PERSONAL RESPONSIBILITY

AND WORK OPPORTUNITY

RECONCILIATION ACT

OF 1996

H.R. 3734

PUBLIC LAW 104-193
104TH CONGRESS

Volumes 1 to 19

BILLS, REPORTS,
DEBATES, AND ACT

Social Security Administration

PERSONAL RESPONSIBILITY

AND WORK OPPORTUNITY

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Volume 15 of 19

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DEBATES, AND ACT

Social Security Administration

Office of the Deputy Commissioner for
Legislation and Congressional Affairs

PREFACE

This 19-volume compilation contains historical documents pertaining to P.L. 104-193, the "Personal Responsibility and Work Opportunity Act of 1996."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

Pertinent documents include:

- Differing versions of key bills
- Committee reports
- Excerpts from the Congressional Record
- 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.

1. H.Res. 117, Resolution providing for the consideration of the bill (H.R. 4) to restore the American family, reduce illegitimacy, control welfare spending, and reduce welfare dependence as adopted March 22, 1995. The resolution provided that debate must be confined to H.R. 4 and the text of H.R. 1214.

    1. House Report 104-83, March 16, 1995

J. H.Res. 119, Resolution providing for further consideration of the bill (H.R. 4) to restore the American family, reduce illegitimacy, control welfare spending, and reduce welfare dependence. This resolution made in order H.R. 1214 as original text for amendment to H.R. 4.

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APPOINTMENT OF CONFEREES ON H.R. 3734, WELFARE AND MEDICAID REFORM ACT OF 1996

Mr. KASICH. Mr. Speaker, I ask unanimous consent to take from the Speaker's table 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 a Senate amendment thereto, disagree to the Senate amendment, and agree to the conference asked by the Senate.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

MOTION TO INSTRUCT OFFERED BY MR. SABO

Mr. SABO. Mr. Speaker, I offer a motion to instruct.

The CHAIRMAN. The Clerk will report the motion.

The Clerk read as follows:

Mr. SABO moves that the managers on the part of the House at the conference on the disagreeing votes of the House of Representatives and the Senate on H.R. 3734 be instructed to do everything possible within the scope of the conference to—

(1) eliminate any provisions in the House and Senate bills which shift costs to states and local governments and result in an increase in the number of children in poverty;

(2) maximize the availability of Food Stamps and vouchers for goods and services for children to prevent any increase in the number of children thrown into poverty while their parents make the transition from welfare to work;

(3) ensure that the bill preserves Medicaid coverage so that the number of people without access to health care does not increase and more children and old people are not driven into poverty; and

(4) provide that any savings that redound to the Federal Government as a result of this legislation be used for deficit reduction.

The SPEAKER pro tempore. Under rule XXVIII, the gentleman from Minnesota [Mr. SABO] will control 30 minutes, and the gentleman from Ohio [Mr. KASICH] will control 30 minutes.

The Chair recognizes the gentleman from Minnesota [Mr. SABO].

Mr. SABO. Mr. Speaker, I yield myself 2 minutes.

Mr. Speaker, there is no denying that we must make needed changes to our welfare system to make it more efficient and fair for the American people. In doing so, we should emphasize personal responsibility, and we should honor work. But we should not shred the entire safety net in the process.

It would be unconscionable of this Congress to, in the name of reform, pass a welfare bill that drives millions of children into poverty. It would be equally irresponsible to simply push Federal welfare responsibilities off on State and local governments which may or may not have the resources to care for those truly in need. That is why I am offering this motion to instruct conferees today.

House conferees should use this opportunity to negotiate with the Senate and with the President to ensure that millions of children are not pushed into poverty because of the welfare changes enacted by this Congress. We should also ensure that we do not overwhelm the ability of States and localities to deliver needed welfare services. We must reform our welfare system, but we must not do it in a fashion that increases child poverty or increases the burden on State and local government.

Also, Mr. Speaker, it should be clear that any savings that result from this legislation should go for deficit reduction, not for other purposes.

Mr. KASICH. Mr. Speaker, I yield such time as he may consume to the gentleman from Florida [Mr. SHAW].

Mr. SHAW. Mr. Speaker, I have read with great interest the motions to instruct. I might say, as to each one of these items, in crafting the welfare bill, we had these objectives in mind. Therefore, I find it would be most difficult to oppose the motions to instruct because I think that is exactly what we intend to keep uppermost in our minds.

I think it is necessary to see this as to how we view welfare reform. We view this as giving a path and a way for people to get out of poverty. We know that the present system does not work. We know that people have been paid to stay in a way of life which is self-destructive and which has totally done away with a future for these people.

Unfortunately, the poor victims of this current system, which has been held in place for so many years, are the children. We know that the children of welfare parents are going to, in all probability, and statistics prove these to be correct, are more likely to be poor themselves. They are more likely to fail in school or drop out of school. They are more likely to have trouble and get in trouble with the law. It is a self-destructive behavior.

Mr. Speaker, I think the difference in defending the existing system, to defend the existing system is simply to make somebody comfortable while they are living in poverty. That is not the way. That is destructive of the human spirit. The new way, the way of welfare reform is going to go to the root of poverty. The root of poverty is joblessness.

We have now found that in the inner cities of this country we have piled generation upon generation of people who otherwise would, as their ancestors were, be productive. It is important to remember that these people who are the descendants, who are on welfare, many of them are descendants of people who struggled their whole lives, who went to the cities for a better way of life, and now find that when the jobs went away, they were paid to stay there and do absolutely nothing.

The answer to welfare reform very clearly is to get people out of poverty, to get them jobs, to give them incentives, to give them child care, which we do, to give the States greater flexibility in order to craft these programs, the welfare programs, in order to help the people. We are at last going to be measured by the number of people we get out of poverty, not the number of people that we pay while they are in poverty. We are going to give the bureaucrats a vested interest in the solution to poverty, not the question of just how many people they keep in welfare.

This is a new day. I think yesterday we saw the action that was taken by the other body as a quantum leap forward in bipartisan cooperation. I can say that I am looking forward to a bipartisan solution in this body also.

We had 30 Democrat Members who crossed over and voted with the Republicans just last week on welfare reform. I am looking forward to increasing that number, and I would like to almost rival the Senate in getting as many of the minority party as I possibly can to vote with us on the final passage of this bill.

Mr. Speaker, there is not one Member of this Congress that is willing to get up and defend the status quo. Why? Because we all want a better life for the people of this country. I can say, again, that the four objectives that are set forth in the motion to instruct, unless somebody jumps up and says that there is something in here that I do not see, that there are some fishhooks that I do not anticipate, I would suggest that perhaps the Members vote yes on the motion to instruct that sets forth a general path toward getting people out of poverty. I believe it is a constructive motion to the conferees at this point.

Mr. Speaker, I thank the gentleman from Ohio for yielding me the time.

Mr. SABO. Mr. Speaker, I yield 2 minutes to the gentleman from Texas [Mr. STENHOLM].

Mr. STENHOLM. Mr. Speaker, I rise in support of motion to instruct the conferees in exactly the same spirit the gentleman from Florida has just spoken with. I believe when we carefully analyze this amendment, in the spirit in which was indicated support for, we will find that this motion ensures that welfare reform will not shift costs to State and local governments, which I know the gentleman from Florida agrees to.

The National Governors Association, the National Council of State Legislatures, the National Association of Counties, the U.S. Conference of Mayors, and the National League of Cities all have said the bill passed by the House places unfunded mandates on State and local governments and restricts the flexibility to administer welfare programs in their communities.

I am submitting for the RECORD a letter from each of the latter three organizations. Members will find that the Senate has made marginal improvements. The conferees can, if allowed to do our work, make it much better in the spirit of this motion to instruct.

I was particularly concerned to learn that the bills passed by the House and Senate would conflict with the reform initiatives being implemented by Texas, my State, and others States across the country. State legislators and Governors developed proposals after consulting with welfare field offices studying local job markets, evaluating the cost of implementing reforms, and deciding how best to protect children and other vulnerable populations.

The bill as passed by the House does exactly what the majority party generally rails against: That is, having Washington dictate to the States a one-size-fits-all solution. In the spirit of this instruction, we can work that out in conference and have a much better bill.

The bill would force many States either to apply for waivers from the mandates, make significant changes in the plans currently being implemented, or face penalties from the Federal Government.

The second key principle in this motion is protecting children. Again, I would encourage my colleagues to listen to what the States decided must be done to protect children. For example, the welfare reform proposal now being implemented in Texas continues benefits for children after their parents reach a time limit.

Several other States have followed Texas' lead in protecting children from the impact of time limits. Unfortunately, the bill passed by the House substitutes the views of Members of Congress in Washington for the judgments of State officials on how best to provide for children in their States by explicitly prohibiting States from using block grant funds to protect innocent children from being harmed because of the mistakes of their parents. If these provisions in the bill passed by the House become law, Texas and other States will be required to change their plan to apply time limits to children. If you believe that State and local officials know better than Washington how to provide for the needs of low-income children in their communities, you should support the motion to recommit.

Third, the motion to instruct provides that no one should lose health coverage as a result of welfare reform. I was pleased that both the House and Senate adopted amendments preserving current eligibility rules for Medicaid

coverage. However, I am concerned about reports that this provision may be dropped in conference. I hope that Chairman SHAW can assure me and other members concerned about this issue that current Medicaid eligibility rules will be preserved by the conference committee.

I am also concerned about the impact that denying Medicaid to noncitizens will have on the health care system. The bill passed by the House will effectively deny Medicaid to thousands of individuals, removing $7 billion of Medicaid assistance from the health care system. However, health care providers will continue to be morally and legally obligated to provide care to these individuals, resulting in a cost shift to health care providers that will affect the cost, availability, and quality of care to everyone in Texas and other States with large immigrant populations.

In closing, I would say to my colleagues on both sides of the aisle that this motion reflects a continuation of the spirit of trying to break through partisanship to find a commonsense middle ground position on welfare reform. All members who voted for the Castle-Tanner substitute—and all Members who agreed with the principles of the Castle-Tanner substitute but who voted against it for whatever reason—should vote for the motion to instruct. I urge a "yea" vote on the motion to instruct conferees.

Mr. Speaker, I include for the RECORD the following letters:

NATIONAL ASSOCIATION OF COUNTIES,
Washington, DC, July 12, 1996.

DEAR MEMBER OF CONGRESS: You may be voting soon on the Welfare and Medicaid reform bill (H.R. 3507/S. 1795). The National Association of Counties (NACo) is encouraged that there were improvements to the welfare section of the bill, including: increased funds for child care; maintaining current law for foster care adoption assistance maintenance and administration payments; and no funding cap for food stamps nor a block grant for child nutrition. However, there are not enough improvements to warrant our support. In some respect, particularly the work requirements, the bill has become even more burdensome. NACo particularly opposes the following welfare provisions:

1. The bill ends the entitlement of Aid to Families with Dependent Children, thereby dismantling the safety net for children and their families.

2. The eligibility restriction for legal immigrants goes too far. The most objectionable provisions include denying Supplemental Security Income and Food Stamps, particularly to older immigrants. In fact, by changing the implementation date for these provisions, the bill has become more onerous. NACo is also very concerned about the effect of the deeming requirements particularly with regard to Medicaid and children in need of protective services.

3. The participation requirements have become even more unrealistic. NACo particularly opposes the increased work participation rates and increased penalties, the changes in the hours of work required, and the new restrictions on the activities that may count toward the participation rates.

As the level of government closest to the people, local elected officials understand the importance of reforming the welfare system. While NACo is glad that the bill does contain language that requires some consultation with local officials we prefer the stronger language that is contained in the bipartisan welfare reform bill (H.R. 3266).

NACo also continues to oppose the Medicaid provisions. By capping the fiscal responsibility of the federal government and reducing the state match for the majority of the states, the bill could potentially shift billions of dollars to counties with responsibility for the uninsured. Allowing the states to determine the amount, duration and scope of services even for the remaining populations which would still be guaranteed coverage, will mean that counties will be ultimately responsible for services not covered adequately by the states. While we support the increased use of managed care and additional state and local flexibility in operating the Medicaid program, we do not support the repeal of Medicaid as envisioned in the current legislation.

As it is currently written, the Medicaid and Welfare Reform bill could potentially shift costs and liabilities, create new unfunded mandates upon local governments, and penalize low income families. Such a bill, in combination with federal cuts and increased demands for services, will leave local governments with two options: cut other essential services, such as law enforcement, or raise revenues. NACo therefore urges you to vote against H.R. 3507/S. 1795.

Sincerely,

DOUGLAS R. BOVIN, President.

NATIONAL LEAGUE OF CITIES,
Washington, DC, July 18, 1996.

DEAR REPRESENTATIVE: On behalf of the over 135,000 local elected officials the National League of Cities represents, we are writing to urge you to oppose the Welfare and Budget Reconciliation legislation (H.R. 3734) being considered on the floor this week. As it is currently written, the Welfare and Budget Reconciliation bill would cut federal investments in families and children, shift costs and liabilities, create new unfunded mandates upon local governments, and penalize low-income families.

While we find it encouraging that this welfare bill has some improvements such as increased funds for child care, a larger contingency fund and smaller reductions in SSI benefits for low-income disabled children, is still does not merit our support. In some instances, particularly the stringent work requirements, the bill has become even more harsh. NLC is especially opposed to the following provisions:

1. The bill ends the entitlement of Aid to Families with Dependent Children, thereby dismantling the safety net for children and their families.

2. The eligibility restrictions for legal immigrants goes too far. The most objectionable provisions include denying SSI benefits and food stamps to immigrants, especially older immigrants. These provisions will shift substantial costs onto local governments. Local governments cannot and should not be the safety net for federal policy decisions regarding immigration.

3. The participation requirements have become even more unrealistic. NLC is particularly opposed to the increased work participation rates, the increased penalties, the changes in hours of work required, and the new restrictions on the activities that may count toward the participation rates. Instead of providing more local flexibility, the bill moves in the direction of ever greater unfunded federal mandates.

As the level of government closest to the people, local elected officials understand the importance of reforming the welfare system. While NLC is happy to see that the bill does contain language that requires some consultation with local officials, we prefer the stronger language that is contained in the bipartisan welfare reform bill (H.R. 3266).

We believe that this budget legislation will sharply reduce resources in cities for families and children. It proposes a whole new chapter of unfunded federal mandates. Finally, the shift of liabilities to local governments will leave local governments with two options: cut other essential services, such as law enforcement, or raise revenues. NLC, therefore, urges you to vote against this bill.

Sincerely,

GREGORY S. LASHUTKA,
President.

THE UNITED STATES CONFERENCE OF MAYORS,
Washington, DC, July 17, 1996.

DEAR REPRESENTATIVE: The U.S. Conference of Mayors has long advocated reform of the current welfare system which would change it from a system of dependency to one of work and self-sufficiency. We would like to see welfare reform enacted this year—reform that would be good for our nation, good for our cities and, most important, good for recipients.

We have, however, serious concerns with the welfare reform legislation now moving through Congress. Our primary concern is that the legislation will harm children, increasing the poverty rate among children and making many children who are currently poor even poorer.

The Conference of Mayors has a substantial body of adopted policy on welfare reform. Our basic principles for welfare reform are: the availability of: jobs which pay an adequate wage, health care coverage and child care; provisions which encourage fathers to assume responsibility for providing both financial and emotional support to their children; welfare benefits sufficient to maintain a standard of living compatible with health and well-being, and which remain available for a period of time determined by the client's need rather than an arbitrary time limit; a system based on incentives rather than punitive measures.

While HR 3507 represents an improvement over HR 4, with increased funding for child care, maintenance of the entitlement nature of foster care and adoption assistance, and maintenance of the current mix of child nutrition programs, the bill does not meet the principles for welfare reform which we have set. Unless these concerns are addressed, The U.S. Conference of Mayors must urge you to vote against HR 3507.

Sincerely,

CARDELL COOPER,
Chair, Health and Human Services Committee.
RICHARD M. DALEY,
President.

H.R. 3734 RESTRICTS STATE FLEXIBILITY TO IMPLEMENT WELFARE REFORM INITIATIVES

While Congress has been debating welfare reform, states have begun to implement aggressive welfare reform initiatives through the waiver process. These innovative state plans requires greater personal responsibility, place work requirements on welfare recipients and set time limits on benefits. State legislatures and governors developed proposals after consulting with welfare field offices, studying local job markets, evaluating the costs of implementing reforms and deciding how to best protect children and other vulnerable populations. State officials were able to develop welfare reform initiatives that were tailored to the conditions in their states so that the programs would be practical and successful in moving welfare recipients in the state into work. These state plans reflected the views of citizens of their states.

The welfare reform bill passed by the House and Senate would conflict with many of the reform initiatives being implemented by states across the country. The bill overrules the judgement of state officials about what is practical and realistic in work programs by mandating work rules which are

much more severe than most states have established. The work requirements mandated by the bill are more severe than most states believed they could afford or successfully implement. In addition, the bill would prohibit several states from continuing provisions protecting children from the impact of time limits on benefits. Although the bill is intended to give states flexibility to implement welfare reform plans without the need for federal waivers, the bill would force many states to either apply for waivers from the mandates in the bill, make significant changes in the plans currently being implemented (absorbing additional costs to meet federal mandates while federal funding is being frozen), or face penalties from the federal government.

Among the states that are implementing welfare reform initiatives that would not comply with the mandates in H.R. 3734 as passed by the House:

Connecticut: Welfare recipients would be required to work a minimum of 15 hours a week after two years of assistance, 25 hours after three years and 35 hours after four years. The Connecticut program would fail to meet the work requirements mandated in H.R. 3734 because most individuals working under the state plan would not be counted under the rules established in H.R. 3734. Connecticut imposes a time limit for a portion of the caseload that applies only to employable adults. Under H.R. 3734, Connecticut would be required to apply the time limit to children as well.

Delaware: Private contractors are paid for placing welfare recipients in private sector jobs of at least 20 hours a week, recognizing the nature of opportunities in the labor market for unskilled applicants. H.R. 3734 would not count individuals placed in private sector jobs of 20 hours a week as meeting work requirements.

Georgia: Georgia applies a work requirement in ten counties that require recipients to work up to 20 hours per month at an assigned in local, state or Federal government or at a non-profit agency. the Georgia plan does not meet the mandates regarding either the hours of work required or the percentage of the caseload that must be working. The Georgia plan provides that benefits to children are not affected by the plan. H.R. 3734 would require Georgia to amend its plan to eliminated benefits for children after the five year time limit.

Hawaii: The state plan places job-ready recipients in part-time private sector jobs of up to 18 hours a week. These jobs would not comply with the mandates in H.R. 3734.

Indiana: The Indiana plan applies the time limit on benefits to adult benefits only. H.R. 3734 would require Indiana to amend its plan to apply the time limit to children as well as adults.

Iowa: Under the state plan, caseworkers are given latitude to set forth a work plan for recipients based on individual circumstances, including the individual's work history, education level, etc. and environmental barriers such as transportation, child care and the local job market. The work requirements in the individual agreements range from 20 to 45 hours a week. The work requirements mandated in H.R. 3734 would severely restrict the ability of caseworkers in Iowa to set work requirements based on individual circumstances.

Missouri: The Missouri plan applies the time limit on benefits to adults only. H.R. 3734 would require Missouri to amend its plan to apply the time limit to children as well as adults.

Montana: The Montana plan requires recipients to perform 20 hours of community service per week after receiving two years of benefits. This work requirement would not meet the mandate in H.R. 3734. The Montana plan does not apply the time limit to children's benefits, as H.R. 3734 would require.

Oklahoma: Recipients in six counties who are not able to find a job after receiving benefits for three years are required to work at least 24 hours a week in a subsidized job. The Oklahoma plan does not meet the mandates regarding either the hours of work required or the percentage of the caseload that must be working.

Rhode Island: The bipartisan welfare reform proposal being considered in the Rhode Island General Assembly with the support of the Governor would exempt children's benefits from the time limit. H.R. 3734 would require Rhode Island to change its plan before it could be implemented.

Tennessee: The Tennessee welfare waiver request would require welfare recipients to work 25 hours a week, which would not meet the mandates in H.R. 3734.

Texas: The Texas plan requires individuals who are unable to obtain private sector employment of 30 hours week to participate in work activities under the JOBS program of 20 hours a week. The Texas plan is extremely unlikely to meet the mandates in H.R. 3734. The Texas plan continues benefits for children after the time limit, which H.R. 3734 would prohibit.

The list above is only a partial list of states that do not meet the mandates in H.R. 3734. Several states not listed above are in the process of developing programs that would not meet the mandates in the bill. Many other states have welfare reform initiatives that do not address the issues of work requirements and time limits mandated in the bill. Finally, virtually all states that are implementing work requirements have limited the work requirements to targeted segments of the caseload which fall far short of the participation rates mandated by the bill.

Mr. KASICH. Mr. Speaker, I yield 3 minutes to the distinguished gentleman from Michigan [Mr. CAMP].

Mr. CAMP. Mr. Speaker, I thank the gentleman for yielding time to me.

I also have looked at the motion to instruct and do not find anything too objectionable in it, as well. When we look at the costs, I know it mentions the costs that have been put on State and local governments, that they are concerned that costs will be shifted there. What our bill tries to do is give States more flexibility to design and implement a welfare program that will free up resources because, clearly, the kind of welfare system we have had for the last 30 years has been overly restrictive. Just look at the number of waivers States have applied for, which has been a long, difficult, bureaucratic process. Some I think have recently been granted for Tennessee, or that announcement will be made very soon.

Even the Federal Government recognizes, the administration recognizes that the current system has not done the job. The whole purpose of our bill is to try to ease that. The purpose of doing that, of course, is to help lift children from poverty. I think if we look at the last 30 years, the war on poverty has not been won, and it is very, very important that we do better at that.

I think the bipartisan nature of this bill that came out of the Senate, half the Democrat Senators supported the welfare bill. I think it is a very good, strong signal that the kind of bill we are going to design will be a very positive change, one that has been needed for a very, very long time.

□ 1730

Mr. SABO. Mr. Speaker, I yield 2 minutes to the distinguished gentlewoman from Florida [Mrs. THURMAN].

Mrs. THURMAN. Mr. Speaker, I thank the gentleman from Minnesota for yielding me this time.

Mr. Speaker, as we head toward the third conference on welfare reform, I hope that this time everybody gets it right and focuses on the children who need to be protected, rather than the political gains to be made. We have actually come very far over the past year, and the bill making its way to the conference is a little bit fairer and more reasonable than the first one.

But there are still loopholes. In other bills, loopholes mean a loss of revenue or a tax shelter. In this bill, a loophole means thousands of starving children.

Here are the holes in the conference that must close. First, in the House bill, children are penalized for their parents' mistakes. If a parent is irresponsible and does not get a job within the time limit, kids get cut off, too. Nobody wants starving children in dirty diapers. That is not welfare reform, but it is what will happen unless the loopholes are closed, with vouchers for kids.

Second, the House bill contained underfunded optional block grants for food stamps. The Senate was wise to recognize that these block grants will be attractive to States, but dangerous for children. When the money runs out, and it will for many States, there will be no money for hungry families. For example, what happens when companies downsize or a recession hits? Families that worked hard, but struggled from paycheck to paycheck, will look to us to help feed their children, and we will have to turn them away. The Senate recognized this problem and we should support their amendment to eliminate the optional block grants.

Like everyone else in this body, I want to see welfare reform, not status quo, signed into law this year. But in doing so, let us be guided by the words of Hubert Humphrey, who considered the moral test of government to be how that government treats those who are in the dawn of life, the children. If we, the most plentiful Nation on Earth, bring harm to our children by passing the wrong welfare reform, we will have failed this test.

Mr. KASICH. Mr. Speaker, I yield 2 minutes to the distinguished gentlewoman from the State of Connecticut [Mrs. JOHNSON].

Mrs. JOHNSON of Connecticut. Mr. Speaker, I welcome the Sabo amendment, because it does clarify a number of issues that are important for the conference to focus on. I personally worked very, very hard on the Medicaid provisions, and we need to assure

that they are strong and will provide the kind of health care that children need.

I personally feel that one of the important things for the conference, though, is not to be bound by the old thinking. When I hear the preceding speaker talk about children after the 5 years, I do not feel that she really sees what the impact of this plan is going to be. There are just so many opportunities from day 1 to provide day care, to get into job training, to use those day care dollars so effectively that women work in day care centers half the day and then they are in job training half the day, and from the very beginning, day 1, the whole family comes together to the family center and everybody begins growing, changing their future. So, I think there is enormous opportunity here.

Michigan has done a great job with kinship groups. If you see you are going to have trouble, you can bring kinship groups into it, and the whole family, the larger family, needs to have the role here, have a role in planning the solution for this family. So, we need to be sure to be creative and not to cut off the kinds of initiatives that are going to develop.

We do have that 20 percent protection. I agree, we do not want any children disadvantaged by this reform This should offer opportunity and hope to both women and children. But we do not want our thinking about the welfare of the next 20 years to be too narrowly fenced in by the experience of the last 10 years and 20 years when the States were very limited in what they could do.

In Connecticut, we have a 21-month limit, and one of the biggest newspaper critics of it wrote a column just the other day saying, you have to own up when you are wrong, and he was wrong. It is working great.

Mr. SABO. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Tennessee [Mr. TANNER].

(Mr. TANNER asked and was given permission to revise and extend his remarks.)

Mr. TANNER. Mr. Speaker, I want to compliment the gentleman from Florida [Mr. SHAW] and the others who worked with us. I certainly want to thank the gentleman from Delaware [Mr. CASTLE] and the gentleman from Texas [Mr. STENHOLM] and the gentleman from Minnesota [Mr. SABO] and others who have worked on our side. I think we are very close.

This motion to instruct has really four general, but necessary, principles I think we all share in this body, Democrat or Republican, to make sure, as one of the previous speakers said, we get it right. It talks about the cost shifting to local governments, and we need to really take a look at that. As the gentleman from Texas [Mr. STENHOLM] said, there is no reason to again demand that States do it our way or face penalties, and then we all know what happens there.

There is still a part of the House bill that treats a 4-year-old child like a 34-year-old irresponsible adult. We really can fix that, and we need to.

We talk also about Medicaid coverage. The Senate took a great step yesterday in a vote of, I think it was, 95 to 2 to fix that portion of it, and surely the conference committee can take a look at that. Finally, we talk about the savings that are achieved here going to deficit reduction, which directly will affect these children that we are talking about in the previous parts of the bill.

So we are close. The Senate did some good work yesterday. If we can just in the conference utilize our imagination, as one of the previous speakers over there said, to try to get to some closure on these principles, not harming children, actually making sure that the funding is there to make the system work. I think we are very close to a breakthrough and a conference committee report that we can all support and the President can sign.

Mr. KASICH. Mr. Speaker, I yield 3 minutes to the distinguished gentlewoman from the State of Washington [Ms. DUNN], a member of the Committee on Ways and Means.

Ms. DUNN of Washington. Mr. Speaker, I thank the gentleman for yielding me this time.

I am very pleased today to see us moving toward bipartisanship on welfare. We are all very concerned about solving this major problem. Many of us here on the House floor who have worked on this issue month after month, and some people year after year, are worried about what the current system of welfare has done to children.

I do want to reassure the gentlewoman from Florida that we have indeed built flexibility into this system, this new bipartisan proposal that will take care of children, that they will not suffer at the end of 5 years, that there is a 25-percent exemption number there, that money can be shifted from child care from title XX to take care of those children, and they can be transferred within the block grants, and that there are other State sources that may be used to support the children after 5 years as well.

But I continue to be very pleased to see how much emphasis both sides of the aisle are putting on the issues that are most important to me in this bill, the issues of child care and child support. In the original welfare bill, we were very thoughtful in how we addressed child care. We took a great deal of time to work with the governors of the States, the Members on both sides of the aisle, the administration, to develop a plan that would fund child care at a level that would be far better than what exists in the current system today.

So at this point we are something around $4.5 billion more than the current welfare program provides to the States for child care, including their funding, and $2 billion more than the President originally asked for, and I think this is an appropriate level and shows the concern that we have for those mothers on AFDC who are wishing to get off welfare and into the work force. We have talked to these women and we have figured out that this is the most important piece of this whole legislation that allows them the peace of mind they need to make this transfer.

Child support is critically important. We spent a lot of time, there has been a lot of work that has gone into the child support issue, the issue of deadbeat parents, 30 percent of whom leave the States, Mr. Speaker, to avoid paying child support. We have provided a nationwide information service here that will allow States to find those deadbeat parents, and I must say that today in our Nation, $34 billion is owed in court-ordered child support to custodial parents. When it is not paid, those kids go on welfare and the taxpayers become the parent.

So I am here today to commend both sides of the aisle to support the Sabo motion to instruct and to urge my colleagues to continue the bipartisan approach to welfare that I hope will continue right through to the signing by the President in the White House.

Mr. SABO. Mr. Speaker, I yield 2 minutes to the distinguished gentlewoman from California [Ms. WATERS].

Ms. WATERS. Mr. Speaker, I rise in support of this motion to instruct the conferees. First, let me make one attempt, one final attempt, to interject some sanity into this debate about the future of mothers and their children. We can accomplish welfare reform without abandoning poor children. If this government cannot agree to that, it will agree to nothing.

Both the House and Senate versions of this bill would decimate the food stamps program; both would unduly restrict benefits for legal immigrants. The proponents of this legislation are clearly driven by two impulses, neither of which is reforming welfare. First, they are eager to balance the budget on the backs of poor children rather than tackle corporate welfare. And second, they are attempting to create a wage issue, which they know divides Americans, and inject their divisive spirit into this political season.

This is not how we make sound public policy, Mr. Speaker. The last bill that was sent to the President's desk would have thrown at least 1.2 million children into poverty. While we do not have a comparable study on the impact of this bill, I would ask my colleagues, how many children will this Congress feel comfortable making poor? One million, 2 million, a half million? Where is the job creation? Where are the incentives to business to stop exporting our jobs to Third World countries for cheap labor so that we can provide jobs for jobless Americans here at home?

Mr. Speaker, many welfare recipients want desperately to change their lives.

They want to correct the mistakes in their lives. They want help, not more pain. They want jobs. Let us train them, not starve them.

Mr. Speaker, we should support this motion to instruct the conferees to keep children out of poverty, preserve Medicaid, maximize food stamps, provide job training and work opportunities. This is not fun and games. This issue is about human lives.

Mr. KASICH. Mr. Speaker, I yield myself 3 minutes.

Mr. Speaker, I think it is pretty amazing for the American people to make note of the fact that in the other body, 74 Members of the other body voted for a significant, the most significant change in welfare that we have seen in this country since welfare was created, and that of course enjoins the action of this body to do a number of things.

First, to say that we will take care of people who cannot, simply cannot take care of themselves. But at the same time, it says for those people who are able-bodied and find themselves on this welfare system, that we will provide adequate day care so that the children of people on welfare will be protected.

Second, that the people who are on welfare are going to be asked to get trained. We are going to give them a skill. We are going to educate them. We are going to help them. And at the end of the day, it is also expected that those folks will be able to leave welfare and find employment to work.

I think that is what Americans have been calling for in this country my entire political career, and frankly all of my lifetime. Because in a Judeo-Christian society, it is wrong not to help people who need help; but in a Judeo-Christian society, it is also wrong to help people who need to learn how to help themselves. I do not think there is much disagreement with this.

Now, there are some starts and some stops in any legislation. There is always concerns about what happens. But it has been those concerns that have blocked this Congress, not this Congress, but previous Congresses from being able to deliver the kind of welfare reform that taxpayers want, and the kind of welfare reform that taxpayers will support.

□ 1745

I would say to the Members of the House today that the gentleman from Minnesota makes an amendment that I think has a lot of merit. It speaks to the fact that we do not want unfunded mandates. That is why, in fact, Governors sit in our deliberations and give us their opinions in terms of the impact of this legislation on their States. They basically have one plea, however: "Trust us, we can do the job. After all, it is our citizens' money, and we think we can design a program that fits local solutions to local problems at less cost and will be more productive and rescue people from poverty."

At the same time I think it is very important to realize that as we go through this, we are going to be in a position where taxpayers finally are going to be able to say, "I can support this program. It is fair to those who cannot help themselves, it is fair to those because we provide the adequate programs to protect their children as they get skills and get work, and it is fair to me as a taxpayer."

I am always proud of saying that I think the real American heroes in this country are not the Shaquille O'Neals who make $125 million or the Juwan Howards who make $100 million. God bless them for having the skills to drive the market to make that kind of money but they are not my heroes.

My hero is that lady who goes to the airport to pour the coffee, puts her children in day care, and works like the dickens with her husband to make ends meet, and they do not get anything from the government. They are not unwilling to help those that cannot help themselves, but at the end of the day they want to believe it is a system that encourages people to leave.

We cannot let the concerns that we have had over the years deny the kind of welfare reform we ought to have. I think the gentleman from Minnesota [Mr. SABO] speaks to the issue of the local mandates, the need to be concerned about children, which all of us are. We believe at the end of the day this is a compassionate bill that will help the folks that need the help and help the taxpayers who want to have a legitimate welfare system.

So we can support the Sabo amendment, move to conference, and, ladies and gentlemen, I think we are on the verge of truly historic reform of the system that has needed reform all of my lifetime and I think it is a day for us to be excited.

Mr. SABO. Mr. Speaker, 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. Mr. Speaker, we will agree that the welfare system does not work for taxpayers and it certainly does not work for families on welfare. That is the easy part.

The challenge and responsibility we face as legislators, however, is to fix the system so that it helps parents move from welfare to work while at the same time ensuring that children are safe, healthy and protected. We have to do that because parents cannot succeed in school, training or work if their children are not taken care of. They cannot do their best when their children are home alone or in a car or if they are sick or hungry.

Take it from me. I was on welfare. Even though I was working, I needed Aid For Dependent Children for one reason and one reason only, to give my children the food, the medical care, and the child care they needed. Without those crucial support services, Mr. Speaker, without that safety net, I do not know what would have happened to my family.

So, conferees, Members of this body, remember, the lives of millions of children are in your hands. Take this responsibility very seriously. If you err, err on the side of our children. Make sure that no child is left without proper health care, nutrition, or child care. Make sure that no child is left behind. Remember how the safety net saved my family. Remember the children. I urge my colleagues, protect our children.

Mr. KASICH. Mr. Speaker, I yield 2 minutes to the very distinguished gentleman from Delaware [Mr. CASTLE], the former Governor.

Mr. CASTLE. I thank the gentleman for yielding me this time.

Mr. Speaker, I would just like to share some thoughts I have on welfare reform. I support all the concepts of the motion to instruct conferees. I think the gentleman from Minnesota [Mr. SABO] has done a good job here, but I would just like to point out where we have gone in the welfare reform package.

We had it coming out of committee, we took it to the floor of the House, we made some amendments to it which I think made it a better bill. It went over to the Senate, they acted on it. I think they have added some aspects to it or reaffirmed what we have done in the House, which makes it a better bill. Hopefully the conferees can sit down and meet and also make some of the improvements along some of the lines that have been discussed here to make it an even better bill.

I think we are going to have welfare reform in the United States. I think we need to be very serious about what is going to be in it. Quite frankly, I think we have worked hard to actually make this a very good piece of legislation.

I could not agree more, we should not have unfunded mandates. We have now preserved Medicaid coverage almost completely in this bill. We need to protect that. That is a very important point which is made here. I also believe we need to deal with the vouchers for goods and services, and I think maybe we are a little further long that line than even I thought after some further research. Hopefully we can develop that a little bit more too, as well, as we look at this.

Obviously I believe we should have whatever savings we can possibly have, but the bottom line is right. So many people have spoken here today and before on welfare reform. We need to put into place a system which will change it. There are job opportunities being created in America. The President of the United States says that constantly. Our economy shows that. We think these individuals ought to have the opportunity to go out and work where they can. We believe some should be protected, the 20 percent who cannot work.

I think this is all coming together. I congratulate all the Members of the House. Sometimes we do not listen to one another. I think in this instance

we have been listening to one another. Hopefully we will listen to this motion to instruct conferees, go to conference and have a good welfare reform package.

Mr. SABO. Mr. Speaker, I yield 1 minute to the gentleman from North Dakota [Mr. POMEROY].

Mr. POMEROY. I thank the gentleman for yielding me this time.

Mr. Speaker, I am pleased to follow the preceding speaker who has worked so hard to make certain that a bipartisan welfare reform package is possible. The issue before us is not whether we should reform welfare. It is how we reform welfare in the correct way. I think the Senate took a major step forward in showing that true bipartisan reform is possible. Sbustantial changes were made in the Medicaid and in the food stamp areas, resulting in a much more bipartisan vote than was achieved in the House.

What other changes can be made in conference to get a stronger bipartisan House vote? The motion before us lays them out. Do not shift costs to localities, do not harm children, particularly as parents make that critical transition into the work force, preserve Medicaid coverage so that people without health care access does not increase, and, finally, if there are savings, let us apply them on the deficit.

We can do better than the bill that came out of the House in reaching bipartisan agreement. If the conferees adhere to these points, we will have a bipartisan welfare reform proposal.

Mr. KASICH. Mr. Speaker, I reserve the balance of my time.

Mr. SABO. Mr. Speaker, I yield 2 minutes to the gentleman from California [Mr. BECERRA], and I ask unanimous consent to yield the balance of my time to the distinguished gentleman from New York [Mr. RANGEL] and that he have authority to yield to others.

The SPEAKER pro tempore (Mr. KNOLLENBERG). Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. BECERRA. Mr. Speaker, I thank the gentleman for yielding me this time.

Mr. Speaker, if there is one clarion call that we should hear in this Congress when it comes to reforming welfare, it should be: Hold our children harmless. We can disagree on a lot of things, but I think one thing is clear: None of us intends to put children in worse condition by reforming welfare. Yet we still have an issue. The Republican welfare bill that passed in this House would send 1.5 million children into poverty. It would increase the level of poverty for those children already existing without enough. Why would we want, as this bill does, to deny a child who lives in a home where there is domestic violence the opportunity to escape that home? Why would we want to deny more than 300,000 children who exist with a disability the opportunity to try to have the same opportunity as any other child? Why would we want to deny a child who is hungry the opportunity through food stamps to be nourished? I do not think we want to do that, and I believe on a bipartisan basis we can get there. We are getting closer. There are still some disagreements. But certainly we can get there. Let us not fool ourselves. If we do not give through the Federal Government some assistance through food stamps or other services to that child, no one in the community in Los Angeles where I live or any community where you live will say, "We're going to leave that child on the street." We are going to care for that child one way or the other because we are very humane in this country. But let us not shift costs to the local governments and claim that we have saved welfare. Let us do it the right way and let us remember, in the end, the clarion call should be: We will hold our children harmless.

Mr. RANGEL. Mr. Speaker, I yield myself such time as I may consume.

(Mr. RANGEL asked and was given permission to revise and extend his remarks.)

Mr. RANGEL. Mr. Speaker, my dear friend CLAY SHAW who has worked so hard to protect the children of our great Republic and who made so many attempts to make this a bipartisan effort closed his remarks by saying, "And who would want to be in a position of defending the status quo?"

Mr. Speaker, the gentleman has no idea what a powerful political statement he made. Because the answer should be, "Nobody."

There is widespread feeling in this Congress and in the United States that anybody that can work should be working, and anybody who freeloads is inconsistent with the ideas and the ideals that made our country the great country it is. Nothing gets to a taxpayer more than seeing a freeloader living at their expense and not making any attempt to pay their own way with the dignity that a job brings to them.

Having said that, if I understand this bill, this is not just reform because you call it reform. President Clinton said you can put wings on a pig but it does not make it an eagle. Why should I accept the fact that just because it is different, it is reform?

"Trust the States." I trust the States. Give them the Federal money, they are closer to the problem. Put in a safety net. Make certain the children are protected. We are not talking about aid to dependent mothers. We are talking about children. Whether you are Democrat, conservative, liberal, or Republican, OMB says 1 million kids are going to be pushed into poverty. Why? Because people have arbitrarily said, "Trust the Governors." After 2 years they decide if the mother is not working, kick the kid off.

Well, I do not know what would have happened in the manger at Christmastime if that attitude had prevailed, but I think that Mary and Joseph would have had a harder time under today's bill than they had 2,000 years ago.

The fact remains is, if you say go to work, is there not a responsibility to have a job? If someone plays by the rules, makes a mistake, the boyfriend got killed, they were on their way to the church, they looked for the job, they took the training, but there were no jobs.

□ 1800

Oh, the Governors will work out something. If we are providing Federal funds and for the first time in 60 years are saying we wash our hands of this problem, it is now a State problem and you, RANGEL, trust the Governors, you have been there for 40 years, that is a heck of a thing to tell to a child that is being denied food stamps, that is being denied health care because we have a problem with the mother. But if you do not have a problem with the mother and she has worked hard and there is no job for her to find, you say if it is 2 years, 3 years, 4 years, 5 years, it is OK with you that she has not got a job.

I say if we want to turn it over to the States, I think it is wrong, but I would support it. But we have an obligation as a Congress, as a Nation to put a safety net there for those kids. They have not hurt anybody. But it is not there in any of these bills.

What has really happened is that the question before us as we adopt the resolution that the gentleman from Minnesota [Mr. SABO] has is not whether or not this is a good or bad bill. It is the question that the gentleman from Florida [Mr. SHAW], my friend, raised: Who is prepared before this election to protect the status quo? It is not me, but that does not mean that this flying pig is an eagle. It means that we have to do something before the election.

Democrats have to have a vote on something and so do the Republicans, unless, of course, which I know never entered the minds of my friends in the majority, unless we can make the President look worse by having to veto it. So now good-thinking people are wondering in the Congress do they really want a bill or do they really want to embarrass the President. And that is what we are talking about today. The urgency to get this bill out is based really to get it out before we go to the election.

All I am saying is, if the bill is so good, why does Catholic Charities say it is so bad? Are they dealing with such a higher authority that they cannot reach the Christians outside of the Christian Coalition? If the bill is so good, why is it my Jewish friends who take care of kids every day in the Jewish Council Against Poverty, which every year, the gentleman from New York [Mr. GILMAN], my good friend, and I are there saying that poverty is not black or white or Catholic or Protestant or Jew or gentile, hey, they are against the bill. And the Muslims

are against the bill. The Protestant Council said it may be a good concept but it is bad for children.

I tell my colleagues one thing, this is the best medicine we can find to have food for an election. So I retain my time to yield to other Members, but I really wish that we could hurt the people that should be hurt and provide the jobs and the opportunity for those people who played by the rules; but there is no provision there to protect them.

One day when we are talking about welfare reform, we will concentrate on education and dreams and training and have people that have more time to be prepared to get married and to get the picket fence and to have the same dreams as other people. But I realize that that issue is a local issue. We will leave that to the local school boards, and we will tackle the big ones like welfare reform and let the Governors tell us how well they are doing.

Mr. KASICH. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Florida [Mr. SHAW].

Mr. SHAW. Mr. Speaker, I would like to respond very briefly to my good friend from New York. On this floor we often use the word good friend in referring to somebody right before we slap them upside the head, but CHARLIE and I are good friends; we really are, both on the floor and off of the floor. I would like to say to the gentleman from New York, next year I think we all anticipate he would be the ranking member on the Committee on Ways and Means.

My colleague may try to make the argument that he is going to be chairman, but it is not going to happen next year. But in any event he is going to be the top Democrat on the Committee on Ways and Means. In that position, as I have said to him in the past that I would hold out to him my hand to work in cooperation with him once welfare reform gets in place to be sure it is going to work, there are going to be problems with welfare reform.

Anyone in this body that feels that we have washed our hands of the problem is kidding themselves. The Federal Government, by defense of a welfare system that has not worked and has built up layer after layer of generations on poverty, we have a responsibility as a Federal Government to go in and clean up this mess and to get people where the jobs are or get the jobs where the people are. I know, I say to my friend and colleague, that this is something that he is interested in, and I will tell my colleague tonight that I would be happy to go to his district and to work with him because I know of his concern for the people he represents. I also have concern for them.

Now, one quick response to the question as to whether we are trying to rush something in before the election, we are trying to give this President the opportunity to deliver on a promise he made 4 years ago during the campaign on which he mentioned right below where the speaker is standing here tonight in telling us during the State of the Union Address that he wants a welfare bill that he can sign. We intend to deliver him a welfare bill that hopefully he will sign.

It got great support in the Senate. I hope we take the momentum that they came out of the Senate onto the House Floor and that we send him a bipartisan bill and he will sign it.

Mr. RANGEL. Mr. Speaker, I am certain that the President will make note of this contribution that we are making to his campaign and the great opportunity that we have given to him. I would like to yield 2 minutes to the gentlewoman from Connecticut [Mrs. KENNELLY].

Mrs. KENNELLY. Mr. Speaker, Democrats and Republicans have agreed from the very beginning of this session on welfare reform, the need for welfare reform. We agreed that one title of the welfare reform bill should be there, child support enforcement. It was placed in, we worked together and it stayed that way.

Other than that, there were many disagreements. There were many debates. There were many arguments. We come to this point where we have the motion before us that will put people to work and protect children.

We look at this motion. It says yes to welfare to work programs and no to unfunded mandates. We look at this motion that says yes to strict time limits on adults and no to driving additional children into poverty. The motion says yes to reforming welfare but no to increasing the number of people without health coverage.

So the motion is a good motion. This bill can become a better bill. I remember the other day last week when we were voting on final passage in the House, on the welfare bill. One of my colleagues on the other side of the aisle came down and said: BARBARA, I thought you said, if we made this bill better, you would vote for it. I said yes, I said that, but I think it can be better.

Yesterday it was made better. Yesterday Medicaid language was much better in the Senate. Yesterday no block grant for food stamps. Let us use the surplus agriculture supplies we have for nutrition for the children. Yet there were other ways that the Senate bill very definitely made this a better bill.

We have this motion, a commonsense blueprint for welfare reform that will work and that President Clinton can look at so he can decide if he is going to sign it.

I say to my colleagues on the other side of the aisle this is a much better bill that we continue to talk about. Tomorrow there will be a conference, where we will meet. The gentleman from Florida [Mr. SHAW] has been a leader on this and has been patient, unbelievably patient.

I say let us still consider that safety net for children. Let us still make it a better bill so that we can all vote for it and the President can sign it and we can all say we did welfare reform.

Mr. KASICH. Mr. Speaker, I yield 2 minutes to the gentlewoman from Connecticut [Mrs. JOHNSON].

Mrs. JOHNSON of Connecticut. Mr. Speaker, certainly it is the tradition of the Congress that going to conference is a time when House Members and Members of the other body think together anew about legislation, and the best ideas from both sides are merged. So, there is no doubt in my mind that what comes out of conference will be a bill we will all be proud of.

I do want to go back to something that my friend from New York said, and that is jobs; what are we going to do if there are no jobs? And why do all these religious groups oppose the bill? Well, I would say to my colleagues that welfare reform is not just about welfare. Welfare reform is about system change in America. Those groups do not understand that. They do not see the possibilities.

I think we are missing the understanding of the new opportunities this bill creates. For example, it has always been unfair for local taxpayers, and we know how terribly, terribly stressed people are at the level of local property taxes. Those people are paying their local government people, and they are participating in paying welfare benefits.

Through attrition, without anybody who is employed losing their job, there is not any level of government that cannot open up entry-level jobs for welfare recipients so right off the bat they get real wages for real work. They make contacts and then the local governments can use that money to up the salaries of some of their people to do supervision and to do coordination.

So I believe in the long run we are going to use our public dollars better as a result of welfare reform because we are going to open up jobs. We are going to build job training into our Federal, State and local bureaucracy, and people will have opportunities right off the bat they never dreamed of. So I think using the resources of the employment base that government provides with taxpayer dollars, our community colleges and our adult education resources, we are going to create opportunity with this bill that we are going to be proud of.

Mr. RANGEL. 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, the basic foundations of welfare reform have been clear for some time: moving people on welfare into productive work with time limits and State flexibility, protecting the child who will be a main beneficiary of breaking the cycle of dependency.

While I have believed that there was a mainstream cutting across the parties to build a new structure on these foundations, and I have been actively engaged along these very lines, early

Republican bills veered sharply in an opposite direction and as a result the President vetoed them.

In direct response, the majority moved and there have been some significant improvements in the proposed legislation, moving from no specific provision for health care and woefully inadequate day care to assurance of health and day care as parents move off of welfare to work, better ensuring that States who meet their responsibilities and maintain their effort, not simply substituting Federal dollars for their own, canceling the punitive program cuts for severely handicapped children, restoring the safety net for foster care and child nutrition and creating a structure, though still very inadequate, to protect people who want to work from the ravages of a major recession.

The bipartisan Tanner-Castle bill, which I actively supported, and several amendments in the Senate point to several key areas where there is a serious need for further change, especially those relating to the protection of health and welfare of children who are legally in this country, and to really achieving what is most needed for the parent on welfare, for their benefit, for the child and for the taxpayer; that is, work.

This motion instructs the conferees to do everything possible to achieve the stated objectives on a bipartisan basis. The conference can be an important step forward on a bipartisan basis toward welfare reform or a backward step on a partisan one leading to further gridlock. This Nation badly needs and wants the former. We must strive to achieve it.

Mr. KASICH. Mr. Speaker, I yield myself 2 minutes.

I want to say to my friend from New York I was amazed the other day in talking to some of my friends on the Democratic side of the aisle. They were wondering about our economic program. I think what my colleagues have to understand, they may not like our program, but our program balances the budget and lowers interest rates.

One of the major ways we do it is to shift power and money from this city back home so that people can solve local problems with local solutions, I would say to the gentleman. I want my local housing authority administrators to set the rules for the people that live in the housing in my community. I do not want to come to Washington for the rules. I want to do it in the neighborhood.

Our program is to provide tax incentives, we believe, and lower taxes on risk-taking. We think that will create jobs, and my good friend Bob Garcia joined with Jack Kemp to create enterprise zones to give tax relief so we can create jobs. The day is going to come, in my judgment, where the poorest Americans are going to support lowering capital gains taxes so that people will risk money to create jobs.

I would also say to the gentleman that our view of deregulation, of unshackling businesses that cannot get started in communities because they got to hire lawyers and accountants and Lord knows how much. Instead of treating those people with great respect, we make it difficult for them to create a job and hire people. That is why we support deregulation.

□ 1815

That is why we support less Federal involvement, because we believe we need to reclaim our communities and our neighborhoods and our families.

So this plan cannot be divorced from our economic plan. The gentleman may not agree with our economic plan, but we are sincere in our efforts to try to bring greater prosperity to this country, and we think we are on the right track. The gentleman believes we are not. But we cannot divorce welfare from the need to provide economic growth. We believe we have the better way to do it, and I want the gentleman to understand that is our approach.

Mr. RANGEL. Mr. Speaker, I yield such time as she may consume to the gentlewoman from California [Ms. PELOSI].

(Ms. PELOSI asked and was given permission to revise and extend her remarks.)

Ms. PELOSI. Mr. Speaker, I rise in support of the motion to instruct and reject the idea of putting more children into poverty.

Mr. Speaker, 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. In the United States, 14 million children live in poverty. Passage of this 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 cutouts: 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 signficant 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. RANGEL. Mr. Speaker, I yield 2 minutes to the gentleman from Massachusetts [Mr. NEAL].

(Mr. NEAL of Massachusetts asked and was given permission to revise and extend his remarks.)

Mr. NEAL of Massachusetts. Mr. Speaker, I want to thank the gentleman from New York [Mr. RANGEL] for yielding me this time.

Let me offer a statistic this evening that I think is the most compelling number that has surrounded this debate for the better part of 18 months. There are 12.8 million people in America who receive AFDC. Of that number, between 8 and 9 million of those recipients are children.

That is the issue that we can never lose focus on. That is the issue that ought to motivate, and that is the issue that ought to drive these deliberations. And yet after 18 months there has only been one bipartisan initiative that deals with welfare. The authors having been the former Governor of Delaware, MIKE CASTLE, and the Congressman from Tennessee, JOHN TANNER. Only one bill had the support of Democrats and Republicans alike in this institution, and it was the piece of legislation that Bill Clinton said "I will sign if you put that on my desk."

But the posturing that has taken place over this issue has delayed getting to a bill that withstands the scrutiny that we all know welfare reform deserves. Let me just read one sentence from a letter that was sent by the Speaker of the House to the members

of the Republican Conference. He said, in suggesting they oppose the bipartisan bill, the following: "It is critical that Republicans maintain the upper hand on this issue by rejecting the Gephardt substitute."

That they maintain the upper hand, because that is what this debate has been about. This debate has been about November. This debate has been about trying to get a bill down to the White House that they know the President of the United States cannot sign. That is how policy has been made, and that is how it has evolved in this institution. And remember those words, it is important that the Republicans maintain the upper hand on this issue.

Mr. KASICH. Mr. Speaker, I yield 2 minutes to the gentleman from Louisiana [Mr. MCCRERY].

Mr. MCCRERY. Mr. Speaker, I thank the gentleman for yielding me time.

Mr. Speaker, just a couple of points. My good friend on the Committee on Ways and Means, the gentleman from Massachusetts [Mr. NEAL], is a good member of that committee and certainly I listen when he speaks. He talks about a bipartisan bill that was offered here on this floor, and he said that was the only bipartisan bill offered. Well, maybe it was the only bill with a bipartisan list of authors, but the fact is that that bill only got 9 Republicans to vote for it on the floor. The Republican bill got 30 Democrats to vote for it on the floor. So the more bipartisan of those two bills, my colleagues, was not the so-called bipartisan bill, it was the Republican bill that in fact passed this House.

Another point. The gentleman from Massachusetts, [Mr. NEAL] and the gentleman from Michigan [Mr. LEVIN] talked about how far Republicans have come, and I appreciate their giving us that. We have come a long way from where we started. But so has the President. To give him some credit, he has come a long way.

The first bill the President sent to this House increased spending for welfare programs in this country. The bill that we hope he will sign now will save somewhere on the order of $60 billion. So that is coming a long way on the part of the President and the Democrats in this House. And I appreciate that, too.

Mr. Speaker, I think this is a classic example of negotiators starting at the far ends, coming to the middle, producing a product that is a compromise but that will move this country forward, that will bring families and children out of poverty finally in this country, give them some hope instead of lives of despair and hopelessness.

So I want to congratulate both sides of the aisle, the Republicans and the Democrats, for compromising, coming to the middle, producing a bill that I hope will become law.

Mr. KASICH. Mr. Speaker, I urge Members to support the Sabo amendment, and I yield back the balance of my time.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentlewoman from Connecticut [Ms. DELAURO].

Ms. DELAURO. Mr. Speaker, I rise in strong support of the motion to instruct. Welfare conferees should do all in their power to ensure that the welfare conference agreement reinforces our basic values of responsibility and work and protects our Nation's children.

The welfare bill that passed the House last week woefully fell short on these goals. Instead, the bill is tough on children and soft on requiring work.

The Republican bill fails to meet the goal of moving people from welfare to work by underfunding the work program by $10 billion. My Republican colleague from Connecticut talked about local government being the source of jobs. I quite frankly do not understand how New Haven and Hartford and Bridgeport and Stanford, how they provide jobs without raising the property tax in Connecticut. And those in Connecticut know that they are being choked by taxes.

Let me just say that I urge the conferees to protect our children. Without these protections attempts to reform welfare will increase the number of children living in poverty and fail to move people off the welfare rolls and into the work force. Protect innocent children, vote for the motion to instruct.

Mr. RANGEL. Mr. Speaker, I yield 30 seconds to the gentleman from California [Mr. WAXMAN].

Mr. WAXMAN. Mr. Speaker, I thank the gentleman from New York for yielding me this time.

I am astounded to hear the gentleman from Ohio [Mr. KASICH] talk about a bill that will cut out the safety net under the poor and then say in years to come the poor will ask us to cut capital gains and maybe something will trickle down.

We need this motion to instruct. Both the House and the Senate have protections for eligibility standards for Medicaid. Let us make sure they do not drop it. That is what they did in the last conference, and unless we get any assurances to the contrary, let us instruct our conferees to hold to the provisions that protect the rights of children at least to get health care, which is both in the House and the Senate bill.

Mr. RANGEL. Mr. Speaker, as we conclude the debate in support of the motion to instruct by the gentleman from Minnesota [Mr. SABO], I would like to say that I do not think that any Member in this House could challenge the fact that if we want true welfare reform we have to talk about education, training, access to jobs and people working with dignity and with pride so that they do not have time to do the things that require dependency on the Government.

Maybe one day we will get to those issues instead of talking about punishment, cutting grants, mandatory sentences, and make this country as great as she can be with education, jobs, and productivity. One day when we reach that, that truly will be welfare reform and an opportunity for this great republic to reach the heights that she can reach.

(Mr. MYERS of Indiana asked and was given permission to speak out of order.)

PROVIDING FOR FURTHER CONSIDERATION OF H.R. 3816, ENERGY AND WATER DEVELOPMENT APPROPRIATIONS ACT, 1997

Mr. MYERS of Indiana. Mr. Speaker, I ask unanimous consent that during the further consideration of H.R. 3816, in the Committee of the Whole, pursuant to House Resolution 483, the bill be considered as read, and no amendment shall be in order except for the following amendments, which shall be considered as read, shall not be subject to amendment or to a demand for a division of the question in the House or in the Committee of the Whole, and shall be debatable for the time specified, equally divided and controlled by the proponent and a Member opposed:

Amendment No. 1 by Mr. SOLOMON for 10 minutes; amendment No. 2 by Mr. FOGLIETTA for 10 minutes; amendment Nos. 3 or 4 by Mr. OBEY for 40 minutes; amendment No. 5 by Mr. GUTKNECHT for 20 minutes; amendment No. 6 by Mr. KLUG for 20 minutes; amendment No. 7 by Mr. KLUG for 20 minutes; amendment No. 8 by Mr. ROEMER for 10 minutes; amendment No. 9 by Mr. ROEMER for 10 minutes; amendment No. 10 by Mr. ROHRABACHER for 10 minutes; amendment No. 11 by Mr. TRAFICANT for 5 minutes; amendment No. 12 by Mr. BARTON of Texas for 10 minutes; amendment No. 13 by Mr. BEREUTER for 10 minutes; amendment No. 14 by Mr. HILLEARY for 10 minutes; amendment Nos. 15 & 16 en bloc by Mr. MARKEY for 20 minutes; amendment No. 17 by Mr. PETRI for 20 minutes; amendment No. 20 by Mr. ZIMMER for 10 minutes; an amendment by Mr. ROGERS—regarding the new Madrid floodway—for 5 minutes; an amendment by Mr. FILNER—regarding the Tijuana River Basin—for 10 minutes; an amendment by either Mr. KLUG or Mr. SCHAEFER or Mr. FAZIO—regarding solar energy—for 30 minutes; an amendment by Mr. KOLBE—regarding the central Arizona project—for 10 minutes; and an amendment by Mr. PICKETT—regarding the Sandbridge beach project—for 10 mintues.

The SPEAKER pro tempore (Mr. KNOLLENBERG). Is there objection to the request of the gentleman from Indiana?

Mr. BROWN of California. Mr. Speaker, reserving the right to object, may I inquire of the distinguished chairman if this would preclude me from making the pro forma amendment that I had discussed with him earlier?

Mr. MYERS of Indiana. Mr. Speaker, will the gentleman yield?

Mr. BROWN of California. Further reserving the right to object, I yield to the gentleman from Indiana.

Mr. MYERS of Indiana. Mr. Speaker, by unanimous consent, the gentleman can address the Committee for 5 minutes during which we will have a colloquy for that period of time and we will not object.

Mr. SKAGGS. Mr. Speaker, if the gentleman will yield, I believe the colloquy that was just had answered my question as well, because I was anticipating a colloquy with the chairman.

Mr. MYERS of Indiana. Mr. Speaker, will the gentleman yield under this reservation?

Mr. BROWN of California. Further reserving the right to object, Mr. Speaker, I yield to the gentleman from Indiana.

Mr. MYERS of Indiana. Mr. Speaker, I would say to the gentleman that I think we have taken care of all those. We have an understanding that there are some of these in controversy or in misunderstanding which require further consideration and we will have a dialog and a colloquy and we will yield for that purpose and there will no objection.

We would like to hold that to a minimum, however, I must say to each of the gentlemen. I hope we hold it to just 5 minutes, because we want to expedite this and get finished tonight. Here in Washington it is 6:30 and we hope we can finish by no later than 11, give or take an hour.

Mr. BROWN of California. Mr. Speaker, I understand the problem and I will do my best to accede.

Mr. SKAGGS. Mr. Speaker, if the gentleman will yield further, I was expecting to be long-winded, but given what he has said, I will try to be succinct.

Mr. BROWN of California. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

The SPEAKER pro tempore. The question is on the motion to instruct offered by the gentleman from Minnesota [Mr. SABO].

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

RECORDED VOTE

Mr. RANGEL. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 418, noes 0, not voting 15, as follows:

[Roll No. 353]

AYES—418

Abercrombie	Barcia	Berman
Ackerman	Barr	Bevill
Allard	Barrett (NE)	Bilbray
Andrews	Barrett (WI)	Bilirakis
Archer	Bartlett	Bishop
Armey	Barton	Bliley
Bachus	Bass	Blumenauer
Baesler	Bateman	Blute
Baker (CA)	Becerra	Boehlert
Baker (LA)	Beilenson	Boehner
Baldacci	Bentsen	Bonilla
Ballenger	Bereuter	Bonior
Bono	Frelinghuysen	LoBiondo
Borski	Frisa	Lofgren
Boucher	Frost	Longley
Brewster	Funderburk	Lowey
Browder	Furse	Lucas
Brown (CA)	Gallegly	Luther
Brown (FL)	Ganske	Maloney
Brown (OH)	Gejdenson	Manton
Brownback	Gekas	Manzullo
Bryant (TN)	Gephardt	Markey
Bryant (TX)	Geren	Martinez
Bunn	Gilchrest	Martini
Bunning	Gillmor	Mascara
Burr	Gilman	Matsui
Burton	Gonzalez	McCarthy
Callahan	Goodlatte	McCollum
Calvert	Goodling	McCrery
Camp	Gordon	McDermott
Campbell	Goss	McHale
Canady	Graham	McHugh
Cardin	Green (TX)	McInnis
Castle	Greene (UT)	McIntosh
Chabot	Greenwood	McKeon
Chambliss	Gunderson	McKinney
Chapman	Gutierrez	McNulty
Chenoweth	Gutknecht	Meehan
Christensen	Hall (OH)	Meek
Chrysler	Hall (TX)	Menendez
Clay	Hamilton	Metcalf
Clayton	Hancock	Meyers
Clement	Hansen	Mica
Clinger	Harman	Millender-McDonald
Clyburn	Hastert	Miller (CA)
Coble	Hastings (FL)	Miller (FL)
Coburn	Hastings (WA)	Minge
Collins (GA)	Hayworth	Mink
Collins (MI)	Hefley	Moakley
Combest	Hefner	Molinari
Condit	Heineman	Mollohan
Cooley	Herger	Montgomery
Costello	Hilleary	Moorhead
Cox	Hilliard	Moran
Coyne	Hinchey	Morella
Cramer	Hobson	Murtha
Crane	Hoekstra	Myers
Crapo	Hoke	Myrick
Cremeans	Holden	Nadler
Cubin	Horn	Neal
Cummings	Hostettler	Nethercutt
Cunningham	Houghton	Neumann
Danner	Hoyer	Ney
de la Garza	Hunter	Norwood
Deal	Hutchinson	Nussle
DeFazio	Hyde	Oberstar
DeLauro	Inglis	Obey
DeLay	Istook	Olver
Dellums	Jackson (IL)	Ortiz
Deutsch	Jackson-Lee (TX)	Orton
Diaz-Balart	Jacobs	Owens
Dickey	Jefferson	Oxley
Dicks	Johnson (CT)	Packard
Dingell	Johnson (SD)	Pallone
Dixon	Johnson, E. B.	Parker
Doggett	Johnson, Sam	Pastor
Dooley	Johnston	Paxon
Doolittle	Jones	Payne (NJ)
Dornan	Kanjorski	Payne (VA)
Doyle	Kaptur	Pelosi
Dreier	Kasich	Peterson (MN)
Duncan	Kelly	Petri
Dunn	Kennedy (MA)	Pickett
Durbin	Kennedy (RI)	Pombo
Edwards	Kennelly	Pomeroy
Ehlers	Kildee	Porter
Ehrlich	Kim	Portman
Engel	King	Poshard
English	Kingston	Pryce
Ensign	Kleczka	Quillen
Eshoo	Klink	Quinn
Evans	Klug	Radanovich
Everett	Knollenberg	Rahall
Ewing	Kolbe	Ramstad
Farr	LaFalce	Rangel
Fattah	LaHood	Reed
Fawell	Largent	Regula
Fazio	Latham	Richardson
Fields (LA)	LaTourette	Riggs
Fields (TX)	Laughlin	Rivers
Filner	Lazio	Roberts
Flake	Leach	Roemer
Flanagan	Levin	Rogers
Foglietta	Lewis (CA)	Rohrabacher
Foley	Lewis (GA)	Ros-Lehtinen
Forbes	Lewis (KY)	Roth
Fowler	Lightfoot	Roukema
Fox	Linder	Roybal-Allard
Frank (MA)	Lipinski	Royce
Franks (CT)	Livingston	Rush
Franks (NJ)		

Sabo	Souder	Velazquez
Salmon	Spence	Vento
Sanders	Spratt	Visclosky
Sanford	Stark	Volkmer
Sawyer	Stearns	Vucanovich
Saxton	Stenholm	Walker
Scarborough	Stockman	Walsh
Schaefer	Stokes	Wamp
Schiff	Studds	Ward
Schroeder	Stump	Waters
Schumer	Stupak	Watt (NC)
Scott	Talent	Watts (OK)
Seastrand	Tanner	Waxman
Sensenbrenner	Tate	Weldon (FL)
Serrano	Tauzin	Weldon (PA)
Shadegg	Taylor (MS)	Weller
Shaw	Tejeda	White
Shays	Thomas	Whitfield
Shuster	Thompson	Wicker
Sisisky	Thornberry	Williams
Skaggs	Thornton	Wilson
Skeen	Thurman	Wise
Skelton	Tiahrt	Wolf
Slaughter	Torkildsen	Woolsey
Smith (MI)	Torres	Wynn
Smith (NJ)	Torricelli	Yates
Smith (TX)	Towns	Young (AK)
Smith (WA)	Traficant	Zeliff
Solomon	Upton	Zimmer

NOT VOTING—15

Buyer	Ford	McDade
Coleman	Gibbons	Peterson (FL)
Collins (IL)	Hayes	Rose
Conyers	Lantos	Taylor (NC)
Davis	Lincoln	Young (FL)

□ 1846

Messrs. SKEEN, FLAKE, and BLILEY changed their vote from "no" to "aye."

So the motion to instruct was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

The SPEAKER pro tempore (Mr. KNOLLENBERG). Without objection, the Chair appoints the following conferees: Messrs. KASICH, ARCHER, GOODLING, ROBERTS, BLILEY, SHAW, TALENT, NUSSLE, HUTCHINSON, MCCRERY, BILIRAKIS, SMITH of Texas, Mrs. JOHNSON of Connecticut, Messrs. CAMP, FRANKS of Connecticut, CUNNINGHAM, CASTLE, GOODLATTE, SABO, GIBBONS, CONYERS, DE LA GARZA, CLAY, FORD, MILLER of California, WAXMAN, STENHOLM, Mrs. KENNELLY, Messrs. LEVIN, TANNER, BECERRA, Mrs. THURMAN, and Ms. WOOLSEY.

There was no objection.

GENERAL LEAVE

Mr. SABO. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days to revise and extend their remarks and include extraneous material on the motion to instruct conferees on H.R. 3734.

The SPEAKER pro tempore (Mr. KNOLLENBERG). Is there objection to the request of the gentleman from Minnesota?

There was no objection.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 2391, WORKING FAMILIES FLEXIBILITY ACT OF 1996

Ms. GREENE of Utah, from the Committee on Rules, submitted a privileged report (Rept. No. 104-704) on the

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2d Session

HOUSE OF REPRESENTATIVES

REPORT
104–725

PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996

CONFERENCE REPORT

TO ACCOMPANY

H.R. 3734

JULY 30, 1996.—Ordered to be printed

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Mr. KASICH, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany H.R. 3734]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to 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, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment, insert the following:

SECTION 1. SHORT TITLE.

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

SEC. 2. TABLE OF CONTENTS.

The table of contents for this Act is as follows:

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 nonmarital teen pregnancy rose 23 percent from 54 pregnancies per 1,000 unmarried teenagers in 1976 to 66.7 pregnancies in 1991. The overall rate of nonmarital pregnancy rose 14 percent from 90.8 pregnancies per 1,000 unmarried women in 1980 to 103 in both 1991 and 1992. In contrast, the overall pregnancy rate for married couples decreased 7.3 percent between 1980 and 1991, from 126.9 pregnancies per 1,000 married women in 1980 to 117.6 pregnancies in 1991.

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

(7) An effective strategy to combat teenage pregnancy must address the issue of male responsibility, including statutory rape culpability and prevention. The increase of teenage pregnancies among the youngest girls is particularly severe and is linked to predatory sexual practices by men who are significantly older.

(A) It is estimated that in the late 1980's, the rate for girls age 14 and under giving birth increased 26 percent.

(B) Data indicates that at least half of the children born to teenage mothers are fathered by adult men. Available data suggests that almost 70 percent of births to teenage girls are fathered by men over age 20.

(C) Surveys of teen mothers have revealed that a majority of such mothers have histories of sexual and physical abuse, primarily with older adult men.

(8) 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.

(9) 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 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.

(10) 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(a) 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.

(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 603(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.

"(v) 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.

"(vi) Conduct a program, designed to reach State and local law enforcement officials, the education system, and relevant counseling services, that provides education and training on the problem of statutory rape so that teenage pregnancy prevention programs may be expanded in scope to include men.

"(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 in-

dividuals 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.

"(iv) Not later than 1 year after the date of enactment of this Act, unless the chief executive officer of the State opts out of this provision by notifying the Secretary, a State shall, consistent with the exception provided in section 407(e)(2), require a parent or caretaker receiving assistance under the program who, after receiving such assistance for 2 months is not exempt from work requirements and is not engaged in work, as determined under section 407(c), to participate in community service employment, with minimum hours per week and tasks to be determined by the State.

"(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 FOSTER CARE AND ADOPTION ASSISTANCE PROGRAM.—A certification by the chief executive officer of the State that, during the fiscal year, the State will operate a foster care and adoption assistance program under the State plan approved under part E, and that the State will take such actions as are necessary to ensure that children receiving assistance under such part are eligible for medical assistance under the State plan under title XIX.

"(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 member of an Indian tribe, who is domiciled in the State and is not eligible for assistance under 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.

"(6) CERTIFICATION OF STANDARDS AND PROCEDURES TO ENSURE AGAINST PROGRAM FRAUD AND ABUSE.—A certification by

the chief executive officer of the State that the State has established and is enforcing standards and procedures to ensure against program fraud and abuse, including standards and procedures concerning nepotism, conflicts of interest among individuals responsible for the administration and supervision of the State program, kickbacks, and the use of political patronage.

"(7) OPTIONAL CERTIFICATION OF STANDARDS AND PROCEDURES TO ENSURE THAT THE STATE WILL SCREEN FOR AND IDENTIFY DOMESTIC VIOLENCE.—

"(A) IN GENERAL.—At the option of the State, a certification by the chief executive officer of the State that the State has established and is enforcing standards and procedures to—

"(i) screen and identify individuals receiving assistance under this part with a history of domestic violence while maintaining the confidentiality of such individuals;

"(ii) refer such individuals to counseling and supportive services; and

"(iii) waive, pursuant to a determination of good cause, other program requirements such as time limits (for so long as necessary) for individuals receiving assistance, residency requirements, child support cooperation requirements, and family cap provisions, in cases where compliance with such requirements would make it more difficult for individuals receiving assistance under this part to escape domestic violence or unfairly penalize such individuals who are or have been victimized by such violence, or individuals who are at risk of further domestic violence.

"(B) DOMESTIC VIOLENCE DEFINED.—For purposes of this paragraph, the term 'domestic violence' has the same meaning as the term 'battered or subjected to extreme cruelty', as defined in section 408(a)(7)(C)(iii).

"(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, 2001, and 2002, a grant in an amount equal to the State family assistance grant.

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

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

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

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

"(iii) ¾ of the total amount required to be paid to the State under former section 403 (as in effect on September 30, 1995) for the 1st 3 quarters of fiscal year 1995 (other than with respect to amounts expended by the State under the State plan approved under part F (as so in effect) or for child care under subsection (g) or (i) of former section 402 (as so in effect)), plus the total amount required to be paid to the State for fiscal year 1995 under former section 403(l) (as so in effect).

"(C) TOTAL AMOUNT REQUIRED TO BE PAID TO THE STATE UNDER FORMER SECTION 403 DEFINED.—As used in this part, the term 'total amount required to be paid to the State under former section 403' means, with respect to a fiscal year—

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

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

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

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

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

"(V) the Federal obligations made to the State under section 403 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 re-

ductions 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, 2001, and 2002 such sums as are necessary for grants under this paragraph.

"(2) BONUS TO REWARD DECREASE IN ILLEGITIMACY.—

"(A) IN GENERAL.—Each eligible State shall be entitled to receive from the Secretary a grant for each bonus year

for which the State demonstrates a net decrease in out-of-wedlock births.

"(B) AMOUNT OF GRANT.—

"(i) IF 5 ELIGIBLE STATES.—If there are 5 eligible States for a bonus year, the amount of the grant shall be $20,000,000.

"(ii) IF FEWER THAN 5 ELIGIBLE STATES.—If there are fewer than 5 eligible States for a bonus year, the amount of the grant shall be $25,000,000.

"(C) DEFINITIONS.—As used in this paragraph:

"(i) ELIGIBLE STATE.—

"(I) IN GENERAL.—The term 'eligible State' means a State that the Secretary determines meets the following requirements:

"(aa) The State demonstrates that the number of out-of-wedlock births that occurred in the State during the most recent 2-year period for which such information is available decreased as compared to the number of such births that occurred during the previous 2-year period, and the magnitude of the decrease for the State for the period is not exceeded by the magnitude of the corresponding decrease for 5 or more other States for the period.

"(bb) 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.

"(II) DISREGARD OF CHANGES IN DATA DUE TO CHANGED REPORTING METHODS.—In making the determination required by subclause (I), the Secretary shall disregard—

"(aa) any difference between the number of out-of-wedlock births that occurred in a State for a fiscal year and the number of out-of-wedlock births that occurred in a State for fiscal year 1995 which is attributable to a change in State methods of reporting data used to calculate the number of out-of-wedlock births; and

"(bb) 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.

"(ii) BONUS YEAR.—The term 'bonus year' means fiscal years 1999, 2000, 2001, and 2002.

"(D) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for fiscal years 1999 through 2002, 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 1998 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 1999, 2000, and 2001, 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 1998 by reason of clause (i) if the State is not a qualifying State for fiscal year 1998 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 1998, 1999, 2000, and 2001 if—

"(I) the level of welfare spending per poor person by the State for fiscal year 1994 is less than 35 percent of the national average level of State welfare spending per poor person for fiscal year 1994; 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 1998, 1999, 2000, and 2001 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 2001.

"(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 Reconciliation 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 $200,000,000; and

"(II) the total amount of grants to be made under this paragraph for all bonus years equals $1,000,000,000.

"(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 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 $1,000,000,000 for grants under this paragraph.

"(b) CONTINGENCY FUND.—

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

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

"(3) GRANTS.—

"(A) PROVISIONAL PAYMENTS.—If an eligible State submits to the Secretary a request for funds under this paragraph during an 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 1/12 of 20 percent of the State family assistance grant.

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

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

"(i) if the Secretary makes a payment to the State under section 418(a)(2) in the fiscal year—

"(I) the expenditures under the State program funded under this part for the fiscal year, excluding any amounts made available by the Federal Government (except amounts paid to the State under paragraph (3) during the fiscal year that have been expended by the State) and any amounts expended by the State during the fiscal year for child care; exceeds

"(II) historic State expenditures (as defined in section 409(a)(7)(B)(iii)), excluding the expenditures by the State for child care under subsection (g) or (i) of section 402 (as in effect during fiscal year 1994) for fiscal year 1994 minus any Federal payment with respect to such child care expenditures; or

"(ii) if the Secretary does not make a payment to the State under section 418(a)(2) in the fiscal year—

"(I) the expenditures under the State program funded under this part for the fiscal year (excluding any amounts made available by the Federal Government, except amounts paid to the State under paragraph (3) during the fiscal year that have been expended by the State); exceeds

"(II) historic State expenditures (as defined in section 409(a)(7)(B)(iii)); multiplied by

"(B) 1/12 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 titles IV and VIII of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 had been in effect throughout fiscal year 1994; or

"(ii) the monthly average number of individuals (as of the last day of each month) in the State that would have participated in the food stamp program in

the corresponding 3-month period in fiscal year 1995 if the amendments made by titles IV and VIII of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 had been in effect throughout fiscal year 1995.

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

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

"(B) SECRETARY.—The term 'Secretary' means the Secretary of the Treasury.

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

"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 any grant made to the State under section 403(a) for a fiscal year to carry out a State program pursuant to any or all of the following provisions of law:

"(A) Title XX of this Act.

"(B) The Child Care and Development Block Grant Act of 1990.

"(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, and the expenditure of any amount so used shall not be considered to be an expenditure under this part.

"(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 whose income is less than 200 percent of the income official poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Omnibus Budget Reconciliation Act of 1981) applicable to a family of the size involved.

"(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.

"(h) USE OF FUNDS FOR INDIVIDUAL DEVELOPMENT ACCOUNTS.—

"(1) IN GENERAL.—A State to which a grant is made under section 403 may use the grant to carry out a program to fund individual development accounts (as defined in paragraph (2)) established by individuals eligible for assistance under the State program funded under this part.

"(2) INDIVIDUAL DEVELOPMENT ACCOUNTS.—

"(A) ESTABLISHMENT.—Under a State program carried out under paragraph (1), an individual development account may be established by or on behalf of an individual eligible for assistance under the State program operated under this part for the purpose of enabling the individual to accumulate funds for a qualified purpose described in subparagraph (B).

"(B) QUALIFIED PURPOSE.—A qualified purpose described in this subparagraph is 1 or more of the following, as provided by the qualified entity providing assistance to the individual under this subsection:

"(i) POSTSECONDARY EDUCATIONAL EXPENSES.—Postsecondary educational expenses paid from an individual development account directly to an eligible educational institution.

"(ii) FIRST HOME PURCHASE.—Qualified acquisition costs with respect to a qualified principal residence for a qualified first-time homebuyer, if paid from an individual development account directly to the persons to whom the amounts are due.

"(iii) BUSINESS CAPITALIZATION.—Amounts paid from an individual development account directly to a business capitalization account which is established in a federally insured financial institution and is restricted to use solely for qualified business capitalization expenses.

"(C) CONTRIBUTIONS TO BE FROM EARNED INCOME.—An individual may only contribute to an individual development account such amounts as are derived from earned income, as defined in section 911(d)(2) of the Internal Revenue Code of 1986.

"(D) WITHDRAWAL OF FUNDS.—The Secretary shall establish such regulations as may be necessary to ensure that funds held in an individual development account are not withdrawn except for 1 or more of the qualified purposes described in subparagraph (B).

"(3) REQUIREMENTS.—

"(A) IN GENERAL.—An individual development account established under this subsection shall be a trust created or organized in the United States and funded through periodic contributions by the establishing individual and matched by or through a qualified entity for a qualified purpose (as described in paragraph (2)(B)).

"(B) QUALIFIED ENTITY.—As used in this subsection, the term 'qualified entity' means—

"(i) a not-for-profit organization described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from taxation under section 501(a) of such Code; or

"(ii) a State or local government agency acting in cooperation with an organization described in clause (i).

"(4) NO REDUCTION IN BENEFITS.—Notwithstanding any other provision of Federal law (other than the Internal Revenue Code of 1986) that requires consideration of 1 or more financial circumstances of an individual, for the purpose of determining eligibility to receive, or the amount of, any assistance or benefit authorized by such law to be provided to or for the benefit of such individual, funds (including interest accruing) in an individual development account under this subsection shall be disregarded for such purpose with respect to any period during which such individual maintains or makes contributions into such an account.

"(5) DEFINITIONS.—As used in this subsection—

"(A) ELIGIBLE EDUCATIONAL INSTITUTION.—The term 'eligible educational institution' means the following:

"(i) An institution described in section 481(a)(1) or 1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1088(a)(1) or 1141(a)), as such sections are in effect on the date of the enactment of this subsection.

"(ii) An area vocational education school (as defined in subparagraph (C) or (D) of section 521(4) of the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2471(4))) which is in any State (as defined in section 521(33) of such Act), as such sections are in effect on the date of the enactment of this subsection.

"(B) POST-SECONDARY EDUCATIONAL EXPENSES.—The term 'post-secondary educational expenses' means—

"(i) tuition and fees required for the enrollment or attendance of a student at an eligible educational institution, and

"(ii) fees, books, supplies, and equipment required for courses of instruction at an eligible educational institution.

"(C) QUALIFIED ACQUISITION COSTS.—The term 'qualified acquisition costs' means the costs of acquiring, constructing, or reconstructing a residence. The term includes any usual or reasonable settlement, financing, or other closing costs.

"(D) QUALIFIED BUSINESS.—The term 'qualified business' means any business that does not contravene any law or public policy (as determined by the Secretary).

"(E) QUALIFIED BUSINESS CAPITALIZATION EXPENSES.—The term 'qualified business capitalization expenses' means qualified expenditures for the capitalization of a qualified business pursuant to a qualified plan.

"(F) QUALIFIED EXPENDITURES.—The term 'qualified expenditures' means expenditures included in a qualified plan, including capital, plant, equipment, working capital, and inventory expenses.

"(G) QUALIFIED FIRST-TIME HOMEBUYER.—

"(i) IN GENERAL.—The term 'qualified first-time homebuyer' means a taxpayer (and, if married, the taxpayer's spouse) who has no present ownership interest in a principal residence during the 3-year period ending on the date of acquisition of the principal residence to which this subsection applies.

"(ii) DATE OF ACQUISITION.—The term 'date of acquisition' means the date on which a binding contract to acquire, construct, or reconstruct the principal residence to which this subparagraph applies is entered into.

"(H) QUALIFIED PLAN.—The term 'qualified plan' means a business plan which—

"(i) is approved by a financial institution, or by a nonprofit loan fund having demonstrated fiduciary integrity,

"(ii) includes a description of services or goods to be sold, a marketing plan, and projected financial statements, and

"(iii) may require the eligible individual to obtain the assistance of an experienced entrepreneurial advisor.

"(I) QUALIFIED PRINCIPAL RESIDENCE.—The term 'qualified principal residence' means a principal residence (within the meaning of section 1034 of the Internal Revenue Code of 1986), the qualified acquisition costs of which do not exceed 100 percent of the average area purchase price applicable to such residence (determined in accordance with paragraphs (2) and (3) of section 143(e) of such Code).

"(i) SANCTION WELFARE RECIPIENTS FOR FAILING TO ENSURE THAT MINOR DEPENDENT CHILDREN ATTEND SCHOOL.—A State to which a grant is made under section 403 shall not be prohibited from sanctioning 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 or under the food stamp program, as defined in section 3(h) of the Food Stamp Act of 1977, if such adult fails to ensure that the minor dependent children of such adult attend school as required by the law of the State in which the minor children reside.

"(j) REQUIREMENT FOR HIGH SCHOOL DIPLOMA OR EQUIVALENT.—A State to which a grant is made under section 403 shall not be prohibited from sanctioning a family that includes an adult who is older than age 20 and younger than age 51 and who has received assistance under any State program funded under this part attributable to funds provided by the Federal Government or under the food stamp program, as defined in section 3(h) of the Food Stamp Act of 1977, if such adult does not have, or is not working toward attaining, a secondary school diploma or its recognized equivalent unless such adult has been determined in the judgment of medical, psychiatric, or other appropriate professionals to lack the requisite capacity to complete successfully a course of study that would lead to a secondary school diploma or its recognized equivalent.

"SEC. 405. ADMINISTRATIVE PROVISIONS.

"(a) QUARTERLY.—The Secretary shall pay each grant payable to a State under section 403 in quarterly installments, subject to this section.

"(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.

"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 2002 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:

"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 or a minor child head of household 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 or a minor child head of household 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 immediately preceding 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 required by 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 in the State that are 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) for not more than 12 months.

"(c) ENGAGED IN WORK.—

"(1) GENERAL RULES.—

"(A) 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), (8), or (12) of subsection (d), subject to this subsection:

"If the month is in fiscal year:	*The minimum average number of hours per week is:*
1997	*20*
1998	*20*
1999	*25*
2000 or thereafter	*30.*

"(B) 2-PARENT FAMILIES.—For purposes of subsection (b)(2)(B), an individual is engaged in work for a month in a fiscal year if—

"(i) the individual 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), (8), or (12) of subsection (d), subject to this subsection; and

"(ii) if the family of the individual receives federally-funded child care assistance and an adult in the family is not disabled or caring for a severely disabled child, the individual's spouse is making progress in work activities 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), or (7) of subsection (d).

"(2) LIMITATIONS AND SPECIAL RULES.—

"(A) NUMBER OF WEEKS FOR WHICH JOB SEARCH COUNTS AS WORK.—

"(i) LIMITATION.—Notwithstanding paragraph (1) of this subsection, an individual shall not be considered to be engaged in work by virtue of participation in an activity described in subsection (d)(6) of a State program funded under this part, after the individual has participated in such an activity for 6 weeks (or, if the unemployment rate of the State is at least 50 percent greater than the unemployment rate of the United States, 12 weeks), or if the participation is for a week that immediately follows 4 consecutive weeks of such participation.

"(ii) LIMITED AUTHORITY TO COUNT LESS THAN FULL WEEK OF PARTICIPATION.—For purposes of clause (i) of this subparagraph, on not more than 1 occasion per individual, the State shall consider participation of the individual in an activity described in subsection (d)(6) for 3 or 4 days during a week as a week of participation in the activity by the individual.

"(B) 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.

"(C) 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, subject to subparagraph (D) of this paragraph, to be engaged in work for a month in a fiscal year if the recipient—

"(i) maintains satisfactory attendance at secondary school or the equivalent during the month; or

"(ii) 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)(A) of this subsection.

"(D) NUMBER OF PERSONS THAT MAY BE TREATED AS ENGAGED IN WORK BY VIRTUE OF PARTICIPATION IN VOCATIONAL EDUCATION ACTIVITIES OR BEING A TEEN HEAD OF HOUSEHOLD WHO MAINTAINS SATISFACTORY SCHOOL ATTENDANCE.—For purposes of determining monthly participation rates under paragraphs (1)(B)(i) and (2)(B) of subsection (b), not more than 20 percent of individuals in all families and in 2-parent families may be determined to be engaged in work in the State for a month by reason of participation in vocational educational training or deemed to be engaged in work by reason of subparagraph (C) of this paragraph.

"(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;

"(11) satisfactory attendance at secondary school or in a course of study leading to a certificate of general equivalence, in the case of a recipient who has not completed secondary school or received such a certificate; and

"(12) the provision of child care services to an individual who is participating in a community service program.

"(e) PENALTIES AGAINST INDIVIDUALS.—

"(1) IN GENERAL.—Except as provided in paragraph (2), if an individual 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 individual 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 individual to work if the individual is a single custodial parent caring for a child who has not attained 6 years of age, and the individual proves that the individual 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) GRIEVANCE PROCEDURE.—A State with a program funded under this part shall establish and maintain a grievance procedure for resolving complaints of alleged violations of paragraph (2).

"(4) 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, nonsupporting 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.

*"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—

"(A) unless the family includes—

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

"(ii) a pregnant individual; and

"(B) if the family 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 (unless an exception described in subparagraph (B), (C), or (D) of paragraph (7) applies).

"(2) 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 an amount equal to not less than 25 percent of the amount of such assistance; and

"(B) may deny the family any assistance under the State program.

"(3) 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.

"(4) 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.

"(5) 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.

"(6) NO MEDICAL SERVICES.—

"(A) IN GENERAL.—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 PREPREGNANCY FAMILY PLANNING SERVICES.—As used in subparagraph (A), the term 'medical services' does not include prepregnancy family planning services.

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

"(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 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, subject to this paragraph.

"(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) DISREGARD OF MONTHS OF ASSISTANCE RECEIVED BY ADULT WHILE LIVING ON AN INDIAN RESERVATION OR IN AN ALASKAN NATIVE VILLAGE WITH 50 PERCENT UNEMPLOYMENT.—In determining the number of months for which an adult has received assistance under the State program funded under this part, the State shall disregard any month during which the adult lived on an Indian reservation or in an Alaskan Native village if, during the month—

"(i) at least 1,000 individuals were living on the reservation or in the village; and

"(ii) at least 50 percent of the adults living on the reservation or in the village were unemployed.

"(E) 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.

"(F) 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).

"(8) 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.

"(9) 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.

"(10) 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.

"(11) MEDICAL ASSISTANCE REQUIRED TO BE PROVIDED FOR CERTAIN FAMILIES HAVING EARNINGS FROM EMPLOYMENT OR CHILD SUPPORT.—

"(A) EARNINGS FROM EMPLOYMENT.—A State to which a grant is made under section 403 and which has a State plan approved under title XIX shall provide that in the case of a family that is treated (under section 1931(b)(1)(A) for purposes of title XIX) as receiving aid under a State plan approved under this part (as in effect on July 16, 1996), that would become ineligible for such aid because of hours of or income from employment of the caretaker relative (as defined under this part as in effect on such date) or because of section 402(a)(8)(B)(ii)(II) (as so in effect), and that was so treated as receiving such aid in at least 3 of the 6 months immediately preceding the month in which such ineligibility begins, the family shall remain eligible for medical assistance under the State's plan approved under title XIX for an extended period or periods as provided in section 1925 or 1902(e)(1) (as applicable), and that the family will be appropriately notified of such extension as required by section 1925(a)(2).

"(B) CHILD SUPPORT.—A State to which a grant is made under section 403 and which has a State plan approved under title XIX shall provide that in the case of a family that is treated (under section 1931(b)(1)(A) for purposes of title XIX) as receiving aid under a State plan approved under this part (as in effect on July 16, 1996), that would become ineligible for such aid as a result (wholly or partly) of the collection of child or spousal support under part D and that was so treated as receiving such aid in at least 3 of the 6 months immediately preceding the month in which such ineligibility begins, the family shall remain eligible for medical assistance under the State's plan approved under title XIX for an extended period or periods as provided in section 1931(c)(1).

"(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) NONDISCRIMINATION PROVISIONS.—The following provisions of law shall apply to any program or activity which receives funds provided under this part:

"(1) The Age Discrimination Act of 1975 (42 U.S.C. 6101 et seq.).

"(2) Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794).

"(3) The Americans with Disabilities Act of 1990 (42 U.S.C. 12101 et seq.).

"(4) Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.).

"(d) ALIENS.—For special rules relating to the treatment of aliens, see section 402 of the Personal Responsibility and Work Opportunity Reconciliation 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 immediately 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 the applicable percentage of the State family assistance grant.

"(B) APPLICABLE PERCENTAGE DEFINED.—As used in subparagraph (A), the term 'applicable percentage' means, with respect to a State—

"(i) if a penalty was not imposed on the State under subparagraph (A) for the immediately preceding fiscal year, 5 percent; or

"(ii) if a penalty was imposed on the State under subparagraph (A) for the immediately preceding fiscal year, the lesser of—

"(I) the percentage by which the grant payable to the State under section 403(a)(1) was reduced

for such preceding fiscal year, increased by 2 percentage points; or

"(II) 21 percent.

"(C) PENALTY BASED ON SEVERITY OF FAILURE.—The Secretary shall impose reductions under subparagraph (A) with respect to a fiscal year based on the degree of noncompliance, and may reduce the penalty if the noncompliance is due to circumstances that caused the State to become a needy State (as defined in section 403(b)(6)) during the fiscal year.

"(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, 2002, or 2003 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)(7) of this Act or section 402 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

"(ii) APPLICABLE PERCENTAGE.—The term 'applicable percentage' means for fiscal years 1997 through 2002, 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).

"(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) any State funds expended for the medicaid program under title XIX;

"(III) any State funds which are used to match Federal funds; or

"(IV) any State funds which are expended as a condition of receiving Federal funds under Federal programs other than under this part.

Notwithstanding subclause (IV) of the preceding sentence, such term includes expenditures by a State for child care in a fiscal year to the extent that the total amount of such expenditures does not exceed an amount equal to 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 section 418(a)(1)(A).

"(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 sub-

sequent 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 TO COMPLY WITH 5-YEAR LIMIT ON ASSISTANCE.—If the Secretary determines that a State has not complied with section 408(a)(1)(B) 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 5 percent of the State family assistance grant.

"(10) 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 (excluding any amounts made available by the Federal Government) are less than 100 percent of historic State expenditures (as defined in paragraph (7)(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.

"(11) FAILURE TO MAINTAIN ASSISTANCE TO ADULT SINGLE CUSTODIAL PARENT WHO CANNOT OBTAIN CHILD CARE FOR CHILD UNDER AGE 6.—

"(A) IN GENERAL.—If the Secretary determines that a State to which a grant is made under section 403 for a fiscal year has violated section 407(e)(2) during 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) with respect to a fiscal year based on the degree of noncompliance.

"(12) 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.

"(b) REASONABLE CAUSE EXCEPTION.—

"(1) IN GENERAL.—The Secretary may not impose a penalty on a State under subsection (a) with respect to a requirement if the Secretary determines that the State has reasonable cause for failing to comply with the requirement.

"(2) EXCEPTION.—Paragraph (1) of this subsection shall not apply to any penalty under paragraph (7) or (8) of subsection (a).

"(c) CORRECTIVE COMPLIANCE PLAN.—

"(1) IN GENERAL.—

"(A) NOTIFICATION OF VIOLATION.—Before imposing a penalty against a State under subsection (a) with respect to a violation of this part, the Secretary shall notify the State of the violation and allow the State the opportunity to enter into a corrective compliance plan in accordance with this subsection which outlines how the State will correct the violation and how the State will insure continuing compliance with this part.

"(B) 60-DAY PERIOD TO PROPOSE A CORRECTIVE COMPLIANCE PLAN.—During the 60-day period that begins on the date the State receives a notice provided under subparagraph (A) with respect to a violation, the State may submit to the Federal Government a corrective compliance plan to correct the violation.

"(C) CONSULTATION ABOUT MODIFICATIONS.—During the 60-day period that begins with the date the Secretary receives a corrective compliance plan submitted by a State in accordance with subparagraph (B), the Secretary may consult with the State on modifications to the plan.

"(D) ACCEPTANCE OF PLAN.— A corrective compliance plan submitted by a State in accordance with subparagraph (B) is deemed to be accepted by the Secretary if the Secretary does not accept or reject the plan during 60-day period that begins on the date the plan is submitted.

"(2) EFFECT OF CORRECTING VIOLATION.—The Secretary may not impose any penalty under subsection (a) with respect to any violation covered by a State corrective compliance plan accepted by the Secretary if the State corrects the violation pursuant to the plan.

"(3) EFFECT OF FAILING TO CORRECT VIOLATION.—The Secretary shall assess some or all of a penalty imposed on a State under subsection (a) with respect to a violation if the State does not, in a timely manner, correct the violation pursuant to a State corrective compliance plan accepted by the Secretary.

"(4) INAPPLICABILITY TO FAILURE TO TIMELY REPAY A FEDERAL LOAN FUND FOR A STATE WELFARE PROGRAM.—This subsection shall not apply to the imposition of a penalty against a State under subsection (a)(6).

"(d) LIMITATION ON AMOUNT OF PENALTIES.—

"(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)(7);

"(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 noncustodial parents in the State who participated in work activities (as defined in section 407(d)) during the quarter.

"(5) REPORT ON TRANSITIONAL SERVICES.—The report required by paragraph (1) for a fiscal quarter shall include the total amount expended by the State during the quarter to provide transitional services to a family that has ceased to receive 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, 2000, 2001, and 2002, 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 1997, 1998, 1999, 2000, 2001, and 2002 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(e).

"(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 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 avail-

able 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) Children born after such date of enactment to parents who, at the time of such birth, had not attained 20 years of age.

"(C) 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 of fiscal years 1997 through 2002 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.

"(i) CHILD POVERTY RATES.—

"(1) IN GENERAL.—Not later than 90 days after the date of the enactment of this part, and annually thereafter, the chief executive officer of each State shall submit to the Secretary a statement of the child poverty rate in the State as of such date of enactment or the date of the most recent prior statement under this paragraph.

"(2) SUBMISSION OF CORRECTIVE ACTION PLAN.—Not later than 90 days after the date a State submits a statement under paragraph (1) which indicates that, as a result of the amendments made by section 103 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, the child poverty rate of the State has increased by 5 percent or more since the

most recent prior statement under paragraph (1), the State shall prepare and submit to the Secretary a corrective action plan in accordance with paragraph (3).

"(3) CONTENTS OF PLAN.—A corrective action plan submitted under paragraph (2) shall outline that manner in which the State will reduce the child poverty rate in the State. The plan shall include a description of the actions to be taken by the State under such plan.

"(4) COMPLIANCE WITH PLAN.—A State that submits a corrective action plan that the Secretary has found contains the information required by this subsection shall implement the corrective action plan until the State determines that the child poverty rate in the State is less than the lowest child poverty rate on the basis of which the State was required to submit the corrective action plan.

"(5) METHODOLOGY.—The Secretary shall prescribe regulations establishing the methodology by which a State shall determine the child poverty rate in the State. The methodology shall take into account factors including the number of children who receive free or reduced-price lunches, the number of food stamp households, and the county-by-county estimates of children in poverty as determined by the Census Bureau.

"SEC. 414. STUDY BY THE CENSUS BUREAU.

"(a) IN GENERAL.—The Bureau of the Census shall continue to collect data on the 1992 and 1993 panels of 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 Personal Responsibility and Work Opportunity Reconciliation 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, and shall obtain information about the status of children participating in such panels.

"(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.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), if any waiver granted to a State under section 1115 of this Act or otherwise which relates to the provision of assistance under a State plan under this part (as in effect on September 30, 1996) is in effect as of the date of the enactment of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, the amendments made by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (other than by section 103(c) of the Per-

sonal Responsibility and Work Opportunity Reconciliation Act of 1996) 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.

"(B) FINANCING LIMITATION.—Notwithstanding any other provision of law, beginning with fiscal year 1996, a State operating under a waiver described in subparagraph (A) shall be entitled to payment under section 403 for the fiscal year, in lieu of any other payment provided for in the waiver.

"(2) WAIVERS GRANTED SUBSEQUENTLY.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), if any waiver granted to a State under section 1115 of this Act or otherwise which relates to the provision of assistance under a State plan under this part (as in effect on September 30, 1996) is submitted to the Secretary before the date of the enactment of the Personal Responsibility and Work Opportunity Reconciliation 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 Reconciliation 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 Reconciliation Act of 1996 (other than by section 103(c) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996) shall not apply with respect to the State before the expiration (determined without regard to any extensions) of the waiver to the extent the amendments made by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 are inconsistent with the waiver.

"(B) NO EFFECT ON NEW WORK REQUIREMENTS.—Notwithstanding subparagraph (A), a waiver granted under section 1115 or otherwise which relates to the provision of assistance under a State program funded under this part (as in effect on September 30, 1996) shall not affect the applicability of section 407 to the State.

"(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) of this paragraph, 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 Reconciliation 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. ADMINISTRATION.

"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, and the Secretary shall reduce the Federal workforce within the Department of Health and Human Services by an amount equal to the sum of 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 the Personal Responsibility and Work Opportunity Act of 1996 and the amendments made by such Act, and by 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 any direct spending program, or any program funded through discretionary spending, that has been converted into a block grant program under the Personal Responsibility and Work Opportunity Act of 1996 and the amendments made by such Act, as such amount relates to the total amount appropriated for use by such Department, and, notwithstanding any other provision of law, the Secretary 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 by 245 full-time equivalent positions related to the program converted into a block grant under the amendment made by section 2103 of the Personal Responsibility and Work Opportunity Act of 1996, and by 60 full-time equivalent managerial positions in the Department.

"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 striking subsections (d) and (e);

(2) by redesignating subsection (c) as subsection (f); and

(3) 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 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 and E of title IV; exceeds

"(B) the sum of—

"(i) the amount of the family assistance grant payable to the territory without regard to section 409; and

"(ii) the total amount expended by the territory during fiscal year 1995 pursuant to parts A and F of title IV (as so in effect), other than for child care.

"(2) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for fiscal years 1997 through 2002, such sums as are necessary for grants under this paragraph.

"(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, reduced for the fiscal year in accordance with subsection (e), and reduced by the amount of any penalty imposed on the territory under any provision of law specified in subsection (a) during the fiscal year.

"(3) FAMILY ASSISTANCE GRANT.—The term 'family assistance grant' has the meaning given such term by section 403(a)(1)(B).

"(4) MANDATORY CEILING AMOUNT.—The term 'mandatory ceiling amount' means—

"(A) $107,255,000 with respect to Puerto Rico;

"(B) $4,686,000 with respect to Guam;

"(C) $3,554,000 with respect to the Virgin Islands; and

"(D) $1,000,000 with respect to American Samoa.

"(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) AUTHORITY TO TRANSFER FUNDS TO CERTAIN PROGRAMS.—A territory to which an amount is paid under subsection (b) of this section may use the amount in accordance with section 404(d).

"(e) 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).".

(c) 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. 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(a) of this Act).

(B) Any other program established or modified under title I or II 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)(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. 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) AMENDMENTS TO PART B OF TITLE IV.—Section 422(b)(2) (42 U.S.C. 622(b)(2)) is amended—

(1) by striking "plan approved under part A of this title" and inserting "program funded under part A"; and

(2) by striking "part E of this title" and inserting "under the State plan approved under part E".

(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)(3) 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)(3)".

(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)(3)"; 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".

(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 June 1, 1995)" after "part A".

(2) Section 471(a)(17) (42 U.S.C. 671(a)(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 is deemed to be a dependent child as defined in section 406 (as in effect as of June 1, 1995) and 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 is deemed to be a minor child in a needy family under a State program funded under part A of this title and is 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) is deemed to be a dependent child as defined in section 406 (as in effect as of June 1, 1995) and 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) is deemed to be a minor child in a needy family under a State program funded under part A of this title and 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 nor 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 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.";

(B) in subsection (c)(3), by striking "the program of aid to families with dependent children" and inserting "part A of such title"; and

(C) by striking subsection (b) and redesignating subsections (c) and (d) as subsections (b) and (c), respectively.

(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.

(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(f)".

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 the date of enactment of this subparagraph. 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 the day before such date.";

(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. 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 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 further, That general assistance payments made by the Bureau of Indian Affairs shall be made—

"(1) after April 29, 1985, and before October 1, 1995, on the basis of Aid to Families with Dependent Children (AFDC) standards of need; and

"(2) on and after October 1, 1995, on the basis of standards of need established under the State program funded under part A of title IV of the Social Security Act,

except that where a State ratably reduces its AFDC or State program payments, the Bureau shall reduce general assistance payments in such State by the same percentage as the State has reduced the AFDC or State program payment.".

(l) The Internal Revenue Code of 1986 (26 U.S.C. 1 et seq.) is amended—

(1) in section 51(d)(9) (26 U.S.C. 51(d)(9)), by striking all that follows "agency as" and inserting "being eligible for financial assistance under part A of title IV of the Social Security Act and as having continually received such financial assistance during the 90-day period which immediately precedes the date on which such individual is hired by the employer.";

(2) in section 3304(a)(16) (26 U.S.C. 3304(a)(16)), by striking "eligibility for aid or services," and all that follows through "children approved" and inserting "eligibility for assistance, or the amount of such assistance, under a State program funded";

(3) in section 6103(l)(7)(D)(i) (26 U.S.C. 6103(l)(7)(D)(i)), by striking "aid to families with dependent children provided under a State plan approved" and inserting "a State program funded";

(4) in section 6103(l)(10) (26 U.S.C. 6103(l)(10))—

(A) by striking "(c) or (d)" each place it appears and inserting "(c), (d), or (e)"; and

(B) by adding at the end of subparagraph (B) the following new sentence: "Any return information disclosed with respect to section 6402(e) shall only be disclosed to officers and employees of the State agency requesting such information.";

(5) in section 6103(p)(4) (26 U.S.C. 6103(p)(4)), in the matter preceding subparagraph (A)—

(A) by striking "(5), (10)" and inserting "(5)"; and

(B) by striking "(9), or (12)" and inserting "(9), (10), or (12)";

(6) in section 6334(a)(11)(A) (26 U.S.C. 6334(a)(11)(A)), by striking "(relating to aid to families with dependent children)";

(7) in section 6402 (26 U.S.C. 6402)—

(A) in subsection (a), by striking "(c) and (d)" and inserting "(c), (d), and (e)";

(B) by redesignating subsections (e) through (i) as subsections (f) through (j), respectively; and

(C) by inserting after subsection (d) the following:

"(e) COLLECTION OF OVERPAYMENTS UNDER TITLE IV–A OF THE SOCIAL SECURITY ACT.—The amount of any overpayment to be refunded to the person making the overpayment shall be reduced (after reductions pursuant to subsections (c) and (d), but before a credit against future liability for an internal revenue tax) in accordance with section 405(e) of the Social Security Act (concerning recovery of overpayments to individuals under State plans approved under part A of title IV of such Act)."; 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. 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. 113. 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. 114. ASSURING MEDICAID COVERAGE FOR LOW-INCOME FAMILIES.

(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:

"ASSURING COVERAGE FOR CERTAIN LOW-INCOME FAMILIES

"SEC. 1931. (a) REFERENCES TO TITLE IV–A ARE REFERENCES TO PRE-WELFARE-REFORM PROVISIONS.—Subject to the succeeding provisions of this section, with respect to a State any reference in this title (or any other provision of law in relation to the operation of this title) to a provision of part A of title IV, or a State plan under such part (or a provision of such a plan), including income and resource standards and income and resource methodologies

under such part or plan, shall be considered a reference to such a provision or plan as in effect as of July 16, 1996, with respect to the State.

"(b) APPLICATION OF PRE-WELFARE-REFORM ELIGIBILITY CRITERIA.—

"(1) IN GENERAL.—For purposes of this title, subject to paragraphs (2) and (3), in determining eligibility for medical assistance—

"(A) an individual shall be treated as receiving aid or assistance under a State plan approved under part A of title IV only if the individual meets—

"(i) the income and resource standards for determining eligibility under such plan, and

"(ii) the eligibility requirements of such plan under subsections (a) through (c) of section 406 and section 407(a),

as in effect as of July 16, 1996; and

"(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) STATE OPTION.—For purposes of applying this section, a State—

"(A) may 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;

"(B) may increase income or resource standards under the State plan referred to in paragraph (1) 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

"(C) may use income and resource methodologies that are less restrictive than the methodologies used under the State plan under such part as of July 16, 1996.

"(3) OPTION TO TERMINATE MEDICAL ASSISTANCE FOR FAILURE TO MEET WORK REQUIREMENT.—

"(A) INDIVIDUALS RECEIVING CASH ASSISTANCE UNDER TANF.—In the case of an individual who—

"(i) is receiving cash assistance under a State program funded under part A of title IV,

"(ii) is eligible for medical assistance under this title on a basis not related to section 1902(l), and

"(iii) has the cash assistance under such program terminated pursuant to section 407(e)(1)(B) (as in effect on or after the welfare reform effective date) because of refusing to work,

the State may terminate such individual's eligibility for medical assistance under this title until such time as there no longer is a basis for the termination of such cash assistance because of such refusal.

"(B) EXCEPTION FOR CHILDREN.—Subparagraph (A) shall not be construed as permitting a State to terminate

medical assistance for a minor child who is not the head of a household receiving assistance under a State program funded under part A of title IV.

"(c) TREATMENT FOR PURPOSES OF TRANSITIONAL COVERAGE PROVISIONS.—

"(1) TRANSITION IN THE CASE OF CHILD SUPPORT COLLECTIONS.—The provisions of section 406(h) (as in effect on July 16, 1996) shall apply, in relation to this title, with respect to individuals (and families composed of individuals) who are described in subsection (b)(1)(A), in the same manner as they applied before such date with respect to individuals who became ineligible for aid to families with dependent children as a result (wholly or partly) of the collection of child or spousal support under part D of title IV.

"(2) TRANSITION IN THE CASE OF EARNINGS FROM EMPLOYMENT.—For continued medical assistance in the case of individuals (and families composed of individuals) described in subsection (b)(1)(A) who would otherwise become ineligible because of hours or income from employment, see sections 1925 and 1902(e)(1).

"(d) WAIVERS.—In the case of a waiver of a provision of part A of title IV in effect with respect to a State as of July 16, 1996, or which is submitted to the Secretary before the date of the enactment of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 and approved by the Secretary on or before July 1, 1997, 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.

"(e) STATE OPTION TO USE 1 APPLICATION FORM.—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 the welfare reform effective date) and for medical assistance under this title.

"(f) ADDITIONAL RULES OF CONSTRUCTION.—

"(1) 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 the welfare reform effective date) or to the State plan under this title.

"(2) Any reference in section 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) In applying section 1903(f), the applicable income limitation otherwise determined shall be subject to increase in the same manner as income or resource standards of a State may be increased under subsection (b)(2)(B).

"(g) RELATION TO OTHER PROVISIONS.—The provisions of this section shall apply notwithstanding any other provision of this Act.

"(h) TRANSITIONAL INCREASED FEDERAL MATCHING RATE FOR INCREASED ADMINISTRATIVE COSTS.—

"(1) IN GENERAL.—Subject to the succeeding provisions of this subsection, the Secretary shall provide that with respect to

administrative expenditures described in paragraph (2) the per centum specified in section 1903(a)(7) shall be increased to such percentage as the Secretary specifies.

"(2) ADMINISTRATIVE EXPENDITURES DESCRIBED.—The administrative expenditures described in this paragraph are expenditures described in section 1903(a)(7) that a State demonstrates to the satisfaction of the Secretary are attributable to administrative costs of eligibility determinations that (but for the enactment of this section) would not be incurred.

"(3) LIMITATION.—The total amount of additional Federal funds that are expended as a result of the application of this subsection for the period beginning with fiscal year 1997 and ending with fiscal year 2000 shall not exceed $500,000,000. In applying this paragraph, the Secretary shall ensure the equitable distribution of additional funds among the States.

"(4) TIME LIMITATION.—This subsection shall only apply with respect to a State for expenditures incurred during the first 12 calendar quarters in which the State program funded under part A of title IV (as in effect on and after the welfare reform effective date) is in effect.

"(i) WELFARE REFORM EFFECTIVE DATE.—In this section, the term 'welfare reform effective date' means the effective date, with respect to a State, of title I of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (as specified in section 116 of such Act).".

(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) EXTENSION OF WORK TRANSITION PROVISIONS.—Sections 1902(e)(1)(B) and 1925(f) (42 U.S.C. 1396a(e)(1)(B), 1396r–6(f)) are each amended by striking "1998" and inserting "2001".

(d) 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 (l)(1) to apply for assistance under the State program funded under part A of title IV as a condition of applying for or receiving medical assistance under this title.".

(2) Section 1903(i) (42 U.S.C. 1396b(i)) is amended by striking paragraph (9).

SEC. 115. DENIAL OF ASSISTANCE AND BENEFITS FOR CERTAIN DRUG-RELATED CONVICTIONS.

(a) IN GENERAL.—An individual convicted (under Federal or State law) of any offense which is classified as a felony by the law of the jurisdiction involved and which has as an element the possession, use, or distribution of a controlled substance (as defined in sec-

tion 102(6) of the Controlled Substances Act (21 U.S.C. 802(6))) shall not be eligible for—

(1) assistance under any State program funded under part A of title IV of the Social Security Act, or

(2) benefits under the food stamp program (as defined in section 3(h) of the Food Stamp Act of 1977) or any State program carried out under the Food Stamp Act of 1977.

(b) EFFECTS ON ASSISTANCE AND BENEFITS FOR OTHERS.—

(1) PROGRAM OF TEMPORARY ASSISTANCE FOR NEEDY FAMILIES.—The amount of assistance otherwise required to be provided under a State program funded under part A of title IV of the Social Security Act to the family members of an individual to whom subsection (a) applies shall be reduced by the amount which would have otherwise been made available to the individual under such part.

(2) BENEFITS UNDER THE FOOD STAMP ACT OF 1977.—The amount of benefits otherwise required to be provided to a household under the food stamp program (as defined in section 3(h) of the Food Stamp Act of 1977), or any State program carried out under the Food Stamp Act of 1977, shall be determined by considering the individual to whom subsection (a) applies not to be a member of such household, except that the income and resources of the individual shall be considered to be income and resources of the household.

(c) ENFORCEMENT.—A State that has not exercised its authority under subsection (d)(1)(A) shall require each individual applying for assistance or benefits referred to in subsection (a), during the application process, to state, in writing, whether the individual, or any member of the household of the individual, has been convicted of a crime described in subsection (a).

(d) LIMITATIONS.—

(1) STATE ELECTIONS.—

(A) OPT OUT.—A State may, by specific reference in a law enacted after the date of the enactment of this Act, exempt any or all individuals domiciled in the State from the application of subsection (a).

(B) LIMIT PERIOD OF PROHIBITION.—A State may, by law enacted after the date of the enactment of this Act, limit the period for which subsection (a) shall apply to any or all individuals domiciled in the State.

(2) INAPPLICABILITY TO CONVICTIONS OCCURRING ON OR BEFORE ENACTMENT.—Subsection (a) shall not apply to convictions occurring on or before the date of the enactment of this Act.

(e) DEFINITIONS OF STATE.—For purposes of this section, the term "State" has the meaning given it—

(1) in section 419(5) of the Social Security Act, when referring to assistance provided under a State program funded under part A of title IV of the Social Security Act, and

(2) in section 3(m) of the Food Stamp Act of 1977, when referring to the food stamp program (as defined in section 3(h) of the Food Stamp Act of 1977) or any State program carried out under the Food Stamp Act of 1977.

(f) RULE OF INTERPRETATION.—Nothing in this section shall be construed to deny the following Federal benefits:

(1) Emergency medical services under title XIX 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 communicable diseases if the Secretary of Health and Human Services determines that it is necessary to prevent the spread of such disease.

(4) Prenatal care.

(5) Job training programs.

(6) Drug treatment programs.

SEC. 116. EFFECTIVE DATE; TRANSITION RULE.

(a) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as otherwise provided in this title, this title and the amendments made by this title 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 103(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) GRANTS TO OUTLYING AREAS.—The amendments made by section 103(b) shall take effect on October 1, 1996.

(4) ELIMINATION OF CHILD CARE PROGRAMS.—The amendments made by section 103(c) shall take effect on October 1, 1996.

(5) 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 103(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 103(a)(1) of this Act), then—

(i) on and after the date of such receipt—

(I) except as provided in clause (ii), this title and the amendments made by this title (other than by section 103(c) 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 103(a)); and

(ii) during the period that begins on the date of such receipt and ends on June 30, 1997, there shall remain in effect with respect to the State—

(I) section 403(h) of the Social Security Act (as in effect on September 30, 1995); and

(II) all State reporting requirements under parts A and F of title IV of the Social Security Act (as in effect on September 30, 1995), modified by the Secretary as appropriate, taking into account the State program under part A of title IV of the Social Security Act (as in effect pursuant to the amendments made by such section 103(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 103(a) of this Act), the total obligations of the Federal Government to a State under such section 403(a)(1)—

(I) for fiscal year 1996, shall be an amount equal to—

(aa) the State family assistance grant; multiplied by

(bb) 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 103(a)(1) of this Act) and ends on September 30, 1996; and

(II) for fiscal year 1997, shall be an amount equal to the lesser of—

(aa) the amount (if any) by which the State family assistance grant exceeds the total obligations of the Federal Government to the State under part A of title IV of the Social Security Act (as in effect on September 30, 1995) with respect to expenditures in fiscal year 1997; or

(bb) the State family assistance grant, multiplied by 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 103(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 103(a)(1) of this Act).

(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 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 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(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).

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 1611(e) (42 U.S.C. 1382(e)), as amended by section 105(b)(4)(A) 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. 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)), as amended by section 201(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 201(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); and

"(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. 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) 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) EFFECTIVE DATE.—The amendment 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) 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 section 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 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.

(c) 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 section 1611(e)(1)(I) of the Social Security Act (as added by this section).

SEC. 204. 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—

(A) by striking "or requests" and inserting ", on the first day of the month following the date the application is filed, or, in any case in which either spouse requests"; and

(B) by striking "application or".

(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 agree-

ment for Federal administration under section 1616(a) of the Social Security Act, and payments pursuant to an agreement entered into under section 212(b) of Public Law 93–66.

Subtitle B—Benefits for Disabled Children

SEC. 211. 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) Notwithstanding clause (i), 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/behavorial 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) of this section 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) of this section 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) of this section. 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) of this section, 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 later of July 1, 1997, or 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) CAP ADJUSTMENT FOR SSI ADMINISTRATIVE WORK REQUIRED BY WELFARE REFORM.—

(A) AUTHORIZATION.—For the additional costs of continuing disability reviews and redeterminations under title XVI of the Social Security Act, there is hereby authorized to be appropriated to the Social Security Administration, in addition to amounts authorized under section 201(g)(1)(A) of the Social Security Act, $150,000,000 in fiscal year 1997 and $100,000,000 in fiscal year 1998.

(B) CAP ADJUSTMENT.—Section 251(b)(2)(H) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended by section 103(b) of the Contract with America Advancement Act of 1996, is amended—

(i) in clause (i)—

(I) in subclause (II) by—

(aa) striking "$25,000,000" and inserting "$175,000,000"; and

(bb) striking "$160,000,000" and inserting "$310,000,000"; and

(II) in subclause (III) by—

(aa) striking "$145,000,000" and inserting "$245,000,000"; and

(bb) striking "$370,000,000" and inserting "$470,000,000"; and

(ii) by amending clause (ii)(I) to read as follows:

"(I) the term 'continuing disability reviews' means reviews or redeterminations as defined under section 201(g)(1)(A) of the Social Security Act and reviews and redeterminations authorized under section 211 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996;".

(C) ADJUSTMENTS.—Section 606(e)(1)(B) of the Congressional Budget Act of 1974 is amended by adding at the end the following new sentences: "If the adjustments referred to in the preceding sentence are made for an appropriations measure that is not enacted into law, then the Chairman of the Committee on the Budget of the House of Representatives shall, as soon as practicable, reverse those adjustments. The Chairman of the Committee on the Budget of the House of Representatives shall submit any adjustments made under this subparagraph to the House of Representatives and have such adjustments published in the Congressional Record.".

(D) CONFORMING AMENDMENT.—Section 103(d)(1) of the Contract with America Advancement Act of 1996 (42 U.S.C. 401 note) is amended by striking "medicaid programs." and inserting "medicaid programs, except that the amounts appropriated pursuant to the authorization and discretionary spending allowance provisions in section 211(d)(2)(5) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 shall be used only for continuing disability reviews and redeterminations under title XVI of the Social Security Act.".

(6) 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. 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 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:

"(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. 213. ADDITIONAL ACCOUNTABILITY REQUIREMENTS.

(a) REQUIREMENT TO ESTABLISH ACCOUNT.—Section 1631(a)(2) (42 U.S.C. 1383(a)(2)) is amended—

(1) by redesignating subparagraphs (F) and (G) as subparagraphs (G) and (H), respectively; and

(2) 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.

"(III) The use of funds from an account established under clause (i) in any manner not authorized by this clause—

"(aa) by a representative payee shall be considered a misapplication of benefits for all purposes of this paragraph, and any representative payee who knowingly misapplies benefits from such an account 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).".

(b) EXCLUSION FROM RESOURCES.—Section 1613(a) (42 U.S.C. 1382b(a)) is amended—

(1) by striking "and" at the end of paragraph (10);

(2) by striking the period at the end of paragraph (11) and inserting "; and"; and

(3) 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).".

(c) EXCLUSION FROM INCOME.—Section 1612(b) (42 U.S.C. 1382a(b)) is amended—

(1) by striking "and" at the end of paragraph (19);

(2) by striking the period at the end of paragraph (20) and inserting "; and"; and

(3) 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).".

(d) EFFECTIVE DATE.—The amendments made by this section 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 by inserting "or, in the case of an eligible individual who is a child 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. 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 subtitle.

Subtitle C—Additional Enforcement Provision

SEC. 221. INSTALLMENT PAYMENT OF LARGE PAST-DUE SUPPLEMENTAL SECURITY INCOME BENEFITS.

(a) IN GENERAL.—Section 1631(a) (42 U.S.C. 1383) is amended by adding at the end the following new paragraph:

"(10)(A) If an individual is eligible for past-due monthly benefits under this title in an amount that (after any withholding for reimbursement to a State for interim assistance under subsection (g)) equals or exceeds the product of—

"(i) 12, and

"(ii) the maximum monthly benefit payable under this title to an eligible individual (or, if appropriate, to an eligible individual and eligible spouse),

then the payment of such past-due benefits (after any such reimbursement to a State) shall be made in installments as provided in subparagraph (B).

"(B)(i) The payment of past-due benefits subject to this subparagraph shall be made in not to exceed 3 installments that are made at 6-month intervals.

"(ii) Except as provided in clause (iii), the amount of each of the first and second installments may not exceed an amount equal to the product of clauses (i) and (ii) of subparagraph (A).

"(iii) In the case of an individual who has—

"(I) outstanding debt attributable to—

"(aa) food,

"(bb) clothing,

"(cc) shelter, or

"(dd) medically necessary services, supplies or equipment, or medicine; or

"(II) current expenses or expenses anticipated in the near term attributable to—

"(aa) medically necessary services, supplies or equipment, or medicine, or

"(bb) the purchase of a home, and

such debt or expenses are not subject to reimbursement by a public assistance program, the Secretary under title XVIII, a State plan approved under title XIX, or any private entity legally liable to provide payment pursuant to an insurance policy, pre-paid plan, or other arrangement, the limitation specified in clause (ii) may be exceeded by an amount equal to the total of such debt and expenses.

"(C) This paragraph shall not apply to any individual who, at the time of the Commissioner's determination that such individual

is eligible for the payment of past-due monthly benefits under this title—

"(i) is afflicted with a medically determinable impairment that is expected to result in death within 12 months; or

"(ii) is ineligible for benefits under this title and the Commissioner determines that such individual is likely to remain ineligible for the next 12 months.

"(D) For purposes of this paragraph, the term 'benefits under this title' includes supplementary payments pursuant to an agreement for Federal administration under section 1616(a), and payments pursuant to an agreement entered into under section 212(b) of Public Law 93–66.".

(b) CONFORMING AMENDMENT.—Section 1631(a)(1) (42 U.S.C. 1383(a)(1)) is amended by inserting "(subject to paragraph (10))" immediately before "in such installments".

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section are effective with respect to past-due benefits payable under title XVI of the Social Security Act after the third month following the month in which this Act is enacted.

(2) BENEFITS PAYABLE UNDER TITLE XVI.—For purposes of this subsection, the term "benefits payable under title XVI of the Social Security Act" includes supplementary payments pursuant to an agreement for Federal administration under section 1616(a) of the Social Security Act, and payments pursuant to an agreement entered into under section 212(b) of Public Law 93–66.

SEC. 222. 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 subtitle.

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 105(b)(3) of the Contract with America Advancement Act of 1996, 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, adminis-

trative 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) historical and current data on prior enrollment by recipients in public benefit programs, including State programs funded under part A of title IV of the Social Security Act and State general assistance programs;

"(5) projections of future number of recipients and program costs, through at least 25 years;

"(6) number of redeterminations and continuing disability reviews, and the outcomes of such redeterminations and reviews;

"(7) data on the utilization of work incentives;

"(8) detailed information on administrative and other program operation costs;

"(9) summaries of relevant research undertaken by the Social Security Administration, or by other researchers;

"(10) State supplementation program operations;

"(11) a historical summary of statutory changes to this title; and

"(12) 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. 232. 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 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.

TITLE III—CHILD SUPPORT

SEC. 300. 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 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 are provided under the State program funded under part E of this title, or (III) medical assistance is provided under the State plan approved under title XIX, unless, in accordance with paragraph (29), good cause 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. 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.—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 302 of the Personal Responsibility and Work Opportunity Act Reconciliation of 1996 shall apply with respect to the distribution of support arrearages that—

"(aa) accrued after the family ceased to receive assistance, and

"(bb) are collected before October 1, 1997.

"(II) POST-SEPTEMBER 1997.—With respect to the amount so collected on or after October 1, 1997 (or before such date, at the option of the State)—

"(aa) IN GENERAL.—The State shall first distribute the amount so collected (other than any amount described in clause (iv)) to the family to the extent necessary to satisfy any support arrearages with respect to the family that accrued after the family ceased to receive assistance from the State.

"(bb) REIMBURSEMENT OF GOVERNMENTS FOR ASSISTANCE PROVIDED TO THE FAMILY.—After the application of division (aa) and clause (ii)(II)(aa) with respect to the amount so collected, the State shall retain the State share of the amount so collected, and pay to the Federal Government the Federal share (as defined in subsection (c)(2)) of the amount so collected, but only to the extent necessary to reimburse amounts paid to the family as assistance by the State.

"(cc) DISTRIBUTION OF THE REMAINDER TO THE FAMILY.—To the extent that neither 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 302 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 shall apply with respect to the distribution of support arrearages that—

"(aa) accrued before the family received assistance, and

"(bb) are collected before October 1, 2000.

"(II) POST-SEPTEMBER 2000.—Unless, based on the report required by paragraph (4), the Congress determines otherwise, with respect to the amount

so collected on or after October 1, 2000 (or before such date, at the option of the State)—

"(aa) IN GENERAL.—The State shall first distribute the amount so collected (other than any amount described in clause (iv)) to the family to the extent necessary to satisfy any support arrearages with respect to the family that accrued before the family received assistance from the State.

"(bb) REIMBURSEMENT OF GOVERNMENTS FOR ASSISTANCE PROVIDED TO THE FAMILY.—After the application of clause (i)(II)(aa) and division (aa) with respect to the amount so collected, the State shall retain the State share of the amount so collected, and pay to the Federal Government the Federal share (as defined in subsection (c)(2)) of the amount so collected, but only to the extent necessary to reimburse amounts paid to the family as assistance by the State.

"(cc) DISTRIBUTION OF THE REMAINDER TO THE FAMILY.—To the extent that neither division (aa) nor division (bb) applies to the amount so collected, the State shall distribute the amount to the family.

"(iii) DISTRIBUTION OF ARREARAGES THAT ACCRUED WHILE THE FAMILY RECEIVED ASSISTANCE.—In the case of a family described in this subparagraph, the provisions of paragraph (1) shall apply with respect to the distribution of support arrearages that accrued while the family received assistance.

"(iv) AMOUNTS COLLECTED PURSUANT TO SECTION 464.—Notwithstanding any other provision of this section, any amount of support collected pursuant to section 464 shall be retained by the State to the extent past-due support has been assigned to the State as a condition of receiving assistance from the State, up to the amount necessary to reimburse the State for amounts paid to the family as assistance by the State. The State shall pay to the Federal Government the Federal share of the amounts so retained. To the extent the amount collected pursuant to section 464 exceeds the amount so retained, the State shall distribute the excess to the family.

"(v) ORDERING RULES FOR DISTRIBUTIONS.—For purposes of this subparagraph, unless an earlier effective date is required by this section, effective October 1, 2000, the State shall treat any support arrearages collected, except for amounts collected pursuant to section 464, as accruing in the following order:

"(I) To the period after the family ceased to receive assistance.

"(II) To the period before the family received assistance.

"(III) To the period while the family was receiving assistance.

"(3) FAMILIES THAT NEVER RECEIVED ASSISTANCE.—In the case of any other family, the State shall distribute the amount so collected to the family.

"(4) FAMILIES UNDER CERTAIN AGREEMENTS.—In the case of a family receiving assistance from an Indian tribe, distribute the amount so collected pursuant to an agreement entered into pursuant to a State plan under section 454(33).

"(5) 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 302 of the Personal Responsibility and Work Opportunity Reconciliation 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. 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 OF 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 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. 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 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 in cases described in subsection (a)(1)(B), the State disbursement unit shall not be required to convert and maintain in automated form records of payments kept pursuant to section 466(a)(8)(B)(iii) before the effective date of this section.

"(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 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.

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 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 NONCOMPLYING EMPLOYERS.—The State shall have the option to set a State civil money penalty which shall be less than—

"(1) $25; or

"(2) $500 if, under State law, the failure is the result of a conspiracy between the employer and the employee to not supply the required report or to supply a false or incomplete report.

"(e) ENTRY OF EMPLOYER INFORMATION.—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 Di-

rectory of New Hires, the State agency enforcing the employee's child support obligation shall transmit a notice to the employer of the employee directing the employer to withhold from the income of the employee an amount equal to the monthly (or other periodic) child support obligation (including any past due support obligation) of the employee, unless the employee's income is not subject to withholding pursuant to section 466(b)(3).

"(2) TRANSMISSIONS TO THE NATIONAL DIRECTORY OF NEW HIRES.—

"(A) NEW HIRE INFORMATION.—Within 3 business days after the date information regarding a newly hired employee is entered into the State Directory of New Hires, the State Directory of New Hires shall furnish the information to the National Directory of New Hires.

"(B) WAGE AND UNEMPLOYMENT COMPENSATION INFORMATION.—The State Directory of New Hires shall, on a quarterly basis, furnish to the National Directory of New Hires extracts of the reports required under section 303(a)(6) to be made to the Secretary of Labor concerning the wages and unemployment compensation paid to individuals, by such dates, in such format, and containing such information as the Secretary of Health and Human Services shall specify in regulations.

"(3) BUSINESS DAY DEFINED.—As used in this subsection, the term 'business day' means a day on which State offices are open for regular business.

"(h) OTHER USES OF NEW HIRE INFORMATION.—

"(1) LOCATION OF CHILD SUPPORT OBLIGORS.—The agency administering the State plan approved under this part shall use information received pursuant to subsection (f)(2) to locate individuals for purposes of establishing paternity and establishing, modifying, and enforcing child support obligations, and may disclose such information to any agent of the agency that is under contract with the agency to carry out such purposes.

"(2) VERIFICATION OF ELIGIBILITY FOR CERTAIN PROGRAMS.—A State agency responsible for administering a program specified in section 1137(b) shall have access to information reported by employers pursuant to subsection (b) of this section for purposes of verifying eligibility for the program.

"(3) ADMINISTRATION OF EMPLOYMENT SECURITY AND WORKERS' COMPENSATION.—State agencies operating employment security and workers' compensation programs shall have access to information reported by employers pursuant to subsection (b) for the purposes of administering such programs.".

(c) QUARTERLY WAGE REPORTING.—Section 1137(a)(3) (42 U.S.C. 1320b–7(a)(3)) is amended—

(1) by inserting "(including State and local governmental entities and labor organizations (as defined in section 453A(a)(2)(B)(iii))" after "employers"; and

(2) by inserting ", and except that no report shall be filed with respect to an employee of a State or local agency performing intelligence or counterintelligence functions, if the head of such agency has determined that filing such a report could en-

danger 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. 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 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 7 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, except that when an employer receives an income withholding order issued by another State, the employer shall apply the income withholding law of the state of the obligor's principal place of employment in determining—

"(I) the employer's fee for processing an income withholding order;

"(II) the maximum amount permitted to be withheld from the obligor's income;

"(III) the time periods within which the employer must implement the income withholding order and forward the child support payment;

"(IV) the priorities for withholding and allocating income withheld for multiple child support obligees; and

"(V) any withholding terms or conditions not specified in the order.

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, com-

missions, 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. 315. LOCATOR INFORMATION FROM INTERSTATE NETWORKS.

Section 466(a) (42 U.S.C. 666(a)) is amended by inserting after paragraph (11) the following new paragraph:

"(12) LOCATOR INFORMATION FROM INTERSTATE NETWORKS.—Procedures to ensure that all Federal and State agencies conducting activities under this part have access to any system used by the State to locate an individual for purposes relating to motor vehicles or law enforcement.".

SEC. 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, 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.

"(5) RESEARCH.—The Secretary may provide access to information reported by employers pursuant to section 453A(b) for research purposes found by the Secretary to be likely to contribute to achieving the purposes of part A or this part, but without personal identifiers.

"(k) FEES.—

"(1) FOR SSA VERIFICATION.—The Secretary shall reimburse the Commissioner of Social Security, at a rate negotiated between the Secretary and the Commissioner, for the costs incurred by the Commissioner in performing the verification services described in subsection (j).

"(2) FOR INFORMATION FROM STATE DIRECTORIES OF NEW HIRES.—The Secretary shall reimburse costs incurred by State directories of new hires in furnishing information as required by subsection (j)(3), at rates which the Secretary determines to be reasonable (which rates shall not include payment for the costs of obtaining, compiling, or maintaining such information).

"(3) FOR INFORMATION FURNISHED TO STATE AND FEDERAL AGENCIES.—A State or Federal agency that receives information from the Secretary pursuant to this section shall reimburse the Secretary for costs incurred by the Secretary in furnishing the information, at rates which the Secretary determines to be reasonable (which rates shall include payment for the costs of obtaining, verifying, maintaining, and comparing the information).

"(l) RESTRICTION ON DISCLOSURE AND USE.—Information in the Federal Parent Locator Service, and information resulting from comparisons using such information, shall not be used or disclosed

except as expressly provided in this section, subject to section 6103 of the Internal Revenue Code of 1986.

"(m) INFORMATION INTEGRITY AND SECURITY.—The Secretary shall establish and implement safeguards with respect to the entities established under this section designed to—

"(1) ensure the accuracy and completeness of information in the Federal Parent Locator Service; and

"(2) restrict access to confidential information in the Federal Parent Locator Service to authorized persons, and restrict use of such information to authorized purposes.

"(n) FEDERAL GOVERNMENT REPORTING.—Each department, agency, and instrumentality of the United States shall on a quarterly basis report to the Federal Parent Locator Service the name and social security number of each employee and the wages paid to the employee during the previous quarter, except that such a report shall not be filed with respect to an employee of a department, agency, or instrumentality performing intelligence or counterintelligence functions, if the head of such department, agency, or instrumentality has determined that filing such a report could endanger the safety of the employee or compromise an ongoing investigation or intelligence mission.".

(g) CONFORMING AMENDMENTS.—

(1) TO PART D OF TITLE IV OF THE SOCIAL SECURITY ACT.—

(A) Section 454(8)(B) (42 U.S.C. 654(8)(B)) is amended to read as follows:

"(B) the Federal Parent Locator Service established under section 453;".

(B) Section 454(13) (42 U.S.C. 654(13)) is amended by inserting "and provide that information requests by parents who are residents of other States be treated with the same priority as requests by parents who are residents of the State submitting the plan" before the semicolon.

(2) TO FEDERAL UNEMPLOYMENT TAX ACT.—Section 3304(a)(16) of the Internal Revenue Code of 1986 is amended—

(A) by striking "Secretary of Health, Education, and Welfare" each place such term appears and inserting "Secretary of Health and Human Services";

(B) in subparagraph (B), by striking "such information" and all that follows and inserting "information furnished under subparagraph (A) or (B) is used only for the purposes authorized under such subparagraph;";

(C) by striking "and" at the end of subparagraph (A);

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

(E) by inserting after subparagraph (A) the following new subparagraph:

"(B) wage and unemployment compensation information contained in the records of such agency shall be furnished to the Secretary of Health and Human Services (in accordance with regulations promulgated by such Secretary) as necessary for the purposes of the National Directory of New Hires established under section 453(i) of the Social Security Act, and".

(3) TO STATE GRANT PROGRAM UNDER TITLE III OF THE SOCIAL SECURITY ACT.—Subsection (h) of section 303 (42 U.S.C. 503) is amended to read as follows:

"(h)(1) The State agency charged with the administration of the State law shall, on a reimbursable basis—

"(A) disclose quarterly, to the Secretary of Health and Human Services, wage and claim information, as required pursuant to section 453(i)(1), contained in the records of such agency;

"(B) ensure that information provided pursuant to subparagraph (A) meets such standards relating to correctness and verification as the Secretary of Health and Human Services, with the concurrence of the Secretary of Labor, may find necessary; and

"(C) establish such safeguards as the Secretary of Labor determines are necessary to insure that information disclosed under subparagraph (A) is used only for purposes of section 453(i)(1) in carrying out the child support enforcement program under title IV.

"(2) Whenever the Secretary of Labor, after reasonable notice and opportunity for hearing to the State agency charged with the administration of the State law, finds that there is a failure to comply substantially with the requirements of paragraph (1), the Secretary of Labor shall notify such State agency that further payments will not be made to the State until the Secretary of Labor is satisfied that there is no longer any such failure. Until the Secretary of Labor is so satisfied, the Secretary shall make no future certification to the Secretary of the Treasury with respect to the State.

"(3) For purposes of this subsection—

"(A) the term 'wage information' means information regarding wages paid to an individual, the social security account number of such individual, and the name, address, State, and the Federal employer identification number of the employer paying such wages to such individual; and

"(B) the term 'claim information' means information regarding whether an individual is receiving, has received, or has made application for, unemployment compensation, the amount of any such compensation being received (or to be received by such individual), and the individual's current (or most recent) home address.".

(4) DISCLOSURE OF CERTAIN INFORMATION TO AGENTS OF CHILD SUPPORT ENFORCEMENT AGENCIES.—

(A) IN GENERAL.—Paragraph (6) of section 6103(l) of the Internal Revenue Code of 1986 (relating to disclosure of return information to Federal, State, and local child support enforcement agencies) is amended by redesignating subparagraph (B) as subparagraph (C) and by inserting after subparagraph (A) the following new subparagraph:

"(B) DISCLOSURE TO CERTAIN AGENTS.—The following information disclosed to any child support enforcement agency under subparagraph (A) with respect to any individual with respect to whom child support obligations are sought to be established or enforced may be disclosed by such agency to any agent of such agency which is under

contract with such agency to carry out the purposes described in subparagraph (C):

"(i) The address and social security account number (or numbers) of such individual.

"(ii) The amount of any reduction under section 6402(c) (relating to offset of past-due support against overpayments) in any overpayment otherwise payable to such individual."

(B) CONFORMING AMENDMENTS.—

(i) Paragraph (3) of section 6103(a) of such Code is amended by striking "(l)(12)" and inserting "paragraph (6) or (12) of subsection (l)".

(ii) Subparagraph (C) of section 6103(l)(6) of such Code, as redesignated by subsection (a), is amended to read as follows:

"(C) RESTRICTION ON DISCLOSURE.—Information may be disclosed under this paragraph only for purposes of, and to the extent necessary in, establishing and collecting child support obligations from, and locating, individuals owing such obligations."

(iii) The material following subparagraph (F) of section 6103(p)(4) of such Code is amended by striking "subsection (l)(12)(B)" and inserting "paragraph (6)(A) or (12)(B) of subsection (l)".

(h) REQUIREMENT FOR COOPERATION.—The Secretary of Labor and the Secretary of Health and Human Services shall work jointly to develop cost-effective and efficient methods of accessing the information in the various State directories of new hires and the National Directory of New Hires as established pursuant to the amendments made by this subtitle. 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. 317. COLLECTION AND USE OF SOCIAL SECURITY NUMBERS FOR USE IN CHILD SUPPORT ENFORCEMENT.

Section 466(a) (42 U.S.C. 666(a)), as amended by section 315 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.".

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.—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.".

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 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 "arrears under" after "enforce"; and

(13) by adding at the end the following new subsection:

"(i) REGISTRATION FOR MODIFICATION.—If there is no individual contestant or child residing in the issuing State, the party or support enforcement agency seeking to modify, or to modify and enforce, a child support order issued in another State shall register that order in a State with jurisdiction over the nonmovant for the purpose of modification.".

SEC. 323. ADMINISTRATIVE ENFORCEMENT IN INTERSTATE CASES.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 315 and 317 of this Act, is amended by inserting after paragraph (13) the following new paragraph:

"(14) ADMINISTRATIVE ENFORCEMENT IN INTERSTATE CASES.—Procedures under which—

"(A)(i) the State shall respond within 5 business days to a request made by another State to enforce a support order; and

"(ii) the term 'business day' means a day on which State offices are open for regular business;

"(B) the State may, by electronic or other means, transmit to another State a request for assistance in a case involving the enforcement of a support order, which request—

"(i) shall include such information as will enable the State to which the request is transmitted to compare the information about the case to the information in the data bases of the State; and

"(ii) shall constitute a certification by the requesting State—

"(I) of the amount of support under the order the payment of which is in arrears; and

"(II) that the requesting State has complied with all procedural due process requirements applicable to the case;

"(C) if the State provides assistance to another State pursuant to this paragraph with respect to a case, neither State shall consider the case to be transferred to the caseload of such other State; and

"(D) the State shall maintain records of—

"(i) the number of such requests for assistance received by the State;

"(ii) the number of cases for which the State collected support in response to such a request; and

"(iii) the amount of such collected support.".

SEC. 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) (as amended by section 346(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. 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 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 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 ex-

tent 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 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. 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 PART A 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 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.".

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 March 1, 1997, 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 (ex-

pressed 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, 1999, 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 2000.

(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 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 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 addi-

tion 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, 2000, 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 344(a)(3) of the Personal Responsibility and Work Opportunity Reconciliation 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. 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 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 all that follows subparagraph (J), as added by paragraph (4).

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall be effective with respect to fiscal year 1997 and succeeding fiscal years.

Subtitle F—Establishment and Modification of Support Orders

SEC. 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.—

"(A) 3-YEAR CYCLE.—

"(i) IN GENERAL.—Procedures under which every 3 years (or such shorter cycle as the State may determine), upon the request of either parent, or, if there is an assignment under part A, upon the request of the State agency under the State plan or of either parent, the State shall with respect to a support order being enforced under this part, taking into account the best interests of the child involved—

"(I) review and, if appropriate, adjust 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) apply a cost-of-living adjustment to the order in accordance with a formula developed by the State; or

"(III) 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 any threshold that may be established by the State.

"(ii) OPPORTUNITY TO REQUEST REVIEW OF ADJUSTMENT.—If the State elects to conduct the review under subclause (II) or (III) of clause (i), procedures which 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 IN 3-YEAR CYCLE REVIEW.—Procedures which provide that any adjustment under clause (i) shall be made without a requirement for proof or showing of a change in circumstances.

"(B) PROOF OF SUBSTANTIAL CHANGE IN CIRCUMSTANCES NECESSARY IN REQUEST FOR REVIEW OUTSIDE 3-YEAR CYCLE.—Procedures under which, in the case of a request for a review, and if appropriate, an adjustment outside the 3-year cycle (or such shorter cycle as the State may determine) under clause (i), the State shall review and, if the requesting party demonstrates a substantial change in circumstances, adjust the order in accordance with the guidelines established pursuant to section 467(a).

"(C) NOTICE OF RIGHT TO REVIEW.—Procedures which require the State to provide notice not less than once every 3 years to the parents subject to the order informing the parents 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.

Part D of title IV (42 U.S.C. 651–669) is amended by adding at the end the following:

"SEC. 469A. NONLIABILITY FOR FINANCIAL INSTITUTIONS PROVIDING FINANCIAL RECORDS TO STATE CHILD SUPPORT ENFORCEMENT AGENCIES IN CHILD SUPPORT CASES.

"(a) IN GENERAL.—Notwithstanding any other provision of Federal or State law, a financial institution shall not be liable under any Federal or State law to any person for disclosing any financial record of an individual to a State child support enforcement agency attempting to establish, modify, or enforce a child support obligation of such individual.

"(b) PROHIBITION OF DISCLOSURE OF FINANCIAL RECORD OBTAINED BY STATE CHILD SUPPORT ENFORCEMENT AGENCY.—A State child support enforcement agency which obtains a financial record of an individual from a financial institution pursuant to subsection (a) may disclose such financial record only for the purpose of, and to the extent necessary in, establishing, modifying, or enforcing a child support obligation of such individual.

"(c) CIVIL DAMAGES FOR UNAUTHORIZED DISCLOSURE.—

"(1) DISCLOSURE BY STATE OFFICER OR EMPLOYEE.—If any person knowingly, or by reason of negligence, discloses a financial record of an individual in violation of subsection (b), such individual may bring a civil action for damages against such person in a district court of the United States.

"(2) NO LIABILITY FOR GOOD FAITH BUT ERRONEOUS INTERPRETATION.—No liability shall arise under this subsection with respect to any disclosure which results from a good faith, but erroneous, interpretation of subsection (b).

"(3) DAMAGES.—In any action brought under paragraph (1), upon a finding of liability on the part of the defendant, the defendant shall be liable to the plaintiff in an amount equal to the sum of—

"(A) the greater of—

"(i) $1,000 for each act of unauthorized disclosure of a financial record with respect to which such defendant is found liable; or

"(ii) the sum of—

"(I) the actual damages sustained by the plaintiff as a result of such unauthorized disclosure; plus

"(II) in the case of a willful disclosure or a disclosure which is the result of gross negligence, punitive damages; plus

"(B) the costs (including attorney's fees) of the action.

"(d) DEFINITIONS.—For purposes of this section—

"(1) FINANCIAL INSTITUTION.—The term 'financial institution' means—

"(A) a depository institution, as defined in section 3(c) of the Federal Deposit Insurance Act (12 U.S.C. 1813(c));

"(B) an institution-affiliated party, as defined in section 3(u) of such Act (12 U.S.C. 1813(u));

"(C) any Federal credit union or State credit union, as defined in section 101 of the Federal Credit Union Act (12 U.S.C. 1752), including an institution-affiliated party of such a credit union, as defined in section 206(r) of such Act (12 U.S.C. 1786(r)); and

"(D) any benefit association, insurance company, safe deposit company, money-market mutual fund, or similar entity authorized to do business in the State.

"(2) FINANCIAL RECORD.—The term 'financial record' has the meaning given such term in section 1101 of the Right to Financial Privacy Act of 1978 (12 U.S.C. 3401).".

Subtitle G—Enforcement of Support Orders

SEC. 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 subsections, and to any other legal process brought, by a State agency administering a program under a State plan approved under this part or by an individual obligee, to enforce the legal obligation of the individual to provide child support or alimony.

"(b) CONSENT TO REQUIREMENTS APPLICABLE TO PRIVATE PERSON.—With respect to notice to withhold income pursuant to subsection (a)(1) or (b) of section 466, or any other order or process to enforce support obligations against an individual (if the order or process contains or is accompanied by sufficient data to permit prompt identification of the individual and the moneys involved), each governmental entity specified in subsection (a) shall be subject to the same requirements as would apply if the entity were a private person, except as otherwise provided in this section.

"(c) DESIGNATION OF AGENT; RESPONSE TO NOTICE OR PROCESS—

"(1) DESIGNATION OF AGENT.—The head of each agency subject to this section shall—

"(A) designate an agent or agents to receive orders and accept service of process in matters relating to child support or alimony; and

"(B) annually publish in the Federal Register the designation of the agent or agents, identified by title or position, mailing address, and telephone number.

"(2) RESPONSE TO NOTICE OR PROCESS.—If an agent designated pursuant to paragraph (1) of this subsection receives notice pursuant to State procedures in effect pursuant to subsection (a)(1) or (b) of section 466, or is effectively served with any order, process, or interrogatory, with respect to an individual's child support or alimony payment obligations, the agent shall—

"(A) as soon as possible (but not later than 15 days) thereafter, send written notice of the notice or service (together with a copy of the notice or service) to the individual at the duty station or last-known home address of the individual;

"(B) within 30 days (or such longer period as may be prescribed by applicable State law) after receipt of a notice pursuant to such State procedures, comply with all applicable provisions of section 466; and

"(C) within 30 days (or such longer period as may be prescribed by applicable State law) after effective service of any other such order, process, or interrogatory, respond to the order, process, or interrogatory.

"(d) PRIORITY OF CLAIMS.—If a governmental entity specified in subsection (a) receives notice or is served with process, as provided in this section, concerning amounts owed by an individual to more than 1 person—

"(1) support collection under section 466(b) must be given priority over any other process, as provided in section 466(b)(7);

"(2) allocation of moneys due or payable to an individual among claimants under section 466(b) shall be governed by section 466(b) and the regulations prescribed under such section; and

"(3) such moneys as remain after compliance with paragraphs (1) and (2) shall be available to satisfy any other such processes on a first-come, first-served basis, with any such process being satisfied out of such moneys as remain after the satisfaction of all such processes which have been previously served.

"(e) NO REQUIREMENT TO VARY PAY CYCLES.—A governmental entity that is affected by legal process served for the enforcement of an individual's child support or alimony payment obligations shall not be required to vary its normal pay and disbursement cycle in order to comply with the legal process.

"(f) RELIEF FROM LIABILITY.—

"(1) Neither the United States, nor the government of the District of Columbia, nor any disbursing officer shall be liable with respect to any payment made from moneys due or payable from the United States to any individual pursuant to legal process regular on its face, if the payment is made in accordance with this section and the regulations issued to carry out this section.

"(2) No Federal employee whose duties include taking actions necessary to comply with the requirements of subsection (a) with regard to any individual shall be subject under any law to any disciplinary action or civil or criminal liability or penalty for, or on account of, any disclosure of information made by the employee in connection with the carrying out of such actions.

"(g) REGULATIONS.—Authority to promulgate regulations for the implementation of this section shall, insofar as this section applies to moneys due from (or payable by)—

"(1) the United States (other than the legislative or judicial branches of the Federal Government) or the government of the District of Columbia, be vested in the President (or the designee of the President);

"(2) the legislative branch of the Federal Government, be vested jointly in the President pro tempore of the Senate and the Speaker of the House of Representatives (or their designees), and

"(3) the judicial branch of the Federal Government, be vested in the Chief Justice of the United States (or the designee of the Chief Justice).

"(h) MONEYS SUBJECT TO PROCESS.—

"(1) IN GENERAL.—Subject to paragraph (2), moneys paid or payable to an individual which are considered to be based upon remuneration for employment, for purposes of this section—

"(A) consist of—

"(i) compensation paid or payable for personal services of the individual, whether the compensation is denominated as wages, salary, commission, bonus, pay, allowances, or otherwise (including severance pay, sick pay, and incentive pay);

"(ii) periodic benefits (including a periodic benefit as defined in section 228(h)(3)) or other payments—

"(I) under the insurance system established by title II;

"(II) under any other system or fund established by the United States which provides for the payment of pensions, retirement or retired pay, annuities, dependents' or survivors' benefits, or similar amounts payable on account of personal services performed by the individual or any other individual;

"(III) as compensation for death under any Federal program;

"(IV) under any Federal program established to provide 'black lung' benefits; or

"(V) by the Secretary of Veterans Affairs as compensation for a service-connected disability paid by the Secretary to a former member of the Armed Forces who is in receipt of retired or retainer pay if the former member has waived a portion of the retired or retainer pay in order to receive such compensation; and

"(iii) worker's compensation benefits paid under Federal or State law but

"(B) do not include any payment—

"(i) by way of reimbursement or otherwise, to defray expenses incurred by the individual in carrying out duties associated with the employment of the individual; or

"(ii) as allowances for members of the uniformed services payable pursuant to chapter 7 of title 37, United States Code, as prescribed by the Secretaries concerned (defined by section 101(5) of such title) as necessary for the efficient performance of duty.

"(2) CERTAIN AMOUNTS EXCLUDED.—In determining the amount of any moneys due from, or payable by, the United States to any individual, there shall be excluded amounts which—

"(A) are owed by the individual to the United States;

"(B) are required by law to be, and are, deducted from the remuneration or other payment involved, including Federal employment taxes, and fines and forfeitures ordered by court-martial;

"(C) are properly withheld for Federal, State, or local income tax purposes, if the withholding of the amounts is

authorized or required by law and if amounts withheld are not greater than would be the case if the individual claimed all dependents to which he was entitled (the withholding of additional amounts pursuant to section 3402(i) of the Internal Revenue Code of 1986 may be permitted only when the individual presents evidence of a tax obligation which supports the additional withholding);

"(D) are deducted as health insurance premiums;

"(E) are deducted as normal retirement contributions (not including amounts deducted for supplementary coverage); or

"(F) are deducted as normal life insurance premiums from salary or other remuneration for employment (not including amounts deducted for supplementary coverage).

"(i) DEFINITIONS.—For purposes of this section—

"(1) UNITED STATES.—The term 'United States' includes any department, agency, or instrumentality of the legislative, judicial, or executive branch of the Federal Government, the United States Postal Service, the Postal Rate Commission, any Federal corporation created by an Act of Congress that is wholly owned by the Federal Government, and the governments of the territories and possessions of the United States.

"(2) CHILD SUPPORT.—The term 'child support', when used in reference to the legal obligations of an individual to provide such support, means amounts required to be paid under a judgment, decree, or order, whether temporary, final, or subject to modification, issued by a court or an administrative agency of competent jurisdiction, for the support and maintenance of a child, including a child who has attained the age of majority under the law of the issuing State, or a child and the parent with whom the child is living, which provides for monetary support, health care, arrearages or reimbursement, and which may include other related costs and fees, interest and penalties, income withholding, attorney's fees, and other relief.

"(3) ALIMONY.—

"(A) IN GENERAL.—The term 'alimony', when used in reference to the legal obligations of an individual to provide the same, means periodic payments of funds for the support and maintenance of the spouse (or former spouse) of the individual, and (subject to and in accordance with State law) includes separate maintenance, alimony pendente lite, maintenance, and spousal support, and includes attorney's fees, interest, and court costs when and to the extent that the same are expressly made recoverable as such pursuant to a decree, order, or judgment issued in accordance with applicable State law by a court of competent jurisdiction.

"(B) EXCEPTIONS.—Such term does not include—

"(i) any child support; or

"(ii) any payment or transfer of property or its value by an individual to the spouse or a former spouse of the individual in compliance with any community property settlement, equitable distribution of property, or other division of property between spouses or former spouses.

"(4) PRIVATE PERSON.—The term 'private person' means a person who does not have sovereign or other special immunity or privilege which causes the person not to be subject to legal process.

"(5) LEGAL PROCESS.—The term 'legal process' means any writ, order, summons, or other similar process in the nature of garnishment—

"(A) which is issued by—

"(i) a court or an administrative agency of competent jurisdiction in any State, territory, or possession of the United States;

"(ii) a court or an administrative agency of competent jurisdiction in any foreign country with which the United States has entered into an agreement which requires the United States to honor the process; or

"(iii) an authorized official pursuant to an order of such a court or an administrative agency of competent jurisdiction or pursuant to State or local law; and

"(B) which is directed to, and the purpose of which is to compel, a governmental entity which holds moneys which are otherwise payable to an individual to make a payment from the moneys to another party in order to satisfy a legal obligation of the individual to provide child support or make alimony payments.".

(b) CONFORMING AMENDMENTS.—

(1) TO PART D OF TITLE IV.—Sections 461 and 462 (42 U.S.C. 661 and 662) are repealed.

(2) TO TITLE 5, UNITED STATES CODE.—Section 5520a of title 5, United States Code, is amended, in subsections (h)(2) and (i), by striking "sections 459, 461, and 462 of the Social Security Act (42 U.S.C. 659, 661, and 662)" and inserting "section 459 of the Social Security Act (42 U.S.C. 659)".

(c) MILITARY RETIRED AND RETAINER PAY.—

(1) DEFINITION OF COURT.—Section 1408(a)(1) of title 10, United States Code, is amended—

(A) by striking "and" at the end of subparagraph (B);

(B) by striking the period at the end of subparagraph (C) and inserting "; and"; and

(C) by adding after subparagraph (C) the following new subparagraph:

"(D) any administrative or judicial tribunal of a State competent to enter orders for support or maintenance (including a State agency administering a program under a State plan approved under part D of title IV of the Social Security Act), and, for purposes of this subparagraph, the term 'State' includes the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa.".

(2) DEFINITION OF COURT ORDER.—Section 1408(a)(2) of such title is amended—

(A) by inserting "or a support order, as defined in section 453(p) of the Social Security Act (42 U.S.C. 653(p))," before "which—";

(B) in subparagraph (B)(i), by striking "(as defined in section 462(b) of the Social Security Act (42 U.S.C. 662(b)))" and inserting "(as defined in section 459(i)(2) of the Social Security Act (42 U.S.C. 659(i)(2)))"; and

(C) in subparagraph (B)(ii), by striking "(as defined in section 462(c) of the Social Security Act (42 U.S.C. 662(c)))" and inserting "(as defined in section 459(i)(3) of the Social Security Act (42 U.S.C. 659(i)(3)))".

(3) PUBLIC PAYEE.—Section 1408(d) of such title is amended—

(A) in the heading, by inserting "(OR FOR BENEFIT OF)" before "SPOUSE OR"; and

(B) in paragraph (1), in the 1st sentence, by inserting "(or for the benefit of such spouse or former spouse to a State disbursement unit established pursuant to section 454B of the Social Security Act or other public payee designated by a State, in accordance with part D of title IV of the Social Security Act, as directed by court order, or as otherwise directed in accordance with such part D)" before "in an amount sufficient".

(4) RELATIONSHIP TO PART D OF TITLE IV.—Section 1408 of such title is amended by adding at the end the following new subsection:

"(j) RELATIONSHIP TO OTHER LAWS.—In any case involving an order providing for payment of child support (as defined in section 459(i)(2) of the Social Security Act) by a member who has never been married to the other parent of the child, the provisions of this section shall not apply, and the case shall be subject to the provisions of section 459 of such Act.".

(d) EFFECTIVE DATE.—The amendments made by this section shall become effective 6 months after the date of the enactment of this 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 (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. 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) (42 U.S.C. 666(a)), as amended by sections 315, 317, and 323 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. 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, 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. 369. STATE LAW AUTHORIZING SUSPENSION OF LICENSES.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 315, 317, 323, and 365 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. 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 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 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) EFFECTIVE DATE.—This section and the amendments made by this section shall become effective October 1, 1997.

SEC. 371. INTERNATIONAL 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 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 agree-

ment, 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 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, 323, 365, and 369 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. 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, 323, 365, 369, and 372 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. 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) 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.

SEC. 375. CHILD SUPPORT ENFORCEMENT FOR INDIAN TRIBES.

(a) CHILD SUPPORT ENFORCEMENT AGREEMENTS.—Section 454 (42 U.S.C. 654), as amended by sections 301(b), 303(a), 312(b), 313(a), 333, 343(b), 370(a)(2), and 371(b) of this Act is amended—

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

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

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

"(33) provide that a State that receives funding pursuant to section 428 and that has within its borders Indian country (as defined in section 1151 of title 18, United States Code) may enter into cooperative agreements with an Indian tribe or tribal organization (as defined in subsections (e) and (l) of section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b)), if the Indian tribe or tribal organization demonstrates that such tribe or organization has an established tribal court system or a Court of Indian Offenses with the authority to establish paternity, establish, modify, and enforce support orders, and to enter support orders in accordance with child support guidelines established by such tribe or organization, under which the State and tribe or organization shall provide for the cooperative delivery of child support enforcement services in Indian country and for the forwarding of all funding collected pursuant to the functions performed by the tribe or organization to the State agency, or conversely, by the State agency to the tribe or organization, which shall distribute such funding in accordance with such agreement; and

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

(b) DIRECT FEDERAL FUNDING TO INDIAN TRIBES AND TRIBAL ORGANIZATIONS.—Section 455 (42 U.S.C. 655) is amended by adding at the end the following new subsection:

"(b) The Secretary may, in appropriate cases, make direct payments under this part to an Indian tribe or tribal organization which has an approved child support enforcement plan under this title. In determining whether such payments are appropriate, the Secretary shall, at a minimum, consider whether services are being provided to eligible Indian recipients by the State agency through an agreement entered into pursuant to section 454(34).".

(c) COOPERATIVE ENFORCEMENT AGREEMENTS.—Paragraph (7) of section 454 (42 U.S.C. 654) is amended by inserting "and Indian tribes or tribal organizations (as defined in subsections (e) and (l) of section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b))" after "law enforcement officials".

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

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

Subtitle H—Medical Support

SEC. 381. 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. 382. ENFORCEMENT OF ORDERS FOR HEALTH CARE COVERAGE.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 315, 317, 323, 365, 369, 372, and 373 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.".

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

SEC. 391. GRANTS TO STATES FOR ACCESS AND VISITATION PROGRAMS.

Part D of title IV (42 U.S.C. 651–669), as amended by section 353 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.".

Subtitle J—Effective Dates and Conforming Amendments

SEC. 395. EFFECTIVE DATES AND CONFORMING AMENDMENTS.

(a) IN GENERAL.—Except as otherwise specifically provided (but subject to subsections (b) and (c))—

(1) the provisions of this title requiring the enactment or amendment of State laws under section 466 of the Social Security Act, or revision of State plans under section 454 of such Act, shall be effective with respect to periods beginning on and after October 1, 1996; and

(2) all other provisions of this title shall become effective upon the date of the enactment of this Act.

(b) GRACE PERIOD FOR STATE LAW CHANGES.—The provisions of this title shall become effective with respect to a State on the later of—

(1) the date specified in this title, or

(2) the effective date of laws enacted by the legislature of such State implementing such provisions,

but in no event later than the 1st day of the 1st calendar quarter beginning after the close of the 1st regular session of the State legislature that begins after the date of the enactment of this Act. For purposes of the previous sentence, in the case of a State that has a 2-year legislative session, each year of such session shall be deemed to be a separate regular session of the State legislature.

(c) GRACE PERIOD FOR STATE CONSTITUTIONAL AMENDMENT.—A State shall not be found out of compliance with any requirement enacted by this title if the State is unable to so comply without amending the State constitution until the earlier of—

(1) 1 year after the effective date of the necessary State constitutional amendment; or

(2) 5 years after the date of the enactment of this Act.

(d) CONFORMING AMENDMENTS.—

(1) The following provisions are amended by striking "absent" each place it appears and inserting "noncustodial":

(A) Section 451 (42 U.S.C. 651).

(B) Subsections (a)(1), (a)(8), (a)(10)(E), (a)(10)(F), (f), and (h) of section 452 (42 U.S.C. 652).

(C) 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)).

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) Medical assistance under title XIX of the Social Security Act (or any successor program to such title) for care and services that are necessary for the treatment of an emergency medical condition (as defined in section 1903(v)(3) of such Act) of the alien involved and are not related to an organ transplant procedure, if the alien involved otherwise meets the eligibility requirements for medical assistance under the State plan approved under such title (other than the requirement of the receipt of aid or assistance under title IV of such Act, supplemental security income benefits under title XVI of such Act, or a State supplementary payment).

(B) Short-term, non-cash, in-kind emergency disaster relief.

(C) Public health assistance (not including any assistance under title XIX of the Social Security Act) 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 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, postsecondary education, food assistance, unemployment benefit, or any other similar benefit for which payments or assistance are provided to an individual, household, or family eligibility unit by an agency of 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 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 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) in the case of any such qualifying quarter creditable for any period beginning after December 31, 1996, did not receive any Federal means-tested public benefit (as provided under section 403) during any such period.

(C) VETERAN AND ACTIVE DUTY EXCEPTION.—Paragraph (1) shall not apply to an alien who is lawfully residing in any State and is—

(i) a veteran (as defined in section 101 of title 38, United States Code) with a discharge characterized as an honorable discharge and not on account of alienage,

(ii) on active duty (other than active duty for training) in the Armed Forces of the United States, or

(iii) the spouse or unmarried dependent child of an individual described in clause (i) or (ii).

(D) TRANSITION FOR ALIENS CURRENTLY RECEIVING BENEFITS.—

(i) SSI.—

(I) IN GENERAL.—With respect to the specified Federal program described in paragraph (3)(A), during the period beginning on the date of the enactment of this Act and ending on the date which is 1 year after such date of enactment, the Commissioner of Social Security shall redetermine the eligibility of any individual who is receiving benefits under such program as of the date of the enactment of this Act and whose eligibility for such 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 March 31, 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 bene-

fits 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.

(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, 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.

(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 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) in the case of any such qualifying quarter creditable for any period beginning after December 31, 1996, did not receive any Federal means-tested public benefit (as provided under section 403) during any such period.

(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 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.

(C) MEDICAID.—A State plan approved under title XIX of the Social Security Act, other than medical assistance described in section 401(b)(1)(A).

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 subsections (b), (c), and (d), 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 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) APPLICATION OF TERM FEDERAL MEANS-TESTED PUBLIC BENEFIT.—

(1) The limitation under subsection (a) shall not apply to assistance or benefits under paragraph (2).

(2) Assistance and benefits under this paragraph are as follows:

(A) Medical assistance described in section 401(b)(1)(A).

(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 (not including any assistance under title XIX of the Social Security Act) 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 parent or 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 is a qualified alien (as defined in section 431).

(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, and titles III, VII, and VIII of the Public Health Service Act.

(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.

(d) SPECIAL RULE FOR REFUGEE AND ENTRANT ASSISTANCE FOR CUBAN AND HAITIAN ENTRANTS.—The limitation under subsection (a) shall not apply to refugee and entrant assistance activities, authorized by title IV of the Immigration and Nationality Act and section 501 of the Refugee Education Assistance Act of 1980, for Cuban and Haitian entrants as defined in section 501(e)(2) of the Refugee Education Assistance Act of 1980.

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 subtitle.

(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 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 Sec-

retary 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—

(1) a qualified alien (as defined in section 431),

(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) Assistance for health care items and services that are necessary for the treatment of an emergency medical condition (as defined in section 1903(v)(3) of the Social Security Act) of the alien involved and are not related to an organ transplant procedure.

(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 paragraphs (2) and (3), 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, postsecondary education, food assistance, unemployment benefit, or any other similar benefit for which payments or assistance are provided to an individual, household, or family eligibility unit by an agency of a State or local government or by appropriated funds of a State or local government.

(2) Such term shall not apply—

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

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

(3) Such term does not include any Federal public benefit under section 4001(c).

(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 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 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) in the case of any such qualifying quarter creditable for any period beginning after December 31, 1996, did not receive any Federal means-tested public benefit (as provided under section 403) during any such period.

(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.

Subtitle C—Attribution of Income and Affidavits of Support

SEC. 421. 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 provided under section 403), 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) DURATION OF ATTRIBUTION PERIOD.—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 435, and (B) in the case of any such qualifying quarter creditable for any period beginning after December 31, 1996, did not receive

any Federal means-tested public benefit (as provided under section 403) during any such period.

(c) REVIEW OF INCOME AND RESOURCES OF ALIEN UPON RE-APPLICATION.—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. 422. AUTHORITY FOR STATES TO PROVIDE FOR ATTRIBUTION OF SPONSORS INCOME AND RESOURCES TO THE ALIEN WITH RESPECT TO STATE PROGRAMS.

(a) OPTIONAL APPLICATION TO STATE PROGRAMS.—Except as provided in subsection (b), in determining the eligibility and the amount of benefits of an alien for any State public benefits (as defined in section 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) Assistance described in section 411(b)(1).

(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. 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 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.".

(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) Medical assistance described in section 401(b)(1)(A) or assistance described in section 411(b)(1).

(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 (not including any assistance under title XIX of the Social Security Act) 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 parts B and E of title IV of the Social Security Act for a parent or a child, but only if the foster or adoptive parent (or parents) of such child is a qualified alien (as defined in section 431).

(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, and titles III, VII, and VIII of the Public Health Service Act.

(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.

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 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, and

(2) all of the qualifying quarters worked by a spouse of such alien during their marriage and the alien remains married to such spouse or such spouse is deceased.

No such qualifying quarter of coverage that is creditable under title II of the Social Security Act for any period beginning after December 31, 1996, may be credited to an alien under paragraph (1) or (2) if the parent or spouse (as the case may be) of such alien received any Federal means-tested public benefit (as provided under section 403) during the period for which such qualifying quarter of coverage is so credited.

Subtitle E—Conforming Amendments Relating to Assisted Housing

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).

Subtitle F—Earned Income Credit Denied to Unauthorized Employees

SEC. 451. EARNED INCOME CREDIT DENIED TO INDIVIDUALS NOT AUTHORIZED TO BE EMPLOYED IN THE UNITED STATES.

(a) IN GENERAL.—Section 32(c)(1) of the Internal Revenue Code of 1986 (relating to individuals eligible to claim the earned income credit) is amended by adding at the end the following new subparagraph:

> *"(F) IDENTIFICATION NUMBER REQUIREMENT.—The term 'eligible individual' does not include any individual who does not include on the return of tax for the taxable year—*
>
> > *"(i) such individual's taxpayer identification number, and*
> >
> > *"(ii) if the individual is married (within the meaning of section 7703), the taxpayer identification number of such individual's spouse.".*

(b) SPECIAL IDENTIFICATION NUMBER.—Section 32 of such Code is amended by adding at the end the following new subsection:

"(l) IDENTIFICATION NUMBERS.—Solely for purposes of subsections (c)(1)(F) and (c)(3)(D), a taxpayer identification number means a social security number 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 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 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.

TITLE V—CHILD PROTECTION

SEC. 501. AUTHORITY OF STATES TO MAKE FOSTER CARE MAINTENANCE PAYMENTS ON BEHALF OF CHILDREN IN ANY PRIVATE CHILD CARE INSTITUTION.

Section 472(c)(2) of the Social Security Act (42 U.S.C. 672(c)(2)) is amended by striking "nonprofit".

SEC. 502. EXTENSION OF ENHANCED MATCH FOR IMPLEMENTATION OF STATEWIDE AUTOMATED CHILD WELFARE INFORMATION SYSTEMS.

Section 13713(b)(2) of the Omnibus Budget Reconciliation Act of 1993 (42 U.S.C. 674 note; 107 Stat. 657) is amended by striking "1996" and inserting "1997".

SEC. 503. NATIONAL RANDOM SAMPLE STUDY OF CHILD WELFARE.

Part B of title IV of the Social Security Act (42 U.S.C. 620–628a) is amended by adding at the end the following:

"SEC. 429A. 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.

"(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) carefully consider selecting the sample from cases of confirmed abuse or neglect; and

"(2) 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).

"(e) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated to

the Secretary for each of fiscal years 1996 through 2002 $6,000,000 to carry out this section.".

SEC. 504. REDESIGNATION OF SECTION 1123.

The Social Security Act is amended by redesignating section 1123, the second place it appears (42 U.S.C. 1320a–1a), as section 1123A.

SEC. 505. KINSHIP CARE.

Section 471(a) of the Social Security Act (42 U.S.C. 671(a)) is amended—

(1) by striking "and" at the end of paragraph (16);

(2) by striking the period at the end of paragraph (17) and inserting "; and"; and

(3) by adding at the end the following:

"(18) provides that the State shall consider giving preference to an adult relative over a non-related caregiver when determining a placement for a child, provided that the relative caregiver meets all relevant State child protection standards.".

TITLE VI—CHILD CARE

SEC. 601. SHORT TITLE AND REFERENCES.

(a) SHORT TITLE.—This title may be cited as the "Child Care and Development Block Grant Amendments of 1996".

(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. 602. 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. 603. 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 403(n) (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 less than 1 percent, and not more than 2 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. 604. 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. 605. 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 (F) by striking "Provide assurances" and inserting "Certify";

(vii) in subparagraph (G) by striking "Provide assurances" and inserting "Certify"; and

(viii) 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 a 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 speci-

fied 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. 606. 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. 607. 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. 608. REPEAL OF EARLY CHILDHOOD DEVELOPMENT AND BEFORE- AND AFTER-SCHOOL CARE REQUIREMENT.

Section 658H (42 U.S.C. 9858f) is repealed.

SEC. 609. 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. 610. PAYMENTS.

Section 658J(c) (42 U.S.C. 9858h(c)) is amended—

(1) by striking "expended" and inserting "obligated"; and

(2) by striking "3 fiscal years" and inserting "fiscal year".

SEC. 611. 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) BIANNUAL 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. 612. 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. 613. 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 "more than 3 percent" and inserting "less than 1 percent, and not more than 2 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. 614. 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. 615. 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 603(a) shall take effect on the date of enactment of this Act.

TITLE VII—CHILD NUTRITION PROGRAMS

Subtitle A—National School Lunch Act

SEC. 701. 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 seventh sentences, as amended by paragraph (2), as subsections (a) through (g), 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 National School Lunch Act (42 U.S.C. 1760(d)) is amended by adding at the end the following:

"(9) CHILD.—

"(A) IN GENERAL.—The term 'child' includes an individual, regardless of age, who—

"(i) 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

"(ii) 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.

"(B) RELATIONSHIP TO CHILD AND ADULT CARE FOOD PROGRAM.—No institution that is not otherwise eligible to participate in the program under section 17 shall be considered eligible because of this paragraph.".

SEC. 702. 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) UTILIZATION OF AGRICULTURAL COMMODITIES.—Section 9(c) of the National School Lunch Act (42 U.S.C. 1758(c)) is amended—

(1) in the fifth sentence, by striking "of the provisions of law referred to in the preceding sentence" and inserting "provision of law"; and

(2) by striking the second, fourth, and sixth sentences.

(c) NUTRITIONAL INFORMATION.—Section 9(f) of the National School Lunch Act (42 U.S.C. 1758(f)) 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)".

(d) USE OF RESOURCES.—Section 9 of the National School Lunch Act (42 U.S.C. 1758) is amended by striking subsection (h).

SEC. 703. FREE AND REDUCED PRICE POLICY STATEMENT.

Section 9(b)(2) of the National School Lunch Act (42 U.S.C. 1758(b)(2)) is amended by adding at the end the following:

"(D) FREE AND REDUCED PRICE POLICY STATEMENT.—After the initial submission, a school food authority 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 food authority. A routine change in the policy of a school food authority, 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 food authority to submit a policy statement.".

SEC. 704. 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) ROUNDING RULE FOR LUNCH, BREAKFAST, AND SUPPLEMENT RATES.—

(1) IN GENERAL.—The third sentence of section 11(a)(3)(B) of the National School Lunch Act (42 U.S.C. 1759a(a)(3)(B)) is amended by adding before the period at the end the following: ", except that adjustments to payment rates for meals and supplements served to individuals not determined to be eligible for free or reduced price meals and supplements shall be computed

to the nearest lower cent increment and based on the unrounded amount for the preceding 12-month period".

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall become effective on July 1, 1997.

(c) APPLICABILITY OF OTHER PROVISIONS.—Section 11 of the National School Lunch Act (42 U.S.C. 1759a) 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. 705. MISCELLANEOUS PROVISIONS AND DEFINITIONS.

(a) ACCOUNTS AND RECORDS.—The second sentence of 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 National School Lunch Act (42 U.S.C. 1760(c)) is amended by striking "neither the Secretary nor the State shall" and inserting "the Secretary shall not".

(c) DEFINITIONS.—Section 12(d) of the National School Lunch Act (42 U.S.C. 1760(d)), as amended by section 701(b), is 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 National School Lunch Act (42 U.S.C. 1760(f)) is amended by striking "the Trust Territory of the Pacific Islands,".

(e) EXPEDITED RULEMAKING.—Section 12(k) of the National School Lunch Act (42 U.S.C. 1760(k)) is amended—

(1) by striking paragraphs (1), (2), and (5);

(2) by redesignating paragraphs (3) and (4) as paragraphs (1) and (2), respectively; and

(3) in paragraph (1), as redesignated by paragraph (2), by striking "Guidelines" and inserting "guidelines contained in the most recent 'Dietary Guidelines for Americans' that is published under section 301 of the National Nutrition Monitoring and Related Research Act of 1990 (7 U.S.C. 5341)".

(f) WAIVER.—Section 12(l) of the National School Lunch Act (42 U.S.C. 1760(l)) 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) in subparagraph (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.

SEC. 706. 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 National School Lunch Act (42 U.S.C. 1761(b)) 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) $1.97 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 to reflect 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 National School Lunch Act (42 U.S.C. 1761(b)(2)) 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 National School Lunch Act (42 U.S.C. 1761(c)(2)) is amended—

(1) by striking subparagraphs (A), (C), (D), and (E);

(2) by striking "(B)";

(3) by striking ", and such higher education institutions,"; and

(4) by striking "without application" and inserting "on showing residence in areas in which poor economic conditions exist or on the basis of income eligibility statements for children enrolled in the program".

(e) ADVANCE PROGRAM PAYMENTS.—Section 13(e)(1) of the National School Lunch Act (42 U.S.C. 1761(e)(1)) 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 National School Lunch Act (42 U.S.C. 1761(f)) 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 subparagraph (B) of 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 National School Lunch Act (42 U.S.C. 1761(f)), as amended by subsection (f), is 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 1 or more items of a meal that the child does not intend to consume, under rules that the school uses for school meals programs. 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) RECORDS.—The second sentence of section 13(m) of the National School Lunch Act (42 U.S.C. 1761(m)) is amended by striking "at all times be available" and inserting "be available at any reasonable time".

(i) REMOVING MANDATORY NOTICE TO INSTITUTIONS.—Section 13(n)(2) of the National School Lunch Act (42 U.S.C. 1761(n)(2)) is amended by striking ", and its plans and schedule for informing service institutions of the availability of the program".

(j) PLAN.—Section 13(n) of the National School Lunch Act (42 U.S.C. 1761(n)), as amended by subsection (i), 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 paragraphs (3) through (6), respectively.

(k) MONITORING AND TRAINING.—Section 13(q) of the National School Lunch Act (42 U.S.C. 1761(q)) 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 paragraph (2).

(l) EXPIRED PROGRAM.—Section 13 of the National School Lunch Act (42 U.S.C. 1761) is amended—

(1) by striking subsection (p); and

(2) by redesignating subsections (q) and (r) as subsections (p) and (q), respectively.

(m) EFFECTIVE DATE.—The amendments made by subsection (b) shall become effective on January 1, 1997.

SEC. 707. 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) STATE ADVISORY COUNCIL.—Section 14(e) of the National School Lunch Act (42 U.S.C. 1762a(e)) is amended to read as follows:

"(e) Each State agency that receives food assistance payments under this section for any school year shall consult with representatives of schools in the State that participate in the school lunch program with respect to the needs of such schools relating to the manner of selection and distribution of commodity assistance for such program.".

(c) CASH COMPENSATION FOR PILOT PROJECT SCHOOLS.—Section 14(g) of the National School Lunch Act (42 U.S.C. 1762a(g)) is amended by striking paragraph (3).

SEC. 708. CHILD AND ADULT CARE FOOD PROGRAM.

(a) ESTABLISHMENT OF PROGRAM.—Section 17 of the National School Lunch Act (42 U.S.C. 1766) is amended 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 National School Lunch Act (42 U.S.C. 1766(a)) is amended—

(1) in subparagraph (B), by striking "and" at the end;

(2) in subparagraph (C), by striking the period at the end 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 National School Lunch Act (42 U.S.C. 1766(d)(1)) 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 National School Lunch 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 "2 meals and 1 supplement".

(e) IMPROVED TARGETING OF DAY CARE HOME REIMBURSEMENTS.—

(1) RESTRUCTURED DAY CARE HOME REIMBURSEMENTS.—Section 17(f)(3) of the National School Lunch Act (42 U.S.C. 1766(f)(3)) is amended by striking "(3)(A) Institutions" and all that follows through the end of subparagraph (A) and inserting the following:

"(3) REIMBURSEMENT OF FAMILY OR GROUP DAY CARE HOME SPONSORING ORGANIZATIONS.—

"(A) REIMBURSEMENT FACTOR.—

"(i) IN GENERAL.—An institution that participates in the program under this section as a family or group day care home sponsoring organization shall be provided, for payment to a home sponsored by the organization, reimbursement factors in accordance with this subparagraph for the cost of obtaining and preparing food and prescribed labor costs involved in providing meals under this section.

"(ii) TIER I FAMILY OR GROUP DAY CARE HOMES.—

"(I) DEFINITION OF TIER I FAMILY OR GROUP DAY CARE HOME.—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 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 95 cents for lunches and suppers, 27 cents for breakfasts, and 13 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 minimum verification requirements that are necessary to carry out this clause.".

(2) GRANTS TO STATES TO PROVIDE ASSISTANCE TO FAMILY OR GROUP DAY CARE HOMES.—Section 17(f)(3) of the National School Lunch Act (42 U.S.C. 1766(f)(3)) is amended by adding at the end the following:

"(D) GRANTS TO STATES TO PROVIDE ASSISTANCE TO FAMILY OR GROUP DAY CARE HOMES.—

"(i) IN GENERAL.—

"(I) RESERVATION.—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 708(e)(1) of the Personal Responsibility and Work Opportunity Reconciliation 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 National School Lunch Act (42 U.S.C. 1766(f)(3)), as amended by paragraph (2), is amended by adding at the end the following:

"(E) PROVISION OF DATA TO FAMILY OR GROUP DAY CARE HOME SPONSORING ORGANIZATIONS.—

"(i) CENSUS DATA.—The Secretary shall provide to each State agency administering a child and adult care food program under this section data from the most recent decennial census survey or other appropriate census survey for which the data are available showing which areas in the State meet the requirements of subparagraph (A)(ii)(I)(aa). The State agency shall provide the data to family or group day care home sponsoring organizations located in the State.

"(ii) SCHOOL DATA.—

"(I) IN GENERAL.—A State agency administering the school lunch program under this Act or the

school breakfast program under the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.) shall provide 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 National School Lunch Act (42 U.S.C. 1766(c)) is amended by inserting "except as provided in subsection (f)(3)," after "For purposes of this section," each place it appears in paragraphs (1), (2), and (3).

(f) REIMBURSEMENT.—Section 17(f) of the National School Lunch Act (42 U.S.C. 1766(f)) is amended—

(1) in paragraph (3)—

(A) in subparagraph (B), by striking the third and fourth sentences; and

(B) in subparagraph (C)(ii), by striking "conduct outreach" and all that follows through "may become" and inserting "assist unlicensed family or group day care homes in becoming"; and

(2) in the first sentence of paragraph (4), by striking "shall" and inserting "may".

(g) NUTRITIONAL REQUIREMENTS.—Section 17(g)(1) of the National School Lunch Act (42 U.S.C. 1766(g)(1)) 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 National School Lunch Act (42 U.S.C. 1766) 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 National School Lunch Act (42 U.S.C. 1766(m)) is amended by striking "at all times" and inserting "at any reasonable time".

(j) UNNEEDED PROVISION.—Section 17 of the National School Lunch Act is amended by striking subsection (q).

(k) 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 of Agriculture 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 of Agriculture shall issue final regulations to implement the provisions of law referred to in subparagraph (A).

(l) 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 and adult 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 and adult care food program under section 17 of the National School Lunch Act (42 U.S.C. 1766) shall submit to the Secretary of Agriculture 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 date of enactment of this section, the Secretary of Agriculture 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. 709. 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) DEMONSTRATION PROJECT OUTSIDE SCHOOL HOURS.—Section 18(e) of the National School Lunch Act (42 U.S.C. 1769(e)) 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.".

SEC. 710. REDUCTION OF PAPERWORK.

Section 19 of the National School Lunch Act (42 U.S.C. 1769a) is repealed.

SEC. 711. INFORMATION ON INCOME ELIGIBILITY.

Section 23 of the National School Lunch Act (42 U.S.C. 1769d) is repealed.

SEC. 712. NUTRITION GUIDANCE FOR CHILD NUTRITION PROGRAMS.

Section 24 of the National School Lunch Act (42 U.S.C. 1769e) is repealed.

Subtitle B—Child Nutrition Act of 1966

SEC. 721. 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. 722. 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 food authority 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 food authority. A routine change in the policy of a school food authority, 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 food authority to submit a policy statement.".*

SEC. 723. SCHOOL BREAKFAST PROGRAM AUTHORIZATION.

(a) TRAINING AND TECHNICAL ASSISTANCE IN FOOD PREPARATION.—Section 4(e)(1)(B) of the Child Nutrition Act of 1966 (42 U.S.C. 1773(e)(1)(B)) is amended by striking the second sentence.

(b) EXPANSION OF PROGRAM; STARTUP AND EXPANSION COSTS.—

> *(1) IN GENERAL.—Section 4 of the Child Nutrition Act of 1966 (42 U.S.C. 1773) 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. 724. 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 Child Nutrition Act of 1966 (42 U.S.C. 1776(e)), 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 be required to submit to the Secretary for approval only a substantive change in the plan.".*

SEC. 725. 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. 726. 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. 727. 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. 728. 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. 729. 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 Child Nutrition Act of 1966 (42 U.S.C. 1786(c)) is amended by striking paragraph (5).

(c) ELIGIBLE PARTICIPANTS.—Section 17(d) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(d)) is amended by striking paragraph (4).

(d) NUTRITION EDUCATION.—Section 17(e) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(e)) is amended—

(1) in paragraph (2), by striking the third sentence;
(2) 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 subparagraph (A), as so redesignated—
(i) by inserting "shall" before "provide"; and
(ii) by striking "and" at the end;
(E) in subparagraph (B), as so redesignated—
(i) by inserting "shall" before "provide"; and

(ii) by striking the period at the end and inserting "; and"; and

(F) by adding at the end the following:

"(C) may provide a local agency with materials describing other programs for which a participant in the program may be eligible.";

(3) in paragraph (5), by striking "The State agency shall ensure that each" and inserting "Each"; and

(4) by striking paragraph (6).

(e) STATE PLAN.—Section 17(f) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(f)) 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 be required to submit to the Secretary for approval only 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";

(vi) by redesignating clauses (xi) and (xiii), as so amended, as clauses (ix) and (x), respectively; and

(vii) in clause (ix), as so redesignated, by adding "and" at the end;

(C) by striking subparagraph (D); and

(D) by redesignating subparagraph (E) as subparagraph (D);

(2) by striking paragraphs (6) 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 (7) through (21) as paragraphs (6) through (20), and paragraphs (23) and (24) as paragraphs (21) and (22), respectively.

(f) INFORMATION.—Section 17(g) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(g)) 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 Child Nutrition Act of 1966 (42 U.S.C. 1786(h)) is amended—

(A) in paragraph (4)(E), by striking "and, on" and all that follows through "(d)(4)"; and

(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)".

(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 Child Nutrition Act of 1966 (42 U.S.C. 1786(h)(8)) that is in effect on the date of enactment of this subsection.

(h) NATIONAL ADVISORY COUNCIL ON MATERNAL, INFANT, AND FETAL NUTRITION.—Section 17(k)(3) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(k)(3)) 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 Child Nutrition Act of 1966 (42 U.S.C. 1786) 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 Child Nutrition Act of 1966 (42 U.S.C. 1786), as amended by subsection (i), is 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. 730. CASH GRANTS FOR NUTRITION EDUCATION.

Section 18 of the Child Nutrition Act of 1966 (42 U.S.C. 1787) is repealed.

SEC. 731. 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 Child Nutrition Act of 1966 (42 U.S.C. 1788(f)) 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 Child Nutrition Act of 1966 (42 U.S.C. 1788(g)(1)) 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 Child Nutrition Act of 1966 (42 U.S.C. 1788(h)) 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 Child Nutrition Act of 1966 (42 U.S.C. 1788(i)) is amended—

(1) in the first sentence of paragraph (2)(A), by striking "and each succeeding fiscal year";

(2) by redesignating paragraphs (3) and (4) as paragraphs (4) and (5), respectively; and

(3) by inserting after paragraph (2) the following:

"(3) FISCAL YEARS 1997 THROUGH 2002.—

"(A) IN GENERAL.—There are authorized to be appropriated to carry out this section $10,000,000 for each of fiscal years 1997 through 2002.

