignating the first through seventh sentences as paragraphs (1) through (7), respectively;

(2) by striking paragraph (3), as redesignated by paragraph (1);

(3) in paragraph (4), as redesignated by paragraph (1), by striking "the first sentence" and inserting "paragraph (1)";

(4) in paragraph (6), as redesignated by paragraph (1), by striking "that bacteria levels" and all that follows through the period at the end and inserting "conformance with standards set by local health authorities."; and

(5) by redesignating paragraphs (4) through (7), as redesignated by paragraph (1), as paragraphs (3) through (6), respectively.

(g) **PERMITTING OFFER VERSUS SERVE.**—Section 13(f) of the Act, as amended by subsection (f), is further amended by adding at the end the following:

"(7) **OFFER VERSUS SERVE.**—A school food authority participating as a service institution may permit a child attending a site on school premises operated directly by the authority to refuse not more than 1 item of a meal that the child does not intend to consume. A refusal of an offered food item shall not affect the amount of payments made under this section to a school for the meal."

(h) **HEALTH DEPARTMENT INSPECTIONS.**—Section 13(k) of the Act is amended by striking paragraph (3).

(i) **FOOD SERVICE MANAGEMENT COMPANIES.**—Section 13(l) of the Act is amended—

(1) by striking paragraph (4);

(2) in paragraph (5), by striking the first sentence; and

(3) by redesignating paragraph (5), as so amended, as paragraph (4).

(j) **RECORDS.**—The second sentence of section 13(m) of the Act is amended by striking "at all times be available" and inserting "be available at any reasonable time".

(k) **REMOVING MANDATORY NOTICE TO INSTITUTIONS.**—Section 13(n)(2) of the Act is amended by striking "and its plans and schedule for informing service institutions of the availability of the program".

(l) **PLAN.**—Section 13(n) of the Act is amended—

(1) in paragraph (2), by striking "including the State's methods of assessing need";

(2) by striking paragraph (3);

(3) in paragraph (4), by striking "and schedule"; and

(4) by redesignating paragraphs (4) through (7), as so amended, as paragraphs (3) through (6), respectively.

(m) **MONITORING AND TRAINING.**—Section 13(q) of the Act is amended—

(1) by striking paragraphs (2) and (4);

(2) in paragraph (3), by striking "paragraphs (1) and (2) of this subsection" and inserting "paragraph (1)"; and

(3) by redesignating paragraph (3), as so amended, as paragraph (2).

(n) **EXPIRED PROGRAM.**—Section 13 of the Act is amended—

(1) by striking subsection (p); and

(2) by redesignating subsections (q) and (r), as so amended, as subsections (p) and (q), respectively.

(o) **EFFECTIVE DATE.**—The amendments made by subsection (b) shall become effective on January 1, 1996.

**SEC. 809. COMMODITY DISTRIBUTION.**

(a) **CEREAL AND SHORTENING IN COMMODITY DONATIONS.**—Section 14(b) of the National School Lunch Act (42 U.S.C. 1762a(b)) is amended—

(1) by striking paragraph (1); and

(2) by redesignating paragraphs (2) and (3) as paragraphs (1) and (2), respectively.

(b) **IMPACT STUDY AND PURCHASING PROCEDURES.**—Section 14(d) of the Act is amended by striking the second and third sentences.

(c) **CASH COMPENSATION FOR PILOT PROJECT SCHOOLS.**—Section 14(g) of the Act is amended by striking paragraph (3).

(d) **STATE ADVISORY COUNCIL.**—Section 14 is amended—

(1) by striking subsection (e); and

(2) by redesignating subsections (f) and (g), as so amended, as subsections (e) and (f), respectively.

**SEC. 810. CHILD CARE FOOD PROGRAM.**

(a) **ESTABLISHMENT OF PROGRAM.**—Section 17 of the National School Lunch Act (42 U.S.C. 1766) is amended—

(1) in the section heading, by striking "AND ADULT"; and

(2) in the first sentence of subsection (a), by striking "initiate, maintain, and expand" and inserting "initiate and maintain".

(b) **INSTITUTIONS PROVIDING CHILD CARE.**—Section 17(a) of the Act (42 U.S.C. 1766(a)) is amended—

(1) in the second sentence—

(A) by inserting "the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858 et seq.) or" after "from amounts granted to the States under"; and

(B) by striking "(but only if" and all that follows and inserting a period; and

(2) in the fourth sentence, by striking "Reimbursement" and inserting "Notwithstanding the type of institution providing the meal or supplement, reimbursement".

(c) **PAYMENTS TO SPONSOR EMPLOYEES.**—Paragraph (2) of the last sentence of section 17(a) of the Act (42 U.S.C. 1766(a)) is amended—

(1) by striking "and" at the end of subparagraph (B);

(2) by striking the period at the end of subparagraph (C) and inserting "; and"; and

(3) by adding at the end the following:

"(D) in the case of a family or group day care home sponsoring organization that employs more than 1 employee, the organization does not base payments to an employee of the organization on the number of family or group day care homes recruited."

(d) **TECHNICAL ASSISTANCE.**—The last sentence of section 17(d)(1) of the Act is amended by striking "and shall provide technical assistance" and all that follows through "its application".

(e) **IMPROVED TARGETING OF DAY CARE HOME REIMBURSEMENTS.**—

(1) **RESTRUCTURED DAY CARE HOME REIMBURSEMENTS.**—Section 17(f)(3) of the Act is amended by striking "(3)(A) Institutions" and all that follows through the end of subparagraph (A) and inserting the following:

"(3) REIMBURSEMENT OF FAMILY OR GROUP DAY CARE HOME SPONSORING ORGANIZATIONS.—

"(A) REIMBURSEMENT FACTOR.—

"(i) IN GENERAL.—An institution that participates in the program under this section as a family or group day care home sponsoring organization shall be provided, for payment to a home sponsored by the organization, reimbursement factors in accordance with this subparagraph for the cost of obtaining and preparing food and prescribed labor costs involved in providing meals under this section.

"(ii) TIER I FAMILY OR GROUP DAY CARE HOMES.—

"(I) DEFINITION.—In this paragraph, the term 'tier I family or group day care home' means—

"(aa) a family or group day care home that is located in a geographic area, as defined by the Secretary based on census data, in which at least 50 percent of the children residing in the area are members of households whose incomes meet the income eligibility guidelines for free or reduced price meals under section 9;

"(bb) a family or group day care home that is located in an area served by a school enrolling elementary students in which at least 50 percent of the total number of children enrolled are certified eligible to receive free or reduced price school meals under this Act or the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.); or

"(cc) a family or group day care home that is operated by a provider whose household meets the income eligibility guidelines for free or reduced price meals under section 9 and whose income is verified by the sponsoring or organization of the home under regulations established by the Secretary.

"(II) REIMBURSEMENT.—Except as provided in subclause (III), a tier I family or group day care home shall be provided reimbursement factors under this clause without a requirement for documentation of the costs described in clause (i), except that reimbursement shall not be provided under this subclause for meals or supplements served to the children of a person acting as a family or group day care home provider unless the children meet the income eligibility guidelines for free or reduced price meals under section 9.

"(III) FACTORS.—Except as provided in subclause (IV), the reimbursement factors applied to a home referred to in subclause (II) shall be the factors in effect on the date of enactment of this subclause.

"(IV) ADJUSTMENTS.—The reimbursement factors under this subparagraph shall be adjusted on August 1, 1996, July 1, 1997, and each July 1 thereafter, to reflect changes in the Consumer Price Index for food at home for the most recent 12-month period for which the data are available. The reimbursement factors under this subparagraph shall be rounded to the nearest lower cent increment and based on the unrounded adjustment in effect on June 30 of the preceding school year.

"(iii) TIER II FAMILY OR GROUP DAY CARE HOMES.—

"(I) IN GENERAL.—

"(aa) FACTORS.—Except as provided in subclause (II), with respect to meals or supplements served under this clause by a family or group day care home that does not meet the criteria set forth in clause (ii)(I), the reimbursement factors shall be \$1.00 for lunches and suppers, 30 cents for breakfasts, and 15 cents for supplements.

"(bb) ADJUSTMENTS.—The factors shall be adjusted on July 1, 1997, and each July 1 thereafter, to reflect changes in the Consumer Price Index for food at home for the most recent 12-month period for which the data are available. The reimbursement

factors under this item shall be rounded down to the nearest lower cent increment and based on the unrounded adjustment for the preceding 12-month period.

"(cc) REIMBURSEMENT.—A family or group day care home shall be provided reimbursement factors under this subclause without a requirement for documentation of the costs described in clause (i), except that reimbursement shall not be provided under this subclause for meals or supplements served to the children of a person acting as a family or group day care home provider unless the children meet the income eligibility guidelines for free or reduced price meals under section 9.

"(II) OTHER FACTORS.—A family or group day care home that does not meet the criteria set forth in clause (ii)(I) may elect to be provided reimbursement factors determined in accordance with the following requirements:

"(aa) CHILDREN ELIGIBLE FOR FREE OR REDUCED PRICE MEALS.—In the case of meals or supplements served under this subsection to children who are members of households whose incomes meet the income eligibility guidelines for free or reduced price meals under section 9, the family or group day care home shall be provided reimbursement factors set by the Secretary in accordance with clause (ii)(II).

"(bb) INELIGIBLE CHILDREN.—In the case of meals or supplements served under this subsection to children who are members of households whose incomes do not meet the income eligibility guidelines, the family or group day care home shall be provided reimbursement factors in accordance with subclause (I).

"(III) INFORMATION AND DETERMINATIONS.—

"(aa) IN GENERAL.—If a family or group day care home elects to claim the factors described in subclause (II), the family or group day care home sponsoring organization serving the home shall collect the necessary income information, as determined by the Secretary, from any parent or other caretaker to make the determinations specified in subclause (II) and shall make the determinations in accordance with rules prescribed by the Secretary.

"(bb) CATEGORICAL ELIGIBILITY.—In making a determination under item (aa), a family or group day care home sponsoring organization may consider a child participating in or subsidized under, or a child with a parent participating in or subsidized under, a federally or State supported child care or other benefit program with an income eligibility limit that does not exceed the eligibility standard for free or reduced price meals under section 9 to be a child who is a member of a household whose income meets the income eligibility guidelines under section 9.

"(cc) FACTORS FOR CHILDREN ONLY.—A family or group day care home may elect to receive the reimbursement factors prescribed under clause (ii)(III) solely for the children participating in a program referred to in item (bb) if the home elects not to have income statements collected from parents or other caretakers.

"(IV) SIMPLIFIED MEAL COUNTING AND REPORTING PROCEDURES.—The Secretary shall prescribe simplified meal counting and reporting procedures for use by a family or group day care home that elects to claim the factors under subclause (II) and by a family or group day care home sponsoring organization that sponsors the home. The procedures the Secretary prescribes may include 1 or more of the following:

"(aa) Setting an annual percentage for each home of the number of meals served that are to be reimbursed in accordance with the reimbursement factors prescribed under clause (ii)(III) and an annual percentage of

the number of meals served that are to be reimbursed in accordance with the reimbursement factors prescribed under subclause (I), based on the family income of children enrolled in the home in a specified month or other period.

"(bb) Placing a home into 1 of 2 or more reimbursement categories annually based on the percentage of children in the home whose households have incomes that meet the income eligibility guidelines under section 9, with each such reimbursement category carrying a set of reimbursement factors such as the factors prescribed under clause (ii)(III) or subclause (I) or factors established within the range of factors prescribed under clause (ii)(III) and subclause (I).

"(cc) Such other simplified procedures as the Secretary may prescribe.

"(V) MINIMUM VERIFICATION REQUIREMENTS.—The Secretary may establish any necessary minimum verification requirements."

(2) GRANTS TO STATES TO PROVIDE ASSISTANCE TO FAMILY OR GROUP DAY CARE HOMES.—Section 17(f)(3) of the Act is amended by adding at the end the following:

"(D) GRANTS TO STATES TO PROVIDE ASSISTANCE TO FAMILY OR GROUP DAY CARE HOMES.—

"(i) IN GENERAL.—

"(I) RESERVATION.—From amounts made available to carry out this section, the Secretary shall reserve \$5,000,000 of the amount made available for fiscal year 1996.

"(II) PURPOSE.—The Secretary shall use the funds made available under subclause (I) to provide grants to States for the purpose of providing—

"(aa) assistance, including grants, to family and day care home sponsoring organizations and other appropriate organizations, in securing and providing training, materials, automated data processing assistance, and other assistance for the staff of the sponsoring organizations; and

"(bb) training and other assistance to family and group day care homes in the implementation of the amendment to subparagraph (A) made by section 808(d)(1) of the Personal Responsibility and Work Opportunity Act of 1996.

"(ii) ALLOCATION.—The Secretary shall allocate from the funds reserved under clause (i)(I)—

"(I) \$30,000 in base funding to each State; and

"(II) any remaining amount among the States, based on the number of family day care homes participating in the program in a State during fiscal year 1994 as a percentage of the number of all family day care homes participating in the program during fiscal year 1994.

"(iii) RETENTION OF FUNDS.—Of the amount of funds made available to a State for fiscal year 1996 under clause (i), the State may retain not to exceed 30 percent of the amount to carry out this subparagraph.

"(iv) ADDITIONAL PAYMENTS.—Any payments received under this subparagraph shall be in addition to payments that a State receives under subparagraph (A)."

(3) PROVISION OF DATA.—Section 17(f)(3) of the Act, as amended by paragraph (2), is further amended by adding at the end the following:

"(E) PROVISION OF DATA TO FAMILY OR GROUP DAY CARE HOME SPONSORING ORGANIZATIONS.—

"(i) CENSUS DATA.—The Secretary shall provide to each State agency administering a child care food program under this section data from the most recent decennial census survey or other appropriate census survey for which the data are available showing which areas in the State meet the requirements of subparagraph (A)(ii)(I)(aa). The

State agency shall provide the data to family or group day care home sponsoring organizations located in the State.

**"(ii) SCHOOL DATA.—**

**"(I) IN GENERAL.—**A State agency administering the school lunch program under this Act or the school breakfast program under the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.) shall provide to approved family or group day care home sponsoring organizations a list of schools serving elementary school children in the State in which not less than ½ of the children enrolled are certified to receive free or reduced price meals. The State agency shall collect the data necessary to create the list annually and provide the list on a timely basis to any approved family or group day care home sponsoring organization that requests the list.

**"(II) USE OF DATA FROM PRECEDING SCHOOL YEAR.—**In determining for a fiscal year or other annual period whether a home qualifies as a tier I family or group day care home under subparagraph (A)(ii)(I), the State agency administering the program under this section, and a family or group day care home sponsoring organization, shall use the most current available data at the time of the determination.

**"(iii) DURATION OF DETERMINATION.—**For purposes of this section, a determination that a family or group day care home is located in an area that qualifies the home as a tier I family or group day care home (as the term is defined in subparagraph (A)(ii)(I)), shall be in effect for 3 years (unless the determination is made on the basis of census data, in which case the determination shall remain in effect until more recent census data are available) unless the State agency determines that the area in which the home is located no longer qualifies the home as a tier I family or group day care home."

**(4) CONFORMING AMENDMENTS.—**Section 17(c) of the Act is amended by inserting "except as provided in subsection (f)(3)," after "For purposes of this section," each place it appears in paragraphs (1), (2), and (3).

**(f) REIMBURSEMENT.—**Section 17(f) of the Act is amended—

(1) in paragraph (3)—

(A) in subparagraph (B), by striking the third and fourth sentences; and

(B) in subparagraph (C)—

(i) in clause (i)—

(I) by striking "(i)";

(II) in the first sentence, by striking "and expansion funds" and all that follows through "rural areas";

(III) by striking the second sentence; and

(IV) by striking "and expansion funds" each place it appears; and

(ii) by striking clause (ii); and

(2) by striking paragraph (4).

**(g) NUTRITIONAL REQUIREMENTS.—**Section 17(g)(1) of the Act is amended—

(1) in subparagraph (A), by striking the second sentence; and

(2) in subparagraph (B), by striking the second sentence.

**(h) ELIMINATION OF STATE PAPERWORK AND OUTREACH BURDEN.—**Section 17 of the Act is amended by striking subsection (k) and inserting the following:

**"(k) TRAINING AND TECHNICAL ASSISTANCE.—**A State participating in the program established under this section shall provide sufficient training, technical assistance, and monitoring to facilitate effective operation of the program. The Secretary shall assist the State in developing plans to fulfill the requirements of this subsection."

**(i) RECORDS.—**The second sentence of section 17(m) of the Act is amended by striking "at all times" and inserting "at any reasonable time".

**(j) MODIFICATION OF ADULT CARE FOOD PROGRAM.—**Section 17(o) of the Act is amended—

(1) in the first sentence of paragraph (1)—  
(A) by striking "adult day care centers" and inserting "day care centers for chronically impaired disabled persons"; and

(B) by striking "to persons 60 years of age or older or"; and

(2) in paragraph (2)—

(A) in subparagraph (A)—

(i) by striking "adult day care center" and inserting "day care center for chronically impaired disabled persons"; and

(ii) in clause (i)—

(I) by striking "adult";

(II) by striking "adults" and inserting "persons"; and

(III) by striking "or persons 60 years of age or older"; and

(B) in subparagraph (B), by striking "adult day care services" and inserting "day care services for chronically impaired disabled persons".

**(k) UNNEEDED PROVISION.—**Section 17 of the Act is amended by striking subsection (q).

**(l) CONFORMING AMENDMENTS.—**

(1) Section 17B(f) of the Act (42 U.S.C. 1766b(f)) is amended—

(A) in the subsection heading, by striking "AND ADULT"; and

(B) in paragraph (1), by striking "and adult".

(2) Section 18(e)(3)(B) of the Act (42 U.S.C. 1769(e)(3)(B)) is amended by striking "and adult".

(3) Section 25(b)(1)(C) of the Act (42 U.S.C. 1769f(b)(1)(C)) is amended by striking "and adult".

(4) Section 3(1) of the Healthy Meals for Healthy Americans Act of 1994 (Public Law 103-448) is amended by striking "and adult".

**(m) EFFECTIVE DATE.—**

(1) **IN GENERAL.—**Except as provided in paragraph (2), the amendments made by this section shall become effective on the date of enactment of this Act.

(2) **IMPROVED TARGETING OF DAY CARE HOME REIMBURSEMENTS.—**The amendments made by paragraphs (1), (3), and (4) of subsection (f) shall become effective on August 1, 1996.

**(3) REGULATIONS.—**

(A) **INTERIM REGULATIONS.—**Not later than February 1, 1996, the Secretary shall issue interim regulations to implement—

(i) the amendments made by paragraphs (1), (3), and (4) of subsection (f); and

(ii) section 17(f)(3)(C) of the National School Lunch Act (42 U.S.C. 1766(f)(3)(C)).

(B) **FINAL REGULATIONS.—**Not later than August 1, 1996, the Secretary shall issue final regulations to implement the provisions of law referred to in subparagraph (A).

**(n) STUDY OF IMPACT OF AMENDMENTS ON PROGRAM PARTICIPATION AND FAMILY DAY CARE LICENSING.—**

(1) **IN GENERAL.—**The Secretary of Agriculture, in conjunction with the Secretary of Health and Human Services, shall study the impact of the amendments made by this section on—

(A) the number of family day care homes participating in the child care food program established under section 17 of the National School Lunch Act (42 U.S.C. 1766);

(B) the number of day care home sponsoring organizations participating in the program;

(C) the number of day care homes that are licensed, certified, registered, or approved by each State in accordance with regulations issued by the Secretary;

(D) the rate of growth of the numbers referred to in subparagraphs (A) through (C);

(E) the nutritional adequacy and quality of meals served in family day care homes that—

(i) received reimbursement under the program prior to the amendments made by this section but do not receive reimbursement

after the amendments made by this section; or

(ii) received full reimbursement under the program prior to the amendments made by this section but do not receive full reimbursement after the amendments made by this section; and

(F) the proportion of low-income children participating in the program prior to the amendments made by this section and the proportion of low-income children participating in the program after the amendments made by this section.

**(2) REQUIRED DATA.—**Each State agency participating in the child care food program under section 17 of the National School Lunch Act (42 U.S.C. 1766) shall submit to the Secretary data on—

(A) the number of family day care homes participating in the program on July 31, 1996, and July 31, 1997;

(B) the number of family day care homes licensed, certified, registered, or approved for service on July 31, 1996, and July 31, 1997; and

(C) such other data as the Secretary may require to carry out this subsection.

**(3) SUBMISSION OF REPORT.—**Not later than 2 years after the effective date of this section, the Secretary shall submit the study required under this subsection to the Committee on Economic and Educational Opportunities of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

**SEC. 811. PILOT PROJECTS.**

**(a) UNIVERSAL FREE PILOT.—**Section 18(d) of the National School Lunch Act (42 U.S.C. 1769(d)) is amended—

(1) by striking paragraph (3); and

(2) by redesignating paragraphs (4) and (5) as paragraphs (3) and (4), respectively.

**(b) DEMO PROJECT OUTSIDE SCHOOL HOURS.—**Section 18(e) of the Act is amended—

(1) in paragraph (1)—

(A) in subparagraph (A)—

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

(ii) by striking "shall" and inserting "may"; and

(B) by striking subparagraph (B); and

(2) by striking paragraph (5) and inserting the following:

**"(5) AUTHORIZATION OF APPROPRIATIONS.—**There are authorized to be appropriated to carry out this subsection such sums as are necessary for each of fiscal years 1997 and 1998."

**(c) ELIMINATING PROJECTS.—**Section 18 of the Act is amended—

(1) by striking subsections (a) and (g) through (i); and

(2) by redesignating subsections (b) through (f), as so amended, as subsections (a) through (e), respectively.

**(d) CONFORMING AMENDMENT.—**Section 17B(d)(1)(A) of the Act (42 U.S.C. 1766b(d)(1)(A)) is amended by striking "18(c)" and inserting "18(b)".

**SEC. 812. REDUCTION OF PAPERWORK.**

Section 19 of the National School Lunch Act (42 U.S.C. 1769a) is repealed.

**SEC. 813. INFORMATION ON INCOME ELIGIBILITY.**

Section 23 of the National School Lunch Act (42 U.S.C. 1769d) is repealed.

**SEC. 814. NUTRITION GUIDANCE FOR CHILD NUTRITION PROGRAMS.**

Section 24 of the National School Lunch Act (42 U.S.C. 1769e) is repealed.

**SEC. 815. INFORMATION CLEARINGHOUSE.**

Section 26 of the National School Lunch Act (42 U.S.C. 1769g) is repealed.

**Subtitle B—Child Nutrition Act of 1966**

**SEC. 821. SPECIAL MILK PROGRAM.**

**(a) DEFINITION.—**Section 3(a)(3) of the Child Nutrition Act of 1966 (42 U.S.C. 1772(a)(3)) is

amended by striking "the Trust Territory of the Pacific Islands" and inserting "the Commonwealth of the Northern Mariana Islands".

(b) ADJUSTMENTS TO REIMBURSEMENTS.—

(1) IN GENERAL.—Section 3(a) of the Act is amended by striking paragraph (8) and inserting the following:

"(8) ADJUSTMENTS.—

"(A) IN GENERAL.—Except as otherwise provided in this paragraph, in the case of each school year, the Secretary shall—

"(i) base the adjustment made under paragraph (7) on the amount of the unrounded adjustment for the preceding school year;

"(ii) adjust the resulting amount in accordance with paragraph (7); and

"(iii) round the result to the nearest lower cent increment.

"(B) ADJUSTMENT FOR 12-MONTH PERIOD BEGINNING JULY 1, 1996.—In the case of the 12-month period beginning July 1, 1996, the minimum rate shall be the same as the minimum rate in effect on June 30, 1996, rounded to the nearest lower cent increment.

"(C) ADJUSTMENT FOR SCHOOL YEAR BEGINNING JULY 1, 1997.—In the case of the school year beginning July 1, 1997, the Secretary shall—

"(i) base the adjustment made under paragraph (7) on the amount of the unrounded adjustment for the minimum rate for the school year beginning July 1, 1996;

"(ii) adjust the resulting amount to reflect changes in the Producer Price Index for Fresh Processed Milk published by the Bureau of Labor Statistics of the Department of Labor for the most recent 12-month period for which the data are available; and

"(iii) round the result to the nearest lower cent increment."

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall become effective on July 1, 1996.

**SEC. 822. REIMBURSEMENT RATES FOR FREE AND REDUCED PRICE BREAKFASTS.**

(a) IN GENERAL.—Section 4(b) of the Child Nutrition Act of 1966 (42 U.S.C. 1773(b)) is amended—

(1) in paragraph (1)(B)—

(A) in the first sentence, by striking "section 11(a)" and inserting "subparagraphs (B) through (D) of section 11(a)(3)"; and

(B) in the second sentence, by striking ", adjusted to the nearest one-fourth cent" and inserting "(as adjusted pursuant to subparagraphs (B) through (D) of section 11(a)(3) of the National School Lunch Act (42 U.S.C. 1759a(a)(3)))"; and

(2) in paragraph (2)(B)(ii)—

(A) by striking "nearest one-fourth cent" and inserting "nearest lower cent increment for the applicable school year"; and

(B) by inserting before the period at the end the following: ", and the adjustment required by this clause shall be based on the unrounded adjustment for the preceding school year".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall become effective on July 1, 1996.

**SEC. 823. FREE AND REDUCED PRICE POLICY STATEMENT.**

Section 4(b)(1) of the Child Nutrition Act of 1966 (42 U.S.C. 1773(b)(1)) is amended by adding at the end the following:

"(E) FREE AND REDUCED PRICE POLICY STATEMENT.—After the initial submission, a school shall not be required to submit a free and reduced price policy statement to a State educational agency under this Act unless there is a substantive change in the free and reduced price policy of the school. A routine change in the policy of a school, such as an annual adjustment of the income eligibility guidelines for free and reduced price meals, shall not be sufficient cause for re-

quiring the school to submit a policy statement."

**SEC. 824. SCHOOL BREAKFAST PROGRAM AUTHORIZATION.**

(a) TRAINING AND TECHNICAL ASSISTANCE IN FOOD PREPARATION.—Section 4(e)(1) of the Child Nutrition Act of 1966 (42 U.S.C. 1773(e)(1)) is amended—

(1) in subparagraph (A), by striking "(A)"; and

(2) by striking subparagraph (B).

(b) EXPANSION OF PROGRAM; STARTUP AND EXPANSION COSTS.—

(1) IN GENERAL.—Section 4 of the Act is amended by striking subsections (f) and (g).

