

103D CONGRESS
2D SESSION

H. R. 4767

To reform the welfare system.

IN THE HOUSE OF REPRESENTATIVES

JULY 14, 1994

Mr. MATSUI (for himself, Mr. MILLER of California, Mr. BECERRA, Mrs. CLAYTON, Mr. CLYBURN, Mr. FILNER, Mr. FRANK of Massachusetts, Ms. E.B. JOHNSON of Texas, Mr. KOPETSKI, Mr. McDERMOTT, Ms. MCKINNEY, Mr. MINETA, Ms. NORTON, Mr. RAHALL, Mr. RANGEL, Ms. ROYBAL-ALLARD, Mr. RUSH, Mr. SABO, Ms. VELÁZQUEZ, and Mr. WAXMAN) introduced the following bill; which was referred jointly to the Committees on Ways and Means, Education and Labor, Energy and Commerce, Banking, Finance and Urban Affairs, Foreign Affairs, Veterans' Affairs, and Agriculture

A BILL

To reform the welfare system.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the "Family Self-Sufficiency
5 Act of 1994".

6 **SEC. 2. AMENDMENT OF SOCIAL SECURITY ACT.**

7 Except as otherwise expressly provided, wherever in
8 this Act an amendment or repeal is expressed in terms

1 of an amendment to, or repeal of, a section or other provi-
 2 sion, the reference shall be considered to be made to a
 3 section or other provision of the Social Security Act.

4 **SEC. 3. TABLE OF CONTENTS.**

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

- Sec. 1. Short title.
- Sec. 2. Amendment of Social Security Act.
- Sec. 3. Table of contents.

TITLE I—PROMOTION OF WORK AND SELF-SUFFICIENCY

Subtitle A—Expansion of Funding for, and Participation in, the JOBS
 Program

- Sec. 101. Increase in JOBS program funding.
- Sec. 102. Increase in JOBS matching rate.
- Sec. 103. JOBS participation requirements.
- Sec. 104. Preliminary assessment of self-sufficiency needs within 30 days after approval of AFDC application.

Subtitle B—Job Creation, Job Placement and Development, and Work
 Requirements

- Sec. 111. Public jobs creation program.
- Sec. 112. Expansion of job placement, job development, and job retention activities.
- Sec. 113. Self-employment programs.
- Sec. 114. Provisions generally applicable to the JOBS program.

Subtitle C—Support for Working Families

- Sec. 121. End dollar-for-dollar work penalty.
- Sec. 122. Increase in limitation on total family income.
- Sec. 123. Availability of health care for poor working families.
- Sec. 124. Elimination of different treatment of 2-parent families.
- Sec. 125. Increase in stepparent income disregard.

Subtitle D—Child Care

- Sec. 131. Increase in child care funds.
- Sec. 132. Payments to encourage use of entire State allotment for at-risk child care.
- Sec. 133. Limitation on carryforward of unused at-risk child care allotments.
- Sec. 134. Payment of local market rates.
- Sec. 135. Set-aside for improvement of infrastructure and quality.
- Sec. 136. Child care for working AFDC parents.
- Sec. 137. Health and safety standards; continuity of care.
- Sec. 138. Periodic identification of child care needs; ensuring that families understand child care alternatives.
- Sec. 139. Ensuring that reimbursement mechanisms meet family needs.
- Sec. 140. Facilitation of seamless services.

- Sec. 141. Authority to provide for continuity of child care.
- Sec. 142. Child care for families including a caretaker relative not receiving AFDC.
- Sec. 143. State option to extend transitional child care benefits.
- Sec. 144. State option to provide transitional child care benefits to families who have received AFDC for fewer than 3 months.
- Sec. 145. Limitation of at-risk child care to families ineligible for recipient or transitional child care.
- Sec. 146. Elimination of requirement that family receiving transitional child care benefits include a dependent child.
- Sec. 147. State option to waive contribution requirement for families with income below the poverty level.
- Sec. 148. Continuation of child care during dispute resolution.
- Sec. 149. Option to consolidate State responsibility for child care.

TITLE II—STRENGTHENING PARENTAL RESPONSIBILITY AND FAMILY STABILITY

Subtitle A—Federal Responsibilities

- Sec. 201. Expansion of functions of Federal Parent Locator Service.
- Sec. 202. Expansion of Federal parent locator systems.
- Sec. 203. Federal child support order registry.
- Sec. 204. National reporting of employees and child support information.
- Sec. 205. Federal matching payments.
- Sec. 206. Performance-based incentives and penalties.
- Sec. 207. Increased Federal financial participation for States with unified child support enforcement programs.
- Sec. 208. New child support audit process.
- Sec. 209. National Child Support Guidelines Commission.
- Sec. 210. Child Support Audit Advisory Committee.

Subtitle B—Paternity Establishment

- Sec. 211. Paternity establishment procedures.
- Sec. 212. Enhancing outreach to encourage paternity establishment.
- Sec. 213. Strengthening civil procedures for paternity establishment.
- Sec. 214. Penalty for failure to establish paternity promptly.

Subtitle C—Enforcement

- Sec. 221. Access to financial records.
- Sec. 222. Presumed address of obligor and obligee.
- Sec. 223. Fair Credit Reporting Act amendment.
- Sec. 224. Additional benefits subject to garnishment.
- Sec. 225. Hold on occupational, professional, and business licenses.
- Sec. 226. Driver's licenses and vehicle registrations denied to persons failing to appear in child support cases.
- Sec. 227. Liens.
- Sec. 228. Fraudulent transfer pursuit.
- Sec. 229. Reporting of child support arrearages to credit bureaus.
- Sec. 230. Denial of passports to noncustodial parents subject to State arrest warrants in cases of nonpayment of child support.
- Sec. 231. Statutes of limitation.
- Sec. 232. Collection of past-due support using tax collection authority.

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- Sec. 241. State role.
- Sec. 242. Uniform terms in orders.
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- Sec. 246. Outreach and accessibility.
- Sec. 247. Cost-of-living adjustment of child support awards.
- Sec. 248. Simplified process for review and adjustment of certain child support orders.
- Sec. 249. Prevention of conflicts of interest.
- Sec. 250. Staffing.
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- Sec. 252. Priorities in distribution of collected child support.
- Sec. 253. Teen noncustodial parents and child support.

Subtitle E—Demonstrations

- Sec. 261. Establishment of child support assurance demonstration projects.

Subtitle F—Miscellaneous

- Sec. 271. Technical correction to ERISA definition of medical child support order.

TITLE III—TEEN PARENTS AND WELFARE REFORM

Subtitle A—Family

- Sec. 301. Minor teen parent residency requirement.
- Sec. 302. Benefits increased by \$50 for paternity establishment or establishment of child support order.

Subtitle B—Education and Employment

- Sec. 311. Schooling and employment requirements.
- Sec. 312. Summer activities and teen earnings.
- Sec. 313. Planning, startup, and reporting.
- Sec. 314. Child care for non-AFDC teen parents.

Subtitle C—Case Management

- Sec. 321. Case management.

Subtitle D—Demonstration Projects

- Sec. 331. Adolescent pregnancy prevention grants.
- Sec. 332. Demonstration projects to provide comprehensive services to prevent adolescent pregnancy in high-risk communities.

TITLE IV—WAIVERS

- Sec. 401. Funding for waivers that are not cost neutral.

TITLE V—IMPROVING GOVERNMENT ASSISTANCE

Subtitle A—AFDC Amendments

- Sec. 501. Requirement that needs standards reflect the cost of essential items.
- Sec. 502. Maintenance of minimum benefit levels.

- Sec. 503. Optional supplementation of benefits for families subject to retrospective budgeting.
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- Sec. 508. Calculation of 185 percent of need standard.
- Sec. 509. Payments to the territories.

Subtitle B—Food Stamp Act Amendments

- Sec. 511. Inconsequential income.
- Sec. 512. Educational assistance.
- Sec. 513. Training stipends and allowances; income from on-the-job training programs.
- Sec. 514. Earned income tax credits.
- Sec. 515. Resources necessary for self-employment.
- Sec. 516. Lump-sum payments for medical expenses or replacement of lost resources.
- Sec. 517. Conforming amendment.

TITLE VI—EFFECTIVE DATE

- Sec. 601. Effective date.

1 **TITLE I—PROMOTION OF WORK**
 2 **AND SELF-SUFFICIENCY**
 3 **Subtitle A—Expansion of Funding**
 4 **for, and Participation in, the**
 5 **JOBS Program**

6 **SEC. 101. INCREASE IN JOBS PROGRAM FUNDING.**

7 Section 403(k)(3) (42 U.S.C. 603(k)(3)) is amended
 8 by striking subparagraphs (E) and (F) and inserting the
 9 following:

10 “(E) \$1,590,000,000 in the case of the fiscal
 11 year 1995,

12 “(F) \$2,080,000,000 in the case of the fiscal
 13 year 1996,

1 “(G) \$2,620,000,000 in the case of the fiscal
2 year 1997,

3 “(H) \$3,160,000,000 in the case of the fiscal
4 year 1998, and

5 “(I) \$3,700,000,000 in the case of the fiscal
6 year 1999.”.

7 **SEC. 102. INCREASE IN JOBS MATCHING RATE.**

8 (a) AMOUNT OF STATE’S ENTITLEMENT FOR
9 JOBS.—Paragraphs (1) and (2) of section 403(k) (42
10 U.S.C. 603(k)) are amended to read as follows:

11 “(k)(1) In addition to payments under subsection (a),
12 the Secretary shall pay to each State with a plan approved
13 under part F an amount equal to the product of—

14 “(A) the State’s enhanced Federal medical as-
15 sistance percentage as defined in paragraph (7), and

16 “(B) the State’s expenditures to carry out the
17 program under part F (other than expenditures re-
18 quired by section 402(g)(1)(A) in the case of the 50
19 States and the District of Columbia),

20 but payments to a State under this title for any fiscal year
21 for such activities may not exceed the limitation under
22 paragraph (2) with respect to such State.

23 “(2) The limitation under this paragraph with re-
24 spect to a State for any fiscal year is the amount that
25 bears the same ratio to the amount specified in paragraph

1 (3) for the fiscal year as the average monthly number of
2 adult recipients (as defined in paragraph (4)) in the State
3 in the immediately preceding fiscal year bears to the aver-
4 age monthly number of such recipients in all the States
5 for the immediately preceding year.”.

6 (b) PROVISIONS APPLICABLE TO JOBS AND CHILD
7 CARE FUNDING.—Section 403(k) (42 U.S.C. 603(k)) is
8 amended by adding at the end the following:

9 “(6) If the sum of the amount specified in any fiscal
10 year under paragraph (3) exceeds (or if the Secretary esti-
11 mates that it will exceed) the total amount paid (or esti-
12 mated to be payable) under paragraph (1) for the fiscal
13 year, then the Secretary shall adjust the maximums appli-
14 cable to payments to those States to which the limits
15 under such subsections have made additional payment un-
16 available under paragraph (1), and to which payments for
17 such fiscal year under either or both such paragraphs
18 would be greater but for the applicability to such States
19 of such limits. The Secretary shall by regulation provide
20 for the equitable adjustment of such limits in the case
21 where all States’ requests for adjustment of limits, and
22 additional payments, for a fiscal year under this para-
23 graph exceed the amount available for reallocation.

24 “(7) As used in this part, a ‘State’s enhanced Federal
25 medical assistance percentage’ with respect to expendi-

1 tures for a fiscal year means such State's Federal medical
2 assistance percentage as defined in section 1905(b) (or,
3 where applicable as defined in the last sentence of section
4 1118), plus

5 “(A) 5 percentage points, but not less than 65
6 percent, with respect to fiscal years 1996 and 1997,

7 “(B) 7 percentage points, but not less than 67
8 percent, with respect to fiscal year 1998,

9 “(C) 9 percentage points, but not less than 69
10 percent, with respect to fiscal year 1999, and

11 “(D) 10 percentage points, but not less than 70
12 percent, with respect to fiscal year 2000, and each
13 fiscal year thereafter.”.

14 (c) SPECIAL RULE.—Section 403 (42 U.S.C. 603),
15 as amended by section 132 of this Act, is amended by add-
16 ing at the end the following:

17 “(p) Notwithstanding the preceding provisions of this
18 section, the percentage applicable to a State for purposes
19 of section 402(g)(3)(A) and subsections (k)(1)(A) and
20 (n)(1)(A) (for determining the Federal payment with re-
21 spect to a State's expenditures under part F and its child
22 care expenditures, respectively) shall be the State's Fed-
23 eral medical assistance percentage, but not less than 60
24 percent (or, in the case of section 402(g)(3)(A) and sub-
25 section (n)(1)(A), the State's Federal medical assistance

1 percentage) for any fiscal year in which the nonfederal
2 share of the sum of its expenditures that may be included
3 for purposes of subsection (a)(3) and its expenditures for
4 its program under part F and child care services under
5 subsections (g) and (i) of section 402 (not included under
6 subsection (a)(3)) is less than the nonfederal share of ex-
7 penditures for purposes of subsection (a)(3) and of ex-
8 penditures (for which Federal matching was provided)
9 under its program under part F and child care services
10 (not included under subsection (a)(3)) under subsections
11 (g) and (i) of section 402 for fiscal year 1994 (or fiscal
12 year 1993 if such nonfederal share were greater for such
13 year).

14 (d) CONFORMING AMENDMENTS.—

15 (1) Section 402(g)(3)(A)(i) (42 U.S.C.
16 602(g)(3)(A)(i) is amended by striking “Federal
17 medical assistance percentage (as defined in section
18 1905(b))” and inserting “State’s enhanced Federal
19 medical assistance percentage (as defined in section
20 403(k)(7))”.

21 (2) Section 402(g)(3)(A)(ii) (42 U.S.C.
22 602(g)(3)(A)(ii) is amended by striking “Federal
23 medical assistance percentage (as defined in section
24 1118)” and inserting “State’s enhanced Federal

1 medical assistance percentage (as defined in section
2 403(k)(7))”.

3 (3) Section 403(n)(1)(A) (42 U.S.C.
4 603(n)(1)(A)) is amended by striking “the Federal
5 medical assistance percentage as defined in section
6 1905(b))” and inserting “the State’s enhanced Fed-
7 eral medical assistance percentage (as defined in
8 subsection (k)(7))”.

9 **SEC. 103. JOBS PARTICIPATION REQUIREMENTS.**

10 (a) PARTICIPATION RATES COMBINED.—

11 (1) IN GENERAL.—Section 403(l)(3)(A) (42
12 U.S.C. 603(l)(3)(A)) is amended—

13 (A) by striking “and” at the end of clause
14 (v);

15 (B) by striking the period at the end of
16 clause (vi) and inserting “; and”; and

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

18 “(vii) 25 percent, if such year is 1996;

19 “(viii) 30 percent, if such year is 1997;

20 “(ix) 40 percent, if such year is 1998; and

21 “(x) 50 percent, if such year is 1999.”.

22 (2) ELIMINATION OF SEPARATE AFDC-UP PAR-
23 TICIPATION RATES.—Section 403(l) (42 U.S.C.
24 603(l)) is amended by striking paragraph (4).

1 (b) DEFINITION OF PARTICIPATION.—Section
2 403(l)(3)(D) (42 U.S.C. 603(l)(3)(D)) is amended—

3 (1) by inserting “(i)” after “(D)”; and

4 (2) by adding after and below the end the fol-
5 lowing:

6 “(ii) Each hour of classroom instruction of an indi-
7 vidual who is enrolled in a degree program offered by an
8 institution of higher education (as defined in section
9 1201(a) of the Higher Education Act of 1965) or in such
10 other education or training programs that require sub-
11 stantial outside classroom preparation (which programs
12 shall be designated by the Secretary in regulations) shall
13 be considered 2 hours of participation in the State pro-
14 gram established under part F.

15 “(iii) Each hour spent by an individual in
16 unsubsidized employment shall be considered 1 hour of
17 participation by the individual in the State program estab-
18 lished under part F.

19 “(iv) Each hour of employment of an individual who
20 has become ineligible for aid under the State plan ap-
21 proved under this part and whose income (plus the other
22 income of the family of the individual) are sufficient to
23 make the individual ineligible for such aid shall be consid-
24 ered 1 hour of participation by the individual in the State
25 program established under part F, until the end of the

1 6-month period that begins with the date the ineligibility
2 begins.

3 “(v) Each hour spent by an individual in a self-em-
4 ployment program referred to in section
5 482(d)(1)(A)(ii)(VI) shall be considered 1 hour of partici-
6 pation by the individual in the State program established
7 under part F.

8 “(vi) Each hour spent by an individual in a parenting
9 education program approved by the State shall be consid-
10 ered 1 hour of participation by the individual in the State
11 program established under part F.”.

12 (c) SCHEDULE OF PENALTIES FOR FAILURE TO
13 MEET REQUIRED PARTICIPATION RATE.—Section
14 403(l)(3) (42 U.S.C. 603(l)(3)) is amended—

15 (1) in subparagraph (A), by striking all that
16 precedes clause (i) and inserting the following:

17 “(3)(A) Each State’s participation rate (determined
18 under subparagraph (B)) for a fiscal year shall be not less
19 than—”; and

20 (2) by amending subparagraph (E) to read as
21 follows:

22 “(E)(i) The Secretary shall, by regulation, prescribe
23 a set of penalties for noncompliance with subparagraph
24 (A), which shall take into consideration—

25 “(I) the extent of the noncompliance;

1 “(II) whether the job entry rate (as defined by
2 the Secretary in regulations) of the State exceeds
3 the average job entry rate for the States operating
4 programs under part F); and

5 “(III) any special circumstances.

6 “(ii) Notwithstanding any regulation prescribed
7 under clause (i) of this subparagraph, if a State substan-
8 tially fails to comply with subparagraph (A) of this para-
9 graph for a fiscal year, then the Secretary—

10 “(I) shall pay to a State an amount equal to 50
11 percent (in lieu of any different percentage specified
12 in paragraph (1)(A)) of the expenditures made by
13 the State in the immediately succeeding fiscal year
14 in operating its program under part F; and

15 “(II) until the Secretary determines that the
16 substantial failure to comply has ceased—

17 “(aa) may suspend or terminate any waiv-
18 er granted under section 1115 of compliance by
19 the State with a requirement of section 402 ;
20 and

21 “(bb) may not grant any such waiver to
22 the State under section 1115.”.

23 (d) SEPARATE PARTICIPATION REQUIREMENT FOR
24 WORK ACTIVITIES.—Section 403(l) (42 U.S.C. 603(l)) is
25 amended by inserting after paragraph (3) the following:

1 “(4)(A)(i) Notwithstanding paragraph (1), the Sec-
2 retary shall pay to a State an amount equal to 50 percent
3 of the expenditures made by such State in a fiscal year
4 in operating its program established under part F (in lieu
5 of any different percentage specified in paragraph (1)(A))
6 if less than $\frac{1}{2}$ of the State’s participation rate (deter-
7 mined under paragraph (3)(B)) for the preceding fiscal
8 year is attributable to individuals engaged in—

9 “(I) unsubsidized employment;

10 “(II) on-the-job training;

11 “(III) activities under a work supplementation
12 program operated under section 482(e);

13 “(IV) public service employment;

14 “(V) a community work experience program es-
15 tablished in accordance with section 482(f);

16 “(VI) an alternative work experience program;

17 or

18 “(VII) a self-employment program referred to
19 in section 482(d)(1)(A)(ii)(VI).

20 “(ii)(I) Not more than 6 months of participation in
21 a program referred to in subclause (V) or (VI) of clause
22 (i) may be taken into account under clause (i) in the case
23 of a participant who has little or no recent work history.

24 “(II) Not more than 90 days of participation in a
25 program referred to in subclause (V) or (VI) of clause (i)

1 may be taken into account under clause (i) if the work
2 experience provided by the program is designed to provide
3 experience in a specific occupation in accordance with the
4 employability plan developed for the participant.

5 “(B) Subparagraph (A) shall not apply to a State for
6 a fiscal year if the State demonstrates that at least $\frac{1}{3}$
7 of the expenditures made by the State in the fiscal year
8 in operating its program established under part F were
9 for work activities specified in subparagraph (A) and for
10 job placement, job development, and job retention activi-
11 ties.”.

12 (e) GOOD CAUSE EXEMPTIONS.—Section
13 402(a)(19)(G)(iv) (42 U.S.C. 602(a)(19)(G)(iv)) is
14 amended—

15 (1) by striking “or” at the end of subclause (I);

16 (2) by striking “and” at the end of subclause
17 (II) and inserting “or”; and

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

19 “(III) on the basis of the refusal
20 of an individual to participate in the
21 program or accept employment if
22 child care is necessary for the individ-
23 ual to accept such employment, and—

1 “(aa) child care suited for
2 the needs of a dependent child of
3 the individual is not available; or

4 “(bb) placement of a de-
5 pendent child of the individual
6 into available child care would
7 pose a significant risk of physical
8 or developmental harm to the
9 child; and”.

10 (f) REPORTS ON JOB ENTRIES.—Section 403(l)(3)
11 (42 U.S.C. 603(l)(3)) is amended by adding at the end
12 the following:

13 “(F)(i) Each State operating a program under part
14 F shall submit to the Secretary, with such frequency as
15 the Secretary may require by regulation, reports on the
16 following aspects of the program:

17 “(I) The number of job entries (as defined by
18 the Secretary in regulations, subject to clause (ii))
19 by program participants.

20 “(II) Job retention by program participants.

21 “(III) Wage rates of program participants.

22 “(IV) Hours of employment of program partici-
23 pants.

1 “(V) The extent to which the jobs into which
2 program participants are placed offer health bene-
3 fits.

4 “(VI) Such other information relating to job en-
5 tries by program participants as the Secretary may
6 require by regulation.

7 “(ii) The definition of job entry shall, at a minimum
8 provide that—

9 “(I) the employment must be obtained after the
10 individual has been referred for participation in the
11 program established by the State under part F and
12 after the individual has registered or received ori-
13 entation for the program;

14 “(II) not more than 1 employment entry per
15 participant per month may be counted;

16 “(III) the employment must be at or above the
17 greater of the State or Federal minimum wage, and
18 must be for at least 15 hours per week;

19 “(IV) employment paid solely by commissions,
20 and self-employment, may not be counted until the
21 participant has earned income of at least the mini-
22 mum wage for at least 15 hours per week;

23 “(V) changes from part-time to full-time em-
24 ployment with the same employer shall not count as
25 an additional job entry; and

1 “(VI) job entries shall not include jobs known
2 by the State to be of extremely short duration.”.

3 (g) CONFORMING AMENDMENTS.—Section 204(b)(2)
4 of the Family Support Act of 1988 (42 U.S.C. 681 note)
5 is amended—

6 (1) by inserting “, and amended by section 103
7 of the Family Self-Sufficiency Act of 1994” after
8 “this Act”; and

9 (2) by striking “1995” and inserting “1999”.

10 **SEC. 104. PRELIMINARY ASSESSMENT OF SELF-SUFFI-**
11 **CIENCY NEEDS WITHIN 30 DAYS AFTER AP-**
12 **PROVAL OF AFDC APPLICATION.**

13 Section 402(a) (42 U.S.C. 602(a)) is amended—

14 (1) by striking “and” at the end of paragraph
15 (44);

16 (2) by striking the period at the end of para-
17 graph (45) and inserting “; and”; and

18 (3) by inserting after paragraph (45) the fol-
19 lowing:

20 “(46) provide that, not later than 30 days after
21 approving the application of a family for aid under
22 the State plan approved under this part, the State
23 shall—

24 “(A) conduct a preliminary assessment of
25 the self-sufficiency needs of the family;

1 “(B) determine whether it would be appro-
2 priate to require any member of the family who
3 may be required to participate in the program
4 of the State under part F to immediately begin
5 participation in the program; and

6 “(C) advise the family of the availability of
7 child care assistance under section 402(g) for
8 participation in education, training, and em-
9 ployment.”.

10 **Subtitle B—Job Creation, Job**
11 **Placement and Development,**
12 **and Work Requirements**

13 **SEC. 111. PUBLIC JOBS CREATION PROGRAM.**

14 (a) **IN GENERAL.**—Section 482 (42 U.S.C. 682) is
15 amended by adding at the end the following:

16 “(j) **PUBLIC JOBS CREATION PROGRAM.**—

17 “(1) **IN GENERAL.**—Any State may establish a
18 public jobs creation program in accordance with this
19 subsection.

20 “(2) **GENERAL REQUIREMENTS.**—A public jobs
21 creation program is a program that provides employ-
22 ment in the public sector or in private nonprofit or-
23 ganizations in accordance with the following require-
24 ments:

1 “(A) ELIGIBILITY.—A State may elect to
2 make a job available to an individual under this
3 paragraph if the individual—

4 “(i) is eligible to receive aid under the
5 State plan approved under part A; and

6 “(ii) has not, during the immediately
7 preceding 6 months, voluntarily termi-
8 nated, without good cause, full-time em-
9 ployment of the individual at a wage rate
10 of at least the minimum wage rate then in
11 effect under section 6 of the Fair Labor
12 Standards Act of 1938.

13 “(B) PERIODIC JOB SEARCH REQUIRED.—
14 As a continuing condition of eligibility to par-
15 ticipate in the program, each participant in the
16 program shall periodically engage in job search.

17 “(C) ENTRY-LEVEL POSITIONS.—

18 “(i) IN GENERAL.—Subject to clause
19 (ii), the program shall provide entry-level
20 positions, to the extent practicable.

21 “(ii) NO INFRINGEMENT ON PRO-
22 MOTIONAL OPPORTUNITIES.—A job shall
23 not be created in a promotional line that
24 will infringe in any way upon the pro-
25 motional opportunities of persons employed

1 in jobs not subsidized under this sub-
2 section.

3 “(D) MAXIMUM PERIOD OF SUBSIDIZED
4 EMPLOYMENT AT SAME POSITION.—The pro-
5 gram shall not permit an individual to remain
6 in the same position of subsidized employment
7 for more than 24 months.

8 “(3) WAGES TREATED AS EARNED INCOME.—
9 Wages paid under a program established under this
10 subsection shall be considered to be earned income
11 for purposes of any provision of law.

12 “(4) PRESERVATION OF ELIGIBILITY FOR
13 CHILD CARE ASSISTANCE AND MEDICAID BENE-
14 FITS.—Any individual who becomes ineligible to re-
15 ceive aid under a State plan approved under part A
16 by reason of income from employment provided
17 under a program established under this subsection
18 to the caretaker relative of the family of which the
19 individual is a member shall for purposes of eligi-
20 bility for child care benefits under section
21 402(g)(1)(A)(i) and for purposes of eligibility for
22 medical assistance under the State plan approved
23 under title XIX, be considered to be receiving such
24 aid for so long as the subsidized employment pro-

1 vided to the individual under this subsection contin-
2 ues.

3 “(5) TARGETED INDIVIDUALS.—At least 50
4 percent of the amounts expended by a State under
5 this subsection shall be expended with respect to in-
6 dividuals who have received aid under the State plan
7 approved under part A for any 36 of the most recent
8 60 months, or with respect to such other groups of
9 individuals as the State may select and are approved
10 by the Secretary.”.

11 (b) OPTIONAL COMPONENT OF JOBS PROGRAM.—
12 Section 482(d)(1)(A)(ii) (42 U.S.C. 682(d)(1)(A)(ii)) is
13 amended—

14 (1) by striking “and” at the end of subclause
15 (III);

16 (2) by striking the period and inserting “;
17 and”; and

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

19 “(V) a publicly funded jobs creation pro-
20 gram as described in subsection (j).”.

21 **SEC. 112. EXPANSION OF JOB PLACEMENT, JOB DEVELOP-**
22 **MENT, AND JOB RETENTION ACTIVITIES.**

23 (a) IN GENERAL.—Section 403(l) (42 U.S.C. 603(l))
24 is amended by adding at the end the following:

1 “(5) Each State shall expend for job placement, job
2 development, and job retention activities in each fiscal
3 year not less than 10 percent of the total amount ex-
4 pended by the State for the operation of the State pro-
5 gram established under part F in the fiscal year.”.

6 (b) CASE MANAGEMENT SERVICES REQUIRED TO BE
7 OFFERED TO JOBS PARTICIPANTS.—Section
8 482(a)(1)(B) (42 U.S.C. 682(a)(1)(B)) is amended by
9 adding at the end the following: “In addition, such plan
10 must provide that the State shall offer case management
11 services to each participant in the program for a period
12 of not fewer than 90 days after the participant becomes
13 employed, and, at the option of the State, the State may
14 extend such period to not more than 365 days.”.

15 **SEC. 113. SELF-EMPLOYMENT PROGRAMS.**

16 Section 482(d)(1)(A)(ii) (42 U.S.C.
17 682(d)(1)(A)(ii)), as amended by section 111(b) of this
18 Act, is amended—

19 (1) by striking “and” at the end of subclause
20 (IV);

21 (2) by striking the period and inserting “;
22 and”; and

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

1 “(VI) programs to prepare for self-employ-
2 ment or to enable individuals to establish a
3 microenterprise.”.

4 **SEC. 114. PROVISIONS GENERALLY APPLICABLE TO THE**
5 **JOBS PROGRAM.**

6 Section 484 (42 U.S.C. 684) is amended by striking
7 subsections (b), (c), and (d) and inserting the following:

8 “(b)(1)(A) Funds provided for a program established
9 under section 482 may be used only for programs that
10 do not duplicate any employment activity otherwise avail-
11 able in the locality of the program.

12 “(B) Funds provided for a program established under
13 section 482 shall not be paid to a private nonprofit entity
14 to conduct activities that are the same or substantially
15 equivalent to activities provided by a State in which the
16 entity is located or by an agency of local government with
17 jurisdiction over the locality in which the entity is located,
18 unless the requirements of paragraph (2) are met.

19 “(2)(A) An employer shall not displace an employee
20 or position, including partial displacement such as reduc-
21 tion in hours, wages, or employment benefits, as a result
22 of the use by the employer of a participant in a program
23 established under section 482.

24 “(B) No work assignment under a program estab-
25 lished under section 482 shall result in any infringement

1 of the promotional opportunities of any employed individ-
2 ual.

3 “(C)(i) A participant in a program established under
4 section 482(f) or an alternative work experience program
5 shall not perform any services or duties or engage in ac-
6 tivities that would otherwise be performed by an employee
7 as part of the assigned duties of the employee.