"(B) GRANTS.—

"(i) IN GENERAL.—Grants to each State from the amounts made available under subparagraph (A) shall be based on a rate of 50 cents for each child enrolled in schools or institutions 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 Child Nutrition Act of 1966 (42 U.S.C. 1788) is amended by striking subsection (j).

(g) EFFECTIVE DATE.—The amendments made by subsection (e) shall become effective on October 1, 1996.

Subtitle C—Miscellaneous Provisions

SEC. 741. 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 (42 U.S.C. 1751 et seq.), the summer food service program under section 13 of that Act (42 U.S.C. 1761), and the school breakfast program under section 4 of the Child Nutrition Act of 1966 (42 U.S.C. 1773), 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).

SEC. 742. REQUIREMENTS RELATING TO PROVISION OF BENEFITS BASED ON CITIZENSHIP, ALIENAGE, OR IMMIGRATION STATUS UNDER THE NATIONAL SCHOOL LUNCH ACT, THE CHILD NUTRITION ACT OF 1966, AND CERTAIN OTHER ACTS.

(a) SCHOOL LUNCH AND BREAKFAST PROGRAMS.—Notwithstanding any other provision of this Act, an individual who is eligible to receive free public education benefits under State or local law shall not be ineligible to receive benefits provided under the school lunch program under the National School Lunch Act (42 U.S.C. 1751 et seq.) or the school breakfast program under section 4 of the Child Nutrition Act of 1966 (42 U.S.C. 1773) on the basis of citizenship, alienage, or immigration status.

(b) OTHER PROGRAMS.—

(1) IN GENERAL.—Nothing in this Act shall prohibit or require a State to provide to an individual who is not a citizen or a qualified alien, as defined in section 431(b), benefits under programs established under the provisions of law described in paragraph (2).

(2) PROVISIONS OF LAW DESCRIBED.—The provisions of law described in this paragraph are the following:

(A) Programs (other than the school lunch program and the school breakfast program) under the National School Lunch Act (42 U.S.C. 1751 et seq.) and the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.).

(B) Section 4 of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note).

(C) The Emergency Food Assistance Act of 1983 (7 U.S.C 612c note).

(D) The food distribution program on Indian reservations established under section 4(b) of the Food Stamp Act of 1977 (7 U.S.C 2013(b)).

TITLE VIII—FOOD STAMPS AND COMMODITY DISTRIBUTION

Subtitle A—Food Stamp Program

SEC. 801. DEFINITION OF CERTIFICATION PERIOD.

Section 3(c) of the Food Stamp Act of 1977 (7 U.S.C. 2012(c)) is amended by striking "Except as provided" and all that follows and inserting the following: "The certification period shall not exceed 12 months, except that the certification period may be up to 24 months if all adult household members are elderly or disabled. A

State agency shall have at least 1 contact with each certified household every 12 months.".

SEC. 802. DEFINITION OF COUPON.

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

SEC. 803. TREATMENT OF CHILDREN LIVING AT HOME.

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

SEC. 804. ADJUSTMENT OF 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. 805. DEFINITION OF HOMELESS INDIVIDUAL.

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

SEC. 806. STATE OPTION FOR ELIGIBILITY STANDARDS.

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

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

SEC. 807. EARNINGS OF STUDENTS.

Section 5(d)(7) of the Food Stamp Act of 1977 (7 U.S.C. 2014(d)(7)) is amended by striking "21" and inserting "17".

SEC. 808. 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) any payments or allowances made for

the purpose of providing energy assistance under any Federal law (other than part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.)), or (B) 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.—Section 5(k) of the Food Stamp Act of 1977 (7 U.S.C. 2014(k)) is amended—

(1) in paragraph (1)—

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

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

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

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

(3) 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 State law (other than a law referred to in paragraph (2)(H)) 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 State law to provide energy assistance shall be considered an out-of-pocket expense incurred and paid by the household.".

SEC. 809. 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—

"(i) income excluded by subsection (d); or

"(ii) 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.—Under rules prescribed by the Secretary, 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. The State agency may make a household with extremely low shelter costs ineligible for the allowance.

"(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 on, or verification of, 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, in the 48 contiguous States and the District of Columbia, Alaska, Hawaii, Guam, and the Virgin Islands of the United States, the excess shelter expense deduction shall not exceed—

"(i) for the period beginning on the date of enactment of this subparagraph and ending on December 31, 1996, $247, $429, $353, $300, and $182 per month, respectively;

"(ii) for the period beginning on January 1, 1997, and ending on September 30, 1998, $250, $434, $357, $304, and $184 per month, respectively;

"(iii) for fiscal years 1999 and 2000, $275, $478, $393, $334, and $203 per month, respectively; and

"(iv) for fiscal year 2001 and each subsequent fiscal year, $300, $521, $429, $364, and $221 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 de-

scribed 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 clause (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 Food Stamp Act of 1977 (7 U.S.C. 2020(e)(3)) is amended by striking ". Under rules prescribed" and all that follows through "verifies higher expenses".

SEC. 810. 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 through September 30, 1996, and $4,650 beginning October 1, 1996; 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. 811. 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. 812. SIMPLIFIED CALCULATION OF INCOME FOR THE SELF-EMPLOYED.

Section 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014), as amended by title I, is amended by adding at the end the following:

"(m) SIMPLIFIED CALCULATION OF INCOME FOR THE SELF-EMPLOYED.—

"(1) IN GENERAL.—Not later than 1 year after the date of enactment of this subsection, the Secretary shall establish a procedure by which a State may submit a method, designed to not increase Federal costs, for the approval of the Secretary, that the Secretary determines will produce a reasonable estimate of income excluded under subsection (d)(9) in lieu of calculating the actual cost of producing self-employment income.

"(2) INCLUSIVE OF ALL TYPES OF INCOME OR LIMITED TYPES OF INCOME.—The method submitted by a State under paragraph (1) may allow a State to estimate income for all types of self-employment income or may be limited to 1 or more types of self-employment income.

"(3) DIFFERENCES FOR DIFFERENT TYPES OF INCOME.—The method submitted by a State under paragraph (1) may differ for different types of self-employment income.".

SEC. 813. DOUBLED PENALTIES FOR VIOLATING FOOD STAMP PROGRAM REQUIREMENTS.

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

(1) in clause (i), by striking "six months" and inserting "1 year"; and

(2) in clause (ii), by striking "1 year" and inserting "2 years".

SEC. 814. DISQUALIFICATION OF CONVICTED INDIVIDUALS.

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

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

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

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

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

SEC. 815. DISQUALIFICATION.

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

"(d) CONDITIONS OF PARTICIPATION.—

"(1) WORK REQUIREMENTS.—

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

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

"(ii) refuses without good cause to participate in an employment and training program established 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 used 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 use a meaning, procedure, or determination under subclause (I) that is less restrictive on individuals receiving benefits under this Act 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 purposes 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 of the Food Stamp Act of 1977 (7 U.S.C. 2029) is amended by striking subsection (f) and inserting the following:

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

SEC. 816. CARETAKER EXEMPTION.

Section 6(d)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)(2)) is amended by adding at the end the following: "A State that requested a waiver to lower the age specified in subparagraph (B) and had the waiver denied by the Secretary as of August 1, 1996, may, for a period of not more than 3 years, lower the age of a dependent child that qualifies a parent or other member of a

household for an exemption under subparagraph (B) to between 1 and 6 years of age.".

SEC. 817. 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) by striking "(4)(A) Not later than April 1, 1987, each" and inserting the following:

"(4) EMPLOYMENT AND TRAINING.—

"(A) IN GENERAL.—

"(i) IMPLEMENTATION.—Each";

(2) in subparagraph (A)—

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

(B) by adding at the end the following:

"(ii) STATEWIDE WORKFORCE DEVELOPMENT SYSTEM.—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 such a system.";

(3) 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;

(4) 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";

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

(6) in subparagraph (G)—

(A) by striking "(G)(i) The State" and inserting "(G) The State"; and

(B) by striking clause (ii);

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

(8) 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";

(9)(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 funds used to carry out 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

(10) in subparagraph (L), as so redesignated—

(A) by striking "(L)(i) The Secretary" and inserting "(L) The Secretary"; and

(B) by striking clause (ii).

(b) FUNDING.—Section 16(h) of the Food Stamp Act of 1977 (7 U.S.C. 2025(h)) is amended by striking "(h)(1)(A) The Secretary" and all that follows through the end of paragraph (1) and inserting the following:

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

"(1) IN GENERAL.—

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

"(i) for fiscal year 1996, $75,000,000;
"(ii) for fiscal year 1997, $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 for each fiscal year.".

(c) ADDITIONAL MATCHING FUNDS.—Section 16(h)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2025(h)(2)) is amended by inserting before the period at the end the following: ", including the costs for case management and casework to facilitate the transition from economic dependency to self-sufficiency through work".

(d) REPORTS.—Section 16(h) of the Food Stamp Act of 1977 (7 U.S.C. 2025(h)) is amended—

(1) in paragraph (5)—

(A) by striking "(5)(A) The Secretary" and inserting "(5) The Secretary"; and

(B) by striking subparagraph (B); and

(2) by striking paragraph (6).

SEC. 818. FOOD STAMP ELIGIBILITY.

The third sentence of section 6(f) of the Food Stamp Act of 1977 (7 U.S.C. 2015(f)) is amended by inserting ", at State option," after "less".

SEC. 819. 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 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. 820. 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 819, 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. 821. DISQUALIFICATION OF FLEEING FELONS.

Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015), as amended by section 820, 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. 822. COOPERATION WITH CHILD SUPPORT AGENCIES.

Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015), as amended by section 821, 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 con-

sultation 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. 823. DISQUALIFICATION RELATING TO CHILD SUPPORT ARREARS.

Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015), as amended by section 822, is amended by adding at the end the following:

"(n) DISQUALIFICATION FOR CHILD SUPPORT ARREARS.—

"(1) IN GENERAL.—At the option of a 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. 824. WORK REQUIREMENT.

(a) IN GENERAL.—Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015), as amended by section 823, 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); and

"(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 subsection (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 36-month period, the individual received food stamp benefits for not less than 3 months (consecutive or otherwise) during which the individual did not—

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

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

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

"(D) receive benefits pursuant to paragraph (3), (4), or (5).

"(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 subsection (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 Ag-

riculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

"(5) SUBSEQUENT ELIGIBILITY.—

"(A) REGAINING ELIGIBILITY.—An individual denied eligibility under paragraph (2) shall regain eligibility to participate in the food stamp program 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 and complies with the requirements of a program under section 20 or a comparable program established by a State or political subdivision of a State.

"(B) MAINTAINING ELIGIBILITY.—An individual who regains eligibility under subparagraph (A) shall remain eligible as long as the individual meets the requirements of subparagraph (A), (B), or (C) of paragraph (2).

"(C) LOSS OF EMPLOYMENT.—

"(i) IN GENERAL.—An individual who regained eligibility under subparagraph (A) and who no longer meets the requirements of subparagraph (A), (B), or (C) of paragraph (2) shall remain eligible for a consecutive 3-month period, beginning on the date the individual first notifies the State agency that the individual no longer meets the requirements of subparagraph (A), (B), or (C) of paragraph (2).

"(ii) LIMITATION.—An individual shall not receive any benefits pursuant to clause (i) for more than a single 3-month period in any 36-month period.

"(6) OTHER PROGRAM RULES.—Nothing in this subsection shall make an individual eligible for benefits under this Act if the individual is not otherwise eligible for benefits under the other provisions of this Act.".

(b) TRANSITION PROVISION.—The term "preceding 36-month period" in section 6(o) of the Food Stamp Act of 1977, as added by subsection (a), does not include, with respect to a State, any period before the earlier of—

(1) the date the State notifies recipients of food stamp benefits of the application of section 6(o); or

(2) the date that is 3 months after the date of enactment of this Act.

SEC. 825. ENCOURAGEMENT OF 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 "(i)(1)(A) Any State" and all that follows through the end of paragraph (1) and inserting the following:

"(i) ELECTRONIC BENEFIT TRANSFERS.—

"(1) IN GENERAL.—

"(A) IMPLEMENTATION.—Not later than October 1, 2002, each State agency shall implement an electronic benefit transfer system under which household benefits deter-

mined under section 8(a) or 26 are issued from and stored in a central databank, unless the Secretary provides a waiver for a State agency that faces unusual barriers to implementing an electronic benefit transfer system.

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

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

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

"(i) commercial electronic funds transfer technology;

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

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

(2) in paragraph (2)—

(A) by striking "effective no later than April 1, 1992,";

(B) in subparagraph (A)—

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

(ii) by striking "on-line";

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

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

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

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

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

(F) by adding at the end the following:

"(I) procurement standards."; and

(3) by adding at the end the following:

"(7) REPLACEMENT OF BENEFITS.—Regulations issued by the Secretary regarding the replacement of benefits and liability for replacement of benefits under an electronic benefit transfer system shall be similar to the regulations in effect for a paper-based 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) APPLICABLE LAW.—Disclosures, protections, responsibilities, and remedies established by the Federal Reserve Board under section 904 of the Electronic Fund Transfer Act (15 U.S.C. 1693b) shall not apply to benefits under this Act delivered through any electronic benefit transfer system.

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

"(A) DEFINITIONS.—In this paragraph:

"(i) AFFILIATE.—The term 'affiliate' has the meaning provided the term in section 2(k) of the Bank Holding Company Act of 1956 (12 U.S.C. 1841(k)).

"(ii) COMPANY.—The term 'company' has the meaning provided the term in section 106(a) of the Bank Holding Company Act Amendments of 1970 (12 U.S.C. 1971), but shall not include a bank, a 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, if 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 credit or debit card services, automated teller machines, point-of-sale terminals, or access to on-line systems.

"(B) RESTRICTIONS.—A company may not sell or provide electronic benefit transfer services, or fix or vary the consideration for electronic benefit transfer services, on the condition or requirement that the customer—

"(i) obtain some additional point-of-sale service from the company or an 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.

"(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. 826. 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. 827. 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. 828. 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. 829. 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. 830. 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. 831. 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. 832. 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. 833. 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. 834. 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. 835. OPERATION OF FOOD STAMP OFFICES.

Section 11 of the Food Stamp Act of 1977 (7 U.S.C. 2020), as amended by sections 809(b) and 819(b), is amended—

(1) in subsection (e)—

(A) by striking paragraph (2) and inserting the following:

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

"(B) 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;";

(B) in paragraph (3)—

(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 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.—Except in a case of disqualification as a penalty for failure to comply with a public assistance program rule or regulation, no".

SEC. 836. 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. 837. 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. 838. 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), by striking "five days" and inserting "7 days";

(2) by striking subparagraph (B);

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

(4) in subparagraph (B), as redesignated by paragraph (3), by striking "five days" and inserting "7 days"; and

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

SEC. 839. 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. 840. 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 835(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. 841. 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 a violation and the suspension or disqualification of a retail food store or wholesale food concern on the basis of evidence that may include facts established through on-site investigations, inconsistent redemption data, or evidence obtained through a transaction report under an electronic benefit transfer system.".

SEC. 842. 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. 843. 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 or 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. 844. 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)(C) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(8)(C)) 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.—The proviso of the first sentence of 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 "section 13(b)(2) which arise" and inserting "35 percent of the value of all funds or allotments recovered or collected pursuant to sections 6(b) and 13(c) and 20 percent of the value of any other funds or allotments recovered or collected, except the value of funds or allotments recovered or collected that arise".

SEC. 845. 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. 846. 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 Food Stamp Act of 1977 (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 section, 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. 847. LIMITATION ON 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. 848. 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 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. 849. WORK SUPPLEMENTATION OR SUPPORT PROGRAM.

Section 16 of the Food Stamp Act of 1977 (7 U.S.C. 2025), as amended by section 848(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. 850. 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) in the first sentence, 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—

"(I) 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; andn

"(II) the project includes an evaluation to determine the effects of the project.

"(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; or

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

"(iii) RESTRICTIONS ON PERMISSIBLE PROJECTS.—If the Secretary finds that a project under subparagraph (A) would reduce benefits by more than 20 percent for more than 5 percent of households in the area subject to the project (not including any household whose benefits are reduced due to a failure to comply with work or other conduct requirements), the project—

"(I) may not include more than 15 percent of the State's food stamp households; and

"(II) shall continue for not more than 5 years after the date of implementation, unless the Secretary approves an extension requested by the State agency at any time.

"(iv) 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) has the effect of substantially transferring funds made available under this Act to services or benefits provided primarily through another public assistance program, or using the funds for any purpose other than the purchase of food, program administration, or an employment or training program;

"(III) is inconsistent with—

"(aa) the last 2 sentences of section 3(i);

"(bb) the last sentence of section 5(a), insofar as a waiver denies assistance to an otherwise eligible household or individual if the household or individual has not failed to comply with any work, behavioral, or other conduct requirement under this or another program;

"(cc) section 5(c)(2);

"(dd) paragraph (2)(B), (4)(F)(i), or (4)(K) of section 6(d);

"(ee) section 8(b);

"(ff) section 11(e)(2)(B);

"(gg) the time standard under section 11(e)(3);

"(hh) subsection (a), (c), (g), (h)(2), or (h)(3) of section 16;

"(ii) this paragraph; or

"(jj) subsection (a)(1) or (g)(1) of section 20;

"(IV) modifies the operation of section 5 so as to have the effect of—

"(aa) increasing the shelter deduction to households with no out-of-pocket housing costs or housing costs that consume a low percentage of the household's income; or

"(bb) absolving a State from acting with reasonable promptness on substantial reported changes in income or household size (except that this subclause shall not apply with regard to changes related to food stamp deductions);

"(V) is not limited to a specific time period; or

"(VI) waives a provision of section 26.

"(v) ADDITIONAL INCLUDED PROJECTS.—A pilot or experimental project may include";

(B) by striking "to aid to families with dependent children under part A of title IV of the Social Security Act" and inserting "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

(C) by striking "coupons. The Secretary" and all that follows through "Any pilot" and inserting the following: "coupons.

"(vi) CASH PAYMENT PILOT PROJECTS.—Any pilot".

SEC. 851. 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 850, 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 describes any modification needed for approval of the waiver request;

"(III) denies the waiver request and describes 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. 852. 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 in the State 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 participating in the program in the State 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 during 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 participating in the program in the State under this subsection to compensate for any State or local sales tax that may be collected on purchases of food by the household, 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. 853. 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. 854. 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 no 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.) may not participate in the Program;

"(2) 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;

"(3) if approved by the Secretary, a household in which 1 or more members but not 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.) may be eligible to participate in the Program; and

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

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

"(B) the food stamp program; or

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

"(d) APPROVAL OF PROGRAM.—

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

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

"(A) 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.—

"(A) IN GENERAL.—The Secretary shall determine whether a Program being carried out by a State agency is increasing Federal costs under this Act.

"(B) NO EXCLUDED HOUSEHOLDS.—In making a determination under subparagraph (A), the Secretary shall not require the State agency to collect or report any information on households not included in the Program.

"(C) ALTERNATIVE ACCOUNTING PERIODS.—The Secretary may approve the request of a State agency to apply alternative accounting periods to determine if Federal costs do not exceed the Federal costs had the State agency not elected to carry out the Program.

"(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 Food Stamp Act of 1977 (7 U.S.C. 2020(e)), as amended by sections 819(b) and 835, 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 Food Stamp Act of 1977 (7 U.S.C. 2017), as amended by section 830, is amended—

(A) by striking subsection (e); and

(B) by redesignating subsection (f) as subsection (e).

(2) Section 17 of the Food Stamp Act of 1977 (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. 855. STUDY OF THE USE OF FOOD STAMPS TO PURCHASE VITAMINS AND MINERALS.

(a) IN GENERAL.—The Secretary of Agriculture, in consultation with the National Academy of Sciences and the Center for Disease Control and Prevention, shall conduct a study on the use of food stamps provided under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.) to purchase vitamins and minerals.

(b) ANALYSIS.—The study shall include—

(1) an analysis of scientific findings on the efficacy of and need for vitamins and minerals, including—

(A) the adequacy of vitamin and mineral intakes in low-income populations, as shown by research and surveys conducted prior to the study; and

(B) the potential value of nutritional supplements in filling nutrient gaps that may exist in the United States population as a whole or in vulnerable subgroups in the population;

(2) the impact of nutritional improvements (including vitamin or mineral supplementation) on the health status and health care costs of women of childbearing age, pregnant or lactating women, and the elderly;

(3) the cost of commercially available vitamin and mineral supplements;

(4) the purchasing habits of low-income populations with regard to vitamins and minerals;

(5) the impact of using food stamps to purchase vitamins and minerals on the food purchases of low-income households; and

(6) the economic impact on the production of agricultural commodities of using food stamps to purchase vitamins and minerals.

(c) REPORT.—Not later than December 15, 1998, the Secretary shall report the results of the study to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

SEC. 856. 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 252 of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 902).

Subtitle B—Commodity Distribution Programs

SEC. 871. 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 during 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 that—

"(A) 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) has been designated by the appropriate State agency, or by the Secretary; and

"(C) 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 meaning provided 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 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 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) 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 entities in the State, both public and private, interested in the distribution of commodities received under this Act.".

(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) 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 States 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 Emergency Food Assistance Act of 1983 (Public Law 98–8; 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 Emergency Food Assistance Act of 1983 (Public Law 98–8; 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 section 854(a), is amended by adding at the end the following:

"SEC. 27. AVAILABILITY OF COMMODITIES FOR THE EMERGENCY FOOD ASSISTANCE PROGRAM.

"(a) PURCHASE OF COMMODITIES.—From amounts made available to carry out this Act, for each of fiscal years 1997 through 2002, the Secretary shall purchase $100,000,000 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. 872. 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. 873. 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. 874. 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. 891. 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 that" and inserting "(d) APPLICABILITY TO SERVICE PROVIDERS OTHER THAN CERTAIN FINANCIAL INSTITUTIONS.—

"(1) IN GENERAL.—If"; and

(2) by adding at the end the following:

"(2) STATE AND LOCAL GOVERNMENT ELECTRONIC BENEFIT TRANSFER SYSTEMS.—

"(A) DEFINITION OF ELECTRONIC BENEFIT TRANSFER SYSTEM.—In this paragraph, the term 'electronic benefit transfer system'—

"(i) means a system under which a government agency distributes needs-tested benefits by establishing accounts that may 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 a Federal, State, or local government agency.

"(B) 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 system established under State or local law or administered by a State or local government.

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

"(D) RULE OF CONSTRUCTION.—No provision of this paragraph—

"(i) affects or alters the protections otherwise applicable with respect to benefits established by any other provision Federal, State, or local law; or

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

TITLE IX—MISCELLANEOUS

SEC. 901. 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) The Child Care and Development Block Grant Act of 1990 (relating to block grants for child care).

SEC. 902. 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. 903. 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

"(B) 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.) is amended by adding at the end the following:

"SEC. 27. 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. 904. 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 non-custodial parent to the custodial parent, regardless of the employment status or location of the non-custodial parent; and

(b) States are encouraged to pursue pilot programs in which the parents of a non-adult, non-custodial parent who refuses to or is unable to pay child support must—

(1) pay or contribute to the child support owed by the non-custodial 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. 905. 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. 906. SENSE OF THE SENATE REGARDING ENFORCEMENT OF STATUTORY RAPE LAWS.

(a) SENSE OF THE SENATE.—It is the sense of the Senate that States and local jurisdictions should aggressively enforce statutory rape laws.

(b) JUSTICE DEPARTMENT PROGRAM ON STATUTORY RAPE.—Not later than January 1, 1997, the Attorney General shall establish and implement a program that—

(1) studies the linkage between statutory rape and teenage pregnancy, particularly by predatory older men committing repeat offenses; and

(2) educates State and local criminal law enforcement officials on the prevention and prosecution of statutory rape, focus-

ing in particular on the commission of statutory rape by predatory older men committing repeat offenses, and any links to teenage pregnancy.

(c) VIOLENCE AGAINST WOMEN INITIATIVE.—The Attorney General shall ensure that the Department of Justice's Violence Against Women initiative addresses the issue of statutory rape, particularly the commission of statutory rape by predatory older men committing repeat offenses.

SEC. 907. 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.".

SEC. 908. REDUCTION OF BLOCK GRANTS TO STATES FOR SOCIAL SERVICES; USE OF VOUCHERS.

(a) REDUCTION OF GRANTS.—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) $2,381,000,000 for the fiscal year 1996;

"(7) $2,380,000,000 for each of the fiscal years 1997 through 2002; and

"(8) $2,800,000,000 for the fiscal year 2003 and each succeeding fiscal year.".

(b) AUTHORITY TO USE VOUCHERS.—Section 2002 of such Act (42 U.S.C. 1937a) is amended by adding at the end the following:

"(f) A State may use funds provided under this title to provide vouchers, for services directed at the goals set forth in section 2001, to families, including—

"(1) families who have become ineligible for assistance under a State program funded under part A of title IV by reason of a durational limit on the provision of such assistance; and

"(2) families denied cash assistance under the State program funded under part A of title IV for a child who is born to a member of the family who is—

"(A) a recipient of assistance under the program; or

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

SEC. 909. RULES RELATING TO DENIAL OF EARNED INCOME CREDIT ON BASIS OF DISQUALIFIED INCOME.

(a) REDUCTION IN DISQUALIFIED INCOME THRESHOLD.—

(1) IN GENERAL.—Paragraph (1) of section 32(i) 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.—Subsection (j) of section 32 of such Code is amended to read as follows:

"(j) INFLATION ADJUSTMENTS.—

"(1) IN GENERAL.—In the case of any taxable year beginning after 1996, each of the dollar amounts in subsections (b)(2) and (i)(1) 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, determined by substituting 'calendar year 1995' for 'calendar year 1992' in subparagraph (B) thereof.

"(2) ROUNDING.—

"(A) IN GENERAL.—If any dollar amount in subsection (b)(2), after being increased under paragraph (1), is not a multiple of $10, such dollar amount shall be rounded to the nearest multiple of $10.

"(B) DISQUALIFIED INCOME THRESHOLD AMOUNT.—If the dollar amount in subsection (i)(1), after being increased under paragraph (1), is not a multiple of $50, such amount shall be rounded to the next lowest multiple of $50.".

(3) CONFORMING AMENDMENT.—Paragraph (2) of section 32(b) of such Code is amended to read as follows:

"(2) AMOUNTS.—The earned income amount and the phaseout amount shall be determined as follows:

In the case of an eligible individual with:	The earned income amount is:	The phaseout amount is:
1 qualifying child	$6,330	$11,610
2 or more qualifying children	$8,890	$11,610
No qualifying children	$4,220	$ 5,280".

(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 DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years beginning after December 31, 1995.

(2) ADVANCE PAYMENT INDIVIDUALS.—In the case of any individual who on or before June 26, 1996, has in effect an earned income eligibility certificate for the individual's taxable year beginning in 1996, the amendments made by this section shall apply to taxable years beginning after December 31, 1996.

SEC. 910. MODIFICATION OF ADJUSTED GROSS INCOME DEFINITION FOR EARNED INCOME CREDIT.

(a) IN GENERAL.—Subsections (a)(2)(B), (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" each place it appears and inserting "modified adjusted gross income".

(b) MODIFIED ADJUSTED GROSS INCOME DEFINED.—Section 32(c) of such Code (relating to definitions and special rules) is amended by adding at the end the following new paragraph:

"(5) MODIFIED ADJUSTED GROSS INCOME.—

"(A) IN GENERAL.—The term 'modified adjusted gross income' means adjusted gross income determined without regard to the amounts described in subparagraph (B).

"(B) CERTAIN AMOUNTS DISREGARDED.—An amount is described in this subparagraph if it is—

"(i) the amount of losses from sales or exchanges of capital assets in excess of gains from such sales or exchanges to the extent such amount does not exceed the amount under section 1211(b)(1),

"(ii) the net loss from estates and trusts,

"(iii) the excess (if any) of amounts described in subsection (i)(2)(C)(ii) over the amounts described in subsection (i)(2)(C)(i) (relating to nonbusiness rents and royalties), and

"(iv) 50 percent of the net loss from the carrying on of trades or businesses, computed separately with respect to—

"(I) trades or businesses (other than farming) conducted as sole proprietorships,

"(II) trades or businesses of farming conducted as sole proprietorships, and

"(III) other trades or businesses.

For purposes of clause (iv), there shall not be taken into account items which are attributable to a trade or business which consists of the performance of services by the taxpayer as an employee.".

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years beginning after December 31, 1995.

(2) ADVANCE PAYMENT INDIVIDUALS.—In the case of any individual who on or before June 26, 1996, has in effect an earned income eligibility certificate for the individual's taxable year beginning in 1996, the amendments made by this section shall apply to taxable years beginning after December 31, 1996.

SEC. 911. 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 any State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.).

SEC. 912. ABSTINENCE EDUCATION.

Title V of the Social Security Act (42 U.S.C. 701 et seq.) is amended by adding at the end the following section:

"SEPARATE PROGRAM FOR ABSTINENCE EDUCATION

"SEC. 510. (a) For the purpose described in subsection (b), the Secretary shall, for fiscal year 1998 and each subsequent fiscal year,

allot to each State which has transmitted an application for the fiscal year under section 505(a) an amount equal to the product of—

"(1) the amount appropriated in subsection (d) for the fiscal year; and

"(2) the percentage determined for the State under section 502(c)(1)(B)(ii).

"(b)(1) The purpose of an allotment under subsection (a) to a State is to enable the State 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.

"(2) For purposes of this section, 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.

"(c)(1) Sections 503, 507, and 508 apply to allotments under subsection (a) to the same extent and in the same manner as such sections apply to allotments under section 502(c).

"(2) Sections 505 and 506 apply to allotments under subsection (a) to the extent determined by the Secretary to be appropriate.

"(d) For the purpose of allotments under subsection (a), there is appropriated, out of any money in the Treasury not otherwise appropriated, an additional $50,000,000 for each of the fiscal years 1998 through 2002. The appropriation under the preceding sentence for a fiscal year is made on October 1 of the fiscal year.".

SEC. 913. CHANGE IN REFERENCE.

Effective January 1, 1997, the third sentence of section 1902(a) and section 1908(e)(1) of the Social Security Act (42 U.S.C. 1396a(a), 1396g–1(e)(1)) are each amended by striking "The First Church of Christ, Scientist, Boston, Massachusetts" and inserting

"The Commission for Accreditation of Christian Science Nursing Organizations/Facilities, Inc." each place it appears.

And the Senate agree to the same.

JOHN R. KASICH,
BILL ARCHER,
WILLIAM F. GOODLING,
PAT ROBERTS,
TOM BLILEY,
E. CLAY SHAW, Jr.,
JAMES TALENT,
JIM NUSSLE,
TIM HUTCHINSON,
JIM MCCRERY,
MICHAEL BILIRAKIS,
LAMAR SMITH,
NANCY L. JOHNSON,
DAVE CAMP,
GARY A. FRANKS,
"DUKE" CUNNINGHAM,
MIKE CASTLE,
BOB GOODLATTE,
Managers on the Part of the House.

From the Committee on the Budget:

PETE V. DOMENICI,
D. NICKLES,
PHIL GRAMM,
JIM EXON,

From the Committee on Agriculture, Nutrition, and Forestry:

RICHARD G. LUGAR,
JESSE HELMS,
THAD COCHRAN,
RICK SANTORUM,

From the Committee on Finance:

WILLIAM V. ROTH, Jr.,
JOHN H. CHAFEE,
CHUCK GRASSLEY,
ORRIN HATCH,
AL SIMPSON,

From the Committee on Labor and Human Resources:

NANCY LANDON KASSEBAUM,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to 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, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The Senate amendment struck all of the House bill after the enacting clause and inserted a substitute text.

The House recedes from its disagreement to the amendment of the Senate with an amendment that is a substitute for the House bill and the Senate amendment. The differences between the House bill, the Senate amendment, and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by agreements reached by the conferees, and minor drafting and clerical changes.

EXPLANATION OF THE CONFERENCE AGREEMENT

PRINCIPAL COMPONENTS OF THE CONFERENCE AGREEMENT

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 puts in place the most fundamental reform of welfare since the program's inception. It promotes work over welfare and self-reliance over dependency, thereby showing true compassion for those in America who need a helping hand, not a handout. It takes the historic step of eliminating a Federal entitlement program—Aid to Families with Dependent Children—and replacing it with a block grant that restores the States' fundamental role in assisting needy families. It makes substantial reforms in the Food Stamp Program, cracking down on fraud and abuse and applying tough work standards. It reforms the Supplemental Security Income [SSI] disability program to strengthen eligibility requirements and eliminating incentives for coaching children to misbehave so they can qualify for benefits. It makes sweeping reforms relating to benefits for noncitizens, strengthening the principle that immigrants come to America to work, not to collect welfare benefits.

The legislation does not abandon those Americans who truly need a helping hand. It retains protections for those who experience genuine and intractable hardship. Above all, it recognizes the vulnerability of America's children. It guarantees that they will continue to receive the support they need. Indeed, by discouraging illegitimacy and promoting stable families, this bill vastly improves the prospects of children in welfare families. But for most, welfare

should mean temporary assistance for those striving to return to self-sufficiency.

The legislation is the first of three reconciliation bills called for in the reconciliation directives contained in the fiscal year 1997 budget resolution (H. Con. Res. 178). The measure will slow the growth of Federal welfare spending, but still maintain sufficient increases to protect vulnerable populations. According to preliminary estimates, welfare spending would grow from approximately $83 billion this year to about $107 billion in 2002, excluding the effects of Earned Income Credit [EIC] outlays. When EIC outlays are included, the preliminary estimates show welfare spending growing from about $99 billion this year to roughly $128 billion in 2002. The Federal Government still will spend nearly $600 billion on welfare programs not counting the EIC, and nearly $700 billion when the EIC is included. Either way, when compared with Federal spending projections for the current welfare program, this legislation will reduce the Federal budget deficit by about $55 billion to $56 billion over 6 years.

The importance of these budgetary effects is matched by the historic transformation of the welfare program embraced in this legislation. This measure rests on five principles that are the pillars of the welfare reform strategy in the 104th Congress:

Welfare Should Not Be a Way of Life. The legislation assures that welfare will be a helping hand, not a lifetime handout, by imposing a 5-year lifetime limit on benefits (although as many as 20 percent of families may be allowed exceptions for conditions of hardship).

Work, Not Welfare. For the first time ever, able-bodied welfare recipients will be required to work for their benefits. At least one person in every family must be working within 2 years after receiving welfare or lose benefits, and States are required to have at least half of their single-parent welfare recipients working by 2002.

No More Welfare for Noncitizens and Felons. Most welfare (except emergency benefits) ends for most non-citizens during their first 5 years in the United States. Exceptions are made for refugees, persons who have worked and paid taxes in the United States for 10 years, and those who have served in the U.S. military. States will have the option of denying Medicaid eligibility to noncitizens who enter the United States after enactment. The legislation also terminates benefits for fugitive felons fleeing from prosecution or imprisonment or violating parole, and offers financial incentives to local corrections authorities to report persons incarcerated in their jails who are improperly receiving welfare checks.

Power and Flexibility to the States. The best welfare solutions come from those closest to the problems—not from bureaucrats in Washington. The legislation creates broad cash welfare and child care block grants providing maximum flexibility so that States can reform welfare in ways that are appropriate for them, and can move families into jobs.

Encouraging Personal Responsibility To Halt Rising Illegitimacy Rates. As a result of the current welfare system, which discourages two-parent families, today's illegitimacy rate among welfare families is almost 50 percent and is rising. This legislation seeks to reverse the trend by boosting efforts to establish paternity

and make fathers pay child support. As an added incentive, States that reduce out-of-wedlock births will receive added cash grants.

This legislation reforms welfare to make it more consistent with fundamental American values—by rewarding work and self-reliance, encouraging personal responsibility, and restoring a sense of hope in the future.

TITLE I: BLOCK GRANT FOR TEMPORARY ASSISTANCE FOR NEEDY FAMILIES

1. FINDINGS

Present law

No provision.

House bill

Congress finds that marriage is the foundation of a successful society and an essential institution that promotes the interests of children. Promotion of responsible fatherhood and motherhood is integral to successful child-rearing and the well-being of children. It is the sense of Congress that prevention of out-of-wedlock pregnancy and reduction on out-of-wedlock birth are very important government interests and that the policy outlined in the provisions of this title is intended to address the crisis.

Senate amendment

Adds that an effective strategy to combat teenage pregnancy must deal with the issue of male responsibility, including statutory rape culpability and prevention. Finds protection of teenage girls from pregnancy as well as predatory sexual behavior to be very important Government interests.

Conference agreement

The conference agreement follows the Senate amendment.

2. REFERENCE TO THE SOCIAL SECURITY ACT

Present law

No provision.

House bill

Unless otherwise specified, any reference in this title to an amendment to or repeal of a section or other provision is to the Social Security Act.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

3. BLOCK GRANT TO STATES; PURPOSE

Present law

Title IV–A of the Social Security Act, which provides grants to States for aid and services to needy families with children (AFDC), is designed to encourage care of dependent children in their own homes by enabling States to provide cash aid and services, maintain and strengthen family life, and help parents attain maximum self-support consistent with maintaining parental care and protection.

House bill

Block grants for temporary assistance for needy families (TANF), which replace Title IV–A of the Social Security Act, are established to increase the flexibility of States in operating a program designed to provide assistance to needy families; end dependence on government benefits by promoting job preparation, work and marriage; prevent and reduce the incidence of out-of-wedlock pregnancies; and encourage the formation and maintenance of two-parent families.

This part shall not be interpreted to entitle any individual or family to assistance under any State program funded under this part.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

4. ELIGIBLE STATES—STATE PLAN REQUIREMENTS

Present law

A State must have an approved State plan for aid and services to needy families containing 43 provisions, ranging from single-agency administration to overpayment recovery rules. State plans explain the aid and services that are offered by the State. Aid is defined as money payments. For most parents without a child under age 3, States must provide education, work, or training under the JOBS program to help needy families with children avoid long-term welfare dependence. Note: work and education requirements of JOBS are subject to two conditions—State resources must permit them and the program must be available in the recipient's political subdivision. To receive Federal funds, States must share in program costs. The Federal share of costs (matching rate) varies among States and is inversely related to the square of State per capita income. For AFDC benefits and child care, the Medicaid matching rate is used. This rate now ranges from 50 percent to 78 percent among States and averages about 55 percent. For JOBS activities, the rate averages 60 percent; for administrative costs, 50 percent. The general JOBS participation rate, which expired September 30, 1995, required 20 percent of employable (nonexempt) adult recipients to participate in education, work, or training under

JOBS, in fiscal year 1995. In fiscal year 1996, at least one parent in 60 percent of unemployed-parent families must participate at least 16 hours weekly in an unpaid work experience or other work program. States must restrict disclosure of information to purposes directly connected to administration of the program and to any connected investigation, prosecution, legal proceeding or audit. Each State must offer family planning services to all "appropriate" cases, including minors considered sexually active. State may not require acceptance of these services. Regulations require that States determine need and amount of eligibility on an objective and equitable basis.

House bill

An "eligible State" is a State that, during the 2-year period immediately preceding the fiscal year, has submitted a plan to the Secretary of HHS that the Secretary has found includes a written document describing how the State will:

1. conduct a program, designed to serve all political subdivisions in the State, that provides cash assistance to needy families with (or expecting) children, and that provides parents with work and support services to enable them to become self-sufficient;

2. require a parent or a caretaker receiving assistance to engage in work as defined by the State once the parent or caretaker has received assistance for 24 months (whether or not consecutive) or earlier;

3. ensure that parents and caretakers engage in work activities as described below;

4. take such reasonable steps as the State deems necessary to restrict the use and disclosure of information about recipients of assistance attributable to funds provided by the Federal government.

5. no provision. (See purpose above.)

Further, the document must:

6. indicate whether the State intends to treat families moving into the State differently; and, if so, how.

7. indicate whether it intends to aid noncitizens.

8. set forth objective criteria for delivery of benefits and determinations of eligibility, and for fair and equitable treatment, including an explanation of how it will provide opportunities for adversely affected recipients to be heard in a State administrative or appeal process;

9. no provision;

10. no provision;

11. no provision.

Senate amendment

1. Same.
2. Similar provision.
3. Same.
4. Same.
5. Establish goals and take action to prevent and reduce the incidence of pregnancies outside marriage, and establish numerical

goals for reducing the proportion of births out of wedlock for calendar years 1996 through 2005.

Further, the document must:

6. Same.

7. Same.

8. outline how the State intends to determine, on an objective and equitable basis, the needs of and amount of aid to be provided to needy families; and, except as allowed for incoming families and noncitizens (items 6 and 7) to treat families of similar needs and circumstances similarly.

9. outline how it will grant opportunity for a fair hearing to anyone adversely affected or whose application is not acted on promptly.

10. require, not later than 1 year after enactment, a parent or caretaker is not engaged in work or exempt from work requirements and who has received assistance for more than 2 months to participate in community service. States may opt out of this requirement by notifying the Secretary.

11. outline how the State will conduct a program, designed to reach States and local law enforcement officials, the education system, and relevant counseling services, that provides education and training on the problem of statutory rape so that teenage pregnancy prevention programs may be expanded to include men.

Conference agreement

In general, the conference agreement follows the Senate amendment, except that the Senate recedes on requirements 2, 8, and 9. Requirement 10 is modified to provide that a State may opt out of this requirement by submitting a letter from the Governor to the Secretary.

5. ELIGIBLE STATES—CERTIFICATIONS

Present law

States must have in effect an approved child support program. States must also have an approved plan for foster care and adoption assistance. States must have an income and verification system covering AFDC, Medicaid, unemployment compensation, food stamps, and—in outlying areas—adult cash aid.

House bill

State plans must include the following certifications:

1. that the State will operate a child support enforcement program;

2. that the State will operate a child protection program under Title IV–B (child welfare services and family preservation);

3. specifying which State agency or agencies will administer and supervise the State plan, and assurances that local governments and private sector organizations have been consulted and have had an opportunity to submit comments on the plan; and

4. that the State will provide Indians with equitable access to assistance.

5. no provision.
6. no provision.

Senate amendment

1. Same.
2. that the State will operate a foster care and adoption assistance program under Title IV–E and ensure medical assistance for the children;
3. Same.
4. Same.
5. that the State has established standards to ensure against fraud and abuse.
6. that the State has established and is enforcing standards and procedures to screen for and identify recipients with a history of domestic violence, will refer them to counseling and supportive services, and will waive program requirements that would make it more difficult for these persons to escape violence.

Conference agreement

The conference agreement generally follows the Senate amendment, except that the certification that the State establish and enforce standards and special procedures regarding recipients with a history of domestic violence is made a State option.

6. ELIGIBLE STATES—PUBLIC AVAILABILITY OF STATE PLAN SUMMARY

Present law

Federal regulations require that State program manuals and other policy issuances, which reflect the State plan, be maintained in the State office and in each local and district office for examination on regular workdays.

House bill

The State shall make available to the public a summary of the State plan.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

7. GRANTS TO STATES—FAMILY ASSISTANCE GRANT

Present law

AFDC entitles States to Federal matching funds. Current law provides permanent authority for appropriations without limit for grants to States for AFDC benefits, administration, and AFDC-related child care. Over the years, because of court rulings, AFDC has evolved into an entitlement for qualified individuals to receive cash benefits. In general, States must give AFDC to all persons whose income and resources are below State-set limits if they are in a class or category eligible under Federal rules.

House bill

Each eligible State and Territory is entitled to receive a grant from the Secretary for each of 6 fiscal years (1996 through 2001) in an amount equal to the State family assistance grant for the fiscal year.

A State's family assistance grant is equal to the highest of former Federal payments to the State for AFDC benefits, AFDC Administration, Emergency Assistance, and JOBS during (1) fiscal years 1992 through 1994, on average; (2) fiscal year 1994 plus, under certain circumstances, 85 percent of increased fiscal year 1995 spending for emergency assistance, or (3) fiscal year 1995.

If a State fails to make qualified State expenditures for eligible families under all State programs equal to at least 75 percent of its fiscal year 1994 spending level (or at least 80 percent, if the State fails to meet its mandatory work requirements) for AFDC benefits, AFDC Administration, Emergency Assistance, JOBS, AFDC-related child care, and at-risk child care, its family assistance grant is reduced by the shortfall (see the discussion of penalties below).

Senate amendment

Same, except raises required State expenditures to 80 percent of fiscal year 1994 level.

Conference agreement

The conference agreement follows the House bill.

8. GRANTS TO STATES—GRANT TO REWARD STATES THAT REDUCE OUT-OF-WEDLOCK BIRTHS

Present law

No provision.

House bill

For each fiscal year beginning with 1998, a State's grant amount is increased by 5 or 10 percent if the State "illegitimacy ratio" is 1 or 2 percentage points, respectively, lower in that year than its 1995 illegitimacy ratio. Only States in which the rate of abortion falls below the 1995 level are eligible for these additional grants.

The term "illegitimacy ratio" means, during a fiscal year, the number of out-of-wedlock births that occurred in the State divided by the number of births. In calculating grants, the Secretary must disregard any difference in illegitimacy ratios or abortion rates attributable to a change in State methods of reporting data.

Senate amendment

Follows the House bill, except that for each of 5 fiscal years (1999 through 2003) the Secretary shall make a grant of up to $20 million for each of the 5 States that demonstrate the greatest decrease in out-of-wedlock births during the most recent 2-year period for which the information is available. If fewer than 5 States are eligible, the amount of such grants shall be $25 million.

Conference agreement

The conference agreement follows the Senate amendment, with the modification that funds are available between 1999 and 2002.

9. GRANTS TO STATES—SUPPLEMENTAL GRANT FOR POPULATION INCREASES AND LOW FEDERAL SPENDING PER POOR PERSON IN CERTAIN STATES

Present law

There is no adjustment for population growth. Instead, current law provides unlimited matching funds. When AFDC enrollment climbs, Federal funding automatically rises.

House bill

Subject to the eligibility criteria below, each qualifying State (for purposes of this section, the term "State" is limited to the 50 States and the District of Columbia) is entitled to receive from the Secretary supplemental grants to assist in making cash welfare payments for 4 years, fiscal years 1997-2000. For fiscal year 1997 the supplemental grant equals 2.5 percent of Federal payments to the qualifying State during fiscal year 1994 for AFDC benefits, AFDC Administration, Emergency Assistance, JOBS and AFDC-related child care. For fiscal years 1998 through 2000, each qualifying State is entitled to receive an amount equal to the supplemental grant for the immediately preceding year plus, if it continues to meet the eligibility criteria below, an annual increase. States that no longer meet the qualification criteria are entitled to receive the prior year's grant without increase. A State is a qualifying State for a fiscal year if average Federal welfare spending per poor person is less than the national average and State population growth exceeds the average for all States. States must qualify during fiscal year 1997 in order to qualify during later years. Certain States (i.e. those in which Federal welfare spending per poor person for fiscal year 1994 was less than 35 percent of the fiscal year 1994 national average or in which population has increased by more than 10 percent from April 1, 1990 to July 1, 1994) are deemed to qualify for supplemental grants in each year between fiscal year 1997 and 2000. A total of $800 million is appropriated for this purpose. If this sum is insufficient for full supplemental grants for all qualifying States, pro rata reductions will be made. (p. 244)

Senate amendment

Same except for change in years of possible supplemental grants: fiscal years 1998 through 2001 (instead of 1997 through 2000). States must qualify during fiscal year 1998 in order to do so in later years.

Conference agreement

The conference agreement follows the Senate amendment.

10. GRANTS TO STATES—BONUS TO REWARD HIGH PERFORMANCE STATES

Present law

No provision.

House bill

Certain "high performing" States (i.e. those most successful in achieving the purposes of the block grant program) are entitled to receive additional payments of up to five percent of their State family assistance grant. The formula for measuring State performance shall be developed by the Secretary in consultation with the National Governors' Association and the American Public Welfare Association. A total of $0.5 billion is appropriated for high performance bonuses to States during 5 fiscal years, 1999 through 2003, and average annual performance bonuses are to equal $100 million.

Note.—In addition, required maintenance-of-effort spending is to be reduced for States that achieve performance scores above a threshold set by the Secretary.

Senate amendment

Appropriates twice as much money for high performance bonuses—$1 billion—and provides that average annual bonuses are to equal $175 million for fiscal years 1999 through 2002 and $300 million for fiscal year 2003.

Conference agreement

The conference agreement follows the Senate amendment regarding funding (total of $1 billion) and follows the House bill regarding the criteria for awarding bonuses to "high performance" States. The provision allowing certain high performance States to meet a lower maintenance of effort requirement is dropped (see below).

11. GRANTS TO STATES—CONTINGENCY FUND FOR STATE WELFARE PROGRAMS

Present law

No provision. Current law provides unlimited matching funds.

House bill

To assist States (for purposes of this section, the term "State" is limited to the 50 States and the District of Columbia) with increased welfare needs, the House proposal establishes a contingency fund for matching grants and appropriates up to $2 billion over a total of 5 fiscal years (1997 through 2001) for the fund. Eligible States may receive contingency fund payments totaling up to 20 percent of their annual family assistance grant in any single year (in any single month, States cannot receive more than 1/12 of 20 percent of the annual family assistance grant). States are to submit requests for payment of contingency funds, and the Secretary of the Treasury must make payments to eligible States in the order in which requests are received.

States are eligible to receive payments if State unemployment is high (at or above 6.5 percent in the most recent three-month period) and rising relative to previous years (at least 10 percent above the comparable level in either or both of two preceding years). States also are eligible to receive payments if food stamp participation in the State in the most recent three-month period has risen at least 10 percent from the average monthly number of recipients who would have participated in the comparable quarter of fiscal year 1994 or fiscal year 1995, as determined by the Secretary of Agriculture, if amendments made by this proposal to the food stamp program (including optional food stamp block grant provisions) and to eligibility of noncitizens had been in effect throughout fiscal year 1994 and 1995. States must maintain 100 percent of historic State welfare spending (generally, the amount of State funds spent in fiscal year 1994 for AFDC benefits and administration, AFDC-related child care, at-risk child care, Emergency Assistance, and JOBS) during years in which contingency fund payments are made, or repay an amount reflecting the shortfall. States must share in the cost of contingency funds at their fiscal year 1995 Medicaid matching rate. To smooth their transition to recovery, States that have been receiving contingency fund payments will continue to receive payments for one month after they no longer meet the criteria described above.

Senate amendment

Contingency fund of $2 billion covers 4 fiscal years (1998 through 2001) rather than 5. (Because of the Byrd rule, the provision specifying that the CBO baseline is to assume that no grant will be made after 2001 is deleted.)

Conference agreement

The conference agreement follows the House bill, with the modification that, 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.

12. GRANTS TO STATES—WORK PROGRAM GRANT

Present law

House bill

To assist States in meeting the work requirements, eligible States may receive funds from a supplemental grant for the operation of work programs. To be eligible, a State's total expenditures for the fiscal year to meet work participation requirements must exceed its total jobs spending for fiscal year 1994, its TANF work programs must be coordinated with job training programs of Title II of the Job Training Partnership Act (JTPA), or its successor, and the State must need the extra funds to meet TANF work requirements or certify that it intends to exceed participation requirements. The Secretary is to issue regulations for equitable distribution of the grants. For these supplemental grants, $3 billion is authorized for fiscal year 1999 (amounts appropriated are authorized to remain available until spent).

Senate amendment

No provision.

Conference agreement

The conference agreement follows the Senate amendment.

13. USE OF GRANTS—IN GENERAL

Present law

AFDC and JOBS funds are to be used in conformity with State plans. A State may replace a caretaker relative with a protective payee or a guardian or legal representative.

House bill

Grants may be used in any manner reasonably calculated to accomplish the purposes of this title, including activities now authorized under Titles IV-A and IV-F of the Social Security Act, or to provide low-income households with assistance in meeting home heating and cooling costs.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

14. USE OF GRANTS—LIMITATION ON ADMINISTRATIVE SPENDING

Present law

No provision.

House bill

States may not use more than 15 percent of the family assistance grant for administrative purposes. However, this cap does not apply to spending for information technology and computerization needed to implement the tracking and monitoring required by this title.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

15. USE OF GRANTS—RECIPIENTS MOVING INTO THE STATE FROM ANOTHER STATE

Present law

The Social Security Act forbids the Secretary to approve a plan that denies AFDC eligibility to a child unless he has resided in the State for 1 year. The U.S. Supreme Court has invalidated some State laws that withheld aid from persons who had not resided

there for at least 1 year. It has not ruled on the question of paying lower amounts of aid for incoming residents.

House bill

States may impose program rules and benefit levels of the State from which a family moved if the family has lived in the State for fewer than 12 months.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

16. USE OF GRANTS—TRANSFER OF FUNDS

Present law

No provision.

House bill

States may transfer up to 30 percent of funds paid under this section to carry out a State program under Part B (child welfare and family preservation) or Part E (foster care and adoption assistance), the social services block grant, and the child care and development block grant. Of the 30 percent that may be transferred, not more than one-third (that is, not more than 10 percent of the total block grant) may be transferred into the Social Services Block Grant. Amounts transferred to the Social Services Block Grant must be spent on programs and services for children or their families.

Senate amendment

States may transfer up to 30 percent of funds only to the child care and development block grant.

Conference agreement

The conference agreement follows the House bill, except that the provision allowing transfers into the child protection block grant, which was deleted, is dropped. The conference agreement adds the modification that funds transferred into the Title XX Social Services Block Grant must be spent on families with incomes that do not exceed 200 percent of the poverty level (as determined annually by the Federal Office of Management and Budget).

17. USE OF GRANTS—RESERVATION OF FUNDS

Present law

No provision.

House bill

A State may reserve amounts paid to the State for any fiscal year for the purpose of providing assistance under this part. Reserve funds can be used in any fiscal year.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

18. USE OF GRANTS—AUTHORITY TO OPERATE AN EMPLOYMENT PLACEMENT PROGRAM

Present law

Required JOBS services include job development and job placement. The State agency may provide services directly or through arrangements or under contracts with public agencies or private organizations.

House bill

States may use a portion of the family assistance grant to make payments (or provide job placement vouchers) to State-approved agencies that provide employment services to recipients of cash aid.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

19. USE OF GRANTS—IMPLEMENTATION OF ELECTRONIC BENEFIT TRANSFER SYSTEM

Present law

Regulations permit States to receive Federal reimbursement funds (50 percent administrative cost-sharing rate) for operation of electronic benefit systems. To do so, States must receive advance approval from HHS and must comply with automatic data processing rules.

House bill

States are encouraged to implement an electronic benefit transfer (EBT) system for providing assistance under the State program funded under this part, and may use the grant for such purpose. (The food stamp title of the bill exempts any EBT system distributing need-tested benefits established or administered by a State from Federal Reserve Board rules known collectively as "Regulation E." The most important Regulation E provision requires that lost/stolen benefits be restored; individuals with accounts are responsible only for the first $50 of any loss, when reported in a timely fashion.)

Senate amendment

Same (in Miscellaneous chapter).

Conference agreement

The conference agreement follows the House bill. Conferees also agreed to put comprehensive language on EBT and Regulation E in the food stamps section of this legislation.

20. USE OF GRANTS—INDIVIDUAL DEVELOPMENT ACCOUNTS

Present law

No provision.

House bill

No provision.

Senate amendment

Authorizes a State to use TANF funds to fund individual development accounts established by recipients for specified purposes: postsecondary educational expenses, first-home purchase, business capitalization. Terms include: contributions must be from earned income, withdrawals would be allowed only for the above purposes, and Federal benefit programs must disregard funds in the account in determining eligibility and amount of aid.

Conference agreement

The conference agreement follows the Senate amendment.

21. ADMINISTRATIVE PROVISIONS

Present law

The Secretary pays AFDC funds to the State on a quarterly basis.

House bill

The Secretary shall make each grant payable to a State in quarterly installments. The Secretary is to estimate each State's payment on the basis of a report about expected expenditures from the State and to certify to the Secretary of the Treasury the amount estimated, adjusted if needed for overpayments or underpayments for any past quarter. The Secretary must notify States not later than three months in advance of any quarterly payment that will be reduced to reflect payments made to Indian tribes in the State. Under certain circumstances, overpayments to individuals no longer receiving temporary family assistance will be collected from Federal income tax refunds and repaid to affected States.

Senate amendment

Same, except the provision regarding "Collection of State Overpayments to Families from Federal Tax Refunds" was deleted because of the Byrd rule.

Conference agreement

The conference agreement follows the Senate amendment.

22. FEDERAL LOANS FOR STATE WELFARE PROGRAMS

Present law

No provision. Instead, current law provides unlimited matching funds.

House bill

The proposal establishes a $1.7 billion revolving loan fund from which eligible States may borrow funds to meet the purposes of this title. States that have been penalized for misspending block grant funds as determined by an audit are ineligible for loans. Loans are to mature in 3 years, at the latest, and the cumulative amount of all loans to a State during fiscal years 1997 through 2001 cannot exceed 10 percent of its basic block grant. The interest rate shall equal the current average market yield on outstanding U.S. securities with a comparable remaining maturity length. States face penalties for failing to make timely payments on their loan.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

23. MANDATORY WORK REQUIREMENTS—PARTICIPATION RATE REQUIREMENTS

Present law

The following minimum percentage of nonexempt AFDC families must participate in JOBS:

Fiscal year:	*Minimum percentage*
1995	20
1996 and thereafter (no requirement).	0

The following minimum percentages of two-parent families receiving cash assistance must participate in specified work activities:

Fiscal year:	*Minimum percentage*
1995	50
1996	60
1997	75
1998 (last year)	75
1999 and thereafter (no requirement).	0

House bill

The following minimum percentages of all families receiving assistance funded by the family assistance grant (except those with a child under 1, if exempted by the State) must participate in work activities:

Fiscal year:	*Minimum percentage*
1997	25
1998	30
1999	35

	Minimum percentage
2000	40
2001	45
2002 or thereafter	50

The following minimum percentages of two-parent families receiving cash assistance must participate in specified work activities:

	Minimum percentage
Fiscal year:	
1996	50
1997	75
1998	75
1999 and thereafter	90.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

24. MANDATORY WORK REQUIREMENTS—CALCULATION OF PARTICIPATION RATES

Present law

Participation rates for all families are calculated for each month. A State's rate, expressed as a percentage, equals the number of actual JOBS participants divided by the number of AFDC recipients required to participate (nonexempt from JOBS). In calculating a State's overall JOBS participation rate, a standard of 20 hours per week is used. The welfare agency is to count as participants the largest number of persons whose combined and averaged hours in JOBS activities during the month equal 20 per week.

Participation rates for two-parent families for a month equal the number of parents who participate divided by the number of principal earners in AFDC-UP families (but excluding families who received aid for two months or less, if one parent engaged in intensive job search).

House bill

1. The participation rate (for all families and for two-parent families) for a State for the fiscal year is the average of the participation rates for each month in the fiscal year. The monthly participation rate for a State is a percentage obtained by dividing the number of families receiving assistance that include an adult who is engaged in work by the number of families receiving assistance (not counting those subject to a recent sanction for refusal to work).

2. The required participation rate for a year is to be adjusted down one percentage point for each percentage point that the average monthly caseload is below fiscal year 1995 levels, unless the Secretary finds that the decrease was required by Federal law or results from changes in State eligibility criteria (which must be proved by the Secretary). The Secretary is to prescribe regulations for this adjustment.

3. States have the option of counting individuals receiving assistance under a tribal family assistance plan towards the State work participation requirement.

4. States have the option of not requiring single parents of children under age one to engage in work and may disregard these parents in determining work participation rates.

Senate amendment

1. Same.
2. Same.
3. Same.
4. Allows a parent to receive this exemption only for a total of 12 months, whether or not consecutive.

Conference agreement

The conference agreement follows the Senate amendment, with a modification. For item 1, the conference agreement includes minor heads of households along with adults in the calculation of State work participation rates (in both the numerator and denominator of the calculation).

25. MANDATORY WORK REQUIREMENTS—OPTIONAL INDIVIDUAL RESPONSIBILITY PLAN

Present law

States must make an initial assessment of the educational, child care, and other supportive service needs, and of the skills and employability of each JOBS participant. In consultation with the participant, the agency shall develop an employability plan for the participant, which shall not be considered a contract. After these steps, the State agency may require the participant to negotiate and enter into an agreement that specifies matters such as the participant's obligations, duration of participation, and services to be provided.

House bill

States are required to make an initial assessment of the skills, work experience, and employability of each recipient of assisting under the block grant who is over age 17 or has not completed high school or the equivalent, and is not attending secondary school. States may develop individual responsibility plans setting forth employment goals, obligations of the individual, and services the State will provide. In addition to other penalties that may apply, States may reduce assistance to families that include an individual who fails to comply with the terms of such plans.

Senate amendment

Requires States to require TANF recipient families to enter into a personal responsibility agreement, as developed by the State. The agreement means a binding contract. It is to include a negotiated individual time limit for benefit eligibility, outline steps the family and State will take to move the family to self-sufficiency, provide for sanctions if the individual fails to sign the agreement

or comply with its terms and shall be invalid if the State fails to comply with its terms.

Conference agreement

The conference agreement follows the House bill.

26. MANDATORY WORK REQUIREMENTS—ENGAGED IN WORK

Present law

Not relevant. (As discussed below, required activities in State JOBS programs are education, jobs skills training, job readiness, job development and job placement and two of these four: job search, on-the-job training, work supplementation, and community work experience, or other approved work experience. In general, to be counted as a JOBS participant, a person must be engaged in a JOBS activity for an average of 20 hours weekly.)

House bill

To be counted as engaged in work for a month, a recipient must be participating for at least the minimum average number of hours per week shown in the table below in one or more of these activities: unsubsidized employment, subsidized (private or public) employment, work experience, on-the-job training, job search and job readiness assistance, community service programs, or vocational educational training (12 months maximum).

Fiscal year:	*Minimum average weekly hours*
1996	20
1997	20
1998	20
1999	25
2000	30

Exceptions to the above table: (1) to be considered engaged in work, an adult in a two-parent family must make progress in work activities at least 35 hours per week, with not fewer than 30 hours attributable to the work activities cited above; (2) an individual in job search may be counted as engaged in work for up to 8 weeks, no more than 4 of which may be consecutive; (3) a State may count a single parent with a child under age 11 as engaged in work for a month if the parent works an average of 20 hours weekly in all years (the hourly minimum does not rise for these parents); (4) not more than 20 percent of adults in all families and in two-parent families determined to be engaged in work in the State for a month may meet the work requirement through participation in vocational educational training; (5) teen parents (under age 20) who head their households are considered to be engaged in work if they maintain satisfactory attendance at secondary school or participate in work-related education for at least the minimum average number of hours in the table; and (6) no provision.

Senate amendment

Changes list of work activities by substituting "educational training (not to exceed 24 months with respect to any individual)" for "vocational educational training (not to exceed 12 months with respect to any individual)." (Also, as the table below shows, re-

quired weekly hours of work rise to 35 in fiscal year 2002 and thereafter.)

Fiscal year:	*Minimum average weekly hours*
1996	20
1997	20
1998	20
1999	25
2000	30
2001	30
2002 and thereafter	35

Exceptions to the above table: (1) an adult in a two-parent family is considered engaged in work if he/she works at least 35 hours weekly, with at least 30 hours attributable to one of the activities cited above, and, if the family receives federally-funded child care, the second parent makes satisfactory progress for at least 20 hours weekly in employment, work experience, on-the-job training, or community service; (2) an individual in job search may be counted as engaged in work for only 4 weeks (12 weeks if the State unemployment rate exceeds the national average); (3) same as House provision; (4) not more than 30 percent of adults in all families and in 2-parent families may meet the work activity requirement through participation in vocational educational training (note: bill language refers to vocational educational training, although references elsewhere are to educational training—see above); (5) teen parents (under age 20) who head their households are considered to be engaged in work if they maintain satisfactory attendance at secondary school or the equivalent during the month or participate in education directly related to employment for at least the minimum average number of hours per week in the table; and (6) a person participating in a community service program may be treated as being engaged in work if she provides child care services to another participant in the community service program for the period of time each week determined by the State.

Conference agreement

The conference agreement follows the house bill and the Senate amendment as follows:

First, the conference agreement follows the House bill regarding vocational educational training as a work activity which is creditable for up to 12 months.

Second, the conference agreement follows the House bill regarding the minimum average weekly hours of work required.

Finally, regarding exceptions to the work hour requirements, the conference agreement: (1) follows the Senate amendment on hours of work for adults in a 2-parent family, with the modification exempting the second parent, if such parent is disabled or caring for a severely disabled child; (2) follows the Senate amendment regarding job search, with the modification that a total of 6 weeks is allowed, of which not more than 4 may be consecutive (and, in the case of States in which the unemployment rate is at least 50 percent above the national average, a total of 12 weeks is allowed); in addition an individual may count a partial week of job search as a full week of work limited to one occasion; (3) follows the House bill in permitting States to count certain single parents as engaged

in work if the parent works for 20 hours per week, with the modification that the parent's child must be under age 6 (however, the conference agreement follows the Senate amendment regarding the requirement that States may not disregard such an adult in calculating their work rates); (4) follows the House bill regarding the limitation on the number of parents countable if in vocational education; (5) follows the Senate amendment on teen parents and education, with the modification that teen parents meeting the work requirement in this way are counted towards the 20 percent limitation on vocational education (see above); and (6) follows the Senate amendment on persons providing child care, with the clarification that such hours spent providing child care count towards fulfillment of the hours of work required.

27. MANDATORY WORK REQUIREMENTS—WORK ACTIVITIES DEFINED

Present law

JOBS programs must include specified educational activities (high school or equivalent education, basic and remedial education, and education for those with limited English proficiency); job skills training, job readiness activities, and job development and placement. In addition, States must offer at least two of these four items: group and individual job search; on-the-job training; work supplementation or community work experience program (or another work experience program approved by the HHS Secretary). The State also may offer postsecondary education in "appropriate" cases.

House bill

"Work activities" are defined as unsubsidized employment, subsidized private sector employment, subsidized public sector employment, work experience if sufficient private sector employment is not available, on-the-job training, job search and job readiness assistance, community service programs, vocational educational training (1 year maximum), jobs skills training directly related to employment, education directly related to employment in the case of a recipient who lacks a high school diploma or equivalency, and satisfactory attendance at secondary school for a recipient who has not completed high school.

Senate amendment

Same as House provision except for last two items in list of "work activities." These activities (work-related education and secondary school attendance) are creditable as "work" only for persons under age 20.

Conference agreement

The conference agreement follows the House bill, with the modification to include the provision of child care services to an individual who is participating in a community service program.

28. MANDATORY WORK REQUIREMENTS—PENALTIES AGAINST INDIVIDUALS

Present law

For failure to meet JOBS requirements without good cause, AFDC benefits are denied to the offending parent and payments for the children are made to a third party. In a two-parent family, failure of one parent to meet JOBS requirements without good cause results in denial of benefits for both parents (unless the other parent participates) and third-party payment on behalf of the children. Repeated failures to comply bring potentially longer penalty periods.

House bill

If an adult recipient refuses to engage in required work, the State shall reduce the amount of assistance to the family pro rata (or more, at State option) with respect to the period of work refusal, or shall discontinue aid, subject to good cause and other exceptions that the State may establish. In addition, if block grant recipients fail to meet any of the work requirements, States may terminate their coverage under the Medicaid program. A State may not penalize a single parent caring for a child under age eleven for refusal to work if the parent proves a demonstrated inability to obtain needed child care for specified reasons.

Senate amendment

Same as House provision except that Senate does not provide that States may end Medicaid for block grant recipients who fail to meet any of the work requirements in the act.

Conference agreement

The conference agreement follows the House bill with the modification that, if benefits are terminated under the work requirements of section 407 of this part, States may end Medicaid eligibility for adults made ineligible, but not children in the family. In addition, modifies the House bill and Senate amendment so that States may not penalize a single parent caring for a child under age 6 for refusal to work if the parent proves a demonstrated inability to obtain needed child care for specified reasons.

29. MANDATORY WORK REQUIREMENTS—NONDISPLACEMENT IN WORK ACTIVITIES

Present law

Under JOBS law, no work assignment may displace any currently employed worker or position (including partial displacement such as a reduction in hours of non-overtime work, wages, or employment benefits). Nor may a JOBS participant fill a position vacant because of layoff or because the employer has reduced the workforce with the effect of creating a position to be subsidized.

House bill

In general, an adult in a family receiving IV–A assistance may fill a work vacancy. However, no adult in a Title IV–A work activ-

ity shall be employed or assigned when another person is on layoff from the same or a substantially equivalent job, or when the employer has terminated the employment of a regular worker or otherwise caused an involuntary reduction of its workforce in order to fill the vacancy thus created with a subsidized worker. This provision does not preempt or supersede any State or local law providing greater protection from displacement.

Senate amendment

In general, an adult in a family receiving IV–A assistance may fill a work vacancy. However, no IV–A work assignment may displace a currently employed worker (including any partial displacement such as a reduction in hours of overtime work, wages, or employment benefits), impair an existing contract or collective bargaining agreement, or result in ending a regular worker's employment. States must establish and maintain a grievance procedure, including hearing opportunity, for resolving complaints and providing remedies for violations. This section does not preempt or supersede any State or local law providing greater protection from displacement.

Conference agreement

The conference agreement follows the House bill, with the modification to include a requirement that States establish a grievance procedure for workers adversely affected pursuant to this section.

30. MANDATORY WORK REQUIREMENTS—SENSE OF THE CONGRESS THAT STATE SHOULD PLACE A PRIORITY ON PLACING CERTAIN PARENTS IN WORK

Present law

As a condition of receiving full matching funds, a State must use 55 percent of its JOBS spending for these target groups: persons who have received aid for any 36 of the 60 preceding months, parents under age 24 who failed to complete high school, and parents whose youngest child is within 2 years of becoming ineligible for aid (i.e., whose youngest child is, usually, at least 16).

House bill

It is the sense of Congress that States should give highest priority to requiring adults in two-parent families and adults in single-parent families with children that are older than preschool age to engage in work activities.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

31. MANDATORY WORK REQUIREMENTS—SENSE OF THE CONGRESS THAT STATES SHOULD IMPOSE CERTAIN REQUIREMENTS ON NON-CUSTODIAL, NONSUPPORTING MINOR PARENTS

Present law

No provision.

House bill

It is the sense of the Congress that States should require non-custodial, nonsupporting parents who have not attained 18 years of age to fulfill community work obligations and attend appropriate parenting or money management classes after school.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

32. MANDATORY WORK REQUIREMENTS—REVIEW OF IMPLEMENTATION OF STATE WORK PROGRAMS

Present law

No provision.

House bill

During fiscal year 1999, the Committees on Ways and Means and Finance must hold hearings to review the implementation by States of the mandatory work requirements, and may introduce legislation to remedy any problems found.

Senate amendment

No provision.

Conference agreement

The conference agreement follows the House bill.

33. PROHIBITIONS; REQUIREMENTS—FAMILIES WITH NO MINOR CHILDREN

Present law

Only families with dependent children (under age 18, or 19 at State option if the child is still in secondary school or in the equivalent level of vocational or technical training) can participate in the program.

House bill

Only families with a minor child (who resides with a custodial parent or other adult caretaker relative of the child) or a pregnant individual may receive assistance under this part.

Senate amendment

Adds prohibition against assistance to a family in which an adult already has received 60 months of assistance attributable to Federal funds. See also item 41.

Conference agreement

The conference agreement follows the House bill and the Senate amendment. Conferees note that the 5-year time limit on benefits applies only to benefits provided using Temporary Assistance for Needy Families (TANF) Block Grant funds. Other Federal funds, such as Title XX Social Services Block Grants and support through the expanded Child Care and Development Block Grant, are not restricted for families that have already received 5 years of TANF support.

34. PROHIBITIONS; REQUIREMENTS—NO ADDITIONAL CASH ASSISTANCE FOR CHILDREN BORN TO FAMILIES RECEIVING ASSISTANCE

Present law

No provision.

House bill

1. Block grant funds may not be used to provide cash benefits for a child born to a recipient of cash welfare benefits or an individual who received cash benefits at any time during the 10-month period ending with the birth of the child. This prohibition does not apply to children born as a result of rape or incest. Block grant funds can be used to provide noncash (voucher) assistance for particular goods and services suitable for the care of the child.

2. States that pass a law specifically exempting their own programs from this national rule may use Federal funds to increase cash benefits for families that have additional children while on welfare.

3. If a State has a family cap policy under a section 1115 waiver on the date of enactment, it may continue terms of those family caps.

Senate amendment

1. Same family cap provision except that Senate amendment does not explicitly provide for use of block grant funds to give voucher assistance for care of the excluded child. (This provision was deleted because of the Byrd rule.)

2. Same.

3. Same provision, but adds permission for States to continue terms of family caps resulting from State law passed within 2 years of enactment.

Conference agreement

This provision was deleted due to the Byrd rule.

35. PROHIBITIONS; REQUIREMENTS—NONCOOPERATION IN CHILD SUPPORT

Present law

As a condition of eligibility, applicants or recipients must cooperate in establishing paternity of a child born out-of-wedlock, in obtaining support payments, and in identifying any third party who may be liable to pay for medical care and services for the child.

House bill

The State must stop paying the parent's share of the family welfare benefit if the parent fails to cooperate in establishing paternity, or in establishing, modifying or enforcing a child support order, and the individual does not qualify for a good cause or other exception; the State may deny benefits to the entire family for the parent's failure to cooperate.

Senate amendment

If a parent fails to cooperate in establishing paternity or in establishing, modifying, or enforcing a child support order, and the individual does not qualify for a good cause or other exception, the State shall reduce the family's benefit by at least 25 percent. It may reduce the benefit to zero.

Conference agreement

The conference agreement follows the Senate amendment.

36. PROHIBITIONS; REQUIREMENTS—FAILURE TO ASSIGN CERTAIN SUPPORT RIGHTS TO THE STATE

Present law

As a condition of AFDC eligibility, applicants must assign child support and spousal support rights to the State.

House bill

Block grant funds may not be used to provide cash benefits to a family with an adult who has not assigned to the State rights to child support or spousal support.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

37. PROHIBITIONS; REQUIREMENTS—SCHOOL ATTENDANCE REQUIRED FOR ADULTS WITHOUT A DIPLOMA

Present law

No provision.

House bill

No provision.

Senate amendment

Prohibits any TANF-funded assistance to the family of an adult older than 20 but younger than 51 who has received IV-A aid or food stamps if the person does not have, or is not working toward, a secondary school diploma or its equivalent. An exception is made for a person determined to lack the capacity to successfully complete the course of study.

Conference agreement

The conference agreement follows the Senate amendment.

38. PROHIBITIONS; REQUIREMENTS—SCHOOL ATTENDANCE REQUIRED FOR MINOR CHILDREN

Present law

No provision.

House bill

No provision.

Senate amendment

Prohibits any TANF-funded aid to a family that includes an adult who has received IV–A benefits or food stamps unless the adult ensures that the family's minor dependent children attend school as required by the law of their State.

Provides that a State shall not be prohibited from sanctioning a family with an adult who fails to meet this requirement.

Conference agreement

The conference agreement follows the Senate amendment.

39. PROHIBITIONS; REQUIREMENTS—UNWED MINOR PARENT NOT ATTENDING HIGH SCHOOL OR NOT LIVING WITH AN ADULT

Present law

States may require unwed parents under age 18 to live with an adult in order to receive AFDC. They must require a custodial parent who is under 20 years old and who has not completed high school to participate in an educational activity under the JOBS program.

House bill

States have the option of using Federal funds to provide cash welfare payments to unmarried minors only under specified conditions. States may not use Federal family assistance grant funds to provide assistance to unwed parents under age 18 who have a child at least 12 weeks of age and did not complete high school unless they attend high school or an alternative educational or training program. States may not use Federal funds to provide assistance to unmarried parents under age 18 unless they live with a parent or in another adult-supervised setting; States may, under certain circumstances, use Federal funds to assist teen parents in locating and providing payment for a second chance home or other adult-supervised living arrangement.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

40. PROHIBITIONS; REQUIREMENTS—MEDICAL SERVICES

Present law

States must assure that family planning services are offered to all AFDC recipients who request them. (The Secretary is to reduce AFDC payments by 1 percent for failure to offer and provide family planning services to those requesting them.)

House bill

Federal family assistance grants may not be used to provide medical services; Federal funds may, however, be used to provide prepregnancy family planning services.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

41. PROHIBITIONS; REQUIREMENTS—TIME-LIMITED BENEFITS

Present law

No provision.

House bill

Federal family assistance grants may not be used to provide assistance for the family of a person who has received block grant aid for 60 months (or fewer, at State option), whether or not consecutive. States may give hardship exemptions in a fiscal year to up to 20 percent of their average monthly caseload, including individuals who have been battered or subjected to sexual abuse (but States are not required to exempt these persons). When considering an individual's length of stay on welfare, States are to count only time during which the individual received assistance as the head of household or as the spouse of the household head. Any State funds spent to aid persons no longer eligible for TANF after 5 years of benefits may be counted toward the maintenance-of-effort requirement.

This part shall not be interpreted to prohibit a State from using State funds not originating with the Federal government to aid families that lose eligibility for the block grant program because of the 5-year time limit.

Senate amendment

Same, except adds an exemption from the time limit for persons who live on a reservation of an Indian tribe with a population

of at least 1,000 persons and with at least 50 percent of the adult population not employed.

Conference agreement

The conference agreement follows the House bill and the Senate amendment on the time limit policy, and includes the Senate provision on exceptions for certain Indian populations and the House provision specifying States' authority to use State and local funds to provide support, including cash assistance, after 5 years. (For a description of other Federal funds that may be provided such families, see the conference agreement description of item 33 above.)

42. PROHIBITIONS; REQUIREMENTS—FRAUDULENT MISREPRESENTATION OF RESIDENCE IN TWO STATES

Present law

No provision.

House bill

Any person convicted in Federal court or State court of having fraudulently misrepresented residence in order to obtain benefits or services in two or more States from the family assistance grant, Medicaid, Food Stamps, or Supplemental Security Income programs is ineligible for family assistance grant aid for 10 years.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

43. PROHIBITIONS; REQUIREMENTS—FUGITIVE FELONS AND PROBATION AND PAROLE VIOLATORS

Present law

States may provide a recipient's address to a State or local law enforcement officer who furnishes the recipient's name and social security number and demonstrates that the recipient is a fugitive felon and that the officer's official duties include locating or apprehending the felon.

House bill

No assistance may be provided to an individual who is fleeing to avoid prosecution, custody or confinement after conviction for a crime (or an attempt to commit a crime) that is a felony (or, in New Jersey, a high misdemeanor), or who violates probation or parole imposed under Federal or State law.

Any safeguards established by the State against use or disclosure of information about individual recipients shall not prevent the agency, under certain conditions, from providing the address of a recipient to a law enforcement officer who is pursuing a fugitive felon or parole or probation violator. This provision applies also to a recipient sought by an officer not because he is a fugitive but be-

cause he has information that the officer says is necessary for his official duties. In both cases the officer must notify the State that location or apprehension of the recipient is within his official duties.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

44. PROHIBITIONS; REQUIREMENTS—MINOR CHILDREN ABSENT FROM HOME FOR A SIGNIFICANT PERIOD

Present law

Regulations allow benefits to continue for children who are "temporarily absent" from home.

House bill

No assistance may be provided for a minor child who has been absent from the home for 45 consecutive days or, at State option, between 30 and 180 consecutive days. States may establish a good cause exemption as long as it is detailed in the State report to the Secretary. No assistance can be given to a parent or caretaker who fails to report a missing minor child within five days of the time when it is clear (to the parent) that the child will be absent for the specified time.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

45. PROHIBITIONS; REQUIREMENTS—MEDICAL ASSISTANCE REQUIRED TO BE PROVIDED FOR FAMILIES BECOMING INELIGIBLE FOR ASSISTANCE DUE TO INCREASED EARNINGS OR COLLECTION OF CHILD SUPPORT

Present law

States must continue Medicaid (or pay premiums for employer-provided health insurance) for 6 months to a family that loses AFDC eligibility because of hours of, or income from, work of the caretaker relative, or because of loss of the earned income disregard after 4 months of work. States must offer an additional 6 months of medical assistance, for which it may require a premium payment if the family's income after child care expenses is above the poverty guideline. For extended medical aid, families must submit specified reports. States must continue Medicaid for 4 months to those who lose AFDC because of increased child or spousal support.

House bill

States must provide medical assistance for 1 year to families that become ineligible for block grant assistance because of increased earnings, provided they received cash block grant assistance in at least 3 of the 6 months before the month in which they became ineligible and their income is below the poverty line. For purposes of determining family income to compare with the Federal poverty line, States have the authority to set their own definition of income except that income from the Earned Income Tax Credit must be disregarded. States also must provide medical assistance for 4 months to families that leave welfare (after being enrolled for at least 3 of the previous 6 months) because of increased income from child support or spousal support.

Senate amendment

Same as current law.

Conference agreement

The conference agreement follows the House bill and the Senate amendment, with the modification that income restrictions conform to current law. Transitional Medicaid coverage is extended through the life of the block grant.

46. PROHIBITIONS; REQUIREMENTS—MEDICAID

Present law

States must provide Medicaid to all AFDC recipients and to some AFDC-related groups who do not receive cash aid. Examples include persons who do not receive a monthly payment because the amount would be below $10 (Federal law prohibits payments this small) and persons whose payments are reduced to zero in order to recover previous overpayments.

States must continue Medicaid for specified periods for certain families who lose AFDC benefits. If the family loses AFDC benefits because of increased earnings or hours of employment, Medicaid coverage must be extended for 12 months. (During the second 6 months a premium may be imposed, the scope of benefits may be limited, or alternate delivery systems may be used.) If the family loses AFDC because of increased child or spousal support, coverage must be extended for 4 months. States are also required to furnish Medicaid to certain two-parent families whose principal earner is unemployed and who are not receiving cash assistance because the State has set a time limit on their AFDC coverage.

House bill

States must provide medical assistance to persons who would be eligible for AFDC cash benefits (under terms of July 16, 1996) if that program still were in effect.

A State may increase the AFDC income standard above that of July 16, 1996 by the percentage increase in the consumer price index for all urban consumers over the same period.

Senate amendment

States must provide medical assistance to persons who would be eligible for AFDC (under terms of July 1, 1996) as if that program were still in effect. Simplifies standards to make it easier for States to administer. States would have the option to: (1) lower their income standard, but not below those in effect on May 1, 1988; and (2) use income and resource standards and methodologies that are less restrictive than those in effect on July 1, 1996.

In order to provide States additional flexibility, States may use 1 application form and may administer the program through either its title IV agency or its title XIX agency.

Families would receive transitional Medicaid benefits as under current law.

Conference agreement

The conference agreement follows the House bill and the Senate amendment, with the modification that States must retain the income and resource standards they had for AFDC eligibility on July 16, 1996. States may terminate Medicaid eligibility for an adult who is terminated from TANF because of failure to work. Conferees are concerned that the conference agreement may require States to maintain a dual-eligibility determination system. Conferees, however, lacked adequate information to determine the true nature and extent of this problem. Thus, conferees recommend that the Committees on Ways and Means, Commerce, and Finance conduct hearings in the next Congress to carefully examine this problem. If the committees determine that the dual-eligibility system does in fact impose additional administrative costs on the States, Congress should consider Federal-State cost-sharing schemes and other legislative solutions. In the meantime, conferees are establishing a fund of $.5 billion in entitlement spending that will be distributed among States that experience additional administrative expenses directly attributable to conducting a dual-eligibility system.

47. PROHIBITIONS; REQUIREMENTS—STATE DISREGARD OF INCOME SECURITY PAYMENTS

Present law

AFDC benefits may not be paid to a recipient of old-age assistance (predecessor to Supplemental Security Income (SSI) and now available only in Puerto Rico, Guam, and the U.S. Virgin Islands), SSI, or AFDC foster care payments.

House bill

This provision allows States to disregard payments from old age and survivors' insurance (social security), disability insurance, old-age assistance, foster care, and Supplemental Security Income in determining the amount of block grant cash assistance to be provided to a family.

Senate amendment

No provision.

Conference agreement

The conference agreement follows the Senate amendment.

48. PROHIBITIONS; REQUIREMENTS—NONDISCRIMINATION

Present law

No explicit provision in current AFDC/JOBS law.

House bill

No provision.

Senate amendment

States that have any program or activity that receives block grant funds for Temporary Assistance for Needy Families shall be subject to enforcement authorized under the Age Discrimination Act of 1975, the Rehabilitation Act of 1973 (sec. 504), and the Civil Rights Act of 1964 (Title VI).

Conference agreement

The conference agreement follows the Senate amendment.

49. PROHIBITIONS; REQUIREMENTS—DENIAL OF BENEFITS FOR CERTAIN DRUG-RELATED CONVICTIONS

Present law

No explicit provision.

House bill

No provision.

Senate amendment

An individual convicted under Federal or State law of any crime related to illegal possession, use, or distribution of a drug is ineligible for any Federal means-tested benefit (for 5 years for a misdemeanor and for life for a felony). Family members or dependents of the individual are exempted, and individuals made ineligible would continue to be eligible for emergency benefits, including emergency medical services.

Conference agreement

The conference agreement follows the Senate amendment, with the modification that only TANF block grant benefits and food stamps are denied and that the denial is only for a felony offense.

50. PENALTIES—USE OF GRANT IN VIOLATION OF THIS PART

Present law

If the Secretary finds that a State has failed to comply with the State plan, she is to withhold all payments from the State (or limit payments to categories not affected by noncompliance).

House bill

Note.—Before imposing any of the penalties below, the Secretary shall notify the State of the violation and allow the State to enter into a corrective action plan (item 60). Also, except for items

51 and 52, the Secretary may not impose a penalty if she finds that the State has reasonable cause for its failure to comply.

If an audit finds that a State has used Federal funds in violation of the purposes of this title, the Secretary shall reduce the following quarter's payment by the amount misused. If the State cannot prove that the misuse was unintentional, the State's following quarter payment will be reduced by an additional five percent.

Senate amendment

Same. See also item 57, Failure to Comply with Provisions of IV–A or State Plan.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

51. PENALTIES—FAILURE TO SUBMIT REQUIRED REPORT

Present law

There is no specific penalty for failure to submit a report, although the general noncompliance penalty could apply.

House bill

If a State fails to submit a required quarterly report within one month after the end of a fiscal quarter, the Secretary shall reduce by 4 percent the block grant amount otherwise payable to the State for the next fiscal year. However, the penalty shall be rescinded if the State submits the report before the end of the fiscal quarter succeeding the one for which the report was due.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

52. PENALTIES—FAILURE TO SATISFY MINIMUM PARTICIPATION RATES

Present law

If a State fails to achieve the JOBS participation rate specified in law, the Secretary is to reduce to 50 percent the Federal matching rate for JOBS activities and for full-time personnel costs, which now ranges from 60 percent to 78 percent among States. (However, see item 54, "Corrective Compliance," for penalty waiver authority.)

House bill

If a State fails to achieve its required work participation rate for the fiscal year, the Secretary shall reduce the following year's block grant by up to 5 percent, with the percentage cut based on the "degree of noncompliance." The Secretary has the authority to reduce the penalty if the State economy is in recession. In addition, failure to meet required work participation requirements results in States' being required to maintain 80 percent of historic spending levels, instead of 75 percent.

Senate amendment

Imposes a graduated penalty on each consecutive failure by a State to meet the work participation standard. The Senate amendment also does not authorize the Secretary to reduce the penalty for States with high unemployment.

Conference agreement

On penalty amounts, the conference agreement follows the Senate amendment with the modification that there is a graduated penalty of 5 percent the first year and 2 percent in addition to the prior year's penalty in subsequent years (so annual penalties in consecutive years would be 5 percent in the first year, 7 percent in the second, 9 percent in the third, and so on), with a maximum cumulative penalty of 21 percent. The conference agreement follows the House bill in authorizing the Secretary to reduce the penalty for needy States as defined under the contingency fund eligibility criteria.

53. FAILURE TO PARTICIPATE IN THE INCOME AND ELIGIBILITY VERIFICATION SYSTEM

Present law

States must have in effect an Income and Eligibility Verification System covering AFDC, Medicaid, unemployment compensation, the Food Stamp program, and adult cash aid in the outlying areas. There is no specific penalty for failure to comply.

House bill

If the State fails to participate in the Income and Eligibility Verification System (IEVS) designed to reduce welfare fraud, the Secretary shall reduce by up to 2 percent the annual family assistance grant of the State.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

54. FAILURE TO COMPLY WITH PATERNITY ESTABLISHMENT AND CHILD SUPPORT ENFORCEMENT REQUIREMENTS

Present law

The penalty against a State for noncompliance with child support enforcement rules—loss of AFDC matching funds—shall be suspended if a State submits and implements a corrective action plan.

House bill

If the Secretary determines that a State does not enforce penalties requested by the Title IV–D child support enforcement agency against recipients of cash aid who fail to cooperate in establishing paternity or in establishing, modifying, or enforcing a child sup-

port order under Title IV–D (and who do not qualify for any good cause or other exception), the Secretary shall reduce the cash assistance block grant by up to five percent.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

55. FAILURE TO TIMELY REPAY A FEDERAL LOAN FUND FOR STATE WELFARE PROGRAMS

Present law

No provision.

House bill

If a State fails to pay any amount borrowed from the Federal Loan Fund for State Welfare Programs within the maturity period, plus any interest owed, the Secretary shall reduce the State's family assistance block grant for the immediately succeeding fiscal year quarter by the outstanding loan amount, plus the interest owed on it. The Secretary may not forgive these overdue debts.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

56. FAILURE OF ANY STATE TO MAINTAIN CERTAIN LEVEL OF HISTORIC EFFORT

Present law

No provision.

House bill

If in fiscal years 1997 through 2001 a State fails to spend a sum equal to at least 75 percent of its "historic level" (generally fiscal year 1994 expenditures for AFDC, JOBS, Emergency Assistance, AFDC-related child care and "at-risk" child care) of State spending on specified programs, the Secretary shall reduce the following year's family assistance grant (that is, in fiscal years 1998 through 2002) by the difference between the 75 percent requirement and what the State actually spent. However, States that fail to meet required work participation rates must maintain 80 percent of historic spending levels.

Qualified State expenditures that count toward the 75 percent (or 80 percent) spending requirement are all State-funded expenditures under all State programs that provide any of the following assistance to families eligible for family assistance benefits (and those no longer eligible because of the 5-year time limit or ineligible because of the Act's treatment of noncitizens): cash and child

care assistance; educational activities designed to increase self-sufficiency, job training and work (excluding any expenditure for public education in the State other than expenditures for services or assistance to a member of an eligible family that is not generally available to other persons); administrative costs not to exceed 15 percent of the total amount of qualified State expenditures; and any other use of funds reasonably calculated to accomplish purposes of the temporary family assistance. Qualified expenditures exclude spending from funds transferred from State or local programs except those that exceed the amount expended in 1996 or those for which the State is entitled to a Federal payment under former AFDC/JOBS law (as in effect just before enactment).

The Secretary is to reduce the 75 percent (or 80 percent) maintenance of effort spending requirement by up to eight percentage points (i.e., to no lower than 67 percent or 72 percent) for States that achieve "high performance" scores, based on a threshold to be set by the Secretary, for achieving the goals of the program of Temporary Assistance for Needy Families (TANF).

Senate amendment

Raises required State spending to 80 percent of the "historic" level for all States. (Does not distinguish between States that meet or fail work participation rates in maintenance-of-effort rule.)

The Secretary is to reduce the 80 percent spending requirement by up to 8 percentage points (to as low as 72 percent) for States with high performance scores. (This provision was deleted because of the Byrd rule.)

Conference agreement

The conference agreement follows the House bill, except that the provision allowing reduction of required State spending for high performance States is dropped. Conferees note that State spending on programs that promote self-sufficiency and prevent welfare dependence including, but not limited to, substance abuse treatment, teen parenting and pregnancy prevention shall count towards a State's maintenance of effort. The fact that such funds are spent through or by State or local education agencies should not prevent their being counted towards the State maintenance of effort.

57. SUBSTANTIAL NONCOMPLIANCE OF STATE CHILD SUPPORT ENFORCEMENT PROGRAM REQUIREMENTS

Present law

If a State child support program is found not to be in substantial compliance with Federal requirements, the Secretary is to reduce AFDC matching funds: by 1–2 percent for first finding of noncompliance, by 2–3 percent for second consecutive finding, and by 3–5 percent for third or subsequent finding. (See "corrective compliance" item 54.) Note: State child support plans must undertake to establish paternity of children born out-of-wedlock for whom AFDC is sought, and AFDC law requires the parent to cooperate in establishing paternity. Failure to cooperate makes the parent ineligible for AFDC.

House bill

If a State child support enforcement program is found by review not to have complied with Title IV–D requirements, and the Secretary determines that the program is not in compliance at the time the finding is made, then the Secretary will reduce the State's quarterly block grant payment for each quarter during which the State is not in compliance. For the first finding of noncompliance, the reduction will be between one and two percent; for the second consecutive finding, between two and three percent; for the third or subsequent findings, between three and five percent. Non-compliance of a technical nature is to be disregarded.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

58. FAILURE OF STATE RECEIVING AMOUNTS FROM CONTINGENCY FUND TO MAINTAIN 100 PERCENT OF HISTORIC EFFORT

Present law

Not relevant.

House bill

If the Secretary determines that a State failed to maintain 100 percent of historic State spending, as required during a year in which contingency funds are paid to the State, the following year's block grant payment to the State is to be reduced by the amount of contingency funds paid.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

59. REQUIRED REPLACEMENT OF GRANT FUND REDUCTIONS CAUSED BY PENALTIES

Present law

Not applicable.

House bill

If a State's block grant is reduced as a result of one of the above penalties, the State must, during the following fiscal year, replace the penalized funds using State funds.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

60. PENALTIES—FAILURE TO PROVIDE MEDICAL ASSISTANCE TO FAMILIES BECOMING INELIGIBLE FOR ASSISTANCE UNDER THIS PART DUE TO INCREASED EARNINGS FROM EMPLOYMENT OR COLLECTION OF CHILD SUPPORT

Present law

If the Secretary finds that a State fails to comply substantially with any required provision of its Medicaid plan (including transitional benefits for former AFDC families), she shall withhold all payments to the State (or limit payments to categories not affected by the noncompliance).

House bill

If the Secretary determines that a State does not comply with the requirement to provide extended medical assistance for certain families that become ineligible for block grant assistance due to increased earnings or the collection of child support, the Secretary must reduce the State's block grant by up to 5 percent (depending on the severity of the violation).

Senate amendment

No specific provision about failure to comply with requirement for extended medical assistance, but see item below.

Conference agreement

The conference agreement follows the Senate amendment.

61. PENALTIES—FAILURE TO COMPLY WITH PROVISIONS OF IV–A OR STATE PLAN

Present law

If the Secretary finds that a State has failed to comply with the State plan, she is to withhold all payments from the State (or limit payments to categories not affected by noncompliance). (Item 46 above.)

House bill

No general penalty for failure to comply with State plan.

Senate amendment

If the Secretary, after notice and hearing, finds that a State has not substantially complied with any provision of IV–A or the State plan during a fiscal year, she shall (if a preceding penalty paragraph does not apply) reduce the grant for the next year by up to 5 percent and shall continue an annual reduction of up to 5 percent until she determines that the State no longer is out of compliance.

Conference agreement

The conference agreement follows the House bill, with the modification that a new penalty provision is added for States that fail to meet the requirement to not sanction, for failure to perform work, single parents who prove they cannot find child care for a child under age 6.

62. PENALTIES—FAILURE TO COMPLY WITH 5-YEAR LIMIT ON ASSISTANCE

Present law

Not relevant.

House bill

No specific provision.

Senate amendment

If the Secretary determines that a State during a fiscal year has not complied with the 5-year time limit (for TANF-funded aid), she is to reduce the basic TANF grant for the next year by 5 percent.

Conference agreement

The conference agreement follows the Senate amendment.

63. PENALTIES—REASONABLE CAUSE EXCEPTION

Present law

Not applicable. (States are eligible for unlimited funds, but must match every dollar at a prescribed rate.)

House bill

The Secretary may (except for failure to timely repay the loan fund, failure to meet the maintenance-of-effort requirement and requirement to replace grant reductions caused by penalties) withhold penalties against a State if she determines that the State had reasonable cause for failing to comply with the requirement.

Senate amendment

The Secretary may (except for failure to timely repay the loan fund or failure to meet the maintenance-of-effort requirement) withhold penalties against a State if she determines that the State had reasonable cause for the failure.

Conference agreement

The conference agreement follows the House bill.

64. PENALTIES—CORRECTIVE COMPLIANCE PLAN

Present law

The penalty against a State for substantial noncompliance with child support rules is loss of AFDC matching funds. That penalty shall be suspended if a State submits and implements a corrective action plan. Also, if a State fails to achieve the JOBS participation rate specified in law, the Secretary may waive, in whole

or part, the reduction in matching funds, provided the State has submitted a proposal likely to achieve the applicable participation rate for the current year.

House bill

Before assessing a penalty against a State under any program established or modified by this Act, the Secretary must notify the State of the violation and allow the State an opportunity to enter into a corrective compliance plan within 60 days of the notification. The Federal government will have 60 days within which to accept or reject the plan; if it accepts the plan, and if the State corrects the violation, no penalty will be assessed. A plan submitted by a State is deemed to be accepted if the Secretary does not accept or reject the plan during the 60-day period after the plan is submitted.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

65. PENALTIES—LIMITATION ON AMOUNT OF PENALTY

Present law

If the Secretary finds that a State has failed to comply with the State AFDC plan, he is to withhold all AFDC payments from the State (or limit payments to categories not affected by the noncompliance.)

House bill

In imposing the penalties described above, a State's quarterly family assistance grant cannot be reduced by more than a total of 25 percent; if necessary, penalties in excess of 25 percent will be carried forward to the immediately following fiscal year.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

66. APPEAL OF ADVERSE DECISION

Present law

Current law (sec. 1116 of the Social Security Act) entitles a State to a reconsideration, which HHS must grant upon request, of any disallowed reimbursement claim for an item or class of items. The section also provides for administrative and judicial review, upon petition of a State, of HHS decisions about approval of State plans. At the option of a State, any plan amendment may be treated as the submission of a new plan.

House bill

The Secretary is required to notify the Governor of a State within five days of any adverse decision or action under Title IV–A, including any decision about the State's plan or imposition of a penalty. This section provides for administrative review by a Departmental Appeals Board within HHS, requires a Board decision within 60 days after an appeal is filed, and provides for judicial review (by a United States district court) within 90 days after a final decision by the Board. The proposal also repeals the reference to Title IV–A in section 1116.

Senate agreement

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

67. DATA COLLECTION AND REPORTING—GENERAL REPORTING REQUIREMENT

Present law

States are required to report the average monthly number of families in each JOBS activity, their types, amounts spent per family, length of JOBS participation and the number of families aided with AFDC/JOBS child care services, the kinds of child care services provided, and sliding fee schedules. States that disallow AFDC for minor mothers in their own living quarters are required to report the number living in their parent's home or in another supervised arrangement. States also must report data (including numbers aided, types of families, how long aided, payments made) for families who receive transitional Medicaid benefits.

House bill

The National Integrated Quality Control System draws monthly samples of AFDC cases and reports extensive background information about each case in the sample. JOBS regulations require States to submit a sample of monthly unaggregated case record data.

Senate amendment

Each eligible State must collect on a monthly basis, and report to the Secretary on a quarterly basis, the following information on individual families receiving assistance:

1. the county of residence of the family;
2. whether a child receiving assistance or an adult in the family is disabled;
3. the ages of family members;
4. the number of individuals in the family, and the relationship of each member to the youngest child;
5. the employment status and earnings of the employed adult;
6. the marital status of adults, including whether they are never married, widowed, or divorced;

7. the race and educational status of each adult;
8. the race and educational status of each child;
9. whether the family received subsidized housing, Medicaid, food stamps, or subsidized child care, and if the latter two, the amount received;
10. the number of months the family has received each type of assistance under the program;
11. if the adults participated in, and the number of hours per week of participation in, the following activities: education; subsidized private sector employment; unsubsidized employment; public sector employment, work experience, or community service; job search; job skills training or on-the-job training; and vocational education;
12. information necessary to calculate the State work participation rates;
13. the type and amount of assistance received under the program, including the amount of and reason for any reduction of assistance (including sanctions);
14. any amount of unearned income received by any family member; and
15. the citizenship of family members.

In addition to data on individual cases, States must report, on a sample of cases closed during the quarter, whether families left welfare because of employment, marriage, the five-year time limit on benefits, sanction, or State policy.

States may use scientifically acceptable sampling methods approved by the Secretary to estimate the required data elements. The Secretary shall provide States with case sampling plans and data collection procedures deemed necessary for statistically valid estimates.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

68. OTHER STATE REPORTING REQUIREMENTS

Present law

Regulations require each State to submit quarterly estimates of the total amount (and the Federal share) of expenditures for AFDC benefits and administration. Required quarterly reports include estimates of the Federal share of child support collections made by the State.

House bill

The above quarterly report submitted by the State must also include:

1. a statement of the percentage of the funds paid to the State that is used to cover administrative costs or overhead;
2. a statement of the total amount expended by the State during the quarter on programs for needy families;

3. the number of noncustodial parents in the State who participated in work activities as defined in the proposal during the quarter; and

4. the total amount spent by the State for providing transitional services to a family that no longer receives assistance because of employment, along with a description of those services.

The Secretary shall prescribe regulations necessary to define the data elements.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

69. DATA COLLECTION AND REPORTING—ANNUAL REPORTS TO THE CONGRESS BY THE SECRETARY

Present law

The law requires the HHS Secretary to report promptly to Congress the results of State reevaluations of AFDC need standards and payment standards required at least every 3 years. The Secretary is to annually compile and submit to Congress annual State reports on at-risk child care. The Family Support Act requires the Secretary to submit recommendations regarding JOBS performance standards by a deadline that was extended.

House bill

Not later than 6 months after the end of fiscal year 1997, and each fiscal year thereafter, the Secretary shall send Congress a report describing:

1. whether States are meeting minimum participation rates and whether they are meeting objectives of increasing employment and earnings of needy families, increasing child support collections, and decreasing out-of-wedlock pregnancies and child poverty;

2. demographic and financial characteristics of applicant families, recipient families, and those no longer eligible for temporary family assistance;

3. characteristics of each State program funded under this part; and

4. trends in employment and earnings of needy families with minor children.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

70. DIRECT FUNDING AND ADMINISTRATION BY INDIAN TRIBES—GRANTS FOR INDIAN TRIBES

Present law

No provision for AFDC administration by Indian tribes. Indian and Alaska families with children receive AFDC benefits on the same terms as other families in their States, from State or local AFDC agencies.

More than 80 tribes and native organizations in 24 States are JOBS grantees, having applied to conduct JOBS within 6 months of enactment of the law establishing it. Their JOBS allocation of funds is deducted from that of their State.

House bill

For each fiscal year 1997 through 2000, the Secretary shall pay tribal family assistance grants to eligible Indian tribes (and shall reduce the family assistance grant for the State(s) in which the tribe's service area lies accordingly). The tribal family assistance grant is equal to the total amount of Federal payments to the State for fiscal year 1994 in AFDC benefits, AFDC Administration, Emergency Assistance, and JOBS funds for Indian families residing in the tribal service area. The Secretary shall pay tribes that participated in the JOBS program in fiscal year 1995 a grant equal to their fiscal year 1994 JOBS funding ($7.6 million). This sum is appropriated for each of six fiscal years, 1996 through 2001.

Senate amendment

Same as the House bill, except for adding a fifth year, 2001, for tribal family assistance grants.

Conference agreement

The conference agreement follows the Senate amendment.

71. DIRECT FUNDING AND ADMINISTRATION BY INDIAN TRIBES—THREE-YEAR TRIBAL FAMILY ASSISTANCE PLAN

Present law

Not applicable.

House bill

Indian tribes must submit a tribal family assistance plan to be eligible to receive a tribal family assistance grant. The plan must outline the tribe's approach to providing welfare services during the 3-year period, specify how services will be provided, identify populations and areas served, provide that families will not receive duplicate assistance from a State or other tribal assistance plan, identify employment opportunities in the service area, and apply fiscal accountability provisions of the Indian Self-Determination and Education Assistance Act relating to the submission of a single-agency audit report required under current law.

The Secretary must approve tribal family assistance plans that meet the above requirements. For each tribe receiving a family assistance grant and with the participation of the tribe, the Secretary shall establish minimum work requirements, time limits, and pen-

alties that are consistent with provisions of this Act and the economic conditions and resources of the tribe. Tribes will be subject to the same penalties as States for misusing funds, failing to pay back Federal loan funds, and failing to meet work participation rates. Tribes will also be required to abide by the same data collection and reporting requirements as States.

Unless excepted through a waiver, tribes in Alaska that receive tribal family assistance grants must operate a program comparable to the temporary family assistance program of the State of Alaska.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

72. RESEARCH, EVALUATIONS, AND NATIONAL STUDIES—RESEARCH

Present law

Section 1110 of the Social Security Act authorizes and appropriates "such sums as the Congress may determine" for making grants and contracts to (or jointly financed arrangements with) States and public or private organizations for cooperative research or demonstration projects, such as those relating to the prevention and reduction of dependency.

House bill

The Secretary shall conduct research on the effects, benefits, and costs of operating State programs of Temporary Assistance for Needy Families, including time limits for eligibility. The research shall include studies on the effects of different programs and the impacts of the programs on welfare dependency, illegitimacy, teen pregnancy, employment rates, child well-being, and other appropriate issues.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

73. RESEARCH, EVALUATIONS, AND NATIONAL STUDIES—DEVELOPMENT AND EVALUATION OF INNOVATIVE APPROACHES TO REDUCING WELFARE DEPENDENCY AND INCREASING CHILD WELL-BEING

Present law

Section 1115 of the Social Security Act authorizes waiver of specified provisions of AFDC law for State experimental, pilot or demonstration projects to promote objectives of the law, including self-support of parents and stronger family life.

House bill

The Secretary may assist States in developing, and shall evaluate, innovative approaches for reducing welfare dependency and increasing the well-being of minor children, using random assignments in these evaluations to the maximum extent feasible.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

74. RESEARCH, EVALUATIONS, AND NATIONAL STUDIES—DISSEMINATION OF INFORMATION

Present law

No provision.

House bill

The Secretary shall develop innovative methods of disseminating information on research, evaluations, and studies, including ways to facilitate sharing of information via computers and other technologies.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

75. RESEARCH, EVALUATIONS, AND NATIONAL STUDIES—ANNUAL RANKINGS OF STATES AND REVIEW OF MOST AND LEAST SUCCESSFUL WORK PROGRAMS

Present law

No provision.

House bill

The Secretary shall rank annually States receiving family assistance grants in the order of their success in moving families off welfare and into work, reducing the caseload, and, when a practicable method of calculation becomes available, diverting persons from applying to the program. The Secretary shall review annually the three most and three least successful programs under these criteria.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

76. RESEARCH, EVALUATIONS, AND NATIONAL STUDIES—ANNUAL RANKINGS OF STATES AND REVIEW OF ISSUES RELATING TO OUT-OF-WEDLOCK BIRTHS

Present law

No provision.

House bill

The Secretary shall rank States annually on the percentage of births to families on welfare that are out-of-wedlock and on net changes in the percentage of out-of-wedlock births to families on welfare. The Secretary must review the programs of the five highest and five lowest ranking States under these criteria.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

77. RESEARCH, EVALUATIONS, AND NATIONAL STUDIES—STATE-INITIATED EVALUATIONS

Present law

In a 1994 public notice, HHS stated that it is committed to a broad range of evaluation strategies, including true experimental, quasi-experimental, and qualitative designs, for demonstrations operating under waivers. Section 1115(d) of the Social Security Act required the Secretary to enter into agreements with up to eight applicant States to conduct demonstration projects testing more liberal treatment of unemployed 2-parent families. The law stipulated that the States must evaluate costs and work effort results by use of experimental and control groups.

House bill

A State is eligible to receive funding to evaluate its family assistance program if it submits an evaluation design determined by the Secretary to be rigorous and likely to yield credible and useful information. The State must pay 10 percent of the study's cost, unless the Secretary waives this rule.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

78. RESEARCH, EVALUATIONS, AND NATIONAL STUDIES—REPORT ON CIRCUMSTANCES OF CERTAIN CHILDREN AND FAMILIES

Present law

No provision.

House bill

Beginning 3 years after enactment, the Secretary shall submit an annual report to 4 congressional committees (Ways and Means, Economic and Educational Opportunities, Finance, and Labor and Human Resources) about children whose families reached the cash assistance time limit of TANF, families that include a child ineligible because of the family cap, children born to teenaged parents, and persons who became parents as teenagers after enactment. For each of these four groups, detailed information is required, including percentages that dropped out of school, are employed, have been convicted of a crime or judged delinquent, continue to participate in TANF, have health insurance (and whether from private entity or government), and average family incomes.

Senate amendment

No provision.

Conference agreement

The conference agreement follows the House bill.

79. RESEARCH, EVALUATIONS, AND NATIONAL STUDIES—FUNDING OF STUDIES AND DEMONSTRATIONS

Present law

See "Research" above. For Section 1115(a) "waiver" projects ("Innovative Approaches" above) Federal cost neutrality over the life of a demonstration project is required.

Note: The annual budgets of HHS request funds for policy research. The fiscal year 1997 budget seeks $9 million and lists these priority issues: issues related to welfare reform, health care, family support and independence, poverty, at-risk children and youth, aging and disability, science policy, and improved access to health care and support services.

House bill

For research, development and evaluation of innovative approaches, State-initiated evaluation studies of the family assistance program, and for costs of operating and evaluating demonstration projects begun under the AFDC waiver process, this section authorizes to be appropriated, and appropriates, a total of $15 million annually for 6 fiscal years, 1996 through 2001. Half of this sum is allocated to the purposes described above in "Research" and "Innovative Approaches" and half to the other purposes.

The Secretary may implement and evaluate demonstrations of innovative and promising strategies that provide one-time capital funds to establish, expand, or replicate programs, test performance-based funding, and test strategies in multiple States and types of communities.

Senate amendment

Same, except provides funding only in 4 fiscal years, 1998 through 2001.

Conference agreement

The conference agreement follows the House bill, with the modification to appropriate for the years 1996 through 2002.

80. CHILD POVERTY RATES

Present law

No provision.

House bill

No provision.

Senate amendment

Not later than 90 days after enactment, the governor of a State shall submit to the Secretary a statement of the child poverty rate in the State. Annually thereafter, the governor shall report the child poverty rate to the Secretary. If the rate increases by 5 percent or more as a result of changes made by the Act, the State shall prepare a corrective action plan to reduce the incidence of child poverty.

Conference agreement

The conference agreement follows the Senate amendment on the submission of reports on child poverty rates and the corrective action plans. The conference agreement follows the House bill on provisions in the Senate amendment that provide the Secretary of HHS with the authority to alter State plans.

81. STUDY BY THE CENSUS BUREAU

Present law

No provision.

House bill

The Census Bureau must expand the Survey of Income and Program Participation (SIPP) to evaluate the impact of welfare reforms made by this title on a random national sample of recipients and, as appropriate, other low-income families. The study should focus on the impact of welfare reform on children and families, and should 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. $10 million per year for 7 years (1996–2002) is appropriated for this study.

Senate amendment

Same provision, except that the $10 million annual appropriation is for only 5 years (fiscal years 1998–2002).

Conference agreement

The conference agreement follows the House bill.

82. WAIVERS

Present law

Section 1115 of the Social Security Act authorizes the HHS Secretary to waive specified requirements of State AFDC plans in order to enable a State to carry out any experimental, pilot, or demonstration project that the Secretary judges likely to assist in promoting the program's objectives. Some 38 States have received waivers from the Clinton Administration for welfare reforms, as of late May 1996.

House bill

This section provides that terms of AFDC waivers in effect, or approved, as of September 30, 1995, will continue until their expiration, except that beginning with fiscal year 1996 a State operating under a waiver shall receive the block grant described under Section 403 in lieu of any other payment provided for in the waiver. The section also allows for continuation, under certain conditions of waivers on or approved before July 1, 1997, on the basis of applications made before enactment of the new program.

States have the option to terminate waivers before their expiration, but projects that are ended prematurely must be summarized in written reports. A State that submits a request to end a waiver within 90 days after the adjournment of the first regular session of the State legislature that begins after the date of enactment will be held harmless for accrued cost neutrality liabilities incurred under the waiver.

The Secretary is directed to encourage any State now operating a waiver to continue the project and to evaluate its result or effect. A State may elect to continue one or more individual waivers.

Senate amendment

Same.

Conference agreement

The conference agreement follows the Senate amendment, with the modification that such waivers may only apply to the geographical areas of the State and to the specific program features for which the waiver was granted. All geographical areas of the State and program features of the State program not specifically covered by the waiver must conform to this part. Conferees urge the Secretary to approve the Wisconsin comprehensive welfare reform waiver request (published in the Federal Register on June 10, 1996) by September 1, 1996.

83. ADMINISTRATION (AND REDUCTION IN FEDERAL WORKFORCE)

Present law

An Assistant Secretary for Family Support, appointed by the President by and with consent of the Senate, is to administer AFDC, child support enforcement, and the Jobs Opportunities and Basic Skills (JOBS) program.

House bill

The provision for an Assistant Secretary for Family Support now found in section 417 of Part A of the Social Security Act is retained but modified to remove the reference to the JOBS program, which is repealed.

No requirements to reduce workforce at HHS.

Senate amendment

The Temporary Assistance for Needy Families (TANF) block grant program and the child support enforcement program shall be administered by an Assistant Secretary for Family Support. The HHS Secretary must reduce the number of positions within the Department by 245 equivalent full-time equivalent (FTE) positions related to the conversion of AFDC, Emergency Assistance, and Jobs into TANF and by 60 FTE managerial positions. In general, it requires the Secretary to reduce by 75 percent the number of FTE positions that relate to any direct spending program, or any program funded through discretionary spending that is converted into a block grant program under the bill and to reduce FTE department management positions similarly (on the basis of the portion of the Department's total appropriation represented by programs converted to block grants).

Conference agreement

The conference agreement follows the Senate amendment.

84. LIMITATION ON FEDERAL AUTHORITY

Present law

No provision.

House bill

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.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

85. DEFINITIONS—ADULT

Present law

No provision.

House bill

An individual who is not a minor child.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

86. DEFINITIONS—MINOR CHILD

Present law

No provision. A dependent child is defined as a needy child who is under age 18 (19, at State option, if a full time student in a secondary school or equivalent level of vocational and technical training and expected to complete school before age 19).

House bill

An individual who has not attained 18 years of age or 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).

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

87. DEFINITIONS—FISCAL YEAR

Present Law

No provision.

House Bill

Any 12-month period ending on September 30 of a calendar year.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

88. DEFINITIONS—INDIAN, INDIAN TRIBE, AND TRIBAL ORGANIZATION

Present law

For JOBS purposes, an Indian tribe is defined as any tribe, band, Nation, or other organized group of Indians that is recognized as eligible for special programs and services of the U.S. because of their status as Indians. An Alaska native organization is any organized group of Alaska natives eligible to operate a Federal program under P.L. 93–638 or that group's designee.

House bill

With the exception of specified Indian tribes in Alaska, these terms have the meaning given in the Indian Self-Determination and Education Assistance Act.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

89. DEFINITIONS—STATE

Present law

For purposes of AFDC, the term "State" means the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, the U.S. Virgin Islands, Guam, and American Samoa. The last jurisdiction has not implemented AFDC.

House bill

Except as otherwise specifically provided (e.g., regarding the provision of population growth funds and contingency funds), 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.

Senate amendment

Same, except adds to this definition an option for a State to contract to provide services: The term "State" includes administration and provision of services under the family assistance program and under the programs of child welfare, foster care and adoption assistance, family preservation, and independent living, through contracts with charitable, religious or private organizations, and provision of aid by means of certificates, vouchers, or other forms of disbursement redeemable by these organizations. See item 92.

Conference agreement

The conference agreement follows the House bill.

90. ADDITIONAL GRANTS TO PUERTO RICO, THE VIRGIN ISLANDS, GUAM, AND AMERICAN SAMOA; LIMITATION ON TOTAL PAYMENTS

Present law

Under current law, the territories are eligible for 75 percent matching grants for their expenditures on cash welfare for adult assistance (i.e., assistance for needy persons who are aged, blind, or disabled), Aid to Families with Dependent Children (AFDC), Emergency Assistance (EA), Foster Care and Adoption Assistance, the Job Opportunities and Basic Skills (JOBS) program, and the Family Preservation program (Title IV–B, subpart 2). These matching grants are limited by caps on Federal payments. The territories also receive grants under the child welfare services (Title IV–B, subpart 1) program.

[Note.—Although eligible, territories do not claim foster care and adoption assistance funds.]

The law places a ceiling on total payments for AFDC, aid to needy aged, blind or disabled adults, and foster care and adoption assistance to Puerto Rico—$82 million, the Virgin Islands—$2.8

million, Guam—$3.8 million, and American Samoa (AFDC, foster care, and adoption assistance)—$1 million.

House bill

The proposal retains but increases aggregate welfare ceilings in each of the territories and combines the individual programs into a single block grant. The new ceilings would apply to aggregate spending for cash aid for needy families (TANF), cash aid to needy aged, blind or disabled adults, and child protection (child welfare and family preservation services). The proposal authorizes territories to transfer funds among these programs. Maximum potential fiscal year payments (including both the capped mandatory payments listed below and the authorization of discretionary grants) are as follows: Puerto Rico—$113.5 million; Guam—$5.2 million; U.S. Virgin Islands—$4.0 million; and American Samoa—$1.3 million.

To receive mandatory ceiling amounts (capped entitlements), territories must spend from their own funds in a fiscal year as much as they did in fiscal year 1995 for cash aid to needy families, and cash aid to needy aged, blind, or disabled adults. Federal matching funds, at a 75 percent rate, would reimburse territories for expenditures above their fiscal year 1995 base level, but below the Federal cap. Mandatory ceiling amounts: Puerto Rico—$105.5 million; Guam, $4.9 million; Virgin Islands, $3.7 million; and American Samoa, $1.1 million.

Senate amendment

The proposal retains but increases aggregate welfare ceilings in each of the territories and, in effect, combines all but IV–B services (child welfare services and family preservation) into a single block grant. The new ceilings would apply to aggregate spending for cash aid for needy families (TANF), cash aid to needy aged, blind, or disabled adults, and foster care and adoption assistance. The proposal authorizes territories to transfer funds among these programs.

To receive the new ceiling amounts (capped entitlements), territories must spend from their own funds in a fiscal year for cash aid to needy families and cash aid to needy aged, blind, or disabled adults. Federal matching funds, at a 75 percent rate, would reimburse them for expenditures above their fiscal year 1995 base level, but below the Federal cap. Mandatory ceiling amounts—Puerto Rico—$102 million; Guam, $4.7 million; Virgin Islands, $3.6 million; and American Samoa, $1 million. (Current law and funding arrangements are retained for IV–B programs.)

Conference agreement

The conference agreement generally follows the Senate amendment. The conference agreement adds a provision specifying that States may use Title XX funds to provide vouchers to families losing TANF block grant assistance due to a State-imposed family cap.

91. REPEAL OF PROVISIONS REQUIRING DISAPPROVAL OF MEDICAID PLANS OR DENIAL OF SAME MEDICAID PAYMENTS TO STATES THAT REDUCE WELFARE PAYMENT LEVELS

Present law

If a State reduces AFDC "payment levels" below those of May 1, 1988, the Secretary shall not approve the State's Medicaid plan.

If a State reduces AFDC payment levels below those of July 1, 1987, Medicaid matching funds shall be disallowed for required services to pregnant women and children not enrolled in AFDC but eligible for Medicaid on grounds of low income.

House bill

The House proposal repeals provisions that impose Medicaid sanctions upon States that reduce AFDC payment levels.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

92. SERVICES PROVIDED BY CHARITABLE, RELIGIOUS, AND PRIVATE ORGANIZATIONS

Present law

The Child Care and Development Block Grant (CCDBG) Act prohibits use of any financial assistance provided through any grant or contract for any sectarian purpose or activity. In general, the CCDBG requires religious nondiscrimination, but it does allow a sectarian organization to require employees to adhere to its religious tenets and teachings.

House bill

The proposal authorizes States to administer and provide family assistance services (and services under SSI, the child protection block grant program, foster care, adoption assistance, and independent living programs) through contracts with charitable, religious, or private organizations. Under this provision, religious organizations would be eligible, on the same basis as any other private organization, to provide assistance as contractors or to accept certificates and vouchers so long as their programs are implemented consistent with the Establishment Clause of the Constitution. States may pay recipients by means of certificates, vouchers, or other forms of disbursement that are redeemable with such private organizations.

The proposal provides that, except as otherwise allowed by law, a religious organization administering the program may not discriminate against beneficiaries on the basis of religious belief or refusal to participate in a religious practice. States must provide an alternative provider for a beneficiary who objects to the religious character of the designated organization.

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.

Senate amendment

Same provision, except that administration by charitable, religious, and private organizations is authorized only for TANF and SSI.

Conference agreement

The conference agreement follows the House bill.

93. CENSUS DATA ON GRANDPARENTS AS PRIMARY CAREGIVERS FOR THEIR GRANDCHILDREN

Present law

No provision.

House bill

The Secretary of Commerce shall expand the Census Bureau's question (for the decennial census and the mid-decade census) concerning households with both grandparents and their grandchildren so as to distinguish between households in which a grandparent temporarily provides a home and those where the grandparent serves as primary caregiver.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

94. REPORT ON DATA PROCESSING

Present law

No provision. (State child support plans may provide for establishment of a statewide automated data processing and information retrieval system.)

House bill

The Secretary must report to Congress within six months on the status of automatic data processing systems in the States and on what would be required to produce a system capable of tracking participants in public programs over time and checking case records across States to determine whether some individuals are participating in public programs in more than one State. The report should include a plan for building on the current automatic data processing system to produce a system capable of performing these functions as well as an estimate of the time required to put the system in place and the cost of the system.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

95. STUDY ON ALTERNATIVE OUTCOMES MEASURES

Present law

The Family Support Act required the Secretary to submit to Congress recommendations for JOBS performance standards regarding "specific measures of outcomes." It said the standards should not be measured solely by levels of activity or participation. (The report, due Oct. 1, 1993, was submitted 1 year late.)

House bill

The Secretary must, in cooperation with the States, study and analyze measures of program outcomes (as an alternative to minimum participation rates) for evaluating the success of State block grant programs in helping recipients leave welfare. The study must include a determination of whether outcomes measures should be applied on a State or national basis and a preliminary assessment of the job placement performance bonus established in the Act. The Secretary must report findings to the Committee on Finance and the Committee on Ways and Means not later than September 30, 1998.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

96. WELFARE FORMULA FAIRNESS COMMISSION

Present law

No provision. AFDC funds are not distributed by formula. States are entitled to reimbursement, at matching rates inversely related to their per capita income squared, for all AFDC benefits and AFDC-related child care spending (but not "at-risk" child care). Federal funds received by a State are a function of its AFDC benefit levels, caseloads, and matching rate.

House bill

No provision.

Senate amendment

Establishes a welfare formula fairness commission to make recommendations on funding formulas, bonus payments, and work requirements of the new TANF program. Commission is to have 15 members, 3 each appointed by the President, Senate Majority Leader, Senate Minority Leader, House Speaker, and House Minority Leader. It is to report to Congress by Sept. 1, 1998, either making recommendations for change or giving notice that none is needed.

Conference agreement

The conference agreement follows the House bill.

97. CONFORMING AMENDMENTS TO THE SOCIAL SECURITY ACT

Present law

No provision.

House bill

This section makes a series of technical amendments, including the repeal of the JOBS program, that conform provisions of the proposal with various titles of the Social Security Act.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

98. CONFORMING AMENDMENTS TO THE FOOD STAMP ACT OF 1977 AND RELATED PROVISIONS

Present law

No provision.

House bill

This section makes a series of technical amendments that conform provisions of the proposal with various titles of the Food Stamp Act and other related provisions.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

99. CONFORMING AMENDMENTS TO OTHER LAWS

Present law

No provision.

House bill

This section makes a series of amendments that conform provisions of the proposal to the Unemployment Compensation Amendments of 1976, the Omnibus Budget Reconciliation Act of 1987, the Housing and Urban-Rural Recovery Act of 1983, the Tax Equity and Fiscal Responsibility Act of 1982, the Social Security Amendments of 1967, the Stewart B. McKinney Homeless Assistance Amendments Act of 1988, the Higher Education Act of 1965, the Carl D. Perkins Vocational and Applied Technology Education Act, the Elementary and Secondary Education Act of 1965, Public Law 99-88, the Internal Revenue Code of 1986, the Wagner-Peyser Act, the Job Training Partnership Act, the Low-Income Home Energy

Assistance Act of 1981, the Family Support Act of 1988, the Balanced Budget and Emergency Deficit Control Act of 1985, the Immigration and Nationality Act, the Head Start Act, and the School-to-Work Opportunities Act of 1994.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

100. DEVELOPMENT OF PROTOTYPE OF COUNTERFEIT-RESISTANT SOCIAL SECURITY CARD REQUIRED

Present law

No provision.

House bill

The Commissioner of Social Security is required to develop a prototype of a counterfeit-resistant Social Security card. The Commissioner must report to Congress on the cost of issuing a tamper-proof card for all persons over a three, five, and 10-year period.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

101. COMMUNITY STEERING COMMITTEES DEMONSTRATION PROJECTS

Present law

No provision.

House bill

No provision.

Senate amendment

Requires the Secretary to enter into agreements with up to 5 applicant States to conduct demonstration projects designed to help TANF parents move into the nonsubsidized workforce. Duties of the committee: identify and create unsubsidized jobs for TANF recipients; propose and implement solutions to work barriers; assess needs of the children and provide services to ensure that the children enter school ready to learn and stay in school. A primary responsibility of the committee shall be to help assure that parents who have obtained work retain their jobs. Activities may include counseling, emergency day care, sick day care, transportation, provision of clothing, housing assistance, or any other needed help. Not later than Oct. 1, 2002, the Secretary shall report to Congress on the project results.

Conference agreement

The conference agreement follows the House bill.

102. DISCLOSURE OF RECEIPT OF FEDERAL FUNDS

Present law

No provision.

House bill

Under certain circumstances specified public funds received by nonprofit, tax-exempt 501(c) organizations, must be publicly disclosed. When a 501(c) organization that accepts Federal funds under the Personal Responsibility and Work Opportunity Act (other than those provided under Titles IV, XVI, and XX of the Social Security Act) makes any communication intended to promote public support or opposition to any governmental policy (Federal, State or local) through any broadcasting station, newspaper, magazine, outdoor advertising facility, direct mailing, or any other type of general public advertising, the communication must state: "This was prepared and paid for by an organization that accepts taxpayer dollars."

Senate amendment

Applies the fund disclosure rule to all Federal funds under the Personal Responsibility and Work Opportunity Act. (This provision was deleted because of the Byrd rule.)

Conference agreement

The conference agreement follows the Senate amendment (no provision as a result of the Byrd rule).

103. MODIFICATIONS TO THE JOB OPPORTUNITIES FOR CERTAIN LOW-INCOME INDIVIDUALS PROGRAMS

Present law

The Family Support Act of 1988 (Sec. 505) directed the Secretary to enter into agreement with between 5 and 10 nonprofit organizations to conduct demonstrations to create job opportunities for AFDC recipients and other low-income persons. For these projects, $6.5 million was authorized to be appropriated for each fiscal year, 1990–1992.

House bill

The word "demonstration" is struck from the description of these projects; the projects are converted to grant status. The provision requires the Secretary to enter into agreements with nonprofit organizations to conduct projects that create job opportunities for recipients of family assistance and other persons with income below the poverty guideline. $25 million annually is authorized for these projects.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

104. CONFORMING AMENDMENTS TO MEDICAID

Present law

House bill

Provides for continued application of AFDC standards and methodologies for certain families, entitling them to Medicaid. Allows cost-of-living adjustments in income standards above level of July 16, 1996. See "Prohibitions; Requirements—Medicaid" above.

Senate amendment

Same except that States may use less restrictive income standards and methodologies than under current law.

Conference agreement

The conference agreement follows the House bill.

105. EFFECTIVE DATE; TRANSITION RULE

Present law

No provision.

House bill

Except as otherwise provided, this title and the amendments made by it take effect on July 1, 1997. Penalties (with the major exception of penalties for misuse of Federal family assistance grant funds) will not take effect until July 1, 1997, or six months after the State plan is received by the Secretary, whichever is later.

Within 90 days of enactment, the Secretary of HHS, the Commissioner of Social Security and other heads of appropriate agencies shall submit to appropriate congressional committees. Necessary technical and conforming amendments.

States may opt to begin their block grant program before July 1, 1997, in which case the State is entitled to receive no more than the State family assistance grant for the entire fiscal year; block grant payments will be made pro rata based on the number of days remaining in the fiscal year after the Secretary first received the State plan. The submission of a State plan is deemed to constitute the State's acceptance of the family assistance grant (including pro rata reductions for a partial fiscal year) and the termination of the individual entitlement to benefits under the AFDC program. Effective October 1, 1996, no individual or family shall be entitled to any benefits or services under any State plan under part A or F of Title IV of the Social Security Act (as in effect on September 30, 1995).

The amendments made do not apply with respect to powers, duties, penalties and other considerations applicable to aid, assistance or services provided before the effective date, or with respect to administrative actions and proceedings that commenced before the effective date. Federal and State officials may use scientifically acceptable statistical sampling techniques in closing out accounts.

Each State shall complete the filing of all claims within 2 years after the date of enactment. The person serving as Assistant Secretary for Family Support within HHS on the day before the effective date of this title will continue to serve in that position until a successor is named, performing functions provided under current law and having powers and duties provided in Section 103 of this bill.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

TITLE II: SUPPLEMENTAL SECURITY INCOME

1. REFERENCE TO THE SOCIAL SECURITY ACT

Present law

No provision.

House bill

Any reference in this title expressed in terms of an amendment to or repeal of a section or other provision is made to the Social Security Act.

Senate amendment

Identical to House bill.

Conference agreement

The conference agreement follows the House bill.

Subtitle A—Eligibility Restrictions

2. DENIAL OF SSI BENEFITS TO INDIVIDUALS FOUND TO HAVE FRAUDULENTLY MISREPRESENTED RESIDENCE IN ORDER TO OBTAIN BENEFITS SIMULTANEOUSLY IN 2 OR MORE STATES

Present law

Current law states that any person who knowingly and willfully makes or causes to be made any false statements or misrepresentations in applying for or continuing to receive Supplemental Security Income (SSI) payments may be subject to a civil monetary penalty or be fined or imprisoned pursuant to title 18, U.S. Code.

House bill

Any person convicted in Federal court or State court of having fraudulently misrepresented residence in order to obtain benefits or services from two or more States under title IV, title XV, title XIX, or the Food Stamp Act of 1977, or benefits in 2 or more States from the SSI program, is ineligible for SSI benefits for 10 years. In addition, an official of the court in which the individual was convicted is required to notify the Commissioner of such conviction.

Senate amendment

Identical to House Bill.

Conference agreement

The conference agreement follows the House bill.

3. DENIAL OF SSI BENEFITS FOR FUGITIVE FELONS AND PROBATION AND PAROLE VIOLATORS

Present law

Current law provides safeguards which restrict the use or disclosure of information concerning SSI applicants or recipients to purposes directly connected with the administration of the SSI program or other federally-funded programs.

House bill

No individual who is fleeing to avoid prosecution, custody or confinement after conviction for a crime (or an attempt to commit a crime) that is a felony (or, in New Jersey, a high misdemeanor), or who violates probation or parole imposed under Federal or State, law shall be eligible for SSI benefits.

The Social Security Administration (SSA) shall furnish the current address, Social Security number, and photograph (if applicable) of a recipient to any Federal, State, or local law enforcement officer who is pursuing a fugitive felon or parole or probation violator. This provision applies also to a recipient sought by an officer because the recipient has information necessary to the officer's official duties.

Senate amendment

Identical to House Bill.

Conference agreement

The conference agreement follows the House bill with technical modification.

4. TREATMENT OF PRISONERS

Implementation of Prohibition Against Payment of Benefits to Prisoners

Present law

Current law prohibits prisoners from receiving benefits while incarcerated. Federal, State, or county or local prisons are required to make available, upon written request, the name and Social Security account number of any individual who is confined in a penal institution or correctional facility and convicted of any crime punishable by imprisonment of more than 1 year.

House bill

The Commissioner shall enter into an agreement with any interested State or local institution (defined as a jail, prison, other correctional facility, or institution where the individual is confined due to court order) under which the institution shall provide monthly the names, Social Security account numbers, dates of

birth, confinement dates, and other identifying information. The Commissioner shall pay to the institution for each eligible individual who becomes ineligible $400 if the information is provided within 30 days of the individual becoming an inmate. The payment is $200 if the information is furnished after 30 days but within 90 days.

In addition, the Computer Matching and Privacy Protection Act of 1988 shall not apply to the information exchanged pursuant to this contract.

The Commissioner is authorized to provide, on a reimbursable basis, information obtained pursuant to agreements to any Federal or federally assisted cash, food, or medical assistance program for eligibility purposes.

The dollar amounts paid to the institution shall be reduced by 50 percent if the Commissioner is also required to make a payment with respect to the same individual based on eligibility for Social Security disability insurance benefits.

Payments to institutions shall be made from funds otherwise available for the payment of benefits.

Senate amendment

The Senate amendment is similar to the House bill, however, it deletes all references to OASDI programs (due to Senate rule) and does not include the provision for the Commissioner to provide information to other Federal or federally assisted programs.

Conference agreement

The conference agreement follows the House bill, except that all OASDI references are deleted.

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

Present law

No provision.

House bill

No provision.

Senate amendment

Denies benefits for 10 years (beginning the date of release from prison) to a person found to have fraudulently obtained SSI benefits while in prison. This provision is effective on the date of enactment.

Conference agreement

The conference agreement follows the House bill (i.e., no provision).

Elimination of OASDI Requirement that Confinement Stem From Crimes Punishable by Imprisonment for More Than 1 Year

Present law

Bars Social Security benefits from prisoners convicted of any crime punishable by imprisonment of more than a year, not just felonies.

House bill

Replaces "an offense punishable by imprisonment for more than 1 year" with "a criminal offense" and deletes other language. Effective for benefits payable more than 180 days after the date of enactment. It bars Social Security benefits from persons confined, throughout a month, to (1) a penal institution or (2) other institution if the person is found guilty but insane.

Senate amendment

No provision, due to Senate rule.

Conference agreement

The conference agreement follows the Senate amendment (i.e., no provision).

Study of Other Potential Improvements in the Collection of Information Respecting Public Inmates

Present law

No provision.

House bill

The Commissioner shall conduct a study of the desirability, feasibility, and cost of establishing a system for courts to furnish the Commissioner information regarding court orders and requiring that State and local jails, prisons, and other institutions enter into agreements with the Commissioner by means of an electronic or similar data exchange system. The report of this study shall be submitted to the responsible Committees not later than 1 year after enactment.

Not later than October 1, 1998, the Commissioner of Social Security shall provide to the responsible Committees of Congress a list of institutions that are and are not providing information to the Commissioner in accordance with these provisions.

Senate amendment

The Senate amendment is identical to the House bill except uses the term "contract" instead of "agreement."

There is no provision for the Commissioner to provide a list of institutions who are or are not in compliance with these provisions.

Conference agreement

The conference agreement follows the House bill.

5. EFFECTIVE DATE OF APPLICATION FOR BENEFITS

Present law

The application of an individual for SSI benefits is effective on the later of the date the application is filed or the date the individual first becomes eligible for such benefits.

House bill

Changes the effective date of application to the later of the first day of the month following the date the application is filed or the date the individual first becomes eligible for such benefits. The provision expands SSA's authority to issue an immediate cash advance to individuals faced with financial emergencies. Effective for applications filed on or after the date of enactment.

Senate amendment

Identical to House bill.

Conference agreement

The conference agreement follows the House bill with technical modifications.

Subtitle B—Benefits for Disabled Children

6. DEFINITION AND ELIGIBILITY RULES

Definition of Childhood Disability

Present law

There is no definition of childhood disability in the statute. Instead, the statute prescribes that an individual under age 18 shall be considered disabled for purposes of eligibility for SSI if that individual has an impairment or combination of impairments of "comparable severity" which would result in a work disability in an adult. This impairment or combination of impairments must be expected to result in death or to last for a continuous period of not less than 12 months.

House bill

This section adds a new statutory definition of childhood disability: an individual under the age of 18 is considered as disabled if the 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 at least a continuous period of not less than 12 months.

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 addition, the Commissioner shall ensure that the regulations prescribed by these provisions provide for the evaluation of children who cannot be tested because of their young age.

Senate amendment

Identical to House bill regarding the new definition of disability. The provision does not include language regarding combined impairments or evaluation of children who cannot be tested because of their young age.

Conference agreement

The conference agreement follows the Senate amendment. The conferees intend that only needy children with severe disabilities be eligible for SSI, and the Listing of Impairments and other current disability determination regulations as modified by these provisions properly reflect the severity of disability contemplated by the new statutory definition. In those areas of the Listing that involve domains of functioning, the conferees expect no less than two marked limitations as the standard for qualification. The conferees are also aware that SSA uses the term "severe" to often mean "other than minor" in an initial screening procedure for disability determination and in other places. The conferees, however, use the term "severe" in its common sense meaning.

In addition, the conferees expect that SSA will properly observe the requirements of section 1614(a)(3)(F) of the Social Security Act and ensure that the combined effects of all the physical or mental impairments of an individual under age 18 are taken into account in making a determination regarding eligibility under the definition of disability. The conferees note that the 1990 Supreme Court decision in *Zebley* established that SSA had been previously remiss in this regard. The conferees also expect SSA to continue to use criteria in its Listing of Impairments and in the application of other determination procedures, such as functional equivalence, to ensure that young children, especially children too young to be tested, are properly considered for eligibility of benefits.

The conferees recognize that there are rare disorders or emerging disorders not included in the Listing of Impairments that may be of sufficient severity to qualify for benefits. Where appropriate, the conferees remind SSA of the importance of the use of functional equivalence disability determination procedures.

Nonetheless, the conferees do not intend to suggest by this definition of childhood disability that every child need be especially evaluated for functional limitations, or that this definition creates a supposition for any such examination. Under current procedures for writing individual listings, level of functioning is an explicit consideration in deciding which impairment, with certain medical or other findings, is of sufficient severity to be included in the Listing. Nonetheless, the conferees do not intend to limit the use of functional information, if reflecting sufficient severity and is otherwise appropriate.

The conferees contemplate that Congress may revisit the definition of childhood disability and the scope of benefits, if deemed appropriate, and have provided elsewhere for studies on these issues.

Requests for Comments To Improve Disability Evaluation

Present law

No provision.

House bill

No provision.

Senate amendment

Requires the Commissioner to request comments in the Federal Register regarding improvements to the disability evaluation and determination procedures for individuals under age 18 to ensure the comprehensive assessment of such individuals.

Conference agreement

The conference agreement follows the House bill (i.e., no provision).

Changes to SSI Childhood Regulations

Present law

Under the disability determination process for children, SSA first determines if a child meets or equals the "Listing of Impairments" in Federal regulations. Under the Listings that relate to mental disorders, maladaptive behavior may be scored twice, in domains of social functioning and of personal/behavior functioning.

Under the disability determination process for children, individuals who do not meet or equal the Listing of Impairments are subject to an "Individualized Functional Assessment" (IFA). This assessment is intended to determine whether, or to what extent, a child can engage in age-appropriate activities. If the child cannot, the child may be determined disabled.

House bill

The Commissioner of Social Security shall eliminate references in the Listing of Impairments to maladaptive behavior among medical criteria for evaluation of mental and emotional disorders in the domain of personal/behavioral function.

The Commissioner of Social Security shall discontinue use of the Individualized Functional Assessment for children set forth in the Code of Federal Regulations.

Senate amendment

Identical to House bill.

Conference agreement

The conference agreement follows the House bill.

Medical Improvement Review Standard as it Applies to Individuals Under the Age of 18

Present law

No provision.

House bill

This section contains technical modifications to the medical improvement review standard based on the new definition of childhood disability.

Senate amendment

Identical to the House bill.

Conference agreement

The conference agreement follows the House bill.

Effective dates

Present law

No provision.

House bill

Changes in eligibility rules apply to new applications and pending requests for administrative or judicial review on or after the date of enactment, without regard to whether regulations have been issued.

No later than 1 year after the date of enactment, the Commissioner shall redetermine the eligibility of any child receiving benefits on the date of enactment who would lose eligibility under these provisions.

Benefits of current recipients will continue until their redetermination. Should a child be found ineligible, their benefits will end following redetermination.

No later than January 1, 1997, the Commissioner must notify individuals whose eligibility for SSI benefits will terminate.

The Commissioner must report to Congress within 180 days regarding progress made in implementing the SSI children's provisions.

The Commissioner shall submit final regulations to the Committees of jurisdiction of Congress for their review at least 45 days before they become effective.

Senate amendment

Identical to the House bill, except that benefits of current recipients will continue until the later of July 1, 1997, or the date of redetermination. The Senate amendment also includes language which authorizes and appropriates $300 million to remain available for fiscal years 1997–1999 for the Commissioner to conduct continuing disability reviews (CDRs) and redeterminations.

Conference agreement

The conference agreement follows the Senate amendment with modification to authorize additional administrative funding for SSA: $150 million for fiscal year 1997 and $100 million for fiscal year 1998, to conduct SSI CDRs and redeterminations. The funding of CDRs and redeterminations will follow the usual appropriation process, except that the amounts above a base funding level will not be subject to discretionary caps.

7. ELIGIBILITY REDETERMINATIONS AND CONTINUING DISABILITY REVIEWS

Present law

Current law specifies that the Commissioner must reevaluate under adult disability criteria the eligibility of at least one-third of SSI children who turn age 18 in each of the fiscal years 1996, 1997, and 1998 (the CDR must be completed before these children reach age 19) and report to Congress no later than October 1, 1998.

House bill

At least once every 3 years the Commissioner must conduct CDRs of children receiving SSI benefits. For children who are eligible for benefits and whose medical condition is not expected to improve, the requirement to perform such reviews does not apply (unless the Commissioner decides otherwise). At the time of review the parent or guardian must present evidence demonstrating that the recipient is and has been receiving appropriate treatment for her disability.

The eligibility for all children qualifying for SSI benefits must be redetermined using the adult criteria within 1 year after turning 18 years of age. The review will be considered a substitute for any other review required under the changes made in this section. The "minimum number of reviews" and the "sunset" provisions of section 207 of the Social Security Independence and Program Improvements Act of 1994 are eliminated.

A review must be conducted 12 months after the birth of a child whose low birth weight is a contributing factor to the child's disability. At the time of review, the parent or guardian must present evidence demonstrating that the recipient is and has been receiving appropriate treatment for his disability.

Senate amendment

Identical to House bill.

Conference agreement

The conference agreement follows the House bill.

8. ADDITIONAL ACCOUNTABILITY REQUIREMENTS

Disposal of Resources for Less Than Fair Market Value

Present law

No provision.

House bill

The bill delays eligibility for any child applicant whose parents or guardians, in order to qualify a child for benefits, dispose of assets for less than fair market value within 36 months of the date of application. The provision stipulates that any assets in a trust in which the child (i.e., parent or representative payee) has control shall be considered assets of the child and subject to the 36-month "look-back" rule. The delay (in months) is equal to the amount of assets divided by the SSI standard benefit. This provision is effective 90 days after the date of enactment.

Senate amendment

No provision.

Conference agreement

The conference agreement follows the Senate amendment (i.e., no provision).

Treatment of Assets Held in Trust

Present law

No provision. Under current operating policy, a trust is not considered a resource if the SSI recipient does not have the legal authority to access trust assets for his or her own food, clothing, or shelter.

House bill

Stipulates that in determining the resources of an individual under the age of 18, a revocable trust (i.e., the person has legal access to the assets of the trust) must be considered a resource available to the individual. 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, then such payments are to be considered as resource available to the individual. The Commissioner of Social Security may waive these provisions if the Commissioner determines, on the basis of criteria prescribed in regulations, that such application would be an undue hardship on the individual.

Any earnings of, or additions to the principal of the trust would be considered income if they are available to the individual.

Senate amendment

No provision.

Conference agreement

The conference agreement follows the Senate amendment (i.e., no provision).

Requirement To Establish Account

Present law

No provision.

House bill

Requires the representative payee (i.e., the parent) of an individual under the age of 18 to establish an account in a financial institution for the receipt of past-due SSI payments if the lump-sum payment amounts to more than 6 times the maximum monthly SSI payment (including any State supplement). A representative payee shall use the funds in the account for the following expenses: education or job skills training; personal needs assistance; special equipment or housing modifications related to the child's disability; medical treatment; appropriate therapy or rehabilitation; or any other item or service that the Commissioner determines is appropriate.

Once the account is established the representative payee may deposit any past-due benefits owed to the recipient and any other funds representing an SSI underpayment provided the amount is more than the maximum monthly SSI benefit payment.

The funds in these accounts would not be counted as a resource and the interest and other earnings on the account would not be considered income in determining SSI eligibility.

Senate amendment

Identical to House provision, except allows rather than mandates the representative payee to use the funds for allowable expenses.

Conference agreement

The conference agreement follows the House bill.

9. REDUCTION IN CASH BENEFITS PAYABLE TO INSTITUTIONALIZED INDIVIDUALS WHOSE MEDICAL COSTS ARE COVERED BY PRIVATE INSURANCE

Present law

Federal law stipulates that when individuals enter a hospital or other medical institution for which more than half of the bill is paid by the Medicaid program, their monthly SSI benefit is reduced to $30 per month. This personal needs allowance is intended to pay for small personal expenses, with the cost of maintenance and medical care provided by the Medicaid program.

House bill

Children in medical institutions whose medical costs are covered by private insurance would be treated the same as children whose bills are currently paid by Medicaid (that is, their monthly SSI cash benefit would be reduced to $30 per month).

Senate amendment

Identical to House bill.

Conference agreement

The conference agreement follows the House bill.

10. REGULATIONS

Present law

No provision.

House bill

The Commissioner of Social Security and the Secretary of HHS will prescribe necessary regulations within three months after enactment.

Senate amendment

Identical to House bill.

Conference agreement

The conference agreement follows the House bill.

Subtitle C—Additional Enforcement Provisions

11. INSTALLMENT PAYMENT OF LARGE PAST-DUE SSI BENEFITS

Present law

No provision.

House bill

If an individual is eligible for past-due benefits (after any withholding for reimbursement to a State for interim assistance) in an amount which exceeds 12 times the maximum monthly benefit payable to an eligible individual (currently $470) or couple (currently $705) (plus any State supplementary payments), benefits will be paid in 3 installments made at 6-month intervals. The first and second installments may not exceed 12 times the maximum monthly benefit payable. Installment caps may be extended by certain debt (food, clothing, shelter, or medically necessary services, supplies, or equipment, or medicine) or the purchase of a home. Installment payments shall not apply to individuals whose medical impairment is expected to result in death in 12 months or for an individual who is ineligible and is likely to remain ineligible for the next 12 months.

Senate amendment

Identical to House bill.

Conference agreement

The conference agreement follows the House bill.

12. RECOVERY OF SSI OVERPAYMENTS FROM SOCIAL SECURITY BENEFITS

Present law

Generally, when an overpayment of Social Security benefits is made, recovery shall be made by adjusting future payments or by recovering the overpayment from the individual.

House bill

If the Commissioner is unable to recover the overpayment through future payment adjustments or direct recovery, the Commissioner may decrease any OASI or SSDI payment to the individual or their estate. As a result of this action, no individual may become eligible for SSI or eligible for increased SSI benefits.

Senate amendment

No provision (due to Senate rule).

Conference agreement

The conference agreement follows the Senate amendment (i.e., no provision).

13. REGULATIONS

Present law

No provision.

House bill

The Commissioner of Social Security and the Secretary of HHS will prescribe necessary regulations within 3 months after enactment.

Senate amendment

Identical to House bill.

Conference agreement

The conference agreement follows the House bill.

14. REPEAL OF MAINTENANCE OF EFFORT REQUIREMENTS APPLICABLE TO OPTIONAL STATE PROGRAMS FOR SUPPLEMENTATION OF SSI

Present law

Since the beginning of the SSI program, States have had the option to supplement (with State funds) the Federal SSI payment. Subsequently, Congress passed section 1618 of the Social Security Act which in effect requires States to maintain such optional payments or lose eligibility for Medicaid funds. The purpose of section 1618 of the Social Security Act was to encourage States to pass along to SSI recipients the amount of any Federal SSI benefit increase. Section 1618 allows States to comply with the "pass along/maintenance of effort" provision by either maintaining their State supplementary payment levels at or above March 1983, levels or by maintaining their supplementary payment spending so that total annual Federal and State expenditures will be at least equal to what they were in the prior 12-month period, plus any Federal cost-of-living increase, provided the State was in compliance for that period.

House bill

Repeals the maintenance of effort requirements in Section 1618 applicable to optional State programs for supplementation of SSI benefits, effective on the date of enactment.

Senate amendment

No provision, due to Senate rule.

Conference agreement

The conference agreement follows the Senate amendment (i.e., no provision).

Subtitle D—Studies Regarding Supplemental Security Income Program

15. ANNUAL REPORT ON THE SUPPLEMENTAL SECURITY INCOME PROGRAM

Present law

The Social Security Administration collects and publishes limited data on the SSI program.

House bill

The Commissioner of Social Security must prepare and provide to the President and the Congress an annual report on the SSI program, which includes specified information and data. The report is due May 30 of each year.

Senate amendment

Identical to the House bill, except stipulates the inclusion of historical and correct data on prior enrollment by public assistance recipients.

Conference agreement

The conference agreement follows the House bill, modified by the Senate amendment.

16. STUDY OF DISABILITY DETERMINATION PROCESS

Present law

No provision.

House bill

Within 90 days of enactment, the Commissioner must contract with the National Academy of Sciences or another independent entity to conduct a comprehensive study of the disability determination process for SSI and SSDI. The study must examine the validity, reliability and consistency with current scientific standards of the Listings of Impairments cited above. The study must also examine the appropriateness of the definitions of disability (and possible alternatives) used in connection with SSI and SSDI, and the operation of the disability determination process, including the appropriate method of performing comprehensive assessments of individuals under age 18 with physical or mental impairments. The Commissioner must issue interim and final reports of the findings and recommendations of the study within 18 months and 24 months, respectively, from the date of contract for the study.

Senate amendment

No provision, due to Senate rule.

Conference agreement

The conference agreement follows the Senate amendment (i.e., no provision).

17. STUDY BY GENERAL ACCOUNTING OFFICE

Present law

No provision.

House bill

No later than January 1, 1999, the Comptroller General of the United States must study and report on the impact of the amendments and provisions made by this bill, and extra expenses incurred by families of children receiving benefits not covered by other Federal, State, or local programs.

Senate amendment

Identical to House bill.

Conference agreement

The conference agreement follows the House bill.

18. NATIONAL COMMISSION ON THE FUTURE OF DISABILITY

Present law

No provision.

House bill

This section establishes a new Commission on the future of disability.

The Commission must study all matters related to the nature, purpose and adequacy of all Federal programs for the disabled (and especially SSI and SSDI), including: projected growth in the number of individuals with disabilities; possible performance standards for disability programs; the adequacy of Federal rehabilitation research and training; and the adequacy of policy research available to the Federal government and possible improvements. The Commission must submit to the President and the proper Congressional committees recommendations and possible legislative proposals effecting needed program changes.

The Commission is to be composed of 15 members who are appointed by the President and Congressional leadership and who serve for the life of the Commission. Members are to be chosen based on their education, training or experience, with consideration for representing the diversity of individuals with disabilities in the U.S. The Commission membership will also reflect the general interests of the business and taxpaying community.

The Commission will have a director, appointed by the Chair, and appropriate staff, resources, and facilities.

The Commission may conduct public hearings and obtain information from Federal agencies necessary to perform its duties.

The Commission must issue an interim report to Congress and the President not later than 1 year prior to terminating. A final public report must be submitted prior to termination.

The Commission will terminate 2 years after first having met and named a chair and vice chair.

This section authorizes the appropriation of such funds as are necessary to carry out the purposes of the Commission.

Senate amendment

No provision, due to Senate rule.

Conference agreement

The conference agreement follows the Senate amendment (i.e., no provision).

TITLE III: CHILD SUPPORT ENFORCEMENT

1. REFERENCE TO THE SOCIAL SECURITY ACT

Present law

No provision.

House bill

Unless otherwise specified, any reference in this title to an amendment to or repeal of a section or other provision is to the Social Security Act.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

Subtitle A—Eligibility for Services; Distribution of Payments

2. STATE OBLIGATION TO PROVIDE CHILD SUPPORT ENFORCEMENT SERVICES

Present law

States are required to establish paternity for children born out of wedlock if they are recipients of AFDC or Medicaid, and to obtain child and spousal support payments from noncustodial parents of children receiving AFDC, Medicaid benefits, or foster care maintenance payments. States must provide child support collection or paternity determination services to persons not otherwise eligible if the person applies for services. Federal law requires States to cooperate with other States in establishing paternity (if necessary), locating absent parents, collecting child support payments, and carrying out other child support enforcement functions. In cases in which a family ceases to receive AFDC, States are required to provide appropriate notice to the family and continue to provide child support enforcement services without requiring the family to apply for services or charging an application fee.

House bill

States must provide services, including paternity establishment and establishment, modification, or enforcement of support obligations, for children receiving benefits from the Temporary Assistance for Needy Families block grant (TANF), foster care maintenance payments, Medicaid, and any child of an individual who applies for services. States must enforce support obligations with respect to children in their caseload and the custodial parents of such children. States must also make child support enforcement services available to individuals not residing within the State on the same terms as to individuals residing within the State. States are not required to provide services to families if the State determines, taking into account the best interests of the child, that good cause and other exceptions exist. The provision also makes minor technical amendments to section 454 of the Social Security Act.

When a family ceases to receive benefits from the TANF block grant, States are required to provide appropriate notice to the family and continue to provide child support enforcement services without requiring the family to apply for services or charging an application fee.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

3. DISTRIBUTION OF CHILD SUPPORT COLLECTIONS

Present law

Federal law requires that child support collections be distributed as follows: First, up to the first $50 in current support is paid to the AFDC family (a "disregard" that does not affect the family's AFDC benefit or eligibility status). Second, the Federal and State governments are reimbursed for the AFDC benefit paid to the family in that month. Third, if there is money left, the family receives it up to the amount of the current month's child support obligation. Fourth, if there is still money left, the State keeps it to reimburse itself for any arrearages owed to it under the AFDC assignment (with appropriate reimbursement of the Federal share of the collection to the Federal government). If no arrearages are owed the State, the money is used to pay arrearages to the family; such moneys are considered income under the AFDC program and would reduce the family's AFDC benefit.

To receive AFDC benefits, a custodial parent must assign to the State any right to collect child support payments. This assignment covers current support and any arrearages that accumulated before the family began receiving public assistance, and lasts as long as the family receives AFDC.

Some States are required to provide monthly supplemental payments to AFDC recipients who have less disposable income now than they would have had in July 1975 because child support is paid to the child support agency instead of directly to the family. States required to make these supplemental payments are often referred to as "fill-the-gap" States. These States pay less assistance than their full need standard, and allow recipients to use child support income to make up all or part of the difference between the payment made by the State and the State's need standard.

House bill

Several changes in the distribution rules under current law are made by this section. The $50 passthrough to families on AFDC is ended. In addition, distribution law is changed so that, beginning October 1, 1997, collections on arrearages that accumulated during the period after the family leaves welfare are paid to the State if the money was collected through the tax intercept and to the family if collected by any other method. Distribution law is also changed so that beginning on October 1, 2000, arrearages that ac-

cumulated during the period before the family went on welfare are paid to the State if the money was collected through the tax intercept and to the family if collected by any other method. (Note: These new distribution rules require the assignment rules for pre-welfare arrearages to be changed so that families can be paid before States if the money was collected by a method other than the tax intercept; this change in assignment rules was made in Title I and will appear in Section 408(a)(3)(B) of the revised Social Security Act.)

By October 1, 1998, the Secretary must present a report to the Congress concerning whether post-assistance arrearages have helped mothers avoid welfare and about the effectiveness of the new distribution rules.

All assignments of support in effect when this proposal is enacted must remain in effect.

Several terms, including "assistance from the State", "Federal share", and "State share" are defined.

If States retain less money from collections than they retained in fiscal year 1995, States are allowed to retain the amount retained in fiscal year 1995.

If a State follows a "fill-the-gap" policy as outlined above, that State can continue to distribute funds to the family up to the amount needed to fill the gap. The provision also clarifies the relationship between gap payments and both the $50 passthrough and the State hold harmless provision.

Senate amendment

Same, except Senate adds provision that stipulates that in the case of a family receiving assistance from an Indian tribe, the State distribute any support collected in accordance with any cooperative agreement between the State and the tribe.

Conference agreement

The conference agreement follows the House bill and the Senate amendment with the modification that the House accepts the Senate provision on Indian tribes.

4. PRIVACY SAFEGUARDS

Present law

Federal law limits the use or disclosure of information concerning recipients of Child Support Enforcement Services to purposes connected with administering specified Federal welfare programs.

House bill

States must implement safeguards against unauthorized use or disclosure of information related to proceedings or actions to establish paternity or to establish or enforce child support. These safeguards must include prohibitions on release of information where there is a protective order or where the State has reason to believe a party is at risk of physical or emotional harm from the other party. This provision is effective October 1, 1997.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

5. RIGHT TO NOTIFICATION OF HEARING

Present law

Most States have procedural due process requirements with respect to wage withholding. Federal law requires States to carry out withholding in full compliance with all procedural due process requirements of the State.

House bill

Parties to child support cases under Title IV–D must receive notice of proceedings in which child support might be established or modified and must receive a copy of orders establishing or modifying child support (or a notice that modification was denied) within 14 days of issuance.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

Subtitle B—Locate and Case Tracking

6. STATE CASE REGISTRY

Present law

Federal law requires that wage withholding be administered by a public agency capable of documenting payments of support and tracking and monitoring such payments.

Federal law requires that child support orders be reviewed and adjusted, as appropriate, at least once every three years.

House bill

States must establish an automated State Case Registry that contains a record on each case in which services are being provided by the State agency, as well as each support order established or modified in the State on or after October 1, 1998.

The Registry may be established by linking local case registries of support orders through an automated information network.

The registry record will contain data elements on both parents, such as names, Social Security numbers and other uniform identification numbers, dates of birth, case identification numbers, and any other data the Secretary may require.

Each case record will contain the amount of support owed under the order and other amounts due or overdue (including interest or late payment penalties and fees), any amounts that have been collected and distributed, the birth date of any child for whom

the order requires the provision of support, and the amount of any lien imposed by the State.

The State agency operating the registry will promptly establish, maintain, update and regularly monitor case records in the registry with respect to which services are being provided under the State plan. Establishing and updating support orders will be based on administrative actions and administrative and judicial proceedings and orders relating to paternity and support, as well as on information obtained from comparisons with Federal, State, and local sources of information, information on support collections and distributions, and any other relevant information.

The State automated system will be used to extract data for purposes of sharing and matching with Federal and State data bases and locator services, including the Federal Case Registry of Child Support Orders, the Federal Parent Locator Service, and Temporary Assistance for Needy Families and Medicaid agencies, as well as for conducting intrastate and interstate information comparisons.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

7. COLLECTION AND DISBURSEMENT OF SUPPORT PAYMENTS

Present law

No provision, but States may provide that, at the request of either parent, child support payments be made through the child support enforcement agency or the agency that administers the State's income withholding system regardless of whether there is an arrearage. States must charge the parent who requests child support services a fee equal to the cost incurred by the State for these services, up to a maximum of $25 per year.

House bill

By October 1, 1998, State child support agencies are required to operate a centralized, automated unit for collection and disbursement of payments on child support orders enforced by the child support agency and payments on orders issued after December 31, 1993 which are not enforced by the State agency but for which income is subject to withholding. The specifics of how States will establish and operate their State Disbursement Unit must be outlined in the State plan.

The State Disbursement Unit must be operated directly by the State agency, by two or more State agencies under a regional cooperative agreement, or by a contractor responsible directly to the State agency. The State Disbursement Unit may be established by linking local disbursement units through an automated information network if the Secretary agrees that the system will not cost more, take more time to establish, nor take more time to operate than a single State system. All States, including those that operate a

linked system, must give employers one and only one location for submitting withheld income.

The Disbursement Unit must be used to collect and disburse support payments, to generate orders and notices of withholding to employers, to keep an accurate identification of payments, to promptly distribute money to custodial parents or other States, and to furnish parents with a record of the current status of support payments (but States are not responsible for records that predate passage of this legislation). The Unit shall use automated procedures, electronic processes, and computer-driven technology to the maximum extent feasible, efficient, and economical.

The Disbursement Unit must distribute all amounts payable within 2 business days after receiving money and identifying information from the employer or other source of periodic income, if sufficient information identifying the payee is provided. The Unit may retain arrearages in the case of appeals until they are resolved.

States must use their automated system to facilitate collection and disbursement including at least:

(1) transmission of orders and notices to employers within 2 days after receipt of the withholding notice;

(2) monitoring to identify missed payments of support; and

(3) automatic use of enforcement procedures when payments are missed.

It is the sense of Congress that in establishing a centralized unit for the collection of support payments, a State should choose the method of compliance which best meets the needs of parents, employers, and children.

This section of the proposal will go into effect on October 1, 1998. States that process child support payments through local courts can continue court payments until September 30, 1999.

Senate amendment

Same, except Senate uses the term "wages" rather than "income" throughout this section. Senate amendment does not include the provision that States are not responsible for records that predate passage.

Conference agreement

The conference agreement follows the House bill and the Senate amendment with the modification that the term "income" rather than "wages" is used throughout this section. In addition, the House "sense of the Congress" language was deleted.

8. STATE DIRECTORY OF NEW HIRES

Present law

In general, no provision. Section 1128 of the Social Security Act is an antifraud provision which excludes individuals and entities that have committed fraud from participation in medicare and State health care programs. Section 1128A pertains to civil monetary penalties and describes the appropriate procedures and proceedings for such penalties.

House bill

State plans must include the provision that by October 1, 1997 States will operate a Directory of New Hires.

Establishment. States are required to establish a State Directory of New Hires to which employers and labor organizations in the State must furnish a report for each newly hired employee, unless reporting could endanger the safety of the employee or compromise an ongoing investigation or intelligence mission as determined by the head of an agency. States that already have new hire reporting laws may continue to follow the provisions of their own law until October 1, 1998, at which time States must conform to Federal law.

Employer Information. Employers must furnish to the State Directory of New Hires the name, address, and Social Security number of every new employee and the name, address, and identification number of the employer. Multistate employers that report electronically or magnetically may report to the single State they designate; such employers must notify the Secretary of the name of the designated State. Agencies of the U.S. Government must report directly to the National Directory of New Hires (see below).

Timing of Report. Employers must report new hire information within 20 days of the date of hire. Employers that report new hires electronically or by magnetic tape must file twice per month; reports must be separated by not less than 12 days and not more than 16 days.

Reporting Format and Method. The report required in this section will be made on a W–4 form or the equivalent, and can be transmitted magnetically, electronically, or by first class mail. The decision of which reporting method to use is up to employers.

Civil Money Penalties on Noncomplying Employers. States have the option of setting a civil money penalty which shall be not less than $25 or $500 if, under State law, the failure is the result of a conspiracy between the employer and employee.

Entry of Employer Information. New hire information must be entered in the State data base within 5 business days of receipt from employer.

Information Comparisons. By May 1, 1998, each State Directory of New Hires must conduct automated matches of the Social Security numbers of reported employees against the Social Security numbers of records in the State Case Registry being enforced by the State agency and report the name, address, Social Security number, and the employer name, address, and identification number on matches to the State child support agency.

Transmission of Information. Within 2 business days of the entry of data in the registry, the State must transmit a withholding order directing the employer to withhold wages in accord with the child support order. Within 3 days, the State Directory of New Hires must furnish employee information to the National Directory of New Hires for matching with the records of other State case registries. The State Directory of New Hires must also report quarterly to the National Directory of New Hires information on wages and unemployment compensation taken from the quarterly report to the Secretary of Labor now required by Title III of the Social Security Act.

Other Uses of New Hire Information. The State child support agency must use the new hire information to locate individuals for purposes of establishing paternity as well as establishing, modifying, and enforcing child support obligations. New hire information must also be disclosed to the State agency administering the Temporary Assistance for Needy Families, Medicaid, Unemployment Compensation, Food Stamp, SSI, and territorial cash assistance programs for income eligibility verification, and to State agencies administering unemployment and workers' compensation programs to assist determinations of the allowability of claims. State and local government agencies must participate in quarterly wage reporting to the State employment security agency unless the agency performs intelligence or counterintelligence functions and it is determined that wage reporting could endanger the safety of the employee or compromise an ongoing investigation or intelligence mission. States may disclose new hire information to agencies working under contract with the child support agency.

Disclosure to Certain Agents. States using private contractors are allowed to share information obtained from the Directory of New Hires with private entities working under contract with the State agency. Private contractors must comply with privacy safeguards.

Senate amendment

Same, except under "Other Uses of New Hire Information" Senate Amendment has no provision allowing States to share information with agencies working under contract with the State.

Conference agreement

The conference agreement follows the House bill and the Senate amendment with the modification that the House provision allowing private entities working under contract with child support agencies access to child support information is included.

9. AMENDMENTS CONCERNING INCOME WITHHOLDING

Present law

Since November 1, 1990, all new or modified child support orders that were being enforced by the State's child support enforcement agency have been subject to immediate income withholding. If the noncustodial parent's wages are not subject to income withholding (pursuant to the November 1, 1990 provision), such parent's wages would become subject to withholding on the date when support payments are 30 days past due. Since January 1, 1994, the law has required States to use immediate income withholding for nearly all new or modified support orders, regardless of whether a parent has applied for child support enforcement services. There are two circumstances in which income withholding does not apply: (1) one of the parents argues, and the court or administrative agency agrees, that there is good cause not to do so, or (2) a written agreement is reached between both parents which provides for an alternative arrangement. States must implement procedures under which income withholding for child support can occur without the need for any amendment to the support order or for any further ac-

tion by the court or administrative entity that issued the order. States are also required to implement income withholding in full compliance with all procedural due process requirements of the State, and States must send advance notice to each nonresident parent to whom income withholding applies (with an exception for some States that had income withholding before enactment of this provision that met State due process requirements). States must extend their income withholding systems to include out-of-State support orders.

House bill

States must have laws providing that all child support orders issued or modified before October 1, 1996, which are not otherwise subject to income withholding, will become subject to income withholding immediately if arrearages occur, without the need for judicial or administrative hearing. State law must also allow the child support agency to execute a withholding order through electronic means and without advance notice to the obligor. Employers must remit to the State Disbursement Unit, in a format prescribed by the Secretary, income withheld within five working days after the date such amount would have been paid to the employee. Employers cannot take disciplinary action against employees subject to wage withholding. All child support orders subject to income withholding, including those which are not part of the State IV–D program, must be processed through the State Disbursement Unit. In addition, States must notify noncustodial parents that income withholding has commenced and inform them of procedures for contesting income withholding. Employers must follow the withholding terms and conditions stated in the order; if the terms and conditions are not specified employers should follow those of the State in which the obligor lives. The section includes a definition of income to be used in interstate withholding and several conforming amendments to section 466 of the Social Security Act.

Senate amendment

Same, except employers must remit income withheld to the State disbursement unit within 7 rather than 5 days. There are also minor wording differences in the rules relating to income withholding. There is also a difference in the House and Senate definitions of income.

Conference agreement

The conference agreement follows the House bill and the Senate amendment with the modifications that employers are given 7 days rather than 5 days to remit withheld income and that the House definition of income is followed. With respect to this provision, "timely-paid" is demonstrated by postmark, or in the case of electronic payment, the date the electronic transmission is proven to have been initiated by the employer.

10. LOCATOR INFORMATION FROM INTERSTATE NETWORKS

Present law

No provision.

House bill

All State and the Federal Child Support Enforcement agencies must have access to the motor vehicle and law enforcement locator systems of all States.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

11. EXPANSION OF THE FEDERAL PARENT LOCATOR SERVICE

Present law

The law requires that the Federal Parent Locator Service (FPLS) be used to obtain and transmit information about the location of any absent parent when that information is to be used for the purpose of enforcing child support. Federal law also requires departments or agencies of the United States to be reimbursed for costs incurred in providing requested information to the FPLS.

Information Comparisons and Other Disclosures. Upon request, the Secretary must provide to an "authorized person" (i.e., an employee or attorney of a child support agency, a court with jurisdiction over the parties involved, the custodial parent, the legal guardian, or the child's attorney) the most recent address and place of employment of any nonresident parent if the information is contained in the records of the Department of Health and Human Services or can be obtained from any other department or agency of the United States or of any State. The FPLS also can be used in connection with the enforcement or determination of child custody, visitation, and parental kidnapping. Federal law requires the Secretary of Labor and the Secretary of Health and Human Services to enter into an agreement to give the FPLS prompt access to wage and unemployment compensation claims information useful in locating a noncustodial parent or his employer.

Fees. "Authorized persons" who request information from FPLS must be charged a fee.

Restriction on Disclosure and Use. Federal law stipulates that no information shall be disclosed if the disclosure would contravene the national policy or security interests of the United States or the confidentiality of Census data.

Quarterly Wage Reporting. The Secretary of Labor must provide prompt access by the Secretary of HHS to wage and unemployment compensation claims information and data maintained by the Labor Department or State employment security agencies.

House bill

The purposes of the Federal Parent Locator Service are expanded. For the purposes of establishing parentage, establishing support orders or modifying them, or enforcing support orders, the Federal Parent Locator Service will provide information to locate individuals who owe child support or against whom an obligation is sought or to whom such an obligation is owed. Information in the

FPLS includes Social Security number, address, name and address of employer, wages and employee benefits (including information about health care coverage), and information about assets and debts. The provision also clarifies the statute so that parents with orders providing child custody or visitation rights are given access to information from the FPLS unless the State has notified the Secretary that there is reasonable evidence of domestic violence or child abuse or that the information could be harmful to the custodial parent or child.

The Secretary is authorized to set reasonable rates for reimbursing Federal and State agencies for the costs of providing information to the FPLS and to set reimbursement rates that State and Federal agencies that use information from the FPLS must pay to the Secretary.

Federal Case Registry of Child Support Orders. Establishes within the FPLS an automated registry known as the Federal Case Registry of Child Support Orders. The Federal Case Registry contains abstracts of child support orders and other information specified by the Secretary (such as names, Social Security numbers or other uniform identification numbers, and State case identification numbers) to identify individuals who owe or are owed support, or for or against whom support is sought to be established, and the State which has the case. States must begin reporting this information in accord with regulations issued by the Secretary by October 1, 1998.

National Directory of New Hires. This provision establishes within the FPLS a National Directory of New Hires containing information supplied by State Directories of New Hires. When fully implemented, the Federal Directory of New Hires will contain identifying information on virtually every person who is hired in the United States. In addition, the FPLS will contain quarterly data supplied by the State Directory of New Hires on wages and Unemployment Compensation paid. The Secretary of the Treasury must have access to information in the Federal Directory of New Hires for the purpose of administering section 32 of the Internal Revenue Code and the Earned Income Credit. The information for the National Directory of New Hires must be entered within 2 days of receipt, and requires the Secretary to maintain within the National Directory of New Hires a list of multistate employers that choose to send their report to one State and the name of the State so elected. The Secretary must establish a National Directory of New Hires by October 1, 1997.

Information Comparisons and Other Disclosures. The Secretary must verify the accuracy of the name, Social Security number, birth date, and employer identification number of individuals in the Federal Parent Locator Service with the Social Security Administration. The Secretary is required to match data in the National Directory of New Hires against the child support order abstracts in the Federal Case Registry at least every 2 working days and to report information obtained from matches to the State child support agency responsible for the case within 2 days. The information is to be used for purposes of locating individuals to establish paternity, and to establish, modify, or enforce child support orders. The Secretary may also compare information across all components

of the FPLS to the extent and with the frequency that the Secretary determines will be effective. The Secretary will share information from the FPLS with several potential users including State agencies administering the Temporary Assistance for Needy Families program, the Commissioner of Social Security (to determine the accuracy of Social Security and Supplemental Security Income), and researchers under some circumstances.

Fees. The Secretary must reimburse the Commissioner of Social Security for costs incurred in performing verification of Social Security information and States for submitting information on New Hires. States or Federal agencies that use information from FPLS must pay fees established by the Secretary.

Restriction on Disclosure and Use. Information from the FPLS cannot be used for purposes other than those provided in this section, subject to section 6103 of the Internal Revenue Code (confidentiality and disclosure of returns and return information).

Information Integrity and Security. The Secretary must establish and use safeguards to ensure the accuracy and completeness of information from the FPLS and restrict access to confidential information in the FPLS to authorized persons and purposes.

Federal Government Reporting. Each department of the U.S. must submit the name, Social Security number, and wages paid the employee on a quarterly basis to the FPLS. Quarterly wage reporting must not be filed for a Federal or State employee performing intelligence or counter-intelligence functions if it is determined that filing such a report could endanger the employee or compromise an ongoing investigation.

Conforming Amendments. This section makes several conforming amendments to Titles III and IV of the Social Security Act, to the Federal Unemployment Tax Act, and to the Internal Revenue Code. Among the more important are that: State employment security agencies are required to report quarterly wage information to the Secretary of HHS or suffer financial penalties and that private agencies working under contract to State child support agencies can have access to certain specified information from IRS records under some circumstances.

Requirement for Cooperation. The Secretaries of HHS and Labor must work together to develop cost-effective and efficient methods of accessing information in the various directories required by this title; they must also consider the need to ensure the proper and authorized use of wage record information.

Senate amendment

Same, except under "Information Comparisons and Other Disclosures" the Senate amendment drops the requirement that the Social Security Administration must determine the accuracy of payments under the Social Security and SSI programs.

Conference agreement

The conference agreement follows the House bill and the Senate amendment with the modification that the agreement follows the Senate provision dropping the requirement that the Social Security Administration determine the accuracy of Social Security and SSI payments.

12. COLLECTION AND USE OF SOCIAL SECURITY NUMBERS FOR USE IN CHILD SUPPORT ENFORCEMENT

Present law

Federal law requires that in the administration of any law involving the issuance of a birth certificate, States must require each parent to furnish their Social Security number for the birth records. The State is required to make such numbers available to child support agencies in accordance with Federal or State law. States may not place Social Security numbers directly on birth certificates.

House bill

States must have procedures for recording the Social Security numbers of applicants on the application for professional licenses, commercial driver's licenses, occupational licenses, and marriage licenses. States must also record Social Security numbers in the records of divorce decrees, child support orders, and paternity determination or acknowledgment orders. Individuals who die will have their Social Security number placed in the records relating to the death and recorded on the death certificate. There are several conforming amendments to title II of the Social Security Act.

Senate amendment

Same, except difference in conforming amendment to Social Security Act.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

Subtitle C—Streamlining and Uniformity of Procedures

13. ADOPTION OF UNIFORM STATE LAWS

Present law

States have several options available for pursuing interstate child support cases including direct income withholding, interstate income withholding, and long-arm statutes which require the use of the court system in the State of the custodial parent. In addition, States use the Uniform Reciprocal Enforcement of Support Act (URESA) and the Revised Uniform Reciprocal Enforcement of Support Act (RURESA) to conduct interstate cases. Federal law imposes a Federal criminal penalty for the willful failure to pay past-due child support to a child who resides in a State other than the State of the obligor. In 1992, the National Conference of Commissioners on State Uniform Laws approved a new model State law for handling interstate child support cases. The new Uniform Interstate Family Support Act (UIFSA) is designed to deal with desertion and nonsupport by instituting uniform laws in all 50 States that limit control of a child support case to a single State. This approach ensures that only one child support order from one court or child support agency will be in effect at any given time. It also helps to eliminate jurisdictional disputes between States that are impediments to locating parents and enforcing child support orders

across State lines. As of February 1996, 26 States and the District of Columbia had enacted UIFSA.

House bill

By January 1, 1998, all States must have enacted the Uniform Interstate Family Support Act (UIFSA) and any amendments officially adopted by the National Conference of Commissioners of Uniform State Laws before January 1, 1998, and have the procedures required for its implementation in effect. States are allowed flexibility in deciding which specific interstate cases are pursued by using UIFSA and which cases are pursued using other methods of interstate enforcement. States must provide that an employer that receives an income withholding order follow the procedural rules that apply to the order under the laws of the State in which the noncustodial parent works.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment with additional clarifying provisions that conferees agreed to include at the request of the National Conference of Commissioners of Uniform State Laws. The Commissioners asked conferees to make two changes in House and Senate provisions. More specifically, conferees agreed to drop language in the section on income withholding in interstate cases and to insert replacement language approved by the Commissioners. This provides specific instructions to employers for rules to follow in processing interstate cases. Employers following these instructions are also provided with legal immunity.

14. IMPROVEMENTS TO FULL FAITH AND CREDIT FOR CHILD SUPPORT ORDERS

Present law

Federal law requires States to treat past-due support obligations as final judgments that are entitled to full faith and credit in every State. This means that a person who has a support order in one State does not have to obtain a second order in another State to obtain support due should the debtor parent move from the issuing court's jurisdiction. P.L. 103-383 restricts a State court's ability to modify a support order issued by another State unless the child and the custodial parent have moved to the State where the modification is sought or have agreed to the modification.

House bill

The provision clarifies the definition of a child's home State, makes several revisions to ensure that full faith and credit laws can be applied consistently with UIFSA, and clarifies the rules regarding which child support orders States must honor when there is more than one order.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

15. ADMINISTRATIVE ENFORCEMENT IN INTERSTATE CASES

Present law

No provision.

House bill

States are required to have laws that permit them to send orders to and receive orders from other States. The transmission of the order itself serves as certification to the responding State of the arrears amount and of the fact that the initiating State met all procedural due process requirements. In addition, each responding State must, without requiring the case to be transferred to their State, match the case against its data bases, take appropriate action if a match occurs, and send the collections, if any, to the initiating State. States must keep records of the number of requests they receive, the number of cases that result in a collection, and the amount collected. States must respond to interstate requests within five days.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

16. USE OF FORMS IN INTERSTATE ENFORCEMENT

Present law

No provision.

House bill

The Secretary of HHS, in consultation with State child support directors and not later than October 1, 1996, must issue forms that States must use for income withholding, for imposing liens, and for issuing administrative subpoenas in interstate cases. States must be using the forms by March 1, 1997.

Senate amendment

Same, except minor differences in wording.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

17. STATE LAWS PROVIDING EXPEDITED PROCEDURES

Present law

States must have procedures under which expedited processes are in effect under the State judicial system or under State administrative processes for obtaining and enforcing support orders and for establishing paternity.

Federal regulations provide a number of safeguards in expedited cases, such as requiring that the due process rights of the parties involved be protected.

The Employee Retirement Income Security Act (ERISA) of 1974 supersedes any and all State laws. Under ERISA a noncustodial parent's pension benefits can only be garnished or withheld if the custodial parent has a qualified domestic relations order. Similarly, a pension plan administrator is obligated to adhere to medical support requirements only if the custodial parent has a qualified medical child support order.

House bill

States must adopt a series of procedures to expedite both the establishment of paternity and the establishment, enforcement, and modification of support. These procedures must give the State agency the authority to take the following actions, subject to due process safeguards, without the necessity of obtaining an order from any other judicial or administrative tribunal:

(1) ordering genetic testing in appropriate cases;

(2) issuing subpoenas to obtain information necessary to establish, modify or enforce an order, with appropriate sanctions for failure to respond to the subpoena;

(3) requiring all entities in the State (including for-profit, nonprofit, and governmental employers) to provide information on employment, compensation and benefits of any employee or contractor in response to a request from the State IV–D agency or the IV–D agency of any other State, and to sanction failure to respond to such request;

(4) obtaining access to a variety of public and private records including: vital statistics, State and local tax records, real and personal property, occupational and professional licenses and records concerning ownership and control of corporations, partnerships and other business entities, employment security records, public assistance records, motor vehicle records, corrections records, and, subject to the nonliability of these private entities and the issuance of an administrative subpoena, information in the customer records of public utilities and cable TV companies, and records of financial institutions;

(5) directing the obligor or other payor to change the payee to the appropriate government entity in cases in which support is subject to an assignment or to a requirement to pay through the State Disbursement Unit;

(6) ordering income withholding in certain IV–D cases;

(7) securing assets to satisfy arrearages: by intercepting or seizing periodic or lump sum payments from States or local agencies including Unemployment Compensation, workers'

compensation, judgements, settlements, lottery winnings, assets held by financial institutions, and public and private retirement funds; by attaching and seizing assets held in financial institutions; by attaching public and private retirement funds; and by imposing liens to force the sale of property; and

(8) increasing automatically the monthly support due to include amounts to offset arrears.

Expedited procedures must include the following rules and authority applicable with respect to proceedings to establish paternity or to establish, modify, or enforce support orders:

(1) Locator Information and Notice. Parties in paternity and child support actions must file and update information about identity, address, and employer with the tribunal and with the State Case Registry upon entry of the order. The tribunal can deem due process requirements for notice and service of process to be met in any subsequent action upon delivery of written notice to the most recent residential or employer address filed with the tribunal.

(2) Statewide Jurisdiction. The child support agency and any administrative or judicial tribunal have the authority to hear child support and paternity cases, to exert Statewide jurisdiction over the parties, and to grant orders that have Statewide effect; cases can also be transferred between local jurisdictions without additional filing or service of process.

Except to the extent that the provisions related to expedited procedures are consistent with requirements of the ERISA qualified domestic relations orders and the qualified medical child support orders, the expedited procedures do not alter, amend, modify, invalidate, impair or supersede ERISA requirements.

The automated systems being developed by States are to be used, to the maximum extent possible, to implement expedited procedures.

Senate amendment

Same, except for a modification that alters the nonliability of entities that share information with child support officials and eliminates the reference to administrative subpoenas.

Conference agreement

The conference agreement follows the House bill and the Senate amendment except that the agreement included the House provision strengthening the nonliability of entities that share information with child support officials.

Subtitle D—Paternity Establishment

18. STATE LAWS CONCERNING PATERNITY ESTABLISHMENT

Present law

Establishment Process Available from Birth Until Age 18. Federal law requires States to have laws that permit the establishment of paternity until the child reaches age 18. As of August 16, 1984, these procedures would apply to a child for whom paternity has not been established or for whom a paternity action was

brought but dismissed because of statute of limitations of less than 18 years was then in effect in the State.

Procedures Concerning Genetic Testing. Federal law requires States to implement laws under which the child and all other parties must undergo genetic testing upon the request of a party in contested cases.

Voluntary Paternity Acknowledgement. Federal law requires States to implement procedures for a simple civil process for voluntary paternity acknowledgment, including hospital-based programs.

Status of Signed Paternity Acknowledgement. Federal law requires States to implement procedures under which the voluntary acknowledgment of paternity creates a rebuttable presumption, or at State option, a conclusive presumption of paternity.

Bar on Acknowledgement Ratification Proceedings. Federal law requires States to implement procedures under which voluntary acknowledgment is admissible as evidence of paternity and the voluntary acknowledgment of paternity must be recognized as a basis for seeking a support order without requiring any further proceedings to establish paternity.

Admissibility of Genetic Testing Results. Federal law requires States to implement procedures which provide that any objection to genetic testing results must be made in writing within a specified number of days before any hearing at which such results may be introduced into evidence. If no objection is made, the test results must be admissible as evidence of paternity without the need for foundation testimony or other proof of authenticity or accuracy.

Presumption of Paternity in Certain Cases. Federal law requires States to implement procedures which create a rebuttable or, at State option, conclusive presumption of paternity based on genetic testing results indicating a threshold probability that the alleged father is the father of the child.

Default Orders. Federal law requires States to implement procedures that require 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.

House bill

Establishment Process Available from Birth Until Age 18. States are required to have laws that permit paternity establishment until at least age 18 (or a higher limit at State option) even in cases that were previously dismissed because a statute of limitations of less than 18 years was then in effect.

Procedures Concerning Genetic Testing. The child and all other parties, unless good cause provisions are met, must undergo genetic testing upon the request of a party if the request is supported by a sworn statement establishing a reasonable possibility of parentage or nonparentage. When the tests are ordered by the State agency, States must pay the costs, subject to recoupment at State option from the father if paternity is established. Upon the request and advance payment by the contestant, States must seek additional testing if the original test result is contested.

Voluntary Paternity Acknowledgement.

(1) Simple Civil Process. States must have procedures that create a simple civil process for voluntary acknowledging paternity under which benefits, rights, and responsibilities of acknowledgement are explained to unwed parents before the acknowledgement is signed.

(2) Hospital Program. States must have procedures that establish a paternity acknowledgement program through hospitals.

(3) Paternity Services. States must have procedures that require the agency responsible for maintaining birth records to offer voluntary paternity establishment services. The Secretary must issue regulations governing voluntary paternity establishment services, including regulations on State agencies that may offer voluntary paternity acknowledgement services and the conditions such agencies must meet.

(4) Affidavit. States must develop their own voluntary acknowledgment form but the form must contain all the basic elements of a form developed by the Secretary. States must give full faith and credit to the forms of other States.

Status of Signed Paternity Acknowledgement.

(1) Inclusion in Birth Records. States must include the name of the father in the record of births to unmarried parents only if the father and mother have signed a voluntary acknowledgement of paternity or a court or administrative agency has issued an adjudication of paternity.

(2) Legal Finding. States must have procedures under which a signed acknowledgement of paternity is considered a legal finding of paternity unless rescinded within 60 days or the date of a judicial or administrative proceeding to establish a support order.

(3) Contest. States must have procedures under which a paternity acknowledgment can be challenged in court only on the basis of fraud, duress, or material mistake of fact, with the burden of proof on the challenger.

Bar on Acknowledgement Ratification Proceedings. No judicial or administrative proceedings are required or permitted to ratify a paternity acknowledgement which is not challenged by the parents.

Admissibility of Genetic Testing Results. States must have procedures for admitting into evidence accredited genetic tests, unless any objection is made in writing within a specified number of days, and if no objection is made, clarifying that test results are admissible without the need for foundation or other testimony.

Presumption of Paternity in Certain Cases. States must have laws that create a rebuttable or, at State option, conclusive presumption of paternity when results from genetic testing indicate a threshold probability that the alleged father is the father of the child.

Default Orders. A default order must be entered in a paternity case upon a showing of service of process on the defendant and any additional showing required by the State law.

No Right to Jury Trial. State laws must state that parties in a contested paternity action are not entitled to a jury trial.

In addition to all the above provisions that strengthen similar provisions of current law, the Committee report contains a number of new provisions that have no direct parallel in current law. These include:

Temporary Support Based on Probable Paternity. Upon motion of a party, State law must require issuance of a temporary support order pending an administrative or judicial determination of parentage if paternity is indicated by genetic testing or other clear and convincing evidence.