(2) EFFECTIVE DATE.—The amendments made by paragraph (1) shall become effective on October 1, 1996.

**SEC. 825. STATE ADMINISTRATIVE EXPENSES.**

(a) USE OF FUNDS FOR COMMODITY DISTRIBUTION ADMINISTRATION; STUDIES.—Section 7 of the Child Nutrition Act of 1966 (42 U.S.C. 1776) is amended—

(1) by striking subsections (e) and (h); and

(2) by redesignating subsections (f), (g), and (i) as subsections (e), (f), and (g), respectively.

(b) APPROVAL OF CHANGES.—Section 7(e) of the Act, as so redesignated, is amended—

(1) by striking "each year an annual plan" and inserting "the initial fiscal year a plan"; and

(2) by adding at the end the following: "After submitting the initial plan, a State shall only be required to submit to the Secretary for approval a substantive change in the plan."

**SEC. 826. REGULATIONS.**

Section 10 of the Child Nutrition Act of 1966 (42 U.S.C. 1779) is amended—

(1) in subsection (b)—

(A) in paragraph (1), by striking "(1)"; and

(B) by striking paragraphs (2) through (4); and

(2) in subsection (c)—

(A) by striking "may" and inserting "shall";

(B) by inserting ", except the program authorized under section 17," after "under this Act"; and

(C) by adding at the end the following: "Such regulations shall prohibit the transfer of funds that are used to support meals served to children with incomes below the income eligibility criteria for free or reduced price meals, as provided in section 9(b) of the National School Lunch Act."

**SEC. 827. PROHIBITIONS.**

Section 11(a) of the Child Nutrition Act of 1966 (42 U.S.C. 1780(a)) is amended by striking "neither the Secretary nor the State shall" and inserting "the Secretary shall not".

**SEC. 828. MISCELLANEOUS PROVISIONS AND DEFINITIONS.**

Section 15 of the Child Nutrition Act of 1966 (42 U.S.C. 1784) is amended—

(1) in paragraph (1), by striking "the Trust Territory of the Pacific Islands" and inserting "the Commonwealth of the Northern Mariana Islands"; and

(2) in the first sentence of paragraph (3)—

(A) in subparagraph (A), by inserting "and" at the end; and

(B) by striking ", and (C)" and all that follows through "Governor of Puerto Rico".

**SEC. 829. ACCOUNTS AND RECORDS.**

The second sentence of section 16(a) of the Child Nutrition Act of 1966 (42 U.S.C. 1785(a)) is amended by striking "at all times be available" and inserting "be available at any reasonable time".

**SEC. 830. SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN.**

(a) DEFINITIONS.—Section 17(b) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(b)) is amended—

(1) in paragraph (15)(B)(iii), by inserting "of not more than 90 days" after "accommodation"; and

(2) in paragraph (16)—

(A) in subparagraph (A), by adding "and" at the end; and

(B) in subparagraph (B), by striking "; and" and inserting a period; and

(C) by striking subparagraph (C).

(b) SECRETARY'S PROMOTION OF WIC.—Section 17(c) of the Act is amended by striking paragraph (5).

(c) ELIGIBLE PARTICIPANTS.—Section 17(d) of the Act is amended by striking paragraph (4).

(d) NUTRITION EDUCATION AND DRUG ABUSE EDUCATION.—Section 17(e) of the Act is amended—

(1) in the first sentence of paragraph (1), by striking "shall ensure" and all that follows through "is provided" and inserting "shall provide nutrition education and may provide drug abuse education";

(2) in paragraph (2), by striking the third sentence;

(3) by striking paragraph (4) and inserting the following:

"(4) INFORMATION.—The State agency may provide a local agency with materials describing other programs for which participants in the program may be eligible."

(4) in paragraph (5), by striking "The State" and all that follows through "local agency shall" and inserting "A local agency may"; and

(5) by striking paragraph (6).

(e) STATE PLAN.—Section 17(f) of the Act is amended—

(1) in paragraph (1)—

(A) in subparagraph (A)—

(i) by striking "annually to the Secretary, by a date specified by the Secretary, a" and inserting "to the Secretary, by a date specified by the Secretary, an initial"; and

(ii) by adding at the end the following: "After submitting the initial plan, a State shall only be required to submit to the Secretary for approval a substantive change in the plan."

(B) in subparagraph (C)—

(i) by striking clause (iii) and inserting the following:

"(iii) a plan to coordinate operations under the program with other services or programs that may benefit participants in, and applicants for, the program";

(ii) in clause (vi), by inserting after "in the State" the following: "(including a plan to improve access to the program for participants and prospective applicants who are employed, or who reside in rural areas)";

(iii) by striking clauses (vii), (ix), (x), and (xii);

(iv) in clause (xiii), by striking "may require" and inserting "may reasonably require"; and

(v) by redesignating clauses (viii), (xi), and (xiii), as so amended, as clauses (vii), (viii), and (ix), respectively;

(C) by striking subparagraph (D); and

(D) by redesignating subparagraph (E) as subparagraph (D);

(2) by striking paragraphs (2), (6), (8), (20), (22), and (24);

(3) in the second sentence of paragraph (5), by striking "at all times be available" and inserting "be available at any reasonable time";

(4) in paragraph (9)(B), by striking the second sentence;

(5) in the first sentence of paragraph (11), by striking ", including standards that will ensure sufficient State agency staff";

(6) in paragraph (12), by striking the third sentence;

(7) in paragraph (14), by striking "shall" and inserting "may";

(8) in paragraph (17), by striking "and to accommodate" and all that follows through "facilities";

(9) in paragraph (19), by striking "shall" and inserting "may"; and

(10) by redesignating paragraphs (3), (4), (5), (7), (9) through (19), (21), and (23), as so amended, as paragraphs (2), (3), (4), (5), (6) through (16), (17), and (18), respectively.

(f) INFORMATION.—Section 17(g) of the Act is amended—

(1) in paragraph (5), by striking "the report required under subsection (d)(4)" and inserting "reports on program participant characteristics"; and

(2) by striking paragraph (6).

(g) PROCUREMENT OF INFANT FORMULA.—

(1) IN GENERAL.—Section 17(h) of the Act is amended—

(A) in paragraph (4)(E), by striking "and, on" and all that follows through "(d)(4)";

(B) in paragraph (8)—

(i) by striking subparagraphs (A), (C), and (M);

(ii) in subparagraph (G)—

(I) in clause (i), by striking "(i)"; and

(II) by striking clauses (ii) through (ix);

(iii) in subparagraph (I), by striking "Secretary" and all that follows through "(v) may" and inserting "Secretary may";

(iv) by redesignating subparagraphs (B) and (D) through (L) as subparagraphs (A) and (B) through (J), respectively;

(v) in subparagraph (A)(i), as so redesignated, by striking "subparagraphs (C), (D), and (E)(iii), in carrying out subparagraph (A)," and inserting "subparagraphs (B) and (C)(iii)";

(vi) in subparagraph (B)(i), as so redesignated, by striking "subparagraph (B)" each place it appears and inserting "subparagraph (A)"; and

(vii) in subparagraph (C)(iii), as so redesignated, by striking "subparagraph (B)" and inserting "subparagraph (A)"; and

(C) in paragraph (10)(A), by striking "shall" and inserting "may".

(2) APPLICATION.—The amendments made by paragraph (1) shall not apply to a contract for the procurement of infant formula under section 17(h)(8) of the Act that is in effect on the effective date of this subsection.

(h) NATIONAL ADVISORY COUNCIL ON MATERNAL, INFANT, AND FETAL NUTRITION.—Section 17(k)(3) of the Act is amended by striking "Secretary shall designate" and inserting "Council shall elect".

(i) COMPLETED STUDY; COMMUNITY COLLEGE DEMONSTRATION; GRANTS FOR INFORMATION AND DATA SYSTEM.—Section 17 of the Act is amended by striking subsections (n), (o), and (p).

(j) DISQUALIFICATION OF VENDORS WHO ARE DISQUALIFIED UNDER THE FOOD STAMP PROGRAM.—Section 17 of the Act, as so amended, is further amended by adding at the end the following:

"(n) DISQUALIFICATION OF VENDORS WHO ARE DISQUALIFIED UNDER THE FOOD STAMP PROGRAM.—

"(1) IN GENERAL.—The Secretary shall issue regulations providing criteria for the disqualification under this section of an approved vendor that is disqualified from accepting benefits under the food stamp program established under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.).

"(2) TERMS.—A disqualification under paragraph (1)—

"(A) shall be for the same period as the disqualification from the program referred to in paragraph (1);

"(B) may begin at a later date than the disqualification from the program referred to in paragraph (1); and

"(C) shall not be subject to judicial or administrative review."

#### SEC. 831. CASH GRANTS FOR NUTRITION EDUCATION.

Section 18 of the Child Nutrition Act of 1966 (42 U.S.C. 1787) is repealed.

#### SEC. 832. NUTRITION EDUCATION AND TRAINING.

(a) FINDINGS.—Section 19 of the Child Nutrition Act of 1966 (42 U.S.C. 1788) is amended—

(1) in subsection (a), by striking "that—" and all that follows through the period at the end and inserting "that effective dissemination of scientifically valid information to children participating or eligible to participate in the school lunch and related child nutrition programs should be encouraged."; and

(2) in subsection (b), by striking "encourage" and all that follows through "establishing" and inserting "establish".

(b) USE OF FUNDS.—Section 19(f) of the Act is amended—

(1) in paragraph (1)—

(A) by striking subparagraph (B); and

(B) in subparagraph (A)—

(i) by striking "(A)";

(ii) by striking clauses (ix) through (xix);

(iii) by redesignating clauses (i) through (viii) and (xx) as subparagraphs (A) through (H) and (I), respectively; and

(iv) in subparagraph (H), as so redesignated, by inserting "and" at the end;

(2) by striking paragraphs (2) and (4); and

(3) by redesignating paragraph (3) as paragraph (2).

(c) ACCOUNTS, RECORDS, AND REPORTS.—The second sentence of section 19(g)(1) of the Act is amended by striking "at all times be available" and inserting "be available at any reasonable time".

(d) STATE COORDINATORS FOR NUTRITION; STATE PLAN.—Section 19(h) of the Act is amended—

(1) in the second sentence of paragraph (1)—

(A) by striking "as provided in paragraph (2) of this subsection"; and

(B) by striking "as provided in paragraph (3) of this subsection";

(2) in paragraph (2), by striking the second and third sentences; and

(3) by striking paragraph (3).

(e) AUTHORIZATION OF APPROPRIATIONS.—Section 19(i) of the Act is amended—

(1) in the first sentence of paragraph (2)(A), by striking "and each succeeding fiscal year";

(2) by redesignating paragraphs (3) and (4) as paragraphs (4) and (5), respectively; and

(3) by inserting after paragraph (2) the following:

"(3) FISCAL YEARS 1997 THROUGH 2002.—

"(A) IN GENERAL.—There are authorized to be appropriated to carry out this section \$10,000,000 for each of fiscal years 1997 through 2002.

"(B) GRANTS.—

"(i) IN GENERAL.—Grants to each State from the amounts made available under sub-paragraph (A) shall be based on a rate of 50 cents for each child enrolled in schools or institutions within the State, except that no State shall receive an amount less than \$75,000 per fiscal year.

"(ii) INSUFFICIENT FUNDS.—If the amount made available for any fiscal year is insufficient to pay the amount to which each State is entitled under clause (i), the amount of each grant shall be ratably reduced."

(f) ASSESSMENT.—Section 19 of the Act is amended by striking subsection (j).

(g) EFFECTIVE DATE.—The amendments made by subsection (e) shall become effective on October 1, 1996.

#### SEC. 833. BREASTFEEDING PROMOTION PROGRAM.

Section 21 of the Child Nutrition Act of 1966 (42 U.S.C. 1790) is repealed.

#### TITLE IX—FOOD STAMP PROGRAM AND RELATED PROGRAMS

##### SEC. 901. DEFINITION OF CERTIFICATION PERIOD.

Section 3(c) of the Food Stamp Act of 1977 (7 U.S.C. 2012(c)) is amended by striking "Except as provided" and all that follows and inserting the following: "The certification period shall not exceed 12 months, except that the certification period may be up to 24 months if all adult household members are elderly or disabled. A State agency shall have at least 1 contact with each certified household every 12 months."

##### SEC. 902. EXPANDED 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 cards, cash or checks issued in lieu of coupons or access devices, including, but not limited to, electronic benefit transfer cards and personal identification numbers".

##### SEC. 903. 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. 904. 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 the following:

"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. 905. 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. 906. INCOME EXCLUSIONS.

(a) EXCLUSION OF CERTAIN JTPA INCOME.—Section 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014) is amended—

(1) in subsection (d)—

(A) by striking "and (16)" and inserting "(16)"; and

(B) by inserting before the period at the end the following: ", and (17) income received under the Job Training Partnership Act (29 U.S.C. 1501 et seq.) by a household member who is less than 19 years of age"; and

(2) in subsection (f), by striking "under section 204(b)(1)(C)" and all that follows and inserting "shall be considered earned income for purposes of the food stamp program."

(b) EXCLUSION OF LIFE INSURANCE POLICIES.—Section 5(g) of the Food Stamp Act of 1977 (7 U.S.C. 2014(g)) is amended by adding at the end the following:

"(6) The Secretary shall exclude from financial resources the cash value of any life

insurance policy owned by a member of a household."

(c) IN-TANDEM EXCLUSIONS FROM INCOME.—Section 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014) is amended by adding at the end the following:

"(n) Whenever a Federal statute enacted after the date of the enactment of this Act excludes funds from income for purposes of determining eligibility, benefit levels, or both under State plans approved under part A of title IV of the Social Security Act, then such funds shall be excluded from income for purposes of determining eligibility, benefit levels, or both, respectively, under the food stamp program of households all of whose members receive benefits under a State plan approved under part A of title IV of the Social Security Act."

#### SEC. 907. DEDUCTIONS FROM INCOME.

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

(1) in the 1st sentence—

(A) by striking "\$85" and inserting "\$134";

(B) by striking "\$145, \$120, \$170, and \$75, respectively" and inserting the following:

"\$229, \$189, \$269, and \$118, respectively, for fiscal year 1996; and a standard deduction of \$120 a month for each household, except that households in Alaska, Hawaii, Guam, and the Virgin Islands of the United States shall be allowed a standard deduction of \$200, \$165, \$234, and \$103, respectively, for fiscal years thereafter, adjusted in accordance with this subsection";

(2) in the 2nd sentence by striking "Such" and all that follows through "each October 1 thereafter," and inserting "On October 1, 2001, and on each October 1 thereafter, such standard deductions shall be adjusted";

(3) by striking the 14th sentence; and

(4) by inserting after the 9th sentence the following:

"A State agency may make use of a standard utility allowance mandatory for all households with qualifying utility costs if the State agency has developed 1 or more standards that include the cost of heating and cooling and 1 or more standards that do not include the cost of heating and cooling, and if the Secretary finds that the standards will not result in an increased cost to the Secretary. A State agency that has not made the use of a standard utility allowance mandatory 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."

#### SEC. 908. VEHICLE ALLOWANCE.

Section 5(g)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2014(g)(2)) is amended to read as follows:

"(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 regulations 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 a level set by the Secretary, which shall be \$4,600 beginning October 1, 1995, and adjusted on each October 1 thereafter to reflect changes in the

new car component of the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics for the 12-month period ending on June 30 preceding the date of such adjustment and rounded to the nearest \$50; 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 paragraph 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. 909. VENDOR PAYMENTS FOR TRANSITIONAL HOUSING COUNTED AS INCOME.

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

(1) by striking subparagraph (F); and

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

#### SEC. 910. INCREASED 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)—

(A) by striking "six months" and inserting "1 year"; and

(B) by adding "and" at the end; and

(2) striking clauses (ii) and (iii) and inserting the following:

"(i) permanently upon—

"(I) the second occasion of any such determination; or

"(II) the first occasion of a finding by a Federal, State, or local court of the trading of a controlled substance (as defined in section 102 of the Controlled Substances Act (21 U.S.C. 802)), firearms, ammunition, or explosives for coupons."

#### SEC. 911. DISQUALIFICATION OF CONVICTED INDIVIDUALS.

Section 6(b)(1)(ii) of the Food Stamp Act of 1977 (7 U.S.C. 2015(b)(1)(ii)), as amended by section 910, is amended—

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

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

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

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

#### SEC. 912. 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 paragraph (1) and inserting the following:

"(d) CONDITIONS OF PARTICIPATION.—

"(1) WORK REQUIREMENTS.—

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

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

"(ii) refuses without good cause to participate in an employment and training program

under paragraph (4), to the extent required by the State agency;

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

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

"(II) 80 percent of the wage that would have governed had the minimum hourly rate under section 6(a)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)) been applicable to the offer of employment;

"(iv) refuses without good cause to provide a State agency with sufficient information to allow the State agency to determine the employment status or the job availability of the individual;

"(v) voluntarily and without good cause—

"(I) quits a job; or

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

"(vi) fails to comply with section 20.

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

"(i) the duration of the ineligibility of the individual determined under subparagraph (C); or

"(ii) 180 days.

"(C) DURATION OF INELIGIBILITY.—

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

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

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

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

"(ii) SECOND VIOLATION.—The second time that an individual becomes ineligible to participate in the food stamp program under subparagraph (A), the individual shall remain ineligible until the later of—

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

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

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

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

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

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

"(III) a date determined by the State agency; or

"(IV) at the option of the State agency, permanently.

"(D) ADMINISTRATION.—

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

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

"(iii) DETERMINATION BY STATE AGENCY.—

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

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

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

"(cc) whether an individual is in compliance with a requirement under subparagraph (A).

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

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

"(v) SELECTING A HEAD OF HOUSEHOLD.—

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

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

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

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

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

(b) CONFORMING AMENDMENT.—

(1) The second sentence of section 17(b)(2) of the Food Stamp Act of 1977 (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(f) of the Food Stamp Act of 1977 (7 U.S.C. 2029(f)) is amended to read as follows:

"(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. 913. CARETAKER EXEMPTION.

Section 6(d)(2)(B) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)(2)(B)) is amended to read as follows: "(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;"

SEC. 914. 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 (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";

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

(3) by adding at the end the following:

"(O) Notwithstanding any other provision of this paragraph, the amount of Federal funds a State agency uses in any fiscal year after fiscal year 1996 to carry out this paragraph with respect to individuals who receive benefits under a State plan approved under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) shall not exceed the amount of Federal funds the State agency used in fiscal year 1995 to carry out this paragraph with respect to individuals who received benefits under such plan."

(b) FUNDING.—Section 16(h) of the Food Stamp Act of 1977 (7 U.S.C. 2025(h)) is amended by striking "(h)(1)(A) The Secretary" and all that follows through the end of paragraph (1) and inserting the following:

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

"(1) IN GENERAL.—

"(A) AMOUNTS.—To carry out employment and training programs, the Secretary shall reserve for allocation to State agencies from funds made available for each fiscal year under section 18(a)(1) the amount of \$150,000,000 for each of the fiscal years 1996 through 2002.

"(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."

(d) REPORTS.—Section 16(h) of the Food Stamp Act of 1977 (7 U.S.C. 2025(h)) is amended—

(1) in paragraph (5)—

(A) by striking "(5)(A) The Secretary" and inserting "(5) The Secretary"; and

(B) by striking subparagraph (B); and

(2) by striking paragraph (6).

SEC. 915. 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 So-

cial 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 such 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 Food Stamp Act of 1977 (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 Food Stamp Act of 1977 (7 U.S.C. 2015(d)(2)(A)) is amended by striking "that is comparable to a requirement of paragraph (1)".

SEC. 916. 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 915, 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. 917. DISQUALIFICATION OF FLEEING FELONS.

Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015), as amended by sections 915 and 916, 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. 918. COOPERATION WITH CHILD SUPPORT AGENCIES.

Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015), as amended by sections 915, 916, and 917, 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. 919. DISQUALIFICATION RELATING TO CHILD SUPPORT ARREARS.

Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015), as amended by sections 915, 916, 917 and 918, is amended by adding at the end the following:

“(o) DISQUALIFICATION FOR CHILD SUPPORT ARREARS.—

“(1) IN GENERAL.—At the option of a State agency, except as provided in paragraph (2), 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. 920. WORK REQUIREMENT FOR ABLE-BODIED RECIPIENTS.

(a) IN GENERAL.—Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015), as amended by sections 915, 916, 917, 918, and 919, is amended by adding at the end the following:

“(p) WORK REQUIREMENT.—

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

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

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

“(C) a program of employment or training operated or supervised by a State or local government, as determined appropriate by the Secretary.

“(2) WORK REQUIREMENT.—No individual shall be eligible to participate in the food stamp program as a member of any household if, during the preceding 12 months, the individual received food stamp benefits for not less than 6 months during which the individual did not—

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

“(B) participate in a workfare program under section 20 or a comparable State or local workfare program;

“(C) participate in and comply with the requirements of an approved employment and training program under subsection (d)(4); or

“(D) participate in and comply with the requirements of a work program for 20 hours or more per week.

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

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

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

“(C) a parent or other member of a household with a dependent child under 18 years of age; or

“(D) otherwise exempt under subsection (d)(2).

“(4) WAIVER.—

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

“(i) has an unemployment rate of over 8 percent; or

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

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

(b) WORK AND TRAINING PROGRAMS.—Section 6(d)(4) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)(4)) is amended by adding at the end the following:

“(O) REQUIRED PARTICIPATION IN WORK AND TRAINING PROGRAMS.—A State agency shall provide an opportunity to participate in the employment and training program under this paragraph to any individual who would otherwise become subject to disqualification under subsection (p).

“(P) COORDINATING WORK REQUIREMENTS.—

“(i) IN GENERAL.—Notwithstanding any other provision of this paragraph, a State agency that meets the participation requirements of clause (ii) may operate the employment and training program of the State for individuals who are members of households receiving allotments under this Act as part of a program operated by the State under part F of title IV of the Social Security Act (42 U.S.C. 681 et seq.); subject to the requirements of such Act.

“(ii) PARTICIPATION REQUIREMENTS.—A State agency may exercise the option under

clause (i) if the State agency provides an opportunity to participate in an approved employment and training program to an individual who is—

“(I) subject to subsection (p);

“(II) not employed at least an average of 20 hours per week;

“(III) not participating in a workfare program under section 20 (or a comparable State or local program); and

“(IV) not subject to a waiver under subsection (i)(4).”

SEC. 921. 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 amending paragraph (1) to read as follows:

“(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 24 are issued from 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.”;

(F) by adding at the end the following:

“(1) 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.”

(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. 922. 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. 923. 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. 924. OPTIONAL COMBINED ALLOTMENT FOR EXPEDITED HOUSEHOLDS.

Section 8(c)(3) of the Food Stamp Act of 1977 (7 U.S.C. 2017(c)(3)) is amended to read as follows:

“(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. 925. FAILURE TO COMPLY WITH OTHER MEANS-TESTED PUBLIC ASSISTANCE PROGRAMS.**

Section 8(d) of the Food Stamp Act of 1977 (7 U.S.C. 2017(d)) is amended to read as follows:

"(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 perform 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 such Act to reduce the allotment under the food stamp program."

**SEC. 926. 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 representative of the individual for a period that is less than 1 month; and

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

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

**SEC. 927. AUTHORITY TO ESTABLISH AUTHORIZATION PERIODS.**

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:

"The Secretary is authorized to issue regulations establishing specific time periods during which authorization to accept and redeem coupons under the food stamp program shall be valid."

**SEC. 928. SPECIFIC PERIOD FOR PROHIBITING PARTICIPATION OF STORES BASED ON LACK OF BUSINESS INTEGRITY.**

Section 9(a)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2018(a)(1)), as amended by section 927, is amended by adding at the end the following:

"The Secretary is authorized to issue regulations establishing specific time periods dur-

ing which a retail food store or wholesale food concern that has an application for approval to accept and redeem coupons denied or that has such an approval withdrawn on the basis of business integrity and reputation cannot submit a new application for approval. Such periods shall reflect the severity of business integrity infractions that are the basis of such denials or withdrawals."

**SEC. 929. 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 1st sentence by inserting "which may include relevant income and sales tax filing documents," after "submit information"; and

(2) by inserting after the 1st sentence the following:

"The regulations may require retail food stores and wholesale food concerns to provide written authorization for the Secretary to verify all relevant tax filings with appropriate agencies and to obtain corroborating documentation from other sources in order that the accuracy of information provided by such stores and concerns may be verified."

**SEC. 930. WAITING PERIOD FOR STORES THAT INITIALLY FAIL TO MEET AUTHORIZATION CRITERIA.**

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

"Regulations issued pursuant to this Act shall prohibit a retail food store or wholesale food concern that has an application for approval to accept and redeem coupons denied because it does not meet criteria for approval established by the Secretary in regulations from submitting a new application for six months from the date of such denial."

**SEC. 931. OPERATION OF FOOD STAMP OFFICES.**

Section 11(e)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(2)) is amended to read as follows:

"(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) 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) 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) 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."

(2) in the last sentence of subsection (i) by striking "No" and inserting "Other than in a case of disqualification as a penalty for failure to comply with a public assistance program rule or regulation, no".

**SEC. 932. MANDATORY CLAIMS COLLECTION METHODS.**

(a) **ADMINISTRATION.**—Section 11(e)(8) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(8)) is amended by inserting "or refunds of Federal taxes as authorized pursuant to section 3720A of title 31 of the United States Code" before the semicolon at the end.

(b) **COLLECTION OF CLAIMS.**—Section 13(d) of the Food Stamp Act of 1977 (7 U.S.C. 2022(d)) is amended—

(1) by striking "may" and inserting "shall"; and

(2) by inserting "or refunds of Federal taxes as authorized pursuant to section 3720A of title 31 of the United States Code" before the period at the end.

(c) **RELATED AMENDMENTS.**—Section 6103(1) of the Internal Revenue Code (26 U.S.C. 6103(1)) is amended—

(1) by striking "officers and employees" in paragraph (10)(A) and inserting "officers, employees or agents, including State agencies"; and

(2) by striking "officers and employees" in paragraph (10)(B) and inserting "officers, employees or agents, including State agencies".

**SEC. 933. EXCHANGE OF LAW ENFORCEMENT INFORMATION.**

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

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

"that—

"(A) the";

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

"law;

"(B) notwithstanding";

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

"Act;

"(C) the"; and

(4) by adding at the end the following:

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

"(i) the member—

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

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

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

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

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

**SEC. 934. 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 subparagraph (B);

(3) in subparagraph (D) by striking ", (B), or (C)" and inserting "or (B)"; and

(4) by redesignating subparagraphs (C) and (D) as subparagraphs (B) and (C), respectively.

