

Union Calendar No. 330

104TH CONGRESS
2^D SESSION

H. R. 3734

[Report No. 104-651]

A BILL

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

JUNE 27, 1996

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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

IN THE HOUSE OF REPRESENTATIVES

JUNE 27, 1996

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

A BILL

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

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Welfare and Medicaid
5 Reform Act of 1996”.

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

Title I—Committee on Agriculture.

Title II—Committee on Commerce.

Title III—Committee on Economic and Educational Opportunities.

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

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

3 **SEC. 1001. SHORT TITLE.**

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

6 **SEC. 1002. TABLE OF CONTENTS.**

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

TITLE I—FOOD STAMPS AND COMMODITY DISTRIBUTION

Sec. 1001. Short title.

Sec. 1002. Table of contents.

Subtitle A—Food Stamp Program

Sec. 1011. Definition of certification period.

Sec. 1012. Definition of coupon.

Sec. 1013. Treatment of children living at home.

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

Sec. 1015. Adjustment of thrifty food plan.

Sec. 1016. Definition of homeless individual.

Sec. 1017. State option for eligibility standards.

Sec. 1018. Earnings of students.

Sec. 1019. Energy assistance.

Sec. 1020. Deductions from income.

Sec. 1021. Vehicle allowance.

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

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

Sec. 1024. Disqualification of convicted individuals.

Sec. 1025. Disqualification.

Sec. 1026. Caretaker exemption.

Sec. 1027. Employment and training.

Sec. 1028. Comparable treatment for disqualification.

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

Sec. 1030. Disqualification of fleeing felons.

Sec. 1031. Cooperation with child support agencies.

Sec. 1032. Disqualification relating to child support arrears.

Sec. 1033. Work requirement.

Sec. 1034. Encourage electronic benefit transfer systems.

Sec. 1035. Value of minimum allotment.

Sec. 1036. Benefits on recertification.

Sec. 1037. Optional combined allotment for expedited households.

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

Sec. 1039. Allotments for households residing in centers.

- Sec. 1040. Condition precedent for approval of retail food stores and wholesale food concerns.
- Sec. 1041. Authority to establish authorization periods.
- Sec. 1042. Information for verifying eligibility for authorization.
- Sec. 1043. Waiting period for stores that fail to meet authorization criteria.
- Sec. 1044. Operation of food stamp offices.
- Sec. 1045. State employee and training standards.
- Sec. 1046. Exchange of law enforcement information.
- Sec. 1047. Expedited coupon service.
- Sec. 1048. Withdrawing fair hearing requests.
- Sec. 1049. Income, eligibility, and immigration status verification systems.
- Sec. 1050. Disqualification of retailers who intentionally submit falsified applications.
- Sec. 1051. Disqualification of retailers who are disqualified under the WIC program.
- Sec. 1052. Collection of overissuances.
- Sec. 1053. Authority to suspend stores violating program requirements pending administrative and judicial review.
- Sec. 1054. Expanded criminal forfeiture for violations.
- Sec. 1055. Limitation of Federal match.
- Sec. 1056. Standards for administration.
- Sec. 1057. Work supplementation or support program.
- Sec. 1058. Waiver authority.
- Sec. 1059. Response to waivers.
- Sec. 1060. Employment initiatives program.
- Sec. 1061. Reauthorization.
- Sec. 1062. Simplified food stamp program.
- Sec. 1063. State food assistance block grant.
- Sec. 1064. A study of the use of food stamps to purchase vitamins and minerals.
- Sec. 1065. Investigations.
- Sec. 1066. Food stamp eligibility.
- Sec. 1067. Report by the Secretary.
- Sec. 1068. Deficit reduction.

Subtitle B—Commodity Distribution Programs

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

Subtitle C—Electronic Benefit Transfer Systems

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

1 **Subtitle A—Food Stamp Program**

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

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

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

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

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

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

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

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

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

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

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

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

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

9 “(1) make”;

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

12 “(2) make”;

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

15 “(3) make”; and

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

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

1 **SEC. 1016. DEFINITION OF HOMELESS INDIVIDUAL.**

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

5 **SEC. 1017. STATE OPTION FOR ELIGIBILITY STANDARDS.**

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

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

11 **SEC. 1018. EARNINGS OF STUDENTS.**

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

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

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

23 (b) CONFORMING AMENDMENTS.—

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

26 (A) in paragraph (1)—

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

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

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

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

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

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

15 “(A) ENERGY ASSISTANCE PAYMENTS.—

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

21 “(B) ENERGY ASSISTANCE EXPENSES.—

22 For purposes of subsection (e)(7), an expense
23 paid on behalf of a household under a Federal
24 or State law to provide energy assistance shall

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

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

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

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

10 (C) by striking paragraph (2).

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

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

15 “(e) DEDUCTIONS FROM INCOME.—

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

22 “(2) EARNED INCOME DEDUCTION.—

23 “(A) DEFINITION OF EARNED INCOME.—

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

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

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

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

16 “(3) DEPENDENT CARE DEDUCTION.—

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

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

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

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

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

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

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

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

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

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

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

17 “(6) EXCESS MEDICAL EXPENSE DEDUCTION.—

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

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

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

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

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

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

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

1 able information about the medical
2 condition of the member, public or
3 private medical insurance coverage,
4 and the current verified medical ex-
5 penses incurred by the member); and
6 “(III) not require further report-
7 ing or verification of a change in med-
8 ical expenses if such a change has
9 been anticipated for the certification
10 period.

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

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

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

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

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

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

10 “(C) STANDARD UTILITY ALLOWANCE.—

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

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

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

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

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

15 “(iii) MANDATORY ALLOWANCE.—

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

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

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

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

7 “(II) HOUSEHOLD ELECTION.—

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

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

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

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

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

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

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

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

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

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

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

21 “(2) INCLUDED ASSETS.—

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

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

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

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

9 “(ii) any vacation home;

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

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

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

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

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

3 “(i) used to produce earned income;

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

6 or

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

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

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

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

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

18 **SEC. 1023. DOUBLED PENALTIES FOR VIOLATING FOOD**
19 **STAMP PROGRAM REQUIREMENTS.**

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

22 (1) in clause (i), by striking “six months” and
23 inserting “1 year”; and

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

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

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

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

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

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

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

15 **SEC. 1025. DISQUALIFICATION.**

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

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

22 “(1) **WORK REQUIREMENTS.**—

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

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

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

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

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

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

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

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

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

8 “(I) quits a job; or

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

12 or

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

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

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

1 “(ii) 180 days.

2 “(C) DURATION OF INELIGIBILITY.—

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

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

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

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

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

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

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

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

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

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

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

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

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

3 “(D) ADMINISTRATION.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6 (b) CONFORMING AMENDMENT.—

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

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

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

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

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

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

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

4 (1) in subparagraph (A)—

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

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

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

16 (2) in subparagraph (B)—

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

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

26 (C) in clause (iv)—

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

2 and

3 (ii) by redesignating subclauses (III)

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

5 tively;

6 (3) in subparagraph (D)—

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

8 application” and all that follows through “30

9 days or less”;

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

11 spect” and all that follows through “child

12 care”; and

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

14 basis of” and all that follows through “clause

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

16 be valid”;

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

18 sentence;

19 (5) in subparagraph (G)—

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

21 serting “(G) The State”; and

22 (B) by striking clause (ii);

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

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

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

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

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

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

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

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

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

3 (B) by striking clause (ii).

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

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

10 “(1) IN GENERAL.—

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

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

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

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

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

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

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

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

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

11 “(C) REALLOCATION.—

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

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

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

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

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

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

12 (1) in paragraph (5)—

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

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

16 (2) by striking paragraph (6).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 **SEC. 1030. DISQUALIFICATION OF FLEEING FELONS.**

2 Section 6 of the Food Stamp Act of 1977 (7 U.S.C.
3 2015), as amended by sections 1028 and 1029, is amend-
4 ed by adding at the end the following:

5 “(k) DISQUALIFICATION OF FLEEING FELONS.—No
6 member of a household who is otherwise eligible to partici-
7 pate in the food stamp program shall be eligible to partici-
8 pate in the program as a member of that or any other
9 household during any period during which the individual
10 is—

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

18 “(2) violating a condition of probation or parole
19 imposed under a Federal or State law.”.

20 **SEC. 1031. COOPERATION WITH CHILD SUPPORT AGENCIES.**

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

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

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

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

14 “(B) in obtaining support for—

15 “(i) the child; or

16 “(ii) the individual and the child.

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

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

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

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

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

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

19 “(2) REFUSAL TO COOPERATE.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

19 “(o) WORK REQUIREMENT.—

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

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

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

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

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

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

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

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

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

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

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

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

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

8 “(E) a pregnant woman.

9 “(4) WAIVER.—

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

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

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

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

1 “(5) SUBSEQUENT ELIGIBILITY.—

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

5 “(i) works 80 or more hours;

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

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

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

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

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

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

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

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

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

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

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

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

1 barriers to implementing an electronic benefit
2 transfer system.

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

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

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

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

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

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

24 (2) in paragraph (2)—

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

3 (B) in subparagraph (A)—

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

5 (ii) by striking “on-line”;

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

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

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

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

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

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

1 “(I) procurement standards.”; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 “(C) CONSULTATION WITH THE FEDERAL
2 RESERVE BOARD.—Before promulgating regula-
3 tions or interpretations of regulations to carry
4 out this paragraph, the Secretary shall consult
5 with the Board of Governors of the Federal Re-
6 serve System.”.

7 (b) SENSE OF CONGRESS.—It is the sense of Con-
8 gress that a State that operates an electronic benefit
9 transfer system under the Food Stamp Act of 1977 (7
10 U.S.C. 2011 et seq.) should operate the system in a man-
11 ner that is compatible with electronic benefit transfer sys-
12 tems operated by other States.

13 **SEC. 1035. VALUE OF MINIMUM ALLOTMENT.**

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

17 **SEC. 1036. BENEFITS ON RECERTIFICATION.**

18 Section 8(c)(2)(B) of the Food Stamp Act of 1977
19 (7 U.S.C. 2017(c)(2)(B)) is amended by striking “of more
20 than one month”.

21 **SEC. 1037. OPTIONAL COMBINED ALLOTMENT FOR EXPE-**
22 **DITED HOUSEHOLDS.**

23 Section 8(c) of the Food Stamp Act of 1977 (7
24 U.S.C. 2017(c)) is amended by striking paragraph (3) and
25 inserting the following:

1 “(3) OPTIONAL COMBINED ALLOTMENT FOR
2 EXPEDITED HOUSEHOLDS.—A State agency may
3 provide to an eligible household applying after the
4 15th day of a month, in lieu of the initial allotment
5 of the household and the regular allotment of the
6 household for the following month, an allotment that
7 is equal to the total amount of the initial allotment
8 and the first regular allotment. The allotment shall
9 be provided in accordance with section 11(e)(3) in
10 the case of a household that is not entitled to expe-
11 dited service and in accordance with paragraphs (3)
12 and (9) of section 11(e) in the case of a household
13 that is entitled to expedited service.”.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 ten authorization for the Secretary to verify all rel-
2 evant tax filings with appropriate agencies and to
3 obtain corroborating documentation from other
4 sources so that the accuracy of information provided
5 by the stores and concerns may be verified.”.

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

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

19 **SEC. 1044. OPERATION OF FOOD STAMP OFFICES.**

20 Section 11 of the Food Stamp Act of 1977 (7 U.S.C.
21 2020), as amended by sections 1020(b) and 1028(b), is
22 amended—

23 (1) in subsection (e)—

24 (A) by striking paragraph (2) and insert-
25 ing the following:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

20 (2) in subsection (i)—

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

24 “(i) APPLICATION AND DENIAL PROCEDURES.—

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

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

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

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

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

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

16 “(A) the”;

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

19 “(B) the”;

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

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

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

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

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

7 “(A) the”;

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

10 “(B) notwithstanding”;

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

13 “(C) the”; and

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

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

23 “(i) the member—

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

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

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

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

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

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

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

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

20 (1) in subparagraph (A)—

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

23 (B) by inserting “and” at the end;

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

1 (3) by redesignating subparagraph (D) as sub-
 2 paragraph (B); and

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

5 **SEC. 1048. WITHDRAWING FAIR HEARING REQUESTS.**

6 Section 11(e)(10) of the Food Stamp Act of 1977 (7
 7 U.S.C. 2020(e)(10)) is amended by inserting before the
 8 semicolon at the end a period and the following: “At the
 9 option of a State, at any time prior to a fair hearing deter-
 10 mination under this paragraph, a household may with-
 11 draw, orally or in writing, a request by the household for
 12 the fair hearing. If the withdrawal request is an oral re-
 13 quest, the State agency shall provide a written notice to
 14 the household confirming the withdrawal request and pro-
 15 viding the household with an opportunity to request a
 16 hearing”.

17 **SEC. 1049. INCOME, ELIGIBILITY, AND IMMIGRATION STA-
 18 TUS VERIFICATION SYSTEMS.**

19 Section 11 of the Food Stamp Act of 1977 (7 U.S.C.
 20 2020) is amended—

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

23 (A) by striking “that information is” and
 24 inserting “at the option of the State agency,
 25 that information may be”; and

1 (B) by striking “shall be requested” and
2 inserting “may be requested”; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7 “(b) COLLECTION OF OVERISSUANCES.—

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

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

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

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

20 “(D) any other means.

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

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

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

12 “(B) \$10.

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

19 (2) in subsection (d)—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

21 “(h) **CRIMINAL FORFEITURE.**—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

20 (b) CONFORMING AMENDMENTS.—

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

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

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

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

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

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

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

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

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

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

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

20 “(C) for purposes of—

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

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

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

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

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

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

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

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

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

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

8 (2) in subparagraph (A)—

9 (A) by striking the second sentence; and

10 (B) by striking “benefits to eligible house-
11 holds, including” and inserting the following:
12 “benefits to eligible households, and may waive
13 any requirement of this Act to the extent nec-
14 essary for the project to be conducted.

15 “(B) PROJECT REQUIREMENTS.—

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

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

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

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

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

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

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

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

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

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

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

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

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

8 “(D) RESPONSE TO WAIVERS.—

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

13 “(I) approves the waiver request;

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

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

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

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

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

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

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

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

15 “(d) EMPLOYMENT INITIATIVES PROGRAM.—

16 “(1) ELECTION TO PARTICIPATE.—

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

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

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

5 “(2) PROCEDURE.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7 **SEC. 1061. REAUTHORIZATION.**

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

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

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

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

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

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

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

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

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

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

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

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

21 “(d) APPROVAL OF PROGRAM.—

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

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

4 “(A) complies with this section; and

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

8 “(e) INCREASED FEDERAL COSTS.—

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

19 “(A) participation;

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

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

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

7 “(3) ENFORCEMENT.—

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

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

22 “(f) RULES AND PROCEDURES.—

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

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

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

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

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

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

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

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

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

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

8 “(G) section 16.

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

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

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

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

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

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

11 (c) CONFORMING AMENDMENTS.—

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

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

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

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

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

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

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

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

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

6 “(a) DEFINITIONS.—In this section:

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

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

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

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

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

20 “(c) ELECTION.—

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

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

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

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

10 “(2) STATE MANDATORY CONTRIBUTIONS.—

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

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

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

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

21 “(ii) 6 percent.

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

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

5 “(3) ELECTION LIMITATION.—

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

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

20 “(4) PROGRAM EXCLUSIVE.—

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

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

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

12 “(e) APPLICATION AND PLAN.—

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

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

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

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

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

4 “(3) REQUIREMENTS OF PLAN.—

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

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

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

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

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

25 “(i) elderly individuals and families;

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

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

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

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

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

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

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

22 “(F) ASSESSMENT OF NEEDS.—The State
23 plan shall assess the food and nutrition needs
24 of needy persons residing in the State.

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

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

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

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

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

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

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

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

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

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

10 “(g) BENEFITS FOR ALIENS.—

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

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

20 “(h) EMPLOYMENT AND TRAINING.—

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

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

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

8 “(i) ENFORCEMENT.—

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

13 “(2) NONCOMPLIANCE.—

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

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

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

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

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

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

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

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

6 “(B) imposing penalties under this section.

7 “(j) GRANT.—

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

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

19 “(3) SPENDING OF GRANTS BY STATE.—

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

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

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

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

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

1 “(l) NONDISCRIMINATION.—

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

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

13 “(m) GRANT CALCULATION.—

14 “(1) STATE GRANT.—

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

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

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

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

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

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

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

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

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

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

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

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

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

14 “(A) receive the greater of—

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

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

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

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

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

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

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

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

9 **SEC. 1065. INVESTIGATIONS.**

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

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

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

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

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

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

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

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

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

1 **Subtitle B—Commodity**
2 **Distribution Programs**

3 **SEC. 1071. EMERGENCY FOOD ASSISTANCE PROGRAM.**

4 (a) DEFINITIONS.—Section 201A of the Emergency
5 Food Assistance Act of 1983 (Public Law 98–8; 7 U.S.C.
6 612c note) is amended to read as follows:

7 **“SEC. 201A. DEFINITIONS.**

8 “In this Act:

9 “(1) ADDITIONAL COMMODITIES.—The term
10 ‘additional commodities’ means commodities made
11 available under section 214 in addition to the com-
12 modities made available under sections 202 and
13 203D.

14 “(2) AVERAGE MONTHLY NUMBER OF UNEM-
15 PLOYED PERSONS.—The term ‘average monthly
16 number of unemployed persons’ means the average
17 monthly number of unemployed
18 persons in each State in the most recent fiscal year
19 for which information concerning the number of un-
20 employed persons is available, as determined by the
21 Bureau of Labor Statistics of the Department of
22 Labor.

23 “(3) ELIGIBLE RECIPIENT AGENCY.—The term
24 ‘eligible recipient agency’ means a public or non-
25 profit organization—

1 “(A) that administers—

2 “(i) an emergency feeding organiza-
3 tion;

4 “(ii) a charitable institution (including
5 a hospital and a retirement home, but ex-
6 cluding a penal institution) to the extent
7 that the institution serves needy persons;

8 “(iii) a summer camp for children, or
9 a child nutrition program providing food
10 service;

11 “(iv) a nutrition project operating
12 under the Older Americans Act of 1965
13 (42 U.S.C. 3001 et seq.), including a
14 project that operates a congregate nutri-
15 tion site and a project that provides home-
16 delivered meals; or

17 “(v) a disaster relief program;

18 “(B) that has been designated by the ap-
19 propriate State agency, or by the Secretary;
20 and

21 “(C) that has been approved by the Sec-
22 retary for participation in the program estab-
23 lished under this Act.

24 “(4) EMERGENCY FEEDING ORGANIZATION.—

25 The term ‘emergency feeding organization’ means a

1 public or nonprofit organization that administers ac-
2 tivities and projects (including the activities and
3 projects of a charitable institution, a food bank, a
4 food pantry, a hunger relief center, a soup kitchen,
5 or a similar public or private nonprofit eligible recip-
6 ient agency) providing nutrition assistance to relieve
7 situations of emergency and distress through the
8 provision of food to needy persons, including low-in-
9 come and unemployed persons.

10 “(5) FOOD BANK.—The term ‘food bank’
11 means a public or charitable institution that main-
12 tains an established operation involving the provision
13 of food or edible commodities, or the products of
14 food or edible commodities, to food pantries, soup
15 kitchens, hunger relief centers, or other food or feed-
16 ing centers that, as an integral part of their normal
17 activities, provide meals or food to feed needy per-
18 sons on a regular basis.

19 “(6) FOOD PANTRY.—The term ‘food pantry’
20 means a public or private nonprofit organization
21 that distributes food to low-income and unemployed
22 households, including food from sources other than
23 the Department of Agriculture, to relieve situations
24 of emergency and distress.

1 “(7) POVERTY LINE.—The term ‘poverty line’
2 has the same meaning given the term in section
3 673(2) of the Community Services Block Grant Act
4 (42 U.S.C. 9902(2)).

5 “(8) SOUP KITCHEN.—The term ‘soup kitchen’
6 means a public or charitable institution that, as an
7 integral part of the normal activities of the institu-
8 tion, maintains an established feeding operation to
9 provide food to needy homeless persons on a regular
10 basis.

11 “(9) TOTAL VALUE OF ADDITIONAL COMMOD-
12 ITIES.—The term ‘total value of additional commod-
13 ities’ means the actual cost of all additional com-
14 modities made available under section 214 that are
15 paid by the Secretary (including the distribution and
16 processing costs incurred by the Secretary).

17 “(10) VALUE OF ADDITIONAL COMMODITIES
18 ALLOCATED TO EACH STATE.—The term ‘value of
19 additional commodities allocated to each State’
20 means the actual cost of additional commodities
21 made available under section 214 and allocated to
22 each State that are paid by the Secretary (including
23 the distribution and processing costs incurred by the
24 Secretary).”.

1 (b) STATE PLAN.—Section 202A of the Act (7 U.S.C.
2 612c note) is amended to read as follows:

3 **“SEC. 202A. STATE PLAN.**

4 “(a) IN GENERAL.—To receive commodities under
5 this Act, a State shall submit a plan of operation and ad-
6 ministration every 4 years to the Secretary for approval.
7 The plan may be amended at any time, with the approval
8 of the Secretary.

9 “(b) REQUIREMENTS.—Each plan shall—

10 “(1) designate the State agency responsible for
11 distributing the commodities received under this Act;

12 “(2) set forth a plan of operation and adminis-
13 tration to expeditiously distribute commodities under
14 this Act;

15 “(3) set forth the standards of eligibility for re-
16 cipient agencies; and

17 “(4) set forth the standards of eligibility for in-
18 dividual or household recipients of commodities,
19 which shall require—

20 “(A) individuals or households to be com-
21 prised of needy persons; and

22 “(B) individual or household members to
23 be residing in the geographic location served by
24 the distributing agency at the time of applying
25 for assistance.

1 “(c) STATE ADVISORY BOARD.—The Secretary shall
2 encourage each State receiving commodities under this Act
3 to establish a State advisory board consisting of represent-
4 atives of all interested entities, both public and private,
5 in the distribution of commodities received under this Act
6 in the State.”.

7 (c) AUTHORIZATION OF APPROPRIATIONS FOR AD-
8 MINISTRATIVE FUNDS.—Section 204(a)(1) of the Act (7
9 U.S.C. 612c note) is amended—

10 (1) in the first sentence by striking “for State
11 and local” and all that follows through “under this
12 title” and inserting “to pay for the direct and indi-
13 rect administrative costs of the State related to the
14 processing, transporting, and distributing to eligible
15 recipient agencies of commodities provided by the
16 Secretary under this Act and commodities secured
17 from other sources”; and

18 (2) by striking the fourth sentence.

19 (d) DELIVERY OF COMMODITIES.—Section 214 of the
20 Act (7 U.S.C. 612c note) is amended—

21 (1) by striking subsections (a) through (e) and
22 (j);

23 (2) by redesignating subsections (f) through (i)
24 as subsections (a) through (d), respectively;

1 (3) in subsection (b), as redesignated by para-
2 graph (2)—

3 (A) in the first sentence, by striking “sub-
4 section (f) or subsection (j) if applicable,” and
5 inserting “subsection (a)”; and

6 (B) in the second sentence, by striking
7 “subsection (f)” and inserting “subsection (a)”;
8 (4) by striking subsection (c), as redesignated
9 by paragraph (2), and inserting the following:

10 “(c) ADMINISTRATION.—

11 “(1) IN GENERAL.—Commodities made avail-
12 able for each fiscal year under this section shall be
13 delivered at reasonable intervals to States based on
14 the grants calculated under subsection (a), or reallo-
15 cated under subsection (b), before December 31 of
16 the following fiscal year.

17 “(2) ENTITLEMENT.—Each State shall be enti-
18 tled to receive the value of additional commodities
19 determined under subsection (a).”; and

20 (5) in subsection (d), as redesignated by para-
21 graph (2), by striking “or reduce” and all that fol-
22 lows through “each fiscal year”.

23 (e) TECHNICAL AMENDMENTS.—The Act (7 U.S.C.
24 612c note) is amended—

1 (1) in the first sentence of section 203B(a), by
2 striking “203 and 203A of this Act” and inserting
3 “203A”;

4 (2) in section 204(a), by striking “title” each
5 place it appears and inserting “Act”;

6 (3) in the first sentence of section 210(e), by
7 striking “(except as otherwise provided for in section
8 214(j))”; and

9 (4) by striking section 212.

10 (f) REPORT ON EFAP.—Section 1571 of the Food
11 Security Act of 1985 (Public Law 99–198; 7 U.S.C. 612c
12 note) is repealed.

13 (g) AVAILABILITY OF COMMODITIES UNDER THE
14 FOOD STAMP PROGRAM.—The Food Stamp Act of 1977
15 (7 U.S.C. 2011 et seq.), as amended by sections 1062 and
16 1063, is amended by adding at the end the following:

17 **“SEC. 28. AVAILABILITY OF COMMODITIES FOR THE EMER-**
18 **GENCY FOOD ASSISTANCE PROGRAM.**

19 “(a) PURCHASE OF COMMODITIES.—From amounts
20 appropriated under this Act, for each of fiscal years 1997
21 through 2002, the Secretary shall purchase \$300,000,000
22 of a variety of nutritious and useful commodities of the
23 types that the Secretary has the authority to acquire
24 through the Commodity Credit Corporation or under sec-
25 tion 32 of the Act entitled ‘An Act to amend the Agricul-

1 tural Adjustment Act, and for other purposes’, approved
2 August 24, 1935 (7 U.S.C. 612c), and distribute the com-
3 modities to States for distribution in accordance with sec-
4 tion 214 of the Emergency Food Assistance Act of 1983
5 (Public Law 98–8; 7 U.S.C. 612c note).

6 “(b) BASIS FOR COMMODITY PURCHASES.—In pur-
7 chasing commodities under subsection (a), the Secretary
8 shall, to the extent practicable and appropriate, make pur-
9 chases based on—

10 “(1) agricultural market conditions;

11 “(2) preferences and needs of States and dis-
12 tributing agencies; and

13 “(3) preferences of recipients.”.

14 (h) EFFECTIVE DATE.—The amendments made by
15 subsection (d) shall become effective on October 1, 1996.

16 **SEC. 1072. FOOD BANK DEMONSTRATION PROJECT.**

17 Section 3 of the Charitable Assistance and Food
18 Bank Act of 1987 (Public Law 100–232; 7 U.S.C. 612c
19 note) is repealed.

20 **SEC. 1073. HUNGER PREVENTION PROGRAMS.**

21 The Hunger Prevention Act of 1988 (Public Law
22 100–435; 7 U.S.C. 612c note) is amended—

23 (1) by striking section 110;

24 (2) by striking subtitle C of title II; and

25 (3) by striking section 502.

1 **SEC. 1074. REPORT ON ENTITLEMENT COMMODITY PROC-**
2 **ESSING.**

3 Section 1773 of the Food, Agriculture, Conservation,
4 and Trade Act of 1990 (Public Law 101–624; 7 U.S.C.
5 612c note) is amended by striking subsection (f).

6 **Subtitle C—Electronic Benefit**
7 **Transfer Systems**

8 **SEC. 1091. PROVISIONS TO ENCOURAGE ELECTRONIC BEN-**
9 **EFIT TRANSFER SYSTEMS.**

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

12 (1) by striking “(d) In the event” and inserting
13 “(d) APPLICABILITY TO SERVICE PROVIDERS
14 OTHER THAN CERTAIN FINANCIAL INSTITU-
15 TIONS.—

16 “(1) IN GENERAL.—In the event”; and

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

19 “(2) STATE AND LOCAL GOVERNMENT ELEC-
20 TRONIC BENEFIT TRANSFER PROGRAMS.—

21 “(A) EXEMPTION GENERALLY.—The dis-
22 closures, protections, responsibilities, and rem-
23 edies established under this title, and any regu-
24 lation prescribed or order issued by the Board
25 in accordance with this title, shall not apply to
26 any electronic benefit transfer program estab-

1 lished under State or local law or administered
2 by a State or local government.

3 “(B) EXCEPTION FOR DIRECT DEPOSIT
4 INTO RECIPIENT’S ACCOUNT.—Subparagraph
5 (A) shall not apply with respect to any elec-
6 tronic funds transfer under an electronic benefit
7 transfer program for deposits directly into a
8 consumer account held by the recipient of the
9 benefit.

10 “(C) RULE OF CONSTRUCTION.—No provi-
11 sion of this paragraph may be construed as—

12 “(i) affecting or altering the protec-
13 tions otherwise applicable with respect to
14 benefits established by Federal, State, or
15 local law; or

16 “(ii) otherwise superseding the appli-
17 cation of any State or local law.

18 “(D) ELECTRONIC BENEFIT TRANSFER
19 PROGRAM DEFINED.—For purposes of this
20 paragraph, the term ‘electronic benefit transfer
21 program’—

22 “(i) means a program under which a
23 government agency distributes needs-tested
24 benefits by establishing accounts to be
25 accessed by recipients electronically, such

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

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

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

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- Sec. 2001. Short title of subtitle.
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Subtitle B—Other Provisions

PART 1—INVOLVEMENT OF COMMERCE COMMITTEE IN FEDERAL
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Sec. 2101. Involvement of Commerce Committee in Federal government position reductions.

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SUBPART B—GENERAL PROVISIONS

Sec. 2221. Definitions.

Sec. 2222. Verification of eligibility for Federal public benefits.

PART 3—ENERGY ASSISTANCE

Sec. 2131. Energy assistance.

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

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

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

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

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

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

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

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

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

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

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

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

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

“TABLE OF CONTENTS OF TITLE

“Sec. 1500. Purpose; State plans.

“PART A—ELIGIBILITY AND BENEFITS

- “Sec. 1501. Guaranteed eligibility and benefits.
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- “Sec. 1508. Private rights of action.

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

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

“PART D—PROGRAM INTEGRITY AND QUALITY

- “Sec. 1551. Use of audits to achieve fiscal integrity.
- “Sec. 1552. Fraud prevention program.
- “Sec. 1553. Information concerning sanctions taken by State licensing authorities against health care practitioners and providers.
- “Sec. 1554. State fraud control units.
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“Sec. 1558. Other provisions promoting program integrity.

“PART E—GENERAL PROVISIONS

“Sec. 1571. Definitions.

“Sec. 1572. Treatment of territories.

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

“Sec. 1574. Application of certain general provisions.

“Sec. 1575. Optional master drug rebate agreements.

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

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

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

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

14 “(2) is approved under such part.

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

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

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

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

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

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

12 “PART A—ELIGIBILITY AND BENEFITS

13 “**SEC. 1501. GUARANTEED ELIGIBILITY AND BENEFITS.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3 “(C) Laboratory and x-ray services.

4 “(D) Nursing facility services.

5 “(E) Home health care.

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

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

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

15 “(I) Prenatal care.

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

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

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

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

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

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

15 “(B) CONSEQUENCES OF ELECTION.—

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

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

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

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

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

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

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

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

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

1 “(B) SECTION 209(b) STATE DEFINED.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 ‘qualified disabled and working individual’ means an
2 individual—

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

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

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

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

21 “(5) INCOME DETERMINATIONS.—

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

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

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

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

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

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

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

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

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

21 “(1) GENERAL DESCRIPTION.—Each State plan
22 shall include a description (consistent with this title)
23 of the following:

24 “(A) ELIGIBILITY GUIDELINES FOR THE
25 NON-GUARANTEED, NON-UMBRELLA POPU-

1 LATION.—The general eligibility guidelines of
2 the plan for eligible low-income individuals who
3 are not covered under subsection (a) or (b) of
4 section 1501 or under subsection (a) of this
5 section.

6 “(B) SCOPE OF ASSISTANCE.—The
7 amount, duration, and scope of health care
8 services and items covered under the plan, in-
9 cluding differences among different eligible pop-
10 ulation groups.

11 “(C) DELIVERY METHOD.—The State’s
12 approach to delivery of medical assistance, in-
13 cluding a general description of—

14 “(i) the use (or intended use) of
15 vouchers, fee-for-service, or managed care
16 arrangements (such as capitated health
17 care plans, case management, and case co-
18 ordination); and

19 “(ii) utilization control systems.

20 “(D) FEE-FOR-SERVICE BENEFITS.—To
21 the extent that medical assistance is furnished
22 on a fee-for-service basis—

23 “(i) how the State determines the
24 qualifications of health care providers eligi-
25 ble to provide such assistance; and

1 “(ii) how the State determines rates
2 of reimbursement for providing such as-
3 sistance.

4 “(E) COST-SHARING.—Beneficiary cost-
5 sharing (if any), including variations in such
6 cost-sharing by population group or type of
7 service and financial responsibilities of parents
8 of recipients who are children and the spouses
9 of recipients.

10 “(F) UTILIZATION INCENTIVES.—Incen-
11 tives or requirements (if any) to encourage the
12 appropriate utilization of services.

13 “(G) SUPPORT FOR CERTAIN HOS-
14 PITALS.—

15 “(i) IN GENERAL.—With respect to
16 hospitals described in clause (ii) located in
17 the State, a description of the extent to
18 which provisions are made for expenditures
19 for items and services furnished by such
20 hospitals and covered under the State plan.

21 “(ii) HOSPITALS DESCRIBED.—A hos-
22 pital described in this clause is a short-
23 term acute care general hospital or a chil-
24 dren’s hospital, the low-income utilization
25 rate of which exceeds the lesser of—

1 “(I) 1 standard deviation above
2 the mean low-income utilization rate
3 for hospitals receiving payments under
4 a State plan in the State in which
5 such hospital is located, or

6 “(II) 1¹/₄ standard deviations
7 above the mean low-income utilization
8 rate for hospitals receiving such pay-
9 ments in the 50 States and the Dis-
10 trict of Columbia.

11 “(iii) LOW-INCOME UTILIZATION
12 RATE.—For purposes of clause (ii), the
13 term ‘low-income utilization rate’ means,
14 for a hospital, a fraction (expressed as a
15 percentage), the numerator of which is the
16 hospital’s number of patient days attrib-
17 utable to patients who (for such days) were
18 eligible for medical assistance under a
19 State plan or were uninsured in a period,
20 and the denominator of which is the total
21 number of the hospital’s patient days in
22 that period.

23 “(iv) PATIENT DAYS.—For purposes
24 of clause (iii), the term ‘patient day’ in-
25 cludes each day in which—

1 “(I) an individual, including a
2 newborn, is an inpatient in the hos-
3 pital, whether or not the individual is
4 in a specialized ward and whether or
5 not the individual remains in the hos-
6 pital for lack of suitable placement
7 elsewhere; or

8 “(II) an individual makes one or
9 more outpatient visits to the hospital.

10 “(2) CONDITIONS FOR GUARANTEES AND RELA-
11 TION OF GUARANTEES TO FINANCING.—The guaran-
12 tees of States required under subsections (a) and (b)
13 of section 1501 and subsection (d) of this section
14 are subject to the limitations on payment to the
15 States provided under section 1511 (including the
16 provisions of subsection (g), relating to supplemental
17 umbrella allotments). In submitting a plan under
18 this title, a State voluntarily agrees to accept pay-
19 ment amounts provided under such section as full
20 payment from the Federal Government in return for
21 providing for the benefits (including the guaranteed
22 benefit package) under this title.

23 “(3) SECONDARY PAYMENT.—Nothing in this
24 section shall be construed as preventing a State
25 from denying benefits to an individual to the extent

1 such benefits are available to the individual under
2 the medicare program under title XVIII or under
3 another public or private health care insurance pro-
4 gram.

5 “(4) RESIDENCY REQUIREMENT.—In the case
6 of an individual who—

7 “(A) is described in section 1501(a)(1),

8 “(B) changed residence from another State
9 to the State, and

10 “(C) has resided in the State for less than
11 180 days,

12 the State may limit the benefits provided to such in-
13 dividual in the guaranteed benefits package under
14 paragraph (2) of section 1501(a) to the amount, du-
15 ration, and scope of benefits available under the
16 State plan of the individual’s previous State of resi-
17 dence.

18 “(c) SET-ASIDE OF FUNDS FOR THE LOW-INCOME
19 DISABLED.—

20 “(1) IN GENERAL.—In the case of a State that
21 has elected the option described in section
22 1501(a)(1)(D)(i) for a fiscal year, the State plan
23 shall provide that the percentage of funds expended
24 under the plan for medical assistance for eligible
25 low-income individuals who are not elderly individ-

1 uals and who are eligible for such assistance on the
2 basis of a disability, including being blind, for the
3 fiscal year is not less than the minimum low-income-
4 disabled percentage specified in paragraph (2) of the
5 total funds expended under the plan for medical as-
6 sistance for the fiscal year.

7 “(2) MINIMUM LOW-INCOME-DISABLED PER-
8 CENTAGE.—The minimum low-income-disabled per-
9 centage specified in this paragraph for a State is
10 equal to 90 percent of the percentage of the expendi-
11 tures under title XIX for medical assistance in the
12 State during Federal fiscal year 1995 which was at-
13 tributable to expenditures for medical assistance for
14 benefits furnished to individuals whose coverage (at
15 such time) was on a basis directly related to disabil-
16 ity status, including being blind.

17 “(3) COMPUTATIONS.—States shall calculate
18 the minimum percentage under paragraph (2) in a
19 reasonable manner consistent with reports submitted
20 to the Secretary for the fiscal years involved and
21 medical assistance attributable to the exception pro-
22 vided under section 1903(v)(2) shall not be consid-
23 ered to be expenditures for medical assistance.

24 “(d) TRANSITIONAL PAYMENT FOR FEDERALLY-
25 QUALIFIED HEALTH CENTER SERVICES AND RURAL

1 HEALTH CLINIC SERVICES.—Each State plan shall pro-
2 vide that, for Federally-qualified health center services
3 and rural health clinic services (as defined in section
4 1571(f)) furnished under the plan during the first 8 cal-
5 endar quarters in which the plan is in effect and for which
6 payment is made under the plan, payment shall be made
7 for such services at a rate based on 100 percent of costs
8 which are reasonable and related to the cost of furnishing
9 such services or based on such other tests of reasonable-
10 ness, as the Secretary prescribes in regulations under sec-
11 tion 1833(a)(3), or, in the case of services to which those
12 regulations do not apply, on the same methodology used
13 under section 1833(a)(3).

14 “(e) PREEXISTING CONDITION EXCLUSIONS.—Not-
15 withstanding any other provision of this title—

16 “(1) a State plan may not deny or exclude cov-
17 erage of any item or service for an eligible individual
18 for benefits under the State plan for such item or
19 service on the basis of a preexisting condition; and

20 “(2) if a State contracts or makes other ar-
21 rangements (through the eligible individual or
22 through another entity) with a capitated health care
23 organization, insurer, or other entity, for the provi-
24 sion of items or services to eligible individuals under
25 the State plan and the State permits such organiza-

1 tion, insurer, or other entity to exclude coverage of
2 a covered item or service on the basis of a preexist-
3 ing condition, the State shall provide, through its
4 State plan, for such coverage (through direct pay-
5 ment or otherwise) for any such covered item or
6 service denied or excluded on the basis of a preexist-
7 ing condition.

8 “(f) SOLVENCY STANDARDS FOR CAPITATED
9 HEALTH CARE ORGANIZATIONS.—

10 “(1) IN GENERAL.—A State may not contract
11 with a capitated health care organization, as defined
12 in section 1504(c)(1), for the provision of medical
13 assistance under a State plan under which the orga-
14 nization is—

15 “(A) at full financial risk, as defined by
16 the State, unless the organization meets sol-
17 vency standards established by the State for
18 private health maintenance organizations or is
19 described in paragraph (4) and meets other sol-
20 vency standards established by the State, or

21 “(B) is not at such risk, unless the organi-
22 zation meets solvency standards that are estab-
23 lished under the State plan.

24 “(2) TREATMENT OF PUBLIC ENTITIES.—Para-
25 graph (1) shall not apply to an organization that is

1 a public entity or if the solvency of such organiza-
2 tion is guaranteed by the State.

3 “(3) TRANSITION.—In the case of a capitated
4 health care organization that as of the date of the
5 enactment of this title has entered into a contract
6 with a State for the provision of medical assistance
7 under title XIX under which the organization as-
8 sumes full financial risk and is receiving capitation
9 payments, paragraph (1) shall not apply to such or-
10 ganization until 3 years after the date of the enact-
11 ment of this title.

12 “(4) ORGANIZATION DESCRIBED.—An organiza-
13 tion described in this paragraph is a capitated health
14 organization which is (or is controlled by) one or
15 more Federally-qualified health centers or rural
16 health clinics. For purposes of this paragraph, the
17 term ‘control’ means the possession, whether direct
18 or indirect, of the power to direct or cause the direc-
19 tion of the management and policies of a capitated
20 health organization through membership, board rep-
21 resentation, or an ownership interest equal to or
22 greater than 50.1 percent.

23 “(g) FOR SERVICES PROVIDED AT FEDERALLY-
24 QUALIFIED HEALTH CENTERS AND RURAL HEALTH
25 CLINICS.—

1 “(1) IN GENERAL.—Subject to paragraph (2), a
2 State plan shall provide that the amount of funds
3 expended under the plan for medical assistance for
4 services provided at rural health clinics (as defined
5 in section 1861(aa)(2)) and Federally-qualified
6 health centers (as defined in section 1861(aa)(4)),
7 for eligible low-income individuals for a fiscal year is
8 not less than 85 percent of the average annual ex-
9 penditures under title XIX for medical assistance in
10 the State during Federal fiscal year 1995 which
11 were attributable to expenditures for medical assist-
12 ance for rural health clinic services and Federally-
13 qualified health center services (as defined in section
14 1905(l)).

15 “(2) ALTERNATIVE MINIMUM SET-ASIDES.—

16 “(A) IN GENERAL.—Beginning with fiscal
17 year 2001, a State may provide in its State
18 plan (through an amendment to the plan) for a
19 lower percentage of expenditures than the mini-
20 mum percentages specified in paragraph (1) if
21 the State determines to the satisfaction of the
22 Secretary that—

23 “(i) the health care needs of the low-
24 income populations described in such para-
25 graph who are eligible for medical assist-

1 ance under the plan during the previous
2 fiscal year can be reasonably met without
3 the expenditure of the percentage other-
4 wise required to be expended;

5 “(ii) the performance goals estab-
6 lished under section 1521 relating to such
7 population can reasonably be met with the
8 expenditure of such lower percentage of
9 funds; and

10 “(iii) the health care needs of eligible
11 low-income individuals residing in medi-
12 cally underserved rural areas can reason-
13 ably be met without the level of expendi-
14 ture for such services otherwise required
15 and the performance goals established
16 under section 1521 relating to such indi-
17 viduals can reasonably be met with such
18 lower level of expenditures.

19 “(B) PERIOD OF APPLICATION.—The de-
20 termination under subparagraph (A) shall be
21 made for such period as a State may request,
22 but may not be made for a period of more than
23 3 consecutive Federal fiscal years (beginning
24 with the first fiscal year for which the lower
25 percentage is sought). A new determination

1 must be made under such subparagraph for any
2 subsequent period.

3 **“SEC. 1503. LIMITATIONS ON PREMIUMS AND COST-SHAR-**
4 **ING.**

5 “(a) LIMITATION ON PREMIUMS.—

6 “(1) NONE FOR GUARANTEED POPULATION.—

7 The State plan shall not impose any enrollment fee,
8 premium, or similar charge for eligible individuals
9 described in subsection (a) or (b) of section 1501 or
10 section 1502(a).

11 “(2) INCOME-RELATED FOR OTHER POPU-
12 LATIONS.—The State plan may impose an enroll-
13 ment fee, premium, or similar charge for eligible in-
14 dividuals not described in paragraph (1) if it is re-
15 lated to the individual’s income (and does not exceed
16 2 percent of the individual’s gross income).

17 “(b) LIMITATION ON COST-SHARING.—Subject to
18 subsection (c)—

19 “(1) GUARANTEED POPULATIONS.—With re-
20 spect to individuals covered under subsection (a) or
21 (b) of section 1501 or section 1502, the State may
22 not impose any cost-sharing with respect to items
23 and services unless the amount is nominal in
24 amount. For purposes of this paragraph, an amount

1 is nominal if it does not exceed 6 percent of the
2 amount otherwise payable, or, if greater, 50 cents.

3 “(2) OTHER POPULATIONS.—With respect to
4 individuals not described in paragraph (1), the State
5 may not impose any cost-sharing with respect to
6 items and services unless such cost sharing is pursu-
7 ant to a public cost-sharing schedule and such cost-
8 sharing is not in excess of the average, nominal cost-
9 sharing imposed in the State for health plans offered
10 by health maintenance organizations (and similar or-
11 ganizations) for the same or similar items and serv-
12 ices, as determined by the State insurance commis-
13 sioner.

14 “(c) CERTAIN COST-SHARING PERMITTED.—

15 “(1) IN GENERAL.—Subject to paragraph (2), a
16 State may—

17 “(A) impose additional cost-sharing to dis-
18 courage the inappropriate use of emergency
19 medical services delivered through a hospital
20 emergency room, a medical transportation pro-
21 vider, or otherwise;

22 “(B) impose additional cost-sharing dif-
23 ferentially in order to encourage the use of pri-
24 mary and preventive care and discourage un-
25 necessary or less economical care; and

1 “(C) from imposing additional cost-sharing
2 based on the failure to participate in employ-
3 ment training programs, drug or alcohol abuse
4 treatment, counseling programs, or other pro-
5 grams promoting personal responsibility.

6 “(2) LIMITATION.—The additional cost-sharing
7 imposed under paragraph (1) may not result—

8 “(A) in the case of an individual described
9 in subsection (b)(1), in aggregate cost-sharing
10 that exceeds the maximum amount of cost-shar-
11 ing that may be imposed under subsection
12 (b)(2) (determined without regard to this sub-
13 section); or

14 “(B) in the case of an individual described
15 in subsection (b)(2), in aggregate cost-sharing
16 that exceeds twice the maximum amount of
17 cost-sharing that may be imposed under such
18 subsection (determined without regard to this
19 subsection).

20 “(d) PROHIBITION ON BALANCE BILLING.—An indi-
21 vidual eligible for benefits for items and services under the
22 State plan who is furnished such an items or service by
23 a provider under the plan may not be billed by the provider
24 for such item or service, other than such amount of cost-
25 sharing as is permitted with this section.

1 “(e) COST-SHARING DEFINED.—In this section, the
2 term ‘cost-sharing’ includes copayments, deductibles, coin-
3 surance, and other charges for the provision of health care
4 services.

5 **“SEC. 1504. DESCRIPTION OF PROCESS FOR DEVELOPING**
6 **CAPITATION PAYMENT RATES.**

7 “(a) IN GENERAL.—If a State contracts (or intends
8 to contract) with a capitated health care organization (as
9 defined in subsection (c)(1)) under which the State makes
10 a capitation payment (as defined in subsection (c)(2)) to
11 the organization for providing or arranging for the provi-
12 sion of medical assistance under the State plan for a group
13 of services, including at least inpatient hospital services
14 and physicians’ services, the plan shall include a descrip-
15 tion of the following:

16 “(1) USE OF ACTUARIAL SCIENCE.—The extent
17 and manner in which the State uses actuarial
18 science—

19 “(A) to analyze and project health care ex-
20 penditures and utilization for individuals en-
21 rolled (or to be enrolled) in such an organiza-
22 tion under the State plan, and

23 “(B) to develop capitation payment rates,
24 including a brief description of the general
25 methodologies used by actuaries.

1 “(2) QUALIFICATIONS OF ORGANIZATIONS.—

2 The general qualifications, including any accredita-
3 tion, State licensure or certification, or provider net-
4 work standards, required by the State for participa-
5 tion of capitated health care organizations under the
6 State plan.

7 “(3) DISSEMINATION PROCESS.—The process
8 used by the State under subsection (b) and other-
9 wise to disseminate, before entering into contracts
10 with capitated health care organizations, actuarial
11 information to such organizations on the historical
12 fee-for-service costs (or, if not available, other recent
13 financial data associated with providing covered
14 services) and utilization associated with individuals
15 described in paragraph (1)(A).

16 “(b) PUBLIC NOTICE AND COMMENT.—Under the
17 State plan the State shall provide a process for providing,
18 before the beginning of each contract year—

19 “(1) public notice of—

20 “(A) the amounts of the capitation pay-
21 ments (if any) made under the plan for the con-
22 tract year preceding the public notice, and

23 “(B)(i) the information described under
24 subsection (a)(1) with respect to capitation pay-
25 ments for the contract year involved, or (ii)

1 amounts of the capitation payments the State
2 expects to make for the contract year involved,
3 unless such information is designated as proprietary
4 and not subject to public disclosure under State law,
5 and

6 “(2) an opportunity for receiving public com-
7 ment on the amounts and information for which no-
8 tice is provided under paragraph (1).

9 “(c) DEFINITIONS.—In this title:

10 “(1) CAPITATED HEALTH CARE ORGANIZA-
11 TION.—The term ‘capitated health care organiza-
12 tion’ means a health maintenance organization or
13 any other entity (including a health insuring organi-
14 zation, managed care organization, prepaid health
15 plan, integrated service network, or similar entity)
16 which under State law is permitted to accept capita-
17 tion payments for providing (or arranging for the
18 provision of) a group of items and services including
19 at least inpatient hospital services and physicians’
20 services.

21 “(2) CAPITATION PAYMENT.—The term ‘capita-
22 tion payment’ means, with respect to payment, pay-
23 ment on a prepaid capitation basis or any other risk
24 basis to an entity for the entity’s provision (or ar-
25 ranging for the provision) of a group of items and

1 services, including at least inpatient hospital services
2 and physicians' services.

3 **“SEC. 1505. PREVENTING SPOUSAL IMPOVERISHMENT.**

4 “(a) SPECIAL TREATMENT FOR INSTITUTIONALIZED
5 SPOUSES.—

6 “(1) SUPERSEDES OTHER PROVISIONS.—In de-
7 termining the eligibility for medical assistance of an
8 institutionalized spouse (as defined in subsection
9 (h)(1)), the provisions of this section supersede any
10 other provision of this title which is inconsistent
11 with them.

12 “(2) DOES NOT AFFECT CERTAIN DETERMINA-
13 TIONS.—Except as this section specifically provides,
14 this section does not apply to—

15 “(A) the determination of what constitutes
16 income or resources, or

17 “(B) the methodology and standards for
18 determining and evaluating income and re-
19 sources.

20 “(3) NO APPLICATION IN COMMONWEALTHS
21 AND TERRITORIES.—This section shall only apply to
22 a State that is one of the 50 States or the District
23 of Columbia.

24 “(b) RULES FOR TREATMENT OF INCOME.—

1 “(1) SEPARATE TREATMENT OF INCOME.—Dur-
2 ing any month in which an institutionalized spouse
3 is in the institution, except as provided in paragraph
4 (2), no income of the community spouse shall be
5 deemed available to the institutionalized spouse.

6 “(2) CONTRIBUTION OF INCOME.—In determin-
7 ing the income of an institutionalized spouse or com-
8 munity spouse for purposes of the post-eligibility in-
9 come determination described in subsection (d), ex-
10 cept as otherwise provided in this section and re-
11 gardless of any State laws relating to community
12 property or the division of marital property, the fol-
13 lowing rules apply:

14 “(A) NON-TRUST PROPERTY.—Subject to
15 subparagraphs (C) and (D), in the case of in-
16 come not from a trust, unless the instrument
17 providing the income otherwise specifically pro-
18 vides—

19 “(i) if payment of income is made
20 solely in the name of the institutionalized
21 spouse or the community spouse, the in-
22 come shall be considered available only to
23 that respective spouse,

24 “(ii) if payment of income is made in
25 the names of the institutionalized spouse

1 and the community spouse, $\frac{1}{2}$ of the in-
2 come shall be considered available to each
3 of them, and

4 “(iii) if payment of income is made in
5 the names of the institutionalized spouse
6 or the community spouse, or both, and to
7 another person or persons, the income
8 shall be considered available to each spouse
9 in proportion to the spouse’s interest (or,
10 if payment is made with respect to both
11 spouses and no such interest is specified,
12 $\frac{1}{2}$ of the joint interest shall be considered
13 available to each spouse).

14 “(B) TRUST PROPERTY.—In the case of a
15 trust—

16 “(i) except as provided in clause (ii),
17 income shall be attributed in accordance
18 with the provisions of this title; and

19 “(ii) income shall be considered avail-
20 able to each spouse as provided in the
21 trust, or, in the absence of a specific provi-
22 sion in the trust—

23 “(I) if payment of income is
24 made solely to the institutionalized
25 spouse or the community spouse, the

1 income shall be considered available
2 only to that respective spouse,

3 “(II) if payment of income is
4 made to both the institutionalized
5 spouse and the community spouse, $\frac{1}{2}$
6 of the income shall be considered
7 available to each of them, and

8 “(III) if payment of income is
9 made to the institutionalized spouse
10 or the community spouse, or both,
11 and to another person or persons, the
12 income shall be considered available to
13 each spouse in proportion to the
14 spouse’s interest (or, if payment is
15 made with respect to both spouses
16 and no such interest is specified, $\frac{1}{2}$ of
17 the joint interest shall be considered
18 available to each spouse).

19 “(C) PROPERTY WITH NO INSTRUMENT.—
20 In the case of income not from a trust in which
21 there is no instrument establishing ownership,
22 subject to subparagraph (D), $\frac{1}{2}$ of the income
23 shall be considered to be available to the insti-
24 tutionalized spouse and $\frac{1}{2}$ to the community
25 spouse.

1 “(D) REBUTTING OWNERSHIP.—The rules
2 of subparagraphs (A) and (C) are superseded to
3 the extent that an institutionalized spouse can
4 establish, by a preponderance of the evidence,
5 that the ownership interests in income are other
6 than as provided under such subparagraphs.

7 “(c) RULES FOR TREATMENT OF RESOURCES.—

8 “(1) COMPUTATION OF SPOUSAL SHARE AT
9 TIME OF INSTITUTIONALIZATION.—

10 “(A) TOTAL JOINT RESOURCES.—There
11 shall be computed (as of the beginning of the
12 first continuous period of institutionalization of
13 the institutionalized spouse)—

14 “(i) the total value of the resources to
15 the extent either the institutionalized
16 spouse or the community spouse has an
17 ownership interest, and

18 “(ii) a spousal share which is equal to
19 $\frac{1}{2}$ of such total value.

20 “(B) ASSESSMENT.—At the request of an
21 institutionalized spouse or community spouse,
22 at the beginning of the first continuous period
23 of institutionalization of the institutionalized
24 spouse and upon the receipt of relevant docu-
25 mentation of resources, the State shall promptly

1 assess and document the total value described
2 in subparagraph (A)(i) and shall provide a copy
3 of such assessment and documentation to each
4 spouse and shall retain a copy of the assess-
5 ment for use under this section. If the request
6 is not part of an application for medical assist-
7 ance under this title, the State may, at its op-
8 tion as a condition of providing the assessment,
9 require payment of a fee not exceeding the rea-
10 sonable expenses of providing and documenting
11 the assessment. At the time of providing the
12 copy of the assessment, the State shall include
13 a notice indicating that the spouse will have a
14 right to a fair hearing under subsection (e)(2).

15 “(2) **ATTRIBUTION OF RESOURCES AT TIME OF**
16 **INITIAL ELIGIBILITY DETERMINATION.**—In deter-
17 mining the resources of an institutionalized spouse
18 at the time of application for medical assistance
19 under this title, regardless of any State laws relating
20 to community property or the division of marital
21 property—

22 “(A) except as provided in subparagraph
23 (B), all the resources held by either the institu-
24 tionalized spouse, community spouse, or both,

1 shall be considered to be available to the insti-
2 tutionalized spouse, and

3 “(B) resources shall be considered to be
4 available to an institutionalized spouse, but only
5 to the extent that the amount of such resources
6 exceeds the amount computed under subsection
7 (f)(2)(A) (as of the time of application for med-
8 ical assistance).

9 “(3) ASSIGNMENT OF SUPPORT RIGHTS.—The
10 institutionalized spouse shall not be ineligible by rea-
11 son of resources determined under paragraph (2) to
12 be available for the cost of care where—

13 “(A) the institutionalized spouse has as-
14 signed to the State any rights to support from
15 the community spouse,

16 “(B) the institutionalized spouse lacks the
17 ability to execute an assignment due to physical
18 or mental impairment but the State has the
19 right to bring a support proceeding against a
20 community spouse without such assignment, or

21 “(C) the State determines that denial of
22 eligibility would work an undue hardship.

23 “(4) SEPARATE TREATMENT OF RESOURCES
24 AFTER ELIGIBILITY FOR MEDICAL ASSISTANCE ES-
25 TABLISHED.—During the continuous period in which

1 an institutionalized spouse is in an institution and
2 after the month in which an institutionalized spouse
3 is determined to be eligible for medical assistance
4 under this title, no resources of the community
5 spouse shall be deemed available to the institutional-
6 ized spouse.

7 “(5) RESOURCES DEFINED.—In this section,
8 the term ‘resources’ does not include—

9 “(A) resources excluded under subsection
10 (a) or (d) of section 1613, and

11 “(B) resources that would be excluded
12 under section 1613(a)(2)(A) but for the limita-
13 tion on total value described in such section.

14 “(d) PROTECTING INCOME FOR COMMUNITY
15 SPOUSE.—

16 “(1) ALLOWANCES TO BE OFFSET FROM IN-
17 COME OF INSTITUTIONALIZED SPOUSE.—After an
18 institutionalized spouse is determined or redeter-
19 mined to be eligible for medical assistance, in deter-
20 mining the amount of the spouse’s income that is to
21 be applied monthly to payment for the costs of care
22 in the institution, there shall be deducted from the
23 spouse’s monthly income the following amounts in
24 the following order:

1 “(A) A personal needs allowance (described
2 in paragraph (2)(A)), in an amount not less
3 than the amount specified in paragraph (2)(C).

4 “(B) A community spouse monthly income
5 allowance (as defined in paragraph (3)), but
6 only to the extent income of the institutional-
7 ized spouse is made available to (or for the ben-
8 efit of) the community spouse.

9 “(C) A family allowance, for each family
10 member, equal to at least $\frac{1}{3}$ of the amount by
11 which the amount described in paragraph
12 (4)(A)(i) exceeds the amount of the monthly in-
13 come of that family member.

14 “(D) Amounts for incurred expenses for
15 medical or remedial care for the institutional-
16 ized spouse as provided under paragraph (6).

17 In subparagraph (C), the term ‘family member’ only
18 includes minor or dependent children, dependent
19 parents, or dependent siblings of the institutional-
20 ized or community spouse who are residing with the
21 community spouse.

22 “(2) PERSONAL NEEDS ALLOWANCE.—

23 “(A) IN GENERAL.—The State plan must
24 provide that, in the case of an institutionalized
25 individual or couple described in subparagraph

1 (B), in determining the amount of the individ-
2 ual's or couple's income to be applied monthly
3 to payment for the cost of care in an institu-
4 tion, there shall be deducted from the monthly
5 income (in addition to other allowances other-
6 wise provided under the plan) a monthly per-
7 sonal needs allowance—

8 “(i) which is reasonable in amount for
9 clothing and other personal needs of the
10 individual (or couple) while in an institu-
11 tion, and

12 “(ii) which is not less (and may be
13 greater) than the minimum monthly per-
14 sonal needs allowance described in sub-
15 paragraph (C).

16 “(B) INSTITUTIONALIZED INDIVIDUAL OR
17 COUPLE DEFINED.—In this paragraph, the
18 term ‘institutionalized individual or couple’
19 means an individual or married couple—

20 “(i) who is an inpatient (or who are
21 inpatients) in a medical institution or
22 nursing facility for which payments are
23 made under this title throughout a month,
24 and

1 “(ii) who is or are determined to be
2 eligible for medical assistance under the
3 State plan.

4 “(C) MINIMUM ALLOWANCE.—The mini-
5 mum monthly personal needs allowance de-
6 scribed in this subparagraph is \$40 for an insti-
7 tutionalized individual and \$80 for an institu-
8 tionalized couple (if both are aged, blind, or dis-
9 abled, and their incomes are considered avail-
10 able to each other in determining eligibility).

11 “(3) COMMUNITY SPOUSE MONTHLY INCOME
12 ALLOWANCE DEFINED.—

13 “(A) IN GENERAL.—In this section (except
14 as provided in subparagraph (B)), the commu-
15 nity spouse monthly income allowance for a
16 community spouse is an amount by which—

17 “(i) except as provided in subsection
18 (e), the minimum monthly maintenance
19 needs allowance (established under and in
20 accordance with paragraph (4)) for the
21 spouse, exceeds

22 “(ii) the amount of monthly income
23 otherwise available to the community
24 spouse (determined without regard to such
25 an allowance).

1 “(B) COURT ORDERED SUPPORT.—If a
2 court has entered an order against an institu-
3 tionalized spouse for monthly income for the
4 support of the community spouse, the commu-
5 nity spouse monthly income allowance for the
6 spouse shall be not less than the amount of the
7 monthly income so ordered.

8 “(4) ESTABLISHMENT OF MINIMUM MONTHLY
9 MAINTENANCE NEEDS ALLOWANCE.—

10 “(A) IN GENERAL.—Each State shall es-
11 tablish a minimum monthly maintenance needs
12 allowance for each community spouse which,
13 subject to subparagraph (B), is equal to or ex-
14 ceeds—

15 “(i) 150 percent of $\frac{1}{12}$ of the poverty
16 line applicable to a family unit of 2 mem-
17 bers, plus

18 “(ii) an excess shelter allowance (as
19 defined in paragraph (4)).

20 A revision of the poverty line referred to in
21 clause (i) shall apply to medical assistance fur-
22 nished during and after the second calendar
23 quarter that begins after the date of publication
24 of the revision.

1 “(B) CAP ON MINIMUM MONTHLY MAINTENANCE NEEDS ALLOWANCE.—The minimum
2 monthly maintenance needs allowance established under subparagraph (A) may not exceed
3 \$1,500 (subject to adjustment under subsections (e) and (g)).

4 “(5) EXCESS SHELTER ALLOWANCE DEFINED.—In paragraph (4)(A)(ii), the term ‘excess
5 shelter allowance’ means, for a community spouse, the amount by which the sum of—

6 “(A) the spouse’s expenses for rent or mortgage payment (including principal and interest), taxes and insurance and, in the case of
7 a condominium or cooperative, required maintenance charge, for the community spouse’s principal residence, and

8 “(B) the standard utility allowance (used by the State under section 5(e) of the Food Stamp Act of 1977) or, if the State does not
9 use such an allowance, the spouse’s actual utility expenses,

10 exceeds 30 percent of the amount described in paragraph (4)(A)(i), except that, in the case of a condominium or cooperative, for which a maintenance charge is included under subparagraph (A), any al-

1 lowance under subparagraph (B) shall be reduced to
2 the extent the maintenance charge includes utility
3 expenses.

4 “(6) TREATMENT OF INCURRED EXPENSES.—

5 With respect to the post-eligibility treatment of in-
6 come under this section, there shall be disregarded
7 reparation payments made by the Federal Republic
8 of Germany and, there shall be taken into account
9 amounts for incurred expenses for medical or reme-
10 dial care that are not subject to payment by a third
11 party, including—

12 “(A) medicare and other health insurance
13 premiums, deductibles, or coinsurance, and

14 “(B) necessary medical or remedial care
15 recognized under State law but not covered
16 under the State plan under this title, subject
17 to reasonable limits the State may establish on
18 the amount of these expenses.

19 “(e) NOTICE AND FAIR HEARING.—

20 “(1) NOTICE.—Upon—

21 “(A) a determination of eligibility for med-
22 ical assistance of an institutionalized spouse, or

23 “(B) a request by either the institutional-
24 ized spouse, or the community spouse, or a rep-
25 resentative acting on behalf of either spouse,

1 each State shall notify both spouses (in the case de-
2 scribed in subparagraph (A)) or the spouse making
3 the request (in the case described in subparagraph
4 (B)) of the amount of the community spouse month-
5 ly income allowance (described in subsection
6 (d)(1)(B)), of the amount of any family allowances
7 (described in subsection (d)(1)(C)), of the method
8 for computing the amount of the community spouse
9 resources allowance permitted under subsection (f),
10 and of the spouse’s right to a fair hearing under the
11 State plan respecting ownership or availability of in-
12 come or resources, and the determination of the
13 community spouse monthly income or resource al-
14 lowance.

15 “(2) FAIR HEARING.—

16 “(A) IN GENERAL.—If either the institu-
17 tionalized spouse or the community spouse is
18 dissatisfied with a determination of—

19 “(i) the community spouse monthly
20 income allowance;

21 “(ii) the amount of monthly income
22 otherwise available to the community
23 spouse (as applied under subsection
24 (d)(3)(A)(ii));

1 “(iii) the computation of the spousal
2 share of resources under subsection (c)(1);

3 “(iv) the attribution of resources
4 under subsection (c)(2); or

5 “(v) the determination of the commu-
6 nity spouse resource allowance (as defined
7 in subsection (f)(2));

8 such spouse is entitled to a fair hearing under
9 the State plan with respect to such determina-
10 tion if an application for benefits under this
11 title has been made on behalf of the institu-
12 tionalized spouse. Any such hearing respecting
13 the determination of the community spouse re-
14 source allowance shall be held within 30 days of
15 the date of the request for the hearing.

16 “(B) REVISION OF MINIMUM MONTHLY
17 MAINTENANCE NEEDS ALLOWANCE.—If either
18 such spouse establishes that the community
19 spouse needs income, above the level otherwise
20 provided by the minimum monthly maintenance
21 needs allowance, due to exceptional cir-
22 cumstances resulting in significant financial du-
23 ress, there shall be substituted, for the mini-
24 mum monthly maintenance needs allowance in

1 subsection (d)(3)(A)(i), an amount adequate to
2 provide such additional income as is necessary.

3 “(C) REVISION OF COMMUNITY SPOUSE
4 RESOURCE ALLOWANCE.—If either such spouse
5 establishes that the community spouse resource
6 allowance (in relation to the amount of income
7 generated by such an allowance) is inadequate
8 to raise the community spouse’s income to the
9 minimum monthly maintenance needs allow-
10 ance, there shall be substituted, for the commu-
11 nity spouse resource allowance under subsection
12 (f)(2), an amount adequate to provide such a
13 minimum monthly maintenance needs allow-
14 ance.

15 “(f) PERMITTING TRANSFER OF RESOURCES TO
16 COMMUNITY SPOUSE.—

17 “(1) IN GENERAL.—An institutionalized spouse
18 may, without regard to any other provision of the
19 State plan to the contrary, transfer an amount equal
20 to the community spouse resource allowance (as de-
21 fined in paragraph (2)), but only to the extent the
22 resources of the institutionalized spouse are trans-
23 ferred to, or for the sole benefit of, the community
24 spouse. The transfer under the preceding sentence
25 shall be made as soon as practicable after the date

1 of the initial determination of eligibility, taking into
2 account such time as may be necessary to obtain a
3 court order under paragraph (3).

4 “(2) COMMUNITY SPOUSE RESOURCE ALLOW-
5 ANCE DEFINED.—In paragraph (1), the ‘community
6 spouse resource allowance’ for a community spouse
7 is an amount (if any) by which—

8 “(A) the greatest of—

9 “(i) \$12,000 (subject to adjustment
10 under subsection (g)), or, if greater (but
11 not to exceed the amount specified in
12 clause (ii)(II)) an amount specified under
13 the State plan,

14 “(ii) the lesser of (I) the spousal
15 share computed under subsection (c)(1), or
16 (II) \$60,000 (subject to adjustment under
17 subsection (g)),

18 “(iii) the amount established under
19 subsection (e)(2), or

20 “(iv) the amount transferred under a
21 court order under paragraph (3);

22 exceeds

23 “(B) the amount of the resources other-
24 wise available to the community spouse (deter-
25 mined without regard to such an allowance).

1 “(3) TRANSFERS UNDER COURT ORDERS.—If a
2 court has entered an order against an institutional-
3 ized spouse for the support of the community
4 spouse, any provisions under the plan relating to
5 transfers or disposals of assets for less than fair
6 market value shall not apply to amounts of resources
7 transferred pursuant to such order for the support
8 of the spouse or a family member (as defined in sub-
9 section (d)(1)).

10 “(g) INDEXING DOLLAR AMOUNTS.—For services
11 furnished during a calendar year after 1989, the dollar
12 amounts specified in subsections (d)(3)(C), (f)(2)(A)(i),
13 and (f)(2)(A)(ii)(II) shall be increased by the same per-
14 centage as the percentage increase in the consumer price
15 index for all urban consumers (all items; U.S. city aver-
16 age) between September 1988 and the September before
17 the calendar year involved.

18 “(h) DEFINITIONS.—In this section:

19 “(1) INSTITUTIONALIZED SPOUSE.—The term
20 ‘institutionalized spouse’ means an individual—

21 “(A)(i) who is in a medical institution or
22 nursing facility, or

23 “(ii) at the option of the State (I) who
24 would be eligible under the State plan under
25 this title if such individual was in a medical in-

1 stitution, (II) with respect to whom there has
2 been a determination that but for the provision
3 of home or community-based services such indi-
4 vidual would require the level of care provided
5 in a hospital, nursing facility or intermediate
6 care facility for the mentally retarded the cost
7 of which could be reimbursed under the plan,
8 and (III) who will receive home or community-
9 based services pursuant the plan; and

10 “(B) who is married to a spouse who is not
11 in a medical institution or nursing facility;

12 but does not include any such individual who is not
13 likely to meet the requirements of subparagraph (A)
14 for at least 30 consecutive days.

15 “(2) COMMUNITY SPOUSE.—The term ‘commu-
16 nity spouse’ means the spouse of an institutionalized
17 spouse.

18 **“SEC. 1506. PREVENTING FAMILY IMPOVERISHMENT.**

19 “(a) RESPONSIBILITIES FOR LONG-TERM AND INSTI-
20 TUTIONAL CARE GENERALLY.—A State plan may not—

21 “(1) require an adult child or any other individ-
22 ual (other than the applicant or recipient of services
23 or the spouse of such an applicant or recipient) to
24 contribute to the cost of covered nursing facility

1 services, other long-term care services, and hospital
2 and other institutional services under the plan; and

3 “(2) take into account with respect to such
4 services the financial responsibility of any individual
5 for any applicant or recipient of assistance under the
6 plan unless such applicant or recipient is such indi-
7 vidual’s spouse or such individual’s child who is
8 under age 21 or (with respect to States eligible to
9 participate in the State program established under
10 title XVI), is blind or permanently and totally dis-
11 abled, or is blind or disabled as defined in section
12 1614 (with respect to States which are not eligible
13 to participate in such program).

14 “(b) LIMITATIONS ON LIENS.—

15 “(1) IN GENERAL.—No lien may be imposed
16 against the property of any individual prior to the
17 individual’s death on account of medical assistance
18 paid or to be paid on the individual’s behalf under
19 a State plan, except—

20 “(A) pursuant to the judgment of a court
21 on account of benefits incorrectly paid on behalf
22 of such individual; or

23 “(B) in the case of the real property of an
24 individual—

1 “(i) who is an inpatient in a nursing
2 facility, intermediate care facility for the
3 mentally retarded, or other medical institu-
4 tion, if such individual is required, as a
5 condition of receiving services in such insti-
6 tution under the plan, to spend for costs of
7 medical care all but a minimal amount of
8 the individual’s income required for per-
9 sonal needs, and

10 “(ii) with respect to whom the State
11 determines, after notice and opportunity
12 for a hearing (in accordance with proce-
13 dures established by the State), that the
14 individual cannot reasonably be expected to
15 be discharged from the medical institution
16 and to return home,

17 except as provided in paragraph (2).

18 “(2) EXCEPTION.—No lien may be imposed
19 under paragraph (1)(B) on such individual’s home
20 if—

21 “(A) the spouse of such individual,

22 “(B) such individual’s child who is under
23 age 21, or (with respect to States eligible to
24 participate in the State program established
25 under title XVI) is blind or permanently and to-

1 tally disabled, or (with respect to States which
2 are not eligible to participate in such program)
3 is blind or disabled as defined in section 1614,
4 or

5 “(C) a sibling of such individual (who has
6 an equity interest in such home and who was
7 residing in such individual’s home for a period
8 of at least one year immediately before the date
9 of the individual’s admission to the medical in-
10 stitution),

11 is lawfully residing in such home.