8 “(ii) A participant in a program established under
9 section 482 shall not perform any services or duties or
10 engage in activities that—

11 “(I) will supplant the hiring of employed work-
12 ers; or

13 “(II) are services, duties or activities with re-
14 spect to which an individual has recall rights pursu-
15 ant to a collective bargaining agreement or applica-
16 ble personnel procedures.

17 “(iii) A participant in a program established under
18 section 482 shall not perform services or duties that have
19 been performed by or were assigned to any—

20 “(I) presently employed worker if the partici-
21 pant is in a program established under section
22 482(f);

23 “(II) employee who recently resigned or was
24 discharged;

25 “(III) employee who—

1 “(aa) is the subject of a reduction in force;

2 or

3 “(bb) has recall rights pursuant to a col-
4 lective bargaining agreement or applicable per-
5 sonnel procedures;

6 “(IV) employee who is on leave (terminal, tem-
7 porary, vacation, emergency, or sick); or

8 “(V) employee who is on strike or is being
9 locked out.

10 “(c)(1) Sections 142(a), 143(a)(4), 143(a)(5), and
11 143(c)(2) of the Job Training Partnership Act shall apply
12 to employment provided through any program established
13 under section 482 of this Act.

14 “(2) Sections 130(f) and 176(f) of the National and
15 Community Service Act of 1990 shall apply to employment
16 provided through any program established under section
17 482 of this Act.

18 “(d)(1) A participant in a program established under
19 subsection (e), (f), or (j) of section 482 may not be as-
20 signed to fill any established unfilled position vacancy.

21 “(2)(A) A program established under section 482
22 may not be used to assist, promote, or deter union orga-
23 nizing.

1 “(B) A program established under section 482 may
2 not be used to impair existing contracts for services or
3 collective bargaining agreements.”.

4 **Subtitle C—Support for Working**
5 **Families**

6 **SEC. 121. END DOLLAR-FOR-DOLLAR WORK PENALTY.**

7 (a) IN GENERAL.—Section 402(a)(8)(A)(ii) (42
8 U.S.C. 602(a)(8)(A)(ii)) is amended to read as follows:

9 “(ii) shall disregard from the earned in-
10 come of any child or relative receiving aid under
11 the State plan, or of any other individual (living
12 in the same home as the relative and child)
13 whose needs are taken into account in making
14 the determination, an amount equal to—

15 “(I) not less than the first \$120 (ad-
16 justed pursuant to section 406(i) for the
17 calendar quarter in which the month oc-
18 curs) and not more than the first \$200
19 (adjusted pursuant to section 406(i) for
20 the calendar quarter in which the month
21 occurs) of the total of such earned income
22 for the month; plus

23 “(II) not less than $\frac{1}{3}$ and not more
24 than $\frac{1}{2}$ of the remainder of such earned
25 income;”.

1 (b) INFLATION ADJUSTMENT.—Section 406 (42
2 U.S.C. 606) is amended by adding at the end the follow-
3 ing:

4 “(i) The Secretary shall adjust each dollar amount
5 required to be adjusted pursuant to this subsection for any
6 month in a calendar quarter by—

7 “(1) multiplying the amount by the ratio of—

8 “(A) the Consumer Price Index (as pre-
9 pared by the Department of Labor) for the 3rd
10 quarter of the calendar year that immediately
11 precedes the calendar year in which the cal-
12 endar quarter occurs, to

13 “(B) the Consumer Price Index for the 3rd
14 quarter of calendar year 1995; and

15 “(2) rounding the product, if not a multiple of
16 \$10, to the nearer multiple of \$10.”.

17 (c) CONFORMING AMENDMENTS.—

18 (1) Section 402(a)(8)(A) (42 U.S.C.
19 602(a)(8)(A)) is amended by striking clause (iv).

20 (2) Section 402(a)(8)(B) (42 U.S.C.
21 602(a)(8)(B)) is amended—

22 (A) by striking “—” the first place such
23 term appears and all that follows through “(i)”;

24 (B) by striking “, (iii), or (iv)” and insert-
25 ing “or (iii)”;

1 (C) by redesignating subclauses (I), (II),
2 and (III) of clause (i) as clauses (i), (ii), and
3 (iii), respectively; and

4 (D) by striking clause (ii).

5 (3) Section 402(a)(37) (42 U.S.C. 602(a)(37))
6 is amended by striking “or because of paragraph
7 (8)(B)(ii)(II)”.

8 (4) Section 402(g)(1)(A)(ii) (42 U.S.C.
9 602(g)(1)(A)(ii)) is amended by striking “or by rea-
10 son of subsection (a)(8)(B)(ii)(II)”.

11 (5) Section 1925(a) (42 U.S.C. 1396r-6(a)) is
12 amended by striking “or because of section
13 402(a)(8)(B)(ii)(II) (providing for a time-limited
14 earned income disregard)”.

15 (d) RESEARCH AND ANALYSIS CONCERNING EF-
16 FECTS OF IMPROVED EARNINGS TREATMENT.—The Sec-
17 retary shall establish State reporting requirements de-
18 signed to improve Federal data concerning employment
19 entries by recipients of aid under a State plan approved
20 under part A of title IV of the Social Security Act, and
21 designed to calculate monthly employment entry rates by
22 States. The Secretary shall also solicit from States appli-
23 cations under section 1115 of such Act for a structured
24 set of waivers designed to identify the extent to which

1 earnings disregard rules affect the employment entry and
2 employment retention rates of such recipients.

3 **SEC. 122. INCREASE IN LIMITATION ON TOTAL FAMILY IN-**
4 **COME.**

5 Section 402(a)(18) (42 U.S.C. 602(a)(18)) is amend-
6 ed by inserting “the greater of 130 percent of the income
7 official poverty line (as defined by the Office of Manage-
8 ment and Budget, and revised annually in accordance with
9 section 673(2) of the Omnibus Budget Reconciliation Act
10 of 1981) for a family of the same composition or” before
11 “185”.

12 **SEC. 123. AVAILABILITY OF HEALTH CARE FOR POOR**
13 **WORKING FAMILIES.**

14 (a) OPTIONAL EXTENSION OF MEDICAID ENROLL-
15 MENT FOR FORMER AFDC RECIPIENTS FOR 1 ADDI-
16 TIONAL YEAR.—

17 (1) IN GENERAL.—Section 1925(b)(1) (42
18 U.S.C. 1396r-6(b)(1)) is amended by striking the
19 period at the end and inserting the following: “, and
20 may provide that the State shall offer to each such
21 family the option of extending coverage under this
22 subsection for any of the first 2 succeeding 6-month
23 periods, in the same manner and under the same
24 conditions as the option of extending coverage under

1 this subsection for the first succeeding 6-month pe-
2 riod.”.

3 (2) CONFORMING AMENDMENTS.—Section
4 1925(b) (42 U.S.C. 1396r-6(b)) is amended—

5 (A) in the heading, by striking “EXTEN-
6 SION” and inserting “EXTENSIONS”;

7 (B) in the heading of paragraph (1), by
8 striking “REQUIREMENT” and inserting “IN
9 GENERAL”;

10 (C) in paragraph (2)(B)(ii)—

11 (i) in the heading, by striking “PE-
12 RIOD” and inserting “PERIODS”; and

13 (ii) by striking “in the period” and in-
14 serting “in each of the 6-month periods”;

15 (D) in paragraph (3)(A), by striking “the
16 6-month period” and inserting “any 6-month
17 period”;

18 (E) in paragraph (4)(A), by striking “the
19 extension period” and inserting “any extension
20 period”; and

21 (F) in paragraph (5)(D)(i), by striking “is
22 a 3-month period” and all that follows and in-
23 serting the following: “is, with respect to a par-
24 ticular 6-month additional extension period pro-
25 vided under this subsection, a 3-month period

1 beginning with the 1st or 4th month of such ex-
2 tension period.”.

3 (b) PERMITTING STATES TO PROVIDE TRANSI-
4 TIONAL COVERAGE TO ANY INDIVIDUAL RECEIVING
5 AFDC DURING PREVIOUS 6 MONTHS.—Section
6 1925(a)(1) (42 U.S.C. 1396r-6(a)(1)) is amended by
7 striking “such aid,” and inserting “such aid (or, at the
8 option of the State, in any of the 6 months immediately
9 preceding such month),”.

10 (c) REPEAL OF REPORTING REQUIREMENT DURING
11 EXTENSION PERIODS.—

12 (1) IN GENERAL.—Section 1925(b)(2) (42
13 U.S.C. 1396r-6(b)(2)) is amended by striking sub-
14 paragraph (B).

15 (2) CONFORMING AMENDMENTS.—(A) Section
16 1925(b)(1) (42 U.S.C. 1396r-6(b)(1)) is amended
17 by striking “and which meets the requirement of
18 paragraph (2)(B)(i)”.

19 (B) Section 1925(b)(2) (42 U.S.C. 1396r-
20 6(b)(2)) is amended—

21 (i) in the heading for such paragraph, by
22 striking “AND REPORTING”;

23 (ii) by striking “(A) NOTICE”;

24 (iii) by redesignating clauses (i) and (ii) as
25 subparagraphs (A) and (B);

1 (iv) in the second sentence of subpara-
2 graph (A) (as so redesignated)—

3 (I) by striking “in the 3rd month”
4 and all that follows through “(II)”; and

5 (II) by striking “(III)” and inserting
6 “(II)”; and

7 (v) in subparagraph (B) (as so redesign-
8 ated)—

9 (I) in the heading, by striking “RE-
10 PORTING REQUIREMENTS AND”; and

11 (II) by striking “the reporting re-
12 quirement” and all that follows through
13 “statement of”.

14 (C) Section 1925(b)(3) (42 U.S.C. 1396r-
15 6(b)(3)) is amended—

16 (i) in subparagraph (A)—

17 (I) by striking subclause (I);

18 (II) by redesignating subclauses (II)
19 and (III) as subclauses (I) and (II); and

20 (III) by striking the matter following
21 subclause (II) (as so redesignated); and

22 (ii) in subparagraph (B), by striking
23 “(A)(iii)(II)” and inserting “(A)(iii)(I)”.

24 (d) EFFECTIVE DATE.—(1) Except as provided in
25 paragraph (2), the amendments made by subsections (a)

1 and (b) shall apply to calendar quarters beginning on or
2 after October 1, 1995, without regard to whether final
3 regulations to carry out such amendments have been pro-
4 mulgated by such date.

5 (2) In the case of a State plan for medical assistance
6 under title XIX of the Social Security Act which the Sec-
7 retary of Health and Human Services determines requires
8 State legislation (other than legislation appropriating
9 funds) in order for the plan to meet the additional require-
10 ments imposed by the amendments made by subsections
11 (a) and (b), the State plan shall not be regarded as failing
12 to comply with the requirements of such title solely on the
13 basis of its failure to meet these additional requirements
14 before the first day of the first calendar quarter beginning
15 after the close of the first regular session of the State leg-
16 islature that begins after the date of the enactment of this
17 Act. For purposes of the previous sentence, in the case
18 of a State that has a 2-year legislative session, each year
19 of such session shall be deemed to be a separate regular
20 session of the State legislature.

21 **SEC. 124. ELIMINATION OF DIFFERENT TREATMENT OF 2-**
22 **PARENT FAMILIES.**

23 (a) IN GENERAL.—Section 402(a) (42 U.S.C.
24 602(a)) is amended by striking paragraph (41).

25 (b) CONFORMING AMENDMENTS.—

1 (1) Section 402(a)(19)(B)(i)(II) (42 U.S.C.
2 602(a)(19)(B)(i)(II)) is amended by striking “(and”
3 and all that follows through “407(b)(2)(B)(i))”.

4 (2) Section 402(a)(19)(D) (42 U.S.C.
5 602(a)(19)(D)) is amended by striking “eligible”
6 and all that follows through “earner” and inserting
7 “in which both parents are living at home”.

8 (3) Section 402(a)(19)(G)(i) (42 U.S.C.
9 602(a)(19)(G)(i)) is amended—

10 (A) in subclause (I), by striking “(whether
11 or not section 407 applies)”;

12 (B) in subclause (II)—

13 (i) by striking “which is eligible for
14 aid to families with dependent children by
15 reason of section 407” and inserting “in
16 which both parents are living at home”;
17 and

18 (ii) by striking “the needs of such
19 spouse shall also not” and inserting “the
20 spouse shall be required to participate in
21 the program unless exempt by reason of
22 subparagraph (C) (other than clause (iii)
23 thereof), or by reason of subparagraph
24 (C)(iii) if the individual demonstrates to
25 the satisfaction of the State that it is in

1 the best interest of the child or children
2 not to impose such requirement, and if the
3 spouse fails without good cause to so par-
4 ticipate, the needs of the spouse shall”.

5 (4) Section 402(a)(38)(B) (42 U.S.C.
6 602(a)(38)(B)) is amended by striking “or in section
7 407(a)”.

8 (5) Section 402(a) (42 U.S.C. 602(a)) is
9 amended by striking paragraph (42).

10 (6) Section 402(g)(1)(A)(ii) (42 U.S.C.
11 602(g)(1)(A)(ii)) is amended by striking “hours of,
12 or increased income from,” and inserting “income
13 from”.

14 (7) Section 406(a)(1) (42 U.S.C. 606(a)(1)) is
15 amended by striking “who has been deprived” and
16 all that follows through “incapacity of a parent”.

17 (8) Section 406(b)(1) (42 U.S.C. 606(b)(1)) is
18 amended by striking “and if such relative” and all
19 that follows through “section 407”.

20 (9) Section 407 (42 U.S.C. 607) is hereby re-
21 pealed.

22 (10) Section 472(a) (42 U.S.C. 672(a)) is
23 amended by striking “or of section 407”.

1 (11) Section 473(a)(2)(A)(i) (42 U.S.C.
2 672(a)(2)(A)(i)) is amended by striking “or section
3 407”.

4 (12) Section 1115(b) (42 U.S.C. 1315(b)) is
5 amended by striking paragraph (5).

6 (13) Section 1115 (42 U.S.C. 1315) is amended
7 by striking subsection (d).

8 (14) Section 1902(a)(10)(A)(i) (42 U.S.C.
9 1396a(a)(10)(A)(i)) is amended by striking
10 subclause (V) and by redesignating subclauses (VI)
11 and (VII) as subclauses (V) and (VI), respectively.

12 (15) Section 1905 (42 U.S.C. 1396d) is amend-
13 ed by striking subsection (m).

14 (16) Section 1905(n)(1) (42 U.S.C.
15 1396d(n)(1)) is amended—

16 (A) in subparagraph (A)—

17 (i) by striking “(or” and all that fol-
18 lows through “407)”; and

19 (ii) by adding “or” at the end; and

20 (B) by striking subparagraph (B).

21 (17) Section 1925(a) (42 U.S.C. 1396r-6(a)) is
22 amended by striking “hours of, or income from,”
23 and inserting “income from”.

24 (18) Section 204(b)(2) of the Family Support
25 Act of 1988 (42 U.S.C. 681 note) is amended by

1 striking the semicolon and all that follows through
2 “1998”.

3 **SEC. 125. INCREASE IN STEPPARENT INCOME DISREGARD.**

4 Section 402(a)(31)(B) (42 U.S.C. 602(a)(31)(B)) is
5 amended by striking “the State’s standard of need under
6 such plan” and inserting “the greatest of (i) the State’s
7 standard of need under such plan, (ii) 130 percent of the
8 income official poverty line (as defined by the Office of
9 Management and Budget, and revised annually in accord-
10 ance with section 673(2) of the Omnibus Budget Rec-
11 onciliation Act of 1981), or (iii) such amount as the State
12 may establish,”.

13 **Subtitle D—Child Care**

14 **SEC. 131. INCREASE IN CHILD CARE FUNDS.**

15 Section 403(n)(2)(B) (42 U.S.C. 603(n)(2)(B)) is
16 amended—

17 (1) by striking “and” at the end of clause (iv);

18 (2) in clause (v), by striking the comma and all
19 that follows and inserting a semicolon; and

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

21 “(vi) \$800,000,000 for fiscal year 1996;

22 “(vii) \$1,300,000,000 for fiscal year 1997;

23 “(viii) \$1,800,000,000 for fiscal year 1998; and

24 “(ix) \$2,300,000,000 for fiscal year 1999.”.

1 **SEC. 132. PAYMENTS TO ENCOURAGE USE OF ENTIRE**
2 **STATE ALLOTMENT FOR AT-RISK CHILD**
3 **CARE.**

4 Section 403 (42 U.S.C. 603) is amended—

5 (1) in subsection (n)—

6 (A) in paragraph (1)(B), by inserting “95
7 percent of” before “the limitation”; and

8 (B) in paragraph (3)—

9 (i) by inserting “(A)” after “(3)”; and

10 (ii) by adding at the end the follow-
11 ing:

12 “(B) Notwithstanding subparagraph (A), the Sec-
13 retary shall reserve for payments under subsection (o) an
14 amount equal to the sum of—

15 “(i) 5 percent of the amounts made available
16 for payments under this subsection for each fiscal
17 year; and

18 “(ii) the amount of any excess referred to in
19 paragraph (2)(C)(ii) with respect to a State for a
20 fiscal year that is not used to increase the limitation
21 determined under paragraph (2) with respect to the
22 State for the 3rd succeeding fiscal year.”; and

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

24 “(o)(1)(A) In addition to any other payment under
25 this section, each State that is a qualified State for a fiscal

1 year shall be entitled to payment from the Secretary of
2 an amount equal to the sum of—

3 “(i) 5 percent of the aggregate of the amounts
4 paid to the State under subsection (n) for the imme-
5 diately preceding fiscal year; and

6 “(ii)(I) the amount reserved under subsection
7 (n)(3)(B) for the immediately preceding fiscal year
8 that remains after applying clause (i) of this sub-
9 paragraph to each qualified State; multiplied by

10 “(II) the ratio of—

11 “(aa) the number of children residing in
12 the State in the immediately preceding fiscal
13 year, to

14 “(bb) the number of children residing in a
15 qualified State in the immediately preceding fis-
16 cal year.

17 “(B) As used in subparagraph (A) of this paragraph,
18 the term ‘qualified State’ means, with respect to a fiscal
19 year, a State with respect to which the amount described
20 in subsection (n)(1)(A) for the immediately preceding fis-
21 cal year equals the amount described in subsection
22 (n)(1)(B) for the immediately preceding fiscal year.

23 “(2) The Secretary may not apply any amount to
24 which a State is entitled under paragraph (1) as an offset

1 against any amount owed by the State to any department
2 or agency of the Federal Government.

3 “(3)(A) Within 1 year after a State receives an
4 amount paid under paragraph (1) of this subsection, the
5 State shall obligate the amount for—

6 “(i) services under section 402(i) directly to
7 families eligible therefor; or

8 “(ii) improvements in the quality of services,
9 and the building of infrastructure, under subsection
10 (g) or (i) of section 402.

11 “(B) Amounts paid under this section may not be
12 used to supplant State or local expenditures for staff or
13 administration.”.

14 **SEC. 133. LIMITATION ON CARRYFORWARD OF UNUSED AT-**
15 **RISK CHILD CARE ALLOTMENTS.**

16 Section 403(n)(2)(C) (42 U.S.C. 603(n)(2)(C)) is
17 amended—

18 (1) by inserting “(i)” after “(C)”; and

19 (2) by adding after and below the end the fol-
20 lowing:

21 “(ii) The amount of such excess with respect to
22 a State for a fiscal year shall not be used to increase
23 the limitation determined under this paragraph with
24 respect to the State for any fiscal year after the 2nd
25 succeeding fiscal year.”.

1 **SEC. 134. PAYMENT OF LOCAL MARKET RATES.**

2 Section 402(g)(1)(C) (42 U.S.C. 602(g)(1)(C)) is
3 amended to read as follows:

4 “(C) The State agency shall make payment for the
5 actual cost of child care provided with respect to a family,
6 in an amount that may not exceed the 75th percentile of
7 the local cost of care (as determined by the State in ac-
8 cordance with regulations prescribed by the Secretary), or
9 such other payment schedule (under which payment rates
10 are not less than the 75th percentile of the local cost of
11 care) as the State may establish.”.

12 **SEC. 135. SET-ASIDE FOR IMPROVEMENT OF INFRASTRUC-**
13 **TURE AND QUALITY.**

14 Section 403(n) (42 U.S.C. 603(n)) is amended by
15 adding at the end the following:

16 “(4) Not less than 10 percent and not more than 12
17 percent of the total amount obligated by a State from
18 amounts provided under this subsection for fiscal year
19 1995 and for each succeeding fiscal year shall be used for
20 improvement of the quality of services and the building
21 of infrastructure to serve low-income children, the develop-
22 ment of on-site or near-site facilities for parents who have
23 not attained 20 years of age and are attending educational
24 or vocational institutions, and for State licensing and reg-
25 istration requirements, monitoring, and assistance to child

1 care providers in meeting applicable standards under sub-
2 section (g) or (i) of section 402.”.

3 **SEC. 136. CHILD CARE FOR WORKING AFDC PARENTS.**

4 (a) DEPENDENT CARE DISREGARD NOT TO BE RE-
5 GARDED AS SUFFICIENT TO GUARANTEE CHILD CARE.—
6 Section 402(g)(1)(B) (42 U.S.C. 602(g)(1)(B)) is amend-
7 ed by adding at the end the following: “Compliance with
8 subsection (a)(8)(A)(iii) with respect to a family shall not
9 be construed to be a guarantee of child care for the family
10 pursuant to this subsection, unless the family has been
11 offered, and has declined, payment through at least 1 of
12 the methods authorized by this subparagraph (other than
13 clause (iv) of the 1st sentence of this subparagraph).”.

14 (b) ELIMINATION OF AUTHORITY TO DECREASE THE
15 DEPENDENT CARE DISREGARD FOR PARENTS NOT
16 WORKING FULL-TIME.—Section 402(a)(8)(A)(iii) (42
17 U.S.C. 602(a)(8)(A)(iii)) is amended by striking “(or”
18 and all that follows through “month)”.

19 (c) INCREASE IN THE AMOUNT OF THE DEPENDENT
20 CARE DISREGARDS.—Section 402(a)(8)(A)(iii) (42 U.S.C.
21 602(a)(8)(A)(iii)) is amended—

22 (1) by striking “\$175” and inserting “\$200 (or,
23 if greater, the dollar amount in effect under sub-
24 section (d))”; and

1 (2) by striking “\$200” and inserting “\$250 (or,
2 if greater, the dollar amount in effect under sub-
3 section (d))”.

4 (d) COST-OF-LIVING ADJUSTMENT OF THE DEPEND-
5 ENT CARE DISREGARDS.—Section 402 (42 U.S.C. 602)
6 is amended by inserting after subsection (c) the following:

7 “(d) Whenever benefits under title II for a month are
8 increased by a percentage by reason of section 215(i)—

9 “(1) each dollar amount in effect under sub-
10 section (a)(8)(A)(iii) of this section for the month
11 and for each subsequent month shall be increased by
12 the amount (if any) by which—

13 “(A) the amount which would have been in
14 effect for the month under such subsection but
15 for rounding of the amount pursuant to para-
16 graph (3) of this subsection; exceeds

17 “(B) the amount in effect for the month
18 under such subsection (a)(8)(A)(iii);

19 “(2) the amount obtained under paragraph (1)
20 of this subsection shall be further increased by the
21 greater of—

22 “(A) if the increase under title II was de-
23 termined on the basis of the CPI increase per-
24 centage, the percentage of the increase; or

1 “(B) if not, the percentage by which bene-
2 fits under title II would have been increased if
3 the increase under title II was determined on
4 the basis of the CPI increase percentage; and

5 “(3) if the amount obtained under paragraph
6 (2) of this subsection is not a multiple of \$10, the
7 amount shall be rounded to the nearest multiple of
8 \$10.”.

9 **SEC. 137. HEALTH AND SAFETY STANDARDS; CONTINUITY**
10 **OF CARE.**

11 (a) FOR RECIPIENTS.—Section 402(g)(1)(A) (42
12 U.S.C. 602(g)(1)(A)) is amended by adding at the end the
13 following:

14 “(viii) Child care guaranteed under this section,
15 whether provided by a method permitted under subpara-
16 graph (B) or by means of an agreement under subsection
17 (j) with the lead agency designated under the Child Care
18 and Development Block Grant Act of 1990 (in this section
19 referred to as the ‘CCDBG Act’), must meet all health
20 and safety standards established by the lead agency (for
21 purposes of the CCDBG Act), and, in addition to any
22 other requirements imposed pursuant to that Act, the
23 State agency must establish immunization requirements
24 and assure (and any such agreement must provide) that,
25 consistent with regulations of the Secretary—

1 “(I) children whose child care is paid for, in
2 whole or in part, under this subsection will be re-
3 quired to have received all immunizations, at the ap-
4 propriate times, as currently recommended by the
5 Advisory Committee on Immunization Practices (an
6 advisory committee established by the Secretary, act-
7 ing through the director of the Centers for Disease
8 Control and Prevention) as specified on the pediatric
9 vaccines list referred to in section 1928(e); and

10 “(II) child care providers used will take steps to
11 assure that toxic substances, weapons, and any other
12 items at the location where the child care is provided
13 that could be harmful to young children, will be se-
14 cured and unobtainable by the children.

15 “(ix)(I) The State shall provide information about the
16 immunization requirements imposed pursuant to clause
17 (viii) and about where free immunizations may be ob-
18 tained, to parents upon application for child care assist-
19 ance and to child care providers.

20 “(II) The State shall take needed action to ensure
21 that immunizations are available and accessible to all re-
22 cipients of such aid to whom clause (viii) applies, and, with
23 respect to each such recipient, shall offer assistance in
24 meeting such requirements, shall provide assistance in re-
25 sponse to a parent’s request for assistance, may not deny

1 child care to any parent who is seeking immunizations for
2 his or her child or children during a reasonable grace pe-
3 riod, and may not deny or terminate such child care to
4 a family by reason of the failure of the family to receive
5 required immunizations until the State has identified the
6 reason for the failure and addressed any barriers to ac-
7 cess. The State shall allow for exceptions in cases where
8 good cause can be shown.

9 “(III) The State shall provide information about eli-
10 gibility for medical assistance under the State plan ap-
11 proved under title XIX to all child care providers receiving
12 Federal child care funds and shall suggest strategies for
13 informing parents about such eligibility.

14 “(IV) The State shall work with public health clinics
15 to provide immunizations at child care clinics during ap-
16 propriate times.

17 “(x) The State plan must assure that child care pro-
18 vided under this subsection will conform in all ways to the
19 provisions for parental choice, unlimited parental access,
20 handling of parental complaints, and consumer education,
21 as well as to all the other standards, criteria, and require-
22 ments applicable to child care provided under the CCDBG
23 Act.”.

24 (b) FOR AT-RISK FAMILIES.—Section 402(i) (42
25 U.S.C. 602(i)) is amended by redesignating paragraphs

1 (5) and (6) as paragraphs (6) and (7), respectively, and
2 by inserting after paragraph (4) the following:

3 “(5)(A) Child care provided under this subsection,
4 whether provided by a method permitted under paragraph
5 (2) of this subsection or by means of an agreement under
6 subsection (j) with the lead agency designated under the
7 CCDBG Act, must meet all health and safety standards
8 established by the lead agency (for purposes of the
9 CCDBG Act), and, in addition to any other requirements
10 imposed pursuant to that Act, the State agency must es-
11 tablish immunization requirements and assure (and any
12 such agreement must provide) that, consistent with the
13 regulations of the Secretary—

14 “(i) children whose child care is paid for, in
15 whole or in part, under this subsection will be re-
16 quired to have received all immunizations, at the ap-
17 propriate times, as currently recommended by the
18 Advisory Committee on Immunization Practices (as
19 advisory committee established by the Secretary, act-
20 ing through the director of the Centers for Disease
21 Control and Prevention) as specified on the pediatric
22 vaccines list referred to in section 1928(e); and

23 “(ii) child care providers used will take steps to
24 assure that toxic substances, weapons, and any other
25 items at the location where the child care is provided

1 that could be harmful to young children, will be se-
2 cured and unobtainable by the children.

3 “(B)(i) The State shall provide information about the
4 immunization requirements imposed pursuant to subpara-
5 graph (A) and about where free immunizations may be
6 obtained, to parents upon application for child care assist-
7 ance and to child care providers.

8 “(ii) The State shall provide information about eligi-
9 bility for medical assistance under the State plan approved
10 under title XIX to all child care providers receiving Fed-
11 eral child care funds and shall suggest strategies for in-
12 forming parents about such eligibility.

13 “(iii) The State shall work with public health clinics
14 to provide immunizations at child care clinics during ap-
15 propriate times.

16 “(6) The State plan must assure that child care pro-
17 vided under this subsection will conform in all ways to the
18 provisions for parental choice, unlimited parental access,
19 handling of parental complaints, and consumer education,
20 as well as to all other standards, criteria, and require-
21 ments applicable to child care provided under the CCDBG
22 Act.”.

23 (c) CONFORMING AMENDMENTS.—

24 (1) CHILD CARE FOR PARTICIPANTS IN THE
25 JOBS OR WORK PROGRAM, AND TRANSITIONAL

1 CHILD CARE.—Section 402(g) (42 U.S.C. 602(g)) is
2 amended—

3 (A) in paragraph (3)(B)—

4 (i) by adding “and” at the end of
5 clause (i);

6 (ii) in clause (ii), by striking “applica-
7 ble standards” and all that follows and in-
8 serting “all requirements, standards, and
9 criteria applicable to child care funded
10 under the CCDBG Act.”; and

11 (iii) by striking clause (iii); and

12 (B) by striking paragraphs (4) and (5).

13 (2) AT-RISK CHILD CARE.—Section 402(i) (42
14 U.S.C. 602(i)), as amended by subsection (b) of this
15 section, is amended—

16 (A) in paragraph (6)—

17 (i) in subparagraph (B), by striking
18 “applicable standards of State and local
19 law;” and inserting “all requirements,
20 standards, and other criteria applicable to
21 child care funded under the CCDBG Act;”;
22 and

23 (ii) by striking subparagraphs (C) and
24 (D); and

1 (B) by amending paragraph (7) to read as
2 follows:

3 “(8) In order to facilitate more accurate analy-
4 sis of the supply and quality of child care resources,
5 the demand for such resources that cannot currently
6 be satisfied, and the effectiveness and relationship of
7 Federal programs providing support for child care
8 and child development activities, the Secretary shall
9 specify by regulation a core set of consistently de-
10 fined data elements for child care which must be
11 used by each State with respect to all reports relat-
12 ing to child care or child development activities sup-
13 ported in whole or in part under this Act or under
14 the CCDBG Act.”.