Proof of Certain Support and Paternity Establishment Costs. Bills for pregnancy, childbirth, and genetic testing must be admissible in judicial proceedings without foundation testimony and must constitute prima facie evidence of the cost incurred for such services.

Standing of Putative Fathers. Putative fathers must have a reasonable opportunity to initiate a paternity action.

Filing of Acknowledgement and Adjudications in State Registry of Birth Records. Both voluntary acknowledgements and adjudications of paternity must be filed with the State registry of birth records for data matches with the central Case Registry of Child Support Orders.

National Paternity Acknowledgement Affidavit. The Secretary is required to develop, in consultation with the States, the minimum requirements of an affidavit which includes the Social Security number of each parent to be used by States for voluntary acknowledgement of paternity.

Senate amendment

Same, except under "Voluntary Paternity Acknowledgement," the Senate amendment includes good cause exceptions.

Conference agreement

The conference agreement follows the House bill and the Senate amendment with modification that the good cause exceptions are dropped.

19. OUTREACH FOR VOLUNTARY PATERNITY ESTABLISHMENT

Present law

States are required to regularly and frequently publicize, through public service announcements, the availability of child support enforcement services.

House bill

States must publicize the availability and encourage the use of procedures for voluntary establishment of paternity and child support.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

20. COOPERATION BY APPLICANTS FOR AND RECIPIENTS OF TEMPORARY FAMILY ASSISTANCE

Present law

AFDC applicants and recipients are required to cooperate with the State in establishing the paternity of a child and in obtaining child support payments unless the applicant or recipient is found to have good cause for refusing to cooperate. Under the "good cause" regulations, the child support agency may determine that it is against the best interests of the child to seek to establish paternity in cases involving incest, rape, or pending procedures for adoption. Moreover, the agency may determine that it is against the best interest of the child to require the mother to cooperate if it is anticipated that such cooperation will result in the physical or emotional harm of the child, parent, or caretaker relative.

House bill

Individuals or their children who apply for or receive public assistance under the Temporary Assistance for Needy Families (TANF) program or the Medicaid program must cooperate, as determined by the State child support agency, with State efforts to establish paternity and establish, modify, or enforce a support order. State procedures must require both that applicants and recipients provide specific identifying information about the other parent and that applicants appear at interviews, hearings, and legal proceedings, unless the applicant or recipient is found to have good cause for refusing to cooperate. States must have "good cause" exceptions and they must take into account the best interests of the child. The definition of good cause, and the determination of good cause in specific cases, can be accomplished by the State agency administering TANF, child support enforcement, or Medicaid. States also must require the custodial parent and child to submit to genetic testing. States may not require the noncustodial parent to sign an acknowledgement of paternity or relinquish the right to genetic testing as a condition of cooperation. The State child support agency must notify the agencies administering the TANF Block Grant and Medicaid programs if noncooperation is determined.

Senate amendment

Same, except imposes a penalty for noncooperation. If it is determined that an individual is not cooperating, and the individual does not qualify for any good cause or other exception, then the State must deduct not less than 25 percent of the Title IV–A assistance that otherwise would be provided to the family of the individual; and the State may deny the family any Title IV–A assistance. The Senate amendment also has references to Title XV not found in the House bill.

Conference agreement

The conference agreement follows the House bill and the Senate amendment except that the Senate penalty of 25 percent is included. This provision is included in Title I (Block Grants for Temporary Assistance for Needy Families) of the bill.

Subtitle E—Program Administration and Funding

21. PERFORMANCE-BASED INCENTIVES AND PENALTIES

Present law

Incentive Adjustments to Federal Matching Rate. The Federal government reimburses approved administrative expenditures of States at a rate of 66 percent. In addition, the Federal government pays States an incentive amount ranging from six percent to 10 percent of both AFDC and non-AFDC collections.

Conforming Amendments. No provision.

Calculation of IV–D Paternity Establishment Percentage. States are required to meet Federal standards for the establishment of paternity. The major standard relates to the percentage obtained by dividing the number of children in the State who are born out of wedlock, are receiving AFDC or child support enforcement services, and for whom paternity has been established by the number of children who are born out of wedlock and are receiving AFDC or child support enforcement services. To meet Federal requirements, this percentage in a State must be at least 75 percent or meet the following standards of improvement from the preceding year: (1) if the State paternity establishment ratio is between 50 and 75 percent, the State ratio must increase by 3 or more percentage points from the ratio of the preceding year; (2) if the State ratio is between 45 and 50, the ratio must increase at least 4 percentage points; (3) if the State ratio is between 40 and 45 percent, it must increase at least 5 percentage points; and (4) if the State ratio is below 40 percent, it must increase at least 6 percentage points. If an audit finds that the State's child support enforcement program has not substantially complied with the requirements of its State plan, the State is subject to a penalty. In accord with this penalty, the Secretary must reduce a State's AFDC benefit payment by not less than 1 percent nor more than 2 percent for the first failure to comply; by not less than 2 percent nor more than 3 percent for the second consecutive failure to comply; and by not less than 3 percent nor more than 5 percent for third or subsequent consecutive failure to comply.

House bill

Incentive Adjustments to Federal Matching Rate. The Secretary, in consultation with State child support directors, must develop a proposal for a new incentive system that provides additional payments to States (i.e., above the base matching rate of 66 percent) based on performance and report details of the new system to the Committees on Ways and Means and Finance by March 1, 1997. The Secretary's new system must be revenue neutral. The current incentive system remains effective for fiscal years beginning before 2000.

Conforming Amendments. Conforming amendments are made in Sections 458 of the Social Security Act.

Calculation of IV–D Paternity Establishment Percentage. States have the option of calculating the paternity establishment rate by either counting only unwed births in the State IV–D caseload or by counting all unwed births in the State. The IV–D pater-

nity establishment percentage for a fiscal year is equal to: (1) the total number of children in the State who were born out-of-wedlock, and who receive services under Part A or, at State option, Part D, and for whom paternity is acknowledged or established during the fiscal year, divided by (2) the total number of children born out-of-wedlock who receive services under Part A or E or, at State option, Part D. The Statewide paternity establishment percentage is similar except that all out-of-wedlock births in the fiscal year in the State are in the denominator and all paternities established are in the numerator. The requirements for meeting the standard are the same as current law except the 75 percent rule is increased to 90 percent. States with a paternity establishment percentage of between 75 percent and 90 percent must improve their performance by at least two percentage points per year. The noncompliance provisions of the child support program are modified so that the Secretary must take overall program performance into account.

Senate amendment

Same, except minor wording difference in amendment of Section 452(g)(2).

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

22. FEDERAL AND STATE REVIEW AND AUDITS

Present law

States are required to maintain a full record of child support collections and disbursements and to maintain an adequate reporting system.

The Secretary must collect and maintain, on a fiscal year basis, up-to-date State-by-State statistics on each of the services provided under the child support enforcement program. The Secretary is also required to evaluate the implementation of State child support enforcement programs and conduct audits of these programs as necessary, but not less often than once every 3 years (or annually if a State has been found to be out of compliance with program rules).

House bill

States are required to annually review and report to the Secretary, using data from their automatic data processing system, both information adequate to determine the State's compliance with Federal requirements for expedited procedures and timely case processing as well as the information necessary to calculate their levels of accomplishment and rates of improvement on the performance indicators in the proposal.

The Secretary is required to determine the amount (if any) of incentives or penalties. The Secretary must also review State reports on compliance with Federal requirements and provide States with recommendations for corrective action. Audits must be conducted at least once every 3 years, or more often in the case of States that fail to meet Federal requirements. The purpose of the

audits is to assess the completeness, reliability, and security of data reported for use in calculating the performance indicators and to assess the adequacy of financial management of the State program.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

23. REQUIRED REPORTING PROCEDURES

Present law

The Secretary is required to assist States in establishing adequate reporting procedures and must maintain records of child support enforcement operations and of amounts collected and disbursed, including costs incurred in collecting support payments.

House bill

The Secretary is required to establish procedures and uniform definitions for State collection and reporting of information necessary to measure State compliance with expedited processes.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

24. AUTOMATED DATA PROCESSING REQUIREMENTS

Present law

Federal law (P.L. 104–35) requires that by October 1, 1997, States have an operational automated data processing and information retrieval system designed to control, account for, and monitor all factors in the support enforcement and paternity determination process, the collection and distribution of support payments, and the costs of all services rendered.

The automated data processing system must be capable of providing management information on all IV–D cases from initial referral or application through collection and enforcement. The automated data processing system must also be capable of providing security against unauthorized access to, or use of, the data in such system. To establish these automated data systems, the Federal government provided States with a 90 percent matching rate for the costs of development. This enhanced matching money expired on October 1, 1995.

House bill

States are required to have a single Statewide automated data processing and information retrieval system which has the capacity to perform the necessary functions and with the required fre-

quency, as described in this section. The State data system must be used to perform functions the Secretary specifies, including controlling and accounting for the use of Federal, State, and local funds and maintaining the data necessary to meet Federal reporting requirements in carrying out the program. The system must maintain the requisite data for Federal reporting, calculate the State's performance for purposes of the incentive and penalty provisions, and have in place systems controls to ensure the completeness, reliability, and accuracy of the data.

To promote security of information, the State agency must have safeguards to protect the integrity, accuracy, and completeness of, and access to and use of, data in the automated systems including restricting access to passwords, monitoring of access to and use of the system, conducting automated systems training, and imposing penalties for unauthorized use or disclosure of confidential data. The Secretary must prescribe final regulations for implementation of this section no later than 2 years after the date of the enactment of this Act.

The statutory provisions for State implementation of Federal automatic data processing requirements are revised to provide that, first, all requirements enacted on or before the date of enactment of the Family Support Act of 1988 are to be met by October 1, 1997. The requirements enacted on or before the date of enactment of this proposal must be met by October 1, 1999. The October 1, 1999 deadline will be extended by one day for each day by which the Secretary fails to meet the 2-year deadline for regulations. The Federal government will continue the 90 percent matching rate for 1996 and 1997 in the case of provisions outlined in advanced planning documents submitted before September 30, 1995; the enhanced match is also provided retroactively for funds expended since expiration of the enhanced rate on October 1, 1995. For fiscal years 1996 through 2001, the matching rate for the provisions of this section will be 80 percent.

The Secretary must create procedures to cap payments to States to meet the new requirements at $400,000,000 over 6 years (fiscal years 1996–2001) to be distributed among States by a formula set in regulations which takes into account the relative size of State caseloads and the level of automation needed to meet applicable automatic data processing requirements.

Senate amendment

Same, except that requirements enacted after the Family Support Act must be met by October 1, 2000 (rather than October 1, 1999). Also, a difference in wording about payments in fiscal year 1998.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

25. TECHNICAL ASSISTANCE (AND FUNDING OF PARENT LOCATOR SERVICE)

Present law

Annual appropriations are made to cover the expenses of the Administration for Children and Families, which includes the Federal Office of Child Support Enforcement (OCSE). Among OCSE's administrative expenses are the costs of providing technical assistance to the States.

House bill

The Secretary can use 1 percent of the Federal share of child support collections on behalf of families in the Temporary Assistance for Needy Families program the preceding year to provide technical assistance to the States. Technical assistance can include training of State and Federal staff, research and demonstration programs, special projects of regional or national significance, and similar activities. The Secretary will receive 2 percent of the Federal share of collections on behalf of TANF recipients the preceding year for operation of the Federal Parent Locator Service to the extent that costs of the Parent Locator Service are not recovered by user fees.

Senate amendment

Same, except the effective date is October 1, 1997.

Conference agreement

The conference agreement follows the House bill and the Senate amendment except that the House effective date is followed.

26. REPORTS AND DATA COLLECTION BY THE SECRETARY

Present law

The Secretary is required to submit to Congress, not later than 3 months after the end of the fiscal year, a complete report on all child support enforcement activities.

House bill

In addition to current reporting requirements, the Secretary is required to report the following data to Congress in her annual report each fiscal year:

(1) the total amount of child support payments collected;

(2) the cost to the State and Federal governments of furnishing child support services;

(3) the number of cases involving families that became ineligible for aid under part A with respect to whom a child support payment was received;

(4) the total amount of current support collected and distributed;

(5) the total amount of past due support collected and distributed; and

(6) the total amount of support due and unpaid for all fiscal years.

The Secretary also must report the compliance, by State, with IV–D standards for responding to requests for child support assistance from other States and standards for distributing child support collections.

Senate amendment

Same, except minor difference in wording in amendment to Section 452(a)(10).

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

27. CHILD SUPPORT DELINQUENCY PENALTY

Present law

No provision.

House bill

States must impose an annual penalty of 10 percent on overdue support owed by noncustodial parents. The penalty is paid after the family has been repaid all arrearages and after the State has been repaid for welfare payments, if any, made to families.

Senate amendment

No provision.

Conference agreement

The conference agreement follows the Senate amendment by dropping this penalty provision.

Subtitle F—Establishment and Modification of Support Orders

28. SIMPLIFIED PROCESS FOR REVIEW AND ADJUSTMENT OF CHILD SUPPORT ORDERS

Present law

A child support order legally obligates noncustodial parents to provide financial support for their child and stipulates the amount of the obligation and how it is to be paid. In 1984, P.L. 98–378 required States to establish guidelines for establishing child support orders. In 1988, P.L. 100–485 made the guidelines binding on judges and other officials who had authority to establish support orders. P.L. 100–485 also required States to review and adjust individual child support orders once every three years under some circumstances. States are required to notify both resident and nonresident parents of their right to a review.

House bill

States must review and, as appropriate, adjust child support orders at the request of the parents. In the case of orders being enforced against parents whose children are receiving benefits under Title IV–A of the Social Security Act, States may also review the order at their own option. No proof of change of circumstances is needed to initiate the review. States may adjust child support or-

ders by either applying the State guidelines and updating the award amount or by applying a cost of living increase to the order. In the latter case, both parties must be given 30 days after notice of adjustment to contest the results. States may use automated methods to identify orders eligible for review, conduct the review, identify orders eligible for adjustment, and apply the appropriate adjustment to the orders based on the threshold established by the State. States are required to give parties one notice of their right to request review and adjustment, which may be included in the order establishing the support amount.

Senate amendment

Major differences in the review and adjustment provisions; the House makes reviews optional while the Senate retains mandatory 3-year reviews of IV–A cases as under current law; also other differences in wording.

Conference agreement

The conference agreement follows the House bill and the Senate amendment. The compromise provision preserves the mandatory review every 3 years if parents request a review but allows States some flexibility in reviewing child support cases in their welfare caseload.

29. FURNISHING CONSUMER REPORTS FOR CERTAIN PURPOSES RELATING TO CHILD SUPPORT

Present law

The Fair Credit Act requires consumer reporting agencies to include in any consumer report information on child support delinquencies provided by or verified by a child support enforcement agency, which antedates the report by 7 years.

House bill

This section amends the Fair Credit Reporting Act. In response to a request by the head of a State or local child support agency (or a State or local government official authorized by the head of such an agency), consumer credit agencies must release information if the person making the request makes all of the following certifications: that the consumer report is needed to establish an individual's capacity to make child support payments or determine the level of payments; that paternity has been established or acknowledged; that the consumer has been given at least 10 days notice by certified or registered mail that the report is being requested; and that the consumer report will be kept confidential, will be used solely for child support purposes, and will not be used in connection with any other civil, administrative, or criminal proceeding or for any other purpose. Consumer reporting agencies must also give reports to a child support agency for use in setting an initial or modified award.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

30. NONLIABILITY FOR FINANCIAL INSTITUTIONS PROVIDING FINANCIAL RECORDS

Present law

No provision.

House bill

Financial institutions are not liable to any person for information provided to child support agencies. Child support agencies can disclose information obtained from depository institutions only for child support purposes. There is no liability for disclosures that result from good faith but erroneous interpretation of this statute. However, individuals who knowingly disclose information from financial records can have civil actions brought against them in Federal district court; the maximum penalty is $1,000 for each disclosure or actual damages plus, in the case of willful disclosure resulting from gross negligence, punitive damages, plus the costs of the action. Definitions of "financial institution" and "financial record" are included in this section.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

Subtitle G—Enforcement of Support Orders

31. INTERNAL REVENUE SERVICE COLLECTION OF ARREARAGES

Present law

If the amount of overdue child support is at least $750, the Internal Revenue Service (IRS) can enforce the child support obligation through its regular collection process, which may include seizure of property, freezing accounts, or use of other procedures if child support agencies request assistance according to prescribed rules (e.g., certifying that the delinquency is at least $750, etc.)

House bill

The Internal Revenue Code is amended so that no additional fees can be assessed for adjustment to previously certified amounts for the same obligor.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

32. AUTHORITY TO COLLECT SUPPORT FROM FEDERAL EMPLOYEES

Present law

Federal law allows the wages of Federal employees to be garnished to enforce legal obligations for child support or alimony. Federal law provides that moneys payable by the United States to any individual are subject to being garnished in order to meet an individual's legal obligation to provide child support or make alimony payments. An executive order issued on February 27, 1995 establishes the Federal government as a model employer in promoting and facilitating the establishment and enforcement of child support. Under the terms of the Executive Order, all Federal agencies, including the Uniformed Services, are required to cooperate fully in efforts to establish paternity and child support and to enforce the collection of child and medical support. All Federal agencies are to review their wage withholding procedures to ensure that they are in full compliance. Beginning no later than July 1, 1995, the Director of the Office of Personnel Management must publish annually in the Federal Register the list of agents (and their addresses) designated to receive service of withholding notices for Federal employees. Federal law states that neither the United States nor any disbursing officer or government entity shall be liable with respect to any payment made from moneys due or payable from the United States pursuant to the legal process. Federal law provides that money that may be garnished includes compensation for personal services, whether such compensation is denominated as wages, salary, commission, bonus, pay, or otherwise, and includes but is not limited to, severance pay, sick pay, incentive payments, and periodic payments. Includes definitions of "United States", "child support", "alimony", "private person", and "legal process".

House bill

Consolidation and Streamlining of Authorities:

(1) Federal employees are subject to wage withholding and other actions taken against them by State child support enforcement agencies.

(2) Federal agencies are responsible for the same wage withholding and other child support actions taken by the State as if they were a private employer.

(3) The head of each Federal agency must designate an agent and place the agent's name, title, address, and telephone number in the Federal Register annually. The agent must, upon receipt of process, send written notice to the individual involved as soon as possible, but no later than 15 days, and to comply with any notice of wage withholding or respond to other process within 30 days. The agent also must respond to any order, process, or interrogatory about child support or alimony within 30 days after effective service of such requests.

(4) Current law governing allocation of moneys owed by a Federal employee is amended to give priority to child support, to require allocation of available funds, up to the amount owed, among child support claimants, and to allocate remaining funds to other claimants on a first-come, first-served basis.

(5) A government entity served with notice of process for enforcement of child support is not required to change its normal pay and disbursement cycle to comply with the legal process.

(6) Similar to current law, the U.S., the government of the District of Columbia, and disbursing officers are not liable for child support payments made in accord with this section; nor is any Federal employee subject to disciplinary action or civil or criminal liability for disclosing information while carrying out the provisions of this section.

(7) The President has the authority to promulgate regulations to implement this section as it applies to Federal employees of the Administrative branch of government; the President Pro Tempore of the Senate and Speaker of the House can issue regulations governing their employees; and the Chief Justice can issue regulations applicable to the Judicial branch.

(8) This section broadens the definition of income to include, in addition to wages, salary, commissions, bonus pay, allowances, severance pay, sick pay, and incentive pay, funds such as insurance benefits, retirement and pension pay (including disability pay if the veteran has waived a portion of retirement pay to receive disability pay), survivor's benefits, compensation for death and black lung disease, veteran's benefits, and workers' compensation; but to exclude from income funds paid to defray expenses incurred in carrying out job duties; amounts owed to the U.S. or used to pay Federal employment taxes, fines, or forfeitures ordered by court martial; and amounts withheld for tax purposes, for health insurance or life insurance premiums, for retirement contributions, or for life insurance premiums.

(9) This section includes definitions of "United States", "child support", "alimony", "private person", and "legal process".

Conforming Amendments. The House provision makes several conforming amendments to Title IV–D of the Social Security Act and Title 5 of the United States Code.

Military Retired and Retainer Pay. The definition of "court" in the Armed Forces title of the U.S. Code (title 10) is amended to include an administrative or judicial tribunal of a State which is competent to enter child support orders, and clarifies the definition of "court order." The Secretary of Defense is required to send withheld amounts for child support to the appropriate State Disbursement Unit. The provision also clarifies that military personnel who have never been married to the parent of their child are under jurisdiction of the State child support program and the terms of section 459 of the Social Security Act.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

33. ENFORCEMENT OF CHILD SUPPORT OBLIGATIONS OF MEMBERS OF THE ARMED FORCES

Present law

Availability of Locator Information. The Executive Order issued February 27, 1995 requires a study which would include recommendations on how to improve service of process for civilian employees and members of the Uniformed Services stationed outside the United States.

Facilitating Granting of Leave for Attendance at Hearings. No provision.

Payment of Military Retired Pay in Compliance with Child Support Orders. Federal law requires allotments from the pay and allowances of any member of the uniformed service when the member fails to pay child (or child and spousal) support payments.

House bill

Availability of Locator Information. The Secretary of Defense must establish a central personnel locator service that contains residential or, in specified instances, duty addresses of every member of the Armed Services (including members of the Coast Guard, if requested). The locator service must be updated within 30 days of the time an individual establishes a new address. Information from the locator service must be made available upon request to the Federal Parent Locator Service.

Facilitating Granting of Leave for Attendance at Hearings. The Secretary of each military department must issue regulations to facilitate granting of leave for members of the Armed Services to attend hearings to establish paternity or to establish child support orders. The terms "court" and "child support" are defined.

Payment of Military Retired Pay in Compliance with Child Support Orders. Child support orders received by the Secretary do not have to have been recently issued. The Secretary of each branch of the Armed Forces (including retirees, the Coast Guard, the National Guard, and the Reserves) is required to make child support payments from military retirement pay directly to any State to which a custodial parent has assigned support rights as a condition of receiving public assistance. Payments to satisfy current support or child support arrears must be made from disposable retirement pay. Payroll deductions must begin within 30 days or the first pay period after 30 days of receiving a wage withholding order.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

34. VOIDING OF FRAUDULENT TRANSFERS

Present law

No provision.

House bill

States must have in effect the Uniform Fraudulent Conveyance Act of 1981, the Uniform Fraudulent Transfer Act of 1984, or an equivalent law providing for voiding transfers of income or property that were made to avoid payment of child support. States also must have in effect procedures under which the State must seek to void a fraudulent transfer or obtain a settlement in the best interest of the child support creditor.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

35. WORK REQUIREMENT FOR PERSONS OWING PAST-DUE CHILD SUPPORT

Present law

Public Law 100–485 required the Secretary to grant waivers to up to five States allowing them to provide JOBS services on a voluntary or mandatory basis to noncustodial parents who are unemployed and unable to meet their child support obligations. (In their report the conferees noted that the demonstrations would not grant any new powers to the States to require participation by noncustodial parents. The demonstrations were to be evaluated.)

House bill

States must have procedures under which the State has the authority to issue an order or request that a court or administrative process issue an order that requires individuals owing past-due child support for a child receiving assistance under the Temporary Family Assistance program either to pay the support due, to have and be in compliance with a plan to pay child support, or to participate in work activities as deemed appropriate by the court or the child support agency. "Past-due support" is defined and a conforming amendment is made to sec. 466 of the Social Security Act.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

36. DEFINITION OF SUPPORT ORDER

Present law

No provision.

House bill

A support order is defined as a judgement, decree, or order (whether temporary, final, or subject to modification) issued by a

court or an administrative agency for the support (monetary support, health care, arrearages, or reimbursement) of a child (including a child who has reached the age of majority under State law) or of a child and the parent with whom the child lives, and which may include costs and fees, interest and penalties, income withholding, attorney's fees, and other relief.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

37. REPORTING ARREARAGES TO CREDIT BUREAUS

Present law

Federal law requires States to implement procedures which require them to periodically report to consumer reporting agencies the name of debtor parents owing at least 2 months of overdue child support and the amount of child support overdue. However, if the amount overdue is less than $1,000, information regarding it shall be made available only at the option of the State. Moreover, information may only be made available after the noncustodial parent has been notified of the proposed action and has been given reasonable opportunity to contest the accuracy of the claim against him. States are permitted to charge consumer reporting agencies that request child support arrearage information a fee that does not exceed actual costs.

House bill

States are required to periodically report to consumer credit reporting agencies the name of any noncustodial parent who is delinquent in the payment of support and the amount of overdue support owed by the parent. Before such a report can be sent, the obligor must have been afforded all due process rights, including notice and reasonable opportunity to contest the claim of child support delinquency.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

38. LIENS

Present law

Federal law requires States to implement procedures under which liens are imposed against real and personal property for amounts of overdue support owed by a noncustodial parent who resides or owns property in the State.

House bill

States must have procedures under which liens arise by operation of law against property for the amount of overdue support. States must grant full faith and credit to liens of other States if the originating State agency or party has complied with procedural rules relating to the recording or serving of liens, except such rules cannot require judicial notice or hearing prior to enforcement of the lien.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

39. STATE LAW AUTHORIZING SUSPENSION OF LICENSES

Present law

No provision.

House bill

States must have the authority to withhold, suspend, or restrict the use of drivers' licenses, professional and occupational licenses, and recreational licenses of individuals owing past-due support or failing, after receiving appropriate notice, to comply with subpoenas or warrants relating to paternity or child support proceedings.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

40. DENIAL OF PASSPORTS FOR NONPAYMENT OF CHILD SUPPORT

Present law

No provision.

House bill

If an individual owes arrearages in excess of $5,000 of child support, the Secretary of HHS must request that the State Department deny, revoke, restrict, or limit the individual's passport. State child support agencies must have procedures for certifying to the Secretary arrearages in excess of $5,000 and for notifying individuals who are in arrears and providing them with an opportunity to contest. These provisions become effective on October 1, 1997.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

41. INTERNATIONAL CHILD SUPPORT ENFORCEMENT

Present law

No provision.

House bill

(1) The Secretary of State, with concurrence of the Secretary of HHS, is authorized to declare reciprocity with foreign countries having requisite procedures for establishing and enforcing support orders. The Secretary may revoke reciprocity if she determines that the enforcement procedures do not continue to meet the requisite criteria.

(2) The requirements for reciprocity include procedures in the foreign country for U.S. residents—available at no cost—to establish parentage, to establish and enforce support orders for children and custodial parents, and to distribute payments.

(3) An agency of the foreign country must be designated a central authority responsible for facilitating support enforcement and ensuring compliance with standards by both U.S. residents and residents of the foreign country.

(4) The Secretary in consultation with the States, may establish additional standards that she judges necessary to promote effective international support enforcement.

(5) The Secretary of HHS is required to facilitate enforcement services in international cases involving residents of the United States and of foreign reciprocating countries, including developing uniform forms and procedures, providing information from the FPLS on the State of residence of the obligor, and providing such other oversight, assistance, or coordination as she finds necessary and appropriate.

(6) Where there is no Federal reciprocity agreement, States are permitted to enter into reciprocal agreements with foreign countries.

(7) The State plan must provide that request for services in international cases be treated the same as interstate cases, except that no application will be required and no costs will be assessed against the foreign country or the obligee (costs may be assessed at State option against the obligor).

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

42. FINANCIAL INSTITUTION DATA MATCHES

Present law

No provision.

House bill

States are required to implement procedures under which the State child support agency must enter into agreements with financial institutions doing business within the State to develop and operate a data match system, using automated data exchanges to the maximum extent feasible, in which such financial institutions are required to provide for each calendar quarter the name, address, Social Security number, and other identifying information for each noncustodial parent identified by the State who has an account at the institution and owes past-due child support. In response to a notice of lien or levy, the financial institution must encumber or surrender assets held by the institution on behalf of the noncustodial parent who is subject to the child support lien. The State agency may pay a fee to the financial institution. The financial institution is not liable for activities taken to implement the provisions of this section. Definitions of the terms "financial institution" and "account" are included.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

43. ENFORCEMENT OF ORDERS AGAINST PATERNAL OR MATERNAL GRANDPARENTS IN CASES OF MINOR PARENTS

Present law

No provision. However, Wisconsin and Hawaii have State laws that make grandparents financially responsible for their minor children's dependents.

House bill

With respect to a child of minor parents receiving support from the Temporary Assistance for Needy Families Block Grant, States have the option to enforce a child support order against the parents of the minor noncustodial parent.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

44. NONDISCHARGEABILITY IN BANKRUPTCY OF CERTAIN DEBTS FOR THE SUPPORT OF A CHILD

Present law

Although child support payments may not be discharged in a filing of bankruptcy (i.e., the debtor parent cannot escape her child support obligation by filing a bankruptcy petition), a bankruptcy filing may cause long delays in securing child support payments.

Pursuant to P.L. 103–394, a filing of bankruptcy will not stay a paternity, child support, or alimony proceeding. In addition, child support and alimony payments will be priority claims and custodial parents will be able to appear in bankruptcy court to protect their interests without paying a fee or meeting any local rules for attorney appearances.

House bill

Title 11 of the U.S. Code and Title IV–D of the Social Security Act are amended to ensure that a debt owed to the State "that is in the nature of support and that is enforceable under this part" cannot be discharged in bankruptcy proceedings. This amendment applies only to cases initiated under Title 11 after enactment of this Act.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

45. CHILD SUPPORT ENFORCEMENT FOR INDIAN TRIBES

Present law

There are about 340 federally recognized Indian tribes in the 48 contiguous States. Among these tribes there are approximately 130 tribal courts and 17 Courts of Indian Offenses. Most tribal codes authorize their courts to hear parentage and child support matters that involve at least one member of the tribe or person living on the reservation. This jurisdiction may be exclusive or concurrent with State court jurisdiction, depending on specified circumstances.

House bill

No provision.

Senate amendment

Any State that has Indian country may enter into a cooperation agreement with an Indian tribe if the tribe demonstrates that it has an established tribal court system with several specific characteristics. The Secretary may make direct payments to Indian tribes that have approved child support enforcement plans. Conforming amendments are included.

Conference agreement

The conference agreement follows the Senate amendment.

Subtitle H—Medical Support

46. CORRECTION TO ERISA DEFINITION OF MEDICAL CHILD SUPPORT ORDER

Present law

Public Law 103–66 requires States to adopt laws that require health insurers and employers to enforce orders for medical and child support and that forbid health insurers from denying coverage to children who are not living with the covered individual or who were born outside of marriage. Under Public Law 103–66, group health plans are required to honor "qualified medical child support orders."

House bill

This provision expands the definition of medical child support order in ERISA to clarify that any judgement, decree, or order that is issued by a court of competent jurisdiction or by an administrative process has the force and effect of law.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

47. ENFORCEMENT OF ORDERS FOR HEALTH CARE COVERAGE

Present law

Federal law requires the Secretary to require IV–D agencies to petition for the inclusion of medical support as part of child support whenever health care coverage is available to the noncustodial parent at reasonable cost.

House bill

All orders enforced under this part must include a provision for health care coverage. If the noncustodial parent changes jobs and the new employer provides health coverage, the State must send notice of coverage, which shall operate to enroll the child in the health plan, to the new employer.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

SUBTITLE I—ENHANCING RESPONSIBILITY AND OPPORTUNITY FOR NON-RESIDENTIAL PARENTS

48. GRANTS TO STATES FOR ACCESS AND VISITATION PROGRAMS

Present law

In 1988, Congress authorized the Secretary to fund for fiscal year 1990 and fiscal year 1991 demonstration projects by States to help divorcing or never-married parents cooperate with each other, especially in arranging for visits between the child and the non-resident parent.

House bill

This proposal authorizes grants to States for access and visitation programs including mediation, counseling, education, development of parenting plans, and visitation enforcement. Visitation enforcement can include monitoring, supervision, neutral drop-off and pick-up, and development of guidelines for visitation and alternative custody agreements. An annual entitlement of $10 million is appropriated for these grants.

The amount of the grant to a State is equal to either 90 percent of the State expenditures during the year for access and visitation programs or the allotment for the State for the fiscal year. The allotment to the State bears the same ratio to the amount appropriated for the fiscal year as the number of children in the State living with one biological parent divided by the national number of children living with one biological parent. The Administration for Children and Families must adjust allotments to ensure that no State is allotted less than $50,000 for fiscal years 1997 or 1998 or less than $100,000 for any year after 1998. Projects are required to supplement rather than supplant State funds. States may use the money to create their own programs or to fund grant programs with courts, local public agencies, or nonprofit organizations. The programs do not need to be Statewide. States must monitor, evaluate, and report on their programs in accord with regulations issued by the Secretary.

Senate amendment

Same, except delays the effective date for 1 year.

Conference agreement

The conference agreement follows the House bill and the Senate amendment except that the House effective date is followed.

SUBTITLE J—EFFECTIVE DATES AND CONFORMING AMENDMENTS

49. EFFECTIVE DATES AND CONFORMING AMENDMENTS

Present law

No provision.

House bill

Except as noted in the text of the House proposal for specific provisions, the general effective date for provisions in the proposal is October 1, 1996. However, given that many of the changes re-

quired by this proposal must be approved by State Legislatures, the proposal contains a grace period tied to the meeting schedule of State Legislatures. In any given State, the proposal becomes effective either on October 1, 1996 or on the first day of the first calendar quarter after the close of the first regular session of the State Legislature that begins after the date of enactment of the proposal. In the case of States that require a constitutional amendment to comply with the requirements of the proposal, the grace period is extended either for one year after the effective date of the necessary State constitutional amendment or five years after the date of enactment of the proposal. This section contains several conforming amendments to title IV–D of the Social Security Act. This section also replaces the term "absent parent" with "noncustodial parent" each place it occurs in title IV–D.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

TITLE IV: RESTRICTING WELFARE AND PUBLIC BENEFITS FOR ALIENS

1. STATEMENTS OF NATIONAL POLICY CONCERNING WELFARE AND IMMIGRATION

Present law

No provision.

House bill

The Congress makes several statements concerning national policy with respect to welfare and immigration. These include the affirmation that it continues to be the immigration policy of the United States that noncitizens within the Nation's borders not depend on public resources, that noncitizens nonetheless have been applying for and receiving public benefits at increasing rates, and that it is a compelling government interest to enact new eligibility and sponsorship rules to assure that noncitizens become self-reliant and to remove any incentive for illegal immigration.

Senate amendment

Similar to House bill.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

Subtitle A—Eligibility for Federal Benefits

2. ALIENS WHO ARE NOT QUALIFIED ALIENS INELIGIBLE FOR FEDERAL PUBLIC BENEFITS

Present law

Current law limits alien eligibility for most major Federal assistance programs, including restrictions on, among other programs, Supplemental Security Income, Aid to Families with Dependent Children, housing assistance, and Food Stamps programs. Current law is silent on alienage under, among other programs, school lunch and nutrition, the Special Supplemental Food Program for Women, Infants, and Children (WIC), Head Start, migrant health centers, and the earned income credit. Under the programs with restrictions, benefits are generally allowed for permanent resident aliens (also referred to as immigrants and green card holders), refugees, asylees, and parolees, but benefits (other than emergency Medicaid) are denied to nonimmigrants (or aliens lawfully admitted temporarily as, for example, tourists, students, or temporary workers) and illegal aliens. Benefits are permitted under AFDC, SSI, unemployment compensation, and nonemergency Medicaid to other aliens permanently residing in the United States under color of law (PRUCOL).

House bill

Noncitizens who are "not qualified aliens" (generally, illegal immigrants and nonimmigrants such as students) are ineligible for all Federal public benefits, with limited exceptions for emergency medical services, emergency disaster relief, immunizations and testing and treatment of symptoms of communicable diseases, community programs necessary for the protection of life or safety, certain housing benefits (only for current recipients), licenses and benefits directly related to work for which a nonimmigrant has been authorized to enter the U.S, and certain Social Security retirement benefits protected by treaty or statute.

Federal public benefits include: any grant, contract, loan, professional license or commercial license, and any retirement, welfare, health, disability, food assistance, unemployment or similar benefit provided by an agency or appropriated funds of the United States.

Senate amendment

Similar to House, except that the exception for communicable diseases is limited to treatment of the disease itself and must be triggered by a finding by HHS that testing and treatment of a particular disease is necessary to prevent its spread.

Conference agreement

The conference agreement follows the House bill.

The allowance for treatment of communicable diseases is very narrow. The conferees intend that it only apply where absolutely necessary to prevent the spread of such diseases. This is only a stop-gap measure until the deportation of a person or persons un-

lawfully here. It is not intended to provide authority for continued treatment of such diseases for a long term.

The allowance for emergency medical services under Medicaid is very narrow. The conferees intend that it only apply to medical care that is strictly of an emergency nature, such as medical treatment administered in an emergency room, critical care unit, or intensive care unit. The conferees do not intend that emergency medical services include pre-natal or delivery care assistance that is not strictly of an emergency nature as specified herein.

The intent of the conferees is that title I, part A of the Elementary and Secondary Education Act would not be affected by section 401 because the benefit is not provided to an individual, household, or family eligibility unit.

3. LIMITED ELIGIBILITY OF QUALIFIED ALIENS FOR CERTAIN FEDERAL PROGRAMS

Present law

With the exception of certain buy-in rights under Medicare, immigrants (or aliens) lawfully admitted for permanent residence are eligible for major Federal benefits, but the ability of some immigrants to meet the needs tests for SSI, AFDC, and food stamps may be affected by the sponsor-to-alien deeming provisions discussed below. Refugees, asylees, and parolees also generally are eligible. Benefits are permitted under AFDC, SSI, unemployment compensation, and nonemergency Medicaid to other aliens permanently residing in the United States under color of law (PRUCOL).

House bill

Legal noncitizens who are "qualified aliens" (i.e., permanent resident aliens, refugees, asylees, aliens paroled into the United States for a period of at least 1 year, and aliens whose deportation has been withheld) are ineligible for SSI, Medicaid, and food stamp benefits until they attain citizenship, with exceptions noted below. States are given the option of similarly restricting Federal cash welfare and Title XX benefits for qualified aliens, with the exception of those who are receiving benefits on the date of enactment as described below.

Refugees, asylees, and aliens whose deportation has been withheld are excepted for 5 years after being granted their respective statuses. Also excepted are legal permanent residents who have worked (in combination with their spouse and parents) for at least 10 years, and noncitizens who are veterans or on active duty or their spouse or unmarried child.

To allow individuals time to adjust to the revised policy, otherwise restricted aliens who are receiving SSI, food stamps, cash welfare, Medicaid or Title XX benefits on the date of enactment would remain eligible for at most 1 year after enactment. However, if a review determines the noncitizen would be ineligible if enrolling under the revised standards for SSI, Medicaid, and food stamps (for example, because the noncitizen failed to qualify under the refugee or work exemptions) such benefits would cease immediately. States have the option of ending cash welfare and social services benefits for current recipients after January 1, 1997.

Senate amendment

Similar to House bill, except that Medicaid is included among the programs subject to State option rather than a blanket bar.

Conference agreement

The conference agreement follows the Senate amendment.

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

Present law

See above.

House bill

The proposal restricts most Federal means-tested benefits (including SSI, food stamps, cash welfare, Medicaid, and title XX social services benefits) for permanent resident aliens who arrive after the date of enactment for their first 5 years in the United States. Programs that are not restricted to legal noncitizens arriving in the future include emergency medical services, non-cash emergency disaster relief, school lunch and child nutrition benefits, immunizations and testing and treatment for symptoms of communicable diseases, foster care and adoption payments under parts B and E of Title IV of the Social Security Act, community programs for the protection of life or safety, certain elementary and secondary education programs, Head Start, the Job Training Partnership Act, and higher education grants and loans.

Exceptions are made for refugees, asylees, aliens whose deportation is being withheld, and noncitizens who are veterans, on active duty, or the spouse or unmarried child of such an individual.

Senate amendment

Excepted programs are similar to the House with the following differences:

(1) benefits under Head Start Act and the Job Training Partnership Act are not excepted;

(2) the exception for foster care and adoption assistance is limited to Part E of Title IV of the Social Security Act;

(3) the exception for testing and treatment of communicable diseases is more limited and must be triggered by a finding by HHS that detection and treatment of a particular disease is necessary to prevent its spread; and

(4) includes an exception for education assistance under titles III, VII, and VIII of the Public Health Service Act.

Excepted classes are similar to House bill.

Conference agreement

The conference agreement follows the House bill and Senate amendment as follows. (1) The definition of Federal Means Tested Public Benefit (defined as "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 finan-

cial need of the individual, household, or unit") was deleted due to the Byrd rule. It is the intent of conferees that this definition be presumed to be in place for purposes of this title. (2) Regarding excepted programs, the conference agreement follows the House bill on testing and treatment of communicable diseases and by adding Head Start and the Job Training Partnership Act as excepted programs; the conference agreement adds refugee and entrant assistance as an excepted program; and the conference agreement follows the Senate amendment by adding education assistance under titles III, VII, and VIII of the Public Health Services Act as an excepted program.

5. NOTIFICATION AND INFORMATION REPORTING

Present law

Notification. Under regulation, individual advance written notice must be given of an intent to suspend, reduce, or terminate SSI benefits.

Information Reporting. AFDC and SSI restrict the use or disclosure of information concerning applicants and recipients to purposes connected to the administration of needs-based Federal programs.

House bill

Each Federal agency that administers an affected program shall post information and provide general notification to the public and to program recipients of changes regarding eligibility.

Agencies that administer SSI, housing assistance programs under the United States Housing Act of 1937, or block grants for temporary assistance for needy families (the successor program to AFDC) are required to furnish information about aliens they know to be unlawfully in the United States to the Immigration and Naturalization Service (INS) at least four times annually and upon INS request.

Senate amendment

Similar to House bill.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

Subtitle B—Eligibility for State and Local Public Benefits Programs

6. ALIENS WHO ARE NOT QUALIFIED ALIENS OR NONIMMIGRANTS INELIGIBLE FOR STATE AND LOCAL PUBLIC BENEFITS

Present law

Under *Plyler* vs. *Doe* (457 U.S. 202 (1982)), States may not deny illegal alien children access to a public elementary education without authorization from Congress. However, the narrow 5–4 Supreme Court decision may imply that illegal aliens may be denied at least some State benefits and that Congress may influence the eligibility of illegal aliens for State benefits. Many, but not all,

State general assistance laws currently deny illegal aliens means-tested general assistance.

House bill

Illegal aliens are ineligible for all State and local public benefits, with limited exceptions for emergency medical services, emergency disaster relief, immunizations and testing and treatment for symptoms of communicable diseases, and programs necessary for the protection of life or safety. States may, however, pass laws after the date of enactment that specify that illegal aliens may be eligible for certain State or local benefits that otherwise would be denied under this section.

Senate amendment

Similar to House bill, except that the exception for communicable diseases is more limited and must be triggered by a finding by HHS that testing and treatment of a particular disease is necessary to prevent its spread.

Conference agreement

The conference agreement follows the House bill.

No current State law, State constitutional provision, State executive order or decision of any State or Federal court shall provide a sufficient basis for a State to be relieved of the requirement to deny benefits to illegal aliens. Laws, ordinances, or executive orders passed by county, city or other local officials will not allow those entities to provide benefits to illegal aliens. Only the affirmative enactment of a law by a State legislature and signed by the Governor after the date of enactment of this Act, that references this provision, will meet the requirements of this section.

The phrase "affirmatively provides for such eligibility" means that the State law enacted must specify that illegal aliens are eligible for State or local benefits. Persons residing under color of law shall be considered to be aliens unlawfully present in the United States and are prohibited from receiving State or local benefits, as defined, regardless of the enactment of any State law.

The conference agreement provides that no State or local government entity shall prohibit, or in any way restrict, any entity or official from sending to or receiving from the INS information regarding the immigration status of an alien or the presence, whereabouts, or activities of illegal aliens. It does not require, in and of itself, any government agency or law enforcement official to communicate with the INS.

The conferees intend to give State and local officials the authority to communicate with the INS regarding the presence, whereabouts, or activities of illegal aliens. This provision is designed to prevent any State or local law, ordinance, executive order, policy, constitutional provision, or decision of any Federal or State court that prohibits or in any way restricts any communication between State and local officials and the INS. The conferees believe that immigration law enforcement is as high a priority as other aspects of Federal law enforcement, and that illegal aliens do not have the right to remain in the United States undetected and unapprehended.

7. STATE AUTHORITY TO LIMIT ELIGIBILITY OF QUALIFIED ALIENS FOR STATE PUBLIC BENEFITS

Present law

Under *Graham* v. *Richardson* (403 U.S. 365 (1971)), States may not deny legal permanent residents State-funded assistance that is provided to equally needy citizens without authorization from Congress.

Currently, there is no Federal law barring legal temporary residents (i.e., nonimmigrants) from State and local needs-based programs. In general, States are restricted in denying assistance to nonimmigrants where the denial is inconsistent with the terms under which the nonimmigrants were admitted. Where a denial of benefits is not inconsistent with Federal immigration law, however, States have broader authority to deny benefits and States often do deny certain benefits to nonimmigrants. Also, aliens in most nonimmigrant categories generally may have difficulty qualifying for many State and local benefits because of requirements that they be State "residents."

House bill

States are authorized to determine the eligibility of "qualified aliens," nonimmigrants, and aliens paroled into the United States for less than 1 year for any State or local means-tested public benefit program. Noncitizens receiving State and local benefits on the date of enactment would remain eligible for benefits until January 1, 1997.

Exceptions to State authority to deny benefits are made for refugees, asylees and aliens whose deportation has been withheld (for 5 years), permanent resident aliens who have worked in the United States (in combination with their spouse or parents) for at least 10 years, and noncitizens who are veterans or on active duty or their spouse or unmarried child.

Senate amendment

Similar to House bill, except that under Byrd rule the definition of "State public benefits" (sec. 2412(c)) is deleted.

Conference agreement

The conference agreement follows the House bill and the Senate amendment. The conference agreement does not include a definition of State public benefits in this section because the definition was dropped due to the Byrd rule. However, it is the intent of House and Senate conferees that the following definition be used by States in carrying out the authority granted by this section: "STATE PUBLIC BENEFITS DEFINED.—The term 'State public benefits' means any means-tested public benefits 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

8. FEDERAL ATTRIBUTION OF SPONSOR'S INCOME AND RESOURCES TO ALIEN

Present law

Federal Benefits. In determining whether an alien meets the means test for AFDC, SSI (except in cases of blindness or disability occurring after entry), and food stamps, the resources and income of an individual who filed an affidavit of support ("sponsor") for the alien (and the income and resources of the individual's spouse) are taken into account during a designated period after entry. Sponsor-to-alien deeming provisions were added to these three programs in part because several courts have found that affidavits of support, under current practice, do not obligate sponsors to reimburse government agencies for benefits provided to sponsored aliens. See below.

Amounts of Income and Resources Deemed. While the offset formulas vary among the programs, the amount of income and resources deemed under AFDC, SSI, and Food Stamps is reduced by certain offsets to provide for some of the sponsor's own needs.

Length of Deeming Period. For AFDC and Food Stamps, sponsor-to-alien deeming applies to a sponsored alien seeking assistance within 3 years of entry. Through September 1996, sponsor-to-alien deeming applies to a sponsored alien seeking SSI within 5 years of entry, after which the deeming period reverts to 3 years.

Review Upon Reapplication. Regulations implementing the food stamp program expressly require providing information on a sponsor's resources as part of recertification.

Application. No provision.

House bill

Federal Benefits. During the applicable deeming period (see "Length of Deeming Period" below), the income and resources of a sponsor and the sponsor's spouse are to be taken into account under all Federally-funded means-tested programs (with the exception of the programs below) in determining the sponsored individual's neediness. Excepted programs are emergency medical services, emergency disaster relief, school lunch and child nutrition assistance, immunizations and testing and treatment for symptoms of communicable diseases, certain programs that protect life, safety, or public health, certain foster care and adoption assistance, Head Start, Job Training Partnership Act programs, certain elementary and secondary education programs, and higher education grants and loans.

Amounts of Income and Resources Deemed. The full income and resources of the sponsor and the sponsor's spouse are deemed to be that of the sponsored alien.

Length of Deeming Period. Deeming extends until citizenship, unless the noncitizen has worked for at least 10 years in the United States (either individually or in combination with the noncitizen's spouse and parents).

Review Upon Reapplication. Whenever a sponsored noncitizen is required to reapply for benefits under any Federal means-tested

public benefits program, the agency must review the income and resources deemed to the sponsored noncitizen.

Application. For programs that already deem income and resources on the date of enactment, the changes in this section apply immediately; other programs must implement changes required within 180 days after the date of enactment.

Senate amendment

Federal Benefits. Under the Byrd rule, the definition of "Federal means-tested program" (sec. 2403(c)(1)) is deleted.

Otherwise similar to House bill, with differences in exceptions to Federal means-tested programs noted above for the 5-year bar.

Amounts of Income and Resources Deemed. Similar to House bill.

Length of Deeming Period. Similar to House bill.

Review Upon Reapplication. Similar to House bill.

Application. Similar to House bill.

Conference agreement

The conference agreement follows the House bill and the Senate amendment, with the modification of certain additional excepted programs as noted in item 4 above.

The allowance for treatment of communicable diseases is very narrow. The conferees intend that it only apply where absolutely necessary to prevent the spread of such diseases. This is only a stop-gap measure until the deportation of a person or persons unlawfully here. It is not intended to provide authority for continued treatment of such diseases for a long term.

The allowance for emergency medical services under Medicaid is very narrow. The conferees intend that it only apply to medical care that is strictly of an emergency nature, such as medical treatment administered in an emergency room, critical care unit, or intensive care unit. The conferees do not intend that emergency medical services include pre-natal or delivery care assistance that is not strictly of an emergency nature as specified herein.

9. AUTHORITY FOR STATES TO PROVIDE FOR ATTRIBUTION OF SPONSOR'S INCOME AND RESOURCES TO THE ALIEN WITH RESPECT TO STATE PROGRAMS

Present law

The highest courts of at least two States have held that the Supreme Court decision barring State discrimination against legal aliens in providing State benefits without Federal authorization (*Graham* v. *Richardson,* 403 U.S. 365 (1971)) prohibits State sponsor-to-alien deeming requirements for State benefits.

House bill

State and local governments may, for the deeming period that applies to Federal benefits, deem a sponsor's income and resources (and those of the sponsor's spouse) to a sponsored individual in determining eligibility for and the amount of needs-based benefits. State and local governments may not require deeming for the following State public benefits: emergency medical services, emer-

gency disaster relief, school lunch and child nutrition assistance, immunizations and testing and treatment for symptoms of communicable diseases, foster care and adoption payments, and certain programs to protect life and safety.

Senate amendment

Similar to House bill, except that the exception for communicable diseases is limited to testing and treatment of the disease itself and must be triggered by a finding by the chief State health official that it is necessary to prevent spread of the disease.

Conference agreement

The conference agreement follows the House bill.

10. REQUIREMENTS FOR SPONSOR'S AFFIDAVIT OF SUPPORT

Present law

In General. Administrative authorities may request an affidavit of support on behalf of an alien seeking permanent residency pursuant to regulation. Requirements for affidavits of support are not specified by statute.

Under the Immigration and Nationality Act, an alien who is likely to become a public charge may be excluded from entry unless this restriction is waived, as is the case for refugees. By regulation and administrative practice, the State Department and the Immigration and Naturalization Service permit a prospective permanent resident alien (also immigrant or green card holder) who otherwise would be excluded as a public charge (i.e., because of insufficient means or prospective income) to overcome exclusion through an affidavit of support or similar document executed by an individual in the United States commonly called a "sponsor." It has been reported that roughly one-half of the aliens who obtain legal permanent resident status have had affidavits of support filed on their behalf.

Various State court decisions and decisions by immigration courts have held that the affidavits of support, as currently constituted, do not impose a binding obligation on the sponsor to reimburse State agencies providing aid to the sponsored alien.

Forms. No statutory provision. The Department of Justice issues a form (Form I–134) that complies with current sponsorship guidelines.

Notification of Change of Address. There is no express requirement under current administrative practice that sponsors inform welfare agencies of a change in address. However, a sponsored alien who applies for benefits for which deeming is required must provide various information regarding the alien's sponsor.

Reimbursement of Government Expenses. Various State court decisions and decisions by immigration courts have held that these affidavits, as currently constituted, do not impose a binding obligation on the sponsor to reimburse State agencies providing aid to the sponsored alien.

Definitions. There are no firm administrative restrictions on eligibility to execute an affidavit of support. There is no definition of "Means-tested Public Benefits Program".

Effective Date. No provision.

Benefits Not Subject to Reimbursement. No provision.

House bill

In General. The proposal provides that when affidavits of support are required, they must comply with the following:

Affidavits of support must be executed as contracts that are legally enforceable against sponsors by Federal, State, and local agencies with respect to any means-tested benefits (with exceptions noted below) paid to sponsored aliens before they become citizens.

Affidavits of support must be enforceable against the sponsor by the sponsored alien.

Reimbursement shall be requested for all Federal, State or local need-based programs with the exceptions noted below.

To qualify to execute an affidavit of support, an individual must meet the revised definition of sponsor below.

Governmental entities that provide benefits may seek reimbursement up to 10 years after a sponsored alien last receives benefits.

Sponsorship extends until the alien becomes a citizen.

Forms. The Attorney General, in consultation with the Secretary of State and the Secretary of HHS, shall formulate an affidavit of support within 90 days after enactment, consistent with this section.

Notification of Change of Address. Until they no longer are potentially liable for reimbursement of benefits paid to sponsored individuals, sponsors must notify the Attorney General and the State, district, territory or possession in which the sponsored individual resides of any change of their address within 30 days of moving. Failure to notify may result in a civil penalty of up to $2,000 or, if the failure occurs after knowledge that the sponsored individual has received a reimbursable benefit, of up to $5,000.

Reimbursement of Government Expenses. If a sponsored alien receives any benefit under any means-tested public assistance program, the appropriate Federal, State, or local official shall request reimbursement by the sponsor in the amount of such assistance. Thereafter the official may seek reimbursement in court if the sponsor fails to respond within 45 days of the request that the sponsor is willing to begin repayments. The official also may seek reimbursement through the courts within 60 days after a sponsor fails to comply with the terms of repayment. The Attorney General in consultation with the Secretary of HHS, shall prescribe regulations on requesting reimbursement. No action may be brought later than 10 years after the alien last received benefits.

Definitions. A "sponsor" is a citizen or an alien lawfully admitted to the United States for permanent residence who petitioned for immigration preference for the sponsored alien, is at least 18 years of age, and resides in any State.

A "Means-Tested Public Benefits Program" is a program of public benefits of the Federal, State or local government in which eligibility for or the amount of, benefits or both are determined on the basis of income, resources, or financial need.

Effective Date. The changes regarding affidavits of support shall apply to affidavits of support executed no earlier than 60 days

or later than 90 days after the Attorney General promulgates the form.

Benefits Not Subject to Reimbursement. Governmental entities cannot seek reimbursement with respect to:

emergency medical services;
emergency disaster relief;
school lunch and child nutrition assistance;
payments for foster care and adoption assistance;
immunizations and testing for and treatment of communicable diseases;
certain programs that protect life, safety, or public health;
postsecondary education benefits;
means-tested elementary and secondary education programs;
Head Start; and
Job Training Partnership Act programs.

Senate amendment

In General. Under the Byrd rule, the definition of "means-tested public benefits program" (sec. 2423(a)) is deleted. Otherwise similar to House bill.

Forms. Similar to House bill.

Notification of Change of Address. Similar to House bill.

Reimbursement of Government Expenses. Similar to House bill.

Definitions. Similar to House bill. Definition for "Means-tested public benefits program" deleted under the Byrd rule.

Effective Date. Similar to House bill.

Benefits Not Subject to Reimbursement. Similar to House bill except:

does not add Head Start and Job Training Partnership Act programs to the list of excepted programs;
the exception for foster care and adoption assistance is limited to part E of Title IV of the Social Security Act;
the exception for testing and treatment of a communicable disease is more limited and must be triggered by a finding by HHS that it is necessary to prevent the disease's spread; and
adds exception for education assistance under titles III, VII, and VIII of the Public Health Service Act.

Conference agreement

The conference agreement generally follows the House bill and Senate amendment. The definition of Means-Tested Public Benefits Program (defined as "a public benefit (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") for purposes of this section was deleted due to the Byrd rule. It is the intent of conferees that this definition be presumed to be in place for purposes of this title. With regard to excepted programs, the conference agreement follows the House bill on testing and treatment

of communicable diseases and by adding Head Start and Job Training Partnership Act as excepted programs; the conference agreement follows the Senate amendment by adding education assistance under titles III, VII, and VIII of the Public Health Services Act as an excepted program.

Subtitle D—General Provisions

11. DEFINITIONS

Present law

In General. Federal assistance programs that have alien eligibility restrictions generally reference specific classes defined in the Immigration and Nationality Act.

Qualified Alien. Some programs allow benefits for otherwise eligible aliens who are "permanently residing under color of law (PRUCOL)." This term is not defined under the Immigration and Nationality Act, and there has been some inconsistency in determining which classes of aliens fit within the PRUCOL standard.

House bill

In General. Unless otherwise provided, the terms used in this title have the same meaning as defined in Section 101(a) of the Immigration and Nationality Act.

Qualified Alien. An alien who is a lawful permanent resident, refugee, asylee, or an alien who has been paroled into the United States for at least 1 year.

Senate amendment

In General. Similar to House bill.

Qualified Alien. Similar to House bill.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

12. VERIFICATION OF ELIGIBILITY FOR FEDERAL PUBLIC BENEFITS

Present law

State agencies that administer most major Federal programs with alienage restrictions generally use the SAVE (Systematic Alien Verification for Entitlements) system to verify the immigration status of aliens applying for benefits.

House bill

The Attorney General must adopt regulations to verify the lawful presence of applicants for Federal benefits no later than 18 months after enactment. States must have a verification system that complies with these regulations within 24 months of their adoption, and must authorize necessary appropriations.

Senate amendment

Similar to House bill.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

13. STATUTORY CONSTRUCTION

Present law

No provision.

House bill

This title addresses only program eligibility based on alienage and does not address whether any individual meets other eligibility criteria. This title does not address alien eligibility for basic education or for any program of foreign assistance.

Senate amendment

Similar to House bill.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

14. COMMUNICATION BETWEEN STATE AND LOCAL GOVERNMENT AGENCIES AND THE IMMIGRATION AND NATURALIZATION SERVICE

Present law

The confidentiality provisions of various State statutes may prohibit disclosure of immigration status obtained under them. Some Federal laws, including the Family Education Rights and Protection Act, may deny funds to certain State and local agencies that disclose a protected individual's immigration status. Various localities have enacted laws preventing local officials from disclosing the immigration status of individuals to INS.

House bill

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.

Senate amendment

Similar to House bill.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

15. QUALIFYING QUARTERS

Present law

No provision.

House bill

In determining whether an alien may qualify for benefits under the exception for individuals who have worked at least 40

quarters while in the United States (see sections 402 and 421 above), work performed by parents and spouses may be credited to aliens under certain circumstances. Each quarter of work performed by the parent while an alien was under the age of 18 is credited to the alien, provided the parent did not receive any Federal public benefits during the quarter. Similarly, each quarter of work performed by a spouse of an alien during their marriage is credited to the alien, if the spouse did not receive any Federal public benefits during the quarter.

Senate amendment

Similar to House bill.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

Subtitle E—Conforming Amendments

16. CONFORMING AMENDMENTS RELATING TO ASSISTED HOUSING

Present law

No provision.

House bill

This section consists of a series of technical and conforming amendments.

Senate amendment

Similar to House bill.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

Subtitle F—Earned Income Credit Denied to Unauthorized Employees

17. EARNED INCOME CREDIT DENIED TO INDIVIDUALS NOT AUTHORIZED TO BE EMPLOYED IN THE UNITED STATES

[NOTE.—For further description of this and additional earned income credit provisions, see Title IX: Miscellaneous below.]

Present law

Certain eligible low-income workers are entitled to claim a refundable credit of up to $3,556 in 1996 on their income tax return. The amount of the credit an eligible individual may claim depends upon whether the individual has one, more than one, or no qualifying children and is determined by multiplying the credit rate by the taxpayer's earned income up to an earned income amount. The maximum amount of the credit is the product of the credit rate and the earned income amount. For taxpayers with earned income (or adjusted gross income (AGI), if greater) in excess of the beginning of the phaseout range, the maximum credit amount is reduced by the phaseout rate multiplied by the amount of earned income (or

AGI, if greater) in excess of the beginning of the phaseout range. For taxpayers with earned income (or AGI, if greater) in excess of the end of the phaseout range, no credit is allowed.

In order to claim the credit, an individual must either have a qualifying child or meet other requirements. A qualifying child must meet a relationship test, an age test, an identification test, and a residence test. In order to claim the credit without a qualifying child, an individual must not be a dependent and must be over age 24 and under age 65.

To satisfy the identification test, individuals must include on their tax return the name and age of each qualifying child. For returns filed with respect to tax year 1996, individuals must provide a taxpayer identification number (TIN) for all qualifying children born on or before November 30, 1996. For returns filed with respect to tax year 1997 and all subsequent years, individuals must provide TINs for all qualifying children, regardless of their age. An individual's TIN is generally that individual's social security number.

The Internal Revenue Service may summarily assess additional tax due as a result of a mathematical or clerical error without sending the taxpayer a notice of deficiency and giving the taxpayer an opportunity to petition the Tax Court. Where the IRS uses the summary assessment procedure for mathematical or clerical errors, the taxpayer must be given an explanation of the asserted error and a period of 60 days to request that the IRS abate its assessment. The IRS may not proceed to collect the amount of the assessment until the taxpayer has agreed to it or has allowed the 60-day period for objecting to expire. If the taxpayer files a request for abatement of the assessment specified in the notice, the IRS must abate the assessment. Any reassessment of the abated amount is subject to the ordinary deficiency procedures. The request for abatement of the assessment is the only procedure a taxpayer may use prior to paying the assessed amount in order to contest an assessment arising out of a mathematical or clerical error. Once the assessment is satisfied, however, the taxpayer may file a claim for refund if he or she believes the assessment was made in error.

House bill

Individuals are not eligible for the credit if they do not include their taxpayer identification number (and, if married, their spouse's taxpayer identification number) on their tax return. Solely for these purposes and for purposes of the present-law identification test for a qualifying child, a taxpayer identification number is defined as a social security number issued to an individual by the Social Security Administration other than a number issued under section 205(c)(2)(B)(i)(II) (or that portion of sec. 205(c)(2)(B)(i)(III) relating to it) of the Social Security Act (regarding the issuance of a number to an individual applying for or receiving Federally funded benefits).

If an individual fails to provide a correct taxpayer identification number, such omission will be treated as a mathematical or clerical error. If an individual who claims the credit with respect to net earnings from self-employment fails to pay the proper amount of self-employment tax on such net earnings, the failure

will be treated as a mathematical or clerical error for purposes of the amount of credit allowed.

Senate amendment

Similar to House bill.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

TITLE V: CHILD PROTECTION BLOCK GRANT PROGRAMS AND FOSTER CARE, ADOPTION ASSISTANCE, AND INDEPENDENT LIVING PROGRAMS

Subtitle A—Child Protection Block Grant Program and Foster Care, Adoption Assistance, and Independent Living Programs

Present law

Under current law, there are at least 36 programs designed to help children who are victims of abuse or neglect. These programs address the child protection issue by supporting abuse reporting and investigation; abuse prevention; child and family assessment, preservation, and support; foster care; adoption; and training of social workers, foster parents, judges, and others. These programs can be divided into two general categories. The first are entitlement programs under jurisdiction of the Committee on Ways and Means and the Finance Committee, nearly all of which provide unlimited funding for foster and adoption maintenance payments, administrative costs, and training. The two exceptions are the Family Preservation and Support Program which provides capped entitlement funds to help States provide services that keep families together and prevent abuse, and the Independent Living program which provides capped entitlement funds to help children in foster care make the transition to living on their own. The second group of programs are appropriated programs. These programs are smaller and, except the Child Welfare Services Program, are generally under the jurisdiction of the Economic and Educational Opportunities Committee and the Labor and Human Resources Committee.

House bill

The House provision retains all the open-ended entitlement programs to ensure that States have adequate resources to help abused children that must be removed from their homes. The provision also combines the two capped entitlement programs and many of the smaller programs into two block grants that will simplify administration, promote flexibility, and increase efficiency. Working in conjunction with the Committee on Economic and Educational Opportunity, the Ways and Means Committee has created a block grant that is identical to a block grant created by the Opportunities Committee. Across the two Committees, a total of 11 programs are combined into the new block grant structure. Programs under jurisdiction of the Opportunities Committee are mentioned briefly below to clarify the structure of the overall Federal program for helping abused children and their families.

Senate amendment

The Senate amendment does not include the block grant; the amendment makes no changes in current law.

Conference agreement

The conference agreement follows the Senate amendment.

Chapter 1—Block Grants to States for the Protection of Children

1. PURPOSE

Present law

Child Welfare Services, now provided for in Title IV–B of the Social Security Act, are designed to help States provide child welfare services, family preservation, and community-based family support services.

House bill

The proposed Child Protection Block Grant would replace current law under Title IV–B. The purpose of the Child Protection Block Grant is 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.

Senate amendment

The amendment does not change current law.

Conference agreement

The conference agreement follows the Senate amendment.

2. ELIGIBLE STATES

Present law

To be eligible for funding under Title IV–B and IV–E, States must have State plans, developed jointly with the Secretary under Title IV–B, and approved by the Secretary under Title IV–E. In addition, to receive funds under the Child Abuse Prevention and Treatment Act (CAPTA), States must comply with certain requirements including submission of a State plan.

States must have a child welfare services plan developed jointly by the Secretary and the relevant State agency which provides for single agency administration and which describes services to be provided and geographic areas where services will be available. The State plan also must meet many other requirements, such as setting forth a 5-year statement of goals for family preservation and family support and assuring the review of progress toward those goals. For foster care and adoption assistance, States must submit for approval a Title IV–E plan providing for a foster care and adoption assistance program and satisfying numerous requirements. The Child Abuse Prevention and Treatment Act (CAPTA) requires States to have in effect a law for reporting known and suspected child abuse and neglect as well as providing for prompt investigation of child abuse and neglect reports, among many other requirements.

To receive funding under Title IV–B and IV–E of the Social Security Act, States must comply with certain procedures for removal of children from their families when necessary, must develop case plans for each child that are reviewed at least every 6 months and contain specified information, and must establish specific goals for the maximum number of eligible children who will remain in foster care for more than 24 months.

Under Title IV–B, for fiscal years beginning on or after April 1, 1996, State plans must provide assurances that:

(1) the State has completed an inventory of all children who, before the inventory, had been in foster care under the responsibility of the State for six 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;

(2) the State is operating to the satisfaction of the Secretary: (i) a statewide information system on children who are or have been in foster care in the last year; (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 return to families from which they have been removed; or be placed for adoption; (iv) a preplacement preventive service program designed to help children at risk remain with their families; and

(3) the State has reviewed State policies and procedures in effect for children abandoned at birth; and is implementing (or, will implement by October 31, 1996) such policies or proce-

dures to enable permanent decisions with respect to the placement of such children to be made expeditiously. (For fiscal years beginning before April 1, 1996, these standards were incentive funding requirements that States had to meet to receive their full Title IV–B allotment, and were known as section 427 protections.)

Title IV–E State plans must provide that reasonable efforts will be made prior to the placement of a child in foster care to prevent or eliminate the need for removal of the child from her home and to make it possible for the child to return to her home.

Title IV–E State plans must provide that, where appropriate, all steps will be taken, including cooperative efforts with State AFDC and child support enforcement agencies, to secure an assignment of any rights to support of a child receiving foster care maintenance payments under Title IV–E.

House bill

An "Eligible State" is one 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. The plan must outline the State's Child Protection Program and provide several certifications regarding the nature of its child protection program.

A State plan must thoroughly describe the State Child Protection Program by describing State activities and procedures to be used for:

(1) receiving and assessing reports of child abuse or neglect;

(2) investigating such reports;

(3) 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;

(4) protecting children by removing them from dangerous settings and ensuring their placement in a safe environment;

(5) providing training for individuals mandated to report suspected cases of child abuse or neglect;

(6) protecting children in foster care;

(7) promoting timely adoptions;

(8) protecting the rights of families, using adult relatives as the preferred placement for children separated from their parents if such relatives meet all relevant standards; and

(9) providing services aimed at preventing child abuse and neglect.

The State plan must also certify that the State:

(1) has in effect laws that require reporting of child abuse and neglect;

(2) has in effect procedures for the immediate screening, safety assessment, and prompt investigation of child abuse or neglect reports;

(3) has in effect procedures for the removal and placement of abused or neglected children;

(4) has in effect laws requiring immunity from prosecution under State and local laws for individuals making good faith reports of suspected or known cases of child abuse or neglect;

(5) has in effect no later than 2 years after enactment, laws and procedures affording individuals an opportunity to appeal an official finding of abuse or neglect;

(6) has in effect procedures for developing and reviewing written plans for the permanent placement of each child removed from the family that: specify the goal for achieving a permanent placement for the child in a timely fashion; ensure that the plan is reviewed every 6 months; and ensure that information about the child is gathered regularly and placed in the case record.

(7) has in effect a program to provide independent living services to 16–19 year old youths (and, at State option, youths up to age 22) who are in the foster care system but have no family to support them. (Under the proposal, States also will continue to receive capped entitlement grants for Independent Living services as under current law.)

(8) has in effect procedures or programs (or both) to respond to reports of medical neglect of disabled infants;

(9) has quantitative goals of the State child protection program;

(10) will comply with respect to fiscal years beginning on or after April 1, 1996, with the same child protection standards as under current law. Standards related to abandoned children must be met by October 1, 1997;

(11) will make reasonable efforts to prevent the placement of children in foster care and to make it possible for the child to return home. Each State must also certify that it provides services for children and families where maltreatment has been confirmed but the child remained with the family;

(12) will take all appropriate steps, including cooperative efforts, to secure an assignment to the State of any rights to support on behalf of each child receiving foster care maintenance payments; and

(13) has in effect requirements for disclosure of records only to specified individuals and entities, and provisions that allow for public disclosure of findings or information about cases of child abuse or neglect that have resulted in a child fatality or near fatality (except that such disclosure shall not include identifying information about the individual initiating a report of suspected child abuse or neglect).

The Secretary of HHS must determine whether the State plan includes the required materials and certifications (except material related to the certification of State procedures to respond to reporting of medical neglect of disabled infants). The Secretary cannot add new elements beyond those listed above.

Senate amendment

The amendment does not change current law, except to require that the State plan for foster care and adoption assistance provide for the protection of 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 (see item 8).

Conference agreement

The conference agreement follows the Senate amendment with a modification to delete the proposed amendment dealing with adult relative preferences.

3. GRANTS TO STATES FOR CHILD PROTECTION

Present law

Title IV–B of the Social Security Act contains both discretionary and capped entitlement funding for helping States provide assistance to troubled families and their children. Of capped entitlement funding for family preservation and support, 1 percent is reserved for Indians. For child welfare services under Title IV–B, $325 million is authorized annually. For family preservation and support services, $225 million is authorized in fiscal year 1996; $240 million in fiscal year 1997; and $255 million in fiscal year 1998. State allotments for child welfare services are based on the State's child population and per capita income. State allotments for family preservation and support are based on the number of children in the State receiving Food Stamps. Funds must be used for: "protecting and promoting the welfare of children * * * preventing unnecessary separation of children from their families * * * restoring children to their families if they have been removed * * * family preservation services * * * community-based family support services to promote the well-being of children and families and to increase parents' confidence and competence."

For-profit foster care providers are not eligible for Federal funding under Title IV–E.

Section 1123 of the Social Security Act requires the Secretary to establish by regulation a new Federal review system for child welfare which would allow penalties for misuse of funds. Regulations are expected to be published during the summer of 1996. (This provision would not be affected by the House proposal.)

House bill

The block grant contains both entitlement and appropriated funds. From the entitlement funds, each eligible State must receive from the Secretary an amount equal to the State share of the Child Protection Block Grant amount for the fiscal year (see below). A set-aside is provided for Indians equal to 1 percent of the entitlement money flowing into the block grant.

Each eligible State is also given funds equal to the State share of the authorization component of the block grant that is appropriated each year. Indians are given 0.36 percent of the appropriated money flowing into the block grant. Funds for the authorization component of the block grant under this section are not to exceed $325 million each year. No funds from the block grant can be used to pay for foster care or adoption maintenance payments.

The term "child protection amount" means: $240 million for fiscal year 1997; $255 million for fiscal year 1998; $262 million for fis-

cal year 1999; $270 million for fiscal year 2000; $278 million for fiscal year 2001; $286 million for fiscal year 2002.

The term "State share" means the qualified child protection expenses of a State divided by the sum of the qualified child protection expenses of all of the States. The term "qualified State expenditure" means Federal grants to the State under the Child Welfare Services Grant and the Family Preservation and Support Services Grant in fiscal year 1994 or the average of 1992–94, whichever is greater. In determining amounts for fiscal years 1992 through 1994, 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 through 1996.

A State to which funds are paid under this section may use the money in any manner the State deems appropriate to accomplish the purposes of this part, but the funds must be expended not later than the end of the immediately succeeding fiscal year.

For-profit, foster care facilities are eligible to receive funds from the block grant.

Under the terms and conditions of the block grant, States are subject to several penalties:

(1) For misuse of funds. If an audit determines that any amounts provided to a State have been spent in violation of this part, the Secretary must reduce the grant otherwise payable for the next fiscal year by the amount of the misspent funds, plus 5 percent of the grant;

(2) For failure to maintain effort. If States fail to maintain State spending equal to State expenditures under Part B of Title IV in fiscal year 1994, the Secretary must reduce the grant payable under this section by an amount equal to the previous year's shortfall in maintenance of effort. A penalty of 5 percent of the State grant must also be imposed. States must maintain 100 percent of prior effort in fiscal years 1997 and 1998; and 75 percent in fiscal years 1999 through 2002;

(3) For failure to submit report. If the Secretary determines that the State has not submitted mandatory adoption and foster care data reports within 6 months of the end of the fiscal year, the Secretary must reduce by 3 percent the amount of the State's block grant. If the report is submitted before the end of the immediately succeeding fiscal year, the Secretary shall rescind the penalty.

Except in the case of failure to maintain effort, the Secretary may not impose a penalty if the determination is made that the State has reasonable cause for failing to comply with the requirement. Further, a State must be informed before any penalty is imposed and be given an opportunity to enter into a corrective compliance plan. The provision includes a series of deadlines for submission of such corrective compliance plans and review by the Federal government. No quarterly payment can be reduced by more than 25 percent; penalty amounts above 25 percent must be carried forward to subsequent quarters.

Each territory is entitled to receive from the Secretary for any fiscal year an amount equal to the total obligations due to the territory under the Social Security Act for fiscal year 1995.

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 Act.

Senate amendment

The amendment does not change current law, except that it would amend the definition of "child care institution" to include for-profit providers (see item 6).

Conference agreement

The conference agreement follows the Senate amendment.

4. DATA COLLECTION AND REPORTING

Present law

In 1986, Congress established the National Advisory Committee on Adoption and Foster Care Information to assist HHS in designing a new comprehensive nationwide data collection system with full system implementation expected to be completed by October 1991. However, final regulations were not issued until December 1993 with the first transmission of data due May 1995. All States are now participating in the Adoption and Foster Care Analysis and Reporting System (AFCARS). HHS is currently analyzing the first datasets transmitted from the States. The final rules require semi-annual reporting on all children in foster care. The data collection is child and case specific and is intended to yield a semi-annual snapshot of child welfare trends. It is also intended to yield information that will enable policymakers to "track" children in care and find out the reasons why children enter foster care, how long children stay in foster care, and what happens to children while in foster care as well as after they leave foster care.

In 1993, Congress authorized enhanced funding of 75 percent for both the AFCARS system and for several additional functions not originally envisioned as part of AFCARS capability. These new functions included electronic data exchange within the State, automated data collection on all children in foster care, collection and management of information necessary to facilitate delivery of child welfare services and to determine eligibility for such services, case management, case plan development and monitoring, and information security. Enhanced funding of 75 percent for this second data system, which HHS calls the Statewide Automated Child Welfare Information System (SACWIS), expires on October 1, 1996.

House bill

The House provision leaves unaltered the current State data reporting system on child protection. The enhanced funding rate of 75 percent for the Statewide Automated Child Welfare Information System (SACWIS) is extended for 1 additional year, through fiscal year 1997.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

5. FUNDING FOR STUDIES OF CHILD WELFARE

Present law

Sec. 426 authorizes discretionary funding for child welfare research and demonstration projects. No funds were appropriated in 1996.

House bill

The Secretary is entitled to receive, for each of fiscal years 1996 through 2002, $6 million to conduct a national study based on random samples of children who are at risk of child abuse or neglect, and $10 million for other research.

Senate amendment

The amendment does not change current law.

Conference agreement

The conference agreement follows the House bill. The conferees recommend that the Secretary, in conducting the random sample study, require that the study have a longitudinal component and yield data that is reliable at the State level for as many States as she determines is feasible. The conferees also recommend that the Secretary carefully consider selecting the sample from cases of confirmed abuse or neglect and follow each case for several years while obtaining information on, among other things, the type of abuse or neglect involved, the frequency of contact with State or local agencies, whether the child involved has been separated from the family, and, if so, under what circumstances, the number, type, and characteristics of out-of-home placements of the child, and the average duration of each placement.

6. DEFINITIONS

Present law

The term "child care institution" means a licensed nonprofit private or public facility which accommodates no more than 25 children. The term does not apply to detention facilities, forestry camps, training schools, or centers for delinquent children.

House bill

Same as present law, except the word "nonprofit" is deleted.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

7. CONFORMING AMENDMENTS

Present law

House bill

This section makes a series of technical and conforming amendments to the Social Security Act and the Omnibus Budget Reconciliation Act of 1986.

Senate amendment

The amendment redesignates section 1123 (42 U.S.C. 1320a–1a) the second place it appears as section 1123A.

Conference agreement

The conference agreement follows the Senate amendment.

Chapter 2—Foster Care, Adoption Assistance, and Independent Living Programs

8. CHANGES IN TITLE IV–E OF THE SOCIAL SECURITY ACT

Present law

Title IV–E Foster Care and Title IV–E Adoption Assistance are intended to help States finance foster care and adoption assistance maintenance payments, administration, child placement services, and training related to foster care and adoption assistance.

The purpose of the Title IV–E Independent Living Program is to help older foster children make the transition to independent living.

House bill

The most notable feature of House action on Title IV–E is that all the entitlement programs remain intact. In addition, the House retains the provision of current law that guarantees Medicaid coverage for children who receive maintenance payments from either the foster care or adoption programs. On the other hand, the House provision does change current law in three ways.

First, the current law guarantee of eligibility for foster care and adoption maintenance payments for children eligible for the Aid to Families with Dependent Children (AFDC) program was disrupted because the AFDC statute was completely rewritten to give States the authority to establish their own welfare programs. To ensure that the eligibility of poor children for maintenance payments continues, the House provision guarantees eligibility for all children from families that would have been eligible for the AFDC program as it existed in each State on the day before enactment of this legislation.

Second, the House provision allows States to use private for-profit foster care facilities. The House believes that States should be allowed to use private child care organizations because they are fully capable of providing quality services. States are responsible for ensuring that children are in safe and reliable care whether it is provided by public or private entities. The House can see no reason to automatically refuse participation by an entire sector of the child caring community.

Third, the House provided enhanced funding for the Statewide Automated Child Welfare Information System (SACWIS) because automation is a vital part of providing quality child protection services. The House has investigated progress by the States in creating SACWIS and has found that several States are now ready to begin actual implementation and that as many as half the States can be expected to have operational systems by next year if funding remains available. Thus, the House is extending the enhanced funding rate of 75 percent to encourage States to invest money in these important systems.

Senate amendment

The amendment amends Title IV–E to include for-profit providers in the definition of "child care institutions" (see item 6). The provision also amends Title IV–E to require that the State plan for foster care and adoption assistance provide for the protection of 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.

Conference agreement

The conference agreement follows the Senate amendment with a modification to delete the proposed amendment dealing with adult relative preference.

Chapter 3—Miscellaneous

9. SECRETARIAL SUBMISSION OF LEGISLATIVE PROPOSAL FOR TECHNICAL AND CONFORMING AMENDMENTS

Present law

No provision.

House bill

Not later than 90 days after the date of enactment, the Secretary of Health and Human Services must submit to Congress a legislative proposal providing for technical and conforming amendments required by the changes made in this subtitle of the proposal.

Senate amendment

No provision.

Conference agreement

The conference agreement follows the Senate amendment.

10. SENSE OF THE CONGRESS REGARDING TIMELY ADOPTION OF CHILDREN

Present law

No provision.

House bill

This section expresses the sense of Congress that too many adoptable children are spending too much time in foster care, that

States must take steps to increase the number of children who are adopted in a timely manner, and that States could achieve savings if they offered incentives for the adoption of special needs children, among other provisions.

Senate amendment

No provision.

Conference agreement

The conference agreement follows the Senate amendment.

11. EFFECTIVE DATE; TRANSITION RULES

Present law

No provision.

House bill

The changes made in this subtitle will be effective on or after October 1, 1996. Provisions that authorize and appropriate funds in fiscal year 1996 for research and court improvements, and certain technical and conforming amendments are effective upon enactment. The proposal establishes transition rules for pending claims, actions and proceedings, and closing out accounts for programs that are terminated or substantially modified.

Senate amendment

No provision.

Conference agreement

The conference agreement follows the Senate amendment.

Subtitle B—Child and Family Services Block Grant

Present law

No provision.

House bill

The block grant and associated activities under Subtitle B are under the jurisdiction of the Economic and Educational Opportunities Committee in the House and the Labor and Human Resources Committee in the Senate. The Child and Family Services Block Grant created by Subtitle B consolidates the following programs into a single block grant: The Child Abuse Prevention and Treatment Act, the Abandoned Infants Assistance Act, adoption opportunities under the Child Abuse Prevention and Treatment and Adoption Reform Act, the family support centers under the McKinney Homeless Assistance Act, and the Temporary Child Care and Crisis Nurseries Act. The Child and Family Services Block Grant has the same State plan and certification requirements as the Child Protection Block Grant created by Subtitle A. The two Block Grants also have the same data collection and reporting requirements for child abuse incidence data and for the implementation of foster care and adoption tracking systems. The Child and Family Services Block Grant is authorized at $230 million for fiscal year 1996 and "such sums as may be necessary" are authorized for fiscal year 1997

through fiscal year 2002. Title II of the Child and Family Services Block Grant provides that funds be available for research, demonstrations, training and technical assistance to better protect children from maltreatment. Funds under this block grant also will establish a National Clearinghouse for Information Relating to Child Abuse, provide demonstration grants for the development of innovative programs, provide technical assistance to States to assist with child abuse investigation and the termination of parental rights proceedings, and provide training for professionals in related fields. For these Title II activities, 12 percent of the $230 million provided for this Block Grant is authorized of which 40 percent must be available for demonstration projects. The Missing Children's Assistance Act and the Victims of Child Abuse Act of 1990 are both reauthorized.

Senate amendment

No provision.

Conference agreement

The conference agreement follows the Senate amendment.

TITLE VI: CHILD CARE

1. SHORT TITLE AND REFERENCES

Present law

No provision.

House bill

Short Title: Child Care and Development Block Grant Amendments of 1996. Unless otherwise specified, references should be considered as made to the Child Care and Development Block Grant Act of 1990.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

2. GOALS

Present law

No provision.

House bill

This section establishes the following goals for the Child Care and Development Block Grant:

(1) to allow each State maximum flexibility in developing child care programs and policies that best suit the needs of children and parents within the State;

(2) to promote parental choice in making decisions on the child care that best suits their family's needs;

(3) to encourage States to provide consumer information to help parents make informed child care choices;

(4) to assist States in providing child care to parents trying to become independent of public assistance; and

(5) to assist States in implementing the health, safety, licensing and registration standards established in State regulations.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

3. AUTHORIZATION OF APPROPRIATIONS AND ENTITLEMENT AUTHORITY

Present law

The authorization of appropriations for the Child Care and Development Block Grant expires at the end of fiscal year 1995. Appropriations in fiscal year 1996 are $935 million. (Sec. 658B of the CCDBG Act)

[Note.—In addition to appropriated funds, entitlement funds are available for the Child Care Block Grant under the AFDC Child Care, Transitional Child Care, and At-Risk Child Care programs authorized by Title IV–A of the Social Security Act.]

House bill

Authorization of Appropriations. There are authorized to be appropriated $1,000,000,000 for each of fiscal years 1996 through 2002. (Additional mandatory funding will be provided for child care under the Social Security Act so that a total of $22 billion will be provided for child care over the 7-year period fiscal years 1996–2002.)

Child Care Entitlement. The proposal establishes a single child care block grant and State administrative system by adding mandatory funds to the existing Child Care and Development Block Grant (CCDBG). Specifically, one discretionary and two mandatory streams of funding will be consolidated in a reconstituted CCDBG.

a. State General Entitlement. From the stream of entitlement funding, each State will receive the amount of funds it received for child care under all of the entitlement programs currently under Title IV–A of the Social Security Act (AFDC Child Care, Transitional Child Care, and At-Risk Child Care) in fiscal year 1994, in fiscal year 1995, or the average amount in fiscal years 1992 through 1994, whichever is greater. This source of funds will provide States with approximately $1.2 billion for child care each year between 1997 and 2002.

b. Remainder. The mandatory funds remaining after the allocation to Indians (see below) and the State General Entitlement (see above) will be distributed among the States based on the formula currently used in the Title IV-A At-Risk Child Care Grant. Specifically, funds will be distributed based on the proportion of the number of children under age 13 residing in the State to the num-

ber of all of the Nation's children under age 13. States must provide matching funds at the fiscal year 1995 State Medicaid rate to receive these funds and must maintain spending at their fiscal year 1994 or 1995 level, whichever is greater, under the Title IV–A child care programs. The money available to States through this source of funds for fiscal years 1997 through 2002, respectively, will be: $0.76 billion, $0.86 billion, $0.96 billion, $1.16 billion, $1.36 billion, and $1.51 billion.

If a State does not use its full portion of funds, the remaining portion will be redistributed to other States according to section 402(i) of the At-Risk Child Care Grant (as such section was in effect before October 1, 1995). Thus, each State applying for these remaining funds will receive the percentage of funds that equals the percentage of children under age 13 residing in that State of all children under age 13 residing in all the States that apply for funds. The Secretary must determine whether States will use their entire portion of funds no later than the end of the first quarter of the subsequent fiscal year.

c. Appropriation. Total child care funds under this proposal will equal $22 billion for child care over the 7-year period fiscal years 1996–2002, including both the $15 billion in mandatory funds discussed above and $7 billion in discretionary funds. Under current law for the three existing AFDC-related child care programs, $1.1 billion in mandatory funds will be spent in fiscal year 1996. In addition, a total of $13.85 billion in mandatory funds would be authorized for child care in fiscal years 1997–2002, starting at $2.0 billion in fiscal year 1997 and rising to $2.7 billion in fiscal year 2002. Finally, as stated earlier, $1 billion will be authorized annually in discretionary funds for the Child Care and Development Block Grant.

d. Indian Tribes. One percent of all funds under the section are provided to Indian tribes.

Use of Funds. Funds shall only be used to provide child care assistance. Amounts received by a State, based on the amounts received in previous years, shall be available for use by the State without fiscal year limitation. All funds from both mandatory and discretionary sources must be transferred to the lead agency under the Child Care and Development Block Grant and integrated into the State child care programs.

Not less than 70 percent of the total amount of mandatory funds received by the State in a fiscal year must be used to provide child care assistance to families that are receiving assistance under a State program, families that are attempting to transition off public assistance, and families at risk of becoming dependent on public assistance.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and Senate amendment, with a modification. The Secretary shall reserve not less than 1 percent and not more than 2 percent of the total

amount appropriated (both mandatory and discretionary) in each fiscal year for payments to Indian tribes and tribal organizations.

4. LEAD AGENCY

Present law

The Chief Executive Officer of a State is required to designate an appropriate State agency to act as the lead agency in administering financial assistance under the Act. (Sec. 658D of the CCDBG Act)

House bill

The proposal requires States to identify a lead agency to administer all the child care funds received under the Act, including funds received through other "governmental or nongovernmental" agencies (instead of other "State" agencies). States must ensure that "sufficient time and statewide distribution of the notice" be given of the public hearing on the development of the State plan. This section strikes language in current law specifying issues that may be considered during consultation with local governments on development of the State plan.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

5. APPLICATION AND PLAN

Present law

States are required to prepare and submit to the Secretary an application that includes a State plan. The initial plan must cover a 3-year period, and subsequent plans must cover 2-year periods. Required contents of the plan include designation of a lead agency; outline of policies and procedures regarding parental choice of providers, summary of policies that guarantee unlimited parental access, parental complaints, and consumer education; and overview of policies that ensure compliance with State and local regulatory requirements, establishment of and compliance with health and safety requirements, and review of State licensing and regulatory requirements.

In addition, the State plan must provide that all funds will be used for child care services, and that 25 percent of funds will be reserved for activities to improve the quality of child care and to increase the availability of early childhood development and before- and after-school child care. (Sec. 658E of the CCDBG Act)

State plans must also assure that payment rates will be adequate to provide eligible children with equal access to child care as compared with children whose families are not eligible for subsidies, and must assure that the State will establish and periodically revise a sliding fee scale that provides for cost sharing by families that receive child care subsidies.

House bill

The proposal requires the State plan to cover a 2-year period. States must provide a detailed description of procedures to be used to assure parental choice of providers. Instead of "providing assurances," States must "certify" that procedures are in effect within the State to ensure unlimited parental access to the families providing care to children and to ensure parental choice of child care provider; the proposal also requires that the State plan provide a detailed description of such procedures. Instead of "providing assurances," a State must "certify" that it maintains a record of parental complaints and requires the State to provide a detailed description of how such a record is maintained and made available. The proposal changes the consumer education part of the State plan to require assurances that the State will collect and disseminate consumer education information. States must certify that they have in effect child care licensing requirements and provide a detailed description of the requirements and how they are enforced. This provision does not require that licensing requirements be applied to specific types of child care providers.

States must "certify" that procedures are in effect to ensure that child care providers receiving funds under this Act comply with applicable State or local health and safety requirements. The Secretary is required to develop minimum standards for Indian tribes and tribal organizations receiving assistance.

The proposal eliminates review of State licensing and regulatory requirements, notification to the Department of Health and Human Services (HHS) when standards are reduced, and supplementation. The proposal also eliminates the requirement that unlicensed providers be registered. The House decided to retain a current law requirement that all States establish health and safety standards. The House provision does not specify the particular standards that must be established, but all States must have requirements on prevention and control of infectious diseases (including immunizations), building and physical premises safety, and minimum health and safety training.

A summary of the facts relied upon by the State to determine that payment rates are sufficient to ensure equal access to child care must be included in the State plan. Funds must be used for child care services, for activities to improve the quality and availability of such services, and for any other activity that the State deems appropriate to realize the goals specified above. The proposal deletes the current law requirement that States reserve 25 percent of funds for activities to improve the quality of child care and to increase availability of early childhood development and before- and after-school care. States may spend no more than 5 percent on administrative costs.

States must spend a substantial portion of the amounts available to provide child care to low-income working families who are not working their way off welfare or are at risk of becoming welfare dependent. However, States first must comply with requirement that at least 70 percent of mandatory funds must be used for welfare or at-risk families. States must demonstrate how they will meet the child care needs of welfare and at-risk families.

Senate amendment

Same, except the Senate maintains current law (which requires States to "provide assurances" that child care providers receiving funds under this Act comply with applicable State or local health and safety requirements).

Conference agreement

The conference agreement follows the House bill with a modification. The provision requires States to "certify" that health and safety requirements are in effect within a State applicable to child care providers.

Nothing in the legislation either prohibits or requires States to differentiate between federally subsidized child care and nonsubsidized child care regarding the application of specific standards and regulations. The cap of 5 percent on administrative costs is included in both the House and Senate passed bills. To help States implement this provision, the Department of Health and Human Services should issue regulations, in a timely manner and prior to the deadline for submission of State plans, that define and determine true administrative costs, as distinct from expenditures for services. Eligibility determination and redetermination, preparation and participation in judicial hearings, child care placement, the recruitment, licensing, inspection, reviews and supervision of child care placements, rate setting, resource and referral services, training, and the establishment and maintenance of computerized child care information are an integral part of service delivery and should not be considered administrative costs.

6. ACTIVITIES TO IMPROVE THE QUALITY OF CHILD CARE

Present law

As stated above, 25 percent of State allotments must be reserved for activities to improve child care quality and to increase the availability of early childhood development and before- and after-school child care. Section 658G specifies how these funds are to be used. Of reserved funds, States are required to use no less than 20 percent for improving the quality of care, including resource and referral programs, making grants or loans to assist providers in meeting State and local standards, monitoring of compliance with licensing and regulatory requirements, training of child care personnel, and improving compensation for child care personnel. (Sec. 658G of the CCDBG Act).

House bill

A State that receives child care funds must use at least 4 percent of all funds received (both mandatory and discretionary) for activities designed to provide comprehensive consumer education to parents and the public, for activities that increase parental choice, and for activities designed to improve the quality and availability of child care.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

7. REPEAL OF EARLY CHILDHOOD DEVELOPMENT AND BEFORE- AND AFTER-SCHOOL CARE REQUIREMENT

Present law

States are required to use no less than 75 percent of funds reserved for quality improvement for activities to expand and conduct early childhood development programs and before- and after-school child care. (Sec. 658H of the CCDBG Act)

House bill

The set-aside for early childhood development programs and before- and after-school care is repealed.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

8. ADMINISTRATION AND ENFORCEMENT

Present law

The Secretary of Health and Human Services (HHS) is required to coordinate HHS and other Federal child care agencies, to collect and publish a list of State child care standards every 3 years, and to provide technical assistance to States. The Secretary must also review, monitor, and enforce compliance with the Act and the State plan by withholding payments and imposing additional sanctions in certain cases. (Sec. 658I of the CCDBG Act)

House bill

This section strikes the current law requirement that the Secretary withhold further payments to a State in case of a finding of noncompliance until the noncompliance is corrected. Instead, the Secretary is authorized, in such cases, to require that the State reimburse the Secretary for any improperly spent funds, or the Secretary may deduct from the administrative portion of the State's subsequent allotment an amount equal to or less than the misspent funds, or a combination of such options.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

9. PAYMENTS

Present law

Payments received by a State for a fiscal year may be expended in that fiscal year or in the succeeding 3 fiscal years. (Sec. 658J of the CCDBG Act)

House bill

The bill replaces the word "expended" with "obligated". However, the bill contains a drafting error. A provision that would have struck "3 fiscal years" and inserted "fiscal year" was inadvertently dropped.

Senate amendment

The Senate amendment contains the same drafting error.

Conference agreement

The conference agreement corrects a previous drafting error by striking "3 fiscal years" and inserting "fiscal year".

10. ANNUAL REPORT AND AUDITS

Present law

States must prepare and submit to the Secretary every year a report specifying how funds are used; presenting data on the manner in which the child care needs of families in the State are being fulfilled, including information on the number of children served, child care programs in the State, compensation provided to child care staff, and activities to encourage public-private partnerships in child care; describing the extent to which affordability and availability of child care has increased; summarizing findings from a review of State licensing and regulatory requirements, if applicable; explaining any action taken by the State to reduce standards, if applicable; and describing standards and health and safety requirements applied to child care providers in the State, including a description of efforts to improve the quality of child care. (Sec. 658K of the CCDBG Act)

House bill

The title of the section is changed from "Annual Report and Audits" to "Reports and Audits." States must collect on a monthly basis, and report to HHS on a quarterly basis, the following information on each family receiving assistance:

(1) family income;
(2) county of residence;
(3) the gender, race, age of children receiving benefits;
(4) whether the family includes only one parent;
(5) the sources of family income, including:
    (a) the amount obtained from employment, including self-employment;
    (b) cash assistance or other assistance under Part A;
    (c) housing assistance;
    (d) food stamps; and
    (e) other public assistance;

(6) the number of months the family has received benefits;

(7) the type of care in which the child was enrolled (family day care, center, own home);

(8) whether the provider was a relative;

(9) the cost of care; and

(10) the average hours per week of care.

Twice each year, the State must submit the following aggregate data to HHS:

(1) the number of providers separately identified in accord with each type of provider that received funding under this subchapter;

(2) the monthly cost of child care services and the portion of such cost paid with assistance from this Act by type of care;

(3) the number of payments by the State in vouchers, contracts, cash, and disregards from public benefit programs by type of care;

(4) the manner in which consumer education information was provided and the number of parents who received it; and

(5) total number (unduplicated) of children and families served.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

11. REPORT BY THE SECRETARY

Present law

The Secretary is required to prepare and submit an annual report, summarizing and analyzing information provided by States, to the House Education and Labor Committee and the Senate Labor and Human Resources Committee. This report must contain an assessment and, where appropriate, recommendations to Congress regarding efforts that should be taken to improve access of the public to quality and affordable child care. (Sec. 658L of the CCDBG Act)

House bill

The Secretary must prepare and submit biennial reports, rather than annual reports, with the first report due no later than July 31, 1997; the reference to the House Education and Labor Committee is replaced with the House Economic and Educational Opportunities Committee.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

12. ALLOTMENTS

Present law

The Secretary must reserve one-half of 1 percent of appropriations for payment to Guam, American Samoa, the Virgin Islands, the Northern Marianas, and the Trust Territory of the Pacific Islands. The Secretary also must reserve no more than 3 percent for payment to Indian tribes and tribal organizations with approved applications. Remaining funds are allocated to the States based on the States' proportion of children under age 5 and the number of children receiving free or reduced-price school lunches, as well as the States' per capita income. Any portion of a State's reallotment that the Secretary determines is not needed by the State to carry out its plan for the allotment period must be reallotted by the Secretary to the other States in the same proportion as the original allotments. (Sec. 658O of the CCDBG Act)

House bill

Set-asides for the Territories, Indian tribes, and tribal organizations are maintained, except that the Trust Territory of the Pacific Islands is deleted from the set-aside for Territories. Indian tribes are provided with a 1 percent set-aside of all funds, both entitlement and appropriated, authorized by this section each year. Under some circumstances, and with approval from the Secretary, Indian tribes are authorized to use a portion of their funds for renovation and construction of child care facilities. Within the overall block grant for social programs provided to the territories, each territory is authorized to spend whatever portion they choose of their capped amount on child care (for additional details see item 79 of Title I). Allotments to States were described in item 3 above.

Senate amendment

Same as the House bill except the Indian tribes are provided with a 3-percent set-aside for child care.

Conference agreement

The conference agreement follows the House bill with a modification. The Secretary shall reserve not less that 1 percent and not more than 2 percent of the total amount appropriated (both mandatory and discretionary) in each fiscal year for payments to Indian tribes and tribal organizations.

13. DEFINITIONS

Present law

The following terms are defined: caregiver, child care certificate, elementary school, eligible child, eligible child care provider, family child care provider, Indian tribe, lead agency, parent, secondary school, Secretary, sliding fee scale, State, and tribal organization. (Sec. 658P of the CCDBG Act)

House bill

Child care deposits are added as an allowable use of a child care certificate. The definition of "eligible child" is revised to one

whose family income does not exceed 85 percent of the State median, instead of 75 percent. The definition of "relative child care provider" is revised by adding great grandchild and sibling (if the provider lives in a separate residence) to the list of eligible relative providers and the requirement that relatives providing care be registered is struck. Relative providers are required to comply with any applicable requirements governing child care provided by a relative, rather than State requirements. The definition for elementary and secondary school is eliminated. The Trust Territory of the Pacific Islands is dropped from the definition of "State." Native Hawaiian Organization is added to the definition of "tribal organization."

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

14. REPEALS

Present law

No provision.

House bill

The proposal repeals the following programs: (1) Child Development Associate (CDA) Scholarship Assistance; (2) State Dependent Care Development Grants; (3) Programs of National Significance under Title X of the Elementary and Secondary Education Assistance Act of 1965 (child care related to Cultural Partnerships for At-Risk Children and Youth, and Urban and Rural Education Assistance); and (4) Native-Hawaiian Family-Based Education Centers.

[NOTE.—Title I of the proposal also repeals child care assistance provided under current law by Title IV–A of the Social Security Act. This assistance is provided under three programs known as AFDC Child Care, Transitional Child Care, and At-Risk Child Care. Thus, the total number of child care programs merged into the Child Care and Development Block Grant is seven.]

Senate amendment

The Senate amendment does not repeal the following programs: (1) Child Development Associate (CDA) Scholarship Assistance; (2) State Dependent Care Development Grants; (3) Programs of National Significance under Title X of the Elementary and Secondary Education Assistance Act of 1965; and (4) Native Hawaiian Family-Based Education Centers.

Conference agreement

The conference agreement follows the Senate amendment.

15. EFFECTIVE DATE

Present law

No provision.

House bill

This title and the amendments made by this title take effect on October 1, 1996; the authorization of appropriations and entitlement authority under section 8103(a) take effect on the date of enactment.

Senate amendment

Same.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

TITLE VII: CHILD NUTRITION PROGRAMS

Subtitle A—National School Lunch Act

1. STATE DISBURSEMENT TO SCHOOLS

Present law

State Agency Authority. The provision of law requiring that agreements between State education agencies and schools be permanent may not be "construed" as limiting the ability of State agencies to suspend or terminate agreements in accordance with the Secretary's regulations. [Sec. 8 of the NSLA]

Technical Amendments. "Child" for purposes of the NSLA is defined to include individuals, regardless of age, who are (a) determined to have 1 or more disabilities and (b) attending an institution for the purpose of participating in a program for individuals with mental or physical disabilities. [Sec. 8 of the NSLA]

House bill

State Agency Authority. Clarifies State education agencies' authority to terminate or suspend agreements with schools participating in school meal programs. [Sec. 3401]

Technical Amendments. Makes a technical amendment placing this definition of child in the section of the NSLA containing other general definitions. [Sec. 3401]

[NOTE.—Sec. 3401 also makes conforming amendments to cross-references in sec. 8 of the NSLA.]

Senate amendment

State Agency Authority. Same provision. [Sec. 1201]

Technical Amendments. Same provision with technical differences. [Sec. 1201]

Conference agreement

The conference agreement adopts the provisions that are common to both bills regarding State Agency Authority and adopts the Senate provision on Technical Amendments. [Sec. 701]

2. NUTRITIONAL AND OTHER PROGRAM REQUIREMENTS

Present law

Lowfat Cheese Purchases. Each calendar year, the Secretary is required to purchase specific amounts of lowfat cheese on a bid basis. [Sec. 9(a)(2) of the NSLA]

Food Waste Procedures. The Secretary is required to establish administrative procedures designed to diminish food waste in schools. [Sec. 9(a)(3) of the NSLA]

Announcing Guidelines. Each school year, State education agencies and schools are required to announce income eligibility guidelines to be used for free and reduced price lunches. [Sec. 9(b)(2) of the NSLA]

Commodities. Schools in the school lunch program are required to use, as far as practicable, commodities designated by the Secretary as being in "abundance."

The Secretary is authorized to prescribe terms and conditions under which donated commodities will be used in schools and other participating institutions. [Sec. 9(c) of the NSLA]

Nutrition Information/Requirements. By the first day of the 1996–1997 school year, the Secretary, State education agencies, schools, and school food service authorities are required, to the maximum extent practicable, to inform students and parents of the nutrition content of school meals and their consistency with the most recent Dietary Guidelines for Americans. [Sec. 9(f)(1) of the NSLA]

Unless a waiver is granted by a State education agency, schools must serve meals that are consistent with the Dietary Guidelines for Americans (using the weekly average nutrient content of the meals) by the beginning of the 1996–1997 school year. [Sec. 9(f)(2) of the NSLA]

Use of Resources. State education agencies may use resources provided under the nutrition education and training program for training aimed at improving the quality and acceptance of school meals. [Sec. 9(h) of the NSLA]

House bill

Lowfat Cheese Purchases. Deletes the lowfat cheese purchase requirement. [Sec. 3402(a)]

Food Waste Procedures. Deletes the requirement for the Secretary to establish procedures to diminish food waste. [Sec. 3402(a)]

Announcing Guidelines. Deletes the requirements to annually announce income eligibility guidelines. [Sec. 3402(b)]

Commodities. Deletes the requirement to use foods designated as abundant.

Deletes the authority for the Secretary to prescribe terms and conditions for the use of commodities. [Sec. 3402(c)]

Technical/Conforming Changes. Makes a technical/conforming amendment consistent with the elimination of the requirement to announce guidelines. Makes a technical/conforming amendment to delete a provision dealing with discrimination against and identification of children receiving free or reduced price lunches found elsewhere in the law. [Sec. 3402(b) & (d)]

Nutrition Information/Requirements. Deletes the requirement to inform students and parents about the nutrition content of meals and their consistency with the Dietary Guidelines. [Sec. 3402(e)]

Replaces the existing requirement to serve meals consistent with the Dietary Guidelines. Unless a waiver is granted by a State education agency, schools must serve meals that are consistent with the Dietary Guidelines by the beginning of the 1996–1997 school year. The meals must provide, on average over each week, at least one-third of the National Academy of Sciences' daily recommended dietary allowances (in the case of lunches) or one-quarter of the allowances (in the case of breakfasts). [Sec. 3402(e)]

Use of Resources. Deletes the authority to use nutrition education and training funding for improving school meals (this authority is provided elsewhere in law). [Sec. 3402(f)]

Senate amendment

Lowfat Cheese Purchases. Same provision. [Sec. 1202(a) & (c)]

Food Waste Procedures. Same provision. [Sec. 1202(a)]

Announcing Guidelines. No provision.

Commodities. Same provisions. [Sec. 1202(b)]

Technical/Conforming Changes. No provisions.

Nutrition Information/Requirements. Same provision. [Sec. 1202(d)]

Use of Resources. Same provision. [Sec. 1201(e)]

Conference agreement

The conference agreement adopts the provisions that are common to both bills. With respect to Announcing Guidelines, the conference agreement adopts the Senate provision. [Sec.702]

3. FREE AND REDUCED PRICE POLICY STATEMENT

Present law

No provision.

House bill

Provides that schools may not be required to submit free and reduced price "policy statements" to State education agencies unless there is a substantive change in the free and reduced price policy of the school. Routine changes (e.g., adjusting income eligibility standards) are not sufficient cause for requiring a school to submit a policy statement. [Sec. 3403]

Senate amendment

Same provisions with a technical difference clarifying that school food authorities, rather than schools, are the entities that may not be required to submit a policy statement. [Sec. 1203]

Conference agreement

The conference agreement adopts the Senate provisions. [Sec.703]

4. SPECIAL ASSISTANCE

Present law

"Provision 2." Schools electing to serve all children free meals for 3 successive years may be paid special assistance payments for free and reduced price meals based on the number of meals served free or at a reduced price in the first year ("provision 2"). Schools electing this option as of November 1994 may receive a 2-year extension from the State if it determines that the income level of the school's population has remained stable. Schools receiving a 2-year extension may receive subsequent 5-year extensions (except that the Secretary may require that applications be taken at the beginning of any 5-year period). [Sec. 11(a)(1) of the NSLA]

Terms and Conditions. The terms and conditions governing the operation of the school lunch program (set forth in other sections of the NSLA, except for matching requirements) apply to special assistance under the school lunch program, to the extent they are not inconsistent with the express requirements of the section governing special assistance. [Sec. 11(d) of the NSLA]

Monthly Reports. State education agencies must report each month the average number of children receiving free and reduced price lunches during the immediately preceding month. [Sec. 11(e)(2) of the NSLA]

House bill

"Provision 2." Allows all "provision 2" schools to qualify for extensions. [Sec. 3404(a)]

Terms and Conditions. Deletes "terms and conditions" requirements. [Sec. 3404(b)]

Monthly Reports. Removes the requirement for monthly reports and replaces it with a provision to report this information at the Secretary's request. [Sec. 3404(b)]

Senate amendment

"Provision 2." Same provision. [Sec. 1204(a)]

Terms and Conditions. Same provision. [Sec. 1204(b)]

Monthly Reports. Same provision. [Sec. 1204(b)]

Conference agreement

The conference agreement adopts the provisions that are common to both bills. [Sec.704]

5. MISCELLANEOUS PROVISIONS AND DEFINITIONS

Present law

Accounts and Records. States, State education agencies, and schools must make accounts and records available for inspection and audit by the Secretary "at all times." [Sec. 12(a) of the NSLA]

Restrictions on Requirements. Neither the Secretary nor States may impose any requirement with respect to teaching personnel, curriculum, and instruction in any school when carrying out the provisions of the NSLA. [Sec. 12(c) of the NSLA]

Definitions. "State" is defined to include the Trust Territory of the Pacific Islands. [Sec. 12(d)(1) of the NSLA]

"Participation rate" is defined as the number of lunches served in the second prior fiscal year. [Sec. 12(d)(3) of the NSLA]

"Assistance need rate" is defined as a rate relative to States' annual per capita income. [Sec. 12(d)(4) of the NSLA]

The Secretary is permitted to adjust reimbursement rates for Alaska, Hawaii, and outlying areas (including the Trust Territory of the Pacific Islands). [Sec. 12(f) of the NSLA]

Expedited Rulemaking. The Secretary is required to issue proposed regulations on food-based menu systems prior to the publication of final regulations for compliance with the Dietary Guidelines for Americans and must hold public meetings on the proposed regulations. Final regulations must reflect public comments. [Sec. 12(k) of the NSLA]

Waivers. The Secretary may waive any Federal requirements if the requesting State or service provider demonstrates, to the Secretary's satisfaction, that the waiver will not increase the overall Federal cost of the program and, if it does increase costs, they will be paid from non-Federal funds.

Waiver applications must describe "management goals" to be achieved, a timetable for implementation, and the process to be used for monitoring progress in implementing the waiver (including cost implications).

The Secretary must state in writing the expected outcome of any approved waivers.

The results of the Secretary's decision on any waiver must be disseminated through "normal means of communication."

Waivers may not exceed 3 years (unless extended by the Secretary).

Waivers may not be granted with respect to "offer versus serve" rules.

Service providers must annually submit reports describing the use of their waivers and evaluating how the waiver contributed to improved services. States must annually submit a summary of providers' reports to the Secretary. The Secretary must annually submit reports to Congress summarizing the use of waivers and describing whether waivers resulted in improved services, the impact of waivers on the provision of nutritional meals, and how waivers reduced paperwork. [Sec. 12(l) of the NSLA]

Food and Nutrition Programs. The Secretary is required to award grants to private nonprofit organizations or education institutions for "food and nutrition projects" that are fully integrated with elementary school curricula. Subject to appropriations, the Secretary must make grants to each of 3 organizations or institutions in amounts between $100,000 and $200,000 for each of fiscal years 1995 through 1998. [Sec. 12(m) of the NSLA]

Simplified Administration of School Meal and Other Nutrition Programs. No provisions in current law; therefore, no citizenship or immigration status tests apply to programs under the NSLA or CNA, or to commodity assistance programs.

House bill

Accounts and Records. Revises the requirement to make accounts and records available at all times to a requirement that they be available at "any reasonable time." [Sec. 3405(a)]

Restrictions on Requirements. Removes the prohibition on States imposing personnel, curriculum, and instruction requirements. [Sec. 3405(b)]

Definitions. Replaces "Trust Territory of the Pacific Islands" with "Commonwealth of the Northern Mariana Islands."

Deletes the out-of-date definition of participation rate.

Deletes the out-of-date definition of assistance need rate.

Replaces the reference to the Trust Territory of the Pacific Islands with a reference to the "Commonwealth of the Northern Mariana Islands." [Sec. 3405(c) & (d)]

Expedited Rulemaking. Deletes the noted out-of-date requirements for regulations. [Sec. 3405(e)]

Waivers. Adds a bar against the Secretary granting any waiver that increases Federal costs.

Deletes the noted waiver requirements in present law.

Deletes the noted outcome requirement in present law.

Deletes the noted dissemination requirement in present law.

Deletes the noted time limit requirement in present law.

Deletes the noted offer versus serve prohibition in present law.

Deletes requirements for waiver reports by service providers and States, but not the Secretary's. [Sec. 3405(f)]

Food and Nutrition Programs. Deletes authority for food and nutrition project grants. [Sec. 3405(g)]

Simplified Administration of School Meal and Other Nutrition Programs. No provisions in the child nutrition provisions of the bill. However, other provisions of the bill would bar the eligibility of illegal aliens for programs under the NSLA and the CNA.

Senate amendment

Accounts and Records. Same provision. [Sec. 1205(a)]

Restrictions on Requirements. Same provision. [Sec. 1205(b)]

Definitions. Same provisions. [Sec. 1205(c) & (d)]

Expedited Rulemaking. Same provision. [Sec. 1205(e)]

Waivers. Same provisions. [Sec. 1205(f)]

Food and Nutrition Programs. No provision.

Simplified Administration of School Meal and Other Nutrition Programs. Notwithstanding any other provision of law, no assistance or benefits provided under the NSLA or CNA or commodity assistance programs may be contingent on citizenship or immigration status. [Sec. 1205(g)]

Conference agreement

The conference agreement adopts the provisions that are common to both bills. [Sec. 705] The conference agreement also adopts the Senate provision on Food and Nutrition Projects, and adopts the House provision on Simplified Administration of School Meal and Other Nutrition Programs with an amendment stating that individuals who are ineligible for free public education benefits under State or local law are also ineligible for school meal benefits under the National School Lunch Act and the Child Nutrition Act of 1966. The amendment also states that "nothing in this Act shall prohibit or require a State to provide to an individual who is not a citizen qualified alien, as defined elsewhere in the law, benefits * * *" under programs other than school lunch and breakfast program

under the National School Lunch Act and the Child Nutrition Act of 1966, the Commodity Supplemental Food Program, TEFAP and the food distribution program on Indian reservations. [Sec. 742]

6. SUMMER FOOD SERVICE PROGRAM FOR CHILDREN

Present law

Establishment of Program. The Secretary is authorized to carry out a summer food service program to assist States to initiate, maintain, and expand nonprofit food service programs for children. [Sec. 13(a) of the NSLA]

Service Institutions: Payments. Payments to summer food service institutions may not exceed specific amounts set by law and indexed for inflation. For the summer of 1996, these rates are: $2.1675 for each lunch/supper, $1.2075 for each breakfast, and 57 cents for each supplement (snack). Rates are adjusted each January to reflect changes (for the 12 months ending the preceding November) in the food away from home component of the CPI–U. Each adjustment is rounded to the nearest quarter cent. [Sec. 13(b)(1) of the NSLA]

Administration of Service Institutions. Payments to summer camps and service institutions that primarily serve migrant children may be made for up to 4 meals/supplements each day. [Sec. 13(b)(2) of the NSLA]

Reimbursements: National Youth Sports Program. Higher education institutions operating under the National Youth Sports Program (NYSP) may receive reimbursements for meals/supplements served in months other than May through September, but for not more than 30 days for each child.

NYSP children and institutions are eligible to participate "without application."

NYSP institutions receive reimbursements for breakfasts and supplements equal to the "severe need" rate for school breakfasts.

Advance Program Payments. In general, 3 advance payments to summer food service program service institutions are required during any summer program. The second advance payment may not be released to any service institution that has not certified it has held training sessions for its own personnel and site personnel. [Sec. 13(e)(1) of the NSLA]

Food Requirements. The Secretary is required to provide "additional technical assistance" to those service institutions and private nonprofit organizations that are having difficulty in maintaining compliance with nutritional requirements.

Service institutions' contracts with food service management companies must require that bacteria levels conform to the standards applied by the local health authority. [Sec. 13(f) of the NSLA]

Permitting "Offer versus Serve". The "offer versus serve" option is not permitted in the summer food service program.

Food Service Management Companies. In accordance with the Secretary's regulations, service institutions must make positive efforts to use small and minority-owned businesses as sources of supplies and services.

States are required to establish a standard form of contract for use by service institutions and food service management companies. [Sec. 13(l) of the NSLA]

Records. States and service institutions must make accounts and records available for inspection and audit by the Secretary "at all times." [Sec. 13(m) of the NSLA]

Removing Mandatory Notice to Institutions. States' plans must include its plans and schedule for informing service institutions of the availability of the summer food service program. [Sec. 13(n) of the NSLA]

Plan. State plans must include: (1) the State's method of assessing need, (2) the State's best estimate of the number/character of service institutions/sites to be approved, and children and meals to be served, as well as its estimating methods, and (3) a schedule for providing technical assistance and training to service institutions. [Sec. 13(n) of the NSLA]

Monitoring and Training. With the Secretary's assistance, States must establish and implement an ongoing training and technical assistance program for private nonprofit organizations. [Sec. 13(q) of the NSLA]

Expired Program. During fiscal years 1990 and 1991, the Secretary and States must carry out a program to disseminate information to private nonprofit organizations about the amendments made by the Child Nutrition and WIC Reauthorization Act of 1989. [Sec. 13(p) of the NSLA]

House bill

Establishment of Program. Removes the reference to the Secretary's authority to carry out a program to assist States to "expand" summer food services. [Sec. 3406(a)]

[Note.—Sec. 3406(a) also makes technical amendments deleting a reference to the Trust Territory of the Pacific Islands and an unnecessary cross-reference in present law.]

Service Institutions: Payments. Establishes new maximum rates for summer food service institutions. They are: $1.82 for each lunch/supper, $1.13 for each breakfast, and 46 cents for each supplement (snack). These new rates, adjusted for inflation, first apply to the summer of 1997. They are adjusted on January 1, 1997, and each January 1 thereafter, to reflect changes (for the 12 months ending the preceding November) in the food away from home component of the CPI–U. Each adjustment is based on unrounded rates for the prior 12-month period, then rounded down to the nearest lower cent increment. [Sec. 3406(b) & (n)]

[Note.—Separate administrative cost reimbursement rates are not changed.]

Administration of Service Institutions. Limits payments to summer camps and institutions serving migrant children to 3 meals, or 2 meals and a supplement, each day. [Sec. 3406(c)]

Reimbursements: National Youth Sports Program. Deletes authority for reimbursements to NYSP institutions for months other than May through September.

Requires that NYSP children be eligible on showing residence in an area of poor economic conditions or on the basis of an income eligibility statement.

Requires that NYSP institutions receive reimbursements for breakfasts and supplements equal to the regular free school breakfast reimbursement rates.

Advance Program Payments. Limits to nonschool providers the prohibition on releasing the second advance payment without having certified training has been held. [Sec. 3406(e)]

Food Requirements. Deletes the requirement for additional technical assistance in present law.

Replaces the requirement that contracts require bacteria levels to conform to standards applied by the local health authority with a requirement that contracts be in conformance with standards set by local health authorities. [Sec. 3406(f)]

Permitting "Offer versus Serve." Adds authority for school food authorities participating as a summer food service institution to permit children attending a site on school premises operated directly by the school food authority to refuse 1 item of a meal without affecting reimbursement for the meal. [Sec. 3406(g)]

Food Service Management Companies. Deletes requirement for positive efforts to use small and minority-owned businesses in present law.

Deletes requirement for a standard form of contract in present law. [Sec. 3406(h)]

Records. Revises the requirement to make accounts and records available at all times to a requirement that they be available at "any reasonable time." [Sec. 3406(i)]

Removing Mandatory Notice to Institutions. Deletes the requirement for a plan/schedule for informing service institutions of the availability of the summer food service program. [Sec. 3406(j)]

Plan. Deletes State plan requirements for a method of assessing need, estimates of service institutions/sites to be approved and children and meals to be served, and a schedule for providing technical assistance/training. [Sec. 3406(k)]

Monitoring and Training. Deletes requirement for ongoing training and technical assistance for private nonprofit organizations. [Sec. 3406(l)]

Expired Program. Deletes out-of-date requirement to disseminate information. [Sec. 3406(m)]

Senate amendment

Establishment of Program. No provision.

Service Institutions: Payments. No provisions.

Administration of Service Institutions. No provision.

Reimbursements: National Youth Sports Program. No provision.

Advance Program Payments. No provision.

Food Requirements. No provision.

Permitting "Offer versus Serve." No provision

Food Service Management Companies. No provision.

Records. No provision.

Removing Mandatory Notice to Institutions. No provision.

Plan. No provision.

Monitoring and Training. No provision.

Expired Program. No provision.

Conference agreement

Establishment of Program. The conference agreement adopts the House provision.

Service Institutions: Payments. The conference agreement adopts the House provisions with an amendment that sets the reimbursement rate for lunches at $1.97.

Administration of Service Institutions. The conference agreement adopts the House provisions.

Reimbursements: National Youth Sports Program. The conference agreement adopts the House provisions with amendments that: delete the provision of present law allowing institutions to participate without application; require that all reimbursements to NYSP institutions be at the regular summer food service program rates; and delete special meal standard and compatibility requirements for NYSP institutions.

Advance Program Payments. The conference agreement adopts the House provisions.

Food Requirements. The conference agreement adopts the House provisions.

Permitting "Offer versus Serve." The conference agreement adopts the House provisions with an amendment allowing school food authorities to permit the refusal of 1 or more items under rules that the school uses for school meal programs.

Food Service Management Companies. The conference agreement adopts the Senate provisions.

Records. The conference agreement adopts the House provision.

Removing Mandatory Notice to Institutions. The conference agreement adopts the House provision.

Plan. The conference agreement adopts the House provisions.

Monitoring and Training. The conference agreement adopts the House provision.

Expired Program. The conference agreement adopts the House provision. [Sec. 706]

7. COMMODITY DISTRIBUTION

Present law

Cereal and Shortening in Commodity Donations. Cereal and shortening and oil products must be included among products donated to the school lunch program. [Sec. 14(b) of the NSLA]

Impact Study and Purchasing Procedures. By May 1979, the Secretary must report on the effect of changes in commodity procurement established under 1977 amendments to the NSLA.

The Secretary must establish procedures to ensure that purchase contracts are not entered into unless the previous history and current patterns of the contracting party (with respect to compliance with meat inspection and other food wholesomeness standards) are taken into account. [Sec. 14(d) of the NSLA]

Cash Compensation for Pilot Project Schools. The Secretary must provide cash compensation to certain schools participating in a "cash/CLOC" pilot project to make up for losses sustained. Compensation is provided to schools applying before the end of 1990. [Sec. 14(g) of the NSLA]

State Advisory Council. State education agencies receiving food assistance must establish an advisory council composed of school representatives. The council advises the agency on schools' needs relating to the manner of selecting and distributing commodities. [Sec. 14(e) of the NSLA]

House bill

Cereal and Shortening in Commodity Donations. Deletes the requirement to include cereal and shortening and oil products in school lunch program donations. [Sec. 3407(a)]

Impact Study and Purchasing Procedures. Deletes out-of-date commodity procurement report requirement.

Deletes requirement for purchase procedures that take into account contractors' compliance with meat inspection/food wholesomeness standards. [Sec. 3407(b)]

Cash Compensation for Pilot Project Schools. Deletes an out-of-date requirement for compensation to certain schools in a pilot project. [Sec. 3407(c)]

State Advisory Council. Deletes the requirement for State commodity assistance advisory councils. [Sec. 3407(d)]

Senate amendment

Cereal and Shortening in Commodity Donations. Same provision. [Sec. 1206(a)]

Impact Study and Purchasing Procedures. No provisions.

Cash Compensation for Pilot Project Schools. Same provision. [Sec. 1206(c)]

State Advisory Council. Provides that any State agency receiving food assistance must establish an advisory council (i.e., deletes the specific reference to State education agencies in present law). [Sec. 1206(b)]

Conference agreement

Cereal and Shortening in Commodity Donations. The conference agreement adopts the provision that is common to both bills.

Impact Study and Purchasing Procedures. The conference agreement adopts the Senate provision.

Cash Compensation for Pilot Project Schools. The conference agreement adopts the provision that is common to both bills.

State Advisory Council. The conference agreement adopts the House provisions, with an amendment to replace the requirement for a formal advisory council with a requirement that State agencies to meet with local school food service personnel when making decisions regarding commodities used in meal programs. [Sec. 707]

8. CHILD CARE FOOD PROGRAM

Present law

Establishment of Program. The Secretary is authorized to carry out a program to assist States to initiate, maintain, and expand nonprofit food service for children in child care institutions. [Sec. 17(a) of the NSLA]

Payments to Sponsor Employees. No provision.

Technical Assistance. If necessary, States must provide technical assistance to institutions submitting incomplete applications to participate. [Sec. 17(d) of the NSLA]

Reimbursement of Child Care Institutions. Day care centers may be provided reimbursement for up to 2 meals and 2 supplements (or 3 meals and 1 supplement) each day for children in a child care setting for 8 or more hours a day. [Sec. 17(f)(2) of the NSLA]

Improved Targeting of Day Care Home Reimbursements: Restructured Day Care Home Reimbursements. Reimbursements for family or group day care homes are specific amounts set by law and indexed for inflation. All homes receive the same reimbursements, and reimbursements are not differentiated by family income of the child receiving a subsidized meal/supplement. For July 1996 through June 1997, these rates are: $1.575 for each lunch/supper, 86.25 cents for each breakfast, and 47 cents for each supplement.

Rates are adjusted each July to reflect changes in the food away from home component of the CPI–U for the most recent 12-month period for which data are available. Each adjustment is rounded to the nearest quarter cent. [Sec. 17(f)(3)(A) of the NSLA]

Improved Targeting of Day Care Home Reimbursements: Grants to States. No provision.

Improved Targeting of Day Care Home Reimbursements: Provision of Data. No provision.

Reimbursement. The Secretary is required to reduce administrative payments to day care home sponsors as of August 1981 so as to achieve a 10 percent reduction in the total level of payments. [Sec. 17(f)(3)(B) of the NSLA]

Funds for administrative expenses may be used by day care home sponsors to conduct outreach and recruitment to unlicensed day care homes so that they may become licensed. [Sec. 17(f)(3)(C) of the NSLA]

States must provide monthly advance payments to approved day care institutions in an amount that reflects the full level of valid claims customarily received (or the State's best estimate in the case of newly participating institutions). [Sec. 17(f)(4)]

Nutritional Requirements. Meals served under the child and adult care food program must be "served free to needy children."

The Secretary is required to provide "additional technical assistance" to institutions and day care home sponsors that are having difficulty maintaining compliance with nutrition requirements. [Sec. 17(g)(1) of the NSLA]

Elimination of State Paperwork/Outreach Burden. States must take affirmative action to expand availability of the child and adult care food program benefits, including annual notification of all non-participating day care home providers. The Secretary must conduct demonstration projects to test approaches to removing or reducing barriers to participation by homes that operate in low-income areas or primarily serve low-income children. The Secretary and States must provide training and technical assistance to assist day care home sponsors in reaching low-income children. The Secretary must instruct States to provide information and training about child health and development through day care home sponsors. [Sec. 17(k) of the NSLA]

Records. States and institutions must make accounts and records available for inspection and audit by the Secretary and others "at all times." [Sec. 17(m) of the NSLA]

Modification of Adult Care Food Program. Nonresidential adult day care centers (including group living arrangements) serving chronically impaired disabled adults or persons 60 years of age or older are eligible institutions under the child and adult care food program. Reimbursements are provided for meals served to chronically disabled adults and those 60 or older in these centers. [Sec. 17(o) of the NSLA]

Unneeded Provision. The Secretary is required to provide State child and adult care food service agencies with basic information about the WIC program. State agencies must provide child care institutions with specific materials about the WIC program, annually update the materials, and ensure that at least once a year the institutions provide specific written information to parents about the WIC program. [Sec. 17(q) of the NSLA]

Effective Date. No provision.

Study. No provision.

House bill

Establishment of Program. Removes the reference to the Secretary's authority to carry out a program to assist States to "expand" child care food services. [Sec. 3408(a)]

Payments to Sponsor Employees. Prohibits payments to day care home sponsors that base payments to employees on the number of homes recruited. [Sec. 3408 (b)]

Technical Assistance. Deletes the requirement to provide technical assistance in cases of incomplete applications. [Sec. 3408(c)]

Reimbursement of Child Care Institutions. Removes authority for reimbursement for more than 2 meals and 1 supplement for children in care for 8 or more hours. [Sec. 3408(d)]

Improved Targeting of Day Care Home Reimbursements: Restructured Day Care Home Reimbursements. Establishes new reimbursement rates for day care homes as follows:

"Tier I" homes receive the meal/supplement rates in effect on July 1, 1996 (see present law), adjusted annually for inflation.

"Tier I" homes are (1) those located in areas, defined by the Secretary based on Census data, in which at least 50 percent of children are in households with income below 185 percent of the Federal poverty guidelines, (2) those located in an area served by a school enrolling elementary students in which at least 50 percent of the children are certified eligible to receive free or reduced price school meals, or (3) those operated by a provider whose household income is verified by a sponsor (under the Secretary's regulations) to be below 185 percent of the poverty guidelines.

"Tier II" homes are homes that do not meet tier I standards, but they may, at their option, receive the substantially higher tier I reimbursement rates under certain conditions (see below).

In general, tier II home rates are 90 cents for each lunch/supper, 25 cents for each breakfast, and 10 cents for each supplement, adjusted annually for inflation. Tier II homes can elect to receive higher tier I rates for meals/supplements served to children who are members of households with income below 185 percent of the

Federal poverty guidelines, if the sponsor collects the necessary income information and makes the appropriate eligibility determinations in accordance with the Secretary's rules. Tier II homes also can elect to receive tier I rates for meals/supplements served to children (or children whose parents are) 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 185 percent of the poverty guidelines, and may restrict their claim for tier I reimbursements to these children if they choose not to collect income statements from all parents/caretakers.

The Secretary is required to prescribe simplified meal counting and reporting procedures for use by tier II homes (and their sponsors) that elect to claim tier I reimbursements for children meeting the income or program participation requirements. These procedures can include (1) setting an annual percentage of meals/supplements to be reimbursed at tier I rates based on the family income of children enrolled in a specific month or other period, (2) placing a home in a reimbursement category based on the percentage of children with household income below 185 percent of the poverty guidelines, or (3) other procedures determined by the Secretary.

The Secretary is authorized to establish minimum requirements for verifying income and program participation for tier II homes electing to claim tier I reimbursement rates.

Inflation indexing of rates for day care homes also is revised. The rates set for tier I homes (see present law) and the new tier II rates are adjusted July 1, 1997, and each July thereafter, based on the unrounded rates for the previous 12-month period, then *rounded down* to nearest lower cent increment. Inflation adjustments are based on changes in the *food at home* component of the CPI–U for the most recent 12-month period for which data are available. [Sec. 3408(e)(1)]

Improved Targeting of Day Care Home Reimbursements: Grants to States. Provides grants to States to assist family or group day care homes and their sponsors in implementing the new reimbursement rate system. For fiscal year 1997, the Secretary is required to reserve for this purpose $5 million of the amounts made available for the child care food program and allocate it to States based on the number of homes participating in fiscal year 1995 (with a minimum of $30,000 for each State). [Sec. 3408(e)(2)]

Improved Targeting of Day Care Home Reimbursements: Provision of Data. Requires that the Secretary provide Census data necessary for determining homes' tier I/II status and that States provide school enrollment data necessary to determine tier I/II status. In determining homes' tier I/II status, the most current available data (Census, enrollment, income) must be used. In general, a determination that a home is located in a tier I area is effective for 3 years. [Sec. 3408(e)(3)]

Reimbursement. Deletes the out-of-date requirement to reduce administrative payments to sponsors.

Deletes the authority to use administrative expense funding for outreach and recruitment.

Makes the provision of advance payments a State option. [Sec. 3408(f)]

Nutritional Requirements. Deletes a redundant provision requiring that free meals be served to needy children (this requirement is found elsewhere in law).

Deletes the requirement to provide additional technical assistance. [Sec. 3408(g)]

Elimination of State Paperwork/Outreach Burden. Removes the noted requirements in present law and replaces them with a requirement that States provide sufficient training, technical assistance, and monitoring to facilitate effective operation of the child care food program. Requires the Secretary to assist States in developing plans to do so. [Sec. 3408(h)]

Records. Revises the requirement to make accounts and records available at all times to a requirement that they be available at "any reasonable time." [Sec. 3408(i)]

Modification of Adult Care Food Program. Deletes authority for reimbursements for meals to those in adult day care centers who are not chronically impaired disabled persons. Deletes authority for any reimbursements to adult day care centers that do not serve chronically impaired disabled persons. [Sec. 3408(j)]

[Note.—Section 3408(a) & (l) make conforming amendments.]

Unneeded Provision. Deletes requirements to provide WIC information through the child care food program. [Sec. 3408(k)]

Effective Date. Establishes effective dates for changes affecting the child care food program. In general, they are effective on enactment, but amendments restructuring day care home reimbursement rates are effective July 1, 1997.

Requires the Secretary to issue interim regulations related to restructuring day care home reimbursement rates, provision of data to implement the restructured rates, and changes to sponsors' use of administrative funds by January 1, 1997. Final regulations on these changes must be issued by July 1, 1997. [Sec. 3408(m)]

Study. Requires the Secretaries of Agriculture and Health and Human Services to undertake a study of the effects of amendments restructuring day care home reimbursements, due 2 years after enactment. Requires State agencies to provide certain data to support the study. [Sec. 3408(n)]

Senate amendment

Establishment of Program. Same provisions. [Sec. 1207(a)]

Payments to Sponsor Employees. Same provision. [Sec. 1207(b)]

Technical Assistance. Same provision. [Sec. 1207(c)]

Reimbursement of Child Care Institutions. Same provision. [Sec. 1207(d)]

Improved Targeting of Day Care Home Reimbursements: Restructured Day Care Home Reimbursements. Same provisions, except that the new rates for tier II homes are $1 for lunches/suppers, 30 cents for breakfasts, and 15 cents for supplements. [Sec. 1207(e)(1)]

The conferees understand that the Secretary has historically provided different family and group day care home payments in Alaska and Hawaii. The conferees expect that the tier I and tier II reimbursements provided for in this measure also will be varied for Alaska and Hawaii.

Improved Targeting of Day Care Home Reimbursements: Provision of Data. Same provisions. [Sec. 1207(e)(3)]

Reimbursement. Same provisions, except replaces the existing permission to use funds for outreach/recruitment with permission to use funds to assist unlicensed homes in becoming licensed. [Sec. 1207(f)]

Nutritional Requirements. Same provisions. [Sec. 1207(g)]

Elimination of State Paperwork/Outreach Burden. Same provisions. [Sec. 1207(h)]

Records. Same provision. [Sec. 1207(i)]

Modification of Adult Care Food Program. No provision.

Unneeded Provision. Replaces the existing requirement for providing WIC information with a requirement that State agencies ensure that, at least once a year, child care institutions provide written information to parents that includes basic WIC information. [Sec. 1207(j)]

Effective Date. Same provisions. [Sec. 1207(k)]

Study. Same provisions. [Sec. 1207(l)]

Conference agreement

The conference agreement adopts the provisions that are common to both bills. With respect to the provisions in disagreement:

Improved Targeting of Day Care Home Reimbursements: Restructured Day Care Home Reimbursements. The conference agreement adopts the House provisions with an amendment setting the reimbursement rate at 95 cents for lunches/suppers, 27 cents for breakfasts, and 13 cents for supplements.

Reimbursement. The conference agreement adopts the Senate provisions.

Modification of Adult Care Food Program. The conference agreement adopts the Senate provision.

Unneeded Provision. The conference agreement adopts the House provision. [Sec. 708]

9. PILOT PROJECTS

Present law

"Universal free lunch" pilots, similar to "provision 2" authority found elsewhere in law, are required. [Sec. 18(d) of the NSLA]

A demonstration project for grants to provide meals and supplements to adolescents in programs outside school hours is required; assistance is in accordance with that provided under the child and adult care food program. For each of fiscal years 1996 and 1997, the Secretary must expend $475,000 ($525,000 in 1998), unless there is an insufficient number of suitable applicants. [Sec. 18(e) of the NSLA]

Pilot projects are authorized to evaluate the effects of contracting with private organizations to act as a State agency in cases where the Secretary is administering a child nutrition program in place of a State. [Sec. 18(a) of the NSLA]

A pilot project is authorized to assist schools in offering students additional choices of fruits, vegetables, legumes, cereals, and grain-based products (including organically produced commodities). [Sec. 18(g) of the NSLA]

A pilot project is authorized to assist schools in offering students additional choices of dairy products, lean meat, and poultry products (including organically produced commodities). [Sec. 18(h) of the NSLA]

Pilots are authorized to reduce paperwork, application, and meal counting requirements, and make program changes that will increase school meal program participation—while receiving Federal payments equal to the prior year adjusted for inflation/enrollment. [Sec. 18(i) of the NSLA]

House bill

Deletes separate authority for the "universal free lunch" projects, which are similar to "provision 2" authority found elsewhere in the law. [Sec. 3409(a)]

Makes the pilot demonstration project for grants to provide meals and supplements to adolescents in programs outside school hours optional and authorizes "such sums as are necessary" for fiscal years 1997 and 1998. [Sec. 3409(b)]

Deletes authority for the pilot projects to: evaluate effects of contracting with private organizations; assist schools in offering students additional choices of fruits, vegetables, legumes, cereals and grain-based products, dairy products, lean meat and poultry products (including organically produced commodities); reduce paperwork, application and meal counting requirements and make program changes to increase school meal program participation. [Sec. 3409(c)]

Senate amendment

The Senate amendment contains the same provisions that delete authority for the "universal free lunch" projects and make the pilot demonstration project for grants to provide meals and supplements to adolescents in programs outside school hours optional (authorizing "such sums as are necessary" for fiscal 1997 and 1998). [Sec. 1208(a), (b)] The Senate amendment does not contain the House provisions that delete authority for the pilot projects to: evaluate effects of contracting with private organizations; assist schools in offering students additional choices of fruits, vegetables, legumes, cereals and grain-based products, dairy products, lean meat and poultry products (including organically produced commodities); reduce paperwork, application and meal counting requirements and make program changes to increase school meal program participation.

Conference agreement

The conference agreement adopts the provisions. [Sec. 709]

10. REDUCTION OF PAPERWORK

Present law

In carrying out the NSLA and the CNA, the Secretary is required to reduce paperwork required of State and local agencies and others (e.g., parents) to the maximum extent practicable. In carrying out this requirement, the Secretary is required to consult with State/local administrators and convene a meeting of these ad-

ministrators (not later than September 1990), and obtain suggestions from members of the public on reducing paperwork. By November 1990, the Secretary is required to report to Congress concerning the extent to which reduction in paperwork has occurred. [Sec. 19 of the NSLA]

House bill

Deletes out-of-date paperwork reduction requirements. [Sec. 3410]

Senate amendment

Same provision. [Sec. 1209]

Conference agreement

The conference agreement adopts the provision that is common to both bills. [Sec. 710]

11. INFORMATION ON INCOME ELIGIBILITY

Present law

The Secretary is required to provide State agencies with information needed to determine income eligibility for free or reduced price meal. It must be provided by May 1990. Not later than July 1990, the Secretary must review model application forms under the NSLA and the CNA and simplify the format/instructions for these forms. [Sec. 23 of the NSLA]

House bill

Deletes out-of-date income verification and application form requirements. [Sec. 3411]

Senate amendment

Same provision. [Sec. 1210]

Conference agreement

The conference agreement adopts the provision that is common to both bills. [Sec. 711]

12. NUTRITION GUIDANCE FOR CHILD NUTRITION PROGRAMS

Present law

By November 1991, the Secretary and the Secretary of Health and Human Services are required to develop a "nutrition guidance" publication. They must distribute it within 6 months. The Secretary must revise menu planning guides to include recommendations for implementing the nutrition guidance in the publication. In carrying out any school meal program, summer program, or child care food program, school food authorities must apply the published nutrition guidance, and the Secretary must ensure that meals and supplements are consistent with the nutrition guidance. The Secretary and the Secretary of Health and Human Services may jointly update the guidance publication. [Sec. 24 of the NSLA]

House bill

Deletes the noted provisions of present law dealing with development and implementation of a nutrition guidance. [Sec. 3412]

Senate amendment

Same provision. [Sec. 1211]

Conference agreement

The conference agreement adopts the provision that is common to both bills. [Sec. 712]

13. INFORMATION CLEARINGHOUSE

Present law

The Secretary is required to enter into a contract with a nongovernmental organization to establish and maintain a clearinghouse for information for nongovernmental groups on food assistance and self-help initiatives. The clearinghouse is required to be funded at $200,000 in fiscal year 1996, $150,000 in 1997, and $100,000 in 1998. [Sec. 26 of the NSLA]

House bill

Deletes the requirement for funding of a nutrition information clearinghouse. [Sec. 3413]

Senate amendment

No provision.

Conference agreement

The conference agreement adopts the Senate provision.

Subtitle B—Child Nutrition Act of 1966

14. SPECIAL MILK PROGRAM

Present law

"United States" is defined to include the Trust Territory of the Pacific Islands. [Sec. 3(a)(3) of the CNA]

House bill

Replaces Trust Territory of the Pacific Islands with "Commonwealth of the Northern Mariana Islands." [Sec. 3421]

Senate amendment

Same provision. [Sec. 1251]

Conference agreement

The conference agreement adopts the provision that is common to both bills. [Sec 721]

15. FREE AND REDUCED PRICE POLICY STATEMENT

Present law

No provision.

House bill

Provides that schools may not be required to submit a free and reduced price "policy statement" to State education agencies unless there is a substantive change in the free and reduced price policy of the school. Routine changes (e.g., adjusting income eligibility standards) are not sufficient cause for requiring a school to submit a policy statement. [Sec. 3422]

Senate amendment

Similar provisions with a technical amendment clarifying that school food authorities, rather than schools, are the entities that may be required to submit a policy statement. [Sec. 1252]

Conference agreement

The conference agreement adopts the Senate provision. [Sec. 722]

16. SCHOOL BREAKFAST PROGRAM AUTHORIZATION

Present law

Training and Technical Assistance. Through State education agencies, the Secretary must provide technical assistance and training to school breakfast program schools to assist them in complying with nutrition requirements and providing appropriate meals to children with medically certified special dietary needs. The Secretary also must provide additional technical assistance to schools that are having difficulty maintaining compliance with nutrition requirements. [Sec. 4(e)(1) of the CNA]

Startup and Expansion. The Secretary and State education agencies are directed to carry out information, promotion, and outreach programs to further the policy of expanding the school breakfast program to all schools where it is needed, including the use of "language appropriate" materials. The Secretary is to report to Congress no later than October 1, 1993, concerning efforts to increase school participation. [Sec. 4(f) of the CNA]

The Secretary is required to use $5 million a year (through fiscal year 1997), $6 million in 1998, and $7 million in each subsequent year to fund a program of competitively bid grants to State education agencies for the purpose of initiating or expanding the school breakfast and summer food service programs. [Sec. 4(g) of the CNA]

House bill

Training and Technical Assistance. Deletes technical assistance and training requirements. [Sec. 3423(a)]

Startup and Expansion. Effective October 1, 1996, deletes the requirement for information, promotion, and outreach grants to expand the school breakfast program. [Sec. 3423(b)]

Senate amendment

Training and Technical Assistance. Deletes the requirement to provide additional technical assistance. [Sec. 1253(a)]

Startup and Expansion. Same provision. [Sec. 1253(b)]

Conference agreement

The conference agreement adopts the startup and expansion provisions that are common to both bills and adopts the Senate provision regarding Training and Technical Assistance. [Sec. 723]

17. STATE ADMINISTRATIVE EXPENSES

Present law

Commodity Distribution Administration. States are permitted to use a portion of the funds available for State administrative expenses to assist in administering the commodity distribution program. [Sec. 7(e) of the CNA]

Studies. The Secretary may not provide State administrative expense funding to a State unless the State agrees to participate in any study or survey of NSLA or CNA programs conducted by the Secretary. [Sec. 7(h) of the CNA]

Approval of Changes. States must annually submit a plan for the use of State administrative expense funds. [Sec. 7(f) of the CNA]

House bill

Commodity Distribution Administration. Deletes specific authority to use State administrative expense money for commodity distribution administration (this authority is found elsewhere in law). [Sec. 3424(a)]

Studies. Deletes the provision barring State administrative expense funding when a State fails to agree to participate in a study or survey. [Sec. 3424(a)]

Approval of Changes. Removes the requirement for annual plans for State administrative expense funds and replaces it with a requirement to submit any substantive plan changes for the Secretary's approval. [Sec. 3424(b)]

Senate amendment

Commodity Distribution Administration. Same provision. [Sec. 1254(a)]

Studies. Same provision. [Sec. 1254(a)]

Approval of Changes. Same provisions. [Sec. 1254(b)]

Conference agreement

The conference agreement adopts the provisions that are common to both bills. [Sec. 724]

The conference agreement repeals Section 7(e) of the Child Nutrition Act so as to simplify the language in, and eliminate redundant provisions of, the Act. The managers note that no provisions of the Child Nutrition Act prohibit States from using State administrative expense (SAE) funds to administer the Commodity Distribution Program, which is authorized through the National School Lunch Act, and stress that the repeal of Section 7(e) should not be construed as barring or discouraging States from using SAE funds for this purpose.

18. REGULATIONS

Present law

The Secretary is required to develop, and provide to State agencies for distribution to schools, model language that bans the sale of competitive foods of minimal nutritional value, along with a copy of the regulations concerning competitive foods. [Sec. 10(b) of the CNA]

House bill

Deletes the out-of-date requirement for model language on competitive foods. [Sec. 3425]

Senate amendment

Same provision. [Sec. 1255]

Conference agreement

The conference agreement adopts provisions common to both bills. [Sec. 725]

19. PROHIBITIONS

Present law

Neither the Secretary nor the States may impose any requirement with respect to teaching personnel, curriculum, or instruction in any school when carrying out the provisions of the special milk and school breakfast programs. [Sec. 11(a) of the CNA]

House bill

Removes the prohibition on States imposing personnel, curriculum, and instruction requirements. [Sec. 3426]

Senate amendment

Same provision. [Sec. 1256]

Conference agreement

The conference agreement adopts the provision that is common to both bills. [Sec. 726]

20. MISCELLANEOUS PROVISIONS AND DEFINITIONS

Present law

"State" is defined to include the Trust Territory of the Pacific Islands. [Sec. 15(1) of the CNA]

"School" is defined to include nonprofit child care centers in Puerto Rico. [Sec. 15(3) of the CNA]

House bill

Replaces the reference to the Trust Territory of the Pacific Islands with a reference to the Commonwealth of the Northern Mariana Islands. [Sec. 3427]

Makes a conforming amendment deleting the inclusion of nonprofit child care centers as schools in Puerto Rico. [Sec. 3427]

Senate amendment

Same provisions. [Sec. 1257]

Conference agreement

The conference agreement adopts the provisions that are common to both bills. [Sec. 727]

21. ACCOUNTS AND RECORDS

Present law

States, State education agencies, schools, and nonprofit institutions must make accounts and records available for inspection by the Secretary "at all times." [Sec. 16(a) of the CNA]

House bill

Revises the requirement to make accounts and records available at all times to a requirement that they be available at "any reasonable time." [Sec. 3428]

Senate amendment

Same provision. [Sec. 1258]

Conference agreement

The conference agreement adopts the provisions that are common to both bills. [Sec. 728]

22. SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN

Present law

Definitions. "Homeless individual" is defined to include an individual whose primary nighttime residence is a temporary accommodation in the residence of another. [Sec. 17(b)(15) of the CNA]

Secretary's Promotion of WIC. The Secretary must "promote" the WIC program by producing and distributing materials, including public service announcements in English and other appropriate languages. [Sec. 17(c)(5) of the CNA]

Eligible Participants. The Secretary must report biennially to Congress and the National Advisory Council on Maternal, Infant, and Fetal Nutrition on the income and nutritional risk characteristics of WIC participants, participation by migrants, and other appropriate matters. [Sec. 17(d)(4) of the CNA]

Nutrition and Drug Abuse Education. State agencies must ensure that drug abuse education is provided to all pregnant, postpartum, and breastfeeding WIC participants, and to parents/caretakers of WIC children.

Nutrition education and breastfeeding promotion and support must be evaluated annually by State agencies.

State agencies must ensure that written information about food stamps, AFDC, and the child support enforcement program is provided to WIC applicants and participants.

Each local WIC agency may use a master file to document and monitor the provision of nutrition education to individuals that are required to be included in group nutrition education classes.

State agencies must ensure that local agencies maintain and make available a list of local resources for substance abuse counseling and treatment. [Sec. 17(e) of the CNA]

State Plan. State agencies must annually submit a State plan for WIC operations and administration.

State agency WIC plans must include a plan to coordinate operations with special counseling services such as the expanded food and nutrition education program, immunization programs, local breastfeeding promotion programs, prenatal care, well-child care, family planning, drug abuse education, substance abuse counseling and treatment, child abuse counseling, AFDC, food stamps, maternal and child health care, and Medicaid (including Medicaid programs that use "coordinated care providers").

State agency WIC plans must include a plan to provide benefits to unserved and underserved areas in the State if sufficient funds are available.

State agency WIC plans must include a plan to provide benefits to those most in need and to provide eligible individuals not participating with program information, with an emphasis on reaching and enrolling eligible women in the early months of pregnancy and including provisions to reach and enroll eligible migrants.

State agency WIC plans must include a specific plan for provision of WIC benefits to incarcerated persons if they opt to provide benefits to these persons.

State agency WIC plans must include a plan to improve access to participants and applicants who are employed or reside in rural areas by addressing their needs through procedures/practices that minimize the time they must spend away from work and the distances they must travel.

State agency WIC plans must include an estimate of the increased participation that will result from cost-saving initiatives (including an explanation of how the estimate was developed) if the State chooses to request "funds conversion authority" (using food money for administration).

State agency WIC plans must include other information "as the Secretary may require."

State agencies must establish procedures under which members of the general public are provided an opportunity to comment on the development of the State plan.

State agencies must, on receiving a completed local agency application, notify the applicant in writing within 30 days of the approval or disapproval of the application (accompanied by a statement of reasons for any disapproval). Within 15 days of receiving an incomplete application, the State agency must notify the applicant of added information need to complete the application.

State agencies must, in cooperation with local WIC agencies, publicly announce and distribute information at least annually on the availability of WIC benefits to offices and organizations that deal with significant numbers of potentially eligible individuals. The information must be distributed in a manner designed to provide it to those most in need of benefits, including pregnant women in the early months of pregnancy. Local agencies with cooperative arrangements with hospitals must advise potentially eligible per-

sons of the availability of benefits and provide them with the opportunity to be certified as eligible in the hospital.

State agency plans for fiscal year 1994 must advise the Secretary of procedures for reducing the purchase of low-iron infant formula.

State and local WIC agencies must make accounts and records available for inspection and audit by the Secretary "at all times."

Notices issued to WIC participants who are suspended or terminated during their certification period because of a shortage of funds must include the categories of participants whose benefits are being suspended or terminated (in addition to other information required by the Secretary).

The Secretary must establish standards for proper, efficient, and effective administration, including standards that will ensure sufficient State agency staff.

Products specifically designed for pregnant, postpartum, and breastfeeding women, or infants, are to be made available at the Secretary's discretion if they are commercially available or are approved by the Secretary based on clinical tests.

State agencies must (a) provide nutrition education, breastfeeding promotion, and drug abuse education in languages other than English and (b) use appropriate foreign language materials in areas where a substantial number of low-income households speak a language other than English.

State agencies may adopt methods of delivering benefits to accommodate the special needs and problems of incarcerated individuals.

Local agencies must provide information about other potential sources of food assistance to WIC applicants who apply but cannot be served. [Sec. 17(f) of the CNA]

Information. On completion of the 1990 Census, the Secretary must make available an estimate (by State and county) of the number of women, infants, and children who are members of families with incomes below 185 percent of the Federal poverty guidelines. [Sec. 17(g)(6) of the CNA]

Procurement of Infant Formula. The Secretary must require State agencies to report breastfeeding data for the biennial report by the Secretary on participant characteristics.

No State may receive a WIC allocation unless it meets certain conditions related to cost containment prior to September 1989.

States having cost-containment contracts in effect in 1989 need not meet new cost containment provisions until the term of the contract runs out.

The Secretary is required to establish pilot projects to determine the feasibility of using "universal product codes" to aid vendors in providing the correct infant formula to WIC participants.

The Secretary must follow certain specific rules in soliciting cost containment bids for infant formula on behalf of States.

The Secretary must promote the joint purchase of infant formula by States, encourage the purchase of supplemental foods other than infant formula under cost containment procedures, inform States of the benefits of cost containment, and provide technical assistance related to cost containment.

The Secretary must use $10 million a year (from carryover funds) for infrastructure development, special projects of regional or national significance, and special breastfeeding support and promotion projects. [Sec. 17(h) of the CNA]

National Advisory Council. The Secretary designates the Chairman and Vice-Chairman of the National Advisory Council on Maternal, Infant, and Fetal Nutrition. [Sec. 17(k) of the CNA]

Completed Study; Community College Demonstration; Grants for Information and Data Systems. The Secretary must, by May 1989, conduct a study on appropriate methods of drug abuse education instruction. The Secretary must prepare and distribute drug abuse education materials. Specific appropriations for the study and materials are authorized for fiscal year 1989, and, for later years, "such sums as may be necessary" are authorized for distributing drug abuse education materials and making referrals under drug abuse education programs. [Sec. 17(n) of the CNA]

The Secretary is authorized to conduct a pilot project for WIC clinics in community colleges offering nursing education programs. [Sec. 17(o) of the CNA]

The Secretary is authorized to make grants to State agencies to improve WIC information and data systems. Appropriations for this are authorized through fiscal year 1994. [Sec. 17(p) of the CNA]

House bill

Definitions. Makes clear that, after 365 days in a temporary accommodation, individuals will not be considered homeless. [Sec. 3429(a)]

[NOTE.—Sec. 3429(a) also makes a technical/conforming amendment to the definition of "drug abuse education."

Secretary's Promotion of WIC. Deletes the requirement that the Secretary promote the WIC program. [Sec. 3429(b)]

Eligible Participants. Deletes the requirement for the Secretary's biennial report on participants. [Sec. 3429(c)]

Nutrition and Drug Abuse Education. Makes provision of drug abuse education optional.

Deletes the requirement to annually evaluate nutrition education and breastfeeding promotion/support.

Removes the requirement for providing information about food stamps, AFDC, and child support enforcement. Replaces it with authority for State agencies to provide local agencies with materials describing other programs for which WIC participants may be eligible.

Deletes the specific authority for using a nutrition education master file.

Requires that local agencies maintain and make available lists of local substance abuse counseling and treatment resources. [Sec. 3429(d)]

State Plan. Revises the State plan submission requirement to stipulate that State agencies only be required to submit substantive changes in their plan for the Secretary's approval.

Removes the noted specific State plan requirements for coordination. Replaces them with a requirement that State plans include

a plan to coordinate WIC operations with other services or programs that may benefit WIC participants and applicants.

Adds a requirement that State WIC plans include a plan to improve access for those who are employed, or who reside in rural areas.

Removes the noted specific State plan requirements for reaching those most in need and not participating. Retains a requirement that State plans include a plan for reaching and enrolling women in the early months of pregnancy and migrants.

Deletes the noted specific State plan requirements as to how incarcerated persons will be provided benefits.

Deletes the noted specific State plan requirements as to improving program access for the employed and rural residents.

[NOTE.—An earlier provision adds a general State plan requirement for improved access for these persons.]

Deletes the noted State plan requirement for an estimate of increased participation when funds conversion authority is chosen by the State.

Revises authority for the Secretary to require other information as the Secretary may require to a stipulation that plans must include other information as the Secretary may "reasonably" require.

Makes a conforming amendment deleting a provision that permits State agencies to submit only those parts of plans that differ from previous years.

Deletes the public comment procedures requirement.

Deletes these processing requirements for local WIC agency applications.

Deletes the noted requirements for announcing and distributing information and certification in hospitals.

Deletes an out-of-date requirement that States advise the Secretary on procedures to reduce purchases of low-iron infant formula.

Revises the requirement to make accounts and records available at all times to a requirement that they be available at "any reasonable time."

Deletes noted requirements as to the content of suspension/termination notices.

Deletes the requirement for staffing standards.

Deletes the noted provision stipulating that products designed for women and infants may be made available in the WIC program if commercially available or approved based on tests.

Makes optional the provision of services and use of materials in languages other than English.

Deletes specific authority for delivery methods to accommodate incarcerated individuals.

Makes optional the requirement to provide information about other potential sources of food assistance. [Sec. 3429(e)]

Information. Deletes out-of-date requirement for a report on those income-eligible for the WIC program based on the 1990 Census. [Sec. 3429(f)]

Procurement of Infant Formula. Deletes the requirement for States to report data on breastfeeding for a biennial report that is eliminated elsewhere in the bill.

Deletes an out-of-date requirement to meet cost containment conditions.

Deletes an out-of-date provision relating to cost containment contracts.

Deletes the requirement for universal product code pilots.

Deletes conditions on the Secretary when soliciting infant formula bids on behalf of States.

Deletes noted requirements of the Secretary related to promoting cost containment.

Removes breastfeeding promotion and support projects as a use for the Secretary's special fund of $10 million a year.

None of the amendments affecting procurement practices are to apply to contracts for infant formula in effect on enactment. [Sec. 3429(g)]

National Advisory Council. Provides that the Advisory Council elect its Chairman and Vice-Chairman. [Sec. 3429(h)]

Completed Study; Community College Demonstration; Grants for Information and Data Systems. Deletes requirements for a 1989 drug abuse education study and preparation of materials. Deletes funding for distributing materials and referrals. [Sec. 3429(I)]

Deletes authority for a pilot for WIC clinics in community colleges. [Sec. 3429(I)]

Deletes out-of-date authority for information and data system improvement grants. [Sec. 3429(I)]

Disqualification of WIC Vendors. Adds provisions for disqualifying WIC vendors that have been disqualified from participation in the Food Stamp Program. Disqualification is for the same period as the food stamp disqualification and is not subject to separate administrative and judicial review. [Sec. 3429(j)]

Senate amendment

Definitions. Same provisions. [Sec. 1259(a)]

Secretary's Promotion of WIC. Same provision. [Sec. 1259(b)]

Eligible Participants. Same provision. [Sec. 1259(c)]

Nutrition and Drug Abuse Education. No provision.

State Plan. Same provisions, except the Senate amendment (1) requires plans for improving access to those who are employed, or who reside, in rural areas; (2) includes no provisions to delete the public comment procedures requirement, delete requirements for announcing and distributing information and certification in hospitals, or to make optional the provision requiring services and use of materials in languages other than English. [Sec. 1259(d)]

Information. Same provision. [Sec. 1259(e)]

Procurement of Infant Formula. Same provisions, except that the Senate amendment has no provision to remove breastfeeding promotion and support projects as a use for the Secretary's special fund. [Sec. 1259(f)]

National Advisory Council. Same provision. [Sec. 1259(g)]

Completed Study; Community College Demonstration; Grants for Information and Data Systems. Same provisions. [Sec. 1259(h)]

Disqualification of WIC Vendors. Same provisions. [Sec. 1259(i)]

Conference agreement

The conference agreement adopts the provisions that are common to both bills. With respect to provisions in disagreement:

Nutrition Education and Drug Abuse Education. The conference agreement adopts the House provision with an amendment retaining the requirement for drug abuse education.

State Plan. The conference agreement: adopts the House provision regarding plans to improve access to the employed and those in rural areas; adopts the Senate provision on requirements for public comment procedures and for announcing and distributing information and certification in hospitals, and; adopts the House provision making optional the provision requiring services and use of materials in languages other than English.

Procurement of Infant Formula. The conference agreement adopts the Senate provision retaining breastfeeding promotion and support projects as a use for the Secretary's special fund. [Sec. 729]

23. CASH GRANTS FOR NUTRITION EDUCATION

Present law

The Secretary is authorized to make cash grants to State education agencies for demonstration projects in nutrition education. [Sec. 18 of the CNA]

House bill

Deletes authority for cash grants for nutrition education demonstration projects. [Sec. 3430]

Senate amendment

Same provision. [Sec. 1260]

Conference agreement

The conference agreement adopts the provision that is common to both bills. [Sec. 730]

24. NUTRITION EDUCATION AND TRAINING

Present law

Findings. Congress finds that:

the proper nutrition of children is a matter of highest priority;

the lack of understanding of good nutrition principles and their relation to health can contribute to children's rejection of nutritious foods and plate waste;

many school food service personnel and teachers do not have adequate training;

the lack of parental knowledge of nutrition can be detrimental on children's nutritional development; and

there is a need to create opportunities for children to learn about good nutrition. [Sec. 19(a) of the CNA]

It is the purpose of the provisions for a nutrition education and training program to (a) encourage dissemination of information to children and (b) establish a system of grants to State education

agencies for nutrition education and training programs. [Sec. 19(b) of the CNA]

Use of Funds. State agencies may use nutrition education and training funds for:

funding a nutrition component in consumer homemaking and health education programs;

instructing teachers and school staff on how to promote better nutritional health and motivate children from a variety of linguistic and cultural backgrounds to practice sound eating habits;

develop means of providing nutrition education in "language appropriate" materials through after-school programs;

training related to healthy and nutritious meals;

creating instructional programming on the "Food Guide Pyramid" (including language appropriate materials) for teachers, food service staff, and parents;

funding aspects of the Secretary's "Strategic Plan for Nutrition Education;"

encouraging public service advertisements to promote healthy eating habits for children, including language appropriate materials and advertisements;

coordinating and promoting nutrition education and training activities in local school districts;

contracting with public and private nonprofit education institutions to conduct nutrition education and training;

increasing public awareness of the importance of breakfasts; and

coordinating and promoting nutrition education and training activities (including those under the summer and child care food programs). [Sec. 19(f) of the CNA]

States may receive planning and assessment grants for nutrition education and training. [Sec. 19(f) of the CNA]

Nothing in the provisions for a nutrition education and training program prohibits agencies from making available or distributing materials, resources, activities, or programs to adults. [Sec. 19(f) of the CNA]

Accounts, Records, and Reports. State education agencies must make accounts and records available for inspection and audit by the Secretary "at all times." [Sec. 19(g) of the CNA]

State Coordinators for Nutrition; State Plan. A State nutrition coordinator's assessment of the nutrition education and training needs of the State must include identification of all students in need of nutrition education and identification of State and local resources for materials, facilities, staff, and methods for nutrition education. [Sec. 19(h) of the CNA]

State nutrition coordinators' comprehensive plans for nutrition education (prepared after receiving a planning and assessment grant) must meet certain specific standards. [Sec. 19(h) of the CNA]

Authorization of Appropriations. Funding for the nutrition education and training program is permanently appropriated at $10 million a year. State grants are based on a rate of 50 cents for each child enrolled, except that no State may receive less than $62,500. [Sec. 19(I) of the CNA]

Assessment. By October 1, 1990, each State must assess its nutrition education and training program. [Sec. 19(j) of the CNA]

House bill

Findings. Deletes the noted findings in present law and replaces them with a finding 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." [Sec. 3431(a)]

Removes provisions referring to dissemination of information from the statement of purpose (they are included in the findings as noted above). [Sec. 3431(a)]

Use of Funds. Deletes the noted provisions for use of nutrition education and training funds. Adds a provision allowing funds to be used for "other appropriate activities, as determined by the State." [Sec. 3431(b)]

Deletes authority for nutrition education and training planning and assessment grants. [Sec. 3431(b)]

Deletes the noted provision relating to materials and activities for adults. [Sec. 3431(b)]

Accounts, Records, and Reports. Revises the requirement to make accounts and records available at all times to a requirement that they be available at "any reasonable time." [Sec. 3431(c)]

State Coordinators for Nutrition; State Plan. Deletes the noted specific requirements for nutrition education and training State assessments. [Sec. 3431(d)]

Deletes all specific requirements on comprehensive nutrition education plans prepared after a planning and assessment grant (these grants are eliminated elsewhere in the bill). [Sec. 3431(d)]

Authorization of Appropriations. Beginning with fiscal year 1997, appropriations are authorized at $10 million a year (through 2002). State grants are based on a rate of 50 cents for each child enrolled, except that no State will receive less than $75,000. If funds are insufficient to provide grants based on the 50 cent/$75,000 rule, the amount of each State's grant is ratably reduced. [Sec. 3431(e) & (g)]

Assessment. Deletes the out-of-date requirement for State assessments of their nutrition education and training programs. [Sec. 3431(f)]

Senate amendment

Findings. Same provisions. [Sec. 1261(a)]

Use of Funds. Same provisions. [Sec. 1261(b)]

Accounts, Records, and Reports. Same provision. [Sec. 1261(c)]

State Coordinators for Nutrition; State Plan. Same provisions. [Sec. 1261(d)]

Authorization of Appropriations. Same provisions. [Sec. 1261(e) & (g)]

Assessment. Same provision. [Sec. 1261(f)]

Conference agreement

The conference agreement adopts the provisions that are common to both bills. [Sec. 731]

Subtitle C—Miscellaneous Provisions

25. COORDINATION OF SCHOOL LUNCH, SCHOOL BREAKFAST, AND SUMMER FOOD SERVICE PROGRAMS

Present law

No provisions.

House bill

Requires the Secretary to develop proposed changes to regulations under the school lunch, school breakfast, and summer food service programs for the purpose of simplifying and coordinating them into a comprehensive meal program. Requires that the Secretary consult with local, State, and regional administrators in developing the proposed changes. Not later than November 1, 1997, the Secretary must submit to Congress a report on the proposed changes. [Sec. 3441]

Senate amendment

No provision.

Conference agreement

The conference agreement adopts the House provisions. [Sec. 741]

26. ROUNDING RULES

Present law

When indexed, reimbursement rates for the school lunch, school breakfast, special milk, and commodity assistance programs are rounded to the nearest quarter cent. [Sec. 3 and 4 of the CNA; Sec. 6 and 11 of the NSLA]

House bill

No provision.

[NOTE.—Provisions amending the law governing the summer food service program and the child and adult care food program require that, when indexed, their reimbursement rates be rounded down to the nearest lower cent increment.]

Senate amendment

Requires that, when indexed, reimbursement rates for the school breakfast, school lunch, special milk, and commodity assistance programs be rounded down to the nearest lower cent increment. [Sec. 1262]

[NOTE.—As with the House bill, amendments affecting the summer food service program and the child and adult care food program include comparable rounding rules.]

Conference agreement

The conference agreement adopts the Senate provisions with an amendment making the new rounding rules applicable only to full price meals in the school breakfast and school lunch programs and full price meals in child care centers. [Sec. 704]

TITLE VIII—FOOD STAMPS AND COMMODITIES DISTRIBUTION

Subtitle A—Food Stamp Program

1. DEFINITION OF CERTIFICATION PERIOD

Present law

For households subject to periodic (monthly) reporting, eligibility certification periods must be 6–12 months, but the Secretary may waive this rule. For households receiving federally aided public assistance or general assistance, certification periods must coincide with the certification periods for the other public assistance programs. For other households, certification periods generally must not be less than 3 months—but they can be (1) up to 12 months for those consisting entirely of unemployable, elderly, or primarily self-employed persons or (2) as short as circumstances require for those with a substantial likelihood of frequent changes in income or other circumstances and for any household on initial determination. The Secretary may waive the maximum 12-month period to improve program administration. [Sec. 3(c)]

House bill

Replaces existing provisions as to certification periods with a requirement that certification periods not exceed 12 months—but can be up to 24 months if all adult household members are elderly or disabled. Requires that State agencies have at least 1 contact with each certified household every 12 months. [Sec. 1011]

Senate amendment

Same provision. [Sec. 1111]

Conference agreement

The conference agreement adopts the provisions that are common to both bills. [Sec. 801]

2. DEFINITION OF COUPON

Present law

"Coupon" is defined to mean any coupon, stamp, or type of certificate issued under provisions of the Food Stamp Act. [Sec. 3(d)]

House bill

Expands the definition of coupon to include: authorization cards, cash or checks issued in lieu of a coupon, or access devices (including an electronic benefit transfer card or personal identification number). [Sec. 1012]

Senate amendment

Same provision. [Sec. 1112]

Conference agreement

The conference agreement adopts the provision that is common to both bills. [Sec. 802]

3. TREATMENT OF CHILDREN LIVING AT HOME

Present law

Parents and their children 21 years of age or younger who live together must apply for food stamps as a single household (thereby reducing aggregate household benefits)—except for children who are themselves parents living with their children and children who are married and living with their spouses. [Sec. 3(i)]

House bill

Removes the exception, from the requirement that related persons apply together as a single household, for children who are themselves parents living with their children and children who are married and living with their spouses. [Sec. 1013]

Senate amendment

Same provision. [Sec. 1113]

Conference agreement

The conference agreement adopts the provision that is common to both bills. [Sec. 803]

4. OPTIONAL ADDITIONAL CRITERIA FOR SEPARATE HOUSEHOLD DETERMINATIONS

Present law

Certain persons who live together may apply for food stamps as separate households (thereby increasing aggregate household benefits) if they purchase food and prepare meals separately and (1) are unrelated or (2) are related but are not spouses or children living with their parents [see item 3 for the proposed change in the household definition]. In addition, elderly persons who live with others and cannot purchase food and prepare meals separately because of a substantial disability may apply as separate "households" as long as their co-residents' income is below prescribed limits. [Sec. 3(i)]

House bill

Permits States to establish criteria that prescribe when persons who live together (and might otherwise be allowed to apply as separate households) must apply for food stamps as a single household—without regard to common purchase of food and preparation of meals. [Sec. 1014]

Senate amendment

No provision.

Conference agreement

The conference agreement adopts the Senate provision.

5. ADJUSTMENT OF THE THRIFTY FOOD PLAN

Present law

Maximum food stamp benefits are defined as 103 percent of the cost of the Agriculture Department's "Thrifty Food Plan," ad-

justed for food-price inflation each October to reflect the plan's cost in the immediately preceding June—and rounded down to the nearest dollar. [Sec. 3(o)]

House bill

Sets maximum monthly food stamp benefits at 100 percent of the cost of the Thrifty Food Plan, effective October 1, 1996, adjusted annually as under present law. Requires that the October 1996 adjustment not reduce maximum benefit levels. [Sec. 1015]

Senate amendment

Same provision. [Sec. 1114]

Conference agreement

The conference agreement adopts the provision that is common to both bills. [Sec. 804]

6. DEFINITION OF HOMELESS INDIVIDUAL

Present law

For food stamp eligibility and benefit determination purposes, a "homeless individual" is a person lacking a fixed/regular nighttime residence or one whose primary nighttime residence is a shelter, a residence intended for those to be institutionalized, a temporary accommodation in the residence of another, or a public or private place not designed to be a regular sleeping accommodation for humans. [Sec. 3(s)]

House bill

Provides that persons whose primary nighttime residence is a temporary accommodation in the home of another may only be considered homeless if the accommodation is for no more than 90 days. [Sec. 1016]

Senate amendment

Same provision. [Sec. 1115]

Conference agreement

The conference agreement adopts the provision that is common to both bills. [Sec. 805]

7. STATE OPTION FOR ELIGIBILITY STANDARDS

Present law

The Secretary is directed to establish uniform national standards of eligibility for food stamps, with certain variations allowed for Alaska, Hawaii, Guam, and the Virgin Islands, and in other cases (e.g., imposition of monthly reporting requirements). States may not impose any other standards of eligibility as a condition of participation in the program. [Sec. 5(b)]

House bill

Explicitly permits nonuniform standards of eligibility for food stamps. [Sec. 1017]

Senate amendment

Same provision. [Sec. 1116]

Conference agreement

The conference agreement adopts the provision that is common to both bills. [Sec. 806]

8. EARNINGS OF STUDENTS

Present law

The earnings of an elementary/secondary student are disregarded as income until the student's 22nd birthday. [Sec. 5(d)(7)]

House bill

Provides an earnings disregard for elementary/secondary students until the student's 20th birthday. [Sec. 1018]

Senate amendment

Same provision, except that during fiscal year 2002 earnings will be disregarded until the student's 18th birthday. [Sec. 1117]

Conference agreement

The conference agreement adopts the House provision with an amendment providing for the counting of earnings of elementary/secondary students once they reach age 18. [Sec. 807]

9. ENERGY ASSISTANCE

Present law

Payments or allowances for energy assistance provided by State or local law are, under rules set by the Secretary, disregarded as income. [Sec. 5(d)(11) and 5(k)]

Payments or allowances for weatherization assistance are disregarded as energy assistance (although weatherization payments could otherwise be disregarded as lump-sum payments, vendor payments, or reimbursements). [Sec. 5(d)(11) and 5(k)]

Federal Low-Income Home Energy Assistance Program (LIHEAP) benefits are disregarded as income. [Sec. 5(d)(11) and 5(k) of the Food Stamp Act and sec. 2605(f) of the Low-Income Home Energy Assistance Act]

Certain utility allowances/reimbursements under Department of Housing and Urban Development (HUD) programs are disregarded as income. [Sec. 5(d)(11) and 5(k)]

Shelter expense deductions may be claimed for utility costs covered by LIHEAP benefits, but not in the case of other disregarded energy assistance—unless the household has out-of-pocket expenses. [Sec. 5(e) of the Food Stamp Act and sec. 2605(f) of the Low-Income Home Energy Assistance Act]

House bill

Requires that State/local energy assistance be counted as income. [Sec. 1019]

Requires an income disregard for one-time payments/allowances under a Federal or State law for the costs of weatherization

or emergency repair/replacement of unsafe/inoperative furnaces or other heating/cooling devices. [Sec. 1019]

Requires that LIHEAP benefits be counted as income. [Sec. 1019]

Requires that HUD utility allowances/reimbursements be counted as income. [Sec. 1019]

Allows claiming shelter expense deductions for utility costs covered directly or indirectly by the LIHEAP or other counted energy assistance. [Sec. 1019]

[NOTE.—Sec. 2131 amends sec. 2605(f) of the Low-Income Home Energy Assistance Act to delete that Act's requirement that LIHEAP recipients must be allowed to claim the amount of their LIHEAP benefits as a shelter expense.]

Senate amendment

State/local assistance. Same provision (technical differences). [Sec. 1118]

Weatherization assistance. Same provision (technical differences). [Sec. 1118]

LIHEAP. Present law (technical differences). [Sec. 1118]

HUD assistance. Present law (technical differences). [Sec. 1118]

Shelter expense deductions. Present law (technical differences). [Sec. 1118]

Conference agreement

The conference agreement adopts the Senate provisions with a technical amendment. [Sec. 808]

10. DEDUCTIONS FROM INCOME

Present law

Standard Deductions. All households are allowed standard deductions from their otherwise countable income. Standard deductions are indexed annually (each October) for inflation based on the Consumer Price Index for urban wage earners (CPI–U) for items other than food and rounded down to the nearest dollar. For fiscal year 1995, standard deductions were: $134 a month for the 48 contiguous States and the District of Columbia, $229 for Alaska, $189 for Hawaii, $269 for Guam, and $118 for the Virgin Islands. For fiscal year 1996, they were "scheduled" to rise to: $138, $236, $195, $277, and $122, respectively. This was barred by the fiscal year 1996 appropriations measure, and fiscal year 1996 standard deduction levels are at the fiscal year 1995 amounts. [Sec. 5(e)]

Earned Income Deduction. Households may claim a deduction for 20 percent of any earnings. This deduction is not allowed with respect to any income that a household willfully or fraudulently fails to report in a timely manner, as proven in a fraud hearing proceeding (i.e., it is not allowed when determining the amount of a benefit overissuance). [Sec. 5(e)]

Homeless Shelter Allowance. For homeless households not receiving free shelter throughout the month, States may develop a homeless shelter expense estimate (a standard allowance) to be used in calculating an excess shelter expense deduction. States must use this amount unless the household verifies higher expenses. The Secretary may prohibit the use of the allowance for

households with extremely low shelter costs. The maximum allowance amount is inflation indexed annually and currently stands at $143 a month (fiscal year 1996). [Sec. 11(e)(3)]

Excess Shelter Expense Deduction. Households may claim excess shelter expense deductions from their otherwise countable income—in the amount of any shelter expenses (including utility costs) above 50 percent of their countable income after all other deductions have been applied. For households with elderly or disabled members, these deductions are unlimited. For other households, they are limited to: $247 a month in the 48 contiguous States and the District of Columbia, $429 in Alaska, $353 in Hawaii, $300 in Guam, and $182 in the Virgin Islands. Effective January 1, 1997, these limits on excess shelter expense deductions for households without elderly or disabled members are lifted. [Sec. 5(e)]

States may develop and use "standard utility allowances" (as approved by the Secretary) in calculating households' shelter expenses. However, households may (1) claim actual expenses instead of the allowance and (2) switch between an actual expense claim and the standard allowance at the end of any certification period and 1 additional time during any 12-month period. [Sec. 5(e)]

House bill

Standard Deductions. Indefinitely freezes standard deduction amounts at their present levels (e.g., $134 for the 48 contiguous States and the District of Columbia). [Sec. 1020]

Earned Income Deduction. Disallows an earned income deduction for any income not reported in a timely manner and for the public assistance portion of income earned under a work supplementation/support program. [Sec. 1020]

Homeless Shelter Allowance. Indefinitely freezes the maximum homeless shelter allowance at its present level ($143). States may use it in calculating an excess shelter expense deduction (without regard to actual costs) and may prohibit its use for households with extremely low shelter costs. [Sec. 1020]

Excess Shelter Expense Deduction. Indefinitely retains current limits on excess shelter expense deductions for households without elderly or disabled members (e.g., $247 for the 48 contiguous States and the District of Columbia). [Sec. 1020]

Permits States to make use of standard utility allowances mandatory for all households if (1) the State has developed separate standards that do and do not include the cost of heating and cooling and (2) the Secretary finds that the standards will not result in increased Federal costs. [Sec. 1020]

Senate amendment

Standard Deductions. Extends the present standard deduction levels (e.g., $134 for the 48 contiguous States) through November 1996. For December 1996 through September 2001, sets standard deduction at $120, $206, $170, $242, and $106. For October 2001 through August 2002, sets standard deductions at $113, $193, $159, $227, and $100. For September 2002, sets standard deductions at $120, $206, $170, $242, and $106. Beginning with fiscal year 2003, standard deductions are indexed for inflation as under present law. [Sec. 1119]

Earned Income Deduction. Same provision. [Sec. 1119]

Homeless Shelter Allowance. Same provision. [Sec. 1119]

Excess Shelter Expense Deduction. Effective January 1, 1997, increases the current limits on excess shelter expense deductions to $342 in the 48 contiguous States and the District of Columbia, $594 in Alaska, $489 in Hawaii, $415 in Guam, and $252 in the Virgin Islands. No further increases are provided. [Sec. 1119]

Includes the same provision as in the House bill in regard to mandatory standard utility allowances. [Sec. 1119]

Conference agreement

The conference agreement adopts the provisions that are common to both bills. With regard to the provisions in disagreement:

the conference agreement adopts the House provision as to standard deductions; and

the conference agreement adopts the Senate provision as to limits on the excess shelter expense deduction with an amendment (1) requiring that they continue at their present-law levels (e.g. $247 for the 48 contiguous States and the District of Columbia) through December 31, 1996, (2) for January 1, 1997, through fiscal year 1998, increasing the limits to $250 for the 48 States and the District of Columbia, $434 for Alaska, $357 for Hawaii, $304 for Guam, and $184 for the Virgin Islands, (3) for fiscal years 1999 and 2000, increasing the limits to $275, $478, $393, $334, and $203, and (4) for fiscal years 2001, 2002, and each subsequent fiscal year, increasing the limits to $300, $521, $429, $364, and $221.

[Sec. 809]

11. VEHICLE ALLOWANCE

Present law

In determining a household's liquid assets for food stamp eligibility purposes, a vehicle's fair market value in excess of $4,600 is counted. This threshold is scheduled to rise to an estimated $5,150 on October 1, 1996, and be adjusted each October thereafter to reflect changes in the new car component of the CPI-U for the 12-month period ending the immediately preceding June (rounded to the nearest $50). Excluded from this rule are vehicles used to produce income, necessary for transportation of a disabled household member, or depended on to carry fuel or water. [Sec. 5(g)]

House bill

Retains the threshold above which the fair market value of a vehicle is counted as a liquid asset at the current level—$4,600. [Sec. 1021]

Senate amendment

Effective October 1, 1996, sets the threshold above which the fair market value of a vehicle is counted as a liquid asset to $4,650. No further increases are provided. [Sec. 1120]

Conference agreement

The conference agreement adopts the Senate provision. [Sec. 810]

12. VENDOR PAYMENTS FOR TRANSITIONAL HOUSING COUNTED AS INCOME

Present law

AFDC, or general assistance housing aid, provided to a third party on behalf of a food stamp household is considered paid directly to the household (and thus counted as household income) unless, among other exceptions, it is housing assistance paid on behalf of households residing in "transitional housing for the homeless." [Sec. 5(k)]

House bill

Removes the exception for vendor payments for transitional housing for the homeless. [Sec. 1022]

Senate amendment

Same provision. [Sec. 1121]

Conference agreement

The conference agreement adopts the provision that is common to both bills. [Sec. 811]

13. SIMPLIFIED CALCULATION OF INCOME FOR THE SELF-EMPLOYED

Present law

The cost of producing self-employment income is disregarded (subtracted out) in calculating household income. [Sec. 5(d)]

House bill

No provision.

Senate amendment

Provides that the Secretary establish a procedure (designed not to increase Federal costs) by which States may use a reasonable estimate of the cost of producing self-employment income in lieu of calculating actual costs, not later than 1 year after enactment. The procedure must allow States to estimate costs for all types of self-employment income and may differ for different types of self-employment income. [Sec. 1122]

Conference agreement

The conference agreement adopts the Senate provision with an amendment providing that the Secretary establish a procedure by which States may submit a method for determining reasonable estimates of the cost of producing self-employment income designed not to increase Federal costs. [Sec. 812]

14. DOUBLED PENALTIES FOR VIOLATING FOOD STAMP PROGRAM REQUIREMENTS

Present law

The disqualification period for the first intentional violation of program requirements is 6 months. The penalty for a second intentional violation (and the first violation involving trading of a controlled substance) is 1 year. [Sec. 6(b)(1)]

House bill

Increases the disqualification penalty for a first intentional violation to 1 year. Increases the penalty for a second intentional violation (and the first involving a controlled substance) to 2 years. [Sec. 1023]

Senate amendment

Same provision. [Sec. 1123]

Conference agreement

The conference agreement adopts the provision that is common to both bills. [Sec. 813]

15. DISQUALIFICATION OF CONVICTED INDIVIDUALS

Present law

Permanent disqualification is required for the third intentional violation of program requirements, the second violation involving trading of a controlled substance, and the first violation involving trading of firearms, ammunition, or explosives. [Sec. 6(b)(1)]

House bill

Adds a requirement for permanent disqualification of persons convicted of trafficking in food stamp benefits where the benefits have a value of $500 or more. [Sec. 1024]

Senate amendment

Same provision. [Sec. 1124]

Conference agreement

The conference agreement adopts the provision that is common to both bills. [Sec. 814]

16. DISQUALIFICATION

Present law

Conditions of Participation. Non-exempt individuals between 16 and 60 are ineligible if they: (1) refuse to register for employment, (2) refuse without good cause (including lack of adequate child care) to participate in an employment or training program when required to do so by the State, or (3) refuse, without good cause, a job offer meeting minimum standards. In addition, if the individual is head of household and fails to comply with one of the above-noted conditions or voluntarily quits a job without good cause, the entire household is ineligible. [Sec. 6(d)(1)]

Duration of Ineligibility/Household Ineligibility. Disqualification periods for failure to meet work/training conditions of participation are (1) 2 months or until compliance (whichever is first) for most failures and (2) 90 days in the case of a voluntary quit. [Sec. 6(d)(1)]

House bill

Conditions of Participation. Adds conditions making individuals ineligible if they (1) refuse without good cause to provide sufficient information to allow the State agency to determine their employment status or job availability or (2) voluntarily and without good cause reduce work effort and (after the reduction) are working less than 30 hours a week. Makes ineligibility for failure to comply with workfare requirements explicit and covered by new (see below) duration of ineligibility rules. Adds a condition making all individuals (in addition to heads of household) ineligible if they voluntarily quit a job without good cause. Lack of adequate child care, as an explicit good cause exemption for refusal to participate in an employment or training program, is removed. [Sec. 1025]

Duration of Ineligibility/Household Ineligibility. Establishes new mandatory minimum disqualification periods for individuals failing to comply with any work/training condition of participation. For the first violation, individuals are ineligible until they fulfill work/training conditions, for 1 month, or for a period (determined by the State) not to exceed 3 months—whichever is later. For the second violation, individuals are ineligible until they fulfill work/training conditions, for 3 months, or for a period (determined by the State) not to exceed 6 months—whichever is later. For a third or subsequent violation, individuals are ineligible until they fulfill work/training conditions, for 6 months, until a date set by the State agency, or (at State option) permanently. [Sec. 1025]

Establishes a new household ineligibility rule: if any individual who is head of household is disqualified under a work/training condition of participation, the entire household is, at State option, ineligible for a period not to exceed the lesser of the duration of the individual's ineligibility or 180 days. [Sec. 1025]

Administration. In establishing cases of good cause, voluntary quit, and reduction of work effort, the Secretary determines the meaning of the terms. States determine the meaning of other terms related to work/training conditions of participation and the procedures for making compliance decisions, but cannot make determinations that are less restrictive than a comparable one under the State's family assistance block grant (TANF) program. [Sec. 1025]

Senate amendment

Conditions of Participation. Same provision. [Sec. 1125]

Duration of Ineligibility/Household Ineligibility. Same provision. [Sec. 1125]

Administration. Same provision. [Sec. 1125]

Conference agreement

The conference agreement adopts the provisions that are common to both bills. [Sec. 815]

17. CARETAKER EXEMPTION

Present law

Parents or other household members with responsibility for the care of a dependent child under age 6 are exempt from food stamp work/training conditions of participation. [Sec. 6(d)(2)]

House bill

Permits States to lower the age at which a child "exempts" a parent or caretaker from age 6 to not under the age of 1. [Sec. 1026]

Senate amendment

No provision.

Conference agreement

The conference agreement adopts the House provision with an amendment to permit a State to lower the age at which a child exempts a parent or caretaker from age 6 to not under age 1, if the State requested a waiver to lower the age of a dependent child that exempts the parent or caretaker and had the waiver denied by the Secretary as of August 1, 1996. The State may lower the age of the child for not more than 3 years. [Sec. 816]

18. EMPLOYMENT AND TRAINING

Present law

Programs. States must operate employment and training programs for nonexempt food stamp recipients and place a minimum proportion of those covered in a program component. Program components can range from job search or education activities to work experience/training and workfare assignments.

Work experience/training program components must limit assignments to projects serving a useful public purpose, use the prior training/experience of assignees, not provide work that has the effect of replacing others, and provide the same benefits and working conditions provided others.

States and political subdivisions also may operate workfare programs under which nonexempt recipients may be required to perform work in return for the minimum wage equivalent of their household's monthly food stamp allotment. Workfare assignments may not replace or prevent the employment of others and must provide the same benefits and working conditions provided others.

The total hours of work required of a household under an employment/training program (including workfare) cannot exceed the minimum wage equivalent of the household's monthly allotment. Monthly participation in an employment/training program required of any household member cannot exceed 120 hours (when added to other work). And workfare hours (when added to other work) cannot exceed 30 hours a week for a household member.