**SEC. 935. 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. 936. INCOME, ELIGIBILITY, AND IMMIGRATION STATUS VERIFICATION SYSTEMS.**

Section 11(e)(19) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(19)) is amended by striking "that information is" and inserting "at the option of the State agency, that information may be".

**SEC. 937. BASES FOR SUSPENSIONS AND DISQUALIFICATIONS.**

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

"Regulations issued pursuant to this Act shall provide criteria for the finding of violations and the suspension or disqualification of a retail food store or wholesale food concern on the basis of evidence which may include, but is not limited to, facts established through on-site investigations, inconsistent redemption data, or evidence obtained through transaction reports under electronic benefit transfer systems."

**SEC. 938. AUTHORITY TO SUSPEND STORES VIOLATING PROGRAM REQUIREMENTS PENDING ADMINISTRATIVE AND JUDICIAL REVIEW.**

(a) **SUSPENSION AUTHORITY.**—Section 12(a) of the Food Stamp Act of 1977 (7 U.S.C. 2021(a)), as amended by section 937, is amended by adding at the end the following:

"Such regulations may establish criteria under which the authorization of a retail food store or wholesale food concern to accept and redeem coupons may be suspended at the time such store or concern is initially found to have committed violations of program requirements. Such suspension may coincide with the period of a review as provided in section 14. The Secretary shall not be liable for the value of any sales lost during any suspension or disqualification period."

(b) **CONFORMING AMENDMENT.**—Section 14(a) of the Food Stamp Act of 1977 (7 U.S.C. 2023(a)) is amended—

(1) in the 1st sentence by inserting "suspended," before "disqualified or subjected";

(2) in the 5th sentence by inserting before the period at the end the following:

"... except that in the case of the suspension of a retail food store or wholesale food concern pursuant to section 12(a), such suspension shall remain in effect pending any administrative or judicial review of the pro-

posed disqualification action, and the period of suspension shall be deemed a part of any period of disqualification which is imposed."; and

(3) by striking the last sentence.

**SEC. 939. DISQUALIFICATION OF RETAILERS WHO ARE DISQUALIFIED FROM THE WIC PROGRAM.**

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

"(g) The Secretary shall issue regulations providing criteria for the disqualification of approved retail food stores and wholesale food concerns that are otherwise disqualified from accepting benefits under the Special Supplemental Nutrition Program for Women, Infants and Children (WIC) authorized under section 17 of the Child Nutrition Act of 1966. Such disqualification—

"(1) shall be for the same period as the disqualification from the WIC Program;

"(2) may begin at a later date; and

"(3) notwithstanding section 14 of this Act, shall not be subject to administrative or judicial review."

**SEC. 940. PERMANENT DEBARMENT OF RETAILERS WHO INTENTIONALLY SUBMIT FALSIFIED APPLICATIONS.**

Section 12 of the Food Stamp Act of 1977 (7 U.S.C. 2021), as amended by section 939, is amended by adding at the end the following:

"(h) The Secretary shall issue regulations providing for the permanent disqualification of a retail food store or wholesale food concern that is determined to have knowingly submitted an application for approval to accept and redeem coupons which contains false information about one or more substantive matters which were the basis for providing approval. Any disqualification imposed under this subsection shall be subject to administrative and judicial review pursuant to section 14, but such disqualification shall remain in effect pending such review."

**SEC. 941. EXPANDED CIVIL AND CRIMINAL FORFEITURE FOR VIOLATIONS OF THE FOOD STAMP ACT.**

(a) **FORFEITURE OF ITEMS EXCHANGED IN FOOD STAMP TRAFFICKING.**—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) **CIVIL AND CRIMINAL FORFEITURE.**—Section 15 of the Food Stamp Act of 1977 (7 U.S.C. 2024) is amended by adding at the end the following:

"(h)(1) **CIVIL FORFEITURE FOR FOOD STAMP BENEFIT VIOLATIONS.**—

"(A) Any food stamp benefits and any property, real or personal—

"(i) constituting, derived from, or traceable to any proceeds obtained directly or indirectly from, or

"(ii) used, or intended to be used, to commit, or to facilitate,

the commission of a violation of subsection (b) or subsection (c) involving food stamp benefits having an aggregate value of not less than \$5,000, shall be subject to forfeiture to the United States.

"(B) The provisions of chapter 46 of title 18, United States Code, relating to civil forfeitures shall extend to a seizure or forfeiture under this subsection, insofar as applicable and not inconsistent with the provisions of this subsection.

"(2) **CRIMINAL FORFEITURE FOR FOOD STAMP BENEFIT VIOLATIONS.**—

"(A)(i) Any person convicted of violating subsection (b) or subsection (c) involving food stamp benefits having an aggregate value of not less than \$5,000, shall forfeit to the United States, irrespective of any State law—

"(I) any food stamp benefits and any property constituting, or derived from, or trace-

able to any proceeds such person obtained directly or indirectly as a result of such violation; and

"(II) any food stamp benefits and any of such person's property used, or intended to be used, in any manner or part, to commit, or to facilitate the commission of such violation.

"(ii) In imposing sentence on such person, the court shall order that the person forfeit to the United States all property described in this subsection.

"(B) All food stamp benefits and any property subject to forfeiture under this subsection, any seizure and disposition thereof, and any administrative or judicial proceeding relating thereto, shall be governed by subsections (b), (c), (e), and (g) through (p) of section 413 of the Comprehensive Drug Abuse Prevention and Control Act of 1970 (21 U.S.C. 853), insofar as applicable and not inconsistent with the provisions of this subsection.

"(3) **APPLICABILITY.**—This subsection shall not apply to property specified in subsection (g) of this section.

"(4) **RULES.**—The Secretary may prescribe such rules and regulations as may be necessary to carry out this subsection."

**SEC. 942. EXPANDED AUTHORITY FOR SHARING INFORMATION PROVIDED BY RETAILERS.**

(a) **AMENDMENT TO SOCIAL SECURITY ACT.**—Section 205(c)(2)(C)(iii) of the Social Security Act (42 U.S.C. 405(c)(2)(C)(iii)), as amended by section 316(a) of the Social Security Administrative Reform Act of 1994 (Public Law 103-296; 108 Stat. 1464), is amended—

(1) by inserting in the 1st sentence of subclause (II) after "instrumentality of the United States" the following: ", or State government officers and employees with law enforcement or investigative responsibilities, or State agencies that have the responsibility for administering the Special Supplemental Nutrition Program for Women, Infants and Children (WIC)";

(2) by inserting in the last sentence of subclause (II) immediately after "other Federal" the words "or State"; and

(3) by inserting "or a State" in subclause (III) immediately after "United States".

(b) **AMENDMENT TO INTERNAL REVENUE CODE OF 1986.**—Section 6109(f)(2) of the Internal Revenue Code of 1986 (26 U.S.C. 6109(f)(2)) (as added by section 316(b) of the Social Security Administrative Reform Act of 1994 (Public Law 103-296; 108 Stat. 1464)) is amended—

(1) by inserting in subparagraph (A) after "instrumentality of the United States" the following: ", or State government officers and employees with law enforcement or investigative responsibilities, or State agencies that have the responsibility for administering the Special Supplemental Nutrition Program for Women, Infants and Children (WIC)";

(2) in the last sentence of subparagraph (A) by inserting "or State" after "other Federal"; and

(3) in subparagraph (B) by inserting "or a State" after "United States".

**SEC. 943. 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 recruitment activities."

**SEC. 944. COLLECTION OF OVERISSUANCES.**

Section 16(a) of the Food Stamp Act of 1977 (7 U.S.C. 2025(a)) is amended by striking "25 percent during the period beginning October 1, 1990" and all that follows through "error of a State agency" and inserting the following: "25 percent of the overissuances collected by the State agency under section 13, except those overissuances arising from an error of the State agency".

**SEC. 945. STANDARDS FOR ADMINISTRATION.**

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

**(b) CONFORMING AMENDMENTS.—**

(1) The 1st sentence of section 11(g) of the Food Stamp Act of 1977 (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 section 16(b)(1) or”.

(2) Section 16(c)(1)(B) of the Food Stamp Act of 1977 (7 U.S.C. 2025(c)(1)(B)) is amended by striking “pursuant to subsection (b)”.

**SEC. 946. RESPONSE TO WAIVERS.**

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

**“(C) RESPONSE TO WAIVERS.—**

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

“(I) approves the waiver request;

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

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

“(IV) requests clarification of the waiver request.

“(ii) FAILURE TO RESPOND.—If the Secretary does not provide a response in accordance with clause (i), the waiver shall be considered approved, unless the approval is specifically prohibited by this Act.

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

**SEC. 947. AUTHORIZATION OF APPROPRIATIONS.**

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

**SEC. 948. AUTHORIZE STATES TO OPERATE SIMPLIFIED FOOD STAMP PROGRAMS.**

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

“SEC. 24. SIMPLIFIED FOOD STAMP PROGRAM.

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

“(b) STATE OPTION.—Subject to subsection (d), a State may elect to carry out a simplified food stamp program for households described in subsection (c)(1), statewide or in a political subdivision of the State, in accordance with this section.

“(c) PROGRAM REQUIREMENTS.—If a State elects to carry out such simplified food stamp program, within the State or a political subdivision of the State—

“(1) only households 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 receive benefits under this section. Such households shall be automatically eligible to participate in such simplified food stamp program; and

“(2) subject to subsection (f), benefits under such simplified food stamp program shall be determined under rules and procedures established by the State under—

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

“(B) the food stamp program; or

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

“(d) STATE PLAN.—(1) A State may not operate such simplified food stamp program unless the Secretary approves a State plan for the operation of such simplified food stamp program under paragraph (2).

“(2) The Secretary is authorized to approve any State plan to carry out such simplified food stamp program if the Secretary determines that the plan—

“(A) simplifies program administration while fulfilling the goals of the food stamp program to permit low-income households to obtain a more nutritious diet;

“(B) complies with this section;

“(C) would not increase Federal costs for any fiscal year; and

“(D) would not substantially alter, as determined by the Secretary, the appropriate distribution of benefits according to household need.

“(e) COST DETERMINATION.—(1) During each fiscal year and not later than 90 days after the end of each fiscal year, the Secretary shall determine using data provided by the State deemed appropriate by the Secretary whether such simplified food stamp program being carried out by a State is increasing Federal costs under this Act above what the costs would have been for the same population had they been subject to the rules of the food stamp program.

“(2) If the Secretary determines that such simplified food stamp 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)(A) 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 such simplified food stamp program from increasing Federal costs under this Act.

“(B) 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 operating such simplified food stamp program and the State shall be ineligible to operate a future Simplified Program.

“(f) RULES AND PROCEDURES.—(1) In operating such simplified food stamp 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) In operating such simplified food stamp program, a State or political subdivision shall comply with the requirements of—

“(A) section 5(e) to the extent that it requires an excess shelter expense deduction;

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

“(C) 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.));

“(D) subsections (b) and (d) of section 8;

“(E) subsections (a), (c), (d), and (n) of section 11;

“(F) paragraphs (8), (9), (12), (18), (20), (24), and (25) of section 11(e);

“(G) section 11(e)(2), to the extent that it requires the State agency to provide an application to households on the 1st day they contact a food stamp office in person during office hours to make what may reasonably be interpreted as an oral or written request for food stamp assistance and to allow those households to file such application on the same day;

“(H) section 11(e)(3), to the extent that it requires the State agency to complete cer-

tification of an eligible household and provide an allotment retroactive to the period of application to an eligible household not later than 30 days following the filing of an application;

“(I) 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

“(J) section 16.

“(3) 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 such simplified food stamp program.”.

(b) REPEALER.—Section 8 of the Food Stamp Act of 1977 (7 U.S.C. 2017) is amended by striking subsection (e).

(c) REQUIREMENTS.—Section 11(e) of the Food Stamp Act of 1977 (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

(3) by adding at the end the following:

“(26) if a State elects to carry out a simplified food stamp program under section 24, the plan of the State agency for operating such simplified food stamp program, including—

“(A) the rules and procedures to be followed by the State to determine food stamp benefits; and

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

(d) REPEAL OF DEMONSTRATION PROJECTS.—Section 17 of the Food Stamp Act of 1977 (7 U.S.C. 2026) is amended by—

(1) by striking subsection (i); and

(2) redesignating subsections (j) through (l) as subsections (i) through (k), respectively.

**SEC. 949. EMERGENCY FOOD ASSISTANCE PROGRAM.**

(a) DEFINITIONS.—Section 201A of the Emergency Food Assistance Act of 1983 (Public Law 98-8; 7 U.S.C. 612c note) is amended to read as follows:

**“SEC. 201A. DEFINITIONS.**

“In this Act:

“(1) ADDITIONAL COMMODITIES.—The term ‘additional commodities’ means commodities made available under section 214 in addition to the commodities made available under sections 202 and 203D.

“(2) AVERAGE MONTHLY NUMBER OF UNEMPLOYED PERSONS.—The term ‘average monthly number of unemployed persons’ means the average monthly number of unemployed persons in each State in the most recent fiscal year for which information concerning the number of unemployed persons is available, as determined by the Bureau of Labor Statistics of the Department of Labor.

“(3) ELIGIBLE RECIPIENT AGENCY.—The term ‘eligible recipient agency’ means a public or nonprofit organization—

“(A) that administers—

“(i) an emergency feeding organization;

“(ii) a charitable institution (including a hospital and a retirement home, but excluding a penal institution) to the extent that the institution serves needy persons;

“(iii) a summer camp for children, or a child nutrition program providing food service;

“(iv) a nutrition project operating under the Older Americans Act of 1965 (42 U.S.C. 3001 et seq.), including a project that operates a congregate nutrition site and a

project that provides home-delivered meals; or

"(v) a disaster relief program;

"(B) that has been designated by the appropriate State agency, or by the Secretary; and

"(C) that has been approved by the Secretary for participation in the program established under this Act.

"(4) EMERGENCY FEEDING ORGANIZATION.—The term 'emergency feeding organization' means a public or nonprofit organization that administers activities and projects (including the activities and projects of a charitable institution, a food bank, a food pantry, a hunger relief center, a soup kitchen, or a similar public or private nonprofit eligible recipient agency) providing nutrition assistance to relieve situations of emergency and distress through the provision of food to needy persons, including low-income and unemployed persons.

"(5) FOOD BANK.—The term 'food bank' means a public or charitable institution that maintains an established operation involving the provision of food or edible commodities, or the products of food or edible commodities, to food pantries, soup kitchens, hunger relief centers, or other food or feeding centers that, as an integral part of their normal activities, provide meals or food to feed needy persons on a regular basis.

"(6) FOOD PANTRY.—The term 'food pantry' means a public or private nonprofit organization that distributes food to low-income and unemployed households, including food from sources other than the Department of Agriculture, to relieve situations of emergency and distress.

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

"(8) SOUP KITCHEN.—The term 'soup kitchen' means a public or charitable institution that, as an integral part of the normal activities of the institution, maintains an established feeding operation to provide food to needy homeless persons on a regular basis.

"(9) TOTAL VALUE OF ADDITIONAL COMMODITIES.—The term 'total value of additional commodities' means the actual cost of all additional commodities made available under section 214 that are paid by the Secretary (including the distribution and processing costs incurred by the Secretary).

"(10) VALUE OF ADDITIONAL COMMODITIES ALLOCATED TO EACH STATE.—The term 'value of additional commodities allocated to each State' means the actual cost of additional commodities made available under section 214 and allocated to each State that are paid by the Secretary (including the distribution and processing costs incurred by the Secretary).

(b) STATE PLAN.—Section 202A of the Emergency Food Assistance Act of 1983 (Public Law 98-8; 7 U.S.C. 612c note) (7 U.S.C. 612c note) is amended to read as follows:

"SEC. 202A. STATE PLAN.

"(a) IN GENERAL.—To receive commodities under this Act, a State shall submit a plan of operation and administration every 4 years to the Secretary for approval. The plan may be amended at any time, with the approval of the Secretary.

"(b) REQUIREMENTS.—Each plan shall—

"(1) designate the State agency responsible for distributing the commodities received under this Act;

"(2) set forth a plan of operation and administration to expeditiously distribute commodities under this Act;

"(3) set forth the standards of eligibility for recipient agencies; and

"(4) set forth the standards of eligibility for individual or household recipients of commodities, which shall require—

"(A) individuals or households to be comprised of needy persons; and

"(B) individual or household members to be residing in the geographic location served by the distributing agency at the time of applying for assistance.

"(c) STATE ADVISORY BOARD.—The Secretary shall encourage each State receiving commodities under this Act to establish a State advisory board consisting of representatives of all interested entities, both public and private, in the distribution of commodities received under this Act in the State."

(c) AUTHORIZATION OF APPROPRIATIONS FOR ADMINISTRATIVE FUNDS.—Section 204(a)(1) of the Emergency Food Assistance Act of 1983 (Public Law 98-8; 7 U.S.C. 612c note) (7 U.S.C. 612c note) is amended—

(1) in the 1st sentence—

(A) by striking "1991 through 1995" and inserting "1996 through 2002"; and

(B) by striking "for State and local" and all that follows through "under this title" and inserting "to pay for the direct and indirect administrative costs of the State related to the processing, transporting, and distributing to eligible recipient agencies of commodities provided by the Secretary under this Act and commodities secured from other sources"; and

(2) by striking the fourth sentence.

(d) TECHNICAL AMENDMENTS.—The Emergency Food Assistance Act of 1983 (Public Law 98-8; 7 U.S.C. 612c note) (7 U.S.C. 612c note) is amended—

(1) in the 1st sentence of section 203B(a), by striking "203 and 203A of this Act" and inserting "203A";

(2) in section 204(a), by striking "title" each place it appears and inserting "Act"; and

(3) by striking section 212.

(e) REPORT ON EFAP.—Section 1571 of the Food Security Act of 1985 (Public Law 99-198; 7 U.S.C. 612c note) is repealed.

SEC. 950. FOOD BANK DEMONSTRATION PROJECT.

Section 3 of the Charitable Assistance and Food Bank Act of 1987 (Public Law 100-232; 7 U.S.C. 612c note) is repealed.

SEC. 951. REPORT ON ENTITLEMENT COMMODITY PROCESSING.

Section 1773 of the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101-624; 7 U.S.C. 612c note) is amended by striking subsection (f).

#### TITLE X—MISCELLANEOUS

SEC. 1001. EXPENDITURE OF FEDERAL FUNDS IN ACCORDANCE WITH LAWS AND PROCEDURES APPLICABLE TO EXPENDITURE OF STATE FUNDS.

(a) IN GENERAL.—Notwithstanding any other provision of law, any funds received by a State under the provisions of law specified in subsection (b) shall be expended only in accordance with the laws and procedures applicable to expenditures of the State's own revenues, including 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. 1002. ELIMINATION OF HOUSING ASSISTANCE WITH RESPECT TO FUGITIVE FELONS AND PROBATION AND PAROLE VIOLATORS.

(a) ELIGIBILITY FOR ASSISTANCE.—The United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended—

(1) in section 6(l)—

(A) in paragraph (5), by striking "and" at the end;

(B) in paragraph (6), by striking the period at the end and inserting "; and"; and

(C) by inserting immediately after paragraph (6) the following new paragraph:

"(7) provide that it shall be cause for immediate termination of the tenancy of a public housing tenant if such tenant—

"(A) is 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 attempt to commit a crime, which is a felony under the laws of the place from which the individual flees, or which, in the case of the State of New Jersey, is a high misdemeanor under the laws of such State; or

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

(2) in section 8(d)(1)(B)—

(A) in clause (iii), by striking "and" at the end;

(B) in clause (iv), by striking the period at the end and inserting "; and"; and

(C) by adding after clause (iv) the following new clause:

"(v) it shall be cause for termination of the tenancy of a tenant if such tenant—

"(I) is 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 attempt to commit a crime, which is a felony under the laws of the place from which the individual flees, or which, in the case of the State of New Jersey, is a high misdemeanor under the laws of such State; or

"(II) is violating a condition of probation or parole imposed under Federal or State law";

(b) PROVISION OF INFORMATION TO LAW ENFORCEMENT AGENCIES.—Title I of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.), as amended by section 601 of this Act, is amended by adding at the end the following:

"SEC. 28. EXCHANGE OF INFORMATION WITH LAW ENFORCEMENT AGENCIES.

"Notwithstanding any other provision of law, each public housing agency that enters into a contract for assistance under section 6 or 8 of this Act with the Secretary shall furnish any Federal, State, or local law enforcement officer, upon the request of the officer, with the current address, Social Security number, and photograph (if applicable) of any recipient of assistance under this Act, if the officer—

"(1) furnishes the public housing agency with the name of the recipient; and

"(2) notifies the agency that—

"(A) such recipient—

"(i) is 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 attempt to commit a crime, which is a felony under the laws of the place from which the individual flees, or which, in the case of the State of New Jersey, is a high misdemeanor under the laws of such State; or

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

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

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

"(C) the request is made in the proper exercise of the officer's official duties."

**SEC. 1003. SENSE OF THE SENATE REGARDING ENTERPRISE ZONES.**

(a) **FINDINGS.**—The Senate finds that:

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

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

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

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

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

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

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

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

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

**SEC. 1004. SENSE OF THE SENATE REGARDING THE INABILITY OF THE NONCUSTODIAL PARENT TO PAY CHILD SUPPORT.**

It is the sense of the Senate that—

(a) States should diligently continue their efforts to enforce child support payments by the noncustodial parent to the custodial parent, regardless of the employment status or location of the noncustodial parent; and

(b) States are encouraged to pursue pilot programs in which the parents of a nonadult, noncustodial parent who refuses to or is unable to pay child support must—

(1) pay or contribute to the child support owed by the noncustodial parent; or

(2) otherwise fulfill all financial obligations and meet all conditions imposed on the non-custodial parent, such as participation in a work program or other related activity.

**SEC. 1005. 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. 1006. ESTABLISHING NATIONAL GOALS TO PREVENT TEENAGE PREGNANCIES.**

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

(1) preventing out-of-wedlock teenage pregnancies, and

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

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

**SEC. 1007. SENSE OF THE SENATE REGARDING ENFORCEMENT OF STATUTORY RAPE LAWS.**

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

**SEC. 1008. SANCTIONING FOR TESTING POSITIVE FOR CONTROLLED SUBSTANCES.**

Notwithstanding any other provision of law, States shall not be prohibited by the Federal Government from sanctioning welfare recipients who test positive for use of controlled substances.

**SEC. 1009. ABSTINENCE EDUCATION.**

Title V of the Social Security Act (42 U.S.C. 701-709) is amended by adding at the end the following new section:

**"ABSTINENCE EDUCATION**

"SEC. 510. (a) There are authorized to be appropriated \$75,000,000 for the purposes of enabling the Secretary, through grants, contracts, or otherwise to provide for abstinence education, and at the option of the State, where appropriate, mentoring, counseling, and adult supervision to promote abstinence from sexual activity, with a focus on those groups which are most likely to bear children out of wedlock.

"(b) For purposes of this section, the term 'abstinence education' means an educational or motivational program which—

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

"(2) teaches abstinence from sexual activity outside marriage as the expected standard for all school age children;

"(3) 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;

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

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

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

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

"(8) teaches the importance of attaining self-sufficiency before engaging in sexual activity."

**SEC. 1010. 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 PRO-

VIDERS 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 established 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-related payments, including salaries and pension, retirement, or unemployment benefits established by Federal, State, or local governments."

**SEC. 1011. REDUCTION IN BLOCK GRANTS TO STATES FOR SOCIAL SERVICES.**

Section 2003(c) of the Social Security Act (42 U.S.C. 1397b(c)) is amended—

(1) by striking "and" at the end of paragraph (4); and

(2) by striking paragraph (5) and inserting the following:

"(5) \$2,800,000,000 for each of the fiscal years 1990 through 1996 and for each fiscal year after fiscal year 2002; and

"(6) \$2,520,000,000 for each of the fiscal years 1997 through 2002."

**SEC. 1012. EFFICIENT USE OF FEDERAL TRANSPORTATION FUNDS.**

The Secretary of Health and Human Services is encouraged to work in coordination with State agencies to ensure that Federal transportation funds that may be used for the benefit of persons receiving public assistance pursuant to this Act and the amendments made by this Act are most efficiently used for such purpose. The Secretary shall work with the individual States to develop criteria and measurements to report back to the Congress, within 3 years after the date of the enactment of this Act, the following:

(1) The use of competitive contracting or other market-oriented strategies to achieve efficiencies.

(2) The efficient use of all related transportation funds to support persons receiving assistance pursuant to this Act and the amendments made by this Act.

(3) The actual value derived from transportation services to achieve such purposes.

(4) The application of such analyses to other support services to achieve such purposes.

**SEC. 1013. ENHANCED FEDERAL MATCH FOR CHILD WELFARE AUTOMATION EXPENSES.**

(a) **IN GENERAL.**—Section 474(a)(3)(C) of the Social Security Act (42 U.S.C. 674(a)(3)(C)) is amended to read as follows:

“(C) 50 percent (or, if the quarter is in fiscal year 1997, 75 percent) of so much of such expenditures as are for the planning, design, development, or installation of statewide mechanized data collection and information retrieval systems (including 50 percent (or, if the quarter is in fiscal year 1997, 75 percent) of the full amount of expenditures for hardware components for such systems) but only to the extent that such systems—

“(i) meet the requirements imposed by regulations;

“(ii) to the extent practicable, are capable of interfacing with the State data collection system that collects information relating to child abuse and neglect;

“(iii) to the extent practicable, have the capability of interfacing with, and retrieving information from, the State data collection system that collects information relating to the eligibility of individuals under part A (for the purposes of facilitating verification of eligibility of foster children); and

“(iv) are determined by the Secretary to be likely to provide more efficient, economical, and effective administration of the programs carried out under a State plan approved under this part.”

(b) **EFFECTIVE DATE.**—The amendments made by this section shall be effective on and after October 1, 1996.

**Subtitle B—Earned Income Tax Credit**

**SEC. 1021. EARNED INCOME CREDIT AND OTHER TAX BENEFITS DENIED TO INDIVIDUALS FAILING TO PROVIDE TAXPAYER IDENTIFICATION NUMBERS.**

(a) **EARNED INCOME CREDIT.**—

(1) **IN GENERAL.**—Section 32(c)(1) of the Internal Revenue Code of 1986 (relating to individuals eligible to claim the earned income credit) is amended by adding at the end the following new subparagraph:

“(F) **IDENTIFICATION NUMBER REQUIREMENT.**—The term ‘eligible individual’ does not include any individual who does not include on the return of tax for the taxable year—

“(i) such individual’s taxpayer identification number, and

“(ii) if the individual is married (within the meaning of section 7703), the taxpayer identification number of such individual’s spouse.”