15 **SEC. 138. PERIODIC IDENTIFICATION OF CHILD CARE**
16 **NEEDS; ENSURING THAT FAMILIES UNDER-**
17 **STAND CHILD CARE ALTERNATIVES.**

18 Section 402(a) (42 U.S.C. 602(a)), as amended by
19 section 104 of this Act, is amended—

20 (1) by striking “and” at the end of paragraph
21 (45);

22 (2) by striking the period at the end of para-
23 graph (46) and inserting “; and”; and

24 (3) by inserting after paragraph (46) the fol-
25 lowing:

1 “(47) provide that the State agency shall en-
2 sure that—

3 “(A)(i) a qualified individual assesses the
4 child care needs of and provide counseling to
5 each individual applying for or receiving aid
6 under the State plan, unless the individual de-
7 clines counseling, when—

8 “(I) the State makes an assessment of
9 the individual under section 482(b)(1)(A);

10 “(II) the individual begins participa-
11 tion in the program established by the
12 State under part F;

13 “(III) the individual enters employ-
14 ment; and

15 “(IV) the employment or training
16 placement of the recipient changes; and

17 “(ii) as used in clause (i), the term ‘quali-
18 fied individual’ means, with respect to an appli-
19 cant or recipient, an individual knowledgeable
20 about child care options in the community in
21 which the applicant or recipient resides, includ-
22 ing any Head Start program and wraparound
23 programs that enable families needing full-time,
24 full-year care to participate in the Head Start
25 program; and

1 “(B) if an employability plan has been de-
2 veloped for the individual, the employability
3 plan shall include a notation with respect to
4 how the child care needs of the individual are
5 to be met, and, if child care is not to be pro-
6 vided by or through the State, the reasons
7 therefor.”.

8 **SEC. 139. ENSURING THAT REIMBURSEMENT MECHANISMS**
9 **MEET FAMILY NEEDS.**

10 Section 402(g)(1)(B) (42 U.S.C. 602(g)(1)(B)) is
11 amended—

12 (1) by inserting “(i)” after “(B)”;

13 (2) by redesignating clauses (i) through (v) as
14 subclauses (I) through (V), respectively; and

15 (3) by striking the 2nd sentence and inserting
16 the following:

17 “(ii) When the State agency arranges for child care,
18 the agency shall take into account the individual needs of
19 the child.

20 “(iii) The State agency may make advance payments
21 for child care assistance to a family eligible for such care
22 in any appropriate case, and shall make advance payment
23 if—

1 “(I) an advance is needed in order for the fam-
2 ily to secure or retain such care from the provider
3 chosen by the individual;

4 “(II) the provider of such care will not provide
5 such care without payment in advance; or

6 “(III) the family has elected to have dependent
7 care expenses disregarded under subsection
8 (a)(8)(A)(iii), and the cost of child care is not re-
9 flected in the amount of aid payable to the family
10 under the State plan approved under this part due
11 to the use by the State of retrospective budgeting.”.

12 **SEC. 140. FACILITATION OF SEAMLESS SERVICES.**

13 (a) AFDC CHILD CARE.—Section 402(g)(1)(A) (42
14 U.S.C. 602(g)(1)(A)), as amended by section 137(a) of
15 this Act, is amended by adding at the end the following:

16 “(xi) Each State agency shall assess the eligibility for
17 child care under this paragraph of each family who ceases
18 to receive aid to families with dependent children, and if
19 the family is eligible for child care benefits under clause
20 (ii), shall provide such care without requiring a separate
21 application for such benefits.”.

22 (b) TRANSITIONAL CHILD CARE.—Section
23 402(g)(1)(A)(ii) (42 U.S.C. 602(g)(1)(A)(ii)) is
24 amended—

25 (1) by inserting “(I)” after “(ii)”; and

1 (2) by adding after and below the end the fol-
2 lowing:

3 “(II) Before the exhaustion of child care benefits by
4 a family for whom the State is guaranteeing child care
5 under subclause (I), the State must assist the family in
6 obtaining information about, and referral to, other pro-
7 grams under which, or providers from which, the family
8 may receive child care on a continuing basis upon such
9 ineligibility.

10 “(III) The State must consider any family whose
11 child care benefits under subclause (I) are about to be ex-
12 hausted for eligibility for other child care benefits offered
13 by the State.”.

14 **SEC. 141. AUTHORITY TO PROVIDE FOR CONTINUITY OF**
15 **CHILD CARE.**

16 Section 402(g)(1)(A) (42 U.S.C. 602(g)(1)(A)), as
17 amended by sections 137(a) and 140(a) of this Act, is
18 amended by adding at the end the following:

19 “(xii) A State may continue child care assistance
20 without interruption during breaks between otherwise al-
21 lowable activities, and for a reasonable period of time after
22 any loss of employment, to ensure continuity of child care
23 arrangements for the child or children of a family eligible
24 to receive care under this paragraph.”.

1 **SEC. 142. CHILD CARE FOR FAMILIES INCLUDING A CARE-**
2 **TAKER RELATIVE NOT RECEIVING AFDC.**

3 Section 402(g)(1)(A) (42 U.S.C. 602(g)(1)(A)), as
4 amended by sections 137(a), 140(a), and 141 of this Act,
5 is amended by adding at the end the following:

6 “(xiii) In any case in which child care is determined
7 to be necessary for the caretaker relative of a child receiv-
8 ing aid to families with dependent children to accept or
9 retain employment, the State shall guarantee child care
10 whether or not the caretaker relative is receiving such aid,
11 and if the caretaker relative is not receiving such aid, the
12 State may apply a sliding fee scale to determine the appro-
13 priate contribution (if any) to the cost of care to be paid
14 by the caretaker.”.

15 **SEC. 143. STATE OPTION TO EXTEND TRANSITIONAL CHILD**
16 **CARE BENEFITS.**

17 Section 402(g)(1)(A)(iii) (42 U.S.C.
18 602(g)(1)(A)(iii)) is amended—

19 (1) by inserting “(I)” after “(iii)”; and
20 (2) by adding after and below the end the fol-
21 lowing:

22 “(II) At the option of the State, the State may, uni-
23 formly for all families—

24 “(aa) elect to extend the period described in
25 subclause (I) by 12 months; or

1 “(bb) elect to extend the period described in
2 subclause (I) until the income of the family exceeds
3 185 percent (or such lower figure as the State may
4 establish) of the income official poverty line (as de-
5 fined by the Office of Management and Budget, and
6 revised annually in accordance with section 673(2)
7 of the Omnibus Budget Reconciliation Act of 1981)
8 for a family of the same composition.”.

9 **SEC. 144. STATE OPTION TO PROVIDE TRANSITIONAL**
10 **CHILD CARE BENEFITS TO FAMILIES WHO**
11 **HAVE RECEIVED AFDC FOR FEWER THAN 3**
12 **MONTHS.**

13 Section 402(g)(1)(A)(iv) (42 U.S.C.
14 602(g)(1)(A)(iv)) is amended by striking “A family” and
15 inserting “At the option of the State, a family”.

16 **SEC. 145. LIMITATION OF AT-RISK CHILD CARE TO FAMI-**
17 **LIES INELIGIBLE FOR RECIPIENT OR TRANSI-**
18 **TIONAL CHILD CARE.**

19 Section 402(i)(1)(A) (42 U.S.C. 602(i)(1)(A)) is
20 amended to read as follows:

21 “(A) is not eligible for child care under
22 subsection (g);”.

1 **SEC. 146. ELIMINATION OF REQUIREMENT THAT FAMILY**
2 **RECEIVING TRANSITIONAL CHILD CARE BEN-**
3 **EFITS INCLUDE A DEPENDENT CHILD.**

4 Section 402(g)(1)(A) (42 U.S.C. 602(g)(1)(A)) is
5 amended by striking clause (v).

6 **SEC. 147. STATE OPTION TO WAIVE CONTRIBUTION RE-**
7 **QUIREMENT FOR FAMILIES WITH INCOME**
8 **BELOW THE POVERTY LEVEL.**

9 Section 402(g)(1)(A)(vii) (42 U.S.C.
10 602(g)(1)(A)(vii)) is amended by striking “a sliding” and
11 all that follows and inserting “the sliding fee scale estab-
12 lished by the State under the Child Care and Development
13 Block Grant Act of 1990.”.

14 **SEC. 148. CONTINUATION OF CHILD CARE DURING DISPUTE**
15 **RESOLUTION.**

16 (a) AFDC AND TRANSITIONAL CHILD CARE.—Sec-
17 tion 402(g)(1) (42 U.S.C. 602(g)(1)) is amended by redес-
18 ignating subparagraph (E) as subparagraph (F) and by
19 inserting after subparagraph (D) the following:

20 “(E) While the State and an individual are seeking
21 to resolve any dispute over whether the individual qualifies
22 for the provision of child care under this paragraph, the
23 State shall ensure the continued provision of such care
24 with respect to the family of the individual.”.

25 (b) AT-RISK CHILD CARE.—Section 402(i) (42
26 U.S.C. 602(i)), as amended by subsections (b) and (c)(2)

1 of section 137 of this Act, is amended by redesignating
2 paragraphs (4), (5), (6), and (7) as paragraphs (5), (6),
3 (7), and (8), respectively, and by inserting after paragraph
4 (3) the following:

5 “(4) While the State and an individual are seeking
6 to resolve any dispute over whether the individual qualifies
7 for the provision of child care under this subsection, the
8 State shall ensure the continued provision of such care
9 with respect to the family of the individual.”.

10 **SEC. 149. OPTION TO CONSOLIDATE STATE RESPONSIBIL-**
11 **ITY FOR CHILD CARE.**

12 Section 402 (42 U.S.C. 602) is amended by adding
13 at the end the following:

14 “(j)(1) In order to provide the child care which must
15 be guaranteed pursuant to subsection (g) of this section
16 or which may be furnished pursuant to subsection (i) of
17 this section, the State agency may enter into an agreement
18 with the lead agency designated under section 658D of
19 the CCDBG Act under which—

20 “(A) subject to paragraph (2) of this sub-
21 section, the State agency will pay (either in advance
22 or as reimbursement) the lead agency for the cost of
23 providing child care for any child with respect to
24 whom care must be guaranteed under such sub-
25 section (g) or is to be furnished under such sub-

1 section (i), and the lead agency agrees that care for
2 all such children will only be paid for from such re-
3 imbursement; and

4 “(B) all child care provided by the lead agency
5 under the agreement, whether directly or by contrac-
6 tual or other arrangements, will be subject to the
7 same requirements, standards, payment rates, and
8 other criteria as are applicable to child care funded
9 under the CCDBG Act; and

10 “(C) parents and children to whom such care is
11 provided will be offered all the same protections and
12 procedural safeguards as are applicable to child care
13 furnished under the CCDBG Act.

14 “(2) The State agency shall pay the lead agency for
15 care provided to a child the amount established by the
16 State pursuant to subsection (g)(1)(C) or (i)(3)(B),
17 whichever may be applicable to the child involved, and,
18 with respect to children to whom subsection (i)(3)(B) ap-
19 plies, the State agency shall be obligated to pay the lead
20 agency for child care furnished in a fiscal year only to
21 the extent of appropriations available for such purpose for
22 such fiscal year.

23 “(3) This subsection shall not be construed as pre-
24 cluding the designation of the agency established or des-
25 ignated under section 402(a)(3) as the lead agency for

1 purposes of the CCDBG Act. An agreement shall not be
2 necessary in the case where the same agency is designated
3 under both the CCDBG Act and this Act, but the agency
4 shall, as lead agency, comply with all the provisions of this
5 subsection.”.

6 **TITLE II—STRENGTHENING PA-**
7 **RENTAL RESPONSIBILITY**
8 **AND FAMILY STABILITY**

9 **Subtitle A—Federal**
10 **Responsibilities**

11 **SEC. 201. EXPANSION OF FUNCTIONS OF FEDERAL PARENT**
12 **LOCATOR SERVICE.**

13 Section 453(a) (42 U.S.C. 653(a)) is amended by
14 striking “enforcing support obligations against such par-
15 ent” and inserting “establishing parentage, or establish-
16 ing, modifying, and enforcing child support obligations,
17 and which shall use safeguards to prevent the disclosure
18 of information in cases that would jeopardize the safety
19 of the custodial parent, the noncustodial parent, or any
20 child of either such parent”.

21 **SEC. 202. EXPANSION OF FEDERAL PARENT LOCATOR SYS-**
22 **TEMS.**

23 (a) ACCESS TO ADDITIONAL DATA BASES.—Section
24 453 (42 U.S.C. 653) is amended—

1 (1) in subsection (b), by striking “the most re-
2 cent address and place of employment” and insert-
3 ing “the most recent residential address, employer
4 name and address, and amounts and nature of in-
5 come and assets”; and

6 (2) in subsection (e), by adding at the end the
7 following:

8 “(4) The Secretary of the Treasury shall enter into
9 an agreement with the Secretary to provide prompt access
10 by the Secretary (in accordance with this subsection and
11 section 6103(l)(6) of the Internal Revenue Code of 1986)
12 to all Federal income tax returns filed by individuals with
13 the Internal Revenue Service.”.

14 (b) EXPANSION OF ACCESS TO THE NATIONAL PAR-
15 ENT LOCATOR NETWORK.—Section 453 (42 U.S.C. 653)
16 is amended by adding at the end the following:

17 “(g) The Secretary shall expand the Parent Locator
18 Service to establish a national network based on the com-
19 prehensive statewide child support enforcement systems
20 developed by the States, to—

21 “(1) allow each State to—

22 “(A) locate any absent parent who owes
23 child support or for whom a child support obli-
24 gation is being established, by—

1 “(i) accessing the records of other
2 State agencies and sources of locate infor-
3 mation directly from one computer system
4 to another; and

5 “(ii) accessing Federal sources of lo-
6 cate information in the same fashion;

7 “(B) access the files of other States to de-
8 termine whether there are other child support
9 orders and obtain the details of those orders;

10 “(C) provide for both on-line and batch
11 processing of locate requests, with on-line ac-
12 cess restricted to cases in which the information
13 is needed immediately (for such reasons as
14 court appearances) and batch processing used
15 to access data bases to locate individuals or up-
16 date information periodically; and

17 “(D) direct locate requests to individual
18 States or Federal agencies, broadcast requests
19 to selected States, or broadcast cases to all
20 States when there is no indication of the source
21 of needed information;

22 “(2) provide for a maximum of 48-hour turn-
23 around time for information to be broadcast and re-
24 turned to a requesting State;

1 “(3) provide ready access to courts and admin-
2 istrative agencies of the information on the network
3 by location of a computer terminal in each court;
4 and

5 “(4) access the registries of child support or-
6 ders maintained by States pursuant to section
7 466(a)(20)(A).”.

8 **SEC. 203. FEDERAL CHILD SUPPORT ORDER REGISTRY.**

9 (a) ESTABLISHMENT.—Not later than October 1,
10 1995, the Secretary shall establish a Federal registry of
11 all child support orders recorded in State registries estab-
12 lished pursuant to section 466(a)(20)(A) of the Social Se-
13 curity Act.

14 (b) COMPARISON OF INFORMATION ON W-4 FORMS
15 WITH INFORMATION IN CHILD SUPPORT ORDERS.—With-
16 in 10 days after the registry established under subsection
17 (a) receives a W-4 form of an employee, the registry
18 shall—

19 (1) compare the information on the form with
20 the information in the registry on the child support
21 obligations of the employee; and

22 (2) transmit to the registry established pursu-
23 ant to section 466(a)(20)(A) of the Social Security
24 Act of the State that is collecting and disbursing the
25 child support payment—

1 (A) a notice as to whether the amount
2 specified on the W-4 form as the monthly child
3 support obligation of the employee is accurate
4 or not; and

5 (B) the name and address of the employee.

6 (c) REGULATIONS.—The Secretary shall prescribe
7 such regulations as may be necessary to carry out this
8 section, especially in cases involving an employee who has
9 2 or more employers or child support obligations.

10 (d) STATE ACCESS TO THE REGISTRY.—The Sec-
11 retary shall, upon request of any State, provide the State
12 with access to the information contained in the registry
13 established under subsection (a).

14 (e) SAFEGUARDS.—The Secretary shall implement
15 such safeguards as may be necessary to prevent the disclo-
16 sure of information of the registry established under sub-
17 section (a) in cases that would jeopardize the safety of
18 a custodial parent, a noncustodial parent, or a child of
19 such a parent.

20 (f) DEFINITIONS.—As used in this section:

21 (1) CHILD SUPPORT ORDER.—The term “child
22 support order” means an order requiring payments
23 for support (including medical support) and mainte-
24 nance of a child or of a child and the parent with
25 whom the child is living.

1 (2) SECRETARY.—The term “Secretary” means
2 the Secretary of Health and Human Services.

3 (3) STATE.—The term “State” includes the
4 several States, the District of Columbia, the Com-
5 monwealth of Puerto Rico, the Commonwealth of the
6 Northern Mariana Islands, the United States Virgin
7 Islands, Guam, American Samoa, and the Trust
8 Territory of the Pacific Islands.

9 **SEC. 204. NATIONAL REPORTING OF EMPLOYEES AND**
10 **CHILD SUPPORT INFORMATION.**

11 (a) IN GENERAL.—The Secretary of the Treasury, in
12 consultation with the Secretary of Labor, shall establish
13 a system of reporting of employees by requiring employers
14 to provide a copy of every employee’s W-4 form to the
15 Federal child support order registry established pursuant
16 to section 203(a) of this Act—

17 (1) in the case of employees hired on or after
18 the effective date of this section, on the date the em-
19 ployee is hired; or

20 (2) in the case of employees hired before such
21 effective date, within 10 days after such effective
22 date.

23 (b) INCLUSION OF CHILD SUPPORT INFORMATION
24 ON W-4 FORMS.—The Secretary of the Treasury shall

1 modify the W-4 form to enable the employee to indicate
2 on the form—

3 (1) whether the employee owes child support,
4 and if so—

5 (A) the amount of the support payable;

6 (B) whether the support is to be paid
7 through wage withholding; and

8 (C) to whom the support is to be paid; and

9 (2) whether health care insurance is available to
10 the new employee, and, if so, whether the employee
11 has obtained such insurance for the dependent chil-
12 dren of the employee.

13 **SEC. 205. FEDERAL MATCHING PAYMENTS.**

14 (a) INCREASED BASE MATCHING RATE.—Section
15 455(a)(2) (42 U.S.C. 655(a)(2)) is amended to read as
16 follows:

17 “(2) The percent described in this paragraph
18 for a quarter in a fiscal year is—

19 “(A) 69 percent, for fiscal year 1996;

20 “(B) 72 percent, for fiscal year 1997; and

21 “(C) 75 percent, for fiscal year 1998 and
22 each succeeding fiscal year.”.

23 (b) MAINTENANCE OF EFFORT.—Section 455 (42
24 U.S.C. 655) is amended—

1 (1) in subsection (a)(1), in the matter preced-
2 ing subparagraph (A), by striking “From” and in-
3 sserting “Subject to subsection (c), from”; and

4 (2) by inserting after subsection (b) the follow-
5 ing:

6 “(c) MAINTENANCE OF EFFORT.—Notwithstanding
7 subsection (a), the total expenditures for the State pro-
8 gram under this part for each fiscal year, reduced by the
9 percent specified in subsection (a)(2) for the fiscal year,
10 shall not be less than such total expenditures for fiscal
11 year 1995, reduced by 66 percent.”

12 (c) CONFORMING AMENDMENT.—Section
13 455(a)(1)(A) (42 U.S.C. 655(a)(1)(A)) is amended by
14 striking “specified” and inserting “described”.

15 **SEC. 206. PERFORMANCE-BASED INCENTIVES AND PEN-**
16 **ALTIES.**

17 (a) INCENTIVE ADJUSTMENTS TO FEDERAL MATCH-
18 ING RATE.—

19 (1) IN GENERAL.—Section 458 (42 U.S.C. 658)
20 is amended to read as follows:

21 “INCENTIVE ADJUSTMENTS TO MATCHING RATE

22 “SEC. 458. (a) INCENTIVE ADJUSTMENT.—

23 “(1) IN GENERAL.—In order to encourage and
24 reward State child support enforcement programs
25 which perform in an effective manner, the Federal
26 matching rate for payments to a State under section

1 455(a)(1)(A), for each fiscal year beginning on or
2 after October 1, 1997, shall be increased by a factor
3 reflecting the sum of the applicable incentive adjust-
4 ments (if any) determined in accordance with regu-
5 lations under this section with respect to Statewide
6 paternity establishment and to overall performance
7 in child support enforcement.

8 “(2) STANDARDS.—

9 “(A) IN GENERAL.—The Secretary shall
10 specify in regulations—

11 “(i) the levels of accomplishment, and
12 rates of improvement as alternatives to
13 such levels, which States must attain to
14 qualify for incentive adjustments under
15 this section; and

16 “(ii) the amounts of incentive adjust-
17 ment that shall be awarded to States
18 achieving specified accomplishment or im-
19 provement levels, which amounts shall be
20 graduated, ranging up to—

21 “(I) 5 percentage points, in con-
22 nection with Statewide paternity es-
23 tablishment; and

1 “(II) 10 percentage points, in
2 connection with overall performance in
3 child support enforcement.

4 “(B) LIMITATION.—In setting performance
5 standards pursuant to subparagraph (A)(i) and
6 adjustment amounts pursuant to subparagraph
7 (A)(ii), the Secretary shall ensure that the ag-
8 gregate number of percentage point increases as
9 incentive adjustments to all States do not ex-
10 ceed such aggregate increases as assumed by
11 the Secretary in estimates of the cost of this
12 section as of June 1994, unless the aggregate
13 performance of all States exceeds the projected
14 aggregate performance of all States in such cost
15 estimates.

16 “(3) DETERMINATION OF INCENTIVE ADJUST-
17 MENT.—The Secretary shall determine the amount
18 (if any) of incentive adjustment due each State on
19 the basis of the data submitted by the State through
20 the system prescribed by the Secretary in regula-
21 tions issued pursuant to section 259 of the Family
22 Self-Sufficiency Act of 1994, concerning the levels of
23 accomplishment (and rates of improvement) with re-
24 spect to performance indicators specified by the Sec-
25 retary pursuant to this section.

1 “(4) FISCAL YEAR SUBJECT TO INCENTIVE AD-
2 JUSTMENT.—The total percentage point increase de-
3 termined pursuant to this section with respect to a
4 State program in a fiscal year shall apply as an ad-
5 justment to the percent described in section
6 455(a)(2) for payments to such State for the suc-
7 ceeding fiscal year.

8 “(b) MEANING OF TERMS.—For purposes of this sec-
9 tion—

10 “(1) the term ‘Statewide paternity establish-
11 ment percentage’ means, with respect to a fiscal
12 year, the ratio (expressed as a percentage) of—

13 “(A) the total number of out-of-wedlock
14 children in the State under one year of age for
15 whom paternity is established or acknowledged
16 during the fiscal year, to

17 “(B) the total number of children born out
18 of wedlock in the State during such fiscal year;
19 and

20 “(2) the term ‘overall performance in child sup-
21 port enforcement’ means a measure or measures of
22 the effectiveness of the State agency in a fiscal year
23 which takes into account factors including—

1 “(A) the percentage of cases requiring a
2 child support order in which such an order was
3 established;

4 “(B) the percentage of cases in which child
5 support is being paid;

6 “(C) the ratio of child support collected to
7 child support due; and

8 “(D) the cost-effectiveness of the State
9 program, as determined in accordance with
10 standards established by the Secretary in regu-
11 lations.”.

12 (b) TITLE IV–D PAYMENT ADJUSTMENT.—Section
13 455(a)(2) (42 U.S.C. 655(a)(2)), as amended by section
14 205 of this Act, is amended—

15 (1) by striking the period at the end of sub-
16 paragraph (C) and inserting a comma; and

17 (2) by adding after and below subparagraph
18 (C), flush with the left margin of the subsection, the
19 following: “increased by the incentive adjustment
20 factor (if any) determined by the Secretary pursuant
21 to section 458.”.

22 (c) CONFORMING AMENDMENTS.—Section 454(22)
23 (42 U.S.C. 654(22)) is amended—

1 (1) by striking “incentive payments” the first
2 place such term appears and inserting “incentive ad-
3 justments”; and

4 (2) by striking “any such incentive payments
5 made to the State for such period” and inserting
6 “any increases in Federal payments to the State re-
7 sulting from such incentive adjustments”.

8 (d) CALCULATION OF IV-D PATERNITY ESTABLISH-
9 MENT PERCENTAGE.—

10 (1) Section 452(g)(1) (42 U.S.C. 652(g)(1)) is
11 amended in the matter preceding subparagraph (A),
12 by inserting “its overall performance in child sup-
13 port enforcement is satisfactory (as defined in sec-
14 tion 458(b) and regulations of the Secretary), and”
15 after “1994,”.

16 (2) Section 452(g)(2) (42 U.S.C. 652(g)(2)) is
17 amended—

18 (A) in subparagraph (A), in the matter
19 preceding clause (i)—

20 (i) by striking “paternity establish-
21 ment percentage” and inserting “IV-D pa-
22 ternity establishment percentage”; and

23 (ii) by striking “(or all States, as the
24 case may be)”;

1 (B) in subparagraph (A)(i), by striking
2 “during the fiscal year”;

3 (C) in subparagraph (A)(ii)(I), by striking
4 “as of the end of the fiscal year” and inserting
5 “in the fiscal year or, at the option of the
6 State, as of the end of such year”;

7 (D) in subparagraph (A)(ii)(II), by strik-
8 ing “or (E) as of the end of the fiscal year”
9 and inserting “in the fiscal year or, at the op-
10 tion of the State, as of the end of such year”;

11 (E) in subparagraph (A)(iii)—

12 (i) by striking “during the fiscal
13 year”; and

14 (ii) by striking “and” at the end; and

15 (F) in the matter following subparagraph
16 (A)—

17 (i) by striking “who were born out of
18 wedlock during the immediately preceding
19 fiscal year” and inserting “born out of
20 wedlock”;

21 (ii) by striking “such preceding fiscal
22 year” both places such term appears and
23 inserting “the preceding fiscal year”; and

24 (iii) by striking “or (E)” the 2nd
25 place such term appears.

1 (3) Section 452(g)(3) (42 U.S.C. 652(g)(3)) is
2 amended—

3 (A) by striking subparagraph (A) and re-
4 designating subparagraphs (B) and (C) as sub-
5 paragraphs (A) and (B), respectively;

6 (B) in subparagraph (A), as so redesign-
7 dated, by striking “the percentage of children
8 born out-of-wedlock in the State” and inserting
9 “the percentage of children in the State who
10 are born out of wedlock or for whom support
11 has not been established”; and

12 (C) in subparagraph (B), as so redesign-
13 dated—

14 (i) by inserting “and overall perform-
15 ance in child support enforcement” after
16 “paternity establishment percentages”; and

17 (ii) by inserting “and securing sup-
18 port” before the period.

19 (e) TITLE IV–A PAYMENT REDUCTION.—Section
20 403 (42 U.S.C. 603) is amended—

21 (1) in subsection (a), by striking “1958—” and
22 inserting “1958—(subject to subsection (h))—”;

23 (2) in subsection (h), by striking all that pre-
24 cedes paragraph (3) and inserting the following:

1 “(h)(1) If the Secretary finds, with respect to a State
2 program under this part in a fiscal year beginning on or
3 after October 1, 1996—

4 “(A)(i) on the basis of data submitted by a
5 State through the system referred to in section
6 458(a)(3), that the State program in such fiscal
7 year failed to achieve the required paternity establish-
8 ment percentage (as defined in section 452(g)(2)(A))
9 or the appropriate level of overall performance in
10 child support enforcement (as defined in section
11 458(b)(2)), or to meet other performance measures
12 that may be established by the Secretary; or

13 “(ii) on the basis of an audit or audits of such
14 State data conducted pursuant to section
15 452(a)(4)(C), that the State data submitted through
16 the system referred to in section 458(a)(3) is incom-
17 plete or unreliable; and

18 “(B) that, with respect to the succeeding fiscal
19 year—

20 “(i) the State failed to take sufficient cor-
21 rective action to achieve the appropriate per-
22 formance levels as described in subparagraph
23 (A)(i); or

1 “(ii) the data submitted by the State
2 through the system referred to in section
3 458(a)(3) is incomplete or unreliable,
4 the amounts otherwise payable to the State under this
5 part for quarters after the end of the immediately succeed-
6 ing fiscal year, before quarters occurring after the end of
7 the 1st quarter throughout which the State program is
8 in compliance with the performance requirement, shall be
9 reduced by the percentage specified in paragraph (2) of
10 this subsection.

11 “(2) The reductions required under paragraph (1)
12 shall be—

13 “(A) not less than 1 nor more than 2 percent;

14 or

15 “(B) not less than 2 nor more than 3 percent,
16 if the finding is the 2nd consecutive finding made
17 pursuant to paragraph (1); or

18 “(C) not less than 3 nor more than 5 percent,
19 if the finding is the 3rd or a subsequent consecutive
20 such finding.”; and

21 (3) in subsection (h)(3), by striking “not in full com-
22 pliance” and all that follows and inserting “determined as
23 a result of an audit to have submitted incomplete or unre-
24 liable data through the system referred to in section
25 458(a)(3), shall be determined to have submitted adequate

1 data if the Secretary determines that the extent of the
2 incompleteness or unreliability of the data is of a technical
3 nature which does not adversely affect the determination
4 of the level of the State's performance.''.

5 (f) TEMPORARY CONTINUED APPLICABILITY OF
6 FORMER INCENTIVE SYSTEM.—Section 458 of the Social
7 Security Act, as in effect immediately before the enact-
8 ment of this section, shall remain in effect for purposes
9 of incentive payments to States for fiscal years before fis-
10 cal year 1998.

11 **SEC. 207. INCREASED FEDERAL FINANCIAL PARTICIPATION**
12 **FOR STATES WITH UNIFIED CHILD SUPPORT**
13 **ENFORCEMENT PROGRAMS.**

14 (a) IN GENERAL.—Section 455(a)(2) (42 U.S.C.
15 655(a)(2)), as amended by sections 205(a) and 206(b) of
16 this Act, is amended—

17 (1) by inserting “(A)” after “(2)”;

18 (2) by redesignating subparagraphs (A), (B),
19 and (C) as clauses (i), (ii), and (iii), respectively;
20 and

21 (3) by adding after and below the end the fol-
22 lowing:

23 “(B) The percent described in this paragraph for a
24 State for a quarter in a fiscal year shall be the percent
25 specified in subparagraph (A) for the fiscal year increased

1 by 5 percentage points if the following apply to the State
2 child support enforcement program:

3 “(i) All authority, accountability, and respon-
4 sibility for the program is centered at the State level
5 in a unified State agency.