Under employment and training programs for food stamp recipients, States must provide or pay for transportation and other costs directly related to participation (up to $25 a month for each participant) and necessary dependent care expenses (in general, up

to local market rates). Under workfare program, States must reimburse participants for transportation and other costs directly related to participation (up to $25 a month for each participant). [Sec. 6(d)(4) and sec. 20]

Funding. To support employment and training programs for food stamp recipients, States receive a formula share of required spending of $75 million a year. Each State's share is based on its share of nonexempt recipients and its share of those placed in employment/training program components. [Sec. 16(h)]

In addition, States receive a 50 percent match for any additional administrative or participant support costs. [Sec. 16(h)]

House bill

Programs. Revises the existing requirements for State-operated employment and training programs for food stamp recipients:

makes clear that work experience is a purpose of employment and training programs;

requires that each component of an employment/training program be delivered through a "statewide workforce development system," unless the component is not available locally through the system;

expands the existing State option to apply work/training requirements to applicants to include all work/training requirements, not only job search;

removes specific Federal rules governing job search components (i.e., those tied to rules in the AFDC program);

removes provisions for employment/training components related to work experience requiring that they be in public service work and use recipients' prior training/experience;

removes specific Federal rules as to States' authority to exempt categories and individuals from employment/training requirements, giving States full latitude to determine exemptions;

removes a requirement to serve volunteers;

removes the requirement for "conciliation procedures" for resolving disputes involving participation in employment/training programs;

limits employment and training funding provided by the food stamp program for services to family assistance block grant (TANF) recipients to the amount used by the State for AFDC recipients in fiscal year 1995; and

removes provisions for Federal performance standards on States. [Sec. 1027]

Funding. Provides for required Federal spending of increasing amounts for employment and training programs: $79 million in fiscal year 1997, $81 million in 1998, $84 million in 1999, $86 million in 2000, $88 million in 2001, and $90 million in 2002. State allocations are based on a "reasonable formula" (determined by the Secretary) that gives consideration to each State's population of persons subject to the new work requirement (see item 25). [Sec. 1027]

Provides that the 50 percent match for additional administrative costs can include costs for case management/casework to facilitate the transition from economic dependency to self-sufficiency through work. [Sec. 1027]

Deletes a requirement for a report from the Secretary on modifying Federal employment and training program payments to States to reflect their effectiveness in carrying out employment and training programs. [Sec. 1027]

Senate amendment

Programs. Same provisions. [Sec. 1126]

Funding. Same provisions, except that required Federal spending is $85 million a year for fiscal years 1997–2002. [Sec. 1126]

Conference agreement

The conference agreement adopts the provisions that are common to both bills and adopts House provision with regard to Funding. [Sec. 817]

19. FOOD STAMP ELIGIBILITY

Present law

The income and resources of aliens ineligible under Food Stamp Act provisions are counted as available to the remainder of the household, less a pro rata share for the ineligible alien. [Sec. 6(f)]

House bill

Permits States the option to count all of the income and resources of an alien ineligible under Food Stamp Act provisions as available to the remainder of the household. [Sec. 1066]

Senate amendment

Same provision, with technical differences. [Sec. 1127]

Conference agreement

The conference agreement adopts the Senate provision. [Sec. 818]

20. COMPARABLE TREATMENT FOR DISQUALIFICATION

Present law

Households penalized for an intentional failure to comply with a Federal, State, or local welfare program may not, for the duration of the penalty, receive an increased food stamp allotment because the welfare payment has been reduced. [Sec. 8(d)]

Persons are exempt from food stamp work/training conditions of participation if they are currently subject to and complying with AFDC or unemployment insurance work registration requirements. Failure to comply with an AFDC/unemployment insurance work registration requirement that "is comparable to" a food stamp work requirement results in disqualification as if the food stamp requirement had been violated. [Sec. 6(d)(2)]

House bill

If an individual is disqualified for failure to perform an action required under a Federal, State, or local law relating to means-tested public assistance, the State agency is permitted to impose the same disqualification for food stamps.

If a disqualification is imposed under the family assistance block grant (TANF) rules, States are permitted to use the TANF rules and procedures to impose the same disqualification for food stamps.

Permits individuals disqualified from food stamps because of failure to perform a required action under another public assistance program to apply for food stamps as new applicants after the disqualification period has expired, except that a prior disqualification under food stamp program work/training rules must be considered in determining eligibility.

Requires States to include in their State plans the guidelines they use in carrying out food stamp disqualification for failure to perform another program's required action(s). [Sec. 1028]

Removes the requirement that an AFDC/unemployment insurance work requirement be "comparable" to a food stamp requirement to bring on disqualification from food stamps. [Sec. 1028]

Senate amendment

Same provisions. [Sec. 1128]

Conference agreement

The conference agreement adopts the provisions that are common to both bills. [Sec. 819]

21. DISQUALIFICATION FOR RECEIPT OF MULTIPLE FOOD STAMP BENEFITS

Present law

No comparable provision.

House bill

Adds a provision making individuals ineligible for 10 years if they are found by a State agency (or Federal or State court) to have made a fraudulent statement with respect to identity or residence in order to receive multiple food stamp benefits simultaneously. [Sec. 1029]

Senate amendment

Same provision. [Sec. 1129]

Conference agreement

The conference agreement adopts the provision that is common to both bills. [Sec. 820]

The conferees note that State agency hearing processes have sufficient recipient protections to warrant a decision to impose a 10-year disqualification in these cases.

22. DISQUALIFICATION OF FLEEING FELONS

Present law

No provision.

House bill

Adds a provision making individuals ineligible while they are fleeing to avoid prosecution, custody, or confinement for a felony or

attempted felony or violating a condition of probation or parole. [Sec. 1030]

Senate amendment

Same provision. [Sec. 1130]

Conference agreement

The conference agreement adopts the provision that is common to both bills. [Sec. 821]

23. COOPERATION WITH CHILD SUPPORT AGENCIES

Present law

Custodial Parents. No provisions.
Noncustodial Parents. No provisions.

House bill

Custodial Parents. Permits States to disqualify custodial parents of children under the age of 18 who have an absent parent, unless the parent cooperates with the State child support agency in establishing the child's paternity and obtaining support for the child and the parent. Cooperation is not required if the State finds there is good cause (in accordance with Federal standards taking into account the child's best interest). Fees or other costs for services may not be charged. [Sec. 1031]

Noncustodial Parents. Permits States to disqualify putative or identified noncustodial parents of children under 18 if they refuse to cooperate with the State child support agency in establishing the child's paternity and providing support for the child. The Secretary and the Secretary of Health and Human Services must develop guidelines as to what constitutes a refusal to cooperate, and States must develop procedures (using these guidelines) for determining whether there has been a refusal to cooperate. Fees or other costs for services may not be charged. States must provide privacy safeguards. [Sec. 1031]

Senate amendment

Custodial Parents. Same provisions. [Sec. 1131]
Noncustodial Parents. Same provisions. [Sec. 1131]

Conference agreement

The conference agreement adopts the provisions that are common to both bills. [Sec. 822]

24. DISQUALIFICATION RELATING TO CHILD SUPPORT ARREARS

Present law

No provisions.

House bill

Allows States to disqualify individuals during any period in which the individual is delinquent in any court-ordered child support payment, unless the court is allowing a delay or the individual is complying with a payment plan approved by the court or a State child support agency. [Sec. 1032]

Senate amendment

Same provision. [Sec. 1132]

Conference agreement

The conference agreement adopts the provision that is common to both bills. [Sec. 823]

25. WORK REQUIREMENT

Present law

No comparable provisions.

House bill

Requirement. After the date of enactment, no nonexempt individual may be eligible for food stamps for more than 3 months during which the individual does not (1) work at least 20 hours a week (averaged monthly), (2) participate in and comply with a "work program" for at least 20 hours a week (as determined by the State agency), or (3) participate in a workfare program. A work program is defined as a program under the Job Training Partnership Act, a Trade Adjustment Assistance Act program, or a program of employment and training operated or supervised by a State or political subdivision that meets standards approved by the Governor (including a Food Stamp Act employment and training program), other than job search or job search training. [Sec. 1033]

General Exemptions. The new work requirement does not apply to (1) those under 18 or over 50, (2) those who are medically certified as physically or mentally unfit for employment, (3) parents or other household members with the responsibility for a dependent child, (3) those otherwise exempt from work registration requirements (e.g., those caring for incapacitated persons), and (4) pregnant women. [Sec. 1033]

Other Provisions. On a State agency's request, the Secretary may waive application of the new work requirement to any group of individuals if the Secretary determines that the area where they reside (1) has an unemployment rate over 10 percent or (2) does not have a sufficient number of jobs to provide them employment. The Secretary must report the basis for any waiver to Congress. [Sec. 1033]

Senate amendment

Requirement. No nonexempt individual may be eligible for food stamps if, during the preceding 12-month period, the individual received food stamp benefits for 4 months or more while not (1) working at least 20 hours a week (averaged monthly), (2) participating in and complying with a "work program" for at least 20 hours a week (as determined by the State agency), or (3) participating in and complying with a workfare program. A work program is defined as in the House bill, with a technical difference. [Sec. 1133]

General Exemptions. Same provisions. [Sec. 1133]

Other Provisions. Provisions for unemployment-rate and job-availability waivers are the same as in the House bill, except that the Secretary must respond to a State agency request within 15 days. [Sec. 1133]

The disqualification imposed under the new work requirement ceases to apply if, during a 30-day period, an individual works 80 hours or more, participates in and complies with a work program (defined above) for at least 80 hours, or participates in and complies with a workfare program. After regaining eligibility, the individual again is subject to the new work requirement, except that a new 12-month period begins. [Sec. 1133]

State agencies may exempt an individual from the new work requirement: (1) by reason of "hardship" or (2) for up to 2 months (in any 12-month period), if the individual participates in and complies with a job search or job search training program under the Food Stamp Act's employment and training program provisions that requires an average of at least 20 hours a week of participation. The fiscal year average monthly number of individuals participating because of a hardship exemption may not exceed 20 percent of the fiscal year average number of individuals receiving food stamps who are not exempt from the new work requirement because of the general exemptions or waivers (noted above). [Sec. 1133]

Provides for a transition to the new work requirement. Prior to 1 year after enactment, administrators would not "look back" a full 12 months; they would look back only to the date of enactment. [Sec. 1133]

Conference agreement

The conference agreement adopts the provisions that are common to both bills: General Exemptions and provisions for waivers in cases of high unemployment and lack of sufficient jobs. With respect to the provisions in disagreement, the conference agreement adopts the Senate provisions with an amendment:

No nonexempt individual may be eligible for food stamps if, during the preceding 36-month period, the individual received food stamp benefits for 3 months or more while not (1) working at least 20 hours a week (averaged monthly), (2) participating in and complying with a work program for at least 20 hours a week (as determined by the State agency), or (3) participating in and complying with a workfare program. A work program is defined as in the House bill. Receipt of benefits while exempt (including participation under the additional 3-month eligibility provision described below) or covered by a waiver would not count toward an individual's basic 3-month eligibility period.

Individuals denied eligibility under the new work rule would regain eligibility if, during a 30-day period, the individual (1) works 80 or more hours, (2) participates in and complies with the requirements of a work program for 80 or more hours (as determined by the State agency), or (3) participates in and complies with the requirements of a workfare program. After having met this 30-day work/training requirement, the individual could remain eligible for a consecutive period of 3 months without working at least 20 hours a week or participating in an employment/training or workfare program. For example, if an individual works 20 hours a week for at least 30 days and then loses a job, the individual could retain food stamp eligibility for 3 consecutive months without working or being in a training/workfare program.

But individuals could not take advantage of this provision for an additional 3 months of eligibility, while not working or in an employment/training or workfare program, for more than a single 3-month period in a 36-month period. Individuals regaining eligibility also would remain eligible as long as they continued to meet requirements to work at least 20 hours a week or participate in a training/workfare program.

Transition provisions are included that provide that the 36-month period established by the new work requirement will not include any period before the earlier of the date the State notifies recipients (through means such as individual notices at certification, recertification, otherwise, mass mailings, media announcements, or otherwise) about the new work requirement or 3 months after enactment.

[Sec. 824]

26. ENCOURAGEMENT OF ELECTRONIC BENEFIT TRANSFER SYSTEMS

Present law

Rules for EBT Systems. State agencies, with the Secretary's approval, may implement on-line electronic benefit transfer (EBT) systems for delivering food stamp benefits. No State may implement or expand an EBT system without prior approval from the Secretary. States are responsible for 50 percent of EBT system costs. The Secretary's regulations for approval must include (1) standards that require that, in any 1 year, the operational cost of an EBT system does not exceed costs of prior issuance systems and (2) system security standards. [Sec. 7(i)]

Regulation E. The Federal Reserve Board has ruled that, as of March 1997 (and with some minor modifications), its "Regulation E" will apply to EBT systems. Regulation E provides certain protections for consumers using cards to access their accounts. It limits the liability of cardholders for unauthorized withdrawals (to $50 if timely notification is made) and requires periodic account statements and certain error resolution procedures. [Federal Register of March 7, 1994]

Anti-tying Restrictions. No provision.

House bill

Rules for EBT Systems. Provides that States must implement EBT systems (on-line or off-line) before October 1, 2002, unless the Secretary waives the requirement because a State agency faces unusual barriers to implementation. States are encouraged to implement an EBT system as soon as practicable. [Sec. 1034]

Subject to Federal standards, permits State agencies to procure and implement an EBT system under the terms, conditions, and design the agency considers appropriate. Adds a new requirement for Federal procurement standards and deletes the requirement for the Secretary's prior approval. [Sec. 1034]

Adds a requirement for EBT standards following generally accepted operating rules based on commercial technology, the need to permit interstate operation and law enforcement, and the need to permit monitoring and investigations by law enforcement officials. [Sec. 1034]

Adds requirements that the Secretary's standards include (1) measures to maximize security and (2) effective not later than 2 years after enactment, measures to permit EBT systems to differentiate among food items. [Sec. 1034]

Deletes the requirement that EBT systems be cost neutral in any one year. [Sec. 1034]

Adds a requirement that regulations regarding the replacement of benefits and liability for replacement under an EBT system be similar to those in effect for a paper food stamp issuance system. [Sec. 1034]

Permits State agencies to collect a charge for replacing EBT cards by reducing allotments. [Sec. 1034]

Permits State agencies to require that EBT cards contain a photograph of one or more household members and requires that, if a State requires a photograph, it must establish procedures to ensure that other appropriate members of the household and authorized representatives may use the card. [Sec. 1034]

Declares it the sense of Congress that States operate EBT systems that are compatible with other States' systems. [Sec. 1034]

Regulation E. Provides that Regulation E will not apply to any EBT system, established under, or administered by, State or local governments, distributing needs-tested benefits. [Sec. 1091]

Anti-tying Restrictions. Provides that a company may not sell or provide EBT services, or fix or vary the consideration for such services, on the condition or requirement that the customer obtain, or not obtain, some additional point-of-sale service from the company or any affiliate. Requires the Secretary to consult with the Governors of the Federal Reserve before issuing regulations to carry out this provision. [Sec. 1034]

Senate amendment

Rules for EBT Systems. Same provisions. [Sec. 1134]

Regulation E. Same provision. [Sec. 2809]

Also provides that Regulation E will not apply to food stamp benefits delivered through an EBT system. [Sec. 1134]

Anti-tying Restrictions. No provision.

Conference agreement

The conference agreement adopts the provisions that are common to both bills, with a technical amendment, and adopts the Senate provision providing that Regulation E will not apply to food stamp benefits. The conferees intend that regulations issued by the Secretary regarding the replacement of benefits and liability for replacement of benefits under an EBT system will not require greater replacement of benefits or impose greater liability than those regulations in effect for a paper-based food stamp issuance system. [Sec. 825 and sec. 891]

The conference agreement also adopts the House provision applying anti-tying restrictions of the Bank Holding Company Act Amendments of 1970 to EBT services offered by nonbanks. The conferees intend that, in applying the anti-tying restrictions to nonbanks, the Secretary implement the anti-tying provision consistent with the anti-tying restrictions that apply to banks. [Sec. 825]

27. VALUE OF MINIMUM ALLOTMENT

Present law

The minimum monthly allotment for 1- and 2-person households is set at $10. It is indexed for inflation and rounded to the nearest $5. [Sec. 8(a)]

House bill

Deletes the requirement for inflation indexing of the minimum allotment. [Sec. 1035]

Senate amendment

Same provision. [Sec. 1135]

Conference agreement

The conference agreement adopts the provision that is common to both bills. [Sec. 826]

28. BENEFITS ON RECERTIFICATION

Present law

Recipient households not fulfilling eligibility recertification requirements in the last month of their certification period are allowed a 1-month "grace period" in which to fulfill the requirements before their benefits are pro-rated (reduced) to reflect the delay. [Sec. 8(c)]

House bill

For those who do not complete all eligibility recertification requirements in the last month of their certification period, but are then determined to be eligible after their certification period has expired, requires that they receive reduced benefits in the first month of their new certification period (i.e., their benefits would be pro-rated to the date they met the requirements and were judged eligible). [Sec. 1036]

Senate amendment

Same provision. [Sec. 1136]

Conference agreement

The conference agreement adopts the provision that is common to both bills. [Sec. 827]

29. OPTIONAL COMBINED ALLOTMENT FOR EXPEDITED HOUSEHOLDS

Present law

For households applying after the 15th of the month, States may provide an allotment that is the aggregate of the initial (prorated) allotment and the first regular allotment. However, combined allotments must be provided to households applying after the 15th who are entitled to expedited service. [Sec. 8(c)]

House bill

Makes provision of combined allotments a State option both for regular and expedited service applicants. [Sec. 1037]

Senate amendment

Same provision. [Sec. 1137]

Conference agreement

The conference agreement adopts the provision that is common to both bills. [Sec. 828]

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

Present law

Households penalized for intentional failure to comply with a Federal, State, or local welfare program may not, for the duration of the penalty, receive an increased food stamp allotment because their welfare income has been reduced. [Sec. 8(d)]

House bill

Bars increased food stamp allotments when the benefits of a household are reduced under a Federal, State, or local means-tested public assistance program for failure to perform a required action. Permits States also to reduce a household's food stamp allotment by up to 25 percent. If the allotment is reduced for failure to perform an action under a family assistance block grant (TANF) program, the State may use the rules and procedures of that program to reduce the food stamp allotment. [Sec. 1038]

Senate amendment

Same provision. [Sec. 1138]

Conference agreement

The conference agreement adopts the provision that is common to both bills. [Sec. 829]

31. ALLOTMENTS FOR HOUSEHOLDS RESIDING IN CENTERS

Present law

Residential substance abuse centers may be designated as recipients' authorized representatives, and benefits generally are provided to the center.

House bill

Permits State agencies to divide a month's food stamp benefits between the center and an individual who leaves the center and permits States to require center residents to designate centers as authorized representatives. [Sec. 1039]

Senate amendment

Same provisions. [Sec. 1139]

Conference agreement

The conference agreement adopts the provisions that are common to both bills. [Sec. 830]

32. CONDITION PRECEDENT FOR APPROVAL OF RETAIL FOOD STORES AND WHOLESALE FOOD CONCERNS

Present law

No provisions.

House bill

Provides that no food concerns (of a type determined by the Secretary based on factors including size, location, and types of items sold) be approved for participation unless visited by an Agriculture Department employee (or, whenever possible, a State or local government official designated by the Secretary). [Sec. 1040]

Senate amendment

Same provision. [Sec. 1140]

Conference agreement

The conference agreement adopts the provision that is common to both bills. [Sec. 831]

33. AUTHORITY TO ESTABLISH AUTHORIZATION PERIODS

Present law

No provisions.

House bill

Requires the Secretary to establish specific time periods during which retail food stores' and wholesale food concerns' authorization to accept and redeem food stamp benefits will be valid. [Sec. 1041]

Senate amendment

Same provision. [Sec. 1141]

Conference agreement

The conference agreement adopts the provision that is common to both bills. [Sec. 832]

34. INFORMATION FOR VERIFYING ELIGIBILITY FOR AUTHORIZATION

Present law

No provisions.

House bill

Permits the Secretary to require that retailers and wholesalers seeking approval to accept and redeem food stamp benefits submit relevant income and sales tax filing documents. Permits regulations requiring retailers and wholesalers to provide written authorization for the Secretary to verify all relevant tax filings and to obtain corroborating documentation from other sources in order to verify the accuracy of information provided by the retailer/wholesaler. [Sec. 1042]

Senate amendment

Same provision. [Sec. 1142]

Conference agreement

The conference agreement adopts the provision that is common to both bills. [Sec. 833]

35. WAITING PERIOD FOR STORES THAT FAIL TO MEET AUTHORIZATION CRITERIA

Present law

No provisions.

House bill

Provides that retailers and wholesalers that have failed to be approved for participation may not submit a new application to participate for at least 6 months. The Secretary may establish a longer period (including permanent disqualification) that reflects the severity of the basis of the denial. [Sec. 1043]

Senate amendment

Same provision. [Sec. 1143]

Conference agreement

The conference agreement adopts the provision that is common to both bills. [Sec. 834]

36. OPERATION OF FOOD STAMP OFFICES

Present law

State Plans. States must:

allow households contacting a food stamp office in person during office hours to make an oral/written request for aid and receive and file an application on the same day;

use a simplified, uniform, federally designed application, unless a waiver is approved;

include certain, specific information in applications;

waive in-person interviews under certain circumstances and use telephone interviews or home visits instead;

provide for telephone contact and mail application by households with transportation or similar difficulties;

require an adult representative of the household to certify as to household members' citizenship/alien status;

assist households in obtaining verification and completing applications;

not require additional verification of currently verified information (unless there is reason to believe that the information is inaccurate, incomplete, or inconsistent);

not deny an application solely because a nonhousehold member fails to cooperate;

process applications if the household meets cooperation requirements;

provide households with a statement of reporting responsibilities at certification and recertification;

provide a toll-free or local telephone number at which households can reach State agency personnel;

display and make available nutrition information; and

use mail issuance in rural areas where low-income households face substantial difficulties in obtaining transportation. [Sec. 11(e) (2), (14), & (25)]

Application and Denial Procedures. A single interview for determining AFDC and food stamp benefits is required. Food stamp applications generally are required to be contained in public assistance applications, and applications and information about how to apply for food stamps must be provided local assistance applicants. Applicants (including those who have recently lost or been denied public assistance) must be certified eligible for food stamps based on their public assistance casefile (to the extent it is reasonably verified). No household may be terminated from or denied food stamps solely on the basis of termination/denial of other public assistance without a separate food stamp determination. [Sec. 11(i)]

House bill

State Plans. Replaces noted existing State plan requirements with requirements that the State:

establish procedures governing the operation of food stamp offices that it determines best serve households in the State, including those with special needs (such as households with elderly or disabled members, those in rural areas, the homeless, households residing on reservations, and households speaking a language other than English);

provide timely, accurate, and fair service to applicants and participants;

permit applicants to apply and participate on the same day they first contact a food stamp office during office hours;

consider an application filed on the date the applicant submits an application with the applicant's name, address, and signature;

require that an adult representative certify as to the truth of the information on the application and citizenship/alien status; and

have a method for certifying homeless households. [Sec. 1044]

Permits States to establish operating procedures that vary for local food stamp offices. [Sec. 1044]

Stipulates that the signature of a single adult will be sufficient to comply with any provision of Federal law requiring applicant signatures. [Sec. 1044]

Makes clear that nothing in the Food Stamp Act prohibits electronic storage of application and other information. [Sec. 1044]

Application and Denial Procedures. Deletes noted existing requirements for single interviews, applications, and food stamp determinations based on public assistance information. Permits disqualification for food stamps based on another public assistance program's disqualification for failure to comply with its rules or regulations. [Sec. 1044]

Senate amendment

State Plans. Same provisions. [Sec. 1144]

Application and Denial Procedures. Same provisions. [Sec. 1144]

Conference agreement

The conference agreement adopts the provisions that are common to both bills. [Sec. 835]

37. STATE EMPLOYEE AND TRAINING STANDARDS

Present law

States must employ agency personnel responsible for food stamp certifications in accordance with current Federal "merit system" standards. States must provide continuing, comprehensive training for all certification personnel. States may undertake intensive training of personnel to ensure they are qualified for certifying farm households. States may provide or contract for the provision of training and assistance to persons working with volunteer or nonprofit organizations that provide outreach and eligibility screening. [Sec. 11(e)(6)]

House bill

Deletes training provisions. [Sec. 1045]

Senate amendment

Same provision. [Sec. 1145]

Conference agreement

The conference agreement adopts the provision that is common to both bills. [Sec. 836]

38. EXCHANGE OF LAW ENFORCEMENT INFORMATION

Present law

No provisions.

House bill

Requires State food stamp agencies to make available to law enforcement officers the address, social security number, and a photograph (when available) of a food stamp recipient if the officer furnishes the recipient's name and notifies the agency that the individual is fleeing to avoid prosecution, custody, or confinement for a felony, is violating a condition of parole or probation, or has information necessary for the officer to conduct an official duty related to a felony/parole violation. [Sec. 1046]

Senate amendment

Same provision. [Sec. 1146]

Conference agreement

The conference agreement adopts the provision that is common to both bills. [Sec. 837]

39. EXPEDITED COUPON SERVICE

Present law

States must provide expedited benefits to applicant households that (1) have gross income under $150 a month (or are "destitute" migrant or seasonal farmworker households) and have liquid re-

sources of no more than $100, (2) are homeless, or (3) have combined gross income and liquid resources less than the household's monthly shelter expenses. Expedited service means providing an allotment no later than 5 days after application. [Sec. 11(e)(9)]

House bill

Deletes noted requirements to provide expedited service to the homeless and those with shelter expenses in excess of their income/resources. Lengthens the period in which expedited benefits must be provided to 7 days. [Sec. 1047]

Senate amendment

No provision.

Conference agreement

The conference agreement adopts the House provisions with an amendment to retain the requirement for expedited service to those with income and liquid resources less than their monthly shelter expenses. [Sec. 838]

40. WITHDRAWING FAIR HEARING REQUESTS

Present law

No provisions.

House bill

At State option, permits households to withdraw fair hearing requests orally or in writing. If it is an oral request, the State must provide written notice confirming the request and providing the household with another chance to request a fair hearing. [Sec. 1048]

Senate amendment

Same provision. [Sec. 1147]

Conference agreement

The conference agreement adopts the provision that is common to both bills. [Sec. 839]

41. INCOME, ELIGIBILITY, AND IMMIGRATION STATUS VERIFICATION SYSTEMS

Present law

States must use the "income and eligibility verification systems" established under section 1137 of the Social Security Act to assist in verifying household circumstances; this includes a system for verifying financial circumstances (IEVS) and a system for verifying alien status (SAVE). [Sec. 11(e)(19)]

House bill

Makes use of IEVS and SAVE optional with the States. [Sec. 1049]

Senate amendment

Same provision. [Sec. 1148]

Conference agreement

The conference agreement adopts the provision that is common to both bills. [Sec. 840]

42. DISQUALIFICATION OF RETAILERS WHO INTENTIONALLY SUBMIT FALSIFIED APPLICATIONS

Present law

No provisions.

House bill

Retailers/wholesalers who knowingly submit an application to accept and redeem food stamp benefits that contains false information about a substantive matter must be disqualified for a reasonable period of time to be determined by the Secretary (including permanent disqualification). [Sec. 1050]

Senate amendment

Same provision. [Sec. 1149]

Conference agreement

The conference agreement adopts the provision that is common to both bills. [Sec. 842]

43. DISQUALIFICATION OF RETAILERS WHO ARE DISQUALIFIED UNDER THE WIC PROGRAM

Present law

No provisions.

House bill

Requires the Secretary to issue regulations providing criteria for disqualifying from food stamp program participation retailers/wholesalers disqualified from the WIC program. Disqualification must be for the same length of time, may begin at a later date, and is not subject to separate food stamp administrative/judicial review provisions. [Sec. 1051]

Senate amendment

Same provisions. [Sec. 1150]

Conference agreement

The conference agreement adopts the provision that is common to both bills. [Sec. 843]

44. COLLECTION OF OVERISSUANCES

Present law

In the case of overissuances due to an intentional program violation, households must agree to repayment by either a reduction in future benefits or cash repayment; States also are required to collect overissuances to these households through other means such as tax refund or unemployment compensation collections if other repayment is not forthcoming (unless they demonstrate that the other means are not cost effective). In cases of overissuance be-

cause of inadvertent household error, States must collect the overissuance through a reduction in future benefits, except that households must be given 10 days notice to elect another means and collections are limited to 10 percent of the monthly allotment or $10 a month (whichever would result in faster collection). Otherwise uncollected overissued benefits, except those arising from State agency error, may be recovered from Federal pay or pensions. [Sec. 13 (b) & (d) and sec. 11(e)(8)]

States may retain 25 percent of "nonfraud" collections not arising from State agency error and 50 percent of "fraud" collections (increased from 10 percent and 25 percent on October 1, 1995). [Sec. 16(a)]

House bill

Replaces existing overissuance collection rules with provisions requiring States to collect any overissuance by reducing future benefits, withholding unemployment compensation, recovering from Federal pay or income tax refunds, or any other means—unless the State demonstrates that all of the means are not cost effective. Limits benefit reductions (absent intentional program violation) to the greater of 10 percent of the monthly allotment or $10 a month. Provides that States must collect overissued benefits in accordance with State-established requirements for notice, electing a means of payment, and setting a schedule for payment. [Sec. 1052]

Permits States to retain 25 percent of all collections other than those arising from State agency error. [Sec. 1052]

Senate amendment

Same provision, except permits States to retain 20 percent of nonfraud collections other than those arising from State agency error and 35 percent of fraud collections. [Sec. 1151]

Conference agreement

The conference agreement adopts the Senate provisions. [Sec. 844]

45. AUTHORITY TO SUSPEND STORES VIOLATING PROGRAM REQUIREMENTS PENDING ADMINISTRATIVE AND JUDICIAL REVIEW

Present law

No provisions.

House bill

Requires that any permanent disqualification of a retailer/wholesaler be effective from the date of receipt of the notice of disqualification. If the disqualification is reversed through administrative or judicial review, the Secretary is not liable for lost sales. [Sec. 1053]

Senate amendment

Same provision. [Sec. 1152]

Conference agreement

The conference agreement adopts the provision that is common to both bills. [Sec. 845]

46. EXPANDED CRIMINAL FORFEITURE FOR CRIMINAL VIOLATIONS

Present law

"Administrative forfeiture" rules allow the Secretary to subject property involved in a program violation to forfeiture to the United States. [Sec. 15(g)]

House bill

Establishes "criminal forfeiture" rules. Requires courts, in imposing sentence on those convicted of trafficking in food stamps, to order that the person forfeit property to the United States. Property subject to forfeiture would include all property (real and personal) used in a transaction (or attempted transaction) to commit (or facilitate the commission of) a trafficking violation (other than a misdemeanor); proceeds traceable to the violation also would be subject to forfeiture. An owner's property interest would not be subject to forfeiture if the owner establishes that the violation was committed without the owner's knowledge or consent.

Requires that the proceeds from any sale of forfeited property, and any money forfeited, be used to reimburse Federal and State agencies for costs and, by the Secretary, to carry out store monitoring activities. [Sec. 1054]

Senate amendment

Same provisions. [Sec. 1153]

Conference agreement

The conference agreement adopts the provision that is common to both bills. [Sec. 846]

47. LIMITATION OF FEDERAL MATCH

Present law

If a State opts to conduct informational ("outreach") activities for the food stamp program, the Federal Government shares half the cost. [Sec. 11(e)(1) and sec. 16(a)]

House bill

Terminates the Federal share for any "recruitment activities." [Sec. 1055]

Senate amendment

Same provision. [Sec. 1154]

Conference agreement

The conference agreement adopts the provision that is common to both bills. [Sec. 847]

48. STANDARDS FOR ADMINISTRATION

Present law

The Secretary is required to (1) establish standards for efficient and effective administration of the program, including standards for review of food stamp office hours to ensure that employed individuals are adequately served and (2) instruct States to submit reports on administrative actions taken to meet the standards. [Sec. 16(b)]

House bill

Deletes the noted requirements relating to Federal standards for efficient and effective administration. [Sec. 1056]

Senate amendment

Same provision. [Sec. 1155]

Conference agreement

The conference agreement adopts the provision that is common to both bills. [Sec. 848]

49. WORK SUPPLEMENTATION OR SUPPORT PROGRAM

Present law

No provisions.

House bill

Establishes a new option for States to operate work supplementation or support programs under which the value of public assistance benefits are provided to employers who hire recipients and, in turn, use the benefits to supplement the wages paid the recipient. Work supplementation/support programs would have to adhere to standards set by the Secretary, be available for new employees only, and not displace employment of those who are not supplemented/supported. The food stamp benefit value of the supplement could not be considered income for other purposes. Opting States would be required to provide a description of how recipients in their program will, within a specific period of time, be moved to unsubsidized employment. [Sec. 1057]

Senate amendment

Same provision. [Sec. 1156]

Conference agreement

The conference agreement adopts the provision that is common to both bills. [Sec. 849]

50. WAIVER AUTHORITY

Present law

The Secretary may waive Food Stamp Act requirements to the degree necessary to conduct pilot/demonstration projects, but, in general, no project may be implemented that would lower or further restrict food stamp income/resource eligibility standards or benefit levels. [Sec. 17(b)(1)]

House bill

Permits the Secretary to conduct pilot and demonstration projects and waive Food Stamp Act requirements as long as the project is consistent with the food stamp program goal of providing food to increase the level of nutrition among low-income individuals. The Secretary is permitted to conduct projects that will improve the administration of the program, increase self-sufficiency of food stamp participants, test innovative welfare reform strategies, or allow greater conformity among public assistance programs than is otherwise allowed under the Food Stamp Act. The Secretary is not permitted to conduct projects that involve issuing benefits in cash (beyond those approved at enactment), substantially transfer program benefits to other public assistance programs, or are not limited to specific time periods. [Sec. 1058]

Senate amendment

No provision.

Conference agreement

The conference agreement adopts the House provision with an amendment. The Secretary is permitted to conduct pilot and demonstration projects and waive Food Stamp Act requirements to the extent necessary, with certain limitations and conditions. Projects must be consistent with the food stamp program goal of providing food assistance to raise levels of nutrition among low-income individuals and must include an evaluation.

Permissible projects are those that will improve the administration of the program, increase self-sufficiency of food stamp participants, test innovative welfare reform strategies, or allow greater conformity with the rules of other programs than is otherwise allowed under the Food Stamp Act. However, if the Secretary finds that a project would require the reduction of benefits by more than 20 percent, for more than 5 percent of households subject to the project (not including those whose benefits are reduced because of a failure to comply with work or other conduct requirements), the project (1) cannot include more than 15 percent of the State's food stamp population and (2) is limited to 5 years (unless an extension is approved).

The Secretary may not conduct a project that (1) involves the payment of food stamp allotments in cash (unless the project was approved prior to enactment), (2) has the effect of substantially transferring food stamp funds to services or benefits provided through another public assistance program, (3) has the effect of using food stamp funds for any purpose other than the purchase of food, program administration, or an employment or training program, (4) has the effect of granting or increasing shelter expense deductions to households with either no out-of-pocket shelter expenses or shelter expenses that represent a low percentage of their income, (5) has the effect of absolving the State from acting with reasonable promptness on substantial reported changes in income or household size (other than those related to deductions), (6) is not limited to a specific time period, or (7) waives a simplified food stamp program provision in carrying out a simplified program.

The Secretary also may not conduct a project that is inconsistent with certain Food Stamp Act requirements: (1) the bar against providing benefits to those in institutions (with certain exceptions), (2) the requirement to provide assistance to all those eligible, so long as they have not failed to comply with any food stamp or other program's work, behavioral, or other conduct requirements, (3) the gross income eligibility limit (130 percent of the Federal poverty guidelines) for households without elderly or disabled members, (4) the rule that no parent or caretaker of a dependent child under age 6 will be subject to work/training requirements [see item 17], (5) the rule that total hours of work required in an employment/training or workfare program be limited to the household's allotment divided by the minimum wage, (6) the limit on the amount of employment and training funding under the Food Stamp Act that can be used for TANF recipients, (7) the requirement that the value of food stamp benefits not be considered income or resources for any other purpose, (8) application and application processing requirements (including the rule that benefits must be provided within 30 days, but not including expedited service requirements), (9) Federal-State cost-sharing rules (including those for computerization, employment and training programs, and workfare), (10) "quality control" requirements, and (11) the waiver limits set in law.

[Sec. 850]

51. RESPONSE TO WAIVERS

Present law

No provisions.

House bill

Requires that, not later than 60 days after receiving a demonstration project waiver request, the Secretary must (1) approve the request, (2) deny it and explain any modifications needed for approval, (3) deny it and explain the grounds for denial, or (4) ask for clarification of the request. If a response is not forthcoming in 60 days, the waiver is considered approved. If a waiver is denied, the Secretary must provide a copy of the request and the grounds for denial to Congress. [Sec. 1059]

Senate amendment

Same provision. [Sec. 1157]

Conference agreement

The conference agreement adopts the provisions that are common to both bills. [Sec. 851]

52. EMPLOYMENT INITIATIVES PROGRAM

Present law

No provisions.

House bill

Provides a new option for a limited number of States (those with not less than half of their food stamp households receiving AFDC benefits in 1993) to issue food stamps in cash to households

participating in both the State's family assistance block grant (TANF) program and food stamps, if a member of the household has been working for at least 3 months and earns at least $350 a month in unsubsidized employment. Households receiving cash payments may continue to receive them after leaving a TANF program because of increased earnings, and a household eligible to receive its allotment in cash may opt for food stamps instead. States opting for these cash payments must increase food stamp benefits (and pay for the increase) to compensate for State/local sales taxes on food purchases and must provide a written evaluation. [Sec. 1060]

Senate amendment

Same provisions. [Sec. 1158]

Conference agreement

The conference agreement adopts the provisions that are common to both bills. [Sec. 852]

53. REAUTHORIZATION

Present law

Food Stamp Act appropriations are authorized through fiscal year 1997. [Sec. 18(a)]

House bill

Extends the Food Stamp Act authorization of appropriations through fiscal year 2002. [Sec. 1061]

Senate amendment

Same provision. [Sec. 1159]

Conference agreement

The conference agreement adopts the provision that is common to both bills. [Sec. 853]

54. SIMPLIFIED FOOD STAMP PROGRAM

Present law

No provision.

House bill

Permits States to determine food stamp benefits for households receiving family assistance block grant (TANF) aid using TANF rules and procedures, food stamp rules/procedures, or a combination of both. States may operate a simplified program statewide or in regions of the State and may standardize deductions. However, States must comply with the following food stamp rules:

requirements governing issuance procedures;

the requirement that benefits be calculated by subtracting 30 percent of household income (as determined by State-established, not Federal, rules under the simplified program option) from the maximum food stamp benefit;

the bar against counting food stamp benefits as income or resources in other programs;

requirements that State agencies assume responsibility for eligibility certification and issuance of benefits and keep records for inspection and audit;

the bar against discrimination by reason of race, sex, religious creed, national origin, or politics;

requirements related to submission and approval of plans of operation and administration of the food stamp program on Indian reservations;

limits on the use and disclosure of information about food stamp households;

requirements for notice to and fair hearings for aggrieved households (or comparable requirements established by the State);

requirements for submission of reports and other information required by the Secretary;

the requirement to report illegal aliens to the INS;

provisions for the use of certain Federal and State data sources in verifying eligibility;

requirements to ensure that households are not receiving duplicate benefits; and

requirements for the provision of social security numbers as a condition of eligibility and for their use by State agencies.

Households may not receive benefits under a simplified program unless the Secretary determines that any household with income above 130 percent of the Federal poverty guidelines is ineligible for the program.

The Secretary must determine whether a simplified program is increasing Federal costs above costs incurred in operations for the fiscal year prior to implementation, adjusted for changes in participation, the income of participants not attributable to public assistance, and the cost of the thrifty food plan. The determination is made for each fiscal year, not later than 90 days after the end of the year.

If the Secretary determines that there has been a cost increase, the State must be notified within 30 days. If a State does not then submit or carry out a "corrective action" plan approved by the Secretary to prevent increased Federal costs, approval of the State's simplified program is terminated, and the State is ineligible for further operation of a simplified program.

States opting for a simplified program must include in their State plans the rules and procedures to be followed, how they will address the needs of households with high shelter costs, and a description of the method by which they will carry out their quality control obligations. [Sec. 1062]

Senate amendment

Same provisions, except that the Senate amendment (1) stipulates that only households in which "all members" receive TANF benefits may receive benefits under a simplified program and (2) requires that States opting for a simplified program follow food stamp rules regarding providing benefits within 30 days of application. Also provides that (1) the Secretary will determine whether a simplified program is increasing Federal costs, (2) States will not be required to collect information on households not in the sim-

plified program in cost increase determinations, and (3) the Secretary may approve "alternative accounting periods" in making cost determinations. [Sec. 1160]

Conference agreement

The conference agreement adopts the House provision with an amendment providing that: (1) only households in which all members receive TANF benefits may receive benefits under a simplified program, (2) the Secretary will determine whether a simplified program is increasing Federal costs, (3) States will not be required to collect information on households not in the simplified program in cost increase determinations, and (4) the Secretary may approve alternative accounting periods in making cost determinations. In addition, the conference agreement adopts an amendment that provides that a simplified program may include households in which 1 or more members are not TANF recipients, if approved by the Secretary. The conferees encourage the Secretary to work with States to test methods for applying a single set of rules and procedures to households in which some, but not all, members receive cash welfare benefits under State rules. [Sec. 854]

55. STATE FOOD ASSISTANCE BLOCK GRANT

Present law

No provision.

House bill

Establishes an optional food assistance block grant. States that meet one of three conditions may elect to receive the block grant in lieu of participating in the regular food stamp program. The conditions are: (1) a statewide EBT system, (2) a payment error rate of 6 percent or less, or (3) if there is a payment error rate of higher than 6 percent, payment to the Federal government of the benefit cost of the difference. States electing a block grant would receive the greater of: (1) the amount received for benefits in fiscal year 1994 (or the 1992–1994 average) plus (2) the amount received for administration in fiscal year 1994 (or the 1992–1994 average). States electing a block grant and then terminating their option may not again elect a block grant.

Block grant funding may only be used for food assistance to needy persons and administrative costs for providing the assistance—so long as not more than 6 percent of total funds expended (other than State funds not otherwise required to be spent) are used for administrative costs and limits on carryover funds are followed. While States have control over most features of their block grant program, certain rules specified in law must be followed: provisions for notice and hearing for those aggrieved; bars against receipt of benefits in more than 1 jurisdiction, benefits for fleeing felons, and benefit for aliens otherwise barred under Federal law; privacy and nondiscrimination safeguards; and quality control requirements of the Food Stamp Act. In addition, States opting for a block grant would continue to be covered under the Food Stamp Act's employment and training program provisions (and receive separate funding for this) and would be required to bar benefits to

those not meeting food stamp work requirements (including the new requirement). [Sec. 1063]

Senate amendment

No provision.

Conference agreement

The conference agreement adopts the Senate provision.

56. A STUDY OF THE USE OF FOOD STAMPS TO PURCHASE VITAMINS AND MINERALS

Present law

No provision.

House bill

Requires the Secretary, in consultation with the National Academy of Sciences and the Centers for Disease Control and Prevention, to conduct a study of the use of food stamps to purchase vitamins and minerals and report to the House Committee on Agriculture not later than December 15, 1996. [Sec. 1064]

Senate amendment

No provision.

Conference agreement

The conference agreement adopts the House provision with an amendment requiring a report to both the Senate Committee on Agriculture, Nutrition, and Forestry and the House Committee on Agriculture not later than December 15, 1998. [Sec. 855]

57. INVESTIGATIONS

Present law

No provision.

House bill

Requires that regulations provide criteria for the finding of violations (and suspension/disqualification) of retailers and wholesalers on the basis of evidence which may include facts established through on-site investigations, inconsistent redemption data, or evidence obtained through EBT transaction reports. [Sec. 1065]

Senate amendment

No provision.

Conference agreement

The conference agreement adopts the House provision. [Sec. 841]

58. REPORT BY THE SECRETARY

Present law

No provision.

House bill

Permits the Secretary to report to the House Committee on Agriculture (not later than January 1, 2000) on the effect of the food stamp reforms in this act and the ability of State and local governments to deal with people in poverty. [Sec. 1067]

Senate amendment

No provision.

Conference agreement

The conference agreement adopts the Senate provision.

59. DEFICIT REDUCTION

Present law

No provision.

House bill

Declares it the sense of the House Committee on Agriculture that outlay reductions resulting from the food stamp title not be taken into account under section 552 of the Balanced Budget and Emergency Deficit Control Act. [Sec. 1068]

Senate amendment

No provision.

Conference agreement

The conference agreement adopts the House provision with a technical amendment. [Sec. 856]

Subtitle B—Commodity Distribution Programs

1. SHORT TITLE

Present law

The Emergency Food Assistance Act (EFAA), The Hunger Prevention Act of 1988, The Charitable Assistance and Food Bank Act of 1987, the Food, Agriculture, Conservation, and Trade (FACT) Act of 1990.

House bill

Amends the EFAA and Section 110 of the Hunger Prevention Act of 1988 to combine the Emergency Food Assistance Program (TEFAP) and the soup kitchen/food bank program and create a new TEFAP; repeals the expired food bank demonstration project under the Charitable Assistance and Food Bank Act of 1987; and repeals a requirement for a previously completed report on entitlement commodity processing under the FACT Act of 1990. [Sec. 1071, 1072, 1073, & 1074]

Senate amendment

Same provisions. [Sec. 1171, 1172, 1173, & 1174]

Conference agreement

The conference agreement adopts the provisions that are common to both bills. [Sec. 871–874]

2. ELIGIBLE RECIPIENT AGENCIES

Present law

Defines "eligible recipient agencies" and "emergency feeding organizations". [Sec. 201A]

Defines "Additional commodities", "average monthly number of unemployed persons", "poverty line", "Total value of additional commodities", Value of additional commodities." [Sec. 214 of EFAA]

House bill

Incorporates into one section current law and regulatory definitions of terms used in TEFAP and section 110 of the Hunger Prevention Act. Definitions include "eligible recipient agencies", as well as "emergency feeding organization," "additional commodities", "average monthly number of unemployed persons", "food bank", "food pantry", "poverty line", "soup kitchen", "total value of additional commodities", and "value of additional commodities allocated to each State." [Sec. 1071]

Senate amendment

Same provisions. [Sec. 1171]

Conference agreement

The conference agreement adopts the provisions that are common to both bills. [Sec. 871]

3. AVAILABILITY OF CCC COMMODITIES

Present law

Outlines conditions under which the Secretary is to donate CCC commodities or other agricultural commodities, the varieties of commodities to be made available; requires semi-annual report on types of commodities made available; prohibits declines in dairy product donations, and requires that emergency feeding organizations have the same access to excess CCC commodities as other domestic food programs.

House bill

Maintains current law provisions. [Sec. 1071]

Senate Amendment

Same provisions. [Sec. 1171]

Conference agreement

The conference agreement adopts the provisions that are common to both bills. [Sec. 871]

4. AVAILABILITY OF CCC FLOUR, CORNMEAL, AND CHEESE

Present law

Provides for additional distribution in FY1988 of flour, cheese, and cornmeal when excess amounts are available from CCC holdings.

House bill

Strikes obsolete provision and moves definitions to a new section of the Act (see item 2 above). Replaces Sec. 202A with new provisions governing State plans (See item 5 below). [Sec. 1071]

Senate amendment

Same provisions. [Sec. 1171]

Conference agreement

The conference agreement adopts the provisions that are common to both bills. [Sec. 871]

5. STATE PLAN

Present law

Requires Secretary to expedite distribution of commodities to agencies designated by the Governor, or directly distribute commodities to eligible recipient agencies engaged in national commodity processing; allows States to give priority for donations to existing food bank networks serving low-income households. Requires States to expeditiously distribute commodities to eligible recipient agencies, and to encourage distribution to rural areas. Also requires Secretary to distribute commodities only to agencies that serve needy persons and set their own need criteria, with the approval of the Secretary. [Sec. 203B (a) and (c) of EFAA]

House bill

Requires States seeking commodities under the new EFA program to submit a plan of operation and administration every 4 years for approval by the Secretary and allows amendment of the plan at any time.

Requires that at a minimum the State receiving commodities include in its plan: designation of responsible State agency; plan of operation and administration to expeditiously distribute commodities; standards of eligibility for recipient agencies; individual and household eligibility standards that require that they be needy and residing in the geographic area served by the recipient agency. [Sec. 1071]

Senate amendment

Same provisions. [Sec. 1171]

Conference agreement

The conference agreement adopts the provisions that are common to both bills. [Sec. 871]

6. ADVISORY BOARD

Present law

No provision.

House bill

Requires Secretary to encourage States to establish advisory boards consisting of representatives of all interested entities, public and private, in the distribution of commodities. [Sec. 1071]

Senate amendment

Same provision. [Sec. 1171]

Conference agreement

The conference agreement adopts the provision that is common to both bills. [Sec. 871]

7. AUTHORIZATION OF APPROPRIATIONS FOR ADMINISTRATIVE FUNDS

Present law

Authorizes $50 million annually for fiscal year 1991–2002 for Secretary to make available to States for State and local costs associated with the distribution of commodities. Requires that funds be distributed on an advance basis in the same proportion as commodities are distributed. Allows for reallocation of unused funds among other States. Specifically allows States to use funds to help with distribution of commodities provided to soup kitchens and food banks under section 110 of the Hunger Prevention Act.

House bill

Revises language regarding availability of funds to States for State and local costs to require that such funds be used "to pay for the direct and indirect administrative costs of the State related to processing, transporting, and distributing [commodities] to eligible recipient agencies." Drops separate reference to soup kitchen and food banks because this program is incorporated into the new TEFAP. [Sec. 1071]

Senate amendment

Same provisions. [Sec. 1171]

Conference agreement

The conference agreement adopts the provisions that are common to both bills. [Sec. 871]

8. REQUIRED PURCHASES OF COMMODITIES

Present law

Authorizes $175 million for fiscal year 1991, $190 million for FY 1992, and $200 million for each of fiscal years 1993 through 2002 for the Secretary to purchase, process and distribute additional commodities to the extent that appropriations are provided. Establishes a formula for distribution of commodities to States whereby 60 percent of commodities are allocated based on a State's share of persons in households with incomes below the poverty

level and 40 percent upon a State's share of unemployed persons, and defines related terms.

House bill

Strikes provisions authorizing funds for commodity purchases. Instead, amends the Food Stamp Act to add a new section 28 requiring the Secretary to spend $300 million annually for each of fiscal years 1997 through 2002 from funds appropriated under the Food Stamp Act to buy commodities for the new TEFAP; requires the Secretary to take into account agricultural market conditions, and State, agency, and recipient preferences when buying commodities with these funds. Specifies that these commodities be distributed under the current-law allocation formula. [Sec. 1071]

Senate amendment

Similar to House bill, except that $100 million is required to be used from food stamp funds annually to buy commodities for the new TEFAP. [Sec.]

Conference agreement

The conference agreement adopts the Senate provision with a technical amendment. [Sec. 871]

Subtitle C—Electronic Benefit Transfer System

See Item 26 of Subtitle A—Food Stamp Program for a description of the conference agreement on this subtitle.

TITLE IX: MISCELLANEOUS

1. APPROPRIATION BY STATE LEGISLATURES

Present law

According to the National Conference of State Legislatures, there are six States in which under court rulings of interpretations of State constitutions, certain Federal funds are controlled by the Executive branch rather than the State legislature. (An example would be action on funds when the legislature is out of session.) These States are Arizona, Colorado, Connecticut, Delaware, New Mexico, and Oklahoma.

House bill

The proposal stipulates that funds from certain Federal block grants to the States are to be expended in accordance with the laws and procedures applicable to the expenditure of the State's own resources (i.e., appropriated through the State legislature in all States). This provision applies to the following block grants: temporary assistance to needy families block grant, the optional State food assistance block grant, and the child care block grant. Thus, in the States in which the Governor previously had exclusive control over Federal block grant funds, the State legislatures now would share control through the appropriations process. However, States would continue to spend Federal funds in accord with Federal law.

Senate amendment

Identical provision.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

2. SANCTIONING FOR TESTING POSITIVE FOR CONTROLLED SUBSTANCES

Present law

Eligibility and benefit status for most Federal welfare programs are not affected by a recipient's use of illegal drugs.

House bill

States are not prohibited by the Federal Government from testing welfare recipients for use of controlled substances nor for sanctioning welfare recipients who test positive for the use of controlled substances.

Senate amendment

Identical provision.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

3. ELIMINATION OF HOUSING ASSISTANCE WITH RESPECT TO FUGITIVE FELONS AND PROBATION AND PAROLE VIOLATORS

Present law

No provision.

House bill

No provision.

Senate amendment

Ends eligibility for public housing and Section 8 housing assistance of a person who is fleeing to avoid prosecution after conviction for a crime, or attempt to commit a crime, that is a felony where committed (or, in the case of New Jersey, is a high misdemeanor), or who is violating a condition of probation or parole. The amendment states that the person's flight shall be cause for immediate termination of their housing aid.

Requires specified public housing agencies to 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 SSI recipient, if the officer furnishes the public housing agency with the person's name and notifies the agency that the recipient is a fugitive felon (or in the case of New Jersey a person fleeing because of a high misdemeanor) or a probation or parole violator or that the person has information that is necessary for the officer to conduct his official duties, and the loca-

tion or apprehension of the recipient is within the officer's official duties.

Conference agreement

The conference agreement follows the Senate amendment.

4. SENSE OF THE SENATE REGARDING ENTERPRISE ZONES

Present law

No specific provision. However, as stated, the provisions outlined in the Sense of the Senate language already can be done under present law.

House bill

No provision.

Senate amendment

Outlines some findings related to urban centers and empowerment zones and includes sense of the Senate language that urges the 104th Congress to pass an enterprise zone bill that provides Federal tax incentives to increase the formation and expansion of small businesses and to promote commercial revitalization; allows localities to request waivers to accomplish the objectives of the enterprise zones; encourages resident management of public housing and home ownership of public housing; and authorizes pilot projects in designated enterprise zones to expand the educational opportunities for elementary and secondary school children.

Conference agreement

The conference agreement follows the House bill.

5. SENSE OF THE SENATE REGARDING THE INABILITY OF THE NONCUSTODIAL PARENT TO PAY CHILD SUPPORT

Present law

No provision.

House bill

No provision.

Senate amendment

It is the Sense of the Senate that States should pursue child support payments under all circumstances even if the noncustodial parent is unemployed or his or her whereabouts are unknown; and that States are encouraged to pursue pilot programs in which the parents of a minor non-custodial parent who refuses or is unable to pay child support contribute to the child support owed.

Conference agreement

The conference agreement follows the Senate amendment.

6. ESTABLISHING NATIONAL GOALS TO PREVENT TEENAGE PREGNANCIES

Present law

No provision.

House bill

No provision.

Senate amendment

Requires the Secretary to establish and implement by January 1, 1997, a strategy to: (1) prevent a 2 percent increase in out-of-wedlock teenage pregnancies, and (2) assure that at least 25 percent of U.S. communities have teenage pregnancy programs in place. HHS is required to report to Congress by June 30, 1998, on progress made toward meeting these 2 goals.

Conference agreement

The conference agreement generally follows the Senate amendment, except a specified level of reduction is not established.

7. SENSE OF THE SENATE REGARDING ENFORCEMENT OF STATUTORY RAPE LAWS

Present law

No provision.

House bill

No provision.

Senate amendment

Includes language that states that it is the sense of the Senate that States and local jurisdictions should aggressively enforce statutory rape laws.

Not later than January 1, 1997, the Attorney General shall establish and implement a program that studies the linkage between statutory rape and teenage pregnancy and educates States and local criminal law enforcement officials on the prevention and prosecution of statutory rape. The Attorney General shall ensure the DOJ Violence Against Women initiative addresses the issue of statutory rape.

Conference agreement

The conference agreement follows the Senate amendment.

8. PROVISIONS TO ENCOURAGE ELECTRONIC BENEFIT TRANSFER SYSTEMS

Present law

In 1978, Congress passed the Electronic Fund Transfer Act to provide a basic framework establishing the rights, liabilities, and responsibilities of participants in electronic fund transfer systems and required the Federal Reserve Board to develop implementing regulations, which generally are referred to as Regulation E.

House bill

See food stamp title, which exempts from Regulation E any food stamp electronic benefit transfers.

Senate amendment

Exempts from Regulation E requirements any electronic benefit transfer program (distributing needs-tested benefits) established under State or local law or administered by a State or local government.

Conference agreement

The conference agreement follows the Senate amendment.

9. REDUCTION OF BLOCK GRANTS TO STATES FOR SOCIAL SERVICES; USE OF VOUCHERS

Present law

The Social Services Block Grant (Title XX) provides funds to States in order to provide a wide variety of social services, including child care, family planning, protective services for children and adults, services for children and adults on foster care, and employment services. States have wide discretion over how they use Social Services Block Grant funds. States set their own eligibility requirements and are allowed to transfer up to 10 percent of their allotment to certain Federal health block grants, and for low-income home energy assistance (LIHEAP). Funding for the Social Services Block Grant is capped at $2.8 billion a year. Funds are allocated among States according to the State's share of its total population. No State matching funds are required to receive Social Services Block Grant money.

House bill

For fiscal years 1997 through 2002, the Social Services Block Grant is reduced by 10 percent.

Senate amendment

For fiscal years 1997 through 2002, the Social Services Block Grant is reduced by 20 percent.

Requires that States receiving Title XX funds to dedicate 1 percent to programs and services for minors to avoid out-of-wedlock pregnancies.

Conference agreement

The conference agreement follows the House bill and the Senate amendment regarding the reduction in funding for the Social Services block grant, with the modification that the reduction is 15 percent. The conference agreement follows the House bill so that there is no special dedication of funds for programs and services for minors. The agreement specifically states that Title XX funds may be used to provide assistance to families who have lost assistance because of time limits on benefits.

10. EARNED INCOME CREDIT PROVISIONS

A. Deny earned income credit to individuals not authorized to be employed in the United States

[NOTE.—For additional discussion of this provision, refer to Title IV: Restricting Welfare and Public Benefits for Aliens, above.]

Present law

In general. Certain eligible low-income workers are entitled to claim a refundable credit on their income tax return. The amount of the credit an eligible individual may claim depends upon whether the individual has one, more than one, or no qualifying children and is determined by multiplying the credit rate by the individual's [1] earned income up to an earned income amount. The maximum amount of the credit is the product of the credit rate and the earned income amount. For individuals with earned income (or adjusted gross income (AGI), if greater) in excess of the beginning of the phaseout range, the maximum credit amount is reduced by the phaseout rate multiplied by the amount of earned income (or AGI, if greater) in excess of the beginning of the phaseout range. For individuals with earned income (or AGI, if greater) in excess of the end of the phaseout range, no credit is allowed.

The parameters for the credit depend upon the number of qualifying children the individual claims. For 1996, the parameters are given in the following table:

	Two or more children	One qualifying child	No qualifying children
Credit rate (percent)	40.00	34.00	7.65
Earned income amount	$8,890	$6,330	$4,220
Maximum credit	$3,556	$2,152	$323
Phaseout begins	$11,610	$11,610	$5,280
Phaseout rate (percent)	21.06	15.98	7.65
Phaseout ends	$28,495	$25,078	$9,500

For years after 1996, the credit rates and the phaseout rates will be the same as in the preceding table. The earned income amount and the beginning of the phaseout range are indexed for inflation; because the end of the phaseout range depends on those amounts as well as the phaseout rate and the credit rate, the end of the phaseout range will also increase if there is inflation.

In order to claim the credit, an individual must either have a qualifying child or meet other requirements. A qualifying child must meet a relationship test, an age test, an identification test, and a residence test. In order to claim the credit without a qualifying child, an individual must not be a dependent and must be over age 24 and under age 65.

To satisfy the identification test, individuals must include on their tax return the name and age of each qualifying child. For returns filed with respect to tax year 1996, individuals must provide

[1] In the case of a married individual who files a joint return with his or her spouse, the income for purposes of these tests is the combined income of the couple.

a taxpayer identification number (TIN) for all qualifying children born on or before November 30, 1996. For returns filed with respect to tax year 1997 and all subsequent years, individuals must provide TINs for all qualifying children, regardless of their age. An individual's TIN is generally that individual's social security number.

An individual with qualifying children may elect to receive a portion of the credit on an advance basis by furnishing an advance payment certificate to his or her employer. For such an individual, the employer makes an advance payment of the credit at the time wages are paid. The amount of advance payment allowable in a taxable year is limited to 60 percent of the maximum credit available to an individual with one qualifying child.

Mathematical or clerical errors. The Internal Revenue Service may summarily assess additional tax due as a result of a mathematical or clerical error without sending the taxpayer a notice of deficiency and giving the taxpayer an opportunity to petition the Tax Court. Where the IRS uses the summary assessment procedure for mathematical or clerical errors, the taxpayer must be given an explanation of the asserted error and a period of 60 days to request that the IRS abate its assessment. The IRS may not proceed to collect the amount of the assessment until the taxpayer has agreed to it or has allowed the 60-day period for objecting to expire. If the taxpayer files a request for abatement of the assessment specified in the notice, the IRS must abate the assessment. Any reassessment of the abated amount is subject to the ordinary deficiency procedures. The request for abatement of the assessment is the only procedure a taxpayer may use prior to paying the assessed amount in order to contest an assessment arising out of a mathematical or clerical error. Once the assessment is satisfied, however, the taxpayer may file a claim for refund if he or she believes the assessment was made in error.

House bill

Individuals are not eligible for the credit if they do not include their taxpayer identification number (and, if married, their spouse's taxpayer identification number) on their tax return. Solely for these purposes and for purposes of the present-law identification test for a qualifying child, a taxpayer identification number is defined as a social security number issued to an individual by the Social Security Administration other than a number issued under section 205(c)(2)(B)(i)(II) (or that portion of sec. 205(c)(2)(B)(i)(III) relating to it) of the Social Security Act (regarding the issuance of a number to an individual applying for or receiving Federally funded benefits).

If an individual fails to provide a correct taxpayer identification number, such omission will be treated as a mathematical or clerical error. If an individual who claims the credit with respect to net earnings from self-employment fails to pay the proper amount of self-employment tax on such net earnings, the failure will be treated as a mathematical or clerical error for purposes of the amount of credit allowed.

Effective date. The provision is effective for taxable years beginning after December 31, 1995.

Senate amendment

The provision in the Senate amendment is identical to that in the House bill.

Conference agreement

The conference agreement follows the House bill and the Senate amendment with a modification to the effective date. The conference agreement is effective with respect to returns the due date for which (without regard to extensions) is more than 30 days after the date of enactment of this Act.

B. Change disqualified income test for earned income credit

Present law

For taxable years beginning after December 31, 1995, an individual is not eligible for the earned income credit if the aggregate amount of "disqualified income" of the taxpayer for the taxable year exceeds $2,350. This threshold is not indexed. Disqualified income is the sum of:

(1) interest (taxable and tax-exempt),
(2) dividends, and
(3) net rent and royalty income (if greater than zero).

House bill

No provision.

Senate amendment

For purposes of the disqualified income test for the earned income credit, the following items are added to the definition of disqualified income: capital gain net income and net passive income (if greater than zero) that is not self-employment income.

The threshold above which an individual is not eligible for the credit is reduced from $2,350 to $2,200, and the threshold is indexed for inflation after 1996.

Effective date. The provision generally is effective for taxable years beginning after December 31, 1995. For individuals who, as of June 26, 1996, had made an election to receive the current-year credit on an advance basis, the provision is effective for taxable years beginning after December 31, 1996.

Conference agreement

The conference agreement follows the Senate amendment.

C. Modify definition of adjusted gross income used for phasing out the earned income credit

Present law

For taxpayers with earned income (or AGI, if greater) in excess of the beginning of the phaseout range, the maximum earned income credit amount is reduced by the phaseout rate multiplied by the amount of earned income (or AGI, if greater) in excess of the beginning of the phaseout range. For taxpayers with earned income (or AGI, if greater) in excess of the end of the phaseout range, no credit is allowed.

House bill

No provision.

Senate amendment

The provision modifies the definition of AGI used for phasing out the earned income credit by including certain nontaxable income and by disregarding certain losses. The nontaxable items included are:

(1) tax-exempt interest, and

(2) nontaxable distributions from pensions, annuities, and individual retirement arrangements (but only if not rolled over into similar vehicles during the applicable rollover period).

The losses disregarded are:

(1) net capital losses (if greater than zero),

(2) net losses from trusts and estates,

(3) net losses from nonbusiness rents and royalties, and

(4) net losses from businesses, computed separately with respect to sole proprietorships (other than in farming), sole proprietorships in farming, and other businesses.

For purposes of item (4), above, amounts attributable to a business that consists of the performance of services by the taxpayer as an employee are not taken into account.

Effective date. The provision generally is effective for taxable years beginning after December 31, 1995. For individuals who, as of June 26, 1996, had made an election to receive the current-year credit on an advance basis, the provision is effective for taxable years beginning after December 31, 1996.

Conference agreement

The conference agreement modifies the definition of AGI used for phasing out the earned income credit by disregarding certain losses. The losses disregarded are:

(1) net capital losses (if greater than zero),

(2) net losses from trusts and estates,

(3) net losses from nonbusiness rents and royalties, and

(4) 50 percent of the net losses from businesses, computed separately with respect to sole proprietorships (other than in farming), sole proprietorships in farming, and other businesses.

For purposes of item (4), above, amounts attributable to a business that consists of the performance of services by the taxpayer as an employee are not taken into account.

Effective date. Same as the Senate amendment provision.

D. Suspend inflation adjustments for earned income credit for individuals with no qualifying children

Present law

To claim the earned income credit, an individual must either have a qualifying child or meet other requirements. In order to claim a credit without a qualifying child, an individual must not be a dependent and must be over age 24 and under age 65.

The earned income amount and the beginning of the phaseout range are indexed for inflation; because the end of the phaseout range depends on these amounts as well as the phaseout rate and

the credit rate, the end of the phaseout range will also increase if there is inflation.

House bill

No provision.

Senate amendment

In the case of individuals with no qualifying children there will be no adjustment for inflation after 1996 to the earned income amount or the beginning of the phaseout range.

Effective date. The provision is effective for taxable years beginning after December 31, 1996.

Conference agreement

The conference agreement follows the House bill (no provision).

11. REDUCTIONS IN FEDERAL GOVERNMENT POSITIONS

A. Reductions

Present law

No provision

House bill

A covered activity is defined as one that the Department must carry out under a provision of this Act or a provision of Federal law that is amended or repealed by the Act. It also requires the Secretaries of Agriculture, Education, Labor, HHS, and Housing and Urban Development to report to Congress by December 31, 1996 on the number of full-time equivalent (FTE) positions required to carry out "covered" activities before and after enactment of the amendment and to reduce the number of employees by the difference in numbers. The Comptroller General of the United States shall prepare and submit to Congress by July 1, 1997, a report analyzing the determinations made by each Secretary.

Senate amendment

Similar to House bill, except:

requires the Secretaries to report the number of FTEs not later than December 31, 1996 (rather than January 1, 1997);

requires the Secretaries to prepare and submit a report of changes not later than December 31, 1997 (rather than December 31, 1996); and

adjusts discretionary spending limits downward for fiscal years 1997 and 1998 to account for savings achieved by this provision. (This provision was deleted due to the Byrd Rule.)

Conference agreement

This provision was deleted due to the Byrd rule. For additional discussion of related provisions, see Title I: Block Grants for Temporary Assistance for Needy Families, above.

B. Reductions in Federal Bureaucracy

Present law

No provision

House bill

The Department of Health and Human Services (HHS) reports that 118 employees in the Office of Family Assistance (OFA) work on AFDC and 209 (full-time equivalent positions) in regional offices of the Administration on Children and Families. The OFA employees include 30 who spend some time interpreting AFDC/JOBS policy and participating with States in State plan development.

Senate amendment

Similar to House bill. (This provision was deleted due to the Byrd Rule.)

Conference agreement

This provision was deleted due to the Byrd rule. For additional discussion of related provisions, see Title I: Block Grants for Temporary Assistance for Needy Families, above.

C. Reducing Personnel in Washington, DC Area

Present law

No provision.

House bill

The Secretary is encouraged to reduce personnel in the Washington, D.C. office (agency headquarters) before reducing field personnel.

Senate amendment

Similar to House bill. (This provision was deleted due to the Byrd Rule.)

Conference agreement

This provision was deleted due to the Byrd rule. For additional discussion of related provisions, see Title I: Block Grants for Temporary Assistance for Needy Families, above.

12. REFORM OF PUBLIC HOUSING

A. Fraud under Means-Tested Welfare and Public Assistance Programs

Present law

No provision.

House bill

If a person's means-tested benefits from a Federal, State, or local welfare program are reduced because of an act of fraud, their benefits from public or assisted housing may not be increased in response to the income loss caused by the penalty.

Senate amendment

Similar to House bill.

Conference agreement

The conference agreement follows the House bill.

B. Failure to Comply with other Welfare and Public Assistance Programs

Present law

If a family's adjusted cash income declines—no matter what the reason—its housing benefit is increased (that is, its rental payment is decreased, by 30 cents per dollar). This applies to cash income from any source, including means-tested benefit programs. However, the housing programs take no account of noncash income. Thus, if food stamp benefits decline, housing benefits are unaffected.

House bill

No provision.

Senate amendment

Provides that there be no reduction in public or assisted housing rents in response to a tenant's reduced income resulting from non-compliance with welfare or public assistance program requirements; permits reduction where State or local law limits the period during which benefits may be provided.

Conference agreement

The conference agreement follows the House bill (no provision).

13. ABSTINENCE EDUCATION

Present law

The Maternal and Child Health (MCH) block grants (title V of the SSA, 42 USC 701) provides grants to States and insular areas to fund a broad range of preventive health and primary care activities to improve the health status of mothers and children, with a special emphasis on those with low income or with limited availability of health services. Sec. 502 includes a set-aside program for projects of national or regional significance. (The FY1995 appropriation for MCH was $684 million.) See also: Title XX of the Public Health Service Act establishes the Adolescent Family Life (AFL) program to encourage adolescents to delay sexual activity and to provide services to alleviate the problems surrounding adolescent parenthood. One-third of all funding for AFL program services go to projects that provide "prevention services." The purpose of the prevention component is to find effective means within the context of the family of reaching adolescents, both male and female, before they become sexually active to maximize the guidance and support of parents and other family members in promoting abstinence from adolescent premarital sexual relations. (The FY1995 appropriation for AFL was $6.7 million.)

House bill

Increases the authorization level to $761 million for FY 96 and each subsequent fiscal year. Adds abstinence education to the services to be provided. Defines abstinence education as an educational or motivational program which:

(A) teaches the gains to be realized by abstaining from sexual activity;

(B) teaches abstinence from sexual activity outside of marriage as the expected standard for all school age children;

(C) teaches that abstinence is the only certain way to avoid out-of-wedlock pregnancy, sexually transmitted diseases, and other health problems;

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

(E) teaches that sexual activity outside of marriage is likely to have harmful effects;

(F) teaches that bearing children out-of-wedlock is likely to have harmful consequences;

(G) teaches young people how to avoid 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.

Senate amendment

Amends the Maternal and Child Health (MCH) block grants (title V of the SSA) to set aside $75 million to provide abstinence education—defined as an educational or motivational program that has abstaining from sexual activity as its exclusive purpose—and to provide at the option of the State mentoring, counseling and adult supervision to promote abstinence with a focus on those groups most likely to bear children out-of-wedlock. Also increases the authorization level of MCH to $761 million. (This provision was deleted due to the Byrd Rule.)

Conference agreement

The conference agreement follows the House bill with modification that $50 million for each of fiscal years 1998-2002 is directly appropriated for this purpose.

14. CHURCH OF CHRIST, SCIENTIST

Present law

Sections 1902(a) and 1908(e)(1) of the Social Security Act (relating to Medicaid) reference the Church of Christ, Scientist.

House bill

No provision.

Senate amendment

No provision.

Conference agreement

Changes Medicaid references in Social Security Act from Church of Christ, Scientist, to the Commission for Accreditation of Christian Science Nursing Organizations/Facilities, Inc.

JOHN R. KASICH,
BILL ARCHER,
WILLIAM F. GOODLING,
PAT ROBERTS,
TOM BLILEY,
E. CLAY SHAW, JR.,
JAMES TALENT,
JIM NUSSLE,
TIM HUTCHINSON,
JIM MCCRERY,
MICHAEL BILIRAKIS,
LAMAR SMITH,
NANCY L. JOHNSON,
DAVE CAMP,
GARY A. FRANKS,
"DUKE" CUNNINGHAM,
MIKE CASTLE,
BOB GOODLATTE,
Managers on the Part of the House.

From the Committee on the Budget:
PETE V. DOMENICI,
D. NICKLES,
PHIL GRAMM,
JIM EXON,

From the Committee on Agriculture, Nutrition, and Forestry:
RICHARD G. LUGAR,
JESSE HELMS,
THAD COCHRAN,
RICK SANTORUM,

From the Committee on Finance:
WILLIAM V. ROTH, Jr.,
JOHN H. CHAFEE,
CHUCK GRASSLEY,
ORRIN HATCH,
AL SIMPSON,

From the Committee on Labor and Human Resources:
NANCY LANDON KASSEBAUM,
Managers on the Part of the Senate.

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CONFERENCE REPORT ON H.R. 3734, PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996

Mr. SOLOMON, from the Committee on Rules, submitted a privileged report (Rept. No. 104-729) on the resolution (H. Res. 495) waiving points of order against the conference report to accompany 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, which was referred to the House Calendar and ordered to be printed.

Mr. SOLOMON. Mr. Speaker, I call up the resolution (H. Res. 495) waiving points of order against the conference report to accompany 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 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 495

Resolved, That upon adoption of this resolution it shall be in order to consider the conference report to accompany 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 points of order against the conference report and against its consideration are waived. The conference report shall be considered as read. The yeas and nays shall be considered as ordered on the question of adoption of the conference report and on any subsequent conference report or motion to

dispose of an amendment between the houses on H.R. 3734. Clause 5(c) of rule XXI shall not apply to the bill, amendments thereto, or conference reports thereon.

The SPEAKER pro tempore (Mr. HEFLEY). The gentleman from New York [Mr. SOLOMON] is recognized for 1 hour.

Mr. SOLOMON. Mr. Speaker, for the purposes of debate only, I yield the customary 30 minutes to the gentleman from Massachusetts [Mr. MOAKLEY], pending which I yield myself such time as I might consume. During consideration of the resolution, all time yielded is for the purpose of debate only.

Mr. Speaker, this rule waives all points of order against the conference report to accompany H.R. 3734, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, and against its consideration.

Additionally, the rule provides that the conference report shall be considered as read. The rule also orders the yeas and nays on the adoption of the conference report and on any subsequent conference report or motion to dispose of an amendment between the Houses.

Finally, the rule provides that the provisions of clause 5(c) of rule XXI requiring a three-fifths vote on any income tax rate increase shall not apply to the bill, amendments thereto, or to the conference report thereon.

Mr. Speaker, this rule is customary for conference reports. I urge support for the rule in order that we might send this legislation on to the President swiftly, since he now has decided he is going to sign this vital piece of legislation.

Mr. Speaker, in March 1995, I called up the rule that provided for consideration of the first welfare reform bill. Sixteen months, two bills, and two Presidential vetoes later we stand on the precipice of enacting real comprehensive, compassionate welfare reform legislation.

Throughout the passionate debate on this subject we have held firm on our principles to enact a reform to the Nation's welfare system which requires work, which imposes time limits on benefits for welfare recipients, and which allows for innovative State solutions to help the underprivileged in our communities. We have not departed from these principles throughout the confusing dialog with the President. These principles are embodied in the conference agreement before the House today.

Mr. Speaker, these principles are not implemented in a vacuum. The conference package addresses concerns associated with a radical overhaul of the Nation's welfare programs.

First and foremost, it should be made perfectly clear that this bill takes care of unfortunate people who are disabled, and able-bodied people are taken care of as well on a temporary basis, but the key word is temporary. After being taken care of on a limited basis, these people are going to have to go to work.

The legislation contains valuable reforms to the food stamp program, designed to curb fraud and abuse and requiring work for those food stamps.

The agreement authorizes $22 billion in child care funding over the next 6 years, which is more than $3 billion over current law.

Finally, the legislation contains tough measures to crack down on deadbeat dads who abrogate their moral responsibility to their children; and, Mr. Speaker, in contrast to the bold and honest proposals that Congress has put forward to reform welfare, the President has acted with characteristic temerity.

The alleged welfare reform that the Clinton administration says it has achieved is in actuality a fraud. It just is not there, and the savings show it. The President asserts that he has achieved a degree of welfare reform by granting waivers from his bureaucrats for States to experiment in this area.

The reality is that we have heard testimony on this floor from State after State that the waiver process is that thoughtful and experimental governors must troop to Washington DC, hat in hand, and request permission to reform low-income programs at home. The waiver request is then subject to endless debate by bureaucrats and subject to negotiation and even change by the Federal departments involved.

Mr. Speaker, my State of New York has several waiver requests pending for low-income programs, and New York certainly needs flexibility for budgetary purposes, and we are being stonewalled by this administration because none of those waivers have been granted in a State that is overburdened with welfare problems today. Thankfully, this Byzantine procedure will be relegated to the dust bin of history upon enactment of this legislation. The citizens of the States, in whom I have the utmost confidence, will be finally free to use local solutions to help low-income families in their neighborhoods.

Mr. Speaker, I was raised to treat the less fortunate in our society with compassion, as most Americans are. The way to effect change for those who suffer in poverty is certainly not additional handouts and entrapment in the current cycle of dependency that has bred second- and third- and now fourth-generation welfare recipients. Rather, we should emphasize welfare as a temporary boost from despair to the sense of self-worth inherent in work.

Mr. Speaker, that is what we ought to be doing, that is what we can do here today. This legislation gives the single moms and kids, who are the vast majority of welfare recipients, an opportunity to escape a life of relying on government benefits. A vote against this package is a vote to deny kids on welfare hope to escape a life of welfare dependency.

Mr. Speaker, this House will today once again pass comprehensive welfare reform by a wide bipartisan margin. The Senate is likely to do the same before we recess this Friday. I sincerely hope the President lives up to his announcement a few minutes ago and agrees with the bipartisan majorities in both houses of Congress and overwhelming public sentiment and he signs the legislation into law. If he does, the status quo goes out the window, and finally, we are going to do something about this ever, ever-increasing welfare load in our country.

I strongly urge passage of the bill.

Mr. Speaker, I reserve the balance of my time.

Mr. MOAKLEY. Mr. Speaker, I yield 4 minutes to the gentleman from Washington [Mr. MCDERMOTT].

(Mr. MCDERMOTT asked and was given permission to revise and extend his remarks.)

Mr. MCDERMOTT. Mr. Speaker, we started this Congress with the majority indicating that they were going to follow new procedures, and they made a big show of all the rules changes we were going to have, but here we are ramming through the biggest change of policy toward children in this country with a bill that has been in our hands for a little more than 12 hours.

This 1,200- or 1,500-page bill was delivered to the Members of Congress last night at 1 o'clock in the morning. All that is being characterized as partisan fighting out here is basically a resistance to having something like this rammed through the Congress with a lot of good rhetoric wrapped around it, but the facts belie what is being said.

Now, the gentleman from New York [Mr. SOLOMON] has started to debate the bill and said this is a bill about work, but if my colleagues take this bill, and they go to page 80 under section 415, it is the section called waivers, and if my colleagues can wade through this language, and I will read it for them:

Except as provided in subparagraph (B), if any waiver granted to a State under section 1115 of this Act or otherwise which relates to the provision of assistance under a State plan under this part (as in effect on September 30, 1996) is in effect as of the date of the enactment of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, the amendments made by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (other than by section 103(c) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996) shall not apply with respect to the State before the expiration.

Let me tell my colleagues what that means. That means that in 43 States there is no requirement for work. Every bit of work requirement in this bill is a fraud because with that waiver on page 80, section 415, we allow any State who has a waiver now in effect, and there are 43 of them in, if they are in effect, they can waive the work requirements.

□ 1400.

There are only seven places in the United States making up 5 percent of the welfare load; that is Alaska, Idaho.

Rhode Island, Kansas, Kentucky, New Mexico, and Nevada that do not have waivers. If we read that section further, all they have to do is get a waiver from the Federal Government and those seven States can be out. There is no requirement for work in this bill, because they write all the perfect language, spend 50 pages saying work, work, work, and then at the bottom, they give a waiver. If there is a waiver, Mr. Speaker, in their State, their State does not have to provide a job.

Let me tell the Members what it is like in Washington State, because I know the situation there. We have 100,000 people on public assistance. We have 125,000 people who have been drawing unemployment benefits. That is 225,000 people in the State of Washington who do not have work.

If tomorrow, with this bill passed, every one of them showed up and said, "I want a job," the State of Washington could say, "We do not have any responsibility for you. We have a waiver. The State of Washington has a waiver." Even if they were going to be responsible, even if the State of Washington said, "We really care about these 225,000 people and their families," last year, and the State of Washington, Members have to remember, is the fifth most rapidly growing State economically. We are at the top in this country. In our State last year we provided 44,000 new jobs.

Mr. Speaker I urge people to vote against this bill. It is bad. It is a fraud.

Mr. SOLOMON. I yield myself such time as I may consume.

I am a little concerned, Mr. Speaker, I want to take just a minute to tell the gentleman, I think he is on the Committee on Ways and Means. As a matter of fact, at 12 o'clock last night this report was filed. There were those of us who were here and saw to it that the report was delivered to the minority at that hour. However, earlier in the day, in the morning yesterday, this report was complete and given to the minority. I do not know why the gentleman from Washington did not see it. His own staff on the Committee on Ways and Means had possession of this report, so the gentleman should have done his due diligence and he would have had that information.

Mr. Speaker, let me just say one thing about the work requirements. I am a little concerned with the bill, because it has been watered down so much. As a matter of fact, when the bill left this House we had a family cap, which meant young girls that continue to have baby after baby after baby could not just continue to have more and more and more welfare benefits given to them. Unfortunately, that was dropped. A phrase was put in that would allow States to opt in, or rather, would allow States to opt out, as opposed to opting in.

Let me tell the Members what happens in a State like New York State, where we have had for years now the Cadillac of welfare programs and the Cadillac of Medicaid programs, whereby New York State has exercised their option to opt in for all of these various programs above and beyond the base coverages for welfare and Medicaid.

In our State, we do not stand any chance of being able to change that law, so if we had arranged to have them be able to opt in, as opposed to opt out, then we could have expected some real change. So I am concerned about that, but we will live to fight that battle another day.

Mr. Speaker, as the gentleman's President is saying, this is a work-for-welfare program. I am surprised to hear the gentleman from Washington try to refute that.

Mr. CAMP. Mr. Speaker, will the gentleman yield?

Mr. SOLOMON. I yield to the gentleman from Michigan.

Mr. CAMP. Mr. Speaker, I thank the chairman of the committee for yielding to me.

Mr. Speaker, I know there has been some issue raised regarding the waivers for the work requirement. The waivers are all drawn more strictly than current law. I think that is an important point to make. The waivers that have been given by the administration are more strict than current law. The current waivers do not apply to the percentage work requirement in the legislation. I think that is another important point to make. I thank the gentleman for yielding to me.

Mr. SOLOMON. Mr. Speaker, I reserve the balance of my time.

Mr. MOAKLEY. Mr. Speaker, I yield 2 minutes to the gentleman from Texas [Mr. COLEMAN].

(Mr. COLEMAN asked and was given permission to revise and extend his remarks.)

Mr. COLEMAN. Mr. Speaker, I thank the gentleman from Massachusetts for yielding me this time.

Mr. Speaker, I think it is important to point out, regardless of the politics of welfare reform, the issue ought to be what does the bill do. Regardless of whether or not a past President or a sitting President would sign or veto a bill, it should have nothing to do with the legislative branch priority and prerogative to pass good legislation.

Mr. Speaker, I know many have worked long and hard on this bill and others like it over the past year and a half and longer. In fact, the discussion of welfare reform has been debated since I came here 14 years ago. I need to say, however, to my colleagues that it is not enough to play the politics with welfare reform that we are attempting to do today.

I certainly do not intend to support welfare reform and then go home and applaud myself and tell people, are you not proud we have welfare reform? We have to look at what we are doing to children. More than 1 million children will be thrown off the welfare rolls.

What kind of Nation is it that says, "We care about what is in front of your name: Documented child, undocumented child, poor child, rich child"? What difference does that make to a great Nation? I submit to the Members, it should make none. All of us here in this country understand that we ought to care for children regardless of their station in life, regardless of the country from which they came. To suggest that we should do this in this legislation is plain wrong.

I know all of the 50 States are greatly benevolent. By the way, that reminds me, why did we take over this program in the 1960's in the first place up here at the Federal level? As I recall, we had a patchwork, quiltwork of 50 different programs, some good to the poor, some bad to the poor, some harsh, causing people, of course, to migrate from State to State, based upon the benefits that they or their children could receive during tough economic times.

This legislation also does not deal with tough economic issues the way it should.

Mr. MOAKLEY. Mr. Speaker, it gives me great pleasure to yield 5 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. Mr. Speaker, let me thank the gentleman from Massachusetts [Mr. MOAKLEY] for giving me an opportunity to speak out on this. I am going to say what is on everybody's mind. It is just so close to the election, I suppose, on both sides of the aisle we get blinded about substance in our concern as to what is it that the pollsters really want.

A lot of concern has been in the White House and on the Hill as to whether or not the President would breach his promise to change welfare as we know it. I would think that the chairman of the Committee on Rules, notwithstanding how diligently the Committee on Rules has worked on this legislation, would have to agree that there is no urgency in terms of Members understanding the work that was done in conference. This is not an unusual thing, unless it has something to do with the fact that we are going into recess, and that this will be a political issue back home.

Other than that, it seems to me if we are talking about millions of children, children who would be Democrat, Republican, Christians, Jews, black, white, Americans, and certainly the lesser among us, that all of us would want to make certain that we are doing the right thing; and really, not even push the President into making a hasty decision, when at least the last position he took was that he appreciated the direction in which the legislation was going and he saw some imperfections which could be worked out.

But it was he who said that he wanted to change welfare as we know it. What is welfare? What is this obsession about putting people to work? Everyone agrees if you are able to work, you

should be working. Every taxpayer should be angry and annoyed to find people slipping back on their responsibilities and not working.

Are we talking about just women, or are we talking about women that have children? I pause, because it is not a rhetorical question. The bills that I know of say aid for dependent children. I think what we are saying, I would say to the gentleman from New York [Mr. SOLOMON], is that that child will be held responsible for any conduct that we politically do not like about the mother.

We are going even further, not as far as the gentleman would like, but I think even the President agrees with the gentleman's posture, that if after 5 years or 4 or 3 or 2 or whatever the Governors decide, I think the minimum is 2 years, that if for any reason at all, there are no jobs available, and if the mother played by the rules, signed up, went into training, did all of the American things in order to show that she wanted to maintain her dignity, she wanted her family not to stay on welfare, she wanted to go into the private sector and contribute, if all of those things are established, it is my understanding it really does not make any difference. Playing by the rules does not make a difference, in election years, because we said it does not make any difference what the heck you have tried to do; the question is, are you working.

Quite frankly, I believe that the mother could vote with her feet if she does not like the situation employment-wise. I am mean enough to be with you. I am a politician, too. My problem is the child. What did the child have to do with the fact that the mother wanted to work, did not want to work, jobs were there, jobs were not there? Do Members know what the political question is? The Republicans will throw 2 million people, children, into poverty, and my President will only throw 1 million into poverty.

Mr. Speaker, I do not want to get involved in religion around here, but there is not a denomination of people that do not believe that the helpless of this country—just being an American means you are supposed to help them. You do not send a 2-year-old child or a 2-month-old child out to get a job. Someone has to be responsible. Someone has to be responsible for that child. Do not ask the child for its identification, and ask whether or not it is a citizen. Do not ask the child whether, by choice, the mother is a bum. Do not ask the child what the unemployment statistics are. As Americans we believe in taking care of our children.

This is a political bill. It should not be passed into law. It should not be passed here. The President should not sign it if you do shove it down his throat.

Mr. SOLOMON. Mr. Speaker, I yield 2 minutes to the distinguished gentlewoman from Jacksonville, FL, Mrs. TILLIE FOWLER, who has been a real leader in this effort.

(Mrs. FOWLER asked and was given permission to revise and extend her remarks.)

Mrs. FOWLER. Mr. Speaker, the American welfare system was intended to be a safety net for those who fall on hard times. Unfortunately, it has become an overgrown bureaucracy which perpetuates dependency and denies people the chance to live the American dream.

I am pleased the President has just announced that he would sign the Republican welfare bill. We knew when it got this close to the election this President would choose the path of political expediency, as he always does. But this legislation is not about saving money, it is about saving hope and saving lives while reforming a broken system and while preserving the safety net.

This bill encourages work and independence and discourages illegitimacy. I urge my colleagues to vote for fairness, compassion, and responsibility, and pass a conference agreement on H.R. 3437.

Mr. MOAKLEY. Mr. Speaker, I yield 3 minutes to the gentleman from California, the Honorable GEORGE MILLER, the ranking member on the Committee on Resources.

(Mr. MILLER of California asked and was given permission to revise and extend his remarks.)

Mr. MILLER of California. Mr. Speaker, today is a serious and sad day. Not only are we presented with a welfare bill by the Republicans that for the first time in history does a great deal of harm to children in this country, but we have learned in the last few minutes that the President of the United States, Mr. Clinton, now says that he will sign that bill.

This is a President who, along with the First Lady, have spent much of their public life trying to help children. Now he says he will sign a bill that, for the first time, knowingly, he knowingly, he has been presented the evidence by his own Cabinet, he has been presented the evidence by the Urban Institute and others, that will knowingly put somewhere around 1 million children who are currently not into poverty, into poverty.

Almost half of those children are in families that are working, where people get up and they go to work every day. But at the end of the year, they are poor. This bill puts those children into poverty. That cannot be a proper purpose of the U.S. Congress, and that cannot be a proper endorsement for the President of the United States.

□ 1415

It is against the interest of our children. Yes, this program was started many years ago to try and save the children. For many, many years we have lifted those children out of poverty, not as well as we have done for the seniors, but it was a national goal.

This bill now for the first time, again knowingly, the evidence is in front of us, and yet we are being asked to make a decision to reverse that trend and to once again put children into poverty. They can lose their benefits under this with nobody having offered their parents a chance to work or requiring them to do so, because in the 11th hour those same Governors who boasted about their desire to put people to work came in and got loopholes put into this bill so they do not have to meet the very standards that they said they were prepared to change this program from welfare to work.

So how did they achieve the budget savings, then? They achieved the budget savings by going after children, by going after women. I grew up, and I think most people in this country believe that when you said women and children first, what you were saying is you wanted to care for those individuals. This legislation suggests that they will be the first to be harmed and that is what this legislation allows.

I appreciate all of the theory in the legislation, but the fact of the matter is every time that the pedal meets the road here, what we see is that in fact they are sacrificed. These children now pay to provide the $60 billion in savings that the majority says that they want. We cannot allow that to happen. this President should be demanding that this bill simply do no harm to those children. You can get all of the welfare reform you want and still do no harm to the children. But unfortunately this President has joined the Republicans now in making the children the very victims of the system he said he wanted to reform.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. HEFLEY). The Chair will make a brief statement in clarification of his response to the parliamentary inquiry propounded by the gentleman from Pennsylvania [Mr. WELDON] during the consideration of House Resolution 492.

In that response, the Chair merely intended to indicate that. in the discretion of the Chair, the objection by the gentlewoman from Connecticut under rule XXX was not then a dilatory motion.

Mr. SOLOMON. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, in response to the previous speaker for whom I have a great deal of respect, he came to this body about 20 years ago and I do not know what experience he had in previous government, but when he is critical of the Governors of these States, I look at my own Governor, Gov. George Pataki. He is probably one of the most knowledgeable people in America today about what it means about jamming things down the throats that we do here in Washington, sending it back to the States and local government.

George Pataki was a town mayor before he became a State assemblyman in the lower house and then before he became a State senator and now Governor. Believe me, he knows what unfunded mandates mean to a State like

ours where we have seen job after job after job chased out of our State because we just could not afford to do the things for business and industry that were necessary because of the terrible welfare burden. That is all changing now and it will change with the adoption of this legislation. We are once and for all going to be able to let those people who have the experience, those people down at the local levels of government who have to deal with the welfare recipients day in and day out, let them come up with the solutions. That is what this debate is all about.

Mr. Speaker, I yield 2 minutes to the gentlewoman from Columbus, OH [Ms. PRYCE], a member of the Committee on Rules.

Ms. PRYCE. Mr. Speaker, I thank the distinguished chairman of the Rules Committee for yielding me this time. I rise in strong support of this fair rule to bring about real welfare reform.

Mr. Speaker, a generation ago, Americans began a much-celebrated war on poverty in the hope of creating a Great Society. But nearly 30 years and more than $5 trillion later, what we are left with is a failed welfare system that has deprived hope, diminished opportunity, and literally destroyed precious lives. Our country, and the future generations of Americans who will lead her, deserve a better system.

Today we will consider a conference report that replaces a welfare system debilitated by strict Federal control with a system based on innovation and flexibility at the State and local level. Instead of promoting dependency and illegitimacy, this conference agreement is built on the dignity of work and the enduring strength of families. By taking the Federal bureaucracy out of welfare, this legislation promotes creative solutions closer to home and offers a real sense of hope to the truly needy and the less fortunate.

Mr. Speaker, despite the comments we will hear today, this is a compassionate bill. Helping those who by no fault of their own have fallen on hard times is the right thing to do. This bill responds to that in the finest American tradition. But when we help people that are able-bodied, when we just hand them a check, those people who make little or no effort to help themselves, we risk destroying the American spirit and undermining our society at large.

This conference agreement represents a true bipartisan attempt to change welfare as we know it. I hope the President will not shy away again from this historic opportunity for change.

In closing, Mr. Speaker, I urge my colleagues to have the courage to set aside the status quo, to think of the children and families of this Nation and to embrace real reform. I urge a "yes" vote on both sides of the aisle for this rule and the conference report.

Mr. MOAKLEY. Mr. Speaker, I yield 2½ 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, both times I have risen, I have risen in strong opposition to the rule and I will be doing so, I feel, to the conference report.

Mr. Speaker, I do not think many people in this Congress really understand the effects of welfare. I think that the system should be reformed. I am sure that there are many people who still abuse this system. We have not yet changed to any great extent the enforcement, to be sure, that people who do not deserve welfare are on it and those who are abusing it get punished for being so.

Mr. Speaker, I contend that this conference report does not meet the needs of the people they are hoping that it will meet. We are still going to have hungry children, children who are not taken care of by their States. I served as a State legislator. We still did not give matching funds for the funds that the Federal Government gave us. Now that we are cutting the funds, are they going to do any better? My answer is no.

The real world will teach everyone in this Congress that you are hurting children. It seems to me that you are doing it deliberately because many of us have said to you and shown you evidence that it is going to do it. OMB has done it. Several agencies with whom you have great credibility have shown the same. It permits the States to experiment with our children in order to save $40 to $60 billion in Federal funds. Why save it when you are losing your main human resources, your children?

Almost one-third of these cuts come from mistreating the children of immigrants. Do you feel that the legal immigrant children in this country should be treated any less? Would you want your children to be treated any less than when they go down to get health care and they tell them they cannot be treated because their parents have been here 16 years or more paying taxes into the American Government, their sons and daughters have gone to war for this country? Are you going to say to those children, No, you can't get any more treatment. Go to the State. Go to the county. When they get to the counties and they get to the States, there is no money. I have been there and I know there is none.

The Republican majority is going to ban food stamps and SSI for some children, particularly those that are disabled and those that are poor. It bars Medicaid for legal immigrants. Is that going to make them any less ill because we are barring it in this bill which we are using here in a vacuum?

We have done perhaps no impact study. We do not know how this is going to impact on States like Florida and California. I say, Mr. Speaker, that this is wrong and that the Republican majority should realize what they are doing. Otherwise in the end the people will speak, and I hope they do.

Mr. Speaker, I rise in strong opposition to the rule and the conference report itself. This rule is designed to prevent both the Members and the public from learning the details of this fatally flawed bill.

This bill permits the States to experiment with our children in order to save $60 billion in Federal funds. Almost one-third of these cuts—$18 billion—come from treating the children of immigrants more harshly than other children.

The Republican majority bans food stamps and supplemental security income payments for virtually all legal immigrants. The bill bars Medicaid for legal immigrants who are elderly or disabled.

These immigrants the Republican majority wants to penalize are legally here. They played by the rules. They meet every requirement of the law. They live and work hard; they pay taxes; they serve in the military. They will not vanish simply because the majority passes this bill.

What will happen is that these costs now paid by the Federal Government will be unfairly shifted to States like Florida, and counties like Dade, that have a high number of legal immigrants.

Let me give the House a concrete idea of how unfair this bill really is. My own State of Florida estimates that it will lose more than $300 million a year in Federal funds because of this bill.

Who ends up paying? My constituents in Dade County and the State of Florida.

The bill instructs States to deny school lunches to undocumented immigrants. The chairman of the Dade County School Board says that one-quarter of the children in the Dade schools were born in a foreign country. The Dade County schools would have to collect information from every single child in order to determine which ones can get subsidized lunches. The Republican majority is trying to balance the budget and cut taxes for the wealthy by creating local paperwork and higher local taxes.

It is wrong and it is unfair for the Republican majority to force State and local governments—meaning our taxpayers back home—to pay for legal immigrant residents who are in this country because they complied with the immigration laws that previous Congresses have enacted.

I urge my colleagues to vote against this rule and against the conference report.

Mr. SOLOMON. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, one of my colleagues just approached me, and they said they hope the American people that might be watching on C-SPAN would ask the question of all of us: Are you satisfied with the status quo?

That seems to be what I hear from the other side of the aisle, even though the President is going to sign this bill, that they are satisfied with the status quo. The people I represent are not satisfied with that status quo.

Mr. Speaker, I yield 1 minute to the gentleman from Erie, PA [Mr. ENGLISH], one of the outstanding freshman Members of this body.

Mr. ENGLISH of Pennsylvania. Mr. Speaker, I rise in strong support of this rule and in strong support of this conference report, the most sweeping welfare reform legislation this country has seen since the Great Society.

As Franklin Delano Roosevelt warned in the late 1930's, giving permanent aid to anyone destroys them. By creating an underclass culture of poverty, dependency, and violence, we have been destroying the very people we have been claiming to help. How many more families will be trapped in the current welfare system while we waste time in Washington?

I am delighted to see that the President has indicated he may support this conference report, which will require for the first time ever able-bodied welfare recipients to work for their benefits. Every family receiving welfare must work within 2 years or lose benefits, and lifetime benefits are limited to 5 years.

This is a balanced, mainstream approach that links welfare rights to personal responsible behavior. I urge the House to adopt this rule and lay the groundwork for passage of this conference report.

Mr. SOLOMON. Mr. Speaker, I yield such time as he may consume to the gentleman from Sanibel, FL [Mr. GOSS].

(Mr. GOSS asked and was given permission to revise and extend his remarks.)

Mr. GOSS. Mr. Speaker, I rise in strong support of this rule and this bill because we all know that the era of big government is indeed over.

Mr. Speaker, I thank my friend, the distinguished chairman of the Rules Committee, for yielding me this time. The wisdom of SOLOMON has been in great demand these last few days, and once again he has delivered a fair and workable rule to this body. Our Rules Committee labored diligently yesterday evening and this morning to accommodate both the strong desire of the majority of Americans that we end welfare as we know it—and the legitimate efforts that have been underway among Members of Congress and the administration to negotiate a final product. For that reason, we brought two rules, in order to give the conferees as much time as possible to complete their work while getting welfare reform to the President this week. This rule allows the House to consider a milestone bill—one that lays to rest 30 years of big-government policies that have cost $5.5 trillion but failed to win the war on poverty. I must say I am disturbed by the hand-wringing and demagoguery that is emanating from some members of the minority. Their assurances that they do want to reform welfare, but they just don't want to do it in this way, ring quite hollow. Remember that they had the opportunity when they controlled both Houses of Congress and the White House for 2 years—an opportunity they refused to capitalize on. So now, with a President who has pledged to end welfare as we know it, and a congressional majority committed to dismantling the Big Brother, Washington-knows-best bureaucracy that has made welfare a dependency trap—we are finally going to make welfare reform happen. I am sorry that the ultraliberal wing of the Democrat Party in this House is having trouble with that result—but it's one the American people are demanding. If those in the minority succeed in their carefully orchestrated attempt to delay enactment of this bill, I suspect they will have to answer to their constituents for denying poor Americans a fighting chance to break out of poverty and become productive members of this society. Mr. Speaker, this legislation unleashes the creativity of our States to solve problems or poverty at home. It unshackles them from the burdens of costly and micromanaging Federal regulation—while providing significant resources for children and job programs. It allows those precious Federal dollars that are so desperately needed by our Nation's poor to bypass the grossly inefficient Federal bureaucracy. And it emphasizes work for those who can, along with compassion for those who can't. This is a balanced bill—and it's time for the defenders of the status quo to get with the program and heed the words of the President. Support this rule and the bill.

Mr. MOAKLEY. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the chairman of the Rules Committee just said if people are opposed to this rule and this bill that they are for status quo. That is absolutely incorrect.

The people who are opposed to this bill are opposed to it because it puts another 1 million children into poverty and does not go far enough.

Mr. Speaker, I yield 3 minutes to the gentleman from Indiana [Mr. ROEMER].

(Mr. ROEMER asked and was given permission to revise and extend his remarks.)

Mr. ROEMER. Mr. Speaker, this bill, this conference report that we will soon vote on, represents the biggest change to our social policy in the last 60 years. We have moved from the New Deal to the New Frontier to the Great Society, and now hopefully to the fair deal.

Where have we gone in this debate over the last year? We started with H.R. 4, a bill that I think was terrible for this Nation and for our children, that was mean to our children, that was unfair to the people that we wanted to give skills to go to work, that was not fair to our parents who had children home from child care. That bill has been vastly changed. Just recently we voted for a bill to come out of the House, and 30 of us Democrats voted to move the process along and improve the bill in the Senate and House conference, where it has been improved, and I will vote to support this conference.

President Clinton deserves credit for his willingness to sign this bill, and he deserves praise for his determination to change previous bills that were mean to children and that did not give the resources to our workers to stay off welfare.

Let us move forward in a bipartisan way to continue to modify what can be a better and better bill, through Executive order, through legislative change, and through bipartisan work. Let us march forward together, Democrats and Republicans, to change the status quo and move to the fair deal for our taxpayers, and for those recipients of welfare and those children that are being raised from generation to generation in welfare. We can work together. We can and must work together for the recipients of welfare and for the taxpayers of this country.

Again, President Clinton will sign this bill, according to all the reports, and he has indicated a willingness to work in a bipartisan way. I am glad that the President changed the first bill, H.R. 4. I am glad that the President vetoed those initial bills that were mean to children and were not fair to get people permanently off welfare.

I hope to continue to work across this middle aisle, Democrats and Republicans, reaching out to join hands and to claim back a system for the taxpayer and the American people and our children, so that we do have the biggest change in social policy in the last 60 years, moving from the New Deal to the fair deal for our taxpayers.

□ 1430

Mr. SOLOMON. Mr. Speaker, I yield myself such time as I may consume to say that my good friend from Boston, MA, Mr. MOAKLEY, made the statement that he is not for the status quo but he is opposed to this bill. We hear that so many times, but, but, but, but, but. Nobody is ever ready to put themselves on the line for welfare reform. Today we have it.

Mr. Speaker, I yield 2 minutes to the gentleman from Claremont, CA, Mr. DAVID DREIER, my good friend and member of the Committee on Rules.

(Mr. DREIER asked and was given permission to revise and extend his remarks.)

Mr. DREIER. Mr. Speaker, I rise in strong support of this rule and the conference report. The gentleman from New York [Mr. SOLOMON] is absolutely right when he says that it is very easy to find things in this measure which we do not all support.

I admit I have some concerns about some provisions as they impact my State of California. But the fact of the matter is, ending welfare as we know it is what the President said that he wanted to do when he was a candidate back in 1992. My friend, the gentleman from Illinois [Mr. MANZULLO], just reminded me that it has gotten to the point where a Republican Congress has been able to do what a Democratic Congress did not do in the first 2 years of the President's term, and that is end welfare as we know it.

So we have finally gotten to the point where we are looking at the fact that over the last 3 decades we have expended $5.3 trillion on welfare payments of all kinds and we have seen the poverty rate move from 14.7 percent to 15.1 percent. So everyone, Democrats and Republicans alike, as the gentleman from New York [Mr. SOLOMON] just said, and the gentleman from Massachusetts [Mr. MOAKLEY], our friend from south Boston, acknowledges he does not want to support the status quo and we must change the welfare system.

Now, earlier today, when the chairman of the Subcommittee on Human

Resources, the gentleman from Florida [Mr. SHAW], was before the Committee on Rules, he talked about the fact that we will most likely, in the 105th Congress, need to make some sort of modification to this measure, but if we defeat this conference report there will be no welfare reform.

We have gotten a measure, and the President has finally gotten to the point where he has agreed to sign it. That is why, as my friend, the gentleman from Indiana [Mr. ROEMER], said, we need to move ahead with bipartisan support so we can try our darnedest to address a system which is broke.

There are many more things that need to be done. Entitlement reform is something that is important, so that we are not simply, as many are labeling this thing, attacking those who are less fortunate. We need to realize that this measure is designed not just to help those taxpayers who are shouldering the responsibility but also to do everything we can to help people get out of that generational cycle of dependence.

Support the rule and support the conference report.

Mr. MOAKLEY. Mr. Speaker, I yield myself such time as I may consume.

It has been referred to some people on my side as being for the status quo. Two weeks ago we voted for the Tanner-Castle bill, which was a reform bill. It had much more reform than this. So it is not that we are for the status quo. We want a real reform bill. This is not it.

Mr. Speaker, I yield 2 minutes to the gentlewoman from North Carolina [Mrs. CLAYTON].

Mrs. CLAYTON. Mr. Speaker, I think that the conference report will pass and, therefore, there will be reform because the majority of our Members truly think they are reforming the welfare system. But reforming the welfare system means that we would have provisions in there that would ensure we were decreasing dependency, we would encourage work and we would be supportive to families. Those kind of structures are not present.

I know everyone has good intentions, and certainly reform is because we are trying to reduce a big deficit, because we know already the amount of money we spend on welfare is really insignificant to the total amount that we spend. If we wanted to reduce the budget, we would be reforming other things. Like the gentleman has just said, entitlements would be that issue.

Hopefully, we can understand that those of us who will vote against this are really making a statement. We care about children too much to rob Paul to pay Peter. We are not willing to rob children of their opportunity and their future in order to provide other people an opportunity to live.

Also we say we are about teenage pregnancy prevention, and yet this House last month had the opportunity just to appropriate $30 million to prevent teenage pregnancy. We know over a half million young people become pregnant every year. We spend annually $6.5 billion, yet we will not put a small amount of money to encourage young people to do the positive behavior activity so they will not lead a life of dependency.

We say we want to decrease dependency. We want to give kids stepping stones, but we put these stumbling blocks in their way. Mr. Speaker, this is not supportive of children, and I give no bad intents to anyone, but this conference bill, and I hope I am wrong, I hope I am wrong. I hope, indeed, millions of children do not suffer, but I could not vote in good conscience for a bill that I am not assured of that.

Reform means encouraging young people for support, decreasing dependency and making provisions for work. Vote against this conference bill.

Mr. SOLOMON. Mr. Speaker, I yield 1 minute to the gentleman from Egan, IL, Mr. DON MANZULLO, an outstanding Member.

(Mr. MANZULLO asked and was given permission to revise and extend his remarks.)

Mr. MANZULLO. Mr. Speaker, in the last 31 years this country has spent over $5.4 trillion on the welfare system, and what do we have to show for it? We have generation after generation locked in a seemingly endless cycle of destitution and poverty. They are the lost forgotten statistics, dependent on the Federal entitlement trap that strips them of their dignity, destroys families, damages our work ethic, and destroys the self-esteem of those trapped in the system.

Cruelty is allowing this destructive system to continue. By passing this welfare reform bill we will restore hope and opportunity by making work, and not welfare, a way of life.

Our current welfare system has not only failed those in the system, but it has also failed those who have been supporting it, the hard working taxpayer. It has failed the forgotten American, the one who gets up in the morning, packs a lunch, sends the kids off to school. That person is working harder than ever to make ends meet, and the typical American family is paying over $3,400 a year in taxes for welfare payments to perpetuate a failed system.

Mr. Speaker, we should pass this bill and pass it swiftly.

Mr. SOLOMON. Mr. Speaker, I yield 2½ minutes to the gentlewoman from Kansas [Mrs. MEYERS], one of the truly outstanding Members of this body, who is retiring at the end of this year. She has been such a great Member, and we are going to miss her.

(Mrs. MEYERS of Kansas asked and was given permission to revise and extend her remarks.)

Mrs. MEYERS of Kansas. Mr. Speaker, I thank the gentleman for those comments.

Mr. Speaker, I support this rule and urge my colleagues to support it. The Personal Responsibility Act is a good start toward reforming our welfare system. Because of the block grant, the entitlement nature of the program is ended.

We ask able-bodied people between 18 and 50 who receive food stamps to do some work for their benefits. We reform the SSI program to help stop monthly checks from going to prisoners and checks that were going to healthy children. And we finally tell recent immigrants that the promise of America does not automatically include a welfare check.

But many issues remain unaddressed, and I believe the most serious is the ever-increasing illegitimacy rate. In 1994, one-third of our children were born into homes where no father ever lived. And by the year 2000, 80 percent of minority children and 40 percent of all children in this country will be born out of wedlock.

Unfortunately, the conference report does nothing to require that fathers be identified. States who currently do nothing to identify fathers can continue to do nothing, and those States who continue to reward teenage pregnancy can continue to do so.

Finally, there is no effort to enforce a family cap, even though we know that the family cap has reduced a drop in additional children in New Jersey, where it is now statewide policy.

To repeat, this bill is a good start, but I believe we cannot reform our welfare system until we address the growth in illegitimacy. The link between our ever-increasing illegitimacy rates and the growth in AFDC rolls are not casual. They are cause and effect. Why is it too much to ask that children have two responsible adults as parents? Sadly, we continue to encourage the opposite.

A previous speaker said that the cost of welfare was very modest in this country. The cost of AFDC alone, I am not talking about SSI or illegal aliens or legal aliens or anything else, just AFDC, is $70 billion a year because it is $16 billion a year AFDC, it is one-fourth of Medicaid, half of food stamps, about a third of housing plus all of the training and day care programs. It is between $70 and $80 billion a year.

Mr. MOAKLEY. Mr. Speaker, I yield 1 minute to the gentleman from Pennsylvania [Mr. FATTAH].

Mr. FATTAH. Mr. Speaker, I rise in opposition to the rule. This rule and this bill, this conference committee, is built on the biggest lie that has ever been told to the American people, and that is that we are spending too much as a country to help poor people.

There is no calculation that any legitimate analysis of a Federal budget would tell us that we spent $5 trillion on the war on poverty. It is all made up out of whole cloth. It includes items like the Pell grants and all kinds of other programs, and education. The AFDC payments are about a little more than one penny out of every dollar that this Government spends to help poor children.

We have gotten everybody convinced that we are spending just too much money on poor people, and now we have convinced them that Speaker GINGRICH and the Republican majority are coming to help these poor children, that this is just a major effort to really help poor children, and cutting $60 billion is just the best way to help them find their way to the American dream.

This rule, this conference committee, the Washington Post in its editorial today said it was a bad idea. They said it was a defining moment of where this country was headed. And there will be Members who will come to the floor today, because they want to be reelected and will vote for it, but out into the future there will be days that they will truly regret that they did not have the courage to stand up and oppose this hideous proposal.

Mr. SOLOMON. Mr. Speaker, I yield 1 minute to the former governor of Delaware, MIKE CASTLE, one of the people that probably knows best about the real problems or how this ought to be dealt with, and who knows that one of the reasons the welfare system in this country has failed miserably is because we inside the beltway have tried to dictate back to the States and local governments.

Mr. CASTLE. Mr. Speaker, I thank the gentleman for yielding me this time.

Mr. Speaker, I support the rule and the bill. We stand today at a historic divide, a defining moment that separates the past from the future, one which pits personal responsibility, work, and State flexibility against the largely failed welfare policies and practices of the past. Today marks a turning point for all of us, the Congress, our constituents, and perhaps most importantly, those welfare recipients.

I am pleased that the bipartisan Castle-Tanner reform proposal has provided some very positive changes and provisions that will help shame welfare reform for the better. Perhaps the most important provision we helped retain was current law on guaranteeing Medicaid eligibility to all welfare recipients and those who may be eligible in the future. Also, the food stamp optional block grants and the child welfare block grants were dropped, thus retaining minimum Federal standards and preserving these national safety nets.

On balance, we have achieved what we can all support. With this legislation we have finally begun the process by which America's underclass problem can be solved, and break a generational cycle and culture of dependency and poverty.

Congress is now the shepherd of welfare reform, not the President, and it is up to us to review and improve upon this proposal. I, for one, stand ready and committed to revisit it, if need be, to make sure welfare reform is going to work.

Mr. Speaker, we stand today at a historic divide, a defining moment that separates the past from the future; one which pits personal responsibility, work, and State flexibility against the largely failed welfare policies and practices of the past. Today marks a turning point for all of us—the Congress, our constituents, and perhaps most importantly, those welfare recipients.

Just as our Nation was formed, we stand ready to forward a bold experiment in reforming our Nation's welfare system. But like most experiments, we will most certainly have to revisit our decisions. Though we have tried, there may not be enough resources for children's care, or to adequately fund the work program that is the centerpiece of this legislation. There most likely will be economic downturns that force Governors and the Congress to reevaluate. States may require more flexibility in meeting the stringent work requirements. There are innumerable potential pitfalls.

As a coauthor of the bipartisan Castle-Tanner welfare reform proposal, JOHN TANNER and I have helped forward some very positive changes and provisions that will help shape reform welfare for the better.

Perhaps the most important provision I helped retain was current law on guaranteeing Medicaid eligibility to all welfare recipients, and those who may be eligible in the future. The food stamp optional block grant and the child welfare block grant were dropped, thus retaining minimum Federal standards and preserving these national safety nets.

Protecting children in families that lose cash assistance is a high priority. Although I would have preferred mandatory in-kind assistance after a 5-year time limit on cash assistance, I am mostly satisfied that a provision could be added that would ensure that States can utilize Federal funds from the social services block grant for the care of the child. Furthermore, we were successful in ensuring that a higher State maintenance of effort on State spending could be included in the conference report. We also were successful in including language that would require that Congress review in 3 years the work program to ensure its success. Last, Castle-Tanner has had a moderating impact on the burdens that the noncitizen provisions will put on our Nation's future citizens, primarily in the health care area. While Castle-Tanner included stronger protections for children and families under the cash block grant, increased funding for the welfare-to-work programs, significantly smaller food stamp cuts, and less severe immigrant cuts, its fingerprints can be readily identifiable on this conference report.

Nevertheless, on balance, we have achieved what we all can support: with this legislation, we have finally begun the process by which America's underclass problem can be solved, and break a generational cycle and culture of dependency and poverty.

This is not a perfect experiment, but then experiments usually aren't. Congress is now the shepard of welfare reform—not the President—and it is up to us to review and improve upon this proposal. I, for one, stand ready and committed to revisit this as it is implemented, and as we gain empirical evidence that our effort can be successful in making work pay more than welfare. And only then will we be truly able to say that we have "ended welfare as we know it." It's worth taking some risks to end it.

Mr. MOAKLEY. Mr. Speaker, I yield 1 minute to the gentleman from South Carolina [Mr. CLYBURN].

Mr. CLYBURN. Mr. Speaker, I rise today in opposition to the conference agreement. Being a slightly better option than the House passed version of the bill does not mean this is a good piece of legislation.

Welfare should be a temporary transition from welfare to work. Unfortunately this is 1996, an election year, and we have entered the "silly season." Rather than being a constructive debate, the welfare reform debate has become, for the most part silly talk of budgetary savings and time limits—not helping those in need of assistance learn how to help themselves.

I think the designers of this legislation have forgotten a valuable lesson: If you give a man a fish, you feed him for a day but if you teach that man how to fish, he can feed himself for a lifetime.

This conference report would consist of a check for 2 years and then a requirement for work programs for only 50 percent of families receiving welfare payments—6 years from now.

The Republicans have forgotten the parable about feeding a family for a lifetime but instead have decided that it is much cheaper to write a check to a welfare family than provide the necessary training to ensure that another check never has to be written to that family.

And under the guise of welfare reform even these checks are becoming smaller. Under the House passed version of this conference agreement the average annual cut per food stamp household in South Carolina would be $265, and this cut would grow to $394 by 2002. Under the Senate version of the bill, food stamp households in South Carolina stand to lose even more. While it is not clear what the actual cut would be for South Carolina families under the conference agreement, it is clear that my State's most vulnerable households would be between the proverbial rock and a hard place with little or no hope of any training to help them lift themselves permanently out of poverty.

With the talk of personal responsibility being tossed around, I find it ironic that at the same time our Nation's most vulnerable families are being required to do more for themselves, our States are being asked to do even less.

In this conference agreement, unlike the Tanner-Castle substitute bill I supported earlier this month, States are required to spend only 75 percent of what they spent in 1994 in return for a block grant check from the Federal Government. At the same time, it is projected that as a result of this legislation 8,170 children in my state of South Carolina will be pushed into pvoerty.

I urge my colleagues not to support this agreement. Although it may be the lesser of two evils, it is not the best we can do nor is it the best we can afford to do.

□ 1445

Mr. HALL of Ohio. Mr. Speaker, I yield 1 minute 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, the politic thing to do today is to get in the well of the House and hit your gavel down and say I am against the deadbeat on welfare, and I am right with you for welfare reform. As America watches those of us who have a difference of opinion, we will get castigated and accused as supporting those who would not work. But I come today to oppose this rule.

I hope that those who have goodwill and understand what America is all about will realize that I believe in welfare reform but I do not believe in putting 1 million children in the streets. I do not believe in a weak work program where States will not have the work to give to those who are on welfare. I do not believe in a shortened contingency fund so that, when the 5 years comes, those who have not been able to bridge themselves out of welfare will not have the support that they need.

I do not believe in sending legal immigrants into war, but yet when they need a helping hand this Nation will say you can fight for us but we do not have any support for you and your children. I do not believe in dispossessing the disabled. I do not believe in denying SSI benefits to 300,000 children.

Oh, we could be politic today and many will do that. But it does not matter to me because there are people in this country who need our help. This is a bad welfare reform. Vote against it.

Mr. SOLOMON. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, if my colleagues want to take child abuse out of the welfare families, the best thing to do is to bring these people up out of the poverty system and given them meaningful jobs. That is what this legislation is meant to do.

Mr. Speaker, I yield 2 minutes to the gentleman from Florida [Mr. WELDON], someone I am very proud of because he gave up a very lucrative medical practice to come here and try to do something for America.

Mr. WELDON of Florida. Mr. Speaker, I thank the distinguished gentleman for yielding, and it has been a pleasure for me to be here and advocate for the people in my district, who have been calling out for welfare reform for many years.

Mr. Chairman, they know that the current welfare system is broken. The people in my district know that the rate of poverty has not decreased since welfare has been enacted. The average stay on welfare is 13 years, and today illegitimacy rates among many welfare families approach 50 percent.

Mr. Speaker, I rise in strong support of the bill, and strong support of this rule. H.R. 734 will truly finally end welfare as we know it.

It did not take a Republican Congress to end welfare as we know it. This bill makes welfare a helping hand, not a lifetime handout. It places 5-year limits on collecting AFDC benefits. For hardship cases States can exempt 20 percent of their case load from the 5-year limit, and able-bodied people must work after 2 years or lose their benefits.

It cuts taxpayer financed welfare for noncitizens and felons. It returns power and flexibility to the States. It ends numerous redundancies within the welfare system by giving block grants to the States and rewards States for moving families from welfare to work.

It seeks to halt the rising illegitimacy rates. Moms are encouraged for the first time to identify the father or risk losing benefits by as much as 25 percent. It increases efforts to make deadbeat dads pay child support. And these, of course, are men who father children but then have shirked their financial responsibility for caring for them.

It gives cash rewards to the top five States who make the most successful improvement in reducing illegitimacy. As we know, fatherlessness is linked to high juvenile crime rates, high drug abuse rates, and declining educational performance. Support the rule and support the bill.

Mr. Speaker, I rise in strong support of H.R. 3734 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. Current programs have encouraged dependency, trapped people in unsafe housing, and saddled the poor with rules that are antiwork and antifamily. 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 felons and most noncitizens; restores power and flexibility to the States; and offers States incentives to halt 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. 3734 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.

Under this bill future entrants into this country will no longer be eligible for most welfare programs during their first 5 years in the United States. 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. 3734 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, this bill addresses the problem of illegitimacy in several ways. H.R. 3734 authorizes a cash reward for the five States most successful in reducing illegitimacy. It also strengthens child support enforcement provisions and requires States to reduce assistance by 25 percent to individuals who do not cooperate in establishing paternity. Lastly, this bill mandates an appropriation grant of $50 million annually to fund abstinence education programs combating teenage pregnancy and illegitimacy.

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 hand out 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. SOLOMON. Mr. Speaker, I yield 2 minutes to the gentleman from Maine [Mr. LONGLEY], another outstanding new Member of this body. I particularly like him because he is a former Marine.

(Mr. LONGLEY asked and was given permission to revise and extend his remarks.)

Mr. LONGLEY. Mr. Speaker, I want to compliment the gentleman from New York [Mr. SOLOMON], chair of the Committee on Rules, and also members of the committee for bringing this important legislation to the floor, bringing this rule to the floor. This has been delayed far too long.

This is a bill that is about child abuse. It is drug abuse. It is crime and violence and the fact that, for too many Americans who are trapped in this system, the American dream has become the American nightmare.

I do not argue with the fact that the welfare system is a hand in need to those who need it. But for too many it has become a prison. This is about women and children who are suffering under this system as well as the social workers and the law enforcement officers who are forced to deal with the ramifications of the aspects of the system that do not work.

Mr. Speaker, for too long we have been delaying this. We have delayed this vote for most of the day. The fact of the matter is that welfare reform is at the door. It has been knocking for

almost 30 years, and it is finally here today. This afternoon, hopefully, it will be voted on and we will send it to a President who will endorse it. I think that is a tremendous accomplishment for the people of this country.

I would also say it is a first step. The system has become so complex between the different aspects of service and how they are available to help people, that even the people running the system have difficulty understanding it, let alone those who have need for assistance. So, it is a first step in the direction of reform, in the direction of providing an American dream for more Americans and getting rid of the American nightmare.

Mr. SOLOMON. Mr. Speaker, I yield 1 minute to the gentleman from Texas [Mr. SMITH], an outstanding Member who has dealt with the immigration problem in this country.

Mr. SMITH of Texas. Mr. Speaker, I rise in strong support of the rule and the Personal Responsibility Act. Welfare has harmed our children, families, and taxpayers. It has created a culture of dependency that saps people's desire to better their lives. And welfare has undermined America's longstanding immigration policy.

America has always welcomed new citizens with the energy and commitment to come to our shores to build a better future. We've always ensured that immigrants are self-reliant—not dependent on American taxpayers for support. Since 1917, noncitizens who have become public charges after they enter the United States have been subject to deportation.

Welfare undermines this policy and harms immigrants. Rather than promoting hard work, welfare tempts immigrants to come to America to live off the American taxpayer. Noncitizen SSI recipients have increased 580 percent over the past 12 years, and will cost American taxpayers $5 billion this year alone.

H.R. 3734 restores America's historic immigrants policy and ends the cruel welfare trap. It ensures that sponsors, not taxpayers, will support new immigrants who fall on hard times. Just as deadbeat dads should support the children they bring into this world, deadbeat sponsors should support the immigrants they bring into our country.

I urge my colleagues to support this rule and vote for this bill.

Mr. SOLOMON. Mr. Speaker, I yield 2 minutes to the gentleman from Savannah, GA [Mr. KINGSTON].

Mr. KINGSTON. Mr. Speaker, I thank the gentleman from New York for yielding.

It is interesting we have heard from the Democrats a number reasons why they are not going to support this bill today. One of their reasons was they have not had time to look at it. I am a relatively new Member of Congress. I have been here 4 years. We have been debating welfare for 4 years. I know that for a fact. I have been here. If they have not read the bill by now and have not been following the debate, that is not the fault of the Republican Congress.

The second reason they say that is that welfare does not cost that much. If you add in all the Federal Government welfare programs, the cost is $345 billion, which is ore than we spend on defense. I am not sure what they consider money if $345 billion is not. We spent $5 trillion since LBJ's Great Society programs, and that is enough money. That is more than we spent on World War II.

The final reason they are saying is that it is cruel to children. Nothing is more cruel than having a welfare system that traps children in poverty, that makes children and families break up, that makes them live in housing projects where the dad cannot be at home, where there is high drug use, where there are teenage dropout rates and teenage drug abuse. I do not see why they think that is compassion.

Our program sends $4 billion more on child care than the Democrat proposal. And that is using their frame of thinking that is more compassion than what they have. Welfare reform is family friendly. Welfare should not be a life style. It should be something that society gives people a temporary helping hand, not a permanent handout, not a hammock forever to swing in but a temporary safety net so that people can get back into the socioeconomic mainstream and enjoy the American dream just like the rest of us.

Mr. MOAKLEY. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I want to begin by reminding my colleagues of one very important fact. Today 9 million children depend upon Aid to Families With Dependent Children for their survival. When we are talking about reforming welfare, we are talking about these 9 million American children, and we need to be very, very careful on what changes we make.

Mr. Speaker, this is not to say that I am opposed to welfare reform. In fact, I am very much in favor of welfare reform. I have seen too many children growing up surrounded by violence. I have seen too many fathers completely abandon their responsibilities. And I have seen too many single mothers too dejected and overwhelmed to look for jobs.

These days being poor is not what it used to be. It used to be that families stuck together. It used to be if you worked hard enough you could support your family. But, Mr. Speaker, unfortunately times have changed.

I agree with the editorial in the August 12 issue of the New Republic which says that, although our current welfare system may not have created the current underclass, it certainly sustains it. I agree that welfare reform is one of the most important issues that we can take up in this Congress. Today's Boston Globe says that under this bill, poverty will grow with welfare done on the cheap. We need to be very careful, Mr. Speaker, how we change AFDC and not do it on the cheap.

This bill, Mr. Speaker, is not the way to do it. I hoped that after this bill came out of conference, I would be able to support it. But after looking at it, I cannot because, Mr. Speaker, I cannot vote for a bill that will push 1 million additional children below the poverty level. I cannot vote for a bill that may not guarantee health care to poor children and a conference committee that cuts food stamps. I cannot vote for a bill that will provide no protection for bad times. If there is a recession, millions of people will be completely destitute. And, Mr. Speaker, I cannot vote for a bill that allows States to take at least one-half of their Federal money and spend it on something other than children.

This Gingrich welfare bill, Mr. Speaker, is too tough on children. It is weak on work, and it is soft on deadbeat parents. Mr. Speaker, as I said, two out of every three people on welfare is a child, and we have a responsibility to those children. We have a responsibility to make sure that under no circumstances whatsoever will they be hurt. We have a responsibility, Mr. Speaker, to make sure that their health and their safety is placed far above any jockeying for political advantage.

So I urge my colleagues to oppose this rule and oppose the conference committee bill and I yield back the balance of my time.

□ 1500

Mr. SOLOMON. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, did I hear the gentleman right when he said, the Gingrich welfare bill? Is that not strange? I thought it was the Gingrich-Clinton welfare bill, because the President has just announced he is going to sign the bill. Mr. Speaker, colleagues, I would just say to you, what is compassionate about locking poor people into a lifetime of welfare dependency? That is what this debate is all about. If you are really sincere, if you really care about poor people in America, do something for them. Change the status quo which has failed miserably.

I see my good friend, the gentleman from Texas [Mr. STENHOLM], sitting over here, came here with me 18 years ago. He came before the Committee on Rules about an hour or so ago and he said, JERRY, this a bipartisan bill. He said, we Democrats have had input to it. It is a compromise. It is a step in the right direction.

Mr. Speaker, what I was hearing is, no more ifs, ands and buts. This is the compromise. This is the step in the right direction we need to move in.

Let us vote for this bill now. Vote for the rule and the bill and let us get on with trying to change the welfare system in America for the good of the poor.

Mr. Speaker, I yield back the balance of my time, and I move the previous question on the resolution.

The SPEAKER pro tempore (Mr. RIGGS). The question is on ordering the previous question.

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 ground 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.

Pursuant to clause 5 of rule XV, the Chair will reduce to 5 minutes the minimum period of time within which a vote by electronic device, if ordered, will be taken on the question of agreeing to the resolution.

The vote was taken by electronic device, and there were—yeas 259, nays 164, not voting 10, as follows:

[Roll No. 381]

YEAS—259

Allard
Archer
Armey
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)
Bunn
Bunning
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Castle
Chabot
Chambliss
Chapman
Chenoweth
Christensen
Chrysler
Clinger
Coble
Coburn
Collins (GA)
Combest
Condit
Cooley
Cox
Cramer
Crane
Crapo
Cremeans
Cubin
Cunningham
Davis
Deal
DeLay
Diaz-Balart
Dickey
Dicks
Dooley
Doolittle
Dornan
Doyle
Dreier
Duncan
Dunn
Ehlers
Ehrlich
English
Ensign
Everett
Ewing
Fawell
Fields (TX)
Flanagan
Foley
Forbes
Fowler
Fox
Franks (CT)
Franks (NJ)
Frelinghuysen
Frisa
Funderburk
Gallegly
Ganske
Gekas
Geren
Gilchrest
Gillmor
Gilman
Goodlatte
Goodling
Goss
Graham
Greene (UT)
Greenwood
Gutknecht
Hall (TX)
Hamilton
Hancock
Hansen
Hastert
Hastings (WA)
Hayes
Hayworth
Hefley
Heineman
Herger
Hilleary
Hobson
Hoekstra
Hoke
Holden
Horn
Hostettler
Hunter
Hutchinson
Hyde
Inglis
Istook
Johnson (CT)
Johnson, Sam
Jones
Kasich
Kelly
Kim
King
Kingston
Kleczka
Klug
Knollenberg
Kolbe
LaHood
Largent
Latham
LaTourette
Laughlin
Lazio
Leach
Lewis (CA)
Lewis (KY)
Lightfoot
Lincoln
Linder
Lipinski
Livingston
LoBiondo
Longley
Lucas
Manzullo
Martini
McCollum
McCrery
McDermott
McHugh
McInnis
McIntosh
McKeon
Metcalf
Meyers
Mica
Miller (FL)
Molinari
Montgomery
Moorhead
Morella
Myers
Myrick
Nethercutt
Neumann
Ney
Norwood
Nussle
Orton
Oxley
Packard
Parker
Paxon
Payne (VA)
Peterson (FL)
Peterson (MN)
Petri
Pickett
Pombo
Porter
Portman
Poshard
Pryce
Quillen
Quinn
Radanovich
Ramstad
Regula
Riggs
Roberts
Roemer
Rogers
Rohrabacher
Ros-Lehtinen
Rose
Roukema
Royce
Salmon
Sanford
Saxton
Scarborough
Schaefer
Schiff
Seastrand
Sensenbrenner
Shadegg
Shaw
Shays
Shuster
Skeen
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Solomon
Souder
Spence
Stearns
Stenholm
Stockman
Stump
Talent
Tanner
Tate
Tauzin
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

NAYS—164

Abercrombie
Ackerman
Andrews
Baldacci
Barcia
Barrett (WI)
Becerra
Beilenson
Bentsen
Berman
Bevill
Blumenauer
Bonior
Borski
Boucher
Brown (CA)
Brown (FL)
Brown (OH)
Bryant (TX)
Cardin
Clay
Clayton
Clement
Clyburn
Coleman
Collins (IL)
Collins (MI)
Conyers
Costello
Coyne
Cummings
Danner
de la Garza
DeFazio
DeLauro
Dellums
Deutsch
Dingell
Dixon
Doggett
Durbin
Edwards
Engel
Eshoo
Evans
Farr
Fattah
Fazio
Fields (LA)
Filner
Foglietta
Frank (MA)
Frost
Furse
Gejdenson
Gephardt
Gibbons
Gonzalez
Gordon
Green (TX)
Gutierrez
Hall (OH)
Harman
Hastings (FL)
Hefner
Hilliard
Hinchey
Hoyer
Jackson (IL)
Jackson-Lee (TX)
Jacobs
Johnson (SD)
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
Mascara
Matsui
McCarthy
McHale
McKinney
McNulty
Meehan
Meek
Menendez
Millender-McDonald
Miller (CA)
Minge
Mink
Moakley
Mollohan
Moran
Murtha
Nadler
Neal
Oberstar
Obey
Olver
Ortiz
Owens
Pallone
Pastor
Payne (NJ)
Pelosi
Pomeroy
Rahall
Rangel
Reed
Rivers
Roybal-Allard
Rush
Sabo
Sanders
Sawyer
Schroeder
Schumer
Scott
Serrano
Sisisky
Skaggs
Skelton
Slaughter
Spratt
Stark
Stokes
Studds
Stupak
Tejeda
Thompson
Thornton
Thurman
Torres
Torricelli
Towns
Velazquez
Vento
Visclosky
Volkmer
Ward
Waters
Watt (NC)
Waxman
Williams
Wilson
Wise
Woolsey
Wynn
Yates

NOT VOTING—10

Flake
Ford
Gunderson
Houghton
Jefferson
McDade
Richardson
Roth
Shaw
Young (FL)

□ 1521

Mrs. KENNELLY and Mr. JOHNSON of South Dakota changed their vote from "yea" to "nay."

So the previous question was ordered.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore (Mr. RIGGS). 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, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 281, nays 137, not voting 15, as follows:

[Roll No. 382]

YEAS—281

Allard
Archer
Armey
Bachus
Baesler
Baker (CA)
Baker (LA)
Ballenger
Barcia
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bateman
Bentsen
Bereuter
Bilbray
Bilirakis
Bishop
Bliley
Blute
Boehlert
Boehner
Bonilla
Bono
Boucher
Brewster
Browder
Brownback
Bryant (TN)
Bunn
Bunning
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Castle
Chabot
Chambliss
Chapman
Chenoweth
Christensen
Chrysler
Clement
Clinger
Coble
Coburn
Collins (GA)
Combest
Condit
Cooley
Costello
Cramer
Crane
Crapo
Cremeans
Cubin
Cunningham
Danner
Deal
DeLay
Deutsch
Diaz-Balart
Dickey
Dicks
Dingell
Dooley
Doolittle
Dornan
Doyle
Dreier
Duncan
Dunn
Durbin
Edwards
Ehlers
Ehrlich
English
Ensign
Everett
Ewing
Fawell
Fields (TX)
Flanagan
Foley
Forbes
Fowler
Fox
Franks (CT)
Franks (NJ)
Frelinghuysen
Frisa
Frost
Funderburk
Gallegly
Ganske
Gekas
Geren
Gilchrest
Gillmor
Gilman
Goodlatte
Goodling
Gordon
Goss
Graham
Greene (UT)
Greenwood
Gutknecht
Hall (OH)
Hall (TX)
Hamilton
Hancock
Hansen
Harman
Hastert
Hastings (WA)
Hayworth
Hefley
Hefner
Heineman
Herger
Hilleary
Hobson
Hoekstra
Hoke
Holden
Horn
Hostettler
Hunter
Hutchinson
Hyde
Inglis
Istook
Jacobs
Johnson (CT)
Johnson (SD)
Johnson, Sam
Jones
Kasich
Kelly
Kennelly
Kim
King
Kingston
Kleczka
Klug
Kolbe
LaHood
Largent
Latham
LaTourette
Laughlin
Lazio
Leach
Levin
Lewis (CA)
Lewis (KY)
Lightfoot
Lincoln
Lipinski
LoBiondo
Longley
Lucas
Luther
Manzullo
Martini
Mascara
McCarthy
McCollum
McCrery
McHugh
McInnis
McIntosh
McKeon
Metcalf
Meyers
Mica
Miller (FL)
Minge
Molinari
Montgomery
Moorhead
Morella
Myers
Nethercutt
Neumann
Ney
Norwood
Nussle
Orton
Oxley
Packard
Parker
Paxon
Payne (VA)
Peterson (FL)
Peterson (MN)
Petri
Pickett
Pombo
Porter
Portman
Poshard
Pryce
Quillen
Quinn
Radanovich
Ramstad
Regula
Riggs
Rivers
Roberts
Roemer
Rogers
Rohrabacher
Ros-Lehtinen
Rose
Roukema
Royce
Salmon
Sanford
Saxton
Scarborough
Schaefer
Schiff
Seastrand
Sensenbrenner
Shadegg
Shaw
Shays
Shuster
Sisisky
Skeen
Skelton
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Solomon
Souder
Spence
Spratt
Stenholm
Stockman
Stump
Talent

Tanner	Upton	White
Tate	Volkmer	Whitfield
Tauzin	Vucanovich	Wicker
Taylor (MS)	Walker	Williams
Thomas	Walsh	Wilson
Thornberry	Wamp	Wolf
Tiahrt	Watts (OK)	Young (AK)
Torkildsen	Weldon (FL)	Zeliff
Torricelli	Weldon (PA)	Zimmer
Traficant	Weller	

NAYS—137

Abercrombie	Gonzalez	Obey
Ackerman	Green (TX)	Olver
Andrews	Gutierrez	Ortiz
Baldacci	Hastings (FL)	Owens
Barrett (WI)	Hilliard	Pallone
Becerra	Hinchey	Pastor
Beilenson	Hoyer	Payne (NJ)
Berman	Jackson (IL)	Pelosi
Bevill	Jackson-Lee (TX)	Pomeroy
Blumenauer	Jefferson	Rahall
Bonior	Johnson, E. B.	Rangel
Borski	Johnston	Reed
Brown (CA)	Kanjorski	Roybal-Allard
Brown (FL)	Kaptur	Rush
Brown (OH)	Kennedy (MA)	Sabo
Bryant (TX)	Kennedy (RI)	Sanders
Cardin	Kildee	Sawyer
Clay	Klink	Schroeder
Clayton	LaFalce	Schumer
Clyburn	Lantos	Scott
Coleman	Lewis (GA)	Serrano
Collins (IL)	Lofgren	Skaggs
Collins (MI)	Lowey	Slaughter
Conyers	Maloney	Stark
Coyne	Manton	Stokes
Cummings	Markey	Studds
Davis	Martinez	Stupak
de la Garza	Matsui	Taylor (NC)
DeFazio	McDermott	Tejeda
DeLauro	McHale	Thompson
Dellums	McKinney	Thornton
Dixon	McNulty	Thurman
Doggett	Meehan	Torres
Engel	Meek	Towns
Eshoo	Menendez	Velazquez
Evans	Millender-McDonald	Vento
Farr	Miller (CA)	Visclosky
Fattah	Mink	Ward
Fazio	Moakley	Waters
Fields (LA)	Mollohan	Watt (NC)
Filner	Moran	Waxman
Foglietta	Murtha	Wise
Frank (MA)	Nadler	Woolsey
Furse	Neal	Wynn
Gejdenson	Oberstar	Yates
Gephardt		
Gibbons		

NOT VOTING—15

Cox	Houghton	Myrick
Flake	Knollenberg	Richardson
Ford	Linder	Roth
Gunderson	Livingston	Stearns
Hayes	McDade	Young (FL)

□ 1530

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid of the table.

PERSONAL EXPLANATION

Mr. KNOLLENBERG. Mr. Speaker, on rollcall No. 382. I was in the Raybum Room. The beeper and the bells failed to function and I missed the above vote. Had I been present, I would have voted "yea."

PERSONAL EXPLANATION

Mr. HOUGHTON. Mr. Speaker, I was inadvertently delayed while attending an International Relations Committee hearing with Secretary Christopher, and missed voting on rollcalls No. 381 and No. 382. Had I been there, I would have voted "yea" on 381 and "yea" on 382.

Mr. KASICH. Mr. Speaker, pursuant to House Resolution 495, I call up the conference report on 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.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Pursuant to House Resolution 495, the conference report is considered as having been read.

(For conference report and statement, see Proceedings of the House of Tuesday, July 30, 1996, at page H8829.)

The SPEAKER pro tempore. The gentleman from Ohio [Mr. KASICH] and the gentleman from Minnesota [Mr. SABO] will each be recognized for 30 minutes.

The Chair recognizes the gentleman from Ohio [Mr. KASICH].

Mr. KASICH. Mr. Speaker, I yield 4 minutes to the gentleman from Kansas [Mr. ROBERTS], the distinguished chairman of the Committee on Agriculture.

(Mr. ROBERTS asked and was given permission to revise and extend his remarks.)

Mr. ROBERTS. Mr. Speaker, I thank the gentleman for yielding time to me, and I thank my colleagues for their reluctant attention.

Mr. Speaker, in a year that has been described by many as one of gridlock and finger-pointing and wheel-spinning and even-numbered year partisan rhetoric, we are about to achieve a remarkable accomplishment. This House and the Senate, and now finally the President, have responded to the American public. Simply put, this conference report represents real accomplishment, real welfare reform.

We urged the President to sign this conference report. He has. There are good reasons why. Seventy-five percent of the food stamp reforms in this conference report represent the same things that were proposed by this administration. I do not care whether we are talking about budget savings, the work requirement, the program simplification, the tougher penalties for fraud and abuse, or keeping the program at the Federal level as we go through the welfare reform transition. We have tried to work with the administration. We have done that. The President will sign the bill.

Mr. Speaker, this road has not been easy. We have been working in this House for 18 months. The very first hearing held by me in the Committee on Agriculture was on fraud and abuse, and the critical and urgent need for reform of the Food Stamp Program. The new Inspector General at the Department of Agriculture showed a videotape of organized crime members trading food stamps for cash, and eventually using that cash for drugs and guns. That tape made national news, and it confirmed the suspicions of many taxpayers and citizens.

Following that hearing, our late colleague and dear friend, the chairman of the subcommittee, Bill Emerson, held four extensive hearings and formulated the principles that guided the reform that is now before us.

First, the original Republican plan was to make sure that as we go through welfare reform, no one would go hungry, that we would keep a reformed Food Stamp Program as a safety net so food can and will be provided while States are undergoing this transition.

Second, we wanted to eliminate as much paperwork and redtape and regulation as possible. We wanted to harmonize the welfare and the Food Stamp Program requirements. This bill does that.

Third, having seen the program costs soar from $12 to $27 billion in 10 years, regardless of how the economy has performed, we wanted to take the program off of automatic pilot. We have done that.

Fourth, the food stamps must not be a disincentive to work. In this bill, able-bodied participants, those from ages of 18 to 50 with no dependents, no kids, no children, only the able-bodied, these folks, less than 2 percent of those on food stamps, they must work in private sector jobs and not be rewarded for not working.

Fifth, after hearing firsthand from the Inspector General, we tightened the controls on waste and abuse. We stopped the trafficking with increased and tough penalties.

Mr. Speaker, these principles do represent real reform of the Food Stamp Program. All are incorporated in the conference agreement. I urge my colleagues to vote "yes."

I want to thank my colleagues for a tremendous team effort, more especially the gentleman from Ohio [Mr. KASICH], more especially the gentleman from Texas [Mr. ARCHER], more especially the gentleman from Pennsylvania [Mr. GOODLING], and more especially, underscored three times, the gentleman from Florida [Mr. SHAW], who said the work we have accomplished is significant. We have true reform. We have a real welfare reform bill. But now the work really starts. This bill is not perfect. We have a lot ahead of us and a lot of challenges. I urge a "yes" vote on the conference report.

Mr. SABO. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Tennessee [Mr. TANNER].

(Mr. TANNER asked and was given permission to revise and extend his remarks.)

Mr. TANNER. Mr. Speaker, I am happy today for several reasons. I think Congress has come together with the administration to take a step forward on certainly what is a pressing national social problem. That is welfare reform. We started out, as the previous speaker said, almost 2 years ago to try to bring together something that could be signed and enacted into law so we could actually change the system that is broken, according to everyone who has observed it, and actually do something about it now.

I want to thank the gentleman from Florida [Mr. SHAW], the gentleman from Ohio [Mr. KASICH], the gentleman from Minnesota [Mr. SABO], and many others here. I particularly want to

thank the gentleman from Delaware, MIKE CASTLE, who came together with me to put together something that would be bipartisan so we could get off of this partisan gridlock that we have been suffering from.

Mr. Speaker, in our motion to instruct conferees we asked for two or three things: One, a safety net for kids. That has been accomplished with Medicaid and food stamps. The safety net is there for children. The unfunded mandate problem has been partially taken care of, with the States being allowed to continue with waivers, and also because the Medicaid situation is intact, there will not be a lot of costs transferred to county hospitals across our country. We also asked that savings go to the debt. That has not been accomplished, but as the previous speaker said, we will continue to work on that.

The most important difference between the conference agreement and the two bills that have previously been vetoed, in my judgment, is that we protect innocent children. This bill no longer treats a 4-year-old child like he or she is a 24-year-old irresponsible adult. To me that was critical. That is not a part of welfare reform. That is just compassionate public policy. This bill has done that.

I once again thank the Republican conferees for their hard work, the gentleman from Florida [Mr. SHAW] and others. I also urge a "yes" vote. Let us make this a red letter day.

Mr. CAMP. Mr. Speaker, I yield such time as she may consume to the gentlewoman from New Jersey [Mrs. ROUKEMA].

(Mrs. ROUKEMA asked and was given permission to revise and extend her remarks.)

Mrs. ROUKEMA. Mr. Speaker, I rise in support of this legislation, and want to associate myself with the statement of the chairman of the Committee on Agriculture, the gentleman from Kansas [Mr. ROBERTS], particularly as it applied to the Food Stamp Program. My opposition and stated principle in the last round of this bill before it went to conference was expressing a concern of what it did to innocent children in that regard. I rise in support. It has been corrected, and I support the conference agreement.

Mr. Speaker, as someone who has advocated a "tough love" approach to welfare reform legislation, this goes a long way toward reforming our broken welfare system as we return the system to its original purpose—a temporary safety net, not a way of life.

Furthermore, as a pioneer in the battle to also reform our child support enforcement system, I am very pleased to see that the reforms I have been pushing for almost 4 years now—which represent the heart and soul of the U.S. Interstate Commission on Child Support's final report—have been included in the package before us today.

Ensuring that these child support enforcement reforms were included in this bill acknowledges what I've been saying for years: Effective reform of our interstate child support enforcement laws must be an integral component of any welfare reform plan that the 104th Congress sent to President Clinton.

Research has found that somewhere between 25 and 40 percent of welfare costs go to support mothers and children who fall onto the welfare rolls precisely because these mothers are not receiving the legal, court-ordered support payments to which they are rightfully entitled.

With the current system spending such a large portion of funding on these mothers, children are the first victims, and the taxpayers who have to support these families are the last victims.

The plan before us also puts teeth into the laws that require unwed mothers to establish paternity of their children at the hospital, thereby laying the groundwork for claiming responsibility for their actions and families.

The core of the welfare reforms incorporated into this bill are clearly defined work requirements for welfare beneficiaries—which is essential to moving people off of the welfare rolls—strict time limits—thereby giving welfare recipients a strong incentive to find a job—and more flexibility for States to design welfare programs that fit the needs of their people.

In addition, this welfare reform plan protects the safety net for children by including a rainy day fund to help the families in States suffering from recession or economic downturns.

The enhanced flexibility that States will receive under this plan is meritorious, provided that the safety net is maintained in order to protect families who truly need temporary assistance—not a lifetime of handouts generation after generation.

For example, while I support the concept of giving States more flexibility in designing their own welfare programs, I am very pleased to see that this bill contains strong maintenance of effort provisions which will require States to continue their commitment to the Nation's safety net.

Under no circumstances should a block grant reform allow States to simply administer welfare or any other program using only Federal moneys—this bill avoids that problem with its tough maintenance of effort language.

I was very distressed by the fact that House version of this bill opened a significant loophole in the Food Stamp Program by giving States the option of using block grants for this critically-important aspect of our Nation's safety net.

Given that I was deeply concerned about giving a blank check to the Governors for the Food Stamp Program would result in innocent children going hungry. I opposed the House plan last week.

But again I am very pleased to see that, once again, the Senate has saved the House of Representatives from itself by rejecting this proposal, and successfully retaining its position on this issue in the final bill.

Additionally, this legislation does take a modest step in the right direction by allowing States to use their own money, or social services block grant funds—to provide families on welfare with vouchers—instead of cash benefits—to pay for essential services needed by the family, that is, medicine, baby food, diapers, school supplies—if a State has terminated the family's cash benefits as part of its sanction program.

This is the right thing to do 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 water-line.

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.

Finally, I am most supportive of the improvements the conference gave to the Medicaid Program. This is an enlightened and humane response to genuine medical needs.

Mr. Speaker, this bill is not perfect. But, it represents the first major reform of our broken-down welfare system in generations. We have been given a historic opportunity that I hope and trust we will not squander. We owe no less to our children. I urge my colleagues to join me in voting for final passage of this monumental reform package.

Mr. CAMP. Mr. Speaker. I yield myself such time us I may consume.

(Mr. CAMP asked and was given permission to revise and extend his remarks.)

Mr. CAMP. Mr. Speaker, I rise in support of the conference agreement.

Today, the Congress is again presented with the opportunity to adopt meaningful welfare reform. Over the past 19 months, my colleagues and I have written, debated, and adopted proposals to reform our current welfare system. Our efforts, however, were twice vetoed by the President.

Since launching the war on poverty in 1965, over $5 trillion has been spent to eliminate poverty in America. Some 31 years later and despite billions and billions of dollars, poverty in America has worsened and our children grow and mature in an environment with little hope and opportunity.

The proposal before us today reforms a welfare system that has trapped millions in a

cycle of poverty. Our current welfare system punishes families and children by rewarding irresponsibility, illegitimacy and destroying self-esteem. For too long, the Federal Government has defended the current system and turned away as millions of families and children became trapped in a cycle of despair, dependence, and disappointment.

This bill accomplishes several important goals. First, it time limits welfare to 5 years. The Federal and State governments have an obligation to assist those in need but our current system has become a way of life instead of a temporary helping hand for those experiencing hard times.

Second, our bill requires work. The Washington welfare system has also robbed recipients of their self-esteem by merely providing a check. This proposal requires each recipient to work for their benefits, thereby instilling the pride of employment and allowing each recipient to earn a paycheck. This sense of accomplishment and independence increases the individual's self-esteem and often influences the children who can see firsthand the benefits of a strong work ethic. For those continuing to experience hard times, however, the bill allows States to exempt up to 20 percent of the welfare caseload from the time limit.

Most importantly our bill helps those families and individuals working to improve their lives. We provide more funding for child care than current law and more than requested by the President. This funding is extremely important in allowing families to work while ensuring their children receive the proper care. We also protect our children by ensuring eligibility for Medicaid. For those families moving from welfare to work, we continue assistance so they don't have to worry about losing health care coverage if their incomes increase.

Compassion is not the sole property of Washington and our bill creates a Federal-State partnership in meeting the needs of welfare recipients. States will have the power and opportunity to design and implement new innovative programs that best meet the needs of residents. I urge my colleagues to support the conference report.

Mr. Speaker, I ask unanimous consent that the gentleman from Florida [Mr. SHAW] be allowed to control the time and to yield.

The SPEAKER pro tempore (Mr. RIGGS). Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. SHAW. Mr. Speaker, I yield 1 minute to the gentlewoman from Washington [Ms. DUNN], a member of the Committee on Ways and Means.

Ms. DUNN of Washington. Mr. Speaker, this is a good bill. I am very pleased that the President has announced that he is going to sign this bill. I want to commend Members on both sides of the aisle for their hard work. We have worked for a long time to put a good bill together.

To those who are concerned with protecting the children, so were we. We spent a lot of time, a lot of thought, a lot of effort on protecting the children. We have come up with a bill that in the child care portion of the bill provides over $4 billion more to help those mothers who are trying to get off welfare into the workplace, with the peace of mind to know their children will be taken care of, $4 billion more than in the current welfare system.

On the child support portion of the legislation, where we all know that in this Nation today $34 billion are owed, ordered by the court to be paid to custodial parents, we have tightened up this system. Those children are often the children that go on welfare—30 percent of their parents leave the State to avoid paying money to support their own flesh-and-blood children. We have solved this problem. So it is my great joy to say support this bill, and thanks for all the help.

Mr. SABO. Mr. Speaker, I yield 1½ minutes to the distinguished gentlewoman from California [Ms. WOOLSEY].

(Ms. WOOLSEY asked and was given permission to revise and extend her remarks.)

Ms. WOOLSEY. Mr. Speaker, we all agree that the welfare system does not work for the welfare recipients and for the taxpayers. The challenge we face as lawmakers is to improve the system so we can invest in getting families off welfare and into jobs that pay a liveable wage, and also to answer the "what ifs". 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 she cannot find child care for her 6-year-old?

Unfortunately, this conference report will not ensure families can live on the jobs that they get, that they will earn a liveable wage, and this conference has made sure that it does not answer our "what ifs". It kicks families off of assistance, even if parents are trying hard to find a job. It does not even invest in the education and training parents need to get jobs that pay an actual liveable wage.

Even though the House and Senate agreed that single parents with kids under 11 should not leave their children home alone if there is no child care, the majority went ahead without discussion and lowered that age to under 6.

□ 1545

How many of my colleagues would leave their 6-year-old home alone?

I ask my colleagues, do not take this vote lightly. Do not leave any child behind. The lives of millions of children are at stake. It will be too late tomorrow if the what-ifs are not answered today.

Mr. SHAW. Mr. Speaker, I yield 2 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.)

Mr. GOODLING. Mr. Speaker, as I have said many times, you cannot fix something, you cannot change something unless you first admit it is broken and first admit that you need to change it. Finally, both sides of the aisle came forward and indicated that we do have a broken system, that we have as a matter of fact put millions of Americans into a bind and took away their opportunity to ever have a chance at the American dream.

Now, the tough part then came as to how do you fix it. Of course we had differing opinions. Our committee started out with the idea that welfare must be a safety net, not a way of life; there must be a very clear emphasis on work and on getting those on welfare into work. There must be a strong measure to stop abuses of the system. We need to return power and flexibility to the States. Welfare should not encourage, it should discourage destructive personal behavior that contributes so clearly not only to welfare dependence but to a host of social problems.

Mr. Speaker, this is a good, balanced welfare reform bill. We have been very generous in providing money for child care. We have protected the nutrition program. We have established strong work requirements. And we have at long last addressed the tremendous problem of out-of-wedlock births and absentee fathers.

Mr. Speaker, I commend all those who have worked so hard to bring about this welfare reform effort. I want to especially mention from the Committee on Economic and Educational Opportunities, the gentleman from California [Mr. CUNNINGHAM], the gentleman from Delaware [Mr. CASTLE], the gentleman from Arkansas [Mr. HUTCHINSON], the gentleman from Missouri [Mr. TALENT], and the gentlewoman from Kansas [Mrs. MEYERS]. I strongly support the legislation. I urge all to vote for it because at long last we move forward in transforming welfare to a program of work and opportunity.

Mr. SABO. Mr. Speaker, I yield 2 minutes to the gentleman from Texas [Mr. STENHOLM].

(Mr. STENHOLM asked and was given permission to revise and extend his remarks.)

Mr. STENHOLM. Mr. Speaker, I rise in support of this conference report. In doing so, I want to pay particular thanks to the gentleman from Florida [Mr. SHAW] for making this an inclusive conference, at least from the perspective of those of us on this side of the aisle, and also the gentleman from Louisiana [Mr. MCCRERY] and the gentleman from Delaware [Mr. CASTLE]. They have been very good to work with, at least in listening to those of us on this side of the aisle who had major problems with previous bills before the House and thought we had constructive suggestions of how to make it better. We were listened to, and many of the proposals we made are included, of which we are grateful.

To those that suggest that somehow the State waivers portion of this is contrary to the best interest of the work programs of somehow guts work requirements, I only suggest that they read the bill. Read the language which is available, and they will see. Far

from gutting it, it makes it much more workable.

For States like mine, Texas, Utah, Michigan, and others that have already begun experimenting with work programs, this bill, I believe, allows those States and all of us who are interested in making this bill work as we say we wish it to, it allows the flexibility to allow States to experiment, to do pilot projects and pilot programs. In this case it is already happening in my State.

Some of the concerns that we had with unfunded mandates, they have been alleviated as best as can be possible under a conference report. For that we are grateful. In the area of health care providers, protection of children, this is moved in the direction that we feel is much, much more preferable than the bill that originally passed the House.

While this welfare reform conference report is far from perfect, it is clearly preferable to continuing the current system and preferable to welfare legislation considered earlier.

For these reasons I support the welfare reform conference report. I am extremely pleased that the President has agreed to sign it, and I commend those who have worked so hard for so long in order to bring us to this day.

Mr. Speaker, while some of the comments I've heard this afternoon have tended toward the hyperbolic, it truly is the case that the importance of what we are doing today should not be minimized. When this welfare reform proposal is signed into law, the status quo will be fundamentally changed.

This kind of change does not happen by chance. More people than I can mention deserve credit, but in addition to the obvious leadership of President Clinton, Chairman SHAW, and other members of the leadership, I want to express my thanks for the bipartisan efforts of MIKE CASTLE, JOHN TANNER, JOHN CHAFEE, SANDY LEVIN, NANCY JOHNSON, and others.

One of the major reasons I opposed previous welfare reform proposals, and specifically the bill that was most recently before the House, was because of the restrictions it would have placed on the State of Texas. Earlier this year I worked extensively with Governor Bush and the White House to obtain approval of the Texas welfare waiver which includes the best plans of our State for moving people from welfare to work.

President Clinton already has approved waivers allowing 41 States to implement innovative programs to move welfare recipients to work. The House's welfare reform bill would have restricted those State reform initiatives by imposing work mandates that are less flexible than States are implementing. Over 20 States would have been required to change their work programs to meet the mandates in that earlier House bill or face substantial penalties from the Federal Government.

The conference report now allows States that are implementing welfare waivers to go forward with those efforts. Specifically, the conference report allows those States to count individuals who are participating in State-authorized work programs in meeting the work participation rates in the bill, even work programs which otherwise do not meet the Federal mandates in the bill.

I know that some of my colleagues on my side of the aisle have been critical of the State waiver provisions included in this conference report. I must respectfully and forcefully disagree with that sentiment and say that in virtually all cases, I think that conversations with officials from their own States would lead them to supporting this waiver provision.

I am convinced that these various State plans are precisely the best experiments for determining how to put people to work. Frankly, I think the State plans generally are more realistic about the work requirements and are more solidly grounded in the possible, rather than the hypothetical.

Some of us around here have gotten carried away with our rhetoric about being tough on work by getting into a bidding war over who can have work requirements that sound tougher. Our rhetoric about being tough on work has led us to impose work requirements in this bill that virtually no State can implement.

The only work requirements that are meaningful are the work requirements that actually can be met by States. When I have said that previous welfare reform bills were weak on work, I have meant that the bills would not give States the resources to put welfare recipients into work.

The mandates in the bill passed by the House would force States such as Texas to make changes in the plans passed by the State legislature or face severe penalties from the Federal Government.

The important State waiver change included in the conference report gives States necessary additional flexibility in implementing programs to move welfare recipients to work even if they don't meet the mandates in this bill.

The additional flexibility that this bill gives to States in developing work programs will reduce the pressure on States to cut benefits or restrict eligibility for assistance in order to meet the work requirements of the bill. The Congressional Budget Office has reported that States would be forced to tighten eligibility for assistance to needy families or by reducing the size of benefits in order to offset the unfunded mandate in the work programs. Members who are concerned about the impact that welfare reform will have on children should strongly support giving States this flexibility and reducing the unfunded mandates.

Despite some reservations I have about this conference report, I believe it is critical that welfare reform be enacted this year. Failure to do so will signal yet another wasted opportunity to make critically needed reforms. We should enact this conference report and fix the current system now, moving towards a system that better promotes work and individual responsibility.

Mr. SHAW. Mr. Speaker, I yield 1½ minutes to the distinguished gentleman from Nevada [Mr. ENSIGN], a valued member of the Subcommittee on Human Resources of the Committee on Ways and Means.

(Mr. ENSIGN asked and was given permission to revise and extend his remarks.)

Mr. ENSIGN. I thank the chairman for yielding me the time, and I thank him for all the work he has done on behalf of the welfare recipients in the country.

Mr. Speaker, today is truly independence day for welfare recipients. It is the first day to redefine compassion in America. In Las Vegas, we have a program known as Opportunity Village. It is an incredible program for the mentally disabled. It is a public-private partnership. The primary premise for the program is that it is compassionate enough to care enough about mentally disabled people to where the community works together to find these people jobs.

It is an incredible situation to walk down there and to see the joy that these people have in being able to work every day so that they do not become a drain on society. They feel good about themselves. Today is the first day welfare recipients are going to start feeling good about themselves, and the children are going to start feeling good about their parents.

My mom, when I was young, was divorced, supporting three kids, with very little money, just virtually no child support. I watched her every single day get up and go to work. She taught me a work ethic that has carried through my entire life with myself and my brother and sister. We have robbed that of welfare families. This bill starts giving that work ethic back to the American people.

The Wall Street Journal did a poll. Ninety-five percent of all presidents of companies had their first job by the time they were 12 years of age. Compassion, work ethic, today; vote for this bill. It is a good bill for America, and today is a great day for America.

Mr. SABO. Mr. Speaker, I yield 1 minute to the distinguished gentlewoman from California [Ms. WATERS].

Ms. WATERS. Mr. Speaker, someday more politicians will approach tough decisions such as welfare reform with more care and integrity. This is not that day. Someday politicians will place children above politics. This is not that day. Someday politicians will place truth above personal gain. This is not that day.

Too many Democrats and Republicans will run for reelection on this so-called welfare reform legislation. The truth is this bill does nothing to train mothers for work, to develop jobs, to help recipients become independent. This bill is welfare fraud, not welfare reform. This bill penalizes poor working families and will drive more children into poverty. Only time will reveal the shame of what happened this day, and only history will record the blatant lack of courage to simply do the right thing.

Mr. SABO. Mr. Speaker, I yield 1 minute to the distinguished 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, let no one fool you. This bill is not about reforming welfare. It is not about that. It is about saving money and trying your very best to influence

the American public that we have balanced the budget. I would not mind this. I want to see welfare reform. But this is not the way to do it. What we are doing here is hurting children. Every time I stand here, I talk about that. These are all children. The conference report did much worse than the Senate. You allow the States, and I come from a State that will, you are allowing a State to cut 25 percent of their 1994 spending levels without any penalty. When the Florida legislature gets ready to cut, they are going to cut this particular program. The parents of children ages 6 to 11 will have to work without assurance of child care at all. Who is going to take care of the children? Are they going to run all over the world and get into trouble? Yes. The transfer of funds from transfer assistance to work, the Senate bill did better than that. The conference bill allows them to divert funds.

I am hoping that people listen to this bill because what this conference bill does is worse than the Senate bill and it should not be passed. Mr. Speaker, this is a travesty to the American public.

Mr. SHAW. Mr. Speaker, I yield 2 minutes to the gentlewoman from Connecticut [Mrs. JOHNSON], a distinguished member of the Committee on Ways and Means.

Mrs. JOHNSON of Connecticut. I thank the gentleman from Florida for yielding me the time and commend him on his extraordinary leadership now over 4 years in getting this bill to the President.

Mr. Speaker, this bill is about work, responsibility, hope, and opportunity. I wish I had the time here today to answer some of the concerns that have been raised about day care and jobs and all of those things. I think this bill addresses them. But I would like to discuss two issues that have not received much attention but are integral to our underlying goal of helping families become self-sufficient: Child support enforcement and Medicaid.

First, I am very pleased to say that this bill retains current eligibility standards for families on Medicaid. All families now on Medicaid will continue to get Medicaid. Furthermore, all families in the future that meet today's criteria will continue to get Medicaid even if their State redefines their welfare program with more constricted criteria.

Regarding the Medicaid transition period, under current law when a family leaves the welfare rolls to work, they are guaranteed 1 year's transitional Medicaid benefit. In the future, this will be absolutely true. We retain current law in this regard. Medical coverage is often one of the biggest barriers to families leaving welfare, especially since lower paying jobs are less likely to have employer-provided health coverage. By keeping the transition period policy constant, we are enabling families to go to work without worrying about losing their medical benefit.

Second, this bill contains landmark child support provisions. Today in America 3.7 million custodial parents are poor; of those 3.7 million, fully three-quarters receive no child support. Of those who have child support orders in place, which is only 34 percent of the women, only 40 percent receive the payment they should receive. This is catastrophic for women and children, and this bill fixes that system, an enormous advance for women and children and a way off welfare.

Mr. SABO. Mr. Speaker, I yield 1 minute to the distinguished gentlewoman from Florida [Mrs. THURMAN].

Mrs. THURMAN. I thank the gentleman from Minnesota for yielding me this time.

Mr. Speaker, I rise today to congratulate my friends from the other side of the aisle for their wisdom in adopting the position of the bipartisan Castle-Tanner coalition in maintaining the Federal commitment to food stamps.

My colleagues were right to eliminate the optional block grant that would have forced States to turn away hungry families with children. They were right to modify the Kasich food stamp amendment in favor of a provision that provides assistance to laid-off and downsized workers.

Of course, I still believe it would have been more beneficial if this bill realized that people who cannot find jobs still need to eat. But my colleagues have come a long way, and it is significant improvement over the first attempt at welfare reform. I am happy that my friends from the other side of the aisle listened to us and made these important changes along with others such as Medicaid coverage and vouchers. I look forward to the opportunity for us to continue in a bipartisan spirit to look at the future of these programs and to ensure that people that we are trying to help to get to work are able to do so.

My colleagues so aptly put in a provision so that we do a review every 3 years. We need to make sure we follow through with that.

Mr. SHAW. Mr. Speaker, I yield 1½ minutes to the distinguished gentleman from Florida [Mr BILIRAKIS], a valued member of the Committee on Commerce.

(Mr. BILIRAKIS asked and was given permission to revise and extend his remarks.)

Mr. BILIRAKIS. Mr. Speaker, as representatives of the people we do not get as many opportunities as we would like to do something that would truly help improve the lives of the people we serve. This bill presents us with just such an opportunity. This conference report is more than just a prescription for much needed welfare reform, however. It is what I hope will be the first step in our bipartisan efforts to improve the public assistance programs on which disadvantaged families depend.

After all, welfare as we know it means more than AFDC. It includes food stamps, housing assistance and energy assistance, and it includes medical assistance. That is right. For millions of Americans, Medicaid is welfare. That is because income assistance alone is not sufficient to meet the pressing needs of disadvantaged families.

For States, too, Medicaid is welfare. In fact, it makes up the largest share of State public assistance funding. As a share of State budgets, Medicaid is four times larger than AFDC.

□ 1600

If President Clinton does the right thing and signs this welfare reform bill into law, Medicaid will still be caught up in the choking bureaucratic red tape of Federal control, and that is why the Medicaid Program must be restructured if States are to fully succeed in making public assistance programs more responsible and effective.

Mr. Speaker, I commend my colleagues on both sides of the aisle for their commitment to true welfare reform, and I look forward to continuing our efforts to making all sources of public assistance work better for those who need a helping hand up.

Mr. SABO. Mr. Speaker, I yield such time as he may consume to the gentleman from Illinois [Mr. JACKSON].

(Mr. JACKSON of Illinois asked and was given permission to revise and extend his remarks.)

Mr. JACKSON of Illinois. Mr. Speaker, I rise in strong opposition to this deadly and Draconian piece of garbage which will do nothing to reform the conditions of poverty and unemployment suffered by our Nation's most vulnerable.

As I listen to the debate on the floor of this body today, I felt compelled to make clear to the American people exactly what this bill will do to our Nation's families and our Nation's future. Despite the deceptive rhetoric that we have heard on the floor today, let us be clear—at its core, this bill unravels a 60-year guarantee of a basic human safety net for our Nation's poorest and most vulnerable children and their families.

The President and many Members of the 104th Congress have decided to cut welfare as they know it—to children, immigrants and the poorest Americans—but they have left intact welfare as we know it—welfare to America's largest corporations. We cannot and must not balance the budget on the backs of the least of these.

Mr. Speaker, I have heard Members on this floor urge support of this deadly measure, cloaking its defense in terms like "This is for the good of the poor." How can this be anything but bad for the poor, when we know that in my Home State of Illinois alone, 55,800 children will be pushed below the poverty line as a result of this bill, and 1.3 million children will be similarly impacted nationwide.

Please know, Mr. Speaker, that I will not join demopublicans and republicrats in this mean-spirited attack, you can rest assured that I will work to continue to provide equal protection under the law for our Nation's poor, our disabled, our immigrants and our children.

Posturing tough on welfare mothers is viewed as good politics at least by a press

corps that admires cynicism. But ending welfare as I know it is a good idea if done well. So before you push more poor kids and their mothers out on the streets let's apply "Two Years and You're Off" to dependent corporations and find a real jobs program for all Americans. Perhaps conservative Republicans and Democrats and posturing Presidents should begin to beat up on the welfare king for a change.

Mr. SABO. Mr. Speaker, I yield 1 minute to the distinguished gentlewoman from New York [Mrs. MALONEY].

Mrs. MALONEY. Mr. Speaker, this conference report is dangerous and unrealistic. I do not believe the American people will tolerate a policy of ending support to a single mom who has played by the rules, tried to find a job for 2 years and could not.

Our unemployment rate is over 5 percent, and that does not include millions of welfare recipients. This conference report does not require the Government to create jobs. The result will be the world's wealthiest nation putting families out on the street to fend for themselves. Will we tolerate destitution and call it reform?

Republicans say the States will solve these problems. Already Philadelphia, as reported yesterday in the paper, has stopped providing shelter beds for single homeless people due to Federal and State welfare cuts. I am not predicting that Republican welfare reform will put people out on the street. I am pointing out that it already has.

Oppose this conference report.

Mr. SHAW. Mr. Speaker, I yield 1 minute to the distinguished gentleman from Delaware [Mr. CASTLE], who has done a great deal in this conference in bringing the two sides together.

Mr. CASTLE. Mr. Speaker, I cannot thank the gentleman from Florida [Mr. SHAW] enough. At a time when somebody had to listen, he did. We do not always do that in this building, and it is just a tremendous honor to him that we are passing this bill today.

I thank the gentleman from Tennessee, Congressman JOHN TANNER, not a finer person to work with I know in the House, who acted in a bipartisan way when I think we needed that in order to bring this bill into line.

I thank the President, who I understand is going to sign this legislation. I believe he is doing the right thing for a variety of reasons.

I believe the safety net was put back into place that we have talked about in several ways in the area of Medicaid, food stamps, and the ability of States to set up voucher systems after 5 years. I think they can deal with that.

I have believed strongly, in my fight for welfare reform for 12 years now, that this is the opportunity. Everyone talks about this in a very draconian sense. I believe this is opportunity for women, for children, in some instances for men, and for families. It is opportunity because we are going to take people who have not had a true chance to live the American life in terms of their education and background and we are giving them that chance.

It is an experiment. We may have to come back to it, but I congratulate everybody.

Mr. SABO. Mr. Speaker, I yield 1 minute to the distinguished gentleman from South Carolina [Mr. CLYBURN].

Mr. CLYBURN. Mr. Speaker, I thank the ranking member for yielding me this time.

Mr. Speaker, 2 years and you are out is not a bad proposition in and of itself, but in this bill it relies on that tried-and-true adage if you give a man a fish you may feed him for a day, if you teach a man how to fish he may feed himself for a lifetime.

In this bill, Mr. Speaker, only 50 percent of those 2-years-and-you-are-outers can reasonably expect any chance at training. In this era of personal responsibility, this legislation asks our most vulnerable citizens to do more, but our States are being required to do less.

Mr. Speaker, this is not the best we can do, and it is not the best we can afford. I urge a no vote, Mr. Speaker.

Mr. SABO. Mr. Speaker, I yield 1 minute to the distinguished new mom from Arkansas, Mrs. LINCOLN.

(Mrs. LINCOLN asked and was given permission to revise and extend her remarks.)

Mrs. LINCOLN. Mr. Speaker, I thank the gentleman for yielding me this time and for his kind remarks.

I think we can find that no one will argue that our current welfare system needs changed and today we have the opportunity to pass legislation that will hopefully move our Nation's low-income citizens from passively accepting a welfare check to actively earning a paycheck.

Welfare reform has been one of my top priorities since first coming to Congress, especially reform of the SSI disability program or the crazy check problem.

I have worked diligently with members of the Blue Dog Coalition, with the Chairman of the Subcommittee on Human Resources, the task force, and with Members of both sides of the aisle to find a reasonable solution to those who truly need SSI assistance and welfare reform, hoping we can crack down on the abuse in the system while making provisions for those who need it.

Although this conference report is not a perfect bill, it represents a significant improvement over our status quo. 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.

Mr. Speaker, this legislation provides responsible reform through the three main goals we started with: State flexibility, personal responsibility, and work. I urge my colleagues to support this provision, a lot of hard work in a bipartisan spirit.

Mr. SHAW. Mr. Speaker, I yield such time as he may consume to the gentleman from Virginia [Mr. GOODLATTE].

(Mr. GOODLATTE asked and was given permission to revise and extend his remarks.)

Mr. GOODLATTE. Mr. Speaker, I thank the gentleman for yielding me this time, for his fine work on this bill, and I rise in strong support of the welfare reform conference report.

Mr. SABO. Mr. Speaker, I yield 1 minute to the distinguished gentlewoman from Hawaii [Mrs. MINK].

Mrs. MINK of Hawaii. Mr. Speaker, I thank the ranking member of the Committee on the Budget for yielding me this time.

I intend to vote against this conference report. The Urban Institute tells us that over a million children will be put into poverty as a result of this legislation. We are told by our own Republican Congressional Budget Office that it is underfunded insofar as the work requirements.

If indeed we want our people on welfare to go to work, is it not fair to expect that there will be dollars there to provide them jobs, not to cut them adrift after 2 years without any cash support whatsoever?

That is what the consequence of this bill will do. It will force people out on the streets, literally, with no cash assistance whatsoever and without the promise of any assistance in finding jobs.

The women on welfare want to work. Look at any study that has been issued. These studies tell us that over 60 percent of the young mothers on welfare are out there looking for jobs and half of them do find them and they get off welfare. These people who say that the women stay there 13 years on welfare are simply not telling the truth.

Mr. SHAW. Mr. Speaker, I yield 1½ minutes to the gentlewoman from North Carolina [Mrs. MYRICK], the former mayor of Charlotte.

Mrs. MYRICK. Mr. Speaker, the President's decision to sign this welfare reform bill is really great news for working Americans and for people in need. The welfare bill will really reform and empower the States to be creative in solving their own problems and it will help end the cycle of dependency and poverty, which really truly helps millions of children with a decent fulfilling future.

As a former mayor, I know firsthand these ideas work because we had pilot programs in our area where we were moving people out of public housing and into home ownership and off of welfare with child care help and really giving them their dignity back again.

It is a sin not to help someone who genuinely, truly needs that help through no fault of their own, but it is also a sin to help people who do not need help. So this bill is going to encourage that personal responsibility that we are all so proud of and give people their dignity back.

Mr. SABO. Mr. Speaker, I yield 1 minute to the distinguished gentleman from North Dakota [Mr. POMEROY].

Mr. POMEROY. Mr. Speaker, I rise to support this legislation. I believe this

bill is clearly an improvement over the current system.

I voted against the previous GOP bills because I believed they inadequately protected children and were weak on work. Unlike those bills, this conference report does not deprive kids on Medicaid of their health care coverage.

The conference report allows States to provide vouchers for children's necessities when their parents reach the time limit on benefits. The conference report removes the optional food stamp block grant and provides families with high rent or utility bills an adjustment for more grocery money than the earlier House versions allowed. I remain concerned that funding for job training may not be adequate yet, and that may need to be addressed in the future.

A lot of us have worked hard to improve the various welfare reform proposals we have considered. Real welfare reform has meaningful protections for children, has a tough work requirement and demands personal responsibility. While this bill is not perfect, it fits those parameters and begins a process of reforming welfare.

Mr. SHAW. Mr. Speaker, I yield 1 minute to the gentleman from Louisiana [Mr. MCCRERY], a most valuable member of the Subcommittee on Human Resources of the Committee on Ways and Means.

Mr. MCCRERY. Mr. Speaker, I thank the chairman of the subcommittee for yielding me this time and congratulate him on the great work in getting this welfare reform bill to the floor today. I also commend the President today for agreeing to sign this most historic bill.

I want to talk for just a second about a part of the bill that I helped write, and I have gotten several calls today and yesterday, and some of my colleagues have, regarding the SSI for children's provisions in this bill.

I want to assure all those teachers who brought this problem to my attention and to the attention of other of my colleagues this is being taken care of in this welfare reform bill. We do away with a very subjective qualifying criteria that allows children to qualify for a disability when they really should not be on the program and replaces it with very definitive medical criteria that will be much, much superior to the current system.

So I want to thank the gentlewoman from Arkansas, BLANCHE LAMBERT LINCOLN, the gentleman from Wisconsin, GERALD KLECZKA, and others who helped me to bring to the attention of this body the very serious problems with the SSI disability for children.

Mr. SABO. Mr. Speaker, I yield 1 minute to the gentleman from California [Mr. FARR].

In addition, Mr. Speaker, I ask unanimous consent to yield the remainder of the time on our side to the gentleman from Florida [Mr. GIBBONS] and that Mr. GIBBONS be permitted to manage that time and to yield time to others.

The SPEAKER pro tempore (Mr. MCINNIS). Is there objection to the request of the gentleman from Minnesota?

There was no objection.

The SPEAKER pro tempore. The gentleman from California [Mr. FARR] is recognized for 1 minute.

(Mr. FARR of California asked and was given permission to revise and extend his remarks.)

Mr. FARR of California. Mr. Speaker, everybody in this Congress wants welfare reform. That is not the debate. But not everybody in the Congress wants to shift the cost from Federal Government to local government.

We usually ask ourselves as lawmakers to look before we leap. I do not think we have done that here on the welfare reform bill. We have asked to be quoted by Governors, but Governors do not administer welfare, communities do. Counties and cities do. Has anyone asked the mayors and county supervisors? Well, I did.

In California we are going to shift 230,000 people who are legal residents of the United States who are disabled. They are cut off. They live in our community. Where are they going to go? What will this bill do to help them?

This bill goes on. It hurts the people in our neighborhoods, people who go to school with our children. What can we do with a bill that hurts children, that hurts the disabled, that hurts the elderly? In the Congress of the richest Nation in the world, what we can do is vote "no" on this bill and say we can do a better job.

We want welfare reform, but a welfare reform bill that just plows the problem on the community is not reform at all. I ask for a "no" vote.

Mr. Speaker, I insert the following material for the RECORD:

COUNTY OF SANTA CRUZ,
HEALTH SERVICES AGENCY,
Santa Cruz, CA, July 17, 1996.

Re recommendation to oppose H.R. 3507 and S. 1795 denying eligibility for federal programs for legal immigrants.

Hon. SAM FARR,
U.S. House of Representatives, Washington, DC.

DEAR CONGRESSMAN FARR: On behalf of Santa Cruz County, we are asking for your assistance and intervention in deleting from H.R. 3507 and S. 1795, requirements which deny eligibility for federal programs to legal immigrants. These two bills are moving forward under the heading of welfare reform and in their present form, are expected to save the Federal government $23 billion over seven years. At least $9 billion of this total would be achieved by eliminating services to legal immigrants in California. Santa Cruz County with less than 1% of the state's population, because of its population history, dependence on agriculture and demographics, expects an adverse financial impact far in excess of its population share.

While the federal budget will experience some relief, the budgets of local governments, especially over-taxed budgets such as Santa Cruz's, will be severely impacted. These important issues demand thoughtful, coordinated planning and implementation to assure the least negative impact on those taxpayers who fund local government services and those residents who look to local government for care.

These two legislative proposals, regardless of their noble intent, will savage local government and cause severe personal and societal disruption. For these reasons, we urge that you oppose these measures as long as they contain these unacceptable provisions which deny eligibility for legal immigrants.

Very truly yours,

CHARLES MOODY,
Health Services Administrator.
WILL LIGHTBOURNE,
Human Resources Agency Administrator.

CALIFORNIA LEGISLATURE.
Sacramento, CA, July 18, 1996.

Hon. SAM FARR,
U.S. House of Representatives, Washington, DC.

DEAR REPRESENTATIVE FARR: We are writing to convey major concerns raised by the most recent proposed welfare legislation currently being considered by Congress.

SERVICES FOR AGED AND DISABLED LEGAL IMMIGRANTS

Denying Federal benefits to legal immigrants disproportionately harms California communities. Over 230,000 non-citizen legal immigrants currently receive SSI in California, excluding refugees. This aid is provided to the aged, blind and disabled, who could not support themselves by going to work if their SSI benefits ended. Under H.R. 3507, SSI and Food Stamps would be denied to non-citizens already legally residing in California as well as to new legal entrants, unlike the immigration reform legislation currently under consideration in Congress, which permits continued benefits for existing legal residents.

The proposed bar on SSI and Food Stamps for all legal immigrants, and the denial of other Federal means-tested programs to new legal entrants for their first five years in the country would have a devastating effect on California's counties, which are obligated to be the providers of last resort. It is estimated that these proposed changes would result in costs of $9 billion to California's counties over a seven-year period. At a minimum, the very elderly, those too disabled to become citizens and those who become disabled after they arrive in this country should be exempted from the prohibition on SSI—if for no other reason than to lessen to counties the indefensible cost of shifting care from the Federal government to local taxpayers for a needy population admitted under U.S. immigration laws.

PROTECTION OF CHILDREN

While we agree that welfare dependence should not be encouraged as a way of life, it is essential in setting time limits on aid that adequate protections be provided for children once parents hit these time limits. Some provision must be made for vouchers or some other mechanism by which the essential survival needs of children such as food can be met. The Administration has suggested this sort of approach as a means of ensuring adequate protection for children whose parents hit time limits on aid.

California's child poverty rate was 27 percent for 1992 through 1994, substantially above the national rate of 21 percent. H.R. 4, which was vetoed by the President, would have caused an additional 1.5 million children to become poor. Though estimates have not been produced for H.R. 3507, it is likely that it also would result in a significant additional number of children falling below the poverty level.

ADEQUATE FUNDING FOR CHILD CARE

Funds provided for child care are essential to meet the needs of parents entering the

work force while on aid and leaving aid as their earnings increase. For California to meet required participation rates, about 400,000 parents would have to enter the work force and an additional 100,000 would have to increase their hours of work. Even if only 15 percent of these parents need a paid, formal child care arrangement, California will need nearly $300 million per year in new child care funds.

Thank you for your consideration of these concerns. If your staff have any questions about these issues, they can contact Tim Gage at (916) 324-0341.Sincerely,

Bill Lockyer,
President Pro Tempore, California Senate.

Richard Katz,
Democratic Floor Leader, California Assembly.