12 “(3) DISSOLUTION UPON RETURN HOME.—Any
13 lien imposed with respect to an individual pursuant
14 to paragraph (1)(B) shall dissolve upon that individ-
15 ual’s discharge from the medical institution and re-
16 turn home.

17 **“SEC. 1507. STATE FLEXIBILITY.**

18 “(a) STATE FLEXIBILITY IN BENEFITS, GEOGRAPHI-
19 CAL COVERAGE AREA, AND SELECTION OF PROVIDERS.—
20 The State under its State plan may—

21 “(1) specify those items and services for which
22 medical assistance is provided (consistent with guar-
23 antees under subsections (a) and (b) of section
24 1501), the providers which may provide such items
25 and services, and the amount and frequency of pro-

1 viding such items and services (consistent with the
2 requirements of section 1502(d));

3 “(2) specify the extent to which the same medi-
4 cal assistance will be provided in all geographical
5 areas or political subdivisions of the State, so long
6 as medical assistance is made available in all such
7 areas or subdivisions;

8 “(3) specify the extent to which the medical as-
9 sistance made available to any individual eligible for
10 medical assistance is comparable in amount, dura-
11 tion, or scope to the medical assistance made avail-
12 able to any other such individual; and

13 “(4) specify the extent to which an individual
14 eligible for medical assistance with respect to an
15 item or service may choose to obtain such assistance
16 from any institution, agency, or person qualified to
17 provide the item or service.

18 “(b) STATE FLEXIBILITY WITH RESPECT TO MAN-
19 AGED CARE.—Nothing in this title shall be construed—

20 “(1) to limit a State’s ability to contract with,
21 on a capitated basis or otherwise, health care plans
22 or individual health care providers for the provision
23 or arrangement of medical assistance,

24 “(2) to limit a State’s ability to contract with
25 health care plans or other entities for case manage-

1 ment services or for coordination of medical assist-
2 ance, or

3 “(3) to restrict a State from establishing capi-
4 tation rates on the basis of competition among
5 health care plans or negotiations between the State
6 and one or more health care plans.

7 **“SEC. 1508. PRIVATE RIGHTS OF ACTION.**

8 “(a) LIMITATION ON FEDERAL CAUSES OF AC-
9 TION.—Except as provided in this section, no person or
10 entity may bring an action against a State in Federal
11 court based on its failure to comply with any requirement
12 of this title.

13 “(b) STATE CAUSES OF ACTION.—

14 “(1) ADMINISTRATIVE AND JUDICIAL PROCE-
15 DURES.—A State plan shall provide for—

16 “(A) an administrative procedure whereby
17 an individual alleging a denial of eligibility for
18 benefits or a denial of benefits under the State
19 plan may receive a hearing regarding such de-
20 nial, and

21 “(B) judicial review, through a private
22 right of action in a State court by an individual
23 or class of individuals, regarding such a denial,
24 but a State may require exhaustion of adminis-

1 trative remedies before such an action may be
2 taken.

3 The administrative procedure under subparagraph
4 (A) shall include impartial decision makers and a
5 fair process and timely decisions.

6 “(2) WRIT OF CERTIORARI.—An individual or
7 class may file a petition for certiorari before the Su-
8 preme Court of the United States in a case of a de-
9 nial of benefits under the State plan to review a de-
10 termination of the highest court of a State regarding
11 such denial.

12 “(3) CONSTRUCTION.—Nothing in this sub-
13 section shall be construed as requiring a State to
14 provide a private right of action in State court by
15 a provider, health plan, or a class of providers or
16 health plans.

17 “(c) SECRETARIAL RELIEF.—

18 “(1) IN GENERAL.—The Secretary may bring
19 an action in Federal court against a State and on
20 behalf of an individual or class of individuals in
21 order to assure that a State provides benefits to in-
22 dividuals and classes of individuals as guaranteed
23 under subsection (a) or (b) of section 1501 under its
24 State plan.

1 “(2) NO PRIVATE RIGHT.—No action may be
2 brought in any court against the Secretary based on
3 the Secretary’s bringing, or failure to bring, an ac-
4 tion under paragraph (1).

5 “(3) CONSTRUCTION.—Nothing in this title
6 shall be construed as authorizing the Secretary to
7 bring an action on behalf of a provider, health plan,
8 or a class of providers or health plans.

9 “PART B—PAYMENTS TO STATES

10 **“SEC. 1511. ALLOTMENT OF FUNDS AMONG STATES.**

11 “(a) ALLOTMENTS.—

12 “(1) COMPUTATION.—The Secretary shall pro-
13 vide for the computation of State obligation and out-
14 lay allotments in accordance with this section for
15 each fiscal year beginning with fiscal year 1997.
16 Nothing in this part shall be construed as authoriz-
17 ing payment under this part to any State for fiscal
18 year 1996.

19 “(2) LIMITATION ON OBLIGATIONS.—

20 “(A) IN GENERAL.—Subject to the suc-
21 ceeding provisions of this paragraph, the Sec-
22 retary shall not enter into obligations with any
23 State under this title for a fiscal year in excess
24 of the sum of the following allotments for the
25 State for the fiscal year:

1 “(i) BASE OBLIGATION ALLOT-
2 MENT.—The amount of the base obligation
3 allotment for that State for the fiscal year
4 under paragraph (4).

5 “(ii) SUPPLEMENTAL ALLOTMENT
6 FOR CERTAIN ALIENS.—The amount of
7 any supplemental allotment for that State
8 for the fiscal year under subsection (f).

9 “(iii) SUPPLEMENTAL PER BENE-
10 FICIARY UMBRELLA ALLOTMENT.—The
11 amount of any supplemental per bene-
12 ficiary umbrella allotment for that State
13 for the fiscal year under subsection (g).

14 “(iv) SUPPLEMENTAL ALLOTMENT
15 FOR INDIAN HEALTH SERVICES.—The
16 amount of any supplemental allotment for
17 that State for the fiscal year under sub-
18 section (h).

19 The sum of the base obligation allotments for all
20 States in any fiscal year (excluding amounts carried
21 over under subparagraph (B) and excluding changes
22 in allotments effected under paragraph (4)(D)) shall
23 not exceed the aggregate limit on new base obliga-
24 tion authority specified in paragraph (3) for that fis-
25 cal year.

1 “(B) ADJUSTMENTS.—

2 “(i) CARRYOVER OF BASE ALLOTMENT
3 PERMITTED.—Subject to clauses (ii), if the
4 amount of obligations entered into under
5 this part with a State for quarters in a fis-
6 cal year is less than the amount of the ob-
7 ligation allotment under this section to the
8 State for the fiscal year, the amount of the
9 difference (less any amount computed
10 under clause (iii)) shall be added to the
11 amount of the State obligation allotment
12 otherwise provided under this section for
13 the succeeding fiscal year.

14 “(ii) NO CARRYOVER PERMITTED FOR
15 STATES RECEIVING SUPPLEMENTAL UM-
16 BRELLA ALLOTMENTS.—Clause (i) shall
17 not apply, insofar as it permits a carryover
18 for a State from a particular year to the
19 next year, if in the particular year the
20 State receives a supplemental umbrella al-
21 lotment under subsection (g).

22 “(iii) NO CARRYOVER OF ALIEN AND
23 INDIAN SUPPLEMENTAL ALLOTMENTS.—
24 The amount of any carryover under clause
25 (i) from a fiscal year shall be reduced by

1 the amount (if any) by which the amount
2 of the outlays for expenditures described in
3 subsection (f) or (h) for the fiscal year is
4 less than the amount of any supplemental
5 allotment provided under the respective
6 subsection for the State and fiscal year in-
7 volved.

8 “(C) REDUCTION FOR NEW OBLIGATIONS
9 UNDER TITLE XIX IN FISCAL YEAR 1997.—The
10 amount of the base obligation allotment other-
11 wise provided under this section for fiscal year
12 1997 for a State shall be reduced by the
13 amount of the obligations entered into with re-
14 spect to the State under section 1903(a) during
15 such fiscal year.

16 “(D) NO EFFECT ON PRIOR YEAR OBLIGA-
17 TIONS.—Subparagraph (A) shall not apply to or
18 affect obligations for a fiscal year prior to fiscal
19 year 1997.

20 “(E) OBLIGATION.—For purposes of this
21 section, the Secretary’s establishment of an es-
22 timate under section 1512(b) of the amount a
23 State is entitled to receive for a quarter (taking
24 into account any adjustments described in such
25 subsection) beginning during or after fiscal year

1 1997 shall be treated as the obligation of such
2 amount for the State as of the first day of the
3 quarter.

4 “(F) RELATION TO GUARANTEES.—The
5 Federal Government’s obligations for payments
6 under this title are limited as provided under
7 subparagraph (A) and are only subject to ad-
8 justment based on any guarantee provided
9 under section 1501 as provided under sub-
10 section (g).

11 “(3) AGGREGATE LIMIT ON NEW BASE OBLIGA-
12 TION AUTHORITY.—

13 “(A) IN GENERAL.—For purposes of this
14 subsection, subject to subparagraph (C), the
15 ‘aggregate limit on new base obligation author-
16 ity’, for a fiscal year, is the base pool amount
17 under subsection (b) for the fiscal year, divided
18 by the payout adjustment factor (described in
19 subparagraph (B)) for the fiscal year.

20 “(B) PAYOUT ADJUSTMENT FACTOR.—For
21 purposes of this subsection, the ‘payout adjust-
22 ment factor’—

23 “(i) for fiscal year 1997 is 0.950,

24 “(ii) for fiscal year 1998 is 0.986, and

1 “(iii) for a subsequent fiscal year is
2 0.998.

3 “(C) TRANSITIONAL ADJUSTMENT FOR
4 PRE-FISCAL YEAR 1997-OBLIGATION OUTLAYS.—
5 In order to account for pre-fiscal year 1997-ob-
6 ligation outlays described in paragraph
7 (4)(C)(iv), in determining the aggregate limit
8 on new obligation authority under subpara-
9 graph (A) for fiscal year 1997, the pool amount
10 for such fiscal year is equal to—

11 “(i) the pool amount for such year,
12 reduced by

13 “(ii) \$12,000,000,000.

14 “(4) BASE OBLIGATION ALLOTMENTS.—

15 “(A) GENERAL RULE FOR 50 STATES AND
16 THE DISTRICT OF COLUMBIA.—Except as pro-
17 vided in this paragraph, the ‘base obligation al-
18 lotment’ for any of the 50 States or the District
19 of Columbia for a fiscal year (beginning with
20 fiscal year 1997) is an amount that bears the
21 same ratio to the base outlay allotment under
22 subsection (c)(2) for such State or District (not
23 taking into account any adjustment due to an
24 election under subsection (c)(4)) for the fiscal
25 year as the ratio of—

1 “(i) the aggregate limit on new base
2 obligation authority (less the total of the
3 obligation allotments under subparagraph
4 (B)) for the fiscal year, to

5 “(ii) the base pool amount (less the
6 sum of the base outlay allotments for the
7 territories) for such fiscal year.

8 “(B) TERRITORIES.—The base obligation
9 allotment for each of the Commonwealths and
10 territories for a fiscal year is the base outlay al-
11 lotment for such Commonwealth or Territory
12 (as determined under subsection (c)(5)) for the
13 fiscal year divided by the payout adjustment
14 factor for the fiscal year (as defined in para-
15 graph (3)(B)).

16 “(C) TRANSITIONAL RULE FOR FISCAL
17 YEAR 1997.—

18 “(i) IN GENERAL.—The obligation
19 amount for fiscal year 1997 for any State
20 (including the District of Columbia, a
21 Commonwealth, or Territory) is deter-
22 mined according to the formula:
23 $A = (B - C) / D$, where—

24 “(I) ‘A’ is the base obligation
25 amount for such State,

1 “(II) ‘B’ is the base outlay allot-
2 ment of such State for fiscal year
3 1997, as determined under subsection
4 (c),

5 “(III) ‘C’ is the amount of the
6 pre-enactment-obligation outlays (as
7 established for such State under
8 clause (ii)), and

9 “(IV) ‘D’ is the payout adjust-
10 ment factor for such fiscal year (as
11 defined in paragraph (3)(B)).

12 “(ii) PRE-FISCAL YEAR 1997-OBLIGA-
13 TION OUTLAY AMOUNTS.—Not later than
14 November 1, 1996, the Secretary shall es-
15 timate (based on the best data available)
16 and publish in the Federal Register the
17 amount of the pre-fiscal year 1997-obliga-
18 tion outlays (as defined in clause (iv)) for
19 each State (including the District of Co-
20 lumbia, Commonwealths, and Territories).
21 The total of such amounts shall equal the
22 dollar amount specified in paragraph
23 (3)(C)(ii).

24 “(iii) AGREEMENT.—The submission
25 of a State plan by a State under this title

1 is deemed to constitute the State's accept-
2 ance of the obligation allotment limitations
3 under this subsection, including the for-
4 mula for computing the amount of the
5 base obligation allotment and any supple-
6 mental obligation allotments.

7 “(iv) PRE-FISCAL YEAR 1997-OBLIGA-
8 TION OUTLAYS DEFINED.—In this sub-
9 section, the term ‘pre-fiscal year 1997-obli-
10 gation outlays’ means, for a State, the out-
11 lays of the Federal Government that result
12 from obligations that have been incurred
13 under title XIX with respect to the State
14 before October 1, 1996, but for which pay-
15 ments to States have not been made as of
16 such date.

17 “(D) ADJUSTMENT TO REFLECT ADOPTION
18 OF ALTERNATIVE GROWTH FORMULA.—Any
19 State that has elected an alternative growth
20 formula under subsection (c)(4) which increases
21 or decreases the dollar amount of an outlay al-
22 lotment for a fiscal year is deemed to have in-
23 creased or decreased, respectively, its obligation
24 amount for such fiscal year by the amount of
25 such increase or decrease.

1 “(E) TRANSITIONAL CORRECTION FOR FIS-
2 CAL YEAR 1997.—

3 “(i) IN GENERAL.—The base obliga-
4 tion amount for fiscal year 1998 for any
5 State described in clause (ii) shall be in-
6 creased by the amount by which the
7 amount described in clause (ii)(I) exceeds
8 the amount described in clause (ii)(II), di-
9 vided by the payout adjustment factor
10 specified in paragraph (3)(B) for fiscal
11 year 1997. The increase under this clause
12 shall be paid to a State in the first quarter
13 of fiscal year 1998.

14 “(ii) STATES DESCRIBED.—A State
15 described in this clause is a State for
16 which—

17 “(I) the amount of the pre-fiscal
18 year 1997-obligation outlays (as es-
19 tablished for such State under sub-
20 paragraph (C)(ii)), exceeded

21 “(II) the outlays of the Federal
22 Government during fiscal year 1997
23 that are attributable to obligations
24 that were incurred under title XIX
25 with respect to the State before Octo-

1 ber 1, 1996, but for which payments
2 to States had not been made as of
3 such date.

4 “(5) SEQUENCE OF OBLIGATIONS.—For pur-
5 poses of carrying out this title, payments under sec-
6 tion 1512 to a State eligible for a supplemental out-
7 lay allotment that are attributable to—

8 “(A) expenditures for medical assistance
9 described in the second sentence of subsection
10 (f)(1) or the second sentence of subsection
11 (h)(1) shall first be counted toward the supple-
12 mental outlay allotment provided under sub-
13 section (f) or (h), respectively, rather than to-
14 ward the base outlay allotment otherwise pro-
15 vided under this section; or

16 “(B) subsection (g) (relating to the um-
17 brella fund) shall first be counted toward the
18 allotment provided other than under such sub-
19 section, and then to such subsection.

20 “(b) BASE POOL OF AVAILABLE FUNDS.—

21 “(1) IN GENERAL.—For purposes of this sec-
22 tion, the ‘base pool amount’ under this subsection
23 for—

24 “(A) fiscal year 1996 is \$96,601,037,894,

25 “(B) fiscal year 1997 is \$103,447,755,053,

1 “(C) fiscal year 1998 is \$108,430,173,129,

2 “(D) fiscal year 1999 is
3 \$113,652,562,483,

4 “(E) fiscal year 2000 is \$119,126,480,999,

5 “(F) fiscal year 2001 is \$124,864,043,230,

6 “(G) fiscal year 2002 is \$130,877,947,213,

7 and

8 “(H) each subsequent fiscal year is the
9 pool amount under this paragraph for the pre-
10 vious fiscal year increased by the lesser of 4.82
11 percent or the annual percentage increase in
12 the gross domestic product for the 12-month
13 period ending in June before the beginning of
14 that subsequent fiscal year.

15 “(2) NATIONAL GROWTH PERCENTAGE.—For
16 purposes of this section for a fiscal year (beginning
17 with fiscal year 1997), the ‘national growth percent-
18 age’ is the percentage by which—

19 “(A) the base pool amount under para-
20 graph (1) for the fiscal year, exceeds

21 “(B) such base pool amount for the pre-
22 vious fiscal year.

23 “(c) STATE BASE OUTLAY ALLOTMENTS.—

24 “(1) FISCAL YEAR 1996.—For each of the 50
25 States and the District of Columbia, the amount of

1 the State base outlay allotment under this sub-
 2 section for fiscal year 1996 is, subject to paragraph
 3 (4), determined in accordance with the following
 4 table:

“State or District:	Outlay allotment (in dollars):
Alabama	1,517,652,207
Alaska	204,933,213
Arizona	1,385,781,297
Arkansas	1,011,457,933
California	8,946,838,461
Colorado	757,492,679
Connecticut	1,463,011,635
Delaware	212,327,763
District of Columbia	501,412,091
Florida	3,715,624,180
Georgia	2,426,320,602
Hawaii	323,124,375
Idaho	278,329,686
Illinois	3,467,274,342
Indiana	1,952,467,267
Iowa	835,235,895
Kansas	713,700,869
Kentucky	1,577,828,832
Louisiana	2,622,000,000
Maine	694,220,790
Maryland	1,369,699,847
Massachusetts	2,870,346,862
Michigan	3,465,182,886
Minnesota	1,793,776,356
Mississippi	1,261,781,330
Missouri	1,849,248,945
Montana	312,212,472
Nebraska	463,900,417
Nevada	257,896,453
New Hampshire	560,000,000
New Jersey	2,854,621,241
New Mexico	634,756,945
New York	12,901,793,038
North Carolina	2,587,883,809
North Dakota	241,168,563
Ohio	4,034,049,690
Oklahoma	911,198,775
Oregon	1,088,670,440
Pennsylvania	4,454,423,400
Rhode Island	545,686,262
South Carolina	1,621,021,815
South Dakota	262,804,959
Tennessee	2,519,934,251
Texas	6,351,909,343
Utah	484,274,254
Vermont	248,158,729

“State or District:	Outlay allotment (in dollars):
Virginia	1,144,962,509
Washington	1,763,460,996
West Virginia	1,156,813,157
Wisconsin	1,709,500,642
Wyoming	132,915,390.

1 “(2) FOR SUBSEQUENT FISCAL YEARS.—

2 “(A) IN GENERAL.—Subject to the suc-
3 ceeding provisions of this subsection, the
4 amount of the State base outlay allotment
5 under this subsection for one of the 50 States
6 and the District of Columbia for a fiscal year
7 (beginning with fiscal year 1997) is equal to the
8 product of—

9 “(i) the needs-based amount deter-
10 mined under subparagraph (B) for such
11 State or District for the fiscal year, and

12 “(ii) the adjustment factor described
13 in subparagraph (C) for the fiscal year.

14 “(B) NEEDS-BASED AMOUNT.—The needs-
15 based amount under this subparagraph for a
16 State or the District of Columbia for a fiscal
17 year is equal to the product of—

18 “(i) the State’s or District’s aggregate
19 expenditure need for the fiscal year (as de-
20 termined under subsection (d)), and

21 “(ii) the State’s or District’s old Fed-
22 eral medical assistance percentage (as de-

1 fined in section 1512(d)) for the fiscal year
2 (or, in the case of fiscal year 1997, the
3 Federal medical assistance percentage de-
4 termined under section 1905(b) for fiscal
5 year 1996).

6 “(C) ADJUSTMENT FACTOR.—The adjust-
7 ment factor under this subparagraph for a fis-
8 cal year is such proportion so that, when it is
9 applied under subparagraph (A)(ii) for the fis-
10 cal year (taking into account the floors and ceil-
11 ings under paragraph (3)), the total of the base
12 outlay allotments under this subsection for all
13 the 50 States and the District of Columbia for
14 the fiscal year (not taking into account any in-
15 crease in a base outlay allotment for a fiscal
16 year attributable to the election of an alter-
17 native growth formula under paragraph (4)) is
18 equal to the amount by which (i) the base pool
19 amount for the fiscal year (as determined under
20 subsection (b)), exceeds (ii) the sum of the base
21 outlay allotments provided under paragraph (5)
22 for the Commonwealths and Territories for the
23 fiscal year.

24 “(3) FLOORS AND CEILINGS.—

1 “(A) FLOORS.—Subject to the ceiling es-
2 tablished under subparagraph (B), in no case
3 shall the amount of the State base outlay allot-
4 ment under paragraph (2) for a fiscal year be
5 less than the greatest of the following:

6 “(i) IN GENERAL.—Beginning with
7 fiscal year 1998, 0.24 percent of the pool
8 amount for the fiscal year.

9 “(ii) FLOOR BASED ON PREVIOUS
10 YEAR’S OUTLAY ALLOTMENT.—Subject to
11 clause (iii)—

12 “(I) for fiscal year 1997, 103.5
13 percent of the amount of the State
14 base outlay allotment under this sub-
15 section for fiscal year 1996,

16 “(II) for fiscal year 1998, 103
17 percent of the amount of the State
18 base outlay allotment under this sub-
19 section for fiscal year 1997,

20 “(III) for fiscal year 1999, 102.5
21 percent of the amount of the State
22 base outlay allotment under this sub-
23 section for fiscal year 1998,

24 “(IV) for fiscal year 2000,
25 102.25 percent of the amount of the

1 State base outlay allotment under this
2 subsection for fiscal year 1999, and

3 “(V) for each of fiscal years 2001
4 and 2002, 102 percent of the amount
5 of the State base outlay allotment
6 under this subsection for the previous
7 fiscal year.

8 “(iii) FLOOR BASED ON OUTLAY AL-
9 LOTMENT GROWTH RATE IN FIRST
10 YEAR.—Beginning with fiscal year 1998,
11 in the case of a State for which the outlay
12 allotment under this subsection for fiscal
13 year 1997 exceeded its outlay allotment
14 under this subsection for the previous fis-
15 cal year by more than 95 percent of the
16 national growth percentage for fiscal year
17 1997, 90 percent of the national growth
18 percentage for the fiscal year involved.

19 “(B) CEILINGS.—

20 “(i) IN GENERAL.—Subject to clause
21 (ii), in no case shall the amount of the
22 State base outlay allotment under para-
23 graph (2) for a fiscal year be greater than
24 the product of—

1 “(I) the State base outlay allot-
2 ment under this subsection for the
3 State for the preceding fiscal year,
4 and

5 “(II) the applicable percent
6 (specified in clause (ii) or (iii)) for the
7 fiscal year involved.

8 “(ii) GENERAL RULE FOR APPLICA-
9 BLE PERCENT.—For purposes of clause
10 (i), subject to clause (iii), the ‘applicable
11 percent’ for fiscal year 1997 is 126.98 per-
12 cent and for a subsequent fiscal year is
13 133 percent of the national growth per-
14 centage for the fiscal year.

15 “(iii) SPECIAL RULE.—For a fiscal
16 year after fiscal year 1997, in the case of
17 a State (among the 50 States and the Dis-
18 trict of Columbia) that is one of the 10
19 States with the lowest Federal spending
20 per resident-in-poverty rates (as deter-
21 mined under clause (iv)) for the fiscal
22 year, the ‘applicable percent’ is 150 per-
23 cent of the national growth percentage for
24 the fiscal year.

1 “(iv) DETERMINATION OF FEDERAL
2 SPENDING PER RESIDENT-IN-POVERTY
3 RATE.—For purposes of clause (iii), the
4 ‘Federal spending per resident-in-poverty
5 rate’ for a State for a fiscal year is equal
6 to—

7 “(I) the State’s outlay allotment
8 under this subsection for the previous
9 fiscal year (determined without regard
10 to paragraph (4)), divided by

11 “(II) the average annual number
12 of residents of the State in poverty
13 (as defined in subsection (d)(2)) with
14 respect to the fiscal year.

15 “(C) SPECIAL RULE.—

16 “(i) IN GENERAL.—Notwithstanding
17 the preceding subparagraphs of this para-
18 graph, the State base outlay allotment
19 for—

20 “(I) Louisiana, subject to sub-
21 clause (II), for each of the fiscal years
22 1997 through 2000, is
23 \$2,622,000,000,

24 “(II) Louisiana for fiscal year
25 1997 only, as otherwise determined,

1 shall be increased by \$37,048,207,
2 and

3 “(III) Nevada for each of fiscal
4 years 1997, 1998, and 1999, as other-
5 wise determined, shall be increased by
6 \$90,000,000.

7 “(ii) EXCEPTION.—A State described
8 in subclause (I) of clause (i) may apply to
9 the Secretary for use of the State base out-
10 lay allotment otherwise determined under
11 this subsection for any fiscal year, if such
12 State notifies the Secretary not later than
13 March 1 preceding such fiscal year that
14 such State will be able to expend sufficient
15 State funds in such fiscal year to qualify
16 for such allotment.

17 “(iii) TREATMENT OF INCREASE AS
18 SUPPLEMENTAL ALLOTMENT.—Any in-
19 crease in an outlay allotment under clause
20 (i)(II) or (i)(III) shall not be taken into ac-
21 count for purposes of determining—

22 “(I) the adjustment factor under
23 paragraph (2) for fiscal year 1997,

1 “(II) any State base outlay allot-
2 ment for a fiscal year after fiscal year
3 1997,

4 “(III) the base pool amount for a
5 fiscal year after fiscal year 1997, or

6 “(IV) determination of the na-
7 tional growth percentage for any fiscal
8 year.

9 “(4) ELECTION OF ALTERNATIVE GROWTH
10 FORMULA.—

11 “(A) ELECTION.—In order to reduce vari-
12 ations in increases in outlay allotments over
13 time, any of the 50 States or the District of Co-
14 lumbia may elect (by notice provided to the Sec-
15 retary by not later than April 1, 1997) to adopt
16 an alternative growth rate formula under this
17 paragraph for the determination of the State’s
18 base outlay allotment in fiscal year 1997 and
19 for the increase in the amount of such allot-
20 ment in subsequent fiscal years.

21 “(B) FORMULA.—The alternative growth
22 formula under this paragraph may be any for-
23 mula under which a portion of the State base
24 outlay allotment for fiscal year 1997 under
25 paragraph (1) is deferred and applied to in-

1 crease the amount of its base outlay allotment
2 for one or more subsequent fiscal years, so long
3 as the total amount of such increases for all
4 such subsequent fiscal years does not exceed the
5 amount of the base outlay allotment deferred
6 from fiscal year 1997.

7 “(5) COMMONWEALTHS AND TERRITORIES.—

8 “(A) IN GENERAL.—The base outlay allot-
9 ment for each of the Commonwealths and Ter-
10 ritories for a fiscal year is the maximum
11 amount that could have been certified under
12 section 1108(c) (as in effect on the day before
13 the date of the enactment of this title) with re-
14 spect to the Commonwealth or Territory for the
15 fiscal year with respect to title XIX, if the na-
16 tional growth percentage (as determined under
17 subsection (b)(2)) for the fiscal year had been
18 substituted (beginning with fiscal year 1997)
19 for the percentage increase referred to in sec-
20 tion 1108(c)(1)(B) (as so in effect).

21 “(B) DISREGARD OF ROUNDING REQUIRE-
22 MENTS.—For purposes of subparagraph (A),
23 the rounding requirements under section
24 1108(c) shall not apply.

1 “(C) LIMITATION ON TOTAL AMOUNT FOR
2 FISCAL YEAR 1996.—Notwithstanding the provi-
3 sions of subparagraph (A), the total amount of
4 the base outlay allotments for the Common-
5 wealths and Territories for fiscal year 1996
6 may not exceed \$139,950,000.

7 “(d) STATE AGGREGATE EXPENDITURE NEED DE-
8 TERMINED.—

9 “(1) IN GENERAL.—For purposes of subsection
10 (c), the ‘State aggregate expenditure need’ for a
11 State or the District of Columbia for a fiscal year
12 is equal to the product of the following 4 factors:

13 “(A) PROGRAM NEED.—The program need
14 for the State for the fiscal year, as determined
15 under paragraph (2).

16 “(B) HEALTH CARE COST INDEX.—The
17 health care cost index for the State (as deter-
18 mined under paragraph (3)) for the most recent
19 fiscal year for which data are available.

20 “(C) PROJECTED INFLATION.—The CPI
21 increase factor for the fiscal year (as defined in
22 subsection (g)(4)(C)).

23 “(D) NATIONAL AVERAGE SPENDING PER
24 RESIDENT IN POVERTY.—The national average

1 spending per resident in poverty (as determined
2 under paragraph (4)).

3 “(2) PROGRAM NEED.—

4 “(A) IN GENERAL.—In this subsection and
5 subject to subparagraph (D), the ‘program
6 need’ of a State for a fiscal year is equal to the
7 sum, for each of the population groups de-
8 scribed in subparagraph (B), of the product de-
9 scribed in subparagraph (C) for that population
10 group.

11 “(B) POPULATION GROUPS DESCRIBED.—
12 The population groups described in this sub-
13 paragraph are as follows:

14 “(i) INDIVIDUALS BETWEEN 60 AND
15 85.—Individuals who are least 60, but less
16 than 85, years of age.

17 “(ii) INDIVIDUALS 85 OR OLDER.—In-
18 dividuals who are 85 years of age or older.

19 “(iii) DISABLED INDIVIDUALS.—Indi-
20 viduals who are eligible for medical assist-
21 ance because such individuals are blind or
22 disabled and are not described in clause (i)
23 or (ii).

24 “(iv) CHILDREN.—Individuals de-
25 scribed in subsection (g)(2)(B).

1 “(v) OTHER INDIVIDUALS.—Individ-
2 uals not described in a previous clause of
3 this subparagraph.

4 “(C) PRODUCT DESCRIBED.—The product
5 described in this subparagraph, with respect to
6 a population group for a fiscal year for a State
7 (or District), is the product of the following 2
8 factors for that group, year, and State (or Dis-
9 trict):

10 “(i) WEIGHTING FACTOR REFLECTING
11 RELATIVE NEED FOR THE GROUP.—For all
12 States, the national average per recipient
13 expenditures under this title in the 50
14 States and the District of Columbia for in-
15 dividuals in such group, as determined
16 under subparagraph (E), divided by the
17 national average of such averages for all
18 such groups (weighted by the number of
19 recipients in each group).

20 “(ii) NUMBER OF NEEDY IN GROUP.—
21 The product of—

22 “(I) for all groups, the average
23 annual number of residents in poverty
24 in such State or District (based on
25 data made generally available by the

1 Bureau of the Census from the Cur-
2 rent Population Survey) for the most
3 recent 3-calendar-year period (ending
4 before the fiscal year) for which such
5 data are available; and

6 “(II) the proportion, of all indi-
7 viduals who received medical assist-
8 ance under this title in such State or
9 District, that were individuals in such
10 group.

11 In clause (ii)(II), the term ‘resident in pov-
12 erty’ means an individual whose family in-
13 come does not exceed the poverty threshold
14 (as such terms are defined by the Office of
15 Management and Budget and are generally
16 interpreted and applied by the Bureau of
17 the Census for the year involved).

18 “(D) FLOORS AND CEILINGS ON PROGRAM
19 NEED.—

20 “(i) IN GENERAL.—In no case shall
21 the value of the program need for a State
22 for a fiscal year be less than 90 percent,
23 or be more than 115 percent, of the pro-
24 gram need based on national averages (de-

1 terminated under clause (ii)) for that State
2 for the fiscal year.

3 “(ii) PROGRAM NEED BASED ON NA-
4 TIONAL AVERAGES.—For purposes of
5 clause (i), the ‘program need based on na-
6 tional average’ for a fiscal year is equal to
7 the sum of the product (for each of the
8 population groups) of the following 3 fac-
9 tors (for that group, year, and State or
10 District):

11 “(I) WEIGHTING FACTOR FOR
12 GROUP.—The weighting factor for the
13 group (described in subparagraph
14 (C)(i)).

15 “(II) TOTAL NUMBER OF NEEDY
16 IN STATE.—For all groups, the aver-
17 age annual number of residents in
18 poverty in such State or District (as
19 defined in subparagraph (C)(ii)(I)).

20 “(III) NATIONAL PROPORTION
21 OF NEEDY IN GROUP.—The propor-
22 tion, of all individuals who received
23 medical assistance under this title in
24 all of the States and the District in all

1 such groups, that were individuals in
2 such group.

3 “(E) DETERMINATION OF NATIONAL
4 AVERAGES AND PROPORTIONS.—The national
5 averages per recipient and the proportions re-
6 ferred to in subparagraph (C)(ii) and (C)(iii),
7 respectively, shall be determined by the Sec-
8 retary using the most recent data available.

9 “(F) EXPENDITURE DEFINED.—For pur-
10 poses of this paragraph, the term ‘expenditure’
11 means medical vendor payments by basis of eli-
12 gibility as reported by HCFA Form 2082.

13 “(3) HEALTH CARE COST INDEX.—

14 “(A) IN GENERAL.—In this section, the
15 ‘health care cost index’ for a State or the Dis-
16 trict of Columbia for a fiscal year is the sum
17 of—

18 “(i) 0.15, and

19 “(ii) 0.85 multiplied by the ratio of
20 (I) the annual average wages for hospital
21 employees in such State or District for the
22 fiscal year (as determined under subpara-
23 graph (B)), to (II) the annual average
24 wages for hospital employees in the 50
25 States and the District of Columbia for

1 such year (as determined under such sub-
2 paragraph).

3 “(B) DETERMINATION OF ANNUAL AVER-
4 AGE WAGES OF HOSPITAL EMPLOYEES.—The
5 Secretary shall provide for the determination of
6 annual average wages for hospital employees in
7 a State or the District of Columbia and, collec-
8 tively, in the 50 States and the District of Co-
9 lumbia for a fiscal year based on the area wage
10 data applicable to hospitals under section
11 1886(d)(2)(E) (or, if such data no longer ex-
12 ists, comparable data of hospital wages) for dis-
13 charges occurring during the fiscal year in-
14 volved.

15 “(4) NATIONAL AVERAGE SPENDING PER RESI-
16 DENT IN POVERTY.—For purposes of this sub-
17 section, the ‘national average spending per resident
18 in poverty’—

19 “(A) for fiscal year 1997 is equal to—

20 “(i) the sum (for each of the 50
21 States and the District of Columbia) of the
22 total of the Federal and State expenditures
23 under title XIX for calendar quarters in
24 fiscal year 1994, increased by the percent-
25 age by which (I) the base pool amount for

1 fiscal year 1997, exceeds (II)
2 \$83,213,431,458 (which represents Fed-
3 eral medicaid expenditures for such States
4 and District for fiscal year 1994); divided
5 by

6 “(ii) the sum of the number of resi-
7 dents in poverty (as defined in paragraph
8 (2)(C)(ii)(I)) for all of the 50 States and
9 the District of Columbia for fiscal year
10 1994; and

11 “(B) for a succeeding fiscal year is equal
12 to the national average spending per resident in
13 poverty under this paragraph for the preceding
14 fiscal year increased by the national growth
15 percentage (as defined in subsection (b)(2)) for
16 the fiscal year involved.

17 “(e) PUBLICATION OF OBLIGATION AND OUTLAY AL-
18 LOTMENTS.—

19 “(1) NOTICE OF PRELIMINARY ALLOTMENTS.—
20 Not later than April 1 before the beginning of each
21 fiscal year (beginning with fiscal year 1997), the
22 Secretary shall initially compute, after consultation
23 with the Comptroller General, and publish in the
24 Federal Register notice of the proposed base obliga-
25 tion allotment, base outlay allotment, and supple-

1 mental allotments under subsections (f) and (h) for
2 each State under this section (not taking into ac-
3 count subsection (a)(2)(B)) for the fiscal year. The
4 Secretary shall include in the notice a description of
5 the methodology and data used in deriving such al-
6 lotments for the year.

7 “(2) REVIEW BY GAO.—The Comptroller Gen-
8 eral shall submit to Congress by not later than May
9 15 of each such fiscal year, a report analyzing such
10 allotments and the extent to which they comply with
11 the precise requirements of this section.

12 “(3) NOTICE OF FINAL ALLOTMENTS.—Not
13 later than July 1 before the beginning of each such
14 fiscal year, the Secretary, taking into consideration
15 the analysis contained in the report of the Comptrol-
16 ler General under paragraph (2), shall compute and
17 publish in the Federal Register notice of the final al-
18 lotments under this section (both taking into ac-
19 count and not taking into account subsection
20 (a)(2)(B)) for the fiscal year. The Secretary shall in-
21 clude in the notice a description of any changes in
22 such allotments from the initial allotments published
23 under paragraph (1) for the fiscal year and the rea-
24 sons for such changes. Once published under this

1 paragraph, the Secretary is not authorized to change
2 such allotments.

3 “(4) GAO REPORT ON FINAL ALLOTMENTS.—
4 The Comptroller General shall submit to Congress
5 by not later than August 1 of each such fiscal year,
6 a report analyzing the final allotments under para-
7 graph (3) and the extent to which they comply with
8 the precise requirements of this section.

9 “(5) TRANSITIONAL RULE FOR FISCAL YEAR
10 1997.—With respect to fiscal year 1997, the dead-
11 lines under the previous provisions of this subsection
12 shall be extended by a number of days equal to the
13 number of days between May 1, 1996, and the date
14 of the enactment of this title.

15 “(f) SUPPLEMENTAL ALLOTMENT FOR CERTAIN
16 HEALTH CARE SERVICES TO CERTAIN ALIENS.—

17 “(1) IN GENERAL.—For purposes of this sec-
18 tion for each of fiscal years 1998 through 2002 in
19 the case of a subsection (f) supplemental allotment
20 eligible State, the amount of the supplemental allot-
21 ment under this subsection is the amount provided
22 under paragraph (2) for the State for that year.
23 Such amount may only be used for the purpose of
24 providing medical assistance for care and services
25 for aliens described in paragraph (1) of section

1 1513(f) and for which the exception described in
2 paragraph (2) of such section applies. Section
3 1512(f)(4) shall apply to such assistance in the same
4 manner as it applies to medical assistance described
5 in such section.

6 “(2) SUPPLEMENTAL AMOUNT.—

7 “(A) IN GENERAL.—For purposes of para-
8 graph (1), the supplemental amount for a sub-
9 section (f) supplemental allotment eligible State
10 for a fiscal year is equal to the subsection (f)
11 supplemental allotment ratio (as defined in sub-
12 paragraph (C)) multiplied by the subsection (f)
13 supplemental pool amount (specified in sub-
14 paragraph (D)) for the fiscal year.

15 “(B) SUBSECTION (f) SUPPLEMENTAL AL-
16 LOTMENT ELIGIBLE STATE.—In this subsection,
17 the term ‘subsection (f) supplemental allotment
18 eligible State’ means one of the 15 States with
19 the highest number of undocumented alien resi-
20 dents of all the States.

21 “(C) SUBSECTION (f) SUPPLEMENTAL AL-
22 LOTMENT RATIO.—In this paragraph, the ‘sub-
23 section (f) supplemental allotment ratio’ for a
24 State is the ratio of—

1 “(i) the number of undocumented
2 aliens residing in the State, to

3 “(ii) the sum of such numbers for all
4 subsection (f) supplemental allotment eligi-
5 ble States.

6 “(D) SUBSECTION (f) supplemental pool
7 amount.—In this paragraph, the ‘subsection (f)
8 supplemental pool amount’—

9 “(i) for fiscal year 1998 is
10 \$500,000,000,

11 “(ii) for fiscal year 1999 is
12 \$600,000,000,

13 “(iii) for fiscal year 2000 is
14 \$700,000,000,

15 “(iv) for fiscal year 2001 is
16 \$800,000,000, and

17 “(v) for fiscal year 2002 is
18 \$900,000,000.

19 “(E) DETERMINATION OF NUMBER.—

20 “(i) IN GENERAL.—The number of
21 undocumented aliens residing in a State
22 under this paragraph—

23 “(I) for fiscal year 1998 shall be
24 determined based on estimates of the
25 resident illegal alien population resid-

1 ing in each State prepared by the Sta-
2 tistics Division of the Immigration
3 and Naturalization Service as of Octo-
4 ber 1992, and

5 “(II) for a subsequent fiscal year
6 shall be determined based on the most
7 recent updated estimate made under
8 clause (ii).

9 “(ii) UPDATING ESTIMATE.—For each
10 fiscal year beginning with fiscal year 1999,
11 the Secretary, in consultation with the
12 Commission of the Immigration and Natu-
13 ralization Service, States, and outside ex-
14 perts, shall estimate the number of un-
15 documented aliens residing in each of the
16 50 States and the District of Columbia.

17 “(g) SUPPLEMENTAL PER BENEFICIARY UMBRELLA
18 ALLOTMENT FOR STATES WITH EXCESS GROWTH IN CER-
19 TAIN POPULATION GROUPS.—

20 “(1) IN GENERAL.—Subject to paragraphs (5)
21 through (7), for purposes of this section the amount
22 of the supplemental allotment under this subsection
23 for a State for a fiscal year (beginning with fiscal
24 year 1997) is the sum, for each supplemental allot-

1 ment population group described in paragraph (2),
2 of the product of the following:

3 “(A) EXCESS NUMBER OF INDIVIDUALS.—

4 The excess number of individuals (if any, deter-
5 mined under paragraph (3)) for State and the
6 fiscal year who are in the population group.

7 “(B) APPLICABLE PER BENEFICIARY

8 AMOUNT.—The applicable per beneficiary
9 amount (determined under paragraph (4)) for
10 the State and fiscal year for the population
11 group.

12 “(C) FMAP.—The old Federal medical as-

13 sistance percentage (as defined in section
14 1512(d)) for the State and fiscal year.

15 “(2) SUPPLEMENTAL ALLOTMENT POPULATION
16 GROUP.—In this subsection, each of the following
17 shall be considered to be a separate ‘supplemental
18 allotment population group’:

19 “(A) POOR PREGNANT WOMEN.—Individ-

20 uals described in section 1501(a)(1)(A).

21 “(B) POOR CHILDREN.—Individuals (not

22 described in subparagraph (C))—

23 “(i) described in subparagraph (B) or

24 (C) of section 1501(a)(1), or

1 “(ii) described in subparagraph (F) or
2 (G) of section 1501(a)(1) who are under
3 21 years of age and who are not pregnant
4 women.

5 “(C) POOR DISABLED INDIVIDUALS.—Only
6 in the case of a State that has elected the op-
7 tion (of guaranteeing coverage of disabled indi-
8 viduals) described in section 1501(a)(1)(D)(ii)
9 for the fiscal year (and, in the case of a fiscal
10 year after fiscal year 1997, for the previous fis-
11 cal year), individuals—

12 “(i) who are described in such section;

13 or

14 “(ii) who are described in section
15 1502(a) under paragraph (1) of that sec-
16 tion.

17 “(D) POOR ELDERLY INDIVIDUALS.—Indi-
18 viduals who are—

19 “(i) described in section
20 1501(a)(1)(E); or

21 “(ii) described in section 1502(a)
22 under paragraph (2) of that section.

23 “(E) QUALIFIED MEDICARE BENE-
24 FICIARIES.—Individuals described in section

1 1501(b)(1)(A) who are not described in sub-
2 paragraph (D).

3 “(F) QUALIFIED DISABLED AND WORKING
4 INDIVIDUALS.—Individuals described in section
5 1501(b)(1)(B) who are not described in sub-
6 paragraph (D).

7 “(G) CERTAIN OTHER MEDICARE BENE-
8 FICIARIES.—Individuals described in section
9 1501(b)(1)(C) who are not described in sub-
10 paragraph (D).

11 “(H) OTHER POOR ADULTS.—Individuals
12 described in section 1501(a)(1)(G) who are not
13 within a population group described in a pre-
14 vious subparagraph.

15 “(3) EXCESS NUMBER OF INDIVIDUALS.—

16 “(A) IN GENERAL.—In this subsection, the
17 ‘excess number of individuals’, for a State for
18 a fiscal year with respect to a supplemental al-
19 lotment population group, is equal to the
20 amount (if any) by which—

21 “(i) the number of full-year equivalent
22 individuals in the population group for the
23 State and fiscal year, exceeds

24 “(ii) the anticipated number of such
25 individuals (as determined under subpara-

1 graph (B)) for the State and fiscal year in
2 such group.

3 “(B) ANTICIPATED NUMBER.—

4 “(i) IN GENERAL.—In subparagraph
5 (A)(ii), the ‘anticipated number’ of individ-
6 uals for a State in a supplemental allot-
7 ment population group for—

8 “(I) fiscal year 1997 is equal to
9 the number of full-year equivalent in-
10 dividuals in such group enrolled in the
11 State medicaid plan under title XIX
12 in fiscal year 1996 increased by the
13 percentage increase factor (described
14 in clause (ii)) for fiscal year 1997; or

15 “(II) a subsequent fiscal year is
16 equal to the number of full-year equiv-
17 alent individuals in the population
18 group for the State for the previous
19 fiscal year increased by the percentage
20 increase factor (described in clause
21 (ii)) for that subsequent fiscal year.

22 “(ii) PERCENTAGE INCREASE FAC-
23 TOR.—For purposes of this subparagraph,
24 the ‘percentage increase factor’ for a fiscal
25 year is equal to zero or, if greater, the

1 number of percentage points by which (I)
2 the State percentage growth factor (as de-
3 fined in subparagraph (C)) for the fiscal
4 year, exceeds (II) the percentage increase
5 in the consumer price index for all urban
6 consumers (U.S. city average) during the
7 12-month period beginning with July be-
8 fore the beginning of the fiscal year.

9 “(C) STATE PERCENTAGE GROWTH FAC-
10 TOR.—In this paragraph, the term ‘State per-
11 centage growth factor’ means, for a State for a
12 fiscal year, the percentage by which (i) the
13 State outlay allotment for the State for the fis-
14 cal year (determined under this section without
15 regard to this subsection or subsection (f) or
16 (h)), exceeds (ii) such outlay allotment for such
17 State for the preceding fiscal year (as so deter-
18 mined).

19 “(D) INDIVIDUALS COUNT ONLY ONCE.—
20 An individual may at any time not be counted
21 in more than one supplemental allotment popu-
22 lation group.

23 “(4) APPLICABLE PER BENEFICIARY
24 AMOUNT.—

1 “(A) IN GENERAL.—In this subsection,
2 subject to subparagraph (D), the ‘applicable per
3 beneficiary amount’, for a State for a fiscal
4 year for a supplemental allotment population
5 group, is equal to the base per beneficiary
6 amount (determined under subparagraph (B))
7 for the State for the group, increased by the
8 Secretary’s estimate of the increase in the per
9 beneficiary expenditures under this title (and
10 title XIX) for States between fiscal year 1995
11 and fiscal year 1996, and further increased (for
12 each subsequent fiscal year up to the fiscal year
13 involved and in a compounded manner) by the
14 CPI increase factor (as defined in subparagraph
15 (C)) for each such fiscal year.

16 “(B) BASE PER BENEFICIARY AMOUNT.—

17 “(i) IN GENERAL.—The Secretary
18 shall determine for each State a base per
19 beneficiary amount for each supplemental
20 allotment population group equal to—

21 “(I) the sum of the total expendi-
22 ture amounts described in clauses (ii)
23 and (iii), divided by

24 “(II) the full-year equivalent
25 number of such individuals in such

1 group enrolled under the State plan
2 under title XIX for fiscal year 1995.

3 “(ii) MEDICAL ASSISTANCE EXPENDI-
4 TURES.—The total expenditure amount de-
5 scribed in this clause, with respect to a
6 supplemental allotment population group,
7 is the total amount of expenditures for
8 which Federal financial participation was
9 provided to the State under paragraphs (1)
10 and (5) of section 1903(a) for fiscal year
11 1995 with respect to medical assistance
12 furnished with respect to individuals in-
13 cluded in such group. Such amount shall
14 not include expenditures attributable to
15 payment adjustments under section 1923.

16 “(iii) ADMINISTRATIVE EXPENDI-
17 TURES.—The total expenditure amount de-
18 scribed in this clause, with respect to a
19 supplemental allotment population group,
20 is the product of—

21 “(I) the total amount of adminis-
22 trative expenditures for which Federal
23 financial participation was provided to
24 the State under section 1903(a)

1 (other than paragraphs (1) and (5) of
2 such section) for fiscal year 1995, and

3 “(II) the ratio described in clause
4 (iv) for the population group.

5 “(iv) RATIO DESCRIBED.—The ratio
6 described in this clause for a group is the
7 ratio of—

8 “(I) the total amount of expendi-
9 tures described in clause (ii) for the
10 group, to

11 “(II) the total amount of expend-
12 itures described in such clause for all
13 individuals under the State plan
14 under title XIX in the base fiscal
15 year.

16 “(C) CPI INCREASE FACTOR.—In subpara-
17 graph (A), the ‘CPI increase factor’ for a fiscal
18 year is the percentage by which—

19 “(i) the Secretary’s estimate of the
20 average value of the consumer price index
21 for all urban consumers (all items, U.S.
22 city average) for months in the fiscal year,
23 exceeds

24 “(ii) the average value of such index
25 for months in the previous fiscal year.

1 “(D) SPECIAL RULES FOR CERTAIN MEDI-
2 CARE BENEFICIARIES.—

3 “(i) QUALIFIED DISABLED AND
4 WORKING INDIVIDUALS.—In the case of
5 the supplemental allotment population
6 group described in paragraph (2)(F), the
7 ‘applicable per beneficiary amount’, for all
8 States for a fiscal year is the sum of the
9 medicare premiums applied under section
10 1818A for months in the fiscal year.

11 “(ii) OTHER MEDICARE BENE-
12 FICIARIES.—In the case of the supple-
13 mental allotment population group de-
14 scribed in paragraph (2)(G), the ‘applica-
15 ble per beneficiary amount’, for all States
16 for a fiscal year is the sum of the medicare
17 premiums applied under section 1839 for
18 months in the fiscal year.

19 “(5) CONDITIONS FOR ACCESS TO UMBRELLA
20 SUPPLEMENTAL ALLOTMENT.—

21 “(A) IN GENERAL.—A State may receive a
22 supplemental umbrella allotment under this
23 subsection for a fiscal year only if the following
24 conditions are met:

1 “(i) The State provides assurances
2 satisfactory to the Secretary that it will ob-
3 ligate during the fiscal year the full
4 amount of the allotment otherwise provided
5 under this section for the fiscal year.

6 “(ii) The State provides assurances
7 satisfactory to the Secretary that any
8 amount attributable to a carryover from a
9 previous fiscal year under subsection
10 (a)(2)(B) shall also be obligated under the
11 plan by the end of the fiscal year.

12 “(iii) The State submits to the Sec-
13 retary on a periodic basis such reports on
14 numbers of individuals within each supple-
15 mental allotment population group as the
16 Secretary may determine necessary to as-
17 sure the accuracy of the supplemental um-
18 brella allotments under this subsection.
19 The Secretary may not require the submis-
20 sion of such reports more frequently than
21 quarterly.

22 “(iv) The State provides assurances
23 satisfactory to the Secretary that it has in
24 effect such data collection procedures as

1 may be necessary to provide for the reports
2 described in clause (iii).

3 “(B) ESTIMATE.—The amount of any sup-
4 plemental allotment under this subsection shall
5 be estimated in advance of the fiscal year in-
6 volved, based on data required to be reported
7 under subparagraph (A)(iii). The Secretary is
8 authorized to adjust such data on a preliminary
9 basis if the Secretary determines that the esti-
10 mates do not reasonably reflect the actual ex-
11 cess number of individuals in the supplemental
12 allotment population groups for the fiscal year
13 involved. Section 1512(b)(6) provides for ad-
14 justment of payments of the supplemental allot-
15 ment under this subsection based on a final de-
16 termination using data on actual numbers of in-
17 dividual in each supplemental allotment popu-
18 lation group.

19 “(6) ADJUSTMENT IN ALLOTMENT FOR SAV-
20 INGS FROM SLOWER POPULATION GROWTH.—

21 “(A) IN GENERAL.—The amount of the
22 supplemental umbrella allotment to a State
23 under this subsection for a fiscal year shall be
24 reduced (but not below zero) by the sum, for
25 each supplemental allotment population group

1 described in paragraph (2), of the product of
2 the following:

3 “(i) LESS-THAN-ANTICIPATED NUM-
4 BER OF INDIVIDUALS.—The less-than-an-
5 ticipated number of individuals (if any, de-
6 termined under subparagraph (B)) for
7 State and the fiscal year who are in the
8 population group.

9 “(ii) APPLICABLE PER BENEFICIARY
10 AMOUNT.—The applicable per beneficiary
11 amount (determined under paragraph (4))
12 for the State and fiscal year for the popu-
13 lation group.

14 “(iii) FMAP.—The old Federal medi-
15 cal assistance percentage (as defined in
16 section 1512(d)) for the State and fiscal
17 year.

18 “(B) LESS-THAN-ANTICIPATED NUMBER
19 OF INDIVIDUALS.—In this paragraph, the ‘less-
20 than-anticipated number of individuals’, for a
21 State for a fiscal year with respect to a supple-
22 mental allotment population group, is equal to
23 the amount (if any) by which—

24 “(i) the anticipated number of such
25 individuals (as determined under para-

1 graph (3)(B)) for the State and fiscal year
2 in such group, exceeds

3 “(ii) the number of full-year equiva-
4 lent individuals in the population group for
5 the State and fiscal year.

6 “(7) SPECIAL RULE FOR FISCAL YEAR 1997.—

7 In applying this subsection to fiscal year 1997—

8 “(A) in determining the excess number of
9 individuals under paragraph (3)—

10 “(i) the number of full-year equivalent
11 individuals shall only be determined based
12 on the portion of fiscal year 1997 in which
13 the State plan is in effect under this title,
14 and

15 “(ii) the anticipated number of such
16 individuals (referred to in paragraph
17 (3)(A)(ii)) shall be the anticipated number
18 otherwise determined multiplied by the
19 proportion of fiscal year 1997 in which
20 such State plan will be in effect; and

21 “(B) if the State plan is effective before
22 April 1, 1997, the amount of the supplemental
23 allotment otherwise determined under this sub-
24 section shall be multiplied by the ratio of the
25 portion of fiscal year 1997 that occurs on or

1 after April 1, 1997, to the total portion of such
2 fiscal year in which the State plan is in effect.

3 “(h) ALLOTMENT FOR MEDICAL ASSISTANCE FOR
4 SERVICES PROVIDED IN INDIAN HEALTH SERVICE AND
5 RELATED FACILITIES.—

6 “(1) IN GENERAL.—For purposes of this sec-
7 tion for each of fiscal years 1998 through 2002 in
8 the case of a subsection (h) supplemental allotment
9 eligible State, the amount of the supplemental allot-
10 ment under this subsection is the amount provided
11 under paragraph (2) for the State for that year.
12 Such amount may only be used for the purpose of
13 providing medical assistance described in section
14 1512(f)(3) (relating to services provided by the In-
15 dian Health Service and related facilities).

16 “(2) SUPPLEMENTAL OUTLAY ALLOTMENT.—

17 “(A) IN GENERAL.—For purposes of para-
18 graph (1), the amount under this paragraph for
19 a subsection (h) supplemental allotment eligible
20 State for a fiscal year is equal to the subsection
21 (h) supplemental allotment ratio (as defined in
22 subparagraph (C)) multiplied by the subsection
23 (h) supplemental pool amount (specified in sub-
24 paragraph (D)) for the fiscal year.

1 “(B) SUBSECTION (h) SUPPLEMENTAL AL-
2 LOTMENT ELIGIBLE STATE.—In this subsection,
3 the term ‘subsection (h) supplemental allotment
4 eligible State’ means a State that has one or
5 more facilities described in section
6 1512(f)(3)(A).

7 “(C) SUBSECTION (h) supplemental allot-
8 ment ratio.—In this paragraph, the ‘subsection
9 (h) supplemental allotment ratio’ for a State is
10 the ratio of—

11 “(i) the number of Indians residing in
12 the State, to

13 “(ii) the sum of such numbers for all
14 subsection (h) supplemental allotment eli-
15 gible States.

16 “(D) SUBSECTION (h) SUPPLEMENTAL
17 POOL AMOUNT.—In this paragraph, the ‘sub-
18 section (h) supplemental pool amount’, for—

19 “(i) fiscal year 1998 is \$89,090,082,

20 “(ii) fiscal year 1999 is \$94,238,788,

21 “(iii) fiscal year 2000 is \$99,685,050,

22 “(iv) fiscal year 2001 is
23 \$105,446,063, and

24 “(v) fiscal year 2002 is \$111,540,017.

1 “(E) DETERMINATION OF NUMBER.—The
2 number of Indians residing in a State under
3 this paragraph for a fiscal year shall be based
4 on the most recent available estimate of the
5 Secretary of the Interior.

6 “(3) INDIAN DEFINED.—The term ‘Indian’ has
7 the meaning given such term in section 4(d) of the
8 Indian Self-Determination and Education Assistance
9 Act (25 U.S.C. 450b(d)).

10 **“SEC. 1512. PAYMENTS TO STATES.**

11 “(a) AMOUNT OF PAYMENT.—From the allotment of
12 a State under section 1511 for a fiscal year, subject to
13 the succeeding provisions of this title, the Secretary shall
14 pay to each State which has a State plan approved under
15 part C, for each quarter in the fiscal year—

16 “(1) an amount equal to the applicable Federal
17 medical assistance percentage (as defined in sub-
18 section (c)) of the total amount expended during
19 such quarter as medical assistance under the plan;
20 plus

21 “(2) an amount equal to the applicable Federal
22 medical assistance percentage of the total amount
23 expended during such quarter for medically-related
24 services (as defined in section 1571(g)); plus

25 “(3) subject to section 1513(e)—

1 “(A) an amount equal to 90 percent of the
2 amounts expended during such quarter for the
3 design, development, and installation of infor-
4 mation systems and for providing incentives to
5 promote the enforcement of medical support or-
6 ders, plus

7 “(B) an amount equal to 75 percent of the
8 amounts expended during such quarter for
9 medical personnel, administrative support of
10 medical personnel, operation and maintenance
11 of information systems, modification of infor-
12 mation systems, quality assurance activities,
13 utilization review, medical and peer review,
14 anti-fraud activities, independent evaluations,
15 coordination of benefits, and meeting reporting
16 requirements under this title, plus

17 “(C) an amount equal to 50 percent of so
18 much of the remainder of the amounts ex-
19 pended during such quarter as are expended by
20 the State in the administration of the State
21 plan.

22 “(b) PAYMENT PROCESS.—

23 “(1) QUARTERLY ESTIMATES.—Prior to the be-
24 ginning of each quarter, the Secretary shall estimate
25 the amount to which a State will be entitled under

1 subsection (a) for such quarter, such estimates to be
2 based on (A) a report filed by the State containing
3 its estimate of the total sum to be expended in such
4 quarter in accordance with the provisions of such
5 subsections, and stating the amount appropriated or
6 made available by the State and its political subdivi-
7 sions for such expenditures in such quarter, and if
8 such amount is less than the State's proportionate
9 share of the total sum of such estimated expendi-
10 tures, the source or sources from which the dif-
11 ference is expected to be derived, and (B) such other
12 investigation as the Secretary may find necessary.

13 “(2) PAYMENT.—

14 “(A) IN GENERAL.—The Secretary shall
15 then pay to the State, in such installments as
16 the Secretary may determine and in accordance
17 with section 6503(a) of title 31, United States
18 Code, the amount so estimated, reduced or in-
19 creased to the extent of any overpayment or
20 underpayment which the Secretary determines
21 was made under this section (or section 1903)
22 to such State for any prior quarter and with re-
23 spect to which adjustment has not already been
24 made under this subsection (or under section
25 1903(d)).

1 “(B) TREATMENT AS OVERPAYMENTS.—
2 Expenditures for which payments were made to
3 the State under subsection (a) shall be treated
4 as an overpayment to the extent that the State
5 or local agency administering such plan has
6 been reimbursed for such expenditures by a
7 third party pursuant to the provisions of its
8 plan in compliance with section 1555.

9 “(C) RECOVERY OF OVERPAYMENTS.—For
10 purposes of this subsection, when an overpay-
11 ment is discovered, which was made by a State
12 to a person or other entity, the State shall have
13 a period of 60 days in which to recover or at-
14 tempt to recover such overpayment before ad-
15 justment is made in the Federal payment to
16 such State on account of such overpayment.
17 Except as otherwise provided in subparagraph
18 (D), the adjustment in the Federal payment
19 shall be made at the end of the 60 days, wheth-
20 er or not recovery was made.

21 “(D) NO ADJUSTMENT FOR
22 UNCOLLECTABLES.—In any case where the
23 State is unable to recover a debt which rep-
24 represents an overpayment (or any portion thereof)
25 made to a person or other entity on account of

1 such debt having been discharged in bankruptcy
2 or otherwise being uncollectable, no adjustment
3 shall be made in the Federal payment to such
4 State on account of such overpayment (or por-
5 tion thereof).

6 “(3) FEDERAL SHARE OF RECOVERIES.—The
7 pro rata share to which the United States is equi-
8 tably entitled, as determined by the Secretary, of the
9 net amount recovered during any quarter by the
10 State or any political subdivision thereof with re-
11 spect to medical assistance furnished under the
12 State plan shall be considered an overpayment to be
13 adjusted under this subsection.

14 “(4) TIMING OF OBLIGATION OF FUNDS.—
15 Upon the making of any estimate by the Secretary
16 under this subsection, any appropriations available
17 for payments under this section shall be deemed ob-
18 ligated.

19 “(5) DISALLOWANCES.—In any case in which
20 the Secretary estimates that there has been an over-
21 payment under this section to a State on the basis
22 of a claim by such State that has been disallowed by
23 the Secretary under section 1116(d) or in the case
24 described in paragraph (6)(C), and such State dis-
25 putes such disallowance or an adjustment under

1 such paragraph, the amount of the Federal payment
2 in controversy shall, at the option of the State, be
3 retained by such State or recovered by the Secretary
4 pending a final determination with respect to such
5 payment amount. If such final determination is to
6 the effect that any amount was properly disallowed,
7 and the State chose to retain payment of the
8 amount in controversy, the Secretary shall offset,
9 from any subsequent payments made to such State
10 under this title, an amount equal to the proper
11 amount of the disallowance plus interest on such
12 amount disallowed for the period beginning on the
13 date such amount was disallowed and ending on the
14 date of such final determination at a rate (deter-
15 mined by the Secretary) based on the average of the
16 bond equivalent of the weekly 90-day treasury bill
17 auction rates during such period.

18 “(6) ADJUSTMENTS IN PAYMENTS REFLECTING
19 OVER- AND UNDER-ESTIMATIONS OF SUPPLEMENTAL
20 UMBRELLA ALLOTMENT.—

21 “(A) IN GENERAL.—Based on data re-
22 ported under section 1511(g)(5)(A)(iii) and an-
23 nual audits provided for under section 1551(a)
24 on the actual excess number of individuals in
25 each population group for a fiscal year, the Sec-

1 retary shall determine the final amount of the
2 supplemental umbrella allotment for each State
3 for the fiscal year and whether, based on such
4 final amount, the amount of payment made for
5 the fiscal year was greater, or less, than the
6 amount that should have been paid if payments
7 had been made based on such final amount.

8 “(B) PAYMENT IN CASE OF UNDERESTI-
9 MATION.—If the Secretary determines under
10 subparagraph (A) there was an underpayment
11 to a State, the Secretary shall increase the
12 amount of the next quarterly payment under
13 this section to the State by the amount of such
14 underpayment.

15 “(C) OFFSETTING OF PAYMENTS IN CASE
16 OF OVERESTIMATION.—If the Secretary deter-
17 mines under subparagraph (A) there was an
18 overpayment to a State, the Secretary shall,
19 subject to the procedures provided under para-
20 graph (5), decrease the amount of the payment
21 for the next quarter (or, at the discretion of the
22 Secretary, over a period of not more than 4 cal-
23 endar quarters) by the amount of such overpay-
24 ment. In the case in which a State seeks review
25 of such a determination in accordance with the

1 procedures under paragraph (5), the Secretary
2 shall provide for completion of such review
3 process within 1 year after the date the State
4 requests such review.

5 “(c) APPLICABLE FEDERAL MEDICAL ASSISTANCE
6 PERCENTAGE DEFINED.—In this section, except as pro-
7 vided in subsection (f), the term ‘applicable Federal medi-
8 cal assistance percentage’ means, with respect to one of
9 the 50 States or the District of Columbia, at the State’s
10 or District’s option—

11 “(1) the old Federal medical assistance percent-
12 age (as determined in subsection (d));

13 “(2) the lesser of—

14 “(A) new Federal medical assistance per-
15 centage (as determined under subsection (e)) or

16 “(B) the old Federal medical assistance
17 percentage plus 10 percentage points; or

18 “(3) 60 percent.

19 “(d) OLD FEDERAL MEDICAL ASSISTANCE PER-
20 CENTAGE.—

21 “(1) IN GENERAL.—Except as provided in para-
22 graph (2) and subsection (f), the term ‘old Federal
23 medical assistance percentage’ for any State is 100
24 percent less the State percentage; and the State per-
25 centage is that percentage which bears the same

1 ratio to 45 percent as the square of the per capita
2 income of such State bears to the square of the per
3 capita income of the continental United States (in-
4 cluding Alaska) and Hawaii.

5 “(2) LIMITATION ON RANGE.—In no case shall
6 the old Federal medical assistance percentage be less
7 than 50 percent or more than 83 percent.

8 “(3) PROMULGATION.—The old Federal medical
9 assistance percentage for any State shall be deter-
10 mined and promulgated in accordance with the pro-
11 visions of section 1101(a)(8)(B).

12 “(e) NEW FEDERAL MEDICAL ASSISTANCE PER-
13 CENTAGE DEFINED.—

14 “(1) IN GENERAL.—

15 “(A) TERM DEFINED.—Except as provided
16 in paragraph (3) and subsection (f), the term
17 ‘new Federal medical assistance percentage’
18 means, for each of the 50 States and the Dis-
19 trict of Columbia, 100 percent reduced by the
20 product 0.39 and the ratio of—

21 “(i)(I) for each of the 50 States, the
22 total taxable resources (TTR) ratio of the
23 State specified in subparagraph (B), or

1 “(II) for the District of Columbia, the
2 per capita income ratio specified in sub-
3 paragraph (C),

4 to—

5 “(ii) the aggregate expenditure need
6 ratio of the State or District, as described
7 in subparagraph (D).

8 “(B) TOTAL TAXABLE RESOURCES (TTR)
9 RATIO.—For purposes of subparagraph
10 (A)(i)(I), the total taxable resources (TTR)
11 ratio for each of the 50 States is—

12 “(i) an amount equal to the most re-
13 cent 3-year average of the total taxable re-
14 sources (TTR) of the State, as determined
15 by the Secretary of the Treasury, divided
16 by

17 “(ii) an amount equal to the sum of
18 the 3-year averages determined under
19 clause (i) for each of the 50 States.

20 “(C) PER CAPITA INCOME RATIO.—For
21 purposes of subparagraph (A)(i)(II), the per
22 capita income ratio of the District of Columbia
23 is—

24 “(i) an amount equal to the most re-
25 cent 3-year average of the total personal

1 income of the District of Columbia, as de-
2 termined in accordance with the provisions
3 of section 1101(a)(8)(B), divided by

4 “(ii) an amount equal to the total per-
5 sonal income of the continental United
6 States (including Alaska) and Hawaii, as
7 determined under section 1101(a)(8)(B).

8 “(D) AGGREGATE EXPENDITURE NEED
9 RATIO.—For purposes of subparagraph (A),
10 with respect to each of the 50 States and the
11 District of Columbia for a fiscal year, the ag-
12 gregate expenditure need ratio is—

13 “(i) the State aggregate expenditure
14 need (as defined in section 1511(d)) for
15 the State for the fiscal year, divided by

16 “(ii) the sum of such State aggregate
17 expenditure needs for the 50 States and
18 the District of Columbia for the fiscal year.

19 “(2) LIMITATION ON RANGE.—Except as pro-
20 vided in subsection (f), the new Federal medical as-
21 sistance percentage shall in no case be less than 40
22 percent or greater than 83 percent.

23 “(3) PROMULGATION.—The new Federal medi-
24 cal assistance percentage for any State shall be pro-
25 mulgated in a timely manner consistent with the

1 promulgation of the old Federal medical assistance
2 percentage under section 1101(a)(8)(B).

3 “(f) SPECIAL RULES.—For purposes of this title:

4 “(1) COMMONWEALTHS AND TERRITORIES.—In
5 the case of Puerto Rico, the Virgin Islands, Guam,
6 the Northern Mariana Islands, and American
7 Samoa, the old and new Federal medical assistance
8 percentages are 50 percent.

9 “(2) ALASKA.—In the case of Alaska, the old
10 Federal medical assistance percentage is that per-
11 centage which bears the same ratio to 45 percent as
12 the square of the adjusted per capita income of such
13 State bears to the square of the per capita income
14 of the continental United States. For purposes of
15 the preceding sentence, the adjusted per capita in-
16 come for Alaska shall be determined by dividing the
17 State’s most recent 3-year average per capita by the
18 health care cost index for such State (as determined
19 under section 1511(d)(3)).

20 “(3) INDIAN HEALTH SERVICE AND RELATED
21 FACILITIES.—The old and new Federal medical as-
22 sistance percentages shall be 100 percent with re-
23 spect to the amounts expended as medical assistance
24 for services provided by—

25 “(A) an Indian Health Service facility;

1 “(B) an Indian health program operated
2 by an Indian tribe or tribal organization (as de-
3 fined in section 4 of the Indian Health Care
4 Improvement Act) pursuant to a contract,
5 grant, cooperative agreement, or compact with
6 the Indian Health Service under the Indian
7 Self-Determination Act; or

8 “(C) an urban Indian health program op-
9 erated by an urban Indian organization pursu-
10 ant to a grant or contract with the Indian
11 Health Service under title V of the Indian
12 Health Care Improvement Act.

13 “(4) NO STATE MATCHING REQUIRED FOR CER-
14 TAIN EXPENDITURES.—In applying subsection (a)(1)
15 with respect to medical assistance provided to unlaw-
16 ful aliens pursuant to the exception specified in sec-
17 tion 1513(f)(2), payment shall be made for the
18 amount of such assistance without regard to any
19 need for a State match.

20 “(5) SPECIAL TRANSITIONAL RULE.—

21 “(A) IN GENERAL.—Notwithstanding sub-
22 section (a), in order to receive the full State
23 outlay allotment described in section
24 1511(c)(3)(C)(i), a State described in subpara-
25 graph (C) shall expend State funds in a fiscal

1 year (before fiscal year 2000) under a State
2 plan under this title in an amount not less than
3 the adjusted base year State expenditures, plus
4 the applicable percentage of the difference be-
5 tween such expenditures and the amount nec-
6 essary to qualify for the full State outlay allot-
7 ment so described in such fiscal year as deter-
8 mined under this section without regard to this
9 paragraph.

10 “(B) REDUCTION IN ALLOTMENT IF EX-
11 PENDITURE NOT MET.—In the event a State
12 described in subparagraph (C) fails to expend
13 State funds in an amount required by subpara-
14 graph (A) for a fiscal year, the outlay allotment
15 described in section 1511(c)(3)(C)(i) for such
16 year for such State shall be reduced by an
17 amount which bears the same ratio to such out-
18 lay allotment as the State funds expended in
19 such fiscal year bears to the amount required
20 by subparagraph (A).

21 “(C) ADJUSTED BASE YEAR STATE EX-
22 PENDITURES.—For purposes of this paragraph,
23 the term ‘adjusted base year State expendi-
24 tures’ means, for Louisiana, \$355,000,000.