(2) **SPECIAL IDENTIFICATION NUMBER.**—Section 32 of such Code is amended by adding at the end the following new subsection:

“(I) **IDENTIFICATION NUMBERS.**—Solely for purposes of subsections (c)(1)(F) and (c)(3)(D), a taxpayer identification number means a social security number issued to an individual by the Social Security Administration (other than a social security number issued pursuant to subclause (II) (or that portion of subclause (III) that relates to subclause (II)) of section 205(c)(2)(B)(i) of the Social Security Act).”

(b) **PERSONAL EXEMPTION.**—

(1) **IN GENERAL.**—Section 151 of such Code (relating to allowance of deductions for personal exemptions) is amended by adding at the end the following new subsection:

“(e) **IDENTIFYING INFORMATION REQUIRED.**—No exemption shall be allowed under this section with respect to any individual unless the taxpayer identification number of such individual is included on the return claiming the exemption.”

(2) **CONFORMING AMENDMENTS.**—

(A) Subsection (e) of section 6109 of such Code is repealed.

(B) Section 6724(d)(3) of such Code is amended by adding “and” at the end of sub-

paragraph (C), by striking subparagraph (D), and by redesignating subparagraph (E) as subparagraph (D).

(c) **DEPENDENT CARE CREDIT.**—Subsection (e) of section 21 of such Code (relating to expenses for household and dependent care services necessary for gainful employment) is amended by adding at the end the following new paragraph:

“(10) **IDENTIFYING INFORMATION REQUIRED WITH RESPECT TO QUALIFYING INDIVIDUALS.**—No credit shall be allowed under this section with respect to any qualifying individual unless the taxpayer identification number of such individual is included on the return claiming the credit.”

(d) **EXTENSION OF PROCEDURES APPLICABLE TO MATHEMATICAL OR CLERICAL ERRORS.**—Section 6213(g)(2) of such Code (relating to the definition of mathematical or clerical errors) is amended—

(1) by striking “and” at the end of subparagraph (D), and

(2) by striking the period at the end of subparagraph (E) and inserting a comma, and

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

“(F) an omission of a correct taxpayer identification number required under section 21 (relating to expenses for household and dependent care services necessary for gainful employment), section 32 (relating to the earned income credit) to be included on a return, or section 151 (relating to allowance of deductions for personal exemptions), and

“(G) an entry on a return claiming the credit under section 32 with respect to net earnings from self-employment described in section 32(c)(2)(A) to the extent the tax imposed by section 1401 (relating to self-employment tax) on such net earnings has not been paid.”

(e) **EFFECTIVE DATE.**—The amendments made by this section shall apply with respect to returns the due date for which (without regard to extensions) is more than 30 days after the date of the enactment of this Act.

**SEC. 1022. RULES RELATING TO DENIAL OF EARNED INCOME CREDIT ON BASIS OF DISQUALIFIED INCOME.**

(a) **REDUCTION IN DISQUALIFIED INCOME THRESHOLD.**—

(1) **IN GENERAL.**—Section 32(i)(1) of the Internal Revenue Code of 1986 (relating to denial of credit for individuals having excessive investment income) is amended by striking “\$2,350” and inserting “\$2,200”.

(2) **ADJUSTMENT FOR INFLATION.**—Section 32(j) of such Code is amended to read as follows:

“(j) **INFLATION ADJUSTMENTS.**—

“(1) **IN GENERAL.**—In the case of any taxable year beginning after the applicable calendar year, each dollar amount referred to in paragraph (2)(B) shall be increased by an amount equal to—

“(A) such dollar amount, multiplied by

“(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, except that subparagraph (B) thereof shall be applied by reference to the CPI for the calendar year preceding the applicable calendar year rather than the CPI for calendar year 1992.

“(2) **DEFINITIONS, ETC.**—For purposes of paragraph (1)—

“(A) **APPLICABLE CALENDAR YEAR.**—The term ‘applicable calendar year’ means—

“(i) 1994 in the case of the dollar amounts referred to in clause (i) of subparagraph (B), and

“(ii) 1996 in the case of the dollar amount referred to in clause (ii) of subparagraph (B).

“(B) **DOLLAR AMOUNTS.**—The dollar amounts referred to in this subparagraph are—

“(i) the dollar amounts contained in subsection (b)(2)(A), and

“(ii) the dollar amount contained in subsection (i)(1).

“(3) **ROUNDING.**—

“(A) **IN GENERAL.**—Except as provided in subparagraph (B), if any dollar amount after being increased under paragraph (1) is not a multiple of \$10, such dollar amount shall be rounded to the nearest multiple of \$10 (or, if such dollar amount is a multiple of \$5, such dollar amount shall be increased to the next higher multiple of \$10).

“(B) **DISQUALIFIED INCOME THRESHOLD AMOUNT.**—If the dollar amount referred to in paragraph (2)(B)(ii) after being increased under paragraph (1) is not a multiple of \$50, such amount shall be rounded to the next lowest multiple of \$50.”

(b) **DEFINITION OF DISQUALIFIED INCOME.**—Paragraph (2) of section 32(i) of such Code (defining disqualified income) is amended by striking “and” at the end of subparagraph (B), by striking the period at the end of subparagraph (C) and inserting a comma, and by adding at the end the following new subparagraphs:

“(D) the capital gain net income (as defined in section 1222) of the taxpayer for such taxable year, and

“(E) the excess (if any) of—

“(i) the aggregate income from all passive activities for the taxable year (determined without regard to any amount included in earned income under subsection (c)(2) or described in a preceding subparagraph), over

“(ii) the aggregate losses from all passive activities for the taxable year (as so determined).

For purposes of subparagraph (E), the term ‘passive activity’ has the meaning given such term by section 469.”

(c) **EFFECTIVE DATE.**—The amendments made by this section shall apply to taxable years beginning after December 31, 1995.

**SEC. 1023. MODIFICATION OF ADJUSTED GROSS INCOME DEFINITION FOR EARNED INCOME CREDIT.**

(a) **IN GENERAL.**—Subsections (a)(2), (c)(1)(C), and (f)(2)(B) of section 32 of the Internal Revenue Code of 1986 are each amended by striking “adjusted gross income” and inserting “modified adjusted gross income”.

(b) **MODIFIED ADJUSTED GROSS INCOME DEFINED.**—Section 32(c) of such Code (relating to definitions and special rules) is amended by adding at the end the following new paragraph:

“(5) **MODIFIED ADJUSTED GROSS INCOME.**—

“(A) **IN GENERAL.**—The term ‘modified adjusted gross income’ means adjusted gross income—

“(i) determined without regard to the amounts described in subparagraph (B), and

“(ii) increased by

“(I) the amount of interest received or accrued by the taxpayer during the taxable year which is exempt from tax, and

“(II) amounts received as a pension or annuity, and any distributions or payments received from an individual retirement plan, by the taxpayer during the taxable year to the extent not included in gross income.

Clause (ii)(II) shall not include any amount which is not includible in gross income by reason of section 402(c), 403(a)(4), 403(b)(8), 408(d)(3), (4), or (5), or 457(e)(10).

“(B) **CERTAIN AMOUNTS DISREGARDED.**—An amount is described in this subparagraph if it is—

“(i) the amount of losses from sales or exchanges of capital assets in excess of gains from such sales or exchanges to the extent such amount does not exceed the amount under section 1211(b)(1),

“(ii) the net loss from estates and trusts,

“(iii) the excess (if any) of amounts described in subsection (i)(2)(C)(ii) over the amounts described in subsection (i)(2)(C)(i)

(relating to nonbusiness rents and royalties), and

“(iv) the net loss from the carrying on of trades or businesses, computed separately with respect to—

“(I) trades or businesses (other than farming) conducted as sole proprietorships,

“(II) trades or businesses of farming conducted as sole proprietorships, and

“(III) other trades or businesses.

For purposes of clause (iv), there shall not be taken into account items which are attributable to a trade or business which consists of the performance of services by the taxpayer as an employee.”

(c) **EFFECTIVE DATE.**—The amendments made by this section shall apply to taxable years beginning after December 31, 1995.

**SEC. 1024. NOTICE OF AVAILABILITY REQUIRED TO BE PROVIDED TO APPLICANTS AND FORMER RECIPIENTS OF TEMPORARY ASSISTANCE FOR NEEDY FAMILIES, FOOD STAMPS, AND MEDICAID.**

(a) **TEMPORARY ASSISTANCE FOR NEEDY FAMILIES.**—Section 408(a), as added by section 103 of this Act, is amended by adding at the end the following:

“(16) **NOTICE OF EITC AVAILABILITY.**—A State to which a grant is made under section 403 shall provide written notice of the existence and availability of the earned income credit under section 32 of the Internal Revenue Code of 1986 to—

“(A) any individual who applies for assistance under the State program funded under this part, upon receipt of the application; and

“(B) any individual whose assistance under the State program is terminated, in the notice of termination of such assistance.”

(b) **FOOD STAMPS.**—Section 11(e) of the Food Stamp Act of 1977 (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 “; and”; and

(3) by inserting after paragraph (25) the following:

“(26) that whenever a household applies for food stamp benefits, and whenever such benefits are terminated with respect to a household, the State agency shall provide to each member of such household notice of—

“(A) the existence of the earned income tax credit under section 32 of the Internal Revenue Code of 1986; and

“(B) the fact that such credit may be applicable to such member.”

(c) **MEDICAID.**—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 adding at the end the following new paragraph:

“(63) provide that the State shall provide notice of the existence and availability of the earned income tax credit under section 32 of the Internal Revenue Code of 1986 to each individual applying for medical assistance under the State plan and to each individual whose eligibility for medical assistance under the State plan is terminated.”

**SEC. 1025. NOTICE OF AVAILABILITY OF EARNED INCOME TAX CREDIT AND DEPENDENT CARE TAX CREDIT TO BE INCLUDED ON W-4 FORM.**

Section 11114 of the Omnibus Budget Reconciliation Act of 1990 (26 U.S.C. 21 note), relating to program to increase public awareness, is amended by adding at the end the following new sentence: “Such means shall include printing a notice of the availability of such credits on the forms used by employees to determine the proper number of with-

holding exemptions under chapter 24 of the Internal Revenue Code of 1986.”

**SEC. 1026. ADVANCE PAYMENT OF EARNED INCOME TAX CREDIT THROUGH STATE DEMONSTRATION PROGRAMS.**

(a) **IN GENERAL.**—Section 3507 of the Internal Revenue Code of 1986 (relating to the advance payment of the earned income tax credit) is amended by adding at the end the following:

“(g) **STATE DEMONSTRATIONS.**—

“(1) **IN GENERAL.**—In lieu of receiving earned income advance amounts from an employer under subsection (a), a participating resident shall receive advance earned income payments from a responsible State agency pursuant to a State Advance Payment Program that is designated pursuant to paragraph (2).

“(2) **DESIGNATIONS.**—

“(A) **IN GENERAL.**—From among the States submitting proposals satisfying the requirements of subsection (g)(3), the Secretary (in consultation with the Secretary of Health and Human Services) may designate not more than 4 State Advance Payment Demonstrations. States selected for the demonstrations may have, in the aggregate, no more than 5 percent of the total number of household participating in the program under the Food Stamp program in the immediately preceding fiscal year. Administrative costs of a State in conducting a demonstration under this section may be included for matching under section 403(a) of the Social Security Act and section 16(a) of the Food Stamp Act of 1977.

“(B) **WHEN DESIGNATION MAY BE MADE.**—Any designation under this paragraph shall be made no later than December 31, 1995.

“(C) **PERIOD FOR WHICH DESIGNATION IS IN EFFECT.**—

“(i) **IN GENERAL.**—Designations made under this paragraph shall be effective for advance earned income payments made after December 31, 1995, and before January 1, 1999.

“(ii) **SPECIAL RULES.**—

“(I) **REVOCAION OF DESIGNATIONS.**—The Secretary may revoke the designation under this paragraph if the Secretary determines that the State is not complying substantially with the proposal described in paragraph (3) submitted by the State.

“(II) **AUTOMATIC TERMINATION OF DESIGNATIONS.**—Any failure by a State to comply with the reporting requirements described in paragraphs (3)(F) and (3)(G) has the effect of immediately terminating the designation under this paragraph (2) and rendering paragraph (5)(A)(ii) inapplicable to subsequent payments.

“(3) **PROPOSALS.**—No State may be designated under subsection (g)(2) unless the State’s proposal for such designation—

“(A) identifies the responsible State agency,

“(B) describes how and when the advance earned income payments will be made by that agency, including a description of any other State or Federal benefits with which such payments will be coordinated,

“(C) describes how the State will obtain the information on which the amount of advance earned income payments made to each participating resident will be determined in accordance with paragraph (4),

“(D) describes how State residents who will be eligible to receive advance earned income payments will be selected, notified of the opportunity to receive advance earned income payments from the responsible State agency, and given the opportunity to elect to participate in the program,

“(E) describes how the State will verify, in addition to receiving the certifications and statement described in paragraph (7)(D)(iv), the eligibility of participating residents for the earned tax credit.

“(F) commits the State to furnishing to each participating resident and to the Secretary by January 31 of each year a written statement showing—

“(i) the name and taxpayer identification number of the participating resident, and

“(ii) the total amount of advance earned income payments made to the participating resident during the prior calendar year.

“(G) commits the State to furnishing to the Secretary by December 1 of each year a written statement showing the name and taxpayer identification number of each participating resident.

“(H) commits the State to treat the advanced earned income payments as described in subsection (g)(5) and any repayments of excessive advance earned income payments as described in subsection (g)(6).

“(I) commits the State to assess the development and implementation of its State Advance Payment Program, including an agreement to share its findings and lessons with other interested States in a manner to be described by the Secretary, and

“(J) is submitted to the Secretary on or before June 30, 1995.

“(4) **AMOUNT AND TIMING OF ADVANCE EARNED INCOME PAYMENTS.**—

“(A) **AMOUNT.**—

“(i) **IN GENERAL.**—The method for determining the amount of advance earned income payments made to each participating resident is to conform to the full extent possible with the provisions of subsection (c).

“(ii) **SPECIAL RULE.**—A State may, at its election, apply the rules of subsection (c)(2)(B) by substituting ‘between 60 percent and 75 percent of the credit percentage in effect under section 32(b)(1) for an individual with the corresponding number of qualifying children’ for ‘60 percent of the credit percentage in effect under section 32(b)(1) for such an eligible individual with 1 qualifying child’ in clause (i) and ‘the same percentage (as applied in clause (i))’ for ‘60 percent’ in clause (ii).

“(B) **TIMING.**—The frequency of advance earned income payments may be made on the basis of the payroll periods of participating residents, on a single statewide schedule, or on any other reasonable basis prescribed by the State in its proposal; however, in no event may advance earned income payments be made to any participating resident less frequently than on a calendar-quarter basis.

“(5) **PAYMENTS TO BE TREATED AS PAYMENTS OF WITHHOLDING AND FICA TAXES.**—

“(A) **IN GENERAL.**—For purposes of this title, advance earned income payments during any calendar quarter—

“(i) shall neither be treated as a payment of compensation nor be included in gross income, and

“(ii) shall be treated as made out of—

“(I) amounts required to be deducted by the State and withheld for the calendar quarter by the State under section 3401 (relating to wage withholding), and

“(II) amounts required to be deducted for the calendar quarter under section 3102 (relating to FICA employee taxes), and

“(III) amounts of the taxes imposed on the State for the calendar quarter under section 3111 (relating to FICA employer taxes),

as if the State had paid to the Secretary, on the day on which payments are made to participating residents, an amount equal to such payments.

“(B) **ADVANCE PAYMENTS EXCEED TAXES DUE.**—If for any calendar quarter the aggregate amount of advance earned income payments made by the responsible State agency under a State Advance Payment Program exceeds the sum of the amounts referred to in subparagraph (A)(ii) (without regard to paragraph (6)(A)), each such advance earned income payment shall be reduced by an

amount which bears the same ratio to such excess as such advance earned income payment bears to the aggregate amount of all such advance earned income payments.

“(6) STATE REPAYMENT OF EXCESSIVE ADVANCE EARNED INCOME PAYMENTS.—

“(A) IN GENERAL.—Notwithstanding any other provision of law, in the case of an excessive advance earned income payment a State shall be treated as having deducted and withheld under section 3401 (relating to wage withholding), and therefore is required to pay to the United States, the repayment amount during the repayment calendar quarter.

“(B) EXCESSIVE ADVANCE EARNED INCOME PAYMENT.—For purposes of this section, an excessive advance income payment is that portion of any advance earned income payment that, when combined with other advance earned income payments previously made to the same participating resident during the same calendar year, exceeds the amount of earned income tax credit to which that participating resident is entitled under section 32 for that year.

“(C) REPAYMENT AMOUNT.—The repayment amount is equal to 50 percent of the excess of—

“(i) excessive advance earned income payments made by a State during a particular calendar year, over

“(ii) the sum of—

“(I) 4 percent of all advance earned income payments made by the State during that calendar year, and

“(II) the excessive advance earned income payments made by the State during that calendar year that have been collected from participating residents by the Secretary.

“(D) REPAYMENT CALENDAR QUARTER.—The repayment calendar quarter is the second calendar quarter of the third calendar year after the calendar year in which an excessive earned income payment is made.

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

“(A) STATE ADVANCE PAYMENT PROGRAM.—The term ‘State Advance Payment Program’ means the program described in a proposal submitted for designation under paragraph (1) and designated by the Secretary under paragraph (2).

“(B) RESPONSIBLE STATE AGENCY.—The term ‘responsible State agency’ means the single State agency that will be making the advance earned income payments to residents of the State who elect to participate in a State Advance Payment Program.

“(C) ADVANCE EARNED INCOME PAYMENTS.—The term ‘advance earned income payments’ means an amount paid by a responsible State agency to residents of the State pursuant to a State Advance Payment Program.

“(D) PARTICIPATING RESIDENT.—The term ‘participating resident’ means an individual who—

“(i) is a resident of a State that has in effect a designated State Advance Payment Program.

“(ii) makes the election described in paragraph (3)(C) pursuant to guidelines prescribed by the State.

“(iii) certifies to the State the number of qualifying children the individual has, and

“(iv) provides to the State the certifications and statement set forth in subsections (b)(1), (b)(2), (b)(3), and (b)(4) (except that for purposes of this clause (iv), the term ‘any employer’ shall be substituted for ‘another employer’ in subsection (b)(3)), along with any other information required by the State.”.

(b) TECHNICAL ASSISTANCE.—The Secretaries of Treasury and Health and Human Services shall jointly ensure that technical assistance is provided to State Advance Pay-

ment Programs and that these programs are rigorously evaluated.

(c) ANNUAL REPORTS.—The Secretary shall issue annual reports detailing the extent to which—

(1) residents participate in the State Advance Payment Programs.

(2) participating residents file Federal and State tax returns.

(3) participating residents report accurately the amount of the advance earned income payments made to them by the responsible State agency during the year, and

(4) recipients of excessive advance earned income payments repaid those amounts.

The report shall also contain an estimate of the amount of advance earned income payments made by each responsible State agency but not reported on the tax returns of a participating resident and the amount of excessive advance earned income payments.

(d) AUTHORIZATION OF APPROPRIATIONS.—For purposes of providing technical assistance described in subsection (b), preparing the reports described in subsection (c), and providing grants to States in support of designated State Advance Payment Programs, there are authorized to be appropriated in advance to the Secretary of the Treasury and the Secretary of Health and Human Services a total of \$1,400,000 for fiscal years 1996 through 1999.

The CHAIRMAN. Pursuant to House Resolution 482, the gentleman from Tennessee [Mr. TANNER] and a Member opposed will each control 30 minutes.

The Chair recognizes the gentleman from Tennessee [Mr. TANNER].

Mr. TANNER. Madam Chairman, I yield myself such time as I may consume.

Madam Chairman, I would like to thank the minority leader for allowing us to present the so-called Castle-Tanner amendment to the matter pending before the body in this fashion. I want to, at the outset, thank my cosponsor, the gentleman from Delaware [Mr. CASTLE], the cosponsor of this Castle-Tanner bill. It has received some favorable comment around, and I appreciate it being considered on the floor today.

Madam Chairman, with those words, I yield 3 minutes to the gentleman from Delaware [Mr. CASTLE].

Mr. CASTLE. Madam Chairman, I thank the gentleman for yielding me time.

Madam Chairman, I will say very briefly, because we do not have much time, it has been a tremendous pleasure working with the gentleman and the others who worked on this for many, many months, in what is truly a bipartisan and bicameral piece of legislation, to resolve the problems of welfare in the United States of America. It was a bipartisan problem, and I think it is going to take a bipartisan solution to get there.

The differences between the Castle-Tanner proposal and the Archer legislation have been, I think, overstated as I have listened to the debate. Both are very tough, they end welfare as we know it, and they require work. There is unanimity of opinion that we need to reform welfare.

I think what I need to do in the brief time which I have is highlight some of the differences between these two

pieces of legislation so people can make up their minds which they are going to support, or, as in my case, if they are going to support both.

First in the case of vouchers, Castle-Tanner continues benefits that can be used for the care of the child after a State-imposed time limit, be it up until the time of a job, 2 years, 5 years or after 5 years, while the Archer legislation strictly prohibits it. That is a highly important change, and, quite frankly, that has to be done before we pass any welfare reform bill.

Our bill has an additional \$3 billion for work funding. There simply is not enough money in the Republican proposal right now to make it work. Maybe it can be put in later, but let us do it now. It is authorized in the Republican bill. It is committed in this particular bill.

The lack of money for the work requirement also gives States flexibility in terms of being able to put together programs to put people to work. There just is not sufficient money, and what we have really is an unfunded mandated if it goes to that level.

The maintenance of effort is extremely important. We are requiring the State spend at least 85 percent of what they spent in 1994. The States are doing very well by this in terms of saving money, maybe even better than the Federal Government. This is a minimal requirement in my opinion, and something we should do.

There is a contingency fund. I can tell Members that the Archer legislation does not provide a safety net if the contingency fund is wiped out by recession. Ours is more responsive to economic downturns. It gives people an opportunity.

There will be economic downturns. Welfare will never get better than it is now in terms of people not being on it with respect to the economy we have.

Transferability is important, for example. We want to limit the transferability to some degree between these different block grants which are being created to make sure the children receive the benefits of that. I believe our bill does that better.

Medicaid linkage is important. If you qualify now, you qualify later. People should have access to medical care.

In the area of food stamps, our bill ensures the food stamp safety net is not cut off if people are not working after 4 months, even if job slots are not available.

There are other changes in our legislation. There are many things which address this. But, overall, we have the same fundamental focus of ending welfare as we know it. I think we have carefully crafted the safety nets in a variety of areas to help the States carry out their programs, to give them flexibility, to make sure particularly the children, but those who are in the situation in which they cannot take care of themselves, are served by the piece of legislation we have before us.

I do not know what the will of the House is today. My preference is to

pass this legislation, but I would be satisfied in passing the Republican legislation. But we must move forward with a concept of welfare reform. I hope before anyone votes on this, they will look at it carefully and decide this is the best way to do it, and support Castle-Tanner.

Mr. SHAW. Madam Chairman, I rise in opposition to the amendment.

The CHAIRMAN. The gentleman from Florida [Mr. SHAW] is recognized for 30 minutes.

Mr. SHAW. Madam Chairman, I yield 4 minutes to the gentleman from Pennsylvania [Mr. GOODLING], the chairman of the Committee on Economic and Educational Opportunities.

(Mr. GOODLING asked and was given permission to revise and extend his remarks.)

□ 1415

Mr. GOODLING. Madam Chairman, there is good news to announce on the floor of the House today. The good news basically is that all of those who have, over the last 30 some years, generated an unworkable welfare program, have now come to the floor and admitted that it does not work.

Well, obviously, anyone knew it was not going to work if the idea was to help Americans get a part of the American dream. It certainly worked very well if the intention was to make sure that millions of Americans would become wards of the State and never have an opportunity to get part of the American dream.

I want to point out some of the things that came from our committee, because they have been misrepresented, and why I feel so strongly that the Republican proposal is the way to go.

First of all, we designed the program with several things in mind. We said welfare must be a safety net, not a way of life. There must be very clear emphasis on work and on getting those on welfare into work. We need to stop abuses of the system. We need to return power and flexibility to the States because they have a better idea of how to handle it than we do. Welfare should not encourage, it should discourage destructive personal behavior that contributes so clearly to welfare dependence as well as a host of other social problems.

Now, let me talk briefly about the bill. Under our bill, States must ensure an increasing percentage of their caseload as participating in work activities. The percentage increases to 50 percent by the year 2002. What is unique about the Republican welfare bill is that these are meaningful, honest numbers, unlike the numbers that we will hear in the other bill.

One of the easiest things to do in putting in work participation rates is to put in a high percentage, but then either exempt most welfare recipients from the calculation or count those who cycle on and off welfare toward meeting those numbers. That is one

problem with the bill being offered by the other side. The work participation numbers are not honest numbers. We try to balance the need for States to have flexibility and how they put people to work with tough and meaningful goals and accountability.

Second, working together with the Committee on Ways and Means and others, I am pleased that the bill authorizes more money for child care, more money than anybody ever dreamed could become available. Clearly, if welfare reform is to succeed, there must be adequate child care.

We have increased funding to nearly \$5 billion more than the current law and more than the President offered when claiming our bills were short on child care. One problem may arise, however. All of the working poor and those from low, middle income are going to say we cannot get child care but we are going to have to pay for someone else's.

We also made some other important improvements in child care. We consolidated programs to try to help both the States and, more importantly, families access child care. The bill increase the amount of money set aside for quality improvement activities and maintains the language on health and safety standards that is the child care development block grant.

The second, on child protection, we consolidated again six small separate single purpose grants into a new block that would be distributed by formula to the States. The results, more flexibility and more money for States to use in setting up programs to prevent as well as treat child abuse and related problems.

In the areas of child nutrition, the bill saves some money, primarily by means testing the family day care program, the only program that is not means tested, the only nutrition program. So it does not matter what the income is, we take from the money that we would have to feed the low income and the poor and give it to those who can otherwise pay for the care.

I would also note, unlike the substitute bill, the leadership welfare reform bill makes no reduction in reimbursement rates for school lunch and breakfast. Is it not ironic: All the misrepresentation last year when we talked about school lunch and child nutrition, and all of the abuse that got? And now the very people who made those promises and those abuses are doing just what they thought we were doing when we were not. They, as a matter of fact, are reducing the amount of money available for school lunch and school breakfast.