NATIONAL IMMIGRATION LAW CENTER—OVERVIEW OF CURRENT LAW AND WELFARE REFORM IMMIGRANT RESTRICTIONS—104TH CONGRESS

	Current Law	Welfare Reform Reconciliation Act of 1996 (H.R. 3734) as passed by the House	Personal Responsibility, Work Opportunity Act of 1966 (H.R. 3734) as passed by the Senate	Differences/Comments
Programs barred to most legal immigrants including current residents	None	Denied until citizenship: SSI, Food Stamps, and Medicaid.	Denied until Citizenship: SSI, and Food Stamps.	Medicaid: House bars Medicaid to most legal immigrants. Senate imposes lesser restrictions on immigrant access to Medicaid. The Senate Medicaid provisions affect about half as many people after six years.
		Current recipients: phased in over one year. Exemptions Refugees, asylees, withholding of deportation during 1st 5 years only. Veterans and family members. Immigrants who work 40 "qualifying quarters" (as defined for Title II Social Security) and did not receive any means-tested assistance in any of those quarters. Minor children get credit for quarters worked by parents; spouses get credit for work if still married or if working spouse is deceased.	Current recipients: phased in over one year. Exemptions Refugees, asylees withholding of deportation during 1st 5 years only. Veterans and family members. Immigrants who work 40 "qualifying quarters" (as defined for Title II Social Security) and did not receive any means-tested assistance in any of those quarters. Minor children get credit for quarters worked by parents; spouses get credit for work if still married or if working spouse is deceased.	Refugees/Asylees: Most refugees and asylees have been here more than five years and would be subject to the bar.
State option to bar current legal residents and future legal immigrants.	States may not discriminate against legal immigrants in the provision of assistance.	Programs: State have option to bar both current residents and new immigrants from: AFDC, title XX, and all entirely state funded means-tested programs.	Programs: State option to bar both current residents and new immigrants from: Medicaid, AFDC, title XX, and all entirely state funded means-tested programs.	Identical provisions. The definitions of "means-tested" programs was deleted from the Senate bill because of the "Byrd rule".
Five Year prospective bar (on future legal immigrants).	None.	Provision: Bars AFDC and most federal means tested programs to legal immigrants who come after date of enactment for 1st 5 years after entering the U.S. Exceptions: Emergency Medicaid. Immunizations & testing and treatment of the symptoms of communicable diseases. Short-term non-cash disaster relief. School Lunch Act programs. Child Nutrition Act programs. Title IV foster care and adoption payments. Higher education loans & grants. Elementary & Secondary Education Act. Head Start. TPA. At AG discretion, community programs (such as soup kitchens) that do not condition assistance on individual income or resources and are necessary to protect life or safety.	Provision: Bars AFDC and most federal means tested programs to legal immigrants who come after date of enactment for 1st 5 years after entering the U.S. Exceptions: Emergency Medicaid. Immunization & testing and treatment of communicable disease if necessary to prevent the spread of such disease. Short-term non-cash disaster relief. School Lunch Act programs. Child Nutrition Act programs. Certain other emergency food and commodity programs. Title IV foster care and adoption payments. Higher education loans & grants (including those under the Public Health Services Act). Elementary & Secondary Education Act. At AG discretion, community programs (such as soup kitchens) that do not condition assistance on individual income or resources and are necessary to protect life or safety.	Communicable Diseases: House permits doctors to be reimbursed for treating symptoms of communicable diseases even if the disease later turns out not to have been communicable. Nutrition: Senate permits food banks and others who administer emergency food programs to avoid spending volunteer resources to verify citizenship. Head Start and ITPA: House does not restrict legal immigrant access to these programs. Student Assistance Under the Public Health Services Act: These programs were added to the Senate bill by floor amendment sponsored by Senator Paul Simon (D-IL). The definition of "means-tested" programs was deleted from the Senate bill due to the "Byrd rule."
Programs restricted by deeming (impacts most family-based immigrants).	AFDC, Food Stamps, and SSI.	Provision: Virtually all federal means-tested program must deem future immigrants.	Provision: Virtually all federal means-tested programs must deem future immigrants.	Identical provisions.
		Exempted programs: Same programs exempted from deeming as from the 5-year prospective bar (see above). State and local programs: Programs that are entirely state funded may deem (or ban) current legally resident immigrants as well as future legal immigrants (except for those exempt from federal deeming and programs that are equivalent to federal programs exempted from deeming).	Exempted programs: Same programs exempted from deeming as from the 5-year prospective bar (see above). State and local programs; Programs that are entirely state funded may deem (or ban) current legally resident immigrants as well as future legal immigrants (except for those exempt from federal deeming and programs that are equivalent to federal programs exempted from deeming).	Neither bill exempts non-profit organizations from burdensome verification requirements (as does the Senate immigration bill).
Length of deeming period/ retroactivity.	3 years (SSI 5 years until 10/1/96).	Current residents: same as current law.	Current residents: same as current law.	Identical provisions.
		Future immigrants: until citizenship unless an exemption applies (e.g. 40 quarters).	Future immigrants: until citizenship unless one of the exemptions applies (e.g. 40 quarters).	
Immigrants exempt from deeming.	Disabled after entry (SSI only).	Immigrants who work 40 "qualifying quarters" (as defined for Title II Social Security) and did not receive any means-tested assistance in any of those quarters.	Immigrants who work 40 "qualifying quarters" (as defined for Title II Social Security) and did not receive any means-tested assistance in any of those quarters.	Identical provisions.
	Sponsor is receiving Food Stamps (Food Stamps only).	Minor children get credit for quarters worked by parents; spouses get credit for work if still remarried or if working spouse is deceased. Veterans, exempt from SSI, Medicaid and Food Stamp bar, are not exempt from deeming.	Minor children get credit for quarters worked by parents; spouses get credit for work if still married or if working spouse is deceased. Veterans, exempt from SSI, Medicaid and Food Stamp bar, are not exempt from deeming.	About half of the legal immigrants who will be cut off of SSI under these bills have been in the U.S. more than ten years. There is no exemption for battered spouses or children in either bill.
Affidavits of support provision.	Affidavits of support are unenforceable against the sponsor.	Enforceable to recover money spent on most means-tested programs.	Enforceable to recover money spent on most means-tested programs.	The requirement that only the petitioner may be the sponsor precludes all other close relatives from obligating themselves to support the immigrant.
		Sponsor liable for benefits used until citizenship, unless immigrant works 40 "qualifying quarters" is credited for work of spouse or parent. For definition of "qualifying quarter," see Immigrants Exempt from Deeming above. Enforceable against sponsor by sponsored immigrant or government agencies until 10 years after receipt of benefits. Sponsor fined up to $5,000 for failure to notify when sponsor moves. Only the petitioner may qualify as a sponsor.	Sponsor liable for benefits used until citizenship, unless immigrant works 40 "qualifying quarters" is credited for work of spouse or parent. For definition of "qualifying quarter," see Immigrants Exempt from Deeming above. Enforceable against sponsor by sponsored immigrant or government agencies until 10 years after receipt of benefits. Sponsor fined up to $5,000 for failure to notify when sponsor moves. Only the petitioner may qualify as a sponsor.	This entire section was deleted from the Senate bill because of the Byrd rule.
Treatment of "Not qualified" immigrants.	Eligibility of classes of immigrants the INS does not plan to deport varies by program.	Definition: "Not qualified" = all but LPR, refugee, granted asylum, deportation withheld, parolee for > 1 year.	Definition: "Not qualified" = all but LPR, refugee, granted asylum, deportation withheld, parolee for > 1 year.	Child Nutrition: The House would require the schools, churches, charities, and clinics that operate school lunch programs and WIC clinics to verify immigration status and turn away ineligible children. The Senate exempts child nutrition programs from these requirements.
	Undocumented immigrants ineligible for cash assistance and all major federal programs. Exemptions include: emergency Medicaid, public health, child nutrition, Child care, child protection, and maternal care, emergency services.	Prohibition: Not qualified barred from: Social Security (affects new applicants only), unemployment, all federal needs-based programs, and any governmental grant, contract, loan, or professional or commercial license (nonimmigrants may receive license or contract related to visa.)	Prohibition: Not qualified barred from: Social Security (affects new applicants only), unemployment, all federal needs-based programs, and any governmental grant, contract, loan, or professional or commercial license (nonimmigrants may receive license or contract related to visa.)	

NATIONAL IMMIGRATION LAW CENTER—OVERVIEW OF CURRENT LAW AND WELFARE REFORM IMMIGRANT RESTRICTIONS—104TH CONGRESS—Continued

	Current Law	Welfare Reform Reconciliation Act of 1996 (H.R. 3734) as passed by the House	Personal Responsibility, Work Opportunity Act of 1966 (H.R. 3734) as passed by the Senate	Differences/Comments
		Exceptions: Emergency Medicaid. Short-term emergency relief. Immunizations and testing and treatment of the symptoms of communicable diseases.	Exceptions: Emergency Medicaid. Short-term emergency relief. Immunizations and testing and treatment of communicable disease if necessary to prevent the spread of such disease. School Lunch Act programs. Child Nutrition Act programs. Certain other emergency food and commodity programs.	No Battered Women's Exception: Beneficiaries of the Violence Against Women Act (VAWA) self-petitioning provisions are treated the same as persons who are unlawfully in the U.S.
		Current recipients of housing or community development funds. At AG discretion, community programs (such as soup kitchens) that do not condition assistance on individual income or resources and are necessary to protect life, or safety.	Current recipients of housing or community development funds. At AG discretion, community programs (such as soup kitchens) that do not condition assistance on individual income or resources and are necessary to protect life, or safety.	
		State and Local Programs: Immigrants who are not lawfully present may not participate in state or locally funded programs unless the state passes a law after enactment affirmatively providing for such eligibility (state has no option to provide assistance to "not qualified" immigrants who are here lawfully).	State and Local Programs: Immigrants who are not lawfully present may not participate in state or locally funded programs unless the state passes a law after enactment affirmatively providing for such eligibility (state has no option to provide assistance to "not qualified" immigrants who are here lawfully).	
Verification and reporting.	Agencies such as battered women's shelters, hospitals, and law enforcement agencies may keep immigration information confidential if they feel such confidentiality is advisable given their mission. For example, a law enforcement agency may assure a timid witness that he or she will not be deported as a result of coming forward to report a crime.	No Confidentiality: No state or local entity may "in any way" restrict the flow of information to the INS.	No Confidentiality: No state or local entity may "in any way" restrict the flow of information to the INS.	Identical provisions.
		Required Verification: All federal, state and local agencies that administer non-exempt federal programs must verify immigrant eligibility "to the extent feasible" through a computerized database.	Required Verification: All federal, state and local agencies that administer non-exempt federal programs must verify immigrant eligibility "to the extent feasible" through a computerized database.	The no confidentiality provision endangers witness protection programs and all other endeavors in which confidentiality is necessary to encourage cooperation or participation.
		Required Reporting: SSI, Housing, and AFDC agencies must make quarterly reports to INS providing the name and other identifying information of persons known to be unlawfully in the U.S.	Required Reporting: SSI, Housing, and AFDC agencies must make quarterly reports to INS providing the name and other identifying information of persons known to be unlawfully in the U.S.	

Mr. SHAW. Mr. Speaker, I yield 1 minute to the distinguished gentleman from California [Mr. RIGGS].

Mr. RIGGS. Mr. Speaker, I thank the gentleman for yielding me this time and for his hard work on this very historic and very important legislation.

This legislation curtails food stamp fraud, it limits the access of resident aliens to welfare programs, which just might persuade some visitors to our country who did not come here to work to return home, but, more importantly, it is another step in the process of devolving or sending social services back to the States and getting control back in the hands of local managers who are closer to the problems of the poor.

It addresses a fundamental fairness issue in American society, and that is the resentment of working individuals toward able-bodied individuals who refuse to get off the dole. Most importantly, in my mind, it addresses the problem of welfare dependency and welfare pathology in this country, which has led to soaring rates of family disintegration, illegitimacy in American society, and the other consequences, like youth crime.

This is indeed an historic day in this body and a very, very important piece of legislation, in my view the most important legislation we will enact in the 104th Congress.

□ 1615

Mr. GIBBONS. Mr. Speaker, I yield myself 1 minute.

Mr. Speaker, let me say first of all that there are some good things in this legislation that could have and should have become law without being tied to the rest of this fundamentally flawed package. The President has made a mistake in endorsing this legislation and the Congress will make a mistake in passing it.

Essentially, Mr. Speaker, this legislation reduces assets that we need to help those who are the most vulnerable in our society. Seventy percent of all the people on welfare are infants and children. The rest are so disabled one way or another, and they cannot make a go of it. This bill reduces their assets, reduces the assets of the people who we are trying to help to improve and better their situation.

For some reason that we do not thoroughly understand, the bottom three-fifths of all the people in the United States have not made any progress in the last 20 years, economically speaking. The bottom one-fifth have lost 18 percent of their resources that are available to them. This bill further exacerbates that problem and will hurt infants and children. It should not become law. It should be vetoed.

Mr. SHAW. Mr. Speaker, I yield 1½ minutes to the distinguished gentleman from Connecticut [Mr. SHAYS], a member of the Committee on the Budget.

Mr. SHAYS. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, politicians are elected by adults to represent the children. We need to save our children from crippling national debt, Government debt. We need to make sure that our trust funds, like Medicare, are there for our children. And most importantly, we need to enable, we need to help our children become independent citizens of this great and magnificent country. This bill helps to transform our caretaking, social and corporate welfare state into a caring opportunity society.

I extend tremendous admiration to the gentleman from Florida, [Mr. SHAW] for not giving into those who wanted to weaken the bill so that it would end up not doing anything. We have a caring bill that does this. In the final analysis, it is not what you do for your children but what you have taught them to do for themselves that will make them successful human beings.

It ends this caretaking society and moves toward a caring society where we teach our children and the adults who raise our children how to grow the seeds, how to have the food.

Mr. GIBBONS. Mr. Speaker, I yield 2 minutes to the gentleman from New York [Mr. RANGEL].

(Mr. RANGEL asked and was given permission to revise and extend his remarks.)

Mr. RANGEL. Mr. Speaker, what time is it? It is time for us to get on with our conventions. We better get on with the Democratic Convention and Republican Convention. What do we want to say that we are for? Reform. What is a nagging sore in everyone's problem? Welfare. People who do not work.

What is the bill all about? Well, the bill is supposed to be to protect children. I heard the previous speaker say that. He said that this child will be cut off of welfare if the mother does not

get a job in 2, 3, 4 or 5 years. He did not say it, but I know he read the bill.

The winners in this are the Governors. There is nothing to tell the Governors what to do, and they will be the losers in the long run, but not as bad as the children. They can do what they want with immigrants and with little kids because for 60 years we have said there is a safety net for children. But not before this election.

Who won? Bob Dole? Oh, yes, he said it already. He shoved this one down the President's throat. Three strikes and the President would have been out so he wins because what the heck, he forced the issue.

And who is another winner? My President. He is a winner. He has removed this once again. Everything you come up with, my President says, oh, no you do not. And so here again he is a winner.

So when we look at it, this is a big political victory. The Democrats are happy in the White House. The Republicans are happy because they made him do it. The Governors are happy. They begged for the opportunity to do it their way after all. They are closer to the problem. And the only losers we have now are the kids.

The got no one there to protect them. The religious leaders came out. Obviously they are not as highly registered as some other people, but they said do not do this to our children. They are the weakest. They cannot vote. If my colleagues do not like their mothers and their fathers and their neighborhoods, then get involved in education and job training and make them work. But there are winners and losers and the kids are the losers.

Mr. SHAW. Mr. Speaker, I yield 3 minutes to the distinguished gentleman from Texas [Mr. ARCHER], the distinguished chairman of the Committee on Ways and Means.

Mr. ARCHER. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, the only way we can change people's behavior is by changing the system. Franklin Roosevelt warned that giving permanent aid to anyone destroys them. By creating a culture of poverty and a culture of violence, we have destroyed the very people we are claiming to help. Can any serious person argue that the federalization of poverty by Washington has worked?

Government, since 1965, has spent over $5 trillion on welfare, more than we have spent on all the wars that we have fought in this century. And we have lost the war on poverty. With this bill, we can begin to win the war.

We need to come to the realization that dollars alone will not solve the problem. We need to give unemployed people hope and equip them for work so they will be better able to help themselves. As our colleague, the gentleman from Oklahoma, J.C. WATTS, says, they are eagles waiting to soar.

Today we will ask those now receiving welfare to make a deal with the taxpayer. We will provide you with temporary help to get you through the hard times and we will help you feed your family and get the training you need, and in exchange, we ask that you commit yourself to find a job and move back into the economy.

I am pleased to see that the President has finally agreed to join us in our fight to overhaul the broken-down welfare system. It has been a long, arduous road since 1988 when Ronald Reagan first made the effort to do something about work fare and finally we are here.

Mr. President, the poor have suffered long enough and now we have the opportunity to change it all and help the hard-working taxpayers as well.

Mr. GIBBONS. Mr. Speaker, I yield 2 minutes to the gentlewoman from Connecticut [Mrs. KENNELLY].

Mrs. KENNELLY. Mr. Speaker, we all can be proud of the record that many of us have in working on this bill to protect children. Eight months ago we had a welfare conference report on the floor that would have blocked foster care or would have made foster care a block grant, and also food stamps. Today's legislation retains the Federal guarantee for these services.

Eight months ago we had Federal welfare legislation on this floor that would have cut severely disabled children by 25 percent. Today we do not have that flawed two-tiered system.

Eight months ago we considered legislation that would have denied millions of Americans Medicaid because they lost welfare eligibility. Today's legislation, the legislation before us, guarantees continual health coverage for those who are currently entitled to these services.

Eight months ago we voted on legislation that would have underfunded child care. This bill has $4.5 billion in it for child care.

I am not suggesting the legislation is perfect. Most legislation is not perfect. But I predict we will be back on this very floor finding more answers and better answers than we have today. If that is there, I will be involved in these changes. But today we have to decide if this legislation as a whole represents an improvement over the status quo. My answer is: Yes, it does.

While some of the changes here being suggested pose risks, so does the current system. Welfare is clearly broken, offering more dependence than opportunity. We can vote today to at least begin to transform the welfare system. Today we can begin welfare reform, those of us who have worked hard over the months to make the bill, working with those who have had the bill. We now have the bill. We should vote for the bill and get on with welfare reform.

Mr. SHAW. Mr. Speaker, I yield 2 minutes to the gentleman from Texas [Mr. DELAY], the distinguished Republican whip.

Mr. DELAY. Mr. Speaker, I am very pleased to hear that President Clinton has endorsed the welfare bill that will pass the House today. Clearly, the time has come to end welfare as we know it. The welfare system as we know it has been a disaster. The only thing great about the Great Society was the great harm it has caused our children.

With this bill, Mr. Speaker, we make commonsense changes long requested by the American people.

Common sense dictates that able-bodied people work.

Common sense dictates that only Americans should receive welfare benefits in this country.

Common sense dictates that incentives to keep families together.

Common sense dictates that welfare should not be a way of life.

Now liberal Democrats will vainly challenge these simple truths, and even the President could not help himself and has challenged some of these truths, but time and experience has proven them wrong. Welfare has not worked for the people it was supposed to help. Everybody knows that fact. Now is the time to change that system. Some well-meaning people will once again make the claim that welfare reform is mean-spirited. Well, I disagree.

We reform welfare not out of spite but out of compassion. We change this system not because we want to hurt people, but because we want to help people help themselves. And we change this system not to throw children into the streets, but to give children a greater chance to realize the American dream and still maintain a safety net for those truly in need.

Mr. Speaker, I am proud of this Congress for the great work on this historic legislation, and I am pleased that President Clinton has agreed to finally live up to his campaign promise.

Mr. GIBBONS. Mr. Speaker, I yield 1 minute to the gentleman from New York [Mr. NADLER].

(Mr. NADLER asked and was given permission to revise and extend his remarks.)

Mr. NADLER. Mr. Speaker, sadly, it seems clear that this House today will abdicate its moral duty and knowingly vote to allow children to go hungry in America. Sadly, our President, a member of the Democratic Party, the party of Franklin Roosevelt and John Kennedy and Lyndon Johnson, will sign this bill.

Does this bill allocate sufficient funds to provide employment for people who want to work? No.

Does this bill provide adequate child care so parents can leave their children in a safe environment and earn a living? No.

Does this bill ensure that people leaving welfare can take their kids to a doctor when they get sick? No.

Does this bill do anything to raise wages so people who work hard to play by the rules will not have to see their children grow up in poverty? No.

Does this bill reduce the value of food stamps for children of the poorest working people to push these children into poverty and hunger? No.

Mr. Speaker, I know that scapegoating poor children is politically popular this year, but it is not right. We must stand up for our country's children. I urge my colleagues to reject this immoral legislation.

Mr. GIBBONS. Mr. Speaker, I yield 2 minutes to the gentleman from Georgia [Mr. LEWIS].

Mr. LEWIS of Georgia. Mr. Speaker, the bill we are considering today is a bad bill. I will vote against it and I urge all people of conscience to vote against it. It is a bad bill because it penalizes children for the actions of their parents. This bill, Mr. Speaker, will put 1 million more children into poverty. How, how can any person of faith, of conscience vote for a bill that puts a million more kids into poverty. Where is the compassion, where is the sense of decency, where is the heart of this Congress. This bill is mean, it is base, it is downright low down.

We are a great nation. We put a man on the Moon. We have learned to fly through the air like a bird and swim like a fish in the sea. We are the world's only superpower. We did not do this by running away—by giving up. As a nation, as a people—as a government—we met our challenges—we won.

This bill gives up—it throws in the towel. We cannot run away from our challenges—our responsibilities—and leave them to the States. That is not the character of a great nation. I ask you, Mr. Speaker, What does it profit a great nation to conquer the world, only to lose it's soul? Mr. Speaker, this bill is an abdication of our responsibility and an abandonment of our morality. It is wrong, just plain wrong.

It was Hubert Humphrey, who said:

> We can judge a society by how it treats those in the dawn of life, our children, those in the twilight of life, our elderly and those in the shadow of life, the sick and the disabled.

I agree with Hubert Humphrey, my colleagues. What we are doing here today is wrong.

I say to you, all of my colleagues, you have the ability, you have the capacity, you have the power to stop this assault, to prevent this injustice. Your vote is your voice. Raise your voice for the children, for the poor, for the disabled. Do what you know in your heart is right. Vote "no."

□ 1630

Mr. GIBBONS. 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, the status quo is gone.

The current system does not meet the American values of work, opportunity, responsibility, and family.

We have been wrestling for a long time with what should replace it.

The key always has been the linkage of welfare to work, within a definite time structure, and with sensitivity to the children of the parent who needs to break out of a cycle of dependency, for her/his good, for the child's and for the taxpayer.

The challenge has been to find a new balance, that combines State flexibility with national interest.

The first two bills vetoed by the President failed to address effectively work and dealt insensitively with children.

If the AFDC entitlement was going to be replaced by a block grant—which was already beginning to happen through Federal waivers—after the vetoes we successfully pressured the Republican majority to make substantial improvements in day care, health care, benefits for severely disabled children and to retain the basic structure of foster care, food stamps and the school lunch program.

In a word, this is a different bill than those vetoed by the President.

The bill before us is at its very weakest in two areas essentially unrelated to AFDC—food stamps and legal immigrants. Reform was needed in these areas, but surely not punishment nor a mere search for dollars, as was true of the majority's approach.

The question is whether the defects in those areas should sink changes in our broken welfare system.

On balance, I believe it is better to proceed today with reforms in the welfare system, with a commitment to return on a near tomorrow to the defects in this bill.

I hope in the next session there will be a Congress willing to address these legitimate concerns with President Clinton.

Mr. SHAW. Mr. Speaker, I yield 30 seconds to the distinguished gentleman from Louisiana [Mr. HAYES], a valued member of the Committee on Ways and Means.

Mr. HAYES. Mr. Speaker, folks at home simply wonder if they can tell the difference between a disabled veteran from a real war and someone who has become disabled because of a fake war on poverty, converting food stamps into drugs, why cannot the Government. They want to know, if they can tell the difference between a young woman whose husband has walked out on them, leaving them a child with no recourse, and a teen who becomes pregnant because of a system that rewards it, why cannot the Government?

Today this body answers that it can tell the difference. The Senate can tell the difference. And I am very pleased to understand that the President is going to sign the bill that allows people at home to at least know we have that judgment to make that difference.

Mr. GIBBONS. Mr. Speaker, I yield such time as he may consume to the gentleman from Maryland [Mr. HOYER].

(Mr. HOYER asked and was given permission to revise and extend his remarks.)

Mr. HOYER. Mr. Speaker, I rise in support of the bill.

America's welfare system is at odds with the core values Americans believe in: Responsibility, work, opportunity, and family. Instead of rewarding and encouraging work, it does little to help people find jobs, and penalizes those who go to work. Instead of strengthening families and instilling personal responsibility, the system penalizes two-parent families, and lets too many absent parents off the hook.

Instead of promoting self-sufficiency, the culture of welfare offices seems to create an expectation of dependence rather than independence. And the very ones who hate being on welfare are desperately trying to escape it.

As a society we cannot afford a social welfare system without obligations. In order for welfare reform to be successful, individuals must accept the responsibility of working and providing for their families. In the instances where benefits are provided, they must be tied to obligations. We must invest our resources on those who value work and responsibility. Moreover, we must support strict requirements which move people from dependence to independence. Granting rights without demanding responsibility is unacceptable.

The current system undermines personal responsibility, destroys self-respect and initiative, and fails to move able-bodied people from welfare to work. Therefore, 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, and it must demand responsibility.

Today, the House will take a historic step as it moves toward approving a welfare reform conference report which takes significant steps to end welfare as we know it. The bill is not perfect. But, at the insistence of the President and congressional Democrats, significant improvements to require work and protect children have been made. It is because of these important changes that I will vote in favor of this bill.

This bill requires all recipients to work within 2 years of receiving benefits. The bill 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.

When the House Ways and Means Committee marked up its first welfare bill 1½ years ago, Democrats proposed an amendment to exempt mothers of young children from work requirements if they had no safe place for their children to stay during the day. The amendment was defeated by a unanimous Republican vote. I am pleased that the conference report prohibits States from penalizing mothers of children under 6 if they cannot work because they cannot find child care.

A year and a half ago, Ways and Means Committee Republicans defeated Democratic amendments to strengthen child support enforcement provisions, because committee Republicans felt those sanctions were "too hard" on deadbeat dads. I am pleased that this conference report includes every provision in the President's child support enforcement proposal, the toughest crackdown on deadbeat parents in history.

A year and a half ago, the Republican welfare bill included a child nutrition block grant that would have caused thousands of children in Maryland to lose school lunches—for some of those children, the only meal they would receive in a day. I am pleased that the conference report maintains the guarantee of school meals for our neediest kids.

As recently as last week, the House Republican bill eliminated the guarantee of food stamps for poor children and assistance for children who had been neglected or abused. I am pleased that this bill prohibits the block grants which dismantle food stamp and child protection assistance.

Like many Americans, I continue to have concerns about some of the provisions in this bill. We must be certain that both the Federal and State governments live up to their responsibilities to protect children who may lose assistance through no fault of their own. We must make sure that legal immigrants, who have paid taxes and in some cases defended the United States in our armed services, are not abandoned in their hour of need. And it is not enough to move people off of welfare—we must move them into jobs that make them self-sufficient and contributing members of society.

This bill supports the American values of work and personal responsibility. It has moved significantly in the direction of the welfare reform proposals made by Congressman DEAL and Congressmen TANNER and CASTLE, both of which I supported. I applaud this important step to end welfare as we know it, and intend to vote in favor of this bill.

Mr. GIBBONS. Mr. Speaker, I yield 1 minute to the gentleman from Rhode Island [Mr. KENNEDY].

Mr. KENNEDY of Rhode Island. Mr. Speaker, just hearing my colleague, the gentleman from Georgia. JOHN LEWIS. speak so passionately, I think should move anyone who listened to his speech. Over 30 years ago it was JOHN LEWIS who was fighting against States rights. States rights meaning justice dependent on geography. How you were treated depended on what State you lived in.

And yet our Republican friends who are offering this welfare reform, as they call it, are willing to embrace States rights; what their block grant plan means is that again justice will depend on geography. In my State of Rhode Island. over 40,000 kids in poverty are going to be put at a disadvantage under the block grant system because when you take away the money that is entitled to kids based upon their poverty, you leave it to the whim of the States.

I can tell you, each State is under pressure to lower the bar so that you can squeeze people even more. This is wrong.

When Mr. SHAW and Mr. ARCHER say that dollars will not do it alone, I want to ask the Republicans, what are they going to substitute when a poor child needs food, what are they going to substitute for the money that they are supposed to be providing through these programs?

Mr. SHAW. Mr. Speaker, I yield 1 minute to the gentlewoman from California [Ms. PELOSI].

Ms. PELOSI. Mr. Speaker, I thank the gentleman for yielding the time.

I rise in opposition to the welfare bill. If this bill passed today. it will be a victory for the political spin artists and a defeat for the infants and children of America.

We all agree that the welfare system must be reformed. But we must make sure that that reform reduces poverty, not bashes poor people. The cuts in this bill will diminish the quality of life of children in poor families in America and will have a devastating impact on the economy of our cities.

Food and nutrition cuts will result in increased hunger. Local government will be forced to pay for the Federal Government's abdication of responsibility. How can a country as great as America ignore the needs of America's infants and children who are born into poverty?

The Bible tells us that to minister to the needs of God's children is an act of worship; to ignore those needs is to dishonor the God who made them.

Mr. Speaker, let us not go down that path today.

Mr. GIBBONS. Mr. Speaker, I yield such time as he may consume to the gentleman from New York [Mr. TOWNS].

(Mr. TOWNS asked and was given permission to revise and extend his remarks.)

Mr. TOWNS. Mr. Speaker, vote no on this pain and shame that we are inflicting on young people, a garbage bill.

This agreement along with the other vetoed welfare bills amount to nothing short of a roll-call of pain and shame that will be dumped on those Americans who are clearly in need of a social service safety net.

And to add to that pain, legal immigrants will bear 40 percent of the cuts in welfare even though they make up only 5 percent of the population receiving welfare benefits.

No one is satisfied with the way welfare policy is constructed or practiced. The Federal Government doesn't like it; the local administrators don't like it; the social workers don't like it; the majority of the taxpayers don't like it and the recipients don't like it. There is no doubt that the welfare system in this country needs to be changed. Clearly reform is necessary. However, the overall scope of the proposed reforms will victimize those Americans most in need of assistance.

I urge a "no" vote on this conference agreement.

Mr. GIBBONS. Mr. Speaker, I yield 45 seconds to the gentlewoman from Florida [Ms. BROWN].

Ms. BROWN of Florida. Mr. Speaker. this was a bad House bill, a bad Senate bill and the conference report did not fix it. It is still bad.

You can judge a great society by how it treats its children, its senior citizens. This bill guts our future. I urge my colleagues to vote against it.

Mr. Speaker, I rise to oppose this conference report. The House welfare reform bill was a bad bill, the Senate bill was a bad bill and the conference report does not fix it. This legislation is so bad that it can't be fixed.

This bill will have a horrible impact on the children in my State. In Florida, at least 235,000 children would be denied benefits under this legislation. In Florida alone, 48,000 would be pushed deeper into poverty. Children will be hungrier if this bill becomes law.

In Florida, 111,926 children would be denied aid in the year 2005 because of the 5 year time limit. In Florida, 42,714 babies would be denied cash aid in the year 2000 because they were born to families already on welfare. In the year 2000, 80,667 children in Florida would be denied benefits if the State froze its spending on cash assistance at the 1994 levels.

In addition to the travesty this bill does to our children, this bill will pull the rug out from under our seniors who are legal immigrants. For a State like Florida whose population has such a large number of legal immigrants, the impact will be extremely high.

There is another troubling aspect of this bill we need to look at. No victim of domestic violence, no matter how abused nor how desperate, could know that if she left her abusive spouse, that she would be able to rely upon cash assistance for herself or for her children—even for a short period of time until she was able to secure employment.

I have always believed that the sign of a great society is how well it treats its most vulnerable—children and seniors. Our children are America's future. This bill prevents the future generation from meeting its potential to contribute to American society and instead dooms today's poor children to deeper poverty and no chance to take their place as productive members of our society.

Mr. SHAW. Mr. Speaker, I yield myself 3 minutes.

Mr. Speaker, I come over here to do something I have never done before; that is, to trespass on the Democrat side. I hope that they will give me their understanding in my doing so, because I do not do it out of smugness or arrogance. I do it out of coming together.

We have heard a lot of name calling, a lot of rhetoric. a lot of sound bites that we have heard all through this debate. We have come down a long road together. It was inevitable that the present welfare system was going to be put behind us.

Today we need to bring to closure an era of a failed welfare system. I say that and I say that from this side of the aisle because I know that the Democrats agree with the Republicans. This is not a Republican bill that we are shoving down your throats. We are going to get a lot of Democratic support today. I think the larger the support, the more chance there is for this to really work and work well.

The degree of the success that we are going to have is going to be a victory for the American people, for the poor. It is not going to be a victory for one political party. It is time now for us to put our hands out to one another and to come together to solve the problems of the poor.

Without vision, the people will perish. Unfortunately. we have not had vision in our welfare system now for many. many years. It has been allowed to sit stagnant. We have piled layer upon layer of humanity on top of each other. We have paid people not to get married. We have paid people to have children out of marriage. We have paid people not to work.

This is self-destructive behavior. We know that. We all agree with that.

I know we have heard many, many speakers: My friend, the gentleman from Georgia, JOHN LEWIS, thinking that we are going the wrong way; my friend, the gentleman from New York, CHARLIE RANGEL, saying that we are going the wrong way.

I also see some of my colleagues who have fought for different changes within the welfare bill within the Subcommittee on Human Resources of the Committee on Ways and Means, now coming to closure, where they do not believe this is a perfect bill. And I can stand here and say it is not a perfect bill, but it is as good as this Congress can do. It is as good as we can come together.

We have included the Governors in balancing out their interests and in seeing what they have been successful with and how they feel that they can be successful. We have talked to many of the Members on the Democrats' side, and to my Republican colleagues I say, we are not through. We have another long road ahead of us. We need to get to a technical corrections bill as we see problems arise within this bill that we are going to be passing today.

It was unexpected to hear that the President was going to endorse this bill and announced his signature of it. But let us now be patient with each other. Let us work with each other and let us bring this awful era of a failed welfare system to closure.

Mr. GIBBONS. Mr. Speaker, I yield the balance of my time to the gentleman from Maryland [Mr. CARDIN].

The SPEAKER pro tempore (Mr. MCINNIS) The gentleman from Maryland [Mr. CARDIN] is recognized for 2½ minutes.

Mr. CARDIN. Mr. Speaker, I thank the gentleman from Florida [Mr. GIBBONS] for yielding me the time.

Let me say to my friend, the gentleman from Florida [Mr. SHAW], first, congratulations on a job very well done and come on back over on this side of the aisle a little bit more frequently. I think that if we would have started working together in a bipartisan spirit, we could have had a better bill today, and we could have gotten here a little bit sooner. But I thank the gentleman very much for the way in which he has provided leadership on this issue. I know it has been heartfelt, and I know he has worked very, very hard.

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Mr. Speaker, I support the conference report because I think it is important that we return welfare to what it was originally intended to be, and that is a transitional temporary program to help those people that are in need. The current system does not do that. We cannot defend the current system.

But let me make it clear to my colleagues, the bill before us is a far better bill than the bill that was originally brought forward by the Republicans 2 years ago, the bill that was vetoed twice by the President. We have a better bill here today.

It is a bill that provides for major improvement in child support enforcement, something all of us agreed to; provides protective services for our children, which was not in the original bill; provides health insurance to people coming off of welfare, something that is very important; day care services, another important ingredient that people are going to get off welfare to work. Food stamps are in much better condition than the bill that was vetoed by the President. There is a Federal contingency fund in case of a downturn of our economy, and we have maintenance of effort requirements on our States so we can assure that there are certain minimum standards that are met in protecting people in our society.

The bottom line is that this bill is better than the current system.

It could have been better, and I regret that. I am not sure there is enough resources in this bill to make sure that people get adequate education and job training in order to find employment, and I look forward to working with the gentleman from Florida [Mr. SHAW] to make sure that this becomes a reality.

But I do urge my colleagues to support the conference report because bottom line: It is far better than the current system.

Yes, we are going to take a risk to get people off of welfare to work, but the current system is not fair either to the welfare recipient or the taxpayer.

This conference report is far better, and I urge my colleagues to support it.

Mr. SHAW. Mr. Speaker, I yield the balance of my time to the distinguished gentleman from Ohio [Mr. KASICH], chairman of the Committee on the Budget.

The SPEAKER pro tempore (Mr. MCINNIS) The gentleman from Ohio is recognized for 5¾ minutes.

Mr. KASICH. Mr. Speaker, I would like to initially congratulate the gentleman from Florida [Mr. SHAW] for his relentlessness in being able to pursue welfare reform and he deserves the lion's share of the credit, along with the gentleman from Texas [Mr. ARCHER], who has done an outstanding job, and although I do not see him on the floor, our very able staff director, Ron Haskins, who has probably lived with this bill for about a decade, feeling passionately about the need to reform welfare.

As my colleagues know, it was pretty amazing today to watch the President of the United States come on television and say that he was going, in fact, to sign this welfare bill. The reason why it is so amazing today is that because the American people, during all of my adult lifetime, have said that they want a system that will help people who cannot help themselves, but they want a system that is going to ask the able-bodied to get out and begin to work themselves. This has been delayed and put off, with a million excuses as to why we could not get it done.

I just want to suggest to my friends who are in opposition, and I respect their opposition; many of them just did not talk; many of them were not able to talk, as they were beaten in the civil right protests in this country. I respect their opposition. But the simple fact of the matter is that this program was losing public support.

Mr. Speaker, the cynicism connected to this program from the folks who get up and go to work every day for a living, and I do not mean the most fortunate, I mean those mothers and fathers who have had to struggle for an entire lifetime to make ends meet, they have never asked for food stamps, the have never asked for welfare, they have never asked for housing, and they are struggling. They are counting their nickels. They do not take the bus transfer because it costs a little extra money, and they walk instead so they can save some more money to educate their children. These people were becoming cynical, they were being poisoned in regard to this system, and they were demanding change.

Mr. Speaker, we all know here, as we have watched the Congress, the history of Congress over the decades, that when the American people speak, we must deliver to them what they want. They said they wanted the Vietnam war over. It took a decade, but they got it, and public cynicism and lack of support was rising against this program. It was necessary to give the people a program they could support.

But I also want to say that the American people have never, if I could be so bold as to represent a point of view, have never said that those who cannot help themselves should not be helped. That is Judio-Christianity, something that we all know has to be rekindled. Our souls must once again become attached to one another, and the people of this country and Judeo-Christianity siad it is a sin not to help somebody who needs help, but it is equally a sin to help somebody who needs to learn how to help themselves.

But I say to my friends who oppose this bill:

This is about the best of us. This is about having hopes and dreams. After 40 or 50 years of not trusting one another in our neighborhoods and having to vacate our power and our authority to the central government, to the Washington bureaucrats, this is now about reclaiming our power, it is about reclaiming our money, it is about reclaiming our authority, it is about rebuilding our community, it is about rebuilding our families, it is about cementing our neighborhoods, and it is about believing that all of us can march to that State capitol, that all of us can go into the community organizations and we can demand excellence, we can demand compassion, and that we can do it better.

We marched 30, 40 years ago because we thought people were not being treated fairly, and we march today for the very same reason. What I would say, and maybe let me take it back and say many of my friends marched. I was

too young, but I watched, and I respect it. What I would suggest at the end of the day, however, is that we all are going to have to stand up for those who get neglected in reform, but frankly this system is going to provide far more benefits, far more hope, restore the confidence in the American people that we have a system that will help those that cannot help themselves and at the same time demand something from able-bodied people who can. It will benefit their children, it will help the children of those who go to work.

America is a winner in this. The President of the United States has recognized that. He has joined with this Congress, and I think we have a bipartisan effort here to move America down the road towards reclaiming our neighborhoods and helping America.

And I would say to my friends, we will be bold enough and humble enough when we see that mistakes are being made, to be able to come back and fix them; but let us not let these obstacles stand in the way of rebuilding this program based on fundamental American values. Support the conference report.

Mr. BENTSEN. Mr. Speaker, I rise in support of this welfare reform conference report. This bill is far from perfect, but it does move us down the road toward reforming the welfare system to help families in need.

I have long advocated and agree with provisions requiring work and encouraging self-sufficiency and personal responsibility.

This legislation is an improvement over more extreme earlier bills. It includes necessary provisions which I and others fought for during the last 2 years because they are important to working families, children, and fast-growing states such as Texas. It provides some transitional health care benefits and child care assistance. It retains the Federal guarantee of health care and nutritional assistance for children. It eliminates the Republicans' proposal to raise taxes on working families by cutting the earned income tax credit. It provide a safety net, albeit minimal, for high growth states such as Texas, Florida, and California and for recessions. It lets States give noncash vouchers to families whose welfare eligibility has expired, so they can buy essentials for children. None of these provisions were contained in previous so-called welfare reform.

While I am supporting this legislation, I am troubled by the elimination of benefits for legal immigrants who have participated in the workforce and paid taxes. Harris County, TX, which I represent, currently faces a measles epidemic. Future prohibitions on Medicaid for such instances would result in the State and county facing tremendous cost increases. I have no doubt that Congress will be forced to revisit this issue in part at the behest of States as we may be creating huge unfunded mandates. Unfortunately, while this bill contains many positive reforms which I support, it also contains many misguided provisions for which the only motivation is monetary, not public policy.

Mrs. FOWLER. Mr. Speaker, the American welfare system was intended to be a safety net for those who fall on hard times. Unfortunately, it has become an overgrown bureaucracy which perpetuates dependency and denies people a real chance to live the American dream.

I am pleased that President Clinton has just announced he would sign the Republican welfare bill. We knew that when it got this close to the election, this President would choose the path of political expediency, as he always does.

This legislation is not about saving money, it is about saving hope and saving lives, while reforming a broken system and preserving the safety net.

The bill encourages work and independence, and discourages illegitimacy. I urge my colleagues to vote for fairness, compassion, and responsibility. Pass the conference agreement on H.R. 3437.

Mrs. SMITH of Washington. Mr. Speaker, I strongly support the Personal Responsibility and Work Opportunity Act of 1996 (H.R. 3734). This landmark piece of welfare reform legislation emphasizes responsibility and compassion. It provides a helping hand and not a handout. Americans today want a future filled with hope. Parents want to be able to take care of themselves and their children. They want to teach their kids how to take responsibility for their lives.

This legislation reverses welfare as we know it. Today, the average length of stay for families on welfare in 13 years. The cycle of dependency must stop.

Congress' welfare reform legislation also has tough work requirements. Families must work within 2 years or lose their benefits. Work is the beginning of dignity and personal responsibility. Single mothers who desire to work but cannot leave their children home alone will be provided with child care assistance. In fact, the Personal Responsibility and Work Opportunity Act provides $14 billion in guaranteed child care funding.

Two parent families are encouraged through this plan. It takes two people to make a baby. Strong paternity requirements and tough child support measures ensure that deadbeat parents will take responsibility for their actions.

This welfare reform package is estimated to save the American taxpayers $56.2 billion over the next 6 years. It is a balanced approach that gives the States more autonomy and flexibility in crafting solutions. The Personal Responsibility and Work Opportunity Act promotes work while also guaranteeing families adequate child care, medical care, and food assistance. It is compassionate while promoting the dignity of Americans through an honest day's work. I urge my colleagues to support this bill.

Ms. JACKSON-LEE of Texas. Mr. Speaker, 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 the conference agreement on H.R. 3734, the Personal Responsibility and Work Opportunity Act.

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.

A recent study by the Urban Institute estimated that the welfare legislation passed by the House would increase the number of children in poverty by 1.1 million, or 12 percent. The analysis estimated that families on welfare would lose, on average, about $1,000 a year once the bill is fully implemented. More than a fifth of American families with children would be affected by the legislation.

This partisan legislation is antifamily and antichild. 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 commemsurate 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 particularly concerned that, like the House bill, the conference agreement prohibits using cash welfare block grant funds to provide vouchers for children in families who have been cut off from benefits because of the 5-year limit. We must not abandon the children of families whose benefits are cut off. We must continue to ensure that they will be provided for and not punished for the actions of their parents.

Many more children will be hurt by the bill's denial of benefits to legal immigrants. Low-income legal immigrants would be denied aid provided under major programs such as SSI and food stamps. States would also have the option of denying Medicaid to legal immigrants. 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 estimated that under the House bill, which is similar to the conference agreement, 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 guideline 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.

Mr. Speaker, mandatory welfare-to-work programs can get parent 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 wrongheaded. 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.

Mr. BLILEY. Mr. Speaker, it is with pleasure that I take this opportunity to address the welfare reform conference report before us today. This measure will do exactly what its name promises: promote personal responsibility and work opportunity for disadvantaged Americans. More important, it will replace the despair of welfare dependency with the pride of independence.

This measure is critical to welfare reform initiatives taking place in the States. In my State, the Virginia Independence Program has already helped two-thirds of all eligible welfare recipients find meaningful jobs and restore hope to their lives.

This legislation will enable Virginia to continue its highly successful statewide reform program. And it will allow other States to create similar initiatives—without having to waste time and money seeking a waiver from the Federal Government.

I am also proud of the role that the Commerce Committee has played in crafting this landmark initiative. Although the Medicaid reform plan designed by the Nation's Republican and Democrat Governors is not a part of this legislation, the conference report does include important Medicaid provisions.

In particular, the conference report guarantees continued coverage for all those who are eligible under the current AFDC Program. It also ensures that eligible children will not lose the health coverage they need. And it requires adult recipients to comply with work requirements in order to remain eligible for Medicaid benefits.

Mr. Speaker, I would like to close by congratulating all those who helped to shape this historic measure. It deserves our full support, and it should be signed by the President.

Mr. COSTELLO. Mr. Speaker, today this body will take a large step in making sweeping reform in our welfare system. By passing the welfare reform agreement, we move toward a system that emphasizes work and independence—a new system that represents real change and expanded opportunity. Although this bill is not perfect, it is our best chance in years to enact welfare reform that represents an opportunity to improve the current system.

Sadly, our current system hurts the very people it is designed to protect by perpetuating a cycle of dependency. For those stuck on welfare, the system is not working. It is clear that we cannot and should not continue with the status quo. The status quo has fostered an entire culture of poverty. Our current system does little to help poor individuals move from welfare to work.

It is clear the best antipoverty program is a job. To that end, this bill encourages work. It requires welfare recipients to work after 2 years and imposes a 5-year lifetime limit on welfare benefits. The bill turns Aid to Families with Dependent Children [AFDC] into a block grant program, allowing States to create their own unique welfare programs to best serve their residents. The bill maintains health care benefits for those currently receiving Medicaid because of their AFDC eligibility and provides $14 billion for child care so parents can go to work without worrying about the health and safety of their children. In addition, this bill preserves the earned income tax credit which has been successful in helping working families.

Mr. Speaker, I voted against the Republican welfare reform bill when it was before this House. That bill represented a drastic departure from the actual intent of welfare—to help the most vulnerable in our society in their time of need. The House bill eliminated the safety net of Medicaid and food stamps for many children. It was mean in spirit and should not have passed. The conference agreement that is before us today, however, is much more reasonable. Children will have the guarantee of health care coverage through Medicaid even as their parents transition to work. Further, unlike the House bill, States will not be able to opt out of the Federal Food Stamp Program. The conference agreement is a far better bill than the measure passed by the House. It is a bold, yet compassionate step in helping foster independence.

I am pleased the President has indicated he will sign this bill into law. I applaud the President—who has worked on this issue for years, even before it was politically fashionable—for continuing to insist that the bill be improved before signing it into law. While the President and I agree that this bill is by no means perfect, it is a good starting point. We can begin the process of moving toward a system that encourages and rewards work for all able-bodied citizens.

Mr. TORRES. Mr. Speaker, I rise in opposition to this antifamily, antichildren bill. There are so many parts of this bill that should concern us. I could stand here all day and describe, in detail, how this bill falls short of our shared goal of welfare reform.

For example, consider the effects on our Nation's most unfortunate children. I say unfortunate because these children are being sacrificed by election year politics simply because they came from poor families. Their already difficult lives will be made impossible due to food stamp reductions, loss of SSI assistance, and no guarantee of Federal assistance when time runs out for them and their families. The effect will be to drown an additional 1.1 million children in poverty.

Like I said, I could go on and on. But, I won't waste your time discussing what we all know: that block grants aren't responsive to a changing economy and inadequate child-care provisions make welfare-to-work a very difficult journey.

I will tell you what this so-called reform will mean to California, and how my State is being asked to absorb 40 percent of the proposed cuts. Why? Because California is home to the largest immigrant population in our country and this bill denies legal immigrants Federal assistance. It does not take much to do the math and understand the consequences of denying food stamps, supplemental security income, or Medicaid to our legal immigrant population. There are no exceptions for children or the elderly, regardless of the situation.

The needs of these taxpaying, legal residents will not vanish because the Federal Government looks the other way. The children will still be hungry, the elderly will still get sick, and the disabled will still have special needs. Someone will have to provide these services, and it will be our cities and counties who are forced to pick up the tab. And for California, the bill will be approximately $9 billion over 7 years.

My district of Los Angeles County is home to some 3 million foreign-born residents. County officials estimate that denying SSI to legal immigrants could cost the county as much as $236 million per year in general relief assistance. More importantly, this translates into no Federal assistance for the elderly or disabled children.

These costs would continue to rise with the loss of Medicaid coverage for legal immigrants. More than 830,000 legal immigrants in California would lose Medicaid coverage, including 286,000 children. Overall, the total number of uninsured persons in California would rise from 6.6 million to 7.4 million. Under this bill, these people would turn to county hospitals for care. And the costs of that care will be shifted to local governments already operating on shoe string budgets. In Los Angeles County, this could mean as much as $240 million per year.

To say this is unfair is an understatement. Legal residents, who play by the rules and contribute over $90 billion a year in taxes, do not deserve this. They deserve what they earn; to be treated with the same care and provided with the same services enjoyed by the rest of the tax-paying community.

I encourage my colleagues to oppose these short-sighted cuts and unfair rule changes: Say no to a bad deal and vote against this report.

Mr. ORTON. Mr. Speaker, I am pleased to rise in support of this welfare reform bill. I commend this Congress for creating a flexible reform bill that will allow Utah and other innovative States to continue their successful welfare reform efforts.

My greatest concerns during the course of the welfare reform debate have been to transform the system to a work-based system, to ensure that States like Utah have the flexibility to continue their successful reform efforts, and to protect innocent children. I have worked diligently with colleagues on both sides of the aisle to craft a bill that accomplishes these goals, and I am pleased to say that Congress has finally passed a bill that achieves them.

I am extremely pleased that this bill contains a provision that allows Utah to continue its successful welfare reform efforts. Under the bill that passed the House 2 weeks ago, Utah would have had to change its program to meet the restrictive Federal requirements contained in the bill. Moreover, CBO estimated that the earlier bill imposed $13 billion in unfunded costs on States unless they restricted eligibility or decreased assistance to those in need.

Both the National Governors' Association and the State of Utah expressed concerns about these unfunded costs. I worked with members of the conference committee to address these concerns, and now we have a bill that really is flexible.

The bill that passed the House today contained several of the provisions proposed by myself and others who have worked over recent months to find bipartisan common ground on welfare reform. For instance, this conference report is much more flexible than the earlier House bill because it allows States with waivers to use their own participation definition in meeting Federal work participation requirements. It also reduces the unfunded costs in the bill substantially. Unlike the House version, the conference report maintains current protections against child abuse, guarantees that children do not lose their Medicaid health care coverage as a result of the bill, and provides States with the option to provide noncash assistance to children whose parents have reached the time limit. Finally, it improves upon maintenance of effort provisions and enforcement of work participation rates.

It wasn't long ago that we were debating H.R. 4, an extreme proposal that would have eliminated 23 child protection programs like foster care and child abuse protection and replaced them with a block grant that contained $2.7 billion less funding than provided under current law. H.R. 4 would have eliminated nutrition programs like school lunch, school breakfast, the Summer Food and Adult Care Food Program, the Women, Infants and Children Program, and the Homeless Children Nutrition Program, and replaced them with two block grants that provided $6.6 billion less funding for nutrition than provided under current law. Although claims were made that there were no cuts to certain popular programs like school lunch, the truth was a State would have to eliminate or severely reduce all other programs in order to fully fund these high profile programs.

Even in the House version of welfare reform passed 2 weeks ago, children could have lost their Medicaid coverage as the result of the bill; current child abuse protections were eliminated and States were prohibited from providing noncash assistance to children whose parents have reached the time limit. I am pleased that the conference report has corrected these provisions and protected children.

Previous bills, which I opposed, treated 4-year-old children like 40-year-old deadbeats. This bill is far better for children and far more flexible for States than any of the other welfare reform proposals that have been passed by this Congress. We finally have a bill that should be signed into law.

Mr. TANNER. Mr. Speaker, there is virtually universal agreement that our current welfare system is broken and must be dramatically overhauled. Americans are a compassionate people, eager to lend a helping hand to hard workers experiencing temporary difficulties and especially to children who are victims of circumstances beyond their control. But Americans also are a just people, expecting everyone to contribute as they are able and to take responsibility for themselves and their families. It is the balancing of these two concerns that makes correcting our welfare system a challenge, but a challenge which must be met.

This welfare reform conference report is far from perfect, but it clearly is preferable to continuing the current system and preferable to welfare legislation considered earlier this Congress. For these reasons, we support the welfare reform conference report and have encouraged the President to sign it.

We have opposed previous welfare reform proposals because we believed that they offered empty, unsustainable promises of moving welfare recipients to work. Additionally, earlier bills were seriously deficient in their protections for children and other truly vulnerable populations. We have decided to support this final conference report because it is considerably better than the welfare reform bill (H.R. 4) appropriately vetoed by the President last year and it also makes significant improvements to the bill passed by the House last week. The conference committee agreed with our proposals giving States additional flexibility in moving welfare recipients to work, allowing States to use block grant funds to provide vouchers, and providing other protections for children.

This conference report incorporates several improvements proposed by the National Governors' Association to H.R. 4 in its final form. it provides $4 billion more funding for child care that will assist parents transitioning to work. It doubles the contingency fund for States facing larger welfare rolls caused by economic downturns. The latest bill returns to a guaranteed status children eligible for school lunch and child abuse prevention programs. The reductions in benefits for disabled children contained in last year's H.R. 4 are eliminated, and greater allowances are made for hardship cases, increasing the hardship exemption from the benefit time limits to 20 percent of a State's caseload.

Several changes proposed in the Castle-Tanner alternative were subsequently made to the bill passed by the House in July. The amount States must spend on child care was increased. Additionally, States will be required to assess the needs of welfare applicants and prepare an individual responsibility contract outlining a plan to move to work. Also, an increase in the State maintenance of effort for States that fail to meet the participation rates was added to the bill. All of these changes strengthen the effort of moving welfare recipients to work.

The conference report further improved the bill. The conferees adopted our suggestions providing additional State flexibility in developing work programs and adding additional protections for children. We were disappointed that the conference did not incorporate constructive suggestions that were made regarding penalties for failure to meet work requirements and, unfortunately, an authorization for additional work funds was eliminated because of parliamentary "Byrd rule" considerations in the Senate. On balance, however, the conference report produced a bill that is significantly better than the bill passed by the House.

President Clinton already has approved waivers allowing 41 States to implement innovative programs to move welfare recipients to work. The House's Welfare Reform bill would have restricted those State reform initiatives by imposing work mandates that are less flexible than States are implementing. Over 20 States would have been required to change their work programs to meet the mandates in that earlier House bill or face substantial penalties from the Federal Government.

The conference report now allows States that are implementing welfare waivers to go forward with those efforts. Specifically, the conference report allows those States to count individuals who are participating in State-authorized work programs in meeting the work participation rates in the bill, even work programs which otherwise do not meet the Federal mandates in the bill.

States such as Tennessee and Texas that have just received waivers will be permitted to begin implementing these reforms and States like Utah and Michigan which have a track record in moving welfare recipients into self-sufficiency will be able to continue their programs. We will work to ensure that States will continue to have this flexibility when their waivers expire if the State plan is successful.

Another key goal we have maintained throughout the debate is protecting innocent children. The earlier House bill would have treated a 4-year-old child the same as a 24-year-old deadbeat by prohibiting States from using block grant funds to provide vouchers after the time limit for benefits to the parents had expired. The conference report reverses this extreme position. In addition, the conference report moderates the impact of the food stamp cuts on children by maintaing a guaranteed status for children and by increasing the housing deduction to $300 a month for families with children.

Third, we have been concerned about the impact of health coverage to individuals and payments to health providers as a result of welfare reform. The House bill effectively would have denied Medicaid to thousands of individuals, removing $9 billion of Medicaid assistance from the health care system and resulting in a cost shift to health care providers that would affect the cost, availability, and quality of care of to everyone. While the correction is less than we had hoped, the conference report effectively reduces this cost shift to health care providers by more than half. The conference report also contains language very similar to the Castle-Tanner bill continuing current Medicaid eligibility rules for AFDC-related populations, ensuring that no one loses health care coverage as a result of welfare reform.

As we began by saying, this conference report is far from perfect and we continue to have concerns about the impact of several provisions. Although the report provides States with additional flexibility in implementing work programs, the work provisions in the bill still may impose unfunded mandates on States that will make it more difficult to move welfare recipients to work. Given the unfunded mandates in the bill, the provisions penalizing States for failing to meet participation rates by reducing funding to the State are counterproductive. The contingency fund in the conference report, while much stronger than the contingency fund in H.R. 4, will not be sufficient to respond to a severe national or regional recession.

The conference report contains a requirement that Congress review the impact of the bill 3 years. This review process will allow Congress to make a number of changes that we feel certain will be necessary to fulfill successful welfare reform.

Despite these reservations, we believe that it is critical that welfare reform be enacted this year. Failure to do so will signal yet another wasted opportunity to make critically needed

reforms. We should enact this conference report and fix the current system now, moving toward a system that better promotes work and individual responsibility.

Mr. ROYCE. Mr. Speaker, as I was reading the papers this morning I noticed some stories that claimed that this welfare reform proposal is not such a big change—that its significance has been overrated. That all sides are coming to a consensus and it's not such a big deal after all.

In the short term, that's how it may look. But in the long term, we are making a fundamental change to the status quo—we've gone beyond questioning the failed policies of the past—we are implementing a whole new approach. We are beginning to replace the welfare state with an opportunity society.

Ideas have consequences and bad ideas have bad consequences. The Great Society approach may have been well-intentioned, but the impact was tragic. We have done a disservice to those who have fallen into the welfare trap. The incentives have been all wrong and the logic backward.

We need a welfare system that saves families, rather than breaking them. And that's what this bill does.

Our welfare system has deprived people of hope, diminished opportunity and destroyed lives. Go into our inner cities and you will find a generation fed on food stamps but starved of nurturing and hope. You'll meet young teens in their third pregnancy. You'll meet fatherless children. You'll talk to sixth graders who don't know how many inches are in a foot. And you'll talk to first-graders who don't know their ABC's.

It's time for Washington to learn from its past mistakes. It's time to reform our welfare system, to encourage families to stay together and to put recipients back to work.

That's what our plan does. Four years ago, President Clinton promised to end welfare as we know it, and I am pleased that he has committed to sign our bill into law.

Our plan calls for sweeping child support enforcement. We end welfare for those who won't cooperate on child support. We strengthen provisions to establish paternity. We force young men to realize they will be required to provide financial support for their children by requiring States to establish an automated State registry to track child support information.

One of the key elements of our welfare reform bill is ending fraudulent welfare payments to prisoners and illegal immigrants—saving $22 billion.

Each year, millions of taxpayer dollars are illegally sent to prisoners in State and local jails through the Supplemental Security Income Program. In fact, in one case, infamous "Freeway Killer" William Bonin illegally collected SSI benefits for 14 years while on San Quentin's death row.

This bill removes the Washington-based intermeddling and bureaucratic micromanagement that has resulted in welfare programs that build a welfare population but do not relieve the suffering of those who are poor. We do not want to maintain the poor, we want to transform them. That's exactly what this bill would do.

Mr. SABO. Mr. Speaker, today we will debate legislation to radically change our welfare system. We will hear a lot about the fundamental principles that should govern the way we help those truly in need. And while I agree with those who say our welfare system must work better for the American people, we need to remember that something much more profound than rhetoric is at stake.

There is no denying that we should encourage work and parental responsibility. And I have long argued that States and localities can deliver some services better than we can at the Federal level. But, there are also other principles that we need to remember when we discuss welfare.

We need to remember that the safety net for vulnerable people is fundamentally important to our society. There has long been widespread support among Americans of all political views that the Government should help people who are too sick, too old or too young to help themselves—particularly when they don't have families who can take care of them. This is why the safety net was developed in the first place and has had the continued support of Republicans such as Richard Nixon and Ronald Reagan as well as Democrats.

I congratulate the Republican majority for its attempts to reform welfare, but I believe this legislation fails in many ways. Simply labeling this bill welfare reform cannot disguise the fact that it shreds the national safety net for millions of vulnerable people.

The Urban Institute has estimated that 1.1 million children will be pushed into poverty because of this legislation. More than a fifth of American families with children will be hurt by it. They also note that almost half of the families affected by this bill are already employed.

The provision to cut off food stamps after 3 months for unemployed people without dependents is unprecedented and unnecessarily harsh. These are some of the most vulnerable people in our country. Under this measure, even if they are trying to find work, if they don't succeed they will go hungry.

And, personally, I find the treatment of legal immigrants mystifying. My parents were immigrants. They, like many others, came to this country, worked hard, and contributed to their community. Today's immigrants are no different. They come to this country, they work hard, and they pay taxes. If they should fall upon hard times, why shouldn't we help them just like we help each other? Under the terms of this bill we aren't allowed to help them. They lose food stamps and SSI even if they have been paying taxes and living legally in this country for years. And new immigrants will be denied Medicaid.

Equally as disturbing as this bill's reduction in its Federal commitment to a national safety net is the pressure it puts on States to reduce their commitments to help vulnerable people. The reduction in State match set by the bill and the flexibility to shift 30 percent of basic block grant moneys to other uses will exacerbate pressures within State governments to pull their own resources out of these programs. That combined with the cuts in Federal dollars will lead to a sharp reduction in resources available for needed services and benefits.

The logical end result of all these interactions is significant cost-shifting to local governments. Because of the deep cut in Federal resources and potential reductions in State support, localities will need to spend more of their own funds to help move people from welfare to work and to provide needed services while that process is occurring. Many local officials including the Republican mayor of New York, Rudolph Giuliani, have expressed alarm at the hundreds of millions of dollars in additional costs their cities and residents will have to bear. Clearly, this will mean higher property taxes for working families all over the country.

We should reform our welfare system. But we must do it in a way that does not simply shift costs and that does not abandon the safety net for people who are truly in need. Unfortunately, Mr. Speaker, this bill badly fails that test and America will be the worse for it. We can and should do better.

Mr. CLAY. Mr. Speaker, I condemn both the process and the substance of the Republican conference agreement on welfare. As the 104th Congress draws to a close, the Republican majority has not wavered from its autocratic role of this institution nor from its vicious indifference to our Nation's poor and infirm.

Like my other Democratic colleagues, I was systematically denied any meaningful role on that conference. The time and location of conference negotiations have been a closely-held secret among Republicans. This most antidemocratic process is an affront to the people of the 1st Congressional District of Missouri who send me here to represent their concerns on all matters of political discourse. Time and time again, this new Republican majority has interfered with my ability to fully represent the interests of my constituents.

As a matter of policy and substance, this conference report is an evil charade. From the outset, I had little expectation that the final product of the conference would mean reasonable, viable, and compassionate welfare reform. After all, both the House and Senate bill contained unrealistic work requirements, woeful funding for meaningful workfare, and the very real risk of throwing millions of children into poverty.

The Republican majority has no real interest in truly reforming welfare. Then real objective is to steal $60 billion from antipoverty and antihunger programs in order to help finance their tax cuts and other gifts to the wealthy—Robin Hood in reverse. I can think of no more desperate, shameful act than to use the poor, especially children and the elderly, in a game of political chicken.

Mr. Speaker, I cannot in good conscience support a welfare reform bill that will punish those who, through no fault of their own, must turn to their Government for help in times of need.

Mr. CUNNINGHAM. Mr. Speaker, I proudly rise to support the conference report for H.R. 3734, the Personal Responsibility and Work Opportunity Act.

As chairman of the House Subcommittee on Early Childhood, Youth and Families, as a former teacher and coach, and as a dad, I understand the need to take into account the needs and interests of children. I cannot imagine a policy that is crueler to children than the current welfare system. Certainly it was born of the good intention to help the poor. But in the name of compassion, we have unleashed an unmitigated disaster upon America. Today's welfare system rewards and encourages the destruction of families, and childbirth out of wedlock. It penalizes work and learning. It poisons our communities and our country with generation after generation of welfare dependency. It robs human beings of hope and life and any opportunities at the American Dream.

In the name of compassion, and with good intentions, the welfare status quo is mean and

extreme to children. It is mean and extreme to families. It is mean and extreme to the hard-working Americans who foot the bill.

Thus, without a doubt, we must replace this mean, extreme, and failed system of welfare dependency with work, hope, and opportunity. We can and must do better as Americans. And we will, by adopting this compassionate, historic legislation.

Our measure makes welfare a way up, not a way of life. It replaces Washington-knows-best with local control and responsibility. It replaces a system that rewards illegitimacy and destroys families, with a family-friendly fighting chance at the American Dream.

Now, President Clinton promised in his 1992 campaign to end welfare as we know it. He also made several other promises, including starting his administration with middle class tax relief. Unfortunately, the President has not kept his promises. He raised taxes. And twice, he has vetoed legislation to fulfill his own promise to end welfare. The President who pledged to end welfare as we know it has twice vetoed legislation to end welfare for illegal aliens.

Let me speak for a moment about illegal aliens. Illegal immigration is breaking our treasury, burdening California, and trying America's patience. It is wrong for our welfare system to provide lavish benefits for persons in America in violation of our laws.

I am proud that the Personal Responsibility and Work Opportunity Act ends welfare for illegal aliens. It ends eligibility for Government programs for illegal aliens. It ends the taxpayer-funded red carpet for illegal aliens. Our plan is to send a clear message to those who jump our borders, violate our laws, and reside in America illegally: Go home. Stop freeloading off of hard-working American taxpayers.

Let me address the matter of legal immigrants. America is a beacon of hope and opportunity for the world. That is why we continue to have the most generous system of legal immigration that history has ever known. It is in America's interest to invite those who want to work for a better life, and have a fighting chance at the American Dream. But we will not support those who come to America to be dependent upon our social safety net. Thus, our legislation places priority on helping American citizens first, and represents the values held by Americans.

For we are determined to liberate families from welfare dependency and get them work and a chance at the American Dream. We understand that for many single parents, child care can make the difference between being able to work or not. That's why or bill provides more and better child care, with less bureaucracy and redtape, and more choices and resources for parents striving for a better life.

Here are the facts: This conference report provides $22 billion for child care over 7 years. That amounts to $4.5 billion over current law, and $1.7 billion more than President Clinton's plan recommends. And we dramatically increase resources for child care quality improvement. By investing in quality child care, we provide more families the opportunity to be free from welfare dependency and to strive for the American Dream.

In the end, this bill is what is about the best of America. We are a compassionate people, united by common ideals of freedom and opportunity. The great glory of this land of opportunity is the American Dream. Families trapped by welfare, and especially their children, have had this dream deferred. We can do better. And we do, through this legislation, because this is America. I urge the adoption of the conference report on H.R. 3734.

Mr. BILIRAKIS. Mr. Speaker, I would like to join in supporting the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. As representatives of the people, we do not get as many opportunities as we would like to do something that will truly help improve the lives of the people we serve.

This bill presents us with just such an opportunity.

The landmark welfare reform plan before us today will bring education, training, and jobs to low-income Americans. It will replace welfare dependence with economic self-reliance. And it will create more hopeful futures for the children of participants.

This conference report is more than just a prescription for much-needed welfare reform. It is what I hope will be the first step in our bipartisan efforts to improve the public assistance programs on which disadvantaged families depend.

Last February, the Nation's Republican and Democrat Governors unanimously endorsed welfare and Medicaid reform plans. And although the conference report before us today will give States the tools they need to improve their public assistance programs, our work is not done.

After all, welfare as we know it means more than AFDC. It includes food stamps, housing assistance, and energy assistance. And it includes medical assistance.

That's right—for millions of Americans, Medicaid is welfare. That is because income assistance alone is not sufficient to meet the pressing needs of disadvantaged families.

For States, too, Medicaid is welfare. In fact, it makes up the largest share of State public assistance funding. As a share of State budgets, Medicaid is four times larger than AFDC.

If President Clinton does the right thing and signs this welfare reform bill into law, Medicaid will still be caught up in the choking bureaucratic redtape of Federal control. That is why the Medicaid program must be restructured if States are to fully succeed in making public assistance programs more responsive and effective.

I commend my colleagues on both sides of the aisle for their commitment to true welfare reform. And I look forward to continuing our efforts to making all sources of public assistance work better for those who need a helping hand up.

Thank you.

Mr. REED. Mr. Speaker, today's vote is about change. Today we begin the move from a status quo that no one approves of to a reformed and improved welfare system. Our current welfare system traps too many families in a cycle of dependency and does little to encourage or help such individuals find employment. Both welfare recipients and taxpayers lose if the status quo is maintained.

I have repeatedly stated that meaningful welfare reform should move recipients to work and protect children. Just 2 weeks ago, I supported a bipartisan welfare plan, authored by Republican Representative Michael Castle and Democratic Representative John Tanner, which I believe met these goals.

The conference agreement on H.R. 3734 is not perfect, but it is a good first step into an era of necessary welfare reform. This legislation contains many useful and necessary improvements over the previous welfare proposals put forth by the Republican majority. In fact, this legislation has moved several steps closer to the Castle-Tanner bill.

The agreement ensures that low-income mothers and children retain their Medicaid eligibility; provides increased child care funding; removes the optional food stamp block grant; removes the adoption and foster care block grant; and allows States to use a portion of their Federal funding to provide assistance to children whose families have been cut off welfare because of the 5-year time limit.

While this legislation attempts to protect children from the shortcomings and failures of their parents, it does not fulfill all of my goals for welfare reform. I am concerned that H.R. 3734 fails to provide adequate Federal resources for States to implement work programs, nor does it contain adequate resources for States and individuals in the event of a severe recession.

In addition, the legislation makes cuts in food stamps for unemployed individuals willing to work and contains legal immigrant provisions that will deny access by legal immigrant children to SSI, food stamps, and other benefits. These concerns should be rectified by this and subsequent Congresses. I am committed to realizing this goal, and therefore, I am pleased that the President plans to propose legislation to repeal many of these provisions.

Furthermore, several States are currently working on plans to reform their welfare reform systems. We must ensure that these efforts are accommodated by this legislation.

This is the first Republican proposal which adequately acknowledges the need to protect children, while emphasizing work. Rhode Island, through the work of a coalition of State officials, business leaders, and advocacy groups, has crafted a welfare reform plan that also accomplishes these goals. Should H.R. 3734 prove detrimental to Rhode Island or the children of Rhode Island, I will work to make necessary changes to further strengthen the Nation's welfare reform efforts.

Mr. GOODLATTE. Mr. Speaker, I rise in strong support of this conference report. Despite the slanderous accusations by the advocates of the current welfare state, our welfare reform plan is compassionate and humane, two adjectives rarely used to describe the current welfare program.

Our welfare reform plan ends welfare as a way of life and gives back welfare recipients their self-worth. By replacing welfare with work, current recipients will realize that they have talents in which to make a productive and self-reliant life. They are so used to the government providing for them that they never believed they could provide for themselves and their families.

We know this transition isn't going to be easy; nothing worth having is easy. That is why our welfare reform plan continues government assistance as long as they are making a good-faith effort to be a productive member of society.

We separate from bona fide eligible welfare candidates those who have been convicted of a felony or those that refuse to become citizens. For too long, those that have been trying to make their own way but are suppressed by the big thumb of government have been represented by those welfare recipients that

make the headlines. By denying convicted felons and noncitizens taxpayer-funded assistance we take away the scourge previously associated with all welfare benefits. We create a new benevolent program and therefore a positive and refreshing atmosphere for its recipients.

Along with increased sense of self-worth that necessarily comes with a pay check that isn't a donation comes a greater sense of personal responsibility. Our reform promotes self-responsibility in an attempt to half rising illegitimacy rates. Once we diminish illegitimacy we can truly end the cycle of dependency created by our current welfare state.

As a condition for benefit eligibility, a mother must identify the father. This will ensure that single parents get the support they need and remind fathers that their children is their responsibility, not the State's.

Our welfare reform plan gives power and flexibility back to the States. I think this is the provision that gives the proponents of the current welfare state the most heartburn. The block grants give the power and flexibility once enjoyed by big government advocates to our Nation's Governors and State legislatures. Non longer will Washington power brokers be able to dictate who gets and how much they get. Rather, those who know the solutions for their unique challenges won't have to wait for bureaucratic approval to put their programs in action.

Mr. Speaker, not only is this reform plan historic, it is futuristic. This plan ends welfare as we know it and helps us see a society which encourages all of its members to be productive and self-reliant.

Mr. FRANKS of Connecticut. Mr. Speaker, this welfare reform conference bill brings us one step closer to fixing a welfare system that has been broken and in need of major repairs. We have had a welfare system that has caused generations of American citizens to live in poverty and become consumed by a condition of hopelessness and despair. We have had a welfare system that has created dependency upon a monthly stipend instead of employment as a viable solution to overcome poverty.

I strongly believe in the American dream where each individual is given the opportunity to work, provide for their family, and participate in our society. The current welfare system has taken that dream away from too many Americans.

The conference committee bill represents the change that will place the welfare program back into the hands of the States so that States can implement programs that best fit the needs of their welfare constituents. The bill will reinforce the American principle in which parents are responsible for the well-being of their children. Welfare recipients will be required to identify the absent father, and all able-bodied parents will be expected to work to provide for the needs of their children. The bill strengthens child support enforcement so that absent fathers will be located and required to pay child support.

The conference committee bill encourages States to implement the debit card for disbursement of welfare funds and food stamps. No longer will welfare recipients be able to use welfare funds to purchase illegal drugs. The bill will bring greater accountability in the spending of American taxpayer's money.

This conference committee bill will lead to greater self-sufficiency. The bill will give families who have had to live in poverty a new chance for a better life and an opportunity to participate in the American dream.

I urge support for the conference committee bill.

Mrs. COLLINS of Illinois. Mr. Speaker, I have heard of a rush to anger and a rush to judgment. What we have here is a rush to the floor. We're told an agreement on a conference committee report to H.R. 3734 was made near midnight last night. I haven't seen the conference report and don't know what's in the conference agreement. I read what's in the National Journal's Congress Daily/A.M. edition and the Congressional Quarterly's House Action Reports "Conference Summary." The Congressional Quarterly Action Report includes the disclaimer that they haven't seen the conference agreement report either, but prepared a morning briefing anyway, using information provided by committee staff. Well, excuse me.

I don't consider it appropriate to rely only on some nebulous statement written by someone who hasn't read the report before casting my vote on behalf of my constituents. I want to have a copy of the legislation available and that's why we have the rule that we don't vote on a conference agreement the same day it is reported.

In my 23 years in the Congress, I have been accustomed to reading and studying legislation before I cast my vote on behalf of the Seventh District of Illinois, a responsibility I take very seriously. The House has rules governing debate, rules designed to keep us from rushing to judgment. Those rules dictate that we don't vote on conference reports the same day they are filed so that we have time to study the provisions. That's why there is a two-thirds majority vote requirement to overturn that rule.

So why are we being asked to waive the time requirement and go immediately to a vote on this conference report? We are told we will have 1 hour of debate on the rule that will give us 1 hour of debate to consider a special rule to waive the two-thirds vote requirement. Why? Because once again the Gingrich Republicans are trying to force legislation through the process without adhering to the safeguards established to protect the American people and the legislative process.

I object to this rule and urge my colleagues to defeat this rule so that America has a chance to look at what we are being asked to approve as new changes, major revisions really, in the provisions and control of public assistance programs that provide a safety net for the needy and vulnerable among us. I owe it to my constituents to study legislation and weigh the measure before casting my vote for them. Let's get back to reasoned debate, let's follow the rules, just like we are going to ask the recipients of the benefits provided or denied under this bill to follow. Let's stop changing the rules as it suits the desires of the Gingrich Republicans. I urge my colleagues to defeat this motion to change the rules. I yield back the balance of my time.

Mr. BLUMENAUER. Mr. Speaker, there is perhaps no more urgent issue in America today than ending welfare dependency.

In place of a welfare program built around welfare checks, we need a program built around helping people get paychecks. We need to move people toward work and independence. And we need to be tough on work and protective of children.

When the work on welfare reform started last year, the Republican proposals were weak on work, tough on kids, and the President was right to veto them.

Unfortunately, the bill before us today, while a significant improvement on the earlier versions, still falls short in both regards.

On work, the bill is, in fact, too weak, for it underfunds employment assistance by $13 billion. According to the Congressional Budget Office, a $13 billion shortfall is a guarantee that no State can meet the employment requirements in this bill. So we have missed an opportunity to make these poor families self-supporting.

On children, the bill is, in fact, too weak in its child care provisions; it is too harsh in the manner children are punished for the failures of their parents; and it is far too extreme in its potential to push an additional 1 million children into poverty.

I am also deeply concerned by the fundamental premise of this legislation. There are many Governors, in many States, who today are sincerely committed to using a welfare block grant to raise the well-being and quality of life of people within their States. And as I listen to them, I hear a haunting echo of a situation which occurred some years ago when many well-intended State legislators, myself included, voted to transition the mentally ill in Oregon into mainstream society. The concept seemed solid, as the welfare block grant seems to many Governors. But when the 1980's recession hit Oregon, the commitments we made to the mentally ill—similar in so many ways to the commitment the Governors today are making to their welfare recipients—simply came undone. And today, many years later, the mentally ill of Oregon still live on the streets, and Oregon's neighborhoods and local governments are struggling under the burden of serving this neglected population.

This, Mr. Speaker, is what I fear we face when the next recession rumbles through this land. When times get tough, and resources grow scarce, and the contingency funds are drawn down, who will be hurt the most? Will it be our schools? Our ports? Our highway funds? Our economic competitiveness programs? Or will it be those who are struggling to find a route out of poverty?

I fear without adequate planning, safeguards, standards, and funding, welfare reform will likewise turn into a nightmare not just for the poor, but for the people in our community ill-equipped to deal with the consequences of another experiment that backfires.

Mr. POSHARD. Mr. Speaker, I rise in support of this conference agreement on welfare reform. This is truly an important moment in my legislative career and in the history of the House. I trust our judgement today will be proven wise in years to come.

I have supported welfare reform with my work and with my votes during this session. I voted for the bill proposed by my colleague from Georgia, Congressman DEAL, and for the bill most recently proposed by a bipartisan coalition led by Congressmen CASTLE and TANNER.

By voting for those bills, and opposing the bills which were passed but vetoed by the President, we have been able to move toward a sensible middle ground, a tough yet humane bill which is worthy of our support. I will enter into the RECORD at this point a number of improvements which helped earn my support for this legislation.

Unlike the House bill, the Conference Agreement forces states wanting to transfer funds between block grants to transfer those funds specifically into child care and social services block grants.

The Agreement allows states the flexibility to implement pilot welfare programs like the one being put into place in Illinois. [A part of the Castle-Tanner Plan] However, states many use federal funds to provide vouchers and health and food stamp benfits to children through the five year time limitation mandated in the bill. After that, states have the option of continuing benefits in the form of a voucher.

The Conference Agreement provides additional flexibility in meeting the work requirements by allowing states that are implementing plans under federal waivers to count individuals who are participating in work programs under the waiver in meeting the work participation rates in the bill, even if the hours of work or the definition of work in the state plan do not meet the mandates in the bill.

The Agreement does not include the House provision that would have prohibited states from using block grant funds to make cash payments to families that have an additional child while on welfare.

Unlike the House bill, the Conference Agreement does not give states the option to receive food assistance in the form of a block grant, instead of under the regular Food Stamp program. The bill retains the current Food Stamp program. [A major part of the Castle-Tanner Plan]

The Conference Agreement decreased the amount cut from the Food Stamp program by $2.3 billion. (The Agreement cuts the Food Stamp program by $23.3 billion over six years.)

Tightens SSI eligibility criteria to restrict eligibility to children who meet the medical listings. However, individualized functional assessment and references to maladaptive behavior are repealed. [Criteria contained in Castle-Tanner Plan] All children meeting medical listings will be eligible for SSI benefits.

The House bill restricted Food Stamps benefits for able-bodied, unemployed adults who have no dependent and who are between the ages of 18 and 50—limiting Food Stamp benefits for this group to three months over their lifetime up to age 50. The Agreement provides such individuals with Food Stamps for three months out of every three years, with the possibility of another three months within that period. [Moved closer to the Castle-Tanner Plan]

Under the agreement, all families currently receiving welfare and Medicaid benefits will continue to be eligible for the Medicaid program. In addition, there is a one year transition period for Medicaid for those transitioning into the workforce.

The Conference Agreement does not deny Medicaid benefits for legal immigrants retroactively and applies the ban on benefits for five years instead of until citizenship to legal immigrants.

The Agreement retains the current Family Preservation and Support program, which is a preventive program designed to teach improved parenting skills before a child must be removed to foster care. The House bill would have replaced the program with a block grant.

The Agreement includes $500 million more than the House bill for a fund to reward states that are effective in moving people from welfare to work, preserving two-parent families, and reducing the out-of-wedlock births.

I come from a rural area. I know times can be tough. But I also grew up on a farm where we worked for everything we ever had, and where we took care of each other. Most of the people I represent in the 19th district have similar backgrounds. They know that jobs can be lost or families can break apart and that we need to look after our neighbor. But they also want that neighbor to take responsibility for their behavior and for them to look for work if they're able.

This bill helps us respect those old-fashioned traditions in a modern world. It helps us move people from welfare to work, helps us save money in the program, and gives the states the flexibility to meet the needs of their people.

We should be prepared to revisit this bill if in fact children are left behind as some critics fear. But today, we should embrace this proposal with courage and faith, confident that we are changing not only the construct but also the culture of welfare.

Mr. DURBIN. Mr. Speaker, I rise in support of reforming the welfare system. As the American people know, 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 impoverished by the failure of non-custodial parents to fulfill their financial responsibilities.

The legislation before the House today makes many of the changes needed to reform the welfare system. It will move people from welfare to work, and it provides child care funding and Medicaid to help people make the move from a welfare check to a paycheck. It maintains nutritional guarantees. And it includes child support provisions to press deadbeat parents to meet their responsibilities so their children do not end up on welfare.

This legislation is better than the Gingrich bill which I opposed 2 weeks ago. The Gingrich bill eliminated the Federal guarantee of nutritional assistance. The Gingrich bill denied Medicaid to legal immigrants. The Gingrich bill denied benefits to children born to parents on welfare. And the Gingrich bill did not allow States to provide vouchers for children when their parents exceeded time limits. The legislation before us today does not include any of these problems.

This legislation is also far better than the Gingrich bill I opposed last year. Last year's Gingrich bill would have block-granted and reduced funding for the nutrition program for Women, Infants and Children; school lunches and breakfasts; and the Child and Adult Care Food Program. It would have eliminated the critical nutrition, education and health services that are an important part of the WIC program's effectiveness in increasing the number of healthy births. It would have eliminated the assurance of food assistance for many children, leaving many of them without enough food to eat. And it would have eliminated the assurance of sound nutrition standards for these programs.

Last year's Gingrich bill also would have eliminated the guarantee of Medicaid coverage for millions of women and children on AFDC. It would have terminated most Federal day care programs and replaced them with a block grant to States. It would have cut overall child care funding and caused many families to be denied day care assistance. Without day care, many parents would be forced to quit their jobs and enter the welfare system. It also would have eliminated many of the health and safety standards that have previously been required of day care providers receiving Federal funds, and put many children's lives at risk. And it would have cut funding for foster care, adoption assistance, child abuse prevention and treatment and related services, and turned these programs over to the States in a block grant. Today's bill does not contain these enormous flaws.

The legislation before the House today is far from perfect. It has significant problems that must be corrected, and I will work with the President to ensure that these problems are effectively addressed. 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. The legislation before the House today is unfair to legal immigrants who play by the rules and contribute to the progress of our country, just as all of our ancestors have done. And the legislation before us today cuts nutritional assistance too deeply, which will be harmful to children and may force some working families to continue to choose between paying the rent and putting food on the table.

I will vote for the legislation that is now before the House because it makes many of the changes that must be made to change welfare from a way of life to a helping hand. And I will work with the President to correct the problems in this legislation that have nothing to do with welfare reform.

Mr. FAZIO of California. Mr. Speaker, I rise to express my support for the conference agreement before us and to voice my gratitude to the many members of the Democratic Caucus who have worked long and hard over the last 2 years on this difficult issue.

These members, including XAVIER BECERRA, LYNN WOOLSEY, JOHN TANNER, CHARLIE STENHOLM, SANDY LEVIN, BOB MATSUI, MARTIN SABO, and many, many others, have worked long and hard to improve the welfare reform bill that we are considering today. They have increased the awareness of their colleagues and have worked for a whole range of improvements which have moderated some of the bill's original provisions. I truly appreciate their efforts.

While this conference agreement isn't perfect, it represents a step in the right direction. This agreement acknowledges the view that

welfare should be a second chance for those in need, not a way of life.

This agreement sets a 5-year time limit on receiving benefits, includes tough welfare-to-work requirements, and allows States to decide how best to meet the needs of their citizens.

I am pleased to see that the conference agreement moved toward the President's position on a number of important issues, especially the removal of a provision that would have allowed States to opt out of the food stamp program. This will help keep the nutritional safety net intact for our kids. In addition, I am pleased that strong child support enforcement provisions have been included in this agreement.

The agreement that we're voting on today is the first step toward a much-needed overhaul of our welfare system. It stresses both fiscal and personal responsibility and it breaks the cycle of dependence.

I urge my colleagues to support this conference agreement.

Mr. STOKES. Mr. Speaker, I rise in opposition to H.R. 3734, the Personal Responsibility and Work Opportunity Act, a bill which would dramatically overhaul our Nation's welfare system.

On July 18, 1996, I joined with 170 of my colleagues to show my staunch opposition to H.R. 3734. After reviewing the product of the conference committee, my position remains unchanged.

During this session of Congress, our Republican colleagues assured us a family friendly Congress. They promised us that our children would be protected from harm. However, this bill is not about helping our families, nor is it about saving our children. The primary purpose of this bill is to achieve more than $61 billion in budget cuts. And unfortunately, those who will suffer most from this legislation will be those who need assistance the most, our children, and the poor.

Seven months ago, President Clinton was forced to veto a welfare bill which, much like the bill before us today, would place an alarming number of children into poverty. According to the Urban Institute, H.R. 3734 would push 1.5 million children into poverty. I appeal to President Clinton to veto this measure which abandons the Federal commitment and safety net that protects America's children.

H.R. 3734 slashes more than $61 billion over 6 years in welfare programs. This bill guts funding for the Food Stamp Program, cuts into the SSI protections for disabled children, drastically cuts child nutrition programs, and slashes benefits for legal immigrants. Mr. Speaker, I find these reductions in quality of life programs appalling.

Mr. Speaker, I believe most of us agree that our Nation's welfare system is in the need of reform. But do we reform the system by denying benefits to legal immigrants who, despite working hard and paying taxes, fall upon hard times? How can we demand that welfare recipients work 30 hours a week, yet provide inefficient job training and job services—essential components in contributing to longevity in the workplace? In short, how can we justify punishing children and their families simply because they are poor?

If we are truly to talk about the reform of welfare, if we are going to talk about increasing opportunities for our low-income residents, we cannot expect productive changes for our community by taking away from those who already have very little.

Mr. Speaker, I can understand and support a balanced and thoughtful approach to addressing the reform of our Nation's welfare system. However, I cannot support this legislation which would shatter the lives of millions of our Nation's poor.

The pledge to end welfare as we know it is not a mandate to act irresponsibly and without compassion. On behalf of America's children and the poor, I urge my colleagues to vote against H.R. 3734.

Mrs. COLLINS of Illinois. Mr. Speaker, I rise in opposition to the conference agreement on H.R. 3734, legislation that revises our current law providing welfare to needy children, individuals, and families in America. This welfare revision does little more than poke holes in the safety net that is called welfare. In my opinion, this legislation is a desperate—and unsuccessful—attempt to claim reform when it is an illogical revision. Change merely for change's sake can lead to chaos, damage, and injury.

This bill reportedly contains changes to our welfare system that will ensure insecurity and forecast fear on the part of the many vulnerable, loving parents out there trying their best to provide for their children a safe, secure, and nurturing environment.

Some of my constituents in the Seventh District of Illinois are among the poorest of the Nation. For the 23½ years that I have served in this body, I have 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 the House at the end of the year.

So, I feel I have an obligation to rise today in opposition to the conference agreement developed in the 11th hour by a few secretly selected Members of Congress. I continue to be concerned that we are applying Band-Aid policy and control instead of prevention and early intervention. The funds provided in current law attempt to address, and/or remedy, the symptoms of poverty: joblessness, hunger, domestic violence, child abuse and neglect, illiteracy; but until and unless we set about strategically to address the causes, we go far short of adequate to eradicate the problem and then wonder why we are losing the fight.

I was contacted this morning by the Day-Care Council of Illinois, located in Chicago, who reminded me that President Franklin Roosevelt, under whose leadership the safety net for our most vulnerable children and families was established some 60 years ago once said: "The test of our progress is not whether we add more to the abundance of those who have much; it is whether we provide enough for those who have too little."

We do too little when we take away the Federal oversight of funds that are channeled into State and local coffers in the form of block grants; reduce the Food Stamp program in the name of budget deficit; deny benefits to legal immigrants; and make children-having-children continue to live in housing environments that failed them as teenage parents instead of supporting communities in their efforts to provide stable, dependable support systems. Whether that support is supplied by the teen parent's biological or substitute parent, or a publicly funded shelter, should be the decision of that child-parent, not the Federal Government.

Block granting welfare benefits is likely to block grant suffering. I can only hope that if this legislation passes, sufficient Federal criteria and oversight can make them work. 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 non-discriminatory manner. My fear and recollection of contemporary history is that many of them will not.

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. The well-being of our children is what public welfare should be all about; and we should focus on how best we can prevent and protect the vulnerable children of our Nation from experiencing poverty and despair, against hunger and sickness, and against fear and helplessness.

I urge my colleagues to reject this rush to agreement. I yield back the balance of my time.

Ms. VELÁZQUEZ. Mr. Speaker, I rise today in opposition to the welfare conference agreement. This bill is an outrage. It constitutes the latest chapter in the right wing majority's all-out attack on children and the poor.

Let's get real. Less than 2 percent of Federal dollars are spent on assisting poor women and children. Yet radicals are ramming a bill down our throats that does nothing more than single out and punish children in the name of deficit reduction.

Many on the other side of the aisle are under the false assumption that all we need to do to eliminate poverty is take food and money away from poor people. But I have news for you—this sink or swim approach will not work. According to the Urban Institute this bill would push 1.1 million children into poverty and eliminate their ability to count on basic income support.

The worse tragedy of all is that this cruel bill comes up short on jobs. Cutting financial assistance to poor families without money for job creation, job training and day care will not force recipients to swim but cause millions of poor children to drown.

The real problem is that in poor areas like the one I represent, there simply are not enough jobs for people. In fact in some areas in NYC there are 14 applicants for every one fast-food job.

Let's end this charade. I implore my colleagues, on both sides of the aisle, to support fairness and basic decency and reject this heartless legislation.

The SPEAKER pro tempore. Without objection, the previous question is ordered on the conference report.

There was no objection.

The SPEAKER pro tempore. The question is on the conference report.

Pursuant to House Resolution 495, the yeas and nays are ordered.

The vote was taken by electronic device, and there were—yeas 328, nays 101, not voting 5, as follows:

[Roll No. 383]

YEAS—328

Ackerman	Baesler	Barr
Allard	Baker (CA)	Barrett (NE)
Andrews	Baker (LA)	Bartlett
Archer	Baldacci	Barton
Armey	Ballenger	Bass
Bachus	Barcia	Bateman

Bentsen	Gilchrest	Morella
Bereuter	Gillmor	Murtha
Bevill	Gilman	Myers
Bilbray	Gingrich	Myrick
Bilirakis	Goodlatte	Neal
Bishop	Goodling	Nethercutt
Bliley	Gordon	Neumann
Blute	Goss	Ney
Boehlert	Graham	Norwood
Boehner	Greene (UT)	Nussle
Bonilla	Greenwood	Obey
Bono	Gutknecht	Orton
Borski	Hall (TX)	Oxley
Boucher	Hamilton	Packard
Brewster	Hancock	Pallone
Browder	Hansen	Parker
Brownback	Harman	Paxon
Bryant (TN)	Hastert	Payne (VA)
Bryant (TX)	Hastings (WA)	Peterson (FL)
Bunn	Hayes	Peterson (MN)
Bunning	Hayworth	Petri
Burr	Hefley	Pickett
Burton	Hefner	Pombo
Buyer	Heineman	Pomeroy
Callahan	Herger	Porter
Calvert	Hilleary	Portman
Camp	Hobson	Poshard
Campbell	Hoekstra	Pryce
Canady	Hoke	Quillen
Cardin	Holden	Quinn
Castle	Horn	Radanovich
Chabot	Hostettler	Ramstad
Chambliss	Houghton	Reed
Chapman	Hoyer	Regula
Chenoweth	Hunter	Richardson
Christensen	Hutchinson	Riggs
Chrysler	Hyde	Rivers
Clement	Inglis	Roberts
Clinger	Istook	Roemer
Coble	Johnson (CT)	Rogers
Coburn	Johnson (SD)	Rohrabacher
Collins (GA)	Johnson, Sam	Rose
Combest	Jones	Roth
Condit	Kanjorski	Roukema
Cooley	Kaptur	Royce
Costello	Kasich	Salmon
Cox	Kelly	Sanford
Cramer	Kennelly	Sawyer
Crane	Kildee	Saxton
Crapo	Kim	Scarborough
Cremeans	King	Schaefer
Cubin	Kingston	Schiff
Cunningham	Kleczka	Seastrand
Danner	Klink	Sensenbrenner
Davis	Klug	Shadegg
de la Garza	Knollenberg	Shaw
Deal	Kolbe	Shays
DeFazio	LaHood	Shuster
DeLay	Largent	Sisisky
Deutsch	Latham	Skaggs
Dickey	LaTourette	Skeen
Dicks	Laughlin	Skelton
Dingell	Lazio	Smith (MI)
Doggett	Leach	Smith (NJ)
Dooley	Levin	Smith (TX)
Doolittle	Lewis (CA)	Smith (WA)
Dornan	Lewis (KY)	Solomon
Doyle	Lightfoot	Souder
Dreier	Lincoln	Spence
Duncan	Linder	Spratt
Dunn	Lipinski	Stearns
Durbin	Livingston	Stenholm
Edwards	LoBiondo	Stockman
Ehlers	Longley	Stump
Ehrlich	Lowey	Stupak
English	Lucas	Talent
Ensign	Luther	Tanner
Everett	Manton	Tate
Ewing	Manzullo	Tauzin
Fawell	Martini	Taylor (MS)
Fazio	Mascara	Taylor (NC)
Fields (TX)	McCarthy	Thomas
Flanagan	McCollum	Thornberry
Foley	McCrery	Thornton
Forbes	McHale	Thurman
Fowler	McHugh	Tiahrt
Fox	McInnis	Torkildsen
Franks (CT)	McIntosh	Torricelli
Franks (NJ)	McKeon	Traficant
Frelinghuysen	Meehan	Upton
Frisa	Metcalf	Vento
Frost	Meyers	Visclosky
Funderburk	Mica	Volkmer
Furse	Miller (FL)	Vucanovich
Gallegly	Minge	Walker
Ganske	Molinari	Walsh
Gejdenson	Montgomery	Wamp
Gekas	Moorhead	Ward
Geren	Moran	Watts (OK)
Weldon (FL)	Wicker	Young (AK)
Weldon (PA)	Wilson	Zeliff
Weller	Wise	Zimmer
White	Wolf	
Whitfield	Wynn	

NAYS—101

Abercrombie	Green (TX)	Oberstar
Barrett (WI)	Gutierrez	Olver
Becerra	Hall (OH)	Ortiz
Beilenson	Hastings (FL)	Owens
Berman	Hilliard	Pastor
Blumenauer	Hinchey	Payne (NJ)
Bonior	Jackson (IL)	Pelosi
Brown (CA)	Jackson-Lee (TX)	Rahall
Brown (FL)	Jacobs	Rangel
Brown (OH)	Jefferson	Ros-Lehtinen
Clay	Johnson, E. B.	Roybal-Allard
Clayton	Johnston	Rush
Clyburn	Kennedy (MA)	Sabo
Coleman	Kennedy (RI)	Sanders
Collins (IL)	LaFalce	Schroeder
Collins (MI)	Lantos	Schumer
Conyers	Lewis (GA)	Scott
Coyne	Lofgren	Serrano
Cummings	Maloney	Slaughter
DeLauro	Markey	Stark
Dellums	Martinez	Stokes
Diaz-Balart	Matsui	Studds
Dixon	McDermott	Tejeda
Engel	McKinney	Thompson
Eshoo	McNulty	Torres
Evans	Meek	Towns
Farr	Menendez	Velazquez
Fattah	Millender-McDonald	Waters
Fields (LA)	Miller (CA)	Watt (NC)
Filner	Mink	Waxman
Foglietta	Moakley	Williams
Frank (MA)	Mollohan	Woolsey
Gephardt	Nadler	Yates
Gibbons		
Gonzalez		

NOT VOTING—5

Flake	Gunderson	Young (FL)
Ford	McDade	

□ 1710

Mr. SCHUMER changed his vote from "yea" to "nay."

So the conference report was agreed to.

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 and include extraneous matter on the conference report on H.R. 3734.

The SPEAKER pro tempore (Mr. ARMEY). Is there objection to the request of the gentleman from Florida?

There was no objection.

REPORT ON RESOLUTION WAIVING POINTS OF ORDER AGAINST CONFERENCE REPORT ON H.R. 3603, AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS ACT, 1997

Mr. GOSS, from the Committee on Rules, submitted a privileged report (Rept. No. 104-730) on the resolution (H. Res. 496) waiving points of order against the conference report to accompany the bill (H.R. 3603) making appropriations for Agriculture, Rural Development, Food and Drug Administration, and Related Agencies programs for the fiscal year ending September 30, 1997, and for other purposes, which was referred to the House Calendar and ordered to be printed.

REPORT ON RESOLUTION WAIVING POINTS OF ORDER AGAINST CONFERENCE REPORT ON H.R. 3517, MILITARY CONSTRUCTION APPROPRIATIONS ACT, 1997

Mr. GOSS, from the Committee on Rules, submitted a privileged report (Rept. No. 104-731) on the resolution (H. Res. 497) waiving points of order against the conference report to accompany the bill (H.R. 3517) making appropriations for military construction, family housing, and base realignment and closure for the Department of Defense for the fiscal year ending September 30, 1997, and for other purposes, which was referred to the House Calendar and ordered to be printed.

REPORT ON RESOLUTION WAIVING POINTS OF ORDER AGAINST CONFERENCE REPORT ON H.R. 3230, NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1997

Mr. GOSS, from the Committee on Rules, submitted a privileged report (Rept. No. 104-732) on the resolution (H. Res. 498) waiving points of order against the conference report to accompany the bill (H.R. 3230) to authorize appropriations for fiscal year 1997 for military activities of the Department of Defense, to prescribe military personnel strengths for fiscal year 1997, and for other purposes, which was referred to the House Calendar and ordered to be printed.

□ 1715

INTERNATIONAL DOLPHIN CONSERVATION PROGRAM ACT

Mr. GOSS. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 489 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 489

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 consideration of the bill (H.R. 2823) to amend the Marine Mammal Protection Act of 1972 to support the International Dolphin Conservation Program in the eastern tropical Pacific Ocean, and for other purposes. The first reading of the bill shall be dispensed with. General debate shall be confined to the bill and shall not exceed one hour equally divided and controlled by the chairman and ranking minority member of the Committee on Resources. After general debate the bill shall be considered for amendment under the five-minute rule. In lieu of the amendment recommended by the Committee on Resources now printed in the bill, it shall be in order to consider as an original bill for the purpose of amendment under the five-minute rule the amendment in the nature of a substitute printed in the Congressional Record

PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996—CONFERENCE REPORT

The PRESIDING OFFICER. Under the previous order, the Senate will now proceed to the consideration of the conference report to accompanying H.R. 3734, which the clerk will report.

The assistant legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 3734) to provide for reconciliation pursuant to section 201(a)(1) of the current resolution on the budget for fiscal year 1997 having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

(The conference report is printed in the House proceedings of the RECORD of July 30, 1996.)

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, as I understand it, there are 10 hours equally divided. I hope we do not use 10 hours, and I will not take very long. I will yield rather quickly to the chairman of the Finance Committee. If he would permit me to give just a quick oversight, I will yield on our side. But I do wish to announce there are a number of Senators who want to speak. I hope we do not have any lag time between speakers. The Senators who have asked to speak are HATCH, GRAMM, SPECTER, HUTCHISON, SIMPSON, COATS, and GORTON. Some have indicated they want to speak as much as 10 to 20 minutes. I am clearly going to have plenty of time to accommodate them. I hope they will be watching here so that we do not have big periods of time when we are in a quorum call.

Mr. President, we come to the end of a long journey today to reform our Federal-State welfare programs. We take this final step today to send to the President of the United States for his announced signature the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

As vice chairman of the welfare reconciliation conference, I wish to first thank the people who did the bulk of the work to bring this conference to a quick conclusion. On our side, I thank in particular Senator ROTH, the chairman of the Finance Committee, who sits here. Without his diligent work and that of his excellent staff, we would not be here. I also thank, Senator LUGAR, who chairs the Agriculture Committee. For some it is not quite understood why a welfare bill can include agriculture issues. Of all of the nutrition programs that are a part of this package, most of them come within the jurisdiction of the Agriculture Committee, from food stamps on down. Obviously Senator LUGAR and his very dedicated staff must be given very high praise on our side of the aisle for their work.

These two distinguished chairmen and their staffs, from what I understood, worked tirelessly this last week. I was with them some of the time. I know of no other budget reconciliation conference in our history that was completed as quickly as this—less than 1 week.

Now, obviously, the House and Senate have passed bills that were somewhat similar—we have been at this a number of times. In fact, we have heretofore sent to the President two bills that passed both the House and Senate and he vetoed them. So, completing the conference report in 1 week seemed to us to be an achievable goal. And, indeed, they have exceeded our expectation and finished in slightly less than a week.

I believe part of the reason why this conference was completed so quickly is because the work on this issue has been in progress since the beginning of the 104th Congress, which began almost a year and a half ago. Welfare reform was one of the top legislative agenda items of this Congress. The former Republican leader, Senator Bob Dole, our candidate for President, made welfare reform a centerpiece of our broader effort to reform the Federal Government and return power back to the States and communities. For that, I want to indicate my great praise for our candidate for President, and our former leader. He had a lot to do with us being here today.

In addition, the national Governors, both Republicans and Democrats, have worked over the last year, both with the Congress and the administration, to help us make as informed judgments as we can.

This legislation truly represents and reflects the beginning of an open partnership with the States. This openness will be critical to its long-term success. We finally have decided what we should have decided a long time ago, that the States should not be our junior partners: who we tell how to do everything, do not listen to, and do not let make any innovative changes or do anything different from State to State. For too long we have assumed that one shoe fits all and that the States better do as we say because we are paying some or most of the bill.

We have decided that the States and Governors and legislatures out there in America are as concerned about the poor as we are. They are concerned about their well-being and as concerned, if not more so, about the status of welfare in their States—a program that was built upon and built upon over the past 60 years, but never contained any elements which were truly an incentive to go to work, or to improve your own personal responsibility and take better care of yourselves, and thus of your children. It had become as if people were locked in poverty, kind of waiting around for the next minimal cash benefit check and whatever else went with it. The rewards were not great. The money was not very much. But of those who got on it, many of them stayed on it forever because there were no tools to help them get their educations and look for jobs. There were not job placement approaches.

All of that will change when this bill becomes law. The essence of the new welfare will be more like workfare. Welfare offices will turn into work placement offices, into job training offices, into places where people can go to find out how to improve their skills and what help they can have while they are doing that, such as enhanced child care. We put a great deal of resources in here, because we want many of the people who are single heads of households, who have a couple of children, to be able to become trained and educated. So we have provided about $14 billion over the next 6 years in this bill, in order to help parents who want to go find jobs with those things that they need to take care of their children in the interim.

The spirit of bipartisanship is here today also. The President's statement yesterday indicates he would sign this legislation, after having vetoed two previous attempts at welfare reform.

Our Senators may describe what we have done differently, but from my standpoint I describe it in five simple ways:

First, we want to encourage and make people work. We believe work is the best thing to make people feel more self-esteem. It builds personal responsibility—which is precisely the opposite of the ethic we have built into the welfare program heretofore. Able-bodied persons who seek assistance should seek work and employment, and only after failing to find employment should they turn to the taxpayer for assistance.

Second, simple as it sounds, we ask parents to take care of their children. We stress personal responsibility and create incentives for families to stay together. We reestablish one simple rule, parents should take care of their children first. Accordingly, we track down and punish deadbeat fathers and mothers. Third, we change the culture of welfare. This is a culture that has

dominated and poisoned our good intentions for the last 61 years. We do away with the concept of an entitlement to a cash benefit. Welfare will have a 5-year time limit for any recipients. No longer will welfare be a way of life. It will be a helping hand—and not a handout.

Fourth, we cut endless, unnecessary Federal regulations and bureaucracies and bureaucrats by turning power and flexibility over to the States and communities. That is where help for those in need can best be determined and best be delivered, and where innovation will flourish. Better ways to do things will be found.

Fifth, and finally, this is a budget reconciliation bill, and these reforms will slow the growth of Federal and State spending for these programs. Spending on the programs in this bill: the new temporary assistance for needy families block grant—temporary assistance for needy families block grant, I repeat that—this is a new program, and a new child care block grant program, and the reformed food stamp, SSI, child nutrition, foster care—all of these, along with the earned-income tax credit and other programs will increase from $100 billion this year to nearly $130 billion per year 6 years from now. Total spending over the next 6 years for these programs will exceed $700 billion.

For those who say we are not going to provide for those in need that were heretofore on welfare, let me repeat: The combined programs will increase from nearly $100 billion this year to $130 billion per year in 6 years, hardly a reduction in expenditures. Let me repeat, the total programs that I have just described, food stamps, SSI, child nutrition, foster care, the block grant program for child care, the new block grant to take the place of AFDC, which we will call temporary assistance for needy families—all of those programs will seek, from the taxpayers of America, $700 billion over the next 6 years.

Nevertheless, our taxpayers should know that we will save, we will save them, about $55 billion. This program in its reformed and more efficient mode will cost $55 billion less than it was assumed to cost if we had left everything alone and kept the entitlements wherever they were.

I believe much of these savings are going to be achieved because we are making the programs work better. We are going to be pushing people to do what they should have been doing all along—get off the rolls into work, off dependence into independence, off looking to somebody else for responsibility and looking to themselves. And everywhere we turn, in this bill, there are provisions for those who just cannot do it. There are emergency set-asides, emergency allowances, there are provisions, where it just cannot be done, to provide some of what must be provided in addition to the basic program.

I would like to quote one of our very distinguished Senators, Senator RICK SANTORUM—for whom I also extend my great appreciation for his help on the floor on many occasions during the debate on welfare. He stood here in my stead and he did a remarkable job. He came to the Senate well informed on this subject. He, at one point, said: "Welfare reform has been and will continue to be a contentious issue. This legislation is tough love."

I concur. And I do not believe there is anything wrong with that either. I have some concerns about provisions in this legislation. Other Members will have their particular concerns, and the President has expressed his. Unfortunately or fortunately, depending on your philosophy of governance, it is possible and probable that even with the President's signature we will not have seen the last of welfare reform. When he has signed it, we will probably see a completed law and we will carry it out. In due course, we will see there are some areas that need some repair, some fixing. But I believe, under any circumstance, with a bill that is as much on the right track as this—although perhaps imperfect in certain areas—we should proceed. We should let the reform move along.

For today, I believe, that the best hope we have to fulfill the promise we all made to the American public to change these programs as we have known them—is to pass this bill overwhelmingly.

Making such fundamental changes to programs, some of which are 60 years old, will surely require adjustments and additional tuning as we begin to see how this legislation unfolds. But for those who seem frightened of this change, and for those who want to find the areas where they have concern and that might need some repair in the future, I merely ask, is it possible that this welfare reform program can be worse than what we have?

I cannot believe that it is; because in a land of opportunity with untold chances for people to succeed on their own and move ahead with personal achievement and responsibility, in a land with plenty of that, one thing that stands out as a testimonial to failure on the part of our legislative bodies and the executive branch is the welfare program of this country. This program, for the most part, moves people in the opposite direction of mainstream opportunity in America, and for many it locks them there. We must unlock their opportunity potential.

For today, I believe this is our best opportunity to change the culture of welfare and, once again, I repeat, to provide in every way possible a hand up, an opportunity up, not a handout. I believe these Americans who are locked in welfare as we know it today are anxiously waiting in their minds and in their hearts for a better way of life. What we are saying, is we hope we are providing that for you. We hope we are giving many of you an opportunity to get out of welfare and get into something that is more like what most Americans have the opportunity to be a part of.

In short, I believe this legislation is the best hope we have today to provide some real hope for a future for those families and children in our society who, in many, many instances, are totally without hope. But we need to be honest and sober. I believe proponents and opponents may be overstating the results, but I believe the overwhelming consequences of this bill will be positive. The legislation represents a fundamental change in social policy. We elected officials should not assume that this legislation is perfect. The one thing the last 61 years should have taught us is that no one can be all-knowing.

So let us be proud of this significant accomplishment today. I believe it is the right legislation for the future. But let us also remain vigilant and sober. Many people's lives will be affected by this critical legislation, and we hope for most of the overwhelming percentage it is for the better.

Again, I congratulate the Members of the House and Senate who have worked to help bring this legislation before us today. I am hopeful that we will put an end shortly to welfare as it is.

Mr. LAUTENBERG addressed the Chair.

The PRESIDING OFFICER (Mr. FAIRCLOTH). Who yields time?

Mr. DOMENICI. Mr. President, I yield the floor.

Mr. LAUTENBERG. I thank the manager.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. LAUTENBERG. Mr. President, let me start off by saying that I greatly respect my colleague on the other side of the aisle, the manager and the chairman of the Budget Committee. I listened to him carefully, and I know that he is a man of compassion and concern. I have seen it manifested in many ways: his interest in the mentally ill, his interest in the disabled. This is someone who cares about people. So when I talk about my difference in view, this is my personal perspective and, by no means do I intend to criticize the distinguished Senator from New Mexico.

Mr. President, I take this opportunity, acting as the minority manager on this conference report, to make my remarks, and they reflect my opinion. This is not a consensus view that I have mustered; this is the opinion of the Senator from New Jersey, who has been on the Budget Committee for some time and draws on some experience from my corporate world, as I discuss my perspective.

This is a historic and peculiar time for the U.S. Senate. The body is on the verge of ending a 60-year guarantee that poor children in this country might not go hungry. I salute the attempts to solve the problem. I am right with all the others, including the President of the United States, in wanting to solve the problem.

The question is not whether one wants to solve the problem; the question is, how do you solve it? This is going to be a test not only of our pocketbooks and our resources, but of our hearts as well. Though I have heard it described as bleeding hearts, I am willing to accept the nomenclature that has applied, because having had my life experience when in the Depression years my family was, to use the expression, dirt poor, and my father had to go to work on a WPA program, it was a humiliating experience for him to have to go to work on a Government program. But he buried his pride for a moment, and he did what he could to support his family.

I don't know many people who want to humiliate themselves standing in a line waiting for their welfare check. Yes, there are some cheats out there and there are druggies and there are drunks. They are out there, there is no question about it, but a lot of those people are simply people who have not yet discovered a way out of their misery and their poverty.

Women with children, many of them unwed—I do not approve of that condition, but that is life. The punishment should never exceed the deed, and that is what I fear, Mr. President, we are about to do in this body of ours, in our beloved country. For 60 years, we could rest easier at night and be sure American children had a minimum safety net. The bill before us takes away this peace of mind and throws up to 1,100,000 children into poverty, according to a study by the Urban Institute.

I agree, the welfare system is in need of repair, and I believe that it needs to promote work and self-sufficiency, pride and dignity. That is going to make the difference.

I think it should also, however, protect children and, unfortunately, I am not certain at all that this so-called welfare reform does it.

First, the Republican bill does not promote work. It asks for work. It demands work. I heard the distinguished chairman of the Budget Committee say we can make people work. That is a requirement for welfare recipients. But it does not require the resources to put people to work.

In fact, CBO said that most States would be unlikely to satisfy this work requirement for several reasons. One major reason is that this bill cuts funding for work programs by combining all welfare programs into a capped block grant.

Second, the Republican bill hurts children. It would make deep cuts in the Food Stamp Program, which millions of children rely on for their nutritional needs. It would also end the guarantee that children will always have the safety net. Under this bill, a State could adopt a 60-day time limit, and after that the children would be cut off from the safety net entirely.

The State would not even be required to provide a child with a voucher for food, clothing, or medical care. When you take all of these policies together, this bill will put an estimated approximately 1.1 million children into poverty. And this is a conservative estimate. It could be higher.

Mr. President, my conscience does not permit me to vote for a bill that will likely plunge children into poverty.

I had an experience some years ago when I was at the Earth summit in Brazil with the now Vice President of the United States and other Senators, Republican and Democrat. We were dining at a restaurant, facing a beautiful harbor in Rio. The restaurants were separated by rows of shrubs—beautiful places, a marvelous atmosphere. I saw a light brown hand reach through the bush and take food off the table. Children starving, thousands of them, sometimes chased by the police, sometimes shot at because they crowded the doors.

Mr. President, a child who is hungry will go to any means, as will an adult, to satisfy their hunger. I am worried about that. I cannot vote to leave our children unprotected. I was one of only 11 Democrats to vote against the original Senate welfare bill that would have put 1.2 million children into poverty. I voted against the conference report on this bill that would have doomed 1.5 million children to the same fate. I will vote against this bill for the same reason. We dare not abandon our children.

Mr. President, I hold a different vision of what the safety net in this country should be. I am concerned, frightened, that this bill will leave children hungry and homeless. I am afraid the streets of our Nation's cities might someday look like the streets of the cities of Brazil. Walk around there and you see children begging for money, begging for food, and even at 8 and 9 years old engaging in prostitution.

Tragically, that is what happens to societies that abandon their children. When we don't protect our kids, they resort to their own means to survive. I do not want to see that happen in this country. I want to see this country invest in children.

I think we should invest more in child care and health and nutrition so that our kids can become independent, productive citizens. I want to give them the opportunity to live the American dream like I and so many in this room had the good fortune to do. If we do not, we will create a permanent underclass in this country. We will have millions of children with no protection, and we are going to doom them to failure.

Mr. President, as a member of the Budget Committee, I also want to comment on the priorities that are reflected in this reconciliation bill. Despite the fact that this bill is only limited to safety net programs, it is still considered a reconciliation bill. The bill receives the same protections as a budget-balancing bill, but there is no balanced budget in it. This reconciliation bill seeks to cut the deficit only by attacking safety net programs for poor children, for legal immigrants.

There are no cuts in corporate loopholes or tax breaks, despite the fact that the tax expenditures cost the Federal Treasury over $400 billion a year. There are no such savings in this bill. There are no grazing fee increases, no mining royalties, no savings in the military budget or NASA's budget.

The only cuts in this bill come from women and children. This reconciliation bill gives new meaning to putting women and children first.

Mr. President, I realize that this bill is going to pass. I understand the President clearly has indicated that he is going to sign it. However, as the distinguished Senator from New Mexico mentioned, the President and many of us are determined to examine a package of changes next year to soften the blow of the harsh provisions in this bill.

Mr. President, we have seen the reaction of people regarding this bill. When you hear from the mayor of one of the world's most distinguished cities, New York City Mayor Giuliani, he is worried about where they get the money in the block grants to supply the job training, the child care support. He is concerned, as are many mayors across the country we have heard from.

Mr. President, I will, for a moment, just relate an experience that I had when I ran a corporation, a big corporation. When I left to come to the U.S. Senate, we had over 16,000 employees, a very successful company. We were a company, founded in New Jersey, that tried to work within our community. The company still has its headquarters in New Jersey and employs almost 30,000 people today.

I always tried, since I came from a poor background of hard-working, honest people who always wanted to keep their heads high and always wanted to do the right thing and not ask anybody for anything—but there were times when we needed help. If I did not have the GI bill, Mr. President, I doubt that I would be standing in front of the U.S. Senate and the American people today. So, we were very conscientious, my partners and I, about trying to understand what was happening around us. We began to hire people, or we attempted to hire people, who were literally unemployable with job after job, short-term employment, and then back on the streets.

We brought people into the computer room, not into the factory. We did not have a factory. I was in the computer business. We brought them into the computer room, and we had one startling success among several people that we worked with. The reason for that success was very interesting. The reasons for failure were obvious, because though we would give these people a job, and they would be enthusiastic about it for a couple days, as soon as they got back into their environment and as soon as they were faced with

poverty and despair and drugs and crime, they fell right back in the trap. They were useless as employees in very short order.

But the one person who succeeded so well, we got an apartment for her, and we moved her, helped her move from her ghetto area to a more middle-class area. The success was astounding. This woman, when we hired her, she was 25 years old. She had very limited education. She became a computer room supervisor—a good job—and went on to become a part of management in the company. It was a startling success, because it was not that we said, you have to go to work and have to show up on time. We said that to everybody. You say that to all of your employees. All of them do not do it. It needs training. It needs commitment.

Mr. President, I hope that this bill that is being considered today, this reconciliation bill, will not be the first step toward larger problems than we can understand today, toward the kind of situation where America turns its heart into stone and says, OK, we are here as accountants, we are here to cut the budget.

I want to cut the budget. I have programs to cut the budget to arrive at a balanced budget. I know what happens in the corporate world when your expenses get too high and your revenues too low. You make changes, make them selectively. We did not just cut every department if we had to reduce expenses. Maybe it was time to cut the marketing department or the production department or the products design department. But I always thought about the long term. We are abandoning the long term. What we are doing is giving a lot of people political satisfaction, those who work here and those who are outside who hear us on TV and the radio.

Mr. President, I make my remarks in the full context of the realization of where we are. This bill has lots of support. I am not, I promise you—not—attempting or trying to influence people to vote against it. I am stating the case as I see it. I hope it will in some way encourage others to think very deeply about their decision to vote. I thank you and yield the floor.

Mr. DOMENICI. Mr. President, how much time does the distinguished Senator from Delaware desire?

Mr. ROTH. Ten minutes.

Mr. DOMENICI. I yield up to 15 minutes to the Senator from Delaware, Senator ROTH.

Mr. ROTH. First of all, let me thank the distinguished Senator from New Mexico for his gracious remarks about me and my staff. I just point out that we would not have been able to complete the reconciliation within a week if it had not been for his leadership, for the assistance and help that he provided at any time when it became necessary in the difficult negotiations that had to take place. I want to publicly thank the Senator for his contribution.

Mr. President, this day is a remarkable turning point in the lives of millions of American families and generations to come. This is the day we will reorder our confused and confounding system of welfare. A world spinning out of control will be brought back into proper course. It will return to order not through the power of Washington but through personal responsibility and work opportunity, the very title of this important legislation.

I say to my distinguished friend from New Jersey that what we seek to do here is to provide the same kind of opportunity that was given to him, through help to go to college, but particularly as he tried to help that lady into the mainstream of life by giving her meaningful work. I think that is what we are all seeking to do together.

Mr. President, this is the third time welfare reform will have passed in the 104th Congress. The issue of welfare reform has been frequently and passionately debated over these past months, and rightly so. The effects and consequences of the welfare system in some way touches us all.

During this time, the Finance Committee has held 19 hearings and taken testimony from 90 witnesses. We have found that the current AFDC program, as it was designed in the 1930's, abandoned many families long ago as a statistic of long-term dependency in contemporary society. The current welfare system has failed the very families it was intended to serve.

If the present welfare system was working so well we would not be here today. I think that is a point well worth underscoring because the fact is, as the record shows, that this current system has not been good for children. For anyone who believes that it has, I recommend you read the findings section of this legislation. I have yet to hear anyone defend the present system as good for children.

I point out that in 1965 there were 3.3 million children on AFDC; by 1992, that had risen to over 9 million children. In 1992, 9 million children were on welfare, AFDC, despite the fact that the total number of children in this country has declined. Last year, the Department of Health and Human Services estimated if we do nothing, 12 million will be on AFDC in 10 years.

I reemphasize once again that the present system is not good for children. But the record clearly demonstrates the contrary—that instead of being good, we find more and more children being trapped in a system and into dependency on welfare.

As I said, to do nothing is absolutely unacceptable. Mr. President, 90 percent of the children on AFDC live without one of their parents. Only a fraction of welfare families are engaged in work. The current welfare system has cheated the children of what they need most—among these is hope, the necessary condition of liberation from dependency. The key to their success will not be found in Washington but in the timeless values of family and work.

Opponents of welfare believe that the States lack either the compassion or the capacity, or both, to serve needy families. They are wrong. We promised welfare reform and we have kept our promise. Our legislation is built upon the original principles from which we have never waivered. This is a bipartisan bill. Half of the Senate Democratic Members who served on the conference voted for the bill when it passed the Senate by an overwhelming margin. Yesterday, this conference report passed the House of Representatives by a vote of 328 to 101. Half of the Democrats in the House of Representatives voted for this bill. I believe that demonstrates the bipartisan spirit upon which we have approached welfare reform.

A number of people deserve our thanks and credit for giving us this opportunity today. First, let me give credit and thanks to Senator Bob Dole, our former majority leader. Even after welfare reform had been vetoed twice, Bob Dole insisted that we could and should remain steadfast in our fundamental principles and achieve welfare reform. Bob Dole introduced a welfare bill before he left the Senate which was, frankly, the benchmark of our conference report before us. His last advice to me was to make sure this job gets done this year. I have to say, Mr. President, today's action reflects his work, reflects his vision, reflects his leadership.

Our Nation's Governors, most especially the lead Governors on welfare and Medicaid reform, people like John Engler, Tommy Thompson, Mike Leavitt, Tom Carper, Bob Miller, Lawton Chiles, and Roy Romer deserve our thanks and credit for their work to make welfare reform a reality. I look forward to working with them again to face the challenge of Medicaid reform.

Even though Senator MOYNIHAN does not support our legislation, I want to thank him for his work and insights into this extremely complex world of welfare. Perhaps no one has done more over the past three decades than Senator MOYNIHAN to bring the alarming growth in welfare to the Nation's attention.

President Clinton has announced his support for this hard-won conference report and he is to be congratulated for that decision. It is the right thing to do.

Mr. President, while the present welfare system is full of excuses, the welfare reform legislation being presented to the American people today is indeed a bold challenge. And while the present system quietly accepts the dependency of more than 9 million children, our proposal speaks loudly to them and insists that they, too, must be among the heirs to the blessings of this great Nation.

Welfare reform is about helping families find the freedom and independence we take so much for granted.

Mr. President, this legislation clearly points the way to that independence.

But the road to independence does not begin or end in Washington. Independence begins with living up to one's responsibilities. This is echoed through the legislation with the provisions on work, time-limited benefits, limits on benefits for noncitizens, and strong child support enforcement reforms.

Mr. President, I urge adoption of the conference report.

I yield the floor.

Mr. WYDEN addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Oregon.

Mr. WYDEN. Mr. President, I yield myself 15 minutes. Mr. President, there is a concrete reason for voting for this less-than-perfect bill. For millions of Americans, this legislation can be a tool for turning the welfare check into a trampoline for opportunity and independence. I know this because my home State of Oregon has achieved it.

Once more, the State of Oregon has marked a path for the Nation. By putting in place our welfare reform program, known as Jobs Plus, we have shown the Nation that it is possible to be both tough and compassionate. With our Jobs Plus Program, we have been able to have strong work requirements and critically needed child care and medical care for folks coming off of welfare. The plan is working for both taxpayers and those coming off of welfare. And as the President said yesterday, today's legislation can spark more States into going with the kind of approach we have at home.

Mr. President, a few years ago, an Oregonian approached me on the street and said, "You know, for me, welfare is kind of like 'economic methadone.' You guys send me a check. The checks always come, but you people never let me do anything to break out, to get off welfare."

This legislation provides the way to break out—a real key for unlocking the riddle of welfare dependency. I think it is an opportunity to remake this system that doesn't work for those who are in it and doesn't work for the taxpayers who pay for it.

Take child care, for example. Child care is an absolute prerequisite to changing welfare. I chaired hearings looking at the child care issue, and we heard heartbreaking accounts of how, again and again, women would get off of welfare, they would be doing well in the private sector, but their child care would fall apart just as they were getting back on their feet.

This bill provides $3.5 billion more than current law for that critically needed child care. That increase of $3.5 billion in child care is going to be absolutely critical to helping folks get off welfare.

In addition, as several of my colleagues have noted, child support is strengthened. I am also pleased that Medicaid is protected as a guarantee for all of our Nation's children.

Now, at the beginning of this Congress, there was a lot of talk about orphanages. A lot of us did not particularly think that all of these orphanages were exactly Boys Town, and nobody seemed to zero in on the question that if an orphanage was Boys Town, it would come with a big price tag for taxpayers. So a lot of us thought that we ought to do something better. I worked very hard to develop a new approach known as "Kinship Care." What the Kinship Care amendment says is that the Nation's grandparents—the millions of loving grandparents—would get first preference when a youngster from a broken home needs help. Instead of sending the children away, the grandparents, if they met the child custody standards, would get first preference. Along with Congresswoman ELEANOR HOLMES NORTON, Congressman CLAY SHAW, and Senator DAN COATS, on a bipartisan basis, we all worked together on this kinship care amendment.

Now, as we look to the 21st century when, as a result of the population trends and demographics, there are going to be many more grandparents, we have an opportunity to keep families together, to use a new model known as kinship care to provide loving care for youngsters in a cost-effective way.

Mr. President, this legislation doesn't meet my definition of perfection. I will say that I, frankly, detest a couple of these provisions—particularly, what was done with the food stamp shelter deduction and the legal immigrant provisions. So this legislation doesn't meet my textbook standard of what would constitute perfection. I, like a number of our other Senators, am going to fight very hard to make changes in this area. As I think it is critical to do, we ought to be constructive and we ought to look at useful ways that Senators can work on a bipartisan basis for changes.

For example, there has been a lot of talk in this Congress about the idea of a lock box, the idea of special accounts so that when the spending is reduced, those funds are protected for deficit reduction. I have supported that concept. I think the lock box makes sense. Frankly, I think we ought to look at a new idea, and we can call it the lunch box. We could make sure that when you eliminate some of those tax loopholes, when you go after wasteful spending, some of those funds could be put in what I call the lunch box, and we could use these savings to try fresh approaches to ensure that all Americans have access to good nutrition. I think there are a number of new, innovative approaches that we ought to try and that are going to be needed, even after this bill is enacted and signed into law.

At the end of the day, Mr. President, the question, to me, is straightforward: Is this legislation better than the status quo? Is it better than the system that an Oregonian told me was like economic methadone? I think that when you look at the child care provisions, at the Medicaid guarantee, when you look at the opportunity for States to follow the path that Oregon has followed with our Jobs Plus Program, I believe you see the case for supporting this legislation. I intend to vote for it.

Mr. President, I yield the floor.

Mr. DOMENICI. Mr. President, as manager of the time on this side, I want to indicate that Senator GORTON will be recognized to take my place, and he will have up to 15 minutes, and then he will indicate thereafter the sequence until I arrive back on the floor.

The PRESIDING OFFICER. The Chair recognizes the Senator from Washington State.

Mr. GORTON. Mr. President, I greatly admire those who, during the course of this debate over the last year and a half, expressed great confidence in the consequences of the passage of this bill or of its predecessors. I expressed that admiration both for those who are as confident that the bill will end a culture of dependency as for those who view with alarm what they believe will vastly increase poverty among the people of the United States. While I admire their certainty, I cannot join in it.

I must say, Mr. President, that I am not at all certain of what the consequences of the passage of this bill will be. I hope and I am inclined to believe that they will primarily be positive, but I cannot be certain. In that regard, Mr. President, I agree fully with the views expressed yesterday in the Washington Post by Robert Samuelson, and I will quote three sentences of his review:

> The exercise aims to promote self-reliance by making it harder for people to rely on government. Without the threat of extra suffering, people would have no reason to change. What can't be predicted is how the good and bad will balance.

Mr. President, I find that entire column to be so persuasive—and not at all, incidentally, to be so similar to my own views—that I ask unanimous consent that the entire column be printed in full at the end of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. GORTON. Mr. President, on the other hand, what I do know and what I feel confident in stating is that our present welfare system is a tragic and destructive failure. At the very least, the present system has been accompanied by a massive increase in the very conditions that it was designed to alleviate: illegitimacy, family breakup, a negative attitude toward work, a culture of dependency. At most, our present system has been a contributing cause to those conditions.

I should also like to observe, Mr. President, that those who oppose this bill, by and large, are those who individually—or whose philosophy—have guided and managed the system that this bill in large part dismantles. These people, these ideas clearly represent the conventional wisdom, a conventional wisdom that has guided and produced every change in welfare policy in

this country, or almost every such change, for at least the past 30 years. Their present advice is to view with alarm these changes, to attempt to preserve the status quo, except to ask that we do a little bit more of what we have been doing with these last several decades.

Mr. President, that conventional wisdom is bankrupt and ought to be abandoned, not only for the sake of our society as a whole but for the sake of the supposed beneficiaries of these welfare policies.

Those of us who support this legislation, these changes, hope with some reason that this bill will increase incentives to work, some of those incentives being positive and some negative. We hope, with some reason, that it will result in strong disincentives for teenage pregnancy and illegitimacy. We are convinced that it will require greater male parental support for their children.

But the heart of this bill—not with total consistency, after all, with the compromises that have entered into it—but the heart of this proposal is consistent with my own uncertainties about specific consequences resulting from specific policies. That central feature is to end the absolute entitlement to welfare, to end the detailed Federal regulation of the way in which welfare policies are administered by the State, to end the massive bureaucratic interference with every detail of welfare policy, and to encourage—for that matter, to require—a wide range of experimentation in welfare policies among our 50 States.

I suppose that States which really want to pay for even more generous welfare systems than they have at the present time will be able to find a way to do so, and that there may be a handful of such States. Perhaps more significantly, those States that want to adopt tough work requirements will be able to do so. Those States that want to provide for greater training and child care will be able to do so. Those States that want to impose strong disincentives against dependency will be able to do so.

In fact, in a relatively short period of time after the passage of this bill, we will have 50 distinct and different systems of welfare in the United States. We will learn just how much private sector charities can and will do in the welfare field. We know that in certain areas they have been magnificently successful at much lower cost than any government-run program. How much that private sector effort can be increased we simply do not know at the present time, but we will learn as a result of this bill.

As a consequence, 5 years from now or 10 years from now, I believe that we will know far more about which welfare policies work and which do not. Perhaps we will even know enough to lead us wisely to a more centralized system of adopting those policies which seem to have worked well. I suspect, I hope, and I think this 50-State experimentation will probably be successful enough so that our successors will wish it to continue.

Mr. President, I am gratified but not at all surprised that a poll-driven President of the United States has agreed to sign this bill. That agreement means that we are talking here, debating here, something real—real changes in policy with a real impact on our society and on our citizens.

It would be very difficult to do worse than we have been doing over the course of the last several decades. We have a marvelous opportunity to do far better. The time has come to act. The day is at hand on which we will act.

I commend this magnificent new experiment to my colleagues.

EXHIBIT 1

[From the Washington Post, July 31, 1996]

FOR BETTER OR WORSE?

(By Robert J. Samuelson)

We are now hearing a lot about the promise and peril of "welfare reform." To its champions, the legislation nearing congressional approval would destroy the "culture of dependency." Critics see it as further impoverishing many poor families. Both are correct. The exercise aims to promote self-reliance by making it harder for people to rely on government. Without the threat of extra suffering, people would have no reason to change. What can't be predicted is how the good and bad will balance.

I have put "welfare reform" in quotes, precisely because "reform" is a term of art. It is automatically attached to any scheme for social change, from "campaign finance reform" to "school reform." In debates about these proposals, the protagonists act as if they can easily foretell the effects, for good or ill. As often as not, this convenient fiction spawns "reforms" with many unintended consequences. The process is now in full swing with "welfare reform."

The combatants regularly issue confident predictions and shrill denunciations that depict a fixed future. Last week, for example, the Urban Institute, a research group, released a study estimating that the House-passed welfare bill would increase the number of people in poverty by 2.6 million people, including 1.1 million children. Naturally, opponents of the legislation seized upon this to emphasize how bad it is. But a close look at the study shows that its conclusions ought to be highly qualified.

The House and Senate bills would give states great flexibility to run their welfare programs within broad federal guidelines. Total lifetime federal benefits would be limited to five years, though states could exempt 20 percent of their caseloads. States would be pressured through complex regulations to move most mothers into some type of "work" within two years. After making some assumptions about state programs, the Urban Institute study estimates that the loss of benefits would outweigh the increase in earnings from jobs.

This could happen. The study's assumptions aren't implausible. But uncertainties abound. First, the full rise of people in poverty would occur only in 2002 after all the bill's provisions took effect. Between now and then, Congress (or the states) could make changes if things went badly. This is especially true of one of the bill's worst provisions: the denial of many benefits, including food stamps, to legal immigrants. That alone accounts for about two-fifths of the bills' benefit cuts.

Second, the increase in the poor would be much less—only 800,000 and not 2.6 million—if the Urban Institute had used the government's official definition of poverty. I cite this difference not because I think the Urban Institute deliberately inflated the impact of "welfare reform" but because it shows how perceptions can be shaped by somewhat arbitrary statistics.

(For numbers freaks, the difference arises because the government definition counts only cash income to determine who falls below the poverty line: $15,141 for a family of four in 1994. Excluded are benefits such as food stamps that substitute for cash. The Urban Institute counts many of these benefits. As a result, the Urban Institute finds many fewer poor people; but if welfare reform cuts non-cash benefits, the impact on recorded poverty is greater. Still, the number of poor by the Urban Institute's count—even after adding 2.6 million—would be almost 25 percent lower than under the government count).

Statistics aside, what matters are people. Would more be made better or worse off by "welfare reform"? Unfortunately, we can't answer that, because we can't predict all of "reform's" effects. The Urban Institute examines one aspect of change: the shift from welfare to work. The study assumes that two-thirds of mothers who lost welfare would get jobs—many part-time—paying about $6 an hour. That wouldn't offset all the lost benefits. But this may miss some other favorable effects. Stingy welfare would discourage some out-of-wedlock births and prompt some parents to marry. "The main route off welfare for good is marriage," says Douglas Besharov of the American Enterprise Institute.

How large might these changes be? Neither Besharov nor anyone else knows. But the social climate is shifting, and "welfare reform" is simply a part of the change. Harsher welfare may reinforce the message that many teens are hearing elsewhere; and the impact may be amplified by tougher enforcement of child support payments and more prosecution for statutory rape of older men who prey on young girls. Teens account for 29 percent of out-of-wedlock births; the worst aspects of the "welfare problem" would diminish if, somehow, these pregnancies would drop.

The case for the present "welfare reform" is that, despite many flaws, it would disrupt the existing system. As Mickey Kaus argues in Newsweek, we may discover what works and what doesn't. Some states would emphasize job training and child care for welfare mothers; others would impose harsh time limits. All could be forced to examine how charities, churches and self-help groups can best aid vulnerable families. This process is already occurring through "waivers" granted to states to modify existing federal rules; the legislation would give change further impetus.

We ought to be sober about the possibilities. We are dealing with the most stubborn problems of poverty—family breakdown, low skills and human relationships. Changing how people behave isn't easy. Indeed, new government figures show that out-of-wedlock births continue to rise, as Charles Murray notes in the Weekly Standard. In 1994, they were 32.6 percent of all births, up from 23 percent in 1990. These numbers are an argument for assaulting the status quo and a reminder of how hard it will be to change.

The remaining drama over the welfare bill is mostly political: Will President Clinton sign it? And who then—a Republican Congress or a Democratic president—will get the credit or blame for enacting or killing "reform"? However the drama ends, the welfare dilemma will endure. It is this: How can a

decent society protect those who can't protect themselves without being so generous that it subverts personal responsibility? No one on either side of this bitter debate has an obvious answer.

Mr. WELLSTONE addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Minnesota.

Mr. WELLSTONE. I thank the Chair.

Mr. President, I am here to speak, but out of deference to Senator MOYNIHAN, who is ranking member of the Finance Committee and, more importantly, who has shown an intellectual and personal public policy commitment, probably unlike anyone in the Senate, I will suggest the absence of a quorum so we can see whether or not Senator MOYNIHAN wants to speak now. If not, I will speak.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. WELLSTONE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. WELLSTONE. Mr. President, while we are waiting, I wish to insert into the RECORD an op-ed piece today by Frances Fox Piven in the New York Times called "From Workhouse to Workfare."

This is a very powerful piece. It concludes with the statement that the "facts don't seem to matter" in the debate over this welfare bill. "We may have to relive the misery and moral disintegration of England in the 19th century to learn what happens when society deserts its most vulnerable members."

That is the conclusion of this article.

I ask unanimous consent that it be printed in the CONGRESSIONAL RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Times]

FROM WORKHOUSE TO WORKFARE

(By Frances Fox Piven)

If Bill Clinton, as an Oxford student, had studied the history of the poor in early 19th century England, he might not have decided to sign the welfare reform bill.

Eminent English social thinkers developed a justification for an 1834 law that eliminated relief for the poor. Learned arguments showed that giving them even meager quantities of bread and coal harmed both the larger society and the poor themselves.

Never mind the rapid enclosure by the rich of commonly used agricultural land; never mind the displacement of hand-loom weavers by mechanized factories; never mind the decline in the earnings of rural workers. The real causes of poverty and demoralization were not to be found in these large economic changes, the thinkers said, but rather in the too-generous relief for the poor. The solution was to stop giving relief to people in their own homes; instead, survival for the family meant entering prison-like workhouses.

The misery and reduced life spans that ensued were well-documented not only by historians but ultimately by Parliament, which investigated the workhouses and the riots against them. England came to learn that the theory that relief itself caused poverty was wrong, and replaced the Poor Law with a modern system of social assistance.

No matter what England learned, the United States Government is eagerly following the 1834 script by ending Federal responsibility for welfare and turning it over to the states. The arguments are the same: welfare encourages young women to quit school or work and have out-of-wedlock babies. Once on the doll these women become trapped in dependency, unable to summon the initiative to get a job or to raise their children properly. Welfare, in short is responsible for the spread of moral rot in society.

Never mind low wages and irregular work; never mind the spreading social disorganization to which they lead; never mind changes in family and sexual norms occurring among all classes and in all Western countries. The solution is to slash welfare. "Tough love," it is said, will deter young women from having babies and force those already raising children to go to work.

But slashing welfare does not create stable jobs or raise wages. It will have the opposite effect. By crowding the low-wage labor market with hundreds of thousands of desperate mothers, it will drive wages down.

The basic economic realities of high unemployment levels and falling wages for less-educated workers; guarantee a clamaity in the making—and not only for welfare mothers

It is true that the United States has a higher proportion of single-parent families than other Western countries. But since other rich countries provide far more generous assistance to single mothers, this very fact suggests that welfare has little to do with it.

Other facts also argue against the welfare-causes-illegitimacy argument. Most obvious, welfare benefits set by the states have declined sharply since 1975, while the out-of-wedlock birth rate has risen nationwide. In addition, there is no discernible relationship between the widely varying levels of benefits provided by the states and the out-of-wedlock birth rates in the states.

But fact don't seem to matter. We may have to relive the misery and moral distintegration of England in the 19th century to learn with happens when a society deserts its most vulnerable members.

Mr. WELLSTONE. I thank the Chair. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MOYNIHAN. Mr. President, yesterday, after the President announced he would sign this legislation, I said: "The President has made his decision. Let us hope that it is for the best."

Today, I continue to hope for the best, even if I fear the worst.

As I have stated on this floor many times, this legislation does not reform aid to families with dependent children; it simply abolishes it. It terminates the basic Federal commitment of support for dependent children in hopes of altering the behavior of their mothers. We are putting those children at risk with absolutely no evidence that this radical idea has even the slightest chance of success.

In our haste to enact this bill—any bill—before the November elections, we have chosen to ignore what little we do know about the subject of poverty. Just 2 days ago, on July 30, 11 of the Nation's leading researchers in this field issued a statement urging us not to do this. Among them were seven current and former directors of the Institute for Research on Poverty at the University of Wisconsin established in the aftermath of the Economic Opportunity Act of 1964. Scholars of the stature of Sheldon Danziger of the University of Michigan; Irwin Garfinkel of Columbia University; Eugene Smolensky of the University of California at Berkeley; and Edward Gramlich of the University of Michigan. They write:

As researchers who have dedicated years to the study of poverty, the labor market, and public assistance, we oppose the welfare reform legislation under consideration by Congress. The best available evidence is that this legislation would substantially increase poverty and destitution while doing too little to change the welfare system to one that provides greater opportunity for families in return for demanding greater responsibility.

Real welfare reform would not impose deep food stamp cuts on poor families with children, the working poor, the elderly, the disabled, and the unemployed. It would not eliminate the safety net for most poor legal immigrants, including the very old and the infirm. It would not place at risk poor children whose parents are willing to work but are unable to find unsubsidized employment. It would not back up work requirements with the resources needed to make them effective.

We strongly support an overhaul of the nation's welfare system. But the pending legislation will make a troubled welfare system worse. It is not meaningful welfare reform. It should not become law.

I repeat what these social scientists have concluded: "The best available evidence is that this legislation would substantially increase poverty and destitution."

What is the evidence? Dr. Paul Offner, the distinguished Commissioner of Health Care Finance for the District of Columbia, summarized it nicely last week. Respected research organizations such as the Urban Institute here in Washington, and the Manpower Demonstration Research Corporation in New York have, over the years, undertaken careful evaluations of various welfare reform demonstration projects. As Offner recounts, they found that welfare caseloads were reduced in only 4 of the 23 welfare demonstrations they studied.

Dr. Offner points out that even the program in Riverside, CA, which is regarded by many experts as the most successful ever, has achieved caseload reductions of less than 10 percent.

This should not surprise us: it is not easy to change human behavior. Notwithstanding this fact, the premise of this legislation is that the behavior of certain adults can be changed by making the lives of their children as

wretched as possible. This is a fearsome assumption. In my view. It is certainly not a conservative one.

If we acknowledge the difficulty in bringing about the transition from welfare to work, we must recognize that putting people to work on a large scale would require a large-scale public jobs program, and that would require a great deal of money.

Let me say that Democrats were the first to fail in this regard. In the company of Sargent Shriver and Adam Yarmolinsky, I attended the Cabinet meeting in the spring of 1964 where we presented the plans for a war on poverty. Our principal proposal, backed by Secretary of Labor Willard Wirtz, was a massive jobs program, along Works Progress Administration lines, to be financed by a cigarette tax. President Johnson listened for a moment or two; announced that in that election year we were cutting taxes, not raising them. He thereupon picked up the telephone attached to the Cabinet table, called someone, somewhere, about something else, and the war on poverty was lost before it began.

This legislation is even worse.

In fact, this legislation provides some $55 billion less over the next 6 years. There are work requirements in the bill, but we seem tacitly willing to admit they will never be met. Dr. June O'Neill, Director of the Congressional Budget Office, has been most forthcoming on this subject. The CBO report on this bill bluntly states that

> Given the costs and administrative complexities involved, CBO assumes that most states would simply accept penalties rather than implement the [work] requirements.

What else does the evidence show? It shows quite clearly that the central feature of this legislation, the time limit, will affect millions of children. CBO estimates that "under current demographic assumptions, this provision could reduce cash assistance rolls by 30 to 40 percent" within the decade. I should say that again: 30 to 40 percent of the caseload will be cut off in less than 10 years' time.

Let me put that in terms of how many children will be cut off. According to the Urban Institute. 3,500,000 children will be dropped from the rolls in 2001. By 2005, 4,896,000 children will be cut off.

The Urban Institute has also estimated, in a report released just last Friday, July 26, that this bill will cause 2.6 million persons to fall below the poverty line; 1.1 million of those impoverished will be children. To say nothing of those persons already living in poverty. They will be pushed even further below the poverty line; The average loss in income for families already below the poverty line will be $1.040 per year. I note that the Urban Institute's estimates are based on quite conservative assumptions, so the actual impact could well be even worse than predicted.

I cite this evidence because it is important that we cast our votes with full knowledge of the consequences. This information has been widely available, and I have made these arguments on the floor previously, so I believe we are all on notice of the implications for children.

The implications of this legislation for our State and local governments are another matter. These are not widely known, but they will be very real indeed. On Thursday of last week, 2 days after the Senate passed its version of this legislation, I received in the mail a four-page letter from the Honorable Rudolph W. Giuliani, mayor of the city of New York. He wrote of his concern that the major provisions of the bill would impose huge new costs on New York City totaling some $900 million per year. The mayor listed the added costs to New York City as follows: $380 million for child care for welfare recipients; $290 million for aid to legal immigrants; $100 million to support persons dropped from Federal rolls due to time limits; $100 million for work programs.

Mayor Giuliani wrote that the bill's ban on Federal assistance for legal immigrants was of particular concern to New York City, where 30 percent of the population is foreign-born.

The sum of $900 million a year is a lot of money. New York City's total annual budget is $33 billion. And other, smaller local governments will also be hit hard.

The total additional cost to New York State will be in the neighborhood of $1.3 billion per year. We estimate the loss of Federal funds to some of our larger counties as follows: Albany County $15 million; Erie County $75 million; Monroe County $60 million; Onondaga County $30 million; Westchester County $45 million.

These are sums that New York State and New York City simply cannot afford. It will be ruinous for us. In March of this year, the New York State Financial Control Board reported that "the city's finances continue to deteriorate." The board said that over the next 4 years, the growth in New York City's spending will be more than double the growth in its income. Spending will grow by approximately 2 percent per year, while revenues will grow by less than 1 percent. In the absence of this welfare legislation, the gap between the city's outlays and revenues will increase by $400 million annually. With the new additional costs imposed by this bill, the annual increase in the shortfall will more than triple.

New York will not be alone in this, of course. Senator FEINSTEIN said on the floor last week that the bill will cost California $17 billion over 6 years, or about $3 billion annually. Other States—Illinois, Texas, Florida—will also bear immense new burdens. I wonder if they are ready for what is coming.

More importantly, I wonder if the Nation is ready for the social change this legislation will set in motion. There are great issues of principle at stake here, as leaders of the religious community have said with such clarity and force. Bishop Anthony M. Pilla, president of the National Conference of Catholic Bishops, wrote to the President on Friday to urge that this bill be vetoed. Quoting St. Matthew's Gospel, Bishop Pilla wrote that "the moral measure of our society is how we treat 'the least among us.'"

I know what the outcome will be today, but before we cast our votes, I hope Senators will ask themselves how this legislation will treat the least among us.

I began these remarks with a comment on language. The conference report before us is not welfare reform, it is welfare repeal. It is the first step in dismantling the social contract that has been in place in the United States since at least the 1930's. Do not doubt that Social Security itself, which is to say insured retirement benefits, will be next. The bill will be called the Individual Retirement Account Insurance Act. Something such. John Westergaard points out that this legislation breaks the social contract of the 1930's. We would care for the elderly, the unemployed, the dependent children. Drop the latter; watch the others fall.

Fred C. Ikle has coined the fine term "semantic infiltration" to describe the technique in international relations whereby one party persuades another to use its terms to discuss the issues being negotiated. We now have its domestic counterpart in egregious display. Recalling George Orwell's essay, "Politics and the English Language," we would do well to be wary. Henry Friedlander has reminded us recently of the stages by which genocide evolved from the soothing and supportive notion of euthanasia.

And so to one other matter of language. We are told that this legislation is a defeat for liberals. We are assured in private, and it is hinted at in print, that many of the President's most liberal advisers opposed this legislation. Liberals are said to have lost.

This is nonsense. It is conservatives who have lost.

For the best part of 2 years now, I have pointed out that the principal—and most principled—opponents of this legislation were conservative social scientists who for years have argued against liberal nostrums for changing society with the argument that no one knows enough to mechanistically change society. Typically liberals think otherwise; to the extent that liberals can be said to think at all. The current batch in the White House, now busily assuring us they were against this all along, are simply lying, albeit they probably don't know when they are lying. They have only the flimsiest grasp of social reality; thinking all things doable and equally undoable. As. for example, the horror of this legislation. By contrast, the conservative social scientists—James Q. Wilson, Lawrence Mead, John DeIulio, William

Bennett—have warned over and over that this is radical legislation, with altogether unforeseeable consequences, many of which will surely be loathsome.

All honor to them. They have kept to their principles. Honor on high as well to the Catholic bishops, who admittedly have an easier task with matters of this sort. When principles are at issue, they simply look them up. Too many liberals, alas, simply make them up.

Mr. President, I thank the Senate for its courteous attention. I thank my friend from Minnesota for reserving this time for me, seeing to it I was able to speak, and I yield the floor.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER (Mr. INHOFE). The Senator from New Mexico.

Mr. DOMENICI. Mr. President, under the assumed rotation, I now yield 10 minutes to Senator ASHCROFT of Missouri, and then I assume we will go back to the other side.

Mr. MOYNIHAN. Mr. President, I am not sure that I am managing the time. I am ranking member of finance here. I yield, in sequence, the Senator from Minnesota as much time as he requires.

Mr. DOMENICI. Mr. President, before the Senator proceeds, might I just say to Republican Senators, we have a very long list of those who would like to speak. It seems now that you can kind of judge that in 25 minutes or so we will need another Senator. I hope you can contact us and see if we can arrange it so there are no big lulls on the floor and we can get our work done as soon as possible.

Mr. ASHCROFT addressed the Chair.

The PRESIDING OFFICER. The Senator from Missouri.

Mr. ASHCROFT. Thank you, Mr. President. I thank the Senator from New Mexico for yielding me the time.

Our responsibility in acting on a failed welfare system is as profound a responsibility in responding to the people of this country as we have ever had. The fundamental role and responsibility of Government is to call people to their highest and best, not trap them at their lowest and least.

In spite of the good intentions of the welfare program, which we have poured billions of dollars into, hundreds of billions of dollars, we have ended up trapping people at their lowest and least rather than calling people or prompting people to their highest and best.

The real objective of our legislation here ought to be to change the character of welfare. We need to change it from a system which has provided careers and conditions that lasted a lifetime to a system that instead of providing a condition provides a transition, that moves people from poverty into opportunity, that moves people from indolence into industry, that moves people from welfare into work. No longer can we afford a system that not only provides people a condition or a career, but goes beyond trapping individuals and goes to trapping generations.

One of the real problems of our welfare system is that we have children who are trapped in welfare and they become welfare careerists themselves, and their children are then trapped in welfare. The truth of the matter is that the prisoners of war in the war on poverty have been the children of America. There are more children in poverty today than there were when we started the war on poverty, and it is a clear indication that the system is a tragic failure as it relates to human beings—children who have lost their lives, children who have lost their opportunity, children who have lost their spirit, children who fall into a net which was designed to save them, but instead becomes a net to ensnare them.

A good industrialist friend of mine says that your system is perfectly designed to give you what you are getting. I do not know anyone in America who believes that what we are getting is the right thing. We are getting higher rates of illegitimacy. We are getting higher rates of dependency. We are finding ourselves with individuals staying on welfare longer and longer periods of time. Is that what we want? Is what we are getting what we need? Absolutely not.

The system may not have been intended to give us what we are getting, but the design of the system is what causes us to get what we are getting, and it is our responsibility, it is a sacred charge of ours given to us by the American people, and they have made it fundamentally and unmistakably clear that they want different outcomes, they want different results. They do not want more dependency, they do not want more illegitimacy, they do not want more careers and generations on welfare.

They want less, because they want people to be free. They want children to have an opportunity to look toward the U.S. Senate or toward the Presidency or toward being a captain of industry or developing their own business. They do not want people trapped in an intergenerational net of ensnarement, rather than a net of safety.

So it is incumbent upon us to make fundamental changes, fundamental changes in the way this system treats people.

We can no longer allow Government to be the instrument of ensnarement, of entrapment. We must make Government an instrument of liberation, of opportunity, of industry and development. That is why it is so important that we end this one-size-fits-all Washington approach which says that everybody will respond the same and all the systems are to be uniform, and move welfare programs back to the States and allow them to experiment and do what works.

I often laugh when I think of the one-size-fits-all term. We have almost come to believe it. Can you imagine if we were to send off for a catalog and get a catalog that said, "One size of pajamas fits all for your family"? I know what would happen in my family. We would get five pairs of pajamas. They would be one size but they would fit none because we are pretty different.

The great family of America is different. States and communities have different characteristics and attributes, and they need to be able to shape, to tailor, to fashion what they do from a block grant that gives them broad discretion and authority. Yes, they need for the block grant to be limited. They need to have the energy of limited resources to drive the creativity of solving the problem.

No one ever solved a problem when the supply was infinite. No one ever works to conserve energy as long as it is free. You start to pay the heating bill and you learn to close the door, you learn to shut the windows, you learn to caulk the cracks. And when we put limits on the amount of money we are going to spend on welfare, we will start caulking the cracks and start stopping up the places where we have leakage. And it is not a leakage financially. We are talking about leakage of the great human resource of America.

We are looking at the Olympics. Boy, they are inspiring. But how much chance would we have in basketball or volleyball or baseball if we did not send our full team onto the field, if we told some of them, "You're to sit over there on the side and not to be productive. We'll call you the welfare reserves"? We would not win. And we will not win as a Nation if we do not get all of our players into the operation of being what this Nation is all about. That is being capable of helping yourselves and helping others and being so good at what you are doing that the world beats a path to your door.

That is why we need these block grants where States will tailor their programs to meet the needs in their own States and do what is necessary to move people out of conditions, lifelong conditions of welfare, to signal that this is a transition, not a condition. You are to be moving out of here. And fundamental, one of the acts of genius in this bill, in addition to the block grant, is the fact that there is a 5-year limit.

We say to people, it is an insurance policy, so that when you have trouble you can fall into the welfare net but you cannot live there, you cannot stay there. It is not a place for you to be forever because, once 5 years is used up, that is a lifetime limit. We really should be saying to people, do not ever be on there for more than 2 consecutive years, ever. Frankly, our welfare system should never be a place where you are not preparing for the next stage of your life. Welfare becomes a transition instead of a condition, a fundamental characteristic. The block grant is important about that.

The senior Senator from Missouri, KIT BOND, is a personal friend of mine.

He has a phrase, "experience is what you get when you expected something else." Over the last 30 years, I think we expected something else from this so-called War on Poverty and Great Society program, but we got something different from what we expected. We got children without fathers and we got homes without discipline and we got streets without safety and we got generations locked—locked—out of opportunity, without education.

We expected something different. But our experience is what we got. And our experience has not been very positive. But I want you to know that there have been a few bright lights over the last 30 years that signal to us how we could make changes, how we could actually change the behavior of people, how we could help them move from being dependent to being independent, the glorious state of liberty and freedom, what America is all about.

Those bright lights have been in the nongovernmental sector primarily. They have been the Salvation Army, the Boys and Girls Clubs, the missions, and homeless shelters that have been run by the nongovernmental entities who are energized by a calling which is beyond the calling of duty that comes from government. It is a calling of humanity that God stirs in our hearts.

One of the primary features of this bill is that States will be allowed to contract with organizations like the Boys and Girls Clubs and the Salvation Army and charitable organizations that specialize in hope and opportunity and who care, who care for the people trapped on welfare, not just as welfare statistics, but care for them after they leave the condition of welfare. These groups have a lifelong interest in helping people make it all the way to the top, not just over the threshold.

I have to say that our experience tells us that not everyone in the welfare system has wanted to see everyone leave the system. Sometimes we have had too much interest in how many people we could have on welfare instead of how many people we could move off welfare. Significantly, the provisions of this bill would allow charitable and even faith-based operations to compete for contracts or to participate in voucher programs to help people. It does it with safeguards, so that if a person is offended by virtue of being involved with a faith-based organization, they would be free to get their assistance from some other provider.

These faith-based organizations have in the past—many times the smaller ones who did not have large legal departments—have been afraid of accepting governmental funds in order to help the poor. They have been afraid of being sued. I know the Salvation Army, in one setting, was sued and had to settle for a quarter of a million dollars, a matter which absolutely undermined and eroded the capacity of the Salvation Army to help the poor. We know they do as good a job as any.

I just want to say that this bill is the kind of change that America has been asking for. Is it perfect? No. At least the way I was raised, in order to get perfection you had to die and go to Heaven. I want to go to Heaven. But I had not planned on going today. And since we ought to do what we can while we are here, let us take as good as we can get and shape it and fashion it, but not assume we have all the answers in Washington. Send it back to the States, give States the opportunity to tailor it in ways that will help people simply move from dependence to independence, from careers of welfare and the condition of welfare, the intergenerational things of welfare, to a transition of welfare that moves from welfare to work.

I believe that it is fundamentally important that we carry through and pass this measure. And I thank the President of the United States for his willingness to sign this measure. I believe this measure will help save the lives of children and it will help save the lives of individuals for generations to come.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. ASHCROFT. I thank the Chair. I observe the absence of a quorum.

The bill clerk proceeded to call the roll.

Mr. WELLSTONE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BOND. Mr. President, may I ask of my colleague if he would consent that after he finishes I be recognized?

Mr. WELLSTONE. Mr. President, that would be fine.

The PRESIDING OFFICER. The Chair advises the Senator from Missouri that arrangement has been made, and the Senator from Minnesota is recognized.

Mr. BOND. I thank the Chair.

Mr. WELLSTONE. Mr. President, first of all, I ask unanimous consent that a representative sample of editorials on this subject be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the Star Tribune, July 31, 1996]

WELFARE BILL—IT DESERVES A FORTHRIGHT VETO

For most of his presidency, Bill Clinton has tried to have it both ways on welfare. He's curried favor with both welfare's tough-talking reformers and its defenders. He's argued both for changes, such as work requirements and time limits, and for preservation of welfare's protections for poor children.

It's understandable that congressional Republicans would want their final-offer, election-year welfare bill to force the president to show his true stripes. They've crafted a bill that ought to do just that.

The bill that's moving toward the House and Senate floors is one Clinton might be tempted to sign for political reasons. But he should veto it, for moral reasons. If he doesn't, he will have put the lie to all his claims of concern for the well-being of the nation's most vulnerable children.

For all its reformist window-dressing, the bill that emerged from conference committee Monday is too hard on America's poor. It doesn't spend enough money to hold the line against hunger, or to make workable the requirement that a job take the place of welfare within two years after benefits start.

The bill's goal of quickly replacing welfare checks with paychecks is something most Americans support. But making that happen in a way that gives poor families lasting self-sufficiency takes more than the hammer of a time limit. It takes job training, counseling, public-works jobs where private employment is unavailable, child care and transportation. Those tools cost money. This bill doesn't provide it.

As a result, in the name of overcoming poverty, this bill would likely push some of America's least employable adults and their children into more desperate circumstances.

And, because of the bill's big cuts in food-stamp spending, that desperation could well include hunger. Admittedly, the food-stamp provisions in the final bill aren't as extreme as earlier versions. A guarantee of food-stamp eligibility—though not of food-stamp amounts—was preserved for families with children. No so for unemployed adults without dependents. They'd be cut off from the government's food lifeline after six months.

The welfare bill is especially punitive toward legal immigrants. Under this legislation, the nation's official message to its legitimate newcomers would be, "You are welcome only as long as you remain gainfully employed." A down-on-his-luck immigrant could get no cash assistance whatsoever from his new country.

Had Clinton more boldly taken sides in the nation's welfare debate earlier in his presidency, a bill this harsh might not be heading toward his desk a few months before an election. He should have been calling all along for more realistic and compassionate reform, the kind that spends more in the short term in order to redeem lives in the long term.

Here's hoping Clinton has learned that presidential equivocation carries a high price—and that his equivocation on welfare ends with a forthright veto of the bill Congress is about to send him.

[From the Philadelphia Inquirer, July 22, 1996]

REFORM ON THE CHEAP

Who'll blink on this latest shot at changing welfare? And, in the long run, who'll wind up paying for it?

Voters liked Bill Clinton's promise to "end welfare as we know it." So Republicans are aching to show he didn't mean it. The result is a game of political chicken that's far more likely to hurt poor Americans than to uplift them.

The Republican Congress is about to dare the President to veto a wrong-headed bill that would cut welfare spending, toughen the rules, and shift a lot of decision-making to the states. Since this would be his third straight veto of a so-called welfare reform bill, Mr. Clinton may blink. It's possible he'll sign a bill that pretends the feds can turn welfare into a helpful, job-oriented network even as they squeeze about $10 billion a year in savings from the system. That's a pipe dream.

Unfortunately, if he does veto it and a better, bipartisan plan doesn't emerge, Mr. Clinton will have to follow through on a promise that he made last week to give himself political cover on this emotional issue. Absent a bill, he vowed to issue an executive order letting states cut off benefits after two years.

The terms of this order are still in the works. But it could let penny-pinching states give welfare recipients far too little help toward employment and self-sufficiency.

That's the basic problem with what Congress is cooking up. It pretends that helping poor people become self-sufficient doesn't cost more money in the short term. But it does cost more, for child care, for training, for government-created jobs for those who can't find work in the private sector. Committed reformers such as Gov. Tommy Thompson, the Wisconsin Republican, are up-front about this.

Chances are, the public will respond positively to major parts of the GOP package, such as a two-year limit on benefits before work is required, and a lifetime limit of five years. But work requirements are meaningless if there aren't enough low-skilled jobs available. If politicians are serious about breaking the cycle of dependency, government has to be an employer of last resort.

By promising to act on his own, Mr. Clinton was trying to show Republicans that—politically—they need a welfare bill more than he does. He was trying to coax Republicans toward compromise.

The House did consider a bipartisan plan sponsored by Reps. Mike Castle (R., Del.) and John Tanner (D., Tenn.)—a plan whose spending cuts weren't so extreme. But it died when only eight House Republicans were willing to buck their leaders and line up with Mr. Castle.

Since Republicans seem uninterested in a sensible, bipartisan reform, Mr. Clinton should get his veto pen ready. As for the executive order he promised—every bit the political gimmick that Republicans charged—it should be loaded with conditions to protect poor families from politicians peddling welfare reform on a dime.

[From the Washington Post, July 25, 1996]

A CHILDREN'S VETO

"I just don't want to do anything that hurts kids," President Clinton said as the Senate passed its supposed reform of welfare the other day. Why did the sentence strike us as yet another cynical manipulation of the welfare issue for political purposes? Because if Mr. Clinton were determined not to hurt children, he would have indicated days ago that he intended to veto this legislation or any bill remotely like it.

Instead, he, the Senate's Democrats and moderate Republicans continued to try to prettify the bill around the edges. A couple of the amendments that they succeeded in making were consequential, and they may yet make more in conference. But mainly these are marginal and cosmetic changes. They are sops to conscience meant to justify a regressive vote that for political reasons these politicians are afraid not to cast. They are determined to vote in this selection year in favor of a bill that bears the label "welfare reform"; it doesn't matter that the label is not deserved.

The president and his followers are the prisoners of four years of sloganeering on the subject that he himself set off. It was he who, in an effort to preempt the welfare issue and show himself to be a different kind of Democrat, famously promised in the 1992 campaign to end the system as we know it. He set off a process that he could not control, in part because he has been unwilling to take the tough and unpopular positions necessary to control it.

No one—or very few, anyway—would argue that the current welfare system is a good one. Mr. Clinton was and remains right to try to change it. But his original position also was right—that the change should involve equal amounts of added pressure on welfare mothers to go to work and additional resources to help them make the move successfully. The current bills fail to provide the resources: they walk away from the second half of the strategy. They would dismantle the federal welfare program, limit future federal aid and shift to the states a financial burden that many states will find hard to meet. An eighth of the children in the country now are on welfare. No one can know for sure how many would be affected adversely by the legislation, but the best guess seems to be that at least a million more children would end up living below the poverty line. A fifth of the children in the country already are there.

The bills would disestablish or greatly weaken the food stamp program as well, while basically cutting off federal benefits to legal immigrants—people who are legitimately here and theoretically welcome but have not become U.S. citizens. Technically, this is budget-balancing legislation, a reconciliation bill. The noble-sounding legislation, a reconciliation bill. The noble-sounding budget-balancing process of a year ago has come down to a bill that would cut only programs for the poor, and programs on which people who are black and brown particularly depend.

This legislation can't be fixed. Senate Minority Leader Tom Daschle, who opposed it the other day, said that even though there were only 25 votes against, he was sure that a veto, if it were cast, would be sustained. We have no doubt that's so. It is another way of saying that if only the president would take the lead and provide the political cover, instead of joining in stripping it away, he could—and should—defend to the voters. If instead he signs the bill, he no doubt will claim it as a triumph, but in moral and policy terms it will be the low point of his presidency.

[From the Buffalo, NY News, July 23, 1996]

DON'T LET RUSH TO WELFARE 'REFORM' LEAVE SOME OF NEEDY WITHOUT HELP

What if time limit is reached and there's no job to get?

In his eagerness to outflank Republicans on the welfare issue and sign almost anything billed as "reform," President Clinton should resist the urge to abandon the long-established concept that there is a national interest in helping the poor become self-sufficient.

That is the chief danger now as Washington's warring factions undertake a mad scramble to produce some sort of welfare legislation before taking time off to go into full campaign mode.

The Republican-led Congress made sensible welfare legislation a little more possible last week by dropping plans to attach Medicaid reform to the welfare bill and to turn Medicaid into a block-grant program controlled by the states.

Ending the guarantee of medical care for the poor never made any sense because the impoverished deserve health care as much as they deserve help with life's other basic necessities.

But it also doesn't make any sense to end the federal guarantee of food and other aid for those who play by the rules and whose only offense is that they're impoverished.

Nor does imposing time limits on welfare recipients make sense except in cases where they refuse to work even though a job is available. The poor—and their children—should not be blamed for economic cycles that may well make finding a job impossible at any given time.

Those are bedrock principles that the nation—and the president—should not forsake amid an understandable distaste for the small percentage of welfare recipients who are slackers.

Unfortunately, the House the other day cast aside those principles by passing a reform plan that ends welfare as a federal entitlement program that takes care of all who deserve help. Instead, the House bill would slash funding and turn the reduced money over to states in block grants.

The states could then structure programs largely as they please, ending the national safety net and competing with one another in a "race to the bottom" as they cut benefits and drive out the poor.

That's no way for an enlightened nation to lift its most vulnerable people. But the final bill that emerges from House-Senate negotiations seems sure now to take that tack.

The other failure of the GOP approach is its time limits regardless of job availability. Clinton, too, recently endorsed time limits, saying the White House will administratively impose a two-year limit but that his action would be unnecessary if Congress could produce an acceptable reform plan.

Details of the new White House initiative—such as how to protect children whose parents get cut off—have yet to be worked out. But in addition to safeguarding kids, the new rule should safeguard those who simply can't find work through no fault of their own.

These basic safeguards should be part of whatever reform bill ultimately reaches the president's desk. If they are not, he should use the same veto pen he's waved at other times—regardless of what the calender says about the election season.

[From the Atlanta Constitution, July 28, 1996]

WELFARE BILLS SUFFER FROM POLITICS

The welfare system must be reformed, and the goal of that reform must be twofold:

It must reinforce a work ethic that has faltered among some welfare recipients;

It must protect the children of poor Americans from hunger and deprivation in an increasingly fickle economy.

Unfortunately, the reform effort making its way through Congress focuses too much on the first goal and too little on the second.

That's not surprising. From the life experience of prosperous, middle-aged, college-educated white males—which describes most of the members of Congress—the rewards of the work ethic seem obvious. It gives you a six-figure salary, a taxpayer-provided staff and free parking, among other things.

But from the perspective of an unemployed mother trying to raise two kids on welfare, the case can seem a little cloudier.

Usually, the family lives in an inner city or isolated rural area, where jobs are scarce and transportation difficult. If the mother overcomes those obstacles and gets a job, and if she works 40 hours per week, every week of the year at $5.10 an hour—which is 20 percent above the minimum wage—she stands to make a grand total of $10,608 a year. In the process, she may also lose health insurance for her family, because most low-wage jobs do not include a benefits package.

Imagine trying to raise two children on $10,000 a year in today's economy. Child care alone would take a huge chunk of her pay. She has the option, of course, of choosing not to pay for child care, to leave her children on their own while she's working. Given our problems with juvenile crime, that's not a choice to encourage.

If welfare reform is to work, it has to make work a viable option. It must subsidize child care for that working mother. It must extend health insurance coverage for the working poor. And it must offer training and education, so that she has at least the hope of rising out of that $5.10-an-hour job into something better.

Some of those steps cost money, at least in the short term. In the long term, such reform will benefit the mother; benefit her

children. to whom she is a role model: and benefit society. which is currently losing the value of her labor and incurring the expense of supporting her and her children.

The House and Senate have passed separate but similar welfare bills, and are trying to resolve their differences and send a measure to President Clinton for his signature. Their effort is fatally flawed. however. because in addition to the goals listed above. Congress is using the legislation to pursue two less admirable goals.

It is trying to balance the budget on the backs of the poor. Even though true welfare reform will cost more money in the short term. and even though entitlement programs for the middle class are far more expensive than welfare programs, deficit cutters have focused on the poor, cutting $60 billion from food stamps and other programs over the next six years.

The bill is calculated as an election-year dare to Clinton. He has made clear his uneasiness with the bill's impact on poor children, but has nonetheless indicated a willingness to consider signing the Senate's more reasonable approach. But Republicans seem intent on forcing him to veto the legislation. As Bob Dole grumbled on the campaign trail, "He's not going to get that bill. He's going to get a tougher bill."

And as House Speaker Newt Gingrich put it, "I believe we win from this point on no matter what happens."

Welfare reform is important. but apparently less important than election-year politicking.

[From the Chicago Tribune. July 21, 1996]

PLAYING 'GOTCHA!' ON WELFARE REFORM

The House passed a new welfare bill Thursday. and the talk afterward was not of what the bill would mean for the children and adults who depend on the kindness of the taxpayers. but of a political calculus.

"In the end," said House Majority Leader Dick Armey, "the president is going to have to make a determination whether or not he's going to sign this bill and satisfy the American people while he alienates his left-wing political base. or if he's going to veto the bill in order to satisfy the left wing of the Democrat Party and thereby alienate the American people."

In other words, "Gotcha!"

And that pretty much captures what's been wrong from the beginning with the effort to legislate welfare reform. Clinton has exploited the issue to establish his bona fides as a "new Democrat." The Republicans, suspecting insincerity on Clinton's part. have used it to bash him and back him into a corner.

Suffusing the entire debate have been two notions. one simply wrongheaded and the other both wrongheaded and pernicious.

The first is that reforming welfare is a way to save money. It is not. at least initially. Done properly—that is. with the purpose of getting welfare parents into the work force—reform will actually cost more money, for job training, child care and so forth. (And whatever else the 9 million children on welfare suffer from. it is not from having too much money spent on them.)

The second notion. which partisans on neither side have done enough to counter. is that welfare reform is about getting black layabouts off the public dole. In fact, most welfare recipients are not black. But that continues to be the accepted stereotype and. one suspects, a substantial motivator of the welfare-reform push.

In its broad outlines. the newly passed House bill differs little from the measure that Clinton vetoed earlier this year. It ends welfare as a federal entitlement and converts it into a program of block grants to the states. which would be free, within very broad limits. to devise their own programs of poor support.

This devolution is a good idea. Clinton has acknowledged that implicitly by granting numerous waivers for state welfare experiments over the last 3½ years. Perhaps the most promising such experiment, Wisconsin's W-2 program, which substitutes private and public jobs for cash assistance and ought to be the paradigm for all welfare, is awaiting waiver approval even now.

But eliminating welfare's entitlement status is a grievous error of historic proportions. Indeed, Sen. Carol Mosely-Braum (D-Ill.) did not exaggerate when she called it an "abomination."

That the world's richest nation would not guarantee help for poor children—and Aid to Families With Dependent Children is nothing except a vast childcare program—is outrageous. It represents not progress but regression. And while Dick Armey may be convinced that that's what the American people want, we are not.

Mr. WELLSTONE. Mr. President, I do want to talk about this piece of legislation. I have heard some discussion about doing good. Let me start out with what is a very important framework to me as a Senator from Minnesota. It is a question. Will this legislation, if passed, signed into law by the President, create more poverty and more hunger among children in America? And if the answer to that question is yes, then my vote is no.

Mr. President, we were discussing welfare reform several years ago, and we said that we should move from welfare to work, that that would include job training, education training, making sure the jobs were available that single parents—mostly mothers—could support their children on, and a commitment to child care.

Just about every single scholar in the United States of America has said that this is what reform is all about. You have to invest some additional resources. Then, in the long run, not only are the mothers and children better off, but we are all better off. That is real welfare reform. Slashing close to $60 billion in low-income assistance is not reform, colleagues. It is punitive, it is harsh, and it is extreme.

Mr. President, we have been focusing in this Congress on the budget deficit. I think, today. what we see in the U.S. Senate is a spiritual deficit because, Mr. President, I know some of my colleagues do not want to look at this. They push their gaze away from unpleasant facts and an unpleasant reality. Sometimes people do not want to know what they do not want to know.

Mr. President, the evidence is irrefutable and irreducible: This legislation, once enacted into law, will create more poverty and hunger among children in America. That is not reform.

Mr. President, we have here about $28 billion of cuts in nutrition assistance. I believe when the President spoke yesterday he was trying to say that does not have anything to do with reform, and he intends to fix that next Congress, But I worry about what will happen now. Mr. President, 70 percent of the citizens that will be affected by these cuts in food nutrition programs are children, 50 percent of the families have incomes of under $6,300 a year. Our incomes are $130,000 a year.

Mr. President, there will be a $3 billion cut over the next 6 years in food assistance, nutrition assistance, even for families who pay over 50 percent of their monthly income for housing costs. So now we put families in our country—poor families, poor children—in the situation of "eat or heat," but they do not get both. At the same time, my colleagues keep wanting to cut low-income energy assistance programs. This is goodness? This is goodness?

Mr. President, I was involved in the anti-hunger struggles in the South. I saw it in North Carolina, and I remind my colleagues, maybe they want to go back and look at the exposés, look at the Field Foundation report, look at the CBS report, "Hunger USA." Where are the national media? Why are we not seeing documentaries right now about poverty in America?

Mr. President, the Food Stamp Program, which we dramatically expanded in the late 1960's and early 1970's, with Richard Nixon, a Republican, leading the way, has been the most effective and important safety-net practice in this country. As a result of expanding that program, we dramatically reduce hunger and malnutrition among children in America.

Now we are turning the clock back, and some of my colleagues are calling this reform. Mr. President, how did it get to be reform, to cut by 20 percent food nutrition assistance for a poor, 80-year-old woman? How dare you call it reform. That is not reform. How did it get to be reform to slash nutrition programs that are so important in making sure that children have an adequate diet? How dare you call it reform. That is not reform. How did it get to be reform to essentially eliminate all of the assistance for legal immigrants, people who pay taxes and work? How dare you call that reform. That has not a thing to do with reform.

The Urban Institute came out with a report several weeks ago. Isabel Sawhill, one of the very best, said this legislation will impoverish an additional 1.1 million children. We have had these analyses before. The Office of Management and Budget had a similar analysis. So did the Department of Health and Human Services. How dare you call a piece of legislation that will lead to more poverty among children in America reform?

Marian Wright Edelman of the Children's Defense Fund is right: To call this piece of legislation reform is like calling catsup a vegetable. Except this time it is more serious. because many more children, many more elderly, many more children with disabilities will be affected.

Mr. President, the evidence is really irreducible and irrefutable. Bob Greenstein, who has won the MacArthur Genius Award for his work, crunched the numbers about what it means in personal terms, real terms for the most vulnerable citizens in America, but my colleagues are too worried about polls. They are too worried about the politics of it, and they turn their gaze away from all this.

Mr. President, I do not particularly care about words like "entitlement." But I do think as a nation we are a community, and up until the passage of this legislation, if signed into law, we as a nation said, as a community we will make sure there is a floor beneath which no child can fall in America. Now we have eliminated that floor. We are now saying as a Senate that there will no longer be any floor beneath which no child can fall. And you call that reform?

Mr. President, we had a proposal out here on the floor of the Senate that said, if you are going to cut people off from work, if you are going to cut people off from welfare, at least require the States to provide vouchers. The CBO tells us we do not have the money for the job training slots, and people will not necessarily find work, and then you will cut the adult off work. So we added an amendment that said, "For God's sake, at least make sure there are vouchers for Pampers, for health care, for food for the children." That amendment was rejected.

So we have no requirement that at the very minimum, even if you are going to cut a parent off of welfare, at least make sure the law of the land says that every State from Mississippi to Missouri to Minnesota to California to Georgia, that at least there will be vouchers for Pampers, for food, for medical assistance, and you vote "no" and you say there will be no vouchers. And you call that reform?

Mr. President, in the Senate, I introduced an amendment, and it was accepted. It said in all too many cases, too many of these women have been victims of domestic violence, they have been battered, and welfare is the only alternative for too many women to a very abusive and dangerous situation at home. So every State will be required to have services for these women and not force people off the rolls if, in fact, there needs to be additional support.

It took Monica Seles 2 years to play tennis again after she was attacked. Imagine what it would be like to be beaten up over and over again. That amendment was knocked out in the conference—no national requirement, no protection. Maybe it will be done in the States and maybe it won't.

Mr. President. I had a safety valve amendment. It was defeated. Senator KERRY from Massachusetts had another one which was watered down, but important. It was knocked out in conference committee. It said, why don't we at least look at what we have done, and if in fact there is more poverty and hunger, then we will take corrective action in 2 years. That was knocked out in conference committee. You call that reform?

Mr. President, let me be crystal clear. You focus on work, you focus on job training, you focus on education, you focus on making sure that families can make a transition from welfare to work, and that is great. Eliminating services for legal immigrants, draconian cuts in food nutrition programs for children and the elderly, deep cuts in assistance for children with disabilities—none of this has anything to do with reform. This is done in the name of deficit reduction.

When I had an amendment on the floor that dealt with all of the breaks that go to some of the oil companies, or tobacco companies, or pharmaceutical companies, that was defeated. When we had a budget that called for $12 billion more than the Pentagon wanted and we tried to eliminate that, that was defeated. But now when it comes to poor children in America, who clearly are invisible here in Washington, DC—at least in the Congress—faceless and voiceless, how generous we are with their suffering. And you dare to call that reform? You dare to say that, in the name of children, when you are passing a piece of legislation that every single study says will increase poverty and hunger among children. Vote for it for political reasons, but you can't get away with calling it reform. It is reverse reform. It is reformatory, it is punitive, it is harsh, it is extreme. It targets the most vulnerable citizens in America—poor children.

Mr. President, in this insurance reform bill we are going to be dealing with, late last night someone inserted a 2-year monopoly patent extension for an anti-arthritis drug, a special interest gift to one drug company, because then you don't have the generic drugs. Late last night, someone put this into the insurance reform bill. There you go. There is some welfare for a pharmaceutical company. But they are the heavy hitters. They have the lobbyists. They are well-connected. We do just fine by them. But for these poor children, who very few Members of the Senate even know, we are all too generous with their suffering.

Mr. President, I had an amendment that was passed by a 99-to-0 vote that said the Senate shall not take any action that shall create more hunger or homelessness among children. Now we are slashing $28 billion in food nutrition programs with the harshest effect being on children in America. Can my colleagues reconcile that for me? I would love to debate someone on this. I doubt whether there will be debate on it, because the evidence is clear.

Mr. President, President Clinton said yesterday that he will sign the bill, and he said that he will work hard, I presume next Congress, to correct what he thinks is wrong. He pointed out that these draconian cuts in food nutrition programs and in assistance to legal immigrants are wrong, they have nothing to do with reform. He is absolutely right.

Personally, it is difficult for me to say, well, with the exception of these draconian cuts in food assistance programs for children and the elderly, with the exception of these draconian cuts for children with disabilities, and draconian cuts for legal immigrants, this is a pretty good bill otherwise. I can't make that argument. But I will work with the President because, clearly, this is going to pass, and, quite clearly, corrective action is going to have to be taken next Congress.

But, for myself, Mr. President, I am a Senator from the great State of Minnesota. As Senator Hubert Humphrey said, the test case for a society or government is how we treat people in the twilight of their lives—the elderly; how we treat people at the dawn of their lives—the children; and how we treat people in the shadow of their lives—the poor, and those that are struggling with disabilities. We have failed that test miserably with this piece of legislation.

Mr. President, I come from a State that I think leads the Nation in its commitment to children and its commitment to fairness and its commitment to opportunity. As a Senator from Minnesota that is up for reelection this year, there can be one zillion attack ads—and there already have been many, and there will be many more—and I will not vote for legislation that impoverishes more children in America. That is not the right thing to do. That is not a Minnesota vote.

Mr. President, in my next term as a U.S. Senator from Minnesota, I am going to embark on a poverty tour in our country. I am going to bring television with me, and I am going to bring media with me, and I am going to visit these children. I am going to visit some of these poor, elderly people. I am going to visit these families. I am going to visit these legal immigrants. I am going to have my Nation focus its attention, and I am going to have my colleagues, Republicans and Democrats alike, focus their attention on these vulnerable citizens. And, if in fact we see the harshness, the additional poverty, and the additional malnutrition, which is exactly what is going to happen, I am going to bring all those pictures and all of those voices and all of those faces and all of those children and all of those elderly people back to the floor of the U.S. Senate, and we will correct the terrible mistake we are making in this legislation.

Mr. President, I yield the floor.

AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS ACT, 1997 CONFERENCE REPORT

The PRESIDING OFFICER. The conference report will be stated.

government or another now, over half. If Thomas Jefferson were here today, he would roll into his grave that it would ever come to the point that over half a family's income is being consumed by the Federal, State, or local government. And here we are, with this administration having taken another $2,000 to $3,000 out of a family who only has about $25,000 of disposable income. That is like a 10 percent reduction in their disposable income in just 36 months. So it does not take a rocket scientist to figure out why there is so much anxiety in the working family. They have less to work with. The median household income has declined from $33,119 to $32,000.

Job lock: Anemic economic growth has frozen many workers into jobs they would like to leave for better employment, but they are afraid those jobs will not be there if they try to go someplace else.

Or how about credit cards? The delinquent payments on credit cards, which is a real consumer-connected device across our country, are the worst they have ever been in 50 years. Why? Because we have, by Federal policy, pushed the average family to the wall. And the policies of this administration have created the anemic economy, just as Senator DASCHLE has alluded to. Those policies have reduced the disposable income in that family's checking account and they have made middle America very worried.

Mr. GRASSLEY. Mr. President, but for the strength, determination and leadership of the Republicans in the Congress—and I am referring to this and past Congresses—we would not today have a better budget situation or have an article like the one which was printed in the Wall Street Journal this morning.

But for the economic wisdom of the Federal Reserve and the steady guiding hand of its chairman, Alan Greenspan, we would not today have the economic footing that we need to be closer to a balanced budget than we have been in recent years.

There are two facts of economic life. One is that Republicans have been more steadfast and committed to balancing the budget than has the President. I remind my colleagues of the vetoes he issued on our attempts to balance the budget last year. But for our steadfastness and commitment to this goal, but for Republican leadership, this President would be no where near to working on a balanced budget.

The second is a fact that this Senator addressed during Chairman Greenspan's confirmation. The Federal Reserve has played, and continues to play, a crucial role in stabilizing the economy and maintaining investor confidence in the face of big spending Congresses. This confidence has lead to increased participation by some Americans in the stock market. This increased capital investment is what has led to new jobs, and expansion.

The President has raised taxes, though. The Clinton tax increases have taken away from all Americans' ability to take care of their families. The Clinton tax increases have decreased the amount of money which mothers and fathers have to buy necessities for their children. This is wrong.

Several of my colleagues have very accurately described the reality of the so-called Clinton economic growth rate. I wish to associate myself with their remarks. The charts which they have shown the Senate depict an economy which is not growing as fast as past economic expansions. In fact one of the charts show that this is the weakest economy in 100 years.

Another of the charts clearly shows what has happened to real medium household income. It has decreased. As the Senator from Florida pointed out, real medium household income in the years between 1983-1992 was $33,119. During the Clinton years of 1993-1994 real median household income dropped to $32,153.

No wonder American workers are concerned about their future. This drop in income hurts hard working Americans.

Let us continue to reform Government programs, as we are with this welfare reform legislation. And let us continue our efforts in Congress to balance the budget. This is true economic stimulation. This will lead to real economic growth. This will put more money into the pockets of Americans.

Mr. D'AMATO. Mr. President, I yield 5 minutes to the Senator from Texas.

The PRESIDING OFFICER. The Senator from Texas.

Mr. GRAMM. Excuse me, I thought I had 10 minutes on welfare.

Mr. D'AMATO. We are running a little behind. We would appreciate it if you could keep it—

Mr. GRAMM. Mr. President, let me just reschedule time to talk about welfare.

Mr. D'AMATO. If the Senator would like to be yielded 10 minutes, why don't we start, instead of just talking about it.

Mr. GRAMM. All right.

The PRESIDING OFFICER. The Senator from Texas.

Mr. GRAMM. Mr. President, it is an incredible paradox that while today we celebrate one of the most dramatic legislative victories certainly in this Congress and in the last decade, we are here responding to our Democratic colleagues who came over to give us a lesson in perverted economics this morning. They tell us how things are great because they had the courage to raise taxes, and if only we had raised taxes more and spent more, things would even be better. I personally do not believe the American people are going to adopt that brand of economics.

I would simply like to say that if we had not raised taxes in 1993, but rather had cut spending and adopted the balanced budget amendment to the Constitution, the economy would be stronger, and we would not be having an economic recovery, which happens to be one of the weakest economic recoveries in any postwar period.

PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996—CONFERENCE REPORT

The Senate continued with the consideration of the conference report.

Mr. GRAMM. Mr. President, let me now talk about welfare. We are going to pass here in the Senate tonight a welfare reform bill that has the promise of dramatically changing a system which has failed in America. Let me begin by talking about the failure.

In the past 30 years, we have spent $5.4 trillion on welfare programs; programs where we were trying to help poor people. Nobody in America knows what a trillion dollars is. So let me try to put that number in perspective.

If you take the total value of all buildings, all plants and equipment, and all productive tools in American industry and agriculture combined, they are worth about $5 trillion.

So if you want to know how much we have invested in the old welfare program over the past 30 years, it is roughly the equivalent of the value of all buildings, all plants and equipment, and all of the tools of all the workers in the United States of America. No society in history has ever invested more money trying to help needy people than the United States of America has invested.

Yet, what has been the result of all of those good intentions? What has been the result of that investment? The result of that investment, 30 years later, is that we have as many poor people today as we had 30 years ago. They are poorer today, they are more dependent on the Government today, and by any definition of quality of life, fulfillment, or happiness, people are worse off today than they were when we started the current welfare system.

When we started the War on Poverty in the mid-1960s, two-parent families were the norm in poor families in America. Today, two-parent families are the exception. Since 1965, the illegitimacy rate has tripled.

I know that we have colleagues on the other side of the aisle who are going to lament the passage of this new welfare reform bill. But I do not see how anybody with a straight face, or a clear conscience, can defend the status quo in welfare. Our current welfare program has failed. It has driven fathers out of the household. It has made mothers dependent. It has taken away people's dignity. It has bred child abuse and neglect, and filled the streets of our cities with crime. And we are here today to change it.

Let me outline what our program does. I think if each of us looks back to a period when our ancestors first came to America, or back to a time when those who have gone before us found themselves poor, we are going to find that there are two things that get individuals and nations out of poverty.

Those two things are work and family. I think it is instructive to note that those are the two things that we have never applied to the current welfare program of the United States of America.

The bill before us asks people to work. It says that able-bodied men and women will be required to work in order to receive benefits. It sets a time limit so that people cannot make welfare a way of life. It seeks to change the incentives within the welfare system. And I believe the time has come to change those incentives within the welfare system.

So what we have done in adopting this bill is make some very simple changes. No. 1, we have said that unless you are disabled, welfare is not a permanent program. It is a temporary program. We are going to help you for up to 5 years. We are going to train you. But at the end of 5 years, you are going to have to work.

We have also in this program given the States the ability to run their own programs. We believe that the Federal Government does not have all the wisdom in the world, and that States should run welfare. What we have done is we have taken a federally-run program, we have taken the funds that we have spent on that program, and we have given that money to the States so that, rather than have one program, each State in the Union can tailor its program to meet its individual needs.

I believe that we have put together a positive program. It is a program that asks people to work. It is a program that tries to make Americans independent. It is a program that for the first time uses work and family to help families in America escape welfare and to escape poverty. I think this is a major achievement. I am very proud of this bill, and I hope we can get a sound vote for it.

I know there will be those who say that the President, in committing to sign this bill, is going to end up taking credit for it. I do not believe the American people care who gets credit for this bill. We know that had there been no Republican majority in both Houses of Congress, we would never have passed this bill. We know that without a Republican majority in both Houses of Congress, we would not have a mandatory work requirement. We would not be changing welfare as we know it. But it seems to me that the return we are going to get for adopting this bill is worth letting the President take a substantial amount of credit for it.

I think this is a major step in the right direction. I am very proud of this bill. I commend it to my colleagues.

I yield the floor.

Mr. D'AMATO addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. D'AMATO. Mr. President, I yield myself 5 minutes.

The PRESIDING OFFICER. The Senator from New York has 5 minutes.

Mr. D'AMATO. Mr. President, let me reflect, if I might, not only on the economy but more particularly as to the impact, the adverse impact that the brutal welfare program—brutal; one that entraps people—has had on this country. It has not been beneficial. We have seen welfare spending move from approximately $29 billion in 1980 to something in the area of $128 billion today. Incredible. This is a program that was intended to help people temporarily, those people who were disabled, those people who, through no fault of their own, found themselves without a job.

The lessons of history, confirmed by the evidence immediately before me, show conclusively that continued dependence upon relief induces a spiritual and moral 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.