1 “(D) APPLICABLE PERCENTAGE.—For
 2 purposes of this paragraph, the applicable per-
 3 centage for a fiscal year is specified in the fol-
 4 lowing table:

“Fiscal year:	Applicable Percentage:
1996	20
1997	40
1998	60
1999	80.

5 “(6) TREATMENT OF EXPENDITURES ATTRIB-
 6 UTABLE TO UMBRELLA FUND.—The ‘applicable Fed-
 7 eral medical assistance percentage’ with respect to
 8 amounts attributable to supplemental amounts de-
 9 scribed in section 1511(g), is the old Federal medi-
 10 cal assistance percentage.

11 “(g) USE OF LOCAL FUNDS.—

12 “(1) IN GENERAL.—Subject to paragraph (2), a
 13 State may use local funds to meet the non-Federal
 14 share of the expenditures under the State plan with
 15 respect to which payments may be made under this
 16 section.

17 “(2) LIMITATION.—For any fiscal year local
 18 funds may not exceed 40 percent of the total of the
 19 non-Federal share of such expenditures for the fiscal
 20 year.

21 “(h) PERMITTING INTER-GOVERNMENTAL FUNDS
 22 TRANSFERS.—

1 “(1) IN GENERAL.—Public funds, as defined in
2 paragraph (2), may be considered as the State’s
3 share in determining State financial participation
4 under this title.

5 “(2) PUBLIC FUNDS DEFINED.—For purposes
6 of this subsection, the term ‘public funds’ means
7 funds—

8 “(A) that are—

9 “(i) appropriated directly to the State
10 or to the local agency administering the
11 State plan under this title, or transferred
12 from other public agencies (including In-
13 dian tribes) to the State or local agency
14 and under its administrative control, or

15 “(ii) certified by the contributing pub-
16 lic agency as representing expenditures eli-
17 gible for Federal financial participation
18 under this title; and

19 “(B) that—

20 “(i) are not Federal funds, or

21 “(ii) are Federal funds authorized by
22 Federal law to be used to match other
23 Federal funds.

24 “(i) APPLICATION OF PROVIDER TAX AND DONATION
25 RESTRICTIONS.—

1 “(1) IN GENERAL.—Subject to paragraph (2),
2 the provisions of section 1903(w) (as in effect on
3 June 1, 1996) shall apply under this title in the
4 same manner as they applied under title XIX (as of
5 such date).

6 “(2) WAIVER AUTHORITY.—Beginning 2 years
7 after the date of the enactment of this title, the Sec-
8 retary, taking into account the report submitted
9 under section 1513(j)(2), may waive, upon the appli-
10 cation of a State, paragraph (1) as it applies in that
11 State if the Secretary determines that the waiver
12 would not financially undermine the program under
13 this title and would not otherwise be abusive.

14 **“SEC. 1513. LIMITATION ON USE OF FUNDS; DISALLOW-**
15 **ANCE.**

16 “(a) IN GENERAL.—Funds provided to a State under
17 this title shall only be used to carry out the purposes of
18 this title.

19 “(b) DISALLOWANCES FOR EXCLUDED PROVID-
20 ERS.—

21 “(1) IN GENERAL.—Payment shall not be made
22 to a State under this part for expenditures for items
23 and services furnished—

24 “(A) by a provider who was excluded from
25 participation under title V, XVIII, or XX or

1 under this title pursuant to section 1128,
2 1128A, 1156, or 1842(j)(2), or

3 “(B) under the medical direction or on the
4 prescription of a physician who was so excluded,
5 if the provider of the services knew or had rea-
6 son to know of the exclusion.

7 “(2) EXCEPTION FOR EMERGENCY SERVICES.—
8 Paragraph (1) shall not apply to emergency items or
9 services, not including hospital emergency room serv-
10 ices.

11 “(c) LIMITATIONS ON PAYMENTS FOR MEDICALLY-
12 RELATED SERVICES AND ADMINISTRATIVE EXPENSES.—

13 “(1) IN GENERAL.—No Federal financial assist-
14 ance is available for expenditures under the State
15 plan for—

16 “(A) medically-related services for a quar-
17 ter to the extent such expenditures exceed 5
18 percent of the total expenditures under the plan
19 for the quarter, or

20 “(B) total administrative expenses (other
21 than expenses described in paragraph (2) dur-
22 ing the first 8 quarters in which the plan is in
23 effect under this title) for quarters in a fiscal
24 year to the extent such expenditures exceed the

1 sum of \$20,000,000 plus 10 percent of the total
2 expenditures under the plan for the year.

3 “(2) ADMINISTRATIVE EXPENSES NOT SUBJECT
4 TO LIMITATION.—The administrative expenses re-
5 ferred to in this paragraph are expenditures under
6 the State plan for the following activities:

7 “(A) Quality assurance.

8 “(B) The development and operation of the
9 certification program for nursing facilities and
10 intermediate care facilities for the mentally re-
11 tarded under section 1557.

12 “(C) Utilization review activities, including
13 medical activities and activities of peer review
14 organizations.

15 “(D) Inspection and oversight of providers
16 and capitated health care organizations.

17 “(E) Anti-fraud activities.

18 “(F) Independent evaluations.

19 “(G) Activities required to meet reporting
20 requirements under this title.

21 “(d) TREATMENT OF THIRD PARTY LIABILITY.—No
22 payment shall be made to a State under this part for ex-
23 penditures for medical assistance provided for an individ-
24 ual under its State plan to the extent that a private in-
25 surer (as defined by the Secretary by regulation and in-

1 cluding a group health plan (as defined in section 607(1)
2 of the Employee Retirement Income Security Act of
3 1974), a service benefit plan, and a health maintenance
4 organization) would have been obligated to provide such
5 assistance but for a provision of its insurance contract
6 which has the effect of limiting or excluding such obliga-
7 tion because the individual is eligible for or is provided
8 medical assistance under the plan.

9 “(e) SECONDARY PAYER PROVISIONS.—Except as
10 otherwise provided by law, no payment shall be made to
11 a State under this part for expenditures for medical assist-
12 ance provided for an individual under its State plan to
13 the extent that payment has been made or can reasonably
14 be expected to be made promptly (as determined in accord-
15 ance with regulations) under any other federally operated
16 or financed health care insurance program, other than an
17 insurance program operated or financed by the Indian
18 Health Service, as identified by the Secretary. For pur-
19 poses of this subsection, rules similar to the rules for over-
20 payments under section 1512(b) shall apply.

21 “(f) LIMITATION ON PAYMENTS FOR SERVICES TO
22 NONLAWFUL ALIENS.—

23 “(1) IN GENERAL.—Notwithstanding the pre-
24 ceding provisions of this section, except as provided
25 in paragraph (2), no payment may be made to a

1 State under this part for medical assistance fur-
2 nished to an alien who is not lawfully admitted for
3 permanent residence or otherwise permanently resid-
4 ing in the United States under color of law.

5 “(2) EXCEPTION.—Payment may be made
6 under this section for care and services that are fur-
7 nished to an alien described in paragraph (1) only
8 if—

9 “(A) such care and services are necessary
10 for the treatment of an emergency medical con-
11 dition of the alien (or, at the option of the
12 State, for prenatal care),

13 “(B) such alien otherwise meets the eligi-
14 bility requirements for medical assistance under
15 the State plan (other than a requirement of the
16 receipt of aid or assistance under title IV, sup-
17 plemental security income benefits under title
18 XVI, or a State supplementary payment), and

19 “(C) such care and services are not related
20 to an organ transplant procedure.

21 “(3) EMERGENCY MEDICAL CONDITION DE-
22 FINED.—For purposes of this subsection, the term
23 ‘emergency medical condition’ means a medical con-
24 dition (including emergency labor and delivery)
25 manifesting itself by acute symptoms of sufficient

1 severity (including severe pain) such that the ab-
2 sence of immediate medical attention could reason-
3 ably be expected to result in—

4 “(A) placing the patient’s health in serious
5 jeopardy,

6 “(B) serious impairment to bodily func-
7 tions, or

8 “(C) serious dysfunction of any bodily
9 organ or part.

10 “(g) LIMITATION ON PAYMENT FOR CERTAIN OUT-
11 PATIENT PRESCRIPTION DRUGS.—

12 “(1) IN GENERAL.—No payment may be made
13 to a State under this part for medical assistance for
14 covered outpatient drugs (as defined in section
15 1575(i)(2)) of a manufacturer provided under the
16 State plan unless the manufacturer (as defined in
17 section 1575(i)(4)) of the drug—

18 “(A) has entered into a master rebate
19 agreement with the Secretary under section
20 1575,

21 “(B) is otherwise complying with the provi-
22 sions of such section,

23 “(C) subject to paragraph (4), is comply-
24 ing with the provisions of section 8126 of title
25 38, United States Code, including the require-

1 ment of entering into a master agreement with
2 the Secretary of Veterans Affairs under such
3 section, and

4 “(D) subject to paragraph (4), is comply-
5 ing with the provisions of section 340B of the
6 Public Health Service Act, including the re-
7 quirement of entering into an agreement with
8 the Secretary under such section.

9 “(2) CONSTRUCTION.—Nothing in this sub-
10 section shall be construed as requiring a State to
11 participate in the master rebate agreement under
12 section 1575.

13 “(3) EFFECT OF SUBSEQUENT AMEND-
14 MENTS.—For purposes of subparagraphs (C) and
15 (D) of paragraph (1), in determining whether a
16 manufacturer is in compliance with the requirements
17 of section 8126 of title 38, United States Code, or
18 section 340B of the Public Health Service Act—

19 “(A) the Secretary shall not take into ac-
20 count any amendments to such sections that
21 are enacted after the enactment of title VI of
22 the Veterans Health Care Act of 1992, and

23 “(B) a manufacturer is deemed to meet
24 such requirements if the manufacturer estab-
25 lishes to the satisfaction of the Secretary that

1 the manufacturer would comply (and has of-
2 fered to comply) with the provisions of such
3 sections (as in effect immediately after the en-
4 actment of the Veterans Health Care Act of
5 1992) and would have entered into an agree-
6 ment under such section (as such section was in
7 effect at such time), but for a legislative change
8 in such section after the date of the enactment
9 of the Veterans Health Care Act of 1992.

10 “(4) EFFECT OF ESTABLISHMENT OF ALTER-
11 NATIVE MECHANISM UNDER PUBLIC HEALTH SERV-
12 ICE ACT.—If the Secretary does not establish a
13 mechanism to ensure against duplicate discounts or
14 rebates under section 340B(a)(5)(A) of the Public
15 Health Service Act within 12 months of the date of
16 the enactment of such section, the following require-
17 ments shall apply:

18 “(A) Each covered entity under such sec-
19 tion shall inform the State when it is seeking
20 reimbursement from the State plan for medical
21 assistance with respect to a unit of any covered
22 outpatient drug which is subject to an agree-
23 ment under section 340B(a) of such Act.

24 “(B) Each such State shall provide a
25 means by which such an entity shall indicate on

1 any drug reimbursement claims form (or for-
2 mat, where electronic claims management is
3 used) that a unit of the drug that is the subject
4 of the form is subject to an agreement under
5 section 340B of such Act, and not submit to
6 any manufacturer a claim for a rebate payment
7 with respect to such a drug.

8 “(h) LIMITATION ON PAYMENT FOR ABORTIONS.—

9 “(1) IN GENERAL.—Payment shall not be made
10 to a State under this part for any amount expended
11 under the State plan to pay for any abortion or to
12 assist in the purchase, in whole or in part, of health
13 benefit coverage that includes coverage of abortion.

14 “(2) EXCEPTION.—Paragraph (1) shall not
15 apply to an abortion—

16 “(A) if the pregnancy is the result of an
17 act of rape or incest, or

18 “(B) in the case where a woman suffers
19 from a physical disorder, illness, or injury that
20 would, as certified by a physician, place the
21 woman in danger of death unless an abortion is
22 performed.

23 “(i) LIMITATION ON PAYMENT FOR ASSISTING
24 DEATHS.—Payment shall not be made to a State under
25 this part for amounts expended under the State plan to

1 pay for, or to assist in the purchase, in whole or in part,
 2 of health benefit coverage that includes payment for any
 3 drug, biological product, or service which was furnished
 4 for the purpose of causing, or assisting in causing, the
 5 death, suicide, euthanasia, or mercy killing of a person.

6 “(j) STUDY AND REPORT ON STATE FUNDING.—

7 “(1) STUDY.—The Comptroller General shall
 8 provide for a study of the methods by which States
 9 provide for financing their share of expenditures
 10 under this title. Such study shall include an exam-
 11 ination of the use of provider taxes and donations,
 12 as well as intergovernmental transfers.

13 “(2) REPORT.—Not later than 2 years after the
 14 date of the enactment of this title, the Comptroller
 15 General shall submit to Congress a report on such
 16 study. The report shall include such recommenda-
 17 tions as the Comptroller General deems appropriate.

18 “PART C—ESTABLISHMENT AND AMENDMENT OF

19 STATE PLANS

20 “**SEC. 1521. DESCRIPTION OF STRATEGIC OBJECTIVES AND**
 21 **PERFORMANCE GOALS.**

22 “(a) DESCRIPTION.—A State plan shall include a de-
 23 scription of the strategic objectives and performance goals
 24 the State has established for providing health care services
 25 to low-income populations under this title, including a gen-

1 eral description of the manner in which the plan is de-
2 signed to meet these objectives and goals.

3 “(b) CERTAIN OBJECTIVES AND GOALS RE-
4 QUIRED.—A State plan shall include strategic objectives
5 and performance goals relating to rates of childhood im-
6 munizations, reductions in infant mortality and morbidity,
7 and access to services for children with special health care
8 needs (as defined by the State).

9 “(c) CONSIDERATIONS.—In specifying these objec-
10 tives and goals the State may consider factors such as the
11 following:

12 “(1) The State’s priorities with respect to pro-
13 viding assistance to low-income populations.

14 “(2) The State’s priorities with respect to the
15 general public health and the health status of indi-
16 viduals eligible for assistance under the State plan.

17 “(3) The State’s financial resources, the par-
18 ticular economic conditions in the State, and relative
19 adequacy of the health care infrastructure in dif-
20 ferent regions of the State.

21 “(d) PERFORMANCE MEASURES.—To the extent
22 practicable—

23 “(1) one or more performance goals shall be es-
24 tablished by the State for each strategic objective
25 identified in the State plan; and

1 “(2) the State plan shall describe, how program
2 performance will be—

3 “(A) measured through objective, inde-
4 pendently verifiable means, and

5 “(B) compared against performance goals,
6 in order to determine the State’s performance
7 under this title.

8 “(e) PERIOD COVERED.—

9 “(1) STRATEGIC OBJECTIVES.—The strategic
10 objectives shall cover a period of not less than 5
11 years and shall be updated and revised at least every
12 3 years.

13 “(2) PERFORMANCE GOALS.—The performance
14 goals shall be established for dates that are not more
15 than 3 years apart.

16 **“SEC. 1522. ANNUAL REPORTS.**

17 “(a) IN GENERAL.—In the case of a State with a
18 State plan that is in effect for part or all of a fiscal year,
19 no later than March 31 following such fiscal year the State
20 shall prepare and submit to the Secretary and the Con-
21 gress a report on program activities and performance
22 under this title for such fiscal year.

23 “(b) CONTENTS.—Each annual report under this sec-
24 tion for a fiscal year shall include the following:

1 “(1) EXPENDITURE AND BENEFICIARY SUM-
2 MARY.—

3 “(A) INITIAL SUMMARY.—For the report
4 for fiscal year 1997, a summary of all expendi-
5 tures under the State plan during the fiscal
6 year as follows:

7 “(i) Aggregate medical assistance ex-
8 penditures, disaggregated to the extent re-
9 quired to determine compliance with the
10 set-aside requirement of section 1502(c)
11 and to determine the program need of the
12 State under section 1511(d)(2).

13 “(ii) For each general category of eli-
14 gible individuals (specified in subsection
15 (c)(1)), aggregate medical assistance ex-
16 penditures and the total and average num-
17 ber of eligible individuals under the State
18 plan.

19 “(iii) By each general category of eli-
20 gible individuals, total expenditures for
21 each of the categories of health care items
22 and services (specified in subsection (c)(2))
23 which are covered under the State plan
24 and provided on a fee-for-service basis.

1 “(iv) By each general category of eli-
2 gible individuals, total expenditures for
3 payments to capitated health care organi-
4 zations (as defined in section 1504(c)(1)).

5 “(v) Total administrative expendi-
6 tures.

7 “(B) SUBSEQUENT SUMMARIES.—For re-
8 ports for each succeeding fiscal year, a sum-
9 mary of—

10 “(i) all expenditures under the State
11 plan, and

12 “(ii) the total and average number of
13 eligible individuals under the State plan for
14 each general category of eligible individ-
15 uals.

16 “(2) UTILIZATION SUMMARY.—

17 “(A) INITIAL SUMMARY.—For the report
18 for fiscal year 1997, summary statistics on the
19 utilization of health care services under the
20 State plan during the year as follows:

21 “(i) For each general category of eli-
22 gible individuals and for each of the cat-
23 egories of health care items and services
24 which are covered under the State plan
25 and provided on a fee-for-service basis, the

1 number and percentage of persons who re-
2 ceived such a type of service or item dur-
3 ing the period covered by the report.

4 “(ii) Summary of health care utiliza-
5 tion data reported to the State by
6 capitated health care organizations.

7 “(B) SUBSEQUENT SUMMARIES.—For re-
8 ports for each succeeding fiscal year, summary
9 statistics on the utilization of health care serv-
10 ices under the State plan.

11 “(3) ACHIEVEMENT OF PERFORMANCE
12 GOALS.—With respect to each performance goal es-
13 tablished under section 1521 and applicable to the
14 year involved—

15 “(A) a brief description of the goal;

16 “(B) a description of the methods to be
17 used to measure the attainment of such goal;

18 “(C) data on the actual performance with
19 respect to the goal;

20 “(D) a review of the extent to which the
21 goal was achieved, based on such data; and

22 “(E) if a performance goal has not been
23 met—

24 “(i) why the goal was not met, and

1 “(ii) actions to be taken in response
2 to such performance, including adjust-
3 ments in performance goals or program ac-
4 tivities for subsequent years.

5 “(4) PROGRAM EVALUATIONS.—A summary of
6 the findings of evaluations under section 1523 com-
7 pleted during the fiscal year covered by the report.

8 “(5) FRAUD AND ABUSE AND QUALITY CON-
9 TROL ACTIVITIES.—A general description of the
10 State’s activities under part D to detect and deter
11 fraud and abuse and to assure quality of services
12 provided under the program.

13 “(6) PLAN ADMINISTRATION.—

14 “(A) A description of the administrative
15 roles and responsibilities of entities in the State
16 responsible for administration of this title.

17 “(B) Organizational charts for each entity
18 in the State primarily responsible for activities
19 under this title.

20 “(C) A brief description of each interstate
21 compact (if any) the State has entered into
22 with other States with respect to activities
23 under this title.

1 “(D) General citations to the State stat-
2 utes and administrative rules governing the
3 State’s activities under this title.

4 “(c) DESCRIPTION OF CATEGORIES.—In this section:

5 “(1) GENERAL CATEGORIES OF ELIGIBLE INDI-
6 VIDUALS.—Each of the following is a general cat-
7 egory of eligible individuals:

8 “(A) Pregnant women.

9 “(B) Children.

10 “(C) Blind or disabled adults who are not
11 elderly individuals.

12 “(D) Elderly individuals.

13 “(E) Other adults.

14 “(2) CATEGORIES OF HEALTH CARE ITEMS AND
15 SERVICES.—The health care items and services de-
16 scribed in each paragraph of section 1571(a) shall
17 be considered a separate category of health care
18 items and services.

19 **“SEC. 1523. PERIODIC, INDEPENDENT EVALUATIONS.**

20 “(a) IN GENERAL.—During fiscal year 1999 and
21 every third fiscal year thereafter, each State shall provide
22 for an evaluation of the operation of its State plan under
23 this title.

24 “(b) INDEPENDENT.—Each such evaluation with re-
25 spect to an activity under the State plan shall be con-

1 ducted by an entity that is neither responsible under State
2 law for the submission of the State plan (or part thereof)
3 nor responsible for administering (or supervising the ad-
4 ministration of) the activity. If consistent with the pre-
5 vious sentence, such an entity may be a college or univer-
6 sity, a State agency, a legislative branch agency in a State,
7 or an independent contractor.

8 “(c) RESEARCH DESIGN.—Each such evaluation
9 shall be conducted in accordance with a research design
10 that is based on generally accepted models of survey de-
11 sign and sampling and statistical analysis.

12 **“SEC. 1524. DESCRIPTION OF PROCESS FOR STATE PLAN**
13 **DEVELOPMENT.**

14 “Each State plan shall include a description of the
15 process under which the plan shall be developed and imple-
16 mented in the State (consistent with section 1525).

17 **“SEC. 1525. CONSULTATION IN STATE PLAN DEVELOPMENT.**

18 “(a) PUBLIC NOTICE PROCESS.—Before submitting
19 a State plan or a plan amendment described in subsection
20 (c) to the Secretary under this part, a State shall pro-
21 vide—

22 “(1) public notice respecting the submittal of
23 the proposed plan or amendment, including a gen-
24 eral description of the plan or amendment,

1 “(2) a means for the public to inspect or obtain
2 a copy (at reasonable charge) of the proposed plan
3 or amendment,

4 “(3) an opportunity for submittal and consider-
5 ation of public comments on the proposed plan or
6 amendment, and

7 “(4) for consultation with one or more advisory
8 committees established and maintained by the State.

9 The previous sentence shall not apply to a revision of a
10 State plan (or revision of an amendment to a plan) made
11 by a State under section 1529(c)(1) or to a plan amend-
12 ment withdrawal described in section 1529(c)(4).

13 “(b) CONTENTS OF NOTICE.—A notice under sub-
14 section (a)(1) for a proposed plan or amendment shall in-
15 clude a description of—

16 “(1) the general purpose of the proposed plan
17 or amendment (including applicable effective dates),

18 “(2) where the public may inspect the proposed
19 plan or amendment,

20 “(3) how the public may obtain a copy of the
21 proposed plan or amendment and the applicable
22 charge (if any) for the copy, and

23 “(4) how the public may submit comments on
24 the proposed plan or amendment, including any

1 deadlines applicable to consideration of such com-
2 ments.

3 “(c) AMENDMENTS DESCRIBED.—An amendment to
4 a State plan described in this subsection is an amendment
5 which makes a material and substantial change in eligi-
6 bility under the State plan or the benefits provided under
7 the plan.

8 “(d) PUBLICATION.—Notices under this section may
9 be published (as selected by the State) in one or more daily
10 newspapers of general circulation in the State or in any
11 publication used by the State to publish State statutes or
12 rules.

13 “(e) COMPARABLE PROCESS.—A separate notice, or
14 notices, shall not be required under this section for a State
15 if notice of the State plan or an amendment to the plan
16 will be provided under a process specified in State law that
17 is substantially equivalent to the notice process specified
18 in this section.

19 **“SEC. 1526. SUBMITTAL AND APPROVAL OF STATE PLANS.**

20 “(a) SUBMITTAL.—As a condition of receiving fund-
21 ing under part B, each State shall submit to the Secretary
22 a State plan that meets the applicable requirements of this
23 title.

24 “(b) APPROVAL.—Except as the Secretary may pro-
25 vide under section 1529 (including subsection (b) relating

1 to noncompliance with required guarantees), a State plan
2 submitted under subsection (a)—

3 “(1) shall be approved for purposes of this title,
4 and

5 “(2) shall be effective beginning on a date that
6 is specified in the plan, but in no case earlier than
7 60 days after the date the plan is submitted.

8 “(c) CONSTRUCTION.—Nothing in this section shall
9 be construed as prohibiting a State from submitting a
10 State plan that includes the coverage and benefits (includ-
11 ing those provided under a waiver granted under section
12 1115) of its State plan under title XIX (as in effect as
13 of the date of the enactment of the Medicaid Restructur-
14 ing Act of 1996), so long as such plan complies with the
15 applicable requirements of this title, including the guaran-
16 tees under section 1501, and remains subject to the fund-
17 ing provisions of section 1511.

18 **“SEC. 1527. SUBMITTAL AND APPROVAL OF PLAN AMEND-**
19 **MENTS.**

20 “(a) SUBMITTAL OF AMENDMENTS.—A State may
21 amend, in whole or in part, its State plan at any time
22 through transmittal of a plan amendment under this sec-
23 tion.

24 “(b) APPROVAL.—Except as the Secretary may pro-
25 vide under section 1529 (including subsection (b) relating

1 to noncompliance with required guarantees), an amend-
2 ment to a State plan submitted under subsection (a)—

3 “(1) shall be approved for purposes of this title,
4 and

5 “(2) shall be effective as provided in subsection
6 (c).

7 “(c) EFFECTIVE DATES FOR AMENDMENTS.—

8 “(1) IN GENERAL.—Subject to the succeeding
9 provisions of this subsection, an amendment to a
10 State plan shall take effect on one or more effective
11 dates specified in the amendment.

12 “(2) AMENDMENTS RELATING TO ELIGIBILITY
13 OR BENEFITS.—Except as provided in paragraph
14 (4)—

15 “(A) NOTICE REQUIREMENT.—Any plan
16 amendment that eliminates or restricts eligi-
17 bility or benefits under the plan may not take
18 effect unless the State certifies that it has pro-
19 vided prior or contemporaneous public notice of
20 the change, in a form and manner provided
21 under applicable State law.

22 “(B) TIMELY TRANSMITTAL.—Any plan
23 amendment that eliminates or restricts eligi-
24 bility or benefits under the plan shall not be ef-
25 fective for longer than a 60-day period unless

1 the amendment has been transmitted to the
2 Secretary before the end of such period.

3 “(3) OTHER AMENDMENTS.—Subject to para-
4 graph (4), any plan amendment that is not described
5 in paragraph (2) which becomes effective in a State
6 fiscal year may not remain in effect after the end of
7 such fiscal year (or, if later, the end of the 90-day
8 period on which it becomes effective) unless the
9 amendment has been transmitted to the Secretary.

10 “(4) EXCEPTION.—The requirements of para-
11 graphs (2) and (3) shall not apply to a plan amend-
12 ment that is submitted on a timely basis pursuant
13 to a court order or an order of the Secretary.

14 **“SEC. 1528. PROCESS FOR STATE WITHDRAWAL FROM PRO-**
15 **GRAM.**

16 “(a) IN GENERAL.—A State may rescind its State
17 plan and discontinue participation in the program under
18 this title at any time after providing—

19 “(1) the public with 90 days prior notice in a
20 publication in one or more daily newspapers of gen-
21 eral circulation in the State or in any publication
22 used by the State to publish State statutes or rules,
23 and

24 “(2) the Secretary with 90 days prior written
25 notice.

1 “(b) EFFECTIVE DATE.—Such discontinuation shall
2 not apply to payments under part B for expenditures
3 made for items and services furnished under the State
4 plan before the effective date of the discontinuation.

5 “(c) PRORATION OF ALLOTMENTS.—In the case of
6 any withdrawal under this section other than at the end
7 of a Federal fiscal year, notwithstanding any provision of
8 section 1511 to the contrary, the Secretary shall provide
9 for such appropriate proration of the application of allot-
10 ments under section 1511 as is appropriate.

11 **“SEC. 1529. SANCTIONS FOR NONCOMPLIANCE.**

12 “(a) PROMPT REVIEW OF PLAN SUBMITTALS.—The
13 Secretary shall promptly review State plans and plan
14 amendments submitted under this part to determine if
15 they substantially comply with the requirements of this
16 title.

17 “(b) DETERMINATIONS OF NONCOMPLIANCE WITH
18 CERTAIN GUARANTEES.—

19 “(1) AT TIME OF PLAN OR AMENDMENT SUB-
20 MITTAL.—If the Secretary determines that a State
21 plan or plan amendment submitted under this part
22 violates the guarantees of coverage and benefits
23 under subsections (a) and (b) of section 1501, the
24 Secretary shall notify the State in writing of such
25 determination and shall issue an order specifying

1 that the plan or amendment, insofar as it is in viola-
2 tion with such requirement, shall not be effective,
3 except as provided in subsection (d), as of the date
4 specified in the order.

5 “(2) VIOLATIONS IN ADMINISTRATION OF
6 PLAN.—If the Secretary determines, after reasonable
7 notice and opportunity for a hearing for the State,
8 that in the administration of a State plan there is
9 a violation of guarantee of coverage and benefits
10 under subsection (a) or (b) of section 1501, the Sec-
11 retary shall provide the State with written notice of
12 the determination and with an order to remedy such
13 violation. Such an order shall become effective pro-
14 spectively, as specified in the order, after the date of
15 receipt of such written notice. Such an order may in-
16 clude the withholding of funds, consistent with sub-
17 section (g), for parts of the State plan affected by
18 such violation, until the Secretary is satisfied that
19 the violation has been corrected.

20 “(3) CONSULTATION WITH STATE.—Before
21 making a determination adverse to a State under
22 this section, the Secretary shall—

23 “(A) reasonably consult with the State in-
24 volved,

1 “(B) offer the State a reasonable oppor-
2 tunity to clarify the submission and submit fur-
3 ther information to substantiate compliance
4 with the requirements of subsections (a) and
5 (b) of section 1501, and

6 “(C) reasonably consider any such clari-
7 fications and information submitted.

8 “(4) JUSTIFICATION OF ANY INCONSISTENCIES
9 IN DETERMINATIONS.—If the Secretary makes a de-
10 termination under this section that is, in whole or in
11 part, inconsistent with any previous determination
12 issued by the Secretary under this title, the Sec-
13 retary shall include in the determination a detailed
14 explanation and justification for any such difference.

15 “(c) DETERMINATIONS OF OTHER SUBSTANTIAL
16 NONCOMPLIANCE.—

17 “(1) AT TIME OF PLAN OR AMENDMENT SUB-
18 MITTAL.—

19 “(A) IN GENERAL.—If the Secretary, dur-
20 ing the 30-day period beginning on the date of
21 submittal of a State plan or plan amendment—

22 “(i) determines that the plan or
23 amendment substantially violates (within
24 the meaning of paragraph (5)) a require-
25 ment of this title, and

1 “(ii) provides written notice of such
2 determination to the State,
3 the Secretary shall issue an order specifying
4 that the plan or amendment, insofar as it is in
5 substantial violation of such a requirement,
6 shall not be effective, except as provided in sub-
7 section (d), beginning at the end of a period of
8 not less than 30 days (or 120 days in the case
9 of the initial submission of the State plan) spec-
10 ified in the order beginning on the date of the
11 notice of the determination.

12 “(B) EXTENSION OF TIME PERIODS.—The
13 time periods specified in subparagraph (A) may
14 be extended by written agreement of the Sec-
15 retary and the State involved.

16 “(2) VIOLATIONS IN ADMINISTRATION OF
17 PLAN.—

18 “(A) IN GENERAL.—If the Secretary deter-
19 mines, after reasonable notice and opportunity
20 for a hearing for the State, that in the adminis-
21 tration of a State plan there is a substantial
22 violation of a requirement of this title, the Sec-
23 retary shall provide the State with written no-
24 tice of the determination and with an order to
25 remedy such violation. Such an order shall be-

1 come effective prospectively, as specified in the
2 order, after the date of receipt of such written
3 notice. Such an order may include the withhold-
4 ing of funds, consistent with subsection (g), for
5 parts of the State plan affected by such viola-
6 tion, until the Secretary is satisfied that the
7 violation has been corrected.

8 “(B) EFFECTIVENESS.—If the Secretary
9 issues an order under paragraph (1), the order
10 shall become effective, except as provided in
11 subsection (d), beginning at the end of a period
12 (of not less than 30 days) specified in the order
13 beginning on the date of the notice of the deter-
14 mination to the State.

15 “(C) TIMELINESS OF DETERMINATIONS
16 RELATING TO REPORT-BASED COMPLIANCE.—
17 The Secretary shall make determinations under
18 this paragraph respecting violations relating to
19 information contained in an annual report
20 under section 1522, an independent evaluation
21 under section 1523, or an audit report under
22 section 1551 not later than 30 days after the
23 date of transmittal of the report or evaluation
24 to the Secretary.

1 “(3) CONSULTATION WITH STATE.—Before
2 making a determination adverse to a State under
3 this section, the Secretary shall (within any time pe-
4 riods provided under this section)—

5 “(A) reasonably consult with the State in-
6 volved,

7 “(B) offer the State a reasonable oppor-
8 tunity to clarify the submission and submit fur-
9 ther information to substantiate compliance
10 with the requirements of this title, and

11 “(C) reasonably consider any such clari-
12 fications and information submitted.

13 “(4) JUSTIFICATION OF ANY INCONSISTENCIES
14 IN DETERMINATIONS.—If the Secretary makes a de-
15 termination under this section that is, in whole or in
16 part, inconsistent with any previous determination
17 issued by the Secretary under this title, the Sec-
18 retary shall include in the determination a detailed
19 explanation and justification for any such difference.

20 “(5) SUBSTANTIAL VIOLATION DEFINED.—For
21 purposes of this title, a State plan (or amendment
22 to such a plan) or the administration of the State
23 plan is considered to ‘substantially violate’ a require-
24 ment of this title if a provision of the plan or

1 amendment (or an omission from the plan or amend-
2 ment) or the administration of the plan—

3 “(A) is material and substantial in nature
4 and effect, and

5 “(B) is inconsistent with an express re-
6 quirement of this title.

7 A failure to meet a strategic objective or perform-
8 ance goal (as described in section 1521) shall not be
9 considered to substantially violate a requirement of
10 this title.

11 “(6) RELATION TO OTHER PROVISION.—This
12 subsection shall not apply to violation of a require-
13 ment of subsection (a) or (b) of section 1501.

14 “(d) STATE RESPONSE TO ORDERS.—

15 “(1) STATE RESPONSE BY REVISING PLAN.—

16 “(A) IN GENERAL.—Insofar as an order
17 under subsection (b)(1) or (c)(1) relates to a
18 violation by a State plan or plan amendment, a
19 State may respond (before the date the order
20 becomes effective) to such an order by submit-
21 ting a written revision of the State plan or plan
22 amendment to comply with the requirements of
23 this title.

24 “(B) REVIEW OF REVISION.—In the case
25 of submission of such a revision, the Secretary

1 shall promptly review the submission and shall,
2 in the case of an order under subsection (c)(1),
3 withhold any action on the order during the pe-
4 riod of such review.

5 “(C) SECRETARIAL RESPONSE.—

6 “(i) ORDERS RELATING TO GUARAN-
7 TEES.—In the case of a revision submitted
8 in response to an order under subsection
9 (b)(1), the revision shall not be considered
10 to have corrected the deficiency unless the
11 Secretary determines and notifies the State
12 that the State plan or amendment, as pro-
13 posed to be revised complies with the re-
14 quirements of subsections (a) and (b) of
15 section 1501. If the Secretary determines
16 that the revision does not correct the defi-
17 ciency, the Secretary shall notify the State
18 in writing of such determination and the
19 State may respond by seeking reconsider-
20 ation or a hearing under paragraph (2).

21 “(ii) OTHER ORDERS.—In the case of
22 a revision submitted in response to an
23 order under subsection (c)(1), the revision
24 shall be considered to have corrected the
25 deficiency (and the order rescinded insofar

1 as it relates to such deficiency) unless the
2 Secretary determines and notifies the State
3 in writing, within 15 days after the date
4 the Secretary receives the revision, that the
5 State plan or amendment, as proposed to
6 be revised, still substantially violates a re-
7 quirement of this title. In such case the
8 State may respond by seeking reconsider-
9 ation or a hearing under paragraph (2).

10 “(D) REVISION RETROACTIVE.—If the re-
11 vision provides for compliance (in the case of an
12 order under subsection (b)(1)) or substantial
13 compliance (in the case of an order under sub-
14 section (c)(1)), the revision may be treated, at
15 the option of the State, as being effective either
16 as of the effective date of the provision to which
17 it relates or such later date as the State and
18 Secretary may agree.

19 “(2) STATE RESPONSE BY SEEKING RECONSID-
20 ERATION OR AN ADMINISTRATIVE HEARING.—A
21 State may respond to an order under subsection (b)
22 or (c) by filing a request with the Secretary for—

23 “(A) a reconsideration of the determina-
24 tion, pursuant to subsection (e)(1), or

1 “(B) a review of the determination through
2 an administrative hearing, pursuant to sub-
3 section (e)(2).

4 In such case for an order under subsection (c), the
5 order shall not take effect before the completion of
6 the reconsideration or hearing.

7 “(3) STATE RESPONSE BY CORRECTIVE ACTION
8 PLAN.—

9 “(A) IN GENERAL.—In the case of an
10 order described in subsection (b)(2) or (c)(2)
11 that relates to a violation in the administration
12 of the State plan, a State may respond to such
13 an order by submitting a corrective action plan
14 with the Secretary to correct deficiencies in the
15 administration of the plan which are the subject
16 of the order.

17 “(B) REVIEW OF CORRECTIVE ACTION
18 PLAN.—In the case of a corrective action plan
19 submitted in response to an order under sub-
20 section (c)(2), the Secretary shall withhold any
21 action on the order for a period (not to exceed
22 30 days) during which the Secretary reviews
23 the corrective action plan.

24 “(C) SECRETARIAL RESPONSE.—

1 “(i) ORDERS RELATING TO GUARAN-
2 TEES.—In the case of a corrective action
3 plan submitted in response to an order
4 under subsection (b)(2), the plan shall not
5 be considered to have corrected the defi-
6 ciency unless the Secretary determines and
7 notifies the State that the State’s adminis-
8 tration of the State plan, as proposed to be
9 corrected in the plan, will not violate a re-
10 quirement of subsection (a) or (b) of sec-
11 tion 1501. If the Secretary determines that
12 the plan does not correct the deficiency,
13 the Secretary shall notify the State in writ-
14 ing of such determination and the State
15 may respond by seeking reconsideration or
16 a hearing under paragraph (2).

17 “(ii) OTHER ORDERS.—In the case of
18 a corrective action plan submitted in re-
19 sponse to an order under subsection (c)(2),
20 the corrective action plan shall be consid-
21 ered to have corrected the deficiency (and
22 the order rescinded insofar as it relates to
23 such deficiency) unless the Secretary deter-
24 mines and notifies the State in writing,
25 within 15 days after the date the Secretary

1 receives the corrective action plan, that the
2 State's administration of the State plan, as
3 proposed to be corrected in the plan, will
4 still substantially violate a requirement of
5 this title. In such case the State may re-
6 spond by seeking reconsideration or a
7 hearing under paragraph (2).

8 “(4) STATE RESPONSE BY WITHDRAWAL OF
9 PLAN AMENDMENT; FAILURE TO RESPOND.—Insofar
10 as an order relates to a violation in a plan amend-
11 ment submitted, a State may respond to such an
12 order by withdrawing the plan amendment and the
13 State plan shall be treated as though the amend-
14 ment had not been made.

15 “(e) ADMINISTRATIVE REVIEW AND HEARING.—

16 “(1) RECONSIDERATION.—Within 30 days after
17 the date of receipt of a request under subsection
18 (d)(2)(A), the Secretary shall notify the State of the
19 time and place at which a hearing will be held for
20 the purpose of reconsidering the Secretary's deter-
21 mination. The hearing shall be held not less than 20
22 days nor more than 60 days after the date notice of
23 the hearing is furnished to the State, unless the Sec-
24 retary and the State agree in writing to holding the
25 hearing at another time. The Secretary shall affirm,

1 modify, or reverse the original determination within
2 60 days of the conclusion of the hearing.

3 “(2) ADMINISTRATIVE HEARING.—Within 30
4 days after the date of receipt of a request under
5 subsection (d)(2)(B), an administrative law judge
6 shall schedule a hearing for the purpose of reviewing
7 the Secretary’s determination. The hearing shall be
8 held not less than 20 days nor more than 60 days
9 after the date notice of the hearing is furnished to
10 the State, unless the Secretary and the State agree
11 in writing to holding the hearing at another time.
12 The administrative law judge shall affirm, modify, or
13 reverse the determination within 60 days of the con-
14 clusion of the hearing.

15 “(f) JUDICIAL REVIEW.—

16 “(1) IN GENERAL.—A State which is dissatis-
17 fied with a final determination made by the Sec-
18 retary under subsection (e)(1) or a final determina-
19 tion of an administrative law judge under subsection
20 (e)(2) may, within 60 days after it has been notified
21 of such determination, file with the United States
22 court of appeals for the circuit in which the State
23 is located a petition for review of such determina-
24 tion. A copy of the petition shall be forthwith trans-
25 mitted by the clerk of the court to the Secretary

1 and, in the case of a determination under subsection
2 (e)(2), to the administrative law judge involved. The
3 Secretary (or judge involved) thereupon shall file in
4 the court the record of the proceedings on which the
5 final determination was based, as provided in section
6 1502 of title 28, United States Code. Except as pro-
7 vided in section 1508, only the Secretary, in accord-
8 ance with this title, may compel a State under Fed-
9 eral law to comply with the provisions of this title
10 or a State plan, or otherwise enforce a provision of
11 this title against a State, and no action may be filed
12 under Federal law against a State in relation to the
13 State's compliance, or failure to comply, with the
14 provisions of this title or of a State plan except
15 under section 1508 or by the Secretary as provided
16 under this subsection.

17 “(2) STANDARD FOR REVIEW.—The findings of
18 fact by the Secretary or administrative law judge, if
19 supported by substantial evidence, shall be conclu-
20 sive, but the court, for good cause shown, may re-
21 mand the case to the Secretary or judge to take fur-
22 ther evidence, and the Secretary or judge may there-
23 upon make new or modified findings of fact and may
24 modify a previous determination, and shall certify to
25 the court the transcript and record of the further

1 proceedings. Such new or modified findings of fact
2 shall likewise be conclusive if supported by substan-
3 tial evidence.

4 “(3) JURISDICTION OF APPELLATE COURT.—

5 The court shall have jurisdiction to affirm the action
6 of the Secretary or judge or to set it aside, in whole
7 or in part. The judgment of the court shall be sub-
8 ject to review by the Supreme Court of the United
9 States upon certiorari or certification as provided in
10 section 1254 of title 28, United States Code.

11 “(g) WITHHOLDING OF FUNDS.—

12 “(1) IN GENERAL.—Any order under this sec-
13 tion relating to the withholding of funds shall be ef-
14 fective not earlier than the effective date of the
15 order and shall only relate to the portions of a State
16 plan or administration thereof which violate a re-
17 quirement of subsection (a) or (b) of section 1501
18 or substantially violate another requirement of this
19 title. In the case of a failure to meet a set-aside re-
20 quirement under section 1502(c), any withholding
21 shall only apply to the extent of such failure.

22 “(2) SUSPENSION OF WITHHOLDING.—The Sec-

23 retary may suspend withholding of funds under
24 paragraph (1) during the period reconsideration or

1 administrative and judicial review is pending under
2 subsection (e) or (f).

3 “(3) RESTORATION OF FUNDS.—Any funds
4 withheld under this subsection under an order shall
5 be immediately restored to a State—

6 “(A) to the extent and at the time the
7 order is—

8 “(i) modified or withdrawn by the
9 Secretary upon reconsideration,

10 “(ii) modified or reversed by an ad-
11 ministrative law judge, or

12 “(iii) set aside (in whole or in part) by
13 an appellate court; or

14 “(B) when the Secretary determines that
15 the deficiency which was the basis for the order
16 is corrected;

17 “(C) when the Secretary determines that
18 violation which was the basis for the order is
19 resolved or the amendment which was the basis
20 for the order is withdrawn; or

21 “(D) at any time upon the initiative of the
22 Secretary.

23 “(h) INDIVIDUAL COMPLAINT PROCESS.—The Sec-
24 retary shall provide for a process under which an individ-
25 ual may notify the Secretary concerning a State’s failure

1 to provide medical assistance as required under the State
2 plan or otherwise comply with the requirements of this
3 title or such plan, including any failure to comply with
4 a requirement of subsection (a) or (b) of section 1501.
5 If the Secretary finds that there is a pattern of complaints
6 with respect to a State or that a particular failure or find-
7 ing of noncompliance is egregious, the Secretary shall no-
8 tify the chief executive officer of the State of such finding
9 and shall notify the Congress if the State fails to respond
10 to such notification within a reasonable period of time.

11 **“SEC. 1530. SECRETARIAL AUTHORITY.**

12 “(a) NEGOTIATED AGREEMENT AND DISPUTE RESO-
13 LUTION.—

14 “(1) NEGOTIATIONS.—Nothing in this part
15 shall be construed as preventing the Secretary and
16 a State from at any time negotiating a satisfactory
17 resolution to any dispute concerning the approval of
18 a State plan (or amendments to a State plan) or the
19 compliance of a State plan (including its administra-
20 tion) with requirements of this title.

21 “(2) COOPERATION.—The Secretary shall act in
22 a cooperative manner with the States in carrying out
23 this title. In the event of a dispute between a State
24 and the Secretary, the Secretary shall, whenever
25 practicable, engage in informal dispute resolution ac-

1 activities in lieu of formal enforcement or sanctions
2 under section 1529.

3 “(b) LIMITATIONS ON DELEGATION OF DECISION-
4 MAKING AUTHORITY.—The Secretary may not delegate
5 (other than to the Administrator of the Health Care Fi-
6 nancing Administration) the authority to make determina-
7 tions or reconsiderations respecting the approval of State
8 plans (or amendments to such plans) or the compliance
9 of a State plan (including its administration) with require-
10 ments of this title. Such Administrator may not further
11 delegate such authority to any individual, including any
12 regional official of such Administration.

13 “(c) REQUIRING FORMAL RULEMAKING FOR
14 CHANGES IN SECRETARIAL ADMINISTRATION.—The Sec-
15 retary shall carry out the administration of the program
16 under this title only through a prospective formal rule-
17 making process, including issuing notices of proposed rule-
18 making, publishing proposed rules or modifications to
19 rules in the Federal Register, and soliciting public com-
20 ment.

21 “PART D—PROGRAM INTEGRITY AND QUALITY
22 “**SEC. 1551. USE OF AUDITS TO ACHIEVE FISCAL INTEGRITY.**

23 “(a) FINANCIAL AUDITS OF PROGRAM.—

24 “(1) IN GENERAL.—Each State plan shall pro-
25 vide for an annual audit of the State’s expenditures

1 from amounts received under this title, in compli-
2 ance with chapter 75 of title 31, United States
3 Code.

4 “(2) VERIFICATION AUDITS.—If, after consulta-
5 tion with the State and the Comptroller General and
6 after a fair hearing, the Secretary determines that
7 a State’s audit under paragraph (1) was performed
8 in substantial violation of chapter 75 of title 31,
9 United States Code, the Secretary may—

10 “(A) require that the State provide for a
11 verification audit in compliance with such chap-
12 ter, or

13 “(B) conduct such a verification audit.

14 “(3) AVAILABILITY OF AUDIT REPORTS.—With-
15 in 30 days after completion of each audit or verifica-
16 tion audit under this subsection, the State shall—

17 “(A) provide the Secretary with a copy of
18 the audit report, including the State’s response
19 to any recommendations of the auditor, and

20 “(B) make the audit report available for
21 public inspection in the same manner as pro-
22 posed State plan amendments are made avail-
23 able under section 1525.

24 “(b) FISCAL CONTROLS.—

1 “(1) IN GENERAL.—With respect to the ac-
2 counting and expenditure of funds under this title,
3 each State shall adopt and maintain such fiscal con-
4 trols, accounting procedures, and data processing
5 safeguards as the State deems reasonably necessary
6 to assure the fiscal integrity of the State’s activities
7 under this title.

8 “(2) CONSISTENCY WITH GENERALLY ACCEPT-
9 ED ACCOUNTING PRINCIPLES.—Such controls and
10 procedures shall be generally consistent with gen-
11 erally accepted accounting principles as recognized
12 by the Governmental Accounting Standards Board
13 or the Comptroller General.

14 “(c) AUDITS OF PROVIDERS.—Each State plan shall
15 provide that the records of any entity providing items or
16 services for which payment may be made under the plan
17 may be audited as necessary to ensure that proper pay-
18 ments are made under the plan.

19 **“SEC. 1552. FRAUD PREVENTION PROGRAM.**

20 “(a) ESTABLISHMENT.—Each State plan shall pro-
21 vide for the establishment and maintenance of an effective
22 program for the detection and prevention of fraud and
23 abuse by beneficiaries, providers, and others in connection
24 with the operation of the program.

1 “(b) PROGRAM REQUIREMENTS.—The program es-
2 tablished pursuant to subsection (a) shall include at least
3 the following requirements:

4 “(1) DISCLOSURE OF INFORMATION.—Any dis-
5 closing entity (as defined in section 1124(a)) receiv-
6 ing payments under the State plan shall comply with
7 the requirements of section 1124.

8 “(2) SUPPLY OF INFORMATION.—An entity
9 (other than an individual practitioner or a group of
10 practitioners) that furnishes, or arranges for the fur-
11 nishing of, an item or service under the State plan
12 shall supply upon request specifically addressed to
13 the entity by the Secretary or the State agency the
14 information described in section 1128(b)(9).

15 “(3) EXCLUSION.—

16 “(A) IN GENERAL.—The State plan shall
17 exclude any specified individual or entity from
18 participation in the plan for the period specified
19 by the Secretary when required by the Sec-
20 retary to do so pursuant to section 1128 or sec-
21 tion 1128A, and provide that no payment may
22 be made under the plan with respect to any
23 item or service furnished by such individual or
24 entity during such period.

1 “(B) AUTHORITY.—In addition to any
2 other authority, a State may exclude any indi-
3 vidual or entity for purposes of participating
4 under the State plan for any reason for which
5 the Secretary could exclude the individual or
6 entity from participation in a program under
7 title XVIII or under section 1128, 1128A, or
8 1866(b)(2).

9 “(4) NOTICE.—The State plan shall provide
10 that whenever a provider of services or any other
11 person is terminated, suspended, or otherwise sanc-
12 tioned or prohibited from participating under the
13 plan, the State agency responsible for administering
14 the plan shall promptly notify the Secretary and, in
15 the case of a physician, the State medical licensing
16 board of such action.

17 “(5) ACCESS TO INFORMATION.—The State
18 plan shall provide that the State will provide infor-
19 mation and access to certain information respecting
20 sanctions taken against health care practitioners and
21 providers by State licensing authorities in accord-
22 ance with section 1553.

1 **“SEC. 1553. INFORMATION CONCERNING SANCTIONS TAKEN**
2 **BY STATE LICENSING AUTHORITIES AGAINST**
3 **HEALTH CARE PRACTITIONERS AND PROVID-**
4 **ERS.**

5 “(a) INFORMATION REPORTING REQUIREMENT.—
6 The requirement referred to in section 1552(b)(5) is that
7 the State must provide for the following:

8 “(1) INFORMATION REPORTING SYSTEM.—The
9 State must have in effect a system of reporting the
10 following information with respect to formal proceed-
11 ings (as defined by the Secretary in regulations)
12 concluded against a health care practitioner or entity
13 by any authority of the State (or of a political sub-
14 division thereof) responsible for the licensing of
15 health care practitioners (or any peer review organi-
16 zation or private accreditation entity reviewing the
17 services provided by health care practitioners) or en-
18 tities:

19 “(A) Any adverse action taken by such li-
20 censing authority as a result of the proceeding,
21 including any revocation or suspension of a li-
22 cense (and the length of any such suspension),
23 reprimand, censure, or probation.

24 “(B) Any dismissal or closure of the pro-
25 ceedings by reason of the practitioner or entity

1 surrendering the license or leaving the State or
2 jurisdiction.

3 “(C) Any other loss of the license of the
4 practitioner or entity, whether by operation of
5 law, voluntary surrender, or otherwise.

6 “(D) Any negative action or finding by
7 such authority, organization, or entity regard-
8 ing the practitioner or entity.

9 “(2) ACCESS TO DOCUMENTS.—The State must
10 provide the Secretary (or an entity designated by the
11 Secretary) with access to such documents of the au-
12 thority described in paragraph (1) as may be nec-
13 essary for the Secretary to determine the facts and
14 circumstances concerning the actions and determina-
15 tions described in such paragraph for the purpose of
16 carrying out this Act.

17 “(b) FORM OF INFORMATION.—The information de-
18 scribed in subsection (a)(1) shall be provided to the Sec-
19 retary (or to an appropriate private or public agency,
20 under suitable arrangements made by the Secretary with
21 respect to receipt, storage, protection of confidentiality,
22 and dissemination of information) in such a form and
23 manner as the Secretary determines to be appropriate in
24 order to provide for activities of the Secretary under this

1 Act and in order to provide, directly or through suitable
2 arrangements made by the Secretary, information—

3 “(1) to agencies administering Federal health
4 care programs, including private entities administer-
5 ing such programs under contract,

6 “(2) to licensing authorities described in sub-
7 section (a)(1),

8 “(3) to State agencies administering or super-
9 vising the administration of State health care pro-
10 grams (as defined in section 1128(h)),

11 “(4) to utilization and quality control peer re-
12 view organizations described in part B of title XI
13 and to appropriate entities with contracts under sec-
14 tion 1154(a)(4)(C) with respect to eligible organiza-
15 tions reviewed under the contracts,

16 “(5) to State fraud control units (as defined in
17 section 1534),

18 “(6) to hospitals and other health care entities
19 (as defined in section 431 of the Health Care Qual-
20 ity Improvement Act of 1986), with respect to physi-
21 cians or other licensed health care practitioners that
22 have entered (or may be entering) into an employ-
23 ment or affiliation relationship with, or have applied
24 for clinical privileges or appointments to the medical
25 staff of, such hospitals or other health care entities

1 (and such information shall be deemed to be dis-
2 closed pursuant to section 427 of, and be subject to
3 the provisions of, that Act),

4 “(7) to the Attorney General and such other
5 law enforcement officials as the Secretary deems ap-
6 propriate, and

7 “(8) upon request, to the Comptroller General,
8 in order for such authorities to determine the fitness
9 of individuals to provide health care services, to pro-
10 tect the health and safety of individuals receiving
11 health care through such programs, and to protect
12 the fiscal integrity of such programs.

13 “(c) CONFIDENTIALITY OF INFORMATION PRO-
14 VIDED.—The Secretary shall provide for suitable safe-
15 guards for the confidentiality of the information furnished
16 under subsection (a). Nothing in this subsection shall pre-
17 vent the disclosure of such information by a party which
18 is otherwise authorized, under applicable State law, to
19 make such disclosure.

20 “(d) APPROPRIATE COORDINATION.—The Secretary
21 shall provide for the maximum appropriate coordination
22 in the implementation of subsection (a) of this section and
23 section 422 of the Health Care Quality Improvement Act
24 of 1986 and section 1128E.

1 **“SEC. 1554. STATE FRAUD CONTROL UNITS.**

2 “(a) IN GENERAL.—Each State plan shall provide for
3 a State fraud control unit described in subsection (b) that
4 effectively carries out the functions and requirements de-
5 scribed in such subsection, unless the State demonstrates
6 to the satisfaction of the Secretary that the effective oper-
7 ation of such a unit in the State would not be cost-effective
8 because minimal fraud exists in connection with the provi-
9 sion of covered services to eligible individuals under the
10 plan, and that beneficiaries under the plan will be pro-
11 tected from abuse and neglect in connection with the pro-
12 vision of medical assistance under the plan without the
13 existence of such a unit.

14 “(b) UNITS DESCRIBED.—For purposes of this sec-
15 tion, the term ‘State fraud control unit’ means a single
16 identifiable entity of the State government which meets
17 the following requirements:

18 “(1) ORGANIZATION.—The entity—

19 “(A) is a unit of the office of the State At-
20 torney General or of another department of
21 State government which possesses statewide au-
22 thority to prosecute individuals for criminal vio-
23 lations;

24 “(B) is in a State the constitution of which
25 does not provide for the criminal prosecution of

1 individuals by a statewide authority and has
2 formal procedures that—

3 “(i) assure its referral of suspected
4 criminal violations relating to the program
5 under this title to the appropriate author-
6 ity or authorities in the State for prosecu-
7 tion, and

8 “(ii) assure its assistance of, and co-
9 ordination with, such authority or authori-
10 ties in such prosecutions; or

11 “(C) has a formal working relationship
12 with the office of the State Attorney General
13 and has formal procedures (including proce-
14 dures for its referral of suspected criminal vio-
15 lations to such office) which provide effective
16 coordination of activities between the entity and
17 such office with respect to the detection, inves-
18 tigation, and prosecution of suspected criminal
19 violations relating to the program under this
20 title.

21 “(2) INDEPENDENCE.—The entity is separate
22 and distinct from any State agency that has prin-
23 cipal responsibilities for administering or supervising
24 the administration of the State plan.

1 “(3) FUNCTION.—The entity’s function is con-
2 ducting a statewide program for the investigation
3 and prosecution of violations of all applicable State
4 laws regarding any and all aspects of fraud in con-
5 nection with any aspect of the provision of medical
6 assistance and the activities of providers of such as-
7 sistance under the State plan.

8 “(4) REVIEW OF COMPLAINTS.—The entity has
9 procedures for reviewing complaints of the abuse
10 and neglect of patients of health care facilities which
11 receive payments under the State plan under this
12 title, and, where appropriate, for acting upon such
13 complaints under the criminal laws of the State or
14 for referring them to other State agencies for action.

15 “(5) OVERPAYMENTS.—

16 “(A) IN GENERAL.—The entity provides
17 for the collection, or referral for collection to a
18 single State agency, of overpayments that are
19 made under the State plan to health care pro-
20 viders and that are discovered by the entity in
21 carrying out its activities.

22 “(B) TREATMENT OF CERTAIN OVERPAY-
23 MENTS.—If an overpayment is the direct result
24 of the failure of the provider (or the provider’s
25 billing agent) to adhere to a change in the

1 State’s billing instructions, the entity may re-
2 cover the overpayment only if the entity dem-
3 onstrates that the provider (or the provider’s
4 billing agent) received prior written or elec-
5 tronic notice of the change in the billing in-
6 structions before the submission of the claims
7 on which the overpayment is based.

8 “(6) PERSONNEL.—The entity employs such
9 auditors, attorneys, investigators, and other nec-
10 essary personnel and is organized in such a manner
11 as is necessary to promote the effective and efficient
12 conduct of the entity’s activities.

13 **“SEC. 1555. RECOVERIES FROM THIRD PARTIES AND OTH-**
14 **ERS.**

15 “(a) THIRD PARTY LIABILITY.—Each State plan
16 shall provide for reasonable steps—

17 “(1) to ascertain the legal liability of third par-
18 ties to pay for care and services available under the
19 plan, including the collection of sufficient informa-
20 tion to enable States to pursue claims against third
21 parties, and

22 “(2) to seek reimbursement for medical assist-
23 ance provided to the extent legal liability is estab-
24 lished where the amount expected to be recovered ex-
25 ceeds the costs of the recovery.

1 “(b) BENEFICIARY PROTECTION.—

2 “(1) IN GENERAL.—Each State plan shall pro-
3 vide that in the case of a person furnishing services
4 under the plan for which a third party may be liable
5 for payment—

6 “(A) the person may not seek to collect
7 from the individual (or financially responsible
8 relative) payment of an amount for the service
9 more than could be collected under the plan in
10 the absence of such third party liability, and

11 “(B) may not refuse to furnish services to
12 such an individual because of a third party’s
13 potential liability for payment for the service.

14 “(2) PENALTY.—A State plan may provide for
15 a reduction of any payment amount otherwise due
16 with respect to a person who furnishes services
17 under the plan in an amount equal to up to 3 times
18 the amount of any payment sought to be collected by
19 that person in violation of paragraph (1)(A).

20 “(c) GENERAL LIABILITY.—The State shall prohibit
21 any health insurer, including a group health plan as de-
22 fined in section 607 of the Employee Retirement Income
23 Security Act of 1974, a service benefit plan, or a health
24 maintenance organization, in enrolling an individual or in
25 making any payments for benefits to the individual or on

1 the individual's behalf, from taking into account that the
2 individual is eligible for or is provided medical assistance
3 under a State plan for any State.

4 “(d) ACQUISITION OF RIGHTS OF BENEFICIARIES.—
5 To the extent that payment has been made under a State
6 plan in any case where a third party has a legal liability
7 to make payment for such assistance, the State shall have
8 in effect laws under which, to the extent that payment
9 has been made under the plan for health care items or
10 services furnished to an individual, the State is considered
11 to have acquired the rights of such individual to payment
12 by any other party for such health care items or services.

13 “(e) ASSIGNMENT OF MEDICAL SUPPORT RIGHTS.—
14 The State plan shall provide for mandatory assignment
15 of rights of payment for medical support and other medi-
16 cal care owed to recipients in accordance with section
17 1556.

18 “(f) REQUIRED LAWS RELATING TO MEDICAL CHILD
19 SUPPORT.—

20 “(1) IN GENERAL.—Each State with a State
21 plan under this title shall have in effect the following
22 laws:

23 “(A) A law that prohibits an insurer from
24 denying enrollment of a child under the health

1 coverage of the child's parent on the ground
2 that—

3 “(i) the child was born out of wedlock,

4 “(ii) the child is not claimed as a de-
5 pendent on the parent's Federal income
6 tax return, or

7 “(iii) the child does not reside with
8 the parent or in the insurer's service area.

9 “(B) In any case in which a parent is re-
10 quired by a court or administrative order to
11 provide health coverage for a child and the par-
12 ent is eligible for family health coverage
13 through an insurer, a law that requires such in-
14 surer—

15 “(i) to permit such parent to enroll
16 under such family coverage any such child
17 who is otherwise eligible for such coverage
18 (without regard to any enrollment season
19 restrictions);

20 “(ii) if such a parent is enrolled but
21 fails to make application to obtain cov-
22 erage of such child, to enroll such child
23 under such family coverage upon applica-
24 tion by the child's other parent or by the

1 State agency administering the program
2 under this title or part D of title IV; and

3 “(iii) not to disenroll, or eliminate
4 coverage of, such a child unless the insurer
5 is provided satisfactory written evidence
6 that—

7 “(I) such court or administrative
8 order is no longer in effect, or

9 “(II) the child is or will be en-
10 rolled in comparable health coverage
11 through another insurer which will
12 take effect not later than the effective
13 date of such disenrollment.

14 “(C) In any case in which a parent is re-
15 quired by a court or administrative order to
16 provide health coverage for a child and the par-
17 ent is eligible for family health coverage
18 through an employer doing business in the
19 State, a law that requires such employer—

20 “(i) to permit such parent to enroll
21 under such family coverage any such child
22 who is otherwise eligible for such coverage
23 (without regard to any enrollment season
24 restrictions);

1 “(ii) if such a parent is enrolled but
2 fails to make application to obtain cov-
3 erage of such child, to enroll such child
4 under such family coverage upon applica-
5 tion by the child’s other parent or by the
6 State agency administering the program
7 under this title or part D of title IV; and

8 “(iii) not to disenroll (or eliminate
9 coverage of) any such child unless—

10 “(I) the employer is provided sat-
11 isfactory written evidence that such
12 court or administrative order is no
13 longer in effect, or the child is or will
14 be enrolled in comparable health cov-
15 erage which will take effect not later
16 than the effective date of such
17 disenrollment, or

18 “(II) the employer has eliminated
19 family health coverage for all of its
20 employees; and

21 “(iv) to withhold from such employ-
22 ee’s compensation the employee’s share (if
23 any) of premiums for health coverage (ex-
24 cept that the amount so withheld may not
25 exceed the maximum amount permitted to

1 be withheld under section 303(b) of the
2 Consumer Credit Protection Act), and to
3 pay such share of premiums to the insurer,
4 except that the Secretary may provide by
5 regulation for appropriate circumstances
6 under which an employer may withhold
7 less than such employee's share of such
8 premiums.

9 “(D) A law that prohibits an insurer from
10 imposing requirements on a State agency,
11 which has been assigned the rights of an indi-
12 vidual eligible for medical assistance under this
13 title and covered for health benefits from the
14 insurer, that are different from requirements
15 applicable to an agent or assignee of any other
16 individual so covered.

17 “(E) A law that requires an insurer, in
18 any case in which a child has health coverage
19 through the insurer of a noncustodial parent—

20 “(i) to provide such information to the
21 custodial parent as may be necessary for
22 the child to obtain benefits through such
23 coverage,

24 “(ii) to permit the custodial parent
25 (or provider, with the custodial parent's

1 approval) to submit claims for covered
2 services without the approval of the non-
3 custodial parent, and

4 “(iii) to make payment on claims sub-
5 mitted in accordance with clause (ii) di-
6 rectly to such custodial parent, the pro-
7 vider, or the State agency.

8 “(F) A law that permits the State agency
9 under this title to garnish the wages, salary, or
10 other employment income of, and requires with-
11 holding amounts from State tax refunds to, any
12 person who—

13 “(i) is required by court or adminis-
14 trative order to provide coverage of the
15 costs of health services to a child who is el-
16 igible for medical assistance under this
17 title,

18 “(ii) has received payment from a
19 third party for the costs of such services to
20 such child, but

21 “(iii) has not used such payments to
22 reimburse, as appropriate, either the other
23 parent or guardian of such child or the
24 provider of such services,

1 to the extent necessary to reimburse the State
2 agency for expenditures for such costs under its
3 plan under this title, but any claims for current
4 or past-due child support shall take priority
5 over any such claims for the costs of such serv-
6 ices.

7 “(2) DEFINITION.—For purposes of this sub-
8 section, the term ‘insurer’ includes a group health
9 plan, as defined in section 607(1) of the Employee
10 Retirement Income Security Act of 1974, a health
11 maintenance organization, and an entity offering a
12 service benefit plan.

13 “(g) ESTATE RECOVERIES AND LIENS PER-
14 MITTED.—A State may take such actions as it considers
15 appropriate to adjust or recover from the individual or the
16 individual’s estate any amounts paid as medical assistance
17 to or on behalf of the individual under the State plan, in-
18 cluding through the imposition of liens against the prop-
19 erty or estate of the individual to the extent consistent
20 with section 1506.

21 **“SEC. 1556. ASSIGNMENT OF RIGHTS OF PAYMENT.**

22 “(a) IN GENERAL.—For the purpose of assisting in
23 the collection of medical support payments and other pay-
24 ments for medical care owed to recipients of medical as-
25 sistance under the State plan, each State plan shall—

1 “(1) provide that, as a condition of eligibility
2 for medical assistance under the plan to an individ-
3 ual who has the legal capacity to execute an assign-
4 ment for himself, the individual is required—

5 “(A) to assign the State any rights, of the
6 individual or of any other person who is eligible
7 for medical assistance under the plan and on
8 whose behalf the individual has the legal au-
9 thority to execute an assignment of such rights,
10 to support (specified as support for the purpose
11 of medical care by a court or administrative
12 order) and to payment for medical care from
13 any third party,

14 “(B) to cooperate with the State (i) in es-
15 tablishing the paternity of such person (referred
16 to in subparagraph (A)) if the person is a child
17 born out of wedlock, and (ii) in obtaining sup-
18 port and payments (described in subparagraph
19 (A)) for himself and for such person, unless (in
20 either case) the individual is a pregnant woman
21 or the individual is found to have good cause
22 for refusing to cooperate as determined by the
23 State, and

24 “(C) to cooperate with the State in identi-
25 fying, and providing information to assist the

1 State in pursuing, any third party who may be
2 liable to pay for care and services available
3 under the plan, unless such individual has good
4 cause for refusing to cooperate as determined
5 by the State; and

6 “(2) provide for entering into cooperative ar-
7 rangements, including financial arrangements, with
8 any appropriate agency of any State (including, with
9 respect to the enforcement and collection of rights of
10 payment for medical care by or through a parent,
11 with a State’s agency established or designated
12 under section 454(3)) and with appropriate courts
13 and law enforcement officials, to assist the agency or
14 agencies administering the plan with respect to—

15 “(A) the enforcement and collection of
16 rights to support or payment assigned under
17 this section, and

18 “(B) any other matters of common con-
19 cern.

20 “(b) USE OF AMOUNTS COLLECTED.—Such part of
21 any amount collected by the State under an assignment
22 made under the provisions of this section shall be retained
23 by the State as is necessary to reimburse it for medical
24 assistance payments made on behalf of an individual with
25 respect to whom such assignment was executed (with ap-

1 appropriate reimbursement of the Federal Government to
2 the extent of its participation in the financing of such
3 medical assistance), and the remainder of such amount
4 collected shall be paid to such individual.

5 **“SEC. 1557. QUALITY ASSURANCE REQUIREMENTS FOR**
6 **NURSING FACILITIES.**

7 “(a) NURSING FACILITY DEFINED.—In this title, the
8 term ‘nursing facility’ means an institution (or a distinct
9 part of an institution) which—

10 “(1) is primarily engaged in providing to resi-
11 dents—

12 “(A) skilled nursing care and related serv-
13 ices for residents who require medical or nurs-
14 ing care,

15 “(B) rehabilitation services for the reha-
16 bilitation of injured, disabled, or sick persons,
17 or

18 “(C) on a regular basis, health-related care
19 and services to individuals who because of their
20 mental or physical condition require care and
21 services (above the level of room and board)
22 which can be made available to them only
23 through institutional facilities,

24 and is not primarily for the care and treatment of
25 mental diseases;

1 “(2) has in effect a transfer agreement (meet-
2 ing the requirements of section 1861(l)) with one or
3 more hospitals having agreements in effect under
4 section 1866; and

5 “(3) meets the requirements for a nursing facil-
6 ity described in subsections (b), (c), and (d) of this
7 section.

8 Such term also includes any facility which is located in
9 a State on an Indian reservation and is certified by the
10 Secretary as meeting the requirements of paragraph (1)
11 and subsections (b), (c), and (d).

12 “(b) REQUIREMENTS RELATING TO PROVISION OF
13 SERVICES.—

14 “(1) QUALITY OF LIFE.—

15 “(A) IN GENERAL.—A nursing facility
16 must care for its residents in such a manner
17 and in such an environment as will promote
18 maintenance or enhancement of the quality of
19 life of each resident.

20 “(B) QUALITY ASSESSMENT AND ASSUR-
21 ANCE.—A nursing facility must maintain a
22 quality assessment and assurance committee,
23 consisting of the director of nursing services, a
24 physician designated by the facility, and at least
25 3 other members of the facility’s staff, which (i)

1 meets at least quarterly to identify issues with
2 respect to which quality assessment and assur-
3 ance activities are necessary and (ii) develops
4 and implements appropriate plans of action to
5 correct identified quality deficiencies. A State or
6 the Secretary may not require disclosure of the
7 records of such committee except insofar as
8 such disclosure is related to the compliance of
9 such committee with the requirements of this
10 subparagraph.

11 “(2) SCOPE OF SERVICES AND ACTIVITIES
12 UNDER PLAN OF CARE.—A nursing facility must
13 provide services and activities to attain or maintain
14 the highest practicable physical, mental, and
15 psychosocial well-being of each resident in accord-
16 ance with a written plan of care which—

17 “(A) describes the medical, nursing, and
18 psychosocial needs of the resident and how such
19 needs will be met;

20 “(B) is initially prepared, with the partici-
21 pation to the extent practicable of the resident
22 or the resident’s family or legal representative,
23 by a team which includes the resident’s attend-
24 ing physician and a registered professional
25 nurse with responsibility for the resident; and

1 “(C) is periodically reviewed and revised by
2 such team after each assessment under para-
3 graph (3).

4 “(3) RESIDENTS’ ASSESSMENT.—

5 “(A) REQUIREMENT.—A nursing facility
6 must conduct a comprehensive, accurate, stand-
7 arized, reproducible assessment of each resi-
8 dent’s functional capacity, which assessment—

9 “(i) describes the resident’s capability
10 to perform daily life functions and signifi-
11 cant impairments in functional capacity;

12 “(ii) is based on a uniform minimum
13 data set specified by the Secretary under
14 subsection (f)(6)(A);

15 “(iii) uses an instrument which is
16 specified by the State under subsection
17 (e)(5); and

18 “(iv) includes the identification of
19 medical problems.