6 “(ii) The program is administered by a single
7 agency, and policymaking for the program is central-
8 ized.

9 “(iii) There is statewide uniformity of case-
10 processing procedures and forms.

11 “(iv) There is a uniform hearing and appeal
12 process.

13 “(v) All financing decisions are made at the
14 State level.

15 “(vi) All non-Federal funding is appropriated at
16 the State level.

17 “(vii) All personnel and contracting decision
18 making is made by the State agency, and all person-
19 nel are employees of the State agency, except that
20 the Secretary may by regulation establish exceptions
21 with respect to not more than 10 percent of person-
22 nel.”.

23 (b) CONFORMING AMENDMENT.—Section 455(c) (42
24 U.S.C. 655(c)), as added by section 205 of this Act, is
25 amended by striking “(a)(2)” and inserting “(a)(2)(A)”.

1 **SEC. 208. NEW CHILD SUPPORT AUDIT PROCESS.**

2 (a) IN GENERAL.—After consultation with the Child
3 Support Audit Advisory Committee, the Secretary of
4 Health and Human Services shall—

5 (1) in accordance with subsection (b), promul-
6 gate new criteria and standards for conducting re-
7 views under section 452(a)(4) of the Social Security
8 Act and establishing a system for the reporting of
9 data relevant to such reviews, which emphasize pro-
10 gram outcomes; and

11 (2) not later than the 1st day of the 12th cal-
12 endar month beginning after the date of the enact-
13 ment of this Act, recommend to the Congress such
14 legislation as may be necessary, with respect to the
15 financing of State child support programs under
16 part D of title IV of the Social Security Act, to en-
17 hance the effectiveness of such audits and the asso-
18 ciated penalty process under section 403(h) of the
19 Social Security Act.

20 (b) TIMING.—

21 (1) NOTICE OF PROPOSED RULEMAKING.—Not
22 later than 270 days after the date of the enactment
23 of this Act, the Secretary of Health and Human
24 Services shall issue a notice of proposed rulemaking
25 with respect to the audit criteria and standards re-
26 quired by subsection (a)(1).

1 (2) FINAL REGULATIONS.—Not later than the
2 first day of the 12th calendar month beginning after
3 the date of the enactment of this Act, and after al-
4 lowing not less than 45 days for public comment on
5 the proposed rulemaking required by paragraph (1)
6 of this subsection, the Secretary of Health and
7 Human Services shall issue final regulations with re-
8 spect to the audit criteria and standards required by
9 subsection (a)(1).

10 **SEC. 209. NATIONAL CHILD SUPPORT GUIDELINES COMMIS-**
11 **SION.**

12 (a) ESTABLISHMENT.—There is hereby established a
13 commission to be known as the “National Child Support
14 Guidelines Commission” (in this section referred to as the
15 “Commission”).

16 (b) GENERAL DUTIES.—The Commission shall de-
17 velop a national child support guideline for consideration
18 by the Congress that is based on a study of various guide-
19 line models, the benefits and deficiencies of such models,
20 and any needed improvements.

21 (c) MEMBERSHIP.—

22 (1) NUMBER; APPOINTMENT.—

23 (A) IN GENERAL.—The Commission shall
24 be composed of 12 individuals appointed jointly
25 by the Secretary of Health and Human Services

1 and the Congress, not later than January 15,
2 1996, of which—

3 (i) 2 shall be appointed by the Chair-
4 man of the Committee on Finance of the
5 Senate, and 1 shall be appointed by the
6 ranking minority member of the Commit-
7 tee;

8 (ii) 2 shall be appointed by the Chair-
9 man of the Committee on Ways and Means
10 of the House of Representatives, and 1
11 shall be appointed by the ranking minority
12 member of the Committee; and

13 (iii) 6 shall be appointed by the Sec-
14 retary of Health and Human Services.

15 (B) QUALIFICATIONS OF MEMBERS.—

16 Members of the Commission shall have exper-
17 tise and experience in the evaluation and devel-
18 opment of child support guidelines. At least 1
19 member shall represent advocacy groups for
20 custodial parents, at least 1 member shall rep-
21 resent advocacy groups for noncustodial par-
22 ents, and at least 1 member shall be the direc-
23 tor of a State program under part D of title IV
24 of the Social Security Act.

1 (2) TERMS OF OFFICE.—Each member shall be
2 appointed for a term of 2 years. A vacancy in the
3 Commission shall be filled in the manner in which
4 the original appointment was made.

5 (d) COMMISSION POWERS, COMPENSATION, ACCESS
6 TO INFORMATION, AND SUPERVISION.—The first sentence
7 of subparagraph (C), the first and third sentences of sub-
8 paragraph (D), subparagraph (F) (except with respect to
9 the conduct of medical studies), clauses (ii) and (iii) of
10 subparagraph (G), and subparagraph (H) of section
11 1886(e)(6) of the Social Security Act shall apply to the
12 Commission in the same manner in which such provisions
13 apply to the Prospective Payment Assessment Commis-
14 sion.

15 (e) REPORT.—Not later than 2 years after the ap-
16 pointment of members, the Commission shall submit to
17 the President, the Committee on Ways and Means of the
18 House of Representatives, and the Committee on Finance
19 of the Senate, a recommended national child support
20 guideline and a final assessment of issues relating to such
21 a proposed national child support guideline.

22 (f) TERMINATION.—The Commission shall terminate
23 6 months after the submission of the report described in
24 subsection (e).

1 **SEC. 210. CHILD SUPPORT AUDIT ADVISORY COMMITTEE.**

2 (a) ESTABLISHMENT.—Not later than 60 days after
3 the date of the enactment of this Act, the Secretary of
4 Health and Human Services (in this section referred to
5 as the “Secretary”) shall establish a committee which
6 shall be known as the Child Support Audit Advisory Com-
7 mittee (in this section referred to as the “Committee”).

8 (b) DUTIES.—The Committee shall assist the Sec-
9 retary in—

10 (1) developing revised audit criteria and stand-
11 ards to be used pursuant to section 452(a)(4) of the
12 Social Security Act based on—

13 (A) common data elements which are de-
14 fined, collected, and reported in a uniform man-
15 ner from each State;

16 (B) numeric measures of the outcomes of
17 the child support enforcement program under
18 part D of title IV of such Act; and

19 (C) numeric measures for assessing com-
20 pliance with the regulations issued by the Sec-
21 retary pursuant to subsections (h) and (i) of
22 section 452 of such Act;

23 (2) formulating a definition of substantial com-
24 pliance that is based on such revised audit criteria
25 and standards;

1 (3) determining the period of time after interim
2 or final Federal regulations are issued implementing
3 such revised audit criteria and standards after which
4 a State may be audited to determine compliance
5 with such regulations; and

6 (4) recommending to the Congress such legisla-
7 tion as may be necessary, with respect to the financ-
8 ing of child support programs under part D of title
9 IV of such Act, to enhance the effectiveness of au-
10 dits required to be conducted under section
11 452(a)(4) of such Act and the associated penalty
12 process under section 403(h) of such Act.

13 (c) MEMBERSHIP.—The Committee shall be com-
14 posed of not less than 6 members appointed by the Sec-
15 retary, including—

16 (1) at least 1 director of a State child support
17 enforcement program operating under part D of title
18 IV of the Social Security Act;

19 (2) at least 1 commissioner of a State human
20 services agency;

21 (3) individuals who have demonstrated expertise
22 in the development of quantitative and qualitative
23 measures for performance-based audits; and

24 (4) at least 2 representatives of recipients of
25 child support enforcement services.

1 (d) PROCEDURE.—

2 (1) PARTICIPATION OF THE SECRETARY.—The
3 Secretary (or a designee of the Secretary) shall be
4 an ex officio member of the Committee, and shall
5 not vote on matters before the Committee.

6 (2) MEETINGS.—The Committee shall meet at
7 the call of the Secretary or a designee of the Sec-
8 retary.

9 (e) COMPENSATION.—

10 (1) IN GENERAL.—No member of the Commit-
11 tee may receive compensation for service on the
12 Committee.

13 (2) TRAVEL EXPENSES.—Each member of the
14 Committee shall receive travel expenses, including
15 per diem in lieu of subsistence, in accordance with
16 sections 5702 and 5703 of title 5, United States
17 Code.

18 (f) ADMINISTRATIVE SUPPORT.—Upon request of the
19 Committee, the Secretary shall provide to the Committee
20 the administrative support services necessary for the Com-
21 mittee to carry out its duties under this Act.

22 (g) INAPPLICABILITY OF THE FEDERAL ADVISORY
23 COMMITTEE ACT.—The Federal Advisory Committee Act
24 shall not apply to the Committee.

1 (h) REPORT.—Within 180 days after the date of the
2 enactment of this Act, the Committee shall submit to the
3 Secretary a report that contains proposed criteria and
4 standards for conducting audits under section 452(a)(4)
5 of the Social Security Act, which emphasize program out-
6 comes.

7 **Subtitle B—Paternity** 8 **Establishment**

9 **SEC. 211. PATERNITY ESTABLISHMENT PROCEDURES.**

10 (a) IN GENERAL.—Section 466(a)(5) (42 U.S.C.
11 666(a)(5)) is amended by striking subparagraphs (C) and
12 (D) and inserting the following:

13 “(C)(i) Procedures for a simple civil process for
14 voluntarily acknowledging paternity under which the
15 State must provide that, before a mother and a pu-
16 tative father can sign an acknowledgment of pater-
17 nity, the putative father and the mother must be
18 given notice, orally, in writing, and in a language
19 that each can understand, of the alternatives to, the
20 legal consequences of, and the rights (including, if 1
21 parent is a minor, any rights afforded due to minor-
22 ity status) and responsibilities that arise from, sign-
23 ing the acknowledgment.

24 “(ii) Such procedures must include a hospital-
25 based program for the voluntary acknowledgment of

1 paternity focusing on the period immediately before
2 or after the birth of a child.

3 “(iii) Such procedures must require the State
4 agency responsible for maintaining birth records to
5 offer voluntary paternity establishment services.

6 “(iv) The Secretary shall prescribe regulations
7 governing voluntary paternity establishment services
8 offered by hospitals and birth record agencies. The
9 Secretary shall prescribe regulations specifying the
10 types of other entities that may offer voluntary pa-
11 ternity establishment services, and governing the
12 provision of such services, which shall include a re-
13 quirement that such an entity must use the same
14 notice provisions used by, the same materials used
15 by, provide the personnel providing such services
16 with the same training provided by, and evaluate the
17 provision of such services in the same manner as,
18 voluntary paternity establishment programs of hos-
19 pitals and birth record agencies.

20 “(v) Such procedures must require the State
21 and those required to establish paternity to use only
22 the affidavit developed under section 452(a)(7) for
23 the voluntary acknowledgment of paternity, and to
24 give full faith and credit to such an affidavit signed
25 in any other State.

1 “(D)(i) Procedures under which a signed ac-
2 knowledge of paternity is considered a legal find-
3 ing of paternity, subject to the right of any signa-
4 tory to rescind the acknowledgment within 30 days.

5 “(ii)(I) Procedures under which, after the 30-
6 day period referred to in clause (i), a signed ac-
7 knowledge of paternity may be challenged in
8 court only on the basis of fraud, duress, or material
9 mistake of fact, with the burden of proof upon the
10 challenger, and under which the legal responsibilities
11 (including child support obligations) of any signatory
12 arising from the acknowledgment may not be sus-
13 pended during the challenge, except for good cause
14 shown.

15 “(II) Procedures under which, after the 30-day
16 period referred to in clause (i), a minor who signs
17 an acknowledgment of paternity other than in the
18 presence of a parent or court-appointed guardian ad
19 litem may rescind the acknowledgment in a judicial
20 or administrative proceeding, until the earlier of—

21 “(aa) attaining the age of majority; or

22 “(bb) the date of the first judicial or ad-
23 ministrative proceeding brought (after the sign-
24 ing) to establish a child support obligation, visi-
25 tation rights, or custody rights with respect to

1 the child whose paternity is the subject of the
2 acknowledgment, and at which the minor is rep-
3 resented by a parent, guardian ad litem, or at-
4 torney.”.

5 (b) NATIONAL PATERNITY ACKNOWLEDGMENT AFFI-
6 DAVIT.—Section 452(a)(7) (42 U.S.C. 652(a)(7)) is
7 amended by inserting “, and develop an affidavit to be
8 used for the voluntary acknowledgment of paternity which
9 shall include the social security account number of each
10 parent” before the semicolon.

11 **SEC. 212. ENHANCING OUTREACH TO ENCOURAGE PATER-**
12 **NITY ESTABLISHMENT.**

13 (a) IN GENERAL.—Section 454 (42 U.S.C. 654) is
14 amended—

15 (1) by striking “and” at the end of paragraph

16 (23);

17 (2) by striking the period at the end of para-
18 graph (24) and inserting “; and”; and

19 (3) by inserting after paragraph (24) the fol-
20 lowing:

21 “(25) in order to encourage voluntary paternity
22 acknowledgement, provide for—

23 “(A) the development and distribution of
24 material at schools, hospitals, agencies admin-
25 istering programs under part A of this title and

1 title XIX, prenatal health-care providers, WIC
2 programs, health departments, clinics, and
3 other appropriate locations, that describe the
4 benefits and responsibilities of paternity estab-
5 lishment and the process by which paternity
6 services may be obtained; and

7 “(B) outreach programs at hospitals and
8 birthing facilities and programs for prenatal
9 care, child birth, and parenting, in accordance
10 with regulations which shall be prescribed by
11 the Secretary not later than 1 year after such
12 effective date.”.

13 (b) ENHANCED FEDERAL MATCH.—Section
14 455(a)(1) (42 U.S.C. 655(a)(1)) is amended—

15 (1) by striking “and” at the end of subpara-
16 graph (B);

17 (2) by inserting “and” at the end of subpara-
18 graph (C); and

19 (3) by inserting after subparagraph (C) the fol-
20 lowing:

21 “(D) equal to 90 percent (rather than the
22 percentage specified in subparagraph (A)) of so
23 much of the sums expended during such quar-
24 ter as are attributable to costs incurred in car-
25 rying out section 454(25);”.

1 **SEC. 213. STRENGTHENING CIVIL PROCEDURES FOR PA-**
2 **TERNITY ESTABLISHMENT.**

3 Section 466(a) (42 U.S.C. 666(a)) is amended by in-
4 serting after paragraph (11) the following:

5 “(12) As part of the State’s civil procedures for
6 establishment of paternity, the State shall—

7 “(A) allow for expedited procedures for or-
8 dering genetic tests upon the birth of a child if
9 the putative father of the child has not ac-
10 knowledged paternity of the child;

11 “(B) authorize the State agency to order
12 all parties to a paternity action to submit to ge-
13 netic testing upon request of any party or if the
14 putative father denies paternity or fails to ap-
15 pear at any scheduled conference to respond to
16 the allegation of paternity;

17 “(C)(i) advance the costs of genetic tests,
18 subject to recoupment from the putative father
19 of a child if he is determined to be the biologi-
20 cal father of the child; and

21 “(ii) if the result of genetic testing done by
22 a laboratory is disputed, then, upon reasonable
23 request of any party, order that additional test-
24 ing be done by the same laboratory or by an
25 independent laboratory at the expense of the re-
26 questing party;

1 “(D) authorize the State to forgive costs
2 incurred by the State for delivery medical ex-
3 penses or payments of aid under the State plan
4 approved under part A (but not forgive debts
5 owed to the mother) if the father of the child
6 cooperates or acknowledges paternity before or
7 after the completion of a genetic test;

8 “(E) authorize the State agency to enter
9 default orders to establish paternity if a party
10 refuses to comply with an order to submit to
11 genetic testing;

12 “(F) prohibit the use of hearings by a
13 court or administrative agency to ratify an ac-
14 knowledgement of paternity;

15 “(G) allow a putative father of a child (if
16 not presumed to be the father under State law)
17 standing to bring paternity actions;

18 “(H) after paternity of a child is estab-
19 lished by affidavit, and until an action for cus-
20 tody of the child is brought and heard by a tri-
21 bunal, presume that the primary caretaker of a
22 child born out of wedlock has physical custody
23 of the child (with the mother presumed to be
24 the primary caretaker of a newborn child whose
25 paternity is established by affidavit in a hos-

1 pital), unless the mother and father of the child
2 agree that physical custody should be with an-
3 other individual;

4 “(I) upon motion by a party, require a tri-
5 bunal in contested cases to order the absent
6 parent of a child to provide child support with
7 respect to the child on a temporary basis in ac-
8 cordance with State law if—

9 “(i) the results of parentage testing
10 create a rebuttable presumption that the
11 putative parent is a parent of the child;

12 “(ii) the person from whom support is
13 sought has signed a verified statement of
14 parentage of the child; or

15 “(iii) there is other clear and convinc-
16 ing evidence that the person from whom
17 support is sought is a parent of the child;

18 “(J) repeal any law that provides for pa-
19 ternity cases to be tried by a jury, except to the
20 extent that such a trial is required by the State
21 constitution; and

22 “(K) have and use laws that provide for
23 the introduction and admission into evidence,
24 without need for third-party foundation testi-
25 mony, of pre-natal and post-natal birth-related

1 and parentage-testing bills, under which such a
2 bill shall be regarded as prima facie evidence of
3 the amount incurred on behalf of the child for
4 the procedures included in the bill.”.

5 **SEC. 214. PENALTY FOR FAILURE TO ESTABLISH PATER-**
6 **NITY PROMPTLY.**

7 Section 403 (42 U.S.C. 603) is amended by inserting
8 after subsection (h) the following:

9 “(i) PENALTY FOR FAILURE TO ESTABLISH PATER-
10 NITY PROMPTLY.—

11 “(1) IN GENERAL.—The amounts otherwise
12 payable under subsection (a) to a State for any cal-
13 endar quarter beginning 10 months or more after
14 the date of the enactment of this subsection shall be
15 reduced by an amount, determined pursuant to regu-
16 lations in accordance with paragraph (2), for certain
17 children for whom paternity has not been estab-
18 lished.

19 “(2) REDUCTION FORMULA.—The Secretary
20 shall promulgate regulations specifying the formula
21 for the reduction required under this subsection,
22 which formula shall provide for a reduction in Fed-
23 eral matching payments to a State under this sec-
24 tion by an amount equal to the product of—

1 “(A) the number (after allowing for the
2 tolerance level established under paragraph (3))
3 of children born on or after the date that is 10
4 months after the date of the enactment of this
5 subsection—

6 “(i) who are receiving aid under the
7 State plan approved under part A;

8 “(ii) whose custodial relatives have,
9 throughout the preceding 12-month period,
10 complied with the cooperation require-
11 ments specified in section
12 402(a)(26)(B)(i); and

13 “(iii) for whom paternity has not been
14 established;

15 “(B) the average monthly assistance pay-
16 ment under the State plan approved under this
17 part; and

18 “(C) the Federal matching rate applicable
19 to the assistance payment.

20 “(3) TOLERANCE LEVEL.—

21 “(A) IN GENERAL.—For purposes of para-
22 graph (2)(A), the tolerance level shall not be
23 higher than the applicable percentage of chil-
24 dren in the State described in paragraph (1),
25 and may decrease over time to make allowance

1 for a State's inability to establish paternity in
2 all cases.

3 “(B) APPLICABLE PERCENTAGE.—As used
4 in subparagraph (A), the term ‘applicable per-
5 centage’ means—

6 “(i) 25 percent for fiscal years 1997
7 and 1998;

8 “(ii) 20 percent for fiscal years 1999
9 and 2000;

10 “(iii) 15 percent for fiscal years 2001
11 and 2002; and

12 “(iv) 10 percent for fiscal year 2003
13 and each succeeding fiscal year.”.

14 **Subtitle C—Enforcement**

15 **SEC. 221. ACCESS TO FINANCIAL RECORDS.**

16 Section 466(a) (42 U.S.C. 666(a)), as amended by
17 section 213 of this Act, is amended by inserting after
18 paragraph (12) the following:

19 “(13) Procedures under which the State may
20 obtain access to financial records maintained by any
21 financial institution doing business in the State, for
22 the purpose of establishing, modifying, or enforcing
23 a child support obligation of the person.”.

1 **SEC. 222. PRESUMED ADDRESS OF OBLIGOR AND OBLIGEE.**

2 Section 466(a) (42 U.S.C. 666(a)), as amended by
3 sections 213 and 221 of this Act, is amended by inserting
4 after paragraph (13) the following:

5 “(14) Procedures under which the State shall—

6 “(A) require the court or administrative
7 agency with authority to issue the final order in
8 a child support or parentage case to require
9 each party subject to the order to file with the
10 court or administrative agency, on or before the
11 date the order is issued—

12 “(i) the party’s residential address or
13 addresses;

14 “(ii) the party’s mailing address or
15 addresses;

16 “(iii) the party’s home telephone num-
17 ber or numbers;

18 “(iv) the party’s driver’s license num-
19 ber and the State that issued the license;

20 “(v) the party’s social security ac-
21 count number;

22 “(vi) the name of each employer of
23 the party;

24 “(vii) the addresses of each place of
25 employment of the party; and

1 “(viii) the party’s work telephone
2 number or numbers; and

3 “(B) require the court or administrative
4 agency in any action related to child support to
5 presume, for the purpose of providing sufficient
6 notice (other than the initial notice in an action
7 to establish parentage or a child support order),
8 that the parent resides at the last residential
9 address given by the parent to the court or
10 agency.”.

11 **SEC. 223. FAIR CREDIT REPORTING ACT AMENDMENT.**

12 Section 604 of the Consumer Credit Protection Act
13 (15 U.S.C. 1681b) is amended by adding at the end the
14 following:

15 “(4) To a State agency administering a State plan
16 under section 454 of the Social Security Act, for use to
17 establish, modify, or enforce a child support award.”.

18 **SEC. 224. ADDITIONAL BENEFITS SUBJECT TO GARNISH-**
19 **MENT.**

20 (a) FEDERAL DEATH BENEFITS, BLACK LUNG BEN-
21 EFITS, AND VETERANS BENEFITS.—Section 462(f)(2) (42
22 U.S.C. 662(f)(2)) is amended by striking “(not including”
23 and all that follows through “compensation)”.

24 (b) WORKERS’ COMPENSATION.—Section 462(f) (42
25 U.S.C. 662(f)) is amended—

1 (1) by striking “or” at the end of paragraph
2 (1);

3 (2) by striking the period at the end of para-
4 graph (2) and inserting “, or”; and

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

6 “(3) workers’ compensation benefits.”.

7 **SEC. 225. HOLD ON OCCUPATIONAL, PROFESSIONAL, AND**
8 **BUSINESS LICENSES.**

9 (a) STATE HOLD BASED ON WARRANT OR SUPPORT
10 DELINQUENCY.—Section 466(a) (42 U.S.C. 666(a)), as
11 amended by sections 213, 221, and 222 of this Act, is
12 amended by inserting after paragraph (14) the following:

13 “(15) Procedures under which the State occu-
14 pational licensing and regulating departments and
15 agencies (other than the department or agency re-
16 sponsible for licensing the operation of motor vehi-
17 cles) may not issue or renew any occupational, pro-
18 fessional, or business license of—

19 “(A) a noncustodial parent who is the sub-
20 ject of an outstanding failure to appear war-
21 rant, capias, or bench warrant related to a child
22 support proceeding that appears on the State’s
23 crime information system, until removed from
24 the system; or

1 “(B) an individual who is delinquent in the
2 payment of child support, until the obligee or a
3 State entity responsible for child support en-
4 forcement consents to, or a court or administra-
5 tive agency that is responsible for the order’s
6 enforcement orders, the release of the hold on
7 the license, or an expedited inquiry and review
8 is completed while the individual is granted a
9 60-day temporary license.”.

10 (b) FEDERAL HOLD BASED ON SUPPORT DELIN-
11 QUENCY.—A Federal agency may not issue or renew any
12 occupational, professional, or business license of an indi-
13 vidual who is delinquent in the payment of child support,
14 until the obligee, the obligee’s attorney or a State entity
15 responsible for child support enforcement consents to, or
16 a court or administrative agency that is responsible for
17 the order’s enforcement orders, the release of the hold on
18 the license, or an expedited inquiry and review is com-
19 pleted while the individual is granted a 60-day temporary
20 license.

1 **SEC. 226. DRIVER'S LICENSES AND VEHICLE REGISTRA-**
2 **TIONS DENIED TO PERSONS FAILING TO AP-**
3 **PEAR IN CHILD SUPPORT CASES.**

4 Section 466(a) (42 U.S.C. 666(a)), as amended by
5 sections 213, 221, 222, and 225 of this Act, is amended
6 by inserting after paragraph (15) the following:

7 “(16) Procedures under which—

8 “(A) the State motor vehicle department—

9 “(i) may not issue or renew the driv-
10 er’s license or any vehicle registration
11 (other than temporary) of any noncustodial
12 parent who is the subject of an outstand-
13 ing failure to appear warrant, capias, or
14 bench warrant related to a child support
15 proceeding that appears on the State’s
16 crime information system, until removed
17 from the system; and

18 “(ii) in any case in which a show
19 cause order has been issued as described in
20 subparagraph (B), may grant a temporary
21 license or vehicle registration to the indi-
22 vidual pending the show cause hearing or
23 the removal of the warrant, whichever oc-
24 curs first; and

25 “(B) a State court, upon receiving notice
26 that an individual to whom a State driver’s li-

1 cense or vehicle registration has been issued is
2 the subject of a warrant related to a child sup-
3 port proceeding, shall issue a show cause order
4 to the individual requesting the individual to
5 demonstrate why the individual's driver's li-
6 cense or vehicle registration should not be sus-
7 pended until the warrant is removed by the
8 State responsible for issuing the warrant.”.

9 **SEC. 227. LIENS.**

10 Section 466(a) (42 U.S.C. 666(a)), as amended by
11 sections 213, 221, 222, 225, and 226 of this Act, is
12 amended by inserting after paragraph (16) the following:

13 “(17) Procedures under which the State shall
14 systematically place liens on all nonexempt real and
15 titled personal property for child support arrearages
16 determined under a court order or an order of an
17 administrative process established under State law,
18 using a method for updating the value of the lien on
19 a regular basis or allowing for an expedited inquiry
20 to and response from a State child support order
21 registry established pursuant to paragraph (20)(A)
22 for proof of the amount of arrears, with an expe-
23 dited method for the titleholder or the individual
24 owing the arrearage to contest the arrearage or to
25 request a release upon fulfilling the support obliga-

1 tion, and under which such a lien has precedence
2 over all other encumbrances on a title to personal
3 property other than a purchase money security inter-
4 est, and that the individual owed the arrearage may
5 execute on, seize, and sell the property in accordance
6 with State law.”.

7 **SEC. 228. FRAUDULENT TRANSFER PURSUIT.**

8 Section 466(a) (42 U.S.C. 666(a)), as amended by
9 sections 213, 221, 222, 225, 226, and 227 of this Act,
10 is amended by inserting after paragraph (17) the follow-
11 ing:

12 “(18) Procedures requiring that, in any case re-
13 lated to child support, any transfer of property for
14 significantly less than the fair market value of the
15 property by an individual who owes a child support
16 arrearage shall be presumed to be made with the in-
17 tent to avoid payment of the arrearage, and may be
18 rebutted by evidence to the contrary.”.

19 **SEC. 229. REPORTING OF CHILD SUPPORT ARREARAGES TO**
20 **CREDIT BUREAUS.**

21 Section 466(a)(7)(A) (42 U.S.C. 666(a)(7)(A)) is
22 amended by striking “\$1,000” and inserting “the amount
23 of the monthly support obligation”.

1 **SEC. 230. DENIAL OF PASSPORTS TO NONCUSTODIAL PAR-**
2 **ENTS SUBJECT TO STATE ARREST WARRANTS**
3 **IN CASES OF NONPAYMENT OF CHILD SUP-**
4 **PORT.**

5 The Secretary of State is authorized to refuse a pass-
6 port or revoke, restrict, or limit a passport in any case
7 in which the Secretary of State determines or is informed
8 by competent authority that the applicant or passport
9 holder is a noncustodial parent who is the subject of an
10 outstanding State warrant of arrest for nonpayment of
11 child support, where the amount in controversy is not less
12 than \$10,000.

13 **SEC. 231. STATUTES OF LIMITATION.**

14 (a) IN GENERAL.—Section 466(a) (42 U.S.C.
15 666(a)), as amended by sections 213, 221, 222, 225, 226,
16 227, and 228 of this Act, is amended by inserting after
17 paragraph (18) the following:

18 “(19) Procedures which permit the enforcement
19 of any child support order until the child attains at
20 least 30 years of age.”.

21 (b) APPLICABILITY.—The amendment made by this
22 section shall apply to orders entered before, on, and after
23 the date of the enactment of this Act.

1 **SEC. 232. COLLECTION OF PAST-DUE SUPPORT USING TAX**
2 **COLLECTION AUTHORITY.**

3 (a) EXPANDED ROLE OF THE INTERNAL REVENUE
4 SERVICE.—

5 (1) IN GENERAL.—Section 6305 of the Internal
6 Revenue Code of 1986 (relating to collection of cer-
7 tain liability) is amended by redesignating sub-
8 sections (a) and (b) as subsections (b) and (c), re-
9 spectively, and by inserting before subsection (b) (as
10 so redesignated) the following new subsection:

11 “(a) IN GENERAL.—The head of any State child sup-
12 port order registry established pursuant to section
13 466(a)(20)(A) of the Social Security Act may certify to
14 the Secretary for collection under this subsection the
15 amount of any child support obligation. No amount may
16 be certified under the preceding sentence except the
17 amount of the delinquency under a court or administrative
18 order for support and upon a showing by such agency head
19 that such State has made reasonable efforts to collect such
20 amount using its own collection mechanisms.”

21 (2) CONFORMING AMENDMENTS.—

22 (A) Subsection (b) of section 6305 of such
23 Code (as redesignated by subsection (a)) is
24 amended by striking “Upon receiving” and all
25 that follows through “Welfare” the second place

1 it appears and inserting “Upon receiving a cer-
2 tification referred to in subsection (a)”.