Mr. President, those were the words spoken by Franklin Delano Roosevelt when President Roosevelt gave his second annual message to the people on January 4, 1935. Indeed, how prophetic; 60 years later we see his admonition that where welfare becomes a long-term program, it is fundamentally destructive to the national fiber, and that it is a narcotic to the human spirit, and it is a violation of the traditions of America.

That is exactly what the welfare programs have done to this country. And let me say, as difficult as is the political process of campaigns and elections, thank God it is an election year; there is one good thing that has come about, and that is welfare reform.

Let me also suggest that without there having been a Republican Congress pushing, working, challenging, there is no way that we would have had any opportunity to pass a bill. And to those who are critical of the reform, let me say that no bill is perfect, but to continue business as usual, as if all is well, would have been a kind of conspiracy, a conspiracy to continue to keep our people on that narcotic. Absolutely not acceptable.

I have to tell you, if you want to get this economy going, then we have to give educational opportunity a helping hand and move people who have become dependent, dependent upon that welfare narcotic, that drug, that drug that President Roosevelt warned us about, off of the welfare rolls into a system of work.

To those of my colleagues who have legitimate concerns that there may be some imperfections, we will deal with those. We have the ability to fix them. We have the ability to make the bill a better bill. But to do nothing, to sit back, to languish in the bureaucracy of entrapping people, keeping people from meeting the opportunities that this country has of freedom, real freedom, freedom to participate, freedom to undertake a challenge, is morally destructive and is wrong. This change is long overdue.

So if there this is anything good that comes from those elections and the partisanship back and forth and the bickering, I say this welfare reform, in my mind, would never have taken place—never, never have taken place were it not for this election.

Mr. President, I am pleased to have worked for this program. Workfare, not welfare, is long overdue.

Mr. President, I yield to the Senator from New Hampshire for 5 minutes.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. SMITH. Mr. President, I wonder if the Senator from New York could make that 10 minutes?

Mr. D'AMATO. I yield 10 minutes to the Senator from New Hampshire.

Mr. SMITH. Mr. President, I rise in very strong support of the welfare reform bill, H.R. 3734, that is before the Senate at this time. This is historic legislation that the Senate later will be passing by an overwhelming majority—a bipartisan majority, I might add. There will be some who will be voting for this today because they are caught up in the wave of welfare reform and there will be others of us who will be voting for it because we caused the wave. But it really does not matter because the result will be the same. This Republican Congress has gotten it done. After all the years and years of talk, we have finally gotten it done. We sent the President two bills. He vetoed both of them. This is the third attempt. He now says he will sign it.

The Senator from New York has already quoted President Franklin Roosevelt who, in 1935, talked about what welfare, or in those days they called it relief, does to a society and does to a family. It does destroy the human spirit and it is a violation of the traditions of America, as Franklin Roosevelt correctly said in 1935.

Mr. President, in terms of welfare, we did declare a war on poverty, and poverty won. That is the problem. This program has not worked. When something does not work, we have to try something new. It does not mean we say we have all the answers, but it does mean we have to try.

In 1965, per capita welfare spending was $197. By 1993, per capita welfare spending was $1,255. That is a 600-percent increase. For all this increased spending, have we seen a corresponding drop in poverty? No, we have not. In 1965, 17 percent of Americans lived in poverty. In 1993 it is a little over 15 percent, barely a change. So we need to try something new, which is why this Republican Party has fought so hard to make these changes.

This is historic because it ends a 60-year status of welfare as a Federal cash entitlement. As a result, once this bill becomes law, no person will be able to choose welfare as a way of life. And no person will be entitled to cash benefits from the Federal Government simply because he or she chooses not to work.

It is amazing some of my colleagues can defend this failed system, where people who make $18,000 or $19,000 a year, working hard with their bare

hands to make just enough money to put food on their tables and pay taxes, we should ask those people to continue paying forever for somebody who won't work. Won't—not can't, won't. Because that is what welfare is all about.

Yes, there are some who cannot and they are not going to slip through the net. It is the ones who won't work. Yet, time after time after time, speaker after speaker after speaker in this body has defended this system, saying people who work hard for a living, trying to put food on the table, trying to pay their mortgages, trying to get their kids through college, working hard, paying their taxes—honest, hard-working Americans—should continue to pay for people who won't work.

We are changing it. That is why this is historic. The President, in announcing he was going to sign this bill, kind of apologized for signing it, if you listen to his remarks. But again, the result is the same. He is going to sign it. We will get the results. So I give him credit for signing it. It took him a little while to get there, but he is there.

As the Senator from Texas said a few moments ago, ask yourself this question. Would we have welfare reform, would we have workfare today, were it not for people in a Republican Congress who pushed and pushed and pushed to get it through this Congress and into the White House where the President can sign it? I think the answer is: Obviously, no, we would not have. By dramatically cutting the Federal welfare bureaucracy and replacing it with block grants to the States, this bill recognizes the best hope for making welfare programs successful lies in shifting major responsibilities for their administration to a level of government where innovation and experimentation can flourish. This is a giant step toward reinvigorating federalism in our system of Government.

I heard the Senator from Massachusetts, Senator KENNEDY, earlier in the debate, talking as if somehow all these people were going to slip through the safety nets because the Federal Government no longer is assuming responsibility. We all know that we have 50 Governors out there, frankly, Democrats and Republicans—I have confidence in those people. I do not think any Governor in any State in the Union is going to put a starving child on the street. I will believe that when I see it. That is not going to happen and we all know it. It is an outrage to define this welfare reform in those kinds of terms.

Governor Steve Merrill, the Governor of New Hampshire, using my State as an example, is a compassionate, decent man and a good Governor. He is not going to let that happen. I want him to have this program. I want him to be able to administer this program, this block grant, because in the State of New Hampshire, Governor Merrill and the legislature and the others who work every day in these welfare programs, know who the needy people are. They also know how to help them find work. That is compassion and it is compassion at the local level, where it should be. Because people in Washington, DC, do not know all the answers, in case you have not figured that out yet.

No Governor is going to let a child starve and it is an outrage and an insult for anybody to even insinuate it rather than say it. Our Governors have been leading the way, from both parties. President Clinton, when he was Governor, talked about welfare reform and as a Presidential candidate said he would end welfare as we know it. He knew then as a Governor it was not working, which is why he spoke out about it. This is landmark legislation. This is dramatic. This is the kind of thing that I have been working on for all the years that I have been in Congress, and I am so happy just to see it come to fruition.

I am going to be pleased and proud to work with Governor Merrill and see that this program is administered properly to help the people in the State who need help.

This is a huge accomplishment just to get this bill through this Senate and the House and on the President's desk.

Mr. President, this bill transforms welfare from a handout that fosters dependency into a temporary helping hand for those who fall on hard times. It places a 5-year lifetime limit on receiving welfare benefits and requires able-bodied adults to work after 2 years.

Surely after 5 years, an able-bodied individual can find a job. Of course, they can find a job, if you want to find a job. But you are not going to want to find a job if somebody is taking care of you all the time.

When I was a kid, I had a favorite uncle, Uncle George. He used to sell toys, and I used to look forward to Uncle George coming around with toys. My family at sometime would say, "If Uncle George keeps coming around, we won't have to buy toys for little Bobby," because they expected it.

Where is the respect for the people who are paying the bills? It is not the Federal Government paying these bills for people who will not work. It is the taxpayers. It is the hard-working men and women across America who work hard for a living. There is no reason why this is an entitlement for somebody who does not work.

There is not a person out in America today who does not have the compassion in their heart to help somebody who needs help. We see it every time there is a tragedy. Whether it is the TWA bombing, a flood, earthquake, American people are always stepping forward in a compassionate, helpful way to help their fellow man. It happens every day. It is happening now, and it is not going to stop because we pass a bill that says people who will not work cannot get benefits for the rest of their lives.

Mr. President, another very important point here is that this bill cracks down on the so-called deadbeat dad by requiring that father to pay child support, and it mandates that welfare applicants must assist in establishing the paternity of their children in order to qualify for their benefits.

What is wrong with that? That is responsibility, Mr. President.

I am also pleased that this bill takes a number of steps toward ending the abuse of the welfare system by those legal immigrants who come to America, not to go to work but to go on welfare. That is not true with every person who comes to America, it is not true with most people who come to America, but it is true with some, and they ought not to be getting welfare benefits if they are not an American citizen while Americans who are working hard, trying to pay their bills are providing it. That is simply wrong. It ought to stop, and this bill does stop it. But it also provides when you are sponsored, the sponsor can assume some responsibility for you. If they want to bring you to America, they can assume some responsibility. That is what built this country—responsibility, not running away from it.

Deeming is a good policy. Noncitizens, after all, remain, by definition, citizens of other countries. They should not, in all fairness, expect to be supported by Americans who are not their fellow citizens.

Finally, Mr. President, H.R. 3734 provides a total of $22 billion to help the States provide child care for parents who are participating in work and job training programs. It also provides additional grants for States that experience high unemployment or surges in their welfare populations.

Mr. President, I commend those among my colleagues in the Senate who have worked long and hard to make this such a strong, landmark welfare reform bill. I also commend a former colleague—Senator Bob Dole—for working tirelessly since the beginning of this historic 104th Congress to deliver landmark welfare reform for the American people.

Thank you, Mr. President. I yield the floor.

Mr. EXON. Mr. President, I yield 7 minutes to the Senator from Maryland.

The PRESIDING OFFICER. The Senator from Maryland.

Mr. SARBANES. Mr. President, I thank the distinguished Senator from Nebraska.

Mr. President, a number of my colleagues have talked about their very deep concerns about various aspects of this legislation, including the estimates that go as high as 1 million more children being thrown into poverty, the very harsh cut in food stamps that is contained in this legislation, the limitation on the time period for receiving food stamps, which will hit workers who have been laid off and their families very hard in the years to come, the extreme cuts in benefits for disabled children and the treatment of legal—not illegal, but legal, and I stress

that—legal immigrants coming into the country. These are people who, under our laws, are legitimately in the country, and yet, if they encounter personal disaster financially, we are not going to provide any help to them. All of these factors constitute a valid basis for voting against this bill.

I am not going to go back over those issues. They have been discussed at some length by others. There is another matter I wish to discuss, another dimension to this legislation which I think is another strong reason to oppose this legislation which I intend to do. And that dimension is the situation we will confront in times of economic downturn and recession. All of the discussion here is about the limitations and constraints that are being placed upon existing programs in the context of current economic circumstances.

Current economic circumstances are a 5.3-percent unemployment rate across the country. But we must consider the question of what is going to happen when we have a downturn in the business cycle. People are discussing this legislation almost as though the business cycle has been repealed and is not going to happen again.

This legislation provides block grants to the States. The size of those grants does not vary with such factors as unemployment or the poverty rate, and, therefore, in recessions, States will face rising caseloads and corresponding large gaps in funding for assistance programs.

The bill has a contingency fund of $2 billion, but it is completely inadequate—completely inadequate—it fails to address this issue. Let me just give you an example. In our Nation's most recent recession during the Bush administration in the period from 1989 to 1992, the Federal share of welfare spending increased 36 percent—an additional amount of $7.2 billion over the four years—that is, almost four times the contingency fund.

There was a 35-percent increase in the number of children in poverty over those years. This was a period when the unemployment rate rose from 5.3 percent to a high of 7.7 percent.

What are the States going to do under this legislation when a recession hits and more and more people slip into poverty, people lose their jobs, they are out of work? Under the current system, the Federal Government assures to the States additional money for each of the additional persons who are placed into dire circumstances by a worsening economy. Under this bill, no such support. This bill essentially gives the State a block grant based on 1994 figures, and that's it.

Much of the discussion has been about the difficulty of handling the situation under current economic circumstances and the problems are very real and severe. What happens when you get an economic downturn and the number of people showing up in the poverty category on the unemployment rolls is on the increase, rising very substantially? Are the States then going to come up with more money in order to handle this problem?

Our experience to date is every time a recession strikes the States come in and say, "We need help. We're constrained. We can't deal with this recession. Look what this recession has done to our sources of revenue. Our sources of revenue are down. We can't handle the situation."

That is what they say today when the Federal assistance is automatically adjusted. What are they going to say next year or the year after and the year after that when a recession comes along, when people are added to the unemployment rolls, out of a job, families go into poverty? Where are the resources then going to come from?

Under the current system, the Federal Government, since President Roosevelt, assumed an obligation to provide help to the States to help them work through this situation. Now the Federal Government automatically steps in when a recession hits. That will not be the case in the future under this legislation.

It is true there is a contingency fund. But as I said, it is totally inadequate for any recession of any consequence, let alone a very deep recession as we experienced under President Reagan in the early 1980's, or just the recession we experienced in the early 1990's during the Bush administration when the unemployment rate went from 5.3 to 7.7 percent. That was its peak, 7.7 percent, contrasted with the Reagan recession where it went just shy of 11 percent unemployment.

In the Bush recession in the 1990's, the fact of the matter is that there was about a 40-percent increase in the Federal expenditure on welfare during that recession period. This bill fails to address the consequences of such an economic downturn.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. SARBANES. Will the Senator yield me 1 more minute?

Mr. EXON. I am glad to.

Mr. SARBANES. Mr. President, this bill does not do that. The Federal Government is out of it in terms of assuring the States that the full burden of recession will not fall upon them. In the last recession, when the unemployment rate went close to 8 percent, millions of Americans lost their jobs and had a difficult time finding new jobs.

What is going to happen in the next recession? Does anyone realistically believe that the States will step in and pick up the burden? Even now with additional Federal assistance the States come in during a recession and say, "We can't handle our situation because our revenues have been impacted by the recession." What is going to happen is you will have literally millions of people affected by the economic downturn and without any support. No additional Federal assistance as now, because of the block grant provision. We will pay dearly for failing to provide a fail-safe mechanism against an economic downturn. The consequences will be such that we will rue this day.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. SARBANES. I yield the floor.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. Will the Chair kindly advise the Senator when I have used 15 minutes? I yield such time as is necessary to myself.

Mr. DOMENICI. I think we rotate.

Mr. EXON. Before the chairman came in, we had three Republicans in a row. I thought that we would proceed——

Mr. DOMENICI. They were part of the 1 hour where you had 1 hour and——

Mr. EXON. No, they were not. They were after that. I yield the floor.

Mr. DOMENICI. I ask Senator NICKLES, do you need 15 minutes?

Mr. NICKLES. Yes.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. NICKLES. Mr. President, first, I wish to congratulate and compliment our colleague from New Mexico for his leadership on this bill. In addition, I compliment Senator ROTH, Chairman ARCHER in the House, and Chairman CLAY SHAW for putting this bill together, as well as Chairman KASICH in the House. I would like to go back a little farther and also compliment Senator Dole and Speaker GINGRICH for laying the groundwork for fundamental welfare reform, fundamental welfare reform that is long overdue, fundamental welfare reform that today will have bipartisan support. I am very pleased with that and I am pleased the President said he would sign this bill.

He is correct in making that decision. I know he agonized over it. He was not sure what he was going to do. That is evidenced by the fact he vetoed two similar bills earlier. He actually vetoed a bill in January, a bill that passed the Senate with 87 votes. I thought that veto was a mistake. I thought that veto was a repudiation of his campaign statement when he said we need to end welfare as we know it.

When candidate Bill Clinton made the statement, "We need to end welfare as we know it," I applauded it. I thought he was exactly right. Unfortunately, I think welfare had become a way of life for far too many families. Maybe that was their fault, maybe it was Congress' fault. I think most of the welfare programs that we have were well-intentioned, but many have had very suspect results.

In addressing the issue of welfare, on January 4, 1935 Franklin D. Roosevelt said that:

> The lessons of history, confirmed by the evidence immediately before me, show conclusively that continued dependence upon relief induces a spiritual and moral 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 inimicable to the dictates of sound policy. It is a violation of the traditions of America.

That was in his second annual message to the country. He was right. Maybe he was a little bit prophetic because, if you look at what has happened in our welfare system, we now have under the Federal Government 334 federally controlled welfare programs.

The Federal Government determines who is eligible, for how long, and for how much they will receive. We have 156 job training programs stacked on top of each other, all with good intentions but a lot with results that are not very desirable, results that in many cases have not helped a lot of the intended beneficiaries and certainly have not helped taxpayers.

This Congress has done several historic things. I have been around here now for 16 years. This Congress, for the first time, has actually passed some reform and some curtailment of the growth of entitlement programs.

We passed it in the Balanced Budget Act, but the President vetoed it so that did not become law. We passed it in the welfare bill, but the President vetoed that and it did not become law. We passed entitlement reform in the farm bill, a historic rewrite of decades of farm policy. That was a good bill. The President signed it. I compliment him for signing it.

Now we are passing welfare reform. Is the bill perfect? No. But it is a good, giant step in the right direction. I am pleased the President will sign it.

Mr. President, this bill does change the way we do welfare. The so-called AFDC, aid to families with dependent children, will no longer be a cash entitlement. We are reforming its entitlement status. The current program says that if you meet eligibility standards—in other words, if you are poor—you can receive this benefit for the rest of your life. There is no real incentive to get off. There is no real incentive to go to work. We are really falling into exactly what Franklin Delano Roosevelt said. We are destroying human spirit. So now we have a chance to fix that in this bill today. This is a giant leap.

Again, I mentioned that I am pleased President Clinton is signing this bill. But if you look at the bill he introduced, his bill was a continuation of the entitlement of aid to families with dependent children. They would go on continually. It was a continuation of an entitlement.

Today we are breaking that continuation. We are going to say that we trust the States. I have heard some of my colleagues say, "Wait a minute. What about the kids?" What we are doing is taking this money and we are going to give this cash welfare program to the States and let them determine eligibility. I happen to think that the States are just as concerned, maybe even more concerned than we are about kids in their own territory.

What makes people think that the source of all wisdom comes from Washington, DC. that Washington, DC. should determine who is eligible and who is not? Who can make the best determination of those requirements? I believe the individual States can.

In this bill we have work requirements. We have time limits. We have a 5-year lifetime limit. I think we have taken some big steps in the right direction.

So I want to compliment Senator ROTH and Senator DOMENICI, Senator Dole, and others.

Also, I would like to make a couple of other comments. I have heard the President say we have cut too much in food stamps. In this bill we require able-bodied adults age 18 to 50 with no dependents, no kids, to work 20 hours a week, with the exception that they have 3 months in a 3-year period when they can receive food stamps. Other than that they are going to have to work at least 20 hours a week. That is real reform. I know my colleague from North Carolina thinks that is right.

Under current law you can receive food stamps forever. Eligibility is pretty easy. If you meet these income requirements, you can receive food stamps. There is not a time limit. Under this bill we are telling able-bodied people, now you are going to have to get a job.

There are now going to be work requirements in order to receive welfare. You are going to have to get a job. We turn the money over to the States, yes, but it is a transition. We call it temporary assistance for needy families. It is temporary assistance; it is not a way of life. It is not a system that we are setting up where people can receive this income forever, as many families do under the current system.

There was an investigation in areas of my State that had drug problems and crime problems, and I learned a little bit about the drugs and the crime. But I probably learned a little bit more about welfare. This area had a very high incidence of crime and drug problems but had an even higher incidence of welfare dependency.

As a matter of fact, I talked to a young person who had a couple of kids and found out that, yes, she had been on welfare for a few years and her mother had also been on welfare for several years. I was thinking, we have to break this cycle. What about the kids? I looked at her kids, and I really felt sorry for them, and they were growing up, now the third generation of a welfare family. We have to break that trap of welfare dependency.

This bill will help give people a hand up and not just a hand out; to where they will be able to go to work; where we provide job training; where we have child care; where we have an opportunity for people to climb up out of this welfare dependency cycle. This is a giant step in the right direction.

With the old system, if they met the income standards, then they kept getting the cash. There is no limit whatsoever. So this bill is, again, a very positive step in the right direction toward rewarding work, encouraging work, encouraging people to become independent, and not dependent on taxpayers. I compliment Senator Dole and others who are responsible.

I want to correct some misstatements that have been made by the President and other people. The President stated yesterday that the reason why he is signing the bill is that it allows States to use Federal money for vouchers for children and for parents who cannot find work after the time limit has expired. The President says he lobbied for this. To clarify, we did not put money in specifically under the welfare bill, but we have said they can use money under title XX, the Social Services Block Grant, for those purposes. That is the same policy we had in the bill H.R. 4, that unfortunately the President vetoed. There was not really a change in that area.

President Clinton made a statement saying the congressional leadership insisted on attaching to this extraordinarily important bill a provision that will hurt legal immigrants in America, people working hard for their families, paying taxes and serving in our military. Well, the President is wrong. Just to state the facts, noncitizens who work for their families, pay taxes, can become eligible for welfare in two ways under this bill. First, they can become citizens. If they become citizens, they can qualify for any benefits any other American can. Second, even if they decide not to become citizens, they can become eligible for welfare by working and paying Social Security payroll taxes for 40 quarters, basically 10 years.

Third, and this is most important, noncitizens who serve in our military are eligible for welfare under this bill. The bill explicitly exempts them from the bans on welfare to non-Americans. It is in the bill.

I was surprised by the President's statement. His statement was this: "You can serve in our military, you may get killed for defending America, but if somebody mugs you on a street corner or you get cancer or get hit by a car, or the same thing happens to your children, we are not going to give you assistance anymore."

Mr. President, President Clinton is wrong. As I mentioned, people who serve in our military, veterans and their dependents all continue to be eligible for assistance under this bill, this is title 4, page 5. So are refugee and asylees and people who pay Social Security taxes for 40 quarters, title 4, page 5. People mugged on a street corner or hit by a car, whether or not they are citizens and whether or not they work and whether or not they are in the country legally or illegally, qualify for emergency medical assistance under this bill.

I think it is important we stay with the facts. President Clinton also said yesterday, "I challenge every State to adopt the reforms that Wisconsin, Oregon, Missouri, and other States are proposing to do." Fact: On May 18, President Clinton spoke favorably of

the welfare waiver application submitted by the State of Wisconsin: "Wisconsin is making a solid welfare reform plan. I pledge my administration will work with Wisconsin to make an effective transition to a new vision of welfare. States can keep on sending me these strong welfare proposals, and I will keep on signing them." That was May 18. Guess what? Wisconsin's waiver was proposed on May 26, over 2 months ago, and he has not signed it yet.

President Clinton, before a speech of National Governors' Association in 1995, told the Governors he would act on their waiver application within 30 days, some of which have taken well over a year, some almost 2 years. It has been 60 days since the Wisconsin waiver. We tried to put the Wisconsin waiver into the bill to make it applicable. We get a message, according to Speaker GINGRICH, that if it is in the bill, the President will veto it. At the same time he was bragging on Wisconsin's waiver and their new approach yesterday on national TV, he was telling us if we put it in the bill, he would veto the bill.

Mr. President, I could go on. I think it is important we not try to scare people, that we stay with the facts, that we do try to do what is right.

Let me make a couple of other comments. I heard the President and other people saying this bill is too hard on noncitizens, on legal aliens. We eliminate benefits for illegals; what about noncitizens who are legally here? We make some changes. The President and others say we went too far.

Let's look at what we did. Our legislation has a priority that says fundamentally we should take care of Americans. When aliens come to this country, their sponsors pledge to support them and they sign a statement that says they will not become a public charge. People come to this country voluntarily. If noncitizens want to stay in this country, they sign a statement saying they will not become a public charge. We will start holding them to that statement and hold their sponsors who also signed the statement saying, "We will make sure they do not become a public charge; we will make sure they do what they committed to do." I think that is very important.

I might mention a couple things about taxpayers. If you look at the number of noncitizens currently receiving SSI, Social Security supplemental income, in 1982 there were almost 128,000 noncitizens receiving SSI; in 1994 that number had increased by almost sixfold, and there were 738,000 noncitizens receiving SSI. The program has exploded since 1982—almost six times as many.

What happens is a whole lot of people determine they can come to the United States not asking for a land of opportunity to grow and build and expand, they come to the United States for a handout. What did they do? They received SSI and Medicaid. They received a lot of Government assistance. Thank you very much, taxpayer, and the sponsors who signed statements saying, "We will take care of them and make sure they do not become a charge to the Federal Government." But who have not done their share, they have not held up their side of the bargain when they said they would not become a charge to the American taxpayers, and they did.

We are saying they have a couple of choices. If they want to become citizens, they will be eligible for benefits. If they do not become citizens, that is certainly their option, but they do not have the option to say, "Yes, take care of us, taxpayers." If they pay taxes for 40 quarters then they could become eligible for benefits.

A couple of other comments. We deny noncitizens from receiving food stamps until they become citizens or pay taxes for 10 years. We did the same thing with food stamps. Why should someone come to the United States as a noncitizen and say, "Give me food stamps"? Some people have criticized this by saying, "Wait, cuts in food stamps are draconian." We spent $26.2 billion this year in food stamps. In the year 2002, if you listen to some of the rhetoric, you would think we cut that in half. That is not the case. In the year 2002, 6 years from now, we will spend over $30 billion in food stamps. So we are spending more money in food stamps every year, but we are saying to the people who are noncitizens who come to the United States, they are not automatically entitled to continue receiving benefits forever.

Mr. President, I have several charts to be printed in the RECORD, and I compliment my friend and colleague from New Mexico for his leadership. I mentioned food stamps, and I will mention SSI, the growth rates in SSI.

In 1980, SSI cost the taxpayers $6 billion; in 1996, it costs $24 billion, four times as much. This program is exploding. The growth rates in SSI for the last 5 years are 10 percent, 14 percent, 21 percent, 18 percent, and 20 percent. The program has exploded in many, many cases because noncitizens have said this is a good way to get on a gravy train. We need to close that abuse. We do that under this bill. I think that is positive reform.

I ask unanimous consent to have printed in the RECORD charts to substantiate these facts.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

FEDERAL SPENDING ON MAJOR WELFARE PROGRAMS

[Current law in billions of dollars]

Year	Outlays	Growth (dollars)	Growth (percent)
FOOD STAMPS			
1980	9		
1981	11	2	24
1982	11	(0)	−3
1983	12	1	7
1984	12	(0)	−2
1985	12	0	1
1986	12	(0)	−1
1987	12	0	0
1988	12	1	6
1989	13	1	4
1990	15	2	17
1991	19	4	25
1992	23	4	21
1993	25	2	11
1994	25	0	0
1995	26	1	4
1996	26	0	1
1997	28	2	7
1998	30	2	6
1999	31	1	5
2000	32	1	4
2001	34	1	4
2002	35	1	4
FAMILY SUPPORT*			
1980	7		
1981	8	1	12
1982	8	(0)	−2
1983	8	0	5
1984	9	1	6
1985	9	0	3
1986	10	1	8
1987	11	1	6
1988	11	0	3
1989	11	0	4
1990	12	1	9
1991	14	1	11
1992	16	2	16
1993	16	0	3
1994	17	1	6
1995	18	1	6
1996	18	0	2
1997	19	0	2
1998	19	1	3
1999	20	1	3
2000	21	1	3
2001	21	1	3
2002	22	1	3
SSI			
1980	6		
1981	7	1	11
1982	7	0	6
1983	7	1	7
1984	8	1	12
1985	9	0	6
1986	9	1	8
1987	10	1	6
1988	11	1	13
1989	11	0	0
1990	13	1	10
1991	14	2	14
1992	17	3	21
1993	20	3	18
1994	24	4	20
1995	25	1	2
1996	24	(1)	−4
1997	28	4	16
1998	30	2	8
1999	33	2	8
2000	38	5	17
2001	35	(3)	−9
2002	40	6	17
CHILD NUTRITION			
1980	4		
1981	4	0	0
1982	3	(1)	−14
1983	3	0	10
1984	4	0	9
1985	4	0	3
1986	4	0	3
1987	4	0	5
1988	4	0	8
1989	5	0	7
1990	5	0	9
1991	6	1	12
1992	6	0	7
1993	7	1	10
1994	7	0	6
1995	8	1	13
1996	8	1	7
1997	9	0	6
1998	9	1	6
1999	10	1	6
2000	11	1	6
2001	11	1	6
2002	12	1	5
EARNED INCOME CREDIT			
1980	1		
1981	1	0	0
1982	1	(0)	−8
1983	1	0	0
1984	1	0	0
1985	2	0	38
1986	2	0	25
1987	2	0	1
1988	4	2	91
1989	6	2	47
1990	7	1	11
1991	7	0	8
1992	11	4	51
1993	13	2	23
1994	16	3	20
1995	19	4	22
1996	23	3	18

FEDERAL SPENDING ON MAJOR WELFARE PROGRAMS—Continued

[Current law in billions of dollars]

FEDERAL SPENDING ON MAJOR WELFARE PROGRAMS—Continued

[Current law in billions of dollars]

Year	Outlays	Growth (dollars)	Growth (percent)
1997	24	2	8
1998	25	1	3
1999	26	1	4
2000	27	1	4
2001	28	1	4
2002	29	1	3
TOTAL			
1980	27		
1981	31	4	14
1982	30	(1)	−2
1983	32	2	7
1984	34	1	5
1985	35	1	4
1986	37	2	5
1987	38	1	4
1988	43	5	12
1989	46	3	7
1990	51	5	12
1991	59	8	15
1992	72	13	22
1993	81	9	12
1994	89	8	10
1995	96	7	8
1996	100	4	4
1997	108	8	8
1998	114	6	5
1999	120	6	5
2000	129	9	8
2001	129	0	0
2002	139	10	7

*Family Support includes AFDC, child care, child support enforcement, and JOBS.

Sources: CBO & OMB.
Prepared by the Office of Senator Don Nickles.

Mr. NICKLES. I thank my colleague from New Mexico and my colleague from Nebraska for yielding.

Mr. DOMENICI. First, I am not sure everyone that has sent the message down that they want to speak will speak, but without wrap-up by our leader and without any wrap-up by me, there are 14 Senators on our side who have requested some time to speak.

I ask the Parliamentarian, how much time remains on the Republican side under the 5 hours?

The PRESIDING OFFICER. Approximately 2 hours and 15 minutes.

Mr. DOMENICI. That still means with 14 Senators, we clearly will not be able to give 20 or 25 minutes to everyone. We hope we can keep everyone to somewhere around 10 minutes or less.

Having said that, Senator EXON has not even spoken today. He is next, and he will choose as much time as he wants, obviously. Following him, my understanding is that Senator SPECTER of Pennsylvania will speak on our side. Who will speak on your side?

Mr. EXON. Senator MOSELEY-BRAUN, who was here at 9:30 this morning trying to speak, will follow me.

Mr. DOMENICI. Senator FAIRCLOTH will be next.

Mr. EXON. Following Senator MOSELEY-BRAUN, Senator BRADLEY.

Mr. DOMENICI. All right. We know that many other Senators on this side want to speak. Since Senator GRASSLEY is here, I am going to say that, on our side, he will follow Senator FAIRCLOTH. Senator CHAFEE wants to speak, also. Where would the Senator go next on the Democratic side?

Mr. EXON. Mr. President, may I inquire from the Chair, are there 2 hours left on the Republican side? I thought when I inquired a half an hour ago, at that time there were 2 hours on the Republican side and 2 hours 20 minutes on our side. Now I understand that the Chair said the Republicans had 2 hours 15 minutes left.

The PRESIDING OFFICER (Mr. KEMPTHORNE). The Republicans have approximately 2 hours 15 minutes remaining. The reason is that there was an inadvertent addition that was made on the time allowed.

Mr. EXON. How much time do I have remaining?

The PRESIDING OFFICER. Two hours twenty-one minutes.

Mr. EXON. I thank the Chair.

Mr. DOMENICI. Can we go beyond that and get a couple more sequenced in? Who was the last one?

Mr. EXON. Senator BRADLEY. I have 8 or 10 other speakers. I do not have a scenario beyond Senator BRADLEY.

Mr. DOMENICI. On our side, when the time arrives, the next Senator would be Senator CHAFEE, and then Senator GREGG is after the Senators I had previously announced. If any other Senators have difficult times, call us and we will try to put them in sooner. As soon as we can schedule you in, we will. Come down and tell us.

So the order on our side is Senators SPECTER, FAIRCLOTH, GRASSLEY, CHAFEE, and GREGG.

Mr. EXON. Mr. President, many of my colleagues have given very thoughtful and rigorous descriptions of the economic growth of our Nation under the dedicated leadership of President Clinton. Much of that growth is due to the deficit reduction in the President's 1993 budget that we passed with strictly Democratic votes, and not a single Republican vote in either the House or the Senate. The Federal Reserve Chairman, Alan Greenspan, agrees. He said, earlier this year, that President Clinton's budget was "an unquestioned factor in contributing to the improvement in economic activity that occurred thereafter."

Mr. President, we have been on the right course since we passed the 1993 deficit reduction plan. At that time, dire predictions were made on that side of the aisle. If anybody is interested in those, I would be glad to supply the doomsday forecast if that became law—which it did—from that side of the aisle.

In 1992, the deficit was $290 billion, the highest dollar level in history. Today, thanks to the President's budget, it has been cut more than in half, to $117 billion. That is living up to both your promises and the promises that have been emphasized so often in debate here.

I don't customarily use charts, but I want to put up a chart that may have been used before, which drives this point home. I suggest, Mr. President, that this may be the best kept secret in America.

In 1980, when President Carter was President of the United States, we had a deficit of $74 billion for that year. That was an awful lot of money. I remember how concerned we were about that. Several years later, after 1980, in the intervening 12 years of Republican Presidents—first Ronald Reagan and then George Bush—and supply side economics, that deficit loomed from a high $74 billion, we thought, to $290 billion. When President Bill Clinton became President of the United States, look what has happened since then under his leadership. That deficit has been more than cut in half, to the 1996 projection of $117 billion.

I don't know what tells the history of success in this particular area more than a chart like this, which is factual. I ask anyone to challenge it. The Republicans like to carp a lot about the President's 1993 budget. A distinguished Republican said that President Clinton's taking credit for deficit reduction is like a rooster crowing very loudly at sunrise. I say to my Republican friend that the President has every right to crow, if you want to use that word. He has every right to lay claim to reducing the deficit, because that he has done.

That enormous fiscal egg laid by the previous two Republican administrations had to be attacked by someone, and President Bill Clinton did the job. Facts are facts. He has cut it more than in half.

As much as I am gratified by the economic and fiscal performance of the current administration, I am deeply concerned with what is being said by the Republican campaign to challenge this administration. The same folks who were part of the fiscal wrecking crew in the 1980's, and who voted against the only real deficit reduction plan in the 1990's, are now ready to sabotage the 21st century with billions of dollars in new tax cuts, which they don't pay for. That is more of the supply-side economics that got us into this mess in the first place.

Mr. President, I ask my colleagues here, and I ask the people of the United States, why on Earth would Bob Dole change his mind from a strict and sound fiscal conservative and become the Willy Loman of supply-side economics and perhaps destroy the economy by going back on this track?

Mr. President, the lessons learned in the 1980's through the 1992 period are very clear: You can't grow your way out of tax breaks of this magnitude. That is why President Clinton came into office, saddled with a $290 billion deficit. Supply-side economics, or so-called dynamic scoring are, at best, a toss of the dice.

To gamble the fiscal integrity of our Nation on such speculation is totally irresponsible. It is shameless. It is truly shameless. Only it is a way of disguising the true costs of tax cuts.

How did they make up for them with the supply-side economics, or voodoo economics, to use a Republican phrase, from the period 1980 to 1992 that caused this?

Fed Chairman Alan Greenspan said, "We must avoid resting key legislative decisions on controversial estimates of

revenues and outlays." We sure did that from the period 1980 to 1992.

I find it curious, Mr. President, that the advocates of supply-side Dole tax cuts seem to be trying to cash two fiscal dividends at the same time. And it will not work. On the one hand, they want to take credit for the fiscal dividend that the Congressional Budget Office said we will get from the conservative fiscal policies needed to balance the budget. On the other hand, they want to simultaneously take credit for a fiscal dividend that would come from the stimulative fiscal policies of a tax cut. We have a record to show what happens when you go down that road.

I hope the American voters will find out quickly what the Dole medicine show is really trying to sell. It is pure poison, and it hurts. The American people reject out of hand the heartless reductions, indeed, in the latest Republican 7-year budget plan. I tell my fellow Americans that these needs pale in comparison to what may lie ahead if we follow their lead to supply-side economics once more. Those reductions from real need will be twice as bad if we have to pay for the total tax breaks that are about to come.

That is right, Mr. President. That is right, and all should understand that President Clinton cut the deficit in half, as evidenced by this chart. Bob Dole wants to double the amount that the Republicans are taking from ordinary Americans to pay for his $600 billion or so in tax breaks for the wealthy. The American people know and the American people understand who is heading in the right direction, and it is President Bill Clinton.

Mr. President, an important part of all of this—to keep the promises that were made during the campaign—is the matter of the welfare reform bill that is presently before the body.

Mr. President, the conference report that is before us in the Senate today is not the best possible welfare bill, but it may be the best welfare bill that this divided and weary Congress can pass.

I salute my good friend, the chairman of the Budget Committee, for doing his able best, and he did a lot to smooth over the rough edges of the House measure, and there were many.

I also want to compliment the tenacious and effective work of the Senator from Rhode Island, Senator CHAFEE, in the conference committee. This is a better bill for their efforts.

Throughout the consideration of this bill, my primary concern has been with our Nation's children. A hungry child should be an affront to all men and women of good will.

I am at a loss to understand why the Republican leadership felt it necessary to force their caucus to vote against allowing States to provide noncash vouchers for children's food and clothing under the State's block grant. The conference report allows States to use another program for that purpose, but provides no additional funds, and has even reduced that program by 15 percent below the baseline.

It is certainly not the intention of this Senator to throw more children into poverty, or to create more want in our land of plenty. Should this legislation become law, I would hope that we monitor its effects very carefully. We are giving the States more powers and flexibility; with that will come new responsibilities. A midcourse correction may be needed 2 or 3 years hence, if the critics are right and the number of children living in poverty swells.

I am heartened, however, that the conference moderated some of the very worst of the welfare bill and retained many of the improvements added by the Senate. For example, there was the Kasich food stamp amendment that was cruel and heartless in the extreme. It limited unemployed people without kids to only 3 months of food stamps in their adult lifetime. Thank goodness cooler heads prevailed. Eligibility has now been modified to 3 months for any 3-year period, with an additional 3 months if one is laid off.

I was also most gratified that the conference retained the Chafee amendment maintaining current eligibility standards for Medicaid, as well as the Conrad amendment eliminating the food stamp block grant. These two amendments were critical to this Senator's support of the conference report. Removing them would have been tantamount to pulling the keystone from an arch. Bipartisan support for this bill would have collapsed.

I and many of my Democratic colleagues will vote for this conference report today. We do so with some misgivings, but also with the sincere hope and desire that we are helping our fellow citizens to reclaim the dignity and pride that comes from work and providing for one's family—no matter how humble the calling. I hope our efforts prove worthy of both those we are trying to help and the American people who have asked for reform.

I hear a great deal these days about ending welfare as we know it. But to this Senator, that does not mean ending our responsibility to our fellow man. It does not mean just cutting off the welfare check, and then cutting and running on our poor.

Mr. President, our responsibilities do not end with this bill. Quite the contrary. As we ask those who have been in welfare's rut to become breadwinners, it is our responsibility to provide them with a living wage through an increase in the minimum wage.

Since few minimum-wage jobs offer it, we must also help them find affordable, available, and accessible health care, especially for their children. We must assist too with education and job training to help them get and hold better jobs.

Mr. President, one final observation. I believe that this will be the sole reconciliation bill of the three promised by the Republican majority to make it to the President's desk.

Their grotesque Medicare and Medicaid bills are being locked up in the attic, out of sight of the electorate. The tax breaks may, however, be a different story. We hear rumors that, if Bob Dole's numbers plummet any further, we may see some tax breaks shoot up to the front of the legislative agenda. I am deeply concerned that the Republican majority may try to use the welfare savings we achieve today to justify their tax breaks. Some things never change.

Other things certainly have changed. Senator Bob Dole once scorned supply-siders, but Candidate Dole is now a fellow traveler. He has jettisoned the hard, dirty work of cutting spending, and now peddles comforting tales about tax cuts that pay for themselves.

They did not pay for themselves in the 1980 to 1992 period, and they will not pay for themselves between now and the turn of the century and thereafter.

These policies that they are trying to invoke once again evidently broke the bank in the 1980's. We will repeat this foolhardiness again under the new name of dynamic scorekeeping and supply-side economics. A rosy scenario is a rosy scenario by any name. I pray for the sake of our children and grandchildren that the Republican majority reclaims its wits.

The bill before us today asks those who receive a helping hand to take responsibility for their lives and to find work. I will vote for the bill. In the same vein, I ask those who have been entrusted with the fiscal responsibility of the Nation not to fritter it away. Face up to your responsibilities. Do not pander. Do not promise what cannot be delivered. Do not hide behind economic fairy tales. It will take hard work to balance the budget. It is high time that we get back to work with the rest of America and do our job right.

Mr. President, I reserve the remainder of my time.

Mr. SPECTER addressed the Chair.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. EXON. Mr. President, one further item for insertion into the RECORD.

The President yesterday delivered a statement indicating he would sign the welfare bill when it is presented to him. I ask unanimous consent that a copy of that statement be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

THE WHITE HOUSE,
July 31, 1996.

STATEMENT BY THE PRESIDENT

The PRESIDENT. Good afternoon. When I ran for President four years ago, I pledged to end welfare as we know it. I have worked very hard for four years to do just that. Today, the Congress will vote on legislation that gives us a chance to live up to that promise—to transform a broken system that traps too many people in a cycle of dependence to one that emphasizes work and independence; to give people on welfare a chance to draw as paycheck, not a welfare check.

It gives us a better chance to give those on welfare what we want for all families in

America, the opportunity to succeed at home and at work. For those reasons I will sign it into law. The legislation is, however, far from perfect. These are parts of it that are wrong, and I will address those parts in a moment.

But, on balance, this bill is a real step forward for our country, our values and for people who are on welfare. For 15 years I have worked on this problem, as governor and as a President. I've spent time in welfare offices, I have talked to mothers on welfare who desperately want the chance to work and support their families independently. A long time ago I concluded that the current welfare system undermines the basic values of work, responsibility and family, trapping generation after generation in dependency and hurting the very people it was designed to help.

Today we have an historic opportunity to make welfare what it was meant to be—a second chance, not a way of life. And even though the bill has serious flaws that are unrelated to welfare reform, I believe we have a duty to seize the opportunity it gives us to end welfare as we know it. Over the past three and a half years I have done everything in my power as President to promote work and responsibility, working with 41 states to give them 69 welfare reform experiments. We have also required teen mothers to stay in school, required federal employees to pay their child support, cracked down on people who owe child support and crossed state lines.

As a result, child support collections are up 40 percent, to $11 billion, and there are 1.3 million fewer people on welfare today than there were when I took office. From the outset, however, I have also worked with members of both parties in Congress to achieve a national welfare reform bill that will make work and responsibility the law of the land. I made my principles for real welfare reform very clear from the beginning. First and foremost, it should be about moving people from welfare to work. It should impose time limits on welfare. It should give people the child care and the health care they need to move from welfare to work without hurting their children. It should crack down on child support enforcement and it should protect our children.

This legislation meets these principles. It gives us a chance we haven't had before—to break the cycle of dependency that has existed for millions and millions of our fellow citizens, exiling them from the world of work that gives structure, meaning, and dignity to most of our lives.

We've come a long way in this debate. It's important to remember that not so very long ago, at the beginning of this very Congress, some wanted to put poor children in orphanages and take away all help for mothers simply because they were poor, young and unmarried. Last year the Republican majority in Congress sent me legislation that had its priorities backward. It was soft on work and tough on children. It failed to provide child care and health care. It imposed deep and unacceptable cuts in school lunches, child welfare and help for disabled children. The bill came to me twice and I vetoed it twice.

The bipartisan legislation before the Congress today is significantly better than the bills I vetoed. Many of the worst elements I objected to are out of it. And many of the improvements I asked for are included. First, the new bill is strong on work. It provides $4 billion more for child care so that mothers can move from welfare to work, and protects their children by maintaining health and safety standards for day care. These things are very important. You cannot ask somebody on welfare to go to work if they're going to neglect their children in doing it.

It gives states powerful performance incentives to place people in jobs. It requires states to hold up their end of the bargain by maintain their own spending on welfare. And it gives states the capacity to create jobs by taking money now used for welfare checks and giving it to employers as income subsidies as an incentive to hire people, or being used to create community service jobs.

Second, this new bill is better for children than the two I vetoed. It keeps the national nutritional safety net intact by eliminating the food stamp cap and the optional block grant. It drops the deep cuts and devastating changes in school lunch, child welfare and help for disabled children. It allow states to use federal money to provide vouchers for children whose parents can't find work after the time limits expire. And it preserves the national guarantee of health care for poor children, the disabled, pregnant women, the elderly and people on welfare.

Just as important, this bill continues to include the child support enforcement measures I proposed two years ago, the most sweeping crackdown on deadbeat parents in history. If every parent paid the child support they should, we could move 800,000 women and children off welfare immediately. With this bill we say to parents, if you don't pay the child support you owe, we will garnish your wages, take away your drivers license, track you across state lines and, as necessary, make you work off what you owe. It is a very important advance that could only be achieved in legislation. I did not have the executive authority to do this without a bill.

So I will sign this bill. First and foremost because the current system is broken. Second, because Congress has made many of the changes I sought. And, third, because even though serious problems remain in the non-welfare reform provisions of the bill, this is the best chance we will have for a long, long time to complete the work of ending welfare as we know it by moving people from welfare to work, demanding responsibility and doing better by children.

However, I want to be very clear. Some parts of this bill still go too far. And I am determined to see that those areas are corrected. First, I am concerned that although we have made great strides to maintain the national nutritional safety net, this bill still cuts deeper than it should in nutritional assistance, mostly for working families with children. In the budget talks, we reached a tentative agreement on $21 billion in food stamp savings over the next several years. They are included in this bill.

However, the congressional majority insisted on another cut we did not agree to, repealing a reform adopted four years ago in Congress, which was to go into effect next year. It's called the Excess Shelter Reduction, which helps some of our hardest pressed working families. Finally, we were going to treat working families with children the same way we treat senior citizens who draw food stamps today. Now, blocking this change, I believe—I know—will make it harder for some of our hardest pressed working families with children. This provision is a mistake, and I will work to correct it.

Second, I am deeply disappointed that the congressional leadership insisted on attaching to this extraordinarily important bill a provision that will hurt legal immigrants in America, people who work hard for their families, pay taxes, serve in our military. This provision has nothing to do with welfare reform. It is simply a budget-saving measure, and it is not right.

These immigrant families with children who fall on hard times through no fault of their own—for example because they face the same risks the rest of us do from accidents, from criminal assaults, from serious illnesses—they should be eligible for medical and other help when they need it. The Republican majority could never have passed such a provision standing alone. You see that in the debate in the immigration bill, for example, over the Gallegly amendment and the question of education of undocumented and illegal immigrant children.

This provision will cause great stress for states, for localities, for medical facilities that have to serve large numbers of legal immigrants. It is just wrong to say to people, we'll let you work here, you're helping our country, you'll pay taxes, you serve in our military, you may get killed defending America—but if somebody mugs you on a street corner or you get cancer or you get hit by a car or the same thing happens to your children, we're not going to give you assistance any more. I am convinced this would never have passed alone and I am convinced when we send legislation to Congress to correct it, it will be corrected.

In the meantime, let me also say that I intend to take further executive action directing the INS to continue to work to remove the bureaucratic roadblocks to citizenship to all eligible, legal immigrants. I will do everything in my power, in other words, to make sure that this bill lifts people up and does not become an excuse for anyone to turn their backs on this problem or on people who are generally in need through no fault of their own. This bill must also not let anyone off the hook. The states asked for this responsibility, now they have to shoulder it and not run away from it. We have to make sure that in the coming years reform and change actually result in moving people from welfare to work.

The business community must provide greater private sector jobs that people on welfare need to build good lives and strong families. I challenge every state to adopt the reforms that Wisconsin, Oregon, Missouri and other states are proposing to do, to take the money that used to be available for welfare checks and offer it to the private sector as wage subsidies to begin to hire these people, to give them a chance to build their families and build their lives. All of us have to rise to this challenge and see that—this reform not as a chance to demonize or demean anyone, but instead as an opportunity to bring everyone fully into the mainstream of American life, to give them a chance to share in the prosperity and the promise that most of our people are enjoying today.

And we here in Washington must continue to do everything in our power to reward work and to expand opportunity for all people. The Earned Income Tax Credit which we expanded in 1993 dramatically, is now rewarding the work of 15 million working families. I am pleased that congressional efforts to gut this tax cut for the hardest pressed working people have been blocked. This legislation preserves the EITC and its benefits for working families. Now we must increase the minimum wage, which also will benefit millions of working people with families and help them to offset the impact of some of the nutritional cuts in this bill.

Through these efforts, we all have to recognize, as I said in 1992, the best anti-poverty program is still a job. I want to congratulate the members of Congress in both parties who worked together on this welfare reform legislation. I want to challenge them to put politics aside and continue to work together to meet our other challenges and to correct the problems that are still there with this legislation. I am convinced that it does present an historic opportunity to finish the work of ending welfare as we know it, and that is why I have decided to sign it.

Q. Mr. President, some civil rights groups and children's advocacy groups still say that

they believe that this is going to hurt children. I wonder what your response is to that. And, also, it took you a little while to decide whether you would go along with this bill or not. Can you give us some sense of what you and your advisers kind of talked about and the mood in the White House over this?

The PRESIDENT. Sure. Well, first of all, the conference was not completed until late last evening, and there were changes being made in the bill right up to the very end. So when I went to bed last night, I didn't know what the bill said. And this was supposed to be a day off for me, and when I got up and I realized that the conference had completed its work late last night and that the bill was scheduled for a vote late this afternoon, after I did a little work around the house this morning, I came in and we went to work I think about 11:00.

And we simply—we got everybody in who had an interest in this and we went through every provision of the bill, line by line, so that I made sure that I understood exactly what had come out of the conference. And then I gave everybody in the administration who has there a chance to voice their opinion on it and to explore what their views were and what our options were. And as soon as we finished the meeting, I went in and had a brief talk with the Vice President and with Mr. Panetta, and I told them that I had decided that, on balance, I should sign the bill. And then we called this press conference.

Q. And what about the civil rights groups—

The PRESIDENT. I would say to them that there are some groups who basically have never agreed with me on this, who never agreed that we should do anything to give the states much greater flexibility on this if it meant doing away with the individual entitlement to the welfare check. And that is still, I think, the central objection to most of the groups.

My view about that is that for a very long time it's hard to say that we've had anything that approaches a uniform AFDC system when the benefits range from a low of $187 a month to a high of $655 a month for a family of three or four. And I think that the system we have is not working. It works for half the people who just use it for a little while and get off. It will continue to work for them. I think the states will continue to provide for them.

For the other half of the people who are trapped on it, it is not working. And I believe that the child support provisions here, the child care provisions here, the protection of the medical benefits—indeed, the expansion of the medical guarantee now from 1998 to 2002, mean that on balance these families will be better off. I think the problems in this bill are in the non-welfare reform provisions, in the nutritional provisions that I mentioned and especially in the legal immigrant provisions that I mentioned.

Q. Mr. President, it seems likely there will be a kind of political contest to see who gets the credit or the blame on this measure. Senator Dole is out with a statement calling—saying that you've been brought along to sign his bill. Are you concerned at all that you will be seen as having been kind of dragged into going along with something that you originally promised to do and that this will look like you signing onto a Republican initiative?

The PRESIDENT. No. First of all, because I don't—you know, if we're doing the right thing there will be enough credit to go around. And if we're doing the wrong thing there will be enough blame to go around. I'm not worried about that. I've always wanted to work with Senator Dole and others. And before he left the Senate, I asked him not to leave the budget negotiations. So I'm not worried about that.

But that's a pretty hard case to make, since I vetoed their previous bills twice and since while they were talking about it we were doing it. It's now generally accepted by everybody who has looked at the evidence that we effected what the New York Times called a quiet revolution in welfare. There are 1.3 million fewer people on welfare today than there were when I took office.

But there are limits to what we can do with these waivers. We couldn't get the child support enforcement. We couldn't get the extra child care. Those are two things that we had to have legislation to do. And the third thing is we needed to put all the states in a position where they had to move right now to try to create more jobs. So far—I know that we had Wisconsin and earlier, Oregon, and I believe Missouri. And I think those are the only three states, for example, that had taken up the challenge that I gave to the governors in Vermont a couple of years ago to start taking the welfare payments and use it for wage subsidies to the private sector to actually create jobs. You can't tell people to go to work if there is no job out there.

So now they all have the power and they have financial incentives to create jobs, plus we've got the child care locked in and the medical care locked in and the child support enforcement locked in. None of this could have happened without legislation. That's why I thought this legislation was important.

Q. Mr. President, some of the critics of this bill say that the flaws will be very hard to fix because that will involve adding to the budget and in the current political climate adding the expenditures is politically impossible. How would you respond to that?

The PRESIDENT. Well, it just depends on what your priorities are. For one thing, it will be somewhat easier to balance the budget now in the time period because the deficit this year is $23 billion less than it was the last time we did our budget calculations. So we've lowered that base $23 billion this year. Now, in the out years it still come up, but there's some savings there that we could turn around and put back into this.

Next, if you look at—my budget corrects it right now. I had $42 billion in savings, this bill has about $57 billion in savings. You could correct all these problems that I mentioned with money to spare in the gap there. So when we get down to the budget negotiations either at the end of this year or at the beginning of next year, I think the American people will say we can stand marginally smaller tax cuts, for example, or cut somewhere else to cure this problem of immigrants and children, to cure the nutritional problems. We're not talking about vast amounts of money over a six year period. It's not a big budget number and I think it can easily be fixed given where we are in the budget negotiations.

Q. The last couple days in these meetings among your staff and this morning, would you say there was no disagreement among people in the administration about what you should do? Some disagreement? A lot of disagreement?

The PRESIDENT. No, I would say that there was—first of all, I have rarely been as impressed with the people who work in this administration on any issue as I have been on this. There was significant disagreement among my advisers about whether this bill should be signed or vetoed, but 100 percent of them recognized the power of the arguments on the other side. It was a very moving thing. Today the conversation was almost 100 percent about the merits of the bill and not the political implications of it. Because I think those things are very hard to calculate anyway. I think they're virtually impossible.

I have tried to thank all of them personally, including those who are here in the room and those who are not here, because they did have differences of opinion about whether we should sign or veto, but each side recognized the power of the arguments on the other side. And 100 percent of them, just like 100 percent of the Congress, recognized that we needed to change fundamentally the framework within which welfare operates in this country. The only question was whether the problems in the non-welfare reform provisions were so great that they would justify a veto and giving up what might be what I'm convinced is our last best chance to fundamentally change the system.

Q. Mr. President, even in spite of all the details of this, you as a Democrat are actually helping to dismantle something that was put in place by Democrats 60 years ago. Did that give you pause, that overarching question?

The PRESIDENT. No. No, because it was put in place 60 years ago when the poverty population of America was fundamentally different than it is now. As Senator Moynihan—you know, Senator Moynihan strongly disagrees with me on this—but as he has pointed out repeatedly, when welfare was created the typical welfare recipient was a miner's widow with no education, small children, husband dies in the mine, no expectation that there was a job for the widow to do or that she ever could do it, very few out-of-wedlock pregnancies and births. The whole dynamics were different then.

So I have always thought that the Democratic party should be on the side of creating opportunity and promoting empowerment and responsibility for people, and a system that was in place 60 years ago that worked for the poverty population then is not the one we need now. But that's why I have worked so hard too to veto previous bills. That does not mean I think we can walk away from the guarantee that our party gave on Medicaid, the guarantee our party gave on nutrition, the guarantee our party gave in school lunches, because that has not changed. But the nature of the poverty population is so different now that I am convinced we have got to be willing to experiment, to try to work to find ways to break the cycle of dependency that keeps dragging folks down.

And I think the states are going to find out pretty quickly that they're going to have to be willing to invest something in these people to make sure that they can go to work in the ways that I suggested.

Yes, one last question.

Q. Mr. President, you have mentioned Senator Moynihan. Have you spoken to him or other congressional leaders, especially congressional Democrats? And what was the conversation and reaction to your indication?

The PRESIDENT. Well, I talked to him as recently, I think, as about a week ago. When we went up to meet with the TWA families, we talked about it again. And, you know, I have an enormous amount of respect for him. And he has been a powerful and cogent critic of this whole move. I'll just have to hope that in this one case I'm right and he's wrong—because I have an enormous regard for him. And I've spoken to a number of other Democrats, and some think I'm right and some don't.

This is a case where, you know, I have been working with this issue for such a long time—a long time before it became—to go back to Mr. Hume's question—a long time before it became a cause celeb in Washington or anyone tried to make it a partisan political issue. It wasn't much of a political hot potato when I first started working on it. I just was concerned that the system didn't

seem to be working. And I was most concerned about those who were trapped on it and their children and the prospect that their children would be trapped on it.

I think we all have to admit here—we all need a certain level of humility today. We are trying to continue a process that I've been pushing for three and a half years. We're trying to get the legal changes we need in federal law that will work to move these folks to a position of independence where they can support their children and their lives as workers and in families will be stronger.

But if this were an easy question, we wouldn't have had the two and a half hour discussion with my advisers today and we'd all have a lot more answers than we do. But I'm convinced that we're moving in the right direction. I'm convinced it's an opportunity we should seize. I'm convinced that we have to change the two problems in this bill that are not related to welfare reform, that were just sort of put under the big shade of the tree here, that are part of this budget strategy with which I disagree. And I'm convinced when we bring those things out into the light of day we will be able to do it. And I think some Republicans will agree with us and we'll be able to get what we need to do to change it.

Thank you.

The PRESS. Thank you.

The PRESIDING OFFICER. The Senator from New Mexico is recognized.

Mr. DOMENICI. I understand Senator SPECTER is next, and I might ask, will the Senator yield me 1 minute without losing his right?

Mr. SPECTER. I do.

Mr. DOMENICI. Mr. President, if I was representing President Clinton, as my good friend from Nebraska has, I would be trying to divert attention to what Senator Dole might do. I would be diverting attention away from Senator Dole who might cut taxes for the American people because, speaking of a dismal record, the President seeks to hide behind a statistic that says we have had great economic growth. But the big fairy tale, to borrow a word from my friend from Nebraska, is that we have had the second lowest productivity growth in 50 years; real-wage growth is the lowest in 32 years; stagnant family incomes like we have never seen; tax burdens have risen sharply, almost 1 whole percent more of tax burden on the American people.

That is why they do not think we are doing very well. That is why they say: What is happening to our salaries and our wages?

Now, having said that, clearly if I had that record, I would be worried and trying to set up a smokescreen as to what Bob Dole might do when they do not even have the slightest idea what Bob Dole is going to do; he has not told anyone. We anxiously await a plan which will dramatically improve these kinds of economic facts. That is what we hope for.

I thank the Senator for yielding time to me.

Mr. SPECTER addressed the Chair.

The PRESIDING OFFICER. Who yields time to the Senator from Pennsylvania?

Mr. DOMENICI. I have already yielded to him in sequence. I stated it, but I did not state how much time.

Mr. SPECTER. I may be able to do it in less than the 20 minutes I request. I will try to.

Mr. DOMENICI. I hope the Senator will try. The Senator is yielded up to 20 minutes.

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized.

Mr. SPECTER. Mr. President, I support the welfare reform bill with substantial reservations. I support the welfare reform bill because I think it is our best chance to break a pattern which has existed for decades where people rely upon welfare and find themselves dependent upon welfare and have no way to break out of the welfare cycle, the welfare chain to find jobs. I believe this legislation, while far from perfect—it does not contain many amendments that I voted for—is the best chance to do it at this time.

This legislation has advanced to this stage with substantial bipartisan support; 23 of 46 Democrats voted for this bill. The President of the United States has stated his intention to sign the bill when it reaches his desk if the conference report is passed. It seems to be a very high probability.

One of my colleagues on the Republican side has voted against the bill because it is not tough enough, not strong enough in limiting welfare benefits. Those are some of the indicators that this bill perhaps is, if not balanced, about as good a job as we could do given the problems of our society and given the problems of a campaign year.

I think it does not advance our cause at all to talk about Bob Dole and Willy Loman or to talk about a Republican majority coming to its wits, but, instead, to try in a bipartisan way to fashion welfare reform which will serve the American people, which will help take those on welfare off welfare, because I think it is certainly true that people on welfare would much rather have a job and not be on welfare, and to try to take away the burden of this entitlement on our society.

The issue of welfare reform is something which this Senator has been concerned about for a long time. In the 99th Congress, I cosponsored S. 2578 and S. 2579 with Senator MOYNIHAN, those bills being directed toward improving the welfare system. In the 100th Congress, I introduced similar legislation on a bipartisan basis with Senator DODD, and then worked closely with Senator MOYNIHAN on the legislation that first became comprehensive welfare reform on the 1988 Family Welfare Reform Act, which was signed by President Reagan.

This year, after welfare reform had faded from the picture, after the President's vetoes, I joined my colleague from Delaware, Senator BIDEN, on June 12 in introducing bipartisan legislation captioned S. 1867, which was an identical bill to a bipartisan bill introduced by Congressman CASTLE and Congressman TANNER in the House.

The Biden-Specter bill was not successful, nor was the Chafee-Breaux proposal successful, both of which would have eased the problems for children and eased the problems for immigrants, and I think made for a more orderly transition on welfare reform.

I regret very much that Senator BREAUX's amendment did not pass, Senator BREAUX's amendment being directed to provide vouchers for children beyond the 5 years. Senator FORD's amendment did not pass. It was a narrow vote. I supported it. It would have provided noncash benefits after 5 years.

We have crafted a bill here which takes out a good bit of the inflexibility which was presented in the legislation by the House of Representatives and comes somewhat close to the bill which passed the Senate last year by a lopsided vote of 87 to 12.

Mr. President, this bill does provide an opportunity for those who are on welfare to take a job which they would have never taken before because there are many jobs which pay less than their welfare benefits. Why would someone take a job which pays less than their welfare benefits? They stay on welfare.

This legislation, going to a core issue, will provide an opportunity for someone to take a job which pays less than welfare, which that individual would not now take since welfare pays more, because there will be flexibility to add a supplement, so that there will be a supplement from welfare funds, which means the welfare payment is less and the individual will be getting more with his lower wage in the private sector and the welfare supplement, and will have the benefit of Medicaid where the employer does not pay health benefits. So there is an opportunity to move from the welfare roll to the payroll.

This legislation provides that able-bodied individuals will be limited as to how long they can be on welfare, receiving 2 years of assistance if they are not working; lifetime benefits are limited to a maximum of 5 years, but the States do have flexibility to provide a hardship exemption up to 20 percent of the State's caseload if those requirements are not met. This, I think, is realistically calculated to encourage able-bodied men to work.

With respect to finding jobs, there is job training provided and flexibility to the States, and the States are given substantial incentive to take individuals off the welfare rolls.

This legislation also moves to a core problem of teenage mothers who are on welfare with the requirement that they live at home unless there is some showing that there is brutality at home or something which is incompatible with living at home. But the teenage mothers are required to live at home. They are required either to be in school or on jobs or in job training, and there is a very substantial amount of funding in this bill for child care so that mothers can realistically do that.

There are some provisions in this legislation which I think should have been

corrected. I think the amendments offered to leave noncitizens on the welfare rolls and apply the limitations only to the future would have been more sensible so people who come into the United States would have notice that they are not going to have the benefits. I think the moratorium which was suggested on Medicaid benefits would have been sensible.

This bill provides for tough enforcement measures for child support, so parents have an obligation to support their children.

When you take a look at this legislation in its totality, it is a step in the right direction. It has been crafted in a contentious political year where there are deep political divisions in the Congress, so there is a substantial block of Democratic support—23 Democrat Senators having voted for it; an equal number on the other side. The President, a Democrat, has stated his intention to sign the conference report. There is very substantial support on the Republican side, with one Republican Senator having voted against it because it gives too much to welfare recipients. But there is a real need to move ahead, to try to give people an opportunity to have jobs.

During my tenure as district attorney of Philadelphia, I saw many people in that big city trapped in the welfare cycle. I think, when they have an opportunity to take a job which is a low-paying job, they are not going to take it today if they lose medical benefits under Medicaid and they get less on the low-paying job than they have on welfare. But, when you have flexibility with the States—and there are many examples where the States have moved ahead on a flexible system, Wisconsin, illustratively, Michigan, illustratively, and other States. Governor Thompson is ending welfare, not just talking about it but ending welfare in 1997—this welfare bill goes a substantial distance.

I know it is going to result in some holes in the safety net. But we will have an opportunity to revisit those issues. But taken as a whole, my view is it is a significant step forward, and that is why I am supporting it.

I yield the remainder of my time and yield the floor.

The PRESIDING OFFICER. Who yields time to the Senator from Illinois? The Senator from Illinois is recognized.

Ms. MOSELEY-BRAUN. Mr. President, I understand the Senator from Nebraska is not on the floor as yet.

The PRESIDING OFFICER. The Senator may yield herself time.

Ms. MOSELEY-BRAUN. I will do so.

Mr. EXON. Will the Senator yield for a question?

Ms. MOSELEY-BRAUN. I yield to the Senator from Nebraska for a question.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. Mr. President, I thank my colleague for yielding. Before she starts in on her speech, which I assume is on her objection to the welfare bill, but she may be talking about economics because she has been very much involved in things that we need to do to shape up America, I want to ask her a question. Did the Senator hear when the Senator from New Mexico made quite a point in answer to my dissertation on supply-side economics and skyrocketing deficits that have been corrected and turned around by President Clinton? He was complaining about the productivity of America.

If we want to look at the productivity of America, I think we ought to put that in terms that people can understand: not productivity, but job growth. The percentage of change on an annual basis during the Reagan/Bush years—and I think it is consistent because I talked about the Reagan/Bush years and the skyrocketing deficits that were created then—all during those Reagan/Bush years, the private sector job growth was 1.6 percent. Under President Clinton it is 2.9 percent. That says something about productivity, does it not?

Does that not say also something about jobs and job creation, which is what the economy is all about?

Ms. MOSELEY-BRAUN. It certainly does.

Mr. EXON. I thank my friend from Illinois.

Ms. MOSELEY-BRAUN. Mr. President, I say to my colleague from Nebraska, my colleague referenced the fact that I am kind of an armchair economist. I like these issues. But I must tell you, I find it more than a little ironic on a day on which we are talking about how well the American economy is doing, we are declaring defeat and failure on our response to poverty and throwing in the towel on poor children in America.

I point out, in the first instance, I have heard a lot of discussion about the numbers pertaining to this welfare "reform" debate, about how much money is being spent. For the general public, it sounds like an awful lot of money because that is what we do here. We talk about a budget that is almost $2 trillion. So the numbers associated with welfare, which impacts very dramatically on the lives of the most vulnerable people in our society, sound like an awful lot of money. Still, all told, those numbers relate to about—well, actually less than 1 percent of the Federal budget. It is 1 percent of the Federal budget, but that has an impact on Americans, particularly American children who are poor, greater than the other 99 percent that we spend. I just want to put that in context.

Mr. President, the French have an expression, if I may in my broken French, "plus ca change, plus c'est la meme chose," and it means essentially the more things change the more they remain the same. The fact of the matter is, this bill no more warrants the title "reform" than any of its predecessors. This bill is still an abomination, which is what I called the previous bill, and I intend to vote against it for precisely that reason—and I keep coming back to the question, and no one has answered the question: What about the children? What happens to them when all is said and done, with all the cuts and the changes that we are making in this legislation?

When I talk about the children, I talk about them in the context that, again, welfare is simply a response to poverty. The system is broken. It needs to be reformed and fixed. The problem, however, is that, that is not what this bill does. Welfare reform should not be about pushing people, and pushing children particularly, into poverty.

The Urban Institute has concluded that 1.1 million children will be thrown into poverty by this bill. Estimates for previous welfare bills passed by the Congress were 1.5 million children thrown into poverty. Now 1.1 million is less than 1.5 million, but it is still too many. The earlier Senate bill would have cut off 170,000 children in my home State of Illinois because their families had reached the time limits. That is about 28 percent of the children presently receiving the AFDC subsidy in my State.

I want to talk about AFDC again, the misconceptions and the welfare mythology, because there has been a whole lot of conversation about how this system is broken, let us turn it over to the States, let us let them do it. That is where I come back to the notion that we have "been there, done that." This is called "back to the future."

I have to mention that the Presiding Officer and I worked together, when we first got here, on the whole question of unfunded mandates and the relationship between State and Federal Government. But it is precisely that relationship that is at the base of the debate going on here. For those who do not know the history, I want to refer my colleagues to the history of what happened before we had a national safety net for poor children in this country.

I have referenced previously this issue, I am looking at the spring 1995 issue of Chicago History magazine. I want to read the title of the article, "Friendless Foundlings and Homeless Half-Orphans." I never read the first line, which I think I will share with my colleagues. It says:

> In 19th century Chicago, the debate over the care of needy children raised issues of Government versus private control and institutional versus family care.

Mr. President, that is exactly the argument I have heard all day long on this welfare debate in this Senate today. So we are facing some of the same issues and some of the same questions that came up in our country 100 years ago.

Let me show you what State flexibility got us last time, Mr. President. The last time we had State flexibility, we had children sleeping in the streets, which was the first poster.

Here is another one. This is another part of the experiment, again, the history that people maybe have forgotten. The fact is, they were scooping children up from the alleys in New York, shipping them to Rockford, IL, and auctioning them off. This is what happened with poor children.

This is the "Asylum Children":

A company of children, mostly boys, from the New York juvenile asylum will arrive in Rockford, IL, and remain until evening. * * * they are from 7 to 15 years of age. * * * Homes are wanted for these children with farmers. * * *"

This is the response States came up with before we had a national safety net.

I have another poster which another response by states called the orphan trains. To be candid, maybe Speaker GINGRICH really had studied the history when he talked about we will just have to put these kids in orphanages. That is what happened at the turn of century. They took children from the alleys of New York, put them on trains and took them out West to give them homes. Some are still living and can give testimony to what happened before we had a national safety net for poor children in this country, and getting rid of that safety net is what this so-called welfare reform is all about. We are rending that safety net apart just because it has not worked.

Mr. President, I submit to you, it may not have worked, but we can do better by way of reforming it. This is not reform. Real welfare reform would mean we give people jobs, we give them some way to work, we give them some way to take care of themselves, we give them some way to take care of their children. That would be real welfare reform. That is not what this legislation does.

Mr. DOMENICI. I wonder if the Senator will yield for a question.

Ms. MOSELEY-BRAUN. Only if it will not take from my 20 minutes.

Mr. DOMENICI. I ask it be on my time.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. In all those cases you described, 1900 in Chicago, 19th century, do you have any idea how much the States and the National Government was spending on these kinds of poor people then?

Ms. MOSELEY-BRAUN. It depended on the State. In fact, I commend the article to my colleague. What they say here is depending on the State—some States had better programs for handling poor children than others—in fact, one of the tragic things about it, and I was kind of ashamed, my State of Illinois did not do well with poor children.

Mr. DOMENICI. I was wondering if you knew how much we were going to be spending on these programs, including food stamps, which is an entitlement. One-hundred thirty billion dollars.

Ms. MOSELEY-BRAUN. I say to my colleague, I am prepared to debate this with you, but, in the first place, again, that is less than 1 percent of the budget. We spend that much in an afternoon on some other programs that I know my esteemed colleague supports. But I also point out to my colleague that this bill cuts $54 billion from these programs over the next 6 years in the name of welfare reform, with most of the cuts coming out of food stamps and coming out of help for legal immigrants.

The real problem, Mr. President, is that this bill is not designed to move people from welfare to work. There is not an adequate investment in child care, in job training or in job creation, factors which are critical to moving people into the work force.

Instead, this bill is arguably about saving money. The $54 billion cut simply represents, and I again go back to unfunded mandates, a shift in funding from the Federal to the State and the local governments. Poor people are not going to go away the day this legislation goes into effect, and in light of the fact we have failed to provide for any employment, we have failed to create any jobs, we have failed to provide adequate child care funding, we have failed to address the fundamental causations of poverty, the fundamental reasons they are poor to begin with, e.g., they do not have a job to take care of themselves. And, we are talking about the able-bodied, people. Unfortunately, the fine print of this bill also has an effect on non-able-bodied people as well.

Nonetheless, the fact is, with regard to able-bodied, anybody who can work should work, and anybody who can work ought to take care of their own children. But this bill makes no provision for that, and that is the fundamental problem. On October 1, the effective date of this legislation, there still will be areas in this country with excessive poverty and excessive unemployment. Those people, Mr. President, are not going to go away.

I point out that the Congressional Budget Office has said that most States will not and cannot meet the work requirements in this bill. That alone should tell us that something is wrong with this picture. If the work requirements are not met, and that means the people do not have jobs and families then get cut off because of the time limits in the bill, then what happens? What do these people do with their children?

Do we put them on trains and send them out West? Do we scoop them out of alleys and auction them off? What are we going to do with the children? That is the essential question that has not been answered: What happens to the children once the time limits are reached, once the assistance is cut off?

There is no provision for them. Even assuming for a moment the 20-percent cushion that is given in here, the kind of hardship exemption that States can use or the title XX funding, the entire program along with the title XX funding are cut about 15 percent in this bill. This entire thing is predicated on cutting money. So you are talking about less money for a problem that is going to result in the great unanswerable about what it is we do with children.

Are we going to have the State and local governments pick up the costs associated with the children of the jobless poor? Or are we going to then say, "Well, private charities can pick it up"? What do we do about these children?

And then, Mr. President, and this is where we get to Speaker GINGRICH's remark about orphanages, what do you do when you have someone who has reached the time limit, has children, still does not have a job and cannot feed those children? Do we then start child custody cases in the State courts of this Nation? Do we then put them in orphanages, as the Speaker suggested? No one has answered that question.

Mr. President, I have a friend who is a juvenile court judge back in Illinois, and she tells me that she already is seeing cases that come in as child neglect cases which really are a reflection of people who do not have enough money to take care of their children. She is seeing that happen already.

Mr. President, this legislation that we are calling by the misnomer of "reform" is going to exacerbate that problem. This bill does not provide enough money for people to go to work. It does not provide any job training, it does not provide any jobs, it does not provide any education, it does not provide adequate child care, and we are going to see an increase in costs passed along to State and local governments.

On the child care question, are we now going to also see an increase in latchkey kids and "home alone" children, because the bill requires for those who do get employed that they go work. So if you are able-bodied and can find a job, you must, under this legislation, come off welfare, you have reached the limit, you have to go to work. What if you have a 3-year old child? Where does that child go? There is inadequate money, as the Presiding Officer, I know, is well aware, inadequate money to pay for child care.

The Governors and the mayors will discover that this bill, which in the beginning looked like it offered them something significant, is really a Trojan horse. We are going to deliver to the Governors and the mayors the responsibility for masses of poor children that we, as national legislators, do not want to face.

I ask unanimous consent to have printed in the RECORD a letter from the National Association of Counties urging us to vote against this welfare bill because, and I quote, "counties will bear the brunt of the cost shift and will be left with only two options: to cut essential services, such as law enforcement and fire protection, or to raise local taxes."

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

NATIONAL ASSOCIATION OF COUNTIES,
Washington, DC, July 30, 1996.

DEAR SENATOR: The National Association of Counties (NACo) urges you to vote against the conference agreement on welfare reform (H.R. 3747). If this bill is enacted, counties will bear the brunt of the cost shift and will be left with only two options: to cut essential services, such as law enforcement and fire protection, or raise local taxes. Counties are already developing more efficient welfare programs, but there is no way we can absorb the federal government's costs all at once.

NACo has long standing policy supporting the entitlement nature of Aid to Families with Dependent Children (AFDC) and opposing funding caps including those in the legislation. Ending the entitlement for AFDC essentially dismantles the federal safety net for children.

We also oppose the denial of benefits to legal immigrants. NACo has consistently opposed denying Supplemental Security Income and Food Stamps to this population. These provisions will disproportionately affect counties in states with large immigrant populations. The California State Association of Counties estimates that the legal immigrant exclusions will cost California counties more than $10 billion over six years.

Counties are also deeply concerned about the legislation's work requirements. Because of the funding cap, the bill lacks the sufficient funds to meet these requirements and operate welfare to work programs efficiently and could result in substantial unfunded mandates. Minnesota counties alone said that they would need to spend about $44 million to meet the work requirements for FY 1997. Since the participation rates increase every year, this cost will increase as well. Able-bodied individuals should be expected to work, but effective programs require substantial initial investments and counties cannot be expected to pick up the full costs.

The bill will ultimately shift costs and liabilities, create new unfunded mandates upon local governments, and penalize low income families. NACo therefore urges you to vote against the conference agreement.

Sincerely,

MICHAEL HIGHTOWER,
President.

Ms. MOSELEY-BRAUN. Mr. President, no one is here to argue that the current welfare system is a wonderful and perfect response to poverty. It is not. We do want to encourage independence. We do want to encourage family structure. We want to discourage illegitimacy, give people an opportunity to come together, create families, raise their children and take care of them themselves.

We want to inspire hope in our people. We want to lift Americans out of poverty. Poverty should be something we have conquered in this great Nation with such a healthy economy as we heard tell about today. But we have not gotten there.

As we tinker with this situation, as we try to work this situation, we cannot just say we are going to slash the money, cut the money, send it to the States and try to do reform on the cheap, which is what this bill does. Governor Thompson—and it has been talked about as the great welfare experiment out of Wisconsin—Governor Thompson acknowledges that welfare reform has to encompass jobs, child care, and creation of real opportunity for people. That costs money. You cannot do it on the cheap. And that is not what is in this legislation.

Believe it or not, Mr. President, I actually pray that this approach is going to work. I mean, it is hard to say. I pray it will because, quite frankly, I do not want to see the harm that this history suggests that we are about to visit again. I do not want to see this happen to anybody, particularly poor children in a country as great as ours.

But I have to tell you something. I believe that it is a fundamentally flawed premise that if you simply stop giving people assistance, if you stop helping them with their subsistence, they will go to work and stop having babies. If this bill cures illegitimacy, dependency, joblessness and hopelessness, I will congratulate my colleagues who support this legislation. However, Mr. President, I tell you it is not likely to happen.

For all of the rhetoric about reforming the welfare system and helping the poor take care of themselves, this bill provides nothing—nothing—to help them get there. Cutting the income of the poorest Americans will not reduce the number of poor babies. It will not. It is not likely that we will cure the problem of dependency by just cutting people off and telling them their children's needs can just fall off the edge of the Earth. That is why the legislation is so flawed.

Mr. President, I also question whether or not the savings in this bill coming from food stamps and the elimination of benefits for illegal aliens is going to help move people from dependency to independency. I doubt this legislation is going to do anything about providing protections for children after all title XX, the social services block grants, are cut in this legislation by some 15 percent.

So we are doing, I think, great harm to children. There are some, Mr. President, who suggest that this bill is not perfect, that we can fix the flaws later. I do not think, Mr. President, that it is appropriate for us to play games and to be so generous with the suffering of the poor, with the potential and the effect on their lives this legislation suggests. We do not have the luxury of guessing in this area and making policy based on mythology and not on fact. This system may be broken, but the fact is that it affects the lives of real people.

We have been talking in this Chamber about the States and their interests, about the system and how it operates or does not operate. The fact is, they are real people, real lives and real faces and real feelings and children who deserve a chance in this, the greatest country on the planet.

We are not giving them this chance, Mr. President, with this legislation. That is why I do not believe that we can call this reform in good conscience. I believe that, unfortunately, this is again back to the future, to the politics of 100 years ago, where we saw this happen before in history. They were not any more or less compassionate than we are today.

This Senate does not hold a monopoly on vision or compassion or political will. The fact of the matter is, we are responding, this legislation is a response to the same political will that existed at the time.

We have met the challenge of poverty, and we have declared failure, and we have declared retreat. I think that is a real ironic situation for us to face in light of the good economic news that was given today.

In closing, Mr. President, I say to you this. I hope that the political calculation that says that we can experiment like this based on the vulnerability and the lack of political clout of people who do not vote or who cannot vote, I believe that that is political expediency. It does a disgrace to the well intentions of the Members of this body.

I know this bill is going to pass. It has the votes. And this is my third time giving a speech on this subject. But I can tell you, Mr. President, we are going back to the future. This is history repeating itself. And all we can do is pray that the harm to the children does not become what everything tells us it is likely to be. I yield to the Senator from Washington.

Mr. GORTON addressed the Chair.

The PRESIDING OFFICER. Based on a previous agreement, the next Senator to be recognized would be the Senator from North Carolina. The Senator from Washington, as the floor manager, is recognized.

Mr. GORTON. Mr. President, that is correct. I think we do have an agreement to go back and forth. And just simply for——

Ms. MOSELEY-BRAUN addressed the Chair.

The PRESIDING OFFICER. The Senator from Illinois.

Ms. MOSELEY-BRAUN. Except, I say to my colleague from Washington, I believe, Mr. President, I had 20 minutes allocated to me. I do not believe I have used up the 20 minutes.

The PRESIDING OFFICER. All time has expired.

Ms. MOSELEY-BRAUN. All time has expired? All right. Thank you.

Mr. GORTON. Mr. President, just for Republican purposes, the next four Republicans listed in order are Senators FAIRCLOTH, GRASSLEY, CHAFEE and GREGG in that order. But, as I understand, we go back and forth. So after Senator FAIRCLOTH, the Democrat will be—is that Senator BRADLEY or Senator BOXER? Senator BRADLEY.

I yield 10 minutes to the Senator from North Carolina.

The PRESIDING OFFICER. The Chair may clarify. The Democratic order would be the Senator from New Jersey, then the Senator from North Dakota, the junior Senator from the State of Washington, and then the Senator from Montana.

Mr. BRADLEY addressed the Chair.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. BRADLEY. Mr. President, it is my understanding that after I speak.

then it would be the Senator from California. I know the Senator from New Jersey speaks after the Senator from North Carolina. The Senator from North Carolina shall speak, and then I will speak.

The PRESIDING OFFICER. The Senator from North Carolina is recognized for 10 minutes.

Mr. FAIRCLOTH. Mr. President, I had asked for 15 minutes. I see I was allocated 10. I think that will probably handle it. But I had been granted 15.

Mr. GORTON. If the Senator would yield, we are beginning to run out of time. The next three Republicans are even going to get 10 minutes. So we hope the Senator can do it in that.

Mr. FAIRCLOTH. I hope I run out of speech before I run out of time.

Mr. President, I said many times, and many times over, that in this welfare debate we have not addressed the root cause of welfare, and that is illegitimacy. The root cause of welfare dependency is illegitimacy. Until we address that, we will not have addressed the root cause of welfare. And my belief has only been strengthened by what I have seen during this year of welfare debate.

Some of the weaker points in the welfare bill have been strengthened by the conference. The conference report contains a provision for work for welfare recipients, a concept known as pay for performance. If you have ever heard of anything ludicrous, it would be being paid not to perform work. Only in the Federal Government, only in the welfare system could anybody conceive of not having to work to get paid, where that would be an unusual concept that you had to require pay for performance. It is incomprehensible to me that anybody would be paid that did not perform.

To truly reform welfare, we have to reverse the current welfare policies which subsidize and promote self-destructive behavior and illegitimacy. These policies are and have destroyed the family.

This conference report will serve as a good starting point for changing welfare in a culture that is based entirely on a system of personal responsibility. That is where we need to return to—a system based on personal responsibility.

I have heard several times here today that we could correct the mistakes in this bill at a later date. I think by correcting mistakes, they meant make it a softer, weaker bill. I hope we will correct the mistakes by making it a stronger, better bill and put more emphasis on personal responsibility.

I had hoped this bill would contain, like a previous conference report, a provision known as the family cap. In plain language, the family cap says that if you are a welfare recipient drawing AFDC and have more children, you do not get more money for having more children.

We did not put that in this bill. We absolutely should have. It is one of the glaring weaknesses of it, that you can continue to have children and continue to be paid by the taxpayers. The middle class American family that wants to have children has to prepare, to plan, to save, to accept, to take on the responsibility of having children. At the same time, we are taking their tax money to support these people who are not accepting personal responsibility and having children, on and on and on. We are taxing the working people that plan to have children. We are taking their money to pay for this irresponsible behavior.

Today, more than one in every third child is born out of wedlock, and in many communities it can go up to 85 percent. Children born out of wedlock are three times more likely to be on welfare when they become adults, and children raised in single-parent homes are six times more likely to be poor and twice as likely to commit crimes.

It is clear that the cost of this has become an extreme burden on the American people. Each year, half a million children are born to teenage mothers. Over 75 percent of these occur out of wedlock. The estimated cost to the American people, our taxpayers, are $29 billion to care for society's part in child-bearing adolescents under 18. That is the stated cost to the American people.

I commend the conferees who were able to restore an important provision of the bill. This is the funding for the abstinence education program which I initially offered as an amendment to our first Senate bill. Abstinence education has worked in those counties, cities, and States that have put it in. It has done as much or more to break the cycle of out-of-wedlock pregnancies and teenage welfare recipients as anything we have done. I plan to continue to promote this program and to introduce it again in later bills.

After 30 years of the so-called Great Society, we are on the verge of passing legislation that will return welfare to what it was supposed to have been 50 or 60 years ago. Actually, when it was first began, it was temporary help for responsible individuals who had fallen on hard times. It is no longer that. We have converted it to a way of life in which generation after generation after generation receive welfare. It is not temporary help for those people who have had a hard time. No, we have taxed these people; we have spent $5.2 trillion to create the worst system that was ever made. Nobody likes it. It is long since time that we change what we have been doing. It is not designed for people on hard times. It is designed as a way of life for people who choose not to work.

With the $5.2 trillion we put into it—$5.2 trillion is very close to the exact amount of our national debt—we have more poverty than we had when we started. When we started this program of AFDC about 33 or 34 years ago, less than 7 percent of the children were born out of wedlock. By subsidizing illegitimacy, we now have it to over 37 percent of the children, and it is rapidly rising. It is even agreed by the President that it will soon exceed 50 percent of the children in this country.

It is long since time that we do something about it. This bill makes a start. This bill makes a start. We are going to see the States that fully implement the work requirements, that fully implement the requirements that people work for their welfare, they are going to see such a great response and reduction in their welfare rolls until they will be applauded, and the other States will attempt to emulate and copy what they are doing.

I hope most of the States will take advantage of the opportunity given them to cut their welfare rolls, and they will see a dramatic reduction and the other States will attempt to emulate.

The real test ahead will be changing the lives of today's welfare recipients by helping them become self-sufficient and ensuring that fewer and fewer people will come to need welfare. That is the real purpose of what we are trying to do, bring people to accept personal responsibility. I believe this bill will do it. I intend to support it.

The PRESIDING OFFICER (Mr. THOMPSON). The Senator from New Jersey.

How much time does the Senator yield himself?

Mr. BRADLEY. I yield myself 9 minutes.

Mr. President, this conference report on welfare reform is a politician's dream, a poor person's nightmare, and a continuing source of anger and frustration for the taxpaying public that wants real welfare reform.

First, what about the politician's dream? Welfare, AFDC, $15 billion out of a $1.5 trillion budget has been a political football in this country for generations; in some cases, a racialized political football, as politician after politician created in the mind of the public the idea that black women had children so they could collect $64 per month for that third child in New Jersey. This bill allows those politicians, those Federal politicians, to end welfare and claim they will end poverty and illegitimacy and mind-numbing bureaucracy with one stroke. You can send a signal to multiple constituencies under this welfare reform bill.

Mr. President, this bill is a poor person's nightmare. The Urban Institute says, as a result of this bill, there will be 2.6 million more people in America living in poverty, 1.1 million more children living in poverty, and they will be living 20 percent deeper in poverty. The gap between their income and the poverty level will be 20 percent lower.

We say to send it back to the States and they can take care of it. Mr. President, you have an economic downturn in the States, and they have a fixed amount of this money in a block grant. There is nothing that prevents them from cutting this poor person's grant

more, cutting benefits, saying you cannot go beyond 3 years, 2 years, 1 year. There are no requirements that we put in this bill. It is a poor person's nightmare.

Mr. President, it is a continuing source of anger and frustration for our taxpaying public that wants real welfare reform. When the public hears "end welfare as we know it," they think "end welfare." When people hear that people are going to have to work for welfare, they believe what politicians say—beware. If you believe what politicians say in this bill, that you have to work for welfare, imagine how surprised those individuals who have believed the politicians' rhetoric about work and welfare, imagine how surprised they are going to be when they find out that States can pay about a $50 bounty per person instead of putting money up to put people to work.

The nonpartisan Congressional Budget Office says that most States will simply ignore the request to put people to work and instead pay the 5 percent, $50 penalty for the failure to meet the work requirements. It will pay them to do that.

Just taking one example, the biggest city, New York City, which operates the largest work program in this country. Only 32,000 welfare recipients are in it out of 850,000 New Yorkers on welfare. The reason? Not because they do not want to do it—lack of money to create jobs.

The mayor of New York City said that to meet the work requirements in the bill, the city would need $100 million more than it will receive in this block grant. It can't do it, and so it will pay less, pay the $50 bounty per person, to get out from under that work requirement. The politicians who claim the bill will put people to work will suddenly discover a lot of people are not working.

Imagine, there are those who think this bill will promote marriage. This bill will not promote marriage at all. This bill will not promote two-parent families. This bill will not promote reward for marriage. This bill will not promote reward for work or penalties for additional children. This bill will not change the face of the bureaucrat that sits in his or her State office listening coldly to whatever is said, responding in a way that is at least insensitive and often demeaning. This bill will not change that.

Imagine you are a taxpaying citizen in a State that has tough economic times. The State will have a lot more people on welfare, and their block grant may not cover them. The only way you are going to get more is by raising taxes. Imagine how you would feel when a State three or four States over from you is in good times and it gets its block grant and only has to deploy 80 percent to welfare and can use the rest to give its citizens tax cuts. That is why you need a national program, not a program of block grants.

For those who believe in this remarkable federalism, anybody who thinks the State legislatures in Trenton, Albany, Sacramento, or wherever, are going to be more sensitive to issues related to people who are poor or to children who are poor than national legislators, I have a bridge I would like to sell you shortly after I finish speaking.

Mr. President, why is this bill such a mistake, in addition to the points that I have made? Well, when I left a small town on the banks of the Mississippi in Missouri, outside St. Louis, and went to college in New Jersey—a decision that changed my life—in St. Louis, 13 percent of the kids born that year were born to single parents. In 1994, 63 percent were born to single parents, and 85 percent of the black children were born to single parents. If we were honest about this, Mr. President, we would admit that no one knows what will change this around. No one knows what combination of incentives and penalties and values will begin to change this. That is why what we need is a Federal commitment and State experimentation, with a lot of different kinds of combinations of programs. Then maybe we can get the mix that will break this rising number of children in this country born into single-parent homes.

But what this bill creates is State chaos, not State experimentation. What this bill does is simply pass the buck from Federal politicians to State politicians; one group of politicians take the pot of money and give it to another group. Let us have a baseline. What is the illegitimacy rate in cities in this country? What is the poverty rate? What is the unemployment rate? What is the violence or crime rate? In 5 years, let us see whether this bill has miraculously changed all those statistics for the better because, deep down, that is the claim of this kind of legislation, built on generations of using this issue as a code word for a lot of other things in American politics.

Mr. President, welfare was not the cause of these rising illegitimacy rates, and so-called welfare reform in this bill will not be the solution. The silver lining—if there is a silver lining in this bill—is the child support enforcement provisions. They are the provisions that say that if you father a child, you have an obligation to support that child. I strongly support those parts of this bill. But, Mr. President, I regret to say that the rest of this bill is sorely lacking. I admit that it is a politician's dream, a message to multiple constituencies. But it is a poor person's nightmare, and it is a source of continuing anger and frustration for the taxpaying public that wants real welfare reform and will not get it in this bill.

Mr. GORTON. Mr. President, I yield 10 minutes to the senior Senator from Iowa.

Mrs. BOXER. Will the Senator yield for a unanimous consent request?

Mr. GRASSLEY. If it doesn't come off my time.

Mrs. BOXER. I ask unanimous consent that following Senator GRASSLEY, I be allowed to address the Senate for 9 minutes on another subject.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. COATS. Mr. President, are we following an order of going back and forth?

Mrs. BOXER. I am on the Democratic list.

Mr. GORTON. Yes.

The PRESIDING OFFICER. There is a suggested list, but it is not formally agreed to.

Mr. GRASSLEY. First of all, Mr. President, we all should thank President Clinton for keeping his campaign promise of 1992 to end welfare as we know it. He announced yesterday that he would sign our legislation. After two vetoes of very similar welfare reform legislation that we passed last year, we were beginning to wonder whether or not he was serious about that campaign promise of 1992. We are glad now to know, after 4 years of talk, that he is serious about ending welfare as we know it and that he won't be stonewalling anymore and that he will be doing what he, as a Governor, said ought to be done—return more authority over to the States. So we thank him.

We also know that Congress has made a very serious effort to reform welfare. The last was in 1988. Such welfare reform was supposed to move people from welfare to work, to save the taxpayers money, to reduce those on the rolls, to move people to self-sufficiency. All of those things were proclaimed in that 1988 legislation that passed 96 to 1.

Now, 8 years later, we see 3 million more people on the welfare rolls. We see billions of dollars more being spent, and we also conclude that reform of the system, regardless of our good intentions and the reform that we were wanting to enact, did not happen.

The current welfare system has failed. The programs were well-intended, but they proved to be inefficient, they proved to be unfair and, most importantly, they proved to damage those they were meant to help. We are concerned about the children. Our present welfare program was passed decades ago out of concern for children. But after six decades, we find that our children are the POW's of the war on poverty.

This has not helped our children. It has not strengthened our families. And we are insistent, in this legislation, upon making up for those wrongs of the past. In other words, to help our children.

I said that the last time Congress tried reform we failed. We built upon what we had been doing for 60 years—to have everything run from Washington; to micromanage everything from Washington. But now, as we change the approach for the first time in 6 decades, it is not as, Senator BRADLEY tried to imply, just some casual effort to send it back to the States to solve all of our problems. No. We send it

back to the States because we have seen the States succeed where we have failed. I said that we wanted to move people from welfare to work. We wanted to save the taxpayers' money. We wanted to make people self-sufficient. We have failed.

But we have seen States succeed.

My own State of Iowa in 3 years of reforms has 12 percent less people on welfare; that is 4,000 less people on welfare. The monthly checks have gone down from $371 to $335, not because we want to spend less to help families, but because there are more families working and earning income. And as a State we have seen the highest percentage of welfare recipients in the Nation in the work force at over 33 percent. Under the waiver Iowa received, we have a control group which is still under the old program. And in that control group under the old program, only 19 percent of the people have moved from welfare to work. Of those in the new program, over 33 percent of the people have moved from welfare to work.

So my State, Wisconsin, Michigan, and many other States, have a track record of succeeding on welfare reform where the Congress in our last attempt in 1988 has failed.

These local and State solutions can be—and are—more innovative and targeted. They promote new opportunities. I think they are doing what every welfare reform intends to accomplish—moving people from dependency to self-sufficiency, building self-esteem, moving people from welfare to work, saving the taxpayer dollars, and, most importantly, ending the hopelessness that welfare recipients have experienced.

In the process of passing this legislation—we are saving the taxpayers' over $55 billion. We are limiting the amount of time that people can be on welfare to a 5-year lifetime limit. We are helping recipients find jobs because they have to do this within 2 years of joining the program.

States can do better if they want to. We are turning over the management of these programs to the States because they do a better job. We do it by block grants to give the States more freedom to use their money. We are still going to have food stamp programs and child nutrition programs. But these programs as well are going to be reformed.

Most importantly, individual people have a responsibility, other than the taxpayers, to take first and primary care of their own families. Absentee dads are required to do better in providing for their kids. This in the end will do a better job than our giving government aid to the children in need.

We are going to get more for our money. Yet, we also provide for growth in this program at 4.3 percent annually. What we are hoping for here is to make sure that we provide hope for the future. Families that want self-esteem but do not have it will have the opportunity to restore it again as they work off a system that is a dead end.

Part of the hope of the future is not only that we pass this welfare reform and do good for people who are on welfare, but we hope that we are able to energize this economy so that there are more jobs not only for those who are leaving welfare for work but for people who have never been on welfare. We need to create jobs and good paying jobs at that.

We have seen during this administration a 2.4-percent growth, the slowest growth of any administration since World War II except the administration of President Nixon. If we had been experiencing the growth on average that other Presidencies have had, we would have had many more jobs created. And we would not have the situation where productivity growth has averaged a meager six-tenths of a percent per year under President Clinton's tenure compared to the 1 and one-tenth percent average pace that we have had since 1973. That productivity per worker is going to mean more wages, more job opportunities, and more take-home pay.

I yield the floor.

Mrs. BOXER addressed the Chair.

The PRESIDING OFFICER. The Senator from California.

Mrs. BOXER. Thank you, Mr. President.

First, I ask unanimous consent to have printed in the RECORD a number of editorials from newspapers in my home State of California in opposition to this welfare reform bill.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the Fresno Bee, July 27, 1996]

BACKWARD WELFARE REFORM

Bills passed by Congress go too far; the president should use his veto pen and demand a better legislative effort.

Once again, Congress has passed welfare bills that are more about saving dollars and winning votes than reshaping lives. As much as Americans may want to reform welfare, they don't want a system that goes from a hand-out to the back of the hand.

The House bill passed last week and a similar bill passed Tuesday by the Senate would end the 60-year-old federal guarantee of assistance to poor children. In its place, the bills substitute block grants to the states, which would have wide power to set eligibility rules for assistance, but would be required to cut off recipients after two years if they did not find work. Aid over a lifetime would be limited to five years.

There's a wide consensus that welfare needs to be converted to a jobs-oriented system. But moving welfare recipients, many of whom lack a high school diploma or marketable skills is a complex and expensive business. The most serious of the state workfare reforms, put forward by Republican governors in Michigan and Wisconsin, recognize that reform must make upfront investments—in things like job training, child care and transportation—if long-term welfare recipients or teen-age mothers are going to move into jobs and achieve self-sufficiency.

But the bills passed by Congress are more punitive than supportive. The House bill aims to save $60 billion over the next six yeas. That means many states will not receive adequate federal funds to move welfare recipients into work or to provide expanded assistance in times of recession, when job losses push more families into need.

Welfare reform doesn't require shredding the safety net for children and workers; the House bill attacks it with a cleaver. It cuts food stamp dollars and removes eligibility for adults after three months if they aren't working. That means people who worked a lifetime would be left in hunger after three months if severe unemployment, such as California has recently endured, prevented them from finding jobs. The bill would also deny food stamps to legal immigrants, regardless how hard they work.

Moderate Republicans and Democrats tried to add protections for children and working families with amendments that provide vouchers for services to children whose parents can't find work after the time limits. But the GOP majority defeated them.

Now the last line of defense for decency is once again President Clinton's veto pen. Having twice vetoed bad welfare bills, the president's political advisers are pushing him to sign any welfare bill that looks like it will redeem his 1992 pledge to reform welfare. But Clinton has already proved his welfare reform credentials by approving federal waivers for state reforms. He's already ushered in a new era in social policy around the country.

It isn't necessary to sign a bad bill to "end welfare as we know it"; Clinton should demand a bill that replaces welfare with something more promising than a stingy plan that would put a million more kids in poverty, strap local governments and take the safety net away from millions of working families.

[From the Los Angeles Times, Aug. 1, 1996]

IT'S WELFARE REFORM AT CALIFORNIA'S EXPENSE

When President Clinton signs the compromise welfare bill, as he says he will, the financial brunt will fall on California, home to more immigrants than any other state. This is unfair to California taxpayers. Immigration is a national issue and its effects should be shouldered evenly. But that's not what's going to happen.

At least 40% of all legal immigrants live in this state, and half of those in California reside in Los Angeles County. When needy noncitizens lose their federal benefits under the welfare reform most of them obviously will turn to the counties and the state for assistance. They cannot legally be denied. But how to pay for it?

State and county governments are required to provide aid to all needy legal residents. Expect lines of elderly, blind or disabled immigrants at relief agencies, for they will no longer be eligible for federal benefits. Needy noncitizens will also lose access to federal food stamps. All this adds up to general relief at local expense.

Immigrants have been popular scapegoats in Congress and were especially so in negotiations on welfare reform. Though the immigrant poor account for a mere 5% of federal social spending, cuts in their benefits are expected to produce 60% of the planned welfare savings. For California, that load off the federal budget could stick state taxpayers with more than $1 billion in new bills.

The punishing elements of this welfare reform distract from the positive provisions of the bill, such as greater flexibility for states in designing their own programs to put welfare recipients to work, a major theme of the national reform.

Another key compromise allows states to provide non-cash vouches for diapers and other child-care items to welfare mothers who have exhausted the five-year limit on cash benefits under the bill.

American children, however, will no longer be entitled to federal subsistence aid simply because their families are poor. The national safety net established by President Franklin D. Roosevelt in the 1930s is, in essence, evaporating. The changes could plunge an estimated 1.1 million children deeper into poverty. Poor parents will be able to receive benefits for two years. A time limit is certainly appropriate, but should recipients be cut off if they are responsibly looking for work?

Some of these changes are shameful, but it is the political will of a Congress determined to decentralize the system, partly in response to the pressure of a presidential election year.

The threat to legal immigrants, people working and living in the United States under a green card or other protection, is the most obvious fault of the legislation. President Clinton says he believes, as do most Americans, that welfare should be a second chance, not a way of life. But legal immigrants won't get even temporary federal aid, even if they had paid taxes for years before losing a job, losing a limb or losing the income provided by spouse.

By signing the welfare reform legislation, Clinton will be able to say he fulfilled a key campaign promise to "end welfare as we know it." But he won't be able to say that he lived up to his more recent assertion that children "need to come out ahead."

[From the Sacramento Bee, July 30, 1996]

CLINTON'S WELFARE TEST

Bill Clinton, the man from Hope, ran for president as the candidate who would do something for children and the forgotten working families who played by the rules but found themselves falling behind in the economic race. But that promise won't mean much if he does not veto the misshapen welfare reform bill headed for his desk.

No American leader has spoken more passionately than has Clinton about how the declining wages of workers in the bottom half of the job market have dragged millions of full-time workers and their families into poverty and raised child poverty rates to levels unseen anywhere else in the industrialized world. Yet instead of offering hope and assistance to those struggling families, Congress' pending welfare reform bill delivers them a cruel body blow.

Lost in the attention lavished on the bill's overhaul of Aid to Families with Dependent Children, the grant program that goes primarily to single, nonworking mothers of poor children, are the totally unnecessary cuts the legislation would make in food stamps, the key safety net program for low-income working people. According to the Congressional Budget Office, nearly half the $61 billion the bill cuts would come from nutrition programs.

Those cuts spell more suffering for families and children. An analysis by the Urban Institute projects that the changes would push 2.6 million more people below the poverty level, 1.1 million of them children. Altogether more than 5 million working families would lose an average of $1,000 a year in income if the bill becomes law.

There's a widespread consensus that welfare must be reformed to reduce long-term dependency and encourage work and personal responsibility. But the current bill, underfunded and overly punitive, ignores everything we have learned over the last decade about moving welfare recipients into the job market.

More than half of welfare recipients lack a high school education at a time when labor markets put a premium on education and skills. Two-thirds live in central cities, places from which employers have fled. At their most successful, past efforts to move welfare recipients into jobs, such as the GAIN program in Riverside County, have reduced welfare rolls by only 10 percent and incomes of welfare recipients by a few hundred dollars a month.

Yet the welfare bill requires states to move half of all recipients into jobs, even though, according to Congress' own experts, the bill falls $12 billion shy of full funding for the work program. Even if one heroically assumes that two-thirds of welfare families would find permanent employment, the bill's five-year lifetime limit on benefits would leave 1 million families—adults and children alike—without any source of income.

The president knows welfare reform doesn't require the sacrifice of millions of young lives. If Clinton doesn't have the gumption and leadership skills to stand up and explain to the country the difference between real welfare reform and Congress' act of callousness, what differentiates him from his Republican opponents?

[From the Fresno Bee, Aug. 1, 1996]

CLINTON'S WELFARE SURRENDER

President's reasoning for acquiesing on reform bill, despite "serious flaws," is barely credible and clearly a political calculation.

President Clinton eloquently explained Wednesday the flaws in Congress' welfare reform bill. It will punish hundreds of thousands of low-income working families by cutting back their food stamps, he said. It will take away the federal safety net from legal resident workers who have paid their taxes and played by the rules. It will leave vulnerable poor children whose parents can't find jobs within the bill's five-year time limits.

And after explaining all the reasons why this bill is wrong, Clinton announced he would sign it. It was the least principled act of a presidency in which principle has often run a poor second.

Clinton's rationale for signing the bill, despite its "serious flaws," is barely credible.

No one doubts that the welfare reform core of the bill, which turns welfare from a federal entitlement into a block grant for state-designed programs to assist needy families and move them into the workplace, could be passed again by this or subsequent Congresses. There's widespread consensus that the current welfare system is broken.

But if Clinton truly believes be can fix the flaws in this bill, he belongs to a very small church. In an era of sound bites and attack ads, what Congress, Democratic or Republican, will soon dare to restore federal safety net programs for legal immigrants, no matter how needy or deserving? At a time of growing budget stringency, what are the chances that Congress, once having slashed food stamp spending, will reverse course and come to the aid of the working poor?

No matter how hard he tries to decorate his action with policy arguments, Clinton's decision to sign this bill came down to a brutal political calculation born of a failure of leadership on this issue.

Had Clinton made welfare reform a top priority in 1993, he could have shaped the national debate and produced a new system that protected children even as it enforced our values about work and personal responsibility. Instead, he left the issues to be defined by a GOP Congress more intent on budget savings than shaping a humane and workable welfare alternative. He thus put himself in a political position where opposing a bad bill could be made to look like opposition to reform.

And now, for his failure of leadership and political nerve, children and the working poor will pay.

[From the San Francisco Chronicle, July 22, 1996]

WELFARE BILL TOO HARSH

Members of the U.S. Senate had a chance Friday to maintain a valid 60-year federal commitment to help the truly needy while still moving toward a work-oriented welfare program. They didn't take it, and unless the lawmakers significantly change direction this week, President Clinton has an obligation to veto the third welfare reform bill that comes before him.

Clearly, Clinton wants desperately to sign an election-year bill that will allow him to say he made good on his 1992 campaign promise to "end welfare as we know it."

And the American public is squarely on the side of both the president and the many members of Congress who want welfare to become a work program and not remain in never-ending handout.

But the Republican bill as currently constituted goes way too far in taking away the federal government's duty to see that children do not go hungry or homeless.

History shows that states do not always take care of the neediest among us, even when they make the best possible effort to find work. The federal government should maintain authority over welfare programs, a responsibility that would be taken away with the Republican plan to give states welfare money in block grants.

On Friday, the Senate turned down Democratic amendments that would have altered the Republican plan to ensure that children could continue to receive federal help even after their parents were cut off.

For that reason alone, the bill should be rejected. While the culture of welfare as entitlement clearly must change, wholesale abandonment of the most helpless is not acceptable.

The Clinton administration has been liberal in its granting of federal waivers to allow states to try their own get-tough welfare-to-work programs, and the president has said he would continue to allow creative state initiatives.

Democrats are going to try again this week to amend the GOP bill. But so far, administrative directives, not legislation, offer the best hope for welfare reform.

[From the San Francisco Examiner, July 24, 1996]

PUNISHING THE POOR

The Dictionary defines "reform" as "to make better" and "welfare" as "the state of being or doing well." It's a pity that corruption of the language hasn't been added to the federal Penal Code. Otherwise, members of the 104th Congress would be sentenced to an afternoon in the stocks, splattered with rotten vegetables.

Bad enough that they have produced a package of kick-the-poor legislation that is callous, cruel, marble-hearted and mean spirited. Worse, this vote-pandering measure has been given a supremely cynical label, "welfare reform."

The richest nation on Earth, with a military budget of $260 billion, is led these days by politicians who assert with a straight face that federal funds for public assistance and support services are causes, not symptoms, of what's wrong with our society.

In its latest version, the welfare bill would shop federal funds to each of the 50 states in the hopeful expectation that their governors and legislators can come up with effective programs that will end poverty as we know it. This is not a joke.

Conservatives say they want to end the propensity on liberals to throw money at the poor without doing much to beak cycles of dependency. And yet, given the punitive

rhetoric by well-fed politicians of both parties, we're not surprised that the expulsion of families from welfare is not accompanied by funds or mandates for training, schooling or child-care programs.

Sure, let's get able-bodied men and women off the dole. But let's remember that 9 million children are among the 14 million people who now get monthly survival checks under the federal-state programs called AFDC, or Aid of Families With Dependent Children. Most AFDC parents are single moms, few with job skills or work experience. Perhaps their problems will go away if state bureaucrats replace federal bureaucrats, but we doubt it.

It's one thing to want to fix the enormous disappointments and dilemmas of the nation's 60-year-old programs of federal aid to the poor, but it's another for Congress to dump the responsibilities on the states in the name of "reform." This is particularly galling for California, because "welfare reform" proposals included a cutoff of social and health services for the state's legal immigrants. And we'll have to make up the difference.

"Reform" is supposed to make things better, not worse. It doesn't make sense from any viewpoint, including the cry for governmental thrift, to create a terrible situation where children will be forced into orphanages or jails at many times the expense of AFDC. Sen Daniel Moynihan, D-N.Y. says the "reform" amounts to "legislative child abuse."

[From the Los Angeles Times, July 18, 1996]

PASSING THE BUCK ON WELFARE

Tucked into the Republicans' welfare reform package in Congress is a wrongheaded proposal to cut benefits and social services to most immigrants who are legally in the United States but who have not yet become citizens. Under the proposal, Washington, which is seeking ways to finance federal welfare reform, would shift billions of dollars in costs to states and counties. The provision should be rejected.

Sen. Bob Graham, a Florida Democrat, plans to offer an amendment to the bill to strike out restrictions on public benefits to legal immigrants, a host of eligibility issues ranging from student aid to Medicaid for legal immigrants already is part of a separate immigration bill now in conference committee. There is no logic in including those matters in a welfare bill. The two issues should be handled separately.

The welfare bill now proposes to help finance the costs of reform by cutting $23 billion over six years in benefits to legal immigrants, including children and the elderly. This would be an unfair and punitive move against legal immigrants who have played by the rules.

The bill would make most legal immigrants now in the country ineligible for Supplemental Security Income (SSI) and food stamps. Future legal immigrants (except for refugees and asylum seekers) would be ineligible for most other federal means-tested benefits (including AFDC and nonemergency Medicaid services) during their first five years in the country.

The cutbacks would disproportionately hit California, Florida, New York and Texas, the states with the biggest immigrant populations. California alone could lose $10 billion, or about 40% of the proposed $23 billion in benefit reductions. Those ineligible for such benefits would have to turn elsewhere for aid. In Los Angeles County, for example, if all affected SSI recipients sought general assistance relief instead it would cost the county $236 million annually. The cost shifting could have potentially disastrous results for the already fiscally strapped county.

The immigration bill now under consideration already includes $5.6 billion in savings from tightening eligibility requirements for legal immigrants on a variety of federal programs, including Medicaid. the attempt to use welfare reform to slip through further curbs on public assistance to legal immigrants should be called what it is—a deplorable money grab by Washington that can only hurt California.

Mrs. BOXER. Mr. President, thank you.

Mr. President, I am putting in the RECORD a number of editorials.

From the Fresno Bee in the conservative heartland of my State that says:

Once again, Congress has passed welfare bills that are more about saving dollars and winning votes than reshaping lives.

The Los Angeles Times wrote:

The financial brunt will fall on California, home to more immigrants than any other State. This is unfair to California taxpayers. Immigration is a national issue and its effects should be shouldered evenly.

In another L.A. Times editorial:

Passing the Buck on Welfare. U.S. provision affecting immigrants would hit States and counties.

The one from the San Francisco Examiner:

Punishing the poor.

San Francisco Chronicle:

Welfare Bill Too Harsh. Wholesale desertion of the most helpless is not acceptable.

And they go on.

So, today I stand here for welfare reform but against this bill. I am voting no, because I am not for punishing kids, and I am not for punishing California or other States that have most of our legal immigrants.

Saying that I am for welfare reform but against this bill is not inconsistent. My desire for reform was expressed by my vote for the Senate welfare bill last year in the two Democratic leadership welfare reform proposals. Mr. President, those bills were tough on work, compassionate to children, and cracked down on parents who were irresponsible.

It was interesting to note the Senator from Iowa talking about how this bill goes after deadbeat dads. Well, I want to note that my deadbeat parent amendment which unanimously passed in the Senate bill last year is gone from this bill. My amendment would have cut off benefits to deadbeat parents who refuse to pay their overdue child support. I think the proponents of this bill seem to be more interested in getting tough with the kids than their deadbeat parents.

The provisions to cut assistance to legal immigrants will cost California an estimated $9 to $10 billion over the 6 years of the bill. Of all the legal immigrants in the United States on supplemental security income, which is help to the aged, blind, and disabled, and of those on AFDC, which is help for families with children, 52 percent live in my home State of California. Among those who would be cut off are elderly immigrants who are too disabled to naturalize and young legal immigrant children.

Let us face it. For every move we make, there is a counter move. For every action we take, there is a reaction. And speaking as a former county supervisor from the County of Marin, I can tell you at the bottom line it will be California's counties that will feel the brunt. When your county supervisors come in to see you to tell you about the increase in homelessness and helplessness, I hope then at least you will be ready to take some action.

In Los Angeles County, the effects will be staggering. Senator FEINSTEIN and I have been contacted by their elected officials. In Los Angeles, 190,000 legal residents could be cut off of AFDC; 93,000 legal residents will lose SSI, which is assistance for the aged, the blind, and the disabled; 250,000 legal residents will lose their food stamps; and 240,000 legal residents could lose their Medicaid.

Los Angeles County could be faced with a cost shift of $236 million per year under this bill. And if the State of California opts to bar Medicaid coverage to legal immigrants, it could shift an additional $100 million per year to the County of Los Angeles.

The conference report will place California at serious risk of a huge negative impact on health services. Again, for every action there is a reaction. Our public hospitals and our children's hospitals that got reimbursed for these medical costs will no doubt have to downsize, shut down, cut back, and shift costs. And the bottom line is, if legal immigrants cannot receive Medicaid, all Californians and all Americans will be placed at greater risk of communicable diseases because these people will not be treated.

Senator FEINSTEIN and I worked hard on an amendment which said this very simply. This is a massive change of law. Let us phase in the changes to our legal immigrants. Many of these legal immigrants came here escaping persecution. Many of them do not have sponsors to pick up the tab. They have no one else to turn to. If we are going to change the rules, Senator FEINSTEIN and I said, make it prospective. Unfortunately, the conference report did not move in that direction.

It really amazes me to think about the message we are sending to an asylee or a refugee who risked their life to get to this country. Many of them are working. Many of them are paying taxes, and doing well. If they fall on hard times, they are out. They are out of luck. And the costs will be shifted to the counties.

Many of these legal immigrants are children. We profess to care about children. Look in the eyes of a child before you cast this vote, because this bill will subject even more children to poverty.

I have to tell you, the Urban Institute says more than 1 million children will be thrust into poverty under this bill. I hope that we can move quickly after this bill passes and is signed—and we know that is going to happen—to soften the blow on children.

I could not believe when this Senate turned down the Breaux-Chafee amendment. The Breaux-Chafee amendment did not get the 60 votes it needed. Do you know what it said? That if little children are cut off because for some reason their parents cannot find work within the mandated time period, children cannot get any help to get diapers; they cannot get any help to get special medicine, school supplies, or other necessary items.

This is the United States of America. We know that a nation is judged by how it treats its most vulnerable people. And I do not think it asks very much of very healthy U.S. Senators with big fat paychecks, big fat paychecks, to provide for vouchers for a baby who is unfortunate enough to be in a family with a mom who, even if she tries every day, cannot land a job. That was it for me.

I thank my colleagues very much for bearing with me. This bill is not fair to my State. That is clear. That is why nearly every major newspaper in California has said it is wrong. This bill is not fair to innocent children. For that reason, I stand here for welfare reform and against this bill which will bring harm to children and which will bring harm to my State. I hope we can mitigate its ill effects.

I thank the Chair. I yield the floor.

Mr. GORTON addressed the Chair.

The PRESIDING OFFICER. The Senator from Washington.

Mr. GORTON. I yield 10 minutes to the Senator from Rhode Island.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. CHAFEE. Mr. President, I would appreciate it if I could be notified when I have 1 minute remaining.

I am pleased today to speak in behalf of the welfare proposal which came from conference. It is a good bill, and while there are areas which still could be improved, overall I think it is a positive first step toward real welfare reform. Indeed, it does represent a compromise. The administration had some thoughts they contributed. Obviously, the House did, and clearly, of course, the Senate did.

We can no longer continue the current welfare system. I think that is clear. This system has encouraged long-term dependency, and that has been addressed several times this afternoon and this morning. There is one thing we all know, that the surest prescription for a life of poverty is to be born to young, to unmarried, and to poor parents. It is time to give the States a chance to improve the lives of all these poor families.

This bill does that. It turns the AFDC Program over to the States and allows them, the States, to create programs suited to the needs of the residents of those States. We are doing this with very few restrictions on the States. Indeed, we can practically rattle off the restrictions. The States will be required to impose time limits on benefits. The States will have to meet tough work participation rates. But how they achieve these goals is left almost entirely to the State and to the local government.

I would like to see more Federal oversight of the program. I was on the conference. I presented my views but did not prevail in that particular area.

The Governors insist that they will do the right thing and we ought to have confidence in them. I am hopeful, indeed optimistic, that they will, but I certainly will be keeping a close eye on the progress in this area.

While we are giving the States maximum flexibility, there are several important protections in this bill. First, we have ensured that families who lose cash benefits because of changes in the State's cash assistance program, those families will still be entitled to receive Medicaid. If the State goes down, lowers the level at which an individual can qualify for cash assistance, the families still receive Medicaid based on the old formula. This is the critical provision for the success of welfare reform.

In the last 2 years, in the Finance Committee welfare reform hearings, one thing we heard over and over is that we cannot pull the rug out from beneath these poor families. In order to be able to support themselves, they must have Medicaid coverage. I am very pleased that this bill includes the amendment Senator BREAUX and I sponsored to continue Medicaid coverage for these individuals.

Earlier versions of welfare reform included block grants in several child welfare and foster care programs. I have long believed that despite the name "child welfare"—that is a misnomer, Mr. President. Child welfare is not a cash or an in-kind assistance to poor families. Child welfare programs deal with abused children. It deals with neglected children regardless of their income. It does not have anything to do with a poor child. Child welfare programs deal with neglected and abused children regardless of income.

So, child welfare has no place in a welfare reform bill, and I am pleased we were able to have those block grants removed. We stay with the present entitlement system in the child welfare program.

The present welfare bill has also made more cuts to the children's SSI program than I would have liked to have seen. That is the way it started off, with rather severe cuts. This bill is much less damaging in that area. It does tighten the eligibility for participation in children's SSI programs, but retains cash assistance for those children who remain eligible. This is the right thing to do. These families are under enormous strains, families with SSI children, and they need the benefits, the cash assistance that comes so they can care for those children. I want to pay special tribute to Senator CONRAD, who worked with me and others to achieve this compromise.

Welfare, as we know, has always been a shared responsibility between the States and the Federal Government. That will continue under this bill. It is true that States ought to have a financial incentive to reduce the welfare caseloads. We all agree with that. However, when they are reducing these caseloads, they should benefit from it, but also the Federal Government ought to benefit from it, too. That is why we provide that, if the States reduce their spending below a percentage mark, Federal dollars will be reduced likewise. In other words, the Federal Government will share in the savings.

There is one thing that does bother me about this bill, and that is the denial of benefits to legal immigrants. I think the bill is harsh in that area. We made some improvements, in other words we made it less harsh, because we allow States to decide whether to extend Medicaid coverage to legal immigrants. In other words, the States still have the option to extend Medicaid coverage to legal immigrants.

I had hoped during the legislative process, consideration here and the conference, we might have mitigated some of the harsher provisions, especially those affecting currently elderly and currently disabled recipients. I think it is very tough to take away some of the benefits of those individuals that they are currently enjoying.

In closing, I congratulate those who worked so hard to reach this agreement. Former Senator Dole deserves a lot of credit for laying the groundwork for this bill. Senator ROTH picked up after Senator Dole left and helped steer this bill through the Senate. On the other side of the aisle, my colleague from the centrist coalition, my colleague Senator BREAUX, did splendid work to forge a compromise between the two parties.

On the other side of the Capitol, Congressman Shaw and Congressman Archer were dedicated to this cause for some time and deserve a lot of credit. So my congratulations to each and all, and to all here who worked hard to make this bill a success, the success I believe it can be. It is not perfect. We all recognize that. But there are a lot of very fine provisions in this bill.

I yield the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. CHAFEE. Mr. President, the time is on the other side now.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Mr. President, I rise today to indicate that I will support this welfare reform legislation. I do it with some reservations. I think anybody who has been deeply involved in this process understands that there are weaknesses in this legislation and that there are risks. But, make no mistake, there are risks in sticking with the status quo. The status quo cannot be defended. The current system does not work and is unlikely to work in the future.

I have visited with literally dozens of welfare recipients and with people who

work in the current welfare system. I cannot find anyone who believes the current system is a good one. I cannot find taxpayers who support it, who believe in it. I cannot find welfare recipients who believe in it. I cannot find the people who work to deliver the services who believe in it. Without exception they say to me, "There has to be a better way." I do not know if we found the best way in this welfare reform legislation, but I do know it is time to try something different.

I have concluded from my conversations with welfare recipients that there is very little question that the current system is encouraging children to have children. I do not know how one can conclude otherwise. When we set up a system in which we say to a young woman, in many cases a child, that if you leave home, we will see that you have an apartment, that you get assistance, the precondition is that you have a child, what kind of system have we set up here? I talked to one of my colleagues who met with a number of welfare mothers in the last several weeks. He asked them the direct question, "Did the fact that there is a welfare system that you knew would support you and provide an apartment to you encourage you to have a child?" About half of them denied that it contributed to their decision, but about half of them said, "Yes, Senator, it did contribute to my making the decision to have a child, because I knew I could get an apartment, I could get assistance, and that I could move away from a family situation." In many cases that family situation is not a very pleasant one.

That does not make sense for our society, to have structured a system that encourages children to have children. That is a disaster. I say to my colleagues who have talked about their concern for children, and in every case I believe they are well motivated and feel deeply that we need to protect children, I share in that belief. The question is, how we do it? It is not in children's interests to be born to children. That is a disaster. We know what happens in those circumstances. In case after case it leads to more poverty, more crime, more abuse. Children are not prepared to have children. We need to take away the incentive that is in the current system for that to occur.

There are many parts of this bill that concern me. I believe the percentage that is allowed for hardship cases, and therefore exempt from the time limits, is unrealistic. I think that is going to have to be revisited in the future. I personally believe there are marginal people in our society, people who, either because of mental disability or physical disability, simply are unable to hold full-time employment. A 20-percent hardship exemption is not sufficient to cope with the percentage of our population that simply will never be fully employable. I think we are going to have to revisit that issue.

But there has been much done to improve this legislation from where it started. I was very pleased my amendment to maintain a Federal safety net in the food assistance programs was adopted here on the Senate floor and was kept in conference. I think that is critically important. That provides the food safety net for millions of Americans, one that adjusts automatically for natural disasters or severe economic downturns.

I also think the provisions that were adopted that were offered by Senator CHAFEE and Senator BREAUX to maintain the Medicaid coverage was critically important to this legislation.

I salute my colleagues, Senator CHAFEE and Senator BREAUX, for their amendment. That was maintained largely intact in conference and was critically important.

So, Mr. President, there are defects here. I think we all recognize that. I think we all understand that this is going to have to be revisited. But we have also heard from the Nation's Governors. They have told us, "You can trust us, we are going to be responsible with this charge."

I say to them, we will be watching, we will be watching very carefully what you do, and we urge you to step forward and shoulder this responsibility with great seriousness.

They have insisted there is not the flexibility and the resources to address the problems of poverty and welfare without these changes. They have assured Congress and the American people they care as much about the well-being of children and other vulnerable populations as Federal representatives and that they are in a better situation to target these resources. We take them at their word. They have pledged to protect these populations, and Congress is going to hold them to their word.

While this bill gives States flexibility they insist they need to end the problems associated with welfare, I want to be clear. Congress maintains the right and the duty to intervene in the future if States, in fact, do not live up to their word and run their programs in an arbitrary or capricious manner.

We are counting on the States to live up to this responsibility. I take them at their word, and I have confidence that in each of the States, the Governor and the State legislature will step forward to shoulder these obligations in a serious and responsible way.

I am confident that in my home State of North Dakota that will be the case. I conclude by saying to my colleagues, in looking at the risk associated with any change, clearly there is a cause for concern, but the status quo cannot be defended. It is time for a change. The time is now. We will have other opportunities to address shortcomings in this legislation. I intend to support this bill.

I thank the Chair and yield back any time I have remaining.

Mr. GORTON. Mr. President, I yield 10 minutes to the junior Senator from Indiana.

The PRESIDING OFFICER. The Senator from Indiana.

Mr. COATS. Mr. President, with the passage of this welfare reform legislation, I think we can confidently state that the New Deal is old news. As we all know, this legislation will end the Federal Government's entitlement to welfare, an entitlement created 6 decades ago during the New Deal. Yet, the reason that it must be overturned is found in the reasoning of Franklin Roosevelt himself who said, "When any man or woman goes on the dole, something happens to them mentally, and the quicker they're taken off the dole the better it is for them the rest of their lives."

He added: "We must preserve not only the bodies of the unemployed from destitution, but also their self-respect, their self-reliance, and courage and determination."

The welfare reforms that we will pass today are designed not just to save money and reduce waste, although those are important goals, but they are also designed to help restore certain basic values: self-respect and self-reliance.

Some critics have claimed that these welfare reforms will lead to catastrophe. Mr. President, I suggest the catastrophe has already arrived. It is obvious in an exploding population of fatherless children, rising violence in our cities and streets, suburbs and rural towns, endless dependence and fractured families. No one can honestly defend the current system as compassionate. No one can be proud of the results of the last 30 years. We are tired of good intentions and dismal results. We need to take another path.

This legislation that we are proposing is not experimental nor it is not untested. It is rooted in proven principles of American tradition. It transfers powers to the States where that power should have belonged all along. It emphasizes the dignity of work. It shows compassion, but it also expects individual responsibility, and it begins to encourage private and religious institutions as partners in social renewal.

Mr. President, I am pleased that the personal responsibility agreements that I authored, along with Senator HARKIN, are part of this final welfare package. States like Indiana and Iowa have used these agreements as effective tools, moving thousands of citizens from welfare to work. The welfare bill we are passing today gives States the options to include those personal responsibility agreements in their welfare programs, and I hope they will follow the examples of Indiana and Iowa.

I have argued in the past, Mr. President, that devolution of power to the State governments is necessary but not complete. Such devolution encourages innovation, but State government is still government, prone to the same problems of ineffective bureaucracy and red tape that we see in Washington, and that is why I am glad this legislation gives States the opportunity

and the option to contract with faith-based organizations without forcing those institutions to compromise their spiritual identity. This, I believe, is the beginning of an important idea.

It is also important to remember that the reforms that we are passing today directly affect human lives. That is the only measure of our achievement. I am convinced on the evidence of 3 decades that people need independence, work, responsibility and hope far more than they need endless checks from the Federal Government.

Our current system treats the disadvantaged as merely material, to be fed and forgotten. We need to be treating them as human beings with high hopes and high potential. When you expect nothing of an individual, you belittle them. We must stop belittling the able-bodied poor in America with low expectations.

Mr. President, I argue that there is a next step to welfare reform, a step that this Congress and this President, or whoever occupies the Presidency, needs to address in the next Congress. We need to go beyond Government. We need to begin to encourage and strengthen, nurture and expand those mediating institutions of family, community, volunteer associations of charity, of church, faith-based charities—those institutions that offer real solutions and real hope.

We need to begin to look at transforming our society by transforming lives one at a time inside out. For the most part, this is work that cannot be done by institutions of government. Government can feed the body and help train the mind, but it cannot nurture the soul or renew the spirit. This is the work of institutions outside of government.

This shift of authority in resources can be accomplished in many ways, but we need to recognize tradition and the time-honored practice of reaching out to the poor in effective ways, giving them renewed hope, renewed spirit, a renewed place in American society. It has not been accomplished in an effective way by institutions of government but can be effective by institutions outside of government.

How do we make this transition? Because it will be a transition, and normally the problem is such that it will require a significant increase in the involvement of these institutions. But it is important because they are the institutions that bring about the real solutions and bring about real hope.

I propose the charity tax credit as a means of beginning this process, a way in which the taxpayer can designate on a joint basis up to $1,000 of taxes otherwise due the Government as charitable contributions to institutions that have dedicated themselves to the proposition of alleviating or preventing poverty.

Who wouldn't rather give $1,000 of their hard-earned money to institutions like Habitat for Humanity, rather than Housing and Urban Development, if you really care about providing decent, affordable housing to low-income individuals?

For those concerned about fatherless children, who wouldn't believe that $1,000 of their money would be better served through Boys and Girls Clubs or Big Brothers and Big Sisters or other mentoring organizations, rather than giving it to "Big Brother" in Washington?

For those concerned about the homeless on our streets, who wouldn't rather support the gospel missions and church feeding programs, Catholic Charities and other organizations that reach out to those in our local communities, rather than turning the money over to HHS, where, by some estimates, over two-thirds of the money fueled by the Federal social welfare system never goes to the poor? It goes to those above the poverty line; it gets eaten up in bureaucracy, administration, fraud, and abuse. It has created a compassion fatigue in this country where people have no faith that their tax dollars, sometimes generously given and well-intended to help those most in need, ever reach those most in need.

This is a stark alternative that can be provided to the individual without the constraints of the first amendment. They can give it to secular or nonsecular institutions, faith-based institutions which have proven and demonstrated their capability of providing services to the poor far more effectively, with far better results, at a fraction of the cost of Government.

These are the institutions that we need to strengthen. And this, I hope, will be the agenda of the next Congress as we move to the next step of welfare reform, to defining compassion in an effective way, the spirit of the American people, which has always been generous, which has always reached out to help those in need, which responds to emergencies time and time again, which provides and allows grain farmers from the Midwest to ship grain down to famine areas and drought areas of other areas of our country, which cause people to jump on planes and trains and buses and go to the latest hurricane area or ravaged area to pitch in, on a volunteer basis, to help their fellows Americans.

We are a country of generous spirit, yet a country that has lost confidence in the ability of Government to effectively deliver compassion to those in need. So let use energize, renew and strengthen and nourish and encourage those institutions in our own communities that are making a difference in people's lives.

Community activist Robert Woodson makes the point that,

> . . . every social problem [in America], no matter how severe, is currently being defeated somewhere, by some religious or community group. This is one of America's great, untold stories. No alternative approach to our cultural crisis holds such promise, because these institutions have resources denied to government at every level—[the resources of] love, spiritual vitality, and true compassion. It is time to publicly, creatively, and actively take their side in the struggle to recivilize American society.

Mr. President, I yield the floor.

Mrs. MURRAY addressed the Chair.

The PRESIDING OFFICER. The Senator from Washington.

Mrs. MURRAY. Mr. President, I yield myself 10 minutes.

The PRESIDING OFFICER. The Senator from Washington.

Mrs. MURRAY. Mr. President, it is clear that most Americans agree we need to change welfare as we know it. Our current system does not work, not for those on public assistance and not for those who pay for it.

The American people feel strongly that personal responsibility has to be a part of this country's welfare system. I could not agree more.

Mr. President, for nearly 4 years I have spent countless hours examining the current welfare structure, talking to participants and listening to the frustrations of both reformers and people on public assistance.

This Senate has debated many ideas for welfare reform. I have worked with my colleagues to do everything possible to help create a welfare bill that will move able-bodied adults off welfare and into work. The transition from welfare to work is the core of this policy debate. But my concern is this. We are creating a system in which people will not get a welfare check, but they will not be able to get a paycheck either.

If people leave welfare, but are not qualified or cannot find work, they are faced with one fundamental problem: The grocery bill is still there, and there is no way to feed their kids.

My vote on this final welfare bill is one of the most difficult I have had to cast. There are no easy answers. I want welfare to be reformed. I hear from those recipients who complain that the current system does not work. There is too little job training. There is too little child care. And the programs try to fit every single welfare recipient into one single mold.

As this bill worked its way through the Senate and House, I have sponsored and cosponsored numerous amendments to protect the well-being of children, from preventive and emergency health care, nutritious meals, safe child care, illiteracy, issues that are important because they affect the ability of parents to move successfully from welfare to work while they are still taking care of their own kids.

I agree with President Clinton that this welfare reform bill makes significant strides toward ending welfare as we know it. It will help put some people back to work and end the cycle of dependency that this system is accused of breeding. It will give more flexibility to the States and allow for more local decisionmaking authority.

But I also agree with President Clinton that this bill has serious flaws.

Nine million children will be cut off from services. Legal immigrant children will be ineligible for almost all Federal and State services, other than in an emergency, leaving them hungry, uneducated and desperate on our streets.

One-half of the $60 billion cut in spending will come from nutrition programs. It will have a dramatic impact on the very individuals who need the most help today in this country, and that is our children.

It has been clear for quite some time that this bill is going to be passed by an overwhelming majority and signed by the President, but I realize that I cannot in good conscience support a bill that will put so many of our children in jeopardy.

Mr. President, I am the only former preschool teacher to serve in the U.S. Senate. I have looked into the faces of 2- and 3- and 4-year-olds who are hungry every single day. I have worked as a parent education instructor with adults who have lost their jobs. Food stamps provided the only chance they had to feed their children while they desperately were looking for work. I knew immediately when a child in my class was unable to learn and felt frightened because of tough financial times at home, and I saw the effects those kids had on all the other kids in my classroom.

Many times I have sat and listened to young women whose lives have been devastated. They have been left alone to care for young children. They have no job skills and no ability to go to work because their full-time job was being a mom.

For me, the bottom line in the welfare reform discussion is, what will happen to our Nation's children? What will happen to those children I held in my lap in my preschool? For me, it is a risk that I am not willing to take.

It is vital that parents return to work. But we have to help ensure that our children receive adequate health care, nutrition, and are not left home alone or, worse, to wander on our streets.

When this welfare reform proposal passes, we have to ask, what is next? This bill only tells people what the Federal Government will not do anymore. In its place will come 50 different experiments in 50 different States. It may help some people, and it most certainly will hurt others. But whether it works or not, from this day forward I believe that we have to begin a national commitment to our children and to give them a fair chance, every one of them, at succeeding in life.

We all want a country where every child is secure, where every person can be a contributing member of our society and our economy, and where the world around us is a healthy and safe place to live. No one disagrees with that. To make sure it happens, we have to start a discussion in every single community and neighborhood and every single dinner table in this Nation. We have to ask, what is important to us as Americans? Are we going to be a compassionate Nation? When push comes to shove, are we going to help our neighbors when they need it? And if, as I suspect, the answer is yes, we are going to have to say how. In the aftermath of this welfare reform bill, these are the questions that every one of us as adults in this country will have to answer.

I am not going to dwell on changes brought about in this welfare reform. Instead, I am going to aggressively seek answers to the questions I have raised, and I will reaffirm my own commitment to children. I will work for constructive solutions to problems that arise in the future.

I have already formed a bipartisan working group within the Senate to help develop and create ideas to help adults find more time to spend with our young children. And I formed an advisory group at home in Washington on youth involvement to help support this effort. Hopefully, the people of this country will ultimately work to create the kind of communities that we can all be proud of.

But, Mr. President, one good thing will come out of this for sure that will happen as a result of us passing welfare reform. Finally, we will no longer, either here on the floor of the Senate or in living rooms across this country, be able to blame welfare as the cause of our Nation's problems: After today, instead, perhaps, we can all sit down and work to agree on what we can do to keep our young children in this country healthy and secure and educated and growing up in a country that we are all proud of.

I yield the floor.

Mr. GORTON. Mr. President, I yield 10 minutes to the Senator from New Hampshire.

Mr. GREGG. I wish to rise in support of this welfare proposal, and I congratulate the Members of the Senate who have worked so hard.

I want to mention three reasons why I think this is an appropriate action to take. First, this is one of the five major programs which is weighing down the Federal budget and which is causing us to careen towards bankruptcy as a Nation in the beginning of the next century if we do not address the Federal spending patterns. The other four are the farm programs, the Medicare and Medicaid Programs, and Social Security.

We have addressed the farm programs. Now we are addressing the welfare programs. That is two out of the five major entitlement programs that will be addressed as a result of this bill by this Congress. That is a major step forward. If this were a game of Myst—which it is not, but it is as complicated as a game of Myst—we would have gotten through two levels. We have three levels to go and, hopefully, we will continue to pursue those aggressively.

The bill involves returning to the States significant flexibility over managing the welfare accounts. This means better services for our citizens. It is that simple. There is a certain arrogance in this town, a certain elitism in this town that tends to believe all the ideas, all the feelings of goodness, all the compassion is confined within the corridors of Washington. Well, it is not true. The fact is, in our States at our State legislative level and in our cities and at our county level, there is not only great compassion but there is an extraordinary knowledge. That knowledge and compassion would be brought to bear on the welfare programs of this country as a result of this bill.

I know, for example, that in New Hampshire we will get a lot more services for actually less dollars, and our people will be better taken care of as a result of this flexibility being returned to the States.

Third, there is the cultural issue. This represents a significant cultural change in the way we address the issue of welfare in this country. We are no longer creating this atmosphere of dependency. We are no longer undermining generation after generation of individuals relative to their own self-worth. We are saying to people: "You are important, you do have self-worth, you should have self-respect, you should be working and taking care of yourself and your families and obtaining the personal respect and confidence that comes from undertaking that approach." It is a cultural shift.

Obviously, it will not impact the entire culture. Obviously, there are a lot of people on welfare who deserve to be there. For some percentage, and it will not be a dramatic percentage, I admit to that, they will be moving off the welfare rolls because they will have to go to work, something they have not done before. That will be very positive, I think, for them and for this society generally.

So I believe this is a very good bill and something that takes us in the right direction in the area of fiscal solvency, in the area of managing government policy through flexibility at the State level, and in the area of how we approach the cultural issue of caring for people who are less fortunate or in hard times.

I also want to address today just briefly, because it is a topic that I am intimately involved with as chairman of the Commerce, State, and Justice Committee, the issue of terrorism—one minor area, a secondary point to what is going on here today, but I want to raise this point at this time.

We just reported out of the full Appropriations Committee a bill, the Commerce, State, Justice bill, which had a major initiative in the area of terrorism, countering terrorism, trying to get some comprehensive planning into the issue of how we approach it as a Federal Government, and beefing up those projects that are going on in those agencies, such as the FBI, that are trying to counter especially international terrorism. It is a major step

forward. We have actually been working on this for months. It is ironic it came to fruition today, so soon after the Atlanta bombing, but it is a very important step.

Second, we cannot do all this at the Federal level. The issue of countering terrorism cannot entirely be accomplished by the Government. There has to be a change of attitude within our population as to how we approach the terrorists.

I made a proposal today which I think moves along that issue a little bit—not dramatically, but a little bit—but it is important. We see on the Internet today a massive amount of information about how to make weapons, how to make bombs, how to use instruments of death. Now, the Internet is a Wild West of information. I have no interest in regulating it. I think that would be a mistake. There are, today, developing a whole series of industries that develop the information and information access in the area of Internet, people like America Online, Comp USA, Yahoo, Netscape, Magellan—the list goes on and on.

What I have done today is write a letter to the CEO's of these various organizations and asked them to exercise a little common sense and a little community value and to expunge from their database access capability of items which are clearly directed at creating bombs. I had my staff quickly run the Internet. I wanted to do it quickly, so I had my staff do it. They came up with, on their first test under the question of "explosive," they came up with an identification of how to make a bomb, which was followed by "leaving your bomb in your favorite airport and Government building."

That is the type of information that should not be accessed easily through some sort of accessing agency. So I have asked the leaders of these various industries to think about it, to think about putting into their processes some sort of self-voluntary block that eliminates the ability to easily access this type of information which is so patently inappropriate. I hope they will take such action.

I yield the floor.

Mr. DODD. Will the Senator yield?

Mr. GREGG. I am happy to yield to the Senator.

Mr. DODD. I commend my colleague from New Hampshire. I hope everyone listens to his last remarks on this subject matter and that people will heed his advice. This is a serious matter.

Our colleague from Arkansas, Senator BUMPERS, yesterday I think, made similar comments and brought to the floor the documentation that came off computers on this information. I think his advice is extremely worthwhile.

Mr. GREGG. I can show the Senator a copy of the letter and have him be a cosponsor, as well as any other Senators.

Mr. BAUCUS. I yield myself 5 minutes.

I first want to very much thank my colleague from California, Senator FEINSTEIN, and Senator DODD of Connecticut for very generously and graciously yielding me their time and allowing me to proceed ahead of them. I thank the Senators.

Mr. President, I rise today in strong support of welfare reform. The welfare reform debate is emotional, we all know that. It is complex, that is clear. But I must say I find almost universal agreement that today's Federal welfare program does not do what we would expect of a welfare system.

It does not help people get back on their feet and back to work. It does not promote worth or promote personal responsibility or self-sufficiency. Most of us envisioned a different system, a welfare system that encourages personal responsibility, one that encourages work and self-sufficiency, one that lets States like Montana create their own systems that make sense to their State's own unique problems, one that protects children, helps keep families together, prevents communities from deteriorating, and is fair to taxpayers.

The Nation's welfare problems took a long time to develop, and they will take some time to solve. Our solutions will not come overnight. We have to work on them. I believe this proposal is a clean break with the past and a good start for the future. It is based on two essential elements that encourage work and self-sufficiency.

First, there will be a time limit on welfare assistance to make sure that people have an incentive to leave welfare and move to work; second, we will remove some obstacles that now deter people on welfare from moving to work. They will have more help available for child care, and Medicaid will still be there to provide basic health care.

I might add, Mr. President, that the imminent passage of the increase in minimum wage will be a big boom, will be a big part of the solution to welfare reform.

On the whole, I believe this effort reflects the views and values of Montanans and of Americans. Undoubtedly, it is not perfect, and we can learn from experience. We can and will improve it as time goes by. However, it is a good start and a step we have to take.

Finally, I am glad that the President has chosen to sign it. It was not an easy decision. But it is time that the system reflects the consensus now existing in America for welfare reform. I believe this bill is a good start. It is not perfect. Nothing is perfect. But we cannot let perfection be the envy of the good. It is a good start, and I believe we will have many opportunities to improve upon it as days, months, and years go by.

I yield the floor.

Mrs. HUTCHISON. I yield myself up to 10 minutes.

Mr. President, this is landmark legislation, and it is a pivotal point in our Nation's history and future. What it does, this bill before the Senate, it does, indeed, change welfare as we know it.

This is what the hard-working American people have been asking Congress to do for years. It limits welfare to 2 years for able-bodied individuals, and there will be a 5-year lifetime on welfare for any individual in our country.

Mr. President, this sends a message to the working people of our country that, yes, we understand how hard it is to make ends meet. All Americans work hard. Welfare recipients should not be an exception. If we have uniform requirements for work, we will then say that this Nation is a Nation that has a work ethic and values people who are trying to be productive citizens.

This bill requires all able-bodied welfare recipients to work within 2 years, or lose their benefits. States will be required to have 50 percent of their welfare recipients working by 2002. And to ensure that child care is available for a single parent, this bill provides an additional $4.5 billion more than current law for child care. So we are making sure that there is a safety net, while at the same time we are going to save the taxpayers of our country $58 billion.

Now, I want to put this in perspective just to show what the American people are seeing in our welfare system as it is today. In many States, welfare systems provide the most perverse incentives. In 40 States, welfare pays more than an $8 per hour job. In 17 States, it pays more than a $10 per hour job. In six States, and in the District of Columbia, welfare pays more than a $12 per hour job—more than two times the minimum wage. In nine States, welfare pays more than the average first-year salary of a teacher. In 29 States, it pays more than the average starting salary for a secretary. In the six most generous States in this Nation, benefits exceed the entry-level salary for a computer programmer.

Mr. President, no wonder our welfare system is broken. No wonder the American people are saying that we must have relief from a system that would pay more to people who do not work than a teacher, a computer programmer, or a person making $12 an hour that is getting up every morning, putting their lunch together, and walking out the door to make a living for his or her family.

Mr. President, what we are doing here tonight is saying that those people have a value in our society. And people who can work, but won't, will not be any better off than the person who gets up, puts his or her lunch in a box, goes to work, and is a productive citizen of this country.

This is indeed landmark reform. It is fair. It will stop a system that has become a cancer on our society. It will give self-worth to the people who will now have to work for any benefits they receive. And it will say to hard-working Americans that are struggling to make ends meet, "You have a value and we appreciate you in this country, and you will not have to work to support someone who can work, but chooses not to."

Thank you. Mr. President. I yield the remainder of my time.

Mr. DODD addressed the Chair.

The PRESIDING OFFICER. The Senator from Connecticut.

Mr. DODD. Mr. President, will the Senator from Nebraska yield me up to 15 minutes?

Mr. EXON. Yes, I yield the Senator 15 minutes.

Mr. DODD. Mr. President, let me begin by saying that I respect those who support this legislation, and I respect the President for making the decision he did. But may I also begin by saying that I respectfully disagree with their decisions.

Mr. President, I have served now in this body for almost 18 years. I served in the Congress for 22 years. I have dedicated a good part of my service in the U.S. Senate, as many of my colleagues know, to issues affecting children. In fact, one of the first things I ever did as a part of the Senate was form the first children's caucus, along with Senator SPECTER from Pennsylvania. DAN COATS of Indiana and I were the authors of the family and medical leave legislation. It took 7 years to adopt that. It went through two vetoes before being signed into law by President Clinton in the early days of his administration in 1993. Senator ORRIN HATCH and I were the authors of the child care block grant, which is a subject of much discussion here today.

I note, with some irony, that when I offered amendments a year ago to increase the child care funding in the early welfare reform proposals, only two Members of the majority party supported the increase for child care funding. Nonetheless, I am delighted to hear such strong, ringing endorsements for the child care block grant, considering it took us so many years to bring it the support it has now. There are numerous other pieces of legislation over the years that I am proud to have been associated with that affect children.

While there are certainly significant deficiencies, in my view, in this legislation, affecting legal immigrants, affecting working adults, I want to focus my remarks, if I can, Mr. President, on children. I say that because the overwhelming majority of the people who will be affected by this legislation are children. We are a Nation of some 275 million people in the United States—a very diverse and rich people. Of the total population of this country, it is worthwhile, I think, to note that we are talking about 13 million Americans out of 270 million Americans who receive some form of aid to families with dependent children from the U.S. Government. There are local welfare programs. And there are State programs. But the Federal Government's commitment to welfare affects 13 million Americans. Of the 13 million Americans, almost 9 million are children under the age of 18, and 4 million are adults. Of the 9 million who are children, 80 percent of the 9 million are under the age of 12, and 50 percent of the 9 million are under the age of 6.

So we are talking about 4 million adults and 4 to 5 million infants and young children, in effect, who will be affected by this legislation. We also know that roughly 2 million of the 4 million adults are unemployable under any situation. They are either seriously ill, or disabled, and will not be affected by this legislation because they cannot work.

So our goal is to put 1 to 2 million of the 4 million adults on AFDC, who are able-bodied and can work, to work. This is 1 to 2 million people out of a nation of 270 million people. My concern is that, in our efforts to do that, we are placing in jeopardy, and at significant risk, for the first time in a half-century, the 9 million children in this country who are also the recipients of public assistance.

So it is with a great deal of sadness, Mr. President, that I rise today, knowing that in less than 2 or 3 hours from now, America's national legislature will vote overwhelmingly to sever completely its more than one-half century of support for the most vulnerable of our people—our children.

For over 60 years, Mr. President, through 10 Presidents, hundreds of U.S. Congressmen and Congresswomen, Senators, Democrats, Republicans, liberals, moderates, and conservatives, we have tried to improve the opportunities for all Americans. Certain issues were always in conflict, and I suspect they always will be. But with regard to one constituency, one group of Americans, there was never any serious division. We in America take care of our children.

There is a national interest, I argue, and there has been for decades, to protect the most innocent and defenseless in our society. Whether you were a child from Eastport, ME, or San Diego, CA, if all else failed, your National Government, your country, would not let you go hungry, would not let you be denied medical care, and would not deny you basic shelter. No matter how irresponsible your parents may have been, no matter how neglectful your community or State, your country, America, would absolutely guarantee, as a last resort, a safety net of basic care.

In less than a few hours, Mr. President, we will end, after half a century, that basic fundamental guarantee to these children.

Am I opposed to reforming welfare? Absolutely not. But let us put this issue in perspective. We are talking about 9 million children—many of whom have no other protection at all because of the circumstances in which they are raised—who count on their Government as a last resort to be of help.

Let me be starkly clear about what this legislation does. Under this bill, States can cut off benefits. They cannot provide work opportunities. There is no requirement for them to do so. They can set shorter and shorter time limits, if they so desire. They can cut off families completely without making any accommodation for their children. And no matter how draconian these measures may be, this National Government will stand by and do nothing.

It is worth noting that virtually all religious groups in this country and their leaders oppose this piece of legislation. Let me share with you the views of Bishop Anthony Pilla on behalf of the Catholic Bishops:

> The test of welfare reform is whether it will enhance the lives and dignity of poor children and their families. The moral measure of our society is how we treat the least amongst us. This legislation fails these tests and fails our Nation.

What is more, we are considering this legislation with the benefit of data showing that the bill will push at least 1.1 million children into poverty in this country and worsen the situation of children already in poverty by 20 percent.

Let us consider, if you will, for just one moment that instead of dealing with welfare reform here, we were dealing with a piece of legislation affecting American businesses. And assume for 1 minute, if you will, that we were provided data by credible sources that said as a result of this bill, if it were to become law, 1 million business people would fail as a result of your actions.

I would just inquire: How long would that legislation last on the floor of the U.S. Senate? We would not be told that it is a "minor inconvenience" and somehow "we may fix that later." We would not spend 1 minute considering a piece of legislation that would cause 1 million business people to fail. And, yet, when 1 million children may fail and already poor children will be pushed into even more difficult circumstances, we are told over and over again that somehow we will fix that down the road.

I cannot support a piece of legislation that would take 1 million innocent children and push them into poverty with a vague hope that some day we may do something to correct that situation.

These numbers should make all of us take pause and seriously consider the dire implications of our actions. I know many people argue that the current welfare system does not serve our children well. I do not disagree. But replacing a system in need of reform with a worse system is no solution at all. In fact, it is irresponsible. There is no justification, in my view, to try something different at any cost; namely, abandoning a national commitment to children for the sake of change.

Again, I applaud the improvements that were made in this bill, and they have been recited by others. It, certainly, is better than what was considered a year ago in a number of aspects. But despite those improvements, there are still elements in this legislation which make it fundamentally flawed.

The Congressional Budget Office estimates that between 2.5 and 3.5 million

children would be affected by the 5-year cutoff of benefits in this bill. I have no objection to setting time limits on adults. In my State, it is 2 years. Experiments like that make sense, to see if they work. What I do not understand is that no matter how difficult you want to be on the parent, how do you look into the face of a 6-year-old child who, through no fault of their own, are born into difficult circumstances and say that regardless of the flaws of their parents, the irresponsibility of their parents, they must pay the price? I do not understand that logic or that thinking.

It seems to me that if we know this welfare bill will increase the number of poor children, we should, at the very least, make some provisions for children whose parents have reached the time limit and are cut off from assistance. But this bill prohibits—and I emphasize this—this bill prohibits even providing vouchers to children whose parents have hit the 5-year time limit. In fact, it does not even grant the State the option to provide noncash aid to infants and toddlers.

This is not only a step backward, but, in my view, it is an unconscionable retreat from a 60-year-old commitment that Republicans and Democrats, 10 American Presidents, and Congresses have made on behalf of America's children.

Some will argue that the conference agreement says that States can use the title XX social services block grant to provide vouchers for these families and children. But I ask my colleagues to look at the provisions of the bill that cut this block grant by 15 percent. We are reducing the very block grants we are now telling States they can use to provide for these benefits.

I truly believe that if we were serious about ensuring the safety net for children in this bill, we would do it outright and not come up with fancy accounting methods that provide no guarantees for children whatsoever.

This legislation does not provide enough funds, quite frankly, to meet the work requirements of the bill. This bill has the goal of putting welfare recipients to work. I applaud that. Yet, it fails to provide adequate funds to reach that very growth.

We are setting ourselves up for a failure. The Congressional Budget Office estimates that this bill is $12 billion short of funds needed to meet the work requirements—$2 billion more than the shortfall of the Senate bill which was passed last year. The same Congressional Budget Office says that most States will not succeed in meeting the work requirements. They will just accept the penalty of reduction in funds.

Do our friends here who support this legislation think that millions of jobs for welfare recipients will simply appear out of the air? Will millions of welfare recipients, most of whom want to work, I would argue, magically find jobs? Not unless they receive the assistance, the training, and the educational help which leads to job creation. In this bill, they will receive no such help at all.

While we see movement on child care—again, I applaud that—this conference agreement retreats on a critically important child care provision.

Let me emphasize this point. Both the House and Senate bills contain provisions that prohibit a State from sanctioning a family if the mother could not work because she could not obtain nor afford child care for children age 10 and under. The conference agreement, which we are about to vote on, moves that age threshold from 10 years of age to 5 years of age, at the request, I am told, of some Governors.

Currently, approximately 2.4 million children on AFDC are between the ages of 6 and 10. The families of these children could lose all of their benefits as a result of a work sanction because the parent could not find adequate child care for a 7-year-old, an 8-year-old, or a 9-year-old. This bill encourages parents to go to work and leave a child at home, without supervision, at a time when we are talking about family values and parents caring for their children. We put these parents in the catch-22 situation, either they lose benefits or leave their child—a 6- 7- or 8-year old at home alone. I do not understand, again, the logic of that kind of thinking.

I know that the Governors have argued that the protection for children 10 and under would make it hard for them to meet the work requirements in the legislation. But that sort of argument points out flawed thinking in this bill. I think all of us understand the need for child care. Latchkey children are a serious problem in our society. I fail to understand how Governors who argue that a provision which protects kids who are 6- 7- and 8-years old would impede their ability to meet work requirements. Governors, at the very least, should be able to guarantee to children age 10 and under that they will not be left at home without care.

Additionally, the food stamp cuts in the conference agreement are deeper than last year's vetoed welfare bill and deeper than last year's Senate-passed bill. The conference agreement would cut food stamps by about 20 percent. Families with children—not single adults—families with children will bear the greatest burden. Two-thirds of the cuts in food stamps will hit families with children.

Additionally, the bill limits food stamps to unemployed adults not raising children to just 3 months in a 3-year period with no hardship exemption whatsoever. If we were in a period of high unemployment in this country, with people being laid off from jobs through no fault of their own, how do you explain to someone who has worked for many, many years and finds himself without a job, that he will be cut off from some basic necessities to allow him to exist? And there's no exemption whatsoever to account for economic difficulties.

The Congressional Budget Office estimates that in an average month, under this provision, 1 million poor, unemployed individuals who are willing to work and have worked in many cases and would take a workfare slot, if one were available, would be denied food stamps because they cannot find work.

Finally, Mr. President, I want to mention the treatment of legal immigrants in this legislation, which I know is of great concern to our colleagues from California and Florida and New York and others.

This bill, in my view, is a repudiation of the legacy of immigration that has defined our country for more than 200 years. We are talking about legal immigrants now.

It is this influx of immigrants from diverse cultures and distant lands that has made this country a shining example to the entire world. That is why millions of people across the globe have come to our Nation.

To say to legal immigrants who pay taxes, who get drafted and serve in our military that we are going to deny them basic protections after we have invited them to come here in a legal status because they do not vote and they are an easy target I think is a mistake.

It was the promise of the American dream that brought my family to this country from Ireland. And it was the desire for a better life that brought millions of other immigrants to America, whether they came over on the *Mayflower* or if they came to our land in just the past few days.

The fact is, nearly every Senator in this body is a descendant of immigrants.

The attack, in this legislation, on legal immigrants is mean-spirited and punitive.

This bill is more interested in reducing the deficit than maintaining our commitment to legal immigration.

This bill bans legal immigrants—children and the disabled—from food stamps and SSI. When people lose SSI, they lose their health coverage under Medicaid.

I fear that we'll see people who have paid taxes wheeled out of nursing homes as a result of this bill.

The legal immigrant provisions of this bill will shift substantial costs on to local governments.

In the words of Mayor Guiliani of New York:

> By restricting legal immigrants' access to most Federal programs, immigration, in effect, becomes a local responsibility. Welfare reform should not diminish Federal responsibility for immigration policy or shift cost to local governments.

But that's exactly what this bill does.

CONCLUSION

In closing, let me say, Mr. President, that welfare reform is by no means easy. If we are to change the cycle of dependency and encourage work among welfare recipients, we must make tough decisions.

But, in the end, those decisions must always be weighed against their effect on poor children. Our success will not be judged by how much we reduce the welfare rolls, but how we help those who are left behind.

This bill fails that test—on both accounts.

President Franklin Roosevelt once said that: "The test of our progress is not whether we add more to the abundance of those who have too much; it is whether we provide enough for those who have too little."

For those in our Nation who have too little, we are providing only crumbs.

If welfare recipients are to revel in the hopes and aspirations of the American dream then they must be provided with the tools and opportunities to make those dreams a reality.

This bill fails those Americans and it fails our commitment to the most vulnerable and poorest citizens in our Nation.

I know this is a futile effort, but I urge my colleagues in the remaining few hours to consider that we are about to sever the lifeline to 9 million children in this country for the sake of putting 1 to 2 million adults to work. This incredibly misguided policy is not in balance and ought to be defeated.

Mr. SHELBY addressed the Chair.

The PRESIDING OFFICER. The Senator from Alabama.

Mr. SHELBY. Mr. President, I rise in strong support of the conference report to the Personal Responsibility and Work Opportunity Act of 1996. The American people I believe have demanded welfare reform, and I am pleased that the Congress has not yielded in its commitment to pass much needed and long overdue comprehensive welfare reform. Our current welfare system is a death sentence. It is a death sentence to the human spirit, the family, and the hopes and dreams of millions of children in America. The welfare system today encourages dependency, facilitates the breakdown of the family, demoralizes the human spirit, and undermines the work ethic that built our Nation. For a third time this Congress has delivered legislation to address the failures of the welfare state and provide reforms that I believe will free the poor from being trapped in a cycle of dependency. This bill is the boldest statement we can make in the current political environment, and I am pleased that the President has finally pledged to keep his promise to end welfare as we know it.

Mr. President, the imperative for welfare reform is manifest. The American taxpayers have spent more than $5.4 trillion since President Johnson declared a war on poverty. But after spending this massive sum, we are no closer to having a Great Society than if we had done nothing. In fact, the poverty rate in America has actually increased over the past 28 years. The reason for this is simple: Welfare has become a way of life. The modern welfare State is rife with financial incentives for mothers to remain unmarried. Eighty percent of children in many low-income communities in America are born in homes without a father. It is virtually impossible for a young unwed mother with no work skills to escape the welfare trap as we know it today. This has done nothing to stop the ravaging of our cities and the skyrocketing of violent crime.

People have become dependent on welfare because it completely destroys the need to work and the natural incentive to become self-sufficient. For more than 30 years the message of the welfare state is that the Government will take care of you. It is a punitive form of assistance. It punishes those who want to work and want to succeed. It punishes those mothers who want to get married and have a husband to help raise the children.

Where is the compassion in this present welfare program? It is not there. Only the beltway establishment would dare suggest that providing monthly benefits is more compassionate than fostering the natural inclination in every human being to reach your full potential. However, with the enactment of this bill, Congress will require welfare recipients to work in exchange for benefits for the first time. By imposing a 5-year lifetime limit on welfare benefits, the message of the reformed welfare state is that we will provide temporary assistance to help during hardship as you return to self-sufficiency.

The bill we vote on today begins to repair a very badly broken welfare state in other ways. It puts healthy incentives in our welfare system. The generous package of welfare benefits available in America is a magnet for literally hundreds of thousands of legal and illegal immigrants. I do not believe this is just, and this bill properly denies welfare to noncitizens.

Also, the Government will no longer tell young women, "If you have children you are not able to support and you are willing to raise them without a father the Government will reward you and pick up the tab." That is the wrong message. This legislation allows States to end additional cash payments to unwed mothers who have additional children while collecting welfare. The bill also permits States to deny cash to unwed teenage mothers and instead provide them with other forms of assistance. It is good for children to see both their parents in the morning, and this bill provides the mechanisms that will make this the norm, not the exception.

This legislation represents real welfare reform. The monster that was created over the last 30 years will not change overnight, but we take a significant step today. This bill ensures that welfare finally will benefit, not harm, its beneficiaries. I urge all my colleagues to adopt this landmark legislation.

Mrs. FEINSTEIN addressed the Chair.

The PRESIDING OFFICER. The Senator from California is recognized.

Mrs. FEINSTEIN. Thank you, Mr. President. I ask to be recognized for 13 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mrs. FEINSTEIN. Mr. President, I would like to read you an excerpt from an editorial in yesterday's Sacramento Bee which, I believe, sums up the bill we are about to vote on

> There is a widespread consensus that welfare must be reformed to reduce long-term dependency and encourage work and personal responsibility. But the current bill, underfunded and overly punitive, ignores everything we have learned over the last decade about moving welfare recipients into the job market.
>
> More than half of the welfare recipients lack a high school education at a time when labor markets put a premium on education and skills. Two-thirds live in central cities, places from which employers have fled. At their most successful, past efforts to move welfare recipients into jobs, such as the GAIN program in Riverside have reduced welfare roles by only 10 percent and incomes of welfare recipients by a few hundred dollars a month.
>
> Yet the welfare bill requires states to move half of all recipients into jobs, even though, according to Congress' own experts, the bill falls $12 billion shy of funding for the work program. Even if one heroically assumes that two-thirds of welfare families would find permanent employment, the bill's five-year lifetime limit on benefits would leave 1 million families—adults and children alike—without any source of income.

Mr. President, I am very disappointed that I must oppose the welfare reform bill as presented to this body by the House-Senate conference committee. I had hoped that the bill that emerged from the conference committee would be one that California could live with, because, I think it is clear that, with 32 million people, no State in the Union has as much to gain or as much to lose from welfare reform.

Unfortunately, this bill remains one in which California loses, and loses big.

California is being asked to foot the bill for changing welfare as we know it—and that is wrong. One-third of the estimated $55 billion savings in this bill comes from one State: California. California faces a loss of more than $16 billion over the next 6 years as a result of this bill, more when you add reductions in State funds under the new rules and potentially much more if our welfare caseload continues to increase at the current pace.

The losses to California are staggering: Up to $9 billion in cuts to Federal aid for legal immigrants, $4.2 billion in cuts in food stamps, and as much as $3 billion in AFDC funds over the next 6 years.

Not only is this bill unfair to California on its face, it is seriously flawed in a number of critically important areas.

The contingency funds provided in this bill—$2 billion—are too little. California alone, I predict, can and will need the entire amount.

Work requirements are an impossible goal. The heart of this bill, moving

people from welfare to work, rests on the unknown and probably the impossible. No state, to my knowledge, in 6 years has been able to move 50 percent of its welfare caseload into jobs, as this bill requires. California will have an impossible hurdle to move the required 20 percent of its welfare caseload into jobs in 1 year, let alone 50 percent in 6 years. In order to meet the 20 percent work requirement in this bill, California would have to find jobs next year for more than 166,000 current adult welfare recipients. But, in the last 2 years, the State added an average of only 300,000 people total to payrolls in nonfarm jobs. How do we possibly create enough jobs to increase employment by another .50 percent—especially for a work force that is largely unskilled and under educated? California is a State that has all but lost its production base and is now producing either high-skilled jobs or hamburger flippers at minimum wage.

In order to move people into work, there must be affordable child care for parents. This bill does not provide anywhere near enough funds. The child care block grant in this bill is awarded to States based on their current utilization of Federal child care funds. In California, there are approximately 1.8 million children on AFDC. California currently provides child care subsidies and/or slots to approximately 200,000 children. The Child Care Law Center estimates that under the welfare reform bill, as more parents are required to work, as many as 418,000 additional preschool children and 650,000 children aged 5 to 13 may need child care. This would be a 600 percent increase in need for child care slots.

This bill does not come near the amount of child care dollars that would be needed in California to do this job.

The conference bill is actually worse than the Senate bill in handling America's ultimate safety net: Food Stamps. The conference bill cuts food stamps by 20 percent. California loses $4.2 billion.

Last year, an average of 1.2 million households—more than 3.2 million people—in California relied on food stamps each month. California's unemployment rate is still high at 7.2 percent—2 percentage points above the national rate of 5.3 percent. 1,117,000 people are out of work today—more than the entire populations of nine States. This bill would limit food stamps for an able-bodied adult with no children to a total of 3 months over a period of 3 years. If that person becomes unemployed, they would only be able to receive an additional 3 months of food stamps in that same 3-year period. This bill would also bar all legal immigrants from receiving food stamps—there is no exemption for elderly, disabled, or children.

The shelter deduction in this bill is a case in point which demonstrates that, however well intentioned this bill might be, it lacks a fundamental foothold in reality when it comes to California.

The shelter deduction allows families with children to deduct a maximum of $247, with an increase to $300 in the year 2001, from their income level when applying for aid—ostensibly to compensate for the cost of housing.

In the vast majority of the population centers in California, particularly in urban areas, you can not find a place to rent for that amount of money. In San Francisco, the average rent is between $750 and $1,000 per month.

So this deduction is so low that it is virtually useless in California.

California is not the only loser in this welfare bill. America's children lose as well. In a rush to deliver a welfare reform bill—any welfare bill—before the November elections, this bill is the moral equivalent of a dear John letter to our Nation's needy children.

Under this bill, 3.3 million children nationwide and 1.8 million children in California could lose AFDC after the 5-year limit. Children of undocumented immigrants would not even be allowed to buy federally subsidized school lunches. Recent studies by Children Now and the Urban Institute estimated that this welfare plan would thrust an additional 1.1 million children into poverty conditions in the United States. The Senate rejected moderate amendments sought by the White House as well as members of both parties to provide noncash assistance to children whose parents lose their benefits in the form of vouchers for food, clothing and other basic necessities.

The voucher language included in the conference report is an empty-handed gesture allowing states to rob Peter to pay Paul because it adds no new funds to provide basic necessities to children whose parents lose benefits.

The major cost shift to California comes from the elimination of Federal assistance for legal immigrants, most of whom are elderly, blind, and disabled—all of them poor—who came to this country under terms agreed to by the Federal Government. And yet, the Federal Government will not bear the cost of changing the terms of that deal—the cost of this policy shift will be forced onto States and counties.

Let me be clear: I am all for changing U.S. immigration policies to hold sponsors of legal immigrants legally bound to provide financial support to their sponsees. But to change this policy on those already in this country—retroactively—and thus summarily dropping hundreds of thousands of elderly and disabled immigrants from Federal support programs like SSI, food stamps, and AFDC onto already overburdened county assistance programs, is not only an abdication of Federal responsibility—to me it is unconscionable.

The impact of this cost shift to California counties could be catastrophic.

An estimated 722,939 legal immigrants in California—many of whom are aged, blind, and elderly—would lose SSI, AFDC, and food stamps under this bill.

Los Angeles County—the most impacted area nationwide—estimates that 93,000 noncitizen legal immigrants will lose SSI under this bill, at a potential cost of more than $236 million each year in county general assistance funds.

Los Angeles also estimates that the restriction on future immigrants receiving nonemergency Medicaid services would result in $100 million in additional costs—much higher unless the State comes up with the funds to provide coverage to noncitizens.

San Francisco County estimates that the cost of county funded general assistance could increase $74 million under the legal immigrant provisions in this bill—an increase of more than 250 percent.

Other counties in California are studying the impact of this legislation and coming up with similar financial horror stories. Twelve of the top twenty metropolitan areas in the country that are impacted most severely by this bill are in California.

The State of California indicated by its budget that it has no ability or intention of stepping in to fill the funding gap this bill creates. Governor Wilson's State budget for fiscal year 1996-1997 assumes the immigrant provisions in this legislation will pass and legal immigrants will no longer be eligible for assistance.

California's legislative analyst's report indicates that Governor Wilson's budget:

> . . . assumes enactment of federal legislation barring most legal immigrants from receiving SSI/SSP benefits starting January 1, 1997. The budget assume savings of $91 million from this proposal.

That is from the "Legislative Analyst's Report, 1996-97 Budget."

While we in Washington sit in our ivory tower and pat ourselves on the back for changing welfare as we know it, the real impact of this bill will land on real people who are too old or too sick to care for themselves, and whose families—if they have one—have no ability to help them.

Let me put some faces and names on this welfare bill for you:

A 73-year-old woman who asked not to be named came to the United States as a refugee from Vietnam in 1981. She sold everything she owned to pay for her passage on a boat for her and her mother. Her mother died on the trip over. She moved to San Francisco in 1985 and fell ill with kidney disease. She currently depends on SSI and Medicaid to pay for dialysis and other medical care. Her only relative in the United States is a goddaughter who cannot afford to care for her. She has applied for citizenship, but may not pass the English proficiency exam.

Maria, who lives in Los Angeles, came to the United States in 1973 when she was 62 years old to live with her daughter. In 1984, her daughter had a stroke at work which rsulted in two cerebral aneurysms. Following the stroke, her daughter was unable to

work and therefore unable to support Maria as she had done for the previous 11 years. Maria received both SSI and Medicaid. Neither Maria nor her daughter would be able to survive on her daughter's disability income alone.

Thank you, Mr. President. I yield back the remainder of my time.

The PRESIDING OFFICER. Who yields time? The Senator from Virginia.

Mr. WARNER. Mr. President, I yield 7 minutes to myself.

The PRESIDING OFFICER. The Senator from Virginia is recognized for 7 minutes.

Mr. WARNER. Mr. President, like so many of my colleagues, I have had the opportunity to actually visit—this time Norfolk, VA a few days ago—a center which is providing job training for welfare recipients. The first thing I was impressed with was a collection of about 12 rooms. It was absolutely spotless. The staff of this nonprofit organization had many volunteers who came in to work with their welfare clients. In this instance I only saw welfare mothers, or some perhaps who did not have children, and largely minorities. All was neat and clean, and they showed up meticulously on time at this center with a spirit of "can do—we will overcome our handicaps if only you will reach out and give us a helping hand."

That is what this bill does. It should be called the helping hand bill. Each of us in our lifetime has experienced periods when you had to reach out a helping hand. Most have the opportunity to do it regularly. I can remember at one point serving in the U.S. military with men, in this instance, who could not read and write, but they received a helping hand and quickly learned those military skills, that they could at that learning level, and became key members of fighting teams, in this instance, in the Navy. I will never forget that. All they asked for was a helping hand, and that is what this bill is designed to do and will do if we will just give it a fair chance.

I regret to hear, largely from the other side of the aisle, these cries that we have done a wrong. We have not done a wrong. We have listened to the American people. Sixty-five percent of the American people, or higher, agree that the system in Washington has not worked. It was given a fair chance. It was given an enormous sum of money. One piece of paper says we have spent, as a nation, more money on welfare than the cost of all military actions in this century. This is a substantial amount of money.

Yet, the casualties in terms of the families, particularly the children, have been very high. Why not give the States and the local communities the opportunity now to make this system work? We all know that there are persons less fortunate than ourselves, and all they want is a helping hand. Reach out, that is what we should do.

As this bill goes forth—the President has now indicated, for reasons of his own, after two vetoes he will sign this one—let's send it forth in a spirit of can do, like the people I met in the welfare center in Norfolk. We do not want it to arrive on the doorstep in the several States, down in the small towns and villages of my State and your States with a message, "It isn't going to work." But it is there, so let's send it in the spirit of give it the best shot.

I ask, are not the people in the communities, large and small, all across this Nation as well qualified as the innumerable army of bureaucrats here in the Nation's Capital who, for half a century, have worked with this? Are they not as well qualified? I say absolutely yes, and let's give them a chance to make it work.

I am not satisfied with every provision in this bill. I sided with the Senator from Louisiana, JOHN BREAUX, to give more funds and support to the children. I was concerned. I voted against a majority on my side of the aisle. There is not a person in this Chamber who is not concerned as to exactly what will happen to children. But let me tell you, in the communities in my State, and I say in the communities in your States, they are not going to let the children be injured, irrespective of however the law is written. They will find a way to make it work and protect those children far better than we can as bureaucrats in Washington. They will make it work.

If there are legislative changes needed, I assure you, the citizens of my great State will come to my doorstep very promptly and say, "Senator, we're trying to make this bill work, but we need a change here," or a change there. And I am confident I will step forward, as will others on both sides of the aisle, and make those changes to make this piece of legislation work.

Families living side by side, one receiving welfare, one getting up and going to work—the friction between them, the discontent right in the same street in the same neighborhood—is intolerable. We have to stop that. We are providing a disincentive for those who are getting out of bed and trying to go to work. Within the welfare ranks, we may be taking a gamble, but I will bet that there are a substantial number on welfare who want to come forward and, with a helping hand, make this piece of legislation work.

It is incumbent on those welfare people to have a willingness to break out of the system. They may be shy, they may be reticent, and we will be patient, but they have to go to work. There are able-bodied people in all these communities—and I have seen them and you have seen them—who will step forward and gently but firmly and decisively extend that hand to make it work and to quickly come back if children or other aspects of this program are not working and inform the Members of Congress so we can fix it.

Mr. President, this is a great day for our country. We have come to the realization that one of the major entitlement programs has not lived up to its expectations. It has created scenes in every town in America which are totally unacceptable in this day and time. Let's make this piece of legislation work. Let's send it out of here and praise the efforts that we have made in response to the direct plea of the American people to fix this system by sending it from Washington back to where it belongs—hometown USA.

I yield the floor.

Mr. SIMON addressed the Chair.

The PRESIDING OFFICER (Mr. BENNETT). The Senator from Illinois.

Mr. SIMON. Mr. President, I yield myself 7 minutes.

The PRESIDING OFFICER. The Senator is recognized.

Mr. SIMON. Mr. President, let's face it, our choice is: hurting poor people and gaining some votes in the process, or appearing to stand for something that we all know needs change and losing votes but not hurting poor people.

My friend from Virginia, for whom I have great respect, says this is a helping-hand bill. The Urban Institute says we are going to put 2.6 million more Americans into poverty, 1.1 million more children. That is not the kind of helping hand we need. We already have 24 percent of our children living in poverty. No other Western industrialized nation is anywhere close to that, and we are compounding the evil.

I am supporting Bill Clinton for reelection. In many ways, he leaves a good legacy. But let no one make any mistake about it, he is marring his legacy by signing this bill. He may gain a few more votes on November 5, but he is hurting history's judgment of what he is doing as President.

This is not welfare reform. This is political public relations.

I heard one of my colleagues, for whom I have great respect, say we have to change the system of children having children. Of course we have to change the system of children having children. But this bill does not do one thing in that direction. And it should be added that the birthrate among people who have welfare is going down, and going down significantly.

Second, I say to you, Mr. President, we have about a million teenage pregnancies each year, about 400,000 of which end up in abortions, incidentally. What we know is those who are high school dropouts are much more likely to be involved in teenage pregnancies. You want to do something about that? Let us put some money into education, not this phony bill that is going to cause great harm.

Will Durant and his wife have written great histories: "Reformation," "The Age of Napoleon," and so forth. But Will Durant wrote a small book called "The Meaning of History." In that small book, in "The Meaning of History," he said: "This is the history of nations, that those who are more fortunate economically continue to pile up benefits, and they press down

those who are less fortunate until those who are less fortunate eventually revolt."

What are we doing here in this session of Congress? We are giving the Pentagon, this fiscal year, $11 billion more than they requested. We are going to have some kind of tax cuts that particularly benefit those of us in this Chamber who are more fortunate economically. And with this bill, for the next 6 years, we will be cutting back $9.2 billion a year from poor people.

I am for genuine welfare reform, but genuine welfare reform requires providing jobs for people of limited ability and providing day care. I have a bill in that says you cannot be on welfare more than 5 weeks—in some ways, tougher than this—but then the Federal Government has a WPA type of job available. We screen people as they come in, and if they cannot read and write, we get them into a program. If you have no marketable skill, you get them to a technical school or a community college. That would be genuine welfare reform.

But as Gov. Tommy Thompson has pointed out—a Republican, incidentally—if you are going to have welfare reform, you are going to have to put in more money upfront, not less money.

I like Senator FEINSTEIN's remark that this is the moral equivalent of a "Dear John" letter to the poor people of the Nation. She is, unfortunately, right.

In October—the Presiding Officer is someone who has a sense of history—in October, we have Roosevelt History Month because we thought at that point we would dedicate the Roosevelt memorial. It looks like now it will not be ready then. But we will celebrate, that month, when we had a great national leader who lifted the poor people of this Nation. Two months prior to that, we are going to celebrate by pushing down the poor people of this Nation.

Let us be very practical. A woman who lives in Robert Taylor homes in the south side of Chicago, desperately poor, lives in a public housing project, has three children, and with this bill—and she has very limited skills because she went to poor schools, probably can barely read and write—with this bill we are saying to her, you can at the most stay on welfare 5 years, maybe only 2, but we are not going to provide any job for you, we are not going to have any day care for your children.

What does that woman do if she wants to feed her children? Does she take to the streets in crime? Does she become a prostitute? I do not know, nor does anyone else in this Chamber.

Let me pay tribute to two people here, one who just spoke against this before, Senator CHRIS DODD, who is the Democratic national chairman and who is interested in votes. But despite being Democratic national chairman, despite the stand taken by President Clinton, CHRIS DODD stood here and said this is bad for the children of America. And PAUL WELLSTONE, up for reelection, showing great, great courage.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. SIMON. I yield myself 30 additional seconds.

The PRESIDING OFFICER. The Senator is recognized.

Mr. SIMON. When my friend from Virginia, Senator WARNER, said the States will protect people. I think of the bill we finally passed when I was over in the House to protect children who wanted to go to school who had disabilities. The States said, "If you're in a wheelchair, if you're blind, if you're deaf, sorry, we're not going to force education for them." The majority of the mentally retarded were not being given any help by our public schools. The Federal Government came along and said, "You are entitled to this." The Federal Government protected people with disabilities, and the Federal Government should protect poor people in this Nation. We are not doing it with this legislation.

Mr. GRASSLEY addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. I yield to the Senator from Ohio 8 minutes.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. DEWINE. Thank you, Mr. President.

This legislation that we will pass in the next 2 hours is truly historic. It recognizes, literally for the first time in 60 years, that when it comes to lifting people out of poverty, Washington does not have all the answers. In fact, I think most of us know Washington has really few answers in this area, because the true innovation, the true changes that we have seen in the last decade in regard to welfare reform has come from the States. That is what this bill will foster. That is what this bill will allow.

Mr. President, there has been a great deal of controversy about many parts of this bill, but I believe what unites just about everyone in this debate is a realization that the current system simply is not working, that the status quo is unacceptable. We disagree about what should replace that system.

That is why one chief merit of this bill is that it gives the States the flexibility to reinvent welfare, to find out what works, what does not work, and once we find out what works, to build on that. That experimentation has already started in the States. The only thing that is holding it back, frankly, is the Federal Government. And this bill allows for more experimentation, it allows for new ideas.

Mr. President, compared to the current system, a failed, top-down system that fosters the cycle of dependency that blights so many parts of America, this is a huge improvement. And there are other improvements, Mr. President, in this bill as well.

This bill reestablishes the connection between work and income, the time-honored idea that people should work to get income. The current welfare system cut the nexus between working and making money. This was one of the great mistakes of our social welfare policy. People do need a hand up. They need help. And this welfare bill gives them a hand up.

I am also very pleased, Mr. President, the bill includes a "rainy day" contingency fund for the States. As a former Lieutenant Governor, I know how vulnerable a State's budget is to an economic downturn. Many States, such as my home State of Ohio, are required by law to balance their budget every single year, no matter how hard the economic times are. We need to make sure that the poorest Americans are taken care of when that contingency arises, thus the contingency fund in this bill.

That is why, Mr. President, I offered the amendment for the contingency fund last year. I applaud the conferees and the leadership for the decision to include that contingency fund in this package as well.

I also think this bill's crackdown on unpaid child support is a terrific idea and long overdue. As a former county prosecutor, I dealt with these child support cases all the time, and I can tell you that when child support goes up, the welfare rolls go down. It is as simple as that.

One provision in this bill that I am particularly proud of is one I proposed as an amendment to last year's welfare reform bill. It has been included in this bill as well. It would give States added tools in their efforts to track down the bank accounts of deadbeat parents.

Mr. President, in this bill, we are strengthening the States as they attempt to go after the delinquent and deadbeat parents. It is absolutely essential that we strengthen the ethic of personal responsibility in this way. We need to make it absolutely clear—America demands that parents be responsible for their children. Deadbeat parents cannot be allowed to walk away from their responsibilities. In this bill, we deal with that.

We also provide a strong safety net at the same time, a strong safety net for people who need help. The bill passed the House by a broad bipartisan vote, 328 to 101. I expect it will pass the Senate overwhelmingly later this evening. I applaud the President for his decision to sign this bill. My only regret is that we lost time. We lost a year. Last year, the President had welfare reform before him. He decided to veto the bill. This bill is no different, not significantly different in any way. I am pleased to see that the President has changed his mind and that he now intends to sign the bill.

Today, the American people can be proud of this legislative process. We are about to pass a bill in a couple of hours that offers the best hope in our lifetime for breaking the cycle of poverty. It is a bill that provides hope, hope for the people on welfare, and hope for the idea that we can change

welfare, change the system that clearly has not worked. It has been a system that has kept people down, a system that has promoted illegitimacy, a system that has not given people hope. Today we take a major step to change that.

Mr. President, let me conclude by stating that we have heard a lot of comments today on this floor about children. I think we should not fail to realize that the chief victim of the current welfare system, the chief victims, are the children. If anyone doubts that, talk to families who are on welfare. Talk to the children. I believe the chief benefit of this bill, quite frankly, is the hope it holds for these children.

I thank the Chair and I yield the floor.

Mr. ABRAHAM. In the absence of a speaker on the Democratic side, I yield myself up to 10 minutes to speak at this time.

The PRESIDING OFFICER. The Senator from Michigan.

Mr. ABRAHAM. Mr. President, as we come to the conclusion of this debate, I think we should be proud of the efforts of the Senate and of the Congress. For the better part of 2 years we have now been working toward, I think, a very positive conclusion to the debate on how we assist those in our society who are the most needy.

It is clear from an examination of the past 25 to 30 years that the so-called war on poverty has been, at least up until now, won by poverty. Although trillions of dollars, over $5 trillion, has been spent during this past 25 to 30 years to try to fight that war, we find today virtually the same percentage, if not a greater percentage, of Americans below the poverty line than was the case when the war began. We have spent, as I say, a lot of time debating in this Congress and in previous Congresses why that is the case.

It is quite clear, and I think acknowledged now by virtually everybody who has been involved in this debate, that the process, the welfare system in this country, is a principal reason why the war has not been won. Some would say, yes, there is a problem, but we have yet to come to the proper solution to that problem. However, I disagree.

Indeed, we have worked very hard for, as I say, almost 2 years in this Congress, building on work done in previous Congresses, to find the solution. I believe this legislation, although maybe not ideal from the perspective of any single Member, including the one from Michigan, is, nevertheless, a major step in the right direction.

I believe this approach will work, Mr. President. It will work for a variety of reasons. First, it will work because it vests far more flexibility and far more decisionmaking and far more authority in the 50 States. There may have been a time in this country when some States and communities did not step up to their obligations to assist those in need. That is certainly not the case today. I do not know of one person in this Senate who has stood up here and said: "My State will fail; my State will not take care of people; my State cannot meet the challenge; my State is less compassionate than the National Government." I have not heard one Member say that. That is because not one Member could say that, Mr. President.

The States are as compassionate and as capable and more knowledgeable about the problems confronted by their citizens than bureaucrats in Washington. This legislation gives those States the chance to translate their compassion and their insight and their expertise into the action it will take to assist people in need to move out of poverty and on to the economic ladder.

This legislation works, also, Mr. President, because it changes the incentives. Yes, we place some tough standards in this legislation, incentives to people to get out of the welfare dependency role and on to and into the work force. We put time limits. We put the kind of tough standards that will cause people to understand that poverty is not the way of life, that welfare is not the way of life, and to seek the assistance of government at all levels to obtain the training and the assistance and the help it will take to move into productive work. It changes the incentives in the right direction.

The legislation is important, also, Mr. President, because for the first time it allows us to begin addressing one of the most important problems we confront in this country, the problem of the rising rate of illegitimacy, of out-of-wedlock births in America. We provide in the legislation incentives for States to find ways to solve the growing number of out-of-wedlock birth situations, incentives in the form of more dollars for the various problems if States can address effectively these issues and these problems, and do so without increasing the abortion rate at the same time.

Finally, this legislation makes sense, Mr. President, because it means less bureaucracy. In my State of Michigan, we think we have a pretty darn good formula for addressing the problems that confront our most needy citizens. Too often, however, Washington bureaucracy and red tape make it impossible to accomplish our objectives.

Just to put it in perspective, when we talk to people in our Family Independence Agency—it used to be called the Department of Social Services; we tried to change the title to change the philosophy as to our objectives in that agency—the front-line case workers, the people who are supposed to be out there at the front line assisting folks to get out of poverty and on to the economic ladder, two-thirds of their time is not spent helping people get off welfare. Two-thirds of their time is spent filling out paperwork, almost all of it coming from Washington. We believe in our State, for example, that we can take what is now a 30-page form that must be filled out by folks who are going to go on to assistance programs and reduce it to about 5 pages, one-sixth the size of the form that currently is used. The time the case worker would have spent filling out the other 24 pages can now be spent helping the recipient figure out what training programs and what strategies will work to give them an opportunity to be productive and to get on the economic ladder. We think we should have the flexibility to get rid of the bureaucracy and to get rid of all that paperwork and concentrate on the true challenge that we have.

For these reasons, I think the program that we are about to pass tonight is a sensible approach. I think it will do two things. I think it will help the people who need help and give confidence to people who have lost it in our system, the people who pay the bills, the taxpayers, who are frustrated by what they see as a losing war on poverty, confidence we are moving in the right direction. I think that will translate, Mr. President, into more support for social agencies across our States and in our communities, for charitable organizations, for other types of approaches that will assist government in getting the job done.

Finally, let me conclude with a comment about one particular topic that has been discussed at great length during this debate. That is the issue of children. We all have different perspectives on this, of course. As I look back at the last 30 years, as I hear story after story from the people in our social service agencies about families in a cycle of dependency, about kids without hope, of rising crime rates among young people, of increased drug usage rates, of kids having kids, I can't help but think that what we have today has to be changed if we really care about helping kids. If we really want to help the children, we certainly should not, in any sense, continue this legacy, continue the system that has created so much unhappiness and so much hopelessness.

Let us replace the hopelessness with hope, Mr. President. Let us finally put all the words and all the rhetoric of many years of campaigns and Congresses into action. Let us do it tonight. Let us finish the job and move in a new direction. Let us solve the problem. Let us help our most needy citizens in the best way possible.