20 “(B) CERTIFICATION.—

21 “(i) IN GENERAL.—Each such assess-
22 ment must be conducted or coordinated
23 (with the appropriate participation of
24 health professionals) by a registered pro-
25 fessional nurse who signs and certifies the

1 completion of the assessment. Each indi-
2 vidual who completes a portion of such an
3 assessment shall sign and certify as to the
4 accuracy of that portion of the assessment.

5 “(ii) PENALTY FOR FALSIFICATION.—

6 “(I) An individual who willfully
7 and knowingly certifies under clause
8 (i) a material and false statement in
9 a resident assessment is subject to a
10 civil money penalty of not more than
11 \$1,000 with respect to each assess-
12 ment.

13 “(II) An individual who willfully
14 and knowingly causes another individ-
15 ual to certify under clause (i) a mate-
16 rial and false statement in a resident
17 assessment is subject to a civil money
18 penalty of not more than \$5,000 with
19 respect to each assessment.

20 “(III) The provisions of section
21 1128A (other than subsections (a)
22 and (b)) shall apply to a civil money
23 penalty under this clause in the same
24 manner as such provisions apply to a

1 penalty or proceeding under section
2 1128A(a).

3 “(iii) USE OF INDEPENDENT ASSES-
4 SORS.—If a State determines, under a sur-
5 vey under subsection (g) or otherwise, that
6 there has been a knowing and willful cer-
7 tification of false assessments under this
8 paragraph, the State may require (for a
9 period specified by the State) that resident
10 assessments under this paragraph be con-
11 ducted and certified by individuals who are
12 independent of the facility and who are ap-
13 proved by the State.

14 “(C) FREQUENCY.—

15 “(i) IN GENERAL.—Such an assess-
16 ment must be conducted—

17 “(I) promptly upon (but no later
18 than 14 days after the date of) admis-
19 sion for each individual admitted;

20 “(II) promptly after a significant
21 change in the resident’s physical or
22 mental condition; and

23 “(III) in no case less often than
24 once every 12 months.

1 “(ii) RESIDENT REVIEW.—The nurs-
2 ing facility must examine each resident no
3 less frequently than once every 3 months
4 and, as appropriate, revise the resident’s
5 assessment to assure the continuing accu-
6 racy of the assessment.

7 “(D) USE.—The results of such an assess-
8 ment shall be used in developing, reviewing, and
9 revising the resident’s plan of care under para-
10 graph (2).

11 “(E) COORDINATION.—Such assessments
12 shall be coordinated with any State-required
13 preadmission screening program to the maxi-
14 mum extent practicable in order to avoid dupli-
15 cative testing and effort. In addition, a nursing
16 facility shall notify the State mental health au-
17 thority or State mental retardation or devel-
18 opmental disability authority, as applicable,
19 promptly after a significant change in the phys-
20 ical or mental condition of a resident who is
21 mentally ill or mentally retarded.

22 “(4) PROVISION OF SERVICES AND ACTIVI-
23 TIES.—

24 “(A) IN GENERAL.—To the extent needed
25 to fulfill all plans of care described in para-

1 graph (2), a nursing facility must provide (or
2 arrange for the provision of)—

3 “(i) nursing and related services and
4 specialized rehabilitative services to attain
5 or maintain the highest practicable phys-
6 ical, mental, and psychosocial well-being of
7 each resident;

8 “(ii) medically-related social services
9 to attain or maintain the highest prac-
10 ticable physical, mental, and psychosocial
11 well-being of each resident;

12 “(iii) pharmaceutical services (includ-
13 ing procedures that assure the accurate ac-
14 quiring, receiving, dispensing, and admin-
15 istering of all drugs and biologicals) to
16 meet the needs of each resident;

17 “(iv) dietary services that assure that
18 the meals meet the daily nutritional and
19 special dietary needs of each resident;

20 “(v) an on-going program, directed by
21 a qualified professional, of activities de-
22 signed to meet the interests and the phys-
23 ical, mental, and psychosocial well-being of
24 each resident;

1 “(vi) routine dental services (to the
2 extent covered under the State plan) and
3 emergency dental services to meet the
4 needs of each resident; and

5 “(vii) treatment and services required
6 by mentally ill and mentally retarded resi-
7 dents not otherwise provided or arranged
8 for (or required to be provided or arranged
9 for) by the State.

10 The services provided or arranged by the facil-
11 ity must meet professional standards of quality.

12 “(B) QUALIFIED PERSONS PROVIDING
13 SERVICES.—Services described in clauses (i),
14 (ii), (iii), (iv), and (vi) of subparagraph (A)
15 must be provided by qualified persons in ac-
16 cordance with each resident’s written plan of
17 care.

18 “(C) REQUIRED NURSING CARE; FACILITY
19 WAIVERS.—

20 “(i) GENERAL REQUIREMENTS.—A
21 nursing facility—

22 “(I) except as provided in clause
23 (ii), must provide 24-hour licensed
24 nursing services which are sufficient

1 to meet the nursing needs of its resi-
2 dents, and

3 “(II) except as provided in clause
4 (ii), must use the services of a reg-
5 istered professional nurse for at least
6 8 consecutive hours a day, 7 days a
7 week.

8 “(ii) WAIVER BY STATE.—To the ex-
9 tent that a facility is unable to meet the
10 requirements of clause (i), a State may
11 waive such requirements with respect to
12 the facility if—

13 “(I) the facility demonstrates to
14 the satisfaction of the State that the
15 facility has been unable, despite dili-
16 gent efforts (including offering wages
17 at the community prevailing rate for
18 nursing facilities), to recruit appro-
19 priate personnel,

20 “(II) the State determines that a
21 waiver of the requirement will not en-
22 danger the health or safety of individ-
23 uals staying in the facility,

24 “(III) the State finds that, for
25 any such periods in which licensed

1 nursing services are not available, a
2 registered professional nurse or a phy-
3 sician is obligated to respond imme-
4 diately to telephone calls from the fa-
5 cility,

6 “(IV) the State agency granting
7 a waiver of such requirements pro-
8 vides notice of the waiver to the State
9 long-term care ombudsman (estab-
10 lished under section 307(a)(12) of the
11 Older Americans Act of 1965) and the
12 protection and advocacy system in the
13 State for the mentally ill and the
14 mentally retarded, and

15 “(V) the nursing facility that is
16 granted such a waiver by a State noti-
17 fies residents of the facility (or, where
18 appropriate, the guardians or legal
19 representatives of such residents) and
20 members of their immediate families
21 of the waiver.

22 A waiver under this clause shall be subject
23 to annual review and to the review of the
24 Secretary and subject to clause (iii) shall
25 be accepted by the Secretary for purposes

1 of this title to the same extent as is the
2 State’s certification of the facility. In
3 granting or renewing a waiver, a State
4 may require the facility to use other quali-
5 fied, licensed personnel.

6 “(iii) ASSUMPTION OF WAIVER AU-
7 THORITY BY SECRETARY.—If the Secretary
8 determines that a State has shown a clear
9 pattern and practice of allowing waivers in
10 the absence of diligent efforts by facilities
11 to meet the staffing requirements, the Sec-
12 retary shall assume and exercise the au-
13 thority of the State to grant waivers.

14 “(5) REQUIRED TRAINING OF NURSE AIDES.—

15 “(A) IN GENERAL.—(i) Except as provided
16 in clause (ii), a nursing facility must not use on
17 a full-time basis any individual as a nurse aide
18 in the facility, for more than 4 months unless
19 the individual—

20 “(I) has completed a training and
21 competency evaluation program, or a com-
22 petency evaluation program, approved by
23 the State under subsection (e)(1)(A), and

24 “(II) is competent to provide nursing
25 or nursing-related services.

1 “(ii) A nursing facility must not use on a
2 temporary, per diem, leased, or on any other
3 basis other than as a permanent employee any
4 individual as a nurse aide in the facility, unless
5 the individual meets the requirements described
6 in clause (i).

7 “(B) OFFERING COMPETENCY EVALUA-
8 TION PROGRAMS FOR CURRENT EMPLOYEES.—
9 A nursing facility must provide, for individuals
10 used as a nurse aide by the facility, for a com-
11 petency evaluation program approved by the
12 State under subsection (e)(1) and such prepara-
13 tion as may be necessary for the individual to
14 complete such a program.

15 “(C) COMPETENCY.—The nursing facility
16 must not permit an individual, other than in a
17 training and competency evaluation program
18 approved by the State, to serve as a nurse aide
19 or provide services of a type for which the indi-
20 vidual has not demonstrated competency and
21 must not use such an individual as a nurse aide
22 unless the facility has inquired of any State
23 registry established under subsection (e)(2)(A)
24 that the facility believes will include information
25 concerning the individual.

1 “(D) RE-TRAINING REQUIRED.—For pur-
2 poses of subparagraph (A), if, since an individ-
3 ual’s most recent completion of a training and
4 competency evaluation program, there has been
5 a continuous period of 24 consecutive months
6 during none of which the individual performed
7 nursing or nursing-related services for monetary
8 compensation, such individual shall complete a
9 new training and competency evaluation pro-
10 gram, or a new competency evaluation program.

11 “(E) REGULAR IN-SERVICE EDUCATION.—
12 The nursing facility must provide such regular
13 performance review and regular in-service edu-
14 cation as assures that individuals used as nurse
15 aides are competent to perform services as
16 nurse aides, including training for individuals
17 providing nursing and nursing-related services
18 to residents with cognitive impairments.

19 “(F) NURSE AIDE DEFINED.—In this
20 paragraph, the term ‘nurse aide’ means any in-
21 dividual providing nursing or nursing-related
22 services to residents in a nursing facility, but
23 does not include an individual—

1 “(i) who is a licensed health profes-
2 sional (as defined in subparagraph (G)) or
3 a registered dietitian, or

4 “(ii) who volunteers to provide such
5 services without monetary compensation.

6 “(G) LICENSED HEALTH PROFESSIONAL
7 DEFINED.—In this paragraph, the term ‘li-
8 censed health professional’ means a physician,
9 physician assistant, nurse practitioner, physical,
10 speech, or occupational therapist, physical or
11 occupational therapy assistant, registered pro-
12 fessional nurse, licensed practical nurse, or li-
13 censed or certified social worker.

14 “(6) PHYSICIAN SUPERVISION AND CLINICAL
15 RECORDS.—A nursing facility must—

16 “(A) require that the health care of every
17 resident be provided under the supervision of a
18 physician (or, at the option of a State, under
19 the supervision of a nurse practitioner, clinical
20 nurse specialist, or physician assistant who is
21 not an employee of the facility but who is work-
22 ing in collaboration with a physician);

23 “(B) provide for having a physician avail-
24 able to furnish necessary medical care in case
25 of emergency; and

1 “(C) maintain clinical records on all resi-
2 dents, which records include the plans of care
3 (described in paragraph (2)) and the residents’
4 assessments (described in paragraph (3)), as
5 well as the results of any pre-admission screen-
6 ing conducted under subsection (e)(7).

7 “(7) REQUIRED SOCIAL SERVICES.—In the case
8 of a nursing facility with more than 120 beds, the
9 facility must have at least one social worker (with at
10 least a bachelor’s degree in social work or similar
11 professional qualifications) employed full-time to
12 provide or assure the provision of social services.

13 “(c) REQUIREMENTS RELATING TO RESIDENTS’
14 RIGHTS.—

15 “(1) GENERAL RIGHTS.—

16 “(A) SPECIFIED RIGHTS.—A nursing facil-
17 ity must protect and promote the rights of each
18 resident, including each of the following rights:

19 “(i) FREE CHOICE.—The right to
20 choose a personal attending physician, to
21 be fully informed in advance about care
22 and treatment, to be fully informed in ad-
23 vance of any changes in care or treatment
24 that may affect the resident’s well-being,
25 and (except with respect to a resident ad-

1 judged incompetent) to participate in plan-
2 ning care and treatment or changes in care
3 and treatment.

4 “(ii) FREE FROM RESTRAINTS.—The
5 right to be free from physical or mental
6 abuse, corporal punishment, involuntary
7 seclusion, and any physical or chemical re-
8 straints imposed for purposes of discipline
9 or convenience and not required to treat
10 the resident’s medical symptoms. Re-
11 straints may only be imposed—

12 “(I) to ensure the physical safety
13 of the resident or other residents, and

14 “(II) only upon the written order
15 of a physician that specifies the dura-
16 tion and circumstances under which
17 the restraints are to be used (except
18 in emergency circumstances specified
19 by the Secretary until such an order
20 could reasonably be obtained).

21 “(iii) PRIVACY.—The right to privacy
22 with regard to accommodations, medical
23 treatment, written and telephonic commu-
24 nications, visits, and meetings of family
25 and of resident groups.

1 “(iv) CONFIDENTIALITY.—The right
2 to confidentiality of personal and clinical
3 records and to access to current clinical
4 records of the resident upon request by the
5 resident or the resident’s legal representa-
6 tive, within 24 hours (excluding hours oc-
7 curring during a weekend or holiday) after
8 making such a request.

9 “(v) ACCOMMODATION OF NEEDS.—
10 The right—

11 “(I) to reside and receive services
12 with reasonable accommodation of in-
13 dividual needs and preferences, except
14 where the health or safety of the indi-
15 vidual or other residents would be en-
16 dangered, and

17 “(II) to receive notice before the
18 room or roommate of the resident in
19 the facility is changed.

20 “(vi) GRIEVANCES.—The right to
21 voice grievances with respect to treatment
22 or care that is (or fails to be) furnished,
23 without discrimination or reprisal for voic-
24 ing the grievances and the right to prompt
25 efforts by the facility to resolve grievances

1 the resident may have, including those with
2 respect to the behavior of other residents.

3 “(vii) PARTICIPATION IN RESIDENT
4 AND FAMILY GROUPS.—The right of the
5 resident to organize and participate in resi-
6 dent groups in the facility and the right of
7 the resident’s family to meet in the facility
8 with the families of other residents in the
9 facility.

10 “(viii) PARTICIPATION IN OTHER AC-
11 TIVITIES.—The right of the resident to
12 participate in social, religious, and commu-
13 nity activities that do not interfere with
14 the rights of other residents in the facility.

15 “(ix) EXAMINATION OF SURVEY RE-
16 SULTS.—The right to examine, upon rea-
17 sonable request, the results of the most re-
18 cent survey of the facility conducted by the
19 Secretary or a State with respect to the fa-
20 cility and any plan of correction in effect
21 with respect to the facility.

22 “(x) REFUSAL OF CERTAIN TRANS-
23 FERS.—The right to refuse a transfer to
24 another room within the facility, if a pur-
25 poses of the transfer is to relocate the resi-

1 dent from a portion of the facility that is
2 not a skilled nursing facility (for purposes
3 of title XVIII) to a portion of the facility
4 that is such a skilled nursing facility.

5 “(xi) OTHER RIGHTS.—Any other
6 right established by the Secretary.

7 Clause (i) shall not be construed as precluding
8 a State from requiring a resident of a nursing
9 facility to choose a personal attending physician
10 who participates in a managed care network
11 under a contract with the State to provide med-
12 ical assistance under this title. Clause (iii) shall
13 not be construed as requiring the provision of
14 a private room. A resident’s exercise of a right
15 to refuse transfer under clause (x) shall not af-
16 fect the resident’s eligibility or entitlement to
17 medical assistance under this title or a State’s
18 entitlement to Federal medical assistance under
19 this title with respect to services furnished to
20 such a resident.

21 “(B) NOTICE OF RIGHTS.—A nursing fa-
22 cility must—

23 “(i) inform each resident, orally and
24 in writing at the time of admission to the
25 facility, of the resident’s legal rights dur-

1 ing the stay at the facility and of the re-
2 quirements and procedures for establishing
3 eligibility for medical assistance under this
4 title, including the right to request an as-
5 sessment under section 1505(c)(1)(B);

6 “(ii) make available to each resident,
7 upon reasonable request, a written state-
8 ment of such rights (which statement is
9 updated upon changes in such rights) in-
10 cluding the notice (if any) of the State de-
11 veloped under subsection (e)(6);

12 “(iii) inform each resident who is enti-
13 tled to medical assistance under this
14 title—

15 “(I) at the time of admission to
16 the facility or, if later, at the time the
17 resident becomes eligible for such as-
18 sistance, of the items and services
19 that are included in nursing facility
20 services under the State plan and for
21 which the resident may not be
22 charged, and of those other items and
23 services that the facility offers and for
24 which the resident may be charged

1 and the amount of the charges for
2 such items and services, and

3 “(II) of changes in the items and
4 services described in subclause (I) and
5 of changes in the charges imposed for
6 items and services described in that
7 subclause; and

8 “(iv) inform each other resident, in
9 writing before or at the time of admission
10 and periodically during the resident’s stay,
11 of services available in the facility and of
12 related charges for such services, including
13 any charges for services not covered under
14 title XVIII or by the facility’s basic per
15 diem charge.

16 The written description of legal rights under
17 this subparagraph shall include a description of
18 the protection of personal funds under para-
19 graph (6) and a statement that a resident may
20 file a complaint with a State survey and certifi-
21 cation agency respecting resident abuse and ne-
22 glect and misappropriation of resident property
23 in the facility.

24 “(C) RIGHTS OF INCOMPETENT RESI-
25 DENTS.—In the case of a resident adjudged in-

1 competent under the laws of a State, the rights
2 of the resident under this title shall devolve
3 upon, and, to the extent judged necessary by a
4 court of competent jurisdiction, be exercised by,
5 the person appointed under State law to act on
6 the resident's behalf.

7 “(D) USE OF PSYCHOPHARMACOLOGIC
8 DRUGS.—Psychopharmacologic drugs may be
9 administered only on the orders of a physician
10 and only as part of a plan (included in the writ-
11 ten plan of care described in paragraph (2)) de-
12 signed to eliminate or modify the symptoms for
13 which the drugs are prescribed and only if, at
14 least annually an independent, external consult-
15 ant reviews the appropriateness of the drug
16 plan of each resident receiving such drugs.

17 “(2) TRANSFER AND DISCHARGE RIGHTS.—

18 “(A) IN GENERAL.—A nursing facility
19 must permit each resident to remain in the fa-
20 cility and must not transfer or discharge the
21 resident from the facility unless—

22 “(i) the transfer or discharge is nec-
23 essary to meet the resident's welfare and
24 the resident's welfare cannot be met in the
25 facility;

1 “(ii) the transfer or discharge is ap-
2 propriate because the resident’s health has
3 improved sufficiently so the resident no
4 longer needs the services provided by the
5 facility;

6 “(iii) the safety of individuals in the
7 facility is endangered;

8 “(iv) the health of individuals in the
9 facility would otherwise be endangered;

10 “(v) the resident has failed, after rea-
11 sonable and appropriate notice, to pay (or
12 to have paid under this title or title XVIII
13 on the resident’s behalf) for a stay at the
14 facility; or

15 “(vi) the facility ceases to operate.

16 In each of the cases described in clauses (i)
17 through (iv), the basis for the transfer or dis-
18 charge must be documented in the resident’s
19 clinical record. In the cases described in clauses
20 (i) and (ii), the documentation must be made
21 by the resident’s physician, and in the case de-
22 scribed in clause (iv) the documentation must
23 be made by a physician. For purposes of clause
24 (v), in the case of a resident who becomes eligi-
25 ble for assistance under this title after admis-

1 sion to the facility, only charges which may be
2 imposed under this title shall be considered to
3 be allowable.

4 “(B) PRE-TRANSFER AND PRE-DISCHARGE
5 NOTICE.—

6 “(i) IN GENERAL.—Before effecting a
7 transfer or discharge of a resident, a nurs-
8 ing facility must—

9 “(I) notify the resident (and, if
10 known, an immediate family member
11 of the resident or legal representative)
12 of the transfer or discharge and the
13 reasons therefor,

14 “(II) record the reasons in the
15 resident’s clinical record (including
16 any documentation required under
17 subparagraph (A)), and

18 “(III) include in the notice the
19 items described in clause (iii).

20 “(ii) TIMING OF NOTICE.—The notice
21 under clause (i)(I) must be made at least
22 30 days in advance of the resident’s trans-
23 fer or discharge except—

24 “(I) in a case described in clause
25 (iii) or (iv) of subparagraph (A);

1 “(II) in a case described in
2 clause (ii) of subparagraph (A), where
3 the resident’s health improves suffi-
4 ciently to allow a more immediate
5 transfer or discharge;

6 “(III) in a case described in
7 clause (i) of subparagraph (A), where
8 a more immediate transfer or dis-
9 charge is necessitated by the resi-
10 dent’s urgent medical needs; or

11 “(IV) in a case where a resident
12 has not resided in the facility for 30
13 days.

14 In the case of such exceptions, notice must
15 be given as many days before the date of
16 the transfer or discharge as is practicable.

17 “(iii) ITEMS INCLUDED IN NOTICE.—
18 Each notice under clause (i) must in-
19 clude—

20 “(I) notice of the resident’s right
21 to appeal the transfer or discharge
22 under the State process established
23 under subsection (e)(3);

24 “(II) the name, mailing address,
25 and telephone number of the State

1 long-term care ombudsman (estab-
2 lished under title III or VII of the
3 Older Americans Act of 1965);

4 “(III) in the case of residents
5 with developmental disabilities, the
6 mailing address and telephone number
7 of the agency responsible for the pro-
8 tection and advocacy system for devel-
9 opmentally disabled individuals estab-
10 lished under part C of the Devel-
11 opmental Disabilities Assistance and
12 Bill of Rights Act; and

13 “(IV) in the case of mentally ill
14 residents (as defined in subsection
15 (e)(7)(G)(i)), the mailing address and
16 telephone number of the agency re-
17 sponsible for the protection and advo-
18 cacy system for mentally ill individ-
19 uals established under the Protection
20 and Advocacy for Mentally Ill Individ-
21 uals Act.

22 “(C) ORIENTATION.—A nursing facility
23 must provide sufficient preparation and orienta-
24 tion to residents to ensure safe and orderly
25 transfer or discharge from the facility.

1 “(D) NOTICE ON BED-HOLD POLICY AND
2 READMISSION.—

3 “(i) NOTICE BEFORE TRANSFER.—
4 Before a resident of a nursing facility is
5 transferred for hospitalization or thera-
6 peutic leave, a nursing facility must pro-
7 vide written information to the resident
8 and an immediate family member or legal
9 representative concerning—

10 “(I) the provisions of the State
11 plan under this title regarding the pe-
12 riod (if any) during which the resident
13 will be permitted under the State plan
14 to return and resume residence in the
15 facility, and

16 “(II) the policies of the facility
17 regarding such a period, which poli-
18 cies must be consistent with clause
19 (iii).

20 “(ii) NOTICE UPON TRANSFER.—At
21 the time of transfer of a resident to a hos-
22 pital or for therapeutic leave, a nursing fa-
23 cility must provide written notice to the
24 resident and an immediate family member

1 or legal representative of the duration of
2 any period described in clause (i).

3 “(iii) PERMITTING RESIDENT TO RE-
4 TURN.—A nursing facility must establish
5 and follow a written policy under which a
6 resident—

7 “(I) who is eligible for medical
8 assistance for nursing facility services
9 under a State plan,

10 “(II) who is transferred from the
11 facility for hospitalization or thera-
12 peutic leave, and

13 “(III) whose hospitalization or
14 therapeutic leave exceeds a period
15 paid for under the State plan for the
16 holding of a bed in the facility for the
17 resident,

18 will be permitted to be readmitted to the
19 facility immediately upon the first avail-
20 ability of a bed in a room (not including a
21 private room) in the facility if, at the time
22 of readmission, the resident requires the
23 services provided by the facility.

24 “(3) ACCESS AND VISITATION RIGHTS.—A
25 nursing facility must—

1 “(A) permit immediate access to any resi-
2 dent by any representative of the Secretary, by
3 any representative of the State, by an ombuds-
4 man or agency described in subclause (II),
5 (III), or (IV) of paragraph (2)(B)(iii), or by the
6 resident’s individual physician;

7 “(B) permit immediate access to a resi-
8 dent, subject to the resident’s right to deny or
9 withdraw consent at any time, by immediate
10 family or other relatives of the resident;

11 “(C) permit immediate access to a resi-
12 dent, subject to reasonable restrictions and the
13 resident’s right to deny or withdraw consent at
14 any time, by others who are visiting with the
15 consent of the resident;

16 “(D) permit reasonable access to a resi-
17 dent by any entity or individual that provides
18 health, social, legal, or other services to the
19 resident, subject to the resident’s right to deny
20 or withdraw consent at any time; and

21 “(E) permit representatives of the State
22 ombudsman (described in paragraph
23 (2)(B)(iii)(II)), with the permission of the resi-
24 dent (or the resident’s legal representative) and

1 consistent with State law, to examine a resi-
2 dent's clinical records.

3 “(4) EQUAL ACCESS TO QUALITY CARE.—

4 “(A) IN GENERAL.—A nursing facility
5 must establish and maintain identical policies
6 and practices regarding transfer, discharge, and
7 the provision of services required under the
8 State plan for all individuals regardless of
9 source of payment.

10 “(B) CONSTRUCTION.—

11 “(i) NOTHING PROHIBITING ANY
12 CHARGES FOR NON-MEDICAL ASSISTANCE
13 PATIENTS.—Subparagraph (A) shall not be
14 construed as prohibiting a nursing facility
15 from charging any amount for services fur-
16 nished, consistent with the notice in para-
17 graph (1)(B) describing such charges.

18 “(ii) NO ADDITIONAL SERVICES RE-
19 QUIRED.—Subparagraph (A) shall not be
20 construed as requiring a State to offer ad-
21 ditional services on behalf of a resident
22 than are otherwise provided under the
23 State plan.

24 “(5) ADMISSIONS POLICY.—

1 “(A) ADMISSIONS.—With respect to admis-
2 sions practices, a nursing facility must—

3 “(i)(I) not require individuals apply-
4 ing to reside or residing in the facility to
5 waive their rights to benefits under a State
6 plan under this title or title XVIII, (II) not
7 require oral or written assurance that such
8 individuals are not eligible for, or will not
9 apply for, benefits under a State plan
10 under this title or title XVIII, and (III)
11 prominently display in the facility written
12 information, and provide to such individ-
13 uals oral and written information, about
14 how to apply for and use such benefits and
15 how to receive refunds for previous pay-
16 ments covered by such benefits;

17 “(ii) not require a third party guaran-
18 tee of payment to the facility as a condi-
19 tion of admission (or expedited admission)
20 to, or continued stay in, the facility; and

21 “(iii) in the case of an individual who
22 is provided medical assistance for nursing
23 facility services, not charge, solicit, accept,
24 or receive, in addition to any amount oth-
25 erwise required to be paid under the State

1 plan under this title, any gift, money, do-
2 nation, or other consideration as a pre-
3 condition of admitting (or expediting the
4 admission of) the individual to the facility
5 or as a requirement for the individual's
6 continued stay in the facility.

7 “(B) CONSTRUCTION.—

8 “(i) NO PREEMPTION OF STRICTER
9 STANDARDS.—Subparagraph (A) shall not
10 be construed as preventing States or politi-
11 cal subdivisions therein from prohibiting,
12 under State or local law, the discrimination
13 against individuals who are provided medi-
14 cal assistance under the State plan with
15 respect to admissions practices of nursing
16 facilities.

17 “(ii) CONTRACTS WITH LEGAL REP-
18 REPRESENTATIVES.—Subparagraph (A)(ii)
19 shall not be construed as preventing a fa-
20 cility from requiring an individual, who has
21 legal access to a resident's income or re-
22 sources available to pay for care in the fa-
23 cility, to sign a contract (without incurring
24 personal financial liability) to provide pay-

1 ment from the resident’s income or re-
2 sources for such care.

3 “(iii) CHARGES FOR ADDITIONAL
4 SERVICES REQUESTED.—Subparagraph
5 (A)(iii) shall not be construed as prevent-
6 ing a facility from charging a resident, eli-
7 gible for medical assistance under the
8 State plan, for items or services the resi-
9 dent has requested and received and that
10 are not specified in the State plan as in-
11 cluded in covered nursing facility services.

12 “(iv) BONA FIDE CONTRIBUTIONS.—
13 Subparagraph (A)(iii) shall not be con-
14 strued as prohibiting a nursing facility
15 from soliciting, accepting, or receiving a
16 charitable, religious, or philanthropic con-
17 tribution from an organization or from a
18 person unrelated to the resident (or poten-
19 tial resident), but only to the extent that
20 such contribution is not a condition of ad-
21 mission, expediting admission, or continued
22 stay in the facility.

23 “(6) PROTECTION OF RESIDENT FUNDS.—

24 “(A) IN GENERAL.—The nursing facility—

1 “(i) may not require residents to de-
2 posit their personal funds with the facility,
3 and

4 “(ii) upon the written authorization of
5 the resident, must hold, safeguard, and ac-
6 count for such personal funds under a sys-
7 tem established and maintained by the fa-
8 cility in accordance with this paragraph.

9 “(B) MANAGEMENT OF PERSONAL
10 FUNDS.—Upon written authorization of a resi-
11 dent under subparagraph (A)(ii), the facility
12 must manage and account for the personal
13 funds of the resident deposited with the facility
14 as follows:

15 “(i) DEPOSIT.—The facility must de-
16 posit any amount of personal funds in ex-
17 cess of \$50 with respect to a resident in an
18 interest bearing account (or accounts) that
19 is separate from any of the facility’s oper-
20 ating accounts and credits all interest
21 earned on such separate account to such
22 account. With respect to any other per-
23 sonal funds, the facility must maintain
24 such funds in a non-interest bearing ac-
25 count or petty cash fund.

1 “(ii) ACCOUNTING AND RECORDS.—

2 The facility must assure a full and com-
3 plete separate accounting of each such
4 resident’s personal funds, maintain a writ-
5 ten record of all financial transactions in-
6 volving the personal funds of a resident de-
7 posited with the facility, and afford the
8 resident (or a legal representative of the
9 resident) reasonable access to such record.

10 “(iii) NOTICE OF CERTAIN BAL-

11 ANCES.—The facility must notify each resi-
12 dent receiving medical assistance under the
13 State plan when the amount in the resi-
14 dent’s account reaches \$200 less than the
15 dollar amount determined under section
16 1611(a)(3)(B) and the fact that if the
17 amount in the account (in addition to the
18 value of the resident’s other nonexempt re-
19 sources) reaches the amount determined
20 under such section the resident may lose
21 eligibility for such medical assistance or for
22 benefits under title XVI.

23 “(iv) CONVEYANCE UPON DEATH.—

24 Upon the death of a resident with such an
25 account, the facility must convey promptly

1 the resident's personal funds (and a final
2 accounting of such funds) to the individual
3 administering the resident's estate. All
4 other personal property, including medical
5 records, shall be considered part of the
6 resident's estate and shall only be released
7 to the administrator of the estate.

8 “(C) ASSURANCE OF FINANCIAL SECUR-
9 RITY.—The facility must purchase a surety
10 bond, or otherwise provide assurance satisfac-
11 tory to the State, to assure the security of all
12 personal funds of residents deposited with the
13 facility.

14 “(D) LIMITATION ON CHARGES TO PER-
15 SONAL FUNDS.—The facility may not impose a
16 charge against the personal funds of a resident
17 for any item or service for which payment is
18 made under this title or title XVIII.

19 “(7) LIMITATION ON CHARGES IN CASE OF
20 MEDICAL-ASSISTANCE-ELIGIBLE INDIVIDUALS.—

21 “(A) IN GENERAL.—A nursing facility may
22 not impose charges, for certain medical-assist-
23 ance-eligible individuals for nursing facility
24 services covered by the State under its plan
25 under this title, that exceed the payment

1 amounts established by the State for such serv-
2 ices under this title.

3 “(B) CERTAIN MEDICAL-ASSISTANCE-ELI-
4 GIBLE INDIVIDUALS DEFINED.—In subpara-
5 graph (A), the term ‘certain medical-assistance-
6 eligible individual’ means an individual who is
7 entitled to medical assistance for nursing facil-
8 ity services in the facility under this title but
9 with respect to whom such benefits are not
10 being paid because, in determining the amount
11 of the individual’s income to be applied monthly
12 to payment for the costs of such services, the
13 amount of such income exceeds the payment
14 amounts established by the State for such serv-
15 ices under this title.

16 “(8) POSTING OF SURVEY RESULTS.—A nurs-
17 ing facility must post in a place readily accessible to
18 residents, and family members and legal representa-
19 tives of residents, the results of the most recent sur-
20 vey of the facility conducted under subsection (g).

21 “(d) REQUIREMENTS RELATING TO ADMINISTRA-
22 TION AND OTHER MATTERS.—

23 “(1) ADMINISTRATION.—

24 “(A) IN GENERAL.—A nursing facility
25 must be administered in a manner that enables

1 it to use its resources effectively and efficiently
2 to attain or maintain the highest practicable
3 physical, mental, and psychosocial well-being of
4 each resident (consistent with requirements es-
5 tablished under subsection (f)(5)).

6 “(B) REQUIRED NOTICES.—If a change oc-
7 curs in—

8 “(i) the persons with an ownership or
9 control interest (as defined in section
10 1124(a)(3)) in the facility,

11 “(ii) the persons who are officers, di-
12 rectors, agents, or managing employees (as
13 defined in section 1126(b)) of the facility,

14 “(iii) the corporation, association, or
15 other company responsible for the manage-
16 ment of the facility, or

17 “(iv) the individual who is the admin-
18 istrator or director of nursing of the facil-
19 ity,

20 the nursing facility must provide notice to the
21 State agency responsible for the licensing of the
22 facility, at the time of the change, of the change
23 and of the identity of each new person, com-
24 pany, or individual described in the respective
25 clause.

1 “(C) NURSING FACILITY ADMINIS-
2 TRATOR.—The administrator of a nursing facil-
3 ity, whether freestanding or hospital-based,
4 must meet such standards as are established by
5 the Secretary under subsection (f)(4).

6 “(2) LICENSING AND LIFE SAFETY CODE.—

7 “(A) LICENSING.—A nursing facility must
8 be licensed under applicable State and local law.

9 “(B) LIFE SAFETY CODE.—A nursing fa-
10 cility must meet such provisions of such edition
11 (as specified by the Secretary in regulation) of
12 the Life Safety Code of the National Fire Pro-
13 tection Association as are applicable to nursing
14 homes; except that—

15 “(i) the Secretary may waive, for such
16 periods as he deems appropriate, specific
17 provisions of such Code which if rigidly ap-
18 plied would result in unreasonable hard-
19 ship upon a facility, but only if such waiver
20 would not adversely affect the health and
21 safety of residents or personnel, and

22 “(ii) the provisions of such Code shall
23 not apply in any State if the Secretary
24 finds that in such State there is in effect
25 a fire and safety code, imposed by State

1 law, which adequately protects residents of
2 and personnel in nursing facilities.

3 “(3) SANITARY AND INFECTION CONTROL AND
4 PHYSICAL ENVIRONMENT.—A nursing facility
5 must—

6 “(A) establish and maintain an infection
7 control program designed to provide a safe, san-
8 itary, and comfortable environment in which
9 residents reside and to help prevent the devel-
10 opment and transmission of disease and infec-
11 tion, and

12 “(B) be designed, constructed, equipped,
13 and maintained in a manner to protect the
14 health and safety of residents, personnel, and
15 the general public.

16 “(4) MISCELLANEOUS.—

17 “(A) COMPLIANCE WITH FEDERAL, STATE,
18 AND LOCAL LAWS AND PROFESSIONAL STAND-
19 ARDS.—A nursing facility, whether freestanding
20 or hospital-based, must operate and provide
21 services in compliance with all applicable Fed-
22 eral, State, and local laws and regulations (in-
23 cluding the requirements of section 1124) and
24 with accepted professional standards and prin-

1 ciples which apply to professionals providing
2 services in such a facility.

3 “(B) OTHER.—A nursing facility must
4 meet such other requirements relating to the
5 health and safety of residents or relating to the
6 physical facilities thereof as the Secretary may
7 find necessary.

8 “(e) STATE REQUIREMENTS RELATING TO NURSING
9 FACILITY REQUIREMENTS.—A State with a State plan
10 under this title shall provide for the following:

11 “(1) SPECIFICATION AND REVIEW OF NURSE
12 AIDE TRAINING AND COMPETENCY EVALUATION
13 PROGRAMS AND OF NURSE AIDE COMPETENCY EVAL-
14 UATION PROGRAMS.—The State must—

15 “(A) specify those training and competency
16 evaluation programs, and those competency
17 evaluation programs, that the State approves
18 for purposes of subsection (b)(5) and that meet
19 the requirements established under subsection
20 (f)(2), and

21 “(B) provide for the review and reapproval
22 of such programs, at a frequency and using a
23 methodology consistent with the requirements
24 established under subsection (f)(2)(A)(iii).

25 “(2) NURSE AIDE REGISTRY.—

1 “(A) IN GENERAL.—The State shall estab-
2 lish and maintain a registry of all individuals
3 who have satisfactorily completed a nurse aide
4 training and competency evaluation program, or
5 a nurse aide competency evaluation program,
6 approved under paragraph (1) in the State, or
7 any individual described in subsection
8 (f)(2)(B)(ii) or in subparagraph (B), (C), or
9 (D) of section 6901(b)(4) of the Omnibus
10 Budget Reconciliation Act of 1989.

11 “(B) INFORMATION IN REGISTRY.—The
12 registry under subparagraph (A) shall provide
13 (in accordance with regulations of the Sec-
14 retary) for the inclusion of specific documented
15 findings by a State under subsection (g)(1)(C)
16 of resident neglect or abuse or misappropriation
17 of resident property involving an individual list-
18 ed in the registry, as well as any brief state-
19 ment of the individual disputing the findings.
20 The State shall make available to the public in-
21 formation in the registry. In the case of inquir-
22 ies to the registry concerning an individual list-
23 ed in the registry, any information disclosed
24 concerning such a finding shall also include dis-
25 closure of any such statement in the registry re-

1 lating to the finding or a clear and accurate
2 summary of such a statement.

3 “(C) PROHIBITION AGAINST CHARGES.—A
4 State may not impose any charges on a nurse
5 aide relating to the registry established and
6 maintained under subparagraph (A).

7 “(3) STATE APPEALS PROCESS FOR TRANSFERS
8 AND DISCHARGES.—The State must provide for a
9 fair mechanism, meeting the guidelines established
10 under subsection (f)(3), for hearing appeals on
11 transfers and discharges of residents of such facili-
12 ties.

13 “(4) NURSING FACILITY ADMINISTRATOR
14 STANDARDS.—The State must implement and en-
15 force the nursing facility administrator standards
16 developed under subsection (f)(4) respecting the
17 qualification of administrators of nursing facilities.
18 Any such standards promulgated shall apply to ad-
19 ministrators of hospital-based facilities as well as ad-
20 ministrators of freestanding facilities.

21 “(5) SPECIFICATION OF RESIDENT ASSESSMENT
22 INSTRUMENT.—The State shall specify the instru-
23 ment to be used by nursing facilities in the State in
24 complying with the requirement of subsection
25 (b)(3)(A)(iii). Such instrument shall be—

1 “(A) one of the instruments designated
2 under subsection (f)(6)(B), or

3 “(B) an instrument which the Secretary
4 has approved as being consistent with the mini-
5 mum data set of core elements, common defini-
6 tions, and utilization guidelines specified by the
7 Secretary under subsection (f)(6)(A).

8 “(6) NOTICE OF RIGHTS.—Each State shall de-
9 velop (and periodically update) a written notice of
10 the rights and obligations of residents of nursing fa-
11 cilities (and spouses of such residents) under this
12 title.

13 “(7) STATE REQUIREMENTS FOR
14 PREADMISSION SCREENING AND RESIDENT RE-
15 VIEW.—

16 “(A) PREADMISSION SCREENING.—

17 “(i) IN GENERAL.—The State must
18 have in effect a preadmission screening
19 program, for identifying mentally ill and
20 mentally retarded individuals (as defined
21 in subparagraph (B)) who are admitted to
22 nursing facilities and for determining
23 whether they require the level of services of
24 such a facility.

1 “(ii) STATE REQUIREMENT FOR RESI-
2 DENT REVIEW.—The State shall notify the
3 State mental health authority or the State
4 mental retardation or developmental dis-
5 ability authority, as appropriate, of the in-
6 dividuals so identified.

7 “(B) DEFINITIONS.—In this paragraph:

8 “(i) An individual is considered to be
9 ‘mentally ill’ if the individual has a serious
10 mental illness (as defined by the Secretary
11 in consultation with the National Institute
12 of Mental Health) and does not have a pri-
13 mary diagnosis of dementia (including Alz-
14 heimer’s disease or a related disorder) or a
15 diagnosis (other than a primary diagnosis)
16 of dementia and a primary diagnosis that
17 is not a serious mental illness.

18 “(ii) An individual is considered to be
19 ‘mentally retarded’ if the individual is
20 mentally retarded or a person with a relat-
21 ed condition.

22 “(f) RESPONSIBILITIES RELATING TO NURSING FA-
23 CILITY REQUIREMENTS.—

24 “(1) GENERAL RESPONSIBILITY.—It is the duty
25 and responsibility of the Secretary to assure that re-

1 requirements which govern the provision of care in
2 nursing facilities under State plans approved under
3 this title, and the enforcement of such requirements,
4 are adequate to protect the health, safety, welfare,
5 and rights of residents and to promote the effective
6 and efficient use of public moneys.

7 “(2) REQUIREMENTS FOR NURSE AIDE TRAIN-
8 ING AND COMPETENCY EVALUATION PROGRAMS AND
9 FOR NURSE AIDE COMPETENCY EVALUATION PRO-
10 GRAMS.—

11 “(A) IN GENERAL.—For purposes of sub-
12 sections (b)(5) and (e)(1)(A), the Secretary
13 shall establish—

14 “(i) requirements for the approval of
15 nurse aide training and competency evalua-
16 tion programs, including requirements re-
17 lating to (I) the areas to be covered in
18 such a program (including at least basic
19 nursing skills, personal care skills, recogni-
20 tion of mental health and social service
21 needs, care of cognitively impaired resi-
22 dents, basic restorative services, and resi-
23 dents’ rights) and content of the curricu-
24 lum, (II) minimum hours of initial and on-
25 going training and retraining (including

1 not less than 75 hours in the case of initial
2 training), (III) qualifications of instruc-
3 tors, and (IV) procedures for determina-
4 tion of competency;

5 “(ii) requirements for the approval of
6 nurse aide competency evaluation pro-
7 grams, including requirement relating to
8 the areas to be covered in such a program,
9 including at least basic nursing skills, per-
10 sonal care skills, recognition of mental
11 health and social service needs, care of
12 cognitively impaired residents, basic restor-
13 ative services, and residents’ rights, and
14 procedures for determination of com-
15 petency;

16 “(iii) requirements respecting the
17 minimum frequency and methodology to be
18 used by a State in reviewing such pro-
19 grams’ compliance with the requirements
20 for such programs; and

21 “(iv) requirements, under both such
22 programs, that—

23 “(I) provide procedures for deter-
24 mining competency that permit a
25 nurse aide, at the nurse aide’s option,

1 to establish competency through pro-
2 cedures or methods other than the
3 passing of a written examination and
4 to have the competency evaluation
5 conducted at the nursing facility at
6 which the aide is (or will be) employed
7 (unless the facility is described in sub-
8 paragraph (B)(iii)(I)),

9 “(II) prohibit the imposition on a
10 nurse aide who is employed by (or
11 who has received an offer of employ-
12 ment from) a facility on the date on
13 which the aide begins either such pro-
14 gram of any charges (including any
15 charges for textbooks and other re-
16 quired course materials and any
17 charges for the competency evalua-
18 tion) for either such program, and

19 “(III) in the case of a nurse aide
20 not described in subclause (II) who is
21 employed by (or who has received an
22 offer of employment from) a facility
23 not later than 12 months after com-
24 pleting either such program, the State
25 shall provide for the reimbursement of

1 costs incurred in completing such pro-
2 gram on a prorata basis during the
3 period in which the nurse aide is so
4 employed.

5 “(B) APPROVAL OF CERTAIN PROGRAMS.—

6 Such requirements—

7 “(i) may permit approval of programs
8 offered by or in facilities, as well as outside
9 facilities (including employee organiza-
10 tions);

11 “(ii) shall permit a State to find that
12 an individual who has completed (before
13 July 1, 1989) a nurse aide training and
14 competency evaluation program shall be
15 deemed to have completed such a program
16 approved under subsection (b)(5) if the
17 State determines that, at the time the pro-
18 gram was offered, the program met the re-
19 quirements for approval under such para-
20 graph; and

21 “(iii) subject to subparagraph (C),
22 shall prohibit approval of such a pro-
23 gram—

1 “(I) offered by or in a nursing
2 facility which, within the previous 2
3 years—

4 “(a) has operated under a
5 waiver under subsection
6 (b)(4)(C)(ii) that was granted on
7 the basis of a demonstration that
8 the facility is unable to provide
9 the nursing care required under
10 subsection (b)(4)(C)(i) for a pe-
11 riod in excess of 48 hours during
12 a week;

13 “(b) has been subject to an
14 extended (or partial extended)
15 survey under section
16 1819(g)(2)(B)(i) or subsection
17 (g)(2)(B)(i) of this section; or

18 “(c) has been assessed a
19 civil money penalty described in
20 section 1819(h)(2)(B)(ii) or sub-
21 section (h)(2)(A)(ii) of this sec-
22 tion of not less than \$5,000, or
23 has been subject to a remedy de-
24 scribed in subsection (h)(1)(B)(i)
25 of this section, clauses (i), (iii),

1 or (iv) of subsection (h)(2)(A) of
2 this section, clauses (i) or (iii) of
3 section 1819(h)(2)(B), or section
4 1819(h)(4), or

5 “(II) offered by or in a nursing
6 facility unless the State makes the de-
7 termination, upon an individual’s com-
8 pletion of the program, that the indi-
9 vidual is competent to provide nursing
10 and nursing-related services in nurs-
11 ing facilities.

12 A State may not delegate (through sub-
13 contract or otherwise) its responsibility
14 under clause (iii)(II) to the nursing facil-
15 ity.

16 “(C) WAIVER AUTHORIZED.—Clause (iii)
17 of subparagraph (B) shall not apply to a pro-
18 gram offered in (but not by) a nursing facility
19 in a State if the State—

20 “(i) determines that there is no other
21 such program offered within a reasonable
22 distance of the facility,

23 “(ii) assures, through an oversight ef-
24 fort, that an adequate environment exists

1 for operating the program in the facility,
2 and

3 “(iii) provides notice of such deter-
4 mination and assurances to the State long-
5 term care ombudsman.

6 “(3) FEDERAL GUIDELINES FOR STATE AP-
7 PEALS PROCESS FOR TRANSFERS AND DIS-
8 CHARGES.—For purposes of subsections
9 (e)(2)(B)(iii) and (e)(3), the Secretary shall estab-
10 lish guidelines for minimum standards which State
11 appeals processes under subsection (e)(3) must meet
12 to provide a fair mechanism for hearing appeals on
13 transfers and discharges of residents from nursing
14 facilities.

15 “(4) QUALIFICATION OF ADMINISTRATORS.—
16 For purposes of subsections (d)(1)(C) and (e)(4),
17 the Secretary shall develop standards to be applied
18 in assuring the qualifications of administrators of
19 nursing facilities. Any such standards must apply to
20 administrators of hospital-based facilities as well as
21 administrators of freestanding facilities.

22 “(5) CRITERIA FOR ADMINISTRATION.—The
23 Secretary shall establish criteria for assessing a
24 nursing facility’s compliance with the requirement of
25 subsection (d)(1) with respect to—

1 “(A) its governing body and management,

2 “(B) agreements with hospitals regarding

3 transfers of residents to and from the hospitals

4 and to and from other nursing facilities,

5 “(C) disaster preparedness,

6 “(D) direction of medical care by a physi-

7 cian,

8 “(E) laboratory and radiological services,

9 “(F) clinical records, and

10 “(G) resident and advocate participation.

11 “(6) SPECIFICATION OF RESIDENT ASSESSMENT

12 DATA SET AND INSTRUMENTS.—The Secretary

13 shall—

14 “(A) specify a minimum data set of core

15 elements and common definitions for use by

16 nursing facilities in conducting the assessments

17 required under subsection (b)(3), and establish

18 guidelines for utilization of the data set; and

19 “(B) designate one or more instruments

20 which are consistent with the specification made

21 under subparagraph (A) and which a State may

22 specify under subsection (e)(5)(A) for use by

23 nursing facilities in complying with the require-

24 ments of subsection (b)(3)(A)(iii).

1 “(7) LIST OF ITEMS AND SERVICES FURNISHED
2 IN NURSING FACILITIES NOT CHARGEABLE TO THE
3 PERSONAL FUNDS OF A RESIDENT.—The Secretary
4 shall issue regulations that define those costs which
5 may be charged to the personal funds of residents
6 in nursing facilities who are individuals receiving
7 medical assistance with respect to nursing facility
8 services under this title and those costs which are to
9 be included in the payment amount under this title
10 for nursing facility services.

11 “(8) CRITERIA FOR MONITORING STATE WAIV-
12 ERS.—The Secretary shall develop criteria and pro-
13 cedures for monitoring State performances in grant-
14 ing waivers pursuant to subsection (b)(4)(C)(ii).

15 “(g) SURVEY AND CERTIFICATION PROCESS.—

16 “(1) STATE AND FEDERAL RESPONSIBILITY.—

17 “(A) IN GENERAL.—Under each State plan
18 under this title, the State shall be responsible
19 for certifying, in accordance with surveys con-
20 ducted under paragraph (2), the compliance of
21 nursing facilities (other than facilities of the
22 State) with the requirements of subsections (b),
23 (c), and (d). The Secretary shall be responsible
24 for certifying, in accordance with surveys con-
25 ducted under paragraph (2), the compliance of

1 State nursing facilities with the requirements of
2 such subsections.

3 “(B) EDUCATIONAL PROGRAM.—Each
4 State shall conduct periodic educational pro-
5 grams for the staff and residents (and their
6 representatives) of nursing facilities in order to
7 present current regulations, procedures, and
8 policies under this section.

9 “(C) INVESTIGATION OF ALLEGATIONS OF
10 RESIDENT NEGLECT AND ABUSE AND MIS-
11 APPROPRIATION OF RESIDENT PROPERTY.—The
12 State shall provide, through the agency respon-
13 sible for surveys and certification of nursing fa-
14 cilities under this subsection, for a process for
15 the receipt and timely review and investigation
16 of allegations of neglect and abuse and mis-
17 appropriation of resident property by a nurse
18 aide of a resident in a nursing facility or by an-
19 other individual used by the facility in providing
20 services to such a resident. The State shall,
21 after notice to the individual involved and a rea-
22 sonable opportunity for a hearing for the indi-
23 vidual to rebut allegations, make a finding as to
24 the accuracy of the allegations. If the State
25 finds that a nurse aide has neglected or abused

1 a resident or misappropriated resident property
2 in a facility, the State shall notify the nurse
3 aide and the registry of such finding. If the
4 State finds that any other individual used by
5 the facility has neglected or abused a resident
6 or misappropriated resident property in a facil-
7 ity, the State shall notify the appropriate licen-
8 sure authority. A State shall not make a find-
9 ing that an individual has neglected a resident
10 if the individual demonstrates that such neglect
11 was caused by factors beyond the control of the
12 individual.

13 “(2) SURVEYS.—

14 “(A) ANNUAL STANDARD SURVEY.—

15 “(i) IN GENERAL.—Each nursing fa-
16 cility shall be subject to a standard survey,
17 to be conducted without any prior notice to
18 the facility. Any individual who notifies (or
19 causes to be notified) a nursing facility of
20 the time or date on which such a survey is
21 scheduled to be conducted is subject to a
22 civil money penalty of not to exceed
23 \$2,000. The provisions of section 1128A
24 (other than subsections (a) and (b)) shall
25 apply to a civil money penalty under the

1 previous sentence in the same manner as
2 such provisions apply to a penalty or pro-
3 ceeding under section 1128A(a). The Sec-
4 retary shall review each State's procedures
5 for scheduling and conduct of standard
6 surveys to assure that the State has taken
7 all reasonable steps to avoid giving notice
8 of such a survey through the scheduling
9 procedures and the conduct of the surveys
10 themselves.

11 “(ii) CONTENTS.—Each standard sur-
12 vey shall include, for a case-mix stratified
13 sample of residents—

14 “(I) a survey of the quality of
15 care furnished, as measured by indica-
16 tors of medical, nursing, and rehabili-
17 tative care, dietary and nutrition serv-
18 ices, activities and social participation,
19 and sanitation, infection control, and
20 the physical environment,

21 “(II) written plans of care pro-
22 vided under subsection (b)(2) and an
23 audit of the residents' assessments
24 under subsection (b)(3) to determine
25 the accuracy of such assessments and

1 the adequacy of such plans of care,
2 and

3 “(III) a review of compliance
4 with residents’ rights under sub-
5 section (c).

6 “(iii) FREQUENCY.—

7 “(I) IN GENERAL.—Each nursing
8 facility shall be subject to a standard
9 survey not later than 15 months after
10 the date of the previous standard sur-
11 vey conducted under this subpara-
12 graph. The statewide average interval
13 between standard surveys of a nursing
14 facility shall not exceed 12 months.

15 “(II) SPECIAL SURVEYS.—If not
16 otherwise conducted under subclause
17 (I), a standard survey (or an abbrevi-
18 ated standard survey) may be con-
19 ducted within 2 months of any change
20 of ownership, administration, manage-
21 ment of a nursing facility, or director
22 of nursing in order to determine
23 whether the change has resulted in
24 any decline in the quality of care fur-
25 nished in the facility.

1 “(B) EXTENDED SURVEYS.—

2 “(i) IN GENERAL.—Each nursing fa-
3 cility which is found, under a standard sur-
4 vey, to have provided substandard quality
5 of care shall be subject to an extended sur-
6 vey. Any other facility may, at the Sec-
7 retary’s or State’s discretion, be subject to
8 such an extended survey (or a partial ex-
9 tended survey).

10 “(ii) TIMING.—The extended survey
11 shall be conducted immediately after the
12 standard survey (or, if not practicable, not
13 later than 2 weeks after the date of com-
14 pletion of the standard survey).

15 “(iii) CONTENTS.—In such an ex-
16 tended survey, the survey team shall review
17 and identify the policies and procedures
18 which produced such substandard quality
19 of care and shall determine whether the fa-
20 cility has complied with all the require-
21 ments described in subsections (b), (c),
22 and (d). Such review shall include an ex-
23 pansion of the size of the sample of resi-
24 dents’ assessments reviewed and a review
25 of the staffing, of in-service training, and,

1 if appropriate, of contracts with consult-
2 ants.

3 “(iv) CONSTRUCTION.—Nothing in
4 this paragraph shall be construed as re-
5 quiring an extended or partial extended
6 survey as a prerequisite to imposing a
7 sanction against a facility under subsection
8 (h) on the basis of findings in a standard
9 survey.

10 “(C) SURVEY PROTOCOL.—Standard and
11 extended surveys shall be conducted—

12 “(i) based upon the protocol which the
13 Secretary has developed, tested, and vali-
14 dated, as of the date of the enactment of
15 this title, and

16 “(ii) by individuals, of a survey team,
17 who meet such minimum qualifications as
18 the Secretary establishes.

19 “(D) CONSISTENCY OF SURVEYS.—Each
20 State shall implement programs to measure and
21 reduce inconsistency in the application of sur-
22 vey results among surveyors.

23 “(E) SURVEY TEAMS.—

24 “(i) IN GENERAL.—Surveys under
25 this subsection shall be conducted by a

1 multidisciplinary team of professionals (in-
2 cluding a registered professional nurse).

3 “(ii) PROHIBITION OF CONFLICTS OF
4 INTEREST.—A State may not use as a
5 member of a survey team under this sub-
6 section an individual who is serving (or has
7 served within the previous 2 years) as a
8 member of the staff of, or as a consultant
9 to, the facility surveyed respecting compli-
10 ance with the requirements of subsections
11 (b), (c), and (d), or who has a personal or
12 familial financial interest in the facility
13 being surveyed.

14 “(iii) TRAINING.—The Secretary shall
15 provide for the comprehensive training of
16 State and Federal surveyors in the conduct
17 of standard and extended surveys under
18 this subsection, including the auditing of
19 resident assessments and plans of care. No
20 individual shall serve as a member of a
21 survey team unless the individual has suc-
22 cessfully completed a training and testing
23 program in survey and certification tech-
24 niques that has been approved by the Sec-
25 retary.

1 “(3) VALIDATION SURVEYS.—

2 “(A) IN GENERAL.—The Secretary shall
3 conduct onsite surveys of a representative sam-
4 ple of nursing facilities in each State, within 2
5 months of the date of surveys conducted under
6 paragraph (2) by the State, in a sufficient num-
7 ber to allow inferences about the adequacies of
8 each State’s surveys conducted under para-
9 graph (2). In conducting such surveys, the Sec-
10 retary shall use the same survey protocols as
11 the State is required to use under paragraph
12 (2). If the State has determined that an indi-
13 vidual nursing facility meets the requirements
14 of subsections (b), (c), and (d), but the Sec-
15 retary determines that the facility does not
16 meet such requirements, the Secretary’s deter-
17 mination as to the facility’s noncompliance with
18 such requirements is binding and supersedes
19 that of the State survey.

20 “(B) SCOPE.—With respect to each State,
21 the Secretary shall conduct surveys under sub-
22 paragraph (A) each year with respect to at least
23 5 percent of the number of nursing facilities
24 surveyed by the State in the year, but in no
25 case less than 5 nursing facilities in the State.

1 “(C) REDUCTION IN ADMINISTRATIVE
2 COSTS FOR SUBSTANDARD PERFORMANCE.—If
3 the Secretary finds, on the basis of such sur-
4 veys, that a State has failed to perform surveys
5 as required under paragraph (2) or that a
6 State’s survey and certification performance
7 otherwise is not adequate, the Secretary may
8 provide for the training of survey teams in the
9 State and shall provide for a reduction of the
10 payment otherwise made to the State under sec-
11 tion 1512(a)(3)(C) with respect to a quarter
12 equal to 33 percent multiplied by a fraction, the
13 denominator of which is equal to the total num-
14 ber of residents in nursing facilities surveyed by
15 the Secretary that quarter and the numerator
16 of which is equal to the total number of resi-
17 dents in nursing facilities which were found
18 pursuant to such surveys to be not in compli-
19 ance with any of the requirements of sub-
20 sections (b), (c), and (d). A State that is dissat-
21 isfied with the Secretary’s findings under this
22 subparagraph may obtain reconsideration and
23 review of the findings under section 1116 in the
24 same manner as a State may seek reconsider-
25 ation and review under that section of the Sec-

1 retary’s determination under section
2 1116(a)(1).

3 “(D) SPECIAL SURVEYS OF COMPLI-
4 ANCE.—Where the Secretary has reason to
5 question the compliance of a nursing facility
6 with any of the requirements of subsections (b),
7 (c), and (d), the Secretary may conduct a sur-
8 vey of the facility and, on the basis of that sur-
9 vey, make independent and binding determina-
10 tions concerning the extent to which the nurs-
11 ing facility meets such requirements.

12 “(4) INVESTIGATION OF COMPLAINTS AND MON-
13 ITORING NURSING FACILITY COMPLIANCE.—Each
14 State shall maintain procedures and adequate staff
15 to—

16 “(A) investigate complaints of violations of
17 requirements by nursing facilities, and

18 “(B) monitor, on-site, on a regular, as
19 needed basis, a nursing facility’s compliance
20 with the requirements of subsections (b), (c),
21 and (d), if—

22 “(i) the facility has been found not to
23 be in compliance with such requirements
24 and is in the process of correcting defi-
25 ciencies to achieve such compliance;

1 “(ii) the facility was previously found
2 not to be in compliance with such require-
3 ments, has corrected deficiencies to achieve
4 such compliance, and verification of contin-
5 ued compliance is indicated; or

6 “(iii) the State has reason to question
7 the compliance of the facility with such re-
8 quirements.

9 A State may maintain and utilize a specialized team
10 (including an attorney, an auditor, and appropriate
11 health care professionals) for the purpose of identi-
12 fying, surveying, gathering and preserving evidence,
13 and carrying out appropriate enforcement actions
14 against substandard nursing facilities.

15 “(5) DISCLOSURE OF RESULTS OF INSPECTIONS
16 AND ACTIVITIES.—

17 “(A) PUBLIC INFORMATION.—Each State,
18 and the Secretary, shall make available to the
19 public—

20 “(i) information respecting all surveys
21 and certifications made respecting nursing
22 facilities, including statements of defi-
23 ciencies, within 14 calendar days after
24 such information is made available to those
25 facilities, and approved plans of correction,

1 “(ii) copies of cost reports of such fa-
2 cilities filed under this title or under title
3 XVIII,

4 “(iii) copies of statements of owner-
5 ship under section 1124, and

6 “(iv) information disclosed under sec-
7 tion 1126.

8 “(B) NOTICE TO OMBUDSMAN.—Each
9 State shall notify the State long-term care om-
10 budsman (established under title III or VII of
11 the Older Americans Act of 1965 in accordance
12 with section 712 of the Act) of the State’s find-
13 ings of noncompliance with any of the require-
14 ments of subsections (b), (c), and (d), or of any
15 adverse action taken against a nursing facility
16 under paragraphs (1), (2), or (3) of subsection
17 (h), with respect to a nursing facility in the
18 State.

19 “(C) NOTICE TO PHYSICIANS AND NURS-
20 ING FACILITY ADMINISTRATOR LICENSING
21 BOARD.—If a State finds that a nursing facility
22 has provided substandard quality of care, the
23 State shall notify—

1 “(i) the attending physician of each
2 resident with respect to which such finding
3 is made, and

4 “(ii) any State board responsible for
5 the licensing of the nursing facility admin-
6 istrator of the facility.

7 “(D) ACCESS TO FRAUD CONTROL
8 UNITS.—Each State shall provide its State
9 fraud and abuse control unit (established under
10 section 1554) with access to all information of
11 the State agency responsible for surveys and
12 certifications under this subsection.

13 “(h) ENFORCEMENT PROCESS.—

14 “(1) IN GENERAL.—If a State finds, on the
15 basis of a standard, extended, or partial extended
16 survey under subsection (g)(2) or otherwise, that a
17 nursing facility no longer meets a requirement of
18 subsection (b), (c), or (d)—

19 “(A) the State shall require the facility to
20 correct the deficiency involved;

21 “(B) if the State finds that the facility’s
22 deficiencies immediately jeopardize the health
23 or safety of its residents, the State shall take
24 immediate action to remove the jeopardy and
25 correct the deficiencies through the remedy

1 specified in paragraph (2)(A)(iii), or terminate
2 the facility's participation under the State plan
3 and may provide, in addition, for one or more
4 of the other remedies described in paragraph
5 (2); and

6 “(C) if the State finds that the facility's
7 deficiencies do not immediately jeopardize the
8 health or safety of its residents, the State
9 may—

10 “(i) terminate the facility's participa-
11 tion under the State plan,

12 “(ii) provide for one or more of the
13 remedies described in paragraph (2), or

14 “(iii) do both.

15 Nothing in this paragraph shall be construed as re-
16 stricting the remedies available to a State to remedy
17 a nursing facility's deficiencies. If a State finds that
18 a nursing facility meets the requirements of sub-
19 sections (b), (c), and (d), but, as of a previous pe-
20 riod, did not meet such requirements, the State may
21 provide for a civil money penalty under paragraph
22 (2)(A)(ii) for the days in which it finds that the fa-
23 cility was not in compliance with such requirements.

24 “(2) SPECIFIED REMEDIES.—

1 “(A) LISTING.—Except as provided in sub-
2 paragraph (B), each State shall establish by law
3 (whether statute or regulation) at least the fol-
4 lowing remedies:

5 “(i) Denial of payment under the
6 State plan with respect to any individual
7 admitted to the nursing facility involved
8 after such notice to the public and to the
9 facility as may be provided for by the
10 State.

11 “(ii) A civil money penalty assessed
12 and collected, with interest, for each day in
13 which the facility is or was out of compli-
14 ance with a requirement of subsection (b),
15 (c), or (d). Funds collected by a State as
16 a result of imposition of such a penalty (or
17 as a result of the imposition by the State
18 of a civil money penalty for activities de-
19 scribed in subsection (b)(3)(B)(ii)(I),
20 (b)(3)(B)(ii)(II), or (g)(2)(A)(i)) shall be
21 applied to the protection of the health or
22 property of residents of nursing facilities
23 that the State or the Secretary finds defi-
24 cient, including payment for the costs of
25 relocation of residents to other facilities,

1 maintenance of operation of a facility
2 pending correction of deficiencies or clo-
3 sure, and reimbursement of residents for
4 personal funds lost.

5 “(iii) The appointment of temporary
6 management to oversee the operation of
7 the facility and to assure the health and
8 safety of the facility’s residents, where
9 there is a need for temporary management
10 while—

11 “(I) there is an orderly closure of
12 the facility, or

13 “(II) improvements are made in
14 order to bring the facility into compli-
15 ance with all the requirements of sub-
16 sections (b), (c), and (d).

17 The temporary management under this
18 clause shall not be terminated under sub-
19 clause (II) until the State has determined
20 that the facility has the management capa-
21 bility to ensure continued compliance with
22 all the requirements of subsections (b), (c),
23 and (d).

24 “(iv) The authority, in the case of an
25 emergency, to close the facility, to transfer

1 residents in that facility to other facilities,
2 or both.

3 The State also shall specify criteria, as to when
4 and how each of such remedies is to be applied,
5 the amounts of any fines, and the severity of
6 each of these remedies, to be used in the im-
7 position of such remedies. Such criteria shall be
8 designed so as to minimize the time between
9 the identification of violations and final imposi-
10 tion of the remedies and shall provide for the
11 imposition of incrementally more severe fines
12 for repeated or uncorrected deficiencies. In ad-
13 dition, the State may provide for other specified
14 remedies, such as directed plans of correction.

15 “(B) GUIDANCE AND ALTERNATIVE REM-
16 EDIES.—(i) The Secretary shall provide through
17 regulations guidance to States in establishing
18 remedies under clauses (i) through (iv) of sub-
19 paragraph (A).

20 “(ii) A State may establish alternative
21 remedies (other than termination of participa-
22 tion) other than those described in clauses (i)
23 through (iv) of subparagraph (A), if the State
24 demonstrates to the Secretary’s satisfaction
25 that the alternative remedies are as effective in

1 detrerring noncompliance and correcting defi-
2 ciencies as those described in such subpara-
3 graph.

4 “(C) ASSURING PROMPT COMPLIANCE.—If
5 a nursing facility has not complied with any of
6 the requirements of subsections (b), (c), and
7 (d), within 3 months after the date the facility
8 is found to be out of compliance with such re-
9 quirements, the State shall impose the remedy
10 described in subparagraph (A)(i) for all individ-
11 uals who are admitted to the facility after such
12 date.

13 “(D) REPEATED NONCOMPLIANCE.—In the
14 case of a nursing facility which, on 3 consec-
15 utive standard surveys conducted under sub-
16 section (g)(2), has been found to have provided
17 substandard quality of care, the State shall (re-
18 gardless of what other remedies are provided)—

19 “(i) impose the remedy described in
20 subparagraph (A)(i), and

21 “(ii) monitor the facility under sub-
22 section (g)(4)(B),

23 until the facility has demonstrated, to the satis-
24 faction of the State, that it is in compliance
25 with the requirements of subsections (b), (c),

1 and (d), and that it will remain in compliance
2 with such requirements.

3 “(E) FUNDING.—The reasonable expendi-
4 tures of a State to provide for temporary man-
5 agement and other expenses associated with im-
6 plementing the remedies described in clauses
7 (iii) and (iv) of subparagraph (A) shall be con-
8 sidered, for purposes of section 1512(a)(3)(C),
9 to be necessary for the proper and efficient ad-
10 ministration of the State plan.

11 “(F) INCENTIVES FOR HIGH QUALITY
12 CARE.—In addition to the remedies specified in
13 this paragraph, a State may establish a pro-
14 gram to reward, through public recognition, in-
15 centive payments, or both, nursing facilities
16 that provide the highest quality care to resi-
17 dents who are entitled to medical assistance
18 under this title. For purposes of section
19 1512(a)(3)(C), proper expenses incurred by a
20 State in carrying out such a program shall be
21 considered to be expenses necessary for the
22 proper and efficient administration of the State
23 plan.

24 “(3) SECRETARIAL AUTHORITY.—

1 “(A) FOR STATE NURSING FACILITIES.—
2 With respect to a State nursing facility, the
3 Secretary shall have the authority and duties of
4 a State under this subsection, including the au-
5 thority to impose remedies described in clauses
6 (i), (ii), and (iii) of paragraph (2)(A). Nothing
7 in this subparagraph shall be construed as re-
8 stricting the remedies available to the Secretary
9 to remedy a nursing facility’s deficiencies.

10 “(B) OTHER NURSING FACILITIES.—With
11 respect to any other nursing facility in a State,
12 if the Secretary finds that a nursing facility no
13 longer meets a requirement of subsection (b),
14 (c), (d), or (e), and further finds that the facili-
15 ty’s deficiencies—

16 “(i) immediately jeopardize the health
17 or safety of its residents, the Secretary
18 shall take immediate action to remove the
19 jeopardy and correct the deficiencies
20 through the remedy specified in subpara-
21 graph (C)(iii), or terminate the facility’s
22 participation under the State plan and
23 may provide, in addition, for one or more
24 of the other remedies described in subpara-
25 graph (C); or

1 “(ii) do not immediately jeopardize
2 the health or safety of its residents, the
3 Secretary may impose any of the remedies
4 described in subparagraph (C).

5 Nothing in this subparagraph shall be con-
6 strued as restricting the remedies available to
7 the Secretary to remedy a nursing facility’s de-
8 ficiencies. If the Secretary finds that a nursing
9 facility meets such requirements but, as of a
10 previous period, did not meet such require-
11 ments, the Secretary may provide for a civil
12 money penalty under subparagraph (C)(ii) for
13 the days on which he finds that the facility was
14 not in compliance with such requirements.

15 “(C) SPECIFIED REMEDIES.—The rem-
16 edies specified in this subparagraph are as fol-
17 lows:

18 “(i) DENIAL OF PAYMENT.—Denial of
19 any further payments to the State in ac-
20 cordance with section 1529(f) for medical
21 assistance furnished by the facility to all
22 individuals in the facility or to individuals
23 admitted to the facility after the effective
24 date of the finding.

1 “(ii) AUTHORITY WITH RESPECT TO
2 CIVIL MONEY PENALTIES.—Imposition of a
3 civil money penalty against the facility in
4 an amount not to exceed \$10,000 for each
5 day of noncompliance. The provisions of
6 section 1128A (other than subsections (a)
7 and (b)) shall apply to a civil money pen-
8 alty under the previous sentence in the
9 same manner as such provisions apply to a
10 penalty or proceeding under section
11 1128A(a).

12 “(iii) APPOINTMENT OF TEMPORARY
13 MANAGEMENT.—Appointment of tem-
14 porary management to oversee the oper-
15 ation of the facility and to assure the
16 health and safety of the facility’s residents,
17 where there is a need for temporary man-
18 agement while—

19 “(I) there is an orderly closure of
20 the facility, or

21 “(II) improvements are made in
22 order to bring the facility into compli-
23 ance with all the requirements of sub-
24 sections (b), (c), and (d).

1 The temporary management under this
2 clause shall not be terminated under sub-
3 clause (II) until the Secretary has deter-
4 mined that the facility has the manage-
5 ment capability to ensure continued com-
6 pliance with all the requirements of sub-
7 sections (b), (c), and (d).

8 The Secretary shall specify criteria, as to when
9 and how each of such remedies is to be applied,
10 the amounts of any fines, and the severity of
11 each of these remedies, to be used in the impo-
12 sition of such remedies. Such criteria shall be
13 designed so as to minimize the time between
14 the identification of violations and final imposi-
15 tion of the remedies and shall provide for the
16 imposition of incrementally more severe fines
17 for repeated or uncorrected deficiencies. In ad-
18 dition, the Secretary may provide for other
19 specified remedies, such as directed plans of
20 correction.