I would finally point out that we have come a long way on both sides. We are getting closer all the time. I truly believe that the Republican proposal is the way to go for meaningful welfare reform.

Mr. TANNER. Madam Chairman, I yield myself such time as I may consume to parenthetically note that

the gentleman's criticism of our plan with respect to work participation is what the Governors' conference told us that they thought they could achieve. The numbers came from the Governors, not from us.

Madam Chairman, I yield 2 minutes to the gentleman from Ohio [Mr. SAWYER].

Mr. SAWYER. Madam Chairman, I rise today in recognition of the contributions of the previous speaker through the Committee on Economic and Educational Opportunities to improving this bill, but it is not sufficient to improve the work that came out of other committees and, therefore, I rise in support of the Castle-Tanner substitute.

I am opposed to the Republican bill not because it tries to reform welfare, but because it tries to do so on the cheap. The Republican plan is based on the premise that the primary goal and the first objective of welfare reform ought to be to save money, and sadly it cannot be that alone.

If personal self-sufficiency for every American were easy or cheap, it would have been done long ago. The fact is that real and lasting and effective welfare reform will save money in the long run, but it will be difficult and costly and different in every State no matter what we do here today.

Today we have before us two bills that stand in stark contrast to one another, and what we do will make a difference. In one bill we ask the children to pay the price. It does not pay for work requirements, but it takes away the guarantee of food and health care for America's children.

We have another bill, the Castle-Tanner bill. It is tough. It requires self-sufficiency of adults, but it protects the children. It makes sure that at every level, no matter what we expect of adults, the children are fed and cared for. It has adequate funding for work programs. It recognizes this country sometimes has hard times, and it will not make the poorest and the youngest pay the most when the whole country is in a downturn.

Madam Chairman, we frequently point out that the devil is in the details. In this case both bills are filled with mind-numbing details, but the cumulative consequences of all those details are clear. We should not make the children pay an arbitrary and unfair share of the cost of reform, but we do need to reform.

Therefore, I support and urge my colleagues to support the Tanner-Castle bill because it is responsible, it puts people to work, and it looks out for America's children.

Mr. SHAW. Madam Chairman, I yield 5½ minutes to the gentleman from Kansas [Mr. ROBERTS], the distinguished chairman of the Committee on Agriculture.

Mr. ROBERTS. Madam Chairman, I thank the gentleman for yielding me this time.

Madam Chairman, I rise in opposition to the substitute and for real welfare reform, and I want to take time to

thank the gentlewoman for the splendid and fair job that she is doing in presiding over a controversial issue, but a very important issue.

There have been many speeches over the past 2 days, 2 years, for that matter, and there has been quite a bit of talk about what is compassionate, what is caring, what is humane, what is inhumane about welfare reform.

Well, let us apply these markers to the Food Stamp Program. Now, that is the provision of the part of welfare reform that comes under the jurisdiction of the House Committee on Agriculture and to a great extent has been ignored in this debate.

Does it help the poor to run a program that has no work requirements? What is compassionate about running a program so rife with abuse and mismanagement that the public has lost faith in food stamps? How does it benefit the needy to run a program that the Department of Agriculture's own inspector general says is overrun with instances of trafficking food stamps for guns and drugs?

Evidence of those abuses, by the way, became national news on television as a result of the first hearing held by the Committee on Agriculture at the beginning of this Congress.

That is not compassion. That is not caring. Those are failures and they are failures of the current system that we address and reform in the committee bill.

Now, let me address another recurring part of this debate, and that is the gridlock or the inability of the Congress and the President to reach a compromise. We have worked with the Department of Agriculture, we have worked with the administration and we have reached accord on many items, 72 percent, in regards to this bill.

I respect the gentleman from Delaware [Mr. CASTLE] and the gentleman from Tennessee [Mr. TANNER]. They are two fine Members, with unimpeachable integrity, and I respect their views. But there are significant differences. The substitute does not structurally reform the Food Stamp Program. It achieves much of its savings by cutting food stamp benefits, and then in later years reintroduces something called indexing. That is not real reform.

Now, we have also heard much debate, especially from the administration, in reference to strong work requirements. My colleagues should know the substitute's work program actually costs \$25 million more than current law. Current law. This substitute's work requirement is hollow, hollow because it does not apply, does not apply if a State does not provide every covered individual a position in a work training program. That is not a real work requirement, that is government make-work.

Our bill requires that able-bodied persons between the ages of 18 and 50, who have no dependents, may receive food stamps now for up to 3 months, and then the person is disqualified

from food stamps unless they work for 20 hours a week or participate in a work program.

Who are we talking about? Two percent of the people that receive food stamps. Two-tenths of 1 percent of the population, able-bodied.

Now, let us talk about something that should be talked about regarding this debate, and that is the spending that has been out of control. This program has been on automatic pilot. It went from \$10 billion to \$27 billion in 10 years. If the economy improved, it went up. If the economy went bad, we would expect it to go up.

Our bill actually cuts the standard deduction provided to all applications below current levels to achieve savings. But then it goes back to indexing, the very cause of past runaway spending. Our bill takes the Food Stamp Program off of automatic pilot by keeping the deductions at current rates, but allowing the food stamp benefits to be adjusted to reflect the changes in the cost of food. Food stamps. We adjust the cost of food. That is simply basic.

Let us talk about unique and innovative work programs. True compassion. The substitute does not allow States to operate work support programs, our bill does, programs in which public assistance is provided to employers who hire recipients and then are used to pay part of the wages. Hiring, employers, wages: Real work. That allows food stamp recipients to gain the experience of working in real jobs to earn a paycheck.

Our bill allows certain States to pay cash in lieu of food stamp benefits to a household if a member of the household works in a nonsubsidized job for 90 days, earns at least \$350 a month, and is eligible to receive welfare. My colleagues, that is incentive. That is not disincentive, that is incentive to work.

Now, let us talk about the real difference in these bills, and that is how our savings are achieved. Our bill is focused on making fundamental structural reforms, at the same time a careful and conscious decision was made to preserve the food assistance levels that are currently available.

The substitute, which relies on the proposals of the Clinton administration, preserves the failed structure of the old Food Stamp Program. Castle-Tanner achieves their savings by significantly cutting the benefit levels for the poor. Sixty percent of the savings in this substitute are derived from cuts in the current food assistance program.

In other words, saving the old failed system is so important that they would rather take food from the mouths of food stamp recipients today than make the needed changes to the structure of the program. We preserve the existing benefit levels. We make the needed reforms in the structure of the program.

If we are going to be compassionate and caring and humane, defeat the substitute and adopt the committee bill. Truly reform the Food Stamp Program.

Mr. TANNER. Madam Chairman, I yield 10 seconds to the gentleman from Delaware [Mr. CASTLE].

Mr. CASTLE. Madam Chairman, I admire the Agriculture Committee chairman greatly, but the Castle-Tanner bill requires all able-bodied food stamp recipients to work within 6 months of receiving benefits. Unlike the Republican leadership bill, Castle-Tanner does not deny food stamps to individuals who are willing to work but are not able to find a job. Participation in the food stamp program is a fair program.

Mr. TANNER. Madam Chairman, I yield 2 minutes to the gentleman from Utah [Mr. ORTON].

Mr. ORTON. Madam Chairman, let me begin with my sincere congratulations to my Republican colleagues.

□ 1430

They have come a long way in the last 18 months since their original proposal, H.R. 4, which was a harsh and an unworkable bill. I would also like to congratulate my friends, the gentleman from Delaware [Mr. CASTLE] and the gentleman from Tennessee [Mr. TANNER], and all the others who worked together with us on the bipartisan compromise legislation. The Castle-Tanner bill is a good reform bill which should be enacted into law.

While H.R. 3734 is getting much closer to a viable reform package, it is not quite there yet. I will not again list the problems with the majority bill and explain how Castle-Tanner resolves them. Others have done or will do that adequately. Let me just summarize my concerns in two major categories: the impact of this legislation on States and on America's children.

If we are going to fix welfare, then our fix must be adequate. The Republican bill is inadequate, particularly in the area of work requirements. The National Governors Association 2 days ago adopted a resolution on welfare which states in part, we are concerned that the bill restricts State flexibility and will create additional unfunded costs. CBO in the report accompanying the Republican bill stated that in fact the estimate of the unfunded mandate will be at \$1.9 billion. By the way, a footnote: The first day we were in session in this Congress we adopted legislation to prevent us from implementing unfunded mandates on States.

In my home State of Utah, we have adopted welfare reform with strong work requirements, but there is concern whether this legislation provides sufficient flexibility for Utah to continue that program. Most importantly, our welfare reform should not hurt innocent children who have no choice where they are born or whether their parents can find work. The Castle-Tanner provisions on child care funding, vouchers, maintenance of efforts, contingency funding and limits on shifting funds from block grants are all designed to protect innocent children in a way better than the majority bill. These are cured in the Castle-Tanner

bill, and I urge adoption of the measure.

Madam Chairman, I am pleased that the House is debating welfare reform today. I have frequently stated that there are few things that people in our Nation agree upon more than the fact that our welfare system is a failure. I believe we all agree that the welfare system should be reformed so that it is based on work, and I have worked diligently to ensure that Congress adopts welfare reform which will be signed into law this year.

In order to achieve this goal, we must put aside partisan differences and concentrate on issues like requiring work, strengthening child support enforcement, and increasing State flexibility. At the same time, we need to provide sufficient funds for States to meet work requirements and to provide adequate child care, foster care, adoption assistance, and health care services to make it economically feasible for parents to go to work. If we fail to meet these objectives, we are either settling for a system that is designed to fail, or we are imposing an unfunded mandate on the States.

I am pleased to be a part of the bipartisan effort that has led to the creation of the Castle-Tanner bill. The House will have the opportunity to consider this legislation today, and I strongly urge my colleagues to support this proposal because it is the only welfare bill that meets all of the objectives I have just stated.

In March of last year, the House passed the Personal Responsibility Act. I voted against that bill because it included several extreme provisions that would have imposed restrictive mandates on the States and decimated the safety net for American children. My greatest concerns were that it provided inadequate funding for child care, it imposed one-size-fits-all work requirements on States, and it did not provide for accountability of Federal tax dollars.

Adequate child care and health care funding is essential as we move parents into the workforce. No one wants innocent children to be in an unsafe environment because their parent is working. In addition, while everyone supports the concept of greater State flexibility in designing a welfare program that meets the needs of their population, it is essential to provide for accountability of Federal tax dollars. The Personal Responsibility Act provided no guarantee that States would use Federal grant funds for their stated purpose.

Finally, one of my central concerns in considering the Personal Responsibility Act was determining the impact of the legislation on the successful Single Parent Employment Demonstration [SPED] program in Utah. The premise underlying the Utah program is universal participation: everyone works toward self-sufficiency. This program has enjoyed national and local support, and is exactly the kind of program you would expect welfare reform to be based upon. Certainly, you would expect that the Utah program would be allowed to continue down the same successful path under a reformed system.

Instead, the Utah State Department of Human Services was concerned with the original bill because restrictive work participation definitions in the Personal Responsibility Act posed a threat to the program. The restrictive definition meant that a person faithfully following a self-sufficiency plan specifically designed to assist them in entering the labor market could be considered a non-participant by the

Federal Government. The bill contained a Federal definition that would prevent States, who are dealing directly with individuals, from determining what would best assist a person in getting a job.

Ironically, while the bill did not allow States to count many active participants toward meeting mandatory rates, people who were forced to leave the system because of reaching a time limit could be counted toward meeting work participation rate even if they have never received any work-related assistance services.

The original bill simultaneously restricted successful State reform efforts and offered no protection to people on welfare who were willing to work—it was the worst of both worlds.

This original bill, which I opposed, was the same song only a different verse. It imposed a one-size-fits-all Federal solution, only it prohibited certain actions of States rather than mandating them.

The Democratic alternative was far superior, but not perfect solution. Subsequently, many of us, Democrat and Republicans have worked together and forged a bipartisan compromise, which has forced both the Republicans and the President toward a centrist compromise. Today's Republican welfare reform bill has been improved dramatically since its original version last year in the following areas:

It provides an additional \$4 billion for child care funding, allowing more parents to be assured of their children's safety as they enter the workforce,

It removes the annual food stamp spending cap that would have hurt people during times of economic recession by limiting the food stamp program regardless of economic downturn,

It no longer allows conversion of child nutrition programs to State block grants, therefore we as a nation will remain committed to a basic level of nutrition for all of America's needy children,

It guarantees services to children in the foster care and adoption assistance programs where many children are waiting to be placed with a loving family, and

It enhances States' ability to create a flexible program by providing a work performance bonus, additional funding through the contingency fund, and a greater hardship exemption.

I commend my colleagues on the other side of the aisle for moving toward us on these critical issues. However, there still remain some very serious problems with the current Republican proposal that are addressed in the Castle-Tanner bill.

Before outlining important differences, it is critical to point out that where the Congressional Budget Office [CBO] has determined that the Republican bill provides inadequate funding to meet the requirements of the bill, the bill imposes an unfunded mandate on the States. One of the first actions of this Congress was to prohibit unfunded mandates.

The bipartisan Castle-Tanner bill, of which I am an original cosponsor, contains the following superior provisions:

Castle/Tanner adopts the recommendations of the National Governor's Association to give States greater flexibility to meet work requirements. On the other hand, the Republican bill contains an unfunded mandate. CBO estimates that the bill provides \$12.9 billion less than necessary to achieve the work requirements in the bill, and concludes that most

States would fail to meet the work requirements. Finally, CBO assumes that States would choose to accept penalties rather than meeting the costs of the program. In addition, the National Governors' Association has recently adopted a resolution regarding welfare reform in which the Governors state they are concerned that Republican majority bill H.R. 3734 because it "restricts State flexibility and will create additional unfunded costs."

Castle-Tanner provides for contingency funding for protection during times of economic downturn, when States are experiencing a regional recession or when the Nation is in recession. Without this provision, there will be no funding to assist States when they need it most.

Castle-Tanner provides adequate child care funding. CBO estimates that the Republican bill provides \$800 million less than what is necessary to serve the children who need care as their parents enter the work force. Further, Castle/Tanner limits the transfer of block grant funds to anything but child care whereas the Republican bill would allow transfer of funds to other programs.

Castle-Tanner requires that States maintain at least 85 percent of their current level of effort. In contrast, the Republican bill allows States to decrease their current expenditures by 25 percent, even if they are not having any success in getting people into jobs. The Castle/Tanner bill allows some States to decrease their level of expenditures to 80 percent if they have been successful in getting people to work. This is a sensible provision that guarantees that States keep up their end of the partnership with the Federal Government, and that they are rewarded for their success.

Castle-Tanner requires that individuals in similar situations are treated similarly. This is a commonsense provision. In addition, it requires that States have objective and equitable standards for determining eligibility.

In conclusion, I urge my colleagues to vote in favor of the Castle-Tanner welfare bill. It outlines tough common sense reforms, but provides States with assistance in times of economic downturn. Let's not settle for anything less than welfare reform that works.

Mr. SHAW. Madam Chairman, I would point out to the gentleman in the well that the letter from the Congressional Budget Office to the chairman of the Committee on Ways and Means states that the work requirements contained in the portion of H.R. 3734 titled Temporary Assistance for Needy Families do not constitute an intergovernmental mandate as defined under the Unfunded Mandates Reform Act of 1995.

It is a bogus argument.

Madam Chairman, I include for the RECORD the letter to which I referred:

U.S. CONGRESS,  
CONGRESSIONAL BUDGET OFFICE,  
Washington, DC, July 18, 1996.

Hon. BILL ARCHER,  
Chairman, Committee on Ways and Means,  
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: At the request of your staff, the Congressional Budget Office (CBO) is providing a more detailed explanation of why the work requirements contained in the portion of H.R. 3734 titled Temporary Assistance for Needy Families do not constitute an intergovernmental mandate as defined under the Unfunded Mandates Reform Act of 1995 (Public Law 104-4). On June

26, 1996. CBO transmitted an intergovernmental mandates statement for H.R. 3734, the Welfare and Medicaid Reform Act of 1996, as ordered reported by the House Committee on the Budget on June 18, 1996.

Even though the proposed work requirements would be more stringent than those in current law, the additional requirements would not constitute a mandate because states would have the flexibility to offset the cost of the requirement by reducing their own financial or programmatic responsibilities. Public Law 104-4 defines a federal intergovernmental mandate, in part, as:

“\* \* \* any provision in legislation, statute, or regulation that relates to a then-existing Federal program under which \$500,000,000 or more is provided annually to State, local, and tribal governments under entitlement authority, if the provision—

“(i) would increase the stringency of conditions of assistance to State, local, or tribal governments under that program; or

“(ii) would place caps upon, or otherwise decrease, the Federal Government’s responsibility to provide funding to State, local, or tribal governments under the program; and

“(iii) the State, local, or tribal governments that participate in the Federal program lack authority under the program to amend their financial or programmatic responsibilities to continue providing required services that are affected by the legislation, statute, or regulation.”

Under the program titled Temporary Assistance to Needy Families, states would have the flexibility to determine who is eligible for assistance and the size of the benefit. Therefore, the bill would not require states to devote additional funds to assistance for needy families. States would have the flexibility to offset the cost of the work requirements by tightening eligibility for assistance to needy families or by reducing the size of the benefit.

If you wish further details on this analysis, we will be pleased to provide them. The staff contact is John Patterson who can be reached at 225-3220.

Sincerely,

JAMES T. BLUM  
(For June E. O’Neill, Director.)

Madam Chairman, I yield 1½ minutes to the gentleman from Texas [Mr. DELAY], distinguished Republican whip.

Mr. DELAY. Madam Chairman, I rise in opposition to this substitute offered by my good friends, the gentleman from Tennessee [Mr. TANNER] and the gentleman from Delaware [Mr. CASTLE]. I thought they worked very hard on this substitute. To me, this substitute is one last desperate attempt by the minority to cling to the status quo.

They are making an argument about unfunded mandates, yet they still do not understand the concept of block grants and flexibility given to the States to make decisions based upon where the money will be spent among these programs. Our children cannot afford this status quo.

I ask my colleagues this question: Is it right to preserve a system that has ruined opportunities, destroyed hope, and hurt generations of our Nation’s children?

I say to my colleagues that the current system is tough on children, weak on work, and easy on deadbeat dads. It is this system that I think the minority has fought so fiercely to expand and protect.

This substitute does not go far enough to change the current system. It has loopholes that make any time limits worthless.

It still allows people who will have been on welfare for 5 years to continue to receive benefits. It puts the States in a straitjacket, giving them very little freedom to design their own reform programs. In fact, this substitute gives Secretary Shalala veto power over State welfare plans.

Madam Chairman, I just urge my colleagues to vote for real reform, defeat the Tanner substitute and let the American people know that the status quo is just not good enough.

Mr. TANNER. Madam Chairman, one could categorize our bill as a lot of things, but status quo it is not.

Madam Chairman, I yield such time as he may consume to the gentleman from Tennessee [Mr. CLEMENT].

(Mr. CLEMENT asked and was given permission to revise and extend his remarks.)

Mr. CLEMENT. Madam Chairman, I rise in support of Tanner-Castle. It is a good piece of legislation.

Let me tell you about Charles Davis, a former NBA basketball star who grew up in south Nashville on welfare. By utilizing his athletic skill, he was able to receive a scholarship to college and eventually play for the Chicago Bulls.

While he may be best known as a basketball great, he remains most admired in our community for his dedication to helping the disadvantaged. After years in the spotlight from his basketball achievements, he never forgot those less fortunate than himself, and he established the Charles Davis Foundation to provide funds that help individuals who are on welfare. He never forgot these people, because he knew firsthand what it was like to grow up on welfare.

As a Congress, we cannot forget these individuals. We can no longer delay welfare reform and we must enact a tough, balanced proposal while striving to preserve the basic guarantees of assistance to the disadvantaged. Reflecting the principles of work, family, and responsibility, I feel that the Castle-Tanner welfare reform bill achieves this effect.

It is the Castle-Tanner substitute that requires work while providing the necessary support to make it a reality. We cannot forget the mothers trying to compete for jobs that provide real routes out of poverty but who find it extremely difficult to get the education or training they need. We cannot forget the value of good nutrition and health for the millions of children, working families, and the elderly on welfare.

I will support the Castle-Tanner substitute that guarantees protections for children and moves able welfare recipients to work. We must follow Charles Davis’ example and not forget the individuals on welfare. The Castle-Tanner substitute is welfare reform that we can all support.

Mr. TANNER. Madam Chairman, I yield 2 minutes to the gentlewoman from Missouri [Ms. MCCARTHY].

Ms. MCCARTHY. Madam Chairman, I rise as a cosponsor of the Castle-Tanner proposal and in strong support of this substitute. Castle-Tanner is a fis-

cally responsible, bipartisan approach to putting people to work and protecting our children. It is encouraging to see that the House leadership has made changes in their bill attempting to move toward the Castle-Tanner substitute; however, many substantive differences still remain.

This proposal will give States the tools they need to achieve genuine welfare reform. Adequate funding is essential to a successful welfare reform and the Castle-Tanner substitute provides the resources for States to meet the participation rates required in their work programs. It will require a more reasonable State maintenance of effort, while still rewarding States that exceed their work participation rates. In times of economic downturn, it will ensure additional contingency funds for States to meet the increased demands.

The bipartisan alternative protects children. It requires States to provide vouchers for the needs of children in families removed from welfare rolls as a result of State imposed time limits less than 5 years, and it gives States the option of offering vouchers for children who leave welfare after the 5-year time limit. Castle-Tanner also protects legal immigrant children by exempting them from the ban on food stamps and SSI. The substitute contains strong child support enforcement provisions to ensure that parents take responsibility for their children. In addition, the Castle-Tanner substitute protects the nutritional safety net by maintaining the entitlement in the Food Stamps Program.

The Castle-Tanner substitute moves more people from welfare to work. The substitute establishes reasonable work participation requirements and guarantees States the resources needed to meet those requirements rather than another unfunded Federal mandate.

So that families working their way out of poverty will be able to put food on the table.

According to the Center on Budget and Policy Priorities, under the majority’s welfare reform bill, households in Missouri could experience a decrease in food stamp benefits of \$301 in 1998 and as much as \$435 in the year 2000. When families are struggling to free themselves from poverty, punitive reductions in food stamp benefits make that job more difficult. The Castle-Tanner substitute ensures that families working their way out of poverty will be able to put food on the table.

As a State Legislator in Missouri, I worked diligently to reform the welfare system in my home State and implement reforms similar to provisions contained in the Castle-Tanner proposal. Our plan requires self-sufficiency pacts, similar to the personal responsibility contracts in this substitute, and we impose time based on these pacts.

We established successful State initiatives such as the Futures Program, which moves individuals with long-term dependency from welfare to work, and the Local Investment Commission [LINC] to encourage local businesses to put recipients to work a sustainable wage. One Futures participant, Scotti has two children and was on the verge of being homeless

when she entered the program. She was able to find housing, enroll in computer training classes, and find employment in 10 months. Scotti, along with the other Futures participants were able to reach their goal of self-sufficiency by utilizing the support of Food Stamps and other public assistance programs.

All of the Missouri participants were willing to take risks to change the direction of their life by being confident their children's basic needs of food and nutrition and health care would not be jeopardized. These programs have been instrumental in assisting individuals to leave welfare and become productive taxpayers, and the Castle-Tanner substitute will give each State the opportunity to make reforms and experience similar success.

The Castle-Tanner substitute is a fiscally responsible approach to welfare reform that will move people from welfare to work, encourage responsibility, and protect children. This substitute is supported by a bipartisan group in Congress and is a bill that the President can sign. I urge my colleagues to support the Castle-Tanner substitute.

Mr. TANNER. Madam Chairman, I yield 2 minutes to the gentlewoman from New Jersey [Mrs. ROUKEMA]. (Mrs. ROUKEMA asked and was given permission to revise and extend her remarks.)

Mrs. ROUKEMA. Madam Chairman, I rise in support of the Tanner-Castle alternative to the underlying welfare reform package contained in H.R. 3734.

I want to be very clear that I have been in the forefront of welfare reform that can be correctly characterized as "tough love" and I also support the block grant approach. The flexibility of block grants is meritorious as long as we preserve the maintenance of effort standards, protect the safety net with a rainy day fund and the food stamp program. I support block grants, in other words, does not become a blank check for the Governors. Tanner-Castle will not open the possibility that innocent children will go hungry and homeless.

I was quite distressed to learn, late last night, that the welfare reform package we are debating today contains changes to the food stamp program that undermine the food stamp program, and in doing so move our country in exactly the wrong direction—away from maintaining a true safety net for those truly in need, especially innocent children.

This welfare reform package—as opposed to our prior Republican plans—gives the States, and their Governors, newfound discretion over the food stamp program, which I readily suspect will be used in an attempt to block grant food stamps.

Block granting food stamps was subject to extensive debate and analysis last year, and ultimately this Congress correctly rejected this notion.

It is my strongly held position that block grants for food stamps was intentionally rejected because it represents beginning of the end of the food stamp

program as a safety net for families with children in need.

Allowing Governors to block grant food stamps is a loophole that deeply concerns me and many others who have worked so hard to ensure that these programs help those who need it because they cannot help themselves.

Throughout all of the debate in recent years over how best to implement welfare reform, I have repeatedly made clear that I simply will not support any legislation that results in innocent children going hungry or homeless.

In my view, the Tanner-Castle alternative meets this test, while the underlying bill does not.

After reviewing both plans last night, I have concluded that Tanner-Castle does not erode our Nation's commitment to provide a safety net for those among us who cannot provide for themselves.

For example, the underlying bill calls for \$23 billion in food stamp savings, while the Tanner-Castle amendment calls for \$20 billion in savings.

Unfortunately, the underlying bill calls for food stamp benefits to be terminated if a welfare recipient does not find work within 4 months, regardless of the circumstances. Under this policy, what happens to the innocent children in this family?

Thankfully, the Tanner-Castle amendment stipulates food stamp assistance cannot be denied to someone on welfare who can't find work because jobs aren't available—this is exactly the kind of protections that will ensure our Nation's safety net remains in place in order to protect children and ensure that they don't go hungry through no fault of their own.

I agree with today's New York Times editorial which voiced its clear support for the alternative plan by saying that Tanner-Castle "preserves a federally-guaranteed food stamp program," in addition to the editorial in today's Washington Post which said endorsed Tanner-Castle saying it will "preserve the income floor [provided by food stamp benefits] and reduce the severity of the cuts" proposed by the underlying bill.