I yield the floor.

Mr. EXON. Mr. President, I yield 7 minutes to the Senator from Massachusetts.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized.

Mr. KERRY. Mr. President, I thank the Chair. Last year, I voted for the bill that the Senate passed 87-12 that went to conference committee. The conference committee moved significantly back, so much so that the President saw fit to veto it. I voted for the bill that came back. I voted for the bill that went to the conference committee this year. I listened very carefully to

the comments today of my colleagues about this bill that comes back from the conference committee.

This bill that returns to the floor contains a number of important improvements from the bill that was vetoed last year. The agreement before us assures that almost all categories of citizens who are willing to work who are now eligible for Medicaid will continue to be eligible for health care in the future. The bill increases child care funding levels by $4 billion over that which was vetoed. It doesn't include the optional food stamp block grant, so our Nation will continue to have a national nutritional safety net that is below that which I think is necessary. The new bill also maintains the child care health and safety protections contained in the current law and reinstates a quality set-aside.

Additionally, whereas the vetoed bill block granted administration and child-placement services funding, this bill before us retains the current law on child protection entitlement programs and services. And, finally, compared to the vetoed bill, this new bill increases the contingency fund from $1 billion to $2 billion to provide States with more protection during an economic downturn.

Perhaps most important in the new bill is the child-support enforcement measures. These enormously significant changes will result in the most sweeping crackdown on deadbeat parents in history. As the President said yesterday, with this bill, we say to parents that if you don't pay the child support you owe, you are going to have your wages garnisheed, your driver's license taken away, and people will be chased across State lines and tracked, and, if necessary, people will have to work off what they owe. That is a monumental shift in attitude and culture; although, ultimately, I believe without equivocation, that we will have to go further toward a national system, because one-third of all child-support cases are interstate cases. The measures contained in this bill will dramatically improve the child-support system so children can get the support they need and deserve.

Notwithstanding these good advances, Mr. President, I have also listened carefully to my colleagues on the floor, those who oppose it. There is not one of them who has not expressed legitimate concerns, legitimate fears. I respect those concerns and those fears, and I do not believe that there is one of them who does not want welfare change in this Nation. But I do believe we are voting today on a fundamental decision about change and what we are going to try to do. The fact is that we are really codifying what 40 States are already involved in, because there are waivers all across this land. And we are codifying something for a period of 5 years, a 5-year experiment, during which time, the 5 years, the full amount of time that people have before they would be cut off, will not have yet expired. We will be reconsidering it before that date comes.

I believe that my colleagues who have cited problems that still remain with this bill are correct. But there is no way to a certainty, Mr. President, to say what the interaction will be with those who will go to work, those who will benefit from the increased minimum wage, those families that will benefit by increased purchasing power from the combination of work and minimum wage, and therefore less need for food stamps. There is no way to say to an absolute certainty what the impact of a new culture will be on children or the relationship of family.

What we do know is that it will be new, and what we do know is that it carries risks. Mr. President, we also know some things to a certainty. I agree with the President and colleagues who come to the floor that, although we made great strides to maintain the fundamental nutritional safety net, we do cut deeper than necessary in this bill. And I am disappointed in the bill's provisions on legal immigrants. Legal immigrants are people who pay taxes, they can be drafted, and they are in this country completely legally. The harmful provisions that are in this bill have nothing to do with welfare reform. They are fundamentally a savings mechanism. I will do everything in my power, Mr. President, to see that we change those measures as rapidly as possible to adjust.

But as the President said yesterday, immigrant families with children who fall on hard times through no fault of their own should be eligible for medical and other help when they need it. If you are mugged on a street corner or are in an accident or you get cancer or the same thing happens to your children, we are a society that should provide some assistance. I will do everything in my power to fight for that.

Finally, I was also disappointed that we weren't able to have the vouchers for children as a matter of automatic. But, Mr. President, as I balance the equities of this bill, the need for change, against those things that we can remedy and against the experiment that is already taking place in this country, it is my belief that the bill before us will ultimately provide a leverage for change that will also change the dynamic of the debate in this country, and that is why, ultimately, I choose to vote for the change and choose to vote for this bill.

For years now, the poverty rate for children has already been going up in America. We have the highest poverty rate of any industrial nation in the world. But when we come to the floor of the U.S. Senate to try to do something for children, we are told, well, now, wait a minute, their parents don't want to work, or it is the welfare system that created the problem. In fact, the welfare debate that has been so adequately distorted in so many regards obscures the real debate about children and about how you put people to work.

Mr. President, I am convinced that by taking that off the table, we are, in fact, going to begin the real debate in this Nation today about how we adequately take care of those kids.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. KERRY. I ask for 1 additional minute.

Mr. EXON. I have exactly 1 minute left. I yield that 1 minute only to the Senator from Massachusetts.

Mr. KERRY. Thank you. Mr. President, I believe that, by taking this away, providing we are vigilant and providing we all mean what we say, providing we are prepared to do what we ought to do in conscience, we will now begin to focus on the children of this country and we will begin to focus on the real work of how you put people to work. I believe that is the most important debate that the country can have and take away from it any demagoguery or artificiality that is placed in front of us about welfare or stereotypes with respect to it. I believe it is an important change.

Yes, people ought to work. Hardworking American citizens should not be required to carry people. But we also have to be honest about the difficulties of some of our population trying to actually find that work. We should not hurt children.

I want to spend every ounce of energy I have, Mr. President, on the floor of the Senate to stop the business of the Senate, if necessary, to guarantee that we fulfill that commitment as we judge how this works over the next months and years.

I thank the Chair.

Mr. EXON. Mr. President, I yield 5 minutes to the Senator from Arkansas.

The PRESIDING OFFICER. The Senator from Arkansas.

Mr. BUMPERS. Thank you, Mr. President. I thank the distinguished floor manager from Nebraska.

Mr. President, let me say, first, that nobody knows better than I that our welfare system does not work very well. Everyone who is going to vote against this bill today said they do not like the system, that it is broke. There is a lot of truth in that.

There are a number of reasons I am going to vote against this bill. First, the bill is not going to address those deficiencies we all know exist in the system. Second, I am going to vote against it because it discriminates against my home State of Arkansas in a massive way. Children in my State will get $390 a year. Children in Massachusetts will get $4,200 a year; in Washington, DC, $2,200 a year. You tell me why a child in Arkansas is worth $390 a year and $4,200 in Massachusetts. You expect me to vote for a formula like that, one that does not even take into consideration how many poor children are in your State?

Everybody hates welfare. I am not too crazy about it myself. But I will tell you one thing. I have seen it firsthand. I have been in the ghettos of my

State in the Delta. I can tell you it is not a pretty picture. Mr. President, I find it rather perverse that 535 men and women who make $133,000 a year will be voting on whether children are going to eat or not, whether their mothers are going to eat or not.

Never has such an important piece of legislation been crafted in such a highly charged political environment. Everybody understands precisely what the politics of this whole thing are. The election is coming up. So we have to do it. I said the other day that there ought to be a rule in the Congress against considering bills like this during an election year. The American people detest welfare. I understand that. But there ought to be a rule against considering these kinds of bills that affect the very fiber of this Nation in an election year.

This is the first time in my lifetime we have deliberately and knowingly and with some elation turned our back on the children of this Nation. I still believe those Methodist Sunday school stories I heard about "blessed are the poor." I used to be one of them.

We are going to kick people off welfare and tell them to get a job. I would like to invite all of my colleagues to go to the Arkansas Delta. I will pick out a dozen communities for you to visit, and then you tell me after you have kicked these mothers off welfare where they are going to get a job; 50 percent of these mothers will be kicked off the welfare rolls after the first 2 years. There are no jobs.

We could not even find it in our hearts to provide vouchers for mothers so they could provide diapers, medicines, and other necessities for children. We wouldn't even give them a voucher to buy nonfood products for their children. I can't vote for this.

We have one out of every five children in this country in poverty. You think of it. One out of every five children in this country, 20 percent, now live in poverty. Every single study of this bill says there will be a minimum of 1 million to 2.5 million children added to those rolls within 5 years.

Oh, Mr. President, I could go on and on about why I am not going to vote for this bill. Simply, I just can't find it in my heart to vote for a bill that I consider to be punitive. Punitive toward whom? Not just some lethargic person on welfare, but innocent children. If you are a legal alien and the school district wants to take your child, that is their business. We are not going to pay for it. So if you are a legal alien, you have a right to be here, you work here, you pay taxes here, and you send your child down to the school. They may take your child, but they will not let him go to the lunchroom because the Federal Government pays that bill, and "We ain't paying." We are not going to pay it. I have heard it said that 47 members of our Olympic team are legal aliens, or children of legal aliens. Tonight, instead of honoring them during the Olympics, we are turning are backs on them.

So, Mr. President, I admit I am softhearted. I am very compassionate toward children and women. So I just simply cannot vote for this bill. I wish everybody well, and I hope it works. I do not believe it will.

I yield the floor.

Mr. SANTORUM. Mr. President, I yield myself 15 minutes.

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized.

Mr. SANTORUM. Thank you, Mr. President.

Mr. President, I speak as someone who has worked on this issue for now 4 years. This is a very meaningful thing for me personally. But I think, as I look at this legislation and as I look at the process it has been through, I can't help but think what we are doing here is probably the most significant piece of social welfare legislation that we passed maybe since the mid-1960's, and I would even suggest possibly since the 1930's. So it is a very significant day. We are making monumental decisions here that are going to affect millions of people.

I understand that the passions run very high on both sides of the aisle on how desperately we need these changes, as some suggest, and how erroneous these decisions are by others who oppose the bill.

If I can for a moment, because I know there has been a lot of debate about why we need to make these changes and what the bill does or does not do, or should or should not do, let me talk for a minute as to how this bill got here.

I think, if you look back at the genesis of this proposal, you have to go back to the House of Representatives. A task force was put together by NEWT GINGRICH, a task force on welfare reform when we were in the minority over in the House back in 1993. He asked me, as the ranking member on the Ways and Means Subcommittee of Human Resources, to chair a task force of members of the subcommittee and other people, including the former Governor of Delaware, MICHAEL CASTLE, the Governor from Missouri, and a few others, to sit down and try to put together a bill that would follow through on ending welfare as we know it.

We got all sorts of testimony from people. We talked to literally hundreds of people all over the country about the problems in the welfare system and listened to all of the experts and pseudoexperts on the issue of welfare—frankly, not just from conservatives but from across the spectrum—as to the pitfalls that we might encounter.

Let me first state that this was an extraordinary thing to do. We actually took this very seriously. When you are in the minority, when you work on a major issue like this, most people do not pay much attention to what you do. "You are not going to pass this bill. It is not going to become law." So there is sometimes a feeling, "Well, let's just sort of put together what we can, sort of patch together some popular ideas, throw it out, and it will get a story for 1 day and no one will pay much attention to it after that."

I can tell you that myself, NANCY JOHNSON, CLAY SHAW, MICHAEL CASTLE, and a whole lot of other folks who were in the House last term took this as a real serious responsibility. We met literally for, I think, 6 or 7 months, every week, hours upon hours each week, just over every single item in the legislation.

It was a wonderful experience for me. But I think it was a great experience for all of us to see the real complexities of what we are dealing with. I think we got a real understanding of some of the concerns that Members have expressed here.

We came out with a bill in November of 1993. It addressed for the first time issues like the paternal establishments which are in this bill. The provisions we wrote in this bill almost 3 years ago are almost identical. In fact, I suggest they maybe are identical to the provisions that are in the bill today that we addressed—the issue, for the first time ever, of immigration and benefits to legal aliens. It was the first time the bill had come up and addressed that issue. And those provisions are in this bill today.

We addressed the issue of illegitimacy. Again, that was a word that, frankly, we were not supposed to use anymore. It was a politically incorrect word. You were supposed to use the word "out-of-wedlock birth." We addressed that issue for the first time and really brought the attention of the welfare debate on this scourge in our Nation.

I know it has been cited here before, but in 1965, the illegitimacy rate in this country was about 5 or 6 percent. Today a third of the children in this country are born out of wedlock. I am not saying that welfare is the sole cause of that. It certainly is not. But it certainly is a contributing factor, in my mind and, I think, in other people's minds. We were trying to come up with ideas, some of which were included, and, frankly, a lot were not. But we pushed the envelope for the first time. We put this in the forefront and made it an issue of debate. Yes; we had time limits on welfare. Yes; we had work requirements—real work requirements. And those time limits of 2 years without having to work and 5 years total on welfare are in this bill today.

If you go back and look at that original draft, I think you are going to see a lot of similarities in child support enforcement and a whole host of other areas that are in the bill today. And I think it is a remarkable compliment to the men and women who worked in that group that their hard work, seemingly fruitless at the time because we were a minority, had absolutely no hope that we would ever be in the majority but cared enough—I think that is the point I am trying to make—we cared enough about this system and the destruction that the system was

causing, we cared enough to spend hours and hours of time to put together a bill that we felt truly would change welfare and end the despair and the dependency that this system has created.

So I congratulate my friends in the House who made a tremendous contribution to the original bill, and I congratulate others for the successor bills, the bills that were introduced in the Senate by Senator Packwood and in the House subsequently by CLAY SHAW, who was a member of that original working group. They took the next logical step and moved the ball forward on a few issues, fell back a little bit on others, but that is how the legislative process works. We tried to meet the concerns of, frankly, both sides of the aisle. And I know when Senator Packwood, and then subsequently when Senator ROTH took over the Finance Committee, we actually crafted a bill here on the Senate floor last year that got 87 votes and then recrafted another bill, very similar to the bill that passed last year, and got 74 votes, and I suspect we will get maybe even a few more than that this time around. They did the same thing in the House and continued to get more bipartisan support as we worked through some of the difficult issues of welfare reform.

The core of those bills remains the same, and that is that we are going to do something about illegitimacy. There is an incentive now sponsored by Senator ABRAHAM, one of the improvements to the bill, for States to reduce their illegitimacy rates, and there is a cash bonus for States that are able to reduce that statistic, that cruel statistic to children. And I say cruel because go through all of the evaluation criteria: Children who are born to single-parent households are more likely to be poor, are more likely to be on welfare, more likely to do poorer in school, more likely to be victims of crime. You can go on down the list. We are doing no favors to children when fathers are told that they are expendable.

In the welfare system that we are creating here today, fathers are no longer expendable. Fathers are going to be required to be responsible for the children. Mothers are going to be required to cooperate with the Government in establishing paternity—two things that were in the original bill that we drafted 3 years ago that have stood the test of time and scrutiny in both Houses of Congress, because it is the right thing to do. We have stood up and said families are important under this bill. We have stood up and said communities are important.

Senator ASHCROFT, in another good addition to this bill, said that religious, civic, and nonprofit organizations in the local communities are going to be much more able to be part of the system of welfare, of support of the poor than they are today, are going to be eligible for more funds and more opportunities to help the poor, which they do much better, much more efficiently, but, frankly, even if they did not do it more efficiently, they do it more compassionately. They do it with love for their neighbors and the people in their communities, not out of some sense of duty because it is their job.

We have changed welfare in this bill, and we have done it over a long process. Those who would suggest this is just something that was thrown together at the last minute before an election do not know the work, or either choose not to recognize the work that has been put into this bill, the time and the debate, the hours of the debate here on the floor and over in the House, in the conference committees, to try to come up with a carefully crafted bill that is truly compassionate and not compassionate in the sense that the Federal Government is going to go out and take care of every person's need who is poor.

I think we have shown that that system is truly not compassionate because when the Federal Government comes in and takes care of every aspect or every need that even a child has, then the Federal Government, in fact, becomes the replacement for the others whose responsibility it truly should be to take care of that child. We have said to the father, again, you are not necessary. We have said to mothers, you do not have to work; we will provide—some distant bureaucrat will send a check to provide for you.

That is not compassion. Compassion is having a system that builds families so there is an environment there for children to flourish. Compassion is a system that supports neighborhoods and civic organizations, mediating institutions that DAN COATS talks about so often that provide the values and community support for families that they need to help take care of children, to create the neighborhoods where children are no longer afraid to go out and play on the playground because they could step on some drug-infected needle.

No, this bill is all about creating a community, creating a support network and environment at the level most important to that child as opposed to that bureaucrat sitting behind the bulletproof window passing out the check every month, saying to that person on the other end receiving that check that you, because of your poverty, are unable to provide for yourself and your children and you need to be dependent upon us for your life.

The Senator from Arkansas said it is a tragedy that one in five children in this country are in poverty, and I agree it is a tragedy. And he said it is going to get worse. I suggest he is wrong. I suggest the tragedy is as bad as it is going to get, and there are plenty of organizations as a result of this bill that are going to get the opportunity to step forward, including the family.

I feel very good about what we are doing here, and I would say, as my friend and colleague in the House, CLAY SHAW, said many times, I am not suggesting this bill is perfect. I grant you this bill is not perfect. No bill is perfect. But I can guarantee you that this is a dramatic step forward that this country has asked for and is getting from a Congress that is listening.

Yes, we will make mistakes. Unlike those who crafted the current system in the thirties and in the 1960's, we are going to be willing to come back here and look at those mistakes. We are going to be willing to come back and face those problems, because we understand, unlike those who crafted the last system, that we do not have all the answers here, that we do not have the omnipotence here to decide what is best for everyone.

This is a grand experiment, one that we must take if we are going to save children in this country and, more importantly, to save the fabric of America for the next and future generations.

Mr. President, I yield the floor.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. Mr. President, I advise Senators on both sides of the aisle that we have 11 minutes remaining. I am about to yield 7 minutes to the Senator from Florida. There will be 2 minutes to Senator HEFLIN and 2 minutes to Senator FORD.

I yield 7 minutes to the Senator from Florida.

The PRESIDING OFFICER. The Senator from Florida.

Mr. GRAHAM. Mr. President, when we voted on this matter a few days ago, I voted "no." Today, I am going to vote for the conference report, and I wish to explain why I am taking that position.

As I assessed the conference report, it seemed to me that we had basically two options. One option was to wait until there was a better point at which to commence and continue our effort at welfare reform and be prepared to accept the status quo until that second opportunity presented itself. I felt that was likely to be a long time from tonight.

The second option is to accept a clearly less than perfect bill, I would say, accept a flawed bill, but one which represents a step in a multistep process leading toward a fundamental transition from a welfare system that has focused on providing for the needs of a dependent population to a welfare system that provides the ladder by which people can move from dependence to independence. I believe it is more appropriate to take that second road. I believe this is the time to take that leap of faith.

To use some statistics from my State of Florida, 3 years ago, in 1993, we had an unemployment rate of 7 percent. We had 254,000 persons who were on the AFDC caseload. That is 254,000 families that were on AFDC. Today, in 1996, we have a 200,000 AFDC caseload, a reduction of 54,000 in 3 years. That says that we are in a period of a strong economy, creating jobs, providing people with the opportunity within the current system to get off welfare and to get a job.

I think that is the ideal environment in which, now, to have this new system which will be giving to the 200,000 who are still on welfare the means by which they can get a job and end dependence. If we cannot make this transition work under the economic conditions that exist in my State and most of the States of America in the summer of 1996, then I doubt we will see a time in the foreseeable future when we could make this system work.

It is for that reason that our Governor has announced his support for this program. It is for that reason our legislature has passed its own version of welfare reform, building on important demonstration projects in our State which have tested out what is going to be required in order to make this new system achieve its objective.

I stated candidly that this is a bill which is far from perfect, and which has some flaws. That presents, as I believe the Senator from Pennsylvania just stated, the agenda for our action in the future. I suggest two areas in which I think that attention should be focused. One of those is on the basic financial arrangement between the Federal Government and the States. We start this in a period of prosperity. We know the business cycle has not yet been repealed. There will be times when we will return to the circumstances of the early 1990's, when we had unemployment rates ranging from 7.4 to 8.3 percent. We need to relook at our financial relationships to assure that we have the flexibility, the elasticity in order to protect States during those downturns.

We need to also look at the issue of fairness of allocation. I continue to be distressed at the fact that we are using the old method of allocating Federal funds, the formula that we developed for the system we are now rejecting as we move into the new system. I suggest that is inappropriate, an inappropriate bit of baggage we are carrying with us and it is going to be a heavy piece of baggage, in terms of achieving the objectives of moving people from welfare to work, particularly in States such as Arkansas, which start this process as very low beneficiary States and are therefore restricted in the amount of funds they will have available.

The second area in which I believe we need to focus our attention is on the issue of legal aliens. It confounds me as to why legal aliens were brought into this bill, which has, as its title, welfare reform. That has very little relationship with the severe cutbacks in benefits for legal aliens. These are our parents and grandparents of just a generation or two ago, who came to this country seeking the freedom of America. Now, those who have followed them in that 200-year quest for those values of America, we are now putting into a second-class status. There is no relationship to the goals we are trying to achieve in welfare reform. It has a lot to do with the fact this is a voiceless, vulnerable population, from which we can seek some additional resources in order to meet our budgetary goals.

Let us be clear, this is a budget issue, not a welfare reform issue as we speak of legal aliens. And it is going to be a major budget issue for those communities which have sizable numbers of legal aliens who will now become an unpaid charge to the local public hospital. So that area will also require our attention.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. GRAHAM. Mr. President, I conclude by saying it is with a leap of faith that we undertake this initiative. I think we are doing it at a time which gives us the greatest hope and expectation that faith will be justified.

Mr. DOMENICI. Mr. President, Senator SIMPSON is next. I believe he has asked us for 10 minutes? Up to 10 minutes.

The PRESIDING OFFICER. The Senator from Wyoming.

Mr. SIMPSON. Mr. President, I thank Senator DOMENICI, always, for his courtesy, his kindness and his generosity in what he does for all of us; and to recognize once again how hard he works. And, also, Senator EXON, who came here to this body when I did. I do not think anyone realizes the task of the chairman and ranking member of the Budget Committee and what they do. Through the years I have watched with awe, as they deal with every single issue that confronts us and do it with a steadiness and skill that is enviable. I do mean that.

I think we have a good measure here. It has certainly been through the grinder. We have all looked at it carefully. There is nothing new in it. I support it. I served on the Finance Committee. I listened to the hearings. I tried to add my own dimension of activity and support to it in its passage. So I commend those who have worked so hard on this issue. I commend the President who has indicated he will sign the bill.

There are some troubling things in there for me. One especially, because I did not have any real active participation in it, and that is with regard to the benefits to legal immigrants of the United States. There is a great difference between an illegal immigrant and a permanent resident alien. We should not be making distinctions on permanent resident aliens, in my mind, to the degree here. I did not participate in any aspect of that because I felt it would detract from what I was trying to do with legal and illegal immigration—which we have dealt with, and legal immigration, which we did not deal with.

Next year, when legal immigration goes up from 900,000 to 1 million people, the people of America will wonder what we did in this Congress. But I think we will deal with the issue of illegal immigration. We are not far from resolving that.

MENTAL HEALTH PARITY

Mr. SIMPSON. Mr. President, let me just say I am deeply troubled the conferees for the health insurance bill have apparently decided to not include any form of mental health parity on the final bill. In April, 68 Senators voted aye on an amendment by Senators DOMENICI and WELLSTONE that would prohibit health plans from discriminating against people who have mental illness. This amendment was not a sense-of-the-Senate proposal or some meaningless resolution. We do plenty of those in this place. They always come back to haunt us, but we do them all the time—sense-of-the-Senate this, sense-of-the-Senate that. That is not what this was. It was a real piece of legislation.

It was real legislation that expressly prohibited health plans from imposing treatment limits and financial requirements on services for mental illness that are not also imposed with respect to physical ailments. It was deeply gratifying to me personally to see so many Senators cast a rollcall vote, clearly "on the record," in bipartisan support of ending this terribly unfair discrimination.

It is discrimination, that is what it is. We talk about that all day in here. If there is ever a more blatant form of discrimination, I do not know what it is. To think we still carry such a stigma in society of mental illness is dark ages stuff.

So 3 months later, I am absolutely stunned that we are unable to gain support for the Domenici-Wellstone compromise which represents a very mere "slice,"—a minuscule slice—of the original amendment that received 68 votes.

All this compromise would require is that mental health "parity" be achieved with respect to annual payment limit caps and lifetime caps.

I think it is rather curious that the conferees rejected this compromise, held tough for so long and, at the same time they accepted another compromise on medical savings accounts which received only 46 votes on the Senate floor, and I am one of the 46 who voted for medical savings accounts.

I am pleased we were able to work out an agreement on that aspect of the bill, but I certainly must question why the same spirit of cooperation was nowhere to be found when the issue of mental health was considered.

I am especially troubled that some of the special interest groups—boy, have they been sharpening their fangs in this session of the legislature; I have felt a little of it—have been so aggressive in lobbying against this compromise. To say that this small measure of parity is too costly is absolutely utterly absurd. As Senator DOMENICI pointed out, this entire bill is a mandate. To single out this one lone lonely mental health provision and label it as a costly mandate when the whole thing

is a mandate is a classic example of absurdity and discrimination. Yes I will use the term one more time.

Sadly, that is what this debate is now all about. Discrimination is surely not something new to those who suffer from mental illness, I say to my colleagues. They have had it for a lifetime, and the stigma hangs and it is demeaning and it is wrong. It is not something we should accept without a good fight.

I have deepest admiration and respect for my friend Senator KASSEBAUM. She too came here when I did. I would certainly hate to see her work product injured or disrupted, but I respectfully urge my colleagues to consider what we are doing, and I hope Senators DOMENICI and WELLSTONE will work toward some other result, and I will work with them in that objective.

It is time to rid ourselves of this tragedy of stigma and discrimination. To see the business community do what they have done with regard to this issue deserves closer attention from all of us on this and other issues of the day where they apparently feel a great strength surging through their muscles and they do things they never did before. We will address that at some future time, too.

I certainly respect those who have worked so hard to bring this about and will certainly give my full energies to seeing if we cannot get a better result. I thank the Chair.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I thank Senator SIMPSON. I think he will join me in saying, as both of us talk to the business community about what they have done here, we want to acknowledge that some very good businesses in America already have decided to cover mental illness, and none of our remarks are directed at them. There are many self-insured and otherwise who are doing a good job of considering this discrimination.

I thank him for his remarks.

PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996—CONFERENCE REPORT

The Senate continued with the consideration of the conference report.

Mr. EXON. Mr. President, I yield 2 minutes to the Senator from Alabama.

The PRESIDING OFFICER. The Senator from Alabama.

Mr. HEFLIN. Mr. President, 1 week ago, I voted for the welfare reform legislation that passed the Senate. Previously, I had supported two alternatives—one a Democratic version and the other a bipartisan alternative. Although both these attempts failed, some of their provisions were adopted into the bill that passed, making if far better by providing a wider safety net for children and the poor.

The conference report before us now is not as good as I would like. It probably is not anyone's ideal plan for welfare reform. Frankly, I think the Senate's version was preferable to this conference report. But, while some provisions within the legislation are still troubling and need to be reworked down the road, at least we are off to a good start in reforming a system that we all agree to a good start in reforming a system that we all agree is broken and needs to be overhauled. One thing is certain: regardless of its shortcomings, this bill is a product of sincere efforts to end the harmful dependency and other severe short-comings which currently exist in our welfare system. Throughout this debate and these difficult negotiations, I have been impressed with the diligence, tenacity, and honesty which Members have displayed in trying to come up with an acceptable plan to end welfare as we know it.

The measure we are considering today does, in fact, represent a change in philosophy in how we think about children and families. This is the most significant and sweeping change in the social compact of our Nation since the New Deal. Its strength is that it overhauls our welfare system without the harshness of previous bills that have been vetoed. The two vetoes, along with the threat of a third, served the purpose of eliminating the extreme measures that made the previous bills unacceptable—even harmful.

For example, we have now rightly recognized that a mother with young children who wants to work will have access to adequate child-care. Also among its vast improvements is the fact that child nutrition programs, such as the school lunch program, are not block granted. The same is true of the Food Stamp Program. I had grave fears that block-granting these kinds of nutrition programs would impose tremendous burdens on States like Alabama, which over the years has suffered from several periods of budget proration and economic recession. Programs like these aimed at helping children and the poor would have faced drastic cuts if they had been block-granted.

This measure raises the cap on the contingency fund from $1 billion to $2 billion to provide States with more protection during economic downturns. It also adds a new trigger mechanism based on the food stamp caseload. It includes some provisions for States to establish objective criteria for delivery of benefits and to ensure equitable and fair treatment.

This welfare reform legislation, while not as sound as the Senate-passed plan, is still a vast improvement over the Republican bills which were vetoed. As I stated earlier, I still have some reservations surrounding certain provisions contained in the measure. But I believe, overall, that the positive outweighs the negative. I think the compromise we have struck is a major step in the right direction, and an overall positive effort at making welfare more of a helping hand in getting people on their feet economically.

Our debate over the last few months has been both constructive and productive. We now have a bill before us which is a testament to the Congress and its leadership—majority and minority. In essence, it is a product of the Congress' legislative process working as it was designed to work.

We have seen some hard-fought battles and witnessed significant changes from the original bill after some intense debate and good-faith negotiations between the two sides of the aisle. Each side has made concessions, while holding firm to certain core principles. We have arrived at agreements on several major issues. As a result, we now have a bill that contains stronger work provisions and that is not as harsh on children. While there are undoubtedly problems still remaining in the legislation that will have to be addressed down the road, this compromise is an overall positive step for reforming welfare, reducing dependency, and offering a brighter future for millions of American families.

Mr. President, except for the balanced budget constitutional amendment, this welfare reform bill is arguably the most important legislation we will tackle in this or any other Congress. There is no doubt that our current system is failing welfare recipients and taxpayers alike. I am pleased to join my colleagues and the President in taking advantage of this historic opportunity and enacting reforms which will empower recipients to break cycles of dependency, to focus on work and responsibility, and to become successful and productive citizens.

Mr. BURNS. Mr. President, I rise today to talk about this important issue before us—perhaps the most important initiative undertaken by the 104th Congress—welfare reform. For the last nineteen months, Congress has been embroiled in an enormous debate over how best to reform our welfare system. There has been a lot of talk about ending welfare "as we know it", but for the most part, it has been just talk and no action. Today, however, the Senate stands close to passing legislation that I believe will make the much-needed changes in the way our welfare system operates.

I think many of my colleagues on both sides of the aisle, as well as a majority of my fellow Montanans, would agree that our welfare system needs improving. I am glad we agree that changes need to be made in our welfare system so that our assistance programs are more effective and less costly. Let's face it, however, we don't need this legislation to know that the welfare system has failed miserably. The truth is, the system is not working as it was intended—as a temporary assistance to help people until they can get back to work. Over the last thirty years, the system has become a way of life, not because those receiving assistance don't want to work, but because the

system makes it tough, even discourages people, to get off welfare.

Although we all know that this bill before us today will not solve all the problems with the current welfare system, it does take a giant step toward reversing years of failed social welfare policy. This bill will end welfare as a way of life for many Americans. By requiring most able-bodied adults to go to work within two years and by putting a five-year limit on welfare assistance, we are making great strides forward in putting people back to work. I have to believe that most people would rather work than be on welfare. And it pleases me to no end that the tough and real work requirements contained in this bill will get folks off the welfare roles and into a productive job, job training program or community service. There is no doubt there will be exceptions, but the goal of welfare reform is independence, not government reliance.

This bill also contains provisions to strengthen families and personal responsibility, something I think is essential to getting at the root of our welfare problems. In a scant few decades, we have seen the demise of families and family values in our country. And illegitimacy rates are rising to almost dangerous levels. These are the things that are contributing most to the decline in our society. More and more children are growing up without a father, without a solid family to support them, and crime statistics show that kids who are raised without a father commit more crimes. I think our welfare system, though designed to assist folks and born of good-hearted intentions, has served to fuel some of the social problems we face today. It is clear that our present welfare system encourages young mothers to have children, and many of those children are not being cared for. Though it is impossible to legislate, this bill takes a giant step forward in addressing these problems by encouraging families to stay together, providing more resources for child care and enhancing child support enforcement and domestic violence measures.

Perhaps the fact that is most important to me personally, by passing this bill we will give the states flexibility to design programs that will work best for their residents. Currently, the Federal Government has so many rules and regulations that when States want to try something innovative to reform the welfare system, like my home State of Montana, the barriers are often times too great. Over the last 7 years, I have spoken with the folks who administer the welfare programs in my State and time and time again they ask for the opportunity and flexibility to run the welfare system as they see fit. And by block granting funds to the States and letting States set many of their own program rules, this bill will allow the decisionmaking to be done at the state and local level, not by Washington bureaucrats. There is no doubt in my mind this will serve both our Nation and, specifically, the people of my State well. After all, Montanans do know what is best for Montana.

The bill does all this and will still succeed in reducing welfare spending by roughly $55 billion over 6 years. Given our Nation's budget problems, that's an important fact.

I realize that there are many Americans, including a number of folks in Montana, who have serious concerns with this legislation. Folks seem to be particularly troubled by the possibility that this bill will actually increase poverty and fails to provide a nutritional "safety net" for our Nation's needy families. I appreciate and understand these concerns—no one wants to push more children and families into misery. In fact, I have been an ardent supporter of nutrition programs in the past, especially those for children, and I have made every effort to protect them throughout the current welfare reform process.

The reality is, however, that the American taxpayer is not getting his money's worth when it comes to many of the current assistance programs and the tragic state of the welfare system makes reforming the system all the more urgent. What's more, there have been those who have suggested that this bill is heartless and out to punish children and immigrants. In response to those who would make such accusations, I would join with many of my colleagues in asking if the current welfare system is not already punishing—even degrading—children and other folks it is supposed to help? Why do we insist on protecting, or at least not reforming, a system that promotes a culture of dependency and poverty? As for the immigration provisions contained in the bill, perhaps Senator SANTORUM summed it up best when he noted that as we become the retirement home for the rest of the world, the taxpayers of this country are picking up the tab. To that end, the goal of this welfare reform bill is not to punish, favor or discriminate against anyone or any group. Its intent is not to promote and strengthen the system. It is constructed to end the cycle of generational dependency and irresponsibility promoted by the current welfare system.

Mr. President, we have a historic opportunity today to change a system that has consistently failed poor Americans. I want to thank the Governors and all of those who have worked so hard, in both parties, to bring this legislation to this point. I particularly want to commend the Republican leadership for leading the way on this issue. Though Bob Dole may not be with us on the Senate floor today, I also want to thank him for his efforts and dedication in ending welfare as we know it. I also want to congratulate President Clinton on his announcement yesterday. Though the President has resisted real welfare reform by casting two vetoes on similar bills in the past, he has realized that the American people want this bill and that bipartisan cooperation is needed to reform this broken system. And with the overwhelming bipartisan support in the House yesterday, it looks as though we are seeing our way clear to bring about the much needed reforms with what I believe will be the right kinds of results.

In closing, Mr. President, it was almost exactly 1 year ago—in fact, it was August 9, 1995—that I stood on the floor of this esteemed chamber and spoke about how much I was looking forward to the upcoming welfare reform debate. I spoke about how excited I was to see some real changes in how Americans perceive welfare, how welfare is paid out, and the direction our country was headed. There were a number of goals then that I was looking for in welfare reform legislation. Would it promote and strengthen the family? Would it give more flexibility to the States, allowing each State to design a system that best suits their needs? Would it include strong work requirements to get folks back into the workplace? Would it address our growing problem with illegitimacy and teenage pregnancy? Mr. President, I think we have addressed these issues with this legislation.

It is now a year later. During this time, a number of differing opinions have been offered—suggestions put forth—on how best to achieve these goals. It has been a very slow process indeed—but I think that most of us would agree that welfare reform is still very necessary and this bill does that. Business as usual was not working in August 1995 or even in November 1992, and it is not working now. All Americans deserve the chance to succeed, whether they are poor or not. I think this bill gives all of us the chance to do just that. Let's not squander this opportunity.

I yield the floor.

Ms. MIKULSKI. Mr. President, I will vote for this bill because maintaining the status quo is unacceptable. The other alternative is to do nothing. I vote for this bill, having reservations, but believing it is the right thing to do.

We Democrats have made 36 important improvements in this bill that protect the most vulnerable, the children. But there are still yellow flashing lights, warnings regarding the bill's safety net for children. We will need to monitor them closely.

On balance, though, I believe the poor and the taxpayers will be better off because we are voting for this bill.

We all acknowledge that our current welfare system does not work. It has failed to move people from welfare to work, and has created a culture of poverty that has ensnared generations of our most vulnerable citizens in poverty and dependency. I believe in the capacity of people to better their lives and build a better future for themselves and their families. The current welfare system does not provide people with

the tools they need to do that. Welfare should be a way to a better life not a way of life.

The current welfare system is dysfunctional and destructive to the poor. I have worked to change that. I have fought for a plan, which I helped to write, that was firm on work and demanded responsibility from those who find themselves on public assistance, but that protected children.

I will vote for this bill because it is greatly improved over the original Republican bill which the Senate debated last year. There are some 36 improvements in the bill, improvements which I fought for and which are drawn largely from the Democratic alternative bill which I co-authored with Democratic leader Senator DASCHLE and Senator BREAUX.

Our Democratic alternative provided people with the tools to move from welfare to work. It demanded work of all able-bodied adults. It removed the key barriers to work—such as lack of adequate child care and inadequate job skills. Our bill ensured that no child would go without health care or adequate nutritional assistance because of the failings of their parents. It ensured that when we aimed at the parent we did not hit the child.

I am proud of my work on the Democratic alternative bill. I am proud that we gained the support of every Democratic Member of this body. I regret that it was rejected by the other party. But thanks to the persistent advocacy of our Democratic leadership, of which I am a member, many of the provisions of the Democratic alternative were adopted in the bill that the Senate passed. They are now in this legislation. These improvements have helped to make this a more acceptable bill.

I'm particularly proud of my role in fighting for child abuse programs, for child care health and safety standards and for the health care safety net. I offered amendments on these issues and fought for their adoption.

From day one, I insisted that we could not do anything in this bill to lessen our commitment to fighting child abuse. I am pleased that this bill no longer includes provisions which would have replaced Federal child abuse and protection programs with an inadequate block grant. As a former child protection worker, I know how vital these programs are for taking care of children who have suffered from abuse or neglect.

I fought to keep current Federal child care health and safety standards. Along with Senator DODD, I offered an amendment to restore those standards which the other party was prepared to abandon. I fought to maintain those standards because I believe strongly that parents should have every assurance that when they place their children in child care, they will be protected from infectious diseases, from unsafe buildings and playground hazards, and that the child care worker will know basic first aid. This is a significant improvement in the bill.

I also fought for a health care safety net for children. I wanted to make sure that children would still be eligible for Medicaid coverage even if their parents failed to meet the work requirements of this bill. This bill contains the provision I fought for to ensure that children will still have access to health care.

I was an energetic and enthusiastic advocate for other improvements to the bill, such as the provisions to provide funding for child care, to exempt mothers with infant children from the work requirements, and the provision that ensures that a mom with a preschooler cannot be penalized for not working if she can't find or afford child care. These are all important measures to protect children, and I am pleased that we were successful in having them included in this bill. The protections for children are significantly better than in previous bills we have considered.

So I acknowledge that this bill has been improved in important ways from the conference report that I opposed and which the President vetoed last year. And I believe the strong support for the Democratic alternative bill is what made these improvements possible.

While I will vote "yes" today, there are yellow flashing lights that give me pause. They must be monitored meticulously. And all of us who vote for this bill must be prepared to make modifications if the safety net for children and the working poor becomes tattered.

A key yellow flashing light for me is the bill's changes in the rules for the food stamp program. Changes in the excess shelter deduction could harm the working poor—those families that pay over half their income for housing. Other changes will severely limit food stamps for adults without children who lose their jobs. Another yellow flashing light for me is the bill's restrictions on assistance for children of legal immigrants, who have not yet obtained their goals of citizenship. Another yellow flashing light for me is the bill's provisions for meeting the needs of children whose parents reach the 5-year time limit for benefits and still do not have work. I fought for a requirement that States must assess and meet the basic subsistence needs of those children through vouchers or other non-cash assistance. The conference agreement did not include what I advocated, but it gives States the option to use their title XX, social service block grant funds, to provide vouchers to meet the needs of children.

Mr. President, today we must face facts. We cannot make the perfect the enemy of the good. And so I will vote for this bill. The American people and I want welfare reform. And I believe the people currently mired in poverty, who have not been well-served by the current welfare system, deserve better. There are over 9 million children currently on welfare. Under the current system, that number is estimated to grow to 12 million in 10 years. We owe it to those children to give their parents every incentive to leave welfare behind and to lift themselves and their families out of poverty.

I will vote yes today. But I will be standing sentry and will be in the forefront in fighting for any changes needed to prevent the safety net for children from being tattered.

Mr. HELMS. Mr. President, future historians are likely to regard this as a momentous occasion in Congress—a welfare bill is finally about to be approved by Congress and signed by the President—a bill which will effectively drive a nail in the coffin of the Great Society.

This welfare reform bill proposes to set welfare policy on the right course.

It requires welfare recipients to work;

It promotes family and the work ethic; and

It exercises sound fiscal responsibility.

In addition, this legislation will insist that illegal aliens must not receive welfare and that non-citizens cannot hereafter lawfully receive most Federal welfare benefits during their first 5 years in the United States.

These legislative goals are tough, but fair. Requiring welfare recipients to work provides the hammer that can break the cycle of poverty and dependency. As matters now stand, the average welfare recipient stays at the public trough for 13 years. This bill reverses that folly; it proclaims for all to hear that welfare must not be a way of life.

Equally important, Mr. President, this legislation is fair to taxpayers because it saves $55 billion of taxpayers' money. The average American worker in 1993 paid $3,357 in taxes just to support welfare recipients. Taxpayers are sick and tired of working hard, paying taxes and watching folks on welfare get a free ride.

Mr. President, the taxpayers can be thankful that this bill contains tough work requirements for food stamp recipients. On several occasions, including during the conference, I took the position that Congress should require able-bodied food stamp recipients go to work before they receive free food stamps.

The original Senate welfare bill allowed recipients to receive free food stamps for 6 months every year with no work requirement. Now, Congress is sending a bill to the President that will require food stamp recipients to work 20 hours per week for an average of 11 months per year or be thrown off the welfare rolls. This is a giant step forward from current law which gives folks a free lunch at taxpayer's expense.

Mr. President, when the liberal politicians pushed through their welfare system more than 30 years ago, the American people were assured that welfare would not become a way of life.

And when Lyndon Johnson signed the war on poverty legislation in 1964, he promised, "The days of the dole in our county are numbered." Unfortunately, 30 years after this war began, the days have numbered to about 11,680—and we're still counting.

Since Congress obediently embarked down the road called the Great Society, the result has been the most massive Federal spending in history, increased poverty and untold millions of Americans trapped in the welfare cycle. The Great Society has been a monumental failure, but it got a lot of promising politicians elected because they promised everything to everybody. But with the enactment of the bill, the days of the Great Society are coming to a close.

The cost of welfare programs has now reached a budget-busting $345 billion a year. During the past three decades, welfare spending has cost the American taxpayers $5.4 trillion. It may come as a surprise that welfare programs have cost 70 percent more than the war against Germany and Japan in World War II.

What, Mr. President, do we have to show for these exorbitant expenditures? An increase in the poverty rate. As of 1993, 15.1 percent of Americans were in poverty, compared to 13 percent in 1964, a 2-percent growth.

Mr. President, the human devastation caused by rising illegitimacy rates and the breakdown of the family is even more troubling than the cost of welfare programs. Government programs of any magnitude carry with them a cargo of unintended consequences. In welfare, like most other things, you reap what you sow. For 30 years, the welfare system rewarded idleness and illegitimacy and there has been a marked increase in both.

Mr. President, I emphasize that nobody is opposed to helping those who are less fortunate. Americans, as individuals and communities, have a responsibility to help those who cannot help themselves. That responsibility cannot and should not be abdicated. But we must help them by teaching them to "help themselves" as President Kennedy once stated.

This legislation will help those on welfare because it restores the American work ethic which once was one of the cornerstones of this Nation. In addition, this bill takes a step in the right direction in helping reduce the rising illegitimacy rates by providing funds for abstinence education, and by allowing States the option of denying benefits to welfare recipients who already have children living on the public dole.

An Associated Press poll showed recently that 69 percent of Americans favor a 5-year limit on welfare payments. Likewise, most Americans obviously don't think it's right that working people are required to give up a substantial percentage of taxes to support people who refuse to work.

Mr. President, the majority of Americans are calling for welfare reform. Welfare entitlements must be replaced by limited handouts conditional on self-improvement and work.

Mr. ROBB. Mr. President, I rise to support the welfare reform legislation pending before this body. I do so with both reluctance and hope.

My reluctance stems from some very real concerns I have with this bill. First, I am concerned that we fail to give States the resources they need to do the job right. I am willing to pay more in the short term to bring about economic independence in the long term. Second, like the President, I am extremely uncomfortable with both the level of cuts to the Food Stamp Program and the severity of the restrictions on legal immigrants. We cannot simply abandon our obligation to protect the most vulnerable among us. And, finally, I am troubled by specific provisions of this bill—like the one dealing with mothers with young children who do not work because they cannot find child care. The conference lowered the age from 11 to 6—and this is wrong, Mr. President. If we want mothers to move from welfare to work, we have to ensure they have child care for their young children.

I will vote for this bill believing strongly that it is not our final word on welfare reform. And I'm prepared to work with the administration and with my colleagues here in the Congress to address the concerns that I have—and that I know others have—with this legislation.

But, Mr. President, like the President of the United States, I also believe strongly that the opportunity before us is one we cannot let slip away. We simply cannot allow another generation of American children to fall victim to a welfare system that fosters dependency rather than opportunity, that has become for far too many children, not a second chance, but a way of life.

I will vote for this bill, Mr. President, because I believe it contains the incentives needed to bring people out of poverty and into the economic mainstream. It contains tough work requirements, time limits on benefits and nearly $4 billion in new money for child care. It protects health care for current populations and allows States to use Federal money to provide noncash vouchers for children whose parents meet the time limits.

It emphasizes work and responsibility. It includes a strong community service component, which teaches both the value and the obligations of citizenship.

But I know, Mr. President, that all the positive incentives in the world mean nothing if there are no jobs at the end of the line—and that the best social policy of all is economic growth.

That is why I believe that the first edition of welfare reform was approved by this Congress in 1993 with the passage of the President's deficit reduction plan. We can approve legislation today that aims at moving people from welfare to work because we do so amidst a strong, vital economy. In less than 4 years, our economy has created over 10 million new jobs—most of them in the private sector—and we have the lowest unemployment rate in 6 years.

As we bring down our deficit, we enhance our ability to invest in our people. And as we strengthen our economy, we provide new avenues of opportunity for poor Americans to enter the economic mainstream.

We cannot just give incentives to move people from welfare to work, Mr. President. We have to also better invest in programs that give them the tools to succeed—programs like education and job training.

Mr. President, I have outlined my reservations about this bill, and I am committed to working in the coming months to remedy these concerns. But my hope for this bill transcends the ability of individual mothers to exchange a welfare check every month for a pay check.

For every time a welfare recipient earns a living wage, at least one more child in America sees their role model go to work in the morning, earn a salary, pay their bills, believe a little more in their own ability and self-worth, and live in a world that is infinitely stronger because they contribute to it.

And every time a welfare recipient earns a living wage, at least one more child in America escapes from what could become a cycle of dependency and hopelessness that is inherently unAmerican—and which we have an opportunity and an obligation to break.

Although only history will tell for sure, I will vote for this bill because I believe it is the first step in breaking the cycle of poverty which has sapped the optimism and the opportunity of too many generations of innocent American children.

Mr. President, I thank the chair and I yield the floor.

Mr. LUGAR. Mr. President, as we end the debate on the welfare reform conference report, I would like to make several acknowledgements of effort in bringing forward this truly historic legislation.

First, I want to congratulate Chairman DOMENICI and Chairman ROTH and thank them for their leadership. As chairman of the Agriculture Committee, I am pleased to have been a partner with them in crafting this bill.

I also want to thank my staff on the Agriculture Committee for their efforts throughout this 104th Congress to make welfare reform a reality. Staff director Chuck Conner, as always, contributed strong leadership. Dave Johnson and Beth Johnson worked tirelessly to develop proposals that both meet our budget goals and continue to deliver assistance to the needy.

They were assisted ably over the past year by Bill Sims, who has returned to the U.S. Secret Service. Special thanks are also due to Joe Richardson of the Congressional Research Service, whose knowledge of the very complicated nutrition assistance programs was invaluable.

The legislative process that culminates here in the Senate today sometimes seemed like a rollercoaster ride with no end. Frustration and long hours were common for my staff. But they have my sincere thanks for their efforts. They should be very proud of this landmark bill.

In the final analysis, this welfare reform legislation represents the best of our democratic process. After much debate, a proposal of potentially monumental importance is about to be approved overwhelmingly by a Republican-led Congress, and a Democrat President will sign it. I hope we will someday be able to look back at this bill as a major step toward restoring the public's confidence in the ability of its elected leaders to respond to our Nation's pressing needs.

Mr. DORGAN. Mr. President, the bill before us represents a historic opportunity to change and improve the welfare system in this country. Today's Washington Post headline proclaims that this bill represents a "basic shift in philosophy" about welfare in this country.

It is true that this bill sends a strong message. That message is: welfare should not be a way of life. We are saying that welfare should be a safety net—a first step toward achieving independence and self-reliance.

But this is not a major change from the way most Americans view the welfare system. We are a compassionate nation, and we accept our responsibility to help those who are less fortunate, who are on the bottom rung of the economic ladder, and those—especially children and the elderly—who are unable to help themselves. This basic notion is embedded in our social policy, and this bill does not—can not—change that fundamental view. Our task in drafting this bill has been to ensure that the safety net will always be there for those families needing assistance to get over a temporary setback.

I will vote for the welfare reform bill today because I think we need to make some changes in our welfare system. I believe that this bill represents a significant improvement over last year's conference report, which I opposed because it did not provide an adequate safety net for poor children. Specifically, this bill does not include the deep levels of cuts in child nutrition programs or an optional block grant for food stamps. It permits States to use Federal money to provide noncash assistance, or vouchers for children. And it preserves a national guarantee for access to health care for pregnant women and children.

This bill also takes the right first steps toward encouraging and rewarding work. It requires welfare recipients to work after receiving benefits for 2 years, and backs up that requirement with the support families need to move from welfare into the workplace.

The bill provides $4 billion more for child care and maintains strong health and safety standards for day care. It gives recipients flexibility to use some of their time on assistance to get the education they need to find and keep a job. The bill also gives States more flexibility to use Federal dollars to create new jobs for welfare recipients, and preserves the earned income tax credit for working families. All of these provisions work together to give welfare parents the support they need so they can afford to leave welfare and enter the workplace. When combined with the minimum wage increase that I hope the Senate will approve in the next few days, it is a significant move in the right direction for America's working families.

While I have reservations about the block grant approach presented in this legislation, the bill does take steps to ensure that States will follow through on their obligation to spend Federal welfare dollars to move people up and out of poverty. Most importantly, we require States to maintain a significant portion of their own contributions for welfare programs. While the maintenance-of-effort provisions are not as strong as I would have liked them to be, they are a major improvement over last year's bill.

One of the most important parts of this bill is its tough child support provisions. Nationwide, only 18 percent of child support cases referred to State agencies for collection result in payments by the absent parent. Yesterday, the President pointed out that, if every parent paid the child support they should, we could move 800,000 women and children off welfare immediately. This bill takes the necessary steps to move us toward demanding responsibility from both parents, and I wholeheartedly support this effort.

Having said why I am voting for the bill, let me now explain that I remain concerned about some of its provisions. One specific area that we will have to adjust with follow-up legislation is the bill's change to the rules for determining eligibility for food stamps. The bill repeals a provision that would have helped families who are forced to pay a higher-than-average percentage of their income for shelter and heating costs. In my state of North Dakota, heating costs take a big bite out of every family's income. For a poor family, this can mean choosing between heat and food. The excess shelter deduction that was scheduled to go into effect next year would have gone a long way toward eliminating the need for that painful decision, and I intend to work to see that provision restored in separate legislation.

We must also address a punitive measure that denies food stamps to Americans who are looking for but have not been able to find work. The conference bill places a 3-month limit on the receipt of food stamps by jobless adults between the ages of 18 to 50. I am certain that each of us knows someone—a brother, an uncle, a cousin—who is out of work, has been looking for work every day, but has not been able to find a job because no work is available. In rural North Dakota, unfortunately, we are not creating a lot of jobs, and finding work may take more than 3 months. It is simply meanspirited to deny an unemployed person food assistance while they are looking for work, and I will work to fix that.

Despite these concerns, this bill is, on balance, a responsible bill. It moves toward achieving the right balance of personal responsibility and giving people the tools they need to move up and out of poverty. I will support this bill today, and I will work to fix those areas that need improvement.

Mr. GRASSLEY. I am pleased that we are here for this final step in the process of ending welfare as we know it. Just yesterday, President Clinton made clear that he will sign this conference report. After weeks of obfuscation, President Clinton finally has made clear that he will act on his promise to end welfare as we have known it and sign this dramatic change in the welfare system. After all we have been through in the last 18 months, I have to admit that I was beginning to feel like a broken record. We passed 2 different welfare bills under the able leadership of former Senate majority leader Bob Dole. In both cases, the President vetoed those efforts.

From the President's most recent remarks, apparently out hard work has paid off and he is finally going to approve our efforts. Interestingly, Doug Besharov, a resident scholar at the American Enterprise Institute, and known expert on the welfare program, says that the new bill is not significantly different from the 2 previous proposals. A Washington Times article of yesterday quoted Mr. Besharov as saying, "This business about 'how much' improved is a certain amount of political rhetoric."

In my judgment, Mr. Besharov is being kind in his remarks. This bill, in fact, is significantly the same as previous efforts.

In the last 30 years we have spent more than $5 trillion to fight the war on poverty. Unfortunately, we have lost. The child poverty rate in our nation is .8 percent higher than it is was when we started this process 30 years ago. So what have the families on welfare gotten for their difficulties? And what have the taxpayers gotten for their money? For all we have invested, we have made no progress.

Clearly, something is not working.

The reconciliation bill before us takes a new approach to an old problem. it restores power and authority to the States to create their own systems to meet the needs of low-income citizens.

Iowa is a perfect example of success. Iowa overwhelming passed legislation in April 1993 to change welfare in the State. In order to implement their plan, the State had to seek 18 initial Federal waivers and more since. Although the State wanted to implement

a statewide program, in order to obtain their initial waiver, they were required to have a control group of 5 to 10 percent who would remain under old AFDC policies.

In October of 1993, the work incentives and family stability policy changes were implemented. At that time, there were over 36,000 families receiving assistance, with an average monthly benefit of over $373.

Last week I received the latest State figures. Iowa's caseload is down 12.6 percent to under 32,000 families. The average monthly benefit is down 11.7 percent to $330.

In January 1994, Iowa implemented its personal responsibility contracts. A family commits to pursue independence and the State commits to provide supports. Before the State implemented reform, only 18 percent of Iowa welfare families had earned income. The most recent numbers show that over 33 percent of all welfare families are earning income now.

With Iowa's success as a backdrop, it is easy to understand why States want welfare reform, not waiver reform.

Another reason is the frustration States feel when seeking a waiver. Though President Clinton has expressed glowing support for the Wisconsin welfare waiver it has not been signed. If the President is for the Wisconsin waiver, why can't he approve it? Even yesterday during his CNN interview, the President challenged other States to follow Wisconsin's lead in reforming their welfare system. Once again we see him saying one thing and doing another.

The reconciliation bill before us also provides for a lifetime limit of 5 years for welfare benefits. This means that there is an actual measurable end so that parents are held accountable for their choices.

When working Americans do not show up for work, they are not paid and are likely to lose their job. They want welfare recipients to live with the same reality. Taxpaying Americans do not understand why their hard work is subsidizing those who are not working.

Mr. President, again, I want to say that I am pleased that the President has finally agreed to sign this conference report. I think this is an historic effort on the part of Congress and it is appropriate for him to sign this legislation.

I look forward with anticipation to what our outstanding Governors and State leaders will do with the freedom and responsibility we are entrusting to them.

Mr. FEINGOLD. Mr. President, I will vote for the welfare reform conference report. I do so with grave reservations about many specific provisions.

Like President Clinton, I think the cuts in nutrition programs are too deep and they can and should be corrected.

Like President Clinton, I am concerned about the treatment of legal immigrants—people who followed the rules and came here under our legal immigration laws. Many have contributed in numerous ways to their communities. They are taxpayers and workers who, like all of us, may become ill or unemployed. This bill slams the door on them to a variety of programs in a manner that is neither appropriate nor necessary.

There are other provisions of the final bill that I feel are too harsh and should be changed.

But the overall effort at reforming the current welfare system is one that I support.

When I campaigned for the U.S. Senate in 1992, I said then, and I continue to strongly believe, that if people can work, they should work. The focus of this bill is to encourage people to work, rather than remain on welfare. I support that goal.

I also believe that the States should have more flexibility to design programs to meet the needs of their residents. I do not believe that detailed prescriptions from Washington, DC are the answer to the problems afflicting the current welfare system.

Nationwide, the current welfare system is a disaster.

It keeps families trapped in poverty. It discourages self-sufficiency. It creates unnecessary barriers to those trying to move from welfare to the work force. It forces recipients and local officials to wade through piles of bureaucratic red-tape. It fosters dependency, discourages initiative, and dampens the spirits of those in need.

We must do better. We must change the status quo. We must provide a new, flexible approach that will help people work and get off welfare.

This bill has improved dramatically from the original Republican proposal of last year. Many of the draconian provisions have been dropped.

The Medicaid safety net has been restored for vulnerable children, the aged and disabled. Child care funds have been significantly increased and efforts to roll back Federal health and safety standards for child care were defeated. Attempts to dismantle the food stamp program and child protection programs failed. The effort to impose a family cap—a penalty for having a child when on welfare—was rejected by a bipartisan majority in the Senate. Maintenance of effort provisions were retained, helping to assure that Federal dollars do not simply replace State dollars.

There are other provisions of the bill that I am disappointed about. I am disappointed that the conference agreement did not include an important improvement made during the Senate debate which expanded the educational activities that welfare recipients could take part in. In addition, the bill is too punitive on mothers who cannot work because of lack of affordable child care. There are vast areas that should have been improved.

I believe that those of us who vote for this measure have an obligation to watch closely as it is being implemented to make sure that it works, works fairly, and that if changes are needed, they are enacted. I am deeply concerned about the opposition of many individuals whose opinions I respect. I share their concerns that in an effort to get able-bodied adults to enter the workforce, we do not inadvertently punish innocent children.

But we are faced with the choice of supporting this bill or maintaining the current system. I vote to change the system.

Mr. FRIST. Mr. President, I rise in strong support of the welfare reform bill. I applaud the bipartisan effort that has taken place to end welfare as we know it, but most importantly I applaud the efforts of the former majority leader, Senator Dole for his efforts in helping to shed some light on the problem of America's children living in poverty.

Mr. President, the most vital investment that we can make in America's future is our children. If there has been any one single pledge that I have made to the people of Tennessee, it was that I would spend my time in Washington working tirelessly to protect the American family but most importantly our Nation's children.

In the real world, beyond the Washington Beltway, everyone knows that the real investment and sacrifice on behalf of children is not made by government do-gooders, educrats, Members of Congress, or social workers. The real investment and sacrifice is made by parents.

Mr. President, few in Washington understand this fact more than I do. As the father of three young boys, it is my belief that we should not be asking the question "what should the Government do for our children?" Instead our question should be "what must we do to get parents to do more?" I strongly believe that our children do not need more Government spending but a mother and a father who care about them.

My Republican colleagues and I pledged to return to families something more than a program or a slogan. We have tried to return resources to families, rather than the Federal Government, to help them in raising their children. Our devotion to our Nation's children is demonstrated in our agenda of strengthened families, safer streets, and stronger communities. Our agenda has included:

A balanced budget that saves tomorrow's generations from crushing debt levels—because of Washington spending, each child born this year already owes more than $187,000 just to pay their share of interest on the debt.

A $500-per-child tax credit to ease the pressures on families and allow parents to spend more time with their kids.

Adoption reforms, including an adoption tax credit, to make adoptions more frequent, less expensive, more secure, and designed to make it easier to place children in loving homes.

Tough crime legislation to protect our children from violent criminal predators.

Welfare reform that lifts families out of poverty and into work, provides for child care, introduces the toughest child support enforcement standards ever considered by Congress, and real reform that reverses the destructive effects of the $5 trillion War on Poverty that has failed so many of our children.

Education reforms which empower parents, teachers, school boards and the local communities instead of the Washington bureaucracy. This includes solid reforms which would enable low-income parents to send their children to quality public, private, and religious schools.

Unfortunately, our efforts to enact much of these pro-family items has been stymied by the President's veto or through filibusters here in Congress. The President vetoed the $500-per-child tax credit, thus refusing to ease the financial burden that so many families feel today, a financial burden that often results in parents spending less and less time with their kids. The President has vetoed a balanced budget, a budget which would have given the children of Tennessee freedom from the repercussions of Washington's destructive spending habits.

Right now, because of the traditional Washington habit of spending now and passing on the bills to future generations, your children and my children will face a lifetime tax burden of more than 80 percent. Imagine that—more than three-quarters of their income will be taken away to pay for the debts we have left behind. That to me is truly immoral. That is why I worked tirelessly last year to pass a balanced budget, the first balanced budget in almost 30 years. A balanced budget would have put a stop to reckless Washington spending and would have allowed us to pay our bills—not pass them on to our grandchildren. The bottom line is: a balanced budget helps to secure a better future for our children—and the President vetoed it.

Mr. President, my Republican Colleagues and I understand that many children are trapped in poverty or failing schools, with little hope of achieving a better life than their parents. During the past year and a half, we have made it our priority to lift the lives and hopes of these children. In addition to lifting the crushing debt burden, we must recognize this immediate, abusive, and destructive threat to the lives of America's children: the liberal welfare state.

Nothing punishes single parents and children more than the current welfare system. Our Federal Government is fixated with a system that is riddled with perverse incentives which discourage work and marriage while encouraging illegitimacy and long-term dependency. Designed as a system to help children, our current welfare system has ended up damaging and abusing the very children it has intended to save.

Consider the facts:

Between 1965 and 1994, welfare spending cost taxpayers $5.4 trillion in constant 1993 dollars.

There are 77 overlapping welfare programs to assist Americans officially designated as poor.

Total welfare spending in the United States, in 1993 exceeded $324 billion. Of this spending, 72 percent is Federal and 28 percent is State. About 90 percent of all State welfare spending is on federally designed welfare programs.

The cost of the war on poverty has been some 70 percent greater than the price tag for defeating Germany and Japan in World War II, after adjusting for inflation.

Welfare spending is so large it is difficult to comprehend. One way to make it more tangible is to recognize that, on average, the cost of the welfare system amounted to $3,357 in taxes from each household that paid Federal income tax in 1993.

A final way to assess the growth in welfare spending is to compare it to the increase in spending on other government functions:

Since President Johnson launched the War on Poverty in 1965, means-tested welfare spending by Federal, State, and local governments has grown more rapidly than spending on all other major government functions.

In 1965, the United States spent 17 cents on welfare for each dollar spent on national defense. By 1993, this had risen to $1.11 on welfare for each dollar spent on defense.

In 1965, the United States spent 29 cents on welfare for every dollar spent on primary, secondary, and post-secondary education by all levels of government. By 1993, the United States spent 91 cents on welfare for every dollar spent on education.

Even if the analysis is restricted to welfare spending on cash, food, housing, and energy programs, the trends are virtually identical. Since the beginning of the War on Poverty, means-tested cash, food, housing, and energy programs have grown more rapidly than defense, education, or Social Security.

After $5.4 trillion has been spent on welfare there remains little to cheer about. The onset of the War on Poverty coincided with the disintegration of the low-income family and the rapid increase in illegitimacy. Overall, 30 percent of American children are born to single mothers. We have spent more money on welfare programs since 1965 than on all the wars we have fought this century, yet people are poorer and more dependent than ever.

These are just a few of the ways that Federal Government's welfare policies and social programs are actually working against the American family and our children. I believe that we have a responsibility to provide a safety net—helping those who, by no fault of their own, have fallen on hard times. It is the right thing to do. But when we help people who are able, and yet make no effort to help themselves, we destroy the individual and undermine the very principles of personal responsibility in which our society was founded on. And this is what has happened.

It is clear that our Great Society national urban policy has not helped people. It has destroyed them. It has not kept families together. It has torn them apart. It has not turned the urban areas of America into shining cities on a hill, it has made them war zones where residents live in fear. Our inner cities should be a symbol of what is right about America. Unfortunately, they have become examples—dying examples—of everything gone wrong with government policy.

Mr. President, this bill changes that harmful government policy.

I firmly believe that most of America's children are being raised in loving, caring families that struggle every day to ensure that their children have a chance at achieving the American Dream. But I also know that many of these same families are filled with guilt, at not spending enough time with their kids because both parents must work to make ends meet. While Washington cannot alleviate these parents' guilt—the 104th Congress has acted to ease the tremendous pressures and burdens on struggling families.

Too many single moms are near poverty because their child support checks are nowhere to be found. Just since President Clinton was elected, 175,000 women, mostly single moms, have slipped into poverty. Through the efforts by my colleagues in the House and the Senate, this welfare reform bill holds fathers accountable for their child support, putting in place the toughest "deadbeat dads" provisions anywhere in the country. We increased child care funds by $4 billion over current law in order to help single parents make the successful transition from welfare to work. Our children are suffering from the current welfare state. We must reverse this trend, to make welfare a helping hand, not a way of life.

Changing the welfare system will help children. Encouraging families to stay together will help children. Putting welfare recipients back to work will help children. Restoring the work ethic will help children. Improving the quality of local education will help children. Encouraging spirituality will help children.

Spending more on the current broken Washington welfare system will not help children. It's time we take away the blindfold and accept reality. We have to rebuild parents, families, and communities, but you can not do it from inside the beltway. It has to be done at home, in school and at church.

Mr. President, the most important thing that we as a nation can do for our children, does not come from the Congress or even the White House. Rather, it must come from within all of us—a commitment to read to your son or daughter, a commitment to attend church with your child and family, coaching your son or daughter's little league team, and becoming involved in the education of your son or daughter. Mr. President, our children are the future of this great country.

I urge my colleagues to vote for this historic bill.

I yield the floor.

Mr. PELL. Mr. President, when the welfare reform bill was before us last week, I said that I could not let my desire to vote for reform cloud my judgment about the bill, and about the serious flaws which I perceived in it. The bill has been returned to us from conference with some of those flaws remedied, but alas not all, and the omissions to my mind are determinative. And so once again, I shall vote against the bill.

I am especially concerned about the bill's undeservedly harsh treatment of legal immigrants. I note with dismay that nearly half of the $56 billion that would be saved by this bill comes from the denial of benefits to people in this category. More often then not, legal immigrants are hard-working, tax paying individuals who deeply appreciate the freedom and opportunity of U.S. citizenship, which they hope to attain. To deny them so many of the benefits that they might legitimately need as they build a life here, seems unfair and unjustified. While I applaud President Clinton's assurance that this grievous flaw in the bill will be corrected by future legislation, the provision amounts to justice denied, here and now, and I cannot bring myself to vote for it.

I remain concerned, moreover, about the practical consequences of ceasing to treat welfare as an entitlement and replacing it with block grants. But what this means is that this Nation will cease to respond to anyone in great need, as a matter of right, and that some people in need may be cut off simply because we have shifted this serious national problem to the States, and we have done so without providing them with adequate support to address the problem. I am particularly concerned that some States, including my own State of Rhode Island which has just enacted a new welfare program, may be penalized if they choose to have a welfare program which is relatively more liberal than the Federal law.

Also troubling is the retention of cuts in food stamp spending, projected at roughly $24 billion over 6 years. Unemployed workers without children will be hard hit, as will legal immigrants.

Finally, I continue to be deeply concerned about the plight of children. I simply cannot believe that eliminating an entitlement which ensures that all poor children get the food, clothing, and shelter that they need can move us individually or as a society down the path we all want to go. While some improvements were made in conference, the fact remains that children will be the ones most vulnerable to the vagaries of variable State welfare programs.

Mr. President, it is with real regret, then, that I cast a "no" vote on this welfare reform legislation. I recognize that the bill achieves many important broad objectives which are clearly desired by the public at large—including work requirements, time limits on benefits and job creation incentives. But looking at the final product, I cannot say that what we have before us is better than what we now have. The bill is, as the Senator from New York [Mr. MOYNIHAN] reminded us "radical legislation with unforeseeable consequences." Better to reject it now than try to make up for its deficiencies in the future.

Mr. LEAHY. Mr. President, it is the understanding of welfare conferees regarding the reconciliation bill that that bill exempts electronic benefits transfers from coverage of the Electronic Funds Transfer Act. The Department of Agriculture is empowered to establish regulations which will provide some protections against recipients' loss of benefits through electronic transfer systems. We encourage the Department of Health and Human Services [HHS] to develop similar regulations which will require procedures to minimize the losses of benefits for aid to families with dependent children recipients. It is also the conferees' understanding that nothing in this bill in any way prevents or discourages HHS from promulgating these essential regulations.

Mr. HATCH. Mr. President, today we take the first big step in ending the era of big government. Today, we send the states the authority to design their own programs for the needy. We move one step further away from the one-size-fits-all approach that comes from a Federal bureaucracy far removed from individual state environments and constituencies. This bill completely changes the very nature of welfare from one of endless individual entitlement to one of temporary assistance and personal responsibility.

This legislation is the result of a truly bipartisan process. I want to thank my colleagues for their work in crafting a compromise that can be supported by a majority of both parties.

I also want to congratulate the President for joining this effort. While we all wondered whether, after vetoing welfare reform twice in the last year, he would sign this measure, I am delighted that he has announced his support for this bill. I commend him for this decision. This is a great victory for Congress, for the President, for the States, for the taxpayers, and, above all, for the needy families of America.

Do we know exactly what will happen after this bill is passed? No. No one is blessed with that kind of omniscience. The current system provides an excellent illustration of the uncertainty of the future. The current system was well-intentioned at its inception. No one was deliberately trying to create a cycle of dependency or despair for beneficiaries who much too often found themselves locked into the system. However, the current system has turned out to be just that, destroying the very spirit of those who are receiving benefits. Through hindsight, we can see that the approaches taken in the current system have not, do not, and will not work. It has been a near total failure despite its worthy intentions.

We have learned from this experience. We have not crafted this welfare reform proposal out of whole cloth. We did not simply dream it up. We reviewed the findings of academics; we heard hours and hours of testimony; we poured over statistics; and we listened to our constituents.

The result is a welfare system built on a new paradigm—a "can do" philosophy that must be infused into recipients and administrators alike.

In designing a new approach to assisting the needy, we have looked to those programs that are successful in moving people to work and helping them become independent. The States have been moving in this direction and have been designing innovative and successful programs for several years. My own State of Utah is in the third year of a successful demonstration project that has just gone statewide. The Single Parent Employment Demonstration [SPED] has 90 percent of the caseload actively participating in work activities, utilizes the use of education and training to provide basic job skils, and has been successful in moving participants into unsubsidized, private sector jobs. This bill will continue this trend and allow the States to continue to design comprehensive programs to address their unique constituencies, needs, and resources.

Mr. President, this bill is not perfect. There are several things included in this bill that I don't agree with. There are many things that aren't in this bill that I think should be there. There are even some things that I think need to be changed. I would particularly like to see an expansion of the use of education and training to provide job skills for long-term employment, changes made in the language regarding existing State waivers, and a broader compromise on Medicaid eligibility to provide a level of administrative relief to the States.

However, the core reforms contained in this bill far, far outweigh these concerns. This bill contains block grants to States and gives them the opportunity to design their own systems—systems that will provide not only the wherewithal to transition people into jobs, such as child care, but also systems that have dignity, hope, and independence as the primary goals.

Throughout this debate, we heard from many who were concerned about the effects that these reforms could have on native Americans. I am pleased that this conference report retains several provisions addressing these concerns. The most important of these provisions is the native American tribal allocation provision. I would like to thank my colleagues for working with me to address this issue.

The tribal allocation provisions in this bill will provide tribal governments the same opportunities and responsibilities as the States to receive

direct funding and the flexibility to design their own programs based on the unique geographical and cultural needs of tribal members. This represents a significant shift in thought and Federal policy. Through provisions like these, this legislation reinforces the Federal Government's commitment for Indian self-determination and self-governance.

Mr. President, we have heard from the American taxpayers in no uncertain terms that they are tired of paying for people to do nothing. Families who are getting up to work every day and are still struggling to make ends meet are tired of seeing families receiving assistance with virtually no obligation to work for it. This bill changes all that. Under this legislation, people must work for their benefits. No longer will beneficiaries be able to continue to receive benefits for nothing. Families receiving assistance will now be given the resources and opportunity to receive job training and education and to move into work and independence. The legislation provides child care and other support services to these families.

Mr. President, we have heard much during this debate about the children and about how this bill is bad for children. This bill is not bad for children. If there is a program that has been cruel to children, it is the current system. How can anyone say that a program that traps our families in a hopeless cycle of dependency is good for and helps children? The current system may throw money at the problem of poverty, but it does not provide a solution.

This bill provides a solution, a way out of the dependency cycle. This bill gives needy children back the things that money can't buy—hope, dignity, self esteem, and a way out of long-term dependency. The best way we can help needy children in the long run is to give their parents the skills and resources—and, yes, motivation—to enter and be successful in the labor market. It can be done. Many have done it. Many more can be successful under the new system of assistance and incentives incorporated in this bill.

Mr. President, this bill is not the end of the welfare reform debate. Congress will continue to review and reform programs for the needy of this country. The reforms contained in this bill will continue to be monitored and evaluated. We can even see some technical corrections that could be made in the near future. I assure my colleagues and the American people that the passage of this legislation does not signal the end of congressional interest in the welfare programs. Passing this legislation is only the first, most important step in a long ongoing process.

Not only is this bill only the first step in reforming the welfare system, it is also the first step in tackling the seemingly insurmountable problem of ever-growing entitlement programs and balancing the Federal budget. This is not a plateau but rather a ledge on the way to the top of the mountain. Congress must continue to look at other entitlement programs for the needy. We must look at the Medicaid Program, at Medicare, at programs for the disabled, and yes, even Social Security. Without reforming these programs, this country will find itself digging itself deeper and deeper into a black hole with no way to get itself out. But, more importantly, our citizens who have come to rely on these programs will wake up one day to find that these programs have met with fiscal disaster and are no longer viable.

Just as important as the fiscal aspect of reforming these programs is the evaluation of the role and values of the Federal Government. We must reform the very nature of Federal programs from one of dependency to one of independence and transition. I encourage my colleagues to continue this fight. We must not stop here at the first victory over big government, but rather continue the process of reviewing the role of the Federal Government and of reforming those programs that are holding us back on the way to a prosperous and secure 21st century.

Mr. INOUYE. Mr. President, I regret that the conferees on the welfare reform bill have decided to report out a measure that is short-sighted and punitive to children, the disabled, and legal immigrants. I realize that the President has indicated that he will sign this bill into law, but I have concerns, as have already been expressed by the President in his recent statement, with many of its provisions.

Preliminary estimates that this measure will push an additional 1.3 million children nationwide into poverty. Once families have reached the 5-year time limit for receiving assistance in this legislation, they will have no recourse for assistance if a poor economy leave them without the possibility of finding employment.

Legal immigrants, including those who have been in this country for some time already, will be prevented from participating in all Federal means-tested programs, including the Food Stamp and Medicaid Programs.

This measure also cuts $23 billion from the Food Stamp Program over the next 6 years. It also limits benefits for those out of work without minor children to 3 months total in a 3-year period.

This measure will cause much grief in Hawaii. The State is already at its limit in its ability to assist those living in poverty, and the changes in the Federal law will only exacerbate a bid situation

I believe that the intent of a welfare reform bill should be to make it easier for families to make the transition from welfare to work. This bill does not provide adequate resources for States to provide the necessary support for families to do so. For these reasons, I will vote against the conference report.

However, I wish to commend the conferees for including in the bill that will now go before the President important provisions that would: First, provide child support enforcement services and funding to Indian tribes; second, authorize a State to exempt any Indian tribe from the 5-year limitation on participation for any Indian residing on an Indian reservation where the resident Indian population is 1,000 or more and where the unemployment rate is 50 percent or higher; and third, establish a 3 percent set-aside for American Indian tribal governments in the child care development block grant. Given the President's statement of his intent to sign his measure into law, I am pleased that the conferees have given special attention to the very serious needs of tribal communities.

Mr. PRESSLER. Mr. President, in 1935 Franklin Roosevelt had the foresight to realize that a welfare system that replaces real work with handouts was doomed to fail the very individuals it was intended to assist. In FDR's own words,

> The lessons of history * * * show conclusively that continued dependence upon relief induces a spiritual and moral 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.

I am pleased that America's long, costly drug addiction to the easy, insidious welfare drug may be beginning to end today. Destructive generational dependency, illegitimacy, fraud, waste, abuse, and neglect soon will be replaced with greater self-sufficiency, responsibility and pride.

The bill before us would change the welfare system and the lives of many Americans for the better. Welfare was meant to be a safety net, not a way of life. This bill would restore the values of personal responsibility and self-sufficiency by making work, not Government benefits, the centerpiece of public welfare policy. I am proud to be a part of the team that has brought this historic legislation to the Senate and, soon, to the President's desk.

Why did the welfare system fail? The value of work was replaced with a handout, instead of a hand-up. The welfare system eroded the American work ethic. In many cases, welfare recipients today can sit at home and make double the minimum wage. Work, as my colleagues and staff know all too well, is a character building process. For generations, South Dakotans demonstrated this principle, that a hard-work ethic provides for themselves and their families. Imagine how they must feel when their tax dollars are used to support Americans who need not work. I can tell you how they feel—upset. That is why we needed workfare.

Workfare may seem innovative here in Washington, but it's not a new idea. Fifteen years ago, South Dakotans sought to develop new solutions for

their welfare system. South Dakota wanted workfare, not welfare. With the reforms it has implemented, South Dakota has succeeded in decreasing its welfare caseload by 17 percent and saved taxpayers $5.6 million. Those reforms, considered radical at that time, will the vision of the future for the rest of the country when the bill before us become law. Governor Janklow first pursued workfare in the early 1980's, and former Governor Miller and our late Governor Mickleson continued with further reforms. I also want to acknowledge and commend Deputy Secretary Mike Vogel, Social Services Secretary, Jim Ellenbecker, Denny Pelkofer, Donna Keller, Judy Heinz, Julie Osnes, and the rest of the staff at the South Dakota Department of Social Services for their efforts to make welfare reform a reality in South Dakota. When today's bill becomes law, these innovators will have even greater freedom to succeed where the Federal Government has failed.

I am pleased that the final bill includes workfare amendments I had included during the Finance Committee's markup of welfare reform. These amendments ensure that welfare recipients will put in a full workweek, just as other Americans do, in order to receive benefits. My amendments also increase the number of welfare recipients who must work and tighten liberal loopholes that have allowed people to avoid real work.

This historic legislation is a dramatic turn to decentralization of government. We are putting greater faith and trust in the states to operate their own welfare programs. I am confident South Dakotans will do better than Washington bureaucrats. No longer will the Federal Government apply a one-size-fits-all welfare system run by bureaucrats. Indeed, the Federal agencies responsible for welfare will be drastically reduced. States will have the flexibility to seek solutions and alternatives to welfare problems. This bill also would do something very revolutionary for the native American community— it would give them the opportunity to run their own welfare programs. This is a great opportunity for them to seek innovative solutions as well. This bill is not just about changing the welfare culture, but also the big Government culture. We change both for the better.

Workfare is not just about restoring responsibility at the individual and State level, it is about protecting children in need. This workfare bill would ensure that children have quality food and shelter. This bill would increase our investment in child care by $4.5 billion and increase federal child protection and neglect funding by $200 million over current law. What this bill eliminates is cumbersome bureaucracy and needless regulations.

We also strengthen child support enforcement and give States new tools to crack down on deadbeat parents. These reforms represent the toughest child support laws ever passed by Congress. The past welfare system fostered illegitimacy and discouraged marriage and parental responsibility. This welfare reform would promote the basic family unit, and crack down on those who deliberately walk away from meeting the needs of their children. More and more children are growing up without the moral guidance and financial support of parents, especially fathers. This is a tragedy of our time.

I am also pleased the final bill includes provisions I authored to crack down on food stamp fraud and prisoner fraud. Last year, I was shocked to learn the extent to which prisoners are able to continue receiving welfare benefits. The workfare bill before us once and for all puts an end to cash payments to alcohol and drug addicts in prison. It also would, reward States that crack down on food stamp recipients who abuse the welfare system. Although my home State's food stamp program is ranked first in the Nation, each year $1.7 billion is lost nationally through food stamp fraud, waste, and abuse. My provision would give additional incentive to crack down on those who abuse the welfare system. I want to extend my thanks to the staff at the South Dakota Office of Recovery and Investigations, specifically Marty Armstrong, for their diligent and effective work on this matter.

Several years ago, President Clinton promised America he would change welfare as we know it. Our former colleague and majority leader, Bob Dole, made the same promise. Last year Congress delivered on that promise. We passed workfare. Unfortunately, President Clinton vetoed that workfare bill. The President vetoed workfare again as part of our balanced budget plan. Thanks to Chairman ROTH, Senator DOMENICI, and so many others we didn't quit. We produced another workfare bill. I am pleased the President has said he will do the right thing this time and support this workfare legislation.

I want to thank the conferees for their quick action in approving the welfare bill. Again, I am proud to have played a significant role in this effort to enact workfare legislation. The workfare bill before us will end welfare dependency by requiring work and placing a time limit on benefits. Tomorrow's welfare system would encourage people to become more self-sufficient and productive members of society, as was intended many years ago. Americans deserve more than a handout for today, they deserve the hope and happiness that come through personal financial independence and the self-realization of work. Welfare reform ensures a better future for all Americans.

Mr. BYRD. Mr. President, as the Senate debates the Conference Report on H.R. 3734, the Personal Responsibility and Work Opportunity Act, Senators are considering one of the most significant pieces of legislation to come before this body in the current Congress. Indeed, if this legislation is approved today—and the President signs it as he has indicated—this welfare reform legislation may be the very hallmark of the 104th Congress. This being said, Mr. President, it is important that all Senators pay heed to the vast and complex changes that this legislation would effectuate on federal welfare policy. I intend to support the Conference Report on H.R. 3734 because I believe it represents a necessary departure from a welfare system that few will deny is fundamentally flawed. My overall support of this legislation notwithstanding, I do harbor certain reservations about the possible effects of certain aspects of this welfare reform initiative on our neediest citizens. With this in mind, Mr. President, allow me to explain why I believe that this legislation, even with its potential deficiencies, represents a marked improvement over "welfare as we know it."

Mr. President, by combining many of the current federal welfare programs into a single Temporary Assistance for Needy Families Block Grant, H.R. 3734 would effectively end the federal entitlement to welfare assistance and give the States expanded control over their respective welfare programs. Under the bill's provisions, each State must establish objective criteria for determining eligibility and providing "fair and equitable" treatment for its welfare recipients. In order to receive their full block grant, States would have to enforce rigid work requirements for welfare recipients and provide adequate child care resources to families with children. Moreover, H.R. 3734 stipulates that States, in order to receive their full block grant, must continue to spend at least 75 percent of the amount they spent on cash assistance programs in fiscal year 1995. And, importantly, H.R. 3734 would limit welfare recipients to five years of benefits and would require most welfare recipients to work at least 30 hours per week by the year 2000. In addition, to protect children of families whose 5 years of assistance have expired, H.R. 3734 permits States to use funds from their Social Services Block Grant to provide vouchers for food for children.

Finally, the legislation permanently bans illegal immigrants from receiving any Federal benefits, and bans legal immigrants from receiving most assistance for the first five years of their residency in this country.

Mr. President, having mentioned the various aspects of this welfare reform legislation that I believe will improve our system of welfare, I must also allude to a particular provision of the bill that I believe may have unnecessarily negative effects on many of the neediest welfare recipients. Specifically, I am concerned about the food stamp work requirements included in this legislation, which would limit adults without dependent children to just 3 months of food stamps every 3 years. Unemployed laid-off workers

would be given an additional three months, and areas with unemployment of ten percent or more would also be given a waiver from the work requirements. Nevertheless, Mr. President, these provisions represent a significant departure from the Senate-passed welfare bill, and they also embody a complete departure from our national policy of providing our needy with the most basic safety net: food. On the surface, it might seem that the two exemptions from the work requirement provide a safety net. Yet, the Congressional Budget Office has reported that States will not be able to create the necessary jobs or workfare slots for individuals that are likely to be subjected to these new work requirements.

Mr. President, the Senate-passed measure, like the measure before us now, would penalize States for not creating the necessary jobs or workfare programs. However, this bill goes further than that by including provisions that would also punish an individual who simply cannot find a job or a workfare slot available. While ostensibly intended to target those who could work but choose not to, this provision may in fact have the worst effect on vulnerable individuals who want to work but cannot find a job. Indeed, this issue warrants careful watching. I believe the conferees would have better served this country by adopting the Senate food stamp work requirements.

While this legislation is not perfect, it represents what I believe to be a reasonable attempt to restore the concept of welfare to its original purpose: a temporary "safety net" for those who have fallen on hard times. Welfare should not be a permanent way of life for those among us who are able to work. The cost of such misguided policies is far greater than the dollars spent on providing benefits to those who choose not to work because, in time, they foster dependence and indolence among recipients and their families. This argument is not new. President Nixon, in addressing the Nation on welfare reform in 1969 said, "If we take the route of the permanent handout, the American character will itself be impoverished." Mr. President, I agree fully with President Nixon's statement and that is why I support this conference report.

(At the request of Mr. DASCHLE, the following statement was ordered to be printed in the RECORD.)

• Mr. PRYOR. Mr. President, today, I will be unavoidably absent from the Senate, as I am in Arkansas on a family matter. However, I feel it is important to express my support for this welfare reform measure and discuss briefly the reasons for my support.

My concerns in the debate over welfare reform stem from proposals that would outright dismantle the safety net in this country. For decades, the Federal Government has assumed the responsibility to help those that cannot help themselves. The welfare reform bill before us shifts much of that responsibility to the States. I voted against last week's Senate version of the welfare bill with the hope that I could improve it in the conference committee. In some ways it has improved, in others it has not.

Even so, if I were able to vote for this bill today, I would. I am not going to say this bill before us today is perfect. It is not. But I cannot justify keeping the current system. There are more individuals in poverty now than ever before. I believe we have a responsibility to seek new ways to help people help themselves. Our current system fails at this task and we must recognize this fact.

Welfare as we know it has not effectively emphasized work or pulled individuals out of poverty. I do not like all of the provisions in this bill, but I can not support the status quo.

In the past week I have heard from many people in Arkansas about welfare reform. They know how the current program works in places like Little Rock, and in Camden, in Fayetteville, and across the Arkansas Delta. They can see that the current program needs reform.

Under this bill, States will be given the flexibility to reform welfare to meet the needs of that State. Yesterday, President Clinton said that the welfare population today is different than the one 60 years ago. It is also true that the welfare population today differs from State to State. Individuals on welfare in Arkansas face different problems and have different strengths than those in New York or California. This legislation will give States the opportunity to design a welfare program unique to that State. It is a big responsibility we hand over to the States today. I pray they act wisely.•

Mr. JEFFORDS. Mr. President, I rise today to voice my support for the legislation upon which we are about to vote. We have been working on this bill for a year and a half and we've been back to the drafting table several times. Today, though, we're going to pass this bill and we have the President's assurance that he'll sign it. I am truly pleased to have been part of this historic effort, and I want to thank my colleagues on both sides of the aisle for their hard work and dedication to reforming welfare.

Does my support mean that I believe we've got the perfect bill and all of our concerns have been addressed? Do I think we've finished the job and we can forget about welfare for another thirty years? Certainly not. No one thinks that this is the perfect approach to reforming welfare. Many of us would like to see less in cuts to food stamps; we would prefer more support for children.

In particular, we're emphasizing work in a way that we never have before—and let me stress that I think we are emphasizing that goal, and I commend the bill on that point. Even so, we're not doing nearly as much as we need to do to ensure that jobs are available for people, and that people have the education and training they need to fill the available jobs. We've spent a fair amount of time and energy this session talking about job training. As we all know, reconciliation on this issue has eluded us to date. We must address this issue. The first thing people need to get and hold down a job is a good education. Too often, I think, we assume that to mean a college education. That is not necessarily true. In the next Congress, I hope we will renew our discussion of how to link education and job training so that people are able to fulfill the expectations of the jobs that are available.

Our international competitors have been leaders in making the important link between education and work. Germany for example, has long been a model for vocational education. As early as the sixth grade, students opt for a college-prep or vocational education program.

Over and over we've said people need to get off welfare and get back to work. I agree with that. We've said "you can always get a job at McDonalds." There are two flaws with this flippant argument. One is that a person doesn't earn a living wage at a fast-food restaurant—but we've had that debate. The other flaw with the argument is that even the fast food industry jobs are not as available as we'd like to believe. A 1995 Columbia University study of fast-food minimum wage job openings found that 14 people applied for every opening. Among those rejected, 14 percent hadn't found work a year later. What are we going to do for these people? What are we going to do about this problem?

While this bill makes some nods in that direction, I think perhaps its biggest failing is it fails to recognize all the work we need to do to get people back to work. So far, the necessary resources in education and job training far exceed the available resources. Job training and education are an investment that will yield us incredible returns. Last year the Department of Education released a study that found that "a 10 percent increase in the educational attainment of a company's workforce resulted in an 8.6 percent increase in productivity. Whereas a 10-percent increase in the value of capital stock such as tools, buildings, and machinery only resulted in a 3.4 percent increase in productivity." I won't belabor this point, but education and job training are issues I will continue to work on, and I urge my colleagues to do the same.

I think all of us realize that it will be our responsibility to monitor the effects of this bill, to improve and enhance those provisions that seem to work well, and to revisit those provisions that are unproductive or fall short of what's needed, such as those surrounding job training and education that I have just highlighted.

This bill is not perfect. Even so, the system we have now is not working and

we need to move forward now. The bill before us takes important steps in the right direction, and is clearly preferable to the welfare program we've arrived at after 30 years under the old system.

We enacted this system 30 years ago to combat poverty, and the truth is—this system hasn't worked. In 1965, 3.3 million children received AFDC benefits. In 1990, 7.7 million kids received AFDC benefits, and in 1994 9.6 million children received AFDC. At the same time, between 1965 and 1990, the actual number of children in the United States declined by nearly 5 million. Clearly, the current system isn't working, and because of that there is strong support in this country and in this Congress to reform welfare.

Furthermore, the current system has developed into one that permits, even encourages, a lifestyle of dependence. Under the system we have now, 65 percent of families on welfare will be dependent for at least eight years. One in eight children in this country is on welfare, and nearly one in five mothers in inner cities is on welfare. Without welfare reform, millions more children will grow up dependent on welfare. Under the current system, children who grow up in families dependent on welfare are twice as likely to rely on welfare when they become adults. It is clear that for many people, welfare has become a way of life.

The bill before us will terminate reliance on Federal assistance as a way of life. We end this reliance by terminating cash assistance after 5 years of receiving benefits. After two years, we require people to get jobs. This is real welfare reform. Time limits are unprecedented at the Federal level. Five years of benefits allow adequate time for most people to get their feet under them and get back on the road to supporting themselves. But even after 5 years the line is not a hard and fast one. There can be exceptions. The bill allows a 20 percent hardship exemption for the really difficult cases. So even though we say "5 years and you're off," even then there's some leeway.

Another strength of this reform bill is that it retains the Federal safety net for nutrition benefits. One of the changes I worked hard on in the Senate version of the bill was the food stamp block grant. We eliminated the block grant option last week, and the conference bill retains the food stamp entitlement. The entitlement ensures that food stamps will always be available to our most vulnerable populations: children, the very poor, and the elderly. And food stamps will be available even after the eligibility for cash assistance has ended. I want to thank my colleagues for joining me and voting to strike the optional block grant.

Another difference between this bill and the ones we've considered previously is the money provided for child care. This bill fulfills the Governors' and the President's request for additional child care funds, and as a result we'll be spending $4.5 billion above current law on child care. In addition, the bill retains minimal health and safety standards for child care, and it maintains a quality set-aside from child care block grant funds so we might better focus on encouraging and developing good child care for our children. Finally, this bill requires that the Secretary report to the Congress on how children are affected by welfare policy change; additionally, it requires the states to report on their child poverty rates. If the child poverty rate increases by more than 5 percent, then immediate corrective action is required. I mention all of these factors because they contribute to my willingness to support this bill, and also because they illustrate that the drafters are concerned about children and intend to monitor the effect of this bill and follow up to ensure that we are bringing about the positive change we're attempting to achieve.

In conclusion, let me speak briefly on how this bill will affect Vermont. I was pleased to learn that the Governor of my home State, Gov. Howard Dean, has spoken positively of this bill. While he shares the concerns that many of us have, Gov. Dean thinks that Vermont can come out ahead under the provisions of this bill. Vermont is currently operating its welfare program under a waiver. Not only does this bill allow the State to continue its first-in-the-nation reform project, the Governor recognizes that the calculations used to determine the size of the Federal block grants mean that Vermont will have more money to spend on its welfare program.

While I am on this subject, I would like to take a moment to voice my support and praise for those states, like Vermont, that have already undertaken welfare reform through waivers and demonstration projects. I am pleased that we will allow those waiver projects to continue.

But let me urge clarification on what I consider to be a confusing and counter-intuitive provision in the bill. Under the provisions of the bill setting forth the guidelines for the temporary assistance for needy families block grants we have a section that gives States the option of continuing the waiver projects already underway. In fact, the section goes so far as to require the Secretary to encourage any State operating under a waiver to both continue the waiver and to evaluate the result of the waiver so that other States may make use of the valuable information to be gained from these demonstration projects.

However, under the hold-harmless provisions of this waiver section, we seem to forgive the accrued liability of States that choose to terminate their waiver projects. Our intent, I believe is to forgive the accrued liability of those States, like Vermont, that choose to continue their waiver projects. To take any other stance except one that also wipes those slates clean would give States incentive to terminate their waivers. States like Vermont that are already conducting demonstration projects should be encouraged and supported in their efforts to continue those projects. I understand that there may be an opportunity to revisit that issue soon, and I urge my colleagues to ensure that we're creating incentives to continue the waivers that are promising, rather than offering incentive to terminate those projects.

Another aspect of the bill that is very important to Vermont is the assurance that, as under current law, LIHEAP benefits will not be counted as income for purposes of determining food stamp eligibility. This provision is very important to poor people in cold regions of the country who may rely on both LIHEAP benefits and food stamp benefits. There was a provision in both the House and Senate bills that would have forced people to choose between heating and eating, and I thank my Senate colleagues for accepting my amendment to strike those provisions. I also want to thank my colleagues who worked on the conference committee for working to maintain the Senate bill provisions on this issue.

Mr. President, I agree with my colleagues who say this bill has flaws, and I look forward to working with them next year and in future years as we continue to work towards the proper balance between self-sufficiency and Gvernment assistance. In spite of its weaknesses, I think this is a good bill. We've worked hard over the past year and a half to get to this point and I think we've made some very positive changes that will help all Americans to be productive and contributing citizens. I will be pleased to vote "yes" on final passage.

Mr. BIDEN. Mr. President, since 1987, when I first proposed an overhaul of the welfare system, I have argued that welfare recipients should be required to work. None long years later, I am pleased that it is finally about to happen.

It has been a long road. I was pilloried by many of my friends back then for even suggesting the idea of requiring work. Today, I think everyone here believes that work should be the premise of our welfare system.

It was unthinkable a few short years ago, that we would limit the time that people could collect welfare benefits. Today, I think that is a proposition on which nearly everyone here agrees.

And, on the other side of the aisle, it was just a few short months ago, that many were unwilling to invest sufficient amounts in child care so that the children of welfare mothers would be taken care of when their mothers went to work.

We have come a long way toward reaching agreement on how best to reform our failed welfare system. And, much of that meeting of the minds is reflected in this bill. So, I will vote for it, although I believe it could have been better.

I would feel much more comfortable if we were here today debating and voting on the Bipartisan Welfare Reform Act that Senator SPECTER and I introduced in the Senate and that Representatives CASTLE and TANNER introduced in the House. It was more realistic in putting people to work; it was more compassionate to the children who did not ask to be born in poverty; and it was a model of bipartisanship from the very beginning.

Unfortunately, the Biden-Specter, or Castle-Tanner, bill is not a choice facing us today. Today, we have but one choice: this bill with its flaws or the current flawed system. And, in weighing the alternatives, the flawed—I should say failed—status quo is simply no longer an alternative.

The culture of welfare must be replaced with the culture of work. The culture of dependence must be replaced with the culture of self-sufficiency and personal responsibility. And, the culture of permanence must no longer be a way of life. I will vote for this bill, Mr. President, because it is a step toward changing the culture.

This bill will require welfare recipients to work in exchange for their benefits, and it will limit the amount of time that families can receive welfare. The bill will increase our investment in child care so that welfare mothers can go to work, and it will go after the deadbeat dads who refuse to support their own children. Finally, it will crack down on fraud in the Food Stamp Program.

These are important and crucial changes that need to be made in our failed welfare system. They have been my priorities in reforming welfare, and this bill meets those goals.

But, we should not fool ourselves. There will be people, many of them children, who will fall through the cracks because of this bill. I do not know how many. I have heard numbers thrown around on how many more poor children there will be under this bill. To tell the truth, no one knows for sure. But, there will be some. And, for that, we should not brag or boast or pound our collective chests or, as one Member of the other body did yesterday, claim that this will be great for America.

However, that's not a reason for failing to move forward. It is a reason for watching closely what happens as we move forward. As this new welfare system is implemented, we must monitor it with a microscopic eye. And, I hope the authors of this legislation will be as willing to make corrections if corrections are needed as many of us have been willing to vote for a good, but not perfect, bill.

And, this is not a perfect bill. In fact, I do not even believe this is the best bill we could have written. But, it is a good bill. And, it is time to move forward.

Mr. COHEN. Mr. President, about 11 months ago, the Senate passed a welfare reform bill by an overwhelming 87 to 12 margin. That vote demonstrated that there was strong, bipartisan agreement that the current welfare system needs a dramatic overhaul. After almost a year of discussion relating to the best way to reform the current system, it is satisfying that the same bipartisan spirit will be present when we vote on a welfare reform plan for third time.

The current system, with its trademark entitlement programs, has been only marginally successful in providing for the most basic needs of low-income people, and has been a dismal failure in encouraging recipients to become independent.

While we supported changes in 1988 to emphasize work in our welfare system—those reforms included so many exemptions that the incentives to work were seriously undermined. Those reforms did not do enough to help us distinguish those who had fallen on hard times and needed a helping hand from those who simply refused to act in a disciplined and responsible manner. When welfare is a Federal entitlement, it is very difficult to make that distinction.

The legislation before us today will put welfare recipients on notice that their time on the system is limited. We are offering them assistance with child care, health care, and training to become self-sufficient. In return, recipients are expected to put in time improving their education, participating in training, and getting a job to get off the system permanently.

As recipients increase their efforts to comply with these new requirements, States must understand the responsibility they are accepting with the flexibility gained from the block grant. The Federal Government is ending the 60-year philosophy that anyone at anytime is entitled to cash assistance.

The philosophy has changed to: we will help someone get a job and keep a job by providing child care and health care for a specified period of time. This shift in philosophy means that the culture of State welfare offices must evolve into the culture of a job placement service where the focus is getting jobs, not mailing checks.

This legislation also takes a big step forward to reinforce the importance of families in society. Regrettably, too many of our young people are growing up without two parents involved in their lives; 92 percent of AFDC families have no father in the home. This bill recognizes that reducing out-of-wedlock births is an important goal, but does not prescribe Federal solutions that would hamstring the ability of States to try different approaches.

One of the most essential ingredients for self-sufficiency is the availability of child care. By funding child care activities at almost $22 billion, States will have the resources they need to design successful return-to-work programs. With this enhanced funding, parents will have some assurance that their children will be cared for in safe settings.

As the President indicated yesterday, this bill is not perfect. One of my principle concerns is the impact of cuts in food stamps on the working poor. Food stamp benefits do not extend just to families on AFDC. The Food Stamp Program plays an important role in helping poor, working families make ends meet.

Food stamps are the front-line defense against poverty, providing a minimum safety net of 1 out of every 10 people in Maine. This program has proven vital in improving the health of our children and the elderly, and protecting people with disabilities. We need to ensure that this program retains its vital mission: to ensure that families have enough resources to buy food.

One of the most important provisions in this bill is the emphasis on the collection of child support and establishing paternity for children born out-of-wedlock. Child support collections continue to increase across the Nation. The Republican bill includes provision which will encourage even greater increases in child support collections. By taking a tougher stand to establish and then enforce child support orders, some of the families currently tied to the welfare system may be able to get loose.

It is obvious that no one likes the current system. Governors don't like it, welfare recipients don't like it, and the public believes that welfare programs serve only those people who want to take advantage of the system. As a result, support for antipoverty programs has eroded drastically in recent years.

By injecting a work ethic into our welfare system and emphasizing self-sufficiency, which this bill does—we are on the right track. This bill comes very close to providing resources and incentives that will improve our antipoverty programs, but I also hope we will continue to work to ensure that our most vulnerable populations are protected.

Mr. GLENN. Mr. President, today the Senate will be voting to transform the Nation's welfare system. Despite some changes, I believe that the fundamental flaws of the Senate and House passed bills remain and therefore I will vote against the conference report.

Children and low-income working men and women will be the victims of this legislation. There are already far too many poor children in this country and I believe that this bill will in the end cause many more children to live in poverty. I am particularly concerned that in Ohio alone, as many as 43,500 children will be pushed into poverty by the implementation of the bill before us. Mr. President, I cannot support legislation that would cause this kind of harm.

I have been concerned from the start that simply washing our hands of the Federal responsibility for welfare and turning it over to States is no guarantee of success. This is risky policy and

there will no longer be any mechanism for guaranteeing a national safety net for our poorest families.

I am concerned that the work requirements in the bill can not be met. States that do not meet employment goals will lose part of their block grants. Penalties would rise from 5 percent in the first year to 21 percent in the ninth year. The Congressional Budget Office has already reported that most States will be unable to meet the work requirements. This legislation lacks the necessary commitment or resources to help people move from poverty to meaningful employment. It does not provide any specific funding for States to help people find or train themselves for better-paying jobs. Rather than moving people off welfare and onto work, this bill emphasizes cutting off welfare.

While I support reform that promotes personal responsibility and community initiatives, I cannot support legislation which undermines the national safety net and reduces resources for hungry families.

Mr. GRAHAM. Mr. President, during consideration of the Senate reconciliation bill, two definitions regarding immigrants, section 2403(c)(1), and in section 2423, section 213(A)(f)(2), were stricken because they contained material that was not under the jurisdiction of the Finance Committee. Specifically the definitions denied all means-tested benefits to immigrants including benefits subject to appropriations.

The Parliamentarian also agreed that the provisions violated another section of the Byrd rule, section 313(b)(1)(D). Section 313(b)(1)(D) prohibits language in a reconciliation bill or conference report if the deficit reduction is merely incidental to the larger policy changes contained within the provision. The Parliamentarian agreed that since the reconciliation process is confined to mandatory spending, expanding the scope of provisions to include benefits provided by discretionary spending was a violation of the Byrd rule.

The conferees were certainly notified about these rulings and the offending provisions were not included in the conference report.

Moreover, would the Senator agree that, when the Senate struck these sections as violating the Byrd rule, the Senate's intent was to prevent the denial of services in appropriated programs such as those that provide services to victims of domestic violence and child abuse, the maternal and child health block grant, social services block grant, community health centers and migrant health centers? Does the Senator agree that recipients of appropriated funds are not forced to conduct checks on citizenship and immigration status when providing community services?

Mr. KENNEDY. Yes. Under the Byrd rule, the budget reconciliation process cannot be used to change discretionary spending programs. Only mandatory spending is affected.

Mr. GRAHAM. Is this consistent with the understanding of the Senator from Nebraska as well?

Mr. EXON. Yes. As ranking minority member of the Budget Committee, I have been concerned to ensure that the budget reconciliation process is limited to affecting mandatory spending and is not misused to achieve other objectives. Budget reconciliation's departure from ordinary Senate rules of debate must be carefully limited to its original and proper purpose. Our colleagues on the other side of the aisle shared this view when they agreed to strike the offending provisions from the Senate bill.

Mr. GRAHAM. Would the Senator agree that the version of the bill recommended in this conference report is consistent with this understanding?

Mr. EXON. Yes. These provisions stayed out of the bill in conference, as the conferees sought to avoid another challenge on the Senate floor that these provisions violated the Byrd rule. This manifests our intent to keep this bill within the proper parameters of budget reconciliation.

Mr. President, changes in discretionary programs on a reconciliation bill, such as the ones mentioned by the Senator from Florida and the Senator from Massachusetts, result in no direct budgetary savings and are therefore extraneous under the Byrd rule.

During floor consideration of this legislation, we struck section 2403(c)(1), and in section 2423, section 213(A)(f)(2) because they contained material that was not under the jurisdiction of the Finance Committee, namely many discretionary programs, because they violated section 313(b)(1)(C) of the Budget Act. These provisions also provide no budgetary savings, and violating the intent of section 313(b)(1)(A) of the Budget Act, but because they were cleverly embedded in language which did provide direct budgetary savings, it was difficult to fully enforce the Byrd rule. Nonetheless, it is clear that this bill should not be used to make changes in discretionary programs, and those who look to interpret the action of the Congress should take this into account.

Mr. President, the purpose of the Byrd rule is to prevent reconciliation bills from being loaded up with provisions, such as these, that have no budgetary impact. This is important because reconciliation bills move in the Senate under special rules which limit amendment and time for debate. Without the protections provided by the Byrd rule, it would be far too easy to take advantage of the privileged nature of reconciliation to enact controversial items without proper consideration in the Senate. Allowing reconciliation to be used in this manner fundamentally undermines the basic nature of the Senate's rules which protect the voice of the minority and damages the Senate as an institution.

For this reason, I feel it is important to bring these provisions to the attention of the Senate, and I thank the Senators for their efforts.

Mr. LEVIN. Mr. President, today, the Senate will reach a milestone in the long and sometimes twisting journey of welfare reform legislation. The Senate will pass this bill, as the House of Representatives did yesterday. The President has told the Nation that he will sign it, and soon it will become law. I will vote in favor of this bill because it is a step toward ending the present system which simply does not work and replacing it with a system which requires and rewards work. I wish, however, that we had before us a reform bill which I could wholeheartedly, without reservation, endorse and support. I would greatly prefer a bill, for example, like the work first legislation which contained a Federal safety net for children and which I cosponsored with Senator DASCHLE and many of my colleagues or even like the bipartisan Biden-Specter approach which I voted for in the Senate.

The bill before us is an improvement over the legislation which I opposed last year and which the President vetoed because, among other things, it provides more support for child care, retains needed child protection programs and services, includes my amendment strengthening the work requirement, does not block grant food stamp assistance, requires a greater maintenance of effort from the States, and doubles the contingency fund to help States in times of economic downturn. However, it contains a number of serious flaws. That is why it is a milestone and not a final destination. It will need repairs. As the President has indicated, there are aspects of this legislation which the Congress will be required to revisit. And beyond that, I believe that this kind of sweeping reform involves an element of risk. Although our efforts are directed toward improving the system, recognizing within the welfare system the principle of the value of work, assuring the protection of children and reasserting the responsibility of absent parents to their children, we cannot possibly be sure that all the effects of such sweeping reform will be those intended. For that reason, the Congress must remain vigilant in its oversight and monitoring of the impacts of this legislation. We must stand ready to address negative impacts. If critics are fully correct and there is a large increase in the numbers of American children who find themselves impoverished, we must stand ready to remedy quickly the defects in this bill.

For a number of years, I have been working toward reform of the welfare system. The existing system has failed. It does not serve families and children well. It does not serve the American taxpayer well. It was created to meet the needs of families in hard times. Unfortunately, for far too many, what was intended as a safety net has too often become a way of life, a cycle of dependency. It is wrong to allow such a system to continue.

Meaningful reform should protect children and establish the principle that able-bodied people work. It should tighten child support enforcement laws and be more effective in getting absent fathers to support their children. the bill before us represents a constructive effort.

The funding levels in this bill are aimed at assuring that adequate child care resources will be available for children as single parents make the transition into work. Those levels are significantly improved over last year's bill. This strengthens the work requirement because it better assures that States can effectively move people into job training, private sector employment, and community service jobs. The bill will provide the kind of flexibility which the States have been asking for. Now, they must step up to the task and meet their responsibility. If they fail, this reform will fail because it is built on the foundation of getting able-bodied people back to work.

I am particularly pleased that this legislation includes my amendment which I first offered last year which greatly strengthens the work requirement in the bill. The original legislation required able-bodied recipients to work within 2 years of receipt of benefits. My amendment adds a provision which requires that unless an able-bodied person is in a private sector job, school, or job training, the State must offer, and the recipient must accept community service employment within 2 months of receipt of benefits.

As I have said, I am deeply concerned by several provisions contained in this legislation. I am afraid that the reductions in food stamp assistance may go too far, although the conference committee added $1 billion in food stamp assistance back in. Also, while some language was added in the conference to allow States to use some funds under this bill to provide noncash vouchers for minimum safetynet support to children of families which lose their benefits they have reached the 5-year limit on assistance, I believe such minimum aid should be mandated. We will want to monitor how the States handle this problem. And, I am concerned that the provisions included, denying benefits to legal immigrants, are too harsh. I particularly object to the impact on legal immigrants who are already in the United States and on legal immigrants who come here, work hard, and then may unfortunately become disabled. As the President stated yesterday, these provisions don't belong in a bill relating to welfare reform.

I am also concerned by a provision in the bill which did not appear in either the House-passed or Senate-passed bill. Both the House and the Senate bills prohibited penalties against single custodial parents with children under 11 years old who cannot find adequate, affordable child care, as determined by the State. Inexplicably, the conference committee changed that provision to lower the protected age to children under the age of 6. Again, I think this is a matter which Congress should monitor closely as it is applied in the States, and revisit it, soon.

Mr. President, the decision on this bill is a difficult and a close one. But, I believe we must reform the broken welfare system which currently serves America's children poorly and serves the American taxpayer poorly. But, as we move forward on a bipartisan basis, we must vigilantly work with the States, to make this reform successful, to get people back to work, and to improve the lives of America's most vulnerable children, with an on-going commitment that mistakes will be addressed, and shortfalls will be reevaluated.

Mr. HATFIELD. Mr. President, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 moves our Nation in a positive direction by reforming our current welfare system. Not only does it eliminate the entitlement status of welfare, but the bill requires those able-bodied recipients who can work, to work. In addition, the bill provides $4.5 billion more for child care than current law, maintains Medicaid eligibility for those citizens who qualify for assistance, and allows those States who are operating under Federal waivers to continue to do so. The child care and Medicaid provisions in this bill will allow welfare recipients to better make the transition to work. Also, the Federal Government, by allowing States to continue with their innovative welfare reform programs, will see continued successes, as in Oregon, in welfare reform.

As chairman of the Appropriations Committee, and while currently embroiled in the appropriations process, my experience has taught me all too well the dire consequences of continuing, without change, entitlement programs that we do not, and cannot control. We can no longer keep spending until all needs are met. These entitlement programs place a great burden on the Appropriations Committee and more importantly, a burden on the many other needs of our Nation.

Only through a commitment to providing better opportunities for those living in poverty will we find a solution to poverty. We can achieve a reduction in welfare spending while working to transition the impoverished, out of poverty. The recent vote in the Senate to increase the minimum wage is an indication of Congress' commitment to ensure that in the area of employment, a minimum standard is assured. However, Congress cannot eliminate poverty by merely raising the minimum wage. There is a cycle of poverty which is passed from generation to generation, and it is the root causes of this poverty that must be addressed: a lack of education and access to upward social, and economic stability. Education is the key to the success of society. Citizens without the opportunity to educate themselves, to increase knowledge and skills, will weaken in despair, maintaining the status quo at best. In my home State of Oregon, the Governor's office, county commissioners, and the Oregon Workforce Quality Council, are only a few among many who have worked towards improving job training. As a result of the efforts in Oregon, in only a few years Oregon has reduced their welfare roles by almost 25 percent. By progressing towards a seamless link amongst differing human resource agencies, Oregon has made outstanding progress in integrating education, employment, and training programs. These are key links in ending the cycle of poverty. Thus, I am pleased to see waiver language contained in this bill which will continue the welfare reform process. With this added flexibility Oregon will be able to continue its extraordinary welfare program.

Mr. President, we have chosen to address welfare reform and Medicaid reform separately; a decision which I cannot fully support. Welfare reform is an integrated effort which includes: child care, effective job training and quality health care. To end welfare as we know it we must allow our citizens the opportunity to climb out of the welfare trap and become productive citizens of our Nation. Without an integrated approach the entire system is placed in jeopardy. Thus, I am dismayed that we did not reform Medicaid while reforming welfare, for they are an integrated pair. However, I am satisfied at this point to know that Medicaid will remain intact for our citizens who are fulfilling the work requirements of this bill. Furthermore, I am pleased that the State of Oregon will continue to operate its Medicaid system under the Oregon health plan. Under the Oregon health plan, my State has enrolled 114,000 more Oregonians who would otherwise not have had access to health care. The Oregon health plan required numerous Federal waivers to achieve this success, and I am hopeful that Medicaid reform, whenever enacted, will have similar success as in Oregon.

I ask unanimous consent to have printed in the RECORD a letter from the State of Oregon endorsing this bill.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

OREGON DEPARTMENT OF
HUMAN RESOURCES,
Salem, OR, July 31, 1996.

Hon. MARK O. HATFIELD,
United States Senator,
Washington, DC.

DEAR SENATOR HATFIELD: Thank you for your ongoing work with us on both our welfare reform waivers and the current pending legislation. Your assistance has made it possible for Oregon to continue to improve upon its extraordinarily successful strategies to move families from poverty to employment.

Regarding the current bill, it is my understanding that the conference committee has allowed states the option to determine if, after a five-year period following enactment, qualified aliens (generally speaking, legally residing non-citizens) would remain eligible for Medicaid coverage. With this issue resolved, the Department of Human Resources

is satisfied that the bill will allow the State to have more flexibility and success in helping Oregon families become self-sufficient than would be possible under current law.

Sincerely,

GARY WEEKS,
Director.

Mr. HATFIELD. In Oregon, we are reducing our welfare roles by training our workers and putting people to work. This is being accomplished through a concerted effort of local, State and Federal officials striving together towards a common goal of putting people to work. We are demonstrating that welfare reform is an integrated system of job training, child care, personal responsibility, and health care.

Mr. BINGAMAN. Mr. President, today the Senate will vote to change the Nation's welfare system. While I hope these changes will make people's lives better, I greatly fear that these changes will do far more harm than good.

Let me say I believe the country needs welfare reform, and I strongly support some portions of this bill. I support requiring all able-bodied recipients to work, turning welfare offices into employment offices, providing adequate child care and requiring strong child support enforcement. This bill achieves some of these goals, but I am deeply concerned that it will push more people into poverty instead of lifting them out.

I am encouraged by the President's commitment to pursue these concerns and come back next year to propose changes to this legislation. In fact, I wish we had incorporated those changes in this bill.

I have been hopeful that this Congress would achieve real welfare reform. A good bill would encourage adults to work without threatening the well-being of children or legal immigrants or the States that need welfare assistance most. I originally voted for welfare reform legislation in the Senate with hopes of ultimately achieving this goal.

Unfortunately, this has not happened. In the highly politicized environment in which we find ourselves, I fear that we are trading an admittedly imperfect system for one that may prove to be far worse for our Nation's children and poor. That is why I am voting against the conference report before us.

I have been persuaded that this bill will hurt New Mexico. While under this bill, States may have substantial discretion on how they administer welfare benefits, it is equally clear that they will have substantially less money with which to administer those benefits.

I believe this bill will increase the number of children living in poverty in our State. Relative to other States, low per capita income states like New Mexico will suffer. According to the New Mexico Human Services Department, the number of families on welfare is increasing in New Mexico—from an 18,400 caseload in 1989 to 34,000 cases per month in 1996. New Mexico cannot easily absorb funding cuts when the caseload is growing and the State budget is not.

This bill requires progressively more hours of work, from a greater percent of each State's caseload every year, with States losing cumulatively more funding each year they fail to hit their targets. While I am a strong proponent of work requirements as an integral part of welfare reform, I am skeptical of this approach.

Currently, unemployment in New Mexico is 6.8 percent, higher than the national average of 5.3 percent. While we have experienced a recent period of high job creation, many of those new jobs are concentrated in our urban centers and are not likely to be accessible to those who live in rural areas. And what will happen to New Mexico in the event of an economic downturn, when rates of job creation are not so high? This bill provides a penalty of a 5 percent cut in Federal funds for the State's block grant that will be increased to a maximum of 21 percent cut should targets be missed in consecutive years. The National Governors' Association [NGA] shares the concern that many States will have difficulty in meeting the work requirements. This will leave States with the choice of using State and local funds for education, training, and child care, or throwing more people off the rolls so it will be easier to hit their work targets, or cutting far back on benefits.

The nonpartisan Congressional Budget Office has said that, over 6 years, this bill falls $12 billion short of the funding needed to meet the work requirements of this legislation, and about $2.4 billion short in child care resources. Currently, the caseload in New Mexico is growing. Who will be forced to pick up the shortfall? State and local governments will.

Last year in New Mexico, 239,000 recipients in 87,000 households relied on food stamps. About $28 billion in savings realized by this bill will be in food stamps. Such cuts to funding benefits erode the integrity of the safety net for those who need it most. I say again that we are trading in an imperfect system for one that may prove much worse.

Our common goal is to eliminate public assistance as a way of life while preserving temporary protections for those truly in need. We can do this without denying the basic needs of innocent children and without driving State and local governments further into debt. I look forward to voting for the necessary amendments to this legislation in the next Congress.

Mr. DOMENICI. Mr. President, I am pleased that the welfare reform conference report includes a suggestion I made to the conferees.

Before final passage in the Senate, I suggested that we delete a direct spending appropriation that was in the Senate-passed bill—section 2211(e)(5).

This provision would have given the Social Security Administration [SSA] $300 million in entitlement funding for administrative costs associated with welfare reform.

Although it is important to make sure SSA gets the funds it needs to implement welfare reform, I oppose creating new entitlement spending for Federal agencies.

As an alternative, I suggested that we build upon a process that is already in current law and which adjusts the discretionary spending caps to accommodate additional funding in the appropriations process for SSA to do continuing disability reviews.

I am pleased that the conferees accepted this approach.

Let me also clarify one issue.

The language in the conference report provides that the chairman of the House Budget Committee must take back the cap adjustment in the event the President vetoes the bill.

For the record, we do not need this explicit authority in the Senate. The chairman of the Senate Budget Committee already has the authority to reverse adjustments of this kind in the event the legislation does not become law.

Mr. LIEBERMAN. Mr. President, I rise to support the conference report and welfare reform.

The Congress and the administration have worked now for over 3 years to reform the shameful situation in which millions of Americans on welfare find themselves. Parents seeking work are discouraged from doing so by the current system. Teenage mothers languish alone in households without the support of their children's fathers and often without proper adult supervision. Welfare as we know it has allowed these societal ills to fester and drain increasingly large amounts of public assistance funds. The current system has made it too easy for young men to father children without assuming either the financial or emotional responsibilities of parenthood. For too long, society has assumed the responsibility of caring for poor children with welfare checks, while not placing expectations of accountability upon the young parents. Too many families face the daily burden of survival, unemployment, and society's suspicion of their unwillingness to change their situation.

The provisions of this conference agreement can ensure that our welfare system will finally reflect a respect for two of the most fundamental values of our society—an adherence to the American work ethic balanced with a compassion for those truly unable to care for themselves. This bill redirects hard-earned tax dollars toward achieving employment opportunities for adults and improvements in the quality of life of children.

First and foremost, it eliminates the possibility of receiving public assistance without any intention of making some kind of a contribution to society in return. Beneficiaries will be aware

that from the day they receive their first check, the clock will be ticking. Society is fulfilling an obligations to help them get back on their feet, and they in turn are obligated to make every effort to receive job training or education and to find employment. The employment of parents will enrich their children not only financially, but morally as well. In watching their parents benefit from educational opportunities and engage in gainful employment, children may embrace a valuable work ethic and eventually be better able to free themselves from the cycle of poverty and welfare dependence in which they are currently entrapped. States will also have an incentive to help beneficiaries find work. Welfare offices should become employment offices as States strive to move recipients into the work force in order to earn a performance bonus from the Federal Government.

The conference bill also holds the hope of protecting children and reducing welfare spending by attacking the problem of unmarried teen parenthood. Welfare will no longer encourage the proliferation of single and uneducated parents by automatically and unconditionally underwriting the mothers who bear children out of wedlock. Children born out of wedlock are shown by studies to be three times more likely to be on welfare as adults than their peers. By implementing this bill, however, the Federal Government will require States to combat this problem and hopefully prevent it in a number of ways. First, paternity must be established for all children born out of wedlock at birth as a condition for receiving assistance, and fathers will be required to pay child support and set a good example for their children by engaging in either private sector or community service jobs. Mothers must live with an adult parent or relative or in an adult-supervised, strictly run Second Chance Home where they can learn skills necessary to the proper management and care of a child and household. A further condition of receiving assistance is a commitment to educational advancement. Young mothers must stay in a school or training program as a condition of continuing to receive welfare checks.

This welfare reform bill will additionally work to prevent a new generation from entering into the cycle of early parenthood and welfare dependence by making it a national goal to lower teen pregnancy rates. It establishes a national campaign that will assure the creation of teen pregnancy prevention programs in at least 25 percent of American communities by 1997. It includes two amendments which I authored with the intent of combating this problem. One will require the Justice Department as well as the States to crack down on what studies show is a class of older men—many of them predatory—who father the children of young girls in the majority of teen pregnancy cases. The second amendment requires States to reserve a portion of their social service block grant funds for programs and services that educate young people about the consequences of premarital pregnancy. As we reduce the number of teens who become pregnant, we will be increasing the number of children who are able to enjoy a childhood without deprevation.

There are other aspects of this legislation which have been framed with the protection of children in mind. For example, minor children continue to receive Medicaid even if their parents lose coverage as a penalty for not getting off of welfare into job training and work. Families can also be eligible for transitional Medicaid coverage as they move from welfare to work. These provisions are vital as many parents currently refrain from finding jobs and moving off welfare for fear of losing the medical coverage for their children that welfare provides.

Mr. President, this bill provides a significant improvement over the Senate-passed bill in allowing States to provide needy children of parents who go off of welfare with vouchers through the title XXblock grant. The legislation also answers the all-important question of who will care for the children as their mothers and fathers move into the world of education and work. We have designated $13.8 billion—a substantial increase—to be spent just on child care over the next 6 years, and we have retained child care health and safety standards. Moveover, we will not penalize mothers with children under the next 6 years, and we have retained child care health and safety standards. Moreover, we will not penalize mothers with children under the age of 6 who do not accept employment because they cannot find or afford child care. I would have preferred the retention of the Senate provision in this regard which allowed the mothers of children age 6 to 11 who cannot find adequate, affordable child care to stay home with them without penalty.

Mr. President, this is a good bill—a giant step forward from the welfare status quo—but it is no more perfect than any other bill that has passed the Senate on a big, complicated problem. I am especially concerned by the food stamp provision which is a real break with what was agreed to in the Senate-passed bill. It limits the receipt of food stamps by jobless individuals who do not have children to 3 months out of a 3-year period and allows no hardship exemptions. This is far harsher than the Senate provision which allowed jobless individuals to receive food stamps for 6 months out of each year as well as a 20-percent hardship exemption. Food stamps are also now cut for households receiving energy assistance, a proposal not included in the Senate bill. The conference report also cuts the cap on the shelter deduction by $42 and takes away food stamps for more families with children who pay over half their income for housing. And I remain very concerned about the ban on food stamps, Medicaid, and other assistance for legal immigrants: it has no good place in a welfare-to-work bill.

As the President has urged, we must keep these issues in mind for repair in the future even as we recognize that this legislation is definitely an improvement in the current welfare program. In voting for this bill, we will realize an historic opportunity to meet President Clinton's call to "end welfare as we know it." We will have also proven to the American people that the Federal Government is capable of bringing about change through bipartisan cooperation.

This is not the end of welfare reform but it is the largest step forward we have taken to improve the way America cares for its poor, and tries to make real for them the dreams of equal opportunity, which is the driving impulse of our history.

I thank the Chair and yield the floor.

Mr. GRAHAM. I wonder if my colleague could address one point on this bill. I notice that the term "Federal means-tested public benefit" was defined in previous versions of the bill. However, in this conference report, no definition is provided.

Mr. CHAFEE. It is my understanding that the Parliamentarian noted that the previous definitions of "Federal means-tested public benefit" were broad enough to include discretionary spending. According to the Parliamentarian, that inclusion caused the definition to violate Section 313(b)(1)(D) of the Byrd rule, which prevents reconciliation legislation from extending its scope to items that provide merely incidental deficit reduction, that is, discretionary programs.

Therefore, when the bill was considered in conference, I understand that there was an intentional effort to ensure this provision complied with Byrd rule by omitting the definition of that particular term.

In other words, then, the term "Federal means-tested public benefit"—if it is to be in compliance with the Byrd rule—does not refer to discretionary programs. I would assume that programs such as funding for community health centers, as well as the maternal and child health block grant, would not be impacted.

Mr. GRAHAM. I thank the Senator for clarifying that point.

Mr. DOMENICI. Mr. President, I believe our last Senator, other than the leader and myself, is Senator THURMOND, and he would like 8 minutes. We have plenty of time, so I give him 8 minutes.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. THURMOND. Mr. President, I rise in support of the conference report to H.R. 3734, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. This legislation reforms welfare to emphasize fundamental American values. It rewards work and self reliance, promotes personal responsibility, and renews a sense of hope

in the future. Additionally, the bill slows the growth of Federal welfare spending, thus reducing the Federal budget deficit by $55 billion over 6 years. The measure does provide sufficient increases in spending to protect vulnerable populations.

This Congress previously passed two welfare reform bills. The President subsequently vetoed those bills, despite his 1992 campaign pledge to end welfare as we know it. I hope as we send him another bill, that the President will finally keep his pledge on this issue, and sign the bill.

Mr. President, more than 30 years ago the Federal Government declared its War on Poverty. Since then, the number of individuals receiving aid to families with dependent children has more than tripled. Over two-thirds of these recipients are children. The increase in the number of children receiving public assistance is closely related to the dramatic increase in births to unmarried women, particularly to teenage young women. Mr. President, the War on Poverty has inflicted many casualties. Multiple generations of children have grown to adulthood, continuing welfare as a way of life. Mothers and children have been abandoned. Families have been destroyed by long-term dependence on Government. The War on Poverty has been costly, both in terms of human suffering and taxpayer dollars spent.

In contrast, this reform measure takes steps to promote stable families and discourage illegitimacy. We recognize many children in America are vulnerable. In response to this need, the bill guarantees they will continue to receive the support they need. In doing so, the prospects of children in welfare families are greatly improved.

Mr. President, the measure before us is built on five main principles, which I believe are supported by residents of South Carolina and by the American people in general. I would like to briefly summarize these pillars of welfare reform.

First, welfare should not be a way of life. By placing lifetime limits on benefits, this bill ensures that welfare will be temporary assistance to those who are in need.

The second principle is work, not welfare. Able-bodied beneficiaries will, for the first time ever, be required to work for their benefits. This principle is designed to restore dignity to the individual and fairness to the system.

Third, welfare for noncitizens and felons will be limited. The bill provides adequate exceptions for emergency benefits, for refugees, and for those who have contributed to this Nation by paying taxes for 10 years or through military service.

Fourth, the bill encourages personal responsibility to halt rising illegitimacy rates. This legislation seeks to counter that trend by increasing efforts to establish paternity and enforce child support orders. Furthermore, the bill encourages the formation and maintenance of two-parent families.

Finally, this legislation returns responsibility and flexibility to the States. The national Government has an obligation to promote the general welfare of the United States. At the same time, we know that those who are closest to the problem are better able to provide for the specific welfare of needy individuals. This bill establishes general guidelines and provides broad cash welfare and child care block grants. With this flexibility States can design programs that meet local conditions and particular needs.

Mr. President, like the two vetoed bills that preceded it, this bill has many provisions that will encourage work and education, lessen dependency on the Government, and foster an environment to reduce unwed and teen pregnancy. The legislation also ensures that needy Americans will receive a wide range of services including cash assistance, child care, food stamps, medical care, child nutrition, and disability payments. The bill also contains strong provisions related to child support enforcement, child protection, foster care, and adoption assistance.

I compliment the managers of the bill who have brought historic reform to our welfare system. This bill deserves our support. I thank the Chair and yield the floor.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. I yield 2 minutes off our side to Senator FORD to go along with whatever he has.

The PRESIDING OFFICER. The Senator from Kentucky.

Mr. EXON. I yield 2 minutes on our side to the Senator from Kentucky.

Mr. FORD. Mr. President, I thank my friend from New Mexico for allowing me to have a couple minutes.

Mr. President, I think we need to be very careful to put this bill into perspective. Yes, it will modify a system that no one defends. Yes, it will give States more flexibility to deal with their poorest citizens. Yes, it will provide more for child care than H.R. 4, easing one of the greatest barriers for those on welfare who want to work. All of these things are good reasons for supporting this bill.

But I find some of the predictions of what this bill will do to be a bit of a stretch. It is being suggested by some that this bill will reduce the poverty rate, the illigitimacy rate, the teen pregnancy rate, the crime rate, and just about every other kind of rate you can imagine. We hear that this bill provides dynamic opportunities for education and training and is the opportunity that people who are poor in this country have been asking for.

Well, I hope the strongest supporters of this bill are right. Sometimes I wonder when I listen to some of these speeches just how many poor people some of my colleagues have ever met. Maybe they could come to eastern Kentucky. Maybe then they could understand how difficult it is to determine whether a lack of personal responsibility or a lack of opportunity is the greater cause of poverty.

For those of us in the middle of the political spectum, this is a tough vote. When I hear some of the predictions about what this bill will do, I am skeptical. I have a hard time figuring out how it will affect my State.

We have been doing some innovative things in Kentucky with welfare reform. We are one of the 10 States left that has not obtained a Federal waiver from welfare laws—something you hear so much about in Washington today. Yet we are 1 of the top 10 States in reducing our welfare rolls—reducing welfare rolls without a waiver—23-percent reduction since January 1993. We have tried a lot of things to put people to work. Our current Governor is looking at even broader changes—maybe this bill will allow him to do most things without having to worry about a waiver request, and that is a good thing.

But when I talk to those in my State about why our welfare rolls have come down, the most important reason I hear about is the improvement in the economy. I remember how tough the vote was in 1993 on the deficit reduction package. I believe that vote had a lot to do with the strength of our economy today. In many ways, that bill may have been much more important in reducing welfare rolls and putting people to work than the welfare bill before us today.

And speaking of predictions, I remember the predictions that opponents of deficit reduction made in 1993. They said the 1993 deficit reduction package would cause a recession, cost jobs, increase inflation, cause interest rates to rise, fail to reduce the deficit below $200 billion, and shake up the stock market. Guess what, Mr. President? Our friends who made these predictions were zero for six. That kind of batting average won't even get you in the minor leagues. Just this morning, we learned that the economy grew in the second quarter at an extremely strong annual rate of 4.2 percent. We have a healthy, growing economy, and the deficit has been cut from $290 billion to $117 billion and may go below that. These are important reasons why the welfare rolls are down in my State by 23 percent.

Some of our colleagues who made those wrong predictions about the 1993 deficit reduction package are the same ones making the boldest predictions about what this welfare bill will do. So I am skeptical.

I am willing to support, and will support, this conference report for the steps it takes in the right direction. But we need to monitor the impact of this bill very carefully. About the only thing we know for sure is that it will reduce the growth in welfare spending by about $55 billion over the next 6 years. We hope it will achieve some of the other things that are being predicted today, and at least give our Governors and State legislatures more

flexibility in experimenting and designing programs which address poverty. I hope that we will see more success at the State level. But somehow, I am also quite certain that as we monitor the impact of this bill, we will quickly find out that this is not the end of the welfare reform debate, and that future Congresses will find there is much more work to be done. I thank the Chair and yield the floor.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Senator ROTH started off today following me. Since he is the chairman of the committee that wrote most of this, we thought it might be appropriate that he give the closing argument. We have saved time for him. I yield 5 minutes to Senator ROTH.

Mr. ROTH. Mr. President, in these last few minutes before we put August 1, 1996, into the history books as the day we end the welfare system as we know it, I will close with a few observations and some important acknowledgments.

Last February, after welfare reform had been vetoed twice, the Nation's Governors restarted today's legislation by reaching a unanimous agreement to reform welfare. Gov. John Engler of Michigan testified before the Finance Committee later that month and put this entire debate into its proper perspective. He said:

> Just consider the Washington Post headline describing what the governors' policy—adopted unanimously with the support of our most conservative and most liberal governor and everybody in between—meant.
>
> The Post headline read, "Governors reform plan would break with 60 years of policy."

Governor Engler went on to say:

> Remember what the governors propose is changing a law that has been the basis of federal policy for 60 years and remember how counterproductive these policies have been.
>
> They punish parents who work too much.
>
> They punish mothers and fathers that want to stay together.
>
> They punish working families who save money.
>
> They reward teenagers who have babies out of wedlock, and the list is longer.

Mr. President, this 60-year-old welfare system rewards the behavior which leads to poverty and punishes the behavior which leads out of poverty. Yes, it is time to end this system.

Mr. President, this legislation is about personal responsibility and work opportunity. Work is not only about earning our daily bread. Work is an integral part of the human condition. A parent's work also teaches the values necessary to prepare the next generation for its responsibilities.

We can all be proud of our work today because it will make a profound difference in the lives of millions of Americans.

It will go down as one of the most important legislative achievements not only in this Congress, but in many, many years.

This is a historic week for a historic Congress. In a matter of weeks, we have moved from gridlock to winning gold medals. Welfare reform is certainly one of our gold medal achievements.

I end by again thanking Senator DOMENICI for his leadership in orchestrating this legislation through the process. I want to extend my thanks to the Finance Committee conferees, Senator CHAFEE, Senator GRASSLEY, Senator HATCH, and Senator SIMPSON for their extraordinary assistance and cooperation.

The contributions of Senator NICKLES, Senator GRAMM, and Senator SANTORUM as we moved through the conference cannot be overstated. They played key roles in assuring this legislation would meet all of our objectives, especially with respect to tough work requirements.

Let me compliment the majority leader, Senator LOTT, getting this conference report completed. This is a major accomplishment in the brief time of his leadership position.

Our former majority leader and colleague, Bob Dole deserves as much credit for this legislation as anyone. When the tough decisions needed to be made, and there were plenty through this process, he demonstrated the leadership we all look to.

I extend my congratulations and thanks to those Members in the House of Representatives who have worked so hard on this issue. It was a privilege to work with Chairmen BILL ARCHER, CLAY SHAW, BILL GOODLING, and TOM BLILEY over these months.

I extend the thanks of everyone to both the majority and minority staffs of the leadership, the Finance Committee, especially Lindy Paull, Frank Polk, Ginny Koops, and Dennis Smith, the Budget Committee, and the Agriculture Committee, for their work. There are too many to name individually and I would not want to fail to mention anyone. I do thank each of them.

I also extend those same thanks to the respective staffs in the House, most especially to Ron Haskins, Matt Weidinger, Cassie Bevin, and Margaret Pratt at the Committee on Ways and Means.

We should remember that until a few weeks ago, Medicaid was included in this package, so the staffs at Finance and the House Commerce Committee who worked on Medicaid should be recognized, especially Susan Dull, the First Heinz Fellow working in Congress.

Of course, the committee work cannot be done without the help of those staff members at Legislative Counsels in both the Senate and House, especially Ruth Ernst, and Mark Mathiesen.

I extend our thanks to those at the Congressional Budget Office, especially Jean Hearne, Robin Rudowitz, Sheila Dacy, Justin Lattice, and Kathy Ruffin; the Congressional Research Service, most especially, Vee Burke, Gene Falk, and Melvina Ford; and the General Accounting Office, especially, Greg Dybalski and Jerry Fastrup.

Let me mention something else that is historical about this day which has been overlooked.

I know of no other time in which congressional and State officials and staffs have worked so closely together on an issue.

For months, Governors John Engler, Tommy Thompson, and Mike Leavitt have given so generously of their time, support, and the power of ideas. They truly deserve the thanks of the American people.

They have donated the talent and expertise of their staffs, especially LeAnne Redick, Kathy Tobin, who also worked on this legislation as a staff member of the Finance Committee, Joanne Neumann and Mary Kay Mantho.

Mr. President, this will indeed be a day to remember. Thank you and congratulations to all the Republicans in the House and Senate who stuck to our principles and stuck together to make this a reality. Together we have made a difference.

Mr. DOMENICI. Mr. President, I believe we have a few moments left.

The PRESIDING OFFICER. The Senator has 7 minutes and 15 seconds.

Mr. DOMENICI. I will use 5 minutes, then yield the balance to our leader.

While I have during the day given deference to this being a very bipartisan effort, and while I have from time to time and during the day said we are glad the President is going to sign this measure, I take a few minutes of my closing time to thank the Republicans in the U.S. Senate and Republicans in the U.S. House, because I think it is obvious the President of the United States came into office promising the end of welfare as we know it, and for 2 years during his administration he had Democrats in the Senate and Democrats in the House and no welfare reform was achieved.

Now, while we are glad to have the President saying, "Yes, I will sign this bill," I do not think it ought to escape anyone that there would be no welfare reform if the Republicans had not taken control of the U.S. House and the U.S. Senate. I believe I can say that with a degree of certainty, because I worked on reconciliation bills and budget bills that called for reform for at least 10 years and nothing happened.

So I say thank you to the American people who elected the Republican Members to the House and Republican Members to the Senate, because tonight we celebrate a very, very significant achievement. As we moved through the Chamber of the Senate with our efforts to get a balanced budget, I say to most Republicans it was truly a difficult job to stand here and ask you to vote for all those tough items, as we moved a budget resolution toward balance, and a reconciliation bill, a big bill changing the law, only to find that the President did not agree.

I believe tonight the fruits of that effort are going to be realized and a program that has not worked for millions

of Americans will begin to work in their behalf, as it works for all Americans who get jobs and assume personal responsibility. For tonight we say if 60 years ago, or even 30 years ago, or even 10 years ago, if we would have looked at this program and said it is inconsistent with everything that is good about America, for it locks people in poverty and denies them the interest and enthusiasm to get a job—for many, many years the welfare laws of America were administered by people who were worried about the sociological problems of the poor.

I am hopeful that across America the offices that are helping welfare people will be job training, will be jobs-oriented, will be talking about training and education, and how people can get off welfare instead of finding ways to assure them that they can stay on.

This bill is going to say most Americans work, and we are going to ask that welfare recipients work. We will give them training. We will give them child care. But we will say, you ought to work because through work, you get responsibility, and through responsibility, you and your families get the joy of living.

Second, simple as it sounds, we are going to ask parents to take care of their children. We stress personal responsibility. I can predict that across this land, as millions of welfare recipients who are not working and have children get jobs, guess who will be the happiest about it? Their children. For they do not like it any more than anyone else that they are locked in, and so are their parents, in poverty.

Third, we are going to change the culture of welfare. How obvious it is—had we changed this culture a few decades ago and said the principle of welfare is a short-lived assistance while you attempt to get a job and take care of yourself, we would not have the welfare problem we have in America today.

Fourth, we will end the futile and cumbersome regulations of the Federal Government and its bureaucrats who set such stringent requirements that they assume a degree of arbitrariness that people cannot even make sense of getting on and off of welfare, and those running them in the State governments are constantly looking through five volumes of regulations to see just what they can do.

Fifth, and finally, and this should not go in any sheepish manner as if we are embarrassed to say it, we are going to save money. What is wrong with that? The taxpayers of America have been paying for a program that does not work. They will be paying now for a program that at least has a chance of working.

I am very hopeful those leaders, including the Catholic hierarchy of America, who I generally talk to and seek advice from, I am hopeful that they understand there is a lot more to welfare reform and to trying to help the poor people than to continue programs that exchange money and give them benefits, for they, too, may find them more responsible and more independent and doing for themselves. I believe this has a chance of working, and I think when we adopt it tonight, it is going to be historic.

I ask unanimous consent that a detailed analysis of the savings to the Federal budget in all categories, made by June O'Neill, dated August 1 be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, August 1, 1996.

Hon. PETE V. DOMENICI,
Chairman, Committee on the Budget, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office (CBO) has reviewed the Conference Report on H.R. 3734, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. The bill would replace federal payments under the current Aid to Families with Dependent Children program with a block grant to states, restrict the eligibility of legal aliens for welfare benefits, modify the benefits and eligibility requirements in the Food Stamp program, increase funding for child care programs, and tighten the eligibility requirements for disabled children under the Supplemental Security Income program.

Although the estimate assumes that the bill will be enacted by September 1, 1996, its impact on direct spending and revenues in 1996 is estimated to be negligible. The bill would reduce federal spending by $3.0 billion in 1997 and by $54.1 billion over the 1997-2002 period, as well as increase revenues by $60 million and $394 million over these respective periods. Detailed tables are enclosed. For the most part, the underlying assumptions and methodology are described in CBO's estimates for the House- and Senate-reported versions of the bill (see House Report 104-651 and Senate Print 104-59).

In addition to its federal budgetary impacts, the bill would have a significant impact on the budgets of state, local, and tribal governments. A statement on the intergovernmental and private-sector mandates in the bill is also enclosed.

If you wish further details on this estimate, we will be pleased to provide them.

Sincerely,

JUNE E. O'NEILL,
Director.

SUMMARY TABLE.—FEDERAL BUDGET EFFECTS OF H.R. 3734, THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1966; AS ORDERED REPORTED BY THE COMMITTEE OF CONFERENCE ON JULY 31, 1966; ASSUMES ENACTMENT DATE BY SEPTEMBER 1, 1966

[By fiscal year, in millions of dollars]

	1995	1996	1997	1998	1999	2000	2001	2002	7 year total
Projected Direct Spending Under Current Law:									
Family Support Payments[a]	18,066	18,371	18,805	19,307	19,935	20,557	21,245	21,937	
Food Stamp Program[b]	25,554	26,220	28,094	28,702	31,092	32,476	33,847	35,283	
Supplemental Security Income	24,510	24,017	27,904	30,210	32,576	37,995	34,515	40,348	
Medicaid	89,070	95,766	105,081	115,438	126,306	138,514	151,512	166,444	
Child Nutrition[c]	7,899	8,428	8,898	9,450	10,012	10,580	11,166	11,767	
Old-Age, Survivors and Disability Insurance	333,273	348,186	365,403	383,402	402,351	422,412	444,081	466,767	
Foster Care[d]	3,282	3,840	4,285	4,667	5,083	5,506	5,960	6,433	
Social Services Block Grant	2,797	2,880	3,010	3,050	3,000	2,920	2,870	2,840	
Earned Income Tax Credit	15,224	18,440	20,191	20,894	21,691	22,586	23,412	24,157	
Maternal and Child Health	0	0	0	0	0	0	0	0	
Total	519,715	546,168	581,571	616,140	652,106	693,186	728,608	775,976	
Proposed Changes:									
Family Support Payments[a]	0	(*)	868	882	897	762	456	−146	3,720
Food Stamp Program[b]	0	(*)	−2,093	−3,939	−4,129	−4,194	−4,334	−4,568	−23,260
Supplemental Security Income	0	(*)	−793	−3,526	−4,280	−4,824	−4,344	−4,958	−22,725
Medicaid	0	0	−38	−514	−567	−581	−948	−1,433	4,082
Child Nutrition[c]	0	(*)	−128	−403	−494	−553	−605	−670	−2,853
Old-Age, Survivors and Disability Insurance	0	0	−5	−10	−15	−15	−20	−20	−85
Foster Care[d]	0	(*)	68	25	16	31	41	51	232
Social Services Block Grant	0	0	−375	−420	−420	−420	−420	−420	−2,475
Earned Income Tax Credit	0	0	−445	−456	−463	−480	−493	−515	−2,852
Maternal and Child Health	0	0	18	35	50	50	50	50	253
Total	0	(*)	−2,923	−8,326	−9,404	−10,224	−10,618	−12,630	−54,127
Revenues: Earned Income Tax Credit	0	(*)	60	61	62	65	68	78	394
Net Deficit Effect	0	(*)	−2,983	−8,387	−9,466	−10,289	−10,688	−12,706	−54,521
Projected Direct Spending Under Proposal:									
Family Support Payments[a]	18,086	18,371	19,673	20,189	20,832	21,319	21,701	21,791	
Food Stamp Program[b]	25,554	26,220	26,001	25,763	26,963	28,282	29,513	30,715	
Supplemental Security Income	24,510	24,017	27,111	26,684	28,296	33,171	30,171	36,390	
Medicaid	89,070	95,786	105,043	114,924	125,799	137,573	150,564	165,011	
Child Nutrition[c]	7,898	8,428	8,770	9,047	8,516	10,027	10,561	11,097	
Old-Age, Survivors and Disability Insurance	333,273	348,186	365,398	383,382	402,336	422,397	44,061	486,747	
Foster Care[d]	3,282	3,840	4,363	4,712	5,099	5,537	6,001	6,484	
Social Services Block Grant	2,797	2,880	2,636	2,630	2,560	2,500	2,450	2,420	
Earned Income Tax Credit	15,224	18,440	19,748	20,438	21,228	22,106	22,919	23,642	
Maternal and Child Health	0	0	16	35	50	50	50	50	

SUMMARY TABLE.—FEDERAL BUDGET EFFECTS OF H.R. 3734, THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1966; AS ORDERED REPORTED BY THE COMMITTEE OF CONFERENCE ON JULY 31, 1966; ASSUMES ENACTMENT DATE BY SEPTEMBER 1, 1966—Continued

[By fiscal year, in millions of dollars]

	1995	1996	1997	1998	1999	2000	2001	2002	7 year total
Total	519,715	546,168	578,748	607,814	642,701	682,982	717,991	763,347	

*Amounts less than $500,000.

[a] Under current law, Family Support Payments include spending on Aid to Families with Dependent Children (AFDC), AFDC-related child care, administrative costs for child support enforcement, net federal savings from child support collections, and the Job Opportunities and Basic Skills Training program (JOBS). Under proposed law, Family Support Payments would include spending on the Temporary Assistance for Needy Families Block Grant, administrative costs for child support enforcement, the Child Care Block Grant, and net federal savings from child support collections.

[b] Food Stamps includes Nutrition Assistance for Puerto Rico under both current law and proposed law, and the Emergency Food Assistance Program under proposed law.

[c] Child Nutrition Programs refer to direct spending authorized by the National School Lunch Act and the Child Nutrition Act.

[d] Under current law, Foster Care includes Foster Care, Adoption Assistance, Independent Living, and Family Preservation and Support.

Notes: Details may not add to totals because of rounding.

SUMMARY TABLE II.—FEDERAL BUDGET EFFECTS OF H.R. 3734, THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996; TITLE I—TEMPORARY ASSISTANCE FOR NEEDY FAMILIES BLOCK GRANT; AS ORDERED REPORTED BY THE COMMITTEE OF CONFERENCE ON JULY 31, 1996; ASSUMES ENACTMENT BY SEPTEMBER 1, 1996

[By fiscal year, in millions of dollars]

	1996	1997	1998	1999	2000	2001	2002	7-year total
Direct Spending:								
Title I: Temporary Assistance for Needy Families Block Grant								
Budget Authority	10	−212	−1,125	−969	−837	−1,109	−1,839	−6,100
Outlays	(*)	−571	−945	−819	−667	−1,064	−1,814	−5,889
Title II: Supplemental Security Income								
Budget Authority	(*)	−408	−1,031	−1,525	−1,869	−1,729	−2,048	−8,610
Outlays	(*)	−408	−1,031	−1,525	−1,869	−1,729	−2,048	−8,610
Title III: Child Support Enforcement								
Budget Authority	88	−21	144	168	183	110	74	746
Outlays	(*)	25	148	173	183	110	74	712
Title IV: Restricting Welfare and Public Benefits for Aliens								
Budget Authority	(*)	−1,174	−3,947	−4,311	−4,652	−4,525	−5,038	−23,655
Outlays	(*)	−1,174	−3,947	−4,311	−4,652	−4,525	−5,038	−23,655
Title V: Child Protection								
Budget Authority	6	86	6	6	6	6	6	122
Outlays	(*)	68	25	6	6	6	6	117
Title VI: Child Care								
Budget Authority	(*)	1,957	2,067	2,167	2,367	2,567	2,717	13,852
Outlays	(*)	1,635	1,975	2,082	2,227	2,377	2,482	12,778
Title VII: Child Nutrition Programs								
Budget Authority	(*)	−151	−449	−505	−563	−615	−680	−2,963
Outlays	(*)	−126	−403	−494	−553	−605	−670	−2,853
Title VIII: Food Stamps and Commodity Distribution								
Budget Authority	(*)	−1,792	−3,539	−3,918	−4,282	−4,580	−4,990	−23,103
Outlays	(*)	−1,792	−3,539	−3,918	−4,282	−4,580	−4,990	−23,103
Title IX: Miscellaneous								
Budget Authority	(*)	−591	−594	−597	−608	−618	−634	−3,642
Outlays	(*)	−578	−609	−597	−608	−618	−634	−3,644
Total Direct Spending:								
Budget Authority	104	−2,296	−8,468	−9,504	−10,265	−10,493	−12,430	−53,353
Outlays	(*)	−2,923	−8,326	−9,404	−10,224	−10,618	−12,630	−54,127
Direct spending:								
Repeal AFDC, Emergency Assistance, and JOBS:								
Family Support Payments:								
Budget Authority	(*)	−8,021	−16,550	−17,003	−17,439	−17,893	−18,342	−19,247
Outlays	(*)	−7,925	−16,510	−16,973	−17,409	−17,863	−18,322	−95,001
Repeal of Child Care Programs: [a]								
Family Support Payments:								
Budget Authority	0	−1,405	−1,480	−1,540	−1,595	−1,655	−1,715	−9,390
Outlays	0	−1,345	−1,475	−1,535	−1,590	−1,650	−1,710	−9,305
Authorize Temporary Family Assistance Block Grant: [b]								
Family Support Payments:								
Budget Authority	(*)	8,368	16,389	16,389	16,389	16,389	16,389	90,314
Outlays	(*)	8,300	16,389	16,389	16,389	16,389	16,389	90,246
Population and Poverty Adjustment to the Temporary Family Assistance Block Grant:								
Family Support Payments:								
Budget Authority	0	0	87	174	261	278	0	800
Outlays	0	0	87	174	261	278	0	800
Food Stamp Program:								
Budget Authority	0	0	−5	−10	−15	−15	0	−45
Outlays	0	0	−5	−10	−15	−15	0	−45
Contingency Fund: [c]								
Family Support Payments:								
Budget Authority	0	107	210	313	393	473	565	2,061
Outlays	0	107	210	313	393	473	565	2,061
Food Stamp Program:								
Budget Authority	0	−5	−15	−20	−25	−30	−35	−130
Outlays	0	−5	−15	−20	−25	−30	−35	−130
Study by the Bureau of the Census:								
Family Support Payments:								
Budget Authority	10	10	10	10	10	10	10	70
Outlays	(*)	4	18	10	10	10	10	62
Research, Evaluations, and National Studies:								
Family Support Payments:								
Budget Authority	0	15	15	15	15	15	15	90
Outlays	0	3	15	15	15	15	15	78
Grants to Indian Tribes that received JOBS Funds:								
Family Support Payments:								
Budget Authority	0	8	8	8	8	8	8	46
Outlays	0	6	8	8	8	8	8	44
Grants to Territories:								
Family Support Payments:								
Budget Authority	0	116	116	116	116	116	116	696
Outlays	0	116	116	116	116	116	116	696
Penalties for State Failure to Meet Work Requirements:								
Family Support Payments:								
Budget Authority	0	0	0	−50	−50	−50	−50	−200
Outlays	0	0	0	−50	−50	−50	−50	−200
Grants to States that Reduce Out-of-Wedlock Births:								
Family Support Payments:								
Budget Authority	0	0	0	50	50	50	50	200
Outlays	0	0	0	50	50	50	50	200
Bonus to Reward High Performance States:								
Family Support Payments:								
Budget Authority	0	0	0	200	200	200	200	800
Outlays	0	0	0	200	200	200	200	800
Hold States Harmless for Cost-Neutrality Liabilities:								
Family Support Payments:								
Budget Authority	0	50	0	0	0	0	0	50

SUMMARY TABLE II.—FEDERAL BUDGET EFFECTS OF H.R. 3734, THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996; TITLE I—TEMPORARY ASSISTANCE FOR NEEDY FAMILIES BLOCK GRANT; AS ORDERED REPORTED BY THE COMMITTEE OF CONFERENCE ON JULY 31, 1996; ASSUMES ENACTMENT BY SEPTEMBER 1, 1996—Continued

[By fiscal year, in millions of dollars]

	1996	1997	1998	1999	2000	2001	2002	7-year total
Outlays	0	50	0	0	0	0	0	50
Establish Rainy Day Loan Fund:								
Family Support Payments:								
Budget Authority	0	0	0	0	0	0	0	0
Outlays	0	0	0	0	0	0	0	0
Extension of Transitional Medicaid Benefits:								
Medicaid:								
Budget Authority	0	0	0	180	390	400	210	1,180
Outlays	0	0	0	180	390	400	210	1,180
Increased Medicaid Administrative Payment:								
Medicaid:								
Budget Authority	0	500	0	0	0	0	0	500
Outlays	0	75	135	135	135	20	0	500
Effect of the Temporary Assistance Block Grant on the Food Stamp Program:								
Food Stamp Program:								
Budget Authority	0	45	90	170	430	560	695	1,990
Outlays	0	45	90	170	430	560	695	1,990
Effect of the Temporary Assistance Block Grant on the Foster Care Program:								
Foster Care Program:								
Budget Authority	0	0	0	10	25	35	45	115
Outlays	0	0	0	10	25	35	45	115
Effect of the Temporary Assistance Block Grant on the Medicaid Program: [d]								
Medicaid:								
Budget Authority	0	0	0	0	0	0	0	0
Outlays	0	0	0	0	0	0	0	0
Total Direct Spending, Title I, by account:								
Family Support Payments:								
Budget Authority	10	−752	−1,195	−1,319	−1,642	−2,059	−2,754	−9,710
Outlays	0	−684	−1,142	−1,284	−1,607	−2,024	−2,729	−9,459
Food Stamp Program:								
Budget Authority	0	40	70	140	390	515	660	1,815
Outlays	0	40	70	140	390	515	660	1,815
Foster Care Program:								
Budget Authority	0	0	0	10	25	35	45	115
Outlays	0	0	0	10	25	35	45	115
Medicaid:								
Budget Authority	0	500	0	180	390	400	210	1,680
Outlays	0	75	135	315	525	420	210	1,680
Direct Spending Total All Accounts—Title I:								
Budget Authority	10	−212	−1,125	−989	−837	−1,109	−1,839	−6,100
Outlays	0	−569	−937	−819	−667	−1,054	−1,814	−5,859

* Amounts less than $500,000.
[a] Funds for existing child care programs are repealed by this title, but equal or greater funding for similar activities is restored in Title VI.
[b] States have the option to begin to operate under the Temporary Assistance for Needy Families Block Grant any time after enactment of this bill. A few states may opt to do so in FY 1996 creating small savings in the AFDC, Emergency Assistance, and JOBS programs and small costs in the TANF program.
[c] The bill appropriates $2 billion for the contingency fund for use in years 1997 through 2001. The estimate shows costs of the contingency fund in 2002 because section 257(b)(2) of the Balanced Budget and Emergency Deficit Control Act of 1985 requires that the baseline shall assume that mandatory programs greater than $50 million dollars are continued.
[d] The bill retains categorical eligibility for Medicaid for families that meet the eligibility criteria for Aid to Families with Dependent Children as they are in current law.

FEDERAL BUDGET EFFECTS OF H.R. 3734, THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996; TITLE II—SUPPLEMENTAL SECURITY INCOME; AS ORDERED REPORTED BY THE COMMITTEE OF CONFERENCE ON JULY 31, 1996; ASSUMES ENACTMENT BY SEPTEMBER 1, 1996

[By fiscal year, in millions of dollars]

	1996	1997	1998	1999	2000	2001	2002	7-year total
Direct Spending:								
SSI Benefits to Certain Children:								
Supplemental Security Income:								
Budget Authority	(*)	−125	−925	−1,450	−1,800	−1,675	−2,000	−7,975
Outlays	(*)	−125	−925	−1,450	−1,800	−1,675	−2,000	−7,975
Family Support Payments:								
Budget Authority	(*)	(a)	(a)	(a)	(a)	(a)	(a)	(a)
Outlays	(*)	(a)	(a)	(a)	(a)	(a)	(a)	(a)
Food stamps: [b]								
Budget Authority	(*)	20	130	210	240	265	290	1,155
Outlays	(*)	20	130	210	240	265	290	1,155
Medicaid:								
Budget Authority	(*)	−5	−25	−40	−45	−55	−60	−230
Outlays	(*)	−5	−25	−40	−45	−55	−60	−230
Subtotal provision:								
Budget Authority	(*)	−110	−820	−1,280	−1,605	−1,465	−1,770	−7,050
Outlays	(*)	−110	−820	−1,280	−1,605	−1,465	−1,770	−7,050
Reduction in SSI Benefits to Certain Hospitalized Children With Private Insurance:								
Supplemental Security Income:								
Budget Authority	0	−40	−55	−60	−70	−60	−65	−350
Outlays	0	−40	−55	−60	−70	−60	−65	−350
Funding for Cost of Reviews: [c]								
Budget Authority	0	(c)	(c)	0	0	0	0	0
Outlays	0	(c)	(c)	0	0	0	0	0
End Payment of Pro-Rated Benefits for Month of Application:								
Supplemental Security Income:								
Budget Authority	(*)	−55	−130	−150	−160	−165	−175	−835
Outlays	(*)	−55	−130	−150	−160	−165	−175	−835
Pay Large Retroactive Benefit Amounts in Installments:								
Supplemental Security Income:								
Budget Authority	0	−200	−15	−15	−15	−15	−15	−275
Outlays	0	−200	−15	−15	−15	−15	−15	−275
Tighten Restrictions on Payment of Social Security Benefits to Prisoners: Make Payments to Prison Officials Who Report Ineligible Recipients:								
Old-Age, Survivors and Disability Insurance—benefits saved: [d]								
Budget Authority	0	−5	−10	−15	−15	−20	−20	−85
Outlays	0	−5	−10	−15	−15	−20	−20	−85
Supplemental Security income—benefits saved:								
Budget Authority	0	(*)	−5	−10	−10	−10	−10	−45
Outlays	0	(*)	−5	−10	−10	−10	−10	−45
Old-Age, Survivors and Disability Insurance—payments to prison officials:								
Budget Authority	0	0	0	0	0	0	0	0
Outlays	0	0	0	0	0	0	0	0
Supplemental Security income—payments to prison officials:								
Budget Authority	0	2	4	5	6	6	7	30
Outlays	0	2	4	5	6	6	7	30

FEDERAL BUDGET EFFECTS OF H.R. 3734, THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996; TITLE II—SUPPLEMENTAL SECURITY INCOME; AS ORDERED REPORTED BY THE COMMITTEE OF CONFERENCE ON JULY 31, 1996; ASSUMES ENACTMENT BY SEPTEMBER 1, 1996—Continued

[By fiscal year, in millions of dollars]

	1996	1997	1998	1999	2000	2001	2002	7-year total
Subtotal, provision:								
Budget Authority	0	−3	−11	−20	−19	−24	−23	−100
Outlays	0	−3	−11	−20	−19	−24	−23	−100
Total Direct Spending:								
Supplemental Security Income:								
Budget Authority	(*)	−418	−1,126	−1,680	−2,049	−1,919	−2,258	−9,450
Outlays	(*)	−418	−1,126	−1,680	−2,049	−1,919	−2,258	−9,450
Food Stamps: [b]								
Budget Authority	(*)	20	130	210	240	265	290	1,155
Outlay	(*)	20	130	210	240	265	290	1,155
Medicaid:								
Budget Authority	(*)	−5	−25	−40	−45	−55	−60	−230
Outlays	(*)	−5	−25	−40	−45	−55	−60	−230
Family Support Payments:								
Budget Authority	(*)	(a)	(a)	(a)	(a)	(a)	(a)	(a)
Outlays	(*)	(a)	(a)	(a)	(a)	(a)	(a)	(a)
Old-Age, Survivors and Disability Insurance:								
Budget Authority	0	−5	−10	−15	−15	−20	−20	−85
Outlays	0	−5	−10	−15	−15	−20	−20	−85
Total All Accounts:								
Budget Authority	(*)	−408	−1,031	−1,525	−1,869	−1,729	−2,048	−8,610
Outlays	(*)	−408	−1,031	−1,525	−1,869	−1,729	−2,048	−8,610

* Denotes less than $500,000.

[a] Proposed to be block-granted elsewhere in the bill.

[b] Includes interactions with other food stamp provisions of the bill.

[c] The bill proposes an adjustment to the discretionary spending caps of $150 million in 1997 and $100 million in 1998 to cover the costs of reviewing 300,000 to 400,000 children on the SSI rolls under the new, tighter criteria. The bill does not, however, directly appropriate that money. Its availability remains contingent on future appropriation action. In addition to those one-time costs of $250 million or more, the bill would require that most disabled children who qualify even under the tighter eligibility criteria be reviewed every 3 years to see if their medical condition has improved. That cost, which CBO estimates at about $100 million a year beginning in 1998, could be met by raising the caps on discretionary spending as permitted in P.L. 104–121. The cap adjustment in that law, however, was designed to cover periodic reviews and not the heavy volume of one-time reviews that would be mandated in 1997 by this legislation.

[d] The provision would encourage prison officials to exchange data with SSA by paying them up to $400 for providing information that helps to identify each inmate who receives SSI (and whose benefits should therefore be suspended). In the course of checking that information, SSA would find that some inmates collect OASDI. Therefore, although the language makes no mention of OASDI, savings in that program would result.

FEDERAL BUDGET EFFECTS OF H.R. 3734, THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996; TITLE III—CHILD SUPPORT ENFORCEMENT; ASSUMES ENACTMENT BY SEPTEMBER 1, 1996

[Outlays by fiscal year, in millions of dollars]

	1996	1997	1998	1999	2000	2001	2002	1997–2002
New enforcement techniques:								
State directory of new hires:								
Family support payment	0	0	−1	−4	−6	−9	−10	−30
Food stamp program	0	0	−1	−7	−12	−18	−21	−59
Medicaid	0	0	−3	−11	−20	−31	−38	−102
Subtotal	0	0	−5	−21	−38	−58	−70	−192
State laws providing expedited enforcement of child support:								
Family support payment	0	0	0	−17	−35	−55	−77	−185
Food stamp program	0	0	0	−6	−13	−21	−30	−70
Medicaid	0	0	0	−5	−11	−18	−26	−59
Subtotal	0	0	0	−28	−59	−94	−133	−314
State laws concerning paternity:								
Family support payment	0	−16	−18	−20	−22	−24	−26	−127
Food stamp program	0	−3	−3	−4	−4	−4	−5	−23
Medicaid	0	−2	−2	−2	−3	−3	−3	−15
Subtotal	0	−21	−23	−26	−29	−31	−34	−164
Suspend drivers' licenses:								
Family support payment	0	−4	−9	−14	−19	−20	−21	−88
Food stamp program	0	−2	−5	−8	−12	−12	−13	−52
Medicaid	0	−1	−3	−5	−7	−8	−9	−35
Subtotal	0	−7	−17	−27	−38	−41	−43	−175
Adoption of uniform state laws:								
Family support payment	0	10	2	−7	−11	−15	−21	−41
Food stamp program	0	0	−1	−3	−4	−6	−9	−24
Medicaid	0	0	−2	−3	−6	−8	−11	−30
Subtotal	0	10	−1	−13	−21	−29	−41	−95
Subtotal new enforcement	0	−19	−46	−115	−185	−254	−322	−940
Lost AFDC collections due to reduced cases funded by black grant funds:								
Family support payment	0	0	29	63	142	200	224	658
Food stamp program	0	0	0	0	0	0	0	0
Medicaid	0	0	0	0	0	0	0	0
Subtotal	0	0	29	63	142	200	224	658
Eliminate $50 passthrough and exclude gap payments from distribution rules at state option:								
Family support payment	0	−222	−236	−260	−285	−311	−336	−1,850
Food stamp program	0	114	122	139	147	164	171	857
Medicaid	0	0	0	0	0	0	0	0
Subtotal	0	−108	−114	−121	−139	−147	−165	−793
Distribute child support arrears to former AFDC families first:								
Family support payment	0	0	62	69	76	148	183	539
Food stamp program	0	0	−11	−12	−14	−27	−33	−96
Medicaid	0	0	0	0	0	0	0	0
Subtotal	0	0	51	57	63	122	150	442
Hold states harmless for lower child support collections:								
Family support payment	0	0	17	29	34	39	29	148
Food stamp program	0	0	0	0	0	0	0	0
Medicaid	0	0	0	0	0	0	0	0
Subtotal	0	0	17	29	34	39	29	148
Other Provisions with Bugetary Implications:								
Automated data processing development:								
Family support payment	(*)	83	91	129	129	8	0	440
Food stamp program	0	0	0	0	0	0	0	0
Medicaid	0	0	0	0	0	0	0	0
Subtotal	(*)	83	91	129	129	8	0	440
Automated data processing operation and maintenance:								
Family support payment	0	12	55	52	52	46	40	257

FEDERAL BUDGET EFFECTS OF H.R. 3734, THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996; TITLE III—CHILD SUPPORT ENFORCEMENT; ASSUMES ENACTMENT BY SEPTEMBER 1, 1996—Continued

[Outlays by fiscal year, in millions of dollars]

	1996	1997	1998	1999	2000	2001	2002	1997–2002
Food stamp program	0	0	0	0	0	0	0	0
Medicaid	0	0	0	0	0	0	0	0
Subtotal	0	12	55	52	52	46	40	257
Technical assistance to state programs:								
Family support payment	(*)	48	51	50	48	47	45	290
Food stamp program	0	0	0	0	0	0	0	0
Medicaid	0	0	0	0	0	0	0	0
Subtotal	(*)	48	51	50	48	47	45	290
State obligation to provide services:								
Family support payment	0	0	0	3	11	22	39	75
Food stamp program	0	0	0	0	0	0	0	0
Medicaid	0	0	0	0	0	0	0	0
Subtotal	0	0	0	3	11	22	39	75
Federal and state reviews and audits:								
Family support payment	0	3	3	3	3	3	3	20
Food stamp program	0	0	0	0	0	0	0	0
Medicaid	0	0	0	0	0	0	0	0
Subtotal	0	3	3	3	3	3	3	20
Grants to States for Visition:								
Family support payment	(*)	10	10	10	10	10	10	60
Food stamp program	0	0	0	0	0	0	0	0
Medicaid	0	0	0	0	0	0	0	0
Subtotal	(*)	10	10	10	10	10	10	60
Optional Modification of Support Orders:								
Family support payment	0	−5	0	10	15	15	20	55
Food stamp program	0	0	0	0	0	0	0	0
Medicaid	0	0	0	0	0	0	0	0
Subtotal	0	−5	0	10	15	15	20	55
Subtotal, Other provisions	(*)	151	210	258	269	151	157	1,197
Total, by account:								
Family support payment	(*)	−81	57	99	142	103	101	421
Food stamp program	0	109	100	99	88	76	62	533
Medicaid	0	−3	−8	−27	−46	−68	−88	−242
Total	(*)	25	148	172	184	110	74	712

*Amount less than $500,000.
**Budget authority is generally equal to the outlay shown in this table. Where this is not the case, budget authority is shown here: Family Support Payments Budget Authority—

Automated data processing development	42	42	91	129	129	8	0	440
Technical assistance to state programs	36	44	47	46	48	47	45	314
Grants to States for visitation	10	10	10	10	10	10	10	70
All other provisions	0	−222	−95	−91	−45	38	45	
Family support payments: Total BA	88	−127	53	95	142	103	101	455

FEDERAL BUDGET EFFECTS OF H.R. 3734, THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996; TITLE IV—RESTRICTING WELFARE AND PUBLIC BENEFITS FOR ALIENS; AS ORDERED REPORTED BY THE COMMITTEE ON CONFERENCE ON JULY 31, 1996; ASSUMED TO BE ENACTED BY SEPTEMBER 1, 1996

[By fiscal year, in millions of dollars]

	1996	1997	1998	1999	2000	2001	2002	7-year total
Direct Spending:								
Supplemental Security Income:								
Budget Authority	(1)	−375	−2,400	−2,600	−2,775	−2,425	−2,700	−13,275
Outlays	(1)	−375	−2,400	−2,600	−2,775	−2,425	−2,700	−13,275
Medicaid:								
Budget Authority	(1)	−105	−615	−815	−1,015	−1,245	−1,495	−5,290
Outlays	(1)	−105	−615	−815	−1,015	−1,245	−1,495	−5,290
Family Support Payments:								
Budget Authority	0	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Outlays	0	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Food Stamps:[3]								
Budget Authority	(1)	−470	−700	−660	−630	−610	−590	−3,660
Outlays	(1)	−470	−700	−660	−630	−610	−590	−3,660
Child nutrition:[4]								
Budget Authority	0	0	0	0	0	0	0	0
Outlays	0	0	0	0	0	0	0	0
Earned income tax credit:								
Budget Authority	0	−224	−232	−236	−242	−245	−251	−1,430
Outlays	0	−224	−232	−236	−242	−245	−251	−1,430
Total Direct Spending:								
Budget Authority	0	−1,174	−3,947	−4,311	−4,662	−4,525	−5,036	−23,655
Outlays	0	−1,174	−3,947	−4,311	−4,662	−4,525	−5,036	−23,655
Revenues: Earned income tax credit	0	28	29	29	30	30	31	177
Deficit Effect	(1)	−1,202	−3,976	−4,340	−4,692	−4,555	−5,067	−23,832

[1] Denotes less than $500,000.
[2] Proposed to be block-granted elsewhere in the bill.
[3] Includes interactions with other food stamp provisions of the bill.
[4] Section 742 of the bill, in Title VII, specifically states that benefits under the school breakfast and school lunch programs shall not be contingent on students' immigration or citizenship status. Therefore, CBO estimates no savings in the child nutrition program from the proposed restrictions contained in Title IV on immigrants' eligibility for federal benefits.

Note: The CBO estimate assumes that the proposed exemption for public health programs that provide immunizations will be modified or interpreted to permit continued Medicaid funding for pediatric vaccines.

FEDERAL BUDGET EFFECTS OF H.R. 3734, THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996; TITLE V—CHILD PROTECTION; AS ORDERED REPORTED BY THE COMMITTEE OF CONFERENCE ON JULY 31, 1996; ASSUMES ENACTMENT BY SEPTEMBER 1, 1996

[By fiscal year, in millions of dollars]

	1996	1997	1998	1999	2000	2001	2002	1996–2002
Direct Spending:								
Extend Enhanced Match Rate for Computer Purchases for Foster Care Data Collection:								
Budget Authority	0	80	0	0	0	0	0	80
Outlays	0	66	14	0	0	0	0	80
National Random Sample Study of Child Welfare:								
Budget Authority	6	6	6	6	6	6	6	42

FEDERAL BUDGET EFFECTS OF H.R. 3734, THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996; TITLE V—CHILD PROTECTION; AS ORDERED REPORTED BY THE COMMITTEE OF CONFERENCE ON JULY 31, 1996; ASSUMES ENACTMENT BY SEPTEMBER 1, 1996—Continued

[By fiscal year, in millions of dollars]

	1996	1997	1998	1999	2000	2001	2002	1996–2002
Outlays	(*)	2	11	6	6	6	6	37
Total Direct Spending:								
Foster Care:								
Budget Authority	6	86	6	6	6	6	6	122
Outlays	(*)	68	25	6	6	6	6	117

FEDERAL BUDGET EFFECTS OF H.R. 3734, THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996; TITLE VI—CHILD CARE; AS ORDERED REPORTED BY THE COMMITTEE OF CONFERENCE ON JULY 31, 1996; ASSUMES ENACTMENT BY SEPTEMBER 1, 1996

[By fiscal year, in millions of dollars]

	1996	1997	1998	1999	2000	2001	2002	1996–2002
Direct Spending:								
New Child Care Block Grant:								
Budget Authority	0	1,967	2,067	2,167	2,367	2,567	2,717	13,852
Outlays	0	1,635	1,975	2,082	2,227	2,377	2,482	12,778

Note: For states to draw down the child care block grant remainder, this subtitle requires them to maintain the greater of fiscal year 1994 or 1995 spending.

FEDERAL BUDGET EFFECTS OF H.R. 3734, THE PERSONAL RESPONSIBILITY AND WORK DPPORTUNITY RECONCILIATION ACT OF 1996; TITLE VII—CHILD NUTRITION PROGRAMS; AS ORDERED REPORTED BY THE COMMITTEE OF CONFERENCE ON JULY 31, 1996; ASSUMES ENACTMENT BY SEPTEMBER 1, 1996

[Outlays by fiscal year, in millions of dollars]

Section	1996	1997	1998	1999	2000	2001	2002	1996–2002
Direct Spending:								
704 Special assistance:								
Extension of payment period:								
Budget Authority		(*)	(*)	1	1	1	1	4
Outlays		(*)	(*)	1	1	1	1	4
Rounding rules for lunch, breakfast, and supplement rates:								
Budget Authority		−2	−15	−15	−15	−15	−15	−77
Outlays		−1	−10	−15	−15	−15	−15	−71
706 Summer food service program for children:								
Budget Authority		−24	−29	−29	−34	−34	−39	−189
Outlays		−18	−29	−29	−34	−34	−39	−184
708 Child and adult care food program:								
Budget Authority		−105	−380	−430	−480	−535	−595	−2,525
Outlays		−90	−340	−420	−470	−525	−585	−2,430
723 School breakfast program authorization:								
Budget Authority		−10	−15	−22	−25	−22	−22	−116
Outlays		−8	−14	−21	−25	−22	−22	−112
731 Nutrition education and training programs:								
Budget Authority		−10	−10	−10	−10	−10	−10	−60
Outlays		−10	−10	−10	−10	−10	−10	−60
Total Child Nutrition Programs:								
Direct Spending:								
Budget Authority		−151	−449	−505	−563	−615	−680	−2,963
Outlays		−128	−403	−494	−553	−605	−670	−2,853

*Less than $500,000.

Note: Details may not add to totals because of rounding.

FEDERAL BUDGET EFFECTS OF H.R. 3734, THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996; TITLE VIII—FOOD STAMPS AND COMMODITY DISTRIBUTION; AS ORDERED REPORTED BY THE COMMITTEE OF CONFERENCE ON JULY 31, 1996; ASSUMES ENACTMENT BY SEPTEMBER 1, 1996

[Outlays by fiscal year, in millions of dollars]

Section	1996	1997	1998	1999	2000	2001	2002	1996–2002
801 Definition of certification period	0	0	0	0	0	0	0	0
802 Definition of coupon	0	0	0	0	0	0	0	0
803 Treatment of children living at home	0	−115	−245	−255	−265	−280	−290	−1,450
804 Adjustment of thrifty food plan	0	−935	−980	−1,025	−1,070	−1,115	−1,155	−6,280
805 Definition of homeless individual	0	(*)	(*)	(*)	(*)	(*)	(*)	(*)
806 State option for eligibility standards	0	0	0	0	0	0	0	0
807 Earnings of students	0	−10	−10	−10	−10	−15	−15	−70
808 Energy assistance	0	−125	−170	−175	−175	−180	−180	−1,005
809 Deductions from income:								
Standard deduction at $134 each year a	0	0	−555	−770	−990	−1,220	−1,465	−5,000
Homeless shelter allowance	0	−1	−1	−2	−3	−3	−5	−15
Cap excess shelter deduction at $247 through 12/31/96, $250 from 1/1/97 through FY98 $275 in FY99 and FY00 and $300 in each later fiscal year	0	−350	−570	−505	−565	−490	−550	−3,030
State option for mandatory standard utility allowance and otherwise allow change between SUA and actual costs only at recertification	0	−35	−70	−75	−80	−80	−85	−425
810 Vehicle Allowance at $4,650 FY97–2002	0	−45	−140	−175	−200	−225	−245	−1,030
811 Vendor payments for transitional housing counted as income	0	−10	−10	−10	−10	−10	−10	−60
812 Simplified calculation of income for the self-employed	0	0	0	0	0	0	0	0
813 Doubled penalties for violating Food Stamp program requirements	0	(*)	(*)	(*)	(*)	(*)	(*)	(*)
814 Disqualification of convicted individuals	0	(*)	(*)	(*)	(*)	(*)	(*)	(*)
815 Disqualification	0	−5	−5	−5	−5	−5	−5	−30
816 Caretaker exemption	0	0	0	0	0	0	0	0
817 Employment and training	0	2	6	9	11	13	15	56
818 Food stamp eligibility	0	−15	−21	−27	−27	−27	−27	−145
819 Comparable treatment for disqualification	0	−20	−20	−20	−20	−20	−25	−125
820 Disqualification for receipt of multiple food stamp benefits	0	−5	−5	−5	−5	−5	−5	−30
821 Disqualification of fleeing felons	0	(*)	(*)	(*)	(*)	(*)	(*)	(*)
822 Cooperation with child support agencies								
Option to require custodial parent cooperation:								
Food Stamps	0	−5	−10	−15	−20	−20	−20	−90
Family Support Payments	0	5	10	10	15	15	15	70
823 Disqualification relating to child support arrears	0	−5	−15	−25	−25	−30	−30	−130
824 Work requirement	0	−160	−830	−960	−1,010	−1,050	−1,100	−5,110
825 Encourage electronic benefit transfer system	0	(*)	(*)	(*)	(*)	(*)	(*)	(*)
826 Value of minimum allotment	0	0	−30	−30	−30	−35	−35	−160
827 Benefits on recertification	0	−25	−25	−25	−25	−30	−30	−160
828 Optional combined allotment for expedited households	0	0	0	0	0	0	0	0
829 Failure to comply with other means-tested public assistance programs	0	−25	−25	−25	−25	−25	−25	−150

FEDERAL BUDGET EFFECTS OF H.R. 3734, THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996; TITLE VIII—FOOD STAMPS AND COMMODITY DISTRIBUTION; AS ORDERED REPORTED BY THE COMMITTEE OF CONFERENCE ON JULY 31, 1996; ASSUMES ENACTMENT BY SEPTEMBER 1, 1996—Continued

[Outlays by fiscal year, in millions of dollars]

Section	1996	1997	1998	1999	2000	2001	2002	1996–2002
830 Allotments for households residing in centers	0	(*)	(*)	(*)	(*)	(*)	(*)	(*)
831 Condition precedent for approval of retail stores and wholesale food concerns	0	0	0	0	0	0	0	0
832 Authority to establish authorization periods	0	0	0	0	0	0	0	0
833 Information for verifying eligibility for authorization	0	0	0	0	0	0	0	0
834 Waiting period for stores that fail to meet authorization criteria	0	0	0	0	0	0	0	0
835 Operation of food stamp offices	0	0	0	0	0	0	0	0
836 State employee and training standards	0	0	0	0	0	0	0	0
837 Exchange of law enforcement information	0	0	0	0	0	0	0	0
838 Expedited coupon service	0	0	0	0	0	0	0	0
839 Withdrawing fair hearing requests	0	0	0	0	0	0	0	0
840 Income, eligibility, and immigration status verification systems	0	−5	−5	−5	−5	−5	−5	−30
841 Investigations	0	0	0	0	0	0	0	0
842 Disqualification of retailers who intentionally submit falsified applications	0	0	0	0	0	0	0	0
843 Disqualification of retailers who are disqualified under the WIC program	0	0	0	0	0	0	0	0
844 Collection of overissuances	0	−25	−30	−30	−25	−25	−30	−165
845 Authority to suspend stores violating program requirements pending administrative and judicial review	0	0	0	0	0	0	0	0
846 Expanded criminal forfeiture for violations	0	(b)	(b)	(b)	(b)	(b)	(b)	(b)
847 Limitation of federal match	0	−2	−2	−2	−2	−2	−2	−12
848 Standards for administration	0	0	0	0	0	0	0	0
849 Work supplementation or support program	0	5	15	20	30	30	30	130
850 Waiver authority	0	0	0	0	0	0	0	0
851 Response to waivers	0	0	0	0	0	0	0	0
852 Employment initiatives program	0	−1	−2	−2	−2	−2	−2	−11
853 Reauthorization	0	0	0	0	0	0	0	0
854 Simplified Food Stamp program	0	0	5	10	20	20	25	80
855 A study of the use of food stamps to purchase vitamins and minerals	0	0	0	0	0	0	0	0
856 Deficit reduction	0	0	0	0	0	0	0	0
871 Emergency Food Assistance program	0	100	100	100	100	100	100	600
872 Food bank demonstration project	0	0	0	0	0	0	0	0
873 Hunger prevention programs	0	0	0	0	0	0	0	0
874 Report on entitlement commodity processing	0	0	0	0	0	0	0	0
891 Provisions to encourage electronic benefit systems[c]	0	0	0	0	0	0	0	0
Interactions among provisions	0	20	101	111	136	141	166	674
Total Food Stamp Program:								
Budget Authority	0	−1,792	−3,539	−3,918	−4,282	−4,580	−4,990	−23,103
Outlays	0	−1,792	−3,539	−3,918	−4,282	−4,580	−4,990	−23,103

*Less than $500,000.

Note: Details may not add to totals because of rounding.

a No savings are shown in fiscal year 1997 for setting the standard deduction at $134 because the fiscal year 1997 Agriculture Appropriations Act which cleared the Congress before this bill cleared, contained a similar provision.

b Any proceeds from this provision would be used to reimburse law enforcement agencies or for retail compliance investigations. Thus, CBO estimates no net effect on the federal budget, though funds could be received in one year and not spent until a later year.

c This provision is included elsewhere in the bill. If the exemption from Regulation "e" were not enacted, there likely would be costs to the federal government. CBO estimates these costs would be small.

FEDERAL BUDGET EFFECTS OF THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996; TITLE IX—MISCELLANEOUS; AS ORDERED REPORTED BY THE COMMITTEE OF CONFERENCE ON JULY 31, 1996; ASSUMES ENACTMENT BY SEPTEMBER 1, 1996.

[By fiscal year in millions of dollars]

Section	1996	1997	1998	1999	2000	2001	2002	1996–2002
Direct Spending and Revenues:								
908 Reduction in block grants to States for social services:								
Social Services Block Grant:								
Budget Authority	0	−420	−420	−420	−420	−420	−420	−2,520
Outlays	0	−375	−420	−420	−420	−420	−420	−2,475
909 Denial of earned income credit on basis of disqualified income:[a]								
Budget Authority	0	−170	−168	−151	−146	−152	−160	−947
Outlays	0	−170	−168	−151	−146	−152	−160	−947
Revenue	0	26	27	27	23	23	25	151
Net Deficit Effect	0	−196	−195	−178	−169	−175	−185	−1,098
910 Modification of adjusted gross income definition for earned income credits:[a]								
Budget Authority	0	−98	−106	−112	−120	−129	−138	−704
Outlays	0	−98	−106	−112	−120	−129	−138	−704
Revenue	0	15	18	20	22	25	28	128
Net Deficit Effect	0	−113	−125	−133	−141	−154	−166	−832
911 Abstinence Education:								
Budget Authority	0	50	50	50	50	50	50	300
Outlays	0	18	35	50	50	50	50	253
Interaction among revenue provisions:								
Budget Authority	0	47	50	36	28	33	34	229
Outlays	0	47	50	36	28	33	34	229
Revenue	0	−9	−13	−14	−10	−10	−6	−62
Net Deficit Effect	0	56	63	50	38	43	40	291
Total Miscellaneous—Title IX:								
Direct Spending:								
Social Services Block Grant:								
Budget Authority	0	−420	−420	−420	−420	−420	−420	−2,520
Outlays	0	−375	−420	−420	−420	−420	−420	−2,475
Earned Income Tax Credit:								
Budget Authority	0	−221	−224	−227	−238	−248	−264	−1,422
Outlays	0	−221	−224	−227	−238	−248	−264	−1,422
Maternal and Child Health Services Block Grant:								
Budget Authority	0	50	50	50	50	50	50	300
Outlays	0	18	35	50	50	50	50	253
Total All Accounts:								
Budget Authority	0	−591	−594	−597	−608	−618	−634	−4,642
Outlays	0	−578	−609	−597	−608	−618	−634	−3,644
Revenues: Revenue[a]	0	32	32	33	35	38	47	217

[a] Estimates provided by the Joint Committee on Taxation. Components may not sum to totals because of rounding.

CONGRESSIONAL BUDGET OFFICE: CONFERENCE AGREEMENT ON H.R. 3754, ESTIMATED COST OF INTERGOVERNMENTAL AND PRIVATE SECTOR MANDATES, AUGUST 1, 1996

INTERGOVERNMENTAL MANDATES

CBO cannot determine if the bill contains intergovernmental mandates that would impose costs exceeding the $50 million threshold established in the Unfunded Mandates Reform Act of 1995 (Public Law 104-4). At issue is a provision dealing with an increase in child poverty.

Temporary Assistance for Needy Families (TANF). The bill would require a state to carry out a corrective action plan if it determines that the rate of child poverty increases by five percent in a given year as a result of carrying out its new program for needy families. Depending on how this requirement is enforced, it may constitute a mandate when it is combined with the reduction in federal funding for needy families and the work requirements of the bill. Under the work requirements, a state would be required to have 50 percent of certain families that are receiving assistance in work activities by fiscal year 2002.

Under Public Law 104-4, an increase in the stringency of conditions of assistance or a

reduction in federal funding for an entitlement program under which the federal government spends more than $500 million annually is considered a mandate only if state, local, or tribal governments lack the authority under that program to amend their own financial or programmatic responsibilities to continue providing required services.

The bill does not specify how this child-poverty requirement would be enforced. On the one hand, if a state would be allowed simply to submit a corrective action plan but would not be required to take action to reduce child poverty, then the requirement, by itself or in combination with the other changes, would not constitute a mandate because the state would have the flexibility to reduce caseloads and benefit levels in response to the federal requirements and reduced federal funding. On the other hand, if the bill would require a state to reduce child poverty (and a mechanism was developed to enforce that requirement) then it may constitute a mandate when it is combined with the funding reductions contained in the bill and the work requirements.

Even if the requirement is stringently enforced, however, states may still have sufficient flexibility to meet all the requirements of the bill without devoting more state funds to the TANF program. States, not an outside party, would determine whether the rate of child poverty has increased by 5 percent. In addition, the majority of people currently receiving Aid to Families with Dependent Child (the program that TANF would replace) are already in poverty, so that rate of child poverty might not increase significantly even if these people lose benefits.