21 “(D) CONTINUATION OF PAYMENTS PEND-
22 ING REMEDIATION.—The Secretary may con-
23 tinue payments, over a period of not longer
24 than 6 months after the effective date of the
25 findings, under this title with respect to a nurs-

1 ing facility not in compliance with a require-
2 ment of subsection (b), (c), or (d), if—

3 “(i) the State survey agency finds
4 that it is more appropriate to take alter-
5 native action to assure compliance of the
6 facility with the requirements than to ter-
7minate the certification of the facility,

8 “(ii) the State has submitted a plan
9 and timetable for corrective action to the
10 Secretary for approval and the Secretary
11 approves the plan of corrective action, and

12 “(iii) the State agrees to repay to the
13 Federal Government payments received
14 under this subparagraph if the corrective
15 action is not taken in accordance with the
16 approved plan and timetable.

17 The Secretary shall establish guidelines for ap-
18 proval of corrective actions requested by States
19 under this subparagraph.

20 “(4) SPECIAL RULES REGARDING PAYMENTS TO
21 FACILITIES.—

22 “(A) CONTINUATION OF PAYMENTS PEND-
23 ING REMEDIATION.—The State or the Sec-
24 retary, as appropriate, may continue payments,
25 over a period of not longer than 6 months after

1 the effective date of the findings, under this
2 title with respect to a nursing facility not in
3 compliance with a requirement of subsection
4 (b), (c), or (d). The State may continue such
5 payments only if—

6 “(i) the State survey agency finds
7 that it is more appropriate to take alter-
8 native action to assure compliance of the
9 facility with the requirements than to ter-
10minate the certification of the facility,

11 “(ii) the State has submitted a plan
12 and timetable for corrective action to the
13 Secretary for approval and the Secretary
14 approves the plan of corrective action, and

15 “(iii) the State agrees to repay to the
16 Federal Government payments received
17 under this subparagraph if the corrective
18 action is not taken in accordance with the
19 approved plan and timetable.

20 The Secretary shall establish guidelines for ap-
21proval of corrective actions requested by States
22under this subparagraph.

23 “(B) EFFECTIVE PERIOD OF DENIAL OF
24PAYMENT.—A finding to deny payment under
25this subsection shall terminate when the State

1 or Secretary (as the case may be) finds that the
2 facility is in substantial compliance with all the
3 requirements of subsections (b), (c), and (d).

4 “(5) IMMEDIATE TERMINATION OF PARTICIPA-
5 TION FOR FACILITY WHERE STATE OR SECRETARY
6 FINDS NONCOMPLIANCE AND IMMEDIATE JEOP-
7 ARDY.—If either the State or the Secretary finds
8 that a nursing facility has not met a requirement of
9 subsection (b), (c), or (d), and finds that the failure
10 immediately jeopardizes the health or safety of its
11 residents, the State or the Secretary, respectively
12 shall notify the other of such finding, and the State
13 or the Secretary, respectively, shall take immediate
14 action to remove the jeopardy and correct the defi-
15 ciencies through the remedy specified in paragraph
16 (2)(A)(iii) or (3)(C)(iii), or terminate the facility’s
17 participation under the State plan. If the facility’s
18 participation in the State plan is terminated by ei-
19 ther the State or the Secretary, the State shall pro-
20 vide for the safe and orderly transfer of the resi-
21 dents eligible under the State plan consistent with
22 the requirements of subsection (c)(2).

23 “(6) SPECIAL RULES WHERE STATE AND SEC-
24 RETARY DO NOT AGREE ON FINDING OF NON-
25 COMPLIANCE.—

1 “(A) STATE FINDING OF NONCOMPLIANCE
2 AND NO SECRETARIAL FINDING OF NONCOMPLI-
3 ANCE.—If the Secretary finds that a nursing
4 facility has met all the requirements of sub-
5 sections (b), (c), and (d), but a State finds that
6 the facility has not met such requirements and
7 the failure does not immediately jeopardize the
8 health or safety of its residents, the State’s
9 findings shall control and the remedies imposed
10 by the State shall be applied.

11 “(B) SECRETARIAL FINDING OF NON-
12 COMPLIANCE AND NO STATE FINDING OF NON-
13 COMPLIANCE.—If the Secretary finds that a
14 nursing facility has not met all the require-
15 ments of subsections (b), (c), and (d), and that
16 the failure does not immediately jeopardize the
17 health or safety of its residents, but the State
18 has not made such a finding, the Secretary—

19 “(i) may impose any remedies speci-
20 fied in paragraph (3)(C) with respect to
21 the facility, and

22 “(ii) shall (pending any termination
23 by the Secretary) permit continuation of
24 payments in accordance with paragraph
25 (3)(D).

1 “(7) SPECIAL RULES FOR TIMING OF TERMI-
2 NATION OF PARTICIPATION WHERE REMEDIES OVER-
3 LAP.—If both the Secretary and the State find that
4 a nursing facility has not met all the requirements
5 of subsections (b), (c), and (d), and neither finds
6 that the failure immediately jeopardizes the health
7 or safety of its residents—

8 “(A)(i) if both find that the facility’s par-
9 ticipation under the State plan should be termi-
10 nated, the State’s timing of any termination
11 shall control so long as the termination date
12 does not occur later than 6 months after the
13 date of the finding to terminate;

14 “(ii) if the Secretary, but not the State,
15 finds that the facility’s participation under the
16 State plan should be terminated, the Secretary
17 shall (pending any termination by the Sec-
18 retary) permit continuation of payments in ac-
19 cordance with paragraph (3)(D); or

20 “(iii) if the State, but not the Secretary,
21 finds that the facility’s participation under the
22 State plan should be terminated, the State’s de-
23 cision to terminate, and timing of such termi-
24 nation, shall control; and

1 “(B)(i) if the Secretary or the State, but
2 not both, establishes one or more remedies
3 which are additional or alternative to the rem-
4 edy of terminating the facility’s participation
5 under the State plan, such additional or alter-
6 native remedies shall also be applied, or

7 “(ii) if both the Secretary and the State
8 establish one or more remedies which are addi-
9 tional or alternative to the remedy of terminat-
10 ing the facility’s participation under the State
11 plan, only the additional or alternative remedies
12 of the Secretary shall apply.

13 “(8) CONSTRUCTION.—The remedies provided
14 under this subsection are in addition to those other-
15 wise available under Federal or State law and shall
16 not be construed as limiting such other remedies, in-
17 cluding any remedy available to an individual at
18 common law. The remedies described in clauses (i),
19 (iii), and (iv) of paragraph (2)(A) may be imposed
20 during the pendency of any hearing. The provisions
21 of this subsection shall apply to a nursing facility (or
22 portion thereof) notwithstanding that the facility (or
23 portion thereof) also is a skilled nursing facility for
24 purposes of title XVIII.

1 “(9) SHARING OF INFORMATION.—Notwith-
2 standing any other provision of law, all information
3 concerning nursing facilities required by this section
4 to be filed with the Secretary or a State agency shall
5 be made available by such facilities to Federal or
6 State employees for purposes consistent with the ef-
7 fective administration of programs established under
8 this title and title XVIII, including investigations by
9 State fraud control units.

10 “(i) CONSTRUCTION.—Where requirements or obliga-
11 tions under this section are identical to those provided
12 under section 1819 of this Act, the fulfillment of those
13 requirements or obligations under section 1819 shall be
14 considered to be the fulfillment of the corresponding re-
15 quirements or obligations under this section.

16 “**SEC. 1558. OTHER PROVISIONS PROMOTING PROGRAM IN-**
17 **TEGRITY.**

18 “(a) PUBLIC ACCESS TO SURVEY RESULTS.—Each
19 State plan shall provide that upon completion of a survey
20 of any health care facility or organization by a State agen-
21 cy to carry out the plan, the agency shall make public in
22 readily available form and place the pertinent findings of
23 the survey relating to the compliance of the facility or or-
24 ganization with requirements of law.

1 “(b) RECORD KEEPING.—Each State plan shall pro-
2 vide for agreements with persons or institutions providing
3 services under the plan under which the person or institu-
4 tion agrees—

5 “(1) to keep such records, including ledgers,
6 books, and original evidence of costs, as are nec-
7 essary to fully disclose the extent of the services pro-
8 vided to individuals receiving assistance under the
9 plan, and

10 “(2) to furnish the State agency with such in-
11 formation regarding any payments claimed by such
12 person or institution for providing services under the
13 plan, as the State agency may from time to time re-
14 quest.

15 “(c) QUALITY ASSURANCE.—Each State plan shall
16 provide a program to assure the quality of services pro-
17 vided under the plan, including such services provided to
18 individuals with chronic mental or physical illness.

19 “PART E—GENERAL PROVISIONS

20 “SEC. 1571. DEFINITIONS.

21 “(a) MEDICAL ASSISTANCE.—For purposes of this
22 title, the term ‘medical assistance’ means payment of part
23 or all of the cost of any of the following, or assistance
24 in the purchase, in whole or in part, of health benefit cov-
25 erage that includes any of the following, for eligible low-

1 income individuals (as defined in subsection (b)) as speci-
2 fied under the State plan:

3 “(1) Inpatient hospital services.

4 “(2) Outpatient hospital services.

5 “(3) Physician services.

6 “(4) Surgical services.

7 “(5) Clinic services and other ambulatory
8 health care services.

9 “(6) Nursing facility services.

10 “(7) Intermediate care facility services for the
11 mentally retarded.

12 “(8) Prescription drugs and biologicals and the
13 administration of such drugs and biologicals, only if
14 such drugs and biologicals are not furnished for the
15 purpose of causing, or assisting in causing, the
16 death, suicide, euthanasia, or mercy killing of a per-
17 son.

18 “(9) Over-the-counter medications.

19 “(10) Laboratory and radiological services.

20 “(11) Prepregnancy family planning services
21 and supplies.

22 “(12) Inpatient mental health services, includ-
23 ing services furnished in a State-operated mental
24 hospital and including residential or other 24-hour
25 therapeutically planned structured services.

1 “(13) Outpatient mental health services, includ-
2 ing services furnished in a State-operated mental
3 hospital and including community-based services.

4 “(14) Durable medical equipment and other
5 medically-related or remedial devices (such as pros-
6 thetic devices, implants, eyeglasses, hearing aids,
7 dental devices, and adaptive devices).

8 “(15) Disposable medical supplies.

9 “(16) Home and community-based health care
10 services and related supportive services (such as
11 home health nursing services, home health aide serv-
12 ices, personal care, assistance with activities of daily
13 living, chore services, day care services, respite care
14 services, training for family members, and minor
15 modifications to the home).

16 “(17) Community supported living arrange-
17 ments, assisted living arrangements, and transitional
18 living arrangements in the community.

19 “(18) Nursing care services (such as nurse
20 practitioner services, nurse midwife services, ad-
21 vanced practice nurse services, private duty nursing
22 care, pediatric nurse services, and respiratory care
23 services) in a home, school, or other setting.

1 “(19) Abortion only if necessary to save the life
2 of the mother or if the pregnancy is the result of an
3 act of rape or incest.

4 “(20) Dental services.

5 “(21) Inpatient substance abuse treatment
6 services and residential substance abuse treatment
7 services.

8 “(22) Outpatient substance abuse treatment
9 services.

10 “(23) Case management services.

11 “(24) Care coordination services.

12 “(25) Physical therapy, occupational therapy,
13 and services for individuals with speech, hearing,
14 and language disorders.

15 “(26) Hospice care.

16 “(27) Any other medical, diagnostic, screening,
17 preventive, restorative, remedial, therapeutic, or re-
18 habilitative services (whether in a facility, home,
19 school, or other setting) if recognized by State law
20 and only if the service is—

21 “(A) prescribed by or furnished by a physi-
22 cian or other licensed or registered practitioner
23 within the scope of practice as defined by State
24 law,

1 “(B) performed under the general super-
2 vision or at the direction of a physician, or

3 “(C) furnished by a health care facility
4 that is operated by a State or local government
5 or is licensed under State law and operating
6 within the scope of the license.

7 “(28) Premiums for private health care insur-
8 ance coverage, including private long-term care in-
9 surance coverage.

10 “(29) Medical transportation.

11 “(30) Medicare cost-sharing (as defined in sub-
12 section (c)).

13 “(31) Enabling services (such as transpor-
14 tation, translation, and outreach services) only if de-
15 signed to increase the accessibility of primary and
16 preventive health care services for eligible low-in-
17 come individuals.

18 “(32) Federally-qualified health center services
19 (as defined in subsection (f)(2)(A)).

20 “(33) Rural health clinic services (as defined in
21 subsection (f)(1)).

22 “(34) Physician assistant services.

23 “(35) Any other health care services or items
24 specified by the Secretary and not excluded under
25 this section.

1 “(b) ELIGIBLE LOW-INCOME INDIVIDUAL.—

2 “(1) STATE PLAN ELIGIBILITY STANDARDS.—

3 “(A) IN GENERAL.—The term ‘eligible low-
4 income individual’ means an individual—

5 “(i) who has been determined eligible
6 by the State for medical assistance under
7 the State plan and is not an inmate of a
8 public institution (except as a patient in a
9 State psychiatric hospital), and

10 “(ii) whose family income (as deter-
11 mined under the plan) does not exceed a
12 percentage (specified in the State plan and
13 not to exceed 275 percent) of the poverty
14 line for a family of the size involved.

15 “(B) CONTINUATION OF KATIE BECKETT
16 ELIGIBILITY.—At the option of a State, sub-
17 paragraph (A)(ii) shall not apply in the case of
18 an individual who—

19 “(i) is 18 years of age or younger and
20 qualifies as a disabled individual under sec-
21 tion 1614(a); and

22 “(ii) with respect to whom there has
23 been a determination by the State that—

24 “(I) the individual requires a
25 level of care provided in a hospital,

1 nursing facility, or intermediate care
2 facility for the mentally retarded; and

3 “(II) it is appropriate to provide
4 such care for the individual outside
5 such an institution.

6 “(2) AMOUNT OF INCOME.—In determining the
7 amount of income under paragraph (1)(B), a State
8 may exclude costs incurred for medical care or other
9 types of remedial care recognized by the State.

10 “(3) COMPUTATION OF INCOME FOR CERTAIN
11 CHILDREN.—In determining the amount of family
12 income under paragraph (1)(B) in the case of a
13 child described in section 1501(a)(1)(F), the State
14 shall only count the income of the child and not that
15 of the family in which the child is placed.

16 “(c) MEDICARE COST-SHARING.—For purposes of
17 this title, the term ‘medicare cost-sharing’ means any of
18 the following:

19 “(1)(A) Premiums under section 1839.

20 “(B) Premiums under section 1818 or 1818A.

21 “(2) Coinsurance under title XVIII (including
22 coinsurance described in section 1813).

23 “(3) Deductibles established under title XVIII
24 (including those described in sections 1813 and
25 1833(b)).

1 “(4) The difference between the amount that is
2 paid under section 1833(a) and the amount that
3 would be paid under such section if any reference to
4 ‘80 percent’ therein were deemed a reference to ‘100
5 percent’.

6 “(5) Premiums for enrollment of an individual
7 with an eligible organization under section 1876.

8 “(d) ADDITIONAL DEFINITIONS.—For purposes of
9 this title:

10 “(1) CHILD.—The term ‘child’ means an indi-
11 vidual under 19 years of age.

12 “(2) ELDERLY INDIVIDUAL.—The term ‘elderly
13 individual’ means an individual who has attained re-
14 tirement age, as defined under section 216(l)(1).

15 “(3) POVERTY LINE DEFINED.—The term ‘pov-
16 erty line’ has the meaning given such term in section
17 673(2) of the Community Services Block Grant Act
18 (42 U.S.C. 9902(2)), including any revision required
19 by such section.

20 “(4) PREGNANT WOMAN.—The term ‘pregnant
21 woman’ includes a woman during the 60-day period
22 beginning on the last day of the pregnancy.

23 “(e) EPSDT SERVICES.—In this title, the term
24 ‘EPSDT services’ means the following items and services:

25 “(1) Screening services—

1 “(A) which are provided—

2 “(i) at intervals which meet reason-
3 able standards of medical and dental prac-
4 tice, as determined by the State after con-
5 sultation with recognized medical and den-
6 tal organizations involved in child health
7 care and, with respect to immunizations
8 under section 1501(a)(2)(G) in accordance
9 with the schedule referred to in such sec-
10 tion for pediatric vaccines, and

11 “(ii) at such other intervals, indicated
12 as medically necessary, to determine the
13 existence of certain physical or mental ill-
14 nesses or conditions; and

15 “(B) which shall at a minimum include—

16 “(i) a comprehensive health and devel-
17 opmental history (including assessment of
18 both physical and mental health develop-
19 ment),

20 “(ii) a comprehensive unclothed phys-
21 ical exam,

22 “(iii) appropriate immunizations (ac-
23 cording to the schedule referred to in sec-
24 tion 1501(a)(2)(G) for pediatric vaccines)
25 according to age and health history,

1 “(iv) laboratory tests (including lead
2 blood level assessment appropriate for age
3 and risk factors), and

4 “(v) health education (including antic-
5 ipatory guidance).

6 “(2) Vision services—

7 “(A) which are provided—

8 “(i) at intervals which meet reason-
9 able standards of medical practice, as de-
10 termined by the State after consultation
11 with recognized medical organizations in-
12 volved in child health care, and

13 “(ii) at such other intervals, indicated
14 as medically necessary, to determine the
15 existence of a suspected illness or condi-
16 tion; and

17 “(B) which shall at a minimum include di-
18 agnosis and treatment for defects in vision, in-
19 cluding eyeglasses.

20 “(3) Dental services—

21 “(A) which are provided—

22 “(i) at intervals which meet reason-
23 able standards of dental practice, as deter-
24 mined by the State after consultation with

1 recognized dental organizations involved in
2 child health care, and

3 “(ii) at such other intervals, indicated
4 as medically necessary, to determine the
5 existence of a suspected illness or condi-
6 tion; and

7 “(B) which shall at a minimum include re-
8 lief of pain and infections, restoration of teeth,
9 and maintenance of dental health.

10 “(4) Hearing services—

11 “(A) which are provided—

12 “(i) at intervals which meet reason-
13 able standards of medical practice, as de-
14 termined by the State after consultation
15 with recognized medical organizations in-
16 volved in child health care, and

17 “(ii) at such other intervals, indicated
18 as medically necessary, to determine the
19 existence of a suspected illness or condi-
20 tion; and

21 “(B) which shall at a minimum include di-
22 agnosis and treatment for defects in hearing,
23 including hearing aids.

24 “(f) CENTER AND CLINIC SERVICES.—In this title:

1 “(1) RURAL HEALTH CLINIC RELATED DEFINI-
2 TIONS.—The terms ‘rural health clinic services’ and
3 ‘rural health clinic’ have the meanings given such
4 terms in section 1861(aa), except that (A) clause (ii)
5 of section 1861(aa)(2) shall not apply to such terms,
6 and (B) the physician arrangement required under
7 section 1861(aa)(2)(B) shall only apply with respect
8 to rural health clinic services and, with respect to
9 other ambulatory care services, the physician ar-
10 rangement required shall be only such as may be re-
11 quired under the State plan for those services.

12 “(2) FEDERALLY-QUALIFIED HEALTH CENTER
13 RELATED DEFINITIONS.—

14 “(A) SERVICES.—The term ‘Federally-
15 qualified health center services’ means services
16 of the type described in subparagraphs (A)
17 through (C) of section 1861(aa)(1), and any
18 other ambulatory care services which are other-
19 wise included in the State plan, when furnished
20 to an individual as a patient of a Federally-
21 qualified health center and, for this purpose,
22 any reference to a rural health clinic or a physi-
23 cian described in section 1861(aa)(2)(B) is
24 deemed a reference to a Federally-qualified

1 health center or a physician at the center, re-
2 spectively.

3 “(B) CENTER.—The term ‘Federally-quali-
4 fied health center’ means a entity which—

5 “(i) is receiving a grant under section
6 329, 330, 340, or 340A of the Public
7 Health Service Act,

8 “(ii)(I) is receiving funding from such
9 a grant under a contract with the recipient
10 of such a grant, and

11 “(II) meets the requirements to re-
12 ceive a grant under section 329, 330, 340,
13 or 340A of such Act,

14 “(iii) based on the recommendation of
15 the Health Resources and Services Admin-
16 istration within the Public Health Service,
17 is determined by the Secretary to meet the
18 requirements for receiving such a grant, or

19 “(iv) was treated by the Secretary, for
20 purposes of part B of title XVIII, as a
21 comprehensive Federally funded health
22 center as of January 1, 1990;

23 and includes an outpatient health program or
24 facility operated by a tribe or tribal organiza-
25 tion under the Indian Self-Determination Act

1 (Public Law 93–638) or by an urban Indian or-
2 ganization receiving funds under title V of the
3 Indian Health Care Improvement Act for the
4 provision of primary health services. In apply-
5 ing clause (ii), the Secretary may waive any re-
6 quirement referred to in such clause for up to
7 2 years for good cause shown.

8 “(g) **MEDICALLY-RELATED SERVICES.**—In this title,
9 the term ‘medically-related services’ means services rea-
10 sonably related to, or in direct support of, the State’s at-
11 tainment of one or more of the strategic objectives and
12 performance goals established under section 1521, but
13 does not include items and services included on the list
14 under subsection (a).

15 **“SEC. 1572. TREATMENT OF TERRITORIES.**

16 “Notwithstanding any other requirement of this title,
17 the Secretary may waive or modify any requirement of this
18 title with respect to the medical assistance program for
19 a State other than the 50 States and the District of Co-
20 lumbia, other than a waiver of—

21 “(1) the applicable Federal medical assistance
22 percentage,

23 “(2) the limitation on total payments in a fiscal
24 year to the amount of the allotment under section
25 1511(e), or

1 “(3) the requirement that payment may be
2 made for medical assistance only with respect to
3 amounts expended by the State for care and services
4 described in section 1571(a) and medically-related
5 services (as defined in section 1571(g)).

6 **“SEC. 1573. DESCRIPTION OF TREATMENT OF INDIAN**
7 **HEALTH SERVICE FACILITIES.**

8 “In the case of a State in which one or more facilities
9 of the Indian Health Service is located or in which a facil-
10 ity of an Indian health program described in section
11 1512(f)(3) is located, the State plan shall include a de-
12 scription of—

13 “(1) what provision (if any) has been made for
14 payment for items and services furnished by such fa-
15 cilities, and

16 “(2) the manner in which medical assistance for
17 low-income eligible individuals who are Indians will
18 be provided, as determined by the State in consulta-
19 tion with the appropriate Indian tribes and tribal or-
20 ganizations.

21 **“SEC. 1574. APPLICATION OF CERTAIN GENERAL PROVI-**
22 **SIONS.**

23 “The following sections in part A of title XI shall
24 apply to States under this title in the same manner as
25 they applied to a State under title XIX:

1 “(1) Section 1101(a)(1) (relating to definition
2 of State).

3 “(2) Section 1116 (relating to administrative
4 and judicial review), but only insofar as consistent
5 with the provisions of part B.

6 “(3) Section 1124 (relating to disclosure of
7 ownership and related information).

8 “(4) Section 1126 (relating to disclosure of in-
9 formation about certain convicted individuals).

10 “(5) Section 1128B(d) (relating to criminal
11 penalties for certain additional charges).

12 “(6) Section 1132 (relating to periods within
13 which claims must be filed).

14 **“SEC. 1575. OPTIONAL MASTER DRUG REBATE AGREE-**
15 **MENTS.**

16 “(a) REQUIREMENT FOR MANUFACTURER TO ENTER
17 INTO AGREEMENT.—

18 “(1) IN GENERAL.—Pursuant to section
19 1513(f), in order for payment to be made to a State
20 under part B for medical assistance for covered out-
21 patient drugs of a manufacturer, the manufacturer
22 shall enter into and have in effect a master rebate
23 agreement described in subsection (b) with the Sec-
24 retary on behalf of States electing to participate in
25 the agreement.

1 “(2) COVERAGE OF DRUGS NOT COVERED
2 UNDER REBATE AGREEMENTS.—Nothing in this sec-
3 tion shall be construed to prohibit a State in its dis-
4 cretion from providing coverage under its State plan
5 of a covered outpatient drug for which no rebate
6 agreement is in effect under this section.

7 “(3) EFFECT ON EXISTING AGREEMENTS.—If a
8 State has a rebate agreement in effect with a manu-
9 facturer on the date of the enactment of this section
10 which provides for a minimum aggregate rebate
11 equal to or greater than the minimum aggregate re-
12 bate which would otherwise be paid under the mas-
13 ter agreement under this section, at the option of
14 the State—

15 “(A) such agreement shall be considered to
16 meet the requirements of the master rebate
17 agreement, and

18 “(B) the State shall be considered to have
19 elected to participate in the master rebate
20 agreement.

21 “(4) LIMITATION ON PRICES OF DRUGS PUR-
22 CHASED BY COVERED ENTITIES.—

23 “(A) AGREEMENT WITH SECRETARY.—A
24 manufacturer meets the requirements of this
25 paragraph if the manufacturer has entered into

1 an agreement with the Secretary that meets the
2 requirements of section 340B of the Public
3 Health Service Act with respect to covered out-
4 patient drugs purchased by a covered entity on
5 or after the first day of the first month that be-
6 gins after the date of the enactment of title VI
7 of the Veterans Health Care Act of 1992.

8 “(B) COVERED ENTITY DEFINED.—In this
9 subsection, the term ‘covered entity’ means an
10 entity described in subsection (a)(4) of section
11 340B of the Public Health Service Act if the
12 entity furnishes the drugs to patients at a cost
13 no greater than acquisition cost plus such dis-
14 pensing fee as may be allowable as determined
15 by the Office of Drug Pricing in the Public
16 Health Service.

17 “(C) ESTABLISHMENT OF ALTERNATIVE
18 MECHANISM TO ENSURE AGAINST DUPLICATE
19 DISCOUNTS OR REBATES.—If the Secretary
20 does not establish a mechanism under section
21 340B(a)(5)(A) of the Public Health Service Act
22 within 12 months of the date of the enactment
23 of such section, the following requirements shall
24 apply:

1 “(i) Each covered entity shall inform
2 the single State agency under this title
3 when it is seeking reimbursement for medi-
4 cal assistance with respect to a unit of any
5 covered outpatient drug which is subject to
6 an agreement under section 340B(a) of
7 such Act.

8 “(ii) Each such single State agency
9 shall provide a means by which a covered
10 entity shall indicate on any drug reim-
11 bursement claims form (or format, where
12 electronic claims management is used) that
13 a unit of the drug that is the subject of the
14 form is subject to an agreement under sec-
15 tion 340B of such Act, and not submit to
16 any manufacturer a claim for a rebate pay-
17 ment under subsection (b) with respect to
18 such a drug.

19 “(D) EFFECT OF SUBSEQUENT AMEND-
20 MENTS.—In determining whether an agreement
21 under subparagraph (A) meets the require-
22 ments of section 340B of the Public Health
23 Service Act, the Secretary shall not take into
24 account any amendments to such section that

1 are enacted after the enactment of title VI of
2 the Veterans Health Care Act of 1992.

3 “(E) DETERMINATION OF COMPLIANCE.—

4 A manufacturer is deemed to meet the require-
5 ments of this paragraph if the manufacturer es-
6 tablishes to the satisfaction of the Secretary
7 that the manufacturer would comply (and has
8 offered to comply) with the provisions of section
9 340B of the Public Health Service Act (as in
10 effect immediately after the enactment title VI
11 of the Veterans Health Care Act of 1992), and
12 would have entered into an agreement under
13 such section (as such section was in effect at
14 such time), but for a legislative change in such
15 section after such enactment.

16 “(b) TERMS OF REBATE AGREEMENT.—

17 “(1) PERIODIC REBATES.—The master rebate
18 agreement under this section shall require the manu-
19 facturer to provide, to the State plan of each State
20 participating in the agreement, a rebate for a rebate
21 period in an amount specified in subsection (c) for
22 covered outpatient drugs of the manufacturer dis-
23 pensed after the effective date of the agreement, for
24 which payment was made under the plan for such
25 period. Such rebate shall be paid by the manufac-

1 turer not later than 30 days after the date of receipt
2 of the information described in paragraph (2) for
3 the period involved.

4 “(2) STATE PROVISION OF INFORMATION.—

5 “(A) STATE RESPONSIBILITY.—Each State
6 participating in the master rebate agreement
7 shall report to each manufacturer not later
8 than 60 days after the end of each rebate pe-
9 riod and in a form consistent with a standard
10 reporting format established by the Secretary,
11 information on the total number of units of
12 each dosage form and strength and package
13 size of each covered outpatient drug, for which
14 payment was made under the State plan for the
15 period, and shall promptly transmit a copy of
16 such report to the Secretary.

17 “(B) AUDITS.—A manufacturer may audit
18 the information provided (or required to be pro-
19 vided) under subparagraph (A). Adjustments to
20 rebates shall be made to the extent that infor-
21 mation indicates that utilization was greater or
22 less than the amount previously specified.

23 “(3) MANUFACTURER PROVISION OF PRICE IN-
24 FORMATION.—

1 “(A) IN GENERAL.—Each manufacturer
2 which is subject to the master rebate agreement
3 under this section shall report to the Sec-
4 retary—

5 “(i) not later than 30 days after the
6 last day of each rebate period under the
7 agreement, on the average manufacturer
8 price (as defined in subsection (i)(1)) and,
9 for single source drugs and innovator mul-
10 tiple source drugs, the manufacturer’s best
11 price (as defined in subsection (e)(1)(C))
12 for each covered outpatient drug for the
13 rebate period under the agreement, and

14 “(ii) not later than 30 days after the
15 date of entering into an agreement under
16 this section, on the average manufacturer
17 price (as defined in subsection (i)(1)) as of
18 October 1, 1990, for each of the manufac-
19 turer’s covered outpatient drugs.

20 “(B) VERIFICATION SURVEYS OF AVERAGE
21 MANUFACTURER PRICE.—The Secretary may
22 survey wholesalers and manufacturers that di-
23 rectly distribute their covered outpatient drugs,
24 when necessary, to verify manufacturer prices
25 reported under subparagraph (A). The Sec-

1 retary may impose a civil monetary penalty in
2 an amount not to exceed \$10,000 on a whole-
3 saler, manufacturer, or direct seller, if the
4 wholesaler, manufacturer, or direct seller of a
5 covered outpatient drug refuses a request for
6 information by the Secretary in connection with
7 a survey under this subparagraph. The provi-
8 sions of section 1128A (other than subsections
9 (a) (with respect to amounts of penalties or ad-
10 ditional assessments) and (b)) shall apply to a
11 civil money penalty under this subparagraph in
12 the same manner as such provisions apply to a
13 penalty or proceeding under section 1128A(a).

14 “(C) PENALTIES.—

15 “(i) FAILURE TO PROVIDE TIMELY IN-
16 FORMATION.—In the case of a manufac-
17 turer which is subject to the master rebate
18 agreement that fails to provide information
19 required under subparagraph (A) on a
20 timely basis, the amount of the penalty
21 shall be \$10,000 for each day in which
22 such information has not been provided
23 and such amount shall be paid to the
24 Treasury. If such information is not re-
25 ported within 90 days of the deadline im-

1 posed, the agreement shall be suspended
2 for services furnished after the end of such
3 90-day period and until the date such in-
4 formation is reported (but in no case shall
5 such suspension be for a period of less
6 than 30 days).

7 “(ii) FALSE INFORMATION.—Any
8 manufacturer which is subject to the mas-
9 ter rebate agreement, or a wholesaler or
10 direct seller, that knowingly provides false
11 information under subparagraph (A) or
12 (B) is subject to a civil money penalty in
13 an amount not to exceed \$100,000 for
14 each item of false information. Any such
15 civil money penalty shall be in addition to
16 other penalties as may be prescribed by
17 law. The provisions of section 1128A
18 (other than subsections (a) and (b)) shall
19 apply to a civil money penalty under this
20 subparagraph in the same manner as such
21 provisions apply to a penalty or proceeding
22 under section 1128A(a).

23 “(D) CONFIDENTIALITY OF INFORMA-
24 TION.—Notwithstanding any other provision of
25 law, information disclosed by manufacturers or

1 wholesalers under this paragraph or under an
2 agreement with the Secretary of Veterans Af-
3 fairs described in section 1513(f) is confidential
4 and shall not be disclosed by the Secretary or
5 the Secretary of Veterans Affairs or a State
6 agency (or contractor therewith) in a form
7 which discloses the identity of a specific manu-
8 facturer or wholesaler or the prices charged for
9 drugs by such manufacturer or wholesaler, ex-
10 cept—

11 “(i) as the Secretary determines to be
12 necessary to carry out this section,

13 “(ii) to permit the Comptroller Gen-
14 eral to review the information provided,
15 and

16 “(iii) to permit the Director of the
17 Congressional Budget Office to review the
18 information provided.

19 “(4) LENGTH OF AGREEMENT.—

20 “(A) IN GENERAL.—The master rebate
21 agreement under this section shall be effective
22 for an initial period of not less than 1 year and
23 shall be automatically renewed for a period of
24 not less than 1 year unless terminated under
25 subparagraph (B).

1 “(B) TERMINATION.—

2 “(i) BY THE SECRETARY.—The Sec-
3 retary may provide for termination of the
4 master rebate agreement with respect to a
5 manufacturer for violation of the require-
6 ments of the agreement or other good
7 cause shown. Such termination shall not be
8 effective earlier than 60 days after the
9 date of notice of such termination. The
10 Secretary shall provide, upon request, a
11 manufacturer with a hearing concerning
12 such a termination, but such hearing shall
13 not delay the effective date of the termi-
14 nation. Failure of a State to provide any
15 advance notice of such a termination as re-
16 quired by regulation shall not affect the
17 State’s right to terminate coverage of the
18 drugs affected by such termination as of
19 the effective date of such termination.

20 “(ii) BY A MANUFACTURER.—A man-
21 ufacturer may terminate its participation
22 in the master rebate agreement under this
23 section for any reason. Any such termi-
24 nation shall not be effective until the cal-
25 endar quarter beginning at least 60 days

1 after the date the manufacturer provides
2 notice to the Secretary.

3 “(iii) EFFECTIVENESS OF TERMI-
4 NATION.—Any termination under this sub-
5 paragraph shall not affect rebates due
6 under the agreement before the effective
7 date of its termination.

8 “(iv) NOTICE TO STATES.—In the
9 case of a termination under this subpara-
10 graph, the Secretary shall provide notice of
11 such termination to the States within not
12 less than 30 days before the effective date
13 of such termination.

14 “(v) APPLICATION TO TERMINATIONS
15 OF OTHER AGREEMENTS.—The provisions
16 of this subparagraph shall apply to the ter-
17 minations of master agreements described
18 in section 8126(a) of title 38, United
19 States Code.

20 “(C) DELAY BEFORE REENTRY.—In the
21 case of any rebate agreement with a manufac-
22 turer under this section which is terminated,
23 another such agreement with the manufacturer
24 (or a successor manufacturer) may not be en-
25 tered into until a period of 1 calendar quarter

1 has elapsed since the date of the termination,
2 unless the Secretary finds good cause for an
3 earlier reinstatement of such an agreement.

4 “(5) SETTLEMENT OF DISPUTES.—

5 “(A) SECRETARY.—The Secretary shall
6 have the authority to resolve, settle, and com-
7 promise disputes regarding the amounts of re-
8 bates owed under this section and section 1927.

9 “(B) STATE.—Each State, with respect to
10 covered outpatient drugs paid for under the
11 State plan, shall have authority, independent of
12 the Secretary’s authority under subparagraph
13 (A), to resolve, settle, and compromise disputes
14 regarding the amounts of rebates owed under
15 this section. Any such action shall be deemed to
16 comply with the requirements of this title, and
17 such covered outpatient drugs shall be eligible
18 for payment under the State plan under this
19 title.

20 “(C) AMOUNT OF REBATE.—The Secretary
21 shall limit the amount of the rebate payable in
22 any case in which the Secretary determines
23 that, because of unusual circumstances or ques-
24 tionable data, the provisions of subsection (c)
25 result in a rebate amount that is inequitable or

1 otherwise inconsistent with the purposes of this
2 section.

3 “(c) DETERMINATION OF AMOUNT OF REBATE.—

4 “(1) BASIC REBATE FOR SINGLE SOURCE
5 DRUGS AND INNOVATOR MULTIPLE SOURCE
6 DRUGS.—

7 “(A) IN GENERAL.—Except as provided in
8 paragraph (2), the amount of the rebate speci-
9 fied in this subsection with respect to a State
10 participating in the master rebate agreement
11 for a rebate period (as defined in subsection
12 (i)(7)) with respect to each dosage form and
13 strength of a single source drug or an innovator
14 multiple source drug shall be equal to the prod-
15 uct of—

16 “(i) the total number of units of each
17 dosage form and strength paid for under
18 the State plan in the rebate period (as re-
19 ported by the State); and

20 “(ii) the greater of—

21 “(I) the difference between the
22 average manufacturer price and the
23 best price (as defined in subparagraph
24 (C)) for the dosage form and strength
25 of the drug, or

1 “(II) the minimum rebate per-
2 centage (specified in subparagraph
3 (B)) of such average manufacturer
4 price,
5 for the rebate period.

6 “(B) MINIMUM REBATE PERCENTAGE.—
7 For purposes of subparagraph (A)(ii)(II), the
8 ‘minimum rebate percentage’ is 15 percent.

9 “(C) BEST PRICE DEFINED.—For pur-
10 poses of this section—

11 “(i) IN GENERAL.—The term ‘best
12 price’ means, with respect to a single
13 source drug or innovator multiple source
14 drug of a manufacturer, the lowest price
15 available from the manufacturer during the
16 rebate period to any wholesaler, retailer,
17 provider, health maintenance organization,
18 nonprofit entity, or governmental entity
19 within the United States, excluding—

20 “(I) any prices charged on or
21 after October 1, 1992, to the Indian
22 Health Service, the Department of
23 Veterans Affairs, a State home receiv-
24 ing funds under section 1741 of title
25 38, United States Code, the Depart-

1 ment of Defense, the Public Health
2 Service, or a covered entity described
3 in section 340B(a)(4) of the Public
4 Health Service Act,

5 “(II) any prices charged under
6 the Federal Supply Schedule of the
7 General Services Administration,

8 “(III) any prices used under a
9 State pharmaceutical assistance pro-
10 gram, and

11 “(IV) any depot prices and single
12 award contract prices, as defined by
13 the Secretary, of any agency of the
14 Federal Government.

15 “(ii) SPECIAL RULES.—The term ‘best
16 price’—

17 “(I) shall be inclusive of cash dis-
18 counts, free goods that are contingent
19 on any purchase requirement, volume
20 discounts, and rebates (other than re-
21 bates under this section),

22 “(II) shall be determined without
23 regard to special packaging, labeling,
24 or identifiers on the dosage form or
25 product or package,

1 “(III) shall not take into account
2 prices that are merely nominal in
3 amount, and

4 “(IV) shall exclude rebates paid
5 under this section or any other re-
6 bates paid to a State participating in
7 the master rebate agreement.

8 “(2) ADDITIONAL REBATE FOR SINGLE SOURCE
9 AND INNOVATOR MULTIPLE SOURCE DRUGS.—

10 “(A) IN GENERAL.—The amount of the re-
11 bate specified in this subsection with respect to
12 a State participating in the master rebate
13 agreement for a rebate period, with respect to
14 each dosage form and strength of a single
15 source drug or an innovator multiple source
16 drug, shall be increased by an amount equal to
17 the product of—

18 “(i) the total number of units of such
19 dosage form and strength dispensed after
20 December 31, 1990, for which payment
21 was made under the State plan for the re-
22 bate period; and

23 “(ii) the amount (if any) by which—

24 “(I) the average manufacturer
25 price for the dosage form and

1 strength of the drug for the period,
2 exceeds

3 “(II) the average manufacturer
4 price for such dosage form and
5 strength for the calendar quarter be-
6 ginning July 1, 1990 (without regard
7 to whether or not the drug has been
8 sold or transferred to an entity, in-
9 cluding a division or subsidiary of the
10 manufacturer, after the first day of
11 such quarter), increased by the per-
12 centage by which the Consumer Price
13 Index for All Urban Consumers (Unit-
14 ed States city average) for the month
15 before the month in which the rebate
16 period begins exceeds such index for
17 September 1990.

18 “(B) TREATMENT OF SUBSEQUENTLY AP-
19 PROVED DRUGS.—In the case of a covered out-
20 patient drug approved by the Food and Drug
21 Administration after October 1, 1990, clause
22 (ii)(II) of subparagraph (A) shall be applied by
23 substituting ‘the first full calendar quarter after
24 the day on which the drug was first marketed’
25 for ‘the calendar quarter beginning July 1,

1 1990' and 'the month prior to the first month
2 of the first full calendar quarter after the day
3 on which the drug was first marketed' for 'Sep-
4 tember 1990'.

5 "(3) REBATE FOR OTHER DRUGS.—

6 "(A) IN GENERAL.—The amount of the re-
7 bate paid to a State participating in the master
8 rebate agreement for a rebate period with re-
9 spect to each dosage form and strength of cov-
10 ered outpatient drugs (other than single source
11 drugs and innovator multiple source drugs)
12 shall be equal to the product of—

13 "(i) the applicable percentage (as de-
14 scribed in subparagraph (B)) of the aver-
15 age manufacturer price for the dosage
16 form and strength for the rebate period,
17 and

18 "(ii) the total number of units of such
19 dosage form and strength dispensed after
20 December 31, 1990, for which payment
21 was made under the State plan for the re-
22 bate period.

23 "(B) APPLICABLE PERCENTAGE DE-
24 FINED.—For purposes of subparagraph (A)(i),
25 the 'applicable percentage' is 11 percent.

1 “(4) LIMITATION ON AMOUNT OF REBATE TO
2 AMOUNTS PAID FOR CERTAIN DRUGS.—

3 “(A) IN GENERAL.—Upon request of the
4 manufacturer of a covered outpatient drug, the
5 Secretary shall limit, in accordance with sub-
6 paragraph (B), the amount of the rebate under
7 this subsection with respect to a dosage form
8 and strength of such drug if the majority of the
9 estimated number of units of such dosage form
10 and strength that are subject to rebates under
11 this section were dispensed to inpatients of
12 nursing facilities.

13 “(B) AMOUNT OF REBATE.—In the case of
14 a covered outpatient drug subject to subpara-
15 graph (A), the amount of the rebate specified in
16 this subsection for a rebate period, with respect
17 to each dosage form and strength of such drug,
18 shall not exceed the amount paid under the
19 State plan with respect to such dosage form
20 and strength of the drug in the rebate period
21 (without consideration of any dispensing fees
22 paid).

23 “(5) SUPPLEMENTAL REBATES PROHIBITED.—
24 No rebates shall be required to be paid by manufac-
25 turers with respect to covered outpatient drugs fur-

1 nished to individuals in any State that provides for
2 the collection of such rebates in excess of the rebate
3 amount payable under this section.

4 “(d) LIMITATIONS ON COVERAGE OF DRUGS BY
5 STATES PARTICIPATING IN MASTER AGREEMENT.—

6 “(1) PERMISSIBLE RESTRICTIONS.—A State
7 participating in the master rebate agreement under
8 this section may—

9 “(A) subject to prior authorization under
10 its State plan any covered outpatient drug so
11 long as any such prior authorization program
12 complies with the requirements of paragraph
13 (5); and

14 “(B) exclude or otherwise restrict coverage
15 under its plan of a covered outpatient drug if—

16 “(i) the drug is contained in the list
17 referred to in paragraph (2);

18 “(ii) the drug is subject to such re-
19 strictions pursuant to the master rebate
20 agreement or any agreement described in
21 subsection (a)(4); or

22 “(iii) the State has excluded coverage
23 of the drug from its formulary established
24 in accordance with paragraph (4).

1 “(2) LIST OF DRUGS SUBJECT TO RESTRIC-
2 TION.—The following drugs or classes of drugs, or
3 their medical uses, may be excluded from coverage
4 or otherwise restricted by a State participating in
5 the master rebate agreement:

6 “(A) Agents when used for anorexia,
7 weight loss, or weight gain.

8 “(B) Agents when used to promote fertili-
9 ty.

10 “(C) Agents when used for cosmetic pur-
11 poses or hair growth.

12 “(D) Agents when used for the sympto-
13 matic relief of cough and colds.

14 “(E) Agents when used to promote smok-
15 ing cessation.

16 “(F) Prescription vitamins and mineral
17 products, except prenatal vitamins and fluoride
18 preparations.

19 “(G) Nonprescription drugs.

20 “(H) Covered outpatient drugs which the
21 manufacturer seeks to require as a condition of
22 sale that associated tests or monitoring services
23 be purchased exclusively from the manufacturer
24 or its designee.

25 “(I) Barbiturates.

1 “(J) Benzodiazepines.

2 “(3) ADDITIONS TO DRUG LISTINGS.—The Sec-
3 retary shall, by regulation, periodically update the
4 list of drugs or classes of drugs described in para-
5 graph (2), or their medical uses, which the Secretary
6 has determined to be subject to clinical abuse or in-
7 appropriate use.

8 “(4) REQUIREMENTS FOR FORMULARIES.—A
9 State participating in the master rebate agreement
10 may establish a formulary if the formulary meets the
11 following requirements:

12 “(A) The formulary is developed by a com-
13 mittee consisting of physicians, pharmacists,
14 and other appropriate individuals appointed by
15 the Governor of the State.

16 “(B) Except as provided in subparagraph
17 (C), the formulary includes the covered out-
18 patient drugs of any manufacturer which has
19 entered into and complies with the agreement
20 under subsection (a) (other than any drug ex-
21 cluded from coverage or otherwise restricted
22 under paragraph (2)).

23 “(C) A covered outpatient drug may be ex-
24 cluded with respect to the treatment of a spe-
25 cific disease or condition for an identified popu-

1 lation (if any) only if, based on the drug’s label-
2 ing (or, in the case of a drug the prescribed use
3 of which is not approved under the Federal
4 Food, Drug, and Cosmetic Act but is a medi-
5 cally accepted indication, based on information
6 from the appropriate compendia described in
7 subsection (i)(5)), the excluded drug does not
8 have a significant, clinically meaningful thera-
9 peutic advantage in terms of safety, effective-
10 ness, or clinical outcome of such treatment for
11 such population over other drugs included in
12 the formulary and there is a written expla-
13 nation (available to the public) of the basis for
14 the exclusion.

15 “(D) The State plan permits coverage of a
16 drug excluded from the formulary (other than
17 any drug excluded from coverage or otherwise
18 restricted under paragraph (2)) pursuant to a
19 prior authorization program that is consistent
20 with paragraph (5).

21 “(E) The formulary meets such other re-
22 quirements as the Secretary may impose in
23 order to achieve program savings consistent
24 with protecting the health of program bene-
25 ficiaries.

1 A prior authorization program established by a State
2 under paragraph (5) is not a formulary subject to
3 the requirements of this paragraph.

4 “(5) REQUIREMENTS OF PRIOR AUTHORIZATION
5 PROGRAMS.—The State plan of a State participating
6 in the master rebate agreement may require, as a
7 condition of coverage or payment for a covered out-
8 patient drug for which Federal financial participa-
9 tion is available in accordance with this section, the
10 approval of the drug before its dispensing for any
11 medically accepted indication (as defined in sub-
12 section (i)(5)) only if the system providing for such
13 approval—

14 “(A) provides response by telephone or
15 other telecommunication device within 24 hours
16 of a request for prior authorization, and

17 “(B) except with respect to the drugs on
18 the list referred to in paragraph (2), provides
19 for the dispensing of at least a 72-hour supply
20 of a covered outpatient prescription drug in an
21 emergency situation (as defined by the Sec-
22 retary).

23 “(6) OTHER PERMISSIBLE RESTRICTIONS.—A
24 State participating in the master rebate agreement
25 may impose limitations, with respect to all such

1 drugs in a therapeutic class, on the minimum or
2 maximum quantities per prescription or on the num-
3 ber of refills, if such limitations are necessary to dis-
4 courage waste, and may address instances of fraud
5 or abuse by individuals in any manner authorized
6 under this Act.

7 “(e) DRUG USE REVIEW.—

8 “(1) IN GENERAL.—A State participating in the
9 master rebate agreement may provide for a drug use
10 review program to educate physicians and phar-
11 macists to identify and reduce the frequency of pat-
12 terns of fraud, abuse, gross overuse, or inappropri-
13 ate or medically unnecessary care, among physicians,
14 pharmacists, and patients, or associated with specific
15 drugs or groups of drugs, as well as potential and
16 actual severe adverse reactions to drugs.

17 “(2) APPLICATION OF STATE STANDARDS.—A
18 State with a drug use review program under this
19 subsection shall establish and operate the program
20 under such standards as it may establish.

21 “(f) ELECTRONIC CLAIMS MANAGEMENT.—In ac-
22 cordance with chapter 35 of title 44, United States Code
23 (relating to coordination of Federal information policy),
24 the Secretary shall encourage each State to establish, as
25 its principal means of processing claims for covered out-

1 patient drugs under its State plan, a point-of-sale elec-
2 tronic claims management system, for the purpose of per-
3 forming on-line, real time eligibility verifications, claims
4 data capture, adjudication of claims, and assisting phar-
5 macists (and other authorized persons) in applying for and
6 receiving payment.

7 “(g) ANNUAL REPORT.—

8 “(1) IN GENERAL.—Not later than May 1 of
9 each year, the Secretary shall transmit to the Com-
10 mittee on Finance of the Senate, and the Committee
11 on Commerce of the House of Representatives, a re-
12 port on the operation of this section in the preceding
13 fiscal year.

14 “(2) DETAILS.—Each report shall include infor-
15 mation on—

16 “(A) ingredient costs paid under this title
17 for single source drugs, multiple source drugs,
18 and nonprescription covered outpatient drugs,

19 “(B) the total value of rebates received
20 and number of manufacturers providing such
21 rebates,

22 “(C) the effect of inflation on the value of
23 rebates required under this section,

24 “(D) trends in prices paid under this title
25 for covered outpatient drugs, and

1 “(E) Federal and State administrative
2 costs associated with compliance with the provi-
3 sions of this title.

4 “(h) EXEMPTION FOR CAPITATED HEALTH CARE
5 ORGANIZATIONS, HOSPITALS, AND CERTAIN NURSING
6 FACILITIES.—

7 “(1) IN GENERAL.—Except as provided in para-
8 graph (2), the requirements of the master rebate
9 agreement under this section shall not apply with re-
10 spect to covered outpatient drugs dispensed by or
11 through—

12 “(A) a capitated health care organization
13 (as defined in section 1504(c)(1)),

14 “(B) a hospital that dispenses covered out-
15 patient drugs using a drug formulary system
16 and bills the State no more than the hospital’s
17 purchasing costs for covered outpatient drugs,
18 or

19 “(C) a nursing facility which receives pay-
20 ment under this title for health care services,
21 including prescription drugs, on a capitated
22 basis or which dispenses covered outpatient
23 drugs using a drug formulary system.

24 “(2) CONSTRUCTION IN DETERMINING BEST
25 PRICE.—Nothing in paragraph (1) shall be con-

1 strued as excluding amounts paid by the entities de-
2 scribed in such paragraph for covered outpatient
3 drugs from the determination of the best price (as
4 defined in subsection (c)(1)(C)) for such drugs.

5 “(i) DEFINITIONS.—In the section—

6 “(1) AVERAGE MANUFACTURER PRICE.—The
7 term ‘average manufacturer price’ means, with re-
8 spect to a covered outpatient drug of a manufacturer
9 for a rebate period, the average price paid to the
10 manufacturer for the drug in the United States by
11 wholesalers for drugs distributed to the retail phar-
12 macy class of trade, after deducting customary
13 prompt pay discounts.

14 “(2) COVERED OUTPATIENT DRUG.—Subject to
15 the exceptions in paragraph (3), the term ‘covered
16 outpatient drug’ means—

17 “(A) of those drugs which are treated as
18 prescribed drugs for purposes of section
19 1571(a)(8), a drug which may be dispensed
20 only upon prescription (except as provided in
21 subparagraph (D)), and—

22 “(i) which is approved as a prescrip-
23 tion drug under section 505 or 507 of the
24 Federal Food, Drug, and Cosmetic Act;

1 “(ii)(I) which was commercially used
2 or sold in the United States before the
3 date of the enactment of the Drug Amend-
4 ments of 1962 or which is identical, simi-
5 lar, or related (within the meaning of sec-
6 tion 310.6(b)(1) of title 21 of the Code of
7 Federal Regulations) to such a drug, and
8 (II) which has not been the subject of a
9 final determination by the Secretary that it
10 is a ‘new drug’ (within the meaning of sec-
11 tion 201(p) of the Federal Food, Drug,
12 and Cosmetic Act) or an action brought by
13 the Secretary under section 301, 302(a),
14 or 304(a) of such Act to enforce section
15 502(f) or 505(a) of such Act; or

16 “(iii)(I) which is described in section
17 107(c)(3) of the Drug Amendments of
18 1962 and for which the Secretary has de-
19 termined there is a compelling justification
20 for its medical need, or is identical, simi-
21 lar, or related (within the meaning of sec-
22 tion 310.6(b)(1) of title 21 of the Code of
23 Federal Regulations) to such a drug, and
24 (II) for which the Secretary has not issued
25 a notice of an opportunity for a hearing

1 under section 505(e) of the Federal Food,
2 Drug, and Cosmetic Act on a proposed
3 order of the Secretary to withdraw ap-
4 proval of an application for such drug
5 under such section because the Secretary
6 has determined that the drug is less than
7 effective for some or all conditions of use
8 prescribed, recommended, or suggested in
9 its labeling;

10 “(B) a biological product, other than a
11 vaccine which—

12 “(i) may only be dispensed upon pre-
13 scription,

14 “(ii) is licensed under section 351 of
15 the Public Health Service Act, and

16 “(iii) is produced at an establishment
17 licensed under such section to produce
18 such product;

19 “(C) insulin certified under section 506 of
20 the Federal Food, Drug, and Cosmetic Act; and

21 “(D) a drug which may be sold without a
22 prescription (commonly referred to as an ‘over-
23 the-counter drug’), if the drug is prescribed by
24 a physician (or other person authorized to pre-
25 scribe under State law).

1 “(3) LIMITING DEFINITION.—The term ‘covered
2 outpatient drug’ does not include any drug, biological
3 product, or insulin provided as part of, or as in-
4 cident to and in the same setting as, any of the fol-
5 lowing (and for which payment may be made under
6 a State plan as part of payment for the following
7 and not as direct reimbursement for the drug):

8 “(A) Inpatient hospital services.

9 “(B) Hospice services.

10 “(C) Dental services, except that drugs for
11 which the State plan authorizes direct reim-
12 bursement to the dispensing dentist are covered
13 outpatient drugs.

14 “(D) Physicians’ services.

15 “(E) Outpatient hospital services.

16 “(F) Nursing facility services and services
17 provided by an intermediate care facility for the
18 mentally retarded.

19 “(G) Other laboratory and x-ray services.

20 “(H) Renal dialysis services.

21 Such term also does not include any such drug or
22 product for which a National Drug Code number is
23 not required by the Food and Drug Administration
24 or a drug or biological product used for a medical
25 indication which is not a medically accepted indica-

1 tion. Any drug, biological product, or insulin ex-
2 cluded from the definition of such term as a result
3 of this paragraph shall be treated as a covered out-
4 patient drug for purposes of determining the best
5 price (as defined in subsection (c)(1)(C)) for such
6 drug, biological product, or insulin.

7 “(4) MANUFACTURER.—The term ‘manufac-
8 turer’ means, with respect to a covered outpatient
9 drug, the entity holding legal title to or possession
10 of the National Drug Code number for such drug.

11 “(5) MEDICALLY ACCEPTED INDICATION.—The
12 term ‘medically accepted indication’ means any use
13 for a covered outpatient drug which is approved
14 under the Federal Food, Drug, and Cosmetic Act, or
15 the use of which is supported by one or more cita-
16 tions included or approved for inclusion in any of the
17 following compendia:

18 “(A) American Hospital Formulary Service
19 Drug Information.

20 “(B) United States Pharmacopeia-Drug
21 Information.

22 “(C) American Medical Association Drug
23 Evaluations.

24 “(D) The DRUGDEX Information Sys-
25 tem.

1 “(E) The peer-reviewed medical literature.

2 “(6) MULTIPLE SOURCE DRUG; INNOVATOR
3 MULTIPLE SOURCE DRUG; NONINNOVATOR MUL-
4 TIPLE SOURCE DRUG; SINGLE SOURCE DRUG.—

5 “(A) DEFINED.—

6 “(i) MULTIPLE SOURCE DRUG.—The
7 term ‘multiple source drug’ means, with
8 respect to a rebate period, a covered out-
9 patient drug (not including any drug de-
10 scribed in paragraph (2)(D)) for which
11 there are 2 or more drug products which—

12 “(I) are rated as therapeutically
13 equivalent (under the Food and Drug
14 Administration’s most recent publica-
15 tion of ‘Approved Drug Products with
16 Therapeutic Equivalence Evalua-
17 tions’),

18 “(II) except as provided in sub-
19 paragraph (B), are pharmaceutically
20 equivalent and bioequivalent, as de-
21 fined in subparagraph (C) and as de-
22 termined by the Food and Drug Ad-
23 ministration, and

24 “(III) are sold or marketed in
25 the State during the period.

1 “(ii) INNOVATOR MULTIPLE SOURCE
2 DRUG.—The term ‘innovator multiple
3 source drug’ means a multiple source drug
4 that was originally marketed under an
5 original new drug application or product li-
6 censing application approved by the Food
7 and Drug Administration.

8 “(iii) NONINNOVATOR MULTIPLE
9 SOURCE DRUG.—The term ‘noninnovator
10 multiple source drug’ means a multiple
11 source drug that is not an innovator mul-
12 tiple source drug.

13 “(iv) SINGLE SOURCE DRUG.—The
14 term ‘single source drug’ means a covered
15 outpatient drug (other than a drug de-
16 scribed in subparagraph (C) or (D) of
17 paragraph (2)) which is produced or dis-
18 tributed under an original new drug appli-
19 cation approved by the Food and Drug Ad-
20 ministration, including a drug product
21 marketed by any cross-licensed producers
22 or distributors operating under the new
23 drug application or product licensing appli-
24 cation.

1 “(B) EXCEPTION.—Subparagraph
2 (A)(i)(II) shall not apply if the Food and Drug
3 Administration changes by regulation the re-
4 quirement that, for purposes of the publication
5 described in subparagraph (A)(i)(I), in order
6 for drug products to be rated as therapeutically
7 equivalent, they must be pharmaceutically
8 equivalent and bioequivalent, as defined in sub-
9 paragraph (C).

10 “(C) DEFINITIONS.—For purposes of this
11 paragraph—

12 “(i) drug products are pharmaceuti-
13 cally equivalent if the products contain
14 identical amounts of the same active drug
15 ingredient in the same dosage form and
16 meet compendial or other applicable stand-
17 ards of strength, quality, purity, and iden-
18 tity,

19 “(ii) drugs are bioequivalent if they do
20 not present a known or potential bio-
21 equivalence problem, or, if they do present
22 such a problem, they are shown to meet an
23 appropriate standard of bioequivalence,
24 and

1 “(iii) a drug product is considered to
2 be sold or marketed in a State if it appears
3 in a published national listing of average
4 wholesale prices selected by the Secretary,
5 if the listed product is generally available
6 to the public through retail pharmacies in
7 that State.

8 “(7) REBATE PERIOD.—The term ‘rebate pe-
9 riod’ means, with respect to an agreement under
10 subsection (a), a calendar quarter or other period
11 specified by the Secretary with respect to the pay-
12 ment of rebates under such agreement.”.

13 **SEC. 2004. STATE ELECTION; TERMINATION OF CURRENT**
14 **PROGRAM; AND TRANSITION.**

15 (a) **TERMINATION OF CURRENT PROGRAM; LIMITA-**
16 **TION ON MEDICAID PAYMENTS IN FISCAL YEAR 1997.—**

17 (1) **REPEAL OF TITLE.—**Title XIX of the Social
18 Security Act is repealed effective October 1, 1997,
19 except that the repeal of section 1928 of such Act
20 is effective on the date of the enactment of this Act
21 and the succeeding two sections of such title shall be
22 effective during fiscal year 1996 in the same manner
23 and to the same extent as such sections were effec-
24 tive during fiscal year 1995.

1 (2) LIMITATION ON OBLIGATION AUTHORITY.—

2 Notwithstanding any other provision of such title—

3 (A) FISCAL YEAR 1997.—Subject to sub-
4 paragraph (B), the Secretary of Health and
5 Human Services (in this section referred to as
6 the “Secretary”) may enter into obligations
7 under such title with any State (as defined for
8 purposes of such title) for expenses incurred
9 during fiscal year 1997, but not in excess of the
10 sum determined under clauses (i), (ii) and (iv)
11 of section 1511(a)(2)(A) of the Social Security
12 Act (as added by section 2003) for that State
13 for fiscal year 1997.

14 (B) NONE AFTER EFFECTIVE DATE.—The
15 Secretary is not authorized to enter into any
16 obligation with any State under title XIX of
17 such Act for expenses incurred on or after the
18 earlier of—

19 (i) October 1, 1997, or

20 (ii) the first day of the first quarter
21 on which the State plan under title XV of
22 such Act (as added by section 2003) is
23 first effective.

24 (C) AGREEMENT.—A State’s submission of
25 claims for payment under section 1903 of such

1 Act on or after October 1, 1996, is deemed to
2 constitute the State's acceptance of the obliga-
3 tion limitation under subparagraph (A) (includ-
4 ing the formula for computing the amount of
5 such obligation limitation).

6 (D) EFFECT ON MEDICAL ASSISTANCE.—
7 Effective October 1, 1996—

8 (i) except as provided in this para-
9 graph, the Federal Government has no ob-
10 ligation to provide payment with respect to
11 items and services provided under title
12 XIX of the Social Security Act, and

13 (ii) such title and title XV of such Act
14 shall not be construed as providing for an
15 entitlement, under Federal law in relation
16 to the Federal Government, in an individ-
17 ual or person (including any provider) at
18 the time of provision or receipt of services.

19 (3) REQUIREMENT FOR TIMELY SUBMITTAL OF
20 CLAIMS.—No payment shall be made to a State
21 under title XIX of such Act with respect to an obli-
22 gation incurred before October 1, 1996, unless the
23 State has submitted to the Secretary, by not later
24 than April 1, 1997, a claim for Federal financial
25 participation for expenses paid by the State with re-

1 spect to such obligations. Nothing in paragraph (2)
2 shall be construed as affecting the obligation of the
3 Federal Government to pay claims described in the
4 previous sentence.

5 (b) TRANSITION PROVISIONS.—

6 (1) Notwithstanding any other provision of law,
7 in the case where payment has been made under sec-
8 tion 1903(a) of the Social Security Act to a State
9 before March 1, 1996, and for which a disallowance
10 has not been taken as of such date (or, if so taken,
11 has not been completed, including judicial review, by
12 such date), the Secretary of Health and Human
13 Services shall discontinue the disallowance proceed-
14 ing and, if such disallowance has been taken as of
15 the date of the enactment of this Act, any payment
16 reductions effected shall be rescinded and the pay-
17 ments returned to the State.

18 (2) The repeal under subsection (a)(1) of sec-
19 tion 1928 of the Social Security Act shall not affect
20 the distribution of vaccines purchased and delivered
21 to the States before the date of the enactment of
22 this Act. No vaccine may be purchased after such
23 date by the Federal Government or any State under
24 any contract under section 1928(d) of the Social Se-
25 curity Act.

1 (3) No judicial or administrative decision ren-
2 dered regarding requirements imposed under title
3 XIX of the Social Security Act with respect to a
4 State shall have any application to the State plan of
5 the State under title XV of such Act. A State may,
6 pursuant to the previous sentence, seek the abroga-
7 tion or modification of any such decision after the
8 date of termination of the State medicaid plan under
9 title XIX of such Act.

10 (4) No cause of action under title XIX of the
11 Social Security Act which seeks to require a State
12 to establish or maintain minimum payment rates
13 under such title or claim which seeks reimbursement
14 for any period before the date of the enactment of
15 this Act based on the alleged failure of the State to
16 comply with such title and which has not become
17 final as of such date shall be brought or continued.

18 (5) Section 6408(a)(3) of the Omnibus Budget
19 Reconciliation Act of 1989 (as amended by section
20 13642 of the Omnibus Budget Reconciliation Act of
21 1993) and section 2 of Public Law 102–276 (as
22 amended by section 13644 of the Omnibus Budget
23 Reconciliation Act of 1993) are each amended by
24 striking “December 31, 1995” and inserting “Octo-
25 ber 1, 1997”.

1 (c) ANTI-FRAUD PROVISIONS.—Section 1128(h)(1)
2 of the Social Security Act (42 U.S.C. 1320a–7(h)(1)) is
3 amended by inserting “or a State plan under title XV”
4 after “title XIX”.

5 (d) TECHNICAL AND CONFORMING AMENDMENTS.—

6 (1) SECRETARIAL SUBMISSION OF LEGISLATIVE
7 PROPOSAL.—Not later than 90 days after the date
8 of the enactment of this Act, the Secretary of
9 Health and Human Services, in consultation, as ap-
10 appropriate, with heads of other Federal agencies and
11 the States (as defined in section 1101(a)(8) of the
12 Social Security Act for purposes of title XIX of such
13 Act), shall submit to the appropriate committees of
14 Congress a legislative proposal providing for such
15 technical and conforming amendments in the law as
16 are required by the provisions of, and amendments
17 made by, this title.

18 (2) TRANSITIONAL RULE.—Any reference in
19 any provision of law to title XIX of the Social Secu-
20 rity Act or any provision thereof shall be deemed to
21 be a reference to such title or provision as in effect
22 on the day before the date of the enactment of this
23 Act.

24 **SEC. 2005. INTEGRATION DEMONSTRATION PROJECT.**

25 (a) DESCRIPTION OF PROJECTS.—

1 (1) IN GENERAL.—The Secretary of Health and
2 Human Services (in this section referred to as the
3 “Secretary”) may waive such requirements of titles
4 XVIII and XV of the Social Security Act as may be
5 necessary for States to conduct demonstration
6 projects under this section. Such projects shall dem-
7 onstrate the manner in which States may use funds
8 from the programs under such titles to develop and
9 implement innovative programs for individuals dually
10 eligible for benefits under both titles, including such
11 individuals who are chronically ill. The Secretary
12 shall grant waivers in a manner that permits States
13 flexibility in contracting with medicare risk providers
14 and other providers for services, oversight of con-
15 tract administration and quality management, and
16 administration of a single enrollment process. Such
17 a waiver may restrict time period during which
18 project participants may disenroll without cause
19 from capitated health plans under the medicare pro-
20 gram.

21 (2) VOLUNTARY PARTICIPATION.—A State may
22 not require an individual eligible to receive items and
23 services under the medicare and title XV programs
24 to participate in a demonstration project under this
25 section.

1 (b) BUDGET NEUTRALITY AND REINVESTMENT OF
2 SAVINGS.—

3 (1) BUDGET NEUTRALITY.—The Secretary shall
4 not approve a demonstration project under this sec-
5 tion for a State unless the State demonstrates that
6 the amount of the Federal expenditures under the
7 program will not exceed the amount of the Federal
8 expenditures that would have been made if the
9 project had not been approve.

10 (2) USE OF SAVINGS.—The Secretary shall per-
11 mit a State to retain any savings achieved under a
12 project and to use such savings for—

13 (A) expanding eligibility for low income
14 medicare beneficiaries who are risk of institu-
15 tionalization and who, if institutionalized, are
16 likely to qualify for benefits under title XV of
17 the Social Security Act, and

18 (B) providing a scope of services under the
19 project that exceeds the scope of services nor-
20 mally covered under such title.

21 (c) LIMITATION ON NUMBER OF PROJECTS.—Not
22 more than 10 demonstration projects shall be conducted
23 under this section.

24 (d) DURATION.—

1 (1) IN GENERAL.—Subject to paragraph (2), a
2 demonstration project conducted under this section
3 shall be conducted for an initial period of 5 years
4 and, upon the request of a State and a finding by
5 the Secretary that the project has been successful,
6 shall be extended indefinitely.

7 (2) TERMINATION.—The Secretary may, with
8 90 days' notice, terminate any demonstration project
9 conducted under this section that is not in substan-
10 tial compliance with the terms of the application ap-
11 proved by the Secretary under this section.

12 (e) APPLICATIONS.—Each State, or a coalition of
13 States, desiring to conduct a demonstration project under
14 this section shall prepare and submit to the Secretary an
15 application at such time, in such manner, and containing
16 such information as the Secretary may require, including
17 an explanation of a plan for evaluating the project. The
18 Secretary shall approve or deny an application not later
19 than 90 days after the receipt of such application.

20 (f) PAYMENTS.—For each calendar quarter occurring
21 during a demonstration project conducted under this sec-
22 tion, the Secretary shall provide for payments to the State
23 in a manner consistent with subsection (b)(1).

24 (g) OVERSIGHT.—The Secretary shall establish qual-
25 ity standards for evaluating and monitoring the dem-

1 onstration projects conducted under this section. Such
2 quality standards shall include reporting requirements
3 which contain the following:

4 (1) A description of the demonstration project.

5 (2) An analysis of beneficiary satisfaction under
6 such project.

7 (3) An analysis of the quality of the services de-
8 livered under the project.

9 (4) A description of the savings to the medicare
10 and title XV programs as a result of the demonstra-
11 tion project.

12 **Subtitle B—Other Provisions**

13 **PART 1—INVOLVEMENT OF COMMERCE COMMIT-** 14 **TEE IN FEDERAL GOVERNMENT POSITION** 15 **REDUCTIONS**

16 **SEC. 2101. INVOLVEMENT OF COMMERCE COMMITTEE IN** 17 **FEDERAL GOVERNMENT POSITION REDUC-** 18 **TIONS.**

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

1 **PART 2—RESTRICTING PUBLIC BENEFITS FOR**
2 **ALIENS**

3 **Subpart A—Eligibility for Federal Benefits**

4 **SEC. 2211. ALIENS WHO ARE NOT QUALIFIED ALIENS INELI-**
5 **GIBLE FOR FEDERAL PUBLIC BENEFITS.**

6 (a) **IN GENERAL.**—Notwithstanding any other provi-
7 sion of law and except as provided in subsection (b), an
8 alien who is not a qualified alien (as defined in section
9 2221) is not eligible for any Federal public benefit (as de-
10 fined in subsection (c)).

11 (b) **EXCEPTIONS.**—Subsection (a) shall not apply
12 with respect to the following Federal public benefits:

13 (1) Emergency medical services under title XIX
14 or XV of the Social Security Act.

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

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

22 (c) **FEDERAL PUBLIC BENEFIT DEFINED.**—

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

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

5 (B) any retirement, welfare, health, dis-
6 ability, or any other similar benefit for which
7 payments or assistance are provided to an indi-
8 vidual, household, or family eligibility unit by
9 an agency of the United States or by appro-
10 priated funds of the United States,

11 but only if such grant, contract, loan, or license
12 under subparagraph (A) or program providing bene-
13 fits under subparagraph (B) is under the jurisdic-
14 tion of the Committee on Commerce of the House of
15 Representatives.

16 (2) Such term shall not apply—

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

21 (B) with respect to benefits for an alien
22 who as a work authorized nonimmigrant or as
23 an alien lawfully admitted for permanent resi-
24 dence under the Immigration and Nationality
25 Act qualified for such benefits and for whom

1 the United States under reciprocal treaty agree-
2 ments is required to pay benefits, as determined
3 by the Attorney General, after consultation with
4 the Secretary of State.

5 **SEC. 2212. LIMITED ELIGIBILITY OF QUALIFIED ALIENS**
6 **FOR MEDICAL ASSISTANCE.**

7 (a) **IN GENERAL.**—Notwithstanding any other provi-
8 sion of law and except as provided in section 2213 and
9 subsection (b), a State is authorized to determine the eligi-
10 bility of an alien who is a qualified alien (as defined in
11 section 2221) for the program of medical assistance under
12 titles XV and XIX of the Social Security Act.

13 (b) **EXCEPTIONS.**—Qualified aliens under this sub-
14 section shall be eligible for benefits under such program:

15 (1) **TIME-LIMITED EXCEPTION FOR REFUGEES**
16 **AND ASYLEES.**—

17 (A) An alien who is admitted to the United
18 States as a refugee under section 207 of the
19 Immigration and Nationality Act until 5 years
20 after the date of an alien's entry into the Unit-
21 ed States.