3 (B) Subsection (c) of section 6305 of such
4 Code (as redesignated by subsection (a)) is
5 amended by striking “subsection (a)” and in-
6 serting “subsection (b)”.

7 (b) COLLECTION OF PAST-DUE SUPPORT USING RE-
8 FUND OFFSET.—

9 (1) IN GENERAL.—Subsection (c) of section
10 6402 of such Code is amended to read as follows:

11 “(c) OFFSET OF PAST-DUE SUPPORT AGAINST
12 OVERPAYMENTS.—

13 “(1) IN GENERAL.—Upon receiving notice from
14 any State registry that an individual owes past-due
15 support, the Secretary shall determine whether any
16 amounts, as refunds of Federal taxes paid, are pay-
17 able to such individual (regardless of whether such
18 individual filed a tax return as a married or unmar-
19 ried individual). If the Secretary finds that any such
20 amount is payable, the Secretary—

21 “(A) shall withhold from such refunds an
22 amount equal to the past-due support,

23 “(B) shall concurrently send a notice to
24 such individual that the withholding has been
25 made (including in or with such notice a notifi-

1 cation to any other individual who may have
2 filed a joint return with such individual of the
3 steps which such other individual may take in
4 order to secure his or her proper share of the
5 refund), and

6 “(C) shall pay such amount to such reg-
7 istry (together with notice of the individual’s
8 home address).

9 “(2) PROCEDURE.—

10 “(A) IN GENERAL.—Prior to notifying the
11 Secretary under paragraph (1) that an individ-
12 ual owes past-due support, the head of the
13 State registry shall send notice to such individ-
14 ual that a withholding will be made from any
15 refund otherwise payable to such individual.
16 The notice shall also (i) instruct the individual
17 owing the past-due support of the steps which
18 may be taken to contest the State registry’s de-
19 termination that past-due support is owed or
20 the amount of the past-due support, and (ii)
21 provide information, as may be prescribed by
22 the Secretary of Health and Human Services by
23 regulation in consultation with the Secretary,
24 with respect to procedures to be followed, in the
25 case of a joint return, to protect the share of

1 the refund which may be payable to another in-
2 dividual.

3 “(B) SPECIAL RULES FOR OFFSETS AGAINST
4 OVERPAYMENTS ON JOINT RETURNS.—

5 “(i) IN GENERAL.—If the Secretary
6 determines that an amount should be with-
7 held under paragraph (1), and that the re-
8 fund from which it should be withheld is
9 based upon a joint return, the Secretary
10 shall notify the State registry that the
11 withholding is being made from a refund
12 based upon a joint return, and shall fur-
13 nish to the State registry the names and
14 addresses of each spouse filing such joint
15 return.

16 “(ii) SHARE OF REFUND PAYABLE TO
17 SPOUSE NOT OWING PAST-DUE SUPPORT.—
18 If the other individual filing the joint re-
19 turn with the named individual owing the
20 past-due support takes appropriate action
21 to secure his or her proper share of a re-
22 fund from which a withholding was made
23 under paragraph (1), the Secretary shall
24 pay such share to such other individual.
25 The Secretary shall deduct the amount of

1 such payment from amounts subsequently
2 payable to the State registry to which the
3 amount originally withheld from such re-
4 fund was paid.

5 “(C) ERRONEOUS OFFSETS.—In any case
6 in which an amount was withheld under para-
7 graph (1) and paid to a State registry, and the
8 State registry subsequently determines that the
9 amount certified as past-due support was in ex-
10 cess of the amount actually owed at the time
11 the amount withheld is to be distributed to or
12 on behalf of the child, the State registry shall
13 pay the excess amount withheld to the named
14 individual thought to have owed the past-due
15 support (or, in the case of amounts withheld on
16 the basis of a joint return, jointly to the parties
17 filing such return).

18 “(3) REGULATIONS; CONTENTS, ETC.—The
19 Secretary shall issue regulations, approved by the
20 Secretary of Health and Human Services, prescrib-
21 ing the time or times at which State registries must
22 submit notices of past-due support, the manner in
23 which such notices must be submitted, and the nec-
24 essary information that must be contained in or ac-
25 company the notices. The regulations—

1 “(A) shall be consistent with the provisions
2 of paragraph (2),

3 “(B) shall specify the minimum amount of
4 past-due support to which the offset procedure
5 established by paragraph (1) may be applied,
6 and

7 “(C) shall provide that the Secretary will
8 advise the Secretary of Health and Human
9 Services, not less frequently than annually, of—

10 “(i) the State registries which have
11 furnished notices of past-due support
12 under paragraph (1) of this subsection,

13 “(ii) the number of cases in each
14 State with respect to which such notices
15 have been furnished,

16 “(iii) the amount of support sought to
17 be collected under this subsection by each
18 State registry, and

19 “(iv) the amount of such collections
20 actually made in the case of each State
21 registry.

22 “(4) STATE REGISTRY.—For purposes of this
23 subsection, the term ‘State registry’ means any
24 State child support order registry established pursu-

1 ant to section 466(a)(20)(A) of the Social Security
2 Act.

3 “(5) PAST-DUE SUPPORT.—For purposes of
4 this subsection, the term ‘past-due support’ means
5 the amount of a delinquency, determined under a
6 court order, or an order of an administrative process
7 established under State law, for support (including
8 medical support) and maintenance of a child, or of
9 a child and the parent with whom the child is living.

10 “(6) SUBSECTION APPLIED BEFORE CREDITING
11 TO FUTURE LIABILITY.—This subsection shall be ap-
12 plied to an overpayment prior to its being credit to
13 a taxpayer’s future liability for any internal revenue
14 tax.”

15 (2) CONFORMING AMENDMENT.—Paragraph (2)
16 of section 6402(d) of such Code is amended by strik-
17 ing “with respect to past-due support collected pur-
18 suant to an assignment under section 402(a)(26) of
19 the Social Security Act”.

20 (c) ELIMINATION OF THE ROLE OF THE SECRETARY
21 OF HEALTH AND HUMAN SERVICES.—

22 (1) Section 464 (42 U.S.C. 664) is hereby re-
23 pealed.

24 (2) Section 452 (42 U.S.C. 652) is amended by
25 striking subsections (b) and (c).

1 **Subtitle D—State Responsibilities**

2 **SEC. 241. STATE ROLE.**

3 (a) STATE CHILD SUPPORT ORDER REGISTRIES,
4 ETC.—

5 (1) IN GENERAL.—Section 466(a) (42 U.S.C.
6 666(a)), as amended by subtitle C of this title, is
7 amended by inserting after paragraph (19) the fol-
8 lowing:

9 “(20) Procedures under which—

10 “(A) the State child support enforcement
11 agency shall—

12 “(i) establish an automated central
13 child support order registry (including, at
14 State option, by integrating local registries
15 through computers, if the cost of such inte-
16 gration does not exceed the cost of a single
17 centralized registry) which shall maintain a
18 current record of—

19 “(I) each child support order is-
20 sued, modified, or registered in the
21 State under the State plan;

22 “(II) each child support order is-
23 sued, modified, or being enforced in
24 the State after the effective date of
25 this paragraph; and

1 “(III) any other child support
2 order, at the request of a party to the
3 order;

4 “(ii) for each such child support
5 order, record the amount of support or-
6 dered and maintain a record of payments
7 under the order;

8 “(iii) prepare a support abstract that
9 conforms to the child support order ab-
10 stract developed pursuant to section
11 452(a)(1)), forward the abstract to the
12 Federal child support order registry estab-
13 lished under section 203 of the Family
14 Self-Sufficiency Act of 1994, and enter the
15 abstract into the State registry for pur-
16 poses of matching against other data bases
17 on a regular basis;

18 “(iv) program the statewide auto-
19 mated system to extract weekly updates
20 automatically of all case records included
21 in the State registry;

22 “(v) provide a central point of access
23 to the Federal new-hire reporting directory
24 and other Federal data bases, statewide
25 data bases, and interstate case activity;

1 “(vi) routinely match information in
2 the State registry against other State data
3 bases to which the agency has access;

4 “(vii) use a national identification
5 number, preferably the social security ac-
6 count number, for all individuals or cases
7 as determined by the Secretary;

8 “(viii) maintain procedures (such as
9 notification to parents) to ensure that ar-
10 rearages do not accrue after the child for
11 whom support is ordered is no longer eligi-
12 ble for support or the order becomes in-
13 valid;

14 “(ix) use technology and automated
15 procedures in operating the State registry
16 wherever feasible and cost-effective;

17 “(x) ensure that the amount of any
18 interest due with respect to delinquent
19 child support obligations can be automati-
20 cally calculated;

21 “(xi) ensure that the State registry
22 has access to vital statistics or other infor-
23 mation necessary to provide the Secretary
24 with such information as the Secretary

1 may require in order to apply the formula
2 provided for in section 403(i);

3 “(xii) use the State registry (whether
4 centralized or established through the inte-
5 gration of local registries)—

6 “(I) as a clearinghouse for the
7 centralized collection and disburse-
8 ment of child support payments, ena-
9 bling the functions to be carried out
10 (by the State or a private entity) at 1
11 location within the State, and through
12 a fully automated process (including,
13 at State option, through multi-State
14 regional cooperative agreements
15 through 1 ‘drop box’ location with
16 computer linkage to the individual
17 State registries); and

18 “(II) as the central payment cen-
19 ter—

20 “(aa) for all employers re-
21 mitting child support withheld
22 from wages; and

23 “(bb) for all payments not
24 made through wage withholding,
25 through the use of payment cou-

1 pons or stubs or electronic
2 means, unless otherwise agreed
3 by the parties to the order and
4 the court or administrative agen-
5 cy that issued or modified the
6 order (which agreement may be
7 unilaterally rescinded by the indi-
8 vidual to whom child support is
9 payable under the order or by the
10 individual obligated to pay child
11 support under the order, without
12 permission of any court or ad-
13 ministrative agency), and, at
14 State option, payments may be
15 made at local offices or financial
16 institutions only if the payments
17 are remitted to the State registry
18 by the local office or financial in-
19 stitution for payment processing
20 by electronic funds transfer with-
21 in 24 hours after receipt; and
22 “(xiii) require the State registry to—
23 “(I) accept all payments for child
24 support by any means of transfer;

1 “(II) generate bills which provide
2 for accurate payment identification,
3 such as return stubs or coupons, for
4 cases with respect to which wage with-
5 holding is not required;

6 “(III) identify all payments made
7 to the State registry and match the
8 payment to the correct child support
9 case record;

10 “(IV) distribute all collections as
11 required by law;

12 “(V) disburse to custodial par-
13 ents child support payments that are
14 payable to such parents, including
15 through the use of direct deposit upon
16 the request of the custodial parent;

17 “(VI) process and send to custo-
18 dial parents child support payments
19 that are payable to such parents with-
20 in 24 hours after receipt;

21 “(VII) maintain records of trans-
22 actions and the status of all accounts,
23 including arrears, and monitor all
24 payments of support;

1 “(VIII) develop automatic mon-
2 itoring procedures for all cases where
3 a disruption in payments triggers
4 automatic enforcement mechanisms;

5 “(IX) accept and transmit inter-
6 state collections to other States, when-
7 ever possible, using electronic funds
8 transfer technology; and

9 “(X) when necessary, change
10 payees in child support cases adminis-
11 tratively, with notice to both parties;

12 “(B) each child support order issued or
13 modified in the State is required to be transmit-
14 ted to the registry within such period of time
15 after the issuance or modification as the Sec-
16 retary shall prescribe in regulations; and

17 “(C) the State shall—

18 “(i) prohibit any State agency from
19 imposing a fee on any custodial or
20 noncustodial parent for inclusion in the
21 State registry, or imposing any new fee on
22 a custodial parent for routine establish-
23 ment, enforcement, or modification of
24 cases handled through the State registry;

1 “(ii) have automated procedures to
2 monitor cases and impose those enforce-
3 ment measures that can be handled on a
4 mass or group basis using computer auto-
5 mation technology, by—

6 “(I) monitoring all cases within
7 the State registry on a regular basis,
8 determining on at least a monthly
9 basis whether the child support pay-
10 ment has been made;

11 “(II) maintaining automation ca-
12 pability whereby a disruption in pay-
13 ments triggers automatic enforcement
14 mechanisms; and

15 “(III) administratively imposing
16 measures such as—

17 “(aa) ordering wages to be
18 withheld automatically for the
19 purposes of satisfying child sup-
20 port obligations, and directing
21 wage withholding orders to em-
22 ployers immediately upon notifi-
23 cation by the Federal child sup-
24 port order registry established

1 under section 203(a) of the Fam-
2 ily Self-Sufficiency Act of 1990;

3 “(bb) attaching accounts at
4 financial institutions, including,
5 at State option, freezing with-
6 draws from such accounts and,
7 if the freeze is not challenged,
8 turning over the part of the ac-
9 count subject to the freeze up to
10 the amount of the child support
11 debt to the person or State seek-
12 ing the support;

13 “(cc) intercepting certain
14 lump-sum monies such as lottery
15 winnings and settlements to be
16 turned over to the State to sat-
17 isfy pending arrearages;

18 “(dd) attaching public and
19 private retirement funds in ap-
20 propriate cases, as determined by
21 the Secretary;

22 “(ee) attaching unemploy-
23 ment compensation, worker’s
24 compensation, and other State
25 benefits;

1 “(ff) increasing required
2 payments to cover arrearages;

3 “(gg) intercepting State tax
4 refunds; and

5 “(hh) submitting cases for
6 Federal tax refund offset; and

7 “(iii) be able to provide parents with
8 up-do-date information on payments that
9 are not past due, payments that are past
10 due, and general information on available
11 child support services;

12 “(D) child support arrears with respect to
13 cases in the State registry are considered judg-
14 ments by operation of law, and reducing the
15 amount of such arrears to money judgments is
16 not a prerequisite to enforcement;

17 “(E) all cases in the State registry shall
18 receive services offered by the registry without
19 regard to whether an application for such serv-
20 ices has been made; and

21 “(F) the State agency referred to in sec-
22 tion 402(a)(3) shall notify the State child sup-
23 port enforcement agency of the commencement
24 or termination of aid under the State plan ap-
25 proved under part A to any individual or fam-

1 ily, within 10 days after the commencement or
2 termination.”.

3 (2) CONFORMING AMENDMENT.—Section
4 466(b) (42 U.S.C. 666(b)) is amended by striking
5 paragraph (5).

6 (b) WAGE WITHHOLDING.—

7 (1) IN GENERAL.—Section 466(b) (42 U.S.C.
8 666(b)) is amended by adding at the end the follow-
9 ing:

10 “(11)(A)(i) Upon the issuance or modification
11 by a State court or administrative agency of an
12 order imposing a child support obligation on an indi-
13 vidual, the State shall transmit to any employer of
14 the individual a wage withholding order developed
15 under section 452(a)(11) directing the employer to
16 withhold amounts from the wages of the individual
17 pursuant to the order, or such greater amount as
18 the State child support order registry established
19 pursuant to subsection (a)(20)(A) may determine is
20 the total amount of the child support obligations of
21 the individual.

22 “(ii) Clause (i) shall not apply to an order upon
23 agreement of the parties to the order and the court
24 or administrative agency that issued or modified the
25 order.

1 “(iii) An agreement referred to in clause (ii)
2 may be unilaterally rescinded by the individual to
3 whom child support is payable under the order or by
4 the individual obligated to pay child support under
5 the order, without permission of any court or admin-
6 istrative agency.

7 “(B) Any individual or entity engaged in com-
8 merce, as a condition of doing business in the State,
9 shall, on receipt of a wage withholding order devel-
10 oped under section 452(a)(11) that is regular on its
11 face and has been issued by a court or administra-
12 tive agency of any State—

13 “(i) immediately provide a copy of the
14 order to the employee subject to the order;

15 “(ii) comply with the order by forwarding
16 to the State registry established pursuant to
17 subsection (a)(20)(A) of this section, within 5
18 days after the end of each payroll period ending
19 after receipt of the order, the greater of—

20 “(I) the amount required to be with-
21 held pursuant to the order; or

22 “(II) the amount that the State reg-
23 istry has notified the individual or family
24 is the amount required to be withheld from
25 the wages of the employee for payment of

1 child support obligations of the employee;
2 and

3 “(iii) keep records of the amounts so with-
4 held and the dates of such withholding.

5 “(C) Such an order may be served on the indi-
6 vidual or entity directly or by first-class mail.

7 “(D) An individual or entity who complies with
8 subparagraph (B)(ii) with respect to such an order
9 may not be held liable for wrongful withholding of
10 income from the employee subject to the order.

11 “(E) The State shall impose a civil fine of
12 \$1,000 on any individual or entity who receives such
13 an order for each failure to comply with subpara-
14 graph (B)(ii) with respect to the order.

15 “(F) The State shall have in effect such proce-
16 dures as the Secretary may require by regulation for
17 carrying out this paragraph in cases involving an
18 employee who has 2 or more employers or child sup-
19 port obligations.

20 “(12) If the State transmits to an individual or
21 entity engaged in commerce only outside the State
22 a wage withholding order issued by the State with
23 respect to an employee of the individual or entity,
24 and the individual or entity refuses to comply with
25 the order, the State shall send an informational copy

1 of the order to the registry established pursuant to
2 subsection (a)(20)(A) of any other State in which
3 the individual or entity is engaged in commerce.

4 “(13) If an employee requests a hearing to con-
5 test wage withholding based on claim of a mistake
6 of fact, the hearing may be held in the State from
7 which the child support is collected, and, within 45
8 days after the income source receives the withhold-
9 ing order, the entity conducting the hearing must
10 adjudicate the claim. The State in which the hearing
11 is held shall provide appropriate services in cases en-
12 forced under the State plan to ensure that the inter-
13 ests of the individual to whom the withheld income
14 is to be paid are adequately represented.”.

15 (2) CONFORMING AMENDMENT.—Section
16 466(b)(6)(A)(i) (42 U.S.C. 666(b)(6)(A)(i)) is
17 amended by striking “(which may include” and all
18 that follows through “paragraph (5))” and inserting
19 “and pay such amount to the State registry estab-
20 lished under subsection (a)(12)”.

21 (c) PRIORITIES IN APPLICATION OF WITHHELD
22 WAGES.—Section 466(b) (42 U.S.C. 666(b)), as amended
23 by subsection (b)(1) of this section, is amended by insert-
24 ing after paragraph (13) the following:

1 “(14) Procedures under which the amounts
2 withheld pursuant to a child support or wage with-
3 holding order are to be applied in the following
4 order:

5 “(A) To payments of support due during
6 the month of withholding.

7 “(B) To payments of premiums for health
8 care insurance coverage for dependent children.

9 “(C) To payments of support due before
10 the month of withholding or collection, and of
11 unreimbursed health-care expenses.”.

12 (d) ACCESS TO VARIOUS DATA BASES.—Section
13 466(a) (42 U.S.C. 666(a)), as amended by subtitle C of
14 this title and by subsection (a) of this section, is amended
15 by inserting after paragraph (20) the following:

16 “(21) Procedures under which the State child
17 support enforcement agency shall have automated
18 on-line or batch access (or, if necessary,
19 nonautomated access) to information regarding resi-
20 dential addresses, employers and employer address-
21 es, income and assets, and medical insurance bene-
22 fits with respect to absent parents that is available
23 through any data base maintained by—

24 “(A) any agency of the State or any politi-
25 cal subdivision thereof, that contains informa-

1 tion on residential addresses, or on employers
2 and employer addresses;

3 “(B) any publicly regulated utility com-
4 pany located in the State; and

5 “(C) any credit reporting agency.”.

6 (e) EXPANDED INTERACTION WITH THE NATIONAL
7 PARENT LOCATOR NETWORK.—Section 454(16) (42
8 U.S.C. 654(16)) is amended—

9 (1) by striking “and (E)” and inserting “(E)”;

10 and

11 (2) by striking “enforcement;” and inserting
12 “enforcement, and (F) to provide access to the na-
13 tional network developed pursuant to section
14 453(g);”.

15 (f) STATE PLAN REQUIREMENT.—Section 454 (42
16 U.S.C. 654), as amended by section 212(a) of this Act,
17 is amended—

18 (1) by striking “and” at the end of paragraph

19 (24);

20 (2) by striking the period at the end of para-
21 graph (25) and inserting “; and”; and

22 (3) by inserting after paragraph (25) the fol-
23 lowing:

24 “(26) will have in effect safeguards applicable
25 to all sensitive and confidential information handled

1 by the State agency designed to protect the privacy
2 rights of the parties, including—

3 “(A) safeguards against unauthorized use
4 or disclosure of information relating to proceed-
5 ings or actions to establish paternity, or to es-
6 tablish or enforce support; and

7 “(B) prohibitions against the release of in-
8 formation on the whereabouts of a party to an-
9 other party against whom a protective order
10 with respect to the party has been entered.”.

11 **SEC. 242. UNIFORM TERMS IN ORDERS.**

12 Section 452(a) (42 U.S.C. 652(a)) is amended—

13 (1) in paragraph (9), by striking “and” after
14 the semicolon;

15 (2) in paragraph (10), by striking the period at
16 the end of the 2nd sentence and inserting “; and”;
17 and

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

19 “(11) not later than 12 months after the date
20 of the enactment of this paragraph, develop a uni-
21 form abstract of a child support order, for use by
22 the child support order registry established pursuant
23 to section 466(a)(20)(A), in which may be re-
24 corded—

1 “(A) the date support payments are to
2 begin under the order;

3 “(B) the circumstances upon which sup-
4 port payments are to end under the order;

5 “(C) the amount of child support payable
6 pursuant to the order expressed as a sum cer-
7 tain to be paid on a monthly basis, arrearages
8 expressed as a sum certain as of a certain date,
9 and any payback schedule for the arrearages;

10 “(D) whether the order awards support in
11 a lump sum (nonallocated) or per child;

12 “(E) if the award is in a lump sum, the
13 event causing a change in the support award
14 and the amount of any change;

15 “(F) other expenses covered by the order;

16 “(G) the names of the parents subject to
17 the order;

18 “(H) the social security account numbers
19 of the parents;

20 “(I) the name, date of birth, and social se-
21 curity account number (if any) of each child
22 covered by the order;

23 “(J) the identification (FIPS code, name,
24 and address) of the court or administrative
25 agency that issued the order;

1 “(K) any information on health care sup-
2 port required by the order;

3 “(L) the party to contact if additional in-
4 formation is obtained; and

5 “(M) such other information as the Sec-
6 retary deems appropriate.”.

7 **SEC. 243. STATES REQUIRED TO ENACT THE UNIFORM**
8 **INTERSTATE FAMILY SUPPORT ACT.**

9 (a) **IN GENERAL.**—Section 466 (42 U.S.C. 666) is
10 amended by adding at the end the following:

11 “(f) In order to satisfy section 454(20)(A), each
12 State must have in effect laws which adopt the officially
13 approved version of the Uniform Interstate Family Sup-
14 port Act adopted by the National Conference of Commis-
15 sioners on Uniform State Laws in August 1992.”.

16 (b) **APPLICABILITY.**—

17 (1) **IN GENERAL.**—Except as provided in para-
18 graph (2) of this subsection, the amendment made
19 by subsection (a) shall apply to calendar quarters
20 beginning on or after October 1, 1995, without re-
21 gard to whether regulations to implement such
22 amendments are promulgated by such date.

23 (2) **DELAY PERMITTED IF STATE LEGISLATION**
24 **REQUIRED.**—In the case of a State plan approved
25 under part D of title IV of the Social Security Act

1 which the Secretary of Health and Human Services
 2 determines requires State legislation (other than leg-
 3 islation appropriating funds) in order for the plan to
 4 meet the additional requirement imposed by the
 5 amendment made by subsection (a) of this section,
 6 the State plan shall not be regarded as failing to
 7 comply with such additional requirement solely on
 8 the basis of the failure of the plan to meet such ad-
 9 ditional requirement before the 1st day of the 1st
 10 calendar quarter beginning after the close of the 1st
 11 regular session of the State legislature that begins
 12 after the date of the enactment of this Act. For pur-
 13 poses of the previous sentence, in the case of a State
 14 that has a 2-year legislative session, each year of
 15 such session shall be deemed to be a separate regu-
 16 lar session of the State legislature.

17 **SEC. 244. EXPEDITED PROCESSES AND ADMINISTRATIVE**
 18 **PROCEDURES.**

19 (a) MONITORING OF COMPLIANCE.—Section
 20 452(a)(4) (42 U.S.C. 652(a)(4)) is amended by inserting
 21 “and to determine whether the expedited processes re-
 22 quired under section 466(a)(2)(A) are in effect” before “,
 23 and, not less”.

24 (b) NONCOMPLIANT STATES WITH JUDICIAL SYS-
 25 TEM FOR PROCESSING CHILD SUPPORT CASES REQUIRED

1 TO CONVERT TO ADMINISTRATIVE SYSTEM.—Section
2 466(a)(2) (42 U.S.C. 666(a)(2)) is amended by inserting
3 after the 1st sentence the following: “If the Secretary
4 finds that the processes for obtaining and modifying child
5 support orders under the State judicial system has not
6 met the standards established in such regulations, such
7 procedures shall provide for the use of State administra-
8 tive processes for obtaining and modifying such orders.”.

9 **SEC. 245. DUE PROCESS.**

10 Section 454 (42 U.S.C. 654), as amended by sections
11 212(a) and 241(f) of this Act, is amended—

12 (1) by striking “and” at the end of paragraph
13 (25);

14 (2) by striking the period at the end of para-
15 graph (26) and inserting “; and”; and

16 (3) by inserting after paragraph (26) the fol-
17 lowing:

18 “(27) provide for procedures to ensure that—

19 “(A) individuals who are parties to cases
20 in which services are being provided under this
21 part—

22 “(i) receive notice of all proceedings in
23 which support obligations might be estab-
24 lished or modified; and

1 “(ii) receive a copy of any order estab-
2 lishing or modifying a child support obliga-
3 tion within 14 days after issuance of such
4 order; and

5 “(B) individuals receiving services under
6 this part have timely access to a fair hearing or
7 other formal complaint procedure, meeting
8 standards established by the Secretary, that en-
9 sures prompt consideration and resolution of
10 complaints (but the resort to the procedure
11 shall not stay the enforcement of any support
12 order);”.

13 **SEC. 246. OUTREACH AND ACCESSIBILITY.**

14 (a) UNIFORM APPLICATION FOR CHILD SUPPORT
15 SERVICES.—

16 (1) REQUIREMENT THAT STATES USE FEDERAL
17 APPLICATION FORM.—Section 454(6)(A) (42 U.S.C.
18 654(6)(A)) is amended by inserting “(which shall be
19 made on the service application form developed
20 under section 452(a)(7))” after “State”.

21 (2) DUTY TO DEVELOP APPLICATION FORM.—
22 Section 452(a)(7) (42 U.S.C. 652(a)(7)), as amend-
23 ed by section 211(b) of this Act, is amended by in-
24 serting “, and develop a form to be used to apply

1 for services established under State plans under this
2 part” before the semicolon.

3 (b) OUTREACH.—

4 (1) STATE PLAN REQUIREMENT.—Section 454
5 (42 U.S.C. 654), as amended by sections 212(a),
6 241(f), and 245 of this Act, is amended—

7 (A) by striking “and” at the end of para-
8 graph (26);

9 (B) by striking the period at the end of
10 paragraph (27) and inserting “; and”; and

11 (C) by inserting after paragraph (27) the
12 following:

13 “(28) provide for the establishment and conduct
14 of an ongoing program of outreach to persons eligi-
15 ble for services under the plan, in accordance with
16 regulations issued under section 452(a)(11).”.

17 (2) REGULATIONS.—Section 452(a) (42 U.S.C.
18 652(a)), as amended by section 242 of this Act, is
19 amended—

20 (A) in paragraph (10), by striking “and”
21 after the semicolon;

22 (B) in paragraph (11), by striking the pe-
23 riod and inserting “; and”; and

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

1 “(12) issue such regulations as are necessary to
2 ensure that State agencies—

3 “(A) develop and implement a plan for
4 serving underserved populations;

5 “(B) use appropriate personnel and print-
6 ed material for use by persons who do not
7 speak English or whose hearing is impaired;
8 and

9 “(C) work in cooperation with other Fed-
10 eral, State, and local government agencies and
11 private nonprofit organizations which serve low-
12 income families to publicize the availability of
13 such services and coordinate the delivery of
14 such services.”.

15 **SEC. 247. COST-OF-LIVING ADJUSTMENT OF CHILD SUP-**
16 **PORT AWARDS.**

17 Part D of title IV (42 U.S.C. 651–669) is amended
18 by inserting after section 467 the following:

19 **“SEC. 467A. COST-OF-LIVING ADJUSTMENT OF CHILD SUP-**
20 **PORT AWARDS.**

21 “(a) IN GENERAL.—Each State, as a condition for
22 having its State plan approved under this part, shall have
23 in effect such laws and procedures as are necessary to en-
24 sure that each child support order issued or modified in
25 the State after the effective date of this section provides

1 that amount of child support payable under the order dur-
2 ing the 12-month period that begins on each anniversary
3 of the date the order was issued or most recently so modi-
4 fied shall be an amount equal to—

5 “(1) the amount of the award specified in the
6 order; multiplied by

7 “(2) the percentage (if any) by which—

8 “(A) the average of the Consumer Price
9 Index (as defined in section 1(f)(5) of the Inter-
10 nal Revenue Code of 1986) for the most recent
11 12-month period for which such information is
12 available; exceeds

13 “(B) the average of the Consumer Price
14 Index (as so defined) for the 12-month period
15 that ends on the date the order was issued or
16 most recently so modified.

17 “(b) NOTICE REQUIREMENTS.—The laws and proce-
18 dures described in subsection (a) shall include a require-
19 ment that notice of the cost-of-living adjustment of a child
20 support award be provided to—

21 “(1) the individual obligated to pay the child
22 support, and if wages are to be withheld to pay such
23 support, to each employer of the individual; and

24 “(2) the individual to whom the child support
25 is owed.

1 “(c) RULE OF INTERPRETATION.—Subsection (a)
2 shall not be construed to affect other grounds for modify-
3 ing a child support award.”.