Finally, this legislation allows States to use vouchers—instead of cash benefits—to pay for certain services needed by welfare recipients if a State has terminated cash benefits as part of its sanction program.

This is a large step in the right direction, because even if a welfare recipient is playing by all of the rules and has not found a job when the time limits become effective, the use of vouchers for services plays an important role in helping the family and its children keep their head above the waterline.

Although last night I indicated my support for the underlying legislation, I have withdrawn my support for this plan because I believe that the Tanner-Castle alternative is a more equitable, balanced approach to welfare reform.

Last April, I supported the initial House version of welfare reform legis-

lation with some reservations. I was very pleased to see subsequently that the conference committee report on H.R. 4 last November included many significant improvements from the Senate-passed bill, which have properly been retained in the legislation before us now.

I might add that, at that time, I stressed and received explicit assurances from our House Agriculture Committee that food stamps would not be clock granted.

There should be no question that we must enact strong welfare reform legislation this year. The American people are correctly demanding that we restore the notion of individual responsibility and self-reliance to a system that has run amok over the past 20 years.

Although I have strongly supported some welfare reforms that have been described as tough love measures for several years now, I want to reiterate that my goal has always been to require self-reliance and responsibility, while ensuring that innocent children do not go hungry and homeless as a result of any Federal action—the Tanner-Castle plan meets that test, too.

Let me also be clear about the need for more flexibility for the States—I support giving Governors and State legislatures more freedom to design a welfare program that meets the needs of their people. However, the notion of block grants giving States more freedom and flexibility to better design programs for their local areas does not meet that the Federal Government gives the States a blank check for which they are not held accountable.

For example, I believe that block grants must still require so-called maintenance of effort requirements on States in order to ensure that the safety net of our Nation is maintained, and that States don't simply fund welfare programs with only Federal funds.

It is primarily for these reasons that I cannot support the underlying legislation, and must instead vote for the Tanner-Castle alternative.

First, this bill requires welfare recipients to work—a big step in the right direction.

Second, this bill places time limits on welfare benefits—no longer will people be allowed to live their lives on welfare.

Third, this bill keeps the family cap in place, which means that mothers on welfare don't get extra cash benefits for having babies.

In other words, the United States will no longer be the only nation in the Western World that pays young girls to have babies.

New Jersey already has this policy in place, and I am pleased to see that H.R. 3734 retains this worthwhile reform—I should mention that the New Jersey family cap law was sponsored by a Democratic State legislator, and gained strong bipartisan support and was ultimately signed into law by a Democratic Governor.

Fourth, this bill has a strong and effective child support enforcement reform title, which is something that I have worked on here in Congress for more than 10 years.

As I have long maintained, strong child support enforcement reforms must be an essential component of any true welfare reform plan, because improved child support enforcement is welfare prevention: one of primary reasons that so many mothers with children land on welfare rolls is that they are not receiving the child support payments they are legally and morally owed.

Failure to pay court-ordered child support is not a victimless crime. The children going with these payments are the first victims. But, the taxpayers who have to pick up the tab for deadbeat parents evading their obligations are the ultimate victims.

The core of these child support enforcement reforms is the absolute requirement for interstate enforcement of child support, because the current, State-based system is only as good as its weakest link.

Specifically, I want to note that the Roukema amendment on license revocation, which the House overwhelmingly approved last April 426 to 5, has been included in this bill. It requires States to implement a license revocation program for deadbeat parents who have driver's licenses, professional licenses, occupational licenses, or recreational licenses.

This reform has worked very well in 19 States—the State of Maine, in particular, has been a leader—that already have it in place, and if license revocation is implemented nationwide I am convinced it will work even more successfully.

Earlier today, I asked the Rules Committee to include a second child support enforcement proposal—a requirement that States enact criminal penalties of their own design for willful nonsupport of children—as part of the manager's amendment to H.R. 3734. I hope that the Rules Committee will do the right thing, and include this tough reform in the legislation we will vote on tomorrow.

Fifth, I believe that the legislation's reforms for nutrition programs represents significant progress in maintaining the safety net for those in our society who are unable to provide for themselves.

During both Opportunities Committee markup and floor debate on welfare reform last year, I repeatedly attempted to protect the current safety net for school lunches so that, during times of recession, when more families move toward or beyond the poverty level and become eligible to participate in the School Lunch Program, additional money would be available to provide nutrition services.

Thankfully, the Senate saved the House from itself with its decision to preserve the current Federal safety net for school lunches, and H.R. 3734 fol-

lows the Senate position on this issue, which I wholeheartedly support.

I have always preferred to see the School Lunch Program completely maintained at the Federal level, and this legislation correctly does just that.

I am also extremely pleased that the welfare reform package before us does not block grant nutrition services for WIC, the nutrition program serving low-income, postpartum women with children and infants.

Finally, I am gratified to see that this bill incorporates a rainy day fund for those States that suffer a recession or economic downturn.

Last year, I repeatedly advocated that this kind of provision be included in any kind of welfare reform package that contains block grants in order to ensure that those who truly depend on our safety net programs can continue to rely on them during times of economic distress.

Earlier this spring, the National Governors Association called upon the Congress to put \$2 billion of funding into the rainy day fund, and this legislation meets that goal—I enthusiastically support this provision.

We have been so close to passing meaningful welfare reform for so long. Let us today finally move that process forward one more step by passing this comprehensive welfare reform bill.

This is the bill. This is the time. The people of America should not have to wait any longer. I urge my colleagues to join me in supporting this important package.

Mr. SHAW. Madam Chairman, I yield 3 minutes to the gentleman from Ohio [Mr. HOKE].

Mr. HOKE. Madam Chairman, what mean-spirited right winger said the following:

The lessons of history, confirmed by the evidence immediately before me, show conclusively that continued dependence upon relief induces a spiritual disintegration, fundamentally destructive to the national fiber. To dole out relief in this way is to administer a narcotic, a subtle destroyer of the human spirit. It is in violation of the traditions of America. The Federal Government must and shall quit this business of relief?

We heard the gentleman from Utah quote CBO. I am quoting another well known, much better known three-letter icon in American history, FDR, who made it very clear, the Federal Government must and shall quit this business of relief because the lessons of history make clear that to administer it is to administer a narcotic, a subtle destroyer of the human spirit.

I rise in opposition to this amendment and in support of the underlying bill. The reason that I do is because there is a fundamental difference that I want to highlight. It is the fundamental difference between allowing noncitizens to have access to our welfare safety net and not. The Castle-Tanner bill makes it very clear that noncitizens will have greater access to the welfare system; certainly, much more access than under the underlying bill.

What happens under the welfare reform bill that we are going to vote on later today is we completely eliminate welfare benefits to noncitizens except for emergency medical treatment and some other exceptions for elderly people.

The fact is that we have got to, if we are going to fix the immigration, illegal immigration problem, and even legal immigration problem, if we are going to fix that and if we are going to have those people coming to America because they want to be in America, because they want to give to America, not take from America, then we have to eliminate the welfare magnet that we have created here.

The real solution to the immigration problem lies in eliminating and changing the way that we dole out relief, dole out welfare to anyone who is in this country, whether legally or illegally, citizen, or noncitizen. That is a fundamental problem.

We have a certain responsibility with respect to safety nets to citizens of the United States of America. That responsibility does not extend to noncitizens. If we are to, in fact, as a compassionate nation that is able to take care of its own who are falling through the cracks, if we are to be able to do that in a proper way, then we must eliminate the welfare that goes to noncitizens.

Mr. TANNER. Madam Chairman, in response, I would simply say we have a modest exemption in our plan for kids and people who are legally in this country working and paying taxes.

Madam Chairman, I yield 2 minutes to the gentleman from Indiana [Mr. ROEMER].

Mr. ROEMER. Madam Chairman, this bill, Castle-Tanner, reflects common sense because it is produced on common ground. How refreshing, Madam Chairman, to see Democrats and Republicans working together and trying to fix the welfare system that all Americans want us to fix.

I compliment the gentleman from Tennessee [Mr. TANNER] and the gentleman from Delaware [Mr. CASTLE] for bringing us together, and I am proud to be an original cosponsor of this legislation.

□ 1445

This is how the system is supposed to work.

Now, why will this bill work? Welfare reform will create work, it makes people work because it gives people work because it gives people the skills to work.

This bill protects children with child care, it protects children with foster care, and it cares about making sure that people work. Way too many people get on to welfare and then too quickly go off to welfare and come right back on again. Figures indicate that it might be from 50 from 60 percent of people are on welfare for a year and then get off and then come back on. We want to make sure we put a bill together to keep them off of welfare.

This bill puts \$3 billion extra into the worker training programs. It provides the States with the needed flexibility so that Indiana can do some things differently from California in order to do and make people work. It also saves, Madam Chairman, \$53 billion for the taxpayer.

So it puts people to work, and it still saves money.

Finally, in our State, in Indiana, the worker training programs are working if we put money into them and they are getting people off of welfare. We have had an impact program in Indiana which as seen a job placement increase of 162 percent and a 26 percent decrease in AFDC caseloads.

So I would encourage our Members to vote for a bipartisan bill that puts people to work and gives them the skills to work.

Mr. SHAW. Madam Chairman, I yield 1½ minutes to the gentlewoman from Washington [Ms. DUNN], a Member of the Committee on Ways and Means.

Ms. DUNN of Washington. Madam Chairman, I commend all the people who have been active in this debate on welfare. It has been a tough long haul. We have produced two very good bills, sent them to the President. He has vetoed both of them. We are working now to put together a bill that he will sign, and I certainly understand and appreciate the concern and the compassion of all the folks who have been involved.

I like this alternative bill, but I simply believe that our original welfare bill is far better balanced and has looked at every issue with a better eye. There are three areas where I am a bit concerned, Madam Chairman, about the lay of the land on the substitute bill.

First of all, it reduces earned income tax credit payments to low-income families by over \$3 billion over our original bill. I am concerned about that. I think that we have been far more careful in revising the EITC and that this cuts it too much for working families.

Second, this substitute continues welfare after 5 years. There needs to be an end to welfare. Sixty months is enough in most cases, and as we continue food stamps and as we continue Medicaid, I believe 5 years is enough and that the voucher system is not a good part of the substitute bill.

Last, this substitute provides about \$12 billion in extra welfare for noncitizens.

Madam Chairman, Americans are generous people. We have opened our arms to people from all over the world as long as they come to this Nation realizing it is a Nation of opportunity, not a Nation where we lean on the Government. We have in our original bill tightened the sponsor agreements. I believe that it is very, very bad to provide welfare to able-bodied noncitizens. I urge a vote against this substitute.

Mr. TANNER. Madam Chairman, I yield myself such time as I may consume.

Madam Chairman, I would simply say that insofar as the EITC matter is concerned, once again we make no substantive change in the law. What we do is have savings scored because of compliance with the law.

Madam Chairman, I yield 1 minute to the gentleman from Alabama [Mr. CRAMER].

Mr. CRAMER. Madam Chairman, I thank my colleague from Tennessee for yielding this time to me, and I rise in strong support of the Tanner-Castle substitute here today, and I want to congratulate my colleague, the gentleman from Tennessee [Mr. TANNER] as well as the entire Conservative Democratic Coalition, the Blue Dogs, as we are fondly known.

We have worked long and hard to make sure that we had an opportunity to get to this day when we could engage in some effective give and take, some effective dialog of this issue to make sure that we had the opportunity to see that the American people have this chance to see this worn-out, burned-out welfare system redesigned.

Now, this is not an easy thing to do, and I think that is why my colleagues need to pay attention. The Tanner-Castle substitute is the better way to go. When we look at the bottom line of what we are about to do, we need to do what is effective, not just window dress this issue. I am concerned about the States, where the States are coming from and what they will be able to do effectively when we pass part of this burden, a significant part of this burden, on to the States, and I think the Tanner-Castle is the reasonable approach to take.

Mr. SHAW. Madam Chairman, I yield 30 seconds to the gentleman from Tennessee [Mr. TANNER] to find out how he saves \$6 billion on EITC without affecting any benefits.

I mean I have been debating this as a straightforward bill, but I am wondering how in the world he saves that without affecting the benefits.

Mr. TANNER. Madam Chairman, I am advised that we made no substantive changes, that we get scoring for that savings because we cut out waste, fraud and abuse and maintained compliance, for example, if one has a trust fund income of \$50,000 and has a job that pays 12, one would not be able to claim the EITC because they have a \$12,000 income because we count the \$50,000 unearned that they received from a trust fund.

So, as we score that, we are entitled to savings, and they have been so stated.

Mr. SHAW. Madam Chairman, I would simply say to the gentleman that those same provisions are in our bill, and we certainly do not save any \$6 billion.

Madam Chairman, I yield to the 1½ minutes to the gentleman from Missouri [Mr. TALENT].

Mr. TALENT. Madam Chairman, I thank the gentleman for yielding this time to me.

Madam Chairman, I have 1½ minutes; let me get right to the point.

I appreciate very much the tone of the debate to this point, but I think the reason we ought to oppose the Democratic substitute is that it is much weaker on work than the underlying bill. It is better than the ones they have offered in the past, but it is much weaker on work. In fact, that is one of the things trumpeted as a virtue of it. We have heard that the Governors like that bill. Of course, they like that bill. They do not have to do very much under that bill, particularly in the earlier years. That is what they want, freedom and more money and not to have to do very much, particularly with regard to work requirements, and that is what the Democratic substitute does.

First, on face value, in terms of the face work participation requirements, the main bill is stronger than the substitute. But we have to look beyond face value when we look at work requirements.

Madam Chairman, at any given time, if we take a snapshot of the welfare caseload at any given time, there are people coming on and people going off. Naturally, without doing anything, people are leaving the welfare caseload, but others are coming on, and historically it has been growing, and we have been paying more and more money. The substitute would count people who leave naturally from the caseload towards meeting the work participation requirements. That is like a 10-percent bonus every year. What it would mean is that in order to meet the work requirements in the first year the Governors would have to do very little. They have to get another 4 percent of the caseload working.

That is the reason that they like it.

What we have heard basically is that this bill has to be reasonable, it has to be effective. Of course, it has to be effective. This system is terrible. Why are we arguing that we should be moderate in approaching it? If we are going to get substantial change, we have to have a bill that achieves substantial change and enforces that in the States. Vote for the main bill and vote against the substitute measure.

Mr. TANNER. Madam Chairman, I yield a minute and a half to the gentlewoman from Florida [Mrs. THURMAN].

Mrs. THURMAN. Madam Chairman, I too would like to take this time to congratulate the gentleman from Tennessee [Mr. TANNER] and the gentleman from Delaware [Mr. CASTLE] and, I might add, Mr. CASTLE, being a former Governor, I think lends some respectability to the issues that we are speaking about today.

I, too, am an original cosponsor of the Castle-Tanner because I think it does give us real reform and real responsibility. We demand responsibility not only from welfare recipients, but from the Federal Government and the States who are our partners in this system. We require work and hold beneficiaries responsible for their actions,

but we do not make these demands and then not live up to our end of the bargain.

Our commitment requires adequate funding levels for the work requirements in the bill. Castle-Tanner meets this need. The majority bill does not.

Our commitment requires that we have a plan in the event of a national or regional rescission. We have seen that in this country. Castle-Tanner has a real contingency fund to meet this need. The majority bill has an underfunded contingency fund with unrealistic limits on a State's access to the fund.

In the Castle-Tanner we are more realistic. If there is no job, one cannot lose something as basic as food stamps.

We also provide better protections for children. Children must not be made to suffer for their parents' action. We allow vouchers so that families who reach that time limit on welfare can still care for the very basic needs of their children. The majority's bill prohibits the use of Federal funds to help children once their families have met the time limit.

These are both tough bills and reform bills. We are just as strict on fraud and abuse as the majority's bill. But the fact is the Castle-Tanner treats people fairly withholding them, and we save \$53 billion as well.

Mr. TANNER. Madam Chairman, I yield 3 minutes to the gentleman from Michigan [Mr. LEVIN].

(Mr. LEVIN asked and was given permission to revise and extend his remarks.)

Mr. LEVIN. Madam Chairman, let me respond briefly to a couple of points. First of all, on time limits.

The time limits remain in Tanner-Castle. There are exceptions in both bills. They have a 20-percent exemption allowed to the States. Castle-Tanner has a similar provision. The question is whether the States should have the flexibility to use Federal funds for vouchers for kids because of the time limit. They say "no." They say they are for flexibility, but if the States want to use Federal funds not for cash benefits but to help kids, they say "no." Castle-Tanner is much better in that respect.

EITC. I want to reiterate, we do not touch the rates. They tried to in their original bill. We scared them off it. We do not change the basic EITC. We get savings through compliance efforts, basically leaving the structure as it is, and it is so ironic they would come here after trying to take 15, 20 billion from EITC, from working families, and all of a sudden they are defending them.

Mr. SHAW. Madam Chairman, will the gentleman yield?

Mr. LEVIN. I yield to the gentleman from Florida.

Mr. SHAW. I mean the gentleman has been asking us to work with him in a bipartisan way, we come toward his position, and he says they scared us off of it. Come on. Let us lighten up.

Mr. LEVIN. All right, look. They agreed with us finally. All right, they can call it what they want. We hit them hard, and they finally said "OK," as they did on a lot of other things where they were weak on work and hard on kids. They have moved our way. They simply have to come further.

Now I want to talk about States getting people off welfare into work, which is so critical. CBO says, "You do not have money to help States get people off welfare to work." That is the key.

Now they say there is an authorization now. They have given this to the gentleman from Delaware [Mr. CASTLE]. The rumors are they will take it back in a conference. I hope those rumors are wrong. But I do not care, because it is only an authorization.

What Tanner-Castle says is we are serious about welfare to work. We are tough on that and we are going to provide the States the moneys to do it. They provide zero, and CBO says they are between \$9 and \$12 billion short.

If my colleagues want a bill that is tough on work, getting people off welfare to work, and does not hurt kids, Castle-Tanner is much closer to the mark, and they are further away. Vote for the Tanner-Castle bill. Vote for it, and then against the Republican bill. I hope the Tanner-Castle bill will pass. It is the only bipartisan effort so far. We need to keep that bipartisan spirit going.

Vote for it.

□ 1500

Mr. SHAW. Madam Chairman, I yield 3 minutes to the gentleman from Connecticut [Mr. FRANKS], a distinguished member of the Committee on Commerce.

Mr. FRANKS of Connecticut. Madam Chairman, I thank the gentleman for yielding time to me.

Madam Chairman, as we argue and continue to delay the passage of real welfare reform, more families are getting trapped or continue to be trapped in a system that, to me, is like the slavery system we had years ago. It is the 20th century version of slavery. We, the Government, will provide food and shelter but little hope of real change.

There are differences, however. Slaves were black. Most welfare recipients are white. Slaves worked but were not paid. Welfare recipients do not work but they are paid. The Republican bill will take a major step removing the shackles of Government dependency.

As we have argued and delayed passage of welfare reform over the years, more fathers have not been getting identified so they can be forced to take care of their own children. The growth of the single-parent household in the black community will hit 80 percent and in the white community 40 percent by the year 2000 if we continue to do nothing.

Compassion. It has been proven that these youngsters are more likely to get

lower grades, more likely to be involved in crime, and more likely to fall victim of our welfare state. Compassion will be demonstrated when we change this slide downward.

As we have argued and delayed passage of welfare reform over the years, more young ladies have been getting more money for having more babies. How wrong.

As we have argued and delayed passage of welfare reform over the years, more drugs have been bought with taxpayers' dollars. Studies have shown that 25 percent of welfare recipients are drug abusers. So where are they getting the money? They are getting the money from you, the taxpayer.

The Republican bill will encourage the adoption of a debit card electronic benefits transfer system and will move us towards eliminating cash in our current welfare system.

Madam Chairman, it is like Nero during the Roman Empire. We fiddle while our welfare state continues to destroy lives. In 1992 Mr. Clinton promised that he would end welfare as we know it, and he has failed to do so. The President has vetoed two bills. He has failed to present his own bill, and he expressed support for the Wisconsin bill and a Senate bill, but failed to sign on to either one of them. The record of the Democratic-controlled Congress would be no better. In my first 4 years in Congress we never even voted on a welfare reform bill.

Madam Chairman, it took Abraham Lincoln, a Republican, to end slavery. I am becoming more and more convinced that it will take a Republican-controlled Congress and a Republican President to end welfare as we know it. I strongly support the Republican plan and I would strongly suggest opposition to the substitute.

Mr. TANNER. Madam Chairman, I yield myself such time as I may consume.

Madam Chairman, I thank the gentleman for his previous remarks, and would point out that our bill contains the electronic transfer provisions as well.

Madam Chairman, I yield 4 minutes to the gentleman from Texas [Mr. STENHOLM].

(Mr. STENHOLM asked and was given permission to revise and extend his remarks.)

Mr. STENHOLM. Madam Chairman, let me first begin by commending my colleagues, the gentleman from Tennessee [Mr. TANNER] and the gentleman from Delaware [Mr. CASTLE], for the tireless work they have put in on this issue, and also to my colleague, the gentleman from Florida [Mr. SHAW], for his very constructive handling of this bill. With the lone exception of the rhetoric on EITC, I have appreciated the gentleman's approach and attitude toward the development on this issue.

To set the record straight one more time, I simply want to reiterate that Castle-Tanner ensures that scarce EITC dollars go to the working poor

who need it, not to the individuals with substantial business income who do not need it. And I suspect the gentleman from Florida [Mr. SHAW] would like to see the same provision in his bill today.

Also, I do not see my friend and colleague, the chairman of the House Committee on Agriculture on the floor, but I find it very, very interesting that he would be complaining about the fact that our bill attempts to maintain indexation of housing benefits for the very poor, those who have to spend over 50 percent of their income for housing; and at the same time the majority will have next week on the floor a bill dealing with campaign reform in which they will say indexation of those who would contribute to us is OK but those who would index those of the very poorest among us is bad. I find it very, very interesting.

Madam Chairman, I want to take a couple of minutes and try to make it as plain and simple why I support Castle-Tanner versus the base bill. I want to do it in a way that is perfectly understandable.

First is the matter of political practicality. I am weary of political posturing, and we have heard it from a few today over and over, language that is intended more for campaign platforms than for realistic problem-solving. The Castle-Tanner proposal was developed to try to break that partisan stalemate on this issue and reach a consensus on welfare reform that can be signed into law. Our proposal is a true compromise, as evidenced by the fact 26 Democrats and 16 Republicans have co-sponsored the legislation.

The principles and policies of this substitute can be supported by both parties in both bodies of Congress. The bill can be signed into law by the President. The base bill cannot.

Second is the matter of unfunded mandates. One of the first pieces of legislation passed by the 104th Congress was a resolution ensuring that the Federal Government pay the cost incurred by State and local governments in complying with Federal statutes and regulations.

The work mandate placed on the States in the base bill is not matched by financial support necessary to meet the mandate. CBO says so, the National Governors Association says so, and in addition to the unfunded work mandate, there is also an unfunded mandate on health care providers that will result from Medicaid changes for current welfare recipients.

So, \$7 billion in Medicaid will no longer be available for those recipients, and yet health care providers in our States will still be morally if not legally obligated to provide care for these people. Castle-Tanner does not have unfunded mandates. The base bill does, as ascertained by CBO.

Third is the matter of how our Nation treats its children. Tanner-Castle is much stronger than the Republican bill in protecting children, all children.

This substitute requires States to provide vouchers for the needs of the child for families removed from welfare rolls as a result of a time limit of less than 5 years, and gives States the option of providing vouchers for families cut off as a result of the 5-year time limit. The base bill explicitly prohibits States from using block grant funds to protect innocent children from being harmed because of the mistakes of their parents.

Madam Chairman, I urge my colleagues to vote for the bipartisan, bicameral, commonsense, achievable, enforceable Castle-Tanner substitute, and against the final passage of the base bill in its current form.

Mr. SHAW. Madam Chairman, I yield 3 minutes to the gentleman from Louisiana [Mr. MCCRERY], a most valuable member of the Committee on Ways and Means who was very instrumental in crafting the bill before us.

Mr. MCCRERY. Madam Chairman, I have a lot of things to talk about.

First of all, the issue of unfunded mandates. I have in my hand here a letter from the CBO that my dear friend, the gentleman from Texas, kept referring to, in which the CBO states clearly:

The work requirements contained in the portion of H.R. 3734 titled "Temporary Assistance for Needy Families" do not constitute an intergovernmental mandate, as defined under the Unfunded Mandates Reform Act of 1995.

So I hope that will put that to rest once and for all.

The issue of earned income tax credit. We received not too long ago a letter from the President in which he said, in listing his objections to our bill, the underlying bill on the floor today, the bill would still raise taxes on millions of working families by cutting the earned income tax credit.

Madam Chairman, in trying to satisfy the objections of the President, we took that out of our bill. We do not raise taxes any more, using the President's terminology, on working families by cutting the EITC, but the substitute we are about to vote on does. It does. They do lower the threshold for disqualified income under the EITC in their substitute. They do add additional sources of income to disqualified income under the EITC. Also, they add additional income to the definition of adjusted gross income, which affects the level of the EITC.

So we can talk around it all we want, but the fact is the substitute on the floor cuts the EITC by \$3 billion in real money to real people. Do not get me wrong, I agree with the cuts. I think they are good.

Madam Chairman, I think it is good, our EITC changes. I wish we had more of them. We took them out, trying to satisfy the objections of Democrats and the President. Members ought not to say they do not have those cuts in there, because they do.

I think the Castle-Tanner substitute is a good bill. It is far superior to the

present welfare system. The base bill, though, is a little better, so I hope people will vote against the substitute and for the underlying bill.

Medicaid. I heard my good friend, the gentleman from Delaware [Mr. CASTLE], talking about how the substitute is better on Medicaid. Again, we have made a change in our bill to satisfy the gentleman from Delaware [Mr. CASTLE] and the President. Our provision is exactly the same as the Castle-Tanner substitute, maintenance of effort. They have 85 percent, we have 80 percent. My goodness, an 80 percent maintenance of effort requirement is a tough requirement.

Vouchers. Our bill provides for a 20-percent hardship exemption at the option of the States. Twenty percent of their entire caseload can be exempted from the 5-year time limit. That is a very generous exemption. You do not need vouchers and you ought not to have them. You ought to have a strict time limit with an exemption for hardship cases. That is what we do in this bill.

Food stamps, there are very strict requirements in the base bill for block grants. CBO estimates very few States will qualify.

Mr. TANNER. Madam Chairman, I would state again for the record, we do not do anything with the EITC substantively.

Madam Chairman, I yield 2 minutes to the gentleman from California [Mr. FAZIO].