22 (B) An alien who is granted asylum under
23 section 208 of such Act until 5 years after the
24 date of such grant of asylum.

1 (C) An alien whose deportation is being
2 withheld under section 243(h) of such Act until
3 5 years after such withholding.

4 (2) CERTAIN PERMANENT RESIDENT ALIENS.—

5 An alien who—

6 (A) is lawfully admitted to the United
7 States for permanent residence under the Im-
8 migration and Nationality Act; and

9 (B)(i) has worked 40 qualifying quarters
10 of coverage as defined under title II of the So-
11 cial Security Act or can be credited with such
12 qualifying quarters as provided under sub-
13 section (c), and (ii) did not receive any Federal
14 means-tested public benefit (as defined in sec-
15 tion 2213(e)) during any such quarter.

16 (3) VETERAN AND ACTIVE DUTY EXCEPTION.—

17 An alien who is lawfully residing in any State and
18 is—

19 (A) a veteran (as defined in section 101 of
20 title 38, United States Code) with a discharge
21 characterized as an honorable discharge and not
22 on account of alienage,

23 (B) on active duty (other than active duty
24 for training) in the Armed Forces of the United
25 States, or

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

4 (4) TRANSITION FOR THOSE CURRENTLY RE-
5 CEIVING BENEFITS.—An alien who on the date of
6 the enactment of this Act is lawfully residing in any
7 State and is receiving benefits under such program
8 on the date of the enactment of this Act shall con-
9 tinue to be eligible to receive such benefits until Jan-
10 uary 1, 1997.

11 (c) QUALIFYING QUARTERS.—For purposes of this
12 section, in determining the number of qualifying quarters
13 of coverage under title II of the Social Security Act an
14 alien shall be credited with—

15 (1) all of the qualifying quarters of coverage as
16 defined under title II of the Social Security Act
17 worked by a parent of such alien while the alien was
18 under age 18 if the parent did not receive any Fed-
19 eral means-tested public benefit (as defined by the
20 Secretary and including the medicaid program) dur-
21 ing any such quarter, and

22 (2) all of the qualifying quarters worked by a
23 spouse of such alien during their marriage if the
24 spouse did not receive any Federal means-tested
25 public benefit (as so defined) during any such quar-

1 ter and the alien remains married to such spouse or
2 such spouse is deceased.

3 **SEC. 2213. FIVE-YEAR LIMITED ELIGIBILITY OF QUALIFIED**
4 **ALIENS FOR FEDERAL MEANS-TESTED PUB-**
5 **LIC BENEFIT.**

6 (a) **IN GENERAL.**—Notwithstanding any other provi-
7 sion of law and except as provided in subsection (b), an
8 alien who is a qualified alien (as defined in section 2221)
9 and who enters the United States on or after the date
10 of the enactment of this Act is not eligible for any Federal
11 means-tested public benefit (as defined in subsection (c))
12 for a period of five years beginning on the date of the
13 alien’s entry into the United States with a status within
14 the meaning of the term “qualified alien”.

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

17 (1) **EXCEPTION FOR REFUGEES AND**
18 **ASYLUMS.**—

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

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

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

1 (2) VETERAN AND ACTIVE DUTY EXCEPTION.—

2 An alien who is lawfully residing in any State and
3 is—

4 (A) a veteran (as defined in section 101 of
5 title 38, United States Code) with a discharge
6 characterized as an honorable discharge and not
7 on account of alienage,

8 (B) on active duty (other than active duty
9 for training) in the Armed Forces of the United
10 States, or

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

14 (c) FEDERAL MEANS-TESTED PUBLIC BENEFIT DE-
15 FINED.—

16 (1) Except as provided in paragraph (2), for
17 purposes of this part, the term “Federal means-test-
18 ed public benefit” means a Federal public benefit
19 described in section 2211(c) in which the eligibility
20 of an individual, household, or family eligibility unit
21 for benefits, or the amount of such benefits, or both
22 are determined on the basis of income, resources, or
23 financial need of the individual, household, or unit.

24 (2) Such term does not include the following:

1 (A) Emergency medical services under title
2 XV or XIX of the Social Security Act.

3 (B)(i) Public health assistance for immuni-
4 zations.

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

10 **SEC. 2214. NOTIFICATION.**

11 Each Federal agency that administers a program to
12 which section 2211, 2212, or 2213 applies shall, directly
13 or through the States, post information and provide gen-
14 eral notification to the public and to program recipients
15 of the changes regarding eligibility for any such program
16 pursuant to this subpart.

17 **Subpart B—General Provisions**

18 **SEC. 2221. DEFINITIONS.**

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

23 (b) QUALIFIED ALIEN.—For purposes of this part,
24 the term “qualified alien” means an alien who, at the time

1 the alien applies for, receives, or attempts to receive a
2 Federal public benefit, is—

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

6 (2) an alien who is granted asylum under sec-
7 tion 208 of such Act,

8 (3) a refugee who is admitted to the United
9 States under section 207 of such Act,

10 (4) an alien who is paroled into the United
11 States under section 212(d)(5) of such Act for a pe-
12 riod of at least 1 year,

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

15 (6) an alien who is granted conditional entry
16 pursuant to section 203(a)(7) of such Act as in ef-
17 fect prior to April 1, 1980.

18 **SEC. 2222. VERIFICATION OF ELIGIBILITY FOR FEDERAL**

19 **PUBLIC BENEFITS.**

20 (a) **IN GENERAL.**—Not later than 18 months after
21 the date of the enactment of this Act, the Attorney Gen-
22 eral of the United States, after consultation with the Sec-
23 retary of Health and Human Services, shall promulgate
24 regulations requiring verification that a person applying
25 for a Federal public benefit (as defined in section

1 2211(c)), to which the limitation under section 2211 ap-
2 plies, is a qualified alien and is eligible to receive such
3 benefit. Such regulations shall, to the extent feasible, re-
4 quire that information requested and exchanged be similar
5 in form and manner to information requested and ex-
6 changed under section 1137 of the Social Security Act.

7 (b) STATE COMPLIANCE.—Not later than 24 months
8 after the date the regulations described in subsection (a)
9 are adopted, a State that administers a program that pro-
10 vides a Federal public benefit shall have in effect a ver-
11 ification system that complies with the regulations.

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

15 **PART 3—ENERGY ASSISTANCE**

16 **SEC. 2131. ENERGY ASSISTANCE.**

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

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

21 (2) by striking paragraph (2).

1 **TITLE III—COMMITTEE ON ECO-**
 2 **NOMIC AND EDUCATIONAL**
 3 **OPPORTUNITIES**

4 **SEC. 3001. SHORT TITLE.**

5 This title may be cited as the “Personal Responsibil-
 6 ity and Work Opportunity Act of 1996”.

7 **SEC. 3002. TABLE OF CONTENTS.**

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

TITLE III—COMMITTEE ON ECONOMIC AND EDUCATIONAL
 OPPORTUNITIES

Sec. 3001. Short title.

Sec. 3002. Table of contents.

Subtitle A—Work Requirements

Sec. 3101. Replacement of the JOBS program with mandatory work require-
 ments.

Subtitle B—Child and Family Services Block Grant

Sec. 3201. Child and Family Services Block Grant.

Sec. 3202. Reauthorizations.

Sec. 3203. Repeals.

Subtitle C—Child Care

Sec. 3301. Short title and references.

Sec. 3302. Goals.

Sec. 3303. Authorization of appropriations and entitlement authority.

Sec. 3304. Lead agency.

Sec. 3305. Application and plan.

Sec. 3306. Limitation on State allotments.

Sec. 3307. Activities to improve the quality of child care.

Sec. 3308. Repeal of early childhood development and before- and after-school
 care requirement.

Sec. 3309. Administration and enforcement.

Sec. 3310. Payments.

Sec. 3311. Annual report and audits.

Sec. 3312. Report by the Secretary.

Sec. 3313. Allotments.

Sec. 3314. Definitions.

Sec. 3315. Repeals.

Sec. 3316. Effective date.

Subtitle D—Child Nutrition Programs

CHAPTER 1—NATIONAL SCHOOL LUNCH ACT

- Sec. 3401. State disbursement to schools.
- Sec. 3402. Nutritional and other program requirements.
- Sec. 3403. Free and reduced price policy statement.
- Sec. 3404. Special assistance.
- Sec. 3405. Miscellaneous provisions and definitions.
- Sec. 3406. Summer food service program for children.
- Sec. 3407. Commodity distribution.
- Sec. 3408. Child care food program.
- Sec. 3409. Pilot projects.
- Sec. 3410. Reduction of paperwork.
- Sec. 3411. Information on income eligibility.
- Sec. 3412. Nutrition guidance for child nutrition programs.
- Sec. 3413. Information clearinghouse.

CHAPTER 2—CHILD NUTRITION ACT OF 1966

- Sec. 3421. Special milk program.
- Sec. 3422. Free and reduced price policy statement.
- Sec. 3423. School breakfast program authorization.
- Sec. 3424. State administrative expenses.
- Sec. 3425. Regulations.
- Sec. 3426. Prohibitions.
- Sec. 3427. Miscellaneous provisions and definitions.
- Sec. 3428. Accounts and records.
- Sec. 3429. Special supplemental nutrition program for women, infants, and children.
- Sec. 3430. Cash grants for nutrition education.
- Sec. 3431. Nutrition education and training.

CHAPTER 3—MISCELLANEOUS PROVISIONS

- Sec. 3441. Coordination of school lunch, school breakfast, and summer food service programs.

Subtitle E—Related Provisions

- Sec. 3501. Requirement that data relating to the incidence of poverty in the United States be published at least every 2 years.
- Sec. 3502. Sense of the Congress.
- Sec. 3503. Legislative accountability.

1 **Subtitle A—Work Requirements**

2 **SEC. 3101. REPLACEMENT OF THE JOBS PROGRAM WITH** 3 **MANDATORY WORK REQUIREMENTS.**

4 (a) IN GENERAL.—Part F of title IV of the Social
 5 Security Act (42 U.S.C. 681–687) is amended to read as
 6 follows:

1 **“PART F—MANDATORY WORK REQUIREMENTS**

2 **“SEC. 481. MANDATORY WORK REQUIREMENTS.**

3 “(a) PARTICIPATION RATE REQUIREMENTS.—

4 “(1) ALL FAMILIES.—A State that is operating
5 a program under part A for a fiscal year shall
6 achieve the minimum participation rate specified in
7 the following table for the fiscal year with respect to
8 all families receiving assistance under the State pro-
9 gram operated under part A:

“If the fiscal year is:	The minimum participation rate is:
1996	20
1997	25
1998	30
1999	35
2000	40
2001	45
2002 or thereafter	50.

10 “(2) 2-PARENT FAMILIES.—A State that is op-
11 erating a program under part A for a fiscal year
12 shall achieve the minimum participation rate speci-
13 fied in the following table for the fiscal year with re-
14 spect to 2-parent families receiving assistance under
15 the State program operated under part A:

“If the fiscal year is:	The minimum participation rate is:
1996	50
1997	75
1998	75
1999 or thereafter	90.

16 “(b) CALCULATION OF PARTICIPATION RATES.—

17 “(1) ALL FAMILIES.—

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

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

11 “(i) the number of families receiving
12 assistance under the State program oper-
13 ated under part A that include an adult
14 who is engaged in work for the month; di-
15 vided by

16 “(ii) the amount by which—

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

21 “(II) the number of families re-
22 ceiving such assistance that are sub-
23 ject in such month to a penalty de-
24 scribed in subsection (e)(1) but have
25 not been subject to such penalty for

1 more than 3 months within the pre-
2 ceding 12-month period (whether or
3 not consecutive).

4 “(2) 2-PARENT FAMILIES.—

5 “(A) AVERAGE MONTHLY RATE.—For pur-
6 poses of subsection (a)(2), the participation
7 rate for 2-parent families of a State for a fiscal
8 year is the average of the participation rates for
9 2-parent families of the State for each month in
10 the fiscal year.

11 “(B) MONTHLY PARTICIPATION RATES.—

12 The participation rate of a State for 2-parent
13 families of the State for a month shall be cal-
14 culated by use of the formula set forth in para-
15 graph (1)(B), except that in the formula the
16 term ‘number of 2-parent families’ shall be sub-
17 stituted for the term ‘number of families’ each
18 place such latter term appears.

19 “(3) PRO RATA REDUCTION OF PARTICIPATION

20 RATE DUE TO CASELOAD REDUCTIONS NOT RE-

21 QUIRED BY FEDERAL LAW.—The Secretary shall

22 prescribe regulations for reducing the minimum par-

23 ticipation rate otherwise required by this section for

24 a fiscal year by the number of percentage points

1 equal to the number of percentage points (if any) by
2 which—

3 “(A) the number of families receiving as-
4 sistance during the fiscal year under the State
5 plan approved under part A is less than

6 “(B) the number of families that received
7 aid under the State plan approved under part
8 A during fiscal year 1995.

9 The minimum participation rate shall not be re-
10 duced to the extent that the Secretary deter-
11 mines that the reduction in the number of fami-
12 lies receiving such assistance is required by
13 Federal law.

14 “(4) STATE OPTION FOR PARTICIPATION RE-
15 QUIREMENT EXEMPTIONS.—For any fiscal year, a
16 State may, at its option, not require an individual
17 who is a single custodial parent caring for a child
18 who has not attained 12 months of age to engage in
19 work and may disregard such an individual in deter-
20 mining the participation rates under subsection (a).

21 “(c) ENGAGED IN WORK.—

22 “(1) ALL FAMILIES.—For purposes of sub-
23 section (b)(1)(B)(i), a recipient is engaged in work
24 for a month in a fiscal year if the recipient is par-
25 ticipating in work activities for at least the minimum

1 average number of hours per week specified in the
 2 following table during the month, not fewer than 20
 3 hours per week of which are attributable to an activ-
 4 ity described in paragraph (1), (2), (3), (4), (5), (6),
 5 (7), or (8) of subsection (d):

“If the month is in fiscal year:	The minimum average number of hours per week is:
1996	20
1997	20
1998	20
1999	25
2000	30
2001	30
2002	35
2003 or thereafter	35.

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

14 “(3) LIMITATION ON NUMBER OF WEEKS FOR
 15 WHICH JOB SEARCH COUNTS AS WORK.—Notwith-
 16 standing paragraphs (1) and (2), an individual shall
 17 not be considered to be engaged in work by virtue
 18 of participation in an activity described in subsection
 19 (d)(6), after the individual has participated in such
 20 an activity for 4 weeks (except if the unemployment

1 rate is above the national average, 12 weeks) in a
2 fiscal year. An individual shall be considered to be
3 participating in such an activity for a week if the
4 individual participates in such an activity at any
5 time during the week.

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

15 “(5) SINGLE PARENT WITH CHILD UNDER AGE
16 6 DEEMED TO BE MEETING WORK PARTICIPATION
17 REQUIREMENTS IF PARENT IS ENGAGED IN WORK
18 FOR 20 HOURS PER WEEK.—For purposes of deter-
19 mining monthly participation rates under subsection
20 (b)(1)(B)(i), a recipient in a 1-parent family who is
21 the parent of a child who has not attained 6 years
22 of age is deemed to be engaged in work for a month
23 if the recipient is engaged in work for an average of
24 at least 20 hours per week during the month.

1 “(6) TEEN HEAD OF HOUSEHOLD WHO MAIN-
2 TAINS SATISFACTORY SCHOOL ATTENDANCE
3 DEEMED TO BE MEETING WORK PARTICIPATION RE-
4 QUIREMENTS.—For purposes of determining month-
5 ly participation rates under subsection (b)(1)(B)(i),
6 a recipient who is a single head of household and
7 has not attained 20 years of age is deemed to be en-
8 gaged in work for a month in a fiscal year if the re-
9 cipient—

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

13 “(B) participates in education directly re-
14 lated to employment for at least the minimum
15 average number of hours per week specified in
16 the table set forth in paragraph (1).

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

19 “(1) unsubsidized employment;

20 “(2) subsidized private sector employment;

21 “(3) subsidized public sector employment;

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

25 “(5) on-the-job training;

1 “(6) job search and job readiness assistance;

2 “(7) community service programs;

3 “(8) vocational educational training (not to ex-
4 ceed 12 months with respect to any individual);

5 “(9) job skills training directly related to em-
6 ployment;

7 “(10) education directly related to employment,
8 in the case of a recipient who has not received a
9 high school diploma or a certificate of high school
10 equivalency; and

11 “(11) satisfactory attendance at secondary
12 school or high school equivalency program, in the
13 case of a recipient who has not completed secondary
14 school.

15 “(e) SUPPLEMENTAL GRANT FOR OPERATION OF
16 WORK PROGRAM.—

17 “(1) APPLICATION REQUIREMENTS.—An eligi-
18 ble State may submit to the Secretary an application
19 for additional funds to meet the requirements of this
20 section with respect to a fiscal year if the Secretary
21 determines that—

22 “(A) the total expenditures of the State to
23 meet such requirements for the fiscal year ex-
24 ceed the total expenditures of the State during

1 fiscal year 1994 to carry out part F (as in ef-
2 fect on September 30, 1994);

3 “(B) the work programs of the State under
4 this section are coordinated with the job train-
5 ing programs established by title II of the Job
6 Training Partnership Act, or (if such title is re-
7 pealed by the Consolidated and Reformed Edu-
8 cation, Employment, and Rehabilitation Sys-
9 tems Act) the Consolidated and Reformed Edu-
10 cation, Employment, and Rehabilitation Sys-
11 tems Act; and

12 “(C) the State needs additional funds to
13 meet such requirements or certifies that it in-
14 tends to exceed such requirements.

15 “(2) GRANTS.—The Secretary may make a
16 grant to any eligible State which submits an applica-
17 tion in accordance with paragraph (1) for a fiscal
18 year in an amount equal to the Federal medical as-
19 sistance percentage of the amount (if any) by which
20 the total expenditures of the State to meet or exceed
21 the requirements of this section for the fiscal year
22 exceeds the total expenditures of the State during
23 fiscal year 1994 to carry out part F (as in effect on
24 September 30, 1994).

1 “(3) REGULATIONS.—The Secretary shall issue
2 regulations providing for the equitable distribution
3 of funds under this subsection.

4 “(4) AUTHORIZATION OF APPROPRIATIONS.—

5 “(A) IN GENERAL.—There are authorized
6 to be appropriated for grants under this sub-
7 section \$3,000,000,000 for fiscal year 1999.

8 “(B) AVAILABILITY.—Amounts appro-
9 priated pursuant to subparagraph (A) are au-
10 thorized to remain available until expended.

11 “(f) PENALTIES.—

12 “(1) AGAINST INDIVIDUALS.—

13 “(A) IN GENERAL.—Except as provided in
14 subparagraph (B), if an adult in a family re-
15 ceiving assistance under the State program op-
16 erated under part A refuses to engage in work
17 required in accordance with this section, the
18 State shall—

19 “(i) reduce the amount of assistance
20 otherwise payable to the family pro rata
21 (or more, at the option of the State) with
22 respect to any period during a month in
23 which the adult so refuses; or

24 “(ii) terminate such assistance,

1 subject to such good cause and other exceptions as
2 the State may establish.

3 “(B) EXCEPTION.—Notwithstanding sub-
4 paragraph (A), a State may not reduce or ter-
5minate assistance under the State program op-
6erated under part A based on a refusal of an
7adult to work if the adult is a single custodial
8parent caring for a child who has not attained
911 years of age, and the adult proves that the
10adult has a demonstrated inability (as deter-
11mined by the State) to obtain needed child care,
12for 1 or more of the following reasons:

13 “(i) Unavailability of appropriate
14child care within a reasonable distance
15from the individual’s home or work site.

16 “(ii) Unavailability or unsuitability of
17informal child care by a relative or under
18other arrangements.

19 “(iii) Unavailability of appropriate
20and affordable formal child care arrange-
21ments.

22 “(2) AGAINST STATES.—

23 “(A) IN GENERAL.—If the Secretary deter-
24mines that a State that is operating a program
25under part A for a fiscal year has failed to com-

1 ply with this section for the fiscal year, the Sec-
2 retary shall reduce the total amount otherwise
3 payable to the State under section 403 for the
4 immediately succeeding fiscal year by an
5 amount equal to not more than 5 percent of
6 such otherwise payable amount.

7 “(B) PENALTY BASED ON SEVERITY OF
8 FAILURE.—The Secretary shall impose reduc-
9 tions under subparagraph (A) based on the de-
10 gree of noncompliance.

11 “(g) NONDISPLACEMENT IN WORK ACTIVITIES.—

12 “(1) IN GENERAL.—Subject to paragraph (2),
13 an adult in a family receiving assistance under a
14 State program operated under part A attributable to
15 funds provided by the Federal Government may fill
16 a vacant employment position in order to engage in
17 a work activity described in subsection (d).

18 “(2) NO FILLING OF CERTAIN VACANCIES.—No
19 adult in a work activity described in subsection (d)
20 which is funded, in whole or in part, by funds pro-
21 vided by the Federal Government shall be employed
22 or assigned—

23 “(A) when any other individual is on layoff
24 from the same or any substantially equivalent
25 job; or

1 “(B) if the employer has terminated the
2 employment of any regular employee or other-
3 wise caused an involuntary reduction of its
4 workforce in order to fill the vacancy so created
5 with an adult described in paragraph (1).

6 “(3) NO PREEMPTION.—Nothing in this sub-
7 section shall preempt or supersede any provision of
8 State or local law that provides greater protection
9 for employees from displacement.

10 “(h) SENSE OF THE CONGRESS.—It is the sense of
11 the Congress that in complying with this section, each
12 State that operates a program under part A is encouraged
13 to assign the highest priority to requiring adults in 2-par-
14 ent families and adults in single-parent families that in-
15 clude older preschool or school-age children to be engaged
16 in work activities.

17 “(i) SENSE OF THE CONGRESS THAT STATES
18 SHOULD IMPOSE CERTAIN REQUIREMENTS ON NON-
19 CUSTODIAL, NONSUPPORTING MINOR PARENTS.—It is the
20 sense of the Congress that the States should require non-
21 custodial, nonsupporting parents who have not attained 18
22 years of age to fulfill community work obligations and at-
23 tend appropriate parenting or money management classes
24 after school.

1 **“SEC. 482. INDIVIDUAL RESPONSIBILITY PLANS.**

2 “(a) ASSESSMENT.—The State agency responsible
3 for administering the State program funded under part
4 A shall make an initial assessment of the skills, prior work
5 experience, and employability of each recipient of assist-
6 ance under the program who—

7 “(1) has attained 18 years of age; or

8 “(2) has not completed high school or obtained
9 a certificate of high school equivalency, and is not
10 attending secondary school.

11 “(b) CONTENTS OF PLANS.—

12 “(1) IN GENERAL.—On the basis of the assess-
13 ment made under subsection (a) with respect to an
14 individual, the State agency, in consultation with the
15 individual, shall develop an individual responsibility
16 plan for the individual, which—

17 “(A) shall provide that participation by the
18 individual in job search activities shall be a con-
19 dition of eligibility for assistance under the
20 State program funded under part A, except
21 during any period for which the individual is
22 employed full-time in an unsubsidized job in the
23 private sector;

24 “(B) sets forth an employment goal for the
25 individual and a plan for moving the individual
26 immediately into private sector employment;

1 “(C) sets forth the obligations of the indi-
2 vidual, which may include a requirement that
3 the individual attend school, maintain certain
4 grades and attendance, keep school age children
5 of the individual in school, immunize children,
6 attend parenting and money management class-
7 es, or do other things that will help the individ-
8 ual become and remain employed in the private
9 sector;

10 “(D) to the greatest extent possible shall
11 be designed to move the individual into what-
12 ever private sector employment the individual is
13 capable of handling as quickly as possible, and
14 to increase the responsibility and amount of
15 work the individual is to handle over time;

16 “(E) shall describe the services the State
17 will provide the individual so that the individual
18 will be able to obtain and keep employment in
19 the private sector, and describe the job counsel-
20 ing and other services that will be provided by
21 the State; and

22 “(F) at the option of the State, may re-
23 quire the individual to undergo appropriate sub-
24 stance abuse treatment.

1 “(2) TIMING.—The State agency shall comply
2 with paragraph (1) with respect to an individual—

3 “(A) within 90 days (or, at the option of
4 the State, 180 days) after the effective date of
5 this part, in the case of an individual who, as
6 of such effective date, is a recipient of aid
7 under the State plan approved under part A (as
8 in effect immediately before such effective
9 date); or

10 “(B) within 30 days (or, at the option of
11 the State, 90 days) after the individual is deter-
12 mined to be eligible for such assistance, in the
13 case of any other individual.

14 “(c) PROVISION OF PROGRAM AND EMPLOYMENT IN-
15 FORMATION.—The State shall inform all applicants for
16 and recipients of assistance under the State program
17 funded under part A of all available services under the
18 program for which they are eligible.

19 “(d) PENALTY FOR NONCOMPLIANCE BY INDIVID-
20 UAL.—

21 “(1) IN GENERAL.—Except as provided in para-
22 graph (2), the State shall reduce, by such amount
23 as the State considers appropriate, the amount of
24 assistance otherwise payable under the State pro-
25 gram funded under part A to a family that includes

1 an individual who fails without good cause to comply
2 with an individual responsibility plan signed by the
3 individual.

4 “(2) EXCEPTION.—A State may not terminate
5 the provision of assistance to an individual under the
6 State program funded under part A, or reduce the
7 amount of assistance to be provided to an individual
8 under the program, if the State has failed to provide
9 to the individual the services referred to in sub-
10 section (b)(1)(E) that are described in the individual
11 responsibility plan for the individual.

12 “(e) The exercise of the authority of this section shall
13 be within the sole discretion of the State.”.

14 (b) CONFORMING AMENDMENTS.—

15 (1) Section 402(a)(9)(A) of the Social Security
16 Act (42 U.S.C. 602(a)(9)(A)) is amended by striking
17 “(including activities under part F)”.

18 (2) Section 402(a) of such Act (42 U.S.C.
19 602(a)) is amended by striking paragraph (19).

20 (3) Section 402(a)(44)(A) of such Act (42
21 U.S.C. 602(a)(44)(A)) is amended by striking
22 “, part D, and part F” and inserting “and part D”.

23 (4) Section 403 of such Act (42 U.S.C. 603) is
24 amended by striking subsections (k) and (l), except
25 that subparagraph (A) of such section 403(l)(3)

1 shall remain in effect for purposes of applying any
2 reduction in payment rates required by such sub-
3 paragraph for any of the fiscal years specified in
4 such subparagraph.

5 (5) Section 407(b)(1)(B) of such Act (42
6 U.S.C. 607(b)(1)(B)) is amended—

7 (A) by striking clauses (i) and (v) and re-
8 designating clauses (ii), (iii), and (iv) as clauses
9 (i), (ii), and (iii), respectively;

10 (B) by adding “and” at the end of clause
11 (ii) (as so redesignated); and

12 (C) by striking “; and” at the end of
13 clause (iii) (as so redesignated) and inserting a
14 period.

15 (6) Section 407(b)(2)(B)(ii)(I) of such Act (42
16 U.S.C. 607(b)(2)(B)(ii)(I)) is amended by striking
17 “(including any activity authorized under section
18 402(a)(19) or under part F)”.

19 (7) Section 407(b)(2) of such Act (42 U.S.C.
20 607(b)(2)) is amended by striking subparagraph
21 (C).

22 (8) Section 407(c) of such Act (42 U.S.C.
23 607(c)) is amended—

24 (A) by striking “(A) where” and inserting
25 “where”; and

1 (B) by striking “, and (B)” and all that
2 follows through “part F”.

3 (9) Section 407(d)(1)(A) of such Act (42
4 U.S.C. 607(d)(1)(A)) is amended by striking “, or in
5 which such individual participated in a program
6 under part F”.

7 (10) Section 407(e) of such Act (42 U.S.C.
8 607(e)) is amended—

9 (A) in paragraph (1)—

10 (i) by striking “in participating in a
11 program under part F and”; and

12 (ii) by striking “participate in or”;

13 and

14 (B) in paragraph (2), by striking “both
15 part F and”.

16 (11) Section 417 of such Act (42 U.S.C. 617)
17 is amended by striking “, part D, and part F” and
18 inserting “and part D”.

19 (12) Section 471(a)(8)(A) of such Act (42
20 U.S.C. 671(a)(8)(A)) is amended by striking “(in-
21 cluding activities under part F)”.

22 (13) Section 1108 of such Act (42 U.S.C.
23 1308) is amended—

1 (A) in subsection (a), by striking “or, in
2 the case of part A of title IV, section 403(k)”;
3 and

4 (B) in subsection (d), by striking “(exclu-
5 sive of any amounts on account of services and
6 items to which, in the case of part A of such
7 title, section 403(k) applies)”.

8 (14) Section 1115(b)(2)(A) of such Act (42
9 U.S.C. 1315(b)(2)(A)) is amended by striking “, and
10 402(a)(19) (relating to the work incentive pro-
11 gram)”.

12 (15) Section 1902(a)(10)(A)(i)(I) of such Act
13 (42 U.S.C. 1396a(a)(19)(A)(i)(I)) is amended by
14 striking “, or considered by the State to be receiving
15 such aid as authorized under section 482(e)(6)”.

16 (16) Section 51(c)(2) of the Internal Revenue
17 Code of 1986 is amended by striking subparagraph
18 (B).

19 **Subtitle B—Child and Family**
20 **Services Block Grant**

21 **SEC. 3201. CHILD AND FAMILY SERVICES BLOCK GRANT.**

22 The Child Abuse Prevention and Treatment Act (42
23 U.S.C. 5101 et seq.) is amended to read as follows:

1 **“SECTION 1. SHORT TITLE.**

2 “This Act may be cited as the ‘Child and Family
3 Services Block Grant Act of 1996’.

4 **“SEC. 2. FINDINGS.**

5 “The Congress finds the following:

6 “(1) Each year, close to 1,000,000 American
7 children are victims of abuse and neglect.

8 “(2) Many of these children and their families
9 fail to receive adequate protection or treatment.

10 “(3) The problem of child abuse and neglect re-
11 quires a comprehensive approach that—

12 “(A) integrates the work of social service,
13 legal, health, mental health, education, and sub-
14 stance abuse agencies and organizations;

15 “(B) strengthens coordination among all
16 levels of government, and with private agencies,
17 civic, religious, and professional organizations,
18 and individual volunteers;

19 “(C) emphasizes the need for abuse and
20 neglect prevention, assessment, investigation,
21 and treatment at the neighborhood level;

22 “(D) ensures properly trained and support
23 staff with specialized knowledge, to carry out
24 their child protection duties; and

25 “(E) is sensitive to ethnic and cultural di-
26 versity.

1 “(4) The child protection system should be
2 comprehensive, child-centered, family-focused, and
3 community-based, should incorporate all appropriate
4 measures to prevent the occurrence or recurrence of
5 child abuse and neglect, and should promote physical
6 and psychological recovery and social reintegration
7 in an environment that fosters the health, safety,
8 self-respect, and dignity of the child.

9 “(5) The Federal Government should provide
10 leadership and assist communities in their child and
11 family protection efforts by—

12 “(A) generating and sharing knowledge
13 relevant to child and family protection, includ-
14 ing the development of models for service deliv-
15 ery;

16 “(B) strengthening the capacity of States
17 to assist communities;

18 “(C) helping communities to carry out
19 their child and family protection plans by pro-
20 moting the competence of professional, para-
21 professional, and volunteer resources; and

22 “(D) providing leadership to end the abuse
23 and neglect of the Nation’s children and youth.

24 **“SEC. 3. PURPOSES.**

25 “The purposes of this Act are the following:

1 “(1) To assist each State in improving the child
2 protective service systems of such State by—

3 “(A) improving risk and safety assessment
4 tools and protocols;

5 “(B) developing, strengthening, and facili-
6 tating training opportunities for individuals who
7 are mandated to report child abuse or neglect
8 or otherwise overseeing, investigating, prosecut-
9 ing, or providing services to children and fami-
10 lies who are at risk of abusing or neglecting
11 their children; and

12 “(C) developing, implementing, or operat-
13 ing information, education, training, or other
14 programs designed to assist and provide serv-
15 ices for families of disabled infants with life-
16 threatening conditions.

17 “(2) To support State efforts to develop, oper-
18 ate, expand and enhance a network of community-
19 based, prevention-focused, family resource and sup-
20 port programs that are culturally competent and
21 that coordinate resources among existing education,
22 vocational rehabilitation, disability, respite, health,
23 mental health, job readiness, self-sufficiency, child
24 and family development, community action, Head
25 Start, child care, child abuse and neglect prevention,

1 juvenile justice, domestic violence prevention and
2 intervention, housing, and other human service orga-
3 nizations within the State.

4 “(3) To facilitate the elimination of barriers to
5 adoption and to provide permanent and loving home
6 environments for children who would benefit from
7 adoption, particularly children with special needs, in-
8 cluding disabled infants with life-threatening condi-
9 tions, by—

10 “(A) promoting model adoption legislation
11 and procedures in the States and territories of
12 the United States in order to eliminate jurisdic-
13 tional and legal obstacles to adoption;

14 “(B) providing a mechanism for the De-
15 partment of Health and Human Services to—

16 “(i) promote quality standards for
17 adoption services, preplacement, post-
18 placement, and post-legal adoption counsel-
19 ing, and standards to protect the rights of
20 children in need of adoption;

21 “(ii) maintain a national adoption in-
22 formation exchange system to bring to-
23 gether children who would benefit from
24 adoption and qualified prospective adoptive
25 parents who are seeking such children, and

1 conduct national recruitment efforts in
2 order to reach prospective parents for chil-
3 dren awaiting adoption; and

4 “(iii) demonstrate expeditious ways to
5 free children for adoption for whom it has
6 been determined that adoption is the ap-
7 propriate plan; and

8 “(C) facilitating the identification and re-
9 cruitment of foster and adoptive families that
10 can meet children’s needs.

11 “(4) To respond to the needs of children, in
12 particular those who are drug exposed or afflicted
13 with Acquired Immune Deficiency Syndrome
14 (AIDS), by supporting activities aimed at preventing
15 the abandonment of children, providing support to
16 children and their families, and facilitating the re-
17 cruitment and training of health and social service
18 personnel.

19 “(5) To carry out any other activities as the
20 Secretary determines are consistent with this Act.

21 **“SEC. 4. DEFINITIONS.**

22 “As used in this Act:

23 “(1) CHILD.—The term ‘child’ means a person
24 who has not attained the lesser of—

25 “(A) the age of 18; or

1 “(B) except in the case of sexual abuse,
2 the age specified by the child protection law of
3 the State in which the child resides.

4 “(2) CHILD ABUSE AND NEGLECT.—The term
5 ‘child abuse and neglect’ means, at a minimum, any
6 recent act or failure to act on the part of a parent
7 or caretaker, which results in death, serious physical
8 or emotional harm, sexual abuse or exploitation, or
9 an act or failure to act which presents an imminent
10 risk of serious harm.

11 “(3) FAMILY RESOURCE AND SUPPORT PRO-
12 GRAMS.—The term ‘family resource and support
13 program’ means a community-based, prevention-fo-
14 cused entity that—

15 “(A) provides, through direct service, the
16 core services required under this Act, includ-
17 ing—

18 “(i) parent education, support and
19 leadership services, together with services
20 characterized by relationships between par-
21 ents and professionals that are based on
22 equality and respect, and designed to assist
23 parents in acquiring parenting skills, learn-
24 ing about child development, and respond-

1 ing appropriately to the behavior of their
2 children;

3 “(ii) services to facilitate the ability of
4 parents to serve as resources to one an-
5 other (such as through mutual support and
6 parent self-help groups);

7 “(iii) early developmental screening of
8 children to assess any needs of children,
9 and to identify types of support that may
10 be provided;

11 “(iv) outreach services provided
12 through voluntary home visits and other
13 methods to assist parents in becoming
14 aware of and able to participate in family
15 resources and support program activities;

16 “(v) community and social services to
17 assist families in obtaining community re-
18 sources; and

19 “(vi) followup services;

20 “(B) provides, or arranges for the provi-
21 sion of, other core services through contracts or
22 agreements with other local agencies; and

23 “(C) provides access to optional services,
24 directly or by contract, purchase of service, or
25 interagency agreement, including—

1 “(i) child care, early childhood devel-
2 opment and early intervention services;

3 “(ii) self-sufficiency and life manage-
4 ment skills training;

5 “(iii) education services, such as scho-
6 lastic tutoring, literacy training, and Gen-
7 eral Educational Degree services;

8 “(iv) job readiness skills;

9 “(v) child abuse and neglect preven-
10 tion activities;

11 “(vi) services that families with chil-
12 dren with disabilities or special needs may
13 require;

14 “(vii) community and social service re-
15 ferral;

16 “(viii) peer counseling;

17 “(ix) referral for substance abuse
18 counseling and treatment; and

19 “(x) help line services.

20 “(4) INDIAN TRIBE AND TRIBAL ORGANIZA-
21 TION.—The terms ‘Indian tribe’ and ‘tribal organi-
22 zation’ shall have the same meanings given such
23 terms in subsections (e) and (l), respectively, of sec-
24 tion 4 of the Indian Self-Determination and Edu-
25 cation Assistance Act (25 U.S.C. 450b (e) and (l)).

1 “(5) RESPITE SERVICES.—The term ‘respite
2 services’ means short-term care services provided in
3 the temporary absence of the regular caregiver (par-
4 ent, other relative, foster parent, adoptive parent, or
5 guardian) to children who—

6 “(A) are in danger of abuse or neglect;

7 “(B) have experienced abuse or neglect; or

8 “(C) have disabilities, chronic, or terminal
9 illnesses.

10 Such services shall be provided within or outside the
11 home of the child, be short-term care (ranging from
12 a few hours to a few weeks of time, per year), and
13 be intended to enable the family to stay together and
14 to keep the child living in the home and community
15 of the child.

16 “(6) SECRETARY.—The term ‘Secretary’ means
17 the Secretary of Health and Human Services.

18 “(7) SEXUAL ABUSE.—The term ‘sexual abuse’
19 includes—

20 “(A) the employment, use, persuasion, in-
21 ducement, enticement, or coercion of any child
22 to engage in, or assist any other person to en-
23 gage in, any sexually explicit conduct or simula-
24 tion of such conduct for the purpose of produc-
25 ing a visual depiction of such conduct; or

1 “(B) the rape, molestation, prostitution, or
2 other form of sexual exploitation of children, or
3 incest with children.

4 “(8) STATE.—The term ‘State’ means each of
5 the several States, the District of Columbia, the
6 Commonwealth of Puerto Rico, the Virgin Islands,
7 Guam, American Samoa, the Commonwealth of the
8 Northern Mariana Islands, and the Trust Territory
9 of the Pacific Islands.

10 “(9) WITHHOLDING OF MEDICALLY INDICATED
11 TREATMENT.—The term ‘withholding of medically
12 indicated treatment’ means the failure to respond to
13 the infant’s life-threatening conditions by providing
14 treatment (including appropriate nutrition, hydra-
15 tion, and medication) which, in the treating physi-
16 cian’s or physicians’ reasonable medical judgment,
17 will be most likely to be effective in ameliorating or
18 correcting all such conditions, except that the term
19 does not include the failure to provide treatment
20 (other than appropriate nutrition, hydration, or
21 medication) to an infant when, in the treating physi-
22 cian’s or physicians’ reasonable medical judgment—

23 “(A) the infant is chronically and irrevers-
24 ibly comatose;

1 “(B) the provision of such treatment
2 would—

3 “(i) merely prolong dying;

4 “(ii) not be effective in ameliorating
5 or correcting all of the infant’s life-threat-
6 ening conditions; or

7 “(iii) otherwise be futile in terms of
8 the survival of the infant; or

9 “(C) the provision of such treatment would
10 be virtually futile in terms of the survival of the
11 infant and the treatment itself under such cir-
12 cumstances would be inhumane.

13 **“TITLE I—GENERAL BLOCK**
14 **GRANT**

15 **“SEC. 101. CHILD AND FAMILY SERVICES BLOCK GRANTS.**

16 “(a) ELIGIBILITY.—The Secretary shall award
17 grants to eligible States that file a State plan that is ap-
18 proved under section 102 and that otherwise meet the eli-
19 gibility requirements for grants under this title.

20 “(b) AMOUNT OF GRANT.—The amount of a grant
21 made to each State under subsection (a) for a fiscal year
22 shall be based on the population of children under the age
23 of 18 residing in each State that applies for a grant under
24 this section.

1 “(c) USE OF AMOUNTS.—Amounts received by a
2 State under a grant awarded under subsection (a) shall
3 be used to carry out the purposes described in section 3.

4 **“SEC. 102. ELIGIBLE STATES.**

5 “(a) IN GENERAL.—As used in this title, the term
6 ‘eligible State’ means a State that has submitted to the
7 Secretary, not later than October 1, 1996, and every 3
8 years thereafter, a plan which has been signed by the chief
9 executive officer of the State and that includes the follow-
10 ing:

11 “(1) OUTLINE OF CHILD PROTECTION PRO-
12 GRAM.—A written document that outlines the activi-
13 ties the State intends to conduct to achieve the pur-
14 pose of this title, including the procedures to be used
15 for—

16 “(A) receiving and assessing reports of
17 child abuse or neglect;

18 “(B) investigating such reports;

19 “(C) with respect to families in which
20 abuse or neglect has been confirmed, providing
21 services or referral for services for families and
22 children where the State makes a determination
23 that the child may safely remain with the fam-
24 ily;

1 “(D) protecting children by removing them
2 from dangerous settings and ensuring their
3 placement in a safe environment;

4 “(E) providing training for individuals
5 mandated to report suspected cases of child
6 abuse or neglect;

7 “(F) protecting children in foster care;

8 “(G) promoting timely adoptions;

9 “(H) protecting the rights of families,
10 using adult relatives as the preferred placement
11 for children separated from their parents where
12 such relatives meet the relevant State child pro-
13 tection standards; and

14 “(I) providing services to individuals, fami-
15 lies, or communities, either directly or through
16 referral, that are aimed at preventing the occur-
17 rence of child abuse and neglect.

18 “(2) CERTIFICATION OF STATE LAW REQUIRING
19 THE REPORTING OF CHILD ABUSE AND NEGLECT.—
20 A certification that the State has in effect laws that
21 require public officials and other professionals to re-
22 port, in good faith, actual or suspected instances of
23 child abuse or neglect.

24 “(3) CERTIFICATION OF PROCEDURES FOR
25 SCREENING, SAFETY ASSESSMENT, AND PROMPT IN-

1 VESTIGATION.—A certification that the State has in
2 effect procedures for receiving and responding to re-
3 ports of child abuse or neglect, including the reports
4 described in paragraph (2), and for the immediate
5 screening, safety assessment, and prompt investiga-
6 tion of such reports.

7 “(4) CERTIFICATION OF STATE PROCEDURES
8 FOR REMOVAL AND PLACEMENT OF ABUSED OR NE-
9 GLECTED CHILDREN.—A certification that the State
10 has in effect procedures for the removal from fami-
11 lies and placement of abused or neglected children
12 and of any other child in the same household who
13 may also be in danger of abuse or neglect.

14 “(5) CERTIFICATION OF PROVISIONS FOR AP-
15 POINTMENT OF GUARDIAN AD LITEM.—A certifi-
16 cation that the State has in effect laws and proce-
17 dures requiring the appointment of a guardian ad
18 litem in every case involving an abused or neglected
19 child which results in a judicial proceeding.

20 “(6) CERTIFICATION OF PROVISIONS FOR IMMU-
21 NITY FROM PROSECUTION.—A certification that the
22 State has in effect laws requiring immunity from
23 prosecution under State and local laws and regula-
24 tions for individuals making good faith reports of

1 suspected or known instances of child abuse or ne-
2 glect.

3 “(7) CERTIFICATION OF PROVISIONS AND PRO-
4 CEDURES FOR EXPUNGEMENT OF CERTAIN
5 RECORDS.—A certification that the State has in ef-
6 fect laws and procedures requiring the facilitation of
7 the prompt expungement of any records that are ac-
8 cessible to the general public or are used for pur-
9 poses of employment or other background checks in
10 cases determined to be unsubstantiated or false.

11 “(8) CERTIFICATION OF STATE PROCEDURES
12 FOR DEVELOPING AND REVIEWING WRITTEN PLANS
13 FOR PERMANENT PLACEMENT OF REMOVED CHIL-
14 DREN.—A certification that the State has in effect
15 procedures for ensuring that a written plan is pre-
16 pared for children who have been removed from their
17 families. Such plan shall specify the goals for achiev-
18 ing a permanent placement for the child in a timely
19 fashion, for ensuring that the written plan is re-
20 viewed every 6 months (until such placement is
21 achieved), and for ensuring that information about
22 such children is collected regularly and recorded in
23 case records, and include a description of such pro-
24 cedures.

1 “(9) CERTIFICATION OF STATE PROGRAM TO
2 PROVIDE INDEPENDENT LIVING SERVICES.—A cer-
3 tification that the State has in effect a program to
4 provide independent living services, for assistance in
5 making the transition to self-sufficient adulthood, to
6 individuals in the child protection program of the
7 State who are 16, but who are not 20 (or, at the op-
8 tion of the State, 22), years of age, and who do not
9 have a family to which to be returned.

10 “(10) CERTIFICATION OF STATE PROCEDURES
11 TO RESPOND TO REPORTING OF MEDICAL NEGLIGENCE
12 OF DISABLED INFANTS.—A certification that the
13 State has in place for the purpose of responding to
14 the reporting of medical neglect of infants (including
15 instances of withholding of medically indicated treat-
16 ment from disabled infants with life-threatening con-
17 ditions), procedures or programs, or both (within the
18 State child protective services system), to provide
19 for—

20 “(A) coordination and consultation with in-
21 dividuals designated by and within appropriate
22 health-care facilities;

23 “(B) prompt notification by individuals
24 designated by and within appropriate health-
25 care facilities of cases of suspected medical ne-

1 glect (including instances of withholding of
2 medically indicated treatment from disabled in-
3 fants with life-threatening conditions); and

4 “(C) authority, under State law, for the
5 State child protective service to pursue any
6 legal remedies, including the authority to initi-
7 ate legal proceedings in a court of competent
8 jurisdiction, as may be necessary to prevent the
9 withholding of medically indicated treatment
10 from disabled infants with life-threatening con-
11 ditions.

12 “(11) IDENTIFICATION OF CHILD PROTECTION
13 GOALS.—The quantitative goals of the State child
14 protection program.

15 “(12) CERTIFICATION OF CHILD PROTECTION
16 STANDARDS.—With respect to fiscal years beginning
17 on or after April 1, 1996, a certification that the
18 State—

19 “(A) has completed an inventory of all
20 children who, before the inventory, had been in
21 foster care under the responsibility of the State
22 for 6 months or more, which determined—

23 “(i) the appropriateness of, and neces-
24 sity for, the foster care placement;

1 “(ii) whether the child could or should
2 be returned to the parents of the child or
3 should be freed for adoption or other per-
4 manent placement; and

5 “(iii) the services necessary to facili-
6 tate the return of the child or the place-
7 ment of the child for adoption or legal
8 guardianship;

9 “(B) is operating, to the satisfaction of the
10 Secretary—

11 “(i) a statewide information system
12 from which can be readily determined the
13 status, demographic characteristics, loca-
14 tion, and goals for the placement of every
15 child who is (or, within the immediately
16 preceding 12 months, has been) in foster
17 care;

18 “(ii) a case review system for each
19 child receiving foster care under the super-
20 vision of the State;

21 “(iii) a service program designed to
22 help children—

23 “(I) where appropriate, return to
24 families from which they have been
25 removed; or

1 “(II) be placed for adoption, with
2 a legal guardian, or if adoption or
3 legal guardianship is determined not
4 to be appropriate for a child, in some
5 other planned, permanent living ar-
6 rangement; and

7 “(iv) a preplacement preventive serv-
8 ices program designed to help children at
9 risk for foster care placement remain with
10 their families; and

11 “(C)(i) has reviewed (or not later than Oc-
12 tober 1, 1997, will review) State policies and
13 administrative and judicial procedures in effect
14 for children abandoned at or shortly after birth
15 (including policies and procedures providing for
16 legal representation of such children); and

17 “(ii) is implementing (or not later than Oc-
18 tober 1, 1997, will implement) such policies and
19 procedures as the State determines, on the
20 basis of the review described in clause (i), to be
21 necessary to enable permanent decisions to be
22 made expeditiously with respect to the place-
23 ment of such children.

24 “(13) CERTIFICATION OF REASONABLE EF-
25 FORTS BEFORE PLACEMENT OF CHILDREN IN FOS-

1 TER CARE.—A certification that the State in each
2 case will—

3 “(A) make reasonable efforts prior to the
4 placement of a child in foster care, to prevent
5 or eliminate the need for removal of the child
6 from the child’s home, and to make it possible
7 for the child to return home; and

8 “(B) with respect to families in which
9 abuse or neglect has been confirmed, provide
10 services or referral for services for families and
11 children where the State makes a determination
12 that the child may safely remain with the fam-
13 ily.

14 “(14) CERTIFICATION OF CONFIDENTIALITY
15 AND REQUIREMENTS FOR INFORMATION DISCLO-
16 SURE.—

17 “(A) IN GENERAL.—A certification that
18 the State has in effect and operational—

19 “(i) requirements ensuring that re-
20 ports and records made and maintained
21 pursuant to the purposes of this part shall
22 only be made available to—

23 “(I) individuals who are the sub-
24 ject of the report;

1 “(II) Federal, State, or local gov-
2 ernment entities, or any agent of such
3 entities, having a need for such infor-
4 mation in order to carry out their re-
5 sponsibilities under law to protect
6 children from abuse and neglect;

7 “(III) child abuse citizen review
8 panels;

9 “(IV) child fatality review panels;

10 “(V) a grand jury or court, upon
11 a finding that information in the
12 record is necessary for the determina-
13 tion of an issue before the court or
14 grand jury; and

15 “(VI) other entities or classes of
16 individuals statutorily authorized by
17 the State to receive such information
18 pursuant to a legitimate State pur-
19 pose; and

20 “(ii) provisions that allow for public
21 disclosure of the findings or information
22 about cases of child abuse or neglect that
23 have resulted in a child fatality or near fa-
24 tality.

1 “(B) LIMITATION.—Disclosures made pur-
2 suant to clause (i) or (ii) shall not include the
3 identifying information concerning the individ-
4 ual initiating a report or complaint alleging sus-
5 pected instances of child abuse or neglect.

6 “(C) DEFINITION.—For purposes of this
7 paragraph, the term ‘near fatality’ means an
8 act that, as certified by a physician, places the
9 child in serious or critical condition.

10 “(b) DETERMINATIONS.—The Secretary shall deter-
11 mine whether a plan submitted pursuant to subsection (a)
12 contains the material required by subsection (a). The Sec-
13 retary may not require a State to include in such a plan
14 any material not described in subsection (a).

15 **“SEC. 103. DATA COLLECTION AND REPORTING.**

16 “(a) NATIONAL CHILD ABUSE AND NEGLECT DATA
17 SYSTEM.—The Secretary shall establish a national data
18 collection and analysis program—

19 “(1) which, to the extent practicable, coordi-
20 nates existing State child abuse and neglect reports
21 and which shall include—

22 “(A) standardized data on substantiated,
23 as well as false, unfounded, or unsubstantiated
24 reports; and

1 “(B) information on the number of deaths
2 due to child abuse and neglect; and

3 “(2) which shall collect, compile, analyze, and
4 make available State child abuse and neglect report-
5 ing information which, to the extent practical, is uni-
6 versal and case-specific and integrated with other
7 case-based foster care and adoption data collected by
8 the Secretary.

9 “(b) ADOPTION AND FOSTER CARE AND ANALYSIS
10 AND REPORTING SYSTEMS.—The Secretary shall imple-
11 ment a system for the collection of data relating to adop-
12 tion and foster care in the United States. Such data collec-
13 tion system shall—

14 “(1) avoid unnecessary diversion of resources
15 from agencies responsible for adoption and foster
16 care;

17 “(2) assure that any data that is collected is re-
18 liable and consistent over time and among jurisdic-
19 tions through the use of uniform definitions and
20 methodologies;

21 “(3) provide comprehensive national informa-
22 tion with respect to—

23 “(A) the demographic characteristics of
24 adoptive and foster children and their biological
25 and adoptive or foster parents;

1 “(B) the status of the foster care popu-
2 lation (including the number of children in fos-
3 ter care, length of placement, type of place-
4 ment, availability for adoption, and goals for
5 ending or continuing foster care);

6 “(C) the number and characteristics of—

7 “(i) children placed in or removed
8 from foster care;

9 “(ii) children adopted or with respect
10 to whom adoptions have been terminated;
11 and

12 “(iii) children placed in foster care
13 outside the State which has placement and
14 care responsibility; and

15 “(D) the extent and nature of assistance
16 provided by Federal, State, and local adoption
17 and foster care programs and the characteris-
18 tics of the children with respect to whom such
19 assistance is provided; and

20 “(4) utilize appropriate requirements and incen-
21 tives to ensure that the system functions reliably
22 throughout the United States.

23 “(c) ADDITIONAL INFORMATION.—The Secretary
24 may require the provision of additional information under
25 the data collection system established under subsection (b)

1 if the addition of such information is agreed to by a major-
2 ity of the States.

3 “(d) ANNUAL REPORT BY THE SECRETARY.—Within
4 6 months after the end of each fiscal year, the Secretary
5 shall prepare a report based on information provided by
6 the States for the fiscal year pursuant to this section, and
7 shall make the report and such information available to
8 the Congress and the public.

9 **“TITLE II—RESEARCH, DEM-**
10 **ONSTRATIONS, TRAINING,**
11 **AND TECHNICAL ASSISTANCE**

12 **“SEC. 201. RESEARCH GRANTS.**

13 “(a) IN GENERAL.—The Secretary, in consultation
14 with appropriate Federal officials and recognized experts
15 in the field, shall award grants or contracts for the con-
16 duct of research in accordance with subsection (b).

17 “(b) RESEARCH.—Research projects to be conducted
18 using amounts received under this section—

19 “(1) shall be designed to provide information to
20 better protect children from abuse or neglect and to
21 improve the well-being of abused or neglected chil-
22 dren, with at least a portion of any such research
23 conducted under a project being field initiated;

24 “(2) shall at a minimum, focus on—

1 “(A) the nature and scope of child abuse
2 and neglect;

3 “(B) the causes, prevention, assessment,
4 identification, treatment, cultural and socio-
5 economic distinctions, and the consequences of
6 child abuse and neglect;

7 “(C) appropriate, effective and culturally
8 sensitive investigative, administrative, and judi-
9 cial procedures with respect to cases of child
10 abuse; and

11 “(D) the national incidence of child abuse
12 and neglect, including—

13 “(i) the extent to which incidents of
14 child abuse are increasing or decreasing in
15 number and severity;

16 “(ii) the incidence of substantiated
17 and unsubstantiated reported child abuse
18 cases;

19 “(iii) the number of substantiated
20 cases that result in a judicial finding of
21 child abuse or neglect or related criminal
22 court convictions;

23 “(iv) the extent to which the number
24 of unsubstantiated, unfounded and false
25 reported cases of child abuse or neglect

1 have contributed to the inability of a State
2 to respond effectively to serious cases of
3 child abuse or neglect;

4 “(v) the extent to which the lack of
5 adequate resources and the lack of ade-
6 quate training of reporters have contrib-
7 uted to the inability of a State to respond
8 effectively to serious cases of child abuse
9 and neglect;

10 “(vi) the number of unsubstantiated,
11 false, or unfounded reports that have re-
12 sulted in a child being placed in substitute
13 care, and the duration of such placement;

14 “(vii) the extent to which unsubstan-
15 tiated reports return as more serious cases
16 of child abuse or neglect;

17 “(viii) the incidence and prevalence of
18 physical, sexual, and emotional abuse and
19 physical and emotional neglect in sub-
20 stitute care;

21 “(ix) the incidence and outcomes of
22 abuse allegations reported within the con-
23 text of divorce, custody, or other family
24 court proceedings, and the interaction be-

1 tween this venue and the child protective
2 services system; and

3 “(x) the cases of children reunited
4 with their families or receiving family pres-
5 ervation services that result in subsequent
6 substantiated reports of child abuse and
7 neglect, including the death of the child;
8 and

9 “(3) may include the appointment of an advi-
10 sory board to—

11 “(A) provide recommendations on coordi-
12 nating Federal, State, and local child abuse and
13 neglect activities at the State level with similar
14 activities at the State and local level pertaining
15 to family violence prevention;

16 “(B) consider specific modifications needed
17 in State laws and programs to reduce the num-
18 ber of unfounded or unsubstantiated reports of
19 child abuse or neglect while enhancing the abil-
20 ity to identify and substantiate legitimate cases
21 of abuse or neglect which place a child in dan-
22 ger; and

23 “(C) provide recommendations for modi-
24 fications needed to facilitate coordinated na-

1 tional and Statewide data collection with re-
2 spect to child protection and child welfare.

3 **“SEC. 202. NATIONAL CLEARINGHOUSE FOR INFORMATION**
4 **RELATING TO CHILD ABUSE.**

5 “(a) ESTABLISHMENT.—The Secretary shall,
6 through the Department of Health and Human Services,
7 or by one or more contracts of not less than 3 years dura-
8 tion provided through a competition, establish a national
9 clearinghouse for information relating to child abuse.

10 “(b) FUNCTIONS.—The Secretary shall, through the
11 clearinghouse established by subsection (a)—

12 “(1) maintain, coordinate, and disseminate in-
13 formation on all programs, including private pro-
14 grams, that show promise of success with respect to
15 the prevention, assessment, identification, and treat-
16 ment of child abuse and neglect;

17 “(2) maintain and disseminate information re-
18 lating to—

19 “(A) the incidence of cases of child abuse
20 and neglect in the United States;

21 “(B) the incidence of such cases in popu-
22 lations determined by the Secretary under sec-
23 tion 105(a)(1) of the Child Abuse Prevention,
24 Adoption, and Family Services Act of 1988 (as

1 such section was in effect on the day before the
2 date of enactment of this Act); and

3 “(C) the incidence of any such cases relat-
4 ed to alcohol or drug abuse;

5 “(3) disseminate information related to data
6 collected and reported by States pursuant to section
7 103;

8 “(4) compile, analyze, and publish a summary
9 of the research conducted under section 201; and

10 “(5) solicit public comment on the components
11 of such clearinghouse.

12 **“SEC. 203. GRANTS FOR DEMONSTRATION PROJECTS.**

13 “(a) AWARDING OF GENERAL GRANTS.—The Sec-
14 retary may make grants to, and enter into contracts with,
15 public and nonprofit private agencies or organizations (or
16 combinations of such agencies or organizations) for the
17 purpose of developing, implementing, and operating time
18 limited, demonstration programs and projects for the fol-
19 lowing purposes:

20 “(1) INNOVATIVE PROGRAMS AND PROJECTS.—

21 The Secretary may award grants to public agencies
22 that demonstrate innovation in responding to reports
23 of child abuse and neglect including programs of col-
24 laborative partnerships between the State child pro-
25 tective service agency, community social service

1 agencies and family support programs, schools,
2 churches and synagogues, and other community
3 agencies to allow for the establishment of a triage
4 system that—

5 “(A) accepts, screens and assesses reports
6 received to determine which such reports re-
7 quire an intensive intervention and which re-
8 quire voluntary referral to another agency, pro-
9 gram or project;

10 “(B) provides, either directly or through
11 referral, a variety of community-linked services
12 to assist families in preventing child abuse and
13 neglect; and

14 “(C) provides further investigation and in-
15 tensive intervention where the child’s safety is
16 in jeopardy.

17 “(2) KINSHIP CARE PROGRAMS AND
18 PROJECTS.—The Secretary may award grants to
19 public entities to assist such entities in developing or
20 implementing procedures using adult relatives as the
21 preferred placement for children removed from their
22 home, where such relatives are determined to be ca-
23 pable of providing a safe nurturing environment for
24 the child and where, to the maximum extent prac-

1 ticable, such relatives comply with relevant State
2 child protection standards.

3 “(3) ADOPTION OPPORTUNITIES.—The Sec-
4 retary may award grants to public entities to assist
5 such entities in developing or implementing pro-
6 grams to expand opportunities for the adoption of
7 children with special needs.

8 “(4) FAMILY RESOURCE CENTERS.—The Sec-
9 retary may award grants to public or nonprofit pri-
10 vate entities to provide for the establishment of fam-
11 ily resource programs and support services that—

12 “(A) develop, expand, and enhance state-
13 wide networks of community-based, prevention-
14 focused centers, programs, or services that pro-
15 vide comprehensive support for families;

16 “(B) promote the development of parental
17 competencies and capacities in order to increase
18 family stability;

19 “(C) support the additional needs of fami-
20 lies with children with disabilities;

21 “(D) foster the development of a contin-
22 uum of preventive services for children and
23 families through State and community-based
24 collaborations and partnerships (both public
25 and private); and

1 “(E) maximize funding for the financing,
2 planning, community mobilization, collabora-
3 tion, assessment, information and referral,
4 startup, training and technical assistance, infor-
5 mation management, reporting, and evaluation
6 costs for establishing, operating, or expanding a
7 statewide network of community-based, preven-
8 tion-focused family resource and support serv-
9 ices.

10 “(5) OTHER INNOVATIVE PROGRAMS.—The
11 Secretary may award grants to public or private
12 nonprofit organizations to assist such entities in de-
13 veloping or implementing innovative programs and
14 projects that show promise of preventing and treat-
15 ing cases of child abuse and neglect (such as Par-
16 ents Anonymous).

17 “(b) GRANTS FOR ABANDONED INFANT PRO-
18 GRAMS.—The Secretary may award grants to public and
19 nonprofit private entities to assist such entities in develop-
20 ing or implementing procedures—

21 “(1) to prevent the abandonment of infants and
22 young children, including the provision of services to
23 members of the natural family for any condition that
24 increases the probability of abandonment of an in-
25 fant or young child;

1 “(2) to identify and address the needs of aban-
2 doned infants and young children;

3 “(3) to assist abandoned infants and young
4 children to reside with their natural families or in
5 foster care, as appropriate;

6 “(4) to recruit, train, and retain foster families
7 for abandoned infants and young children;

8 “(5) to carry out residential care programs for
9 abandoned infants and young children who are un-
10 able to reside with their families or to be placed in
11 foster care;

12 “(6) to carry out programs of respite care for
13 families and foster families of infants and young
14 children; and

15 “(7) to recruit and train health and social serv-
16 ices personnel to work with families, foster care fam-
17 ilies, and residential care programs for abandoned
18 infants and young children.

19 “(c) EVALUATION.—In making grants for demonstra-
20 tion projects under this section, the Secretary shall require
21 all such projects to be evaluated for their effectiveness.
22 Funding for such evaluations shall be provided either as
23 a stated percentage of a demonstration grant or as a sepa-
24 rate grant entered into by the Secretary for the purpose

1 of evaluating a particular demonstration project or group
2 of projects.

3 **“SEC. 204. TECHNICAL ASSISTANCE.**

4 “(a) CHILD ABUSE AND NEGLECT.—

5 “(1) IN GENERAL.—The Secretary shall provide
6 technical assistance under this title to States to as-
7 sist such States in planning, improving, developing,
8 and carrying out programs and activities relating to
9 the prevention, assessment identification, and treat-
10 ment of child abuse and neglect.

11 “(2) EVALUATION.—Technical assistance pro-
12 vided under paragraph (1) may include an evalua-
13 tion or identification of—

14 “(A) various methods and procedures for
15 the investigation, assessment, and prosecution
16 of child physical and sexual abuse cases;

17 “(B) ways to mitigate psychological trau-
18 ma to the child victim; and

19 “(C) effective programs carried out by the
20 States under this Act.

21 “(b) ADOPTION OPPORTUNITIES.—The Secretary
22 shall provide, directly or by grant to or contract with pub-
23 lic or private nonprofit agencies or organizations—

24 “(1) technical assistance and resource and re-
25 ferral information to assist State or local govern-

1 ments with termination of parental rights issues, in
2 recruiting and retaining adoptive families, in the
3 successful placement of children with special needs,
4 and in the provision of pre- and post-placement serv-
5 ices, including post-legal adoption services; and

6 “(2) other assistance to help State and local
7 governments replicate successful adoption-related
8 projects from other areas in the United States.

9 **“SEC. 205. TRAINING RESOURCES.**

10 “(a) TRAINING PROGRAMS.—The Secretary may
11 award grants to public or private nonprofit organiza-
12 tions—

13 “(1) for the training of professional and para-
14 professional personnel in the fields of medicine, law,
15 education, law enforcement, social work, and other
16 relevant fields who are engaged in, or intend to work
17 in, the field of prevention, identification, and treat-
18 ment of child abuse and neglect, including the links
19 between domestic violence and child abuse;

20 “(2) to provide culturally specific instruction in
21 methods of protecting children from child abuse and
22 neglect to children and to persons responsible for the
23 welfare of children, including parents of and persons
24 who work with children with disabilities; and

1 “(3) to improve the recruitment, selection, and
2 training of volunteers serving in private and public
3 nonprofit children, youth and family service organi-
4 zations in order to prevent child abuse and neglect
5 through collaborative analysis of current recruit-
6 ment, selection, and training programs and develop-
7 ment of model programs for dissemination and rep-
8 lication nationally.

9 “(b) DISSEMINATION OF INFORMATION.—The Sec-
10 retary may provide for and disseminate information relat-
11 ing to various training resources available at the State and
12 local level to—

13 “(1) individuals who are engaged, or who intend
14 to engage, in the prevention, identification, assess-
15 ment, and treatment of child abuse and neglect; and

16 “(2) appropriate State and local officials, in-
17 cluding prosecutors, to assist in training law en-
18 forcement, legal, judicial, medical, mental health,
19 education, and child welfare personnel in appropriate
20 methods of interacting during investigative, adminis-
21 trative, and judicial proceedings with children who
22 have been subjected to abuse.

1 **“SEC. 206. APPLICATIONS AND AMOUNTS OF GRANTS.**

2 “(a) REQUIREMENT OF APPLICATION.—The Sec-
3 retary may not make a grant to a State or other entity
4 under this title unless—

5 “(1) an application for the grant is submitted
6 to the Secretary;

7 “(2) with respect to carrying out the purpose
8 for which the grant is to be made, the application
9 provides assurances of compliance satisfactory to the
10 Secretary; and

11 “(3) the application otherwise is in such form,
12 is made in such manner, and contains such agree-
13 ments, assurances, and information as the Secretary
14 determines to be necessary to carry out this title.

15 “(b) AMOUNT OF GRANT.—The Secretary shall de-
16 termine the amount of a grant to be awarded under this
17 title.

18 **“SEC. 207. PEER REVIEW FOR GRANTS.**

19 “(a) ESTABLISHMENT OF PEER REVIEW PROCESS.—

20 “(1) IN GENERAL.—The Secretary shall, in con-
21 sultation with experts in the field and other Federal
22 agencies, establish a formal, rigorous, and meritori-
23 ous peer review process for purposes of evaluating
24 and reviewing applications for grants under this title
25 and determining the relative merits of the projects
26 for which such assistance is requested. The purpose

1 of this process is to enhance the quality and useful-
2 ness of research in the field of child abuse and ne-
3 glect.

4 “(2) REQUIREMENTS FOR MEMBERS.—In estab-
5 lishing the process required by paragraph (1), the
6 Secretary shall appoint to the peer review panels
7 only members who are experts in the field of child
8 abuse and neglect or related disciplines, with appro-
9 priate expertise in the application to be reviewed,
10 and who are not individuals who are officers or em-
11 ployees of the Administration for Children and Fam-
12 ilies. The panels shall meet as often as is necessary
13 to facilitate the expeditious review of applications for
14 grants and contracts under this title, but may not
15 meet less than once a year. The Secretary shall en-
16 sure that the peer review panel utilizes scientifically
17 valid review criteria and scoring guidelines for re-
18 view committees.

19 “(b) REVIEW OF APPLICATIONS FOR ASSISTANCE.—
20 Each peer review panel established under subsection
21 (a)(1) that reviews any application for a grant shall—

22 “(1) determine and evaluate the merit of each
23 project described in such application;

24 “(2) rank such application with respect to all
25 other applications it reviews in the same priority

1 area for the fiscal year involved, according to the rel-
2 ative merit of all of the projects that are described
3 in such application and for which financial assist-
4 ance is requested; and

5 “(3) make recommendations to the Secretary
6 concerning whether the application for the project
7 shall be approved.

8 The Secretary shall award grants under this title on the
9 basis of competitive review.

10 “(c) NOTICE OF APPROVAL.—

11 “(1) IN GENERAL.—The Secretary shall provide
12 grants under this title from among the projects
13 which the peer review panels established under sub-
14 section (a)(1) have determined to have merit.

15 “(2) REQUIREMENT OF EXPLANATION.—In the
16 instance in which the Secretary approves an applica-
17 tion for a program under this title without having
18 approved all applications ranked above such applica-
19 tion, the Secretary shall append to the approved ap-
20 plication a detailed explanation of the reasons relied
21 on for approving the application and for failing to
22 approve each pending application that is superior in
23 merit.

1 **“SEC. 208. NATIONAL RANDOM SAMPLE STUDY OF CHILD**
2 **WELFARE.**

3 “(a) IN GENERAL.—The Secretary shall conduct a
4 national study based on random samples of children who
5 are at risk of child abuse or neglect, or are determined
6 by States to have been abused or neglected, and such other
7 research as may be necessary.

8 “(b) REQUIREMENTS.—The study required by sub-
9 section (a) shall—

10 “(1) have a longitudinal component; and

11 “(2) yield data reliable at the State level for as
12 many States as the Secretary determines is feasible.

13 “(c) PREFERRED CONTENTS.—In conducting the
14 study required by subsection (a), the Secretary should—

15 “(1) collect data on the child protection pro-
16 grams of different small States (or different groups
17 of such States) in different years to yield an occa-
18 sional picture of the child protection programs of
19 such States;

20 “(2) carefully consider selecting the sample
21 from cases of confirmed abuse or neglect; and

22 “(3) follow each case for several years while ob-
23 taining information on, among other things—

24 “(A) the type of abuse or neglect involved;

25 “(B) the frequency of contact with State
26 or local agencies;

1 “(C) whether the child involved has been
2 separated from the family, and, if so, under
3 what circumstances;

4 “(D) the number, type, and characteristics
5 of out-of-home placements of the child; and

6 “(E) the average duration of each place-
7 ment.

8 “(d) REPORTS.—

9 “(1) IN GENERAL.—From time to time, the
10 Secretary shall prepare reports summarizing the re-
11 sults of the study required by subsection (a).

12 “(2) AVAILABILITY.—The Secretary shall make
13 available to the public any report prepared under
14 paragraph (1), in writing or in the form of an elec-
15 tronic data tape.

16 “(3) AUTHORITY TO CHARGE FEE.—The Sec-
17 retary may charge and collect a fee for the furnish-
18 ing of reports under paragraph (2).

19 “(4) FUNDING.—The Secretary shall carry out
20 this section using amounts made available under sec-
21 tion 425 of the Social Security Act.

1 **“TITLE III—GENERAL**
2 **PROVISIONS**

3 **“SEC. 301. AUTHORIZATION OF APPROPRIATIONS.**

4 “(a) TITLE I.—There are authorized to be appro-
5 priated to carry out title I, \$230,000,000 for fiscal year
6 1996, and such sums as may be necessary for each of the
7 fiscal years 1997 through 2002.

8 “(b) TITLE II.—

9 “(1) IN GENERAL.—Of the amount appro-
10 priated under subsection (a) for a fiscal year, the
11 Secretary shall make available 12 percent of such
12 amount to carry out title II (except for sections 203
13 and 208).

14 “(2) GRANTS FOR DEMONSTRATION
15 PROJECTS.—Of the amount made available under
16 paragraph (1) for a fiscal year, the Secretary shall
17 make available not less than 40 percent of such
18 amount to carry out section 203.