4 **SEC. 248. SIMPLIFIED PROCESS FOR REVIEW AND ADJUST-**
5 **MENT OF CERTAIN CHILD SUPPORT ORDERS.**

6 (a) IN GENERAL.—Section 466(a)(10) (42 U.S.C.
7 666(a)(10)) is amended by adding at the end the follow-
8 ing:

9 “(D)(i) Procedures under which—

10 “(I) every 3 years, at the request of either
11 parent subject to a child support order, the
12 State shall review and, as appropriate, adjust
13 the order in accordance with the guidelines es-
14 tablished under section 467(a) if the amount of
15 the child support award under the order differs
16 from the amount that would be awarded in ac-
17 cordance with such guidelines by more than the
18 total of the adjustments required to be made in
19 the amount of the award pursuant to section
20 467A during the 3 year period ending on the
21 date of the request; and

22 “(II) upon request of either parent subject
23 to a child support order, the State shall review
24 and, as appropriate, adjust the order in accord-
25 ance with the guidelines established under sec-

1 tion 467(a) based on a significant change in the
2 circumstances of either such parent.

3 “(ii) Such procedures shall require both parents
4 subject to a child support order to be notified of
5 their rights provided for under clause (i) at the time
6 the order is issued and in the annual information ex-
7 change form provided under subparagraph (E).

8 “(E) Procedures under which each child sup-
9 port order issued or modified in the State after the
10 effective date of this subparagraph shall require the
11 parents subject to the order to provide each other
12 with a complete statement of their respective finan-
13 cial condition annually on a form which shall be es-
14 tablished by the Secretary and provided by the
15 State.”.

16 (b) CONFORMING AMENDMENT.—Section 466(a) (42
17 U.S.C. 666(a)) is amended by striking paragraph (10).

18 **SEC. 249. PREVENTION OF CONFLICTS OF INTEREST.**

19 Section 466(a)(10) (42 U.S.C. 666(a)(10)), as
20 amended by section 248 of this Act, is amended by adding
21 at the end the following:

22 “(F) Procedures to ensure that the State does
23 not provide to any noncustodial parent of a child
24 representation relating to the review or adjustment
25 of an order for the payment of child support with re-

1 spect to the child, unless the State makes provision
2 for such representation outside the State agency.”.

3 **SEC. 250. STAFFING.**

4 (a) STUDIES.—The Secretary of Health and Human
5 Services shall conduct and, not later than 1 year after the
6 date of the enactment of this Act, complete staffing stud-
7 ies for each State child support enforcement program, in-
8 cluding each agency and court involved in the child sup-
9 port process.

10 (b) REPORT TO THE CONGRESS.—Within 90 days
11 after the end of the 1-year period described in subsection
12 (a), the Secretary shall report to the Committee on Ways
13 and Means of the House of Representatives and the Com-
14 mittee on Finance of the Senate, and to each State, the
15 results of the studies required by subsection (a).

16 (c) IMPLEMENTATION.—Section 455(a) (42 U.S.C.
17 655(a)) is amended by adding at the end the following:

18 “(3) The Secretary shall reduce by 2 percent the
19 amount otherwise payable to a State pursuant to para-
20 graph (1)(A) for any calendar quarter ending 2 or more
21 years after the State receives a report transmitted pursu-
22 ant to section 250(b) of the Family Self-Sufficiency Act
23 of 1994, if the Secretary determines that, during the quar-
24 ter, the State has not met performance standards and has

1 not implemented the staffing levels recommended in the
2 report.”.

3 **SEC. 251. TRAINING.**

4 (a) FEDERAL TRAINING ASSISTANCE.—Section
5 452(a)(7) (42 U.S.C. 652(a)(7)) is amended by inserting
6 “and training” after “technical assistance”.

7 (b) STATE TRAINING PROGRAM.—Section 454 (42
8 U.S.C. 654), as amended by sections 212(a), 241(f), 245,
9 and 246(b)(1) of this Act, is amended—

10 (1) by striking “and” at the end of paragraph
11 (27);

12 (2) by striking the period at the end of para-
13 graph (28) and inserting “; and”; and

14 (3) by inserting after paragraph (28) the fol-
15 lowing:

16 “(29) provide that the State will develop and
17 implement a training program under which training
18 is to be provided not less frequently than annually
19 to all personnel performing functions under the
20 State plan.”.

21 (c) REPORT.—Section 452(a)(10) (42 U.S.C.
22 652(a)(10)) is amended by redesignating subparagraphs
23 (H) and (I) as subparagraphs (I) and (J), respectively,
24 and by inserting after subparagraph (G) the following:

1 “(H) the training activities at the Federal
2 and State levels, the training audit, and the
3 amounts expended on training;”.

4 (d) RESOURCES.—For technical assistance, training,
5 operational research, demonstrations, and staffing studies
6 under part D of title IV of the Social Security Act, there
7 are authorized to be appropriated to the Secretary of
8 Health and Human Services for each fiscal year an
9 amount equal to not more than 2 percent of the total
10 amount paid to the Federal Government pursuant to sec-
11 tion 457(b) of such Act during the immediately preceding
12 fiscal year.

13 **SEC. 252. PRIORITIES IN DISTRIBUTION OF COLLECTED**
14 **CHILD SUPPORT.**

15 (a) IN GENERAL.—Section 457(a) (42 U.S.C.
16 657(a)) is amended to read as follows:

17 “(a) Amounts collected as support by a State pursu-
18 ant to a child support or wage withholding order are to
19 be allocated as follows:

20 “(1) First, for support payments for the month
21 that are not past due, as follows:

22 “(A) First, for cash support payments.

23 “(B) Then, for payments related to pre-
24 miums for health care insurance coverage of
25 children covered by the order.

1 “(2) Then, for payments of support that are
2 past due, and for payment of unreimbursed health
3 care expenses.”.

4 (b) INCREASE IN PASS-THROUGH OF COLLECTED
5 CHILD SUPPORT.—

6 (1) IN GENERAL.—Section 457(b)(1) (42
7 U.S.C. 657(b)(1)) is amended—

8 (A) by inserting “or such greater amount
9 of such child support payments as the State
10 may establish and provide for in the State plan,
11 or if greater, 1/2” after “the first \$50” each
12 place such term appears; and

13 (B) by inserting “less the amount of any
14 payment made to the family under section
15 402(a)(48) in the month in which the child sup-
16 port was received,” before “shall”.

17 (2) INCREASE IN DISREGARD OF PASSED
18 THROUGH CHILD SUPPORT.—Section
19 402(a)(8)(A)(vi) (42 U.S.C. 602(a)(8)(A)(vi)) is
20 amended to read as follows:

21 “(vi) shall disregard—

22 “(I) the first \$50 (adjusted pursuant
23 to section 406(i) for the calendar quarter
24 in which the month occurs) or such greater
25 amount of such child support payments as

1 the State may establish and provide for in
2 the State plan, or, if greater, $\frac{1}{2}$ of any
3 child support payments for the month re-
4 ceived in the month;

5 “(II) the first \$50 (as so adjusted) or
6 such greater amount of such child support
7 payments as the State may establish and
8 provide for in the State plan, or if greater,
9 $\frac{1}{2}$ of child support payments for each
10 prior month received in the month if the
11 payments were made by the absent parent
12 in the month in which due; and

13 “(III) any amount paid to the family
14 under section 457(b)(1), with respect to
15 the dependent child or children in the fam-
16 ily;”.

17 (c) PERSONS NO LONGER RECEIVING AFDC.—Sec-
18 tion 457(c) (42 U.S.C. 657(c)) is amended—

19 (1) by striking “any amount of support col-
20 lected” and all that follows through “the individ-
21 uals” and inserting “to the family any amount of
22 support collected in payment of current or future
23 support obligations or arrears accrued for a month
24 for which the family did not receive such assistance,
25 subject to the same conditions and on the same

1 basis as in the case of payments made to families”;
2 and

3 (2) by adding at the end the following: “If col-
4 lections are received in a month with respect to a
5 family which has ceased to receive such assistance,
6 the collections shall be credited first as payments for
7 the month that are not past due, then to payments
8 of arrears accrued in months for which the family
9 did not receive such assistance, then to any other
10 unpaid arrears, and then against future support ob-
11 ligations.”.

12 (d) MARRIED COUPLES.—Section 457 (42 U.S.C.
13 657) is amended by adding at the end the following:

14 “(e) If an individual obligor and obligee join house-
15 holds by marrying or remarrying each other, or (if married
16 to each other) by reuniting after a period of legal separa-
17 tion, the State shall suspend or forgive collection of child
18 support arrearages owed to the State if the income of the
19 resulting family is less than 200 percent of the poverty
20 line (as determined by the Secretary).”.

21 **SEC. 253. TEEN NONCUSTODIAL PARENTS AND CHILD SUP-**
22 **PORT.**

23 (a) AUTHORITY OF STATES TO TEMPORARILY WAIVE
24 RIGHT TO COLLECT CHILD SUPPORT OBLIGATIONS OF
25 TEEN NONCUSTODIAL PARENTS WHO ARE PARTICIPAT-

1 ING IN A STATE EDUCATIONAL OR EMPLOYMENT PREPA-
2 RATION PROGRAM.—

3 (1) IN GENERAL.—Section 454 (42 U.S.C.
4 454), as amended by sections 212(a), 241(f), 245,
5 246(b)(1), and 251(b) of this Act, is amended—

6 (A) by striking “and” at the end of para-
7 graph (28);

8 (B) by striking the period at the end of
9 paragraph (29) and inserting “; and”; and

10 (C) by inserting after paragraph (29) the
11 following:

12 “(30) at the option of the State, provide that,
13 if the State agency determines that a noncustodial
14 parent who has not attained 20 years of age owes
15 but is unable to pay child support, then the State
16 may, in lieu of enforcing the right to such support
17 for such period as the State considers appropriate,
18 allow the parent to choose to comply with an edu-
19 cational or job training program.”.

20 (2) CONFORMITY OF STATE GUIDELINES FOR
21 CHILD SUPPORT AWARDS.—Section 467 (42 U.S.C.
22 667) is amended by adding at the end the following:

23 “(d) The guidelines established pursuant to sub-
24 section (a) shall provide that if the State agency deter-
25 mines that a noncustodial parent who has not attained 20

1 years of age owes but is unable to pay child support, then
2 the State may, in lieu of enforcing the right to such sup-
3 port for such period as the State considers appropriate,
4 allow the parent to choose to comply with an educational
5 or job training program.”.

6 (b) LIMITATION ON USE OF JOBS FUNDS.—Section
7 403(l) (42 U.S.C. 603(l)), as amended by section 112(a)
8 of this Act, is amended by adding at the end the following:

9 “(6) The Secretary shall not make a payment to a
10 State under this section with respect to amounts expended
11 by a State to carry out section 454(30), to the extent that
12 such expenditures exceed 5 percent of the total amount
13 expended by the State to operate the State program estab-
14 lished under part F.”.

15 **Subtitle E—Demonstrations**

16 **SEC. 261. ESTABLISHMENT OF CHILD SUPPORT ASSUR-** 17 **ANCE DEMONSTRATION PROJECTS.**

18 (a) IN GENERAL.—In order to encourage States to
19 provide a guaranteed minimum level of child support for
20 every eligible child not receiving such support, the Sec-
21 retary of Health and Human Services (in this section re-
22 ferred to as the “Secretary”) shall make grants to not
23 more than 6 States to conduct demonstration projects for
24 the purpose of establishing or improving a system of as-

1 sured minimum child support payments in accordance
2 with this section.

3 (b) CONTENTS OF APPLICATION.—An application for
4 grants under this section shall be submitted by the Gov-
5 ernor of a State and shall—

6 (1) contain a description of the proposed child
7 support assurance project to be established, imple-
8 mented, or improved using amounts provided under
9 this section, including the level of the assured bene-
10 fit to be provided, the specific activities to be under-
11 taken, and the agencies that will be involved;

12 (2) specify whether the project will be carried
13 out throughout the State or in limited areas of the
14 State;

15 (3) estimate the number of children who will be
16 eligible for assured minimum child support payments
17 under the project, and the amounts to which they
18 will be entitled on average as individuals and in the
19 aggregate;

20 (4) describe the child support guidelines and re-
21 view procedures which are in use in the State and
22 any expected modifications;

23 (5) contain a commitment by the State to carry
24 out the project during a period of not less than 7

1 and not more than 10 consecutive fiscal years begin-
2 ning with fiscal year 1996;

3 (6) contain assurances that the State—

4 (A) is currently at or above the national
5 median paternity establishment rate (as defined
6 in section 452(g)(2) of the Social Security Act);

7 (B) will improve the performance of the
8 agency designated by the State to carry out the
9 requirements under part D of title IV of the
10 Social Security Act by at least 4 percent each
11 year in which the State operates a child support
12 assurance project under this section in—

13 (i) the number of cases in which pa-
14 ternity is established when required;

15 (ii) the number of cases in which child
16 support orders are obtained; and

17 (iii) the number of cases with child
18 support orders in which collections are
19 made; and

20 (C) to the maximum extent possible under
21 current law, will use Federal, State, and local
22 job training assistance to assist obligors who
23 have been determined to be unable to meet
24 their child support obligations;

1 (7) describe the extent to which multiple agen-
2 cies, including those responsible for administering
3 the program of aid to families with dependent chil-
4 dren under part A of title IV of the Social Security
5 Act and child support collection, enforcement, and
6 payment under part D of such title, will be involved
7 in the design and operation of the child support as-
8 surance project; and

9 (8) contain such other information as the Sec-
10 retary may require by regulation.

11 (c) USE OF FUNDS.—A State shall use amounts pro-
12 vided under a grant awarded under this section to carry
13 out a child support assurance project designed to provide
14 a minimum monthly child support benefit for each eligible
15 child in the State to the extent that such minimum child
16 support is not paid in a month by the noncustodial parent.

17 (d) REQUIREMENTS.—(1) A child support assurance
18 project funded under this section shall provide that—

19 (A) a child shall be eligible for the assured child
20 support benefit if—

21 (i) the child has a living noncustodial par-
22 ent for whom—

23 (I) a child support order has been
24 sought (as defined in paragraph (3)); or

1 (II) a child support order has been
2 obtained and is being enforced by the
3 State child support order registry estab-
4 lished pursuant to section 466(a)(12) of
5 the Social Security Act; or

6 (ii) a parent of the child has good cause
7 for not seeking or enforcing a support order;

8 (B) the assured child support benefit shall be
9 paid promptly to the custodial parent at least once
10 a month and shall be—

11 (i) an amount determined by the State
12 which is—

13 (I) not less than \$1,500 per year for
14 the first child, \$1,000 per year for the sec-
15 ond child, and \$500 per year for the third
16 and each subsequent child, and

17 (II) not more than \$3,000 per year
18 for the first child and \$1,000 per year for
19 the second and each subsequent child;

20 (ii) indexed and adjusted for inflation; and

21 (iii) in the case of a family of children with
22 multiple noncustodial parents, calculated in the
23 same manner as if all such children were full
24 siblings;

1 (C) when child support is collected for a child
2 in a month in which the child has received a child
3 support assurance benefit, the amount due to the
4 child from the child support collection shall be re-
5 duced by the child support assurance already paid to
6 the child for the month, and if the child is receiving
7 child support assurance benefits in common with sib-
8 lings or half-siblings, the amount of the child sup-
9 port assurance benefits attributable to the child shall
10 be not more than the child's pro rata share of the
11 total benefits.

12 (D) for purposes of determining the need of a
13 child or relative and the level of assistance under
14 part A of title IV of the Social Security Act, $\frac{1}{2}$ of
15 the amount received as a child support assurance
16 benefit shall be disregarded from income until the
17 total amount of child support and aid to families
18 with dependent children benefit received under part
19 A of title IV of the Social Security Act equals the
20 Federal poverty level for a family of comparable size;

21 (E) in determining need and the amount of as-
22 sistance under part A of title IV of the Social Secu-
23 rity Act, the needs of any family member not receiv-
24 ing an assured child support benefit shall be deter-

1 mined without consideration of the assured child
2 support benefits;

3 (F) the consideration under a State plan under
4 part A of title IV of the Social Security Act of any
5 child support payment received by a family other
6 than a child support assurance benefit shall be gov-
7 erned by section 402(a)(8)(A)(vi) of such Act; and

8 (G) in order to participate in the child support
9 assurance project, the child's caretaker shall apply
10 for or be receiving services of the State's child sup-
11 port enforcement program under part D of title IV
12 of the Social Security Act.

13 (2) For purposes of this section, the term "child"
14 means an individual who is of such an age, disability, or
15 educational status as to be eligible for child support as
16 provided for by the law of the State in which such individ-
17 ual resides.

18 (3) For purposes of this section, a child support order
19 shall be deemed to have been "sought" where an individual
20 has applied for or is receiving services from the State child
21 support agency, or has sought a child support order
22 through representation by private or public counsel or pro
23 se.

24 (e) CONSIDERATION AND PRIORITY OF APPLICA-
25 TIONS.—(1) The Secretary shall consider all applications

1 received from States desiring to conduct demonstration
2 projects under this section and shall approve not more
3 than 6 applications which appear likely to contribute sig-
4 nificantly to the achievement of the purpose of this sec-
5 tion. In selecting States to conduct demonstration projects
6 under this section, the Secretary shall—

7 (A) ensure that the applications selected rep-
8 resent a diversity of minimum benefits distributed
9 throughout the range specified in subsection
10 (d)(1)(B)(i);

11 (B) consider the geographic dispersion and vari-
12 ation in population of the applicants;

13 (C) give priority to States the applications of
14 which demonstrate—

15 (i) significant recent improvements in—

16 (I) establishing paternity and child
17 support awards,

18 (II) enforcement of child support
19 awards, and

20 (III) collection of child support pay-
21 ments;

22 (ii) a record of effective automation; and

23 (iii) that efforts will be made to link child
24 support systems with other service delivery sys-
25 tems;

1 (D) ensure that the proposed projects will be of
2 a size sufficient to obtain a meaningful measure of
3 the effects of child support assurance;

4 (E) give priority, first, to States intending to
5 operate a child support assurance project on a state-
6 wide basis, and, second, to States that are commit-
7 ted to phasing in an expansion of such project to the
8 entire State, if interim evaluations suggest such ex-
9 pansion is warranted; and

10 (F) ensure that, if feasible, the States selected
11 use a variety of approaches for child support guide-
12 lines.

13 (2) The Secretary shall, if feasible, require at least
14 2 of the States selected to participate in the demonstration
15 projects conducted under this section to provide intensive
16 integrated social services for low-income participants in
17 the child support assurance project, for the purpose of as-
18 sisting such participants in improving their employment,
19 housing, health, and educational status.

20 (f) DURATION.—During fiscal year 1995, the Sec-
21 retary shall develop criteria, select the States to partici-
22 pate in the demonstration, and plan for the evaluation re-
23 quired under subsection (h). The demonstration projects
24 conducted under this section shall commence on October
25 1, 1995, and shall be conducted for not less than 7 and

1 not more than 10 consecutive fiscal years, except that the
2 Secretary may terminate a project before the end of such
3 period if the Secretary determines that the State conduct-
4 ing the project is not in substantial compliance with the
5 terms of the application approved by the Secretary under
6 this section. The Secretary shall determine from interim
7 reports required under subsection (i) whether a project
8 may be extended beyond such period, and Federal finan-
9 cial participation shall be available for such an extension.

10 (g) COST SAVINGS RECOVERY.—The Secretary shall
11 develop a methodology to identify any State cost savings
12 realized in connection with the implementation of a child
13 support assurance project conducted under this section.
14 Any such savings realized as a result of the implementa-
15 tion of a child support assurance project shall be utilized
16 for child support enforcement improvements or expansions
17 and improvements in the program of aid to families with
18 dependent children conducted under part A of title IV of
19 the Social Security Act within the participating State.

20 (h) EVALUATION AND REPORT TO CONGRESS.—(1)
21 The Secretary shall conduct an evaluation of the effective-
22 ness of the demonstration projects funded under this sec-
23 tion and determine whether to recommend that such
24 projects be phased in on a national basis. The evaluation

1 shall include an assessment of the effect of an assured
2 benefit on—

3 (A) parental income from nongovernment
4 sources and the number of hours worked;

5 (B) the use and amount of government sup-
6 ports by the parents;

7 (C) the ability of the parents to accumulate re-
8 sources;

9 (D) the well-being of the children receiving
10 child support assurance benefits, including edu-
11 cational attainment and school behavior; and

12 (E) the State's rates of establishing paternity
13 and support orders and of collecting support.

14 (2) 4 years after commencement of the demonstration
15 projects, and at the completion of the designated duration
16 of a demonstration project, the Secretary shall submit an
17 interim and final report based on the evaluation to the
18 Committee on Finance and the Committee on Labor and
19 Human Resources of the Senate, and the Committee on
20 Ways and Means and the Committee on Education and
21 Labor of the House of Representatives concerning the ef-
22 fectiveness of the child support assurance projects funded
23 under this section.

24 (i) STATE REPORTS.—The Secretary shall require
25 each State that conducts a demonstration project under

1 this section to annually report such information on the
2 project's operation as the Secretary may require, except
3 that all such information shall be reported according to
4 a uniform format prescribed by the Secretary. Each such
5 State shall provide an opportunity for the public to com-
6 ment on the demonstration project during such period as
7 the State may establish, and shall include any such com-
8 ments in the annual report.

9 (j) RESTRICTIONS ON MATCHING AND USE OF
10 FUNDS.—(1) A State conducting a demonstration project
11 under this section shall be required—

12 (A) except as provided in paragraph (2), to pro-
13 vide not less than 20 percent of the total amounts
14 expended in each calendar year of the project to pay
15 the costs associated with the project funded under
16 this section;

17 (B) to maintain its level of expenditures for
18 child support collection, enforcement, and payment
19 at the same level, or at a higher level, than such ex-
20 penditures were prior to such State's participation in
21 a demonstration project provided by this section;
22 and

23 (C) to maintain the aid to families with depend-
24 ent children benefits provided under part A of title
25 IV of the Social Security Act at the same level, or

1 at a higher level, as the level of such benefits on the
2 date of the enactment of this Act.

3 (2) A State participating in a demonstration project
4 under this section may provide no less than 10 percent
5 of the total amounts expended to pay the costs associated
6 with the project funded under this section in years after
7 the first year such project is conducted in a State if the
8 State meets the improvements specified in subsection
9 (b)(6)(B).

10 (k) COORDINATION WITH CERTAIN MEANS-TESTED
11 PROGRAMS.—For purposes of—

12 (1) the United States Housing Act of 1937;

13 (2) title V of the Housing Act of 1949;

14 (3) section 101 of the Housing and Urban De-
15 velopment Act of 1965;

16 (4) sections 221(d)(3), 235, and 236 of the Na-
17 tional Housing Act;

18 (5) the Food Stamp Act of 1977;

19 (6) title XIX of the Social Security Act; and

20 (7) child care assistance provided through part
21 A of title IV of the Social Security Act, the Child
22 Care and Development Block Grant, or title XX of
23 the Social Security Act,

24 any payment made to an individual within the demonstra-
25 tion project area for child support up to the amount which

1 an assured child support benefit would provide shall not
2 be treated as income and shall not be taken into account
3 in determining resources for the month of its receipt and
4 the following month.

5 (l) TREATMENT OF CHILD SUPPORT BENEFIT.—Any
6 assured child support benefit received by an individual
7 under this section shall be considered child support for
8 purposes of the Internal Revenue Code of 1986.

9 (m) AUTHORIZATION OF APPROPRIATIONS.—There
10 are authorized to be appropriated such sums as may be
11 necessary in each of the fiscal years 1995, 1996, 1997,
12 1998, 1999, and 2000 to carry out this section.

13 **Subtitle F—Miscellaneous**

14 **SEC. 271. TECHNICAL CORRECTION TO ERISA DEFINITION** 15 **OF MEDICAL CHILD SUPPORT ORDER.**

16 (a) IN GENERAL.—Section 609(a)(2)(B) of the Em-
17 ployee Retirement Income Security Act of 1974 (29
18 U.S.C. 1169(a)(2)(B)) is amended—

19 (1) by striking “issued by a court of competent
20 jurisdiction”;

21 (2) by striking the period at the end of clause
22 (ii) and inserting a comma; and

23 (3) by adding, after and below clause (ii), the
24 following:

1 “if such judgment, decree, or order (I) is issued
2 by a court of competent jurisdiction or (II) is
3 issued by an administrative adjudicator and has
4 the force and effect of law under applicable
5 State law.”.

6 (b) PLAN AMENDMENTS NOT REQUIRED UNTIL OC-
7 TOBER 1, 1996.—

8 (1) IN GENERAL.—Any amendment to a plan
9 required to be made by an amendment made by this
10 section shall not be required to be made before the
11 first plan year beginning on or after October 1,
12 1996, if—

13 (A) during the period after the date before
14 the effective date of this Act and before such
15 first plan year, the plan is operated in accord-
16 ance with the requirements of the amendments
17 made by this section; and

18 (B) the plan amendment applies retro-
19 actively to the period after the date before the
20 effective date of this Act and before such first
21 plan year.

22 (2) HOLD HARMLESS PROVISION.—A plan shall
23 not be treated as failing to be operated in accord-
24 ance with the provisions of the plan merely because
25 it operates in accordance with paragraph (1).

1 **TITLE III—TEEN PARENTS AND**
2 **WELFARE REFORM**
3 **Subtitle A—Family**

4 **SEC. 301. MINOR TEEN PARENT RESIDENCY REQUIREMENT.**

5 Section 402(a)(43) (42 U.S.C. 602(a)(43)) is amend-
6 ed to read as follows:

7 “(43) provide that—

8 “(A) aid under the State plan shall not be
9 provided to an individual who has not attained
10 18 years of age, has never married, and has a
11 dependent child in his or her care or is preg-
12 nant and eligible for such aid, for the individual
13 and the dependent child (or for herself in the
14 case of a pregnant woman), if the case manager
15 for the individual determines that—

16 “(i) the individual is not residing in a
17 place of residence maintained by a parent,
18 legal guardian, or other adult relative of
19 the individual as the home of the parent,
20 legal guardian, or other adult relative, or
21 in a foster home, maternity home, or other
22 adult-supervised supportive living arrange-
23 ment;

24 “(ii) an appropriate adult-supervised
25 living arrangement is available for the indi-

1 vidual and the dependent child (or for her-
2 self in the case of a pregnant woman); and

3 “(iii) the individual should be required
4 to relocate to such a place of residence;
5 and

6 “(B) subparagraph (A) shall not apply to
7 an individual if—

8 “(i) the circumstances described in
9 subparagraph (A) have persisted for less
10 than 2 months since the case manager
11 made the determination described in sub-
12 paragraph (A);

13 “(ii) the individual does not have a
14 parent or legal guardian who is living in
15 the State and whose whereabouts are
16 known;

17 “(iii) the individual has been living
18 independently from any parent or legal
19 guardian of the individual for at least 1
20 year before the date the child was born or
21 the date the individual applied for aid
22 under the State plan;

23 “(iv) the individual is a ward of the
24 court or of the State, and the court or the

1 State (as the case may be) has approved
2 the individual for independent living; or

3 “(v) the individual has been emanci-
4 pated by court order;

5 “(C) subparagraph (A) shall not apply to
6 an individual if the case manager for the indi-
7 vidual determines—

8 “(i) that the individual does not have
9 a parent or legal guardian who will allow
10 the individual to live in the home of the
11 parent or legal guardian;

12 “(ii) that the physical or emotional
13 health or safety of the individual or the de-
14 pendent child would be jeopardized if the
15 individual and the child lived in the same
16 residence with the parent or legal guardian
17 of the individual;

18 “(iii) that the application of subpara-
19 graph (A) would prevent the continued
20 participation of the individual in—

21 “(I) a substance abuse treatment
22 program approved by the State; or

23 “(II) an education or training
24 program, or in employment, without
25 providing an equivalent alternative; or

1 “(iv) in accordance with regulations
2 issued by the Secretary, that there is other
3 good cause for not applying subparagraph
4 (A) to the individual;

5 “(D) in making the determinations de-
6 scribed in subparagraphs (A), (B), and (C), the
7 case manager for an individual shall—

8 “(i) consider all relevant factors, in-
9 cluding—

10 “(I) whether there is evidence
11 that the individual or the child has
12 suffered or is at risk of suffering
13 physical or emotional abuse by some-
14 one in the place;

15 “(II) whether illegal activity oc-
16 curs at the place; and

17 “(III) whether a mandatory relo-
18 cation of the individual would result
19 in overcrowding, violation of the terms
20 of a lease, or a violation of local
21 health or safety standards;

22 “(ii) if the case manager is not a fam-
23 ily counselor, consult with a family coun-
24 selor who has specialized training or dem-
25 onstrated experience serving individuals

1 and families, and the written recommenda-
2 tions of the counselor shall be included in
3 the case record;

4 “(E) if the case manager determines that
5 the individual should be required to relocate,
6 the State agency shall offer the individual coun-
7 seling and other services designed to help the
8 individual make the transition from independ-
9 ent to supervised living; and

10 “(F) the case manager shall determine in
11 all cases in which aid under the State plan is
12 payable to an individual who is pregnant or a
13 parent, and has not attained 20 years of age,
14 for the needs of the individual and for the needs
15 of a dependent child of the individual, whether
16 such aid should be paid to another individual in
17 the manner described in section 406(b)(2).”.

18 **SEC. 302. BENEFITS INCREASED BY \$50 FOR PATERNITY ES-**
19 **TABLISHMENT OR ESTABLISHMENT OF**
20 **CHILD SUPPORT ORDER.**

21 Section 402(a) (42 U.S.C. 602(a)), as amended by
22 sections 104 and 138 of this Act, is amended—

23 (1) by striking “and” at the end of paragraph
24 (46);

1 (2) by striking the period at the end of para-
2 graph (47) and inserting “; and”; and

3 (3) by inserting after paragraph (47) the fol-
4 lowing:

5 “(48) provide that the amount of aid otherwise
6 payable under the State plan for a month to a fam-
7 ily that includes an individual who has not attained
8 20 years of age and is the parent of a child whose
9 paternity has been established or with respect to
10 whom a child support order is in effect shall be in-
11 creased by \$50.”.