Mr. FAZIO of California. Madam Chairman, we have heard a lot of talk about work requirements and where they really exist and where they are merely a sham. I argue that the Castle-Tanner bill really does the job of providing the States with the necessary funding to put welfare recipients to work.

The Republican leadership bill, as drafted, falls \$12.9 billion short of the funding necessary to put people to work. The CBO, which is headed by a person appointed by the Republican leadership, has done a study. I refer Members to this chart, because CBO confirms that work requirements under this bill, the Republican leadership bill, are empty promises.

CBO concludes that most States would fail to meet the work requirements. They assume most States would simply accept penalties rather than implement the work requirements. In other words, the Republican bill places such a tremendous unfunded mandate on States that they would not even try to comply with the requirements to put welfare recipients to work.

Castle-Tanner provides States with the flexibility to design work programs that are appropriate for their local communities. In fact, the Republican leadership bill rejects the recommendations of the National Governors Association for State flexibility. This is an organization made up, obviously, of many, many Republican Governors, a majority of them. The NGA unanimously adopted a resolution stating:

"We are concerned that the Republican leadership bill restricts State flexibility and will create additional unfunded costs."

So unless the States are given the flexibility to design work programs and given the resources to implement those programs, as the Tanner-Castle bill does, rhetoric about tough work requirements is either an empty promise, as CBO would maintain, or the greatest unfunded mandate in history; this, of course, in the Congress of devolution.

So really, who has the sham work requirement? It is obviously the Republican leadership bill. The bipartisan Castle-Tanner bill is the only one that really puts people to work.

Mr. TANNER. Madam Chairman, I yield 1½ minutes to the gentlewoman from California [Ms. HARMAN].

(Ms. HARMAN asked and was given permission to revise and extend her remarks.)

Ms. HARMAN. Madam Chairman, I commend the gentleman for his leadership in this important subject.

Madam Chairman, the Castle-Tanner bipartisan welfare reform bill is smart, fair, and comprehensive. It gives States both flexibility and the resources necessary for welfare-to-work programs, even in times of economic downturns. It is also fair to children whose parents are denied cash benefits. I urge my colleagues in the strongest terms to support it.

But if the House will not endorse this plan, in my view we cannot delay any longer enacting welfare reform. I have twice before voted against proposals which went too far and hurt children. I have many concerns about the underlying welfare reform plan. I would like to see Congress increase resources for moving people into the work force, less dramatic cuts in the eligibility of legal immigrants for some programs, and vouchers for children whose parents are ineligible for cash benefits.

But the underlying bill includes significant improvements over the bills the President vetoed. It provides an additional \$4 billion for child care, removes the earlier bill's spending caps on food stamps, and increases the minimum required spending by States to 80 percent of fiscal 1994 levels.

□ 1515

I also believe the Senate will continue to improve the bill.

Madam Chairman, we must act now to move welfare reform forward. I urge my colleagues to vote for the Castle-Tanner amendment and to support final passage of welfare reform today.

Mr. TANNER. Madam Chairman, I yield myself the balance of my time.

Madam Chairman, I want to thank again, as I said at the outset, the cosponsors of this legislation. Particularly it has been a pleasure working with the gentleman from Delaware [Mr. CASTLE] and his staff in trying to put together a truly bipartisan approach to what is an American crisis and will require an American solution.

The American solution to me means a bipartisan solution, one that both sides maybe cannot embrace in total but can accept.

That is really what we have tried to do, because we are honestly, sincerely, and for no other purpose, interested in changing and reforming a broken system. Everyone has spoken to that today, and that is the sole purpose for the countless hours that we have worked on this and brought it to this point.

We have tried to sail a partisan ship through this place twice this year, and it has not worked. What happens when we do that? We all fail; the White House fails, the Congress fails. It does not matter whether one is Democrat or Republican. We fail to deliver welfare reform to the American people when we insist on sailing this partisan ship through the Halls of this Congress.

Our bill does not do that. We have got 42 cosponsors, 26 Democrats and 16 Republicans. Our premise started when we sailed that ship of partisanship through here, and it became obvious to us that the Republican leadership and the White House had a gap. They were apart. So we got together and said, "Let's see what we can do to bridge the gap."

Our substitute is much like the base bill as the gentleman from Delaware [Mr. CASTLE] said in his opening remarks. We impose time limits on welfare. We change the system. We require personal responsibility. We have tough work requirements. No one can say that we do not. We have provisions to combat illegitimacy, and two-parent families we encourage. We have tough child support measures and so on.

It is clear to anyone, I think, to be fair, who reads these measures that both of them dramatically reform the current system and end, hopefully, this destructive cycle of generational dependency.

So why should a Member vote for Castle-Tanner over the base bill? First of all, one of the speakers, I think the gentleman from Texas [Mr. STENHOLM] said, we have a chance to pass and actually enact law, if we do, one that is close to the Republican bill in many respects but is better for kids.

We can pass this and actually make a law this year. We do not have to wait until next year. The President mentioned it in his radio address last Saturday morning. He has moved and said he would move to something like Castle-Tanner.

Second, we do a better job, we think, in providing the necessary structure, or infrastructure, to actually put people to work. That is the whole purpose of this bill, getting people off welfare, some say off the dole, into meaningful jobs, so that they will be role models for their kids and so on.

We are better, we think, on the State-Federal partnership theory. That really is what any social program like this ought to be under our system of government. We provide and we are

better on the economic and necessary responsiveness to a downturn. And then, finally, it has been alluded to many times, we are really better for the kids.

I do not know anyone who is the most fervent supporter for welfare reform that thinks that treating a 4-year-old child like they are a 34-year-old person who will not work is a good idea. If we read the Republican underlying bill, that is what is happening. I hope Members will support this amendment.

Mr. SHAW. Madam Chairman, I yield myself the balance of my time.

The CHAIRMAN. The gentleman from Florida [Mr. SHAW] is recognized for 6 minutes.

Mr. SHAW. Madam Chairman, I want to join my other colleagues in congratulating the chairman for the way that she has presided over this body today. She has brought us great dignity.

I would like to also speak to the gentleman from Tennessee [Mr. TANNER], my good friend, who I think has done a wonderful job. I think it is incredible that the name MIKE CASTLE, as a Republican Member, a most distinguished Republican Member, appears first on a bill that is being offered as a substitute by the gentleman from Missouri [Mr. GEPHARDT]. My goodness, what in the world is this Chamber coming to?

But I think there are a few things we need to correct here. These are some of the characteristics that have been and some of the charges that have been laid toward H.R. 3734, the base bill that we are going to vote on this afternoon.

We hear speaker, after speaker who has gotten up and said how it is weak on work. For goodness sake, one of the last speakers gets down with a poster that says we are weak on work. Which is it, are we too weak on work or too strong on work? They say that the work requirements are not even obtainable. Come on, we cannot have it both ways.

At the request of the gentleman from Delaware [Mr. CASTLE], we also put in our bill, because he is concerned about, as a former Governor, whether or not the States are going to be able to meet these requirements. We provide that the States are going to report back to the Ways and Means and the Finance Committee in 3 years to take another look at these work standards to be sure that we have not made them too strong. That has been the concern that has been voiced here.

Let us put all the cliches aside, obviously the soundbite, weak on work, hard on kids. Come on. This is not the case. You know that, I know that. The dignity of this debate should bring us above that, and we should be talking in specifics. When we have honest disagreements as to what to do with non-citizens, I think we should face those. But I think it is also important to understand that in such matters as higher education, we allow noncitizens to continue to get Pell grants. We allow

them, by the way, to sign a college loan by themselves. Castle-Tanner provides that the sponsor has to cosign that loan. We did not require that, because we do not consider higher education as welfare. That is part of the American dream. This is something that we desperately want to preserve.

I would tell my colleagues as members of this committee that, when we talk about harder on kids, sure, we do not provide for vouchers out of the Federal funds after 5 years. You might argue that that is hard on kids. I do not think so. We provide, however, that the States can provide 20 percent of the funding for their case load, of the Federal funds, to go beyond the 5-year work level. What does that mean? It means that, if they want to create with that 20 percent a voucher system, they can do it.

So there is virtually no difference in the two bills when you look at the practical application of what the States can do. But we set forth the national policy, and the national policy is that we are for now, and once and for all, going to time-limit the period of time someone can be on welfare. That is going to be the national policy.

We are going to also allow the States to craft their own bills. We are not going to continue to make welfare available to noncitizens. That is a very big difference of opinion that we have here in this hall, and I respect that difference of opinion.

But soon we are going to be taking a vote, I think, that is going to be most historic. When we talk about a bipartisan approach, I sincerely hope, and we have reached out to the Democrat side of the aisle in bringing Members in and talking to them. The gentleman from Michigan [Mr. LEVIN] has said on the floor that he made us do it. Well, whether he made us do it or whether it is bipartisan, it happened, and it happened with the Democrats and Republicans coming together.

We are receptive to good ideas not only from the Republican side but from the Democrat side as well. Once the minority party is fulfilling its responsibility of criticizing legislation that is provided by the Republican side, they are fulfilling their requirement under the system in which we work. When we listen to you, we are working in a bipartisan way. We are not getting bullied into any position.

One thing I want to answer, too, that the gentleman from Michigan [Mr. LEVIN] said, talked about all the rumors that are around about how we are going to cut this and that out of the bill. I can say the rumors are starting from my colleague's side; they are not starting on our side. I do not intend to take any of those provisions out that my colleague has talked about as being rumored to come out in conference. I would hope that the other body would move swiftly and pass this bill, that we could conference it and get it to the President's desk.

I would also hope on final passage that many of the Democrats who feel

strongly about welfare reform, as I do, and as the Republicans do and as the President has stated, that my colleague will join us and show support of welfare reform coming out of this body so that, when we put something on the President's desk, we can truly say this is a bipartisan effort. This has bipartisan support, because we have worked with many of you on the Democrat side.

My colleagues have had input into this bill. I would now earnestly ask them after the substitute, support H.R. 3734.

Mrs. MALONEY. Madam Chairman, the American people do not want to hurt kids.

The Republican bill is so removed from reality. It punishes children, penalizes working families, and denies benefits to virtually all legal immigrant children.

The bill would worsen poverty and hunger for 9 million innocent children by making deep cuts in benefits, especially during economic downturns by limiting the contingency fund to only \$2 billion.

The Castle-Tanner substitute has an uncapped contingency fund for use during these troubling times.

Working families, who play by the rules, will see their food stamp benefits cuts by as much as 19 percent.

When you completely eliminate the Federal guarantee, those of us who work in State and city legislatures know that, given the financial pressures, poor people often fall through the cracks.

The Castle-Tanner bill provides State vouchers for needed support for families.

But the Republican bill we're considering today would make a bad system much worse by allowing only State funds.

This Republican bill just tells defenseless children, tough luck.

This bill won't put people to work. According to the CBO, the bill is \$10 billion short of what they need to carry out their work program.

It will put families with children out on the street.

That's not welfare reform.

It's a blueprint for disaster.

Say yes to welfare reform Castle-Tanner.

Say no to this cruel and senseless bill.

Mrs. LINCOLN. Madam Chairman, today is a landmark day in congressional history. Today we will pass needed welfare reform that will hopefully move our Nation's low-income citizens from passively accepting a welfare check to actively earning a paycheck.

Most of my colleagues in this Chamber would agree with me that the current welfare system needs to be changed. No one should get something for nothing, and if the American people are going to be generous with their tax dollars, they should get something in return.

Madam Chairman, the bipartisan Castle-Tanner substitute, of which I am an original cosponsor, provides responsible reform through three main goals: personal responsibility, State flexibility, and work.

Personnel responsibility: Under our plan, all recipients must work within 2 years of receiving benefits, and the proposal establishes a 5-year time limit on cash assistance. Also, our plan requires teenage mothers to stay in school and live with an adult to receive assistance, and it establishes a family cap halting benefits for additional children born to welfare

recipients. In addition, the bipartisan Castle-Tanner substitute holds fathers responsible for their children through strong child support enforcement.

State flexibility: Our plan provides States with the flexibility to design innovative welfare reform proposals within broad Federal guidelines. States can develop successful work programs that reflect the needs of their local communities, and States can deny cash assistance to teenage mothers. In addition Castle-Tanner gives States the option of providing vouchers for children or noncash emergency assistance to families and have lost cash assistance as a result of a time limit.

Work: Unlike the Republican proposal before us today, our substitute provides the amount of funding that the Congressional Budget Office has stated is necessary to fund the work programs, thereby ensuring no unfunded mandates for our States. Our bipartisan proposal provides \$4.5 billion more than the Republican measure for child care assistance to families that leave welfare for work and need child care help in order to remain employed and stay off the welfare rolls.

But most importantly, Madam Chairman, if my colleagues want to pass welfare reform that has the best chance of being signed into law, then I encourage support of the bipartisan Castle-Tanner substitute. It is the only proposal that the President has promised to sign.

Mrs. COLLINS of Illinois. Madam Chairman, there is an old saying "the poor will be with us always." And another that "a person never stands so tall as when he or she bends to help a child." When a child is poor, that child is at greater risk of being undernourished and undereducated. My constituents in the Seventh District of Illinois are among the richest and the poorest of the Nation. I am told that I am the longest serving African-American female Member in the history of the United States House of Representatives, and as such, I have for 23 years fought strong and sometimes bitter battles for the benefit of the vulnerable, the disenfranchised, the young, old, disabled, and poor. That is what I hope to be remembered for when I retire from this body at the end of the year.

So, I rise today with some reservations about the Tanner-Castle substitute welfare reform measure which really is a compromise for me. I do not like the idea of block granting welfare benefits, but with sufficient Federal criteria and oversight, perhaps they can work. If so, they will be the wave of the future.

This substitute requires States to enter into personal responsibility plans with parents who seek to receive this public assistance. As long as this is a two way street, spelling out what the States' responsibilities are as well as those of the parents' it could possibly financially protect the families. The States have asked for block grants and will be called upon to demonstrate that they can act responsibly to all vulnerable populations in a nondiscriminatory manner. My fear and recollection of contemporary history is that many of them will not.

The Tanner-Castle substitute also incorporates time limits as a widely accepted way to provide measurements toward performance for both the family receiving public assistance and the State in providing sufficient training, guidance and support—both personal and monetary.

A requirement of work is not unreasonable if the person has the skills to get and perform

a meaningful job. Thus, with that requirement for work by the parent—and let's get it clear about whom we're talking: this welfare reform is for parents—the State has a comparable responsibility to provide that parent with the tools and means to perform and succeed in a job that pays a living wage.

I consider a living wage to include the ability to pay the family's bills: the rent, food, clothing, transportation, medical care, and child care. Without that ability, no parent now benefiting from AFDC should be made to take a job when there is no means of providing health care for a sick child, or which would provide insufficient food for their bellies. Let's stop making parents look like the bad guys in this debate.

A special problem has arisen because of the large number of teenage parents who are, for the most part single, and have not completed their education—and many will not. They, too, need to have a stable, dependable support system. Whether that is that teen parent's biological or substitute parent or a publicly funded shelter, should be the decision of that child-parent.

I also believe that the Federal Government must oversee the States to assure that those extremely vulnerable family units of "kids having kids" have alternative homes that will provide the shelter and life-skill training from which they can draw strength, skills, nurturing, and self-esteem.

There is a provision in the substitute that I strongly object to. It ties an arbitrary abortion rate within a State to an illegitimacy rate for which a State may receive additional bonus funding. I will monitor this provision as legislation progresses through Congress to assure the States fair and honest availability to receive performance bonuses when they develop successful programs to reduce their out-of-wedlock births.

States that currently have waivers of various measures would have the option to continue under those options until the expiration of those waivers.

The Tanner-Castle substitute does have a strong child support enforcement provision. As long as those provisions are implemented universally and non-discriminatorily nationwide, it may succeed in providing those vulnerable single parents a valuable additional resource. I wholeheartedly agree that parents should be responsible for their children, but when short duration public assistance is needed, they are entitled by our God almighty, to a decent life.

On the issue of Medicaid eligibility, until and unless Congress can achieve meaningful health care reform to provide for universal access to health care financing, there must be Medicaid eligibility for the unemployed, uninsured families who receive public assistance. Tanner-Castle retains current law for child protection funding, guidelines, and requirements. Child protection is what this welfare reform is really supposed to be all about. It is protecting the vulnerable children of our Nation against poverty and despair, against hunger and sickness, and against fear and helplessness. I think that for the most part, the Tanner-Castle substitute attempts to do that.

Mr. POSHARD. Madam Chairman, I rise today in strong support of the Castle-Tanner Welfare Reform Act, a tough, balanced welfare reform proposal that moves able welfare recipients to work and protects children. I am a cosponsor of this reform bill because I be-

lieve it provides States and our local communities with the resources, support, and flexibility they need to successfully move welfare recipients into the work force.

The Castle-Tanner Welfare Act requires all welfare recipients to begin work within 2 years of receiving assistance and imposes a 5-year time limit on cash assistance. However, the plan also gives States the option of providing continued assistance to children and non-cash emergency assistance to families that have lost cash assistance as a result of a time limitation.

The bill further requires that minor mothers must stay in school and live with an adult in order to receive assistance, and stops additional benefits for additional children born to individuals on welfare. In addition, the Castle-Tanner plan rewards States that are able to reduce illegitimacy without increasing the abortion rate. The bill also holds fathers responsible for their children through strong child support enforcement.

The Congressional Budget Office [CBO] estimated that the Republican welfare reform proposal, which we are also considering today, would fall nearly \$13 billion below the funding level necessary to meet the work requirements outlined in the Republican bill, and \$800 million short of the necessary funds to providing child care assistance to individuals who are required to work.

The Castle-Tanner plan ensures that States would be able to meet the work requirements in the bill by providing \$3 billion, over the Republican plan, in additional mandatory funds they can access in order to meet the costs of moving welfare recipients to work. In addition, this plan gives more flexibility to States in meeting the bill's work requirements. The Castle-Tanner plan gives States the opportunity and the resources to meet the goals all of us support.

CBO has estimated the Castle-Tanner plan contains enough mandatory funding to provide child care assistance to all welfare recipients who need such assistance in order to comply with the work requirements in the bill. The additional funds contained in this plan for transitional and at-risk child care will give States an important tool in preventing individuals from returning to welfare.

I am also concerned with the fact that the Republican welfare measure would cut food stamp funding by \$23 billion or 19 percent by converting the program into a block grant. Instead, the Castle-Tanner plan maintains the national food stamp program as we know it without allowing an optional block grant that would freeze funding for food for children and families.

Madam Chairman, I agree it is time to reform the current welfare system, but let us do it in a manner that reflects the values of this country. Let us reform the system to encourage men and women who have come to rely on welfare to return to work. We must also insure that the children of those on welfare are not punished in the process of reforming this system. I believe the Castle-Tanner Welfare Reform Act meets these goals, and I urge my colleagues on both sides of the aisle to support this reasonable, but effective reform measure.

Mrs. MORELLA. Madam Chairman, I rise in strong support of the Castle-Tanner bipartisan welfare reform substitute that will dramatically overhaul our welfare system. This substitute is

based on the welfare bill that we crafted earlier this year to improve upon the Governors' plan.

I support bold welfare reform that moves recipients from welfare to work and encourages personal responsibility. This substitute does that, allowing States to try new approaches that meet the needs of their recipients. States are already experimenting with welfare reform. Over 40 waivers have been given to States by the Department of Health and Human Services, and the results are encouraging. It is clear that we must dramatically change our system to give women and children hope and opportunities to build a better future. This substitute does that. In giving leeway and dollars to States, however, we must ensure that we protect children and the disabled by adopting Castle-Tanner.

This substitute requires that States invest the resources necessary for welfare reform to succeed by establishing an 85-percent maintenance of effort requirement. It also ensures that States will have sufficient funds to provide work programs to move people off welfare into work.

We know that child care funding is the cornerstone of successful welfare reform. Without it, women cannot even go to work or job training. This substitute improves the Governors' plan by increasing child care funding by \$4 billion and requiring States to spend 100 percent of their 1994 child care dollars before they can draw down Federal funds. It also provides States the flexibility to permit women with children under 6 to work 20 hours a week and maintains health and safety standards set by States for child care providers.

This substitute protects children by requiring States to provide vouchers for children in families removed from the welfare rolls as a result of a time limit of less than 5 years, and gives States the option of providing vouchers for families cut off as a result of the 5-year time limit. It also preserves the national food stamp safety net and does not allow food stamps to be converted into a block grant. Its humane immigration provisions would exempt children from the food stamp ban and exempt disabled children from the SSI ban.

I have been working with the Congressional Caucus for Women's Issues for many years to enact child support reform that will finally crack down on deadbeat parents by enacting penalties with real teeth and establishing Federal registries to help track deadbeats. This substitute contains these critical provisions.

Madam Chairman, I am pleased that H.R. 3734 contains substantial improvements over the House-passed bill and the conference report. The Castle-Tanner substitute, however, is our best opportunity yet to enact welfare reform that moves people from welfare to work while protecting children. I urge my colleagues to join me in supporting the Castle-Tanner substitute.

Mr. CRAMER. Madam Chairman, do we want welfare reform? That is the bottom line here today. The Castle-Tanner bill is a bipartisan bill. It shares and improves upon the leadership's ideas on how to restructure our welfare system that has become a burned-out, broken-down bureaucracy.

Like the leadership's bill, Castle-Tanner creates a single cash welfare block grant to replace the current AFDC, JOBS and Emergency Assistance programs. It requires recipients to work within 2 years and limits benefits

to 5 years. Castle-Tanner requires able-bodied individuals with no dependents between the ages of 18 to 50 to participate in a work program in order to receive food stamps. It requires minor mothers to stay in school and live with an adult to receive assistance. In addition, Castle-Tanner creates a \$2 billion contingency fund for States to meet their need in time of recession.

In this era of giving the States more responsibility, Castle-Tanner honors the Governor's request for greater flexibility. The leadership's bill, however, rejects the Governor's request. The National Governor's Association says "the bill greatly restricts State flexibility and will result in increased, unfunded costs for States, while undermining States ability to implement effective welfare reform programs. CBO estimates the leadership's bill would fall \$12.9 billion short of the funding needed to meet the work requirements under their measure. Castle-Tanner remedies this by providing States necessary help in implementing their work programs.

I have focused much of my work in Congress on helping our children. One of the most important additions to the leadership's bill is Castle-Tanner's protection of our Nation's children. States must be able to provide for the needs of children. Castle-Tanner requires vouchers for those children whose families lose cash assistance as a result of a State time limit less than 5 years. Castle-Tanner contains sufficient child care assistance for mothers participating in work programs and provides additional child care assistance for working poor families in jeopardy of losing employment if child care assistance is not provided. Fathers are held responsible for their children through strong child support enforcement provisions. Unfortunately, CBO estimates the leadership's bill would fall \$800 million short of the child care funds necessary to meet the legislation's work requirements and maintain current levels of spending on transitional and at-risk child care.

We must permanently erase the current, broken welfare state. To do this, we must ensure people are able to move into the workforce and enable them to stay there. Castle-Tanner does this while at the same time preserving the most sacred of American values—the family. The working poor should not be required to choose between caring for their children and the opportunity to be productive, working members of our society.

The CHAIRMAN. All time for debate on this amendment has expired.

The question is on the amendment in the nature of a substitute offered by the gentleman from Tennessee [Mr. TANNER].

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. TANNER. Madam Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 168, noes 258, not voting 8, as follows:

[Roll No. 329]  
AYES—168

Abercrombie	Baessler	Barrett (WI)
Ackerman	Baldacci	Beilenson
Andrews	Barcia	Bentsen

Berman	Gibbons	Murtha
Bevill	Gilman	Neal
Bishop	Gordon	Oberstar
Blumenauer	Green (TX)	Obey
Bonior	Greenwood	Olver
Borski	Hall (OH)	Orton
Boucher	Hall (TX)	Pallone
Brewster	Hamilton	Payne (VA)
Browder	Harman	Pelosi
Brown (CA)	Hastings (FL)	Peterson (FL)
Brown (FL)	Hefner	Peterson (MN)
Brown (OH)	Hinchey	Pickett
Bryant (TX)	Holden	Pomeroy
Cardin	Hoyer	Poshary
Castle	Jackson-Lee (TX)	Rangel
Chapman	Jacobs	Reed
Clay	Johnson (SD)	Rivers
Clayton	Johnson, E. B.	Roemer
Clement	Johnston	Rose
Clyburn	Kanjorski	Roukema
Collins (IL)	Kaptur	Sabo
Collins (MI)	Kennedy (MA)	Sawyer
Condit	Kennelly	Schroeder
Conyers	Kildee	Schumer
Costello	Kleczka	Scott
Cramer	Klink	Sisisky
Danner	LaFalce	Skaggs
Davis	Lantos	Skelton
DeFazio	Levin	Slaughter
DeLauro	Lewis (GA)	Spratt
Deutsch	Lipinski	Stenholm
Dicks	Lowe	Studds
Dingell	Luther	Stupak
Dixon	Maloney	Tanner
Doggett	Manton	Taylor (MS)
Dooley	Markey	Thornton
Doyle	Mascara	Thurman
Durbin	Matsui	Torkildsen
Edwards	McCarthy	Torricelli
Eshoo	McDermott	Traficant
Evans	McHale	Vento
Farr	McKinney	Visclosky
Fattah	McNulty	Volkmer
Fazio	Meehan	Ward
Flake	Meek	Watt (NC)
Foglietta	Millender-McDonald	Waxman
Ford	Minge	Weldon (PA)
Fox	Moakley	Williams
Frank (MA)	Mollohan	Wilson
Frost	Montgomery	Wise
Furse	Moran	Woolsey
Gejdenson	Morella	Wynn
Gephardt		Yates
Geren		

NOES—258

Allard	Coleman	Gekas
Archer	Collins (GA)	Gilchrest
Arney	Combest	Gillmor
Bachus	Cooley	Gingrich
Baker (CA)	Coyne	Gonzalez
Baker (LA)	Crane	Goodlatte
Ballenger	Crapo	Goodling
Barr	Cremeans	Goss
Barrett (NE)	Cubin	Graham
Bartlett	Cummings	Greene (UT)
Barton	Cunningham	Gunderson
Bass	Deal	Gutierrez
Bateman	DeLay	Gutknecht
Becerra	Dellums	Hancock
Bereuter	Diaz-Balart	Hansen
Bilbray	Dickey	Hastert
Bilirakis	Doolittle	Hastings (WA)
Bliley	Dornan	Hayes
Blute	Dreier	Hayworth
Boehkert	Duncan	Hefley
Boehner	Dunn	Heineman
Bonilla	Ehlers	Herger
Bono	Ehrlich	Hilleary
Brownback	Engel	Hilliard
Bryant (TN)	English	Hobson
Bunn	Ensign	Hoekstra
Bunning	Everett	Hoke
Burr	Ewing	Horn
Burton	Fawell	Hostettler
Buyer	Fields (LA)	Houghton
Callahan	Fields (TX)	Hunter
Calvert	Filner	Hutchinson
Camp	Flanagan	Hyde
Campbell	Foley	Inglis
Canady	Fowler	Istook
Chabot	Franks (CT)	Jackson (IL)
Chambliss	Franks (NJ)	Jefferson
Chenoweth	Frelinghuysen	Johnson (CT)
Christensen	Frisa	Johnson, Sam
Chrysler	Funderburk	Jones
Clinger	Galegley	Kasich
Coble	Ganske	Kelly
Coburn		Kennedy (RI)

Kim	Neumann	Shays
King	Ney	Shuster
Kingston	Norwood	Skeen
Klug	Nussle	Smith (MI)
Knollenberg	Ortiz	Smith (NJ)
Kolbe	Owens	Smith (TX)
LaHood	Oxley	Smith (WA)
Largent	Parker	Solomon
Latham	Pastor	Souder
LaTourette	Paxon	Spence
Laughlin	Payne (NJ)	Stark
Lazio	Petri	Stearns
Leach	Pombo	Stockman
Lewis (CA)	Porter	Stokes
Lewis (KY)	Portman	Stump
Lightfoot	Pryce	Talent
Linder	Quillen	Tate
Livingston	Quinn	Tauzin
LoBiondo	Rodanovich	Taylor (NC)
Lofgren	Rahall	Tejeda
Longley	Ramstad	Thomas
Lucas	Regula	Thompson
Manzullo	Richardson	Thornberry
Martinez	Riggs	Tiahrt
Martini	Roberts	Torres
McCollum	Rogers	Towns
McCrary	Rohrabacher	Upton
McHugh	Ros-Lehtinen	Velazquez
McInnis	Roth	Vucanovich
McIntosh	Roybal-Allard	Walker
McKeon	Royce	Walsh
Menendez	Rush	Wamp
Metcalf	Salmon	Waters
Meyers	Sanders	Watts (OK)
Mica	Sanford	Weldon (FL)
Miller (FL)	Saxton	Weller
Mink	Scarborough	White
Molinari	Schaefer	Whitfield
Moorhead	Seastrand	Wicker
Myers	Sensenbrenner	Wolf
Myrick	Serrano	Young (AK)
Nadler	Shadegg	Zeliff
Nethercutt	Shaw	Zimmer

NOT VOTING—8

de la Garza	McDade	Schiff
Forbes	Miller (CA)	Young (FL)
Lincoln	Packard	

□ 1545

The Clerk announced the following pairs:

On this vote:

Mrs. Lincoln for, with Mr. Forbes against. Mr. Miller of California for, with Mr. Packard against.