Child support. The bill would mandate changes in the operation and financing of the state child enforcement systems. The primary changes include using new enforcement techniques, eliminating a current $50 payment to welfare recipients for whom child support is collected, and allowing former public assistance recipients to keep a greater share of their support collections. The net savings from these mandates would exceed the costs by $200 million to $500 million annually over the next six years.

Restricting Welfare and Public Benefits for Aliens and Supplemental Security Income. CBO estimates that the new mandates contained in the portion of the bill titled Restricting Welfare and Public Benefits for Aliens would not be significant. However, the bill would reduce the size of an existing mandate. Current law requires states that supplement federal Supplemental Security Income (SSI) either to maintain their supplemental payments levels at or above 1983 amounts or to maintain their annual expenditures at a level at least equal to the level from the previous years. Once a state elects to supplement SSI, federal law requires it to continue in order to remain eligible for Medicaid payments. Because the bill would restrict eligibility for SSI, primarily for aliens and disabled children, states would no longer have to maintain their supplements for these individuals. CBO estimates that states could save roughly $750 million annually by fiscal year 1998.

Other Titles. Two other titles of the bill—Child Nutrition and Food Stamps—contain intergovernmental mandates, but the total cost of the mandates would be significantly less than the $50 million threshold.

PRIVATE SECTOR MANDATES

The bill contains several private sector mandates as defined in Public Law 104-4. CBO estimates that the direct cost to the private sector of those provisions would be $65 million in fiscal year 1997 and would total about $1.0 billion over the five-year period from 1997 through 2001, as shown in the following table.

[Fiscal year (dollars in millions)]

	1997	1998	1999	2000	2001
Requirement on Employers	.....	$10	$10	$10	$10
Requirement on Sponsors of New Immigrants	$5	20	55	195	400
Changes in the Earned Income Credit	60	61	62	65	68

Requirement on Employers. The child support provisions of the bill include a requirement that employers provide information on all new employees to new-hire directories maintained by the states. This provision would impose a direct cost on private sector employers of approximately $10 million per year once it became effective in 1998. Based on data from the Bureau of the Census, CBO estimates that private employers hire over 30 million new workers each year. Even so, the cost to private employers of complying with this mandate would be expected to be relatively small. Many states already require some or all employers to provide this information, so that a federal mandate would only impose additional costs on a subset of employers. In addition, employers could comply with the mandate by simply mailing or faxing a copy of the worker's W-4 form to the state agency, or by transmitting the information electronically.

Requirement on Sponsors of New Immigrants. The bill would also impose a new requirement on individuals who sign affidavits of support for legal immigrants by making future affidavits legally binding. This requirement would impose a direct cost on the sponsors estimated to be $5 million in 1997, rising to $400 million in 2001. This estimate represents the additional cost to sponsors of providing the support to immigrants that would be required under the bill. The added costs are larger after the first three years because of the new responsibility sponsors would have to provide support after a three-year deeming period.

Changes in the Earned Income Credit. Finally, the bill would make several changes in the Earned Income Credit. The bill would modify adjusted gross income by disregarding certain losses, expand the definition of disqualified income and index the threshold, and strengthen compliance. The Joint Committee on Taxation estimates that the direct mandate cost of these changes would be $60 million in 1997, increasing to $68 million in 2001. These estimates include only the revenue effect of the changes in the credit, and not the effect on federal outlays.

Mr. DOMENICI. I yield the floor.

Mr. LOTT. Mr. President, I believe the Democratic leader is on his way and will be prepared to close on that side, and I will go immediately following that.

Until he arrives, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DASCHLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DASCHLE. Mr. President, after 18 months, we are about to pass welfare reform. It has been a long, divisive debate about the direction our Nation will follow on fundamental social policy. The initial bill, approved by the House last year, I think, by virtually any standard, was an extreme piece of legislation. As a result, it enjoyed very little public support. Twice the President vetoed extreme legislation, and that resulted in far more bipartisan cooperation in the ensuing months.

It is clear that there is a consensus on many concepts relating to welfare reform. Most of us believe the current system is not working, that welfare must be reformed, that welfare as a way of life must end. There is a consensus about the need for work, that able-bodied people should work, that there should not be welfare for those who are unwilling to work. There is a consensus about the need to allow States flexibility and a recognition that South Dakota is different from New York and different from California. There is a consensus that the lack of child care is a major barrier to work, that States need to provide adequate funds to help parents afford it, that the current law with regard to health and safety standards must be maintained and even improved, and that child care needs to become more available and certainly more affordable.

So there are points on which there is common ground and a great deal of agreement. The welfare debate has come a long way since those early months when the President felt compelled to veto that extreme legislation. There have been many areas where bipartisan progress in reducing the barriers that I have just discussed has been made. The debate began on welfare reform with not $1 for child care money, with not $1 for child care to be provided under any circumstances. Now, in this legislation, there is $14 billion to assist parents' efforts to secure child care.

The debate began over a House bill with absolutely no guarantee of Medicaid coverage for families under any circumstances. Now families moving from welfare to work will continue to receive health care during a 1-year transition period.

We have made bipartisan progress in other areas, too. This bill improves the Nation's child support enforcement system. It improves the Nation's supplemental security program for the disabled children of our country. We dropped the proposals to block grant food stamps and eliminate the national nutrition safety net, and we dropped proposals to block grant child abuse funds, which would have undermined our Nation's child protection system.

So, Mr. President, this bill does represent progress. In these areas, and in others. I think it is fair to say that we have come a good distance. But in a democracy everybody has to make their own assessment. We have our own internal comfort zone. We have our own sense of what is right. From phone calls I have received from my State of South Dakota, and letters I received from across the country, the views are as diverse outside Washington as they are here in the Senate.

Every Senator, every Representative, and the President of the United States must make his or her own judgment

and draw his or her own lines. It is better than when we started. We began having a threshold for which there could be agreement and consensus on items that I have discussed. Thoughtful people will disagree about where we go from here, how we can assess that progress, and whether or not this marks enough progress to stop now. For many, including this Senator, it is a tough call.

There is no crystal ball. Nobody can predict with certainty the effect of this bill. It will improve, in some ways, the welfare system that we have right now. I think that is a given. But will it help move welfare recipients to work? We can only hope that it does. Will it ensure that children are protected? We can only hope that it does.

Is there a guaranteed safety net for children in the future? On that answer, in my view, Mr. President, the answer is not even hopeful. The answer, in my view, is no. Is this the last point? Is this the only point? There are others. But the fact is that this important issue affecting 100 percent of the future population is not resolved. On that issue, we can do better.

We all want reform. We want to require people to work. But we also want to protect children who can't protect themselves.

We have to be careful to balance those goals. The need a meaningful safety net for children—a guarantee that they will not pay for the mistakes or circumstances of their parents—ought to be paramount for every one of us as we make our decision tonight.

Mr. President, we need vouchers to ensure children's basic needs are met when their parents reach the time limits, and you can't find vouchers in this bill—not to any meaningful extent. We need a contingency for emergencies. When we went through the last recession, this country drew down more than $6 billion in emergency AFDC funds an 18-month period. These were the resources necessary to provide the safety net, especially for children who otherwise had nothing—$6 billion. You know what is in this bill? We have about $2 billion in contingency funds. We may be more than $4 billion underfunded the next time we have a recession in this country. Then what happens?

The level of nutrition cuts continue to concern me as well. I am not comfortable reducing food stamp benefits for families with children who pay more than 50 percent of their income in rent. We do not treat the elderly that way, and we should not. And we should not treat children that way, either. Nutrition cuts have nothing to do with work, nothing to do with reforming welfare. It is an attack on the essential nutritional safety net in this country, and we ought to recognize it as that.

I support strong work requirements. But the work requirements in this bill are inadequately funded. This is something that we ought to be concerned about, and the Congressional Budget Office says that most States in the country, when this legislation passes, will fail to meet the work requirements. They will not even be close.

We all agree that the lack of affordable child care is a barrier to work. The Senate and House bills said mothers with elementary school children could not be sanctioned or terminated from assistance if they don't find child care or cannot afford it, but the conference bill precludes sanctions only for mothers with children under 6. The distinguished Senator from Connecticut addressed this point earlier this afternoon. I am concerned that this is an impossible choice for mothers. A mother's choice is to go to work in order to receive assistance, leaving a child of 7 or 8 alone after school, or not to go to work and lose the help she needs to feed and clothe her child. What a choice. Mr. President, that is not a choice that you and I and the rest of this body can be comfortable with.

Frankly, I am very troubled about the treatment of legal immigrants. There is no assistance for illegal immigrants, and perhaps that is appropriate. But this bill attacks legal immigrants. I am not talking about those who cross our borders in the dead of night. Individuals who have followed the rules, paid taxes in this country, and gone to fight in other parts of the world for this country are now going to be told that there is nothing, no help whatsoever, even when they desperately need it through no fault of their own.

It was 100 years ago that my grandparents came to this country with the promise of 160 acres of soil. They came with a lot of hopes and dreams about what this country could provide for them and their grandchildren and for all of the Daschles to follow. They came here for freedom. They came here in the belief that this would be a better life. We joked about the Government betting you 160 acres of land that you could not survive it on for 5 years in South Dakota. If you could survive for 5 years, it was yours. They got off the railroad, they built a sod house, and survived. But the Government gave them the opportunity to survive, gave them the license to be Americans, and I am here 100 years later because that happened.

We do not have any more land to give, but I sure hope we can still give dreams. I hope that there are still people out there who believe that the freedom that they can find in this great country of ours, for all of the things this country can provide, ought to be ample reason to come to this country and give it their best.

But we are saying we are not going to help you; we are going to punish you if you even try. That is not American. My grandparents could not have come with this law in effect 100 years ago.

So, Mr. President, it is with some sadness that we have come to the conclusion that we cannot do better than this. But we are going to pass this legislation tonight with the understanding that there are some very severe deficiencies. Is it an improvement over what we passed a year ago? Yes. Can we do better? I think we all know in our heart of hearts that the answer to that is also yes.

I hope that we can agree when it is signed into law that we will go back, without much time to waste, and attempt as best as we can to fix those deficiencies so we do not punish children, so we do not send the wrong message to people who want to be Americans, so we recognize that this country is still all that it can be, so we can work together to make it an even better one.

I yield the floor.

Mr. LOTT addressed the Chair.

The PRESIDING OFFICER. The majority leader.

Mr. LOTT. Mr. President, I believe we have some 2½ minutes left, and beyond that I will use my leader time.

Mr. President, over the years we have watched a program that we started some 60 years ago with very good intentions to help the weak and the genuinely poor people in this country to be able to get some degree of temporary assistance to help them exist.

We have watched over the years as the taxpayers of this country worked hard to try to look after their families, tried to get clothes to put their children in school, and pay their taxes. Then they began to wonder, who was thinking about them? Because they saw this program continue to grow and build, and they saw it continue to cost more and more billions of dollars, and they saw abuses. Then they started to worry. What about the children that are getting locked into this system of welfare dependency?

Over the years it moved in that direction—to where we have disaffection on all sides; those who pay the bills for the welfare program and those who are on the program. People ask: Who is it really helping? Is it really giving people a lift out of poverty, or it is it locking them in? Does it really help the children when the parents are not able to get a job, they do not have the training, the education, nor the day care to be able to really get a job? Who is the real loser? The children have become the losers of this program. It has become a program of dependency without a way out. That is what this bill is really about.

I am happy that the Senate is about to take this final action on this monumental accomplishment, a bipartisan accomplishment on a bill that is entitled "Personal Responsibility and Work Opportunity Act of 1996." We call it welfare reform, but that is the real title. That is what it is really about—personal responsibility; taking advantage of the program when you really need it on a temporary basis, to give you an opportunity to exercise your responsibilities and get off the system and get into a job—work opportunity. That is the American way; to have an

opportunity to get what you need temporarily with training to go out and get a job and look after your family.

It has been a long haul with more than a few dead-ends. But we stuck with it. We forged the kind of compromises that were needed to move it ahead, and at last we have come to our destination: ending the destructive welfare cycle. That is what this is all about.

There is more than enough credit to go around. But I think special tribute clearly should be given to the Senator from Delaware, Senator ROTH. He has pulled off a gold medal performance this week. He was lead chairman on the welfare reform bill. He was the chairman that negotiated the agreement on the small business tax relief bill, and he was the lead participant in the health insurance reform legislation; a tremendous week. We are all indebted to Senator ROTH for that great work. I know it has been exhausting, but I know you are extremely proud of the accomplishment that you have in this bill and those other bills.

Of course, the venerable chairman of the Budget Committee, Senator DOMENICI, hangs in there. It was going to be maybe just a few hours and then it looked like it was going to be the full 10 hours. He has to do it over and over again. He has been a partner with the Senator from Delaware. They have done a great job. He is the most knowledgeable Member that we have on how we deal with these budget issues.

Senator NICKLES, at my request, was representative of the leadership in a lot of the negotiations. That youngster from Pennsylvania, Senator RICK SANTORUM, he was great. He came to the floor one night. He did his job. He knew his subject matter. He has been working on it for 2 years—actually longer than that. I guess about 4 years. He really knows the intricacies of this bill. It has been bipartisan, House and Senate. The vote in the House, 328 to 101. That looks mighty broad to me in its support and its bipartisanship.

In the Senate, Senator BREAUX was involved and helpful as we went along. Senator LIEBERMAN, I read his article, I believe, in a New York newspaper last week, an excellent article. So I think we have truly made this bipartisan. It is an effort of which we can be proud.

Also, I have to say this. A lot of credit goes to the man whom I succeeded as majority leader. Bob Dole worked on this effort, pushed this effort, would not let it end, helped get it through, not once but twice, and was committed to getting it done again this year for the third time. Without his leadership, without his determination, without his commitment, we would not be here tonight passing this welfare reform package. In my opinion, it should truly be called the Dole Welfare Reform Package.

The last time I spoke on the Senate floor about welfare, I expressed the hope then that President Clinton would not again veto the reform bill that we had come up with on welfare. And I did have an opportunity over the past 2 weeks to talk with him about it. There were some changes made that he had hoped for in the bill, and so I am, frankly, greatly satisfied that he has announced he will, indeed, sign this bill into law.

So now our country begins a great transition. It will be complicated and difficult and probably will require fine tuning on our part in the future, but we have made a start. We have made a commitment. We signed on to the blueprint for the most profound restructuring of public assistance since the New Deal.

This legislation will end the Federal entitlement to welfare and replace it with block grants to the States. All by itself, that makes this landmark legislation. But the flexibility for the States and the Governors, I think, will work well. They are close to the problems. They will be able to use the money where it is needed the greatest to help the people who need it the most.

More than that, for the first time ever we are legislatively imposing time limits on the receipt of welfare on an endless basis, and for the first time ever we are applying a meaningful work requirement that can help recipients make the move—and we know it is not always an easy one—from dependence to independence.

That is what we desire and we hope for all Americans. This bill responds to a consensus among the American people by ending most welfare for noncitizens. It strengthens our child support enforcement and paternity establishment requirements. It combats fraud and abuse of welfare programs and will save the taxpayers about $54.5 billion over the next 6 years.

We can be proud of this package, and we can build on it in the months ahead as we seek to improve Medicaid and other programs of assistance to the needy. We are going to be working with the Governors to make sure that this bill sets the pattern for a new era of cooperation between the States and the Federal Government.

Again, I thank everyone whose diligence and patience brought us this far. There is an old saying: "Well begun is only half done." Today, the herculean task of comprehensive welfare reform is, indeed, well begun and much more than half done.

With the lessons we have learned in this effort, we can finish the job for the benefit of both the taxpayers of America and the poor in the months ahead.

I yield the floor.

Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER (Mr. SMITH). Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the conference report to accompany H.R. 3734, the Budget Reconciliation Act of 1997. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

[Disturbance in the Gallery]

The PRESIDING OFFICER. The clerk will cease until order is restored.

The Sergeant at Arms is directed to restore order.

The Senate will come to order.

The clerk will resume the call of the roll.

The legislative clerk resumed the call of the roll.

Mr. FORD. I announce that the Senator from Arkansas [Mr. PRYOR] is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 78, nays 21, as follows:

[Rollcall Vote No. 262 Leg.]

YEAS—78

Abraham	Ford	Lott
Ashcroft	Frahm	Lugar
Baucus	Frist	Mack
Bennett	Gorton	McCain
Biden	Graham	McConnell
Bond	Gramm	Mikulski
Breaux	Grams	Murkowski
Brown	Grassley	Nickles
Bryan	Gregg	Nunn
Burns	Harkin	Pressler
Byrd	Hatch	Reid
Campbell	Hatfield	Robb
Chafee	Heflin	Rockefeller
Coats	Helms	Roth
Cochran	Hollings	Santorum
Cohen	Hutchison	Shelby
Conrad	Inhofe	Simpson
Coverdell	Jeffords	Smith
Craig	Johnston	Snowe
D'Amato	Kassebaum	Specter
DeWine	Kempthorne	Stevens
Domenici	Kerry	Thomas
Dorgan	Kohl	Thompson
Exon	Kyl	Thurmond
Faircloth	Levin	Warner
Feingold	Lieberman	Wyden

NAYS—21

Akaka	Feinstein	Moseley-Braun
Bingaman	Glenn	Moynihan
Boxer	Inouye	Murray
Bradley	Kennedy	Pell
Bumpers	Kerrey	Sarbanes
Daschle	Lautenberg	Simon
Dodd	Leahy	Wellstone

NOT VOTING—1

Pryor

The conference report was agreed to.

Mr. BOND. Mr. President, I move to reconsider the vote by which the conference report was agreed to.

Mr. NICKLES. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senate will come to order. Members will stop conversations so the Chair can recognize the majority leader.

Mr. WELLSTONE. Mr. President, can we have order in the Chamber?

The PRESIDING OFFICER. The Senate will come to order. Will Senators please take their conversations to the Cloakroom?

MEASURES PLACED ON CALENDAR—S. 2006, S. 2007 and H.R. 2391

The PRESIDING OFFICER. The clerk will now read three bills for the second time.

Public Law 104–193
104th Congress

An Act

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

Aug. 22, 1996
[H.R. 3734]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Personal Responsibility and Work Opportunity Reconciliation Act of 1996. 42 USC 1305 note.

SECTION 1. SHORT TITLE.

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

SEC. 2. TABLE OF CONTENTS.

The table of contents for this Act is as follows:

TITLE I—BLOCK GRANTS FOR TEMPORARY ASSISTANCE FOR NEEDY FAMILIES

42 USC 601 note.

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 nonmarital teen pregnancy rose 23 percent from 54 pregnancies per 1,000 unmarried teenagers in 1976 to 66.7 pregnancies in 1991. The overall rate of nonmarital pregnancy rose 14 percent from 90.8 pregnancies per 1,000 unmarried women in 1980 to 103 in both 1991 and 1992. In contrast, the overall pregnancy rate for married couples decreased 7.3 percent between 1980 and 1991, from 126.9 pregnancies per 1,000 married women in 1980 to 117.6 pregnancies in 1991.

(B) The total of all out-of-wedlock births between 1970 and 1991 has risen from 10.7 percent to 29.5 percent and

if the current trend continues, 50 percent of all births by the year 2015 will be out-of-wedlock.

(7) An effective strategy to combat teenage pregnancy must address the issue of male responsibility, including statutory rape culpability and prevention. The increase of teenage pregnancies among the youngest girls is particularly severe and is linked to predatory sexual practices by men who are significantly older.

(A) It is estimated that in the late 1980's, the rate for girls age 14 and under giving birth increased 26 percent.

(B) Data indicates that at least half of the children born to teenage mothers are fathered by adult men. Available data suggests that almost 70 percent of births to teenage girls are fathered by men over age 20.

(C) Surveys of teen mothers have revealed that a majority of such mothers have histories of sexual and physical abuse, primarily with older adult men.

(8) 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.

(9) 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 ½ of the mothers who never married received AFDC while only ⅕ 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.

(10) 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(a) 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.

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

42 USC prec. 601, 601–610, 612, 613, 615–617.

(1) by striking all that precedes section 418 (as added by section 603(b)(2) of this Act) and inserting the following:

"PART A—BLOCK GRANTS TO STATES FOR TEMPORARY ASSISTANCE FOR NEEDY FAMILIES

"SEC. 401. PURPOSE. 42 USC 601.

"(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. 42 USC 602.

"(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.

"(v) 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.

"(vi) Conduct a program, designed to reach State and local law enforcement officials, the education system, and relevant counseling services, that provides education and training on the problem of statutory rape so that teenage pregnancy prevention programs may be expanded in scope to include men.

"(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.

"(iv) Not later than 1 year after the date of enactment of this Act, unless the chief executive officer of the State opts out of this provision by notifying the Secretary, a State shall, consistent with the exception provided in section 407(e)(2), require a parent or caretaker receiving assistance under the program who, after receiving such assistance for 2 months is not exempt from work requirements and is not engaged in work, as determined under section 407(c), to participate in community service employment, with minimum hours per week and tasks to be determined by the State.

"(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 FOSTER CARE AND ADOPTION ASSISTANCE PROGRAM.—A certification by the chief executive officer of the State that, during the fiscal year, the State will operate a foster care and adoption assistance program under the State plan approved under part E, and that the State will take such actions as are necessary to ensure that children receiving assistance under such part are eligible for medical assistance under the State plan under title XIX.

"(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 member of an Indian tribe, who is domiciled in the State and is not eligible for assistance under 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.

"(6) CERTIFICATION OF STANDARDS AND PROCEDURES TO ENSURE AGAINST PROGRAM FRAUD AND ABUSE.—A certification by the chief executive officer of the State that the State has established and is enforcing standards and procedures to ensure against program fraud and abuse, including standards and procedures concerning nepotism, conflicts of interest among individuals responsible for the administration and supervision of the State program, kickbacks, and the use of political patronage.

"(7) OPTIONAL CERTIFICATION OF STANDARDS AND PROCEDURES TO ENSURE THAT THE STATE WILL SCREEN FOR AND IDENTIFY DOMESTIC VIOLENCE.—

"(A) IN GENERAL.—At the option of the State, a certification by the chief executive officer of the State that the State has established and is enforcing standards and procedures to—

"(i) screen and identify individuals receiving assistance under this part with a history of domestic violence while maintaining the confidentiality of such individuals;

"(ii) refer such individuals to counseling and supportive services; and

"(iii) waive, pursuant to a determination of good cause, other program requirements such as time limits (for so long as necessary) for individuals receiving assistance, residency requirements, child support cooperation requirements, and family cap provisions, in cases where compliance with such requirements would make it more difficult for individuals receiving assistance under this part to escape domestic violence or unfairly penalize such individuals who are or have been victimized by such violence, or individuals who are at risk of further domestic violence.

"(B) DOMESTIC VIOLENCE DEFINED.—For purposes of this paragraph, the term 'domestic violence' has the same meaning as the term 'battered or subjected to extreme cruelty', as defined in section 408(a)(7)(C)(iii).

"(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. 42 USC 603.

"(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, 2001, and 2002, 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) ⅓ 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 with respect to the provision of emergency assistance; or

"(iii) ⅔ of the total amount required to be paid to the State under former section 403 (as in effect on September 30, 1995) for the 1st 3 quarters of fiscal year 1995 (other than with respect to amounts expended by the State under the State plan approved under part F (as so in effect) or for child care under subsection (g) or (i) of former section 402 (as so in effect)), plus the total amount required to be paid to the State for fiscal year 1995 under former section 403(l) (as so in effect).

"(C) TOTAL AMOUNT REQUIRED TO BE PAID TO THE STATE UNDER FORMER SECTION 403 DEFINED.—As used in this part, the term 'total amount required to be paid to the State under former section 403' means, with respect to a fiscal year—

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

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

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

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

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

"(V) the Federal obligations made to the State under section 403 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, 2001, and 2002 such sums as are necessary for grants under this paragraph.

"(2) BONUS TO REWARD DECREASE IN ILLEGITIMACY.—

"(A) IN GENERAL.—Each eligible State shall be entitled to receive from the Secretary a grant for each bonus year for which the State demonstrates a net decrease in out-of-wedlock births.

"(B) AMOUNT OF GRANT.—

"(i) IF 5 ELIGIBLE STATES.—If there are 5 eligible States for a bonus year, the amount of the grant shall be $20,000,000.

"(ii) IF FEWER THAN 5 ELIGIBLE STATES.—If there are fewer than 5 eligible States for a bonus year, the amount of the grant shall be $25,000,000.

"(C) DEFINITIONS.—As used in this paragraph:

"(i) ELIGIBLE STATE.—

"(I) IN GENERAL.—The term 'eligible State' means a State that the Secretary determines meets the following requirements:

"(aa) The State demonstrates that the number of out-of-wedlock births that occurred in the State during the most recent 2-year period for which such information is available decreased as compared to the number of such births that occurred during the previous 2-year period, and the magnitude of the decrease for the State for the period is not exceeded by the magnitude of the corresponding decrease for 5 or more other States for the period.

"(bb) 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.

"(II) DISREGARD OF CHANGES IN DATA DUE TO CHANGED REPORTING METHODS.—In making the determination required by subclause (I), the Secretary shall disregard—

"(aa) any difference between the number of out-of-wedlock births that occurred in a State for a fiscal year and the number of out-of-wedlock births that occurred in a State for fiscal year 1995 which is attributable to a change in State methods of reporting data used to calculate the number of out-of-wedlock births; and

"(bb) 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.

"(ii) BONUS YEAR.—The term 'bonus year' means fiscal years 1999, 2000, 2001, and 2002.

"(D) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for fiscal years 1999 through 2002, 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 1998 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 1999, 2000, and 2001, 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 1998 by reason

of clause (i) if the State is not a qualifying State for fiscal year 1998 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 1998, 1999, 2000, and 2001 if—

"(I) the level of welfare spending per poor person by the State for fiscal year 1994 is less than 35 percent of the national average level of State welfare spending per poor person for fiscal year 1994; 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 1998, 1999, 2000, and 2001 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 2001.

"(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 Reconciliation 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 $200,000,000; and

"(II) the total amount of grants to be made under this paragraph for all bonus years equals $1,000,000,000.

"(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 $1,000,000,000 for grants under this paragraph.

"(b) CONTINGENCY FUND.—

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

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

"(3) GRANTS.—

"(A) PROVISIONAL PAYMENTS.—If an eligible State submits to the Secretary a request for funds under this paragraph during an 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 1/12 of 20 percent of the State family assistance grant.

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

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

"(i) if the Secretary makes a payment to the State under section 418(a)(2) in the fiscal year—

"(I) the expenditures under the State program funded under this part for the fiscal year, excluding any amounts made available by the Federal Government (except amounts paid to the State under paragraph (3) during the fiscal year that have been expended by the State) and any amounts expended by the State during the fiscal year for child care; exceeds

"(II) historic State expenditures (as defined in section 409(a)(7)(B)(iii)), excluding the expenditures by the State for child care under subsection

(g) or (i) of section 402 (as in effect during fiscal year 1994) for fiscal year 1994 minus any Federal payment with respect to such child care expenditures; or

"(ii) if the Secretary does not make a payment to the State under section 418(a)(2) in the fiscal year—

"(I) the expenditures under the State program funded under this part for the fiscal year (excluding any amounts made available by the Federal Government, except amounts paid to the State under paragraph (3) during the fiscal year that have been expended by the State); exceeds

"(II) historic State expenditures (as defined in section 409(a)(7)(B)(iii)); multiplied by

"(B) 1/12 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 titles IV and VIII of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 had been in effect throughout fiscal year 1994; or

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

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

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

"(B) SECRETARY.—The term 'Secretary' means the Secretary of the Treasury.

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

42 USC 604.

"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 any grant made to the State under section 403(a) for a fiscal year to carry out a State program pursuant to any or all of the following provisions of law:

"(A) Title XX of this Act.

"(B) The Child Care and Development Block Grant Act of 1990.

"(2) LIMITATION ON AMOUNT TRANSFERABLE TO TITLE XX PROGRAMS.—Notwithstanding paragraph (1), not more than ⅓ 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, and the expenditure of any amount so used

shall not be considered to be an expenditure under this part.

"(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 whose income is less than 200 percent of the income official poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Omnibus Budget Reconciliation Act of 1981) applicable to a family of the size involved.

"(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.

"(h) USE OF FUNDS FOR INDIVIDUAL DEVELOPMENT ACCOUNTS.—

"(1) IN GENERAL.—A State to which a grant is made under section 403 may use the grant to carry out a program to fund individual development accounts (as defined in paragraph (2)) established by individuals eligible for assistance under the State program funded under this part.

"(2) INDIVIDUAL DEVELOPMENT ACCOUNTS.—

"(A) ESTABLISHMENT.—Under a State program carried out under paragraph (1), an individual development account may be established by or on behalf of an individual eligible for assistance under the State program operated under this part for the purpose of enabling the individual to accumulate funds for a qualified purpose described in subparagraph (B).

"(B) QUALIFIED PURPOSE.—A qualified purpose described in this subparagraph is 1 or more of the following, as provided by the qualified entity providing assistance to the individual under this subsection:

"(i) POSTSECONDARY EDUCATIONAL EXPENSES.—Postsecondary educational expenses paid from an individual development account directly to an eligible educational institution.

"(ii) FIRST HOME PURCHASE.—Qualified acquisition costs with respect to a qualified principal residence for a qualified first-time homebuyer, if paid from an individual development account directly to the persons to whom the amounts are due.

"(iii) BUSINESS CAPITALIZATION.—Amounts paid from an individual development account directly to a business capitalization account which is established in a federally insured financial institution and is restricted to use solely for qualified business capitalization expenses.

"(C) CONTRIBUTIONS TO BE FROM EARNED INCOME.—An individual may only contribute to an individual development account such amounts as are derived from earned income, as defined in section 911(d)(2) of the Internal Revenue Code of 1986.

Regulations.

"(D) WITHDRAWAL OF FUNDS.—The Secretary shall establish such regulations as may be necessary to ensure that funds held in an individual development account are not withdrawn except for 1 or more of the qualified purposes described in subparagraph (B).

"(3) REQUIREMENTS.—

"(A) IN GENERAL.—An individual development account established under this subsection shall be a trust created or organized in the United States and funded through periodic contributions by the establishing individual and matched by or through a qualified entity for a qualified purpose (as described in paragraph (2)(B)).

"(B) QUALIFIED ENTITY.—As used in this subsection, the term 'qualified entity' means—

"(i) a not-for-profit organization described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from taxation under section 501(a) of such Code; or

"(ii) a State or local government agency acting in cooperation with an organization described in clause (i).

"(4) NO REDUCTION IN BENEFITS.—Notwithstanding any other provision of Federal law (other than the Internal Revenue Code of 1986) that requires consideration of 1 or more financial circumstances of an individual, for the purpose of determining eligibility to receive, or the amount of, any assistance or benefit authorized by such law to be provided to or for the benefit of such individual, funds (including interest accruing) in an individual development account under this subsection shall be disregarded for such purpose with respect to any period during which such individual maintains or makes contributions into such an account.

"(5) DEFINITIONS.—As used in this subsection—

"(A) ELIGIBLE EDUCATIONAL INSTITUTION.—The term 'eligible educational institution' means the following:

"(i) An institution described in section 481(a)(1) or 1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1088(a)(1) or 1141(a)), as such sections are in effect on the date of the enactment of this subsection.

"(ii) An area vocational education school (as defined in subparagraph (C) or (D) of section 521(4) of the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2471(4))) which is in any State (as defined in section 521(33) of such Act), as such sections are in effect on the date of the enactment of this subsection.

"(B) POST-SECONDARY EDUCATIONAL EXPENSES.—The term 'post-secondary educational expenses' means—

"(i) tuition and fees required for the enrollment or attendance of a student at an eligible educational institution, and

"(ii) fees, books, supplies, and equipment required for courses of instruction at an eligible educational institution.

"(C) QUALIFIED ACQUISITION COSTS.—The term 'qualified acquisition costs' means the costs of acquiring, constructing, or reconstructing a residence. The term includes any usual or reasonable settlement, financing, or other closing costs.

"(D) QUALIFIED BUSINESS.—The term 'qualified business' means any business that does not contravene any law or public policy (as determined by the Secretary).

"(E) QUALIFIED BUSINESS CAPITALIZATION EXPENSES.—The term 'qualified business capitalization expenses' means qualified expenditures for the capitalization of a qualified business pursuant to a qualified plan.

"(F) QUALIFIED EXPENDITURES.—The term 'qualified expenditures' means expenditures included in a qualified plan, including capital, plant, equipment, working capital, and inventory expenses.

"(G) QUALIFIED FIRST-TIME HOMEBUYER.—

"(i) IN GENERAL.—The term 'qualified first-time homebuyer' means a taxpayer (and, if married, the taxpayer's spouse) who has no present ownership interest in a principal residence during the 3-year period ending on the date of acquisition of the principal residence to which this subsection applies.

"(ii) DATE OF ACQUISITION.—The term 'date of acquisition' means the date on which a binding contract to acquire, construct, or reconstruct the principal residence to which this subparagraph applies is entered into.

"(H) QUALIFIED PLAN.—The term 'qualified plan' means a business plan which—

"(i) is approved by a financial institution, or by a nonprofit loan fund having demonstrated fiduciary integrity,

"(ii) includes a description of services or goods to be sold, a marketing plan, and projected financial statements, and

"(iii) may require the eligible individual to obtain the assistance of an experienced entrepreneurial advisor.

"(I) QUALIFIED PRINCIPAL RESIDENCE.—The term 'qualified principal residence' means a principal residence (within the meaning of section 1034 of the Internal Revenue Code of 1986), the qualified acquisition costs of which do not exceed 100 percent of the average area purchase price applicable to such residence (determined in accordance with paragraphs (2) and (3) of section 143(e) of such Code).

"(i) SANCTION WELFARE RECIPIENTS FOR FAILING TO ENSURE THAT MINOR DEPENDENT CHILDREN ATTEND SCHOOL.—A State to which a grant is made under section 403 shall not be prohibited

from sanctioning 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 or under the food stamp program, as defined in section 3(h) of the Food Stamp Act of 1977, if such adult fails to ensure that the minor dependent children of such adult attend school as required by the law of the State in which the minor children reside.

"(j) REQUIREMENT FOR HIGH SCHOOL DIPLOMA OR EQUIVALENT.—A State to which a grant is made under section 403 shall not be prohibited from sanctioning a family that includes an adult who is older than age 20 and younger than age 51 and who has received assistance under any State program funded under this part attributable to funds provided by the Federal Government or under the food stamp program, as defined in section 3(h) of the Food Stamp Act of 1977, if such adult does not have, or is not working toward attaining, a secondary school diploma or its recognized equivalent unless such adult has been determined in the judgment of medical, psychiatric, or other appropriate professionals to lack the requisite capacity to complete successfully a course of study that would lead to a secondary school diploma or its recognized equivalent.

42 USC 605.

"SEC. 405. ADMINISTRATIVE PROVISIONS.

"(a) QUARTERLY.—The Secretary shall pay each grant payable to a State under section 403 in quarterly installments, subject to this section.

"(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.

42 USC 606.

"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 2002 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. 42 USC 607.

"(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:

"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 or a minor child head of household 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 or a minor child head of household 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.—

Regulations.

"(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 immediately preceding 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 required by 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 in the State that are 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) for not more than 12 months.

"(c) ENGAGED IN WORK.—

"(1) GENERAL RULES.—

"(A) 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), (8), or (12) of subsection (d), subject to this subsection:

"If the month is in fiscal year:	The minimum average number of hours per week is:
1997	20
1998	20
1999	25
2000 or thereafter	30.

"(B) 2-PARENT FAMILIES.—For purposes of subsection (b)(2)(B), an individual is engaged in work for a month in a fiscal year if—

"(i) the individual 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), (8), or (12) of subsection (d), subject to this subsection; and

"(ii) if the family of the individual receives federally-funded child care assistance and an adult in the family is not disabled or caring for a severely disabled child, the individual's spouse is making progress in work activities 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), or (7) of subsection (d).

"(2) LIMITATIONS AND SPECIAL RULES.—

"(A) NUMBER OF WEEKS FOR WHICH JOB SEARCH COUNTS AS WORK.—

"(i) LIMITATION.—Notwithstanding paragraph (1) of this subsection, an individual shall not be considered to be engaged in work by virtue of participation in an activity described in subsection (d)(6) of a State program funded under this part, after the individual has participated in such an activity for 6 weeks (or, if the unemployment rate of the State is at least 50 percent greater than the unemployment rate of the United States, 12 weeks), or if the participation is for a week that immediately follows 4 consecutive weeks of such participation.

"(ii) LIMITED AUTHORITY TO COUNT LESS THAN FULL WEEK OF PARTICIPATION.—For purposes of clause (i) of this subparagraph, on not more than 1 occasion per individual, the State shall consider participation of the individual in an activity described in subsection (d)(6) for 3 or 4 days during a week as a week of participation in the activity by the individual.

"(B) 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.

"(C) 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, subject to subparagraph (D) of this paragraph, to be engaged in work for a month in a fiscal year if the recipient—

"(i) maintains satisfactory attendance at secondary school or the equivalent during the month; or

"(ii) 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)(A) of this subsection.

"(D) NUMBER OF PERSONS THAT MAY BE TREATED AS ENGAGED IN WORK BY VIRTUE OF PARTICIPATION IN VOCATIONAL EDUCATION ACTIVITIES OR BEING A TEEN HEAD OF HOUSEHOLD WHO MAINTAINS SATISFACTORY SCHOOL ATTENDANCE.—For purposes of determining monthly participation rates under paragraphs (1)(B)(i) and (2)(B) of subsection (b), not more than 20 percent of individuals in all families and in 2-parent families may be determined to be engaged in work in the State for a month by reason of participation

in vocational educational training or deemed to be engaged in work by reason of subparagraph (C) of this paragraph.

"(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;

"(11) satisfactory attendance at secondary school or in a course of study leading to a certificate of general equivalence, in the case of a recipient who has not completed secondary school or received such a certificate; and

"(12) the provision of child care services to an individual who is participating in a community service program.

"(e) PENALTIES AGAINST INDIVIDUALS.—

"(1) IN GENERAL.—Except as provided in paragraph (2), if an individual 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 individual 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 individual to work if the individual is a single custodial parent caring for a child who has not attained 6 years of age, and the individual proves that the individual 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) GRIEVANCE PROCEDURE.—A State with a program funded under this part shall establish and maintain a grievance procedure for resolving complaints of alleged violations of paragraph (2).

"(4) 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, nonsupporting 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.

42 USC 608.

"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—

"(A) unless the family includes—

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

"(ii) a pregnant individual; and

"(B) if the family 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 (unless an exception described in subparagraph (B), (C), or (D) of paragraph (7) applies).

"(2) 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 an amount equal to not less than 25 percent of the amount of such assistance; and

"(B) may deny the family any assistance under the State program.

"(3) 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.

"(4) 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.

"(5) 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.

"(6) NO MEDICAL SERVICES.—

"(A) IN GENERAL.—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 PREPREGNANCY FAMILY PLANNING SERVICES.—As used in subparagraph (A), the term 'medical services' does not include prepregnancy family planning services.

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

"(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 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, subject to this paragraph.

"(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) DISREGARD OF MONTHS OF ASSISTANCE RECEIVED BY ADULT WHILE LIVING ON AN INDIAN RESERVATION OR IN AN ALASKAN NATIVE VILLAGE WITH 50 PERCENT UNEMPLOYMENT.—In determining the number of months for which an adult has received assistance under the State program funded under this part, the State shall disregard any month during which the adult lived on an Indian reservation or in an Alaskan Native village if, during the month—

"(i) at least 1,000 individuals were living on the reservation or in the village ; and

"(ii) at least 50 percent of the adults living on the reservation or in the village were unemployed.

"(E) 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.

"(F) 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).

"(8) 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 pro-

grams that are funded under this title, title XIX, or the Food Stamp Act of 1977, or benefits in 2 or more States under the supplemental security income program under title XVI. The preceding sentence shall not apply with respect to a conviction of an individual, for any month beginning after the President of the United States grants a pardon with respect to the conduct which was the subject of the conviction.

"(9) 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.

"(10) 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.

"(11) MEDICAL ASSISTANCE REQUIRED TO BE PROVIDED FOR CERTAIN FAMILIES HAVING EARNINGS FROM EMPLOYMENT OR CHILD SUPPORT.—

"(A) EARNINGS FROM EMPLOYMENT.—A State to which a grant is made under section 403 and which has a State plan approved under title XIX shall provide that in the case of a family that is treated (under section 1931(b)(1)(A) for purposes of title XIX) as receiving aid under a State plan approved under this part (as in effect on July 16, 1996), that would become ineligible for such aid because of hours of or income from employment of the caretaker relative (as defined under this part as in effect on such date) or because of section 402(a)(8)(B)(ii)(II) (as so in effect), and that was so treated as receiving such aid in at least 3 of the 6 months immediately preceding the month in which such ineligibility begins, the family shall remain eligible for medical assistance under the State's plan approved under title XIX for an extended period or periods as provided in section 1925 or 1902(e)(1) (as applicable), and that the family will be appropriately notified of such extension as required by section 1925(a)(2).

"(B) CHILD SUPPORT.—A State to which a grant is made under section 403 and which has a State plan approved under title XIX shall provide that in the case of a family that is treated (under section 1931(b)(1)(A) for purposes of title XIX) as receiving aid under a State plan approved under this part (as in effect on July 16, 1996), that would become ineligible for such aid as a result (wholly or partly) of the collection of child or spousal support under part D and that was so treated as receiving such aid in at least 3 of the 6 months immediately preceding the month in which such ineligibility begins, the family shall remain eligible for medical assistance under the State's plan approved under title XIX for an extended period or periods as provided in section 1931(c)(1).

"(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) NONDISCRIMINATION PROVISIONS.—The following provisions of law shall apply to any program or activity which receives funds provided under this part:

"(1) The Age Discrimination Act of 1975 (42 U.S.C. 6101 et seq.).

"(2) Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794).

"(3) The Americans with Disabilities Act of 1990 (42 U.S.C. 12101 et seq.).

"(4) Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.).

"(d) ALIENS.—For special rules relating to the treatment of aliens, see section 402 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

42 USC 609.

"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 immediately 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 the applicable percentage of the State family assistance grant.

"(B) APPLICABLE PERCENTAGE DEFINED.—As used in subparagraph (A), the term 'applicable percentage' means, with respect to a State—

"(i) if a penalty was not imposed on the State under subparagraph (A) for the immediately preceding fiscal year, 5 percent; or

"(ii) if a penalty was imposed on the State under subparagraph (A) for the immediately preceding fiscal year, the lesser of—

"(I) the percentage by which the grant payable to the State under section 403(a)(1) was reduced for such preceding fiscal year, increased by 2 percentage points; or

"(II) 21 percent.

"(C) PENALTY BASED ON SEVERITY OF FAILURE.—The Secretary shall impose reductions under subparagraph (A) with respect to a fiscal year based on the degree of noncompliance, and may reduce the penalty if the noncompliance is due to circumstances that caused the State to become a needy State (as defined in section 403(b)(6)) during the fiscal year.

"(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, 2002, or 2003 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)(7) of this Act or section 402 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

"(ii) APPLICABLE PERCENTAGE.—The term 'applicable percentage' means for fiscal years 1997 through 2002, 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).

"(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) any State funds expended for the medicaid program under title XIX;

"(III) any State funds which are used to match Federal funds; or

"(IV) any State funds which are expended as a condition of receiving Federal funds under Federal programs other than under this part.

Notwithstanding subclause (IV) of the preceding sentence, such term includes expenditures by a State for child care in a fiscal year to the extent that the total amount of such expenditures does not exceed an amount equal to 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 section 418(a)(1)(A).

"(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 TO COMPLY WITH 5-YEAR LIMIT ON ASSISTANCE.—If the Secretary determines that a State has not complied with section 408(a)(1)(B) 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 5 percent of the State family assistance grant.

"(10) 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 (excluding any amounts made available by the Federal Government) are less than 100 percent of historic State expenditures (as defined in paragraph (7)(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.

"(11) FAILURE TO MAINTAIN ASSISTANCE TO ADULT SINGLE CUSTODIAL PARENT WHO CANNOT OBTAIN CHILD CARE FOR CHILD UNDER AGE 6.—

"(A) IN GENERAL.—If the Secretary determines that a State to which a grant is made under section 403 for a fiscal year has violated section 407(e)(2) during 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) with respect to a fiscal year based on the degree of noncompliance.

"(12) 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.

"(b) REASONABLE CAUSE EXCEPTION.—

"(1) IN GENERAL.—The Secretary may not impose a penalty on a State under subsection (a) with respect to a requirement if the Secretary determines that the State has reasonable cause for failing to comply with the requirement.

"(2) EXCEPTION.—Paragraph (1) of this subsection shall not apply to any penalty under paragraph (7) or (8) of subsection (a).

"(c) CORRECTIVE COMPLIANCE PLAN.—

"(1) IN GENERAL.—

"(A) NOTIFICATION OF VIOLATION.—Before imposing a penalty against a State under subsection (a) with respect to a violation of this part, the Secretary shall notify the State of the violation and allow the State the opportunity to enter into a corrective compliance plan in accordance with this subsection which outlines how the State will correct the violation and how the State will insure continuing compliance with this part.

"(B) 60-DAY PERIOD TO PROPOSE A CORRECTIVE COMPLIANCE PLAN.—During the 60-day period that begins on the date the State receives a notice provided under subparagraph (A) with respect to a violation, the State may submit to the Federal Government a corrective compliance plan to correct the violation.

"(C) CONSULTATION ABOUT MODIFICATIONS.—During the 60-day period that begins with the date the Secretary receives a corrective compliance plan submitted by a State in accordance with subparagraph (B), the Secretary may consult with the State on modifications to the plan.

"(D) ACCEPTANCE OF PLAN.— A corrective compliance plan submitted by a State in accordance with subparagraph (B) is deemed to be accepted by the Secretary if the Secretary does not accept or reject the plan during 60-day period that begins on the date the plan is submitted.

"(2) EFFECT OF CORRECTING VIOLATION.—The Secretary may not impose any penalty under subsection (a) with respect to any violation covered by a State corrective compliance plan accepted by the Secretary if the State corrects the violation pursuant to the plan.

"(3) EFFECT OF FAILING TO CORRECT VIOLATION.—The Secretary shall assess some or all of a penalty imposed on a State under subsection (a) with respect to a violation if the State does not, in a timely manner, correct the violation pursuant to a State corrective compliance plan accepted by the Secretary.

"(4) INAPPLICABILITY TO FAILURE TO TIMELY REPAY A FEDERAL LOAN FUND FOR A STATE WELFARE PROGRAM.—This subsection shall not apply to the imposition of a penalty against a State under subsection (a)(6).

"(d) LIMITATION ON AMOUNT OF PENALTIES.—

"(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.

42 USC 610.

"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.

42 USC 611.

"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)(7);

"(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 noncustodial parents in the State who participated in work activities (as defined in section 407(d)) during the quarter.

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

42 USC 612.

"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, 2000, 2001, and 2002, 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 1997, 1998, 1999, 2000, 2001, and 2002 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(e).

"(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. 42 USC 613.

"(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) 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) Children born after such date of enactment to parents who, at the time of such birth, had not attained 20 years of age.

"(C) 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 of fiscal years 1997 through 2002 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.

"(i) CHILD POVERTY RATES.—

"(1) IN GENERAL.—Not later than 90 days after the date of the enactment of this part, and annually thereafter, the chief executive officer of each State shall submit to the Secretary a statement of the child poverty rate in the State as of such date of enactment or the date of the most recent prior statement under this paragraph.

"(2) SUBMISSION OF CORRECTIVE ACTION PLAN.—Not later than 90 days after the date a State submits a statement under paragraph (1) which indicates that, as a result of the amendments made by section 103 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, the child poverty rate of the State has increased by 5 percent or more since the most recent prior statement under paragraph (1), the State shall prepare and submit to the Secretary a corrective action plan in accordance with paragraph (3).

"(3) CONTENTS OF PLAN.—A corrective action plan submitted under paragraph (2) shall outline the manner in which the State will reduce the child poverty rate in the State. The plan shall include a description of the actions to be taken by the State under such plan.

"(4) COMPLIANCE WITH PLAN.—A State that submits a corrective action plan that the Secretary has found contains the information required by this subsection shall implement the corrective action plan until the State determines that the child poverty rate in the State is less than the lowest child poverty rate on the basis of which the State was required to submit the corrective action plan.

Regulations.

"(5) METHODOLOGY.—The Secretary shall prescribe regulations establishing the methodology by which a State shall determine the child poverty rate in the State. The methodology shall take into account factors including the number of children who receive free or reduced-price lunches, the number of food stamp households, and the county-by-county estimates of children in poverty as determined by the Census Bureau.

42 USC 614.

"SEC. 414. STUDY BY THE CENSUS BUREAU.

"(a) IN GENERAL.—The Bureau of the Census shall continue to collect data on the 1992 and 1993 panels of 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 Personal Responsibility and Work Opportunity Reconciliation 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, and shall obtain information about the status of children participating in such panels.

"(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. 42 USC 615.

"(a) CONTINUATION OF WAIVERS.—

"(1) WAIVERS IN EFFECT ON DATE OF ENACTMENT OF WELFARE REFORM.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), if any waiver granted to a State under section 1115 of this Act or otherwise which relates to the provision of assistance under a State plan under this part (as in effect on September 30, 1996) is in effect as of the date of the enactment of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, the amendments made by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (other than by section 103(c) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996) 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.

"(B) FINANCING LIMITATION.—Notwithstanding any other provision of law, beginning with fiscal year 1996, a State operating under a waiver described in subparagraph (A) shall be entitled to payment under section 403 for the fiscal year, in lieu of any other payment provided for in the waiver.

"(2) WAIVERS GRANTED SUBSEQUENTLY.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), if any waiver granted to a State under section 1115 of this Act or otherwise which relates to the provision of assistance under a State plan under this part (as in effect on September 30, 1996) is submitted to the Secretary before the date of the enactment of the Personal Responsibility and Work Opportunity Reconciliation 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 Reconciliation 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 Reconciliation Act of 1996 (other than by section 103(c) of the Personal Responsibility and Work

Opportunity Reconciliation Act of 1996) shall not apply with respect to the State before the expiration (determined without regard to any extensions) of the waiver to the extent the amendments made by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 are inconsistent with the waiver.

"(B) NO EFFECT ON NEW WORK REQUIREMENTS.—Notwithstanding subparagraph (A), a waiver granted under section 1115 or otherwise which relates to the provision of assistance under a State program funded under this part (as in effect on September 30, 1996) shall not affect the applicability of section 407 to the State.

"(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) of this paragraph, 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 Reconciliation 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).

42 USC 616.

"SEC. 416. ADMINISTRATION.

"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, and the Secretary shall reduce the Federal workforce within the Department of Health and Human Services by an amount equal to the sum of 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 the Personal Responsibility and Work Opportunity Act of 1996 and the amendments made by such Act, and by 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 any direct spending program, or any program funded through discretionary spending, that has been converted into a block grant program under the Personal Responsibility and Work Opportunity Act of 1996 and the amendments made by such Act, as such amount relates to the total amount appropriated for use by such Department, and, notwithstanding any other provision of law, the Secretary 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 by 245 full-time equivalent positions related to the program converted into a block grant under the amendment made by section 2103 of the Personal Responsibility and Work Opportunity Act of 1996, and by 60 full-time equivalent managerial positions in the Department.

"SEC. 417. LIMITATION ON FEDERAL AUTHORITY. 42 USC 617.

"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. 42 USC 619.

"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 striking subsections (d) and (e);

(2) by redesignating subsection (c) as subsection (f); and

(3) 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 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 and E of title IV; exceeds

"(B) the sum of—

"(i) the amount of the family assistance grant payable to the territory without regard to section 409; and

"(ii) the total amount expended by the territory during fiscal year 1995 pursuant to parts A and F of title IV (as so in effect), other than for child care.

"(2) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for fiscal years 1997 through 2002, such sums as are necessary for grants under this paragraph.

"(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, reduced for the fiscal year in accordance with subsection (e), and reduced by the amount of any penalty imposed on the territory under any provision of law specified in subsection (a) during the fiscal year.

"(3) FAMILY ASSISTANCE GRANT.—The term 'family assistance grant' has the meaning given such term by section 403(a)(1)(B).

"(4) MANDATORY CEILING AMOUNT.—The term 'mandatory ceiling amount' means—

"(A) $107,255,000 with respect to Puerto Rico;

"(B) $4,686,000 with respect to Guam;

"(C) $3,554,000 with respect to the Virgin Islands; and

"(D) $1,000,000 with respect to American Samoa.

"(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) AUTHORITY TO TRANSFER FUNDS TO CERTAIN PROGRAMS.—A territory to which an amount is paid under subsection (b) of this section may use the amount in accordance with section 404(d).

"(e) 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).".

(c) 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. 104. SERVICES PROVIDED BY CHARITABLE, RELIGIOUS, OR PRIVATE ORGANIZATIONS. 42 USC 604a.

(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(a) of this Act).

(B) Any other program established or modified under title I or II 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.

Contracts.

(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. 13 USC 141 note.

(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.

42 USC 613 note.

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)(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. 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) AMENDMENTS TO PART B OF TITLE IV.—Section 422(b)(2) (42 U.S.C. 622(b)(2)) is amended—

(1) by striking "plan approved under part A of this title" and inserting "program funded under part A"; and

(2) by striking "part E of this title" and inserting "under the State plan approved under part E".

(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)(3) 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)(3)".

(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)(3)"; 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".

(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 June 1, 1995)" after "part A".

(2) Section 471(a)(17) (42 U.S.C. 671(a)(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 is deemed to be a dependent child as defined in section 406 (as in effect as of June 1, 1995) and 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 is deemed to be a minor child in a needy family under a State program funded under part A of this title and is 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) is deemed to be a dependent child as defined in section 406 (as in effect as of June 1, 1995) and 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) is deemed to be a minor child in a needy family under a State program funded under part A of this title and 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 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.";

(B) in subsection (c)(3), by striking "the program of aid to families with dependent children" and inserting "part A of such title"; and

(C) by striking subsection (b) and redesignating subsections (c) and (d) as subsections (b) and (c), respectively.

(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.

(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(f)".

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 the date of enactment of this subparagraph. 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 the day before such date.";

(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. 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 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 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 pay-

ments in such State by the same percentage as the State has reduced the AFDC or State program payment.".

(l) The Internal Revenue Code of 1986 (26 U.S.C. 1 et seq.) is amended—

(1) in section 51(d)(9) (26 U.S.C. 51(d)(9)), by striking all that follows "agency as" and inserting "being eligible for financial assistance under part A of title IV of the Social Security Act and as having continually received such financial assistance during the 90-day period which immediately precedes the date on which such individual is hired by the employer.";

(2) in section 3304(a)(16) (26 U.S.C. 3304(a)(16)), by striking "eligibility for aid or services," and all that follows through "children approved" and inserting "eligibility for assistance, or the amount of such assistance, under a State program funded";

(3) in section 6103(l)(7)(D)(i) (26 U.S.C. 6103(l)(7)(D)(i)), by striking "aid to families with dependent children provided under a State plan approved" and inserting "a State program funded";

(4) in section 6103(l)(10) (26 U.S.C. 6103(l)(10))—

(A) by striking "(c) or (d)" each place it appears and inserting "(c), (d), or (e)"; and

(B) by adding at the end of subparagraph (B) the following new sentence: "Any return information disclosed with respect to section 6402(e) shall only be disclosed to officers and employees of the State agency requesting such information.";

(5) in section 6103(p)(4) (26 U.S.C. 6103(p)(4)), in the matter preceding subparagraph (A)—

(A) by striking "(5), (10)" and inserting "(5)"; and

(B) by striking "(9), or (12)" and inserting "(9), (10), or (12)";

(6) in section 6334(a)(11)(A) (26 U.S.C. 6334(a)(11)(A)), by striking "(relating to aid to families with dependent children)";

(7) in section 6402 (26 U.S.C. 6402)—

(A) in subsection (a), by striking "(c) and (d)" and inserting "(c), (d), and (e)";

(B) by redesignating subsections (e) through (i) as subsections (f) through (j), respectively; and

(C) by inserting after subsection (d) the following:

"(e) COLLECTION OF OVERPAYMENTS UNDER TITLE IV–A OF THE SOCIAL SECURITY ACT.—The amount of any overpayment to be refunded to the person making the overpayment shall be reduced (after reductions pursuant to subsections (c) and (d), but before a credit against future liability for an internal revenue tax) in accordance with section 405(e) of the Social Security Act (concerning recovery of overpayments to individuals under State plans approved under part A of title IV of such Act).."; 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".

42 USC 405 note.

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. 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. 113. 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. 114. ASSURING MEDICAID COVERAGE FOR LOW-INCOME FAMILIES.

(a) IN GENERAL.—Title XIX is amended—

(1) by redesignating section 1931 as section 1932; and 42 USC 1396v.

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

"ASSURING COVERAGE FOR CERTAIN LOW-INCOME FAMILIES

"SEC. 1931. (a) REFERENCES TO TITLE IV–A ARE REFERENCES TO PRE-WELFARE-REFORM PROVISIONS.—Subject to the succeeding provisions of this section, with respect to a State any reference in this title (or any other provision of law in relation to the operation of this title) to a provision of part A of title IV, or a State plan under such part (or a provision of such a plan), including income and resource standards and income and resource methodologies under such part or plan, shall be considered a reference to such a provision or plan as in effect as of July 16, 1996, with respect to the State. 42 USC 1396u–1.

"(b) APPLICATION OF PRE-WELFARE-REFORM ELIGIBILITY CRITERIA.—

"(1) IN GENERAL.—For purposes of this title, subject to paragraphs (2) and (3), in determining eligibility for medical assistance—

"(A) an individual shall be treated as receiving aid or assistance under a State plan approved under part A of title IV only if the individual meets—

"(i) the income and resource standards for determining eligibility under such plan, and

"(ii) the eligibility requirements of such plan under subsections (a) through (c) of section 406 and section 407(a),

as in effect as of July 16, 1996; and

"(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) STATE OPTION.—For purposes of applying this section, a State—

"(A) may 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;

"(B) may increase income or resource standards under the State plan referred to in paragraph (1) 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; United States city average) over such period; and

"(C) may use income and resource methodologies that are less restrictive than the methodologies used under the State plan under such part as of July 16, 1996.

"(3) OPTION TO TERMINATE MEDICAL ASSISTANCE FOR FAILURE TO MEET WORK REQUIREMENT.—

"(A) INDIVIDUALS RECEIVING CASH ASSISTANCE UNDER TANF.—In the case of an individual who—

"(i) is receiving cash assistance under a State program funded under part A of title IV,

"(ii) is eligible for medical assistance under this title on a basis not related to section 1902(l), and

"(iii) has the cash assistance under such program terminated pursuant to section 407(e)(1)(B) (as in effect on or after the welfare reform effective date) because of refusing to work,

the State may terminate such individual's eligibility for medical assistance under this title until such time as there no longer is a basis for the termination of such cash assistance because of such refusal.

"(B) EXCEPTION FOR CHILDREN.—Subparagraph (A) shall not be construed as permitting a State to terminate medical assistance for a minor child who is not the head of a household receiving assistance under a State program funded under part A of title IV.

"(c) TREATMENT FOR PURPOSES OF TRANSITIONAL COVERAGE PROVISIONS.—

"(1) TRANSITION IN THE CASE OF CHILD SUPPORT COLLECTIONS.—The provisions of section 406(h) (as in effect on July 16, 1996) shall apply, in relation to this title, with respect to individuals (and families composed of individuals) who are described in subsection (b)(1)(A), in the same manner as they applied before such date with respect to individuals who became ineligible for aid to families with dependent children as a result (wholly or partly) of the collection of child or spousal support under part D of title IV.

"(2) TRANSITION IN THE CASE OF EARNINGS FROM EMPLOYMENT.—For continued medical assistance in the case of individuals (and families composed of individuals) described in subsection (b)(1)(A) who would otherwise become ineligible because of hours or income from employment, see sections 1925 and 1902(e)(1).

"(d) WAIVERS.—In the case of a waiver of a provision of part A of title IV in effect with respect to a State as of July 16, 1996, or which is submitted to the Secretary before the date of the enactment of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 and approved by the Secretary on or before July 1, 1997, 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.

"(e) STATE OPTION TO USE 1 APPLICATION FORM.—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 the welfare reform effective date) and for medical assistance under this title.

"(f) ADDITIONAL RULES OF CONSTRUCTION.—

"(1) 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 the welfare reform effective date) or to the State plan under this title.

"(2) Any reference in section 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) In applying section 1903(f), the applicable income limitation otherwise determined shall be subject to increase in the same manner as income or resource standards of a State may be increased under subsection (b)(2)(B).

"(g) RELATION TO OTHER PROVISIONS.—The provisions of this section shall apply notwithstanding any other provision of this Act.

"(h) TRANSITIONAL INCREASED FEDERAL MATCHING RATE FOR INCREASED ADMINISTRATIVE COSTS.—

"(1) IN GENERAL.—Subject to the succeeding provisions of this subsection, the Secretary shall provide that with respect to administrative expenditures described in paragraph (2) the per centum specified in section 1903(a)(7) shall be increased to such percentage as the Secretary specifies.

"(2) ADMINISTRATIVE EXPENDITURES DESCRIBED.—The administrative expenditures described in this paragraph are expenditures described in section 1903(a)(7) that a State demonstrates to the satisfaction of the Secretary are attributable to administrative costs of eligibility determinations that (but for the enactment of this section) would not be incurred.

"(3) LIMITATION.—The total amount of additional Federal funds that are expended as a result of the application of this subsection for the period beginning with fiscal year 1997 and ending with fiscal year 2000 shall not exceed $500,000,000. In applying this paragraph, the Secretary shall ensure the equitable distribution of additional funds among the States.

"(4) TIME LIMITATION.—This subsection shall only apply with respect to a State for expenditures incurred during the first 12 calendar quarters in which the State program funded under part A of title IV (as in effect on and after the welfare reform effective date) is in effect.

"(i) WELFARE REFORM EFFECTIVE DATE.—In this section, the term 'welfare reform effective date' means the effective date, with respect to a State, of title I of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (as specified in section 116 of such Act).".

(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) EXTENSION OF WORK TRANSITION PROVISIONS.—Sections 1902(e)(1)(B) and 1925(f) (42 U.S.C. 1396a(e)(1)(B), 1396r–6(f)) are each amended by striking "1998" and inserting "2001".

(d) 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 (l)(1) to apply for assistance under the State program funded under part A of title IV as a condition of applying for or receiving medical assistance under this title.".

(2) Section 1903(i) (42 U.S.C. 1396b(i)) is amended by striking paragraph (9).

42 USC 862a.

SEC. 115. DENIAL OF ASSISTANCE AND BENEFITS FOR CERTAIN DRUG-RELATED CONVICTIONS.

(a) IN GENERAL.—An individual convicted (under Federal or State law) of any offense which is classified as a felony by the law of the jurisdiction involved and which has as an element the possession, use, or distribution of a controlled substance (as defined in section 102(6) of the Controlled Substances Act (21 U.S.C. 802(6))) shall not be eligible for—

(1) assistance under any State program funded under part A of title IV of the Social Security Act, or

(2) benefits under the food stamp program (as defined in section 3(h) of the Food Stamp Act of 1977) or any State program carried out under the Food Stamp Act of 1977.

(b) EFFECTS ON ASSISTANCE AND BENEFITS FOR OTHERS.—

(1) PROGRAM OF TEMPORARY ASSISTANCE FOR NEEDY FAMILIES.—The amount of assistance otherwise required to be provided under a State program funded under part A of title IV of the Social Security Act to the family members of an individual to whom subsection (a) applies shall be reduced by the amount which would have otherwise been made available to the individual under such part.

(2) BENEFITS UNDER THE FOOD STAMP ACT OF 1977.—The amount of benefits otherwise required to be provided to a household under the food stamp program (as defined in section

3(h) of the Food Stamp Act of 1977), or any State program carried out under the Food Stamp Act of 1977, shall be determined by considering the individual to whom subsection (a) applies not to be a member of such household, except that the income and resources of the individual shall be considered to be income and resources of the household.

(c) ENFORCEMENT.—A State that has not exercised its authority under subsection (d)(1)(A) shall require each individual applying for assistance or benefits referred to in subsection (a), during the application process, to state, in writing, whether the individual, or any member of the household of the individual, has been convicted of a crime described in subsection (a).

(d) LIMITATIONS.—

(1) STATE ELECTIONS.—

(A) OPT OUT.—A State may, by specific reference in a law enacted after the date of the enactment of this Act, exempt any or all individuals domiciled in the State from the application of subsection (a).

(B) LIMIT PERIOD OF PROHIBITION.—A State may, by law enacted after the date of the enactment of this Act, limit the period for which subsection (a) shall apply to any or all individuals domiciled in the State.

(2) INAPPLICABILITY TO CONVICTIONS OCCURRING ON OR BEFORE ENACTMENT.—Subsection (a) shall not apply to convictions occurring on or before the date of the enactment of this Act.

(e) DEFINITIONS OF STATE.—For purposes of this section, the term "State" has the meaning given it—

(1) in section 419(5) of the Social Security Act, when referring to assistance provided under a State program funded under part A of title IV of the Social Security Act, and

(2) in section 3(m) of the Food Stamp Act of 1977, when referring to the food stamp program (as defined in section 3(h) of the Food Stamp Act of 1977) or any State program carried out under the Food Stamp Act of 1977.

(f) RULE OF INTERPRETATION.—Nothing in this section shall be construed to deny the following Federal benefits:

(1) Emergency medical services under title XIX 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 communicable diseases if the Secretary of Health and Human Services determines that it is necessary to prevent the spread of such disease.

(4) Prenatal care.

(5) Job training programs.

(6) Drug treatment programs.

SEC. 116. EFFECTIVE DATE; TRANSITION RULE. 42 USC 601 note.

(a) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as otherwise provided in this title, this title and the amendments made by this title 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 103(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) GRANTS TO OUTLYING AREAS.—The amendments made by section 103(b) shall take effect on October 1, 1996.

(4) ELIMINATION OF CHILD CARE PROGRAMS.—The amendments made by section 103(c) shall take effect on October 1, 1996.

(5) 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 103(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 103(a)(1) of this Act), then—

(i) on and after the date of such receipt—

(I) except as provided in clause (ii), this title and the amendments made by this title (other than by section 103(c) 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 103(a)); and

(ii) during the period that begins on the date of such receipt and ends on June 30, 1997, there shall remain in effect with respect to the State—

(I) section 403(h) of the Social Security Act (as in effect on September 30, 1995); and

(II) all State reporting requirements under parts A and F of title IV of the Social Security Act (as in effect on September 30, 1995), modified by the Secretary as appropriate, taking into account the State program under part A of title IV of the Social Security Act (as in effect pursuant to the amendments made by such section 103(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 103(a) of this Act), the total obligations of the Federal Government to a State under such section 403(a)(1)—

(I) for fiscal year 1996, shall be an amount equal to—

(aa) the State family assistance grant; multiplied by

(bb) 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 103(a)(1) of this Act) and ends on September 30, 1996; and

(II) for fiscal year 1997, shall be an amount equal to the lesser of—

(aa) the amount (if any) by which the State family assistance grant exceeds the total obligations of the Federal Government to the State under part A of title IV of the Social Security Act (as in effect on September 30, 1995) with respect to expenditures in fiscal year 1997; or

(bb) the State family assistance grant, multiplied by 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 103(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 103(a)(1) of this Act).

(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 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 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(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).

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 1611(e) (42 U.S.C. 1382(e)), as amended by section 105(b)(4)(A) 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. 42 USC 1382 note.

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)), as amended by section 201(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 201(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); and

"(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.".

42 USC 1382 note.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 203. 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:

Contracts.

"(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) 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) EFFECTIVE DATE.—The amendment 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. 42 USC 1382 note.

(b) STUDY OF OTHER POTENTIAL IMPROVEMENTS IN THE COLLECTION OF INFORMATION RESPECTING PUBLIC INMATES.— 42 USC 1382 note.

(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 section 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 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.

(c) 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 section 1611(e)(1)(I) of the Social Security Act (as added by this section). 42 USC 1382 note.

SEC. 204. 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—

(A) by striking "or requests" and inserting ", on the first day of the month following the date the application is filed, or, in any case in which either spouse requests"; and

(B) by striking "application or".

42 USC 1383.

(2) Section 1631(g)(3) (42 U.S.C. 1382j(g)(3)) is amended by inserting "following the month" after "beginning with the month".

42 USC 1382 note.

(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.

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)), 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) Notwithstanding clause (i), 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/behavorial 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— 42 USC 1382c.

(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.

42 USC 1382c note.

(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) of this section 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) of this section 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) of this section. 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) of this section, 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 later of July 1, 1997, or 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) CAP ADJUSTMENT FOR SSI ADMINISTRATIVE WORK REQUIRED BY WELFARE REFORM.—

(A) AUTHORIZATION.—For the additional costs of continuing disability reviews and redeterminations under title XVI of the Social Security Act, there is hereby authorized to be appropriated to the Social Security Administration, in addition to amounts authorized under section 201(g)(1)(A) of the Social Security Act, $150,000,000 in fiscal year 1997 and $100,000,000 in fiscal year 1998.

(B) CAP ADJUSTMENT.—Section 251(b)(2)(H) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended by section 103(b) of the Contract with America Advancement Act of 1996, is amended— 2 USC 901.

(i) in clause (i)—

(I) in subclause (II) by—

(aa) striking "$25,000,000" and inserting "$175,000,000"; and

(bb) striking "$160,000,000" and inserting "$310,000,000"; and

(II) in subclause (III) by—

(aa) striking "$145,000,000" and inserting "$245,000,000"; and

(bb) striking "$370,000,000" and inserting "$470,000,000"; and

(ii) by amending clause (ii)(I) to read as follows:

"(I) the term 'continuing disability reviews' means reviews or redeterminations as defined under section 201(g)(1)(A) of the Social Security Act and reviews

and redeterminations authorized under section 211 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996;".

2 USC 665e.

(C) ADJUSTMENTS.—Section 606(e)(1)(B) of the Congressional Budget Act of 1974 is amended by adding at the end the following new sentences: "If the adjustments referred to in the preceding sentence are made for an appropriations measure that is not enacted into law, then the Chairman of the Committee on the Budget of the House of Representatives shall, as soon as practicable, reverse those adjustments. The Chairman of the Committee on the Budget of the House of Representatives shall submit any adjustments made under this subparagraph to the House of Representatives and have such adjustments published in the Congressional Record.".

(D) CONFORMING AMENDMENT.—Section 103(d)(1) of the Contract with America Advancement Act of 1996 (42 U.S.C. 401 note) is amended by striking "medicaid programs." and inserting "medicaid programs, except that the amounts appropriated pursuant to the authorization and discretionary spending allowance provisions in section 211(d)(2)(5) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 shall be used only for continuing disability reviews and redeterminations under title XVI of the Social Security Act.".

Ante, p. 850.

(6) 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. 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 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:

"(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 pay-

ment 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.".

42 USC 1382c note.

(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. 213. ADDITIONAL ACCOUNTABILITY REQUIREMENTS.

(a) REQUIREMENT TO ESTABLISH ACCOUNT.—Section 1631(a)(2) (42 U.S.C. 1383(a)(2)) is amended—

(1) by redesignating subparagraphs (F) and (G) as subparagraphs (G) and (H), respectively; and

(2) 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.

"(III) The use of funds from an account established under clause (i) in any manner not authorized by this clause—

"(aa) by a representative payee shall be considered a misapplication of benefits for all purposes of this paragraph, and any representative payee who knowingly misapplies benefits from such an account 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).".

(b) EXCLUSION FROM RESOURCES.—Section 1613(a) (42 U.S.C. 1382b(a)) is amended—

(1) by striking "and" at the end of paragraph (10);

(2) by striking the period at the end of paragraph (11) and inserting "; and"; and

(3) 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).".

(c) EXCLUSION FROM INCOME.—Section 1612(b) (42 U.S.C. 1382a(b)) is amended—

(1) by striking "and" at the end of paragraph (19);

(2) by striking the period at the end of paragraph (20) and inserting "; and"; and

(3) 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).".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to payments made after the date of the enactment of this Act. 42 USC 1382a note.

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 by inserting "or, in the case of an eligible individual who is a child 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),".

42 USC 1382 note.

(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.

42 USC 1382 note.

SEC. 215. 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 subtitle.

Subtitle C—Additional Enforcement Provision

SEC. 221. INSTALLMENT PAYMENT OF LARGE PAST-DUE SUPPLEMENTAL SECURITY INCOME BENEFITS.

(a) IN GENERAL.—Section 1631(a) (42 U.S.C. 1383) is amended by adding at the end the following new paragraph:

"(10)(A) If an individual is eligible for past-due monthly benefits under this title in an amount that (after any withholding for reimbursement to a State for interim assistance under subsection (g)) equals or exceeds the product of—

"(i) 12, and

"(ii) the maximum monthly benefit payable under this title to an eligible individual (or, if appropriate, to an eligible individual and eligible spouse),

then the payment of such past-due benefits (after any such reimbursement to a State) shall be made in installments as provided in subparagraph (B).

"(B)(i) The payment of past-due benefits subject to this subparagraph shall be made in not to exceed 3 installments that are made at 6-month intervals.

"(ii) Except as provided in clause (iii), the amount of each of the first and second installments may not exceed an amount equal to the product of clauses (i) and (ii) of subparagraph (A).

"(iii) In the case of an individual who has—

"(I) outstanding debt attributable to—

"(aa) food,

"(bb) clothing,

"(cc) shelter, or

"(dd) medically necessary services, supplies or equipment, or medicine; or

"(II) current expenses or expenses anticipated in the near term attributable to—

"(aa) medically necessary services, supplies or equipment, or medicine, or

"(bb) the purchase of a home, and

such debt or expenses are not subject to reimbursement by a public assistance program, the Secretary under title XVIII, a State plan approved under title XIX, or any private entity legally liable to provide payment pursuant to an insurance policy, pre-paid plan, or other arrangement, the limitation specified in clause (ii) may

be exceeded by an amount equal to the total of such debt and expenses.

"(C) This paragraph shall not apply to any individual who, at the time of the Commissioner's determination that such individual is eligible for the payment of past-due monthly benefits under this title—

"(i) is afflicted with a medically determinable impairment that is expected to result in death within 12 months; or

"(ii) is ineligible for benefits under this title and the Commissioner determines that such individual is likely to remain ineligible for the next 12 months.

"(D) For purposes of this paragraph, the term 'benefits under this title' includes supplementary payments pursuant to an agreement for Federal administration under section 1616(a), and payments pursuant to an agreement entered into under section 212(b) of Public Law 93–66.".

(b) CONFORMING AMENDMENT.—Section 1631(a)(1) (42 U.S.C. 1383(a)(1)) is amended by inserting "(subject to paragraph (10))" immediately before "in such installments".

(c) EFFECTIVE DATE.— 42 USC 1383 note.

(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. 222. REGULATIONS. 42 USC 1383 note.

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 subtitle.

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 105(b)(3) of the Contract with America Advancement Act of 1996, 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— 42 USC 1383f.

"(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) historical and current data on prior enrollment by recipients in public benefit programs, including State programs funded under part A of title IV of the Social Security Act and State general assistance programs;

"(5) projections of future number of recipients and program costs, through at least 25 years;

"(6) number of redeterminations and continuing disability reviews, and the outcomes of such redeterminations and reviews;

"(7) data on the utilization of work incentives;

"(8) detailed information on administrative and other program operation costs;

"(9) summaries of relevant research undertaken by the Social Security Administration, or by other researchers;

"(10) State supplementation program operations;

"(11) a historical summary of statutory changes to this title; and

"(12) 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.".

42 USC 1382 note.

SEC. 232. 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 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.

TITLE III—CHILD SUPPORT

SEC. 300. 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 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 are provided under the State program funded under part E of this title, or (III) medical assistance is provided under the State plan approved under title XIX, unless, in accordance with paragraph (29), good cause 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. 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.—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 302 of the Personal Responsibility and

Work Opportunity Act Reconciliation of 1996 shall apply with respect to the distribution of support arrearages that—

"(aa) accrued after the family ceased to receive assistance, and

"(bb) are collected before October 1, 1997.

"(II) POST-SEPTEMBER 1997.—With respect to the amount so collected on or after October 1, 1997 (or before such date, at the option of the State)—

"(aa) IN GENERAL.—The State shall first distribute the amount so collected (other than any amount described in clause (iv)) to the family to the extent necessary to satisfy any support arrearages with respect to the family that accrued after the family ceased to receive assistance from the State.

"(bb) REIMBURSEMENT OF GOVERNMENTS FOR ASSISTANCE PROVIDED TO THE FAMILY.—After the application of division (aa) and clause (ii)(II)(aa) with respect to the amount so collected, the State shall retain the State share of the amount so collected, and pay to the Federal Government the Federal share (as defined in subsection (c)(2)) of the amount so collected, but only to the extent necessary to reimburse amounts paid to the family as assistance by the State.

"(cc) DISTRIBUTION OF THE REMAINDER TO THE FAMILY.—To the extent that neither 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 302 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 shall apply with respect to the distribution of support arrearages that—

"(aa) accrued before the family received assistance, and

"(bb) are collected before October 1, 2000.

"(II) POST-SEPTEMBER 2000.—Unless, based on the report required by paragraph (4), the Congress determines otherwise, with respect to the amount so collected on or after October 1, 2000 (or before such date, at the option of the State)—

"(aa) IN GENERAL.—The State shall first distribute the amount so collected (other than any amount described in clause (iv)) to the family to the extent necessary to satisfy any support arrearages with respect to the family

that accrued before the family received assistance from the State.

"(bb) REIMBURSEMENT OF GOVERNMENTS FOR ASSISTANCE PROVIDED TO THE FAMILY.—After the application of clause (i)(II)(aa) and division (aa) with respect to the amount so collected, the State shall retain the State share of the amount so collected, and pay to the Federal Government the Federal share (as defined in subsection (c)(2)) of the amount so collected, but only to the extent necessary to reimburse amounts paid to the family as assistance by the State.

"(cc) DISTRIBUTION OF THE REMAINDER TO THE FAMILY.—To the extent that neither division (aa) nor division (bb) applies to the amount so collected, the State shall distribute the amount to the family.

"(iii) DISTRIBUTION OF ARREARAGES THAT ACCRUED WHILE THE FAMILY RECEIVED ASSISTANCE.—In the case of a family described in this subparagraph, the provisions of paragraph (1) shall apply with respect to the distribution of support arrearages that accrued while the family received assistance.

"(iv) AMOUNTS COLLECTED PURSUANT TO SECTION 464.—Notwithstanding any other provision of this section, any amount of support collected pursuant to section 464 shall be retained by the State to the extent past-due support has been assigned to the State as a condition of receiving assistance from the State, up to the amount necessary to reimburse the State for amounts paid to the family as assistance by the State. The State shall pay to the Federal Government the Federal share of the amounts so retained. To the extent the amount collected pursuant to section 464 exceeds the amount so retained, the State shall distribute the excess to the family.

"(v) ORDERING RULES FOR DISTRIBUTIONS.—For purposes of this subparagraph, unless an earlier effective date is required by this section, effective October 1, 2000, the State shall treat any support arrearages collected, except for amounts collected pursuant to section 464, as accruing in the following order:

"(I) To the period after the family ceased to receive assistance.

"(II) To the period before the family received assistance.

"(III) To the period while the family was receiving assistance.

"(3) FAMILIES THAT NEVER RECEIVED ASSISTANCE.—In the case of any other family, the State shall distribute the amount so collected to the family.

"(4) FAMILIES UNDER CERTAIN AGREEMENTS.—In the case of a family receiving assistance from an Indian tribe, distribute the amount so collected pursuant to an agreement entered into pursuant to a State plan under section 454(33).

"(5) 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 302 of the Personal Responsibility and Work Opportunity Reconciliation 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).

42 USC 657 note.

(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. 42 USC 654 note.

SEC. 304. RIGHTS TO NOTIFICATION OF 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. 42 USC 654 note.

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 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. 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. 42 USC 654b.

"(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 is 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 in cases described in subsection (a)(1)(B), the State disbursement unit shall not be required to convert and maintain in automated form records of payments kept pursuant to section 466(a)(8)(B)(iii) before the effective date of this section.

"(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 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.— 42 USC 654b note.

(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.

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. 42 USC 653a.

"(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 LAW 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.

Notification.

"(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 NONCOMPLYING EMPLOYERS.—The State shall have the option to set a State civil money penalty which shall be less than—

"(1) $25; or

"(2) $500 if, under State law, the failure is the result of a conspiracy between the employer and the employee to not supply the required report or to supply a false or incomplete report.

"(e) ENTRY OF EMPLOYER INFORMATION.—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

Regulations.

information as the Secretary of Health and Human Services shall specify in regulations.

"(3) BUSINESS DAY DEFINED.—As used in this subsection, the term 'business day' means a day on which State offices are open for regular business.

"(h) OTHER USES OF NEW HIRE INFORMATION.—

"(1) LOCATION OF CHILD SUPPORT OBLIGORS.—The agency administering the State plan approved under this part shall use information received pursuant to subsection (f)(2) to locate individuals for purposes of establishing paternity and establishing, modifying, and enforcing child support obligations, and may disclose such information to any agent of the agency that is under contract with the agency to carry out such purposes.

"(2) VERIFICATION OF ELIGIBILITY FOR CERTAIN PROGRAMS.—A State agency responsible for administering a program specified in section 1137(b) shall have access to information reported by employers pursuant to subsection (b) of this section for purposes of verifying eligibility for the program.

"(3) ADMINISTRATION OF EMPLOYMENT SECURITY AND WORKERS' COMPENSATION.—State agencies operating employment security and workers' compensation programs shall have access to information reported by employers pursuant to subsection (b) for the purposes of administering such programs.".

(c) QUARTERLY WAGE REPORTING.—Section 1137(a)(3) (42 U.S.C. 1320b–7(a)(3)) is amended—

(1) by inserting "(including State and local governmental entities and labor organizations (as defined in section 453A(a)(2)(B)(iii))" after "employers"; and

(2) by inserting ", and except that no report shall be filed with respect to an employee of a State or local agency performing intelligence or counterintelligence functions, if the head of such agency has determined that filing such a report could endanger the safety of the employee or compromise an ongoing investigation or intelligence mission" after "paragraph (2)".

(d) DISCLOSURE TO CERTAIN AGENTS.—Section 303(e) (42 U.S.C. 503(e)) is amended by adding at the end the following:

"(5) A State or local child support enforcement agency may disclose to any agent of the agency that is under contract with the agency to carry out the purposes described in paragraph (1)(B) wage information that is disclosed to an officer or employee of the agency under paragraph (1)(A). Any agent of a State or local child support agency that receives wage information under this paragraph shall comply with the safeguards established pursuant to paragraph (1)(B).".

SEC. 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 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— Notice.

"(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 7 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, except that when an employer receives an income withholding order issued by another State, the employer shall apply the income withholding law of the state of the obligor's principal place of employment in determining—

"(I) the employer's fee for processing an income withholding order;

"(II) the maximum amount permitted to be withheld from the obligor's income;

"(III) the time periods within which the employer must implement the income withholding order and forward the child support payment;

"(IV) the priorities for withholding and allocating income withheld for multiple child support obligees; and

"(V) any withholding terms or conditions not specified in the order.

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. 315. LOCATOR INFORMATION FROM INTERSTATE NETWORKS.

Section 466(a) (42 U.S.C. 666(a)) is amended by inserting after paragraph (11) the following new paragraph:

"(12) LOCATOR INFORMATION FROM INTERSTATE NETWORKS.—Procedures to ensure that all Federal and State agencies conducting activities under this part have access to any system used by the State to locate an individual for purposes relating to motor vehicles or law enforcement.".

SEC. 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:

Establishment.

"(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.

Establishment.

"(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. Reports.

"(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 Reports.

"(B) disclose information in such registries to such State agencies.

"(4) PROVISION OF NEW HIRE INFORMATION TO THE SOCIAL SECURITY ADMINISTRATION.—The National Directory of New Hires shall provide the Commissioner of Social Security with all information in the National Directory.

"(5) RESEARCH.—The Secretary may provide access to information reported by employers pursuant to section 453A(b) for research purposes found by the Secretary to be likely to contribute to achieving the purposes of part A or this part, but without personal identifiers.

"(k) FEES.—

"(1) FOR SSA VERIFICATION.—The Secretary shall reimburse the Commissioner of Social Security, at a rate negotiated between the Secretary and the Commissioner, for the costs incurred by the Commissioner in performing the verification services described in subsection (j).

"(2) FOR INFORMATION FROM STATE DIRECTORIES OF NEW HIRES.—The Secretary shall reimburse costs incurred by State directories of new hires in furnishing information as required by subsection (j)(3), at rates which the Secretary determines to be reasonable (which rates shall not include payment for the costs of obtaining, compiling, or maintaining such information).

"(3) FOR INFORMATION FURNISHED TO STATE AND FEDERAL AGENCIES.—A State or Federal agency that receives information from the Secretary pursuant to this section shall reimburse the Secretary for costs incurred by the Secretary in furnishing the information, at rates which the Secretary determines to be reasonable (which rates shall include payment for the costs of obtaining, verifying, maintaining, and comparing the information).

"(l) RESTRICTION ON DISCLOSURE AND USE.—Information in the Federal Parent Locator Service, and information resulting from comparisons using such information, shall not be used or disclosed except as expressly provided in this section, subject to section 6103 of the Internal Revenue Code of 1986.

"(m) INFORMATION INTEGRITY AND SECURITY.—The Secretary shall establish and implement safeguards with respect to the entities established under this section designed to—

"(1) ensure the accuracy and completeness of information in the Federal Parent Locator Service; and

"(2) restrict access to confidential information in the Federal Parent Locator Service to authorized persons, and restrict use of such information to authorized purposes.

"(n) FEDERAL GOVERNMENT REPORTING.—Each department, agency, and instrumentality of the United States shall on a quarterly basis report to the Federal Parent Locator Service the name and social security number of each employee and the wages paid to the employee during the previous quarter, except that such a report shall not be filed with respect to an employee of a department, agency, or instrumentality performing intelligence or counterintelligence functions, if the head of such department, agency, or instrumentality has determined that filing such a report could endanger the safety of the employee or compromise an ongoing investigation or intelligence mission.".

(g) CONFORMING AMENDMENTS.—

(1) TO PART D OF TITLE IV OF THE SOCIAL SECURITY ACT.—

(A) Section 454(8)(B) (42 U.S.C. 654(8)(B)) is amended to read as follows:

"(B) the Federal Parent Locator Service established under section 453;".

(B) Section 454(13) (42 U.S.C.654(13)) is amended by inserting "and provide that information requests by parents who are residents of other States be treated with the same priority as requests by parents who are residents of the State submitting the plan" before the semicolon.

(2) TO FEDERAL UNEMPLOYMENT TAX ACT.—Section 3304(a)(16) of the Internal Revenue Code of 1986 is amended—

(A) by striking "Secretary of Health, Education, and Welfare" each place such term appears and inserting "Secretary of Health and Human Services";

(B) in subparagraph (B), by striking "such information" and all that follows and inserting "information furnished

under subparagraph (A) or (B) is used only for the purposes authorized under such subparagraph;";

(C) by striking "and" at the end of subparagraph (A);

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

(E) by inserting after subparagraph (A) the following new subparagraph:

"(B) wage and unemployment compensation information contained in the records of such agency shall be furnished to the Secretary of Health and Human Services (in accordance with regulations promulgated by such Secretary) as necessary for the purposes of the National Directory of New Hires established under section 453(i) of the Social Security Act, and". Regulations.

(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. Notification.

"(3) For purposes of this subsection—

"(A) the term 'wage information' means information regarding wages paid to an individual, the social security account number of such individual, and the name, address, State, and the Federal employer identification number of the employer paying such wages to such individual; and

"(B) the term 'claim information' means information regarding whether an individual is receiving, has received, or has made application for, unemployment compensation, the amount of any such compensation being received (or to be received by such individual), and the individual's current (or most recent) home address.".

(4) DISCLOSURE OF CERTAIN INFORMATION TO AGENTS OF CHILD SUPPORT ENFORCEMENT AGENCIES.—

(A) IN GENERAL.—Paragraph (6) of section 6103(l) of the Internal Revenue Code of 1986 (relating to disclosure of return information to Federal, State, and local child support enforcement agencies) is amended by redesignating subparagraph (B) as subparagraph (C) and by inserting after subparagraph (A) the following new subparagraph:

"(B) DISCLOSURE TO CERTAIN AGENTS.—The following information disclosed to any child support enforcement agency under subparagraph (A) with respect to any individual with respect to whom child support obligations are sought to be established or enforced may be disclosed by such agency to any agent of such agency which is under contract with such agency to carry out the purposes described in subparagraph (C):

"(i) The address and social security account number (or numbers) of such individual.

"(ii) The amount of any reduction under section 6402(c) (relating to offset of past-due support against overpayments) in any overpayment otherwise payable to such individual.".

(B) CONFORMING AMENDMENTS.—

(i) Paragraph (3) of section 6103(a) of such Code is amended by striking "(l)(12)" and inserting "paragraph (6) or (12) of subsection (l)".

(ii) Subparagraph (C) of section 6103(l)(6) of such Code, as redesignated by subsection (a), is amended to read as follows:

"(C) RESTRICTION ON DISCLOSURE.—Information may be disclosed under this paragraph only for purposes of, and to the extent necessary in, establishing and collecting child support obligations from, and locating, individuals owing such obligations.".

(iii) The material following subparagraph (F) of section 6103(p)(4) of such Code is amended by striking "subsection (l)(12)(B)" and inserting "paragraph (6)(A) or (12)(B) of subsection (l)".

42 USC 653 note.

(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 subtitle. 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. 317. COLLECTION AND USE OF SOCIAL SECURITY NUMBERS FOR USE IN CHILD SUPPORT ENFORCEMENT.

Section 466(a) (42 U.S.C. 666(a)), as amended by section 315 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.".

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.—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.".

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 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:

Courts.

"(f) RECOGNITION OF CHILD SUPPORT ORDERS.—If 1 or more child support orders have been issued with regard to an obligor and a child, a court shall apply the following rules in determining which order to recognize for purposes of continuing, exclusive jurisdiction and enforcement:

"(1) If only 1 court has issued a child support order, the order of that court must be recognized.

"(2) If 2 or more courts have issued child support orders for the same obligor and child, and only 1 of the courts would have continuing, exclusive jurisdiction under this section, the order of that court must be recognized.

"(3) If 2 or more courts have issued child support orders for the same obligor and child, and more than 1 of the courts would have continuing, exclusive jurisdiction under this section, an order issued by a court in the current home State of the child must be recognized, but if an order has not been issued in the current home State of the child, the order most recently issued must be recognized.

"(4) If 2 or more courts have issued child support orders for the same obligor and child, and none of the courts would have continuing, exclusive jurisdiction under this section, a court may issue a child support order, which must be recognized.

"(5) The court that has issued an order recognized under this subsection is the court having continuing, exclusive jurisdiction.";

(11) in subsection (g) (as so redesignated)—

(A) by striking "PRIOR" and inserting "MODIFIED"; and

(B) by striking "subsection (e)" and inserting "subsections (e) and (f)";

(12) in subsection (h) (as so redesignated)—

(A) in paragraph (2), by inserting "including the duration of current payments and other obligations of support" before the comma; and

(B) in paragraph (3), by inserting "arrears under" after "enforce"; and

(13) by adding at the end the following new subsection:

"(i) REGISTRATION FOR MODIFICATION.—If there is no individual contestant or child residing in the issuing State, the party or support enforcement agency seeking to modify, or to modify and enforce, a child support order issued in another State shall register that order in a State with jurisdiction over the nonmovant for the purpose of modification.".

SEC. 323. ADMINISTRATIVE ENFORCEMENT IN INTERSTATE CASES.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 315 and 317 of this Act, is amended by inserting after paragraph (13) the following new paragraph:

"(14) ADMINISTRATIVE ENFORCEMENT IN INTERSTATE CASES.—Procedures under which—

"(A)(i) the State shall respond within 5 business days to a request made by another State to enforce a support order; and

"(ii) the term 'business day' means a day on which State offices are open for regular business;

"(B) the State may, by electronic or other means, transmit to another State a request for assistance in a case involving the enforcement of a support order, which request—

"(i) shall include such information as will enable the State to which the request is transmitted to compare the information about the case to the information in the data bases of the State; and

"(ii) shall constitute a certification by the requesting State—

"(I) of the amount of support under the order the payment of which is in arrears; and

"(II) that the requesting State has complied with all procedural due process requirements applicable to the case;

"(C) if the State provides assistance to another State pursuant to this paragraph with respect to a case, neither State shall consider the case to be transferred to the caseload of such other State; and

"(D) the State shall maintain records of— Records.

"(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) (as amended by section 346(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. 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 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 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 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. 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 PART A 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 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.". Notification.

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 March 1, 1997, 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. 42 USC 658 note. Reports.

(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.— 42 USC 658 note.

(A) IN GENERAL.—The system developed under subsection (a) and the amendments made by subsection (b) shall become effective on October 1, 1999, 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 2000.

(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. 42 USC 652 note.

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 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;".

42 USC 652 note.

(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. 42 USC 654a.

"(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.".

42 USC 654a note.

(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, 2000, 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 344(a)(3) of the Personal Responsibility and Work Opportunity Reconciliation 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.".

42 USC 655 note.

(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 aggre-

gate 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. 42 USC 655, 655 note.

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 third 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 third 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 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 all that follows subparagraph (J), as added by paragraph (4).

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall be effective with respect to fiscal year 1997 and succeeding fiscal years.

Subtitle F—Establishment and Modification of Support Orders

SEC. 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.—

"(A) 3-YEAR CYCLE.—

"(i) IN GENERAL.—Procedures under which every 3 years (or such shorter cycle as the State may determine), upon the request of either parent, or, if there is an assignment under part A, upon the request of the State agency under the State plan or of either parent, the State shall with respect to a support order being enforced under this part, taking into account the best interests of the child involved—

"(I) review and, if appropriate, adjust 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) apply a cost-of-living adjustment to the order in accordance with a formula developed by the State; or

"(III) 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 any threshold that may be established by the State.

"(ii) OPPORTUNITY TO REQUEST REVIEW OF ADJUSTMENT.—If the State elects to conduct the review under subclause (II) or (III) of clause (i), procedures which 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 IN 3-YEAR CYCLE REVIEW.—Procedures which provide that any adjustment under clause (i) shall be made without a requirement for proof or showing of a change in circumstances.

"(B) PROOF OF SUBSTANTIAL CHANGE IN CIRCUMSTANCES NECESSARY IN REQUEST FOR REVIEW OUTSIDE 3-YEAR CYCLE.—Procedures under which, in the case of a request for a review, and if appropriate, an adjustment outside the 3-year cycle (or such shorter cycle as the State may determine) under clause (i), the State shall review and, if the requesting party demonstrates a substantial change in circumstances, adjust the order in accordance with the guidelines established pursuant to section 467(a).

"(C) NOTICE OF RIGHT TO REVIEW.—Procedures which require the State to provide notice not less than once every 3 years to the parents subject to the order informing the parents 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.

Part D of title IV (42 U.S.C. 651–669) is amended by adding at the end the following:

44 USC 649s.

"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 enforce-

ment agency attempting to establish, modify, or enforce a child support obligation of such individual.

"(b) PROHIBITION OF DISCLOSURE OF FINANCIAL RECORD OBTAINED BY STATE CHILD SUPPORT ENFORCEMENT AGENCY.—A State child support enforcement agency which obtains a financial record of an individual from a financial institution pursuant to subsection (a) may disclose such financial record only for the purpose of, and to the extent necessary in, establishing, modifying, or enforcing a child support obligation of such individual.

"(c) CIVIL DAMAGES FOR UNAUTHORIZED DISCLOSURE.—

"(1) DISCLOSURE BY STATE OFFICER OR EMPLOYEE.—If any person knowingly, or by reason of negligence, discloses a financial record of an individual in violation of subsection (b), such individual may bring a civil action for damages against such person in a district court of the United States.

"(2) NO LIABILITY FOR GOOD FAITH BUT ERRONEOUS INTERPRETATION.—No liability shall arise under this subsection with respect to any disclosure which results from a good faith, but erroneous, interpretation of subsection (b).

"(3) DAMAGES.—In any action brought under paragraph (1), upon a finding of liability on the part of the defendant, the defendant shall be liable to the plaintiff in an amount equal to the sum of—

"(A) the greater of—

"(i) $1,000 for each act of unauthorized disclosure of a financial record with respect to which such defendant is found liable; or

"(ii) the sum of—

"(I) the actual damages sustained by the plaintiff as a result of such unauthorized disclosure; plus

"(II) in the case of a willful disclosure or a disclosure which is the result of gross negligence, punitive damages; plus

"(B) the costs (including attorney's fees) of the action.

"(d) DEFINITIONS.—For purposes of this section—

"(1) FINANCIAL INSTITUTION.—The term 'financial institution' means—

"(A) a depository institution, as defined in section 3(c) of the Federal Deposit Insurance Act (12 U.S.C. 1813(c));

"(B) an institution-affiliated party, as defined in section 3(u) of such Act (12 U.S.C. 1813(u));

"(C) any Federal credit union or State credit union, as defined in section 101 of the Federal Credit Union Act (12 U.S.C. 1752), including an institution-affiliated party of such a credit union, as defined in section 206(r) of such Act (12 U.S.C. 1786(r)); and

"(D) any benefit association, insurance company, safe deposit company, money-market mutual fund, or similar entity authorized to do business in the State.

"(2) FINANCIAL RECORD.—The term 'financial record' has the meaning given such term in section 1101 of the Right to Financial Privacy Act of 1978 (12 U.S.C. 3401).".

Subtitle G—Enforcement of Support Orders

SEC. 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".

26 USC 6305 note.

(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 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. Federal Register, publication.

"(2) RESPONSE TO NOTICE OR PROCESS.—If an agent designated pursuant to paragraph (1) of this subsection receives notice pursuant to State procedures in effect pursuant to subsection (a)(1) or (b) of section 466, or is effectively served with any order, process, or interrogatory, with respect to an individual's child support or alimony payment obligations, the agent shall—

"(A) as soon as possible (but not later than 15 days) thereafter, send written notice of the notice or service (together with a copy of the notice or service) to the individual at the duty station or last-known home address of the individual;

"(B) within 30 days (or such longer period as may be prescribed by applicable State law) after receipt of a notice pursuant to such State procedures, comply with all applicable provisions of section 466; and

"(C) within 30 days (or such longer period as may be prescribed by applicable State law) after effective service of any other such order, process, or interrogatory, respond to the order, process, or interrogatory.

"(d) PRIORITY OF CLAIMS.—If a governmental entity specified in subsection (a) receives notice or is served with process, as provided in this section, concerning amounts owed by an individual to more than 1 person—

"(1) support collection under section 466(b) must be given priority over any other process, as provided in section 466(b)(7);

"(2) allocation of moneys due or payable to an individual among claimants under section 466(b) shall be governed by section 466(b) and the regulations prescribed under such section; and

"(3) such moneys as remain after compliance with paragraphs (1) and (2) shall be available to satisfy any other such processes on a first-come, first-served basis, with any such process being satisfied out of such moneys as remain after the satisfaction of all such processes which have been previously served.

"(e) NO REQUIREMENT TO VARY PAY CYCLES.—A governmental entity that is affected by legal process served for the enforcement of an individual's child support or alimony payment obligations shall not be required to vary its normal pay and disbursement cycle in order to comply with the legal process.

"(f) RELIEF FROM LIABILITY.—

"(1) Neither the United States, nor the government of the District of Columbia, nor any disbursing officer shall be liable with respect to any payment made from moneys due or payable from the United States to any individual pursuant to legal process regular on its face, if the payment is made in accordance

with this section and the regulations issued to carry out this section.

"(2) No Federal employee whose duties include taking actions necessary to comply with the requirements of subsection (a) with regard to any individual shall be subject under any law to any disciplinary action or civil or criminal liability or penalty for, or on account of, any disclosure of information made by the employee in connection with the carrying out of such actions.

"(g) REGULATIONS.—Authority to promulgate regulations for the implementation of this section shall, insofar as this section applies to moneys due from (or payable by)—

"(1) the United States (other than the legislative or judicial branches of the Federal Government) or the government of the District of Columbia, be vested in the President (or the designee of the President);

"(2) the legislative branch of the Federal Government, be vested jointly in the President pro tempore of the Senate and the Speaker of the House of Representatives (or their designees), and

"(3) the judicial branch of the Federal Government, be vested in the Chief Justice of the United States (or the designee of the Chief Justice).

"(h) MONEYS SUBJECT TO PROCESS.—

"(1) IN GENERAL.—Subject to paragraph (2), moneys paid or payable to an individual which are considered to be based upon remuneration for employment, for purposes of this section—

"(A) consist of—

"(i) compensation paid or payable for personal services of the individual, whether the compensation is denominated as wages, salary, commission, bonus, pay, allowances, or otherwise (including severance pay, sick pay, and incentive pay);

"(ii) periodic benefits (including a periodic benefit as defined in section 228(h)(3)) or other payments—

"(I) under the insurance system established by title II;

"(II) under any other system or fund established by the United States which provides for the payment of pensions, retirement or retired pay, annuities, dependents' or survivors' benefits, or similar amounts payable on account of personal services performed by the individual or any other individual;

"(III) as compensation for death under any Federal program;

"(IV) under any Federal program established to provide 'black lung' benefits; or

"(V) by the Secretary of Veterans Affairs as compensation for a service-connected disability paid by the Secretary to a former member of the Armed Forces who is in receipt of retired or retainer pay if the former member has waived a portion of the retired or retainer pay in order to receive such compensation; and

"(iii) worker's compensation benefits paid under Federal or State law but

"(B) do not include any payment—

"(i) by way of reimbursement or otherwise, to defray expenses incurred by the individual in carrying out duties associated with the employment of the individual; or

"(ii) as allowances for members of the uniformed services payable pursuant to chapter 7 of title 37, United States Code, as prescribed by the Secretaries concerned (defined by section 101(5) of such title) as necessary for the efficient performance of duty.

"(2) CERTAIN AMOUNTS EXCLUDED.—In determining the amount of any moneys due from, or payable by, the United States to any individual, there shall be excluded amounts which—

"(A) are owed by the individual to the United States;

"(B) are required by law to be, and are, deducted from the remuneration or other payment involved, including Federal employment taxes, and fines and forfeitures ordered by court-martial;

"(C) are properly withheld for Federal, State, or local income tax purposes, if the withholding of the amounts is authorized or required by law and if amounts withheld are not greater than would be the case if the individual claimed all dependents to which he was entitled (the withholding of additional amounts pursuant to section 3402(i) of the Internal Revenue Code of 1986 may be permitted only when the individual presents evidence of a tax obligation which supports the additional withholding);

"(D) are deducted as health insurance premiums;

"(E) are deducted as normal retirement contributions (not including amounts deducted for supplementary coverage); or

"(F) are deducted as normal life insurance premiums from salary or other remuneration for employment (not including amounts deducted for supplementary coverage).

"(i) DEFINITIONS.—For purposes of this section—

"(1) UNITED STATES.—The term 'United States' includes any department, agency, or instrumentality of the legislative, judicial, or executive branch of the Federal Government, the United States Postal Service, the Postal Rate Commission, any Federal corporation created by an Act of Congress that is wholly owned by the Federal Government, and the governments of the territories and possessions of the United States.

"(2) CHILD SUPPORT.—The term 'child support', when used in reference to the legal obligations of an individual to provide such support, means amounts required to be paid under a judgment, decree, or order, whether temporary, final, or subject to modification, issued by a court or an administrative agency of competent jurisdiction, for the support and maintenance of a child, including a child who has attained the age of majority under the law of the issuing State, or a child and the parent with whom the child is living, which provides for monetary support, health care, arrearages or reimbursement, and which may include other related costs and fees, interest and penalties, income withholding, attorney's fees, and other relief.

"(3) ALIMONY.—

"(A) IN GENERAL.—The term 'alimony', when used in reference to the legal obligations of an individual to provide the same, means periodic payments of funds for the support and maintenance of the spouse (or former spouse) of the individual, and (subject to and in accordance with State law) includes separate maintenance, alimony pendente lite, maintenance, and spousal support, and includes attorney's fees, interest, and court costs when and to the extent that the same are expressly made recoverable as such pursuant to a decree, order, or judgment issued in accordance with applicable State law by a court of competent jurisdiction.

"(B) EXCEPTIONS.—Such term does not include—

"(i) any child support; or

"(ii) any payment or transfer of property or its value by an individual to the spouse or a former spouse of the individual in compliance with any community property settlement, equitable distribution of property, or other division of property between spouses or former spouses.

"(4) PRIVATE PERSON.—The term 'private person' means a person who does not have sovereign or other special immunity or privilege which causes the person not to be subject to legal process.

"(5) LEGAL PROCESS.—The term 'legal process' means any writ, order, summons, or other similar process in the nature of garnishment—

"(A) which is issued by—

"(i) a court or an administrative agency of competent jurisdiction in any State, territory, or possession of the United States;

"(ii) a court or an administrative agency of competent jurisdiction in any foreign country with which the United States has entered into an agreement which requires the United States to honor the process; or

"(iii) an authorized official pursuant to an order of such a court or an administrative agency of competent jurisdiction or pursuant to State or local law; and

"(B) which is directed to, and the purpose of which is to compel, a governmental entity which holds moneys which are otherwise payable to an individual to make a payment from the moneys to another party in order to satisfy a legal obligation of the individual to provide child support or make alimony payments.".

(b) CONFORMING AMENDMENTS.—

(1) TO PART D OF TITLE IV.—Sections 461 and 462 (42 U.S.C. 661 and 662) are repealed.

(2) TO TITLE 5, UNITED STATES CODE.—Section 5520a of title 5, United States Code, is amended, in subsections (h)(2) and (i), by striking "sections 459, 461, and 462 of the Social Security Act (42 U.S.C. 659, 661, and 662)" and inserting "section 459 of the Social Security Act (42 U.S.C. 659)".

(c) MILITARY RETIRED AND RETAINER PAY.—

(1) DEFINITION OF COURT.—Section 1408(a)(1) of title 10, United States Code, is amended—

(A) by striking "and" at the end of subparagraph (B);

(B) by striking the period at the end of subparagraph (C) and inserting "; and"; and

(C) by adding after subparagraph (C) the following new subparagraph:

"(D) any administrative or judicial tribunal of a State competent to enter orders for support or maintenance (including a State agency administering a program under a State plan approved under part D of title IV of the Social Security Act), and, for purposes of this subparagraph, the term 'State' includes the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa.".

(2) DEFINITION OF COURT ORDER.—Section 1408(a)(2) of such title is amended—

(A) by inserting "or a support order, as defined in section 453(p) of the Social Security Act (42 U.S.C. 653(p))," before "which—";

(B) in subparagraph (B)(i), by striking "(as defined in section 462(b) of the Social Security Act (42 U.S.C. 662(b)))" and inserting "(as defined in section 459(i)(2) of the Social Security Act (42 U.S.C. 659(i)(2)))"; and

(C) in subparagraph (B)(ii), by striking "(as defined in section 462(c) of the Social Security Act (42 U.S.C. 662(c)))" and inserting "(as defined in section 459(i)(3) of the Social Security Act (42 U.S.C. 659(i)(3)))".

(3) PUBLIC PAYEE.—Section 1408(d) of such title is amended—

(A) in the heading, by inserting "(OR FOR BENEFIT OF)" before "SPOUSE OR"; and

(B) in paragraph (1), in the first 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. 42 USC 659 note.

SEC. 363. ENFORCEMENT OF CHILD SUPPORT OBLIGATIONS OF MEMBERS OF THE ARMED FORCES.

(a) AVAILABILITY OF LOCATOR INFORMATION.— 10 USC 113 note.

(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.

10 USC 704 note.

(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 first sentence the following new sentence: "In the case of a spouse or former spouse who, pursuant to section 408(a)(3) 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 first pay period that begins after such 30-day period. 10 USC 1408 note.

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) (42 U.S.C. 666(a)), as amended by sections 315, 317, and 323 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. 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, 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. 369. STATE LAW AUTHORIZING SUSPENSION OF LICENSES.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 315, 317, 323, and 365 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. 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 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 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.".

42 USC 652 note.

(b) EFFECTIVE DATE.—This section and the amendments made by this section shall become effective October 1, 1997.

SEC. 371. INTERNATIONAL 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:

42 USC 659a.

"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 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, 323, 365, and 369 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. 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, 323, 365, 369, and 372 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. 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) 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)(3)".

(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.".

11 USC 523 note.

(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.

SEC. 375. CHILD SUPPORT ENFORCEMENT FOR INDIAN TRIBES.

(a) CHILD SUPPORT ENFORCEMENT AGREEMENTS.—Section 454 (42 U.S.C. 654), as amended by sections 301(b), 303(a), 312(b), 313(a), 333, 343(b), 370(a)(2), and 371(b) of this Act, is amended—

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

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

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

"(33) provide that a State that receives funding pursuant to section 428 and that has within its borders Indian country (as defined in section 1151 of title 18, United States Code) may enter into cooperative agreements with an Indian tribe or tribal organization (as defined in subsections (e) and (l) of section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b)), if the Indian tribe or tribal organization demonstrates that such tribe or organization has an established tribal court system or a Court of Indian Offenses with the authority to establish paternity, establish, modify, and enforce support orders, and to enter support orders in accordance with child support guidelines established by such tribe or organization, under which the State and tribe or organization shall provide for the cooperative delivery of child support enforcement services in Indian country and for the forwarding of all funding collected pursuant to the functions performed by the tribe or organization to the State agency, or conversely, by the State agency to the tribe or organization, which shall distribute such funding in accordance with such agreement."; and

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

(b) DIRECT FEDERAL FUNDING TO INDIAN TRIBES AND TRIBAL ORGANIZATIONS.—Section 455 (42 U.S.C. 655) is amended by adding at the end the following new subsection:

"(b) The Secretary may, in appropriate cases, make direct payments under this part to an Indian tribe or tribal organization which has an approved child support enforcement plan under this title. In determining whether such payments are appropriate, the Secretary shall, at a minimum, consider whether services are being provided to eligible Indian recipients by the State agency through an agreement entered into pursuant to section 454(34).".

(c) COOPERATIVE ENFORCEMENT AGREEMENTS.—Paragraph (7) of section 454 (42 U.S.C. 654) is amended by inserting "and Indian tribes or tribal organizations (as defined in subsections (e) and

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

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

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

Subtitle H—Medical Support

SEC. 381. 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.— 29 USC 1169 note.

(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. 382. ENFORCEMENT OF ORDERS FOR HEALTH CARE COVERAGE.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 315, 317, 323, 365, 369, 372, and 373 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.".

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

SEC. 391. GRANTS TO STATES FOR ACCESS AND VISITATION PROGRAMS.

Part D of title IV (42 U.S.C. 651–669), as amended by section 353 of this Act, is amended by adding at the end the following new section:

42 USC 669B.

"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.".

Subtitle J—Effective Dates and Conforming Amendments

SEC. 395. EFFECTIVE DATES AND CONFORMING AMENDMENTS.

(a) IN GENERAL.—Except as otherwise specifically provided (but subject to subsections (b) and (c))— 42 USC 654 note.

(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. 42 USC 654 note.

(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.— 42 USC 654 note.
A State shall not be found out of compliance with any requirement enacted by this title if the State is unable to so comply without amending the State constitution until the earlier of—

(1) 1 year after the effective date of the necessary State constitutional amendment; or

(2) 5 years after the date of the enactment of this Act.

(d) CONFORMING AMENDMENTS.—

(1) The following provisions are amended by striking "absent" each place it appears and inserting "noncustodial":

(A) Section 451 (42 U.S.C. 651).

(B) Subsections (a)(1), (a)(8), (a)(10)(E), (a)(10)(F), (f), and (h) of section 452 (42 U.S.C. 652).

(C) 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)).

TITLE IV—RESTRICTING WELFARE AND PUBLIC BENEFITS FOR ALIENS

8 USC 1601.

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. 8 USC 1611.

(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) Medical assistance under title XIX of the Social Security Act (or any successor program to such title) for care and services that are necessary for the treatment of an emergency medical condition (as defined in section 1903(v)(3) of such Act) of the alien involved and are not related to an organ transplant procedure, if the alien involved otherwise meets the eligibility requirements for medical assistance under the State plan approved under such title (other than the requirement of the receipt of aid or assistance under title IV of such Act, supplemental security income benefits under title XVI of such Act, or a State supplementary payment).

(B) Short-term, non-cash, in-kind emergency disaster relief.

(C) Public health assistance (not including any assistance under title XIX of the Social Security Act) 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 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, postsecondary education, food assistance, unemployment benefit, or any other similar benefit for which payments or assistance are provided to an individual, household, or family eligibility unit by an agency of 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.

8 USC 1612.

SEC. 402. 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 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 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) in the case

of any such qualifying quarter creditable for any period beginning after December 31, 1996, did not receive any Federal means-tested public benefit (as provided under section 403) during any such period.

(C) VETERAN AND ACTIVE DUTY EXCEPTION.—Paragraph (1) shall not apply to an alien who is lawfully residing in any State and is—

(i) a veteran (as defined in section 101 of title 38, United States Code) with a discharge characterized as an honorable discharge and not on account of alienage,

(ii) on active duty (other than active duty for training) in the Armed Forces of the United States, or

(iii) the spouse or unmarried dependent child of an individual described in clause (i) or (ii).

(D) TRANSITION FOR ALIENS CURRENTLY RECEIVING BENEFITS.—

(i) SSI.—

(I) IN GENERAL.—With respect to the specified Federal program described in paragraph (3)(A), during the period beginning on the date of the enactment of this Act and ending on the date which is 1 year after such date of enactment, the Commissioner of Social Security shall redetermine the eligibility of any individual who is receiving benefits under such program as of the date of the enactment of this Act and whose eligibility for such 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 March 31, 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.

(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, 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.

(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 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) in the case of any such qualifying quarter creditable for any period

beginning after December 31, 1996, did not receive any Federal means-tested public benefit (as provided under section 403) during any such period.

(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 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.

(C) MEDICAID.—A State plan approved under title XIX of the Social Security Act, other than medical assistance described in section 401(b)(1)(A).

SEC. 403. FIVE-YEAR LIMITED ELIGIBILITY OF QUALIFIED ALIENS FOR FEDERAL MEANS-TESTED PUBLIC BENEFIT. 8 USC 1613.

(a) IN GENERAL.—Notwithstanding any other provision of law and except as provided in subsections (b), (c), and (d), 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 for a period of 5 years beginning on the date of the alien's entry into the United States with a status within the meaning of the term "qualified alien".

(b) EXCEPTIONS.—The limitation under subsection (a) shall not apply to the 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) APPLICATION OF TERM FEDERAL MEANS-TESTED PUBLIC BENEFIT.—

(1) The limitation under subsection (a) shall not apply to assistance or benefits under paragraph (2).

(2) Assistance and benefits under this paragraph are as follows:

(A) Medical assistance described in section 401(b)(1)(A).

(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 (not including any assistance under title XIX of the Social Security Act) 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 parent or 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 is a qualified alien (as defined in section 431).

(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, and titles III, VII, and VIII of the Public Health Service Act.

(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.

(d) SPECIAL RULE FOR REFUGEE AND ENTRANT ASSISTANCE FOR CUBAN AND HAITIAN ENTRANTS.—The limitation under subsection (a) shall not apply to refugee and entrant assistance activities, authorized by title IV of the Immigration and Nationality Act and section 501 of the Refugee Education Assistance Act of 1980,

for Cuban and Haitian entrants as defined in section 501(e)(2) of the Refugee Education Assistance Act of 1980.

SEC. 404. NOTIFICATION AND INFORMATION REPORTING. 8 USC 1614.

(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 subtitle.

(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. 42 USC 611a.

"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. 42 USC 1437y.

"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

8 USC 1621.

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—

(1) a qualified alien (as defined in section 431),

(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) Assistance for health care items and services that are necessary for the treatment of an emergency medical condition (as defined in section 1903(v)(3) of the Social Security Act) of the alien involved and are not related to an organ transplant procedure.

(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 paragraphs (2) and (3), 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, postsecondary education, food assistance, unemployment benefit, or any other similar benefit for which payments or assistance are provided to an individual, household, or family eligibility unit by an agency of a State or local government or by appropriated funds of a State or local government.

(2) Such term shall not apply—

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

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

(3) Such term does not include any Federal public benefit under section 4001(c).

(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. 8 USC 1622.

(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 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 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) in the case of any such qualifying quarter creditable for any period beginning after December 31, 1996, did not receive any Federal means-tested public benefit (as provided under section 403) during any such period.

(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.

Subtitle C—Attribution of Income and Affidavits of Support

8 USC 1631.

SEC. 421. 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 provided under section 403), 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) DURATION OF ATTRIBUTION PERIOD.—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 435, and (B) in the case of any such qualifying quarter creditable for any period beginning after December 31, 1996, did not receive any Federal means-tested public benefit (as provided under section 403) during any such period.

(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. 422. AUTHORITY FOR STATES TO PROVIDE FOR ATTRIBUTION OF SPONSORS INCOME AND RESOURCES TO THE ALIEN WITH RESPECT TO STATE PROGRAMS. 8 USC 1632.

(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) Assistance described in section 411(b)(1).

(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. 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— 8 USC 1183a.

"(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.".

(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. 8 USC 1138a note.

(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: 8 USC 1138a note.

(1) Medical assistance described in section 401(b)(1)(A) or assistance described in section 411(b)(1).

(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 (not including any assistance under title XIX of the Social Security Act) 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 parts B and E of title IV of the Social Security Act for a parent or a child, but only if the foster or adoptive parent

(or parents) of such child is a qualified alien (as defined in section 431).

(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, and titles III, VII, and VIII of the Public Health Service Act.

(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.

Subtitle D—General Provisions

8 USC 1641.

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.

8 USC 1642.

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. 8 USC 1643.

(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 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. 8 USC 1644.

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. 8 USC 1645.

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, and

(2) all of the qualifying quarters worked by a spouse of such alien during their marriage and the alien remains married to such spouse or such spouse is deceased.

No such qualifying quarter of coverage that is creditable under title II of the Social Security Act for any period beginning after December 31, 1996, may be credited to an alien under paragraph (1) or (2) if the parent or spouse (as the case may be) of such alien received any Federal means-tested public benefit (as provided

under section 403) during the period for which such qualifying quarter of coverage is so credited.

Subtitle E—Conforming Amendments Relating to Assisted Housing

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).

Subtitle F—Earned Income Credit Denied to Unauthorized Employees

SEC. 451. EARNED INCOME CREDIT DENIED TO INDIVIDUALS NOT AUTHORIZED TO BE EMPLOYED IN THE UNITED STATES.

(a) IN GENERAL.—Section 32(c)(1) of the Internal Revenue Code of 1986 (relating to individuals eligible to claim the earned income credit) is amended by adding at the end the following new subparagraph:

"(F) IDENTIFICATION NUMBER REQUIREMENT.—The term 'eligible individual' does not include any individual who does not include on the return of tax for the taxable year—

"(i) such individual's taxpayer identification number, and

"(ii) if the individual is married (within the meaning of section 7703), the taxpayer identification number of such individual's spouse.".

(b) SPECIAL IDENTIFICATION NUMBER.—Section 32 of such Code is amended by adding at the end the following new subsection:

"(l) IDENTIFICATION NUMBERS.—Solely for purposes of subsections (c)(1)(F) and (c)(3)(D), a taxpayer identification number means a social security number 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 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 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. 26 USC 32 note.

TITLE V—CHILD PROTECTION

SEC. 501. AUTHORITY OF STATES TO MAKE FOSTER CARE MAINTENANCE PAYMENTS ON BEHALF OF CHILDREN IN ANY PRIVATE CHILD CARE INSTITUTION.

Section 472(c)(2) of the Social Security Act (42 U.S.C. 672(c)(2)) is amended by striking "nonprofit".

SEC. 502. EXTENSION OF ENHANCED MATCH FOR IMPLEMENTATION OF STATEWIDE AUTOMATED CHILD WELFARE INFORMATION SYSTEMS.

Section 13713(b)(2) of the Omnibus Budget Reconciliation Act of 1993 (42 U.S.C. 674 note; 107 Stat. 657) is amended by striking "1996" and inserting "1997".

SEC. 503. NATIONAL RANDOM SAMPLE STUDY OF CHILD WELFARE.

Part B of title IV of the Social Security Act (42 U.S.C. 620–628a) is amended by adding at the end the following:

"SEC. 429A. NATIONAL RANDOM SAMPLE STUDY OF CHILD WELFARE. 42 USC 628b.

"(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.

"(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) carefully consider selecting the sample from cases of confirmed abuse or neglect; and

"(2) 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).

"(e) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated to the Secretary for each of fiscal years 1996 through 2002 $6,000,000 to carry out this section.".

SEC. 504. REDESIGNATION OF SECTION 1123.

42 USC 1320a–2a.

The Social Security Act is amended by redesignating section 1123, the second place it appears (42 U.S.C. 1320a–1a), as section 1123A.

SEC. 505. KINSHIP CARE.

Section 471(a) of the Social Security Act (42 U.S.C. 671(a)) is amended—

(1) by striking "and" at the end of paragraph (16);

(2) by striking the period at the end of paragraph (17) and inserting "; and"; and

(3) by adding at the end the following:

"(18) provides that the State shall consider giving preference to an adult relative over a non-related caregiver when determining a placement for a child, provided that the relative caregiver meets all relevant State child protection standards.".

TITLE VI—CHILD CARE

Child Care and Development Block Grant Amendments of 1996.
42 USC 9801 note.

SEC. 601. SHORT TITLE AND REFERENCES.

(a) SHORT TITLE.—This title may be cited as the "Child Care and Development Block Grant Amendments of 1996".

(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. 602. 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:

42 USC 9801 note.

42 USC 9858 note.

"(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. 603. 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.

42 USC 618.

"(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 one 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 403(n) (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 less than 1 percent, and not more than 2 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. 604. 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. 605. 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 (F) by striking "Provide assurances" and inserting "Certify";

(vii) in subparagraph (G) by striking "Provide assurances" and inserting "Certify"; and

(viii) 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 a 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. 606. 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. 607. ACTIVITIES TO IMPROVE THE QUALITY OF CHILD CARE.

Section 658G (42 U.S.C. 9858e) is amended to read as follows:

42 USC 9858e.

"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. 608. REPEAL OF EARLY CHILDHOOD DEVELOPMENT AND BEFORE- AND AFTER-SCHOOL CARE REQUIREMENT.

Section 658H (42 U.S.C. 9858f) is repealed.

SEC. 609. 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. 610. PAYMENTS.

Section 658J(c) (42 U.S.C. 9858h(c)) is amended—

(1) by striking "expended" and inserting "obligated"; and

(2) by striking "3 fiscal years" and inserting "fiscal year".

SEC. 611. 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 one 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) BIANNUAL 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. 612. 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. 613. ALLOTMENTS.

Section 6580 (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 "more than 3 percent" and inserting "less than 1 percent, and not more than 2 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. 614. 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. 615. EFFECTIVE DATE.

42 USC 9858 note.

(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 603(a) shall take effect on the date of enactment of this Act.

TITLE VII—CHILD NUTRITION PROGRAMS

Subtitle A—National School Lunch Act

SEC. 701. 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 seventh sentences, as amended by paragraph (2), as subsections (a) through (g), 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 National School Lunch Act (42 U.S.C. 1760(d)) is amended by adding at the end the following:

"(9) CHILD.—

"(A) IN GENERAL.—The term 'child' includes an individual, regardless of age, who—

"(i) is determined by a State educational agency, in accordance with regulations prescribed by the Secretary, to have one or more mental or physical disabilities; and

"(ii) 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.

"(B) RELATIONSHIP TO CHILD AND ADULT CARE FOOD PROGRAM.—No institution that is not otherwise eligible to participate in the program under section 17 shall be considered eligible because of this paragraph.".

SEC. 702. 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) UTILIZATION OF AGRICULTURAL COMMODITIES.—Section 9(c) of the National School Lunch Act (42 U.S.C. 1758(c)) is amended—

(1) in the fifth sentence, by striking "of the provisions of law referred to in the preceding sentence" and inserting "provision of law"; and

(2) by striking the second, fourth, and sixth sentences.

(c) NUTRITIONAL INFORMATION.—Section 9(f) of the National School Lunch Act (42 U.S.C. 1758(f)) 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, ⅓ 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, ¼ 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)".

(d) USE OF RESOURCES.—Section 9 of the National School Lunch Act (42 U.S.C. 1758) is amended by striking subsection (h).

SEC. 703. FREE AND REDUCED PRICE POLICY STATEMENT.

Section 9(b)(2) of the National School Lunch Act (42 U.S.C. 1758(b)(2)) is amended by adding at the end the following:

"(D) FREE AND REDUCED PRICE POLICY STATEMENT.—After the initial submission, a school food authority 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 food authority. A routine change in the policy of a school food authority, 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 food authority to submit a policy statement.".

SEC. 704. 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) ROUNDING RULE FOR LUNCH, BREAKFAST, AND SUPPLEMENT RATES.—

(1) IN GENERAL.—The third sentence of section 11(a)(3)(B) of the National School Lunch Act (42 U.S.C. 1759a(a)(3)(B)) is amended by adding before the period at the end the following:

", except that adjustments to payment rates for meals and supplements served to individuals not determined to be eligible for free or reduced price meals and supplements shall be computed to the nearest lower cent increment and based on the unrounded amount for the preceding 12-month period".

42 USC 1759a note.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall become effective on July 1, 1997.

(c) APPLICABILITY OF OTHER PROVISIONS.—Section 11 of the National School Lunch Act (42 U.S.C. 1759a) 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. 705. MISCELLANEOUS PROVISIONS AND DEFINITIONS.

(a) ACCOUNTS AND RECORDS.—The second sentence of 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 National School Lunch Act (42 U.S.C. 1760(c)) is amended by striking "neither the Secretary nor the State shall" and inserting "the Secretary shall not".

(c) DEFINITIONS.—Section 12(d) of the National School Lunch Act (42 U.S.C. 1760(d)), as amended by section 701(b), is 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 National School Lunch Act (42 U.S.C. 1760(f)) is amended by striking "the Trust Territory of the Pacific Islands,".

(e) EXPEDITED RULEMAKING.—Section 12(k) of the National School Lunch Act (42 U.S.C. 1760(k)) is amended—

(1) by striking paragraphs (1), (2), and (5);

(2) by redesignating paragraphs (3) and (4) as paragraphs (1) and (2), respectively; and

(3) in paragraph (1), as redesignated by paragraph (2), by striking "Guidelines" and inserting "guidelines contained in the most recent 'Dietary Guidelines for Americans' that is published under section 301 of the National Nutrition Monitoring and Related Research Act of 1990 (7 U.S.C. 5341)".

(f) WAIVER.—Section 12(l) of the National School Lunch Act (42 U.S.C. 1760(l)) 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) in subparagraph (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.

SEC. 706. 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 National School Lunch Act (42 U.S.C. 1761(b)) 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) $1.97 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 to reflect 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 National School Lunch Act (42 U.S.C. 1761(b)(2)) 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 National School Lunch Act (42 U.S.C. 1761(c)(2)) is amended—

(1) by striking subparagraphs (A), (C), (D), and (E);

(2) by striking "(B)";

(3) by striking ", and such higher education institutions,"; and

(4) by striking "without application" and inserting "on showing residence in areas in which poor economic conditions exist or on the basis of income eligibility statements for children enrolled in the program".

(e) ADVANCE PROGRAM PAYMENTS.—Section 13(e)(1) of the National School Lunch Act (42 U.S.C. 1761(e)(1)) 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 National School Lunch Act (42 U.S.C. 1761(f)) 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 subparagraph (B) of 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 National School Lunch Act (42 U.S.C. 1761(f)), as amended by subsection (f), is 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 one or more items of a meal that the child does not intend to consume, under rules that the school uses for school meals programs. 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) RECORDS.—The second sentence of section 13(m) of the National School Lunch Act (42 U.S.C. 1761(m)) is amended by striking "at all times be available" and inserting "be available at any reasonable time".

(i) REMOVING MANDATORY NOTICE TO INSTITUTIONS.—Section 13(n)(2) of the National School Lunch Act (42 U.S.C. 1761(n)(2))

is amended by striking ", and its plans and schedule for informing service institutions of the availability of the program".

(j) PLAN.—Section 13(n) of the National School Lunch Act (42 U.S.C. 1761(n)), as amended by subsection (i), 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 paragraphs (3) through (6), respectively.

(k) MONITORING AND TRAINING.—Section 13(q) of the National School Lunch Act (42 U.S.C. 1761(q)) 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 paragraph (2).

(l) EXPIRED PROGRAM.—Section 13 of the National School Lunch Act (42 U.S.C. 1761) is amended—

(1) by striking subsection (p); and

(2) by redesignating subsections (q) and (r) as subsections (p) and (q), respectively.

(m) EFFECTIVE DATE.—The amendments made by subsection (b) shall become effective on January 1, 1997. 42 USC 1761 note.

SEC. 707. 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) STATE ADVISORY COUNCIL.—Section 14(e) of the National School Lunch Act (42 U.S.C. 1762a(e)) is amended to read as follows:

"(e) Each State agency that receives food assistance payments under this section for any school year shall consult with representatives of schools in the State that participate in the school lunch program with respect to the needs of such schools relating to the manner of selection and distribution of commodity assistance for such program.".

(c) CASH COMPENSATION FOR PILOT PROJECT SCHOOLS.—Section 14(g) of the National School Lunch Act (42 U.S.C. 1762a(g)) is amended by striking paragraph (3).

SEC. 708. CHILD AND ADULT CARE FOOD PROGRAM.

(a) ESTABLISHMENT OF PROGRAM.—Section 17 of the National School Lunch Act (42 U.S.C. 1766) is amended 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 National School Lunch Act (42 U.S.C. 1766(a)) is amended—

(1) in subparagraph (B), by striking "and" at the end;

(2) in subparagraph (C), by striking the period at the end 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 one 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 National School Lunch Act (42 U.S.C. 1766(d)(1)) 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 National School Lunch 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 "2 meals and 1 supplement".

(e) IMPROVED TARGETING OF DAY CARE HOME REIMBURSEMENTS.—

(1) RESTRUCTURED DAY CARE HOME REIMBURSEMENTS.—Section 17(f)(3) of the National School Lunch Act (42 U.S.C. 1766(f)(3)) is amended by striking "(3)(A) Institutions" and all that follows through the end of subparagraph (A) and inserting the following:

"(3) REIMBURSEMENT OF FAMILY OR GROUP DAY CARE HOME SPONSORING ORGANIZATIONS.—

"(A) REIMBURSEMENT FACTOR.—

"(i) IN GENERAL.—An institution that participates in the program under this section as a family or group day care home sponsoring organization shall be provided, for payment to a home sponsored by the organization, reimbursement factors in accordance with this subparagraph for the cost of obtaining and preparing food and prescribed labor costs involved in providing meals under this section.

"(ii) TIER I FAMILY OR GROUP DAY CARE HOMES.—

"(I) DEFINITION OF TIER I FAMILY OR GROUP DAY CARE HOME.—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 95 cents for lunches and suppers, 27 cents for breakfasts, and 13 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 minimum verification requirements that are necessary to carry out this clause.".

(2) GRANTS TO STATES TO PROVIDE ASSISTANCE TO FAMILY OR GROUP DAY CARE HOMES.—Section 17(f)(3) of the National School Lunch Act (42 U.S.C. 1766(f)(3)) is amended by adding at the end the following:

"(D) GRANTS TO STATES TO PROVIDE ASSISTANCE TO FAMILY OR GROUP DAY CARE HOMES.—

"(i) IN GENERAL.—

"(I) RESERVATION.—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 708(e)(1) of the Personal Responsibility and Work Opportunity Reconciliation 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 National School Lunch Act (42 U.S.C. 1766(f)(3)), as amended by paragraph (2), is amended by adding at the end the following:

"(E) PROVISION OF DATA TO FAMILY OR GROUP DAY CARE HOME SPONSORING ORGANIZATIONS.—

"(i) CENSUS DATA.—The Secretary shall provide to each State agency administering a child and adult care food program under this section data from the most recent decennial census survey or other appropriate census survey for which the data are available showing which areas in the State meet the requirements of subparagraph (A)(ii)(I)(aa). The State agency shall provide the data to family or group day care home sponsoring organizations located in the State.

"(ii) SCHOOL DATA.—

"(I) IN GENERAL.—A State agency administering the school lunch program under this Act or the school breakfast program under the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.) shall provide 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 National School Lunch Act (42 U.S.C. 1766(c)) is amended by inserting "except as provided in subsection (f)(3)," after "For purposes of this section," each place it appears in paragraphs (1), (2), and (3).

(f) REIMBURSEMENT.—Section 17(f) of the National School Lunch Act (42 U.S.C. 1766(f)) is amended—

(1) in paragraph (3)—

(A) in subparagraph (B), by striking the third and fourth sentences; and

(B) in subparagraph (C)(ii), by striking "conduct outreach" and all that follows through "may become" and inserting "assist unlicensed family or group day care homes in becoming"; and

(2) in the first sentence of paragraph (4), by striking "shall" and inserting "may".

(g) NUTRITIONAL REQUIREMENTS.—Section 17(g)(1) of the National School Lunch Act (42 U.S.C. 1766(g)(1)) 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 National School Lunch Act (42 U.S.C. 1766) 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 National School Lunch Act (42 U.S.C. 1766(m)) is amended by striking "at all times" and inserting "at any reasonable time".

(j) UNNEEDED PROVISION.—Section 17 of the National School Lunch Act is amended by striking subsection (q). 42 USC 1766.

(k) EFFECTIVE DATE.— 42 USC 1766 note.

(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.

42 USC 1766 note.

(3) REGULATIONS.—

(A) INTERIM REGULATIONS.—Not later than January 1, 1997, the Secretary of Agriculture 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 of Agriculture shall issue final regulations to implement the provisions of law referred to in subparagraph (A).

42 USC 1766 note.

(l) 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 and adult 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 and adult care food program under section 17 of the National School Lunch Act (42 U.S.C. 1766) shall submit to the Secretary of Agriculture 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 date of enactment of this section, the Secretary of Agriculture 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. 709. 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) DEMONSTRATION PROJECT OUTSIDE SCHOOL HOURS.—Section 18(e) of the National School Lunch Act (42 U.S.C. 1769(e)) 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.".

SEC. 710. REDUCTION OF PAPERWORK.

Section 19 of the National School Lunch Act (42 U.S.C. 1769a) is repealed.

SEC. 711. INFORMATION ON INCOME ELIGIBILITY.

Section 23 of the National School Lunch Act (42 U.S.C. 1769d) is repealed.

SEC. 712. NUTRITION GUIDANCE FOR CHILD NUTRITION PROGRAMS.

Section 24 of the National School Lunch Act (42 U.S.C. 1769e) is repealed.

Subtitle B—Child Nutrition Act of 1966

SEC. 721. 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. 722. 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 food authority 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 food authority. A routine change

in the policy of a school food authority, 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 food authority to submit a policy statement.".

SEC. 723. SCHOOL BREAKFAST PROGRAM AUTHORIZATION.

(a) TRAINING AND TECHNICAL ASSISTANCE IN FOOD PREPARATION.—Section 4(e)(1)(B) of the Child Nutrition Act of 1966 (42 U.S.C. 1773(e)(1)(B)) is amended by striking the second sentence.

(b) EXPANSION OF PROGRAM; STARTUP AND EXPANSION COSTS.—

(1) IN GENERAL.—Section 4 of the Child Nutrition Act of 1966 (42 U.S.C. 1773) is amended by striking subsections (f) and (g).

42 USC 1773 note.

(2) EFFECTIVE DATE.—The amendments made by paragraph (1) shall become effective on October 1, 1996.

SEC. 724. 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 Child Nutrition Act of 1966 (42 U.S.C. 1776(e)), 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 be required to submit to the Secretary for approval only a substantive change in the plan.".

SEC. 725. 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. 726. 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. 727. 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. 728. 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. 729. 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 Child Nutrition Act of 1966 (42 U.S.C. 1786(c)) is amended by striking paragraph (5).

(c) ELIGIBLE PARTICIPANTS.—Section 17(d) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(d)) is amended by striking paragraph (4).

(d) NUTRITION EDUCATION.—Section 17(e) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(e)) is amended—

(1) in paragraph (2), by striking the third sentence;

(2) 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 subparagraph (A), as so redesignated—

(i) by inserting "shall" before "provide"; and

(ii) by striking "and" at the end;

(E) in subparagraph (B), as so redesignated—

(i) by inserting "shall" before "provide"; and

(ii) by striking the period at the end and inserting "; and"; and

(F) by adding at the end the following:

"(C) may provide a local agency with materials describing other programs for which a participant in the program may be eligible.";

(3) in paragraph (5), by striking "The State agency shall ensure that each" and inserting "Each"; and

(4) by striking paragraph (6).

(e) STATE PLAN.—Section 17(f) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(f)) 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 be required to submit to the Secretary for approval only 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";

(vi) by redesignating clauses (xi) and (xiii), as so amended, as clauses (ix) and (x), respectively; and

(vii) in clause (ix), as so redesignated, by adding "and" at the end;

(C) by striking subparagraph (D); and

(D) by redesignating subparagraph (E) as subparagraph (D);

(2) by striking paragraphs (6) 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 (7) through (21) as paragraphs (6) through (20), and paragraphs (23) and (24) as paragraphs (21) and (22), respectively.

(f) INFORMATION.—Section 17(g) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(g)) 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 Child Nutrition Act of 1966 (42 U.S.C. 1786(h)) is amended—

(A) in paragraph (4)(E), by striking "and, on" and all that follows through "(d)(4)"; and

(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)".

(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 Child Nutrition Act of 1966 (42 U.S.C. 1786(h)(8)) that is in effect on the date of enactment of this subsection. 42 USC 1786 note.

(h) NATIONAL ADVISORY COUNCIL ON MATERNAL, INFANT, AND FETAL NUTRITION.—Section 17(k)(3) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(k)(3)) 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 Child Nutrition Act of 1966 (42 U.S.C. 1786) 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 Child Nutrition Act of 1966 (42 U.S.C. 1786), as amended by subsection (i), is 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.). Regulations.

"(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. 730. CASH GRANTS FOR NUTRITION EDUCATION.

Section 18 of the Child Nutrition Act of 1966 (42 U.S.C. 1787) is repealed.

SEC. 731. 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 Child Nutrition Act of 1966 (42 U.S.C. 1788(f)) 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 Child Nutrition Act of 1966 (42 U.S.C. 1788(g)(1)) 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 Child Nutrition Act of 1966 (42 U.S.C. 1788(h)) 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 Child Nutrition Act of 1966 (42 U.S.C. 1788(i)) is amended—

(1) in the first sentence of paragraph (2)(A), by striking "and each succeeding fiscal year";

(2) by redesignating paragraphs (3) and (4) as paragraphs (4) and (5), respectively; and

(3) by inserting after paragraph (2) the following:

"(3) FISCAL YEARS 1997 THROUGH 2002.—

"(A) IN GENERAL.—There are authorized to be appropriated to carry out this section $10,000,000 for each of fiscal years 1997 through 2002.

"(B) GRANTS.—

"(i) IN GENERAL.—Grants to each State from the amounts made available under subparagraph (A) shall be based on a rate of 50 cents for each child enrolled in schools or institutions 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 Child Nutrition Act of 1966 (42 U.S.C. 1788) is amended by striking subsection (j).

(g) EFFECTIVE DATE.—The amendments made by subsection (e) shall become effective on October 1, 1996. 42 USC 1788 note.

Subtitle C—Miscellaneous Provisions

SEC. 741. COORDINATION OF SCHOOL LUNCH, SCHOOL BREAKFAST, AND SUMMER FOOD SERVICE PROGRAMS. 42 USC 1751 note.

(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 (42 U.S.C. 1751 et seq.), the summer food service program under section 13 of that Act (42 U.S.C. 1761), and the school breakfast program under section 4 of the Child Nutrition Act of 1966 (42 U.S.C. 1773), 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).

SEC. 742. REQUIREMENTS RELATING TO PROVISION OF BENEFITS BASED ON CITIZENSHIP, ALIENAGE, OR IMMIGRATION STATUS UNDER THE NATIONAL SCHOOL LUNCH ACT, THE CHILD NUTRITION ACT OF 1966, AND CERTAIN OTHER ACTS. 8 USC 1615.

(a) SCHOOL LUNCH AND BREAKFAST PROGRAMS.—Notwithstanding any other provision of this Act, an individual who is eligible to receive free public education benefits under State or local law shall not be ineligible to receive benefits provided under the school lunch program under the National School Lunch Act (42 U.S.C. 1751 et seq.) or the school breakfast program under section 4 of the Child Nutrition Act of 1966 (42 U.S.C. 1773) on the basis of citizenship, alienage, or immigration status.

(b) OTHER PROGRAMS.—

(1) IN GENERAL.—Nothing in this Act shall prohibit or require a State to provide to an individual who is not a citizen or a qualified alien, as defined in section 431(b), benefits under programs established under the provisions of law described in paragraph (2).

(2) PROVISIONS OF LAW DESCRIBED.—The provisions of law described in this paragraph are the following:

(A) Programs (other than the school lunch program and the school breakfast program) under the National School Lunch Act (42 U.S.C. 1751 et seq.) and the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.).

(B) Section 4 of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note).

(C) The Emergency Food Assistance Act of 1983 (7 U.S.C 612c note).

(D) The food distribution program on Indian reservations established under section 4(b) of the Food Stamp Act of 1977 (7 U.S.C 2013(b)).

TITLE VIII—FOOD STAMPS AND COMMODITY DISTRIBUTION

Subtitle A—Food Stamp Program

SEC. 801. DEFINITION OF CERTIFICATION PERIOD.

Section 3(c) of the Food Stamp Act of 1977 (7 U.S.C. 2012(c)) is amended by striking "Except as provided" and all that follows and inserting the following: "The certification period shall not exceed 12 months, except that the certification period may be up to 24 months if all adult household members are elderly or disabled. A State agency shall have at least 1 contact with each certified household every 12 months.".

SEC. 802. DEFINITION OF COUPON.

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

SEC. 803. TREATMENT OF CHILDREN LIVING AT HOME.

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

SEC. 804. ADJUSTMENT OF 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. 805. DEFINITION OF HOMELESS INDIVIDUAL.

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

SEC. 806. STATE OPTION FOR ELIGIBILITY STANDARDS.

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

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

SEC. 807. EARNINGS OF STUDENTS.

Section 5(d)(7) of the Food Stamp Act of 1977 (7 U.S.C. 2014(d)(7)) is amended by striking "21" and inserting "17".

SEC. 808. 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) any payments or allowances made for the purpose of providing energy assistance under any Federal law (other than part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.)), or (B) 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.—Section 5(k) of the Food Stamp Act of 1977 (7 U.S.C. 2014(k)) is amended—

(1) in paragraph (1)—

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

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

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

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

(3) 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 State law (other than a law referred to in paragraph (2)(H)) 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 State law to provide energy assistance shall be considered an out-of-pocket expense incurred and paid by the household.".

SEC. 809. 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—

"(i) income excluded by subsection (d); or

"(ii) 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.—Under rules prescribed by the Secretary, 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. The State agency may make a household with extremely low shelter costs ineligible for the allowance.

"(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 on, or verification of, 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, in the 48 contiguous States and the District of Columbia, Alaska, Hawaii, Guam, and the Virgin Islands of the United States, the excess shelter expense deduction shall not exceed—

"(i) for the period beginning on the date of enactment of this subparagraph and ending on December 31, 1996, $247, $429, $353, $300, and $182 per month, respectively;

"(ii) for the period beginning on January 1, 1997, and ending on September 30, 1998, $250, $434, $357, $304, and $184 per month, respectively;

"(iii) for fiscal years 1999 and 2000, $275, $478, $393, $334, and $203 per month, respectively; and

"(iv) for fiscal year 2001 and each subsequent fiscal year, $300, $521, $429, $364, and $221 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 clause (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 Food Stamp Act of 1977 (7 U.S.C. 2020(e)(3)) is amended by striking ". Under rules prescribed" and all that follows through "verifies higher expenses".

SEC. 810. 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 through September 30, 1996, and $4,650 beginning October 1, 1996; 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. 811. 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. 812. SIMPLIFIED CALCULATION OF INCOME FOR THE SELF-EMPLOYED.

Section 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014), as amended by title I, is amended by adding at the end the following:

"(m) SIMPLIFIED CALCULATION OF INCOME FOR THE SELF-EMPLOYED.—

Regulations.

"(1) IN GENERAL.—Not later than 1 year after the date of enactment of this subsection, the Secretary shall establish a procedure by which a State may submit a method, designed to not increase Federal costs, for the approval of the Secretary, that the Secretary determines will produce a reasonable estimate of income excluded under subsection (d)(9) in lieu of calculating the actual cost of producing self-employment income.

"(2) INCLUSIVE OF ALL TYPES OF INCOME OR LIMITED TYPES OF INCOME.—The method submitted by a State under paragraph (1) may allow a State to estimate income for all types of self-employment income or may be limited to 1 or more types of self-employment income.

"(3) DIFFERENCES FOR DIFFERENT TYPES OF INCOME.—The method submitted by a State under paragraph (1) may differ for different types of self-employment income.".

SEC. 813. DOUBLED PENALTIES FOR VIOLATING FOOD STAMP PROGRAM REQUIREMENTS.

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

(1) in clause (i), by striking "six months" and inserting "1 year"; and

(2) in clause (ii), by striking "1 year" and inserting "2 years".

SEC. 814. DISQUALIFICATION OF CONVICTED INDIVIDUALS.

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

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

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

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

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

SEC. 815. DISQUALIFICATION.

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

"(d) CONDITIONS OF PARTICIPATION.—

"(1) WORK REQUIREMENTS.—

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

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

"(ii) refuses without good cause to participate in an employment and training program established 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 used 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 use a meaning, procedure, or determination under subclause (I) that is less restrictive on individuals receiving benefits under this Act 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 purposes 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 of the Food Stamp Act of 1977 (7 U.S.C. 2029) is amended by striking subsection (f) and inserting the following:

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

SEC. 816. CARETAKER EXEMPTION.

Section 6(d)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)(2)) is amended by adding at the end the following: "A State that requested a waiver to lower the age specified in subparagraph (B) and had the waiver denied by the Secretary as of August 1, 1996, may, for a period of not more than 3 years, lower the age of a dependent child that qualifies a parent or other member of a household for an exemption under subparagraph (B) to between 1 and 6 years of age.".

SEC. 817. 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) by striking "(4)(A) Not later than April 1, 1987, each" and inserting the following:

"(4) EMPLOYMENT AND TRAINING.—

"(A) IN GENERAL.—

"(i) IMPLEMENTATION.—Each";

(2) in subparagraph (A)—

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

(B) by adding at the end the following:

"(ii) STATEWIDE WORKFORCE DEVELOPMENT SYSTEM.—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 such a system.";

(3) 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;

(4) 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";

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

(6) in subparagraph (G)—

(A) by striking "(G)(i) The State" and inserting "(G) The State"; and

(B) by striking clause (ii);

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

(8) 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";

(9)(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 funds used to carry out 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

(10) in subparagraph (L), as so redesignated—

(A) by striking "(L)(i) The Secretary" and inserting "(L) The Secretary"; and

(B) by striking clause (ii).

(b) FUNDING.—Section 16(h) of the Food Stamp Act of 1977 (7 U.S.C. 2025(h)) is amended by striking "(h)(1)(A) The Secretary" and all that follows through the end of paragraph (1) and inserting the following:

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

"(1) IN GENERAL.—

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

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

"(ii) for fiscal year 1997, $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 train-

ing program shall receive not less than $50,000 for each fiscal year.".

(c) ADDITIONAL MATCHING FUNDS.—Section 16(h)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2025(h)(2)) is amended by inserting before the period at the end the following: ", including the costs for case management and casework to facilitate the transition from economic dependency to self-sufficiency through work".

(d) REPORTS.—Section 16(h) of the Food Stamp Act of 1977 (7 U.S.C. 2025(h)) is amended—

(1) in paragraph (5)—

(A) by striking "(5)(A) The Secretary" and inserting "(5) The Secretary"; and

(B) by striking subparagraph (B); and

(2) by striking paragraph (6).

SEC. 818. FOOD STAMP ELIGIBILITY.

The third sentence of section 6(f) of the Food Stamp Act of 1977 (7 U.S.C. 2015(f)) is amended by inserting ", at State option," after "less".

SEC. 819. 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 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. 820. 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 819, 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. 821. DISQUALIFICATION OF FLEEING FELONS.

Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015), as amended by section 820, 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. 822. COOPERATION WITH CHILD SUPPORT AGENCIES.

Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015), as amended by section 821, 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. Regulations.

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. 823. DISQUALIFICATION RELATING TO CHILD SUPPORT ARREARS.

Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015), as amended by section 822, is amended by adding at the end the following:

"(n) DISQUALIFICATION FOR CHILD SUPPORT ARREARS.—

"(1) IN GENERAL.—At the option of a 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. 824. WORK REQUIREMENT.

(a) IN GENERAL.—Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015), as amended by section 823, 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); and

"(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 subsection (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 36-month period, the individual received food stamp benefits for not less than 3 months (consecutive or otherwise) during which the individual did not—

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

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

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

"(D) receive benefits pursuant to paragraph (3), (4), or (5).

"(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 subsection (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) REGAINING ELIGIBILITY.—An individual denied eligibility under paragraph (2) shall regain eligibility to participate in the food stamp program 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 and complies with the requirements of a program under section 20 or a comparable program established by a State or political subdivision of a State.

"(B) MAINTAINING ELIGIBILITY.—An individual who regains eligibility under subparagraph (A) shall remain eligible as long as the individual meets the requirements of subparagraph (A), (B), or (C) of paragraph (2).

"(C) LOSS OF EMPLOYMENT.—

"(i) IN GENERAL.—An individual who regained eligibility under subparagraph (A) and who no longer meets the requirements of subparagraph (A), (B), or (C) of paragraph (2) shall remain eligible for a consecutive 3-month period, beginning on the date the individual first notifies the State agency that the individual no longer meets the requirements of subparagraph (A), (B), or (C) of paragraph (2).

"(ii) LIMITATION.—An individual shall not receive any benefits pursuant to clause (i) for more than a single 3-month period in any 36-month period.

"(6) OTHER PROGRAM RULES.—Nothing in this subsection shall make an individual eligible for benefits under this Act if the individual is not otherwise eligible for benefits under the other provisions of this Act.".

7 USC 2015 note.

(b) TRANSITION PROVISION.—The term "preceding 36-month period" in section 6(o) of the Food Stamp Act of 1977, as added by subsection (a), does not include, with respect to a State, any period before the earlier of—

(1) the date the State notifies recipients of food stamp benefits of the application of section 6(o); or

(2) the date that is 3 months after the date of enactment of this Act.

SEC. 825. ENCOURAGEMENT OF 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 "(i)(1)(A) Any State" and all that follows through the end of paragraph (1) and inserting the following:

"(i) ELECTRONIC BENEFIT TRANSFERS.—

"(1) IN GENERAL.—

"(A) IMPLEMENTATION.—Not later than October 1, 2002, each State agency shall implement an electronic benefit transfer system under which household benefits determined under section 8(a) or 26 are issued from and stored in a central databank, unless the Secretary provides a waiver for a State agency that faces unusual barriers to implementing an electronic benefit transfer system.

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

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

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

"(i) commercial electronic funds transfer technology;

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

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

(2) in paragraph (2)—

(A) by striking "effective no later than April 1, 1992,";

(B) in subparagraph (A)—

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

(ii) by striking "on-line";

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

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

"(ii) effective not later than 2 years after the date of enactment 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;"; Effective date.

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

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

(F) by adding at the end the following:

"(I) procurement standards."; and

(3) by adding at the end the following:

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

"(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) APPLICABLE LAW.—Disclosures, protections, responsibilities, and remedies established by the Federal Reserve Board under section 904 of the Electronic Fund Transfer Act (15 U.S.C. 1693b) shall not apply to benefits under this Act delivered through any electronic benefit transfer system.

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

"(A) DEFINITIONS.—In this paragraph:

"(i) AFFILIATE.—The term 'affiliate' has the meaning provided the term in section 2(k) of the Bank Holding Company Act of 1956 (12 U.S.C. 1841(k)).

"(ii) COMPANY.—The term 'company' has the meaning provided the term in section 106(a) of the Bank Holding Company Act Amendments of 1970 (12 U.S.C. 1971), but shall not include a bank, a 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, if 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 credit or debit card services, automated teller machines, point-of-sale terminals, or access to on-line systems.

"(B) RESTRICTIONS.—A company may not sell or provide electronic benefit transfer services, or fix or vary the consideration for electronic benefit transfer services, on the condition or requirement that the customer—

"(i) obtain some additional point-of-sale service from the company or an 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.

"(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. 826. 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. 827. 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. 828. 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. 829. 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. 830. 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. 831. 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. 832. 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. 833. 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. 834. 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. 835. OPERATION OF FOOD STAMP OFFICES.

Section 11 of the Food Stamp Act of 1977 (7 U.S.C. 2020), as amended by sections 809(b) and 819(b), is amended—

(1) in subsection (e)—

(A) by striking paragraph (2) and inserting the following:

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

"(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;";

(B) in paragraph (3)—

(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 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.—Except in a case of disqualification as a penalty for failure to comply with a public assistance program rule or regulation, no".

SEC. 836. 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. 837. 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. 838. 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), by striking "five days" and inserting "7 days";

(2) by striking subparagraph (B);

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

(4) in subparagraph (B), as redesignated by paragraph (3), by striking "five days" and inserting "7 days"; and

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

SEC. 839. 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". Notice.

SEC. 840. 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 835(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. 841. 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 a violation and the suspension or disqualification of a retail food store or wholesale food concern on the basis of evidence that may Regulations.

include facts established through on-site investigations, inconsistent redemption data, or evidence obtained through a transaction report under an electronic benefit transfer system.".

SEC. 842. 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. 843. 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.—

Regulations.

"(1) IN GENERAL.—The Secretary shall issue regulations providing criteria for the disqualification under this Act of an approved retail food store or 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. 844. 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)(C) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(8)(C)) 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.—The proviso of the first sentence of 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 "section 13(b)(2) which arise" and inserting "35 percent of the value of all funds or allotments recovered or collected pursuant to sections 6(b) and 13(c) and 20 percent of the value of any other funds or allotments recovered or collected, except the value of funds or allotments recovered or collected that arise".

SEC. 845. 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

Effective date.

judicial review, the Secretary shall not be liable for the value of any sales lost during the disqualification period.".

SEC. 846. 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 Food Stamp Act of 1977 (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 section, 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. 847. LIMITATION ON 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. 848. 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 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. 849. WORK SUPPLEMENTATION OR SUPPORT PROGRAM.

Section 16 of the Food Stamp Act of 1977 (7 U.S.C. 2025), as amended by section 848(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. 850. 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) in the first sentence, 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—

"(I) 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; and

"(II) the project includes an evaluation to determine the effects of the project.

"(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; or

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

"(iii) RESTRICTIONS ON PERMISSIBLE PROJECTS.—If the Secretary finds that a project under subparagraph (A) would reduce benefits by more than 20 percent for more than 5 percent of households in the area subject to the project (not including any household whose benefits are reduced due to a failure to comply with work or other conduct requirements), the project—

"(I) may not include more than 15 percent of the State's food stamp households; and

"(II) shall continue for not more than 5 years after the date of implementation, unless the Secretary approves an extension requested by the State agency at any time.

"(iv) 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) has the effect of substantially transferring funds made available under this Act to services or benefits provided primarily through another public assistance program, or using the funds for any purpose other than the purchase of food, program administration, or an employment or training program;

"(III) is inconsistent with—

"(aa) the last 2 sentences of section 3(i);

"(bb) the last sentence of section 5(a), insofar as a waiver denies assistance to an otherwise eligible household or individual if the household or individual has not failed to comply with any work, behavioral, or other conduct requirement under this or another program;

"(cc) section 5(c)(2);

"(dd) paragraph (2)(B), (4)(F)(i), or (4)(K) of section 6(d);

"(ee) section 8(b);

"(ff) section 11(e)(2)(B);

"(gg) the time standard under section 11(e)(3);

"(hh) subsection (a), (c), (g), (h)(2), or (h)(3) of section 16;

"(ii) this paragraph; or

"(jj) subsection (a)(1) or (g)(1) of section 20;

"(IV) modifies the operation of section 5 so as to have the effect of—

"(aa) increasing the shelter deduction to households with no out-of-pocket housing costs or housing costs that consume a low percentage of the household's income; or

"(bb) absolving a State from acting with reasonable promptness on substantial reported changes in income or household size (except that this subclause shall not apply with regard to changes related to food stamp deductions);

"(V) is not limited to a specific time period; or

"(VI) waives a provision of section 26.

"(v) ADDITIONAL INCLUDED PROJECTS.—A pilot or experimental project may include";

(B) by striking "to aid to families with dependent children under part A of title IV of the Social Security Act" and inserting "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

(C) by striking "coupons. The Secretary" and all that follows through "Any pilot" and inserting the following: "coupons.

"(vi) CASH PAYMENT PILOT PROJECTS.—Any pilot".

SEC. 851. 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 850, 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 describes any modification needed for approval of the waiver request;

"(III) denies the waiver request and describes 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. 852. 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 in the State 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 participating in the

program in the State 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 during 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 participating in the program in the State under this subsection to compensate for any State or local sales tax that may be collected on purchases of food by the household, 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. 853. 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. 854. 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:

7 USC 2035.

"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 no 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.) may not participate in the Program;

"(2) 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;

"(3) if approved by the Secretary, a household in which 1 or more members but not 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.) may be eligible to participate in the Program; and

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

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

"(B) the food stamp program; or

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

"(d) APPROVAL OF PROGRAM.—

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

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

"(A) 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.—

"(A) IN GENERAL.—The Secretary shall determine whether a Program being carried out by a State agency is increasing Federal costs under this Act.

"(B) NO EXCLUDED HOUSEHOLDS.—In making a determination under subparagraph (A), the Secretary shall not require the State agency to collect or report any information on households not included in the Program.

"(C) ALTERNATIVE ACCOUNTING PERIODS.—The Secretary may approve the request of a State agency to apply

alternative accounting periods to determine if Federal costs do not exceed the Federal costs had the State agency not elected to carry out the Program.

"(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 Food Stamp Act of 1977 (7 U.S.C. 2020(e)), as amended by sections 819(b) and 835, 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 Food Stamp Act of 1977 (7 U.S.C. 2017), as amended by section 830, is amended—

(A) by striking subsection (e); and

(B) by redesignating subsection (f) as subsection (e).

(2) Section 17 of the Food Stamp Act of 1977 (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.

7 USC 2026 note.

SEC. 855. STUDY OF THE USE OF FOOD STAMPS TO PURCHASE VITAMINS AND MINERALS.

(a) IN GENERAL.—The Secretary of Agriculture, in consultation with the National Academy of Sciences and the Center for Disease Control and Prevention, shall conduct a study on the use of food stamps provided under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.) to purchase vitamins and minerals.

(b) ANALYSIS.—The study shall include—

(1) an analysis of scientific findings on the efficacy of and need for vitamins and minerals, including—

(A) the adequacy of vitamin and mineral intakes in low-income populations, as shown by research and surveys conducted prior to the study; and

(B) the potential value of nutritional supplements in filling nutrient gaps that may exist in the United States population as a whole or in vulnerable subgroups in the population;

(2) the impact of nutritional improvements (including vitamin or mineral supplementation) on the health status and health care costs of women of childbearing age, pregnant or lactating women, and the elderly;

(3) the cost of commercially available vitamin and mineral supplements;

(4) the purchasing habits of low-income populations with regard to vitamins and minerals;

(5) the impact of using food stamps to purchase vitamins and minerals on the food purchases of low-income households; and

(6) the economic impact on the production of agricultural commodities of using food stamps to purchase vitamins and minerals.

(c) REPORT.—Not later than December 15, 1998, the Secretary shall report the results of the study to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

SEC. 856. 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 252 of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 902).

Subtitle B—Commodity Distribution Programs

SEC. 871. 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 during 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 that—

"(A) 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) has been designated by the appropriate State agency, or by the Secretary; and

"(C) 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 meaning provided 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 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 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) 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 entities in the State, both public and private, interested in the distribution of commodities received under this Act.".

(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) 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 States 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 Emergency Food Assistance Act of 1983 (Public Law 98–8; 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 Emergency Food Assistance Act of 1983 (Public Law 98–8; 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 section 854(a), is amended by adding at the end the following:

7 USC 2036.

"SEC. 27. AVAILABILITY OF COMMODITIES FOR THE EMERGENCY FOOD ASSISTANCE PROGRAM.

"(a) PURCHASE OF COMMODITIES.—From amounts made available to carry out this Act, for each of fiscal years 1997 through 2002, the Secretary shall purchase $100,000,000 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.".

7 USC 612c note.

(h) EFFECTIVE DATE.—The amendments made by subsection (d) shall become effective on October 1, 1996.

SEC. 872. 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. 873. 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. 874. 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. 891. 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 that" and inserting "(d) APPLICABILITY TO SERVICE PROVIDERS OTHER THAN CERTAIN FINANCIAL INSTITUTIONS.—

"(1) IN GENERAL.—If"; and

(2) by adding at the end the following:

"(2) STATE AND LOCAL GOVERNMENT ELECTRONIC BENEFIT TRANSFER SYSTEMS.—

"(A) DEFINITION OF ELECTRONIC BENEFIT TRANSFER SYSTEM.—In this paragraph, the term 'electronic benefit transfer system'—

"(i) means a system under which a government agency distributes needs-tested benefits by establishing accounts that may 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 a Federal, State, or local government agency.

"(B) 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 system established under State or local law or administered by a State or local government.

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

"(D) RULE OF CONSTRUCTION.—No provision of this paragraph—

"(i) affects or alters the protections otherwise applicable with respect to benefits established by any other provision Federal, State, or local law; or

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

TITLE IX—MISCELLANEOUS

SEC. 901. APPROPRIATION BY STATE LEGISLATURES. 42 USC 601 note.

(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) The Child Care and Development Block Grant Act of 1990 (relating to block grants for child care).

SEC. 902. SANCTIONING FOR TESTING POSITIVE FOR CONTROLLED SUBSTANCES. 21 USC 862b.

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. 903. 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—

42 USC 1437d.

(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

42 USC 1437f.

(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.) is amended by adding at the end the following:

42 USC 1437z.

"SEC. 27. 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. 904. 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 non-custodial parent to the custodial parent, regardless of the employment status or location of the non-custodial parent; and

(b) States are encouraged to pursue pilot programs in which the parents of a non-adult, non-custodial parent who refuses to or is unable to pay child support must—

(1) pay or contribute to the child support owed by the non-custodial 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. 905. ESTABLISHING NATIONAL GOALS TO PREVENT TEENAGE PREGNANCIES. 42 USC 710 note.

(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. 906. SENSE OF THE SENATE REGARDING ENFORCEMENT OF STATUTORY RAPE LAWS. 42 USC 14016.

(a) SENSE OF THE SENATE.—It is the sense of the Senate that States and local jurisdictions should aggressively enforce statutory rape laws.

(b) JUSTICE DEPARTMENT PROGRAM ON STATUTORY RAPE.—Not later than January 1, 1997, the Attorney General shall establish and implement a program that— Establishment.

(1) studies the linkage between statutory rape and teenage pregnancy, particularly by predatory older men committing repeat offenses; and

(2) educates State and local criminal law enforcement officials on the prevention and prosecution of statutory rape, focusing in particular on the commission of statutory rape by predatory older men committing repeat offenses, and any links to teenage pregnancy.

(c) VIOLENCE AGAINST WOMEN INITIATIVE.—The Attorney General shall ensure that the Department of Justice's Violence Against Women initiative addresses the issue of statutory rape, particularly the commission of statutory rape by predatory older men committing repeat offenses.

SEC. 907. 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.".

SEC. 908. REDUCTION OF BLOCK GRANTS TO STATES FOR SOCIAL SERVICES; USE OF VOUCHERS.

(a) REDUCTION OF GRANTS.—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) $2,381,000,000 for the fiscal year 1996;

"(7) $2,380,000,000 for each of the fiscal years 1997 through 2002; and

"(8) $2,800,000,000 for the fiscal year 2003 and each succeeding fiscal year.".

(b) AUTHORITY TO USE VOUCHERS.—Section 2002 of such Act (42 U.S.C. 1937a) is amended by adding at the end the following: 42 USC 1397a.

"(f) A State may use funds provided under this title to provide vouchers, for services directed at the goals set forth in section 2001, to families, including—

"(1) families who have become ineligible for assistance under a State program funded under part A of title IV by reason of a durational limit on the provision of such assistance; and

"(2) families denied cash assistance under the State program funded under part A of title IV for a child who is born to a member of the family who is—

"(A) a recipient of assistance under the program; or

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

SEC. 909. RULES RELATING TO DENIAL OF EARNED INCOME CREDIT ON BASIS OF DISQUALIFIED INCOME.

(a) REDUCTION IN DISQUALIFIED INCOME THRESHOLD.—

(1) IN GENERAL.—Paragraph (1) of section 32(i) 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.—Subsection (j) of section 32 of such Code is amended to read as follows:

"(j) INFLATION ADJUSTMENTS.—

"(1) IN GENERAL.—In the case of any taxable year beginning after 1996, each of the dollar amounts in subsections (b)(2) and (i)(1) 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, determined by substituting 'calendar year 1995' for 'calendar year 1992' in subparagraph (B) thereof.

"(2) ROUNDING.—

"(A) IN GENERAL.—If any dollar amount in subsection (b)(2), after being increased under paragraph (1), is not a multiple of $10, such dollar amount shall be rounded to the nearest multiple of $10.

"(B) DISQUALIFIED INCOME THRESHOLD AMOUNT.—If the dollar amount in subsection (i)(1), after being increased under paragraph (1), is not a multiple of $50, such amount shall be rounded to the next lowest multiple of $50.".

(3) CONFORMING AMENDMENT.—Paragraph (2) of section 32(b) of such Code is amended to read as follows:

"(2) AMOUNTS.—The earned income amount and the phaseout amount shall be determined as follows:

In the case of an eligible individual with:	The earned income amount is:	The phaseout amount is:
1 qualifying child	$6,330	$11,610
2 or more qualifying children.	$8,890	$11,610
No qualifying children	$4,220	$ 5,280".

(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.".

26 USC 32 note.

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years beginning after December 31, 1995.

(2) ADVANCE PAYMENT INDIVIDUALS.—In the case of any individual who on or before June 26, 1996, has in effect an earned income eligibility certificate for the individual's taxable year beginning in 1996, the amendments made by this section shall apply to taxable years beginning after December 31, 1996.

SEC. 910. MODIFICATION OF ADJUSTED GROSS INCOME DEFINITION FOR EARNED INCOME CREDIT.

(a) IN GENERAL.—Subsections (a)(2)(B), (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" each place it appears and inserting "modified adjusted gross income".

(b) MODIFIED ADJUSTED GROSS INCOME DEFINED.—Section 32(c) of such Code (relating to definitions and special rules) is amended by adding at the end the following new paragraph:

"(5) MODIFIED ADJUSTED GROSS INCOME.—

"(A) IN GENERAL.—The term 'modified adjusted gross income' means adjusted gross income determined without regard to the amounts described in subparagraph (B).

"(B) CERTAIN AMOUNTS DISREGARDED.—An amount is described in this subparagraph if it is—

"(i) the amount of losses from sales or exchanges of capital assets in excess of gains from such sales

or exchanges to the extent such amount does not exceed the amount under section 1211(b)(1),

"(ii) the net loss from estates and trusts,

"(iii) the excess (if any) of amounts described in subsection (i)(2)(C)(ii) over the amounts described in subsection (i)(2)(C)(i) (relating to nonbusiness rents and royalties), and

"(iv) 50 percent of the net loss from the carrying on of trades or businesses, computed separately with respect to—

"(I) trades or businesses (other than farming) conducted as sole proprietorships,

"(II) trades or businesses of farming conducted as sole proprietorships, and

"(III) other trades or businesses.

For purposes of clause (iv), there shall not be taken into account items which are attributable to a trade or business which consists of the performance of services by the taxpayer as an employee.".

(c) EFFECTIVE DATES.— 26 USC 32 note.

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years beginning after December 31, 1995.

(2) ADVANCE PAYMENT INDIVIDUALS.—In the case of any individual who on or before June 26, 1996, has in effect an earned income eligibility certificate for the individual's taxable year beginning in 1996, the amendments made by this section shall apply to taxable years beginning after December 31, 1996.

SEC. 911. FRAUD UNDER MEANS-TESTED WELFARE AND PUBLIC ASSISTANCE PROGRAMS. 42 USC 608a.

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

SEC. 912. ABSTINENCE EDUCATION.

Title V of the Social Security Act (42 U.S.C. 701 et seq.) is amended by adding at the end the following section:

"SEPARATE PROGRAM FOR ABSTINENCE EDUCATION

"SEC. 510. (a) For the purpose described in subsection (b), the Secretary shall, for fiscal year 1998 and each subsequent fiscal 42 USC 710.

year, allot to each State which has transmitted an application for the fiscal year under section 505(a) an amount equal to the product of—

"(1) the amount appropriated in subsection (d) for the fiscal year; and

"(2) the percentage determined for the State under section 502(c)(1)(B)(ii).

"(b)(1) The purpose of an allotment under subsection (a) to a State is to enable the State 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.

"(2) For purposes of this section, 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.

"(c)(1) Sections 503, 507, and 508 apply to allotments under subsection (a) to the same extent and in the same manner as such sections apply to allotments under section 502(c).

"(2) Sections 505 and 506 apply to allotments under subsection (a) to the extent determined by the Secretary to be appropriate.

Appropriation authorization.

"(d) For the purpose of allotments under subsection (a), there is appropriated, out of any money in the Treasury not otherwise appropriated, an additional $50,000,000 for each of the fiscal years 1998 through 2002. The appropriation under the preceding sentence for a fiscal year is made on October 1 of the fiscal year.".

Effective date.

Effective date.

SEC. 913. CHANGE IN REFERENCE.

Effective January 1, 1997, the third sentence of section 1902(a) and section 1908(e)(1) of the Social Security Act (42 U.S.C. 1396a(a), 1396g–1(e)(1)) are each amended by striking "The First Church of Christ, Scientist, Boston, Massachusetts" and inserting "The

Commission for Accreditation of Christian Science Nursing Organizations/Facilities, Inc." each place it appears.

Approved August 22, 1996.

LEGISLATIVE HISTORY—H.R. 3734 (S. 1956):

HOUSE REPORTS: Nos. 104–651 (Comm. on the Budget) and 104–725 (Comm. of Conference).

CONGRESSIONAL RECORD, Vol. 142 (1996):

July 17, 18, considered and passed House.

July 18, 19, 22, 23, considered and passed Senate, amended, in lieu of S. 1956.

July 31, House agreed to conference report.

Aug. 1, Senate agreed to conference report.

WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 32 (1996):

Aug. 22, Presidential remarks and statement.

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THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release August 22, 1996

STATEMENT BY THE PRESIDENT

Today, I have signed into law H.R. 3734, the "Personal Responsibility and Work Opportunity Reconciliation Act of 1996." While far from perfect, this legislation provides an historic opportunity to end welfare as we know it and transform our broken welfare system by promoting the fundamental values of work, responsibility, and family.

This Act honors my basic principles of real welfare reform. It requires work of welfare recipients, limits the time they can stay on welfare, and provides child care and health care to help them make the move from welfare to work. It demands personal responsibility, and puts in place tough child support enforcement measures. It promotes family and protects children.

This bipartisan legislation is significantly better than the bills that I vetoed. The Congress has removed many of the worst provisions of the vetoed bills and has included many of the improvements that I sought. I am especially pleased that the Congress has preserved the guarantee of health care for the poor, the elderly, and the disabled.

Most important, this Act is tough on work. Not only does it include firm but fair work requirements, it provides $4 billion more in child care than the vetoed bills -- so that parents can end their dependency on welfare and go to work -- and maintains health and safety standards for day care providers. The bill also gives States positive incentives to move people into jobs and holds them accountable for maintaining spending on welfare reform. In addition, it gives States the ability to create subsidized jobs and to provide employers with incentives to hire people off welfare.

The Act also does much more to protect children than the vetoed bills. It cuts spending on childhood disability programs less deeply and does not unwisely change the child protection programs. It maintains the national nutritional safety net, by eliminating the Food Stamp annual spending cap and the Food Stamp and School Lunch block grants that the vetoed bills contained. In addition, it preserves the Federal guarantee of health care for individuals who are currently eligible for Medicaid through the AFDC program or are in transition from welfare to work.

Furthermore, this Act includes the tough personal responsibility and child support enforcement measures that I proposed 2 years ago. It requires minor mothers to live at home and stay in school as a condition of assistance. It cracks down on parents who fail to pay child support by garnishing their wages, suspending their driver?s licenses, tracking them across State lines, and, if necessary, making them work off what they owe.

For these reasons, I am proud to have signed this legislation. The current welfare system is fundamentally broken, and this may be our last best chance to set it straight. I am doing so, however, with strong objections to certain provisions, which I am determined to correct.

First, while the Act preserves the national nutritional safety net, its cuts to the Food Stamp program are too deep. Among other things, the Act reinstates a maximum on the amount that can be deducted for shelter costs when determining a household's eligibility for Food Stamps. This provision will dispropor-tionately affect low-income families with children and high housing costs.

Second, I am deeply disappointed that this legislation would deny Federal assistance to legal immigrants and their children, and give States the option of doing the same. My Administration supports holding sponsors who bring immigrants into this country more responsible for their well-being. Legal immigrants and their children, however, should not be penalized if they become disabled and require medical assistance through no fault of their own. Neither should they be deprived of food stamp assistance without proper procedures or due regard for individual circumstances. Therefore, I will direct the Immigration and Naturalization Service to accelerate its unprecedented progress in removing all bureaucratic obstacles that stand in the way of citizenship for legal immigrants who are eligible. In addition, I will take any possible executive actions to avoid inaccurate or inequitable decisions to cut off food stamp benefits -- for example, to a legal immigrant who has performed military service for this country or to one who has applied for and satisfied all the requirements of citizenship, but is awaiting governmental approval of his or her application.

In addition to placing an undue hardship on affected individuals, denial of Federal assistance to legal immigrants will shift costs to States, localities, hospitals, and medical clinics that serve large immigrant populations. Furthermore, States electing to deny these individuals assistance could be faced with serious constitutional challenges and protracted legal battles.

I have concerns about other provisions of this legislation as well. It fails to provide sufficient contingency funding for States that experience a serious economic downturn, and it fails to provide Food Stamp support to childless adults who want to work, but cannot find a job or are not given the opportunity to participate in a work program. In addition, we must work to ensure that States provide in-kind vouchers to children whose parents reach the 5-year Federal time limit without finding work.

This Act gives States the responsibility that they have sought to reform the welfare system. This is a profound responsibility, and States must face it squarely. We will hold them accountable, insisting that they fulfill their duty to move people from welfare to work and to do right by our most vulnerable citizens, including children and battered women. I challenge each State to take advantage of its new flexibility to use money formerly available for welfare checks to encourage the private sector to provide jobs.

The best antipoverty program is still a job. Combined with the newly increased minimum wage and the Earned Income Tax Credit -- which this legislation maintains -- H.R. 3734 will make work pay for more Americans.

I am determined to work with the Congress in a bipartisan effort to correct the provisions of this legislation that go too far and have nothing to do with welfare reform. But, on balance, this bill is a real step forward for our country, for our values, and for people on welfare. It should represent not simply the ending of a system that too often hurts those it is supposed to help, but the beginning of a new era in which welfare will become what it was meant to be: a second chance, not a way of life. It is now up to all of us -- States and cities, the Federal Government, businesses and ordinary citizens -- to work together to make the promise of this new day real.

WILLIAM J. CLINTON

THE WHITE HOUSE,
August 22, 1996.

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THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release August 22, 1996

REMARKS BY THE PRESIDENT AT THE SIGNING OF THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT

The Rose Garden

11:15 A.M. EDT

THE PRESIDENT: Thank you very much. Thank you very much. Lillie, thank you. Thank you, Mr. Vice President, to the members of the Cabinet. All of the members of Congress who are here, thank you very much.

I'd like to say to Congressman Castle, I'm especially glad to see you here, because eight years ago about this time when you were the Governor of Delaware and Governor Carper was the Congressman from Delaware, you and I were together at a signing like this.

Thank you, Senator Long, for coming here. Thank you, Governors Romer, Carper, Miller and Caperton.

I'd also like to thank Penelope Howard and Janet Ferrel for coming here. They, too, have worked their way from welfare to independence and we're honored to have them here. I'd like to thank all of the people who worked on this bill who have been introduced from our staff and Cabinet, but I'd also like to especially thank Bruce Reed, who did a lot to do with working on the final compromises of this bill; I thank him.

Lillie Harden was up there talking, and I want to tell you how she happens to be here today. Ten years ago, Governor Castle and I were asked to cochair a Governors Task Force on Welfare Reform, and we were asked together on it, and when we met at Hilton Head in South Carolina, we had a little panel. And 41 governors showed up to listen to people who were on welfare from several states.

So I asked Carol Rasco to find me somebody from our state who had been in one of our welfare reform programs and had gone to work. She found Lillie Harden and Lillie showed up at the program. And I was conducting this meeting and I committed a mistake that they always tell lawyers never to do: never ask a question you do not know the answer to. (Laughter.)

But she was doing so well talking about it, as you saw how well-spoken she was today -- and I said, "Lillie, what's the best thing about being off welfare?" And she looked me straight in the eye and said, "When my boy goes to school and they say what does your mama do

for a living, he can give an answer." I have never forgotten that. (Applause.) And when I saw the success of all of her children and the success that she's had in the past 10 years, I can tell you, you've had a bigger impact on me than I've had on you. And I thank you for the power of your example, for your family's. And for all of America, thank you very much. (Applause.)

What we are trying to do today is to overcome the flaws of the welfare system for the people who are trapped on it. We all know that the typical family on welfare today is very different from the one that welfare was designed to deal with 60 years ago. We all know that there are a lot of good people on welfare who just get off of it in the ordinary course of business, but that a significant number of people are trapped on welfare for a very long time, exiling them from the entire community of work that gives structure to our lives.

Nearly 30 years ago, Robert Kennedy said, "Work is the meaning of what this country is all about. We need it as individuals, we need to sense it in our fellow citizens, and we need it as a society and as a people." He was right then, and it's right now.

From now on, our nation's answer to this great social challenge will no longer be a never-ending cycle of welfare, it will be the dignity, the power and the ethic of work. Today, we are taking an historic chance to make welfare what it was meant to be: a second chance, not a way of life.

The bill I'm about to sign, as I have said many times, is far from perfect, but it has come a very long way. Congress sent me two previous bills that I strongly believe failed to protect our children and did too little to move people from welfare to work. I vetoed both of them. This bill had broad bipartisan support and is much, much better on both counts.

The new bill restores America's basic bargain of providing opportunity and demanding in return responsibility. It provides $14 billion for child care, $4 billion more than the present law does. It is good because without the assurance of child care it's all but impossible for a mother with young children to go to work. It requires states to maintain their own spending on welfare reform and gives them powerful performance incentives to place more people on welfare in jobs. It gives states the capacity to create jobs by taking money now used for welfare checks and giving it to employers as subsidies as incentives to hire people. This bill will help people to go to work so they can stop drawing a welfare check and start drawing a paycheck.

It's also better for children. It preserves the national safety net of food stamps and school lunches. It drops the deep cuts and the devastating changes in child protection, adoption, and help for disabled children. It preserves the national guarantee of health care for poor children, the disabled, the elderly, and people on welfare -- the most important preservation of all.

It includes the tough child support enforcement measures that, as far as I know, every member of Congress and everybody in the administration and every thinking person in the country has supported for more than two years.

It's the most sweeping crackdown on deadbeat parents in history. We have succeeded in increasing child support collection 40 percent, but over a third of the cases where there's delinquencies, involve who cross state lines. For a lot of women and children, the only reason they're on welfare today -- the only reason -- is that the father up and walked away when he could have made a contribution to the

welfare of the children. That is wrong. If every parent paid the child support that he or she owes legally today, we could move 800,000 women and children off welfare immediately.

With this bill we say, if you don't pay the child support you owe we'll garnish your wages, take away your driver's license, track you across state lines; if necessary, make you work off what you pay -- what you owe. It is a good thing and it will help dramatically to reduce welfare, increase independence, and reenforce parental responsibility. (Applause.)

As the Vice President said, we strongly disagree with a couple of provisions of this bill. We believe that the nutritional cuts are too deep, especially as they affect low-income working people and children. We should not be punishing people who are working for a living already; we should do everything we can to lift them up and keep them at work and help them to support their children. We also believe that the congressional leadership insisted in cuts in programs for legal immigrants that are far too deep.

These cuts, however, have nothing to do with the fundamental purpose of welfare reform. I signed this bill because this is an historic chance -- where Republicans and Democrats got together and said, we're going to take this historic chance to try to recreate the nation's social bargain with the poor. We're going to try to change the parameters of the debate. We're going to make it all new again and see if we can't create a system of incentives which reenforce work and family and independence.

We can change what is wrong. We should not have passed this historic opportunity to do what is right. And so I want to ask all of you, without regard to party, to think through the implications of these other non-welfare issues on the American people and let's work together in good spirits and good faith to remedy what is wrong. We can balance the budget without these cuts, but let's not obscure the fundamental purpose of the welfare provisions of this legislation which are good and solid, and which can give us at least the chance to end the terrible, almost physical isolation of huge numbers of poor people and their children from the rest of mainstream America. We have to do that. (Applause.)

Let me also say that there's something really good about this legislation. When I sign it we all have to start again. And this becomes everybody's responsibility. After I sign my name to this bill, welfare will no longer be a political issue. The two parties cannot attack each other over it. Politicians cannot attack poor people over it. There are no encrusted habits, systems and failures that can be laid at the foot of someone else. We have to begin again. This is not the end of welfare reform, this is the beginning. And we have to all assume responsibility. (Applause.)

Now that we are saying with this bill we expect work, we have to make sure the people have a chance to go to work. If we really value work, everybody in this society -- businesses, non-profits, religious institutions, individuals, those in government -- all have a responsibility to make sure the jobs are there.

These three women have great stories. Almost everybody on welfare would like to have a story like that. And the rest of us now have a responsibility to give them that story. We cannot blame the system for the jobs they don't have anymore. If it doesn't work now, it's everybody's fault -- mine, yours, and everybody else. There is no longer a system in the way. (Applause.)

I've worked hard over the past four years to create jobs and to steer investment into places where there are large numbers of people on welfare because there's been no economic recovery. That's what the empowerment zone program was all about. That's what the community development bank initiative was all about. That's what our urban Brownfield cleanup initiative was all about -- trying to give people the means to make a living in areas that had been left behind.

I think we have to do more here in Washington to do that, and I'll have more to say about that later. But let me say again, we have to build a new work and family system. And this is everybody's responsibility now. The people on welfare are people just like these three people we honor here today and their families. They are human beings. And we owe it to all of them to give them a chance to come back.

I talked the other day when the Vice President and I went down to Tennessee and we were working with Congressman Tanner's district, we were working on a church that had burned. And there was a pastor there from a church in North Carolina that brought a group of his people in to work. And he started asking me about welfare reform, and I started telling him about it. And I said, "You know what you ought to do? You ought to go tell Governor Hunt that you would hire somebody on welfare to work in your church if he would give you the welfare check as a wage supplement, you'd double their pay and you'd keep them employed for a year or so and see if you couldn't train them and help their families and see if their kids were all right." I said, "Would you do that?" He said, "In a heartbeat."

I think there are people all over America like that. (Applause.) I think there are people all over America like that. That's what I want all of you to be thinking about today -- what are we going to do now? This is not over, this is just beginning. The Congress deserves our thanks for creating a new reality, but we have to fill in the blanks. The governors asked for this responsibility; now they've got to live up to it. There are mayors that have responsibilities, county officials that have responsibilities. Every employer in this country that ever made a disparaging remark about the welfare system needs to think about whether he or she should now hire somebody from welfare and go to work. Go to the state and say, okay, you give me the check, I'll use it as an income supplement, I'll train these people, I'll help them to start their lives and we'll go forward from here.

Every single person needs to be thinking -- every person in America tonight who sees a report of this who has ever said a disparaging word about the welfare system should now say, "Okay, that's gone. What is my responsibility to make it better?" (Applause.)

Two days ago we signed a bill increasing the minimum wage here and making it easier for people in small businesses to get and keep pensions. Yesterday we signed the Kassebaum-Kennedy bill which makes health care more available to up to 25 million Americans, many of them in lower-income jobs where they're more vulnerable.

The bill I'm signing today preserves the increases in the earned income tax credit for working families. It is now clearly better to go to work than to stay on welfare -- clearly better. Because of actions taken by the Congress in this session, it is clearly better. And what we have to do now is to make that work a reality.

I've said this many times, but, you know, most American families find that the greatest challenge of their lives is how to do a good job raising their kids and do a good job at work. Trying to

balance work and family is the challenge that most Americans in the workplace face. Thankfully, that's the challenge Lillie Harden's had to face for the last 10 years. That's just what we want for everybody. We want at least the chance to strike the right balance for everybody.

Today, we are ending welfare as we know it. But I hope this day will be remembered not for what it ended, but for what it began -- a new day that offers hope, honors responsibility, rewards work, and changes the terms of the debate so that no one in America ever feels again the need to criticize people who are poor on welfare, but instead feels the responsibility to reach out to men and women and children who are isolated, who need opportunity, and who are willing to assume responsibility, and give them to opportunity and the terms of responsibility. (Applause.)

Now, I'd like to ask Penelope Howard, Janet Ferrel, Lillie Harden, the governors and the members of Congress from both parties who are here to come up and join me as I sign the welfare reform bill.

Q Mr. President, before you sign the bill, can you tell us whether you think it's right to regulate tobacco or nicotine as a drug?

THE PRESIDENT: You know, Wolf, under the law, I have to wait until the OMB makes a recommendation to me. I think we have to anticipate things. I can't say more than that right now.

(The bill is signed.)

Q Mr. President, some of your core constituencies are furious with you for signing this bill. What do you say to them?

THE PRESIDENT: Just what I said up there. We saved medical care. We saved food stamps. We saved child care. We saved the aid to disabled children. We saved the school lunch program. We saved the framework of support. What we did was to tell the state, now you have to create a system to give everyone a chance to go to work who is able-bodied, give everyone a chance to be independent. And we did -- that is the right thing to do.

And now, welfare is no longer a political football to be kicked around. It's a personal responsibility of every American who ever criticized the welfare system to help the poor people now to move from welfare to work. That's what I say.

This is going to be a good thing for the country. We're going to monitor it and we're going to fix whatever is wrong with it.

Q What guarantees are there that these things will be fixed, Mr. President, especially if Republicans remain in control of Congress?

THE PRESIDENT: That's what we have elections for.

END 11:33 A.M. EDT

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