12 **Subtitle B—Education and** 13 **Employment**

14 **SEC. 311. SCHOOLING AND EMPLOYMENT REQUIREMENTS.**

15 (a) IN GENERAL.—Section 482 (42 U.S.C. 682), as
16 amended by section 111(a) of this Act, is amended by add-
17 ing at the end the following:

18 “(k) Each State program established under this part
19 shall impose only the following requirements with respect
20 to each participant who has not attained 20 years of age,
21 has not completed secondary school or received a certifi-
22 cate of high school equivalency, and is a custodial parent
23 or pregnant:

24 “(1) The participant shall participate in an
25 educational program or an employment preparation

1 program that leads to a high school diploma or the
2 equivalent unless—

3 “(A) the participant has a need for child
4 care or other supportive services that cannot be
5 addressed by the program; or

6 “(B) the case manager determines, after
7 consultation with the school or training pro-
8 gram, that the recipient would not benefit from
9 direct placement in any such program, in which
10 case the recipient shall participate in appro-
11 priate alternative activities specified in an indi-
12 vidualized plan developed for the individual by
13 the case manager which may include a plan for
14 subsequent placement in such a program.

15 “(2)(A) If an individual required to participate
16 in a program referred to in paragraph (1) fails to
17 meet a standard (established by the State in accord-
18 ance with subparagraph (B)) for minimum perform-
19 ance in the program, the amount of aid otherwise
20 payable to the individual on a monthly basis under
21 the State plan approved under part A shall be re-
22 duced by the lesser of—

23 “(i) \$60;

24 “(ii) 20 percent of such otherwise payable
25 amount; or

1 “(iii) the difference between such otherwise
2 payable amount and the amount of such aid
3 that would be so payable if the family of the in-
4 dividual included 1 less person.

5 “(B) The minimum performance standard re-
6 ferred to in subparagraph (A)—

7 “(i) shall be based on the achievement of
8 satisfactory progress in the program or on ful-
9 fillment of an attendance standard established
10 by the State; and

11 “(ii) if based on the achievement of satis-
12 factory progress—

13 “(I) shall not require maintenance of
14 a grade that is higher than a passing
15 grade in the school district in which the
16 program is located, or if the program does
17 not award grades, of a performance level
18 higher than a level prescribed by the Sec-
19 retary in regulations; and

20 “(II) shall provide for consideration,
21 under a plan approved by the Secretary, of
22 whether the failure of an individual to
23 achieve a specified grade or other applica-
24 ble performance level is due to limitations
25 on the ability of the individual to learn or

1 other circumstances that limit the ability
2 of the individual to perform up to his or
3 her capacities, or shall provide for deeming
4 progress to be satisfactory if the individual
5 meets a specified attendance standard.

6 “(C) Subparagraph (A) shall not apply to an
7 individual who has good cause (as determined by the
8 State in accordance with regulations prescribed by
9 the Secretary) for failing to meet the standard of
10 minimum performance.

11 “(D) The State may place in an escrow account
12 with respect to an individual whose aid is reduced
13 pursuant to subparagraph (A) of this paragraph an
14 amount equal to the amount of the reduction in such
15 aid, and may pay to the individual all amounts
16 placed in an escrow account with respect to the indi-
17 vidual, upon a demonstration by the individual of a
18 satisfactory effort (as defined by the State in accord-
19 ance with regulations prescribed by the Secretary) in
20 the program.

21 “(E) The State shall monitor the percentage of
22 the persons attending each school upon whom sanc-
23 tions are imposed pursuant to subparagraph (A),
24 and, if the State determines that the percentage for
25 any school significantly exceeds such percentage at

1 similar schools, the State shall determine the rea-
2 sons for the excessive sanction percentage, and shall
3 suspend the imposition of sanctions upon the per-
4 sons attending the school until the State determines
5 that the sanction percentage is not excessive.

6 “(3)(A) If an individual required to participate
7 in a program referred to in paragraph (1) meets a
8 standard (established by the State in accordance
9 with subparagraph (B) of this paragraph) for suffi-
10 cient performance in the program, the amount of aid
11 otherwise payable to the individual on a monthly
12 basis under the State plan approved under part A
13 shall be increased by not less than the lesser of—

14 “(i) \$60;

15 “(ii) 20 percent of such otherwise payable
16 amount; or

17 “(iii) the difference between such otherwise
18 payable amount and the amount of such aid
19 that would be so payable if the family of the in-
20 dividual included 1 less person.

21 “(B) The sufficient performance standard re-
22 ferred to in subparagraph (A) of this paragraph
23 shall be based on measurement of the same factors
24 used to determine whether the minimum perform-
25 ance standard referred to in paragraph (2)(B)(i) has

1 been met, and may require a higher degree of per-
2 formance (subject to such limits as the Secretary
3 shall prescribe in regulations) than the minimum
4 performance standard.”.

5 (b) CONFORMING AMENDMENTS.—Section
6 402(a)(19) (42 U.S.C. 602(a)(19)) is amended—

7 (1) in subparagraph (C)—

8 (A) in clause (iii), by inserting “, is not de-
9 scribed by clause (viii), and” before “—”;

10 (B) in clause (v)—

11 (i) by inserting a comma after “16”;

12 and

13 (ii) by inserting “and is not a custo-
14 dial parent or pregnant” before the semi-
15 colon; and

16 (C) by striking “or” at the end of clause
17 (vi);

18 (D) by adding “or” at the end of clause
19 (vii); and

20 (E) by adding at the end the following:

21 “(viii)(I) has not attained 20 years of
22 age,

23 “(II) has not completed secondary
24 school or received a certificate of high
25 school equivalency, and

1 “(III) is pregnant, or is a custodial
2 parent of a child who has not attained 4
3 months of age and is personally providing
4 care for the child;” and

5 (2) by striking subparagraph (E).

6 **SEC. 312. SUMMER ACTIVITIES AND TEEN EARNINGS.**

7 (a) GRANT BONUS FOR PARTICIPATION IN APPRO-
8 PRIATE SUMMER ACTIVITIES.—Section 482 (42 U.S.C.
9 682), as amended by sections 111(a) and 301 of this Act,
10 is amended by adding at the end the following:

11 “(l) Each State with a program established under
12 this part—

13 “(1) may increase the aid otherwise payable on
14 a monthly basis under the State plan approved
15 under part A to any participant described in sub-
16 section (k) who participates in appropriate summer
17 activities (as determined by the case manager in ac-
18 cordance with State guidelines), by the lesser of \$60
19 or 20 percent of such otherwise payable aid; and

20 “(2) shall make available to any such partici-
21 pant who participates in a summer educational pro-
22 gram or other activities approved by the State the
23 same child care and other supportive services that
24 are made available to participants in the program of
25 the State under this part.”.

1 (b) EARNED INCOME DISREGARD.—Section
2 402(a)(8)(A) (42 U.S.C. 602(a)(8)) is amended—

3 (1) by striking “and” at the end of clause (vii);

4 and

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

6 “(ix) shall disregard all earned income of
7 any individual applying for or receiving aid
8 under the State plan who has not attained 20
9 years of age and to whom section 482(k) ap-
10 plies;”.

11 **SEC. 313. PLANNING, STARTUP, AND REPORTING.**

12 (a) REQUIRED PARTICIPATION RATES.—Section
13 403(l) (42 U.S.C. 603(l)), as amended by sections 112(a)
14 and 256(b) of this Act, is amended by adding at the end
15 the following:

16 “(7)(A) Notwithstanding paragraph (1), the Sec-
17 retary shall pay to a State an amount equal to 50 percent
18 of the expenditures made by such State in a fiscal year
19 in operating its program established under part F (in lieu
20 of any different percentage specified in paragraph (1)(A))
21 if the State’s teen participation rate (determined under
22 subparagraph (B)) for the preceding fiscal year does not
23 exceed or equal—

24 “(i) 15 percent if the preceding fiscal year is
25 1996;

1 “(ii) 40 percent if such year is 1997;

2 “(iii) 70 percent if such year is 1998; or

3 “(iv) 90 percent if such year is 1999.

4 “(B) The State’s teen participation rate for a fiscal
5 year shall be the average of its teen participation rates
6 for each month in such fiscal year.

7 “(C) The State’s teen participation rate for a month
8 shall be the number, expressed as a percentage, equal to—

9 “(i) the average monthly number of individuals
10 required to comply with section 482(k) for the
11 month who have received aid under the State plan
12 approved under part A for at least 60 days, and—

13 “(I) are in an assigned or individualized
14 activity or in the midst of a regularly scheduled
15 school break;

16 “(II) have good cause for not participating
17 in a program under such section;

18 “(III) are in conciliation or whose aid
19 under the State plan approved under this part
20 has been reduced pursuant to such section; or

21 “(IV) are former recipients of such aid
22 who are receiving case management services
23 under the State plan; divided by

24 “(ii) the number of individuals required to com-
25 ply with section 482(k) for the month, plus the num-

1 ber of former recipients of such aid who are receiv-
2 ing case management services under the State plan.

3 “(D) Subparagraphs (D) and (E) of paragraph (3)
4 shall apply in like manner to this paragraph.

5 “(E) The State shall submit to the Secretary a report
6 on the number of individuals in each category or sub-
7 category of participants in programs under section 482(k)
8 as the Secretary may define.

9 “(F) The Secretary shall develop such procedures as
10 may be necessary to ensure that participation rates re-
11 ported by States are accurate, and shall annually submit
12 to the Congress a compilation of the State reports made
13 pursuant to subparagraph (E).”.

14 (b) STATE PLAN REQUIREMENT.—Section
15 482(a)(1)(B) (42 U.S.C. 682(a)(1)(B)) is amended by
16 striking “and (iii)” and inserting “(iii) a description of
17 the plans of the State for ensuring that, within 5 years
18 after the effective date of this clause, all individuals re-
19 quired to comply with subsection (k) do so, including the
20 strategy for phasing in the requirements of subsection (k),
21 which shall reflect the finding of a needs assessment that
22 identifies the current and projected numbers of recipients
23 of aid under the State plan in different regions of the
24 State who have not attained 20 years of age, the availabil-
25 ity of appropriate educational institutions and alternatives

1 (including parenting education capacity) and the availabil-
2 ity of support services, and of the plans of the State for
3 ensuring that service providers have agreed to cooperate
4 in supplying necessary data (such as reports on attend-
5 ance, satisfactory participation, and performance), and a
6 commitment by the State to make annual reports to the
7 Secretary on progress in carrying out this clause and sub-
8 section (k), and (iv).”.

9 **SEC. 314. CHILD CARE FOR NON-AFDC TEEN PARENTS.**

10 (a) ELIGIBILITY FOR AFDC CHILD CARE.—

11 (1) IN GENERAL.—Section 402(g)(1)(A)(i) (42
12 U.S.C. 602(g)(1)(A)(i)) is amended—

13 (A) by striking “and” at the end of
14 subclause (I);

15 (B) by striking the period at the end of
16 subclause (II) and inserting “; and”; and

17 (C) by adding after and below the end the
18 following:

19 “(III) at the option of the State, for each indi-
20 vidual who has not attained 20 years of age, whose
21 income is less than 150 percent of the income offi-
22 cial poverty line (as defined by the Office of Man-
23 agement and Budget, and revised annually in ac-
24 cordance with section 673(2) of the Omnibus Budget
25 Reconciliation Act of 1981) applicable to the family

1 of the individual, who is a custodial parent of a
2 child, and who requires such care in order to attend
3 an educational institution or such training programs
4 as the State deems appropriate.”.

5 (2) AUTHORITY OF STATE TO REQUIRE CON-
6 TRIBUTION BY NON-AFDC TEEN PARENTS IN AC-
7 CORDANCE WITH A SLIDING FEE SCALE CONSISTENT
8 WITH THAT ESTABLISHED BY THE STATE UNDER
9 THE CCDBG.—Section 402(g)(1)(A) (42 U.S.C.
10 602(g)(1)(A)), as amended by sections 137(a),
11 140(a), 141, and 142 of this Act, is amended by
12 adding at the end the following:

13 “(xiv) The State may elect to require a family to con-
14 tribute to the cost of child care provided under clause
15 (i)(III) in accordance with a sliding fee scale that is con-
16 sistent with the sliding fee scale established by the State
17 under the Child Care and Development Block Grant Act
18 of 1990.”.

19 (b) STATE OPTION TO PROVIDE CHILD CARE FOR
20 TEEN PARENTS PARTICIPATING IN AN EDUCATIONAL
21 PROGRAM AND ACCEPTING CASE MANAGEMENT SERV-
22 ICES.—Section 402(g)(1)(A) (42 U.S.C. 602(g)(1)(A)), as
23 amended by sections 137(a), 140(a), 141, and 142 of this
24 Act, and by subsection (a)(2) of this section, is amended
25 by adding at the end the following:

1 “(xv) Each State may guarantee child care in accord-
2 ance with subparagraph (B) of this paragraph for each
3 individual described in subparagraph (A)(ii) or (B)(ii) of
4 subsection (a)(48) whose income does not exceed 150 per-
5 cent of the poverty line and who is participating in an
6 educational program pursuant to section 482(k), if and
7 for so long as the individual accepts case management as
8 provided for in such subsection.”.

9 (c) ELIGIBILITY FOR AT-RISK CHILD CARE.—Sec-
10 tion 402(i)(1)(B) (42 U.S.C. 602(i)(1)(B)) is amended—

11 (1) by inserting “(i)” after “(B)” and
12 (2) by striking “and” and inserting “or”; and
13 (3) by adding after and below the end the fol-
14 lowing:

15 “(ii) in the case of a family that includes a indi-
16 vidual who has not attained 20 years of age and is
17 a custodial parent, needs such care in order to par-
18 ticipate in an education or training program ap-
19 proved by the State; and”.

20 **Subtitle C—Case Management**

21 **SEC. 321. CASE MANAGEMENT.**

22 (a) IN GENERAL.—Section 402(a) (42 U.S.C.
23 602(a)), as amended by sections 104 and 138 of this Act,
24 is amended—

1 (1) by striking “and” at the end of paragraph
2 (46);

3 (2) by striking the period at the end of para-
4 graph (47) and inserting “; and”; and

5 (3) by inserting after paragraph (47) the fol-
6 lowing:

7 “(48) provide that the State agency—

8 “(A) shall assign a case manager—

9 “(i) to each recipient of aid under the
10 State plan who—

11 “(I) is a custodial parent of a
12 child or pregnant; and

13 “(II) has not attained 20 years
14 of age;

15 “(ii) for 1 year, to each former recipi-
16 ent of such aid who—

17 “(I) is a custodial parent;

18 “(II) has not attained 20 years
19 of age; and

20 “(III) has not declined such as-
21 signment; and

22 “(B) may assign a case manager to any in-
23 dividual—

24 “(i) who—

1 “(I) is a noncustodial parent re-
2 ceiving aid under the State plan; and

3 “(II) has not attained 20 years
4 of age; or

5 “(ii)(I) who is a parent not receiving
6 aid under the State plan;

7 “(II) who has not attained 20 years of
8 age;

9 “(III) whose income does not exceed
10 150 percent of the income official poverty
11 line (as defined by the Office of Manage-
12 ment and Budget, and revised annually in
13 accordance with section 673(2) of the Om-
14 nibus Budget Reconciliation Act of 1981)
15 applicable to a family of the size involved;
16 and

17 “(IV) who has not declined the as-
18 signment;

19 “(C) shall require each case manager to
20 improve the capacity of any individual to whom
21 assigned to assume greater responsibility for
22 the individual and the family of the individual,
23 by—

24 “(i) in the case of an individual re-
25 ceiving aid under the State plan who is a

1 custodial parent and has not attained 18
2 years of age, assessing the appropriateness
3 of the living arrangement of the individual;

4 “(ii) providing referrals to appropriate
5 services (such as prenatal care, pre-and
6 post-partum school reentry, child care,
7 well-baby care (including immunizations),
8 and home visits if appropriate) needed for
9 the individual to complete educational pro-
10 grams or employment preparation pro-
11 grams;

12 “(iii) facilitating paternity establish-
13 ment through contacts with the putative
14 father during the mother’s pregnancy, if
15 appropriate, and if paternity is not estab-
16 lished at birth, exploring ways to establish
17 paternity;

18 “(iv) explaining the rights and respon-
19 sibilities of such individuals as established
20 under the State plans approved under this
21 part and part D, and helping such individ-
22 uals meet their responsibilities;

23 “(v) developing and monitoring the
24 case plan and service provision in order to

1 assess progress and make necessary
2 changes;

3 “(vi) ensuring that the case plan in-
4 corporates education, health, and employ-
5 ment goals during and after the completion
6 of secondary school or the training pro-
7 gram, and if the individual is required or
8 allowed to participate in the program es-
9 tablished by the State under part F, ensur-
10 ing that the case plan is the employability
11 plan for purposes of the State program es-
12 tablished under part F;

13 “(vii) attempting to identify the cause
14 of, and address, any problems that are
15 causing those of such individuals who are
16 receiving aid under the State plan to be in
17 danger of a reduction in aid;

18 “(viii) recommending to the State
19 agency that those of such individuals who
20 are involved in an educational activity pur-
21 suant to a program established under sec-
22 tion 482(k) receive bonuses, or that the
23 State apply sanctions, as appropriate,
24 under the State plan, or that there be ex-

1 emptions from a requirement imposed by
2 or under the State plan; and

3 “(ix) in the case of an individual who
4 has not attained 20 years of age and is a
5 parent or pregnant, providing the individ-
6 ual with health agency information and
7 family planning materials, and facilitating
8 appointments with respect to such matters
9 on request;

10 “(D) shall, to the extent feasible, require
11 each case manager to work with such individ-
12 uals to identify appropriate opportunities for
13 volunteer activities;

14 “(E) shall locate case managers in State
15 offices that administer the State plan, or allow
16 such offices to subcontract the duties of case
17 managers to community-based organizations or
18 other agencies of State government such as
19 health or education agencies; and

20 “(F)(i) shall ensure that the case load of
21 a case manager assigned full-time to teen par-
22 ent case management does not exceed 65 cases,
23 and that the average number of cases managed
24 by such full-time case managers does not exceed
25 50, and the Secretary shall prescribe regula-

1 tions to address situations in which a case man-
2 ager works less than full-time with teen par-
3 ents.”.

4 (b) STATE OPTION TO PROVIDE CHILD CARE FOR
5 TEEN PARENTS WHO PERFORM VOLUNTARY COMMUNITY
6 SERVICE.—Section 402(g)(1)(A) (42 U.S.C.
7 602(g)(1)(A)), as amended by sections 137(a), 140(a),
8 141, 142, 314(a)(2), and 314(b) of this Act, is amended
9 by adding at the end the following:

10 “(xvi) Each State may guarantee child care in ac-
11 cordance with subparagraph (B) of this paragraph for
12 each individual required to comply with section 482(k)
13 who voluntarily engages in community service activities
14 approved by the State.”.

15 **Subtitle D—Demonstration** 16 **Projects**

17 **SEC. 331. ADOLESCENT PREGNANCY PREVENTION GRANTS.**

18 Title XX (42 U.S.C. 1397–1397f) is amended by
19 adding at the end the following:

20 **“SEC. 2008. ADOLESCENT PREGNANCY PREVENTION**
21 **GRANTS.**

22 “(a) PURPOSE.—The purpose of this section is to en-
23 courage and provide financial assistance for the develop-
24 ment of intensive and sustained school-linked and school-
25 based pregnancy prevention programs for adolescents and

1 their families in areas of high poverty or high unmarried
2 adolescent birth rates that build upon other Federal,
3 State, and local pregnancy prevention and youth develop-
4 ment programs.

5 “(b) GENERAL AUTHORITY.—Notwithstanding sec-
6 tion 2005(a)(6), the Secretary, the Secretary of Edu-
7 cation, and the Chief Executive Officer of the Corporation
8 for National and Community Service (in this section re-
9 ferred to as the ‘responsible Federal officials’), in con-
10 sultation with other relevant Federal agencies, shall jointly
11 make grants to eligible entities, to carry out programs in
12 accordance with this section.

13 “(c) FEDERAL ADMINISTRATION.—

14 “(1) Notwithstanding the Department of Edu-
15 cation Organization Act (20 U.S.C. 3401 et seq.)
16 and the General Education Provisions Act (20
17 U.S.C. 1221 et seq.), the responsible Federal offi-
18 cials shall jointly provide for the administration of
19 this section, and shall jointly issue whatever regula-
20 tions, procedures, and guidelines, the responsible
21 Federal officials consider necessary and appropriate
22 to administer and enforce the provisions of this sec-
23 tion.

24 “(2) The responsible Federal officials may enter
25 into agreements with any other Federal entity with

1 expertise in youth development activities to admin-
2 ister the program under this section and may pro-
3 vide such entity with appropriate reimbursement.

4 “(d) FUNDING.—

5 “(1) IN GENERAL.—To achieve the purposes of
6 this section, the responsible Federal officials shall
7 make grants to eligible entities under subsection (b)
8 and conduct activities under subsections (m) and (n)
9 so that in the aggregate the expenditures for such
10 grants and activities do not exceed \$20,000,000 for
11 fiscal year 1995, \$40,000,000 for fiscal year 1996,
12 \$60,000,000 for fiscal year 1997, \$80,000,000 for
13 fiscal year 1998, and \$100,000,000 for fiscal year
14 1999 and each subsequent fiscal year.

15 “(2) PAYMENTS TO GRANTEES.—Upon approval
16 by the responsible Federal officials, each grant appli-
17 cant shall be entitled to payment of at least \$50,000
18 and not more than \$400,000 for each fiscal year
19 based on an assessment by the responsible Federal
20 officials of the scope and quality of the proposed
21 program and the number of adolescents to be served
22 by the program. Payments to a grantee for any fis-
23 cal year shall be available for expenditure by such
24 grantee in such fiscal year or the succeeding fiscal
25 year.

1 “(3) RESERVATION FOR EVALUATION, TRAIN-
2 ING, TECHNICAL ASSISTANCE, AND NATIONAL
3 CLEARINGHOUSE.—The responsible Federal officials
4 shall reserve, with respect to each fiscal year, up to
5 10 percent of the aggregate amount described in
6 paragraph (1) for expenditure by the responsible
7 Federal officials for evaluation, training, and tech-
8 nical assistance related to the programs under this
9 section, and for the establishment and operation of
10 a National Clearinghouse on Adolescent Pregnancy
11 Prevention Programs under subsection (n).

12 “(4) EXCESS AMOUNT.—If in any fiscal year
13 the aggregate amount specified in paragraph (1) for
14 such fiscal year exceeds the amount required to
15 carry out approved grant applications and other
16 functions under paragraph (3), then the amount
17 specified in section 2003(c)(5) shall be increased by
18 the excess.

19 “(e) DEFINITIONS.—As used in this section:

20 “(1) ADOLESCENTS.—The term ‘adolescents’
21 means youth who have attained 10 years of age but
22 have not attained 20 years of age.

23 “(2) ELIGIBLE ENTITY.—The term ‘eligible en-
24 tity’ means a partnership that includes—

1 “(A) a local education agency, acting on
2 behalf of one or more schools, together with

3 “(B) one or more community-based organi-
4 zations, institutions of higher education, or
5 public or private agencies or organizations.

6 “(3) ELIGIBLE AREA.—The term ‘eligible area’
7 means a school attendance area in which—

8 “(A) at least 75 percent of the children are
9 from low-income families as that term is used
10 in part A of title I of the Elementary and Sec-
11 ondary Education Act of 1965;

12 “(B) the number of children receiving aid
13 to families with dependent children under a
14 State plan approved part A of title IV is sub-
15 stantial as determined by the responsible Fed-
16 eral officials; or

17 “(C) the unmarried adolescent birth rate is
18 high, as determined by the responsible Federal
19 officials.

20 “(4) SCHOOL.—The term ‘school’ means a pub-
21 lic elementary, middle, or secondary school.

22 “(5) RESPONSIBLE FEDERAL OFFICIALS.—The
23 term ‘responsible Federal officials’ means the Sec-
24 retary of Education, the Secretary, and the Chief

1 Executive Officer of the Corporation for National
2 and Community Service.

3 “(f) USES OF FUNDS.—Grants under this section—

4 “(1) shall be used to—

5 “(A) develop, operate, expand, and improve
6 a sequential, age-appropriate program of in-
7 struction and counseling services for adolescents
8 designed to promote personal responsibility and
9 a healthy drug free lifestyle, and to prevent ad-
10 olescent pregnancy, through such activities as
11 counseling and instruction in the full range of
12 consequences of premature sexual behavior and
13 adolescent pregnancy, training in decision-mak-
14 ing, and activities to promote involvement of
15 parents and families in adolescent development
16 and personal responsibility; and

17 “(B) provide opportunities for youth at-
18 risk to develop sustained contact with one or
19 more volunteer or professionally trained adults
20 to provide character development, through such
21 activities as mentoring, group coaching, or
22 after-school activities; and

23 “(2) may be used to conduct other related ac-
24 tivities that promote the purposes of this section.

1 “(g) APPLICATION.—Each applicant for a grant
2 under subsection (b) must submit an application that—

3 “(1) includes a plan, based on local needs, for
4 accomplishing the purposes of this section that—

5 “(A) sets forth specific, measurable goals
6 intended to be accomplished under the program,
7 and describes the methods to be used in meas-
8 uring progress toward accomplishment of such
9 goals;

10 “(B) describes the components of the pro-
11 gram, including—

12 “(i) the role in the program of any
13 national service participants supported by
14 the National and Community Service Act
15 of 1990 or by any other national service
16 law as defined in such Act, and

17 “(ii) the activities, in accordance with
18 subsection (f), that will be made available
19 under the program,

20 and the manner in which such components will
21 be implemented, including the extent to which
22 activities will take place after school, on week-
23 ends, or during the summer;

24 “(C) describes the manner in which one or
25 more professional staff will administer the pro-

1 gram, and, where appropriate or feasible, the
2 manner in which national service participants
3 will be involved in the development or delivery
4 of services and in the coordination of during or
5 after-school activities;

6 “(2) demonstrates the manner in which the pro-
7 gram will be based on research concerning effective
8 means of reducing adolescent pregnancy, including
9 reducing risk-taking behaviors correlated with ado-
10 lescent pregnancy;

11 “(3) demonstrates that the program will serve
12 male and female adolescents and, where feasible,
13 out-of-school adolescents, and describes the steps the
14 applicant will take to serve such adolescents;

15 “(4) demonstrates the manner in which the ap-
16 plicant will provide, to the extent feasible, a continu-
17 ity of services for adolescents through age 19;

18 “(5) demonstrates the extent to which school
19 personnel, parents, community organizations, and
20 the adolescents to be served have participated in the
21 development of the application and will participate
22 in the planning and implementation of the program;

23 “(6) describes the applicant’s partnership, in-
24 cluding the relationship of the partners, the role of
25 each partner in the development and implementation

1 of the program, and the manner in which the part-
2 ners will coordinate their resources;

3 “(7) describes the nature and scope of commit-
4 ment to the program by other community institu-
5 tions, such as religious organizations, community
6 groups, institutions of higher education, business,
7 and labor;

8 “(8) describes the methods to be used in coordi-
9 nating the provision of services under the program
10 with the provision of services or benefits under other
11 Federal or federally assisted programs, State and
12 local programs, and private programs serving the
13 same population;

14 “(9) demonstrates that the area to be served is
15 an eligible area;

16 “(10) contains assurances that at least one ac-
17 tivity will be located in a school in the area to be
18 served and describes the activities that will be
19 school-based;

20 “(11) contains assurances that the amounts
21 provided under this section will not be used to sup-
22 plant Federal, State, or local funds for services and
23 activities that promote the purposes of this section;

24 “(12) contains assurances that the applicant
25 will provide a non-Federal share, in cash or in kind,

1 of at least 20 percent of the cost of carrying out the
2 approved program;

3 “(13) describes the applicant’s plan for continu-
4 ation of the program following completion of the
5 grant period and termination of Federal support
6 under this section;

7 “(14) contains assurances that the applicant
8 will furnish such reports, containing such informa-
9 tion, and participate in such evaluations, as the re-
10 sponsible Federal officials may require; and

11 “(15) includes such other information and as-
12 surances as the responsible Federal officials may
13 reasonably require.

14 “(h) PRIORITIES.—In making awards under this sec-
15 tion, the responsible Federal officials shall give priority to
16 applicants that—

17 “(1) provide for non-Federal resources signifi-
18 cantly in excess of those required in subsection
19 (g)(12) or for an increasing ratio of non-Federal re-
20 sources over the term of the grant; and

21 “(2) participate in other Federal and non-Fed-
22 eral programs that relate to the purposes of this sec-
23 tion.

24 “(i) TREATMENT AS NON-FEDERAL SHARE.—For
25 purposes of the National and Community Service Act of

1 1990, the funds provided to a grantee under this section
2 shall not be considered Federal funds.

3 “(j) PROHIBITION ON USE OF FUNDS.—No assist-
4 ance made available under this section shall be used to
5 provide religious instruction, to conduct worship services,
6 or to promote any religious view or teaching in any man-
7 ner.

8 “(k) GEOGRAPHIC DIVERSITY.—The responsible
9 Federal officials shall, to the extent feasible, ensure that
10 applications are approved from both urban and rural areas
11 and reflect nationwide geographic diversity.

12 “(l) APPLICATION PERIOD.—An application approved
13 under this section shall be for a term of 5 years; except
14 that approval may be terminated before the end of such
15 period if the responsible Federal officials determine that
16 the grantee conducting the program has failed substan-
17 tially to carry out the program as described in the ap-
18 proved application.

19 “(m) EVALUATION, TRAINING, AND TECHNICAL AS-
20 SISTANCE.—

21 “(1) EVALUATION.—The responsible Federal
22 officials shall evaluate the effectiveness of programs
23 conducted under this section, directly or by grant or
24 contract, and may require each grantee conducting
25 such a program to provide such information as the

1 responsible Federal officials determine is necessary
2 for such evaluations.

3 “(2) TRAINING AND TECHNICAL ASSISTANCE.—
4 The responsible Federal officials may provide train-
5 ing and technical assistance with respect to the de-
6 velopment, implementation, or operation of programs
7 under this section.

8 “(3) COORDINATION WITH NATIONAL CLEAR-
9 INGHOUSE.—The responsible Federal officials shall
10 coordinate the activities conducted under this sub-
11 section with the activities conducted by the National
12 Clearinghouse on Adolescent Pregnancy Prevention
13 Programs under subsection (n).

14 “(n) NATIONAL CLEARINGHOUSE ON ADOLESCENT
15 PREGNANCY.—

16 “(1) ESTABLISHMENT.—The responsible Fed-
17 eral officials shall establish, through grant or con-
18 tract, a national center for the collection and provi-
19 sion of programmatic information and technical as-
20 sistance that relates to adolescent pregnancy preven-
21 tion programs, to be known as the ‘National Clear-
22 inghouse on Adolescent Pregnancy Prevention Pro-
23 grams’.