19 “(c) INDIAN TRIBES.—Of the amount appropriated
20 under subsection (a) for a fiscal year, the Secretary shall
21 make available 1 percent of such amount to provide grants
22 and contracts to Indian tribes and Tribal Organizations.

23 “(d) AVAILABILITY OF APPROPRIATIONS.—Amounts
24 appropriated under subsection (a) shall remain available
25 until expended.

1 **“SEC. 302. GRANTS TO STATES FOR PROGRAMS RELATING**
2 **TO THE INVESTIGATION AND PROSECUTION**
3 **OF CHILD ABUSE AND NEGLECT CASES.**

4 “(a) GRANTS TO STATES.—The Secretary, in con-
5 sultation with the Attorney General, is authorized to make
6 grants to the States for the purpose of assisting States
7 in developing, establishing, and operating programs de-
8 signed to improve—

9 “(1) the handling of child abuse and neglect
10 cases, particularly cases of child sexual abuse and
11 exploitation, in a manner which limits additional
12 trauma to the child victim;

13 “(2) the handling of cases of suspected child
14 abuse or neglect related fatalities; and

15 “(3) the investigation and prosecution of cases
16 of child abuse and neglect, particularly child sexual
17 abuse and exploitation.

18 “(b) ELIGIBILITY REQUIREMENTS.—In order for a
19 State to qualify for assistance under this section, such
20 State shall—

21 “(1) be an eligible State under section 102;

22 “(2) establish a task force as provided in sub-
23 section (c);

24 “(3) fulfill the requirements of subsection (d);

25 “(4) submit annually an application to the Sec-
26 retary at such time and containing such information

1 and assurances as the Secretary considers necessary,
2 including an assurance that the State will—

3 “(A) make such reports to the Secretary as
4 may reasonably be required; and

5 “(B) maintain and provide access to
6 records relating to activities under subsection
7 (a); and

8 “(5) submit annually to the Secretary a report
9 on the manner in which assistance received under
10 this program was expended throughout the State,
11 with particular attention focused on the areas de-
12 scribed in paragraphs (1) through (3) of subsection
13 (a).

14 “(c) STATE TASK FORCES.—

15 “(1) GENERAL RULE.—Except as provided in
16 paragraph (2), a State requesting assistance under
17 this section shall establish or designate, and main-
18 tain, a State multidisciplinary task force on chil-
19 dren’s justice (hereafter in this section referred to as
20 ‘State task force’) composed of professionals with
21 knowledge and experience relating to the criminal
22 justice system and issues of child physical abuse,
23 child neglect, child sexual abuse and exploitation,
24 and child maltreatment related fatalities. The State
25 task force shall include—

1 “(A) individuals representing the law en-
2 forcement community;

3 “(B) judges and attorneys involved in both
4 civil and criminal court proceedings related to
5 child abuse and neglect (including individuals
6 involved with the defense as well as the prosecu-
7 tion of such cases);

8 “(C) child advocates, including both attor-
9 neys for children and, where such programs are
10 in operation, court appointed special advocates;

11 “(D) health and mental health profes-
12 sionals;

13 “(E) individuals representing child protec-
14 tive service agencies;

15 “(F) individuals experienced in working
16 with children with disabilities;

17 “(G) parents; and

18 “(H) representatives of parents’ groups.

19 “(2) EXISTING TASK FORCE.—As determined
20 by the Secretary, a State commission or task force
21 established after January 1, 1983, with substantially
22 comparable membership and functions, may be con-
23 sidered the State task force for purposes of this sub-
24 section.

1 “(d) STATE TASK FORCE STUDY.—Before a State
2 receives assistance under this section, and at 3-year inter-
3 vals thereafter, the State task force shall comprehen-
4 sively—

5 “(1) review and evaluate State investigative, ad-
6 ministrative and both civil and criminal judicial han-
7 dling of cases of child abuse and neglect, particularly
8 child sexual abuse and exploitation, as well as cases
9 involving suspected child maltreatment related fatali-
10 ties and cases involving a potential combination of
11 jurisdictions, such as interstate, Federal-State, and
12 State-Tribal; and

13 “(2) make policy and training recommendations
14 in each of the categories described in subsection (e).
15 The task force may make such other comments and rec-
16 ommendations as are considered relevant and useful.

17 “(e) ADOPTION OF STATE TASK FORCE REC-
18 OMMENDATIONS.—

19 “(1) GENERAL RULE.—Subject to the provi-
20 sions of paragraph (2), before a State receives as-
21 sistance under this section, a State shall adopt rec-
22 ommendations of the State task force in each of the
23 following categories—

24 “(A) investigative, administrative, and ju-
25 dicial handling of cases of child abuse and ne-

1 neglect, particularly child sexual abuse and exploi-
2 tation, as well as cases involving suspected child
3 maltreatment related fatalities and cases involv-
4 ing a potential combination of jurisdictions,
5 such as interstate, Federal-State, and State-
6 Tribal, in a manner which reduces the addi-
7 tional trauma to the child victim and the vic-
8 tim's family and which also ensures procedural
9 fairness to the accused;

10 “(B) experimental, model and demonstra-
11 tion programs for testing innovative approaches
12 and techniques which may improve the prompt
13 and successful resolution of civil and criminal
14 court proceedings or enhance the effectiveness
15 of judicial and administrative action in child
16 abuse and neglect cases, particularly child sex-
17 ual abuse and exploitation cases, including the
18 enhancement of performance of court-appointed
19 attorneys and guardians ad litem for children;
20 and

21 “(C) reform of State laws, ordinances, reg-
22 ulations, protocols and procedures to provide
23 comprehensive protection for children from
24 abuse, particularly child sexual abuse and ex-

1 ploitation, while ensuring fairness to all affected
2 persons.

3 “(2) EXEMPTION.—As determined by the Sec-
4 retary, a State shall be considered to be in fulfill-
5 ment of the requirements of this subsection if—

6 “(A) the State adopts an alternative to the
7 recommendations of the State task force, which
8 carries out the purpose of this section, in each
9 of the categories under paragraph (1) for which
10 the State task force’s recommendations are not
11 adopted; or

12 “(B) the State is making substantial
13 progress toward adopting recommendations of
14 the State task force or a comparable alternative
15 to such recommendations.

16 “(f) FUNDS AVAILABLE.—For grants under this sec-
17 tion, the Secretary shall use the amount authorized by sec-
18 tion 1404A of the Victims of Crime Act of 1984.

19 **“SEC. 303. TRANSITIONAL PROVISION.**

20 “A State or other entity that has a grant, contract,
21 or cooperative agreement in effect, on the date of enact-
22 ment of this Act, under the Family Resource and Support
23 Program, the Community-Based Family Resource Pro-
24 gram, the Family Support Center Program, the Emer-
25 gency Child Abuse Prevention Grant Program, the Aban-

1 doned Infants Assistance Act of 1988, or the Temporary
2 Child Care for Children with Disabilities and Crisis Nurs-
3 eries Programs shall continue to receive funds under such
4 grant, contract, or cooperative agreement, subject to the
5 original terms under which such funds were provided,
6 through the end of the applicable grant, contract, or
7 agreement cycle.

8 **“SEC. 304. RULE OF CONSTRUCTION.**

9 “(a) IN GENERAL.—Nothing in this Act, or in part
10 B or E of title IV of the Social Security Act, shall be con-
11 strued—

12 “(1) as establishing a Federal requirement that
13 a parent or legal guardian provide a child any medi-
14 cal service or treatment against the religious beliefs
15 of the parent or legal guardian; and

16 “(2) to require that a State find, or to prohibit
17 a State from finding, abuse or neglect in cases in
18 which a parent or legal guardian relies solely or par-
19 tially upon spiritual means rather than medical
20 treatment, in accordance with the religious beliefs of
21 the parent or legal guardian.

22 “(b) STATE REQUIREMENT.—Notwithstanding sub-
23 section (a), a State shall have in place authority under
24 State law to permit the child protective service system of
25 the State to pursue any legal remedies, including the au-

1 thority to initiate legal proceedings in a court of competent
2 jurisdiction, to provide medical care or treatment for a
3 child when such care or treatment is necessary to prevent
4 or remedy serious harm to the child, or to prevent the
5 withholding of medically indicated treatment from children
6 with life threatening conditions. Except with respect to the
7 withholding of medically indicated treatments from dis-
8 abled infants with life threatening conditions, case by case
9 determinations concerning the exercise of the authority of
10 this subsection shall be within the sole discretion of the
11 State.”.

12 **SEC. 3202. REAUTHORIZATIONS.**

13 (a) MISSING CHILDREN’S ASSISTANCE ACT.—Section
14 408 of the Missing Children’s Assistance Act (42 U.S.C.
15 5777) is amended—

16 (1) by striking “To” and inserting “(a) IN
17 GENERAL.—To”

18 (2) by striking “and 1996” and inserting
19 “1996, and 1997”; and

20 (3) by adding at the end thereof the following
21 new subsection:

22 “(b) EVALUATION.—The Administrator shall use not
23 more than 5 percent of the amount appropriated for a fis-
24 cal year under subsection (a) to conduct an evaluation of

1 the effectiveness of the programs and activities established
2 and operated under this title.”.

3 (b) VICTIMS OF CHILD ABUSE ACT OF 1990.—Sec-
4 tion 214B of the Victims of Child Abuse Act of 1990 (42
5 U.S.C. 13004) is amended—

6 (1) in subsection (a)(2), by striking “and 1996”
7 and inserting “1996, and 1997”; and

8 (2) in subsection (b)(2), by striking “and
9 1996” and inserting “1996 and 1997”.

10 **SEC. 3203. REPEALS.**

11 (a) IN GENERAL.—The following provisions of law
12 are repealed:

13 (1) Title II of the Child Abuse Prevention and
14 Treatment and Adoption Reform Act of 1978 (42
15 U.S.C. 5111 et seq.).

16 (2) The Abandoned Infants Assistance Act of
17 1988 (42 U.S.C. 670 note).

18 (3) The Temporary Child Care for Children
19 with Disabilities and Crisis Nurseries Act of 1986
20 (42 U.S.C. 5117 et seq.).

21 (4) Subtitle F of title VII of the Stewart B.
22 McKinney Homeless Assistance Act (42 U.S.C.
23 11481 et seq.).

24 (b) CONFORMING AMENDMENTS.—

1 (1) RECOMMENDED LEGISLATION.—After con-
2 sultation with the appropriate committees of the
3 Congress and the Director of the Office of Manage-
4 ment and Budget, the Secretary of Health and
5 Human Services shall prepare and submit to the
6 Congress a legislative proposal in the form of an im-
7 plementing bill containing technical and conforming
8 amendments to reflect the repeals made by this sec-
9 tion.

10 (2) SUBMISSION TO CONGRESS.—Not later than
11 6 months after the date of enactment of this chap-
12 ter, the Secretary of Health and Human Services
13 shall submit the implementing bill referred to under
14 paragraph (1).

15 **Subtitle C—Child Care**

16 **SEC. 3301. SHORT TITLE AND REFERENCES.**

17 (a) SHORT TITLE.—This subtitle may be cited as the
18 “Child Care and Development Block Grant Amendments
19 of 1996”.

20 (b) REFERENCES.—Except as otherwise expressly
21 provided, whenever in this subtitle an amendment or re-
22 peal is expressed in terms of an amendment to, or repeal
23 of, a section or other provision, the reference shall be con-
24 sidered to be made to a section or other provision of the

1 Child Care and Development Block Grant Act of 1990 (42
2 U.S.C. 9858 et seq.).

3 **SEC. 3302. GOALS.**

4 Section 658A (42 U.S.C. 9801 note) is amended—

5 (1) in the section heading by inserting “AND
6 GOALS” after “TITLE”;

7 (2) by inserting “(a) SHORT TITLE.—” before
8 “This”; and

9 (3) by adding at the end the following:

10 “(b) GOALS.—The goals of this subchapter are—

11 “(1) to allow each State maximum flexibility in
12 developing child care programs and policies that best
13 suit the needs of children and parents within such
14 State;

15 “(2) to promote parental choice to empower
16 working parents to make their own decisions on the
17 child care that best suits their family’s needs;

18 “(3) to encourage States to provide consumer
19 education information to help parents make in-
20 formed choices about child care;

21 “(4) to assist States to provide child care to
22 parents trying to achieve independence from public
23 assistance; and

1 “(5) to assist States in implementing the
2 health, safety, licensing, and registration standards
3 established in State regulations.”.

4 **SEC. 3303. AUTHORIZATION OF APPROPRIATIONS AND EN-**
5 **TITLEMENT AUTHORITY.**

6 (a) IN GENERAL.—Section 658B (42 U.S.C. 9858)
7 is amended to read as follows:

8 **“SEC. 658B. AUTHORIZATION OF APPROPRIATIONS.**

9 “There is authorized to be appropriated to carry out
10 this subchapter \$1,000,000,000 for each of the fiscal
11 years 1996 through 2002.”.

12 (b) SOCIAL SECURITY ACT.—Part A of title IV of
13 the Social Security Act (42 U.S.C. 601–617) is amended
14 by adding at the end the following new section:

15 **“SEC. 418. FUNDING FOR CHILD CARE.**

16 “(a) GENERAL CHILD CARE ENTITLEMENT.—

17 “(1) GENERAL ENTITLEMENT.—Subject to the
18 amount appropriated under paragraph (3), each
19 State shall, for the purpose of providing child care
20 assistance, be entitled to payments under a grant
21 under this subsection for a fiscal year in an amount
22 equal to—

23 “(A) the sum of the total amount required
24 to be paid to the State under section 403 for
25 fiscal year 1994 or 1995 (whichever is greater)

1 with respect to amounts expended for child care
2 under section—

3 “(i) 402(g) of this Act (as such sec-
4 tion was in effect before October 1, 1995);
5 and

6 “(ii) 402(i) of this Act (as so in ef-
7 fect); or

8 “(B) the average of the total amounts re-
9 quired to be paid to the State for fiscal years
10 1992 through 1994 under the sections referred
11 to in subparagraph (A);

12 whichever is greater.

13 “(2) REMAINDER.—

14 “(A) GRANTS.—The Secretary shall use
15 any amounts appropriated for a fiscal year
16 under paragraph (3), and remaining after the
17 reservation described in paragraph (4) and
18 after grants are awarded under paragraph (1),
19 to make grants to States under this paragraph.

20 “(B) AMOUNT.—Subject to subparagraph
21 (C), the amount of a grant awarded to a State
22 for a fiscal year under this paragraph shall be
23 based on the formula used for determining the
24 amount of Federal payments to the State under

1 section 403(n) (as such section was in effect be-
2 fore October 1, 1995).

3 “(C) MATCHING REQUIREMENT.—The Sec-
4 retary shall pay to each eligible State in a fiscal
5 year an amount, under a grant under subpara-
6 graph (A), equal to the Federal medical assist-
7 ance percentage for such State for fiscal year
8 1995 (as defined in section 1905(b)) of so
9 much of the expenditures by the State for child
10 care in such year as exceed the State set-aside
11 for such State under paragraph (1)(A) for such
12 year and the amount of State expenditures in
13 fiscal year 1994 or 1995 (whichever is greater)
14 that equal the non-Federal share for the pro-
15 grams described in subparagraph (A) of para-
16 graph (1).

17 “(D) REDISTRIBUTION.—

18 “(i) IN GENERAL.—With respect to
19 any fiscal year, if the Secretary determines
20 (in accordance with clause (ii)) that
21 amounts under any grant awarded to a
22 State under this paragraph for such fiscal
23 year will not be used by such State during
24 such fiscal year for carrying out the pur-
25 pose for which the grant is made, the Sec-

1 retary shall make such amounts available
2 in the subsequent fiscal year for carrying
3 out such purpose to 1 or more States
4 which apply for such funds to the extent
5 the Secretary determines that such States
6 will be able to use such additional amounts
7 for carrying out such purpose. Such avail-
8 able amounts shall be redistributed to a
9 State pursuant to section 402(i) (as such
10 section was in effect before October 1,
11 1995) by substituting ‘the number of chil-
12 dren residing in all States applying for
13 such funds’ for ‘the number of children re-
14 siding in the United States in the second
15 preceding fiscal year’.

16 “(ii) TIME OF DETERMINATION AND
17 DISTRIBUTION.—The determination of the
18 Secretary under clause (i) for a fiscal year
19 shall be made not later than the end of the
20 first quarter of the subsequent fiscal year.
21 The redistribution of amounts under clause
22 (i) shall be made as close as practicable to
23 the date on which such determination is
24 made. Any amount made available to a
25 State from an appropriation for a fiscal

1 year in accordance with this subparagraph
2 shall, for purposes of this part, be re-
3 garded as part of such State's payment (as
4 determined under this subsection) for the
5 fiscal year in which the redistribution is
6 made.

7 “(3) APPROPRIATION.—For grants under this
8 section, there are appropriated—

9 “(A) \$1,967,000,000 for fiscal year 1997;

10 “(B) \$2,067,000,000 for fiscal year 1998;

11 “(C) \$2,167,000,000 for fiscal year 1999;

12 “(D) \$2,367,000,000 for fiscal year 2000;

13 “(E) \$2,567,000,000 for fiscal year 2001;

14 and

15 “(F) \$2,717,000,000 for fiscal year 2002.

16 “(4) INDIAN TRIBES.—The Secretary shall re-
17 serve not more than 1 percent of the aggregate
18 amount appropriated to carry out this section in
19 each fiscal year for payments to Indian tribes and
20 tribal organizations.

21 “(b) USE OF FUNDS.—

22 “(1) IN GENERAL.—Amounts received by a
23 State under this section shall only be used to provide
24 child care assistance. Amounts received by a State
25 under a grant under subsection (a)(1) shall be avail-

1 able for use by the State without fiscal year limita-
2 tion.

3 “(2) USE FOR CERTAIN POPULATIONS.—A
4 State shall ensure that not less than 70 percent of
5 the total amount of funds received by the State in
6 a fiscal year under this section are used to provide
7 child care assistance to families who are receiving
8 assistance under a State program under this part,
9 families who are attempting through work activities
10 to transition off of such assistance program, and
11 families who are at risk of becoming dependent on
12 such assistance program.

13 “(c) APPLICATION OF CHILD CARE AND DEVELOP-
14 MENT BLOCK GRANT ACT of 1990.—Notwithstanding any
15 other provision of law, amounts provided to a State under
16 this section shall be transferred to the lead agency under
17 the Child Care and Development Block Grant Act of 1990,
18 integrated by the State into the programs established by
19 the State under such Act, and be subject to requirements
20 and limitations of such Act.

21 “(d) DEFINITION.—As used in this section, the term
22 ‘State’ means each of the 50 States or the District of Co-
23 lumbia.”.

24 **SEC. 3304. LEAD AGENCY.**

25 Section 658D(b) (42 U.S.C. 9858b(b)) is amended—

1 (1) in paragraph (1)—

2 (A) in subparagraph (A), by striking
3 “State” the first place that such appears and
4 inserting “governmental or nongovernmental”;
5 and

6 (B) in subparagraph (C), by inserting
7 “with sufficient time and Statewide distribution
8 of the notice of such hearing,” after “hearing in
9 the State”; and

10 (2) in paragraph (2), by striking the second
11 sentence.

12 **SEC. 3305. APPLICATION AND PLAN.**

13 Section 658E (42 U.S.C. 9858c) is amended—

14 (1) in subsection (b)—

15 (A) by striking “implemented—” and all
16 that follows through “(2)” and inserting “im-
17 plemented”; and

18 (B) by striking “for subsequent State
19 plans”;

20 (2) in subsection (c)—

21 (A) in paragraph (2)—

22 (i) in subparagraph (A)—

23 (I) in clause (i) by striking “,
24 other than through assistance pro-
25 vided under paragraph (3)(C),”; and

1 (II) by striking “except” and all
2 that follows through “1992”, and in-
3 sserting “and provide a detailed de-
4 scription of the procedures the State
5 will implement to carry out the re-
6 quirements of this subparagraph”;

7 (ii) in subparagraph (B)—

8 (I) by striking “Provide assur-
9 ances” and inserting “Certify”; and

10 (II) by inserting before the pe-
11 riod at the end “and provide a de-
12 tailed description of such procedures”;

13 (iii) in subparagraph (C)—

14 (I) by striking “Provide assur-
15 ances” and inserting “Certify”; and

16 (II) by inserting before the pe-
17 riod at the end “and provide a de-
18 tailed description of how such record
19 is maintained and is made available”;

20 (iv) by amending subparagraph (D) to
21 read as follows:

22 “(D) CONSUMER EDUCATION INFORMA-
23 TION.—Certify that the State will collect and
24 disseminate to parents of eligible children and
25 the general public, consumer education informa-

1 tion that will promote informed child care
2 choices.”;

3 (v) in subparagraph (E), to read as
4 follows:

5 “(E) COMPLIANCE WITH STATE LICENSING
6 REQUIREMENTS.—

7 “(i) IN GENERAL.—Certify that the
8 State has in effect licensing requirements
9 applicable to child care services provided
10 within the State, and provide a detailed de-
11 scription of such requirements and of how
12 such requirements are effectively enforced.
13 Nothing in the preceding sentence shall be
14 construed to require that licensing require-
15 ments be applied to specific types of pro-
16 viders of child care services.

17 “(ii) INDIAN TRIBES AND TRIBAL OR-
18 GANIZATIONS.—In lieu of any licensing
19 and regulatory requirements applicable
20 under State and local law, the Secretary,
21 in consultation with Indian tribes and trib-
22 al organizations, shall develop minimum
23 child care standards (that appropriately re-
24 flect tribal needs and available resources)
25 that shall be applicable to Indian tribes

1 and tribal organization receiving assistance
2 under this subchapter.”;

3 (vi) in subparagraph (G) by striking
4 “Provide assurances” and inserting “Cer-
5 tify”; and

6 (vii) by striking subparagraphs (H),
7 (I), and (J) and inserting the following:

8 “(H) MEETING THE NEEDS OF CERTAIN
9 POPULATIONS.—Demonstrate the manner in
10 which the State will meet the specific child care
11 needs of families who are receiving assistance
12 under a State program under part A of title IV
13 of the Social Security Act, families who are at-
14 tempting through work activities to transition
15 off of such assistance program, and families
16 that are at risk of becoming dependent on such
17 assistance program.”;

18 (B) in paragraph (3)—

19 (i) in subparagraph (A), by striking
20 “(B) and (C)” and inserting “(B) through
21 (D)”;

22 (ii) in subparagraph (B)—

23 (I) by striking “.—Subject to the
24 reservation contained in subparagraph

1 (C), the” and inserting “AND RELAT-
2 ED ACTIVITIES.—The”;

3 (II) in clause (i) by striking “;
4 and” at the end and inserting a pe-
5 riod;

6 (III) by striking “for—” and all
7 that follows through “section
8 658E(c)(2)(A)” and inserting “for
9 child care services on sliding fee scale
10 basis, activities that improve the qual-
11 ity or availability of such services, and
12 any other activity that the State
13 deems appropriate to realize any of
14 the goals specified in paragraphs (2)
15 through (5) of section 658A(b)”;

16 (IV) by striking clause (ii);
17 (iii) by amending subparagraph (C) to
18 read as follows:

19 “(C) LIMITATION ON ADMINISTRATIVE
20 COSTS.—Not more than 5 percent of the aggre-
21 gate amount of funds available to the State to
22 carry out this subchapter by a State in each fis-
23 cal year may be expended for administrative
24 costs incurred by such State to carry out all of
25 its functions and duties under this subchapter.

1 As used in the preceding sentence, the term
2 ‘administrative costs’ shall not include the costs
3 of providing direct services.”; and

4 (iv) by adding at the end thereof the
5 following:

6 “(D) ASSISTANCE FOR CERTAIN FAMI-
7 LIES.—A State shall ensure that a substantial
8 portion of the amounts available (after the
9 State has complied with the requirement of sec-
10 tion 418(b)(2) of the Social Security Act with
11 respect to each of the fiscal years 1997 through
12 2002) to the State to carry out activities under
13 this subchapter in each fiscal year is used to
14 provide assistance to low-income working fami-
15 lies other than families described in paragraph
16 (2)(H).”; and

17 (C) in paragraph (4)(A)—

18 (i) by striking “provide assurances”
19 and inserting “certify”;

20 (ii) in the first sentence by inserting
21 “and shall provide a summary of the facts
22 relied on by the State to determine that
23 such rates are sufficient to ensure such ac-
24 cess” before the period; and

25 (iii) by striking the last sentence.

1 **SEC. 3306. LIMITATION ON STATE ALLOTMENTS.**

2 Section 658F(b)(1) (42 U.S.C. 9858d(b)(1)) is
3 amended by striking “No” and inserting “Except as pro-
4 vided for in section 658O(c)(6), no”.

5 **SEC. 3307. ACTIVITIES TO IMPROVE THE QUALITY OF**
6 **CHILD CARE.**

7 Section 658G (42 U.S.C. 9858e) is amended to read
8 as follows:

9 **“SEC. 658G. ACTIVITIES TO IMPROVE THE QUALITY OF**
10 **CHILD CARE.**

11 “A State that receives funds to carry out this sub-
12 chapter for a fiscal year, shall use not less than 4 percent
13 of the amount of such funds for activities that are de-
14 signed to provide comprehensive consumer education to
15 parents and the public, activities that increase parental
16 choice, and activities designed to improve the quality and
17 availability of child care (such as resource and referral
18 services).”.

19 **SEC. 3308. REPEAL OF EARLY CHILDHOOD DEVELOPMENT**
20 **AND BEFORE- AND AFTER-SCHOOL CARE RE-**
21 **QUIREMENT.**

22 Section 658H (42 U.S.C. 9858f) is repealed.

23 **SEC. 3309. ADMINISTRATION AND ENFORCEMENT.**

24 Section 658I(b) (42 U.S.C. 9858g(b)) is amended—

25 (1) in paragraph (1), by striking “, and shall
26 have” and all that follows through “(2)”; and

1 (2) in the matter following clause (ii) of para-
2 graph (2)(A), by striking “finding and that” and all
3 that follows through the period and inserting “find-
4 ing and shall require that the State reimburse the
5 Secretary for any funds that were improperly ex-
6 pended for purposes prohibited or not authorized by
7 this subchapter, that the Secretary deduct from the
8 administrative portion of the State allotment for the
9 following fiscal year an amount that is less than or
10 equal to any improperly expended funds, or a com-
11 bination of such options.”.

12 **SEC. 3310. PAYMENTS.**

13 Section 658J(c) (42 U.S.C. 9858h(c)) is amended by
14 striking “expended” and inserting “obligated”.

15 **SEC. 3311. ANNUAL REPORT AND AUDITS.**

16 Section 658K (42 U.S.C. 9858i) is amended—

17 (1) in the section heading by striking “ANNUAL
18 REPORT” and inserting “REPORTS”;

19 (2) in subsection (a), to read as follows:

20 “(a) REPORTS.—

21 “(1) COLLECTION OF INFORMATION BY
22 STATES.—

23 “(A) IN GENERAL.—A State that receives
24 funds to carry out this subchapter shall collect

1 the information described in subparagraph (B)
2 on a monthly basis.

3 “(B) REQUIRED INFORMATION.—The in-
4 formation required under this subparagraph
5 shall include, with respect to a family unit re-
6 ceiving assistance under this subchapter infor-
7 mation concerning—

8 “(i) family income;

9 “(ii) county of residence;

10 “(iii) the gender, race, and age of
11 children receiving such assistance;

12 “(iv) whether the family includes only
13 1 parent;

14 “(v) the sources of family income, in-
15 cluding the amount obtained from (and
16 separately identified)—

17 “(I) employment, including self-
18 employment;

19 “(II) cash or other assistance
20 under part A of title IV of the Social
21 Security Act;

22 “(III) housing assistance;

23 “(IV) assistance under the Food
24 Stamp Act of 1977; and

25 “(V) other assistance programs;

1 “(vi) the number of months the family
2 has received benefits;

3 “(vii) the type of child care in which
4 the child was enrolled (such as family child
5 care, home care, or center-based child
6 care);

7 “(viii) whether the child care provider
8 involved was a relative;

9 “(ix) the cost of child care for such
10 families; and

11 “(x) the average hours per week of
12 such care;

13 during the period for which such information is
14 required to be submitted.

15 “(C) SUBMISSION TO SECRETARY.—A
16 State described in subparagraph (A) shall, on a
17 quarterly basis, submit the information required
18 to be collected under subparagraph (B) to the
19 Secretary.

20 “(D) SAMPLING.—The Secretary may dis-
21 approve the information collected by a State
22 under this paragraph if the State uses sampling
23 methods to collect such information.

24 “(2) BIENNIAL REPORTS.—Not later than De-
25 cember 31, 1997, and every 6 months thereafter, a

1 State described in paragraph (1)(A) shall prepare
2 and submit to the Secretary a report that includes
3 aggregate data concerning—

4 “(A) the number of child care providers
5 that received funding under this subchapter as
6 separately identified based on the types of pro-
7 viders listed in section 658P(5);

8 “(B) the monthly cost of child care serv-
9 ices, and the portion of such cost that is paid
10 for with assistance provided under this sub-
11 chapter, listed by the type of child care services
12 provided;

13 “(C) the number of payments made by the
14 State through vouchers, contracts, cash, and
15 disregards under public benefit programs, listed
16 by the type of child care services provided;

17 “(D) the manner in which consumer edu-
18 cation information was provided to parents and
19 the number of parents to whom such informa-
20 tion was provided; and

21 “(E) the total number (without duplica-
22 tion) of children and families served under this
23 subchapter;

24 during the period for which such report is required
25 to be submitted.”; and

1 (2) in subsection (b)—

2 (A) in paragraph (1) by striking “a appli-
3 cation” and inserting “an application”;

4 (B) in paragraph (2) by striking “any
5 agency administering activities that receive”
6 and inserting “the State that receives”; and

7 (C) in paragraph (4) by striking “entitles”
8 and inserting “entitled”.

9 **SEC. 3312. REPORT BY THE SECRETARY.**

10 Section 658L (42 U.S.C. 9858j) is amended—

11 (1) by striking “1993” and inserting “1997”;

12 (2) by striking “annually” and inserting “bien-
13 nially”; and

14 (3) by striking “Education and Labor” and in-
15 serting “Economic and Educational Opportunities”.

16 **SEC. 3313. ALLOTMENTS.**

17 Section 658O (42 U.S.C. 9858m) is amended—

18 (1) in subsection (a)—

19 (A) in paragraph (1)

20 (i) by striking “POSSESSIONS” and in-
21 serting “POSSESSIONS”;

22 (ii) by inserting “and” after
23 “States,”; and

24 (iii) by striking “, and the Trust Ter-
25 ritory of the Pacific Islands”; and

1 (B) in paragraph (2), by striking “3 per-
2 cent” and inserting “1 percent”;

3 (2) in subsection (c)—

4 (A) in paragraph (5) by striking “our” and
5 inserting “out”; and

6 (B) by adding at the end thereof the fol-
7 lowing new paragraph:

8 “(6) CONSTRUCTION OR RENOVATION OF FA-
9 CILITIES.—

10 “(A) REQUEST FOR USE OF FUNDS.—An
11 Indian tribe or tribal organization may submit
12 to the Secretary a request to use amounts pro-
13 vided under this subsection for construction or
14 renovation purposes.

15 “(B) DETERMINATION.—With respect to a
16 request submitted under subparagraph (A), and
17 except as provided in subparagraph (C), upon a
18 determination by the Secretary that adequate
19 facilities are not otherwise available to an In-
20 dian tribe or tribal organization to enable such
21 tribe or organization to carry out child care
22 programs in accordance with this subchapter,
23 and that the lack of such facilities will inhibit
24 the operation of such programs in the future,
25 the Secretary may permit the tribe or organiza-

1 tion to use assistance provided under this sub-
2 section to make payments for the construction
3 or renovation of facilities that will be used to
4 carry out such programs.

5 “(C) LIMITATION.—The Secretary may not
6 permit an Indian tribe or tribal organization to
7 use amounts provided under this subsection for
8 construction or renovation if such use will re-
9 sult in a decrease in the level of child care serv-
10 ices provided by the tribe or organization as
11 compared to the level of such services provided
12 by the tribe or organization in the fiscal year
13 preceding the year for which the determination
14 under subparagraph (A) is being made.

15 “(D) UNIFORM PROCEDURES.—The Sec-
16 retary shall develop and implement uniform
17 procedures for the solicitation and consideration
18 of requests under this paragraph.”; and

19 (3) in subsection (e), by adding at the end
20 thereof the following new paragraph:

21 “(4) INDIAN TRIBES OR TRIBAL ORGANIZA-
22 TIONS.—Any portion of a grant or contract made to
23 an Indian tribe or tribal organization under sub-
24 section (e) that the Secretary determines is not
25 being used in a manner consistent with the provision

1 of this subchapter in the period for which the grant
2 or contract is made available, shall be allotted by the
3 Secretary to other tribes or organizations that have
4 submitted applications under subsection (c) in ac-
5 cordance with their respective needs.”.

6 **SEC. 3314. DEFINITIONS.**

7 Section 658P (42 U.S.C. 9858n) is amended—

8 (1) in paragraph (2), in the first sentence by
9 inserting “or as a deposit for child care services if
10 such a deposit is required of other children being
11 cared for by the provider” after “child care serv-
12 ices”; and

13 (2) by striking paragraph (3);

14 (3) in paragraph (4)(B), by striking “75 per-
15 cent” and inserting “85 percent”;

16 (4) in paragraph (5)(B)—

17 (A) by inserting “great grandchild, sibling
18 (if such provider lives in a separate residence),”
19 after “grandchild,”;

20 (B) by striking “is registered and”; and

21 (C) by striking “State” and inserting “ap-
22 plicable”.

23 (5) by striking paragraph (10);

24 (6) in paragraph (13)—

25 (A) by inserting “or” after “Samoa,”; and

1 (B) by striking “, and the Trust Territory
2 of the Pacific Islands”;

3 (7) in paragraph (14)—

4 (A) by striking “The term” and inserting
5 the following:

6 “(A) IN GENERAL.—The term”; and

7 (B) by adding at the end thereof the fol-
8 lowing new subparagraph:

9 “(B) OTHER ORGANIZATIONS.—Such term
10 includes a Native Hawaiian Organization, as
11 defined in section 4009(4) of the Augustus F.
12 Hawkins-Robert T. Stafford Elementary and
13 Secondary School Improvement Amendments of
14 1988 (20 U.S.C. 4909(4)) and a private non-
15 profit organization established for the purpose
16 of serving youth who are Indians or Native Ha-
17 waiians.”.

18 **SEC. 3315. REPEALS.**

19 (a) CHILD DEVELOPMENT ASSOCIATE SCHOLARSHIP
20 ASSISTANCE ACT OF 1985.—Title VI of the Human Serv-
21 ices Reauthorization Act of 1986 (42 U.S.C. 10901–
22 10905) is repealed.

23 (b) STATE DEPENDENT CARE DEVELOPMENT
24 GRANTS ACT.—Subchapter E of chapter 8 of subtitle A

1 of title VI of the Omnibus Budget Reconciliation Act of
2 1981 (42 U.S.C. 9871–9877) is repealed.

3 (c) PROGRAMS OF NATIONAL SIGNIFICANCE.—Title
4 X of the Elementary and Secondary Education Act of
5 1965, as amended by Public Law 103–382 (108 Stat.
6 3809 et seq.), is amended—

7 (1) in section 10413(a) by striking paragraph
8 (4),

9 (2) in section 10963(b)(2) by striking subpara-
10 graph (G), and

11 (3) in section 10974(a)(6) by striking subpara-
12 graph (G).

13 (d) NATIVE HAWAIIAN FAMILY-BASED EDUCATION
14 CENTERS.—Section 9205 of the Native Hawaiian Edu-
15 cation Act (Public Law 103–382; 108 Stat. 3794) is re-
16 pealed.

17 (e) CERTAIN CHILD CARE PROGRAMS UNDER THE
18 SOCIAL SECURITY ACT.—

19 (1) AFDC AND TRANSITIONAL CHILD CARE
20 PROGRAMS.—Section 402 of the Social Security Act
21 (42 U.S.C. 602) is amended by striking subsection
22 (g).

23 (2) AT-RISK CHILD CARE PROGRAM.—

1 (A) AUTHORIZATION.—Section 402 of the
2 Social Security Act (42 U.S.C. 602) is amended
3 by striking subsection (i).

4 (B) FUNDING PROVISIONS.—Section 403
5 of the Social Security Act (42 U.S.C. 603) is
6 amended by striking subsection (n).

7 **SEC. 3316. EFFECTIVE DATE.**

8 (a) IN GENERAL.—Except as provided in subsection
9 (b), this subtitle and the amendments made by this sub-
10 title shall take effect on October 1, 1996.

11 (b) EXCEPTION.—The amendment made by section
12 3303(a) shall take effect on the date of enactment of this
13 Act.

14 **Subtitle D—Child Nutrition**
15 **Programs**

16 **CHAPTER 1—NATIONAL SCHOOL LUNCH**
17 **ACT**

18 **SEC. 3401. STATE DISBURSEMENT TO SCHOOLS.**

19 (a) IN GENERAL.—Section 8 of the National School
20 Lunch Act (42 U.S.C. 1757) is amended—

21 (1) in the third sentence, by striking “Nothing”
22 and all that follows through “educational agency to”
23 and inserting “The State educational agency may”;

24 (2) by striking the fourth and fifth sentences;

1 (3) by redesignating the first through sixth sen-
2 tences, as amended by paragraph (1), as subsections
3 (a) through (f), respectively;

4 (4) in subsection (b), as redesignated by para-
5 graph (3), by striking “the preceding sentence” and
6 inserting “subsection (a)”; and

7 (5) in subsection (d), as redesignated by para-
8 graph (3), by striking “Such food costs” and insert-
9 ing “Use of funds paid to States”.

10 (b) DEFINITION OF CHILD.—Section 12(d) of the Act
11 (42 U.S.C. 1760(d)) is amended by adding at the end the
12 following:

13 “(9) ‘child’ includes an individual, regardless of
14 age, who—

15 “(A) is determined by a State educational
16 agency, in accordance with regulations pre-
17 scribed by the Secretary, to have 1 or more
18 mental or physical disabilities; and

19 “(B) is attending any institution, as de-
20 fined in section 17(a), or any nonresidential
21 public or nonprofit private school of high school
22 grade or under, for the purpose of participating
23 in a school program established for individuals
24 with mental or physical disabilities.

1 No institution that is not otherwise eligible to par-
2 ticipate in the program under section 17 shall be
3 considered eligible because of this paragraph.”.

4 **SEC. 3402. NUTRITIONAL AND OTHER PROGRAM REQUIRE-**
5 **MENTS.**

6 (a) NUTRITIONAL STANDARDS.—Section 9(a) of the
7 National School Lunch Act (42 U.S.C. 1758(a)) is amend-
8 ed—

9 (1) in paragraph (2)—

10 (A) by striking “(2)(A) Lunches” and in-
11 serting “(2) Lunches”;

12 (B) by striking subparagraph (B); and

13 (C) by redesignating clauses (i) and (ii) as
14 subparagraphs (A) and (B), respectively;

15 (2) by striking paragraph (3); and

16 (3) by redesignating paragraph (4) as para-
17 graph (3).

18 (b) ELIGIBILITY GUIDELINES.—Section 9(b) of the
19 Act is amended—

20 (1) in paragraph (2)—

21 (A) by striking subparagraph (A); and

22 (B) by redesignating subparagraphs (B)
23 and (C) as subparagraphs (A) and (B), respec-
24 tively;

1 (2) in paragraph (5), by striking the third sen-
2 tence; and

3 (3) in paragraph (6), by striking “paragraph
4 (2)(C)” and inserting “paragraph (2)(B)”.

5 (c) UTILIZATION OF AGRICULTURAL COMMOD-
6 ITIES.—Section 9(c) of the Act is amended by striking the
7 second, fourth, and sixth sentences.

8 (d) CONFORMING AMENDMENT.—The last sentence
9 of section 9(d)(1) of the Act is amended by striking “sub-
10 section (b)(2)(C)” and inserting “subsection (b)(2)(B)”.

11 (e) NUTRITIONAL INFORMATION.—Section 9(f) of the
12 Act is amended—

13 (1) by striking paragraph (1);

14 (2) by striking “(2)”;

15 (3) by redesignating subparagraphs (A) through
16 (D) as paragraphs (1) through (4), respectively;

17 (4) by striking paragraph (1), as redesignated
18 by paragraph (3), and inserting the following:

19 “(1) NUTRITIONAL REQUIREMENTS.—Except as
20 provided in paragraph (2), not later than the first
21 day of the 1996–1997 school year, schools that are
22 participating in the school lunch or school breakfast
23 program shall serve lunches and breakfasts under
24 the program that—

1 “(A) are consistent with the goals of the
2 most recent Dietary Guidelines for Americans
3 published under section 301 of the National
4 Nutrition Monitoring and Related Research Act
5 of 1990 (7 U.S.C. 5341); and

6 “(B) provide, on the average over each
7 week, at least—

8 “(i) with respect to school lunches, $\frac{1}{3}$
9 of the daily recommended dietary allow-
10 ance established by the Food and Nutrition
11 Board of the National Research Council of
12 the National Academy of Sciences; and

13 “(ii) with respect to school breakfasts,
14 $\frac{1}{4}$ of the daily recommended dietary allow-
15 ance established by the Food and Nutrition
16 Board of the National Research Council of
17 the National Academy of Sciences.”;

18 (5) in paragraph (3), as redesignated by para-
19 graph (3)—

20 (A) by redesignating clauses (i) and (ii) as
21 subparagraphs (A) and (B), respectively; and

22 (B) in subparagraph (A), as so redesign-
23 ated, by redesignating subclauses (I) and (II)
24 as clauses (i) and (ii), respectively; and

1 (6) in paragraph (4), as redesignated by para-
2 graph (3)—

3 (A) by redesignating clauses (i) and (ii) as
4 subparagraphs (A) and (B), respectively;

5 (B) in subparagraph (A) (as redesignated
6 by subparagraph (A)), by redesignating sub-
7 clauses (I) and (II) as clauses (i) and (ii), re-
8 spectively; and

9 (C) in subparagraph (A)(ii) (as redesi-
10 gnated by subparagraph (B)), by striking “sub-
11 paragraph (C)” and inserting “paragraph (3)”.

12 (f) USE OF RESOURCES.—Section 9 of the Act is
13 amended by striking subsection (h).

14 **SEC. 3403. FREE AND REDUCED PRICE POLICY STATEMENT.**

15 Section 9(b)(2) of the National School Lunch Act (42
16 U.S.C. 1758(b)(2)), as amended by section 3402(b)(1), is
17 further amended by adding at the end the following:

18 “(C) FREE AND REDUCED PRICE POLICY
19 STATEMENT.—After the initial submission, a
20 school shall not be required to submit a free
21 and reduced price policy statement to a State
22 educational agency under this Act unless there
23 is a substantive change in the free and reduced
24 price policy of the school. A routine change in
25 the policy of a school, such as an annual adjust-

1 ment of the income eligibility guidelines for free
2 and reduced price meals, shall not be sufficient
3 cause for requiring the school to submit a policy
4 statement.”.

5 **SEC. 3404. SPECIAL ASSISTANCE.**

6 (a) **EXTENSION OF PAYMENT PERIOD.**—Section
7 11(a)(1)(D)(i) of the National School Lunch Act (42
8 U.S.C. 1759a(a)(1)(D)(i)) is amended by striking “, on
9 the date of enactment of this subparagraph,”.

10 (b) **APPLICABILITY OF OTHER PROVISIONS.**—Section
11 11 of the Act is amended—

12 (1) by striking subsection (d);

13 (2) in subsection (e)(2)—

14 (A) by striking “The” and inserting “On
15 request of the Secretary, the”; and

16 (B) by striking “each month”; and

17 (3) by redesignating subsections (e) and (f), as
18 so amended, as subsections (d) and (e), respectively.

19 **SEC. 3405. MISCELLANEOUS PROVISIONS AND DEFINI-**
20 **TIONS.**

21 (a) **ACCOUNTS AND RECORDS.**—Section 12(a) of the
22 National School Lunch Act (42 U.S.C. 1760(a)) is amend-
23 ed by striking “at all times be available” and inserting
24 “be available at any reasonable time”.

1 (b) RESTRICTION ON REQUIREMENTS.—Section
2 12(c) of the Act is amended by striking “neither the Sec-
3 retary nor the State shall” and inserting “the Secretary
4 shall not”.

5 (c) DEFINITIONS.—Section 12(d) of the Act, as
6 amended by section 3401(b), is further amended—

7 (1) in paragraph (1), by striking “the Trust
8 Territory of the Pacific Islands” and inserting “the
9 Commonwealth of the Northern Mariana Islands”;

10 (2) by striking paragraphs (3) and (4); and

11 (3) by redesignating paragraphs (1), (2), and
12 (5) through (9) as paragraphs (6), (7), (3), (4), (2),
13 (5), and (1), respectively, and rearranging the para-
14 graphs so as to appear in numerical order.

15 (d) ADJUSTMENTS TO NATIONAL AVERAGE PAY-
16 MENT RATES.—Section 12(f) of the Act is amended by
17 striking “the Trust Territory of the Pacific Islands,”.

18 (e) EXPEDITED RULEMAKING.—Section 12(k) of the
19 Act is amended—

20 (1) by striking paragraphs (1), (2), and (5);
21 and

22 (2) by redesignating paragraphs (3) and (4) as
23 paragraphs (1) and (2), respectively.

24 (f) WAIVER.—Section 12(l) of the Act is amended—

25 (1) in paragraph (2)(A)—

1 (A) in clause (iii), by adding “and” at the
2 end;

3 (B) in clause (iv), by striking the semi-
4 colon at the end and inserting a period; and

5 (C) by striking clauses (v) through (vii);

6 (2) in paragraph (3)—

7 (A) by striking “(A)”; and

8 (B) by striking subparagraphs (B) through
9 (D);

10 (3) in paragraph (4)—

11 (A) in the matter preceding subparagraph
12 (A), by striking “of any requirement relating”
13 and inserting “that increases Federal costs or
14 that relates”;

15 (B) by striking subparagraph (D);

16 (C) by redesignating subparagraphs (E)
17 through (N) as subparagraphs (D) through
18 (M), respectively; and

19 (D) in subparagraph (L), as redesignated
20 by subparagraph (C), by striking “and” at the
21 end and inserting “or”; and

22 (4) in paragraph (6)—

23 (A) by striking “(A)(i)” and all that fol-
24 lows through “(B)”; and

1 (B) by redesignating clauses (i) through
2 (iv) as subparagraphs (A) through (D), respec-
3 tively.

4 (g) FOOD AND NUTRITION PROJECTS.—Section 12
5 of the Act is amended by striking subsection (m).

6 **SEC. 3406. SUMMER FOOD SERVICE PROGRAM FOR CHIL-**
7 **DREN.**

8 (a) ESTABLISHMENT OF PROGRAM.—Section 13(a)
9 of the National School Lunch Act (42 U.S.C. 1761(a))
10 is amended—

11 (1) in paragraph (1)—

12 (A) in the first sentence, by striking “initi-
13 ate, maintain, and expand” and inserting “initi-
14 ate and maintain”; and

15 (B) in subparagraph (E) of the second
16 sentence, by striking “the Trust Territory of
17 the Pacific Islands,”; and

18 (2) in paragraph (7)(A), by striking “Except as
19 provided in subparagraph (C), private” and inserting
20 “Private”.

21 (b) SERVICE INSTITUTIONS.—Section 13(b) of the
22 Act is amended by striking “(b)(1)” and all that follows
23 through the end of paragraph (1) and inserting the follow-
24 ing:

25 “(b) SERVICE INSTITUTIONS.—

1 “(1) PAYMENTS.—

2 “(A) IN GENERAL.—Except as otherwise
3 provided in this paragraph, payments to service
4 institutions shall equal the full cost of food
5 service operations (which cost shall include the
6 costs of obtaining, preparing, and serving food,
7 but shall not include administrative costs).

8 “(B) MAXIMUM AMOUNTS.—Subject to
9 subparagraph (C), payments to any institution
10 under subparagraph (A) shall not exceed—

11 “(i) \$1.82 for each lunch and supper
12 served;

13 “(ii) \$1.13 for each breakfast served;
14 and

15 “(iii) 46 cents for each meal supple-
16 ment served.

17 “(C) ADJUSTMENTS.—Amounts specified
18 in subparagraph (B) shall be adjusted on Janu-
19 ary 1, 1997, and each January 1 thereafter, to
20 the nearest lower cent increment in accordance
21 with the changes for the 12-month period end-
22 ing the preceding November 30 in the series for
23 food away from home of the Consumer Price
24 Index for All Urban Consumers published by
25 the Bureau of Labor Statistics of the Depart-

1 ment of Labor. Each adjustment shall be based
2 on the unrounded adjustment for the prior 12-
3 month period.”.

4 (c) ADMINISTRATION OF SERVICE INSTITUTIONS.—
5 Section 13(b)(2) of the Act is amended—

6 (1) in the first sentence, by striking “four
7 meals” and inserting “3 meals, or 2 meals and 1
8 supplement,”; and

9 (2) by striking the second sentence.

10 (d) REIMBURSEMENTS.—Section 13(c)(2) of the Act
11 is amended—

12 (1) by striking subparagraph (A);

13 (2) in subparagraph (B)—

14 (A) in the first sentence—

15 (i) by striking “, and such higher edu-
16 cation institutions,”; and

17 (ii) by striking “without application”
18 and inserting “upon showing residence in
19 areas in which poor economic conditions
20 exist or on the basis of income eligibility
21 statements for children enrolled in the pro-
22 gram”; and

23 (B) by adding at the end the following:

24 “The higher education institutions referred to
25 in the preceding sentence shall be eligible to

1 participate in the program under this para-
2 graph without application.”;

3 (3) in subparagraph (C)(ii), by striking “severe
4 need”; and

5 (4) by redesignating subparagraphs (B)
6 through (E), as so amended, as subparagraphs (A)
7 through (D), respectively.

8 (e) ADVANCE PROGRAM PAYMENTS.—Section
9 13(e)(1) of the Act is amended—

10 (1) by striking “institution: *Provided*, That (A)
11 the” and inserting “institution. The”;

12 (2) by inserting “(excluding a school)” after
13 “any service institution”; and

14 (3) by striking “responsibilities, and (B) no”
15 and inserting “responsibilities. No”.

16 (f) FOOD REQUIREMENTS.—Section 13(f) of the Act
17 is amended—

18 (1) by redesignating the first through seventh
19 sentences as paragraphs (1) through (7), respec-
20 tively;

21 (2) by striking paragraph (3), as redesignated
22 by paragraph (1);

23 (3) in paragraph (4), as redesignated by para-
24 graph (1), by striking “the first sentence” and in-
25 serting “paragraph (1)”;

1 (4) in paragraph (6), as redesignated by para-
2 graph (1), by striking “that bacteria levels” and all
3 that follows through the period at the end and in-
4 serting “conformance with standards set by local
5 health authorities.”; and

6 (5) by redesignating paragraphs (4) through
7 (7), as redesignated by paragraph (1), as para-
8 graphs (3) through (6), respectively.

9 (g) PERMITTING OFFER VERSUS SERVE.—Section
10 13(f) of the Act, as amended by subsection (f), is further
11 amended by adding at the end the following:

12 “(7) OFFER VERSUS SERVE.—A school food au-
13 thority participating as a service institution may
14 permit a child attending a site on school premises
15 operated directly by the authority to refuse not more
16 than 1 item of a meal that the child does not intend
17 to consume. A refusal of an offered food item shall
18 not affect the amount of payments made under this
19 section to a school for the meal.”.

20 (h) FOOD SERVICE MANAGEMENT COMPANIES.—
21 Section 13(l) of the Act is amended—

22 (1) by striking paragraph (4);

23 (2) in paragraph (5), by striking the first sen-
24 tence; and

1 (3) by redesignating paragraph (5), as so
2 amended, as paragraph (4).

3 (i) RECORDS.—The second sentence of section 13(m)
4 of the Act is amended by striking “at all times be avail-
5 able” and inserting “be available at any reasonable time”.

6 (j) REMOVING MANDATORY NOTICE TO INSTITU-
7 TIONS.—Section 13(n)(2) of the Act is amended by strik-
8 ing “, and its plans and schedule for informing service
9 institutions of the availability of the program”.

10 (k) PLAN.—Section 13(n) of the Act is amended—

11 (1) in paragraph (2), by striking “, including
12 the State’s methods of assessing need”;

13 (2) by striking paragraph (3);

14 (3) in paragraph (4), by striking “and sched-
15 ule”; and

16 (4) by redesignating paragraphs (4) through
17 (7), as so amended, as paragraphs (3) through (6),
18 respectively.

19 (l) MONITORING AND TRAINING.—Section 13(q) of
20 the Act is amended—

21 (1) by striking paragraphs (2) and (4);

22 (2) in paragraph (3), by striking “paragraphs
23 (1) and (2) of this subsection” and inserting “para-
24 graph (1)”; and

1 (3) by redesignating paragraph (3), as so
2 amended, as paragraph (2).

3 (m) EXPIRED PROGRAM.—Section 13 of the Act is
4 amended—

5 (1) by striking subsection (p); and

6 (2) by redesignating subsections (q) and (r), as
7 so amended, as subsections (p) and (q), respectively.

8 (n) EFFECTIVE DATE.—The amendments made by
9 subsection (b) shall become effective on January 1, 1997.

10 **SEC. 3407. COMMODITY DISTRIBUTION.**

11 (a) CEREAL AND SHORTENING IN COMMODITY DO-
12 NATIONS.—Section 14(b) of the National School Lunch
13 Act (42 U.S.C. 1762a(b)) is amended—

14 (1) by striking paragraph (1); and

15 (2) by redesignating paragraphs (2) and (3) as
16 paragraphs (1) and (2), respectively.

17 (b) IMPACT STUDY AND PURCHASING PROCE-
18 DURES.—Section 14(d) of the Act is amended by striking
19 the second and third sentences.

20 (c) CASH COMPENSATION FOR PILOT PROJECT
21 SCHOOLS.—Section 14(g) of the Act is amended by strik-
22 ing paragraph (3).

23 (d) STATE ADVISORY COUNCIL.—Section 14 is
24 amended—

25 (1) by striking subsection (e); and

1 (2) by redesignating subsections (f) and (g), as
2 so amended, as subsections (e) and (f), respectively.

3 **SEC. 3408. CHILD CARE FOOD PROGRAM.**

4 (a) **ESTABLISHMENT OF PROGRAM.**—Section 17 of
5 the National School Lunch Act (42 U.S.C. 1766) is
6 amended—

7 (1) in the section heading, by striking “AND
8 ADULT”; and

9 (2) in the first sentence of subsection (a), by
10 striking “initiate, maintain, and expand” and insert-
11 ing “initiate and maintain”.

12 (b) **PAYMENTS TO SPONSOR EMPLOYEES.**—Para-
13 graph (2) of the last sentence of section 17(a) of the Act
14 (42 U.S.C. 1766(a)) is amended—

15 (1) by striking “and” at the end of subpara-
16 graph (B);

17 (2) by striking the period at the end of sub-
18 paragraph (C) and inserting “; and”; and

19 (3) by adding at the end the following:

20 “(D) in the case of a family or group day
21 care home sponsoring organization that employs
22 more than 1 employee, the organization does
23 not base payments to an employee of the orga-
24 nization on the number of family or group day
25 care homes recruited.”.

1 (c) TECHNICAL ASSISTANCE.—The last sentence of
2 section 17(d)(1) of the Act is amended by striking “, and
3 shall provide technical assistance” and all that follows
4 through “its application”.

5 (d) REIMBURSEMENT OF CHILD CARE INSTITU-
6 TIONS.—Section 17(f)(2)(B) of the Act (42 U.S.C.
7 1766(f)(2)(B)) is amended by striking “two meals and two
8 supplements or three meals and one supplement” and in-
9 serting “two meals and one supplement”.

10 (e) IMPROVED TARGETING OF DAY CARE HOME RE-
11 IMBURSEMENTS.—

12 (1) RESTRUCTURED DAY CARE HOME REIM-
13 BURSEMENTS.—Section 17(f)(3) of the Act is
14 amended by striking “(3)(A) Institutions” and all
15 that follows through the end of subparagraph (A)
16 and inserting the following:

17 “(3) REIMBURSEMENT OF FAMILY OR GROUP
18 DAY CARE HOME SPONSORING ORGANIZATIONS.—

19 “(A) REIMBURSEMENT FACTOR.—

20 “(i) IN GENERAL.—An institution
21 that participates in the program under this
22 section as a family or group day care home
23 sponsoring organization shall be provided,
24 for payment to a home sponsored by the
25 organization, reimbursement factors in ac-

1 cordance with this subparagraph for the
2 cost of obtaining and preparing food and
3 prescribed labor costs involved in providing
4 meals under this section.

5 “(ii) TIER I FAMILY OR GROUP DAY
6 CARE HOMES.—

7 “(I) DEFINITION.—In this para-
8 graph, the term ‘tier I family or group
9 day care home’ means—

10 “(aa) a family or group day
11 care home that is located in a ge-
12 ographic area, as defined by the
13 Secretary based on census data,
14 in which at least 50 percent of
15 the children residing in the area
16 are members of households whose
17 incomes meet the income eligi-
18 bility guidelines for free or re-
19 duced price meals under section
20 9;

21 “(bb) a family or group day
22 care home that is located in an
23 area served by a school enrolling
24 elementary students in which at
25 least 50 percent of the total num-

1 ber of children enrolled are cer-
2 tified eligible to receive free or
3 reduced price school meals under
4 this Act or the Child Nutrition
5 Act of 1966 (42 U.S.C. 1771 et
6 seq.); or

7 “(cc) a family or group day
8 care home that is operated by a
9 provider whose household meets
10 the income eligibility guidelines
11 for free or reduced price meals
12 under section 9 and whose in-
13 come is verified by the sponsor-
14 ing organization of the home
15 under regulations established by
16 the Secretary.

17 “(II) REIMBURSEMENT.—Except
18 as provided in subclause (III), a tier
19 I family or group day care home shall
20 be provided reimbursement factors
21 under this clause without a require-
22 ment for documentation of the costs
23 described in clause (i), except that re-
24 imbursement shall not be provided
25 under this subclause for meals or sup-

1 plements served to the children of a
2 person acting as a family or group
3 day care home provider unless the
4 children meet the income eligibility
5 guidelines for free or reduced price
6 meals under section 9.

7 “(III) FACTORS.—Except as pro-
8 vided in subclause (IV), the reim-
9 bursement factors applied to a home
10 referred to in subclause (II) shall be
11 the factors in effect on July 1, 1996.

12 “(IV) ADJUSTMENTS.—The re-
13 imbursement factors under this sub-
14 paragraph shall be adjusted on July
15 1, 1997, and each July 1 thereafter,
16 to reflect changes in the Consumer
17 Price Index for food at home for the
18 most recent 12-month period for
19 which the data are available. The re-
20 imbursement factors under this sub-
21 paragraph shall be rounded to the
22 nearest lower cent increment and
23 based on the unrounded adjustment in
24 effect on June 30 of the preceding
25 school year.

1 “(iii) TIER II FAMILY OR GROUP DAY
2 CARE HOMES.—

3 “(I) IN GENERAL.—

4 “(aa) FACTORS.—Except as
5 provided in subclause (II), with
6 respect to meals or supplements
7 served under this clause by a
8 family or group day care home
9 that does not meet the criteria
10 set forth in clause (ii)(I), the re-
11 imbursement factors shall be 90
12 cents for lunches and suppers, 25
13 cents for breakfasts, and 10
14 cents for supplements.

15 “(bb) ADJUSTMENTS.—The
16 factors shall be adjusted on July
17 1, 1997, and each July 1 there-
18 after, to reflect changes in the
19 Consumer Price Index for food at
20 home for the most recent 12-
21 month period for which the data
22 are available. The reimbursement
23 factors under this item shall be
24 rounded down to the nearest
25 lower cent increment and based

1 on the unrounded adjustment for
2 the preceding 12-month period.

3 “(cc) REIMBURSEMENT.—A
4 family or group day care home
5 shall be provided reimbursement
6 factors under this subclause with-
7 out a requirement for docu-
8 mentation of the costs described
9 in clause (i), except that reim-
10 bursement shall not be provided
11 under this subclause for meals or
12 supplements served to the chil-
13 dren of a person acting as a fam-
14 ily or group day care home pro-
15 vider unless the children meet the
16 income eligibility guidelines for
17 free or reduced price meals under
18 section 9.

19 “(II) OTHER FACTORS.—A fam-
20 ily or group day care home that does
21 not meet the criteria set forth in
22 clause (ii)(I) may elect to be provided
23 reimbursement factors determined in
24 accordance with the following require-
25 ments:

1 “(aa) CHILDREN ELIGIBLE
2 FOR FREE OR REDUCED PRICE
3 MEALS.—In the case of meals or
4 supplements served under this
5 subsection to children who are
6 members of households whose in-
7 comes meet the income eligibility
8 guidelines for free or reduced
9 price meals under section 9, the
10 family or group day care home
11 shall be provided reimbursement
12 factors set by the Secretary in
13 accordance with clause (ii)(III).

14 “(bb) INELIGIBLE CHIL-
15 DREN.—In the case of meals or
16 supplements served under this
17 subsection to children who are
18 members of households whose in-
19 comes do not meet the income
20 eligibility guidelines, the family
21 or group day care home shall be
22 provided reimbursement factors
23 in accordance with subclause (I).

24 “(III) INFORMATION AND DE-
25 TERMINATIONS.—

1 “(aa) IN GENERAL.—If a
2 family or group day care home
3 elects to claim the factors de-
4 scribed in subclause (II), the
5 family or group day care home
6 sponsoring organization serving
7 the home shall collect the nec-
8 essary income information, as de-
9 termined by the Secretary, from
10 any parent or other caretaker to
11 make the determinations speci-
12 fied in subclause (II) and shall
13 make the determinations in ac-
14 cordance with rules prescribed by
15 the Secretary.

16 “(bb) CATEGORICAL ELIGI-
17 BILITY.—In making a determina-
18 tion under item (aa), a family or
19 group day care home sponsoring
20 organization may consider a child
21 participating in or subsidized
22 under, or a child with a parent
23 participating in or subsidized
24 under, a federally or State sup-
25 ported child care or other benefit

1 program with an income eligi-
2 bility limit that does not exceed
3 the eligibility standard for free or
4 reduced price meals under section
5 9 to be a child who is a member
6 of a household whose income
7 meets the income eligibility
8 guidelines under section 9.

9 “(cc) FACTORS FOR CHIL-
10 DREN ONLY.—A family or group
11 day care home may elect to re-
12 ceive the reimbursement factors
13 prescribed under clause (ii)(III)
14 solely for the children participat-
15 ing in a program referred to in
16 item (bb) if the home elects not
17 to have income statements col-
18 lected from parents or other care-
19 takers.

20 “(IV) SIMPLIFIED MEAL COUNT-
21 ING AND REPORTING PROCEDURES.—
22 The Secretary shall prescribe sim-
23 plified meal counting and reporting
24 procedures for use by a family or
25 group day care home that elects to

1 claim the factors under subclause (II)
2 and by a family or group day care
3 home sponsoring organization that
4 sponsors the home. The procedures
5 the Secretary prescribes may include
6 1 or more of the following:

7 “(aa) Setting an annual per-
8 centage for each home of the
9 number of meals served that are
10 to be reimbursed in accordance
11 with the reimbursement factors
12 prescribed under clause (ii)(III)
13 and an annual percentage of the
14 number of meals served that are
15 to be reimbursed in accordance
16 with the reimbursement factors
17 prescribed under subclause (I),
18 based on the family income of
19 children enrolled in the home in a
20 specified month or other period.

21 “(bb) Placing a home into 1
22 of 2 or more reimbursement cat-
23 egories annually based on the
24 percentage of children in the
25 home whose households have in-

1 comes that meet the income eligi-
2 bility guidelines under section 9,
3 with each such reimbursement
4 category carrying a set of reim-
5 bursement factors such as the
6 factors prescribed under clause
7 (ii)(III) or subclause (I) or fac-
8 tors established within the range
9 of factors prescribed under clause
10 (ii)(III) and subclause (I).

11 “(cc) Such other simplified
12 procedures as the Secretary may
13 prescribe.

14 “(V) MINIMUM VERIFICATION
15 REQUIREMENTS.—The Secretary may
16 establish any necessary minimum ver-
17 ification requirements.”.

18 (2) GRANTS TO STATES TO PROVIDE ASSIST-
19 ANCE TO FAMILY OR GROUP DAY CARE HOMES.—
20 Section 17(f)(3) of the Act is amended by adding at
21 the end the following:

22 “(D) GRANTS TO STATES TO PROVIDE AS-
23 SISTANCE TO FAMILY OR GROUP DAY CARE
24 HOMES.—

25 “(i) IN GENERAL.—

1 “(I) RESERVATION.—From
2 amounts made available to carry out
3 this section, the Secretary shall re-
4 serve \$5,000,000 of the amount made
5 available for fiscal year 1997.

6 “(II) PURPOSE.—The Secretary
7 shall use the funds made available
8 under subclause (I) to provide grants
9 to States for the purpose of provid-
10 ing—

11 “(aa) assistance, including
12 grants, to family and day care
13 home sponsoring organizations
14 and other appropriate organiza-
15 tions, in securing and providing
16 training, materials, automated
17 data processing assistance, and
18 other assistance for the staff of
19 the sponsoring organizations; and

20 “(bb) training and other as-
21 sistance to family and group day
22 care homes in the implementation
23 of the amendment to subpara-
24 graph (A) made by section
25 3408(e)(1) of the Personal Re-

1 sponsibility and Work Oppor-
2 tunity Act of 1996.

3 “(ii) ALLOCATION.—The Secretary
4 shall allocate from the funds reserved
5 under clause (i)(I)—

6 “(I) \$30,000 in base funding to
7 each State; and

8 “(II) any remaining amount
9 among the States, based on the num-
10 ber of family day care homes partici-
11 pating in the program in a State dur-
12 ing fiscal year 1995 as a percentage
13 of the number of all family day care
14 homes participating in the program
15 during fiscal year 1995.

16 “(iii) RETENTION OF FUNDS.—Of the
17 amount of funds made available to a State
18 for fiscal year 1997 under clause (i), the
19 State may retain not to exceed 30 percent
20 of the amount to carry out this subpara-
21 graph.

22 “(iv) ADDITIONAL PAYMENTS.—Any
23 payments received under this subpara-
24 graph shall be in addition to payments

1 that a State receives under subparagraph
2 (A).”.

3 (3) PROVISION OF DATA.—Section 17(f)(3) of
4 the Act, as amended by paragraph (2), is further
5 amended by adding at the end the following:

6 “(E) PROVISION OF DATA TO FAMILY OR
7 GROUP DAY CARE HOME SPONSORING ORGANI-
8 ZATIONS.—

9 “(i) CENSUS DATA.—The Secretary
10 shall provide to each State agency admin-
11 istering a child care food program under
12 this section data from the most recent de-
13 cennial census survey or other appropriate
14 census survey for which the data are avail-
15 able showing which areas in the State meet
16 the requirements of subparagraph
17 (A)(ii)(I)(aa). The State agency shall pro-
18 vide the data to family or group day care
19 home sponsoring organizations located in
20 the State.

21 “(ii) SCHOOL DATA.—

22 “(I) IN GENERAL.—A State
23 agency administering the school lunch
24 program under this Act or the school
25 breakfast program under the Child

1 Nutrition Act of 1966 (42 U.S.C.
2 1771 et seq.) shall provide to ap-
3 proved family or group day care home
4 sponsoring organizations a list of
5 schools serving elementary school chil-
6 dren in the State in which not less
7 than 1/2 of the children enrolled are
8 certified to receive free or reduced
9 price meals. The State agency shall
10 collect the data necessary to create
11 the list annually and provide the list
12 on a timely basis to any approved
13 family or group day care home spon-
14 soring organization that requests the
15 list.

16 “(II) USE OF DATA FROM PRE-
17 CEDING SCHOOL YEAR.—In determin-
18 ing for a fiscal year or other annual
19 period whether a home qualifies as a
20 tier I family or group day care home
21 under subparagraph (A)(ii)(I), the
22 State agency administering the pro-
23 gram under this section, and a family
24 or group day care home sponsoring
25 organization, shall use the most cur-

1 rent available data at the time of the
2 determination.

3 “(iii) DURATION OF DETERMINA-
4 TION.—For purposes of this section, a de-
5 termination that a family or group day
6 care home is located in an area that quali-
7 fies the home as a tier I family or group
8 day care home (as the term is defined in
9 subparagraph (A)(ii)(I)), shall be in effect
10 for 3 years (unless the determination is
11 made on the basis of census data, in which
12 case the determination shall remain in ef-
13 fect until more recent census data are
14 available) unless the State agency deter-
15 mines that the area in which the home is
16 located no longer qualifies the home as a
17 tier I family or group day care home.”.

18 (4) CONFORMING AMENDMENTS.—Section 17(c)
19 of the Act is amended by inserting “except as pro-
20 vided in subsection (f)(3),” after “For purposes of
21 this section,” each place it appears in paragraphs
22 (1), (2), and (3).

23 (f) REIMBURSEMENT.—Section 17(f) of the Act is
24 amended—

25 (1) in paragraph (3)—

1 (A) in subparagraph (B), by striking the
2 third and fourth sentences; and

3 (B) in subparagraph (C)—

4 (i) by striking “(i)” and

5 (ii) by striking clause (ii); and

6 (2) in paragraph (4), by striking “shall” and
7 inserting “may” in the first sentence.

8 (g) NUTRITIONAL REQUIREMENTS.—Section
9 17(g)(1) of the Act is amended—

10 (1) in subparagraph (A), by striking the second
11 sentence; and

12 (2) in subparagraph (B), by striking the second
13 sentence.

14 (h) ELIMINATION OF STATE PAPERWORK AND OUT-
15 REACH BURDEN.—Section 17 of the Act is amended by
16 striking subsection (k) and inserting the following:

17 “(k) TRAINING AND TECHNICAL ASSISTANCE.—A
18 State participating in the program established under this
19 section shall provide sufficient training, technical assist-
20 ance, and monitoring to facilitate effective operation of the
21 program. The Secretary shall assist the State in develop-
22 ing plans to fulfill the requirements of this subsection.”.

23 (i) RECORDS.—The second sentence of section 17(m)
24 of the Act is amended by striking “at all times” and in-
25 serting “at any reasonable time”.

1 (j) MODIFICATION OF ADULT CARE FOOD PRO-
2 GRAM.—Section 17(o) of the Act is amended—

3 (1) in the first sentence of paragraph (1)—

4 (A) by striking “adult day care centers”
5 and inserting “day care centers for chronically
6 impaired disabled persons”; and

7 (B) by striking “to persons 60 years of age
8 or older or”; and

9 (2) in paragraph (2)—

10 (A) in subparagraph (A)—

11 (i) by striking “adult day care center”
12 and inserting “day care center for chron-
13 ically impaired disabled persons”; and

14 (ii) in clause (i)—

15 (I) by striking “adult”;

16 (II) by striking “adults” and in-
17 serting “persons”; and

18 (III) by striking “or persons 60
19 years of age or older”; and

20 (B) in subparagraph (B), by striking
21 “adult day care services” and inserting “day
22 care services for chronically impaired disabled
23 persons”.

24 (k) UNNEEDED PROVISION.—Section 17 of the Act
25 is amended by striking subsection (q).

1 (l) CONFORMING AMENDMENTS.—

2 (1) Section 17B(f) of the Act (42 U.S.C.
3 1766b(f)) is amended—

4 (A) in the subsection heading, by striking
5 “AND ADULT”; and

6 (B) in paragraph (1), by striking “and
7 adult”.

8 (2) Section 18(e)(3)(B) of the Act (42 U.S.C.
9 1769(e)(3)(B)) is amended by striking “and adult”.

10 (3) Section 25(b)(1)(C) of the Act (42 U.S.C.
11 1769f(b)(1)(C)) is amended by striking “and adult”.

12 (4) Section 3(1) of the Healthy Meals for
13 Healthy Americans Act of 1994 (Public Law 103–
14 448) is amended by striking “and adult”.