Mr. GONZALEZ and Mr. HILLIARD changed their vote from "aye" to "no." Mrs. COLLINS of Illinois, Mr. FOGLIETTA, and Mr. GILMAN changed their vote from "no" to "aye."

So the amendment in the nature of a substitute was rejected.

The result of the vote was announced as above recorded.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. ARMEY) having assumed the chair, Ms. GREENE of Utah, chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill, (H.R. 3734), to provide for reconciliation pursuant to section 201(a)(1) of the concurrent resolution on the budget for fiscal year 1997, pursuant to House Resolution 482, as amended by the adoption of that rule, she reported the bill back to the House with a further amendment adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

The question is on the further amendment.

The further amendment was agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT OFFERED BY MR. TANNER

Mr. TANNER. Mr. Speaker, I offer a motion to recommit.

The SPEAKER pro tempore. Is the gentleman opposed to the bill?

Mr. TANNER. Yes, Mr. Speaker, in its present form.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. TANNER moves to recommit the bill H.R. 3734 to the Committee on Budget with instructions to report the same to the House with the following amendment:

In section 408(a)(8)(A) of the Social Security Act, as proposed to be added by section 4103(a)(1), insert "cash" before "assistance to a family."

Mr. TANNER (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

The SPEAKER pro tempore. The gentleman from Tennessee [Mr. TANNER] is recognized for 5 minutes.

Mr. TANNER. Mr. Speaker, I know it has been a long debate. Almost everything that can be said has been said about the bill. I do not intend to use the full 5 minutes.

The motion to recommit is a laser beam about children. The Castle-Tanner substitute that was just voted down requires States to provide vouchers for the needs of the child for families cut off as a result of State-imposed time limits of less than 5 years, and gives States the option of providing vouchers for families cut off as a result of the Federal 5-year limit.

The bill that we are about to vote on in a minute explicitly prohibits States from using Federal funds to provide vouchers for children after this 5-year time limit.

Now, Mr. Speaker, I think both of these bills, under the debate that has occurred, a fair reading by any fair-minded individual would conclude both of these proposals are a complete and dramatic reform and change of the present system, which everybody wants. Our substitute and time limits, personal responsibility, work requirements, State flexibility, just like the base bill.

I am going to talk about State flexibility. Why in the world, when we are going to a block grant and telling the States, "You fashion the program that you think is best for your State," would we go then and after 5 years prohibit the States from using any Federal funds for noncash vouchers for kids whose parents have run over the 5-year or run out of the 5-year limit?

Mr. Speaker, according to the New Testament there is only one individual

in the whole of human history who was privileged or enabled to decide the circumstance and the place and time of his birth, and that was decided for him by his father. These children come into this world and they cannot help their circumstance.

Now, for this body to say to the State, "You cannot use block grant money that is put there for you to devise for children in welfare programs," for this Congress to say, "But, by the way, you cannot use any of this money to provide noncash assistance to children because their," according to some, "deadbeat parent has overstayed his welcome in society," I think is just plain wrong.

This motion to recommit days that States will simply have the option to use part of the Federal grant money they receive to take care of these people in vouchers, noncash vouchers for children. I do not know of anyone who wants a welfare system where we reform it and say to a 3-year-old child, "You are just cut off, and it is too bad because your 33-year-old parents are not taking care of you." That is not welfare reform.

This will cure that, and I would urge a "yes" vote on this very simple, straightforward motion to recommit.

Mr. SHAW. Mr. Speaker, I rise in opposition to the motion to recommit.

The SPEAKER pro tempore. The Chair recognizes the gentleman from Florida [Mr. SHAW] for 5 minutes.

Mr. SHAW. Mr. Speaker, I want to address some of the remarks made by the gentleman from Tennessee [Mr. TANNER].

This bill has been very, very carefully crafted, and it is something we did not draw up last night or even last year. We have been working on this thing for so long, we have had so many drafts, and I think it has been done in the most compassionate way possible.

I would like to recognize Dr. Ron Haskins as someone who has been a great resource not only for the Republican side but he has also been a great resource for the Castle-Tanner people.

To address the question that is immediately before us can States craft vouchers after 5 years, the bill that is before us, that we are about to vote on on final passage, has a 20-percent exception in it. It provides that States can take 20 percent of their caseload and take it out of the welfare reform picture.

This simply means that they can use that money, the 20 percent, to issue vouchers if they want to, so in effect it does what the gentleman from Tennessee [Mr. TANNER] is talking about.

Mr. Speaker, this is extraordinarily important. Also, we particularly provide in the bill, so that we do maintain States' rights in the bill, specifically that there is absolutely no Federal hold on what the States do with their own funds. So, in effect, what Mr. TANNER wants to do can be done.

The difference is what message do we send from this body. Are we for genu-

ine welfare reform? Are we for time limits on welfare reform? That is the message that we have got to send from this Congress if we are going to look for the people to get up and go to work and cooperate with us and take hold of their lives. This is the message that we carry with us when we are trying to rescue people from a corrupted system of welfare that has prevailed in this country now for 60 years.

Mr. Speaker, I urge a "no" vote on the motion to recommit and a "yes" vote on final passage.

The SPEAKER pro tempore. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to recommit.

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

RECORDED VOTE

Mr. TANNER. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 203, noes 220, not voting 10, as follows:

[Roll No. 330]

AYES—203

Abercrombie	Farr	Martinez
Ackerman	Fattah	Mascara
Andrews	Fazio	Matsui
Baesler	Fields (LA)	McCarthy
Baldacci	Filner	McDermott
Barcia	Flake	McHale
Barrett (WI)	Foglietta	McKinney
Becerra	Ford	McNulty
Beilenson	Frank (MA)	Meehan
Bentsen	Frost	Meek
Berman	Furse	Menendez
Bevill	Gejdenson	Millender-
Bishop	Cephardt	McDonald
Blumenauer	Geren	Minge
Bonior	Gibbons	Mink
Borski	Gilman	Moakley
Boucher	Gonzalez	Mollohan
Brewster	Gordon	Montgomery
Browder	Green (TX)	Moran
Brown (CA)	Gutierrez	Morella
Brown (FL)	Hall (OH)	Murtha
Brown (OH)	Hall (TX)	Nadler
Bryant (TX)	Hamilton	Neal
Bunn	Harman	Oberstar
Cardin	Hastings (FL)	Obey
Castle	Hefner	Olver
Chapman	Hilliard	Ortiz
Clay	Hinchey	Orton
Clayton	Holden	Owens
Clement	Hoyer	Pailone
Clyburn	Jackson (IL)	Pastor
Coleman	Jackson-Lee	Payne (NJ)
Collins (IL)	(TX)	Payne (VA)
Collins (MI)	Jacobs	Pelosi
Condit	Jefferson	Peterson (FL)
Conyers	Johnson (SD)	Peterson (MN)
Costello	Johnson, E. B.	Pickett
Coyne	Johnston	Pomeroy
Cramer	Kanjorski	Poshard
Cummings	Kaptur	Rahall
Danner	Kennedy (MA)	Rangel
Davis	Kennedy (RI)	Reed
DeFazio	Kennelly	Richardson
DeLauro	Kildee	Rivers
Dellums	Klezcka	Roemer
Deutsch	Klink	Rose
Dicks	LaFalce	Roukema
Dingell	Lantos	Royal-Allard
Dixon	Levin	Rush
Doggett	Lewis (GA)	Sabo
Dooley	Lipinski	Sanders
Doyle	Loftgren	Sawyer
Durbin	Lowey	Schroeder
Edwards	Luther	Schumer
Engel	Maloney	Scott
Eshoo	Manton	Serrano
Evans	Markey	Sisisky

Skaggs  
Skelton  
Slaughter  
Spratt  
Stark  
Stenholm  
Stokes  
Studds  
Stupak  
Tanner  
Taylor (MS)  
Tejeda

Thompson  
Thornton  
Thurman  
Torres  
Torricelli  
Towns  
Traficant  
Upton  
Velazquez  
Vento  
Visclosky  
Volkmer

Ward  
Waters  
Watt (NC)  
Waxman  
Williams  
Wilson  
Wise  
Woolsey  
Wynn  
Yates

NOES—220

Allard  
Archer  
Army  
Bachus  
Baker (CA)  
Baker (LA)  
Ballenger  
Barr  
Barrett (NE)  
Bartlett  
Barton  
Bass  
Bateman  
Bereuter  
Bilbray  
Bilirakis  
Bliley  
Blute  
Boehlert  
Boehner  
Bonilla  
Bono  
Brownback  
Bryant (TN)  
Bunning  
Burr  
Burton  
Buyer  
Callahan  
Calvert  
Camp  
Campbell  
Canady  
Chabot  
Chambliss  
Chenoweth  
Christensen  
Chryslers  
Clinger  
Coble  
Coburn  
Collins (GA)  
Combest  
Cooley  
Cox  
Crane  
Crapo  
Cremeans  
Cubin  
Cunningham  
Deal  
DeLay  
Diaz-Balart  
Dickey  
Doolittle  
Dornan  
Dreier  
Duncan  
Dunn  
Ehlers  
Ehrlich  
English  
Ensign  
Everett  
Ewing  
Fawell  
Fields (TX)  
Flanagan  
Foley  
Fowler  
Fox  
Franks (CT)  
Franks (NJ)  
Frelinghuysen

Frisa  
Funderburk  
Gallegly  
Ganske  
Gekas  
Gilchrest  
Gillmor  
Goodlatte  
Goodling  
Goss  
Graham  
Greene (UT)  
Greenwood  
Gunderson  
Gutknecht  
Hancock  
Hansen  
Hastert  
Hastings (WA)  
Hayes  
Hayworth  
Hefley  
Heineman  
Herger  
Hillery  
Hobson  
Hoekstra  
Hoke  
Horn  
Hostettler  
Houghton  
Hunter  
Hutchinson  
Hyde  
Inglis  
Istook  
Johnson (CT)  
Johnson, Sam  
Jones  
Kasich  
Kelly  
Kim  
King  
Kingston  
Klug  
Knollenberg  
Kolbe  
LaHood  
Largent  
Latham  
LaTourette  
Laughlin  
Lazio  
Leach  
Lewis (KY)  
Lightfoot  
Linder  
Livingston  
LoBiondo  
Longley  
Lucas  
Manzullo  
Martini  
McCollum  
McCrery  
McHugh  
McInnis  
McKeon  
Metcalf  
Meyers  
Mica  
Miller (FL)  
Molinari  
Moorhead

Myers  
Myrick  
Nethercutt  
Neumann  
Neuman  
Norwood  
Nussle  
Oxley  
Parker  
Paxon  
Petri  
Pombo  
Porter  
Portman  
Pryce  
Quillen  
Quinn  
Radanovich  
Ramstad  
Regula  
Riggs  
Roberts  
Rogers  
Rohrabacher  
Ros-Lehtinen  
Roth  
Royce  
Salmon  
Sanford  
Saxton  
Scarborough  
Schaefer  
Seastrand  
Sensenbrenner  
Shadegg  
Shaw  
Shays  
Shuster  
Skeen  
Smith (MI)  
Smith (NJ)  
Smith (TX)  
Smith (WA)  
Solomon  
Souder  
Spence  
Stearns  
Stockman  
Stump  
Talent  
Tate  
Taubin (NC)  
Taylor  
Thomas  
Thornberry  
Tiahrt  
Torkildsen  
Vucanovich  
Walker  
Walsh  
Wamp  
Watts (OK)  
Weldon (FL)  
Weldon (PA)  
Weller  
White  
Whitfield  
Wicker  
Wolf  
Young (AK)  
Zeliff  
Zimmer

NOT VOTING—10

de la Garza  
Forbes  
Lewis (CA)  
Lincoln

McDade  
McIntosh  
Miller (CA)  
Packard

Schiff  
Young (FL)

□ 1612

The Clerk announced the following pairs:

On this vote:

Mrs. Lincoln for, with Mr. Packard against.

Mr. Miller of California for, with Mr. Schiff against.

So the motion to recommit was rejected.

The result of the vote was announced as above recorded.

PERSONAL EXPLANATION

Mr. McINTOSH. Mr. Speaker, on rollcall No. 330, I was unavoidably detained. Had I been present, I would have voted "no."

The SPEAKER pro tempore (Mr. ARMEY). The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

RECORDED VOTE

Mr. SHAW. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 256, noes 170, not voting 8, as follows:

[Roll No. 331]

AYES—256

Allard  
Archer  
Army  
Bachus  
Baesler  
Baker (CA)  
Baker (LA)  
Ballenger  
Barr  
Barrett (NE)  
Bartlett  
Barton  
Bass  
Bateman  
Bereuter  
Bilbray  
Bilirakis  
Bishop  
Bliley  
Blute  
Boehlert  
Boehner  
Bonilla  
Bono  
Brewster  
Browder  
Brownback  
Bryant (TN)  
Bunning  
Burr  
Burton  
Buyer  
Callahan  
Calvert  
Camp  
Campbell  
Canady  
Chabot  
Chambliss  
Chenoweth  
Christensen  
Ewing  
Fawell  
Fields (TX)  
Flanagan  
Foley  
Fowler  
Fox  
Franks (CT)  
Franks (NJ)  
Frelinghuysen  
Geren  
Gilchrest  
Gillmor  
Girman  
Gingrich  
Goodlatte  
Goodling  
Gordon  
Goss  
Graham  
Chambliss  
Chenoweth  
Christensen  
Chrysler  
Clinger  
Coble  
Coburn  
Collins (GA)  
Combest  
Condit  
Cooley  
Cox  
Cramer  
Crane  
Crapo  
Cremeans  
Herger  
Hillery  
Hobson  
Hoekstra  
Hoke  
Holden  
DeLay  
Deutsch

Paxon  
Peterson (MN)  
Petri  
Pickett  
Pombo  
Porter  
Portman  
Pryce  
Quillen  
Quinn  
Radanovich  
Ramstad  
Regula  
Riggs  
Roberts  
Roemer  
Rogers  
Rohrabacher  
Roth  
Royce  
Salmon  
Sanford  
Saxton  
Scarborough

Schaefer  
Seastrand  
Sensenbrenner  
Shadegg  
Shaw  
Shays  
Shuster  
Sisisky  
Skeen  
Skelton  
Smith (MI)  
Smith (NJ)  
Smith (TX)  
Smith (WA)  
Solomon  
Souder  
Spence  
Stearns  
Stockman  
Stump  
Talent  
Tate  
Taubin (MS)  
Taylor (MS)

Taylor (NC)  
Thomas  
Thornberry  
Tiahrt  
Torkildsen  
Traficant  
Upton  
Vucanovich  
Walker  
Walsh  
Wamp  
Watts (OK)  
Weldon (FL)  
Weldon (PA)  
Weller  
White  
Whitfield  
Wicker  
Wolf  
Young (AK)  
Zeliff  
Zimmer

NOES—170

Abercrombie  
Ackerman  
Andrews  
Baldacci  
Barcia  
Barrett (WI)  
Becerra  
Beilenson  
Bentsen  
Berman  
Bevill  
Blumenauer  
Bonior  
Borski  
Boucher  
Brown (CA)  
Brown (FL)  
Brown (OH)  
Bryant (TX)  
Bunn  
Cardin  
Chapman  
Clay  
Clayton  
Clement  
Clyburn  
Coleman  
Collins (IL)  
Collins (MI)  
Conyers  
Costello  
Coyne  
Cummings  
DeFazio  
DeLauro  
Dellums  
Diaz-Balart  
Dicks  
Dingell  
Dixon  
Doggett  
Dooley  
Durbin  
Engel  
Eshoo  
Evans  
Farr  
Fattah  
Fazio  
Fields (LA)  
Filner  
Flake  
Foglietta  
Ford  
Frank (MA)  
Frost  
Gejdenson  
Gephardt

Gibbons  
Gonzalez  
Green (TX)  
Gutierrez  
Hall (OH)  
Hastings (FL)  
Hefner  
Hilliard  
Hinchee  
Hoyer  
Jackson (IL)  
Jackson-Lee  
(TX)  
Jacobs  
Jefferson  
Johnson, E. B.  
Johnston  
Kanjorski  
Kaptur  
Kennedy (MA)  
Kennedy (RI)  
Kennelly  
Kildee  
Klink  
LaFalce  
Lantos  
Levin  
Lewis (GA)  
Lofgren  
Lowey  
Luther  
Maloney  
Manton  
Markey  
Martinez  
Matsui  
McCarthy  
McDermott  
McKinney  
McNulty  
Meehan  
Meek  
Menendez  
Miller  
McDonald  
Minge  
Mink  
Moakley  
Mollohan  
Moran  
Murtha  
Nadler  
Neal  
Oberstar  
Obey  
Oliver  
Ortiz  
Orton

Owens  
Pallone  
Pastor  
Payne (NJ)  
Payne (VA)  
Pelosi  
Peterson (FL)  
Pomeroy  
Poshard  
Rahall  
Rangel  
Reed  
Richardson  
Rivers  
Ros-Lehtinen  
Rose  
Roukema  
Roybal-Allard  
Rush  
Sabo  
Sanders  
Sawyer  
Schroeder  
Schumer  
Scott  
Serrano  
Skaggs  
Slaughter  
Spratt  
Stark  
Stenholm  
Stokes  
Studds  
Stupak  
Tanner  
Tejeda  
Thompson  
Thornton  
Thurman  
Torres  
Torricelli  
Towns  
Velazquez  
Vento  
Visclosky  
Volkmer  
Ward  
Waters  
Watt (NC)  
Waxman  
Williams  
Wilson  
Wise  
Woolsey  
Wynn  
Yates

NOT VOTING—8

de la Garza  
Forbes  
Lincoln

McDade  
Miller (CA)  
Packard

Schiff  
Young (FL)

□ 1632

The Clerk announced the following pair:

On this vote:

Mrs. Lincoln, with Mr. Miller of California against.

Mr. BECERRA changed his vote from "aye" to "no."

Mr. BISHOP changed his vote from "no" to "aye."

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

#### GENERAL LEAVE

Mr. SHAW. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the legislation just concluded.

The SPEAKER pro tempore (Mr. BARTON of Texas). Is there objection to the request of the gentleman from Florida?

There was no objection.

#### REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 1462

Mr. STEARNS. Mr. Speaker, I ask unanimous consent that my name be removed as a cosponsor from H.R. 1462, due to my concerns that it allows the NIH to expand its research using tissue from aborted babies.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

#### TEAMWORK FOR EMPLOYEES AND MANAGERS ACT OF 1995

Mr. GOODLING. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill, H.R. 743, to amend the National Labor Relations Act to allow labor management cooperative efforts that improve economic competitiveness in the United States to continue to thrive, and for other purposes, with a Senate amendment thereto, and to concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Senate amendment: Strike out all after the enacting clause and insert:

##### SECTION 1. SHORT TITLE.

This Act may be cited as the "Teamwork for Employees and Managers Act of 1995".

##### SEC. 2 FINDINGS AND PURPOSES.

(a) FINDINGS.—Congress finds that—

(1) The escalating demands of global competition have compelled an increasing number of employers in the United States to make dramatic changes in workplace and employer-employee relationships;

(2) such changes involve an enhanced role for the employee in workplace decisionmaking, often referred to as "Employee Involvement", which has taken many forms, including self-managed work teams, quality-of-worklife, quality circles, and joint labor-management committees;

(3) Employee Involvement programs, which operate successfully in both unionized and nonunionized settings, have been established by over 80 percent of the largest employers in the United States and exist in an estimated 30,000 workplaces;

(4) in addition to enhancing the productivity and competitiveness of businesses in the United States, Employee Involvement programs have had a positive impact on the lives of such employees, better enabling them to reach their potential in the workforce;

(5) recognizing that foreign competitors have successfully utilized Employee Involvement techniques, the Congress has consistently joined business, labor and academic leaders in encouraging and recognizing successful Employee Involvement programs in the workplace through such incentives as the Malcolm Baldrige National Quality Award;

(6) employers who have instituted legitimate Employee Involvement programs have not done so to interfere with the collective bargaining rights guaranteed by the labor laws, as was the case in the 1930's when employers established deceptive sham "company unions" to avoid unionization; and

(7) Employee Involvement is currently threatened by legal interpretations of the prohibition against employer-dominated "company unions".

(b) PURPOSES.—The purpose of this Act is—

(1) to protect legitimate Employee Involvement programs against governmental interference;

(2) to preserve existing protections against deceptive, coercive employer practices; and

(3) to allow legitimate Employee Involvement programs, in which workers may discuss issues involving terms and conditions of employment, to continue to evolve and proliferate.

##### SEC. 3. EMPLOYER EXCEPTION.

Section 8(a)(2) of the National Labor Relations Act is amended by striking the semicolon and inserting the following: "Provided further. That it shall not constitute or be evidence of an unfair labor practice under this paragraph for an employer to establish, assist, maintain, or participate in any organization or entity of any kind, in which employees who participate to at least the same extent practicable as representatives of management participate, to address matters of mutual interest, including, but not limited to, issues of quality, productivity, efficiency, and safety and health, and which does not have, claim, or seek authority to be the exclusive bargaining representatives of the employees or to negotiate or enter into collective bargaining agreements with the employer or to amend existing collective bargaining agreements between the employer and any labor organization, except that in a case in which a labor organization is the representative of such employees as provided in section 9(a), this proviso shall not apply.".

##### SEC. 4. LIMITATION ON EFFECT OF ACT.

Nothing in this Act shall affect employee rights and responsibilities contained in provisions other than section 8(a)(2) of the National Labor Relations Act, as amended.

Mr. GOODLING (during the reading). Mr. Speaker, I ask unanimous consent that the Senate amendment be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

Mr. MARTINEZ. Reserving the right to object, Mr. Speaker, I do so not because I will object, but because I would like the gentleman from Pennsylvania [Mr. GOODLING], the chairman, to explain this measure to us.

Mr. GOODLING. Mr. Speaker, will the gentleman yield?

Mr. MARTINEZ. I yield to the gentleman from Pennsylvania.

Mr. GOODLING. I thank the gentleman, Mr. Speaker, for yielding.

Mr. Speaker, H.R. 1434 the TEAM Act, passed the House September 27 last year and it recently passed the other body in the exact same form. Unfortunately, due to a procedural glitch during the other body's consideration, further action in the House is required before the bill can be presented to the President. The other body did not directly consider and pass H.R. 743 without amendment.

Technically, they passed H.R. 743 with an amendment, even though the amendment was the exact text passed by the House. Since the House would be adopting the same language of the bill we already passed, this unanimous consent will hurdle this procedural disagreement between the two bodies.

I rise in strong support of this legislation and I thank the gentleman for yielding to me.

Mr. MARTINEZ. Mr. Speaker, I thank the gentleman for the explanation.

Mr. Speaker, although I oppose the bill and will continue to oppose the bill, I see no reason to rehash the same old debate.

For that reason, Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The SPEAKER pro tempore. Is there objection to the initial request of the gentleman from Pennsylvania?

There was no objection.

A motion to reconsider was laid on the table.

#### GENERAL LEAVE

Mr. GOODLING. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the legislation just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

#### PERSONAL EXPLANATION

Mr. BONO. Mr. Speaker, yesterday on July 17, 1996, I was unavoidably detained and missed rollcall vote 323, for final passage of the Treasury, Postal appropriations bill, H.R. 3756.

Had I been present, I certainly would have voted in support of its passage.

#### LEGISLATIVE PROGRAM

(Mr. BONIOR asked and was given permission to address the House for 1 minute.)

Mr. BONIOR. Mr. Speaker, I ask the distinguished gentleman from Pennsylvania [Mr. WALKER], what the schedule will be for the rest of the week and for the following week.

Mr. WALKER. Mr. Speaker, will the gentleman yield?

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