24 “(2) FUNCTIONS.—The national center estab-
25 lished under paragraph (1) shall serve as a national

1 information and data clearinghouse, and as a train-
2 ing, technical assistance, and material development
3 source for adolescent pregnancy prevention pro-
4 grams. Such center shall—

5 “(A) develop and maintain a system for
6 disseminating information on all types of ado-
7 lescent pregnancy prevention program and on
8 the state of adolescent pregnancy prevention
9 program development, including information
10 concerning the most effective model programs;

11 “(B) develop and sponsor a variety of
12 training institutes and curricula for adolescent
13 pregnancy prevention program staff;

14 “(C) identify model programs representing
15 the various types of adolescent pregnancy pre-
16 vention programs;

17 “(D) develop technical assistance materials
18 and activities to assist other entities in estab-
19 lishing and improving adolescent pregnancy
20 prevention programs;

21 “(E) develop networks of adolescent preg-
22 nancy prevention programs for the purpose of
23 sharing and disseminating information; and

24 “(F) conduct such other activities as the
25 responsible Federal officials find will assist in

1 developing and carrying out programs or activi-
2 ties to reduce adolescent pregnancy.”.

3 **SEC. 332. DEMONSTRATION PROJECTS TO PROVIDE COM-**
4 **PREHENSIVE SERVICES TO PREVENT ADO-**
5 **LESCENT PREGNANCY IN HIGH-RISK COMMU-**
6 **NITIES.**

7 Title XX (42 U.S.C. 1397–1397f), as amended by
8 section 331 of this Act, is amended by adding at the end
9 the following:

10 **“SEC. 2009. DEMONSTRATION PROJECTS TO PROVIDE COM-**
11 **PREHENSIVE SERVICES TO PREVENT ADO-**
12 **LESCENT PREGNANCY IN HIGH-RISK COMMU-**
13 **NITIES.**

14 “(a)(1) PURPOSE.—In order to stimulate the develop-
15 ment of innovative approaches for the effective delivery of
16 comprehensive services, with particular emphasis on preg-
17 nancy prevention, to certain youth and their families in
18 high-risk communities and the promotion of community
19 involvement in improving the environment in which such
20 youth live, the Secretary shall conduct demonstration
21 projects in accordance with this section.

22 “(2) APPROVAL OF PROJECTS.—The Secretary, in
23 consultation with the Secretary of Education, the Sec-
24 retary of Housing and Urban Development, the Attorney
25 General, the Director of the Office of National Drug Con-

1 trol Policy, and the Secretary of Labor, shall approve at
2 least 5 and not more than 7 projects, in accordance with
3 subsection (c). Upon approval by the Secretary, each
4 project applicant shall be entitled to payment of up to
5 \$3,600,000 for each of fiscal years 1995 through 1999
6 for the purpose of conducting approved demonstration
7 projects.

8 “(b) FUNDING.—

9 “(1) IN GENERAL.—There shall be made avail-
10 able to the Secretary not to exceed \$20,000,000 for
11 each of fiscal years 1995 through 1999 for carrying
12 out the projects under this section. Payments to a
13 grantee for any fiscal year must be expended by the
14 grantee in such fiscal year or the succeeding fiscal
15 year.

16 “(2) EVALUATION, TRAINING, AND TECHNICAL
17 ASSISTANCE.—The Secretary shall reserve, with re-
18 spect to each fiscal year, 10 percent of the amount
19 described in paragraph (1) for expenditure by the
20 Secretary for training and technical assistance relat-
21 ed to the demonstration projects under this section
22 and for evaluation of such projects. The amount so
23 reserved shall remain available for obligation
24 through fiscal year 1999.

1 “(3) EXCESS AMOUNTS.—If in any fiscal year
2 the amount specified in paragraph (1) of this sub-
3 section for such fiscal year exceeds the amount re-
4 quired to carry out approved projects and evalua-
5 tion, training, and technical assistance under this
6 section, then the amount specified in section
7 2003(c)(5) shall be increased by the excess.

8 “(c) APPLICATION; ELIGIBILITY CRITERIA.—A local
9 public or private nonprofit organization, including a unit
10 of government, or any combination of such entities, shall
11 be eligible to submit a project application. In order that
12 an application be approved under subsection (a), the appli-
13 cation must—

14 “(1) demonstrate that the geographic area to be
15 served by the project satisfies the following criteria:

16 “(A) it includes a population of 20,000 to
17 35,000 residents,

18 “(B) it has an identifiable boundary and is
19 recognizable as a community by its residents,
20 and

21 “(C) within the community, there is a pov-
22 erty rate of not less than 20 percent;

23 “(2) include a plan for accomplishing the pur-
24 poses of this section that—

1 “(A) describes the comprehensive, inte-
2 grated services, in accordance with subsection
3 (e), that will be made available under the
4 project;

5 “(B)(i) sets forth the goals intended to be
6 accomplished under the project, and

7 “(ii) describes the methods to be used in
8 measuring progress toward accomplishment of
9 such goals and the outcomes to be measured,
10 including unmarried adolescent birth rates,
11 rates of youth alcohol and drug use, rates of
12 youth violence, high school graduation rates,
13 and such other outcomes as the Secretary finds
14 appropriate;

15 “(C) describes the process by which the af-
16 fected community (including parents, the youth
17 to be served, schools, local government, religious
18 organizations, community groups, business, and
19 labor) is a full partner in the process of devel-
20 oping and implementing the project and the ex-
21 tent to which parents, the youth to be served,
22 and local institutions and organizations have
23 contributed to the planning process;

24 “(D) identifies the private and public part-
25 nerships to be used;

1 “(E) describes the methods to be used in
2 coordinating the provision of services under the
3 project and the provision of services or benefits
4 under other Federal or federally assisted pro-
5 grams, State and local programs, and private
6 programs serving the same population; and

7 “(F) describes the manner in which other
8 Federal funds and non-Federal funds will be
9 used to further the purpose of the program;

10 “(3) demonstrate strong State and local govern-
11 ment commitment to the project and involvement in
12 the planning and implementation of the project;

13 “(4) demonstrate the ability of the applicant to
14 carry out the project;

15 “(5) describe the methods to be used for main-
16 taining accurate records regarding the activities car-
17 ried out with funds under this section;

18 “(6) contain assurances that the amounts pro-
19 vided under this section will not be used to supplant
20 Federal, State, and local funds for services and ac-
21 tivities that promote the purposes of this section;

22 “(7) contain assurances that the applicant will
23 provide a non-Federal share, in cash or in kind, of
24 10 percent of the cost of carrying out the approved

1 project and describe the capacity of the applicant to
2 provide the non-Federal share;

3 “(8) contain assurances that the applicant will
4 furnish such reports, containing such information,
5 and participate in such evaluations, as the Secretary
6 may require; and

7 “(9) include such other information as the Sec-
8 retary may require.

9 “(d) PRIORITY.—In making awards under this sec-
10 tion, the Secretary shall give priority to applicants that
11 provide for non-Federal resources significantly in excess
12 of those required in subsection (c)(7).

13 “(e) USE OF GRANTS.—Under each demonstration
14 project conducted under this section, the grantee shall de-
15 velop a community-wide strategy to address the causes
16 and factors of risk-taking tendencies among youth, to
17 positively affect community norms, to increase community
18 health and safety, and to generally improve the social envi-
19 ronment to enhance the life choice of community youth.
20 The strategy shall be used to provide a comprehensive set
21 of coordinated services designed to saturate the commu-
22 nity and shall include, but not be limited to, the following
23 areas:

24 “(1) Health education and access services de-
25 signed to promote physical and mental well-being

1 and personal responsibility (with particular emphasis
2 on pregnancy prevention), such as school health
3 services, family planning services, alcohol and drug
4 abuse prevention services and referral for treatment,
5 life skills training, and decision-making skills train-
6 ing.

7 “(2) Educational and employability development
8 services designed to promote educational advance-
9 ment leading to a high school diploma or its equiva-
10 lent and opportunities for high skill, high wage job
11 attainment and productive employment, to establish
12 a lifelong commitment to learning and achievement,
13 and to increase self-confidence, such as academic tu-
14 toring, literacy training, drop-out prevention pro-
15 grams, career and college counseling, mentoring pro-
16 grams, job skills training, apprenticeships, and part-
17 time paid work opportunities.

18 “(3) Social support services designed to provide
19 youth with a stable environment, opportunities for a
20 sustained relationship with one or more adults, and
21 opportunities for participation in safe and productive
22 activities, such as cultural, recreational and sports
23 activities, leadership development, peer counseling
24 and crisis intervention, mentoring programs,
25 parenting skills training, and family counseling.

1 “(4) Community activities designed to improve
2 community stability, and to encourage youth to par-
3 ticipate in community service and establish a stake
4 in the community, such as community policing, com-
5 munity service programs, community activities in
6 partnership with less distressed neighborhoods, local
7 media campaigns, and establishment of community
8 advisory councils with youth representation.

9 “(5) Employment opportunity development ac-
10 tivities designed to be coordinated with educational
11 and employability development services, social sup-
12 port services, and community activities described in
13 paragraphs (2) through (4). Emphasis shall be on
14 development of linkages with employers within and
15 outside the community to help create employment
16 opportunities and foster an understanding by com-
17 munity youth of the relationship between productive
18 employment, healthy development, and sound life
19 choices.

20 “(f) EVALUATION, TRAINING, AND TECHNICAL AS-
21 SISTANCE.—

22 “(1) EVALUATION.—The Secretary shall evalu-
23 ate the effectiveness of each demonstration project
24 conducted under this section and may require each
25 grantee conducting such a project to provide such

1 information as the Secretary determines is necessary
2 for such evaluations.

3 “(2) TRAINING AND TECHNICAL ASSISTANCE.—
4 The Secretary shall provide training and technical
5 assistance with respect to the development, imple-
6 mentation, or operation of projects under this sec-
7 tion.

8 “(3) COORDINATION WITH NATIONAL CLEAR-
9 INGHOUSE.—The Secretary shall coordinate the ac-
10 tivities conducted under this subsection with activi-
11 ties conducted by the National Clearinghouse on Ad-
12 olescent Pregnancy Prevention Programs under sec-
13 tion 2008(n).

14 “(g) FUNDING PERIOD.—Each demonstration
15 project supported under this section shall be conducted for
16 a 5-year period; except that the Secretary may terminate
17 a project before the end of such period if the Secretary
18 determines that the grantee conducting the project has
19 failed substantially to carry out the project as described
20 in the approved application.

21 “(h) DEFINITIONS AND SPECIAL RULES.—As used in
22 this section:

23 “(1) YOUTH.—The term ‘youth’ means an indi-
24 vidual who has attained 10 years of age but has not
25 attained 22 years of age.

1 “(2) USE OF CENSUS DATA.—Population and
2 poverty rate shall be determined by the most recent
3 decennial census data available.”.

4 **TITLE IV—WAIVERS**

5 **SEC. 401. FUNDING FOR WAIVERS THAT ARE NOT COST** 6 **NEUTRAL.**

7 (a) IN GENERAL.—Section 1115 (42 U.S.C. 1315)
8 is amended by adding at the end the following:

9 “(e)(1) Any State seeking a waiver under subsection
10 (a) of this section of compliance with a requirement of
11 section 402 may apply to the Secretary for the waiver,
12 and the Secretary may approve the waiver, without regard
13 to the cost neutrality of the waiver, and for payment of—

14 “(A) a percentage of State expenditures to
15 carry out the activities under the waiver that is
16 greater than the otherwise applicable percentage of
17 such expenditures for which payment otherwise may
18 be made;

19 “(B) 90 percent of the cost of evaluating activi-
20 ties pursuant to applications approved under this
21 subsection.

22 “(2)(A) After appropriate consultation with the Con-
23 gress, the States, and representatives of interested groups,
24 the Secretary shall annually issue an announcement of the
25 availability of Federal funds to assist in operating State

1 programs pursuant to waivers issued under this sub-
2 section, specify a timeframe within which applications for
3 such waivers may be submitted, and specify areas of par-
4 ticular Federal interest with respect to such waivers.

5 “(B) At the end of the annual period for submitting
6 applications under this subsection, the Secretary shall
7 publish in the Federal Register a notice that—

8 “(i) describes the waivers proposed in applica-
9 tions so submitted, including estimated costs; and

10 “(ii) provides for a period during which mem-
11 bers of the public may comment on the applications.

12 “(C) The Secretary may not approve an application
13 submitted under this subsection before the end of the com-
14 ment period provided pursuant to subparagraph (B)(ii)
15 with respect to the application.

16 “(3) The Secretary shall establish an advisory com-
17 mittee to review and comment on pending applications
18 under this subsection.

19 “(4) For waivers under this subsection, there are au-
20 thorized to be appropriated to the Secretary not more
21 than—

22 “(A) \$100,000,000 for fiscal year 1996;

23 “(B) \$200,000,000 for fiscal year 1997;

24 “(C) \$300,000,000 for fiscal year 1998; and

25 “(D) \$400,000,000 for fiscal year 1999.”.

1 (b) ANNUAL WAIVER STATUS REPORTS.—

2 (1) IN GENERAL.—Section 1115 (42 U.S.C.
3 1315), as amended by subsection (a) of this section,
4 is amended by adding at the end the following:

5 “(f) On January 1 of each fiscal year, the Secretary
6 shall submit to the Congress a report that identifies each
7 waiver approved under this section, describes the status
8 of each such waiver, and summarizes the evaluation find-
9 ings relating to activities under waivers issued under this
10 section that became available during the immediately pre-
11 ceding fiscal year.”.

12 (2) APPLICABILITY.—The amendment made by
13 paragraph (1) shall apply to fiscal year 1997 and
14 each succeeding fiscal year.

15 (c) NOTICE AND COMMENT PERIOD.—Section 1115
16 (42 U.S.C. 1315), as amended by subsections (a) and (b)
17 of this section, is amended by adding at the end the follow-
18 ing:

19 “(g) The Secretary may not issue a waiver under this
20 section before—

21 “(1) the Secretary has published in the Federal
22 Register a notice of the proposed waiver; and

23 “(2) 30 days have elapsed since the beginning
24 of the comment period with respect to the proposed
25 waiver.”.

1 (d) PROHIBITION AGAINST WAIVERS RESULTING IN
2 REDUCTION IN AFDC PAYMENTS.—Section 1115 (42
3 U.S.C. 1315), as amended by subsections (a), (b), and (c)
4 of this section, is amended by adding at the end the follow-
5 ing:

6 “(h)(1) Notwithstanding any other provision of this
7 section, the Secretary may not issue a waiver under this
8 section that provides for reduction of the levels at which
9 aid is payable to a family under a State plan approved
10 under part A of title IV, unless the reduction is to be im-
11 posed for failure without good cause to comply with a rule
12 imposed under the State program operated under part A
13 or F of title IV.

14 “(2) Any reduced expenditures resulting from the re-
15 duction by a State of the levels at which aid to families
16 with dependent children is payable shall not be considered
17 in determining whether granting the waiver would be cost-
18 neutral to the Federal Government.”.

19 **TITLE V—IMPROVING**
20 **GOVERNMENT ASSISTANCE**
21 **Subtitle A—AFDC Amendments**

22 **SEC. 501. REQUIREMENT THAT NEEDS STANDARDS RE-**
23 **FLECT THE COST OF ESSENTIAL ITEMS.**

24 Section 402(h)(1) (42 U.S.C. 602(h)(1)) is amended
25 to read as follows:

1 “(h)(1) Each State shall—

2 “(A) identify clearly the items provided for in
3 the State’s standard of need to meet basic needs, the
4 items provided for in the State’s standard of need to
5 meet special needs, and the amount allowed for each
6 such item;

7 “(B) not less frequently than every 3 years, in
8 accordance with a schedule established by the Sec-
9 retary, reexamine the basis for such allowances in
10 the State’s standard of need, including whether the
11 items provided for are sufficient to meet all essential
12 needs and whether the allowances for the items re-
13 flect prevailing prices; and

14 “(C) report to the Secretary and the public (at
15 such time and in such form and manner as the Sec-
16 retary may require) the conclusions resulting from
17 the reexamination, any changes that the State is
18 considering making in the standard of need as a re-
19 sult of the reexamination, and an explanation of how
20 the reexamination was conducted.”.

21 **SEC. 502. MAINTENANCE OF MINIMUM BENEFIT LEVELS.**

22 (a) IN GENERAL.—Section 402(a) (42 U.S.C.
23 602(a)), as amended by sections 104, 138, and 321(a) of
24 this Act, is amended—

1 (1) by striking “and” at the end of paragraph
2 (47);

3 (2) by striking the period at the end of para-
4 graph (48) and inserting “; and”; and

5 (3) by inserting after paragraph (48) the fol-
6 lowing:

7 “(49) provide that the maximum amount of aid
8 payable for any month to a family under the State
9 plan shall not be reduced below the maximum
10 amount of aid payable under the State plan in effect
11 for October 1994 to a family of the same size.”.

12 **SEC. 503. OPTIONAL SUPPLEMENTATION OF BENEFITS FOR**
13 **FAMILIES SUBJECT TO RETROSPECTIVE**
14 **BUDGETING.**

15 (a) IN GENERAL.—Section 402(a)(13) (42 U.S.C.
16 602(a)(13)) is amended—

17 (1) by striking “and” at the end of subpara-
18 graph (A);

19 (2) by adding “and” at the end of subpara-
20 graph (B); and

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

22 “(C) the State may increase the amount of
23 aid otherwise payable under the State plan to
24 a family to whom the State applies this para-
25 graph for any month if, due to changed cir-

1 cumstances, the sum of such otherwise payable
2 aid and the other income of the family for the
3 month would be less than the maximum amount
4 of aid otherwise payable under the State plan to
5 a family of the same size;”.

6 (b) CONFORMING AMENDMENT.—Section 403(a) (42
7 U.S.C. 603(a)) is amended by striking the 2nd sentence.

8 **SEC. 504. INCOME DISREGARDS.**

9 (a) STUDENT EARNINGS.—

10 (1) IN GENERAL.—Section 402(a)(8)(A)(i) (42
11 U.S.C. 602(a)(8)(A)(i)) is amended by striking “de-
12 pendent child” and all that follows and inserting
13 “individual who has not attained 20 years of age
14 and is an elementary or secondary school student”.

15 (2) CONFORMING AMENDMENTS.—Section
16 402(a) (42 U.S.C. 602(a)) is amended—

17 (A) in paragraph (8)(A)(vii)—

18 (i) by striking “a dependent child who
19 is a full-time student” and inserting “an
20 individual who has not attained 20 years of
21 age, who is an elementary or secondary
22 school student or is participating in a pro-
23 gram intended to lead to a certificate of
24 high school equivalency or in other State-
25 approved education or training in accord-

1 ance with an employability plan developed
2 under section 482(b),”; and

3 (ii) by striking “such child” and in-
4 serting “the individual”; and

5 (B) in paragraph (18), by striking “of a
6 dependent child who” and inserting “of an indi-
7 vidual who has not attained 20 years of age
8 and”.

9 (b) TRAINING STIPENDS.—Section 402(a)(8)(A)(v)
10 (42 U.S.C. 602(a)(8)(A)(v)) is amended to read as follows:

11 “(v) shall disregard from the income of
12 any individual applying for or receiving aid to
13 families with dependent children any amount
14 received as a stipend or allowance under the
15 Job Training Partnership Act or under any
16 other training or similar program;”.

17 (c) LUMP-SUM INCOME.—

18 (1) IN GENERAL.—Section 402(a)(8)(A) (42
19 U.S.C. 602(a)(8)(A)), as amended by section 312(b)
20 of this Act, is amended—

21 (A) by striking “and” at the end of clause
22 (viii); and

23 (B) by adding at the end the following:

24 “(x) shall disregard from the income of
25 any family member any amounts of income re-

1 ceived in the form of nonrecurring lump-sum
2 payments;”.

3 (2) REPEAL.—Section 402(a) (42 U.S.C.
4 602(a)) is amended by striking paragraph (17).

5 (d) EDUCATIONAL ASSISTANCE.—Section
6 402(a)(8)(A) (42 U.S.C. 602(a)(8)(A)), as amended by
7 section 312(b) of this Act and subsection (c)(1) of this
8 section, is amended—

9 (1) by striking “and” at the end of clause (ix);

10 and

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

12 “(xi) shall disregard all educational assist-
13 ance provided to a family member;”.

14 (e) IN-KIND INCOME.—Section 402(a)(8)(A) (42
15 U.S.C. 602(a)(8)(A)), as amended by section 312(b) of
16 this Act and subsections (c)(1) and (d) of this section, is
17 amended—

18 (1) by striking “and” at the end of clause (x);

19 and

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

21 “(xii) shall disregard all in-kind income
22 provided to a family member;”.

23 (f) BENEFITS UNDER THE NATIONAL AND COMMU-
24 NITY SERVICE ACT.—Section 402(a)(8)(A) (42 U.S.C.
25 602(a)(8)(A)), as amended by section 312(b) of this Act

1 and subsections (c)(1), (d), and (e) of the section, is
2 amended—

3 (1) by striking “and” at the end of clause (xi);

4 and

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

6 “(xiii) shall disregard any living allowance,
7 child care allowance, stipend, or educational
8 award paid under section 140 of the National
9 and Community Service Act of 1990 to a family
10 member participating in a national service pro-
11 gram carried out with assistance from the Cor-
12 poration for National and Community Serv-
13 ice;”.

14 (g) “FILL-THE-GAP” DISREGARDS.—Section
15 402(a)(8)(A) (42 U.S.C. 602(a)(8)(A)), as amended by
16 section 312(b) of this Act and subsections (c)(1), (d), (e),
17 and (f) of this section, is amended—

18 (1) by striking “and” at the end of clause (xii);

19 and

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

21 “(xiv) after applying paragraph (28) and
22 the other clauses of this subparagraph, may dis-
23 regard such categories of income as are pro-
24 vided for in the State plan in an amount not
25 exceeding the difference between the State’s

1 standard of need applicable to the family in-
2 volved and the State's payment amount for a
3 family of the same size with no other income;”.

4 **SEC. 505. INCREASE IN RESOURCE LIMIT.**

5 Section 402(a)(7)(B) (42 U.S.C. 602(a)(7)(B)) is
6 amended by striking “\$1000 or such lower amount as the
7 State may determine” and inserting “\$2000 (or, in the
8 case of a family with a member who has attained 60 years
9 of age, \$3000)”.

10 **SEC. 506. EXCLUSIONS FROM RESOURCES.**

11 (a) LIFE INSURANCE.—Section 402(a)(7)(B)(ii) (42
12 U.S.C. 602(a)(7)(B)(ii)) is amended by striking “and fu-
13 neral agreements” and inserting “funeral agreements, and
14 the cash value of life insurance policies,”.

15 (b) REAL PROPERTY WHICH MUST BE DISPOSED
16 OF.—Section 402(a)(7)(B)(iii) (42 U.S.C.
17 602(a)(7)(B)(iii)) is amended to read as follows: “(iii) real
18 property which the family is making a good faith effort
19 to dispose of at a reasonable price, or”.

20 (c) EXCLUSION OF EITC PAYMENTS.—Section
21 402(a)(7)(B)(iv) (42 U.S.C. 602(a)(7)(B)) is amended—

22 (1) by inserting “12-month period that begins
23 with” before “the month of receipt”; and

24 (2) by inserting “and any lump-sum payment of
25 State earned income tax credits and any payments

1 described in this clause are deemed to be expended
2 before other resources that are so included” before
3 the semicolon.

4 (d) LUMP-SUM PAYMENTS FOR MEDICAL EXPENSES
5 OR REPLACEMENT OF LOST RESOURCES.—Section
6 402(a)(7)(B) (42 U.S.C. 602(a)(7)(B)), as amended by
7 subsections (b) and (c) of this section, is amended—

8 (1) by striking “or” at the end of clause (iii);
9 and

10 (2) by inserting “, or (v) for the month of re-
11 cept and the following 11-month period, amounts
12 that have been paid as reimbursement (or payment
13 in advance) for medical expenses or for the cost of
14 repairing or replacing resources of the family” be-
15 fore the semicolon.

16 (e) RESOURCES FOR SELF-EMPLOYMENT.—Section
17 402(a)(7)(B) (42 U.S.C. 602(a)(7)(B)), as amended by
18 subsections (b), (c), and (d) of this section, is amended—

19 (1) by striking “or” at the end of clause (v);
20 and

21 (2) by inserting “, or (vii) liquid and nonliquid
22 resources that are or will be used for the self-em-
23 ployment of a family member, to the extent and
24 under the circumstances allowed by the State agency
25 in accordance with regulations issued by the Sec-

1 **SEC. 509. PAYMENTS TO THE TERRITORIES.**

2 (a) IN GENERAL.—Section 1108(a) (42 U.S.C.
3 1308(a)) is amended in the 1st sentence by striking all
4 that follows “—” and inserting the following:

5 “(1) for payment to Puerto Rico shall not ex-
6 ceed—

7 “(A) \$82,000,000 with respect to fiscal
8 years 1994, 1995, and 1996; and

9 “(B) \$102,500,000 for fiscal year 1997,
10 and \$102,500,000 (adjusted pursuant to sub-
11 section (f)) for each fiscal year thereafter;

12 “(2) for payment to the Virgin Islands shall not
13 exceed—

14 “(A) \$2,800,000 with respect to fiscal
15 years 1994, 1995, and 1996; and

16 “(B) \$3,500,000 for fiscal year 1997, and
17 \$3,500,000 (adjusted pursuant to subsection
18 (f)) for each fiscal year thereafter; and

19 “(3) for payment to Guam shall not exceed—

20 “(A) \$3,800,000 with respect to fiscal year
21 1994, 1995, and 1996; and

22 “(B) \$4,750,000 for fiscal year 1997, and
23 \$4,750,000 (adjusted pursuant to subsection
24 (f)) for each fiscal year thereafter.”.

1 (b) INFLATION ADJUSTMENT.—Section 406 (42
2 U.S.C. 606) is amended by adding at the end the follow-
3 ing:

4 “(f) The Secretary shall adjust each dollar amount
5 required to be adjusted pursuant to this subsection for any
6 fiscal year by—

7 “(1) multiplying the amount by the ratio of—

8 “(A) the Consumer Price Index (as pre-
9 pared by the Department of Labor) for the 3rd
10 quarter of the calendar year in which the fiscal
11 year begins, to

12 “(B) the Consumer Price Index for the 3rd
13 quarter of calendar year 1996; and

14 “(2) rounding the product, if not a multiple of
15 \$10,000, to the nearer multiple of \$10,000.”.

16 **Subtitle B—Food Stamp Act**
17 **Amendments**

18 **SEC. 511. INCONSEQUENTIAL INCOME.**

19 Section 5(d)(2) of the Food Stamp Act of 1977 (7
20 U.S.C. 2014(d)(2)) is amended to read as follows: “(2)
21 any inconsequential payments, as defined by the Sec-
22 retary, received during the certification period, but not to
23 exceed a total of such payments of \$30 per household
24 member in any quarter, whether the household’s income
25 is calculated on a prospective or retrospective basis,”.

1 **SEC. 512. EDUCATIONAL ASSISTANCE.**

2 Section 5 of the Food Stamp Act of 1977 (7 U.S.C.
3 2014) is amended—

4 (1) by striking clause (3) of subsection (d) and
5 inserting the following:

6 “(3) all educational assistance provided to a
7 household member,”;

8 (2) in the proviso of clause (5) of subsection
9 (d), by striking “and no portion of any educational
10 loan” and all that follows through “provided for liv-
11 ing expenses,”; and

12 (3) striking clause (3) of subsection (k).

13 **SEC. 513. TRAINING STIPENDS AND ALLOWANCES; INCOME**
14 **FROM ON-THE-JOB TRAINING PROGRAMS.**

15 Section 5 of the Food Stamp Act of 1977 (7 U.S.C.
16 2014) is amended—

17 (1) by striking “and (16)” in subsection (d)
18 and inserting “(16)”;

19 (2) by inserting before the period at the end of
20 subsection (d) “, and (17) any amount received by
21 any member of a household as a stipend or allow-
22 ance under the Job Training Partnership Act (29
23 U.S.C. 1501 et seq.) or under any other training or
24 similar program”; and

25 (3) by striking subsection (l).

1 **SEC. 514. EARNED INCOME TAX CREDITS.**

2 Effective on and after September 1, 1994, the second
3 sentence of section (5)(g)(3) of the Food Stamp Act of
4 1977 (7 U.S.C. 2014(g)(3)) is amended—

5 (1) by inserting “Federal or State lump-sum”
6 immediately preceding “earned income tax credits”;
7 and

8 (2) by striking “if such member was participat-
9 ing” and all that follows through “the 12-month pe-
10 riod”.

11 **SEC. 515. RESOURCES NECESSARY FOR SELF-EMPLOY-**
12 **MENT.**

13 Section 5(g)(3) of the Food Stamp Act of 1977 (7
14 U.S.C. 2014(g)(3)) is amended by adding at the end the
15 following: “The Secretary shall also exclude from financial
16 resources loans obtained for the purposes of starting or
17 operating a business. The Secretary may exclude from fi-
18 nancial resources liquid or nonliquid resources that are or
19 will be used for the self-employment of any member of a
20 household to the extent and under the circumstances al-
21 lowed in regulations issued by the Secretary after con-
22 sultation with and the Secretary of Health and Human
23 Services.”.

1 **SEC. 516. LUMP-SUM PAYMENTS FOR MEDICAL EXPENSES**
 2 **OR REPLACEMENT OF LOST RESOURCES.**

3 Section 5(g)(3) of the Food Stamp Act of 1977 (7
 4 U.S.C. 2014(g)(3)), as amended by the preceding provi-
 5 sions of this subtitle, is amended by adding at the end
 6 the following: “The Secretary shall also exclude from fi-
 7 nancial resources, for a period of one year from their re-
 8 ceipt, amounts that have been paid as reimbursements (or
 9 payment in advance) for medical expenses or for the cost
 10 of repairing or replacing resources of the family.”.

11 **SEC. 517. CONFORMING AMENDMENT.**

12 Section 5(d)(8) of the Food Stamp Act of 1977 (7
 13 U.S.C. 2014(d)(8)) is amended in the proviso by inserting
 14 “paragraph (3) of subsection (g) of this section or” before
 15 “other laws”.

16 **TITLE VI—EFFECTIVE DATE**

17 **SEC. 601. EFFECTIVE DATE.**

18 Except as otherwise provided in this Act, this Act and
 19 the amendments made by this Act shall take effect on Oc-
 20 tober 1, 1995.

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