15 (m) EFFECTIVE DATE.—

16 (1) IN GENERAL.—Except as provided in para-
17 graph (2), the amendments made by this section
18 shall become effective on the date of enactment of
19 this Act.

20 (2) IMPROVED TARGETING OF DAY CARE HOME
21 REIMBURSEMENTS.—The amendments made by
22 paragraphs (1) and (4) of subsection (e) shall be-
23 come effective on July 1, 1997.

24 (3) REGULATIONS.—

1 (A) INTERIM REGULATIONS.—Not later
2 than January 1, 1997, the Secretary shall issue
3 interim regulations to implement—

4 (i) the amendments made by para-
5 graphs (1), (3), and (4) of subsection (e);
6 and

7 (ii) section 17(f)(3)(C) of the National
8 School Lunch Act (42 U.S.C.
9 1766(f)(3)(C)).

10 (B) FINAL REGULATIONS.—Not later than
11 July 1, 1997, the Secretary shall issue final
12 regulations to implement the provisions of law
13 referred to in subparagraph (A).

14 (n) STUDY OF IMPACT OF AMENDMENTS ON PRO-
15 GRAM PARTICIPATION AND FAMILY DAY CARE LICENS-
16 ING.—

17 (1) IN GENERAL.—The Secretary of Agri-
18 culture, in conjunction with the Secretary of Health
19 and Human Services, shall study the impact of the
20 amendments made by this section on—

21 (A) the number of family day care homes
22 participating in the child care food program es-
23 tablished under section 17 of the National
24 School Lunch Act (42 U.S.C. 1766);

1 (B) the number of day care home sponsor-
2 ing organizations participating in the program;

3 (C) the number of day care homes that are
4 licensed, certified, registered, or approved by
5 each State in accordance with regulations is-
6 sued by the Secretary;

7 (D) the rate of growth of the numbers re-
8 ferred to in subparagraphs (A) through (C);

9 (E) the nutritional adequacy and quality of
10 meals served in family day care homes that—

11 (i) received reimbursement under the
12 program prior to the amendments made by
13 this section but do not receive reimburse-
14 ment after the amendments made by this
15 section; or

16 (ii) received full reimbursement under
17 the program prior to the amendments
18 made by this section but do not receive full
19 reimbursement after the amendments
20 made by this section; and

21 (F) the proportion of low-income children
22 participating in the program prior to the
23 amendments made by this section and the pro-
24 portion of low-income children participating in

1 the program after the amendments made by
2 this section.

3 (2) REQUIRED DATA.—Each State agency par-
4 ticipating in the child care food program under sec-
5 tion 17 of the National School Lunch Act (42
6 U.S.C. 1766) shall submit to the Secretary data
7 on—

8 (A) the number of family day care homes
9 participating in the program on June 30, 1997,
10 and June 30, 1998;

11 (B) the number of family day care homes
12 licensed, certified, registered, or approved for
13 service on June 30, 1997, and June 30, 1998;
14 and

15 (C) such other data as the Secretary may
16 require to carry out this subsection.

17 (3) SUBMISSION OF REPORT.—Not later than 2
18 years after the effective date of this section, the Sec-
19 retary shall submit the study required under this
20 subsection to the Committee on Economic and Edu-
21 cational Opportunities of the House of Representa-
22 tives and the Committee on Agriculture, Nutrition,
23 and Forestry of the Senate.

1 **SEC. 3409. PILOT PROJECTS.**

2 (a) UNIVERSAL FREE PILOT.—Section 18(d) of the
3 National School Lunch Act (42 U.S.C. 1769(d)) is amend-
4 ed—

5 (1) by striking paragraph (3); and

6 (2) by redesignating paragraphs (4) and (5) as
7 paragraphs (3) and (4), respectively.

8 (b) DEMO PROJECT OUTSIDE SCHOOL HOURS.—Sec-
9 tion 18(e) of the Act is amended—

10 (1) in paragraph (1)—

11 (A) in subparagraph (A)—

12 (i) by striking “(A)”; and

13 (ii) by striking “shall” and inserting
14 “may”; and

15 (B) by striking subparagraph (B); and

16 (2) by striking paragraph (5) and inserting the
17 following:

18 “(5) AUTHORIZATION OF APPROPRIATIONS.—

19 There are authorized to be appropriated to carry out
20 this subsection such sums as are necessary for each
21 of fiscal years 1997 and 1998.”.

22 (c) ELIMINATING PROJECTS.—Section 18 of the Act
23 is amended—

24 (1) by striking subsections (a) and (g) through
25 (i); and

1 (2) by redesignating subsections (b) through
2 (f), as so amended, as subsections (a) through (e),
3 respectively.

4 (d) CONFORMING AMENDMENT.—Section
5 17B(d)(1)(A) of the Act (42 U.S.C. 1766b(d)(1)(A)) is
6 amended by striking “18(c)” and inserting “18(b)”.

7 **SEC. 3410. REDUCTION OF PAPERWORK.**

8 Section 19 of the National School Lunch Act (42
9 U.S.C. 1769a) is repealed.

10 **SEC. 3411. INFORMATION ON INCOME ELIGIBILITY.**

11 Section 23 of the National School Lunch Act (42
12 U.S.C. 1769d) is repealed.

13 **SEC. 3412. NUTRITION GUIDANCE FOR CHILD NUTRITION**
14 **PROGRAMS.**

15 Section 24 of the National School Lunch Act (42
16 U.S.C. 1769e) is repealed.

17 **SEC. 3413. INFORMATION CLEARINGHOUSE.**

18 Section 26 of the National School Lunch Act (42
19 U.S.C. 1769g) is repealed.

20 **CHAPTER 2—CHILD NUTRITION ACT OF**
21 **1966**

22 **SEC. 3421. SPECIAL MILK PROGRAM.**

23 Section 3(a)(3) of the Child Nutrition Act of 1966
24 (42 U.S.C. 1772(a)(3)) is amended by striking “the Trust

1 Territory of the Pacific Islands” and inserting “the Com-
2 monwealth of the Northern Mariana Islands”.

3 **SEC. 3422. FREE AND REDUCED PRICE POLICY STATEMENT.**

4 Section 4(b)(1) of the Child Nutrition Act of 1966
5 (42 U.S.C. 1773(b)(1)) is amended by adding at the end
6 the following:

7 “(E) FREE AND REDUCED PRICE POLICY
8 STATEMENT.—After the initial submission, a
9 school shall not be required to submit a free
10 and reduced price policy statement to a State
11 educational agency under this Act unless there
12 is a substantive change in the free and reduced
13 price policy of the school. A routine change in
14 the policy of a school, such as an annual adjust-
15 ment of the income eligibility guidelines for free
16 and reduced price meals, shall not be sufficient
17 cause for requiring the school to submit a policy
18 statement.”.

19 **SEC. 3423. SCHOOL BREAKFAST PROGRAM AUTHORIZA-**
20 **TION.**

21 (a) TRAINING AND TECHNICAL ASSISTANCE IN FOOD
22 PREPARATION.—Section 4(e)(1) of the Child Nutrition
23 Act of 1966 (42 U.S.C. 1773(e)(1)) is amended—

24 (1) in subparagraph (A), by striking “(A)”; and

25 (2) by striking subparagraph (B).

1 (b) EXPANSION OF PROGRAM; STARTUP AND EXPAN-
2 SION COSTS.—

3 (1) IN GENERAL.—Section 4 of the Act is
4 amended by striking subsections (f) and (g).

5 (2) EFFECTIVE DATE.—The amendments made
6 by paragraph (1) shall become effective on October
7 1, 1996.

8 **SEC. 3424. STATE ADMINISTRATIVE EXPENSES.**

9 (a) USE OF FUNDS FOR COMMODITY DISTRIBUTION
10 ADMINISTRATION; STUDIES.—Section 7 of the Child Nu-
11 trition Act of 1966 (42 U.S.C. 1776) is amended—

12 (1) by striking subsections (e) and (h); and

13 (2) by redesignating subsections (f), (g), and (i)
14 as subsections (e), (f), and (g), respectively.

15 (b) APPROVAL OF CHANGES.—Section 7(e) of the
16 Act, as so redesignated, is amended—

17 (1) by striking “each year an annual plan” and
18 inserting “the initial fiscal year a plan”; and

19 (2) by adding at the end the following: “After
20 submitting the initial plan, a State shall only be re-
21 quired to submit to the Secretary for approval a
22 substantive change in the plan.”.

23 **SEC. 3425. REGULATIONS.**

24 Section 10(b) of the Child Nutrition Act of 1966 (42
25 U.S.C. 1779(b)) is amended—

1 (1) in paragraph (1), by striking “(1)”; and
2 (2) by striking paragraphs (2) through (4).

3 **SEC. 3426. PROHIBITIONS.**

4 Section 11(a) of the Child Nutrition Act of 1966 (42
5 U.S.C. 1780(a)) is amended by striking “neither the Sec-
6 retary nor the State shall” and inserting “the Secretary
7 shall not”.

8 **SEC. 3427. MISCELLANEOUS PROVISIONS AND DEFINI-**
9 **TIONS.**

10 Section 15 of the Child Nutrition Act of 1966 (42
11 U.S.C. 1784) is amended—

12 (1) in paragraph (1), by striking “the Trust
13 Territory of the Pacific Islands” and inserting “the
14 Commonwealth of the Northern Mariana Islands”;
15 and

16 (2) in the first sentence of paragraph (3)—

17 (A) in subparagraph (A), by inserting
18 “and” at the end; and

19 (B) by striking “, and (C)” and all that
20 follows through “Governor of Puerto Rico”.

21 **SEC. 3428. ACCOUNTS AND RECORDS.**

22 The second sentence of section 16(a) of the Child Nu-
23 trition Act of 1966 (42 U.S.C. 1785(a)) is amended by
24 striking “at all times be available” and inserting “be avail-
25 able at any reasonable time”.

1 **SEC. 3429. SPECIAL SUPPLEMENTAL NUTRITION PROGRAM**
2 **FOR WOMEN, INFANTS, AND CHILDREN.**

3 (a) DEFINITIONS.—Section 17(b) of the Child Nutri-
4 tion Act of 1966 (42 U.S.C. 1786(b)) is amended—

5 (1) in paragraph (15)(B)(iii), by inserting “of
6 not more than 365 days” after “accommodation”;
7 and

8 (2) in paragraph (16)—

9 (A) in subparagraph (A), by adding “and”
10 at the end; and

11 (B) in subparagraph (B), by striking “;
12 and” and inserting a period; and

13 (C) by striking subparagraph (C).

14 (b) SECRETARY’S PROMOTION OF WIC.—Section
15 17(c) of the Act is amended by striking paragraph (5).

16 (c) ELIGIBLE PARTICIPANTS.—Section 17(d) of the
17 Act is amended by striking paragraph (4).

18 (d) NUTRITION EDUCATION AND DRUG ABUSE EDU-
19 CATION.—Section 17(e) of the Act is amended—

20 (1) in the first sentence of paragraph (1), by
21 striking “shall ensure” and all that follows through
22 “is provided” and inserting “shall provide nutrition
23 education and may provide drug abuse education”;

24 (2) in paragraph (2), by striking the third sen-
25 tence;

26 (3) in paragraph (4)—

1 (A) in the matter preceding subparagraph
2 (A), by striking “shall”;

3 (B) by striking subparagraph (A);

4 (C) by redesignating subparagraphs (B)
5 and (C) as subparagraphs (A) and (B), respec-
6 tively;

7 (D) in subparagraphs (A) and (B) (as re-
8 designated), by inserting “shall” before “pro-
9 vide” each place it appears;

10 (E) in subparagraph (A) (as redesignated),
11 by striking “and” at the end;

12 (F) in subparagraph (B) (as redesignated),
13 by striking the period and inserting “; and”;
14 and

15 (G) by adding at the end the following:

16 “(C) may provide a local agency with materials
17 describing other programs for which participants in
18 the program may be eligible.”;

19 (4) in paragraph (5), by striking “The State”
20 and all that follows through “local agency shall” and
21 inserting “Each local agency shall”; and

22 (5) by striking paragraph (6).

23 (e) STATE PLAN.—Section 17(f) of the Act is amend-
24 ed—

25 (1) in paragraph (1)—

1 (A) in subparagraph (A)—

2 (i) by striking “annually to the Sec-
3 retary, by a date specified by the Sec-
4 retary, a” and inserting “to the Secretary,
5 by a date specified by the Secretary, an
6 initial”; and

7 (ii) by adding at the end the follow-
8 ing: “After submitting the initial plan, a
9 State shall only be required to submit to
10 the Secretary for approval a substantive
11 change in the plan.”;

12 (B) in subparagraph (C)—

13 (i) by striking clause (iii) and insert-
14 ing the following:

15 “(iii) a plan to coordinate operations under the
16 program with other services or programs that may
17 benefit participants in, and applicants for, the pro-
18 gram;”;

19 (ii) in clause (vi), by inserting after
20 “in the State” the following: “(including a
21 plan to improve access to the program for
22 participants and prospective applicants
23 who are employed, or who reside in rural
24 areas)”;

- 1 (iii) in clause (vii), by striking “to
2 provide program benefits” and all that fol-
3 lows through “emphasis on” and inserting
4 “for”;
- 5 (iv) by striking clauses (ix), (x), and
6 (xii);
- 7 (v) in clause (xiii), by striking “may
8 require” and inserting “may reasonably re-
9 quire”; and
- 10 (vi) by redesignating clauses (xi) and
11 (xiii), as so amended, as clauses (ix) and
12 (x), respectively;
- 13 (C) by striking subparagraph (D); and
- 14 (D) by redesignating subparagraph (E) as
15 subparagraph (D);
- 16 (2) by striking paragraphs (2), (6), (8), and
17 (22);
- 18 (3) in the second sentence of paragraph (5), by
19 striking “at all times be available” and inserting “be
20 available at any reasonable time”;
- 21 (4) in paragraph (9)(B), by striking the second
22 sentence;
- 23 (5) in the first sentence of paragraph (11), by
24 striking “, including standards that will ensure suffi-
25 cient State agency staff”;

1 (6) in paragraph (12), by striking the third sen-
2 tence;

3 (7) in paragraph (14), by striking “shall” and
4 inserting “may”;

5 (8) in paragraph (17), by striking “and to ac-
6 commodate” and all that follows through “facili-
7 ties”;

8 (9) in paragraph (19), by striking “shall” and
9 inserting “may”; and

10 (10) by redesignating paragraphs (3), (4), (5),
11 (7), (9) through (19), (20), (21), (23), and (24), as
12 so amended, as paragraphs (2), (3), (4), (5), (6)
13 through (16), (17), (18), (19), and (20), respec-
14 tively.

15 (f) INFORMATION.—Section 17(g) of the Act is
16 amended—

17 (1) in paragraph (5), by striking “the report re-
18 quired under subsection (d)(4)” and inserting “re-
19 ports on program participant characteristics”; and

20 (2) by striking paragraph (6).

21 (g) PROCUREMENT OF INFANT FORMULA.—

22 (1) IN GENERAL.—Section 17(h) of the Act is
23 amended—

24 (A) in paragraph (4)(E), by striking “and,
25 on” and all that follows through “(d)(4)”;

- 1 (B) in paragraph (8)—
- 2 (i) by striking subparagraphs (A),
- 3 (C), and (M);
- 4 (ii) in subparagraph (G)—
- 5 (I) in clause (i), by striking “(i)”;
- 6 and
- 7 (II) by striking clauses (ii)
- 8 through (ix);
- 9 (iii) in subparagraph (I), by striking
- 10 “Secretary—” and all that follows through
- 11 “(v) may” and inserting “Secretary may”;
- 12 (iv) by redesignating subparagraphs
- 13 (B) and (D) through (L) as subparagraphs
- 14 (A) and (B) through (J), respectively;
- 15 (v) in subparagraph (A)(i), as so re-
- 16 designated, by striking “subparagraphs
- 17 (C), (D), and (E)(iii), in carrying out sub-
- 18 paragraph (A),” and inserting “subpara-
- 19 graphs (B) and (C)(iii),”;
- 20 (vi) in subparagraph (B)(i), as so re-
- 21 designated, by striking “subparagraph
- 22 (B)” each place it appears and inserting
- 23 “subparagraph (A)”;
- 24 (vii) in subparagraph (C)(iii), as so
- 25 redesignated, by striking “subparagraph

1 (B)” and inserting “subparagraph (A)”;

2 and

3 (C) in paragraph (10)(B)—

4 (i) in clause (i), by striking the semi-
5 colon and inserting “; and”;

6 (ii) in clause (ii), by striking “; and”
7 and inserting a period; and

8 (iii) by striking clause (iii).

9 (2) APPLICATION.—The amendments made by
10 paragraph (1) shall not apply to a contract for the
11 procurement of infant formula under section
12 17(h)(8) of the Act that is in effect on the effective
13 date of this subsection.

14 (h) NATIONAL ADVISORY COUNCIL ON MATERNAL,
15 INFANT, AND FETAL NUTRITION.—Section 17(k)(3) of
16 the Act is amended by striking “Secretary shall designate”
17 and inserting “Council shall elect”.

18 (i) COMPLETED STUDY; COMMUNITY COLLEGE DEM-
19 ONSTRATION; GRANTS FOR INFORMATION AND DATA SYS-
20 TEM.—Section 17 of the Act is amended by striking sub-
21 sections (n), (o), and (p).

22 (j) DISQUALIFICATION OF VENDORS WHO ARE DIS-
23 QUALIFIED UNDER THE FOOD STAMP PROGRAM.—Sec-
24 tion 17 of the Act, as so amended, is further amended
25 by adding at the end the following:

1 “(n) DISQUALIFICATION OF VENDORS WHO ARE
2 DISQUALIFIED UNDER THE FOOD STAMP PROGRAM.—

3 “(1) IN GENERAL.—The Secretary shall issue
4 regulations providing criteria for the disqualification
5 under this section of an approved vendor that is dis-
6 qualified from accepting benefits under the food
7 stamp program established under the Food Stamp
8 Act of 1977 (7 U.S.C. 2011 et seq.).

9 “(2) TERMS.—A disqualification under para-
10 graph (1)—

11 “(A) shall be for the same period as the
12 disqualification from the program referred to in
13 paragraph (1);

14 “(B) may begin at a later date than the
15 disqualification from the program referred to in
16 paragraph (1); and

17 “(C) shall not be subject to judicial or ad-
18 ministrative review.”.

19 **SEC. 3430. CASH GRANTS FOR NUTRITION EDUCATION.**

20 Section 18 of the Child Nutrition Act of 1966 (42
21 U.S.C. 1787) is repealed.

22 **SEC. 3431. NUTRITION EDUCATION AND TRAINING.**

23 (a) FINDINGS.—Section 19 of the Child Nutrition
24 Act of 1966 (42 U.S.C. 1788) is amended—

1 (1) in subsection (a), by striking “that—” and
2 all that follows through the period at the end and
3 inserting “that effective dissemination of scientif-
4 ically valid information to children participating or
5 eligible to participate in the school lunch and related
6 child nutrition programs should be encouraged.”;
7 and

8 (2) in subsection (b), by striking “encourage”
9 and all that follows through “establishing” and in-
10 serting “establish”.

11 (b) USE OF FUNDS.—Section 19(f) of the Act is
12 amended—

13 (1) in paragraph (1)—

14 (A) by striking subparagraph (B); and

15 (B) in subparagraph (A)—

16 (i) by striking “(A)”;

17 (ii) by striking clauses (ix) through
18 (xix);

19 (iii) by redesignating clauses (i)
20 through (viii) and (xx) as subparagraphs
21 (A) through (H) and (I), respectively;

22 (iv) in subparagraph (I), as so reded-
23 ignated, by striking the period at the end
24 and inserting “; and”; and

25 (v) by adding at the end the following:

1 “(J) other appropriate related activities, as de-
2 termined by the State.”;

3 (2) by striking paragraphs (2) and (4); and

4 (3) by redesignating paragraph (3) as para-
5 graph (2).

6 (c) ACCOUNTS, RECORDS, AND REPORTS.—The sec-
7 ond sentence of section 19(g)(1) of the Act is amended
8 by striking “at all times be available” and inserting “be
9 available at any reasonable time”.

10 (d) STATE COORDINATORS FOR NUTRITION; STATE
11 PLAN.—Section 19(h) of the Act is amended—

12 (1) in the second sentence of paragraph (1)—

13 (A) by striking “as provided in paragraph

14 (2) of this subsection”; and

15 (B) by striking “as provided in paragraph

16 (3) of this subsection”;

17 (2) in paragraph (2), by striking the second
18 and third sentences; and

19 (3) by striking paragraph (3).

20 (e) AUTHORIZATION OF APPROPRIATIONS.—Section
21 19(i) of the Act is amended—

22 (1) in the first sentence of paragraph (2)(A), by
23 striking “and each succeeding fiscal year”;

24 (2) by redesignating paragraphs (3) and (4) as
25 paragraphs (4) and (5), respectively; and

1 (3) by inserting after paragraph (2) the follow-
2 ing:

3 “(3) FISCAL YEARS 1997 THROUGH 2002.—

4 “(A) IN GENERAL.—There are authorized
5 to be appropriated to carry out this section
6 \$10,000,000 for each of fiscal years 1997
7 through 2002.

8 “(B) GRANTS.—

9 “(i) IN GENERAL.—Grants to each
10 State from the amounts made available
11 under subparagraph (A) shall be based on
12 a rate of 50 cents for each child enrolled
13 in schools or institutions within the State,
14 except that no State shall receive an
15 amount less than \$75,000 per fiscal year.

16 “(ii) INSUFFICIENT FUNDS.—If the
17 amount made available for any fiscal year
18 is insufficient to pay the amount to which
19 each State is entitled under clause (i), the
20 amount of each grant shall be ratably re-
21 duced.”.

22 (f) ASSESSMENT.—Section 19 of the Act is amended
23 by striking subsection (j).

24 (g) EFFECTIVE DATE.—The amendments made by
25 subsection (e) shall become effective on October 1, 1996.

1 **CHAPTER 3—MISCELLANEOUS**
2 **PROVISIONS**

3 **SEC. 3441. COORDINATION OF SCHOOL LUNCH, SCHOOL**
4 **BREAKFAST, AND SUMMER FOOD SERVICE**
5 **PROGRAMS.**

6 (a) COORDINATION.—

7 (1) IN GENERAL.—The Secretary of Agriculture
8 shall develop proposed changes to the regulations
9 under the school lunch program under the National
10 School Lunch Act, the summer food service program
11 under section 13 of that Act, and the school break-
12 fast program under section 4 of the Child Nutrition
13 Act of 1966, for the purpose of simplifying and co-
14 ordinating those programs into a comprehensive
15 meal program.

16 (2) CONSULTATION.—In developing proposed
17 changes to the regulations under paragraph (1), the
18 Secretary of Agriculture shall consult with local,
19 State, and regional administrators of the programs
20 described in such paragraph.

21 (b) REPORT.—Not later than November 1, 1997, the
22 Secretary of Agriculture shall submit to the Committee on
23 Agriculture, Nutrition, and Forestry of the Senate and the
24 Committee on Economic and Educational Opportunities of

1 the House of Representatives a report containing the pro-
2 posed changes developed under subsection (a).

3 **Subtitle E—Related Provisions**

4 **Sec. 3501. REQUIREMENT THAT DATA RELATING TO THE IN-**
5 **CIDENCE OF POVERTY IN THE UNITED**
6 **STATES BE PUBLISHED AT LEAST EVERY 2**
7 **YEARS.**

8 (a) IN GENERAL.—The Secretary shall, to the extent
9 feasible, produce and publish for each State, county, and
10 local unit of general purpose government for which data
11 have been compiled in the then most recent census of pop-
12 ulation under section 141(a) of title 13, United States
13 Code, and for each school district, data relating to the in-
14 cidence of poverty. Such data may be produced by means
15 of sampling, estimation, or any other method that the Sec-
16 retary determines will produce current, comprehensive,
17 and reliable data.

18 (b) CONTENT; FREQUENCY.—Data under this sec-
19 tion—

20 (1) shall include—

21 (A) for each school district, the number of
22 children age 5 to 17, inclusive, in families below
23 the poverty level; and

1 (B) for each State and county referred to
2 in subsection (a), the number of individuals age
3 65 or older below the poverty level; and
4 (2) shall be published—

5 (A) for each State, county, and local unit
6 of general purpose government referred to in
7 subsection (a), in 1997 and at least every sec-
8 ond year thereafter; and

9 (B) for each school district, in 1999 and at
10 least every second year thereafter.

11 (c) AUTHORITY TO AGGREGATE.—

12 (1) IN GENERAL.—If reliable data could not
13 otherwise be produced, the Secretary may, for pur-
14 poses of subsection (b)(1)(A), aggregate school dis-
15 tricts, but only to the extent necessary to achieve re-
16 liability.

17 (2) INFORMATION RELATING TO USE OF AU-
18 THORITY.—Any data produced under this subsection
19 shall be appropriately identified and shall be accom-
20 panied by a detailed explanation as to how and why
21 aggregation was used (including the measures taken
22 to minimize any such aggregation).

23 (d) REPORT TO BE SUBMITTED WHENEVER DATA
24 IS NOT TIMELY PUBLISHED.—If the Secretary is unable
25 to produce and publish the data required under this sec-

1 tion for any State, county, local unit of general purpose
2 government, or school district in any year specified in sub-
3 section (b)(2), a report shall be submitted by the Secretary
4 to the President of the Senate and the Speaker of the
5 House of Representatives, not later than 90 days before
6 the start of the following year, enumerating each govern-
7 ment or school district excluded and giving the reasons
8 for the exclusion.

9 (e) CRITERIA RELATING TO POVERTY.—In carrying
10 out this section, the Secretary shall use the same criteria
11 relating to poverty as were used in the then most recent
12 census of population under section 141(a) of title 13,
13 United States Code (subject to such periodic adjustments
14 as may be necessary to compensate for inflation and other
15 similar factors).

16 (f) CONSULTATION.—The Secretary shall consult
17 with the Secretary of Education in carrying out the re-
18 quirements of this section relating to school districts.

19 (g) DEFINITION.—For the purpose of this section,
20 the term “Secretary” means the Secretary of Health and
21 Human Services.

22 (h) AUTHORIZATION OF APPROPRIATIONS.—There
23 are authorized to be appropriated to carry out this section
24 \$1,500,000 for each of fiscal years 1997 through 2000.

1 **SEC. 3502. SENSE OF THE CONGRESS.**

2 It is the sense of the Congress that this title, and
3 the amendments made by this title, should not result in
4 an increase in the number of children who are hungry,
5 homeless, poor, or medically uninsured.

6 **SEC. 3503. LEGISLATIVE ACCOUNTABILITY.**

7 In the event that this title, or the amendments made
8 by this title, results in an increase in the number of chil-
9 dren in the United States who are hungry, homeless, poor,
10 or medically uninsured by the end of the fiscal year 1997,
11 the Congress—

12 (1) shall revisit the provisions of this title, or
13 the amendments made by this title, which caused
14 such increase; and

15 (2) shall, as soon as practicable thereafter, pass
16 legislation that stops the continuation of such in-
17 crease.

18 **TITLE IV—COMMITTEE ON WAYS**
19 **AND MEANS: WELFARE REFORM**

20 **SEC. 4001. SHORT TITLE.**

21 This title may be cited as the “Personal Responsibil-
22 ity and Work Opportunity Act of 1996”.

23 **SEC. 4002. TABLE OF CONTENTS.**

Sec. 4001. Short title.

Sec. 4002. Table of contents.

Subtitle A—Block Grants for Temporary Assistance for Needy Families

- Sec. 4101. Findings.
- Sec. 4102. Reference to Social Security Act.
- Sec. 4103. Block grants to States.
- Sec. 4104. Services provided by charitable, religious, or private organizations.
- Sec. 4105. Census data on grandparents as primary caregivers for their grandchildren.
- Sec. 4106. Report on data processing.
- Sec. 4107. Study on alternative outcomes measures.
- Sec. 4108. Conforming amendments to the Social Security Act.
- Sec. 4109. Conforming amendments to the Food Stamp Act of 1977 and related provisions.
- Sec. 4110. Conforming amendments to other laws.
- Sec. 4111. Development of prototype of counterfeit-resistant social security card required.
- Sec. 4112. Disclosure of receipt of Federal funds.
- Sec. 4113. Modifications to the job opportunities for certain low-income individuals program.
- Sec. 4114. Secretarial submission of legislative proposal for technical and conforming amendments.
- Sec. 4115. Effective date; transition rule.

Subtitle B—Supplemental Security Income

- Sec. 4200. Reference to Social Security Act.

CHAPTER 1—ELIGIBILITY RESTRICTIONS

- Sec. 4201. Denial of SSI benefits for 10 years to individuals found to have fraudulently misrepresented residence in order to obtain benefits simultaneously in 2 or more States.
- Sec. 4202. Denial of SSI benefits for fugitive felons and probation and parole violators.
- Sec. 4203. Treatment of prisoners.
- Sec. 4204. Effective date of application for benefits.

CHAPTER 2—BENEFITS FOR DISABLED CHILDREN

- Sec. 4211. Definition and eligibility rules.
- Sec. 4212. Eligibility redeterminations and continuing disability reviews.
- Sec. 4213. Additional accountability requirements.
- Sec. 4214. Reduction in cash benefits payable to institutionalized individuals whose medical costs are covered by private insurance.
- Sec. 4215. Regulations.

CHAPTER 3—ADDITIONAL ENFORCEMENT PROVISIONS

- Sec. 4221. Installment payment of large past-due supplemental security income benefits.
- Sec. 4222. Recovery of supplemental security income overpayments from social security benefits.
- Sec. 4223. Regulations.

CHAPTER 4—STATE SUPPLEMENTATION PROGRAMS

- Sec. 4225. Repeal of maintenance of effort requirements applicable to optional State programs for supplementation of SSI benefits.

CHAPTER 5—STUDIES REGARDING SUPPLEMENTAL SECURITY INCOME PROGRAM

- Sec. 4231. Annual report on the supplemental security income program.
- Sec. 4232. Study of disability determination process.
- Sec. 4233. Study by General Accounting Office.

CHAPTER 6—NATIONAL COMMISSION ON THE FUTURE OF DISABILITY

- Sec. 4241. Establishment.
- Sec. 4242. Duties of the commission.
- Sec. 4243. Membership.
- Sec. 4244. Staff and support services.
- Sec. 4245. Powers of commission.
- Sec. 4246. Reports.
- Sec. 4247. Termination.
- Sec. 4248. Authorization of appropriations.

Subtitle C—Child Support

- Sec. 4300. Reference to Social Security Act.

CHAPTER 1—ELIGIBILITY FOR SERVICES; DISTRIBUTION OF PAYMENTS

- Sec. 4301. State obligation to provide child support enforcement services.
- Sec. 4302. Distribution of child support collections.
- Sec. 4303. Privacy safeguards.
- Sec. 4304. Rights to notification of hearings.

CHAPTER 2—LOCATE AND CASE TRACKING

- Sec. 4311. State case registry.
- Sec. 4312. Collection and disbursement of support payments.
- Sec. 4313. State directory of new hires.
- Sec. 4314. Amendments concerning income withholding.
- Sec. 4315. Locator information from interstate networks.
- Sec. 4316. Expansion of the Federal Parent Locator Service.
- Sec. 4317. Collection and use of social security numbers for use in child support enforcement.

CHAPTER 3—STREAMLINING AND UNIFORMITY OF PROCEDURES

- Sec. 4321. Adoption of uniform State laws.
- Sec. 4322. Improvements to full faith and credit for child support orders.
- Sec. 4323. Administrative enforcement in interstate cases.
- Sec. 4324. Use of forms in interstate enforcement.
- Sec. 4325. State laws providing expedited procedures.

CHAPTER 4—PATERNITY ESTABLISHMENT

- Sec. 4331. State laws concerning paternity establishment.
- Sec. 4332. Outreach for voluntary paternity establishment.
- Sec. 4333. Cooperation by applicants for and recipients of part A assistance.

CHAPTER 5—PROGRAM ADMINISTRATION AND FUNDING

- Sec. 4341. Performance-based incentives and penalties.
- Sec. 4342. Federal and State reviews and audits.
- Sec. 4343. Required reporting procedures.

- Sec. 4344. Automated data processing requirements.
- Sec. 4345. Technical assistance.
- Sec. 4346. Reports and data collection by the Secretary.

CHAPTER 6—ESTABLISHMENT AND MODIFICATION OF SUPPORT ORDERS

- Sec. 4351. Simplified process for review and adjustment of child support orders.
- Sec. 4352. Furnishing consumer reports for certain purposes relating to child support.
- Sec. 4353. Nonliability for financial institutions providing financial records to State child support enforcement agencies in child support cases.

CHAPTER 7—ENFORCEMENT OF SUPPORT ORDERS

- Sec. 4361. Internal Revenue Service collection of arrearages.
- Sec. 4362. Authority to collect support from Federal employees.
- Sec. 4363. Enforcement of child support obligations of members of the Armed Forces.
- Sec. 4364. Voiding of fraudulent transfers.
- Sec. 4365. Work requirement for persons owing past-due child support.
- Sec. 4366. Definition of support order.
- Sec. 4367. Reporting arrearages to credit bureaus.
- Sec. 4368. Liens.
- Sec. 4369. State law authorizing suspension of licenses.
- Sec. 4370. Denial of passports for nonpayment of child support.
- Sec. 4371. International support enforcement.
- Sec. 4372. Financial institution data matches.
- Sec. 4373. Enforcement of orders against paternal or maternal grandparents in cases of minor parents.
- Sec. 4374. Nondischargeability in bankruptcy of certain debts for the support of a child.

CHAPTER 8—MEDICAL SUPPORT

- Sec. 4376. Correction to ERISA definition of medical child support order.
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CHAPTER 9—ENHANCING RESPONSIBILITY AND OPPORTUNITY FOR NON-RESIDENTIAL PARENTS

- Sec. 4381. Grants to States for access and visitation programs.

CHAPTER 10—EFFECTIVE DATES AND CONFORMING AMENDMENTS

- Sec. 4391. Effective dates and conforming amendments.

Subtitle D—Restricting Welfare and Public Benefits for Aliens

- Sec. 4400. Statements of national policy concerning welfare and immigration.

CHAPTER 1—ELIGIBILITY FOR FEDERAL BENEFITS

- Sec. 4401. Aliens who are not qualified aliens ineligible for Federal public benefits.
- Sec. 4402. Limited eligibility of qualified aliens for certain Federal programs.

- Sec. 4403. Five-year limited eligibility of qualified aliens for Federal means-tested public benefit.
- Sec. 4404. Notification and information reporting.

CHAPTER 2—ELIGIBILITY FOR STATE AND LOCAL PUBLIC BENEFITS PROGRAMS

- Sec. 4411. Aliens who are not qualified aliens or nonimmigrants ineligible for State and local public benefits.
- Sec. 4412. State authority to limit eligibility of qualified aliens for State public benefits.

CHAPTER 3—ATTRIBUTION OF INCOME AND AFFIDAVITS OF SUPPORT

- Sec. 4421. Federal attribution of sponsor's income and resources to alien.
- Sec. 4422. Authority for States to provide for attribution of sponsors income and resources to the alien with respect to State programs.
- Sec. 4423. Requirements for sponsor's affidavit of support.
- Sec. 4424. Cosignature of alien student loans.

CHAPTER 4—GENERAL PROVISIONS

- Sec. 4431. Definitions.
- Sec. 4432. Verification of eligibility for Federal public benefits.
- Sec. 4433. Statutory construction.
- Sec. 4434. Communication between State and local government agencies and the Immigration and Naturalization Service.
- Sec. 4435. Qualifying quarters.

CHAPTER 5—CONFORMING AMENDMENTS RELATING TO ASSISTED HOUSING

- Sec. 4441. Conforming amendments relating to assisted housing.

CHAPTER 6—EARNED INCOME CREDIT DENIED TO UNAUTHORIZED EMPLOYEES

- Sec. 4451. Earned income credit denied to individuals not authorized to be employed in the United States.

Subtitle E—Reform of Public Housing

- Sec. 4601. Fraud under means-tested welfare and public assistance programs.

Subtitle F—Child Protection Block Grant Programs and Foster Care, Adoption Assistance, and Independent Living Programs

CHAPTER 1—CHILD PROTECTION BLOCK GRANT PROGRAM AND FOSTER CARE, ADOPTION ASSISTANCE, AND INDEPENDENT LIVING PROGRAMS

SUBCHAPTER A—BLOCK GRANTS TO STATES FOR THE PROTECTION OF CHILDREN

- Sec. 4701. Establishment of program.
- Sec. 4702. Conforming amendments.

SUBCHAPTER B—FOSTER CARE, ADOPTION ASSISTANCE, AND INDEPENDENT LIVING PROGRAMS

- Sec. 4711. Conforming amendments to part E of title IV.

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- Sec. 4721. Secretarial submission of legislative proposal for technical and conforming amendments.
- Sec. 4722. Sense of the Congress regarding timely adoption of children.
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CHAPTER 2—CHILD AND FAMILY SERVICES BLOCK GRANT

- Sec. 4751. Child and family services block grant.
- Sec. 4752. Reauthorizations.
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Subtitle G—Child Care

- Sec. 4801. Short title and references.
- Sec. 4802. Goals.
- Sec. 4803. Authorization of appropriations and entitlement authority.
- Sec. 4804. Lead agency.
- Sec. 4805. Application and plan.
- Sec. 4806. Limitation on State allotments.
- Sec. 4807. Activities to improve the quality of child care.
- Sec. 4808. Repeal of early childhood development and before- and after-school care requirement.
- Sec. 4809. Administration and enforcement.
- Sec. 4810. Payments.
- Sec. 4811. Annual report and audits.
- Sec. 4812. Report by the Secretary.
- Sec. 4813. Allotments.
- Sec. 4814. Definitions.
- Sec. 4815. Repeals.
- Sec. 4816. Effective date.

Subtitle H—Miscellaneous

- Sec. 4901. Appropriation by State legislatures.
- Sec. 4902. Sanctioning for testing positive for controlled substances.
- Sec. 4903. Reduction in block grants to States for social services.
- Sec. 4904. Rules relating to denial of earned income credit on basis of disqualified income.
- Sec. 4905. Modification of adjusted gross income definition for earned income credit.
- Sec. 4906. Modification of earned income credit amount and phaseout.

1 **Subtitle A—Block Grants for Tem-**
 2 **porary Assistance for Needy**
 3 **Families**

4 **SEC. 4101. FINDINGS.**

5 The Congress makes the following findings:

1 (1) Marriage is the foundation of a successful
2 society.

3 (2) Marriage is an essential institution of a suc-
4 cessful society which promotes the interests of chil-
5 dren.

6 (3) Promotion of responsible fatherhood and
7 motherhood is integral to successful child rearing
8 and the well-being of children.

9 (4) In 1992, only 54 percent of single-parent
10 families with children had a child support order es-
11 tablished and, of that 54 percent, only about one-
12 half received the full amount due. Of the cases en-
13 forced through the public child support enforcement
14 system, only 18 percent of the caseload has a collec-
15 tion.

16 (5) The number of individuals receiving aid to
17 families with dependent children (in this section re-
18 ferred to as “AFDC”) has more than tripled since
19 1965. More than two-thirds of these recipients are
20 children. Eighty-nine percent of children receiving
21 AFDC benefits now live in homes in which no father
22 is present.

23 (A)(i) The average monthly number of
24 children receiving AFDC benefits—

25 (I) was 3,300,000 in 1965;

1 (II) was 6,200,000 in 1970;
2 (III) was 7,400,000 in 1980; and
3 (IV) was 9,300,000 in 1992.

4 (ii) While the number of children receiving
5 AFDC benefits increased nearly threefold be-
6 tween 1965 and 1992, the total number of chil-
7 dren in the United States aged 0 to 18 has de-
8 clined by 5.5 percent.

9 (B) The Department of Health and
10 Human Services has estimated that 12,000,000
11 children will receive AFDC benefits within 10
12 years.

13 (C) The increase in the number of children
14 receiving public assistance is closely related to
15 the increase in births to unmarried women. Be-
16 tween 1970 and 1991, the percentage of live
17 births to unmarried women increased nearly
18 threefold, from 10.7 percent to 29.5 percent.

19 (6) The increase of out-of-wedlock pregnancies
20 and births is well documented as follows:

21 (A) It is estimated that the rate of non-
22 marital teen pregnancy rose 23 percent from 54
23 pregnancies per 1,000 unmarried teenagers in
24 1976 to 66.7 pregnancies in 1991. The overall
25 rate of nonmarital pregnancy rose 14 percent

1 from 90.8 pregnancies per 1,000 unmarried
2 women in 1980 to 103 in both 1991 and 1992.
3 In contrast, the overall pregnancy rate for mar-
4 ried couples decreased 7.3 percent between
5 1980 and 1991, from 126.9 pregnancies per
6 1,000 married women in 1980 to 117.6 preg-
7 nancies in 1991.

8 (B) The total of all out-of-wedlock births
9 between 1970 and 1991 has risen from 10.7
10 percent to 29.5 percent and if the current trend
11 continues, 50 percent of all births by the year
12 2015 will be out-of-wedlock.

13 (7) The negative consequences of an out-of-wed-
14 lock birth on the mother, the child, the family, and
15 society are well documented as follows:

16 (A) Young women 17 and under who give
17 birth outside of marriage are more likely to go
18 on public assistance and to spend more years
19 on welfare once enrolled. These combined ef-
20 fects of “younger and longer” increase total
21 AFDC costs per household by 25 percent to 30
22 percent for 17-year-olds.

23 (B) Children born out-of-wedlock have a
24 substantially higher risk of being born at a very
25 low or moderately low birth weight.

1 (C) Children born out-of-wedlock are more
2 likely to experience low verbal cognitive attain-
3 ment, as well as more child abuse, and neglect.

4 (D) Children born out-of-wedlock were
5 more likely to have lower cognitive scores, lower
6 educational aspirations, and a greater likelihood
7 of becoming teenage parents themselves.

8 (E) Being born out-of-wedlock significantly
9 reduces the chances of the child growing up to
10 have an intact marriage.

11 (F) Children born out-of-wedlock are 3
12 times more likely to be on welfare when they
13 grow up.

14 (8) Currently 35 percent of children in single-
15 parent homes were born out-of-wedlock, nearly the
16 same percentage as that of children in single-parent
17 homes whose parents are divorced (37 percent).
18 While many parents find themselves, through divorce
19 or tragic circumstances beyond their control, facing
20 the difficult task of raising children alone, neverthe-
21 less, the negative consequences of raising children in
22 single-parent homes are well documented as follows:

23 (A) Only 9 percent of married-couple fami-
24 lies with children under 18 years of age have
25 income below the national poverty level. In con-

1 trast, 46 percent of female-headed households
2 with children under 18 years of age are below
3 the national poverty level.

4 (B) Among single-parent families, nearly
5 $\frac{1}{2}$ of the mothers who never married received
6 AFDC while only $\frac{1}{5}$ of divorced mothers re-
7 ceived AFDC.

8 (C) Children born into families receiving
9 welfare assistance are 3 times more likely to be
10 on welfare when they reach adulthood than chil-
11 dren not born into families receiving welfare.

12 (D) Mothers under 20 years of age are at
13 the greatest risk of bearing low-birth-weight ba-
14 bies.

15 (E) The younger the single parent mother,
16 the less likely she is to finish high school.

17 (F) Young women who have children be-
18 fore finishing high school are more likely to re-
19 ceive welfare assistance for a longer period of
20 time.

21 (G) Between 1985 and 1990, the public
22 cost of births to teenage mothers under the aid
23 to families with dependent children program,
24 the food stamp program, and the medicaid pro-
25 gram has been estimated at \$120,000,000,000.

1 (H) The absence of a father in the life of
2 a child has a negative effect on school perform-
3 ance and peer adjustment.

4 (I) Children of teenage single parents have
5 lower cognitive scores, lower educational aspira-
6 tions, and a greater likelihood of becoming teen-
7 age parents themselves.

8 (J) Children of single-parent homes are 3
9 times more likely to fail and repeat a year in
10 grade school than are children from intact 2-
11 parent families.

12 (K) Children from single-parent homes are
13 almost 4 times more likely to be expelled or sus-
14 pended from school.

15 (L) Neighborhoods with larger percentages
16 of youth aged 12 through 20 and areas with
17 higher percentages of single-parent households
18 have higher rates of violent crime.

19 (M) Of those youth held for criminal of-
20 fenses within the State juvenile justice system,
21 only 29.8 percent lived primarily in a home with
22 both parents. In contrast to these incarcerated
23 youth, 73.9 percent of the 62,800,000 children
24 in the Nation's resident population were living
25 with both parents.

1 (9) Therefore, in light of this demonstration of
2 the crisis in our Nation, it is the sense of the Con-
3 gress that prevention of out-of-wedlock pregnancy
4 and reduction in out-of-wedlock birth are very im-
5 portant Government interests and the policy con-
6 tained in part A of title IV of the Social Security
7 Act (as amended by section 4103(a) of this Act) is
8 intended to address the crisis.

9 **SEC. 4102. REFERENCE TO SOCIAL SECURITY ACT.**

10 Except as otherwise specifically provided, wherever in
11 this subtitle an amendment is expressed in terms of an
12 amendment to or repeal of a section or other provision,
13 the reference shall be considered to be made to that sec-
14 tion or other provision of the Social Security Act.

15 **SEC. 4103. BLOCK GRANTS TO STATES.**

16 (a) IN GENERAL.—Part A of title IV (42 U.S.C. 601
17 et seq.) is amended—

18 (1) by striking all that precedes section 418 (as
19 added by section 4803(b)(2) of this Act) and insert-
20 ing the following:

1 **“PART A—BLOCK GRANTS TO STATES FOR**
2 **TEMPORARY ASSISTANCE FOR NEEDY FAMILIES**
3 **“SEC. 401. PURPOSE.**

4 “(a) IN GENERAL.—The purpose of this part is to
5 increase the flexibility of States in operating a program
6 designed to—

7 “(1) provide assistance to needy families so that
8 children may be cared for in their own homes or in
9 the homes of relatives;

10 “(2) end the dependence of needy parents on
11 government benefits by promoting job preparation,
12 work, and marriage;

13 “(3) prevent and reduce the incidence of out-of-
14 wedlock pregnancies and establish annual numerical
15 goals for preventing and reducing the incidence of
16 these pregnancies; and

17 “(4) encourage the formation and maintenance
18 of two-parent families.

19 “(b) NO INDIVIDUAL ENTITLEMENT.—This part
20 shall not be interpreted to entitle any individual or family
21 to assistance under any State program funded under this
22 part.

23 **“SEC. 402. ELIGIBLE STATES; STATE PLAN.**

24 “(a) IN GENERAL.—As used in this part, the term
25 ‘eligible State’ means, with respect to a fiscal year, a State
26 that, during the 2-year period immediately preceding the

1 fiscal year, has submitted to the Secretary a plan that the
2 Secretary has found includes the following:

3 “(1) OUTLINE OF FAMILY ASSISTANCE PRO-
4 GRAM.—

5 “(A) GENERAL PROVISIONS.—A written
6 document that outlines how the State intends to
7 do the following:

8 “(i) Conduct a program, designed to
9 serve all political subdivisions in the State
10 (not necessarily in a uniform manner),
11 that provides assistance to needy families
12 with (or expecting) children and provides
13 parents with job preparation, work, and
14 support services to enable them to leave
15 the program and become self-sufficient.

16 “(ii) Require a parent or caretaker re-
17 ceiving assistance under the program to
18 engage in work (as defined by the State)
19 once the State determines the parent or
20 caretaker is ready to engage in work, or
21 once the parent or caretaker has received
22 assistance under the program for 24
23 months (whether or not consecutive),
24 whichever is earlier.

1 “(iii) Ensure that parents and care-
2 takers receiving assistance under the pro-
3 gram engage in work activities in accord-
4 ance with section 407.

5 “(iv) Take such reasonable steps as
6 the State deems necessary to restrict the
7 use and disclosure of information about in-
8 dividuals and families receiving assistance
9 under the program attributable to funds
10 provided by the Federal Government.

11 “(v) Establish goals and take action
12 (including provision of education and coun-
13 seling (including abstinence-based pro-
14 grams) and pre-pregnancy health services)
15 to prevent and reduce the incidence of out-
16 of-wedlock pregnancies, with special em-
17 phasis on teenage pregnancies, and estab-
18 lish numerical goals for reducing the ille-
19 gitimacy ratio of the State (as defined in
20 section 403(a)(2)(B)) for calendar years
21 1996 through 2005.

22 “(B) SPECIAL PROVISIONS.—

23 “(i) The document shall indicate
24 whether the State intends to treat families
25 moving into the State from another State

1 differently than other families under the
2 program, and if so, how the State intends
3 to treat such families under the program.

4 “(ii) The document shall indicate
5 whether the State intends to provide as-
6 sistance under the program to individuals
7 who are not citizens of the United States,
8 and if so, shall include an overview of such
9 assistance.

10 “(iii) The document shall set forth ob-
11 jective criteria for the delivery of benefits
12 and the determination of eligibility and for
13 fair and equitable treatment, including an
14 explanation of how the State will provide
15 opportunities for recipients who have been
16 adversely affected to be heard in a State
17 administrative or appeal process.

18 “(2) CERTIFICATION THAT THE STATE WILL
19 OPERATE A CHILD SUPPORT ENFORCEMENT PRO-
20 GRAM.—A certification by the chief executive officer
21 of the State that, during the fiscal year, the State
22 will operate a child support enforcement program
23 under the State plan approved under part D.

24 “(3) CERTIFICATION THAT THE STATE WILL
25 OPERATE A CHILD PROTECTION PROGRAM.—A cer-

1 tification by the chief executive officer of the State
2 that, during the fiscal year, the State will operate a
3 child protection program under the State plan ap-
4 proved under part B.

5 “(4) CERTIFICATION OF THE ADMINISTRATION
6 OF THE PROGRAM.—A certification by the chief ex-
7 ecutive officer of the State specifying which State
8 agency or agencies will administer and supervise the
9 program referred to in paragraph (1) for the fiscal
10 year, which shall include assurances that local gov-
11 ernments and private sector organizations—

12 “(A) have been consulted regarding the
13 plan and design of welfare services in the State
14 so that services are provided in a manner ap-
15 propriate to local populations; and

16 “(B) have had at least 45 days to submit
17 comments on the plan and the design of such
18 services.

19 “(5) CERTIFICATION THAT THE STATE WILL
20 PROVIDE INDIANS WITH EQUITABLE ACCESS TO AS-
21 SISTANCE.—A certification by the chief executive of-
22 ficer of the State that, during the fiscal year, the
23 State will provide each Indian who is a member of
24 an Indian tribe in the State that does not have a
25 tribal family assistance plan approved under section

1 412 with equitable access to assistance under the
2 State program funded under this part attributable
3 to funds provided by the Federal Government.

4 “(b) PUBLIC AVAILABILITY OF STATE PLAN SUM-
5 MARY.—The State shall make available to the public a
6 summary of any plan submitted by the State under this
7 section.

8 **“SEC. 403. GRANTS TO STATES.**

9 “(a) GRANTS.—

10 “(1) FAMILY ASSISTANCE GRANT.—

11 “(A) IN GENERAL.—Each eligible State
12 shall be entitled to receive from the Secretary,
13 for each of fiscal years 1996, 1997, 1998,
14 1999, 2000, and 2001 a grant in an amount
15 equal to the State family assistance grant.

16 “(B) STATE FAMILY ASSISTANCE GRANT
17 DEFINED.—As used in this part, the term
18 ‘State family assistance grant’ means the great-
19 est of—

20 “(i) $\frac{1}{3}$ of the total amount required
21 to be paid to the State under former sec-
22 tion 403 (as in effect on September 30,
23 1995) for fiscal years 1992, 1993, and
24 1994 (other than with respect to amounts
25 expended by the State for child care under

1 subsection (g) or (i) of former section 402
2 (as so in effect));

3 “(ii)(I) the total amount required to
4 be paid to the State under former section
5 403 for fiscal year 1994 (other than with
6 respect to amounts expended by the State
7 for child care under subsection (g) or (i) of
8 former section 402 (as so in effect)); plus

9 “(II) an amount equal to 85 percent
10 of the amount (if any) by which the total
11 amount required to be paid to the State
12 under former section 403(a)(5) for emer-
13 gency assistance for fiscal year 1995 ex-
14 ceeds the total amount required to be paid
15 to the State under former section
16 403(a)(5) for fiscal year 1994, if, during
17 fiscal year 1994 or 1995, the Secretary ap-
18 proved under former section 402 an
19 amendment to the former State plan to
20 allow the provision of emergency assistance
21 in the context of family preservation; or

22 “(iii) $\frac{4}{3}$ of the total amount required
23 to be paid to the State under former sec-
24 tion 403 (as in effect on September 30,
25 1995) for the 1st 3 quarters of fiscal year

1 1995 (other than with respect to amounts
2 expended by the State under the State
3 plan approved under part F (as so in ef-
4 fect) or for child care under subsection (g)
5 or (i) of former section 402 (as so in ef-
6 fect)), plus the total amount required to be
7 paid to the State for fiscal year 1995
8 under former section 403(l) (as so in ef-
9 fect).

10 “(C) TOTAL AMOUNT REQUIRED TO BE
11 PAID TO THE STATE UNDER FORMER SECTION
12 403 DEFINED.—As used in this part, the term
13 ‘total amount required to be paid to the State
14 under former section 403’ means, with respect
15 to a fiscal year—

16 “(i) in the case of a State to which
17 section 1108 does not apply, the sum of—

18 “(I) the Federal share of mainte-
19 nance assistance expenditures for the
20 fiscal year, before reduction pursuant
21 to subparagraph (B) or (C) of section
22 403(b)(2) (as in effect on September
23 30, 1995), as reported by the State on
24 ACF Form 231;

1 “(II) the Federal share of admin-
2 istrative expenditures (including ad-
3 ministrative expenditures for the de-
4 velopment of management information
5 systems) for the fiscal year, as re-
6 ported by the State on ACF Form
7 231;

8 “(III) the Federal share of emer-
9 gency assistance expenditures for the
10 fiscal year, as reported by the State
11 on ACF Form 231;

12 “(IV) the Federal share of ex-
13 penditures for the fiscal year with re-
14 spect to child care pursuant to sub-
15 sections (g) and (i) of former section
16 402 (as in effect on September 30,
17 1995), as reported by the State on
18 ACF Form 231; and

19 “(V) the aggregate amount re-
20 quired to be paid to the State for the
21 fiscal year with respect to the State
22 program operated under part F (as in
23 effect on September 30, 1995), as de-
24 termined by the Secretary, including
25 additional obligations or reductions in

1 obligations made after the close of the
2 fiscal year; and

3 “(ii) in the case of a State to which
4 section 1108 applies, the lesser of—

5 “(I) the sum described in clause
6 (i); or

7 “(II) the total amount certified
8 by the Secretary under former section
9 403 (as in effect during the fiscal
10 year) with respect to the territory.

11 “(D) INFORMATION TO BE USED IN DE-
12 TERMINING AMOUNTS.—

13 “(i) FOR FISCAL YEARS 1992 AND
14 1993.—

15 “(I) In determining the amounts
16 described in subclauses (I) through
17 (IV) of subparagraph (C)(i) for any
18 State for each of fiscal years 1992
19 and 1993, the Secretary shall use in-
20 formation available as of April 28,
21 1995.

22 “(II) In determining the amount
23 described in subparagraph (C)(i)(V)
24 for any State for each of fiscal years
25 1992 and 1993, the Secretary shall

1 use information available as of Janu-
2 ary 6, 1995.

3 “(ii) FOR FISCAL YEAR 1994.—In de-
4 termining the amounts described in sub-
5 paragraph (C)(i) for any State for fiscal
6 year 1994, the Secretary shall use informa-
7 tion available as of April 28, 1995.

8 “(iii) FOR FISCAL YEAR 1995.—

9 “(I) In determining the amount
10 described in subparagraph (B)(ii)(II)
11 for any State for fiscal year 1995, the
12 Secretary shall use the information
13 which was reported by the States and
14 estimates made by the States with re-
15 spect to emergency assistance expend-
16 itures and was available as of August
17 11, 1995.

18 “(II) In determining the amounts
19 described in subclauses (I) through
20 (III) of subparagraph (C)(i) for any
21 State for fiscal year 1995, the Sec-
22 retary shall use information available
23 as of October 2, 1995.

24 “(III) In determining the amount
25 described in subparagraph (C)(i)(IV)

1 for any State for fiscal year 1995, the
2 Secretary shall use information avail-
3 able as of February 28, 1996.

4 “(IV) In determining the amount
5 described in subparagraph (C)(i)(V)
6 for any State for fiscal year 1995, the
7 Secretary shall use information avail-
8 able as of October 5, 1995.

9 “(E) APPROPRIATION.—Out of any money
10 in the Treasury of the United States not other-
11 wise appropriated, there are appropriated for
12 fiscal years 1996, 1997, 1998, 1999, 2000, and
13 2001 such sums as are necessary for grants
14 under this paragraph.

15 “(2) GRANT TO REWARD STATES THAT REDUCE
16 OUT-OF-WEDLOCK BIRTHS.—

17 “(A) IN GENERAL.—Each eligible State
18 shall be entitled to receive from the Secretary
19 for fiscal year 1998 or any succeeding fiscal
20 year, a grant in an amount equal to the State
21 family assistance grant multiplied by—

22 “(i) 5 percent if—

23 “(I) the illegitimacy ratio of the
24 State for the fiscal year is at least 1
25 percentage point lower than the ille-

1 gitimacy ratio of the State for fiscal
2 year 1995; and

3 “(II) the rate of induced preg-
4 nancy terminations in the State for
5 the fiscal year is less than the rate of
6 induced pregnancy terminations in the
7 State for fiscal year 1995; or

8 “(ii) 10 percent if—

9 “(I) the illegitimacy ratio of the
10 State for the fiscal year is at least 2
11 percentage points lower than the ille-
12 gitimacy ratio of the State for fiscal
13 year 1995; and

14 “(II) the rate of induced preg-
15 nancy terminations in the State for
16 the fiscal year is less than the rate of
17 induced pregnancy terminations in the
18 State for fiscal year 1995.

19 “(B) ILLEGITIMACY RATIO.—As used in
20 this paragraph, the term ‘illegitimacy ratio’
21 means, with respect to a State and a fiscal
22 year—

23 “(i) the number of out-of-wedlock
24 births that occurred in the State during

1 the most recent fiscal year for which such
2 information is available; divided by

3 “(ii) the number of births that oc-
4 curred in the State during the most recent
5 fiscal year for which such information is
6 available.

7 “(C) DISREGARD OF CHANGES IN DATA
8 DUE TO CHANGED REPORTING METHODS.—For
9 purposes of subparagraph (A), the Secretary
10 shall disregard—

11 “(i) any difference between the illegit-
12 imacy ratio of a State for a fiscal year and
13 the illegitimacy ratio of the State for fiscal
14 year 1995 which is attributable to a
15 change in State methods of reporting data
16 used to calculate the illegitimacy ratio; and

17 “(ii) any difference between the rate
18 of induced pregnancy terminations in a
19 State for a fiscal year and such rate for
20 fiscal year 1995 which is attributable to a
21 change in State methods of reporting data
22 used to calculate such rate.

23 “(D) APPROPRIATION.—Out of any money
24 in the Treasury of the United States not other-
25 wise appropriated, there are appropriated for

1 fiscal year 1998 and for each succeeding fiscal
2 year such sums as are necessary for grants
3 under this paragraph.

4 “(3) SUPPLEMENTAL GRANT FOR POPULATION
5 INCREASES IN CERTAIN STATES.—

6 “(A) IN GENERAL.—Each qualifying State
7 shall, subject to subparagraph (F), be entitled
8 to receive from the Secretary—

9 “(i) for fiscal year 1997 a grant in an
10 amount equal to 2.5 percent of the total
11 amount required to be paid to the State
12 under former section 403 (as in effect dur-
13 ing fiscal year 1994) for fiscal year 1994;
14 and

15 “(ii) for each of fiscal years 1998,
16 1999, and 2000, a grant in an amount
17 equal to the sum of—

18 “(I) the amount (if any) required
19 to be paid to the State under this
20 paragraph for the immediately preced-
21 ing fiscal year; and

22 “(II) 2.5 percent of the sum of—

23 “(aa) the total amount re-
24 quired to be paid to the State
25 under former section 403 (as in

1 effect during fiscal year 1994)
2 for fiscal year 1994; and

3 “(bb) the amount (if any)
4 required to be paid to the State
5 under this paragraph for the fis-
6 cal year preceding the fiscal year
7 for which the grant is to be
8 made.

9 “(B) PRESERVATION OF GRANT WITHOUT
10 INCREASES FOR STATES FAILING TO REMAIN
11 QUALIFYING STATES.—Each State that is not a
12 qualifying State for a fiscal year specified in
13 subparagraph (A)(ii) but was a qualifying State
14 for a prior fiscal year shall, subject to subpara-
15 graph (F), be entitled to receive from the Sec-
16 retary for the specified fiscal year, a grant in
17 an amount equal to the amount required to be
18 paid to the State under this paragraph for the
19 most recent fiscal year for which the State was
20 a qualifying State.

21 “(C) QUALIFYING STATE.—

22 “(i) IN GENERAL.—For purposes of
23 this paragraph, a State is a qualifying
24 State for a fiscal year if—

1 “(I) the level of welfare spending
2 per poor person by the State for the
3 immediately preceding fiscal year is
4 less than the national average level of
5 State welfare spending per poor per-
6 son for such preceding fiscal year; and

7 “(II) the population growth rate
8 of the State (as determined by the
9 Bureau of the Census) for the most
10 recent fiscal year for which informa-
11 tion is available exceeds the average
12 population growth rate for all States
13 (as so determined) for such most re-
14 cent fiscal year.

15 “(ii) STATE MUST QUALIFY IN FISCAL
16 YEAR 1997.—Notwithstanding clause (i), a
17 State shall not be a qualifying State for
18 any fiscal year after 1997 by reason of
19 clause (i) if the State is not a qualifying
20 State for fiscal year 1997 by reason of
21 clause (i).

22 “(iii) CERTAIN STATES DEEMED
23 QUALIFYING STATES.—For purposes of
24 this paragraph, a State is deemed to be a

1 qualifying State for fiscal years 1997,
2 1998, 1999, and 2000 if—

3 “(I) the level of welfare spending
4 per poor person by the State for fiscal
5 year 1996 is less than 35 percent of
6 the national average level of State
7 welfare spending per poor person for
8 fiscal year 1996; or

9 “(II) the population of the State
10 increased by more than 10 percent
11 from April 1, 1990 to July 1, 1994,
12 according to the population estimates
13 in publication CB94–204 of the Bu-
14 reau of the Census.

15 “(D) DEFINITIONS.—As used in this para-
16 graph:

17 “(i) LEVEL OF WELFARE SPENDING
18 PER POOR PERSON.—The term ‘level of
19 State welfare spending per poor person’
20 means, with respect to a State and a fiscal
21 year—

22 “(I) the sum of—

23 “(aa) the total amount re-
24 quired to be paid to the State
25 under former section 403 (as in

1 effect during fiscal year 1994)
2 for fiscal year 1994; and

3 “(bb) the amount (if any)
4 paid to the State under this
5 paragraph for the immediately
6 preceding fiscal year; divided by

7 “(II) the number of individuals,
8 according to the 1990 decennial cen-
9 sus, who were residents of the State
10 and whose income was below the pov-
11 erty line.

12 “(ii) NATIONAL AVERAGE LEVEL OF
13 STATE WELFARE SPENDING PER POOR
14 PERSON.—The term ‘national average level
15 of State welfare spending per poor person’
16 means, with respect to a fiscal year, an
17 amount equal to—

18 “(I) the total amount required to
19 be paid to the States under former
20 section 403 (as in effect during fiscal
21 year 1994) for fiscal year 1994; di-
22 vided by

23 “(II) the number of individuals,
24 according to the 1990 decennial cen-
25 sus, who were residents of any State

1 and whose income was below the pov-
2 erty line.

3 “(iii) STATE.—The term ‘State’
4 means each of the 50 States of the United
5 States and the District of Columbia.

6 “(E) APPROPRIATION.—Out of any money
7 in the Treasury of the United States not other-
8 wise appropriated, there are appropriated for
9 fiscal years 1997, 1998, 1999, and 2000 such
10 sums as are necessary for grants under this
11 paragraph, in a total amount not to exceed
12 \$800,000,000.

13 “(F) GRANTS REDUCED PRO RATA IF IN-
14 SUFFICIENT APPROPRIATIONS.—If the amount
15 appropriated pursuant to this paragraph for a
16 fiscal year is less than the total amount of pay-
17 ments otherwise required to be made under this
18 paragraph for the fiscal year, then the amount
19 otherwise payable to any State for the fiscal
20 year under this paragraph shall be reduced by
21 a percentage equal to the amount so appro-
22 priated divided by such total amount.

23 “(G) BUDGET SCORING.—Notwithstanding
24 section 257(b)(2) of the Balanced Budget and
25 Emergency Deficit Control Act of 1985, the

1 baseline shall assume that no grant shall be
2 made under this paragraph after fiscal year
3 2000.

4 “(4) BONUS TO REWARD HIGH PERFORMANCE
5 STATES.—

6 “(A) IN GENERAL.—The Secretary shall
7 make a grant pursuant to this paragraph to
8 each State for each bonus year for which the
9 State is a high performing State.

10 “(B) AMOUNT OF GRANT.—

11 “(i) IN GENERAL.—Subject to clause
12 (ii) of this subparagraph, the Secretary
13 shall determine the amount of the grant
14 payable under this paragraph to a high
15 performing State for a bonus year, which
16 shall be based on the score assigned to the
17 State under subparagraph (D)(i) for the
18 fiscal year that immediately precedes the
19 bonus year.

20 “(ii) LIMITATION.—The amount pay-
21 able to a State under this paragraph for a
22 bonus year shall not exceed 5 percent of
23 the State family assistance grant.

24 “(C) FORMULA FOR MEASURING STATE
25 PERFORMANCE.—Not later than 1 year after

1 the date of the enactment of the Personal Re-
2 sponsibility and Work Opportunity Act of 1996,
3 the Secretary, in consultation with the National
4 Governors' Association and the American Pub-
5 lic Welfare Association, shall develop a formula
6 for measuring State performance in operating
7 the State program funded under this part so as
8 to achieve the goals set forth in section 401(a).

9 “(D) SCORING OF STATE PERFORMANCE;
10 SETTING OF PERFORMANCE THRESHOLDS.—

11 For each bonus year, the Secretary shall—

12 “(i) use the formula developed under
13 subparagraph (C) to assign a score to each
14 eligible State for the fiscal year that imme-
15 diately precedes the bonus year; and

16 “(ii) prescribe a performance thresh-
17 old in such a manner so as to ensure
18 that—

19 “(I) the average annual total
20 amount of grants to be made under
21 this paragraph for each bonus year
22 equals \$200,000,000; and

23 “(II) the total amount of grants
24 to be made under this paragraph for

1 all bonus years equals
2 \$1,000,000,000.

3 “(E) DEFINITIONS.—As used in this para-
4 graph:

5 “(i) BONUS YEAR.—The term ‘bonus
6 year’ means fiscal years 1999, 2000, 2001,
7 2002, and 2003.

8 “(ii) HIGH PERFORMING STATE.—The
9 term ‘high performing State’ means, with
10 respect a bonus year, an eligible State
11 whose score assigned pursuant to subpara-
12 graph (D)(i) for the fiscal year imme-
13 diately preceding the bonus year equals or
14 exceeds the performance threshold pre-
15 scribed under subparagraph (D)(ii) for
16 such preceding fiscal year.

17 “(F) APPROPRIATION.—Out of any money
18 in the Treasury of the United States not other-
19 wise appropriated, there are appropriated for
20 fiscal years 1999 through 2003 \$1,000,000,000
21 for grants under this paragraph.

22 “(b) CONTINGENCY FUND.—

23 “(1) ESTABLISHMENT.—There is hereby estab-
24 lished in the Treasury of the United States a fund
25 which shall be known as the ‘Contingency Fund for

1 State Welfare Programs' (in this section referred to
2 as the 'Fund').

3 “(2) DEPOSITS INTO FUND.—Out of any money
4 in the Treasury of the United States not otherwise
5 appropriated, there are appropriated for fiscal years
6 1997, 1998, 1999, 2000, and 2001 such sums as are
7 necessary for payment to the Fund in a total
8 amount not to exceed \$2,000,000,000.

9 “(3) GRANTS.—

10 “(A) PROVISIONAL PAYMENTS.—If an eli-
11 gible State submits to the Secretary a request
12 for funds under this paragraph during an eligi-
13 ble month, the Secretary shall, subject to this
14 paragraph, pay to the State, from amounts ap-
15 propriated pursuant to paragraph (2), an
16 amount equal to the amount of funds so re-
17 quested.

18 “(B) PAYMENT PRIORITY.—The Secretary
19 shall make payments under subparagraph (A)
20 in the order in which the Secretary receives re-
21 quests for such payments.

22 “(C) LIMITATIONS.—

23 “(i) MONTHLY PAYMENT TO A
24 STATE.—The total amount paid to a single
25 State under subparagraph (A) during a

1 month shall not exceed $\frac{1}{12}$ of 20 percent
2 of the State family assistance grant.

3 “(ii) PAYMENTS TO ALL STATES.—

4 The total amount paid to all States under
5 subparagraph (A) during fiscal years 1997
6 through 2001 shall not exceed the total
7 amount appropriated pursuant to para-
8 graph (2).

9 “(4) ANNUAL RECONCILIATION.—Notwithstand-
10 ing paragraph (3), at the end of each fiscal year,
11 each State shall remit to the Secretary an amount
12 equal to the amount (if any) by which the total
13 amount paid to the State under paragraph (3) dur-
14 ing the fiscal year exceeds—

15 “(A) the Federal medical assistance per-
16 centage for the State for the fiscal year (as de-
17 fined in section 1905(b), as in effect on Sep-
18 tember 30, 1995) of the amount (if any) by
19 which the expenditures under the State pro-
20 gram funded under this part for the fiscal year
21 exceed historic State expenditures (as defined in
22 section 409(a)(7)(B)(iii)); multiplied by

23 “(B) $\frac{1}{12}$ times the number of months dur-
24 ing the fiscal year for which the Secretary

1 makes a payment to the State under this sub-
2 section.

3 “(5) ELIGIBLE MONTH.—As used in paragraph
4 (3)(A), the term ‘eligible month’ means, with respect
5 to a State, a month in the 2-month period that be-
6 gins with any month for which the State is a needy
7 State.

8 “(6) NEEDY STATE.—For purposes of para-
9 graph (5), a State is a needy State for a month if—

10 “(A) the average rate of—

11 “(i) total unemployment in such State
12 (seasonally adjusted) for the period con-
13 sisting of the most recent 3 months for
14 which data for all States are published
15 equals or exceeds 6.5 percent; and

16 “(ii) total unemployment in such
17 State (seasonally adjusted) for the 3-
18 month period equals or exceeds 110 per-
19 cent of such average rate for either (or
20 both) of the corresponding 3-month periods
21 ending in the 2 preceding calendar years;
22 or

23 “(B) as determined by the Secretary of
24 Agriculture (in the discretion of the Secretary
25 of Agriculture), the monthly average number of

1 individuals (as of the last day of each month)
2 participating in the food stamp program in the
3 State in the then most recently concluded 3-
4 month period for which data are available ex-
5 ceeds by not less than 10 percent the lesser
6 of—

7 “(i) the monthly average number of
8 individuals (as of the last day of each
9 month) in the State that would have par-
10 ticipated in the food stamp program in the
11 corresponding 3-month period in fiscal
12 year 1994 if the amendments made by
13 subtitles D and J of the Personal Respon-
14 sibility and Work Opportunity Act of 1996
15 had been in effect throughout fiscal year
16 1994; or

17 “(ii) the monthly average number of
18 individuals (as of the last day of each
19 month) in the State that would have par-
20 ticipated in the food stamp program in the
21 corresponding 3-month period in fiscal
22 year 1995 if the amendments made by
23 subtitles D and J of the Personal Respon-
24 sibility and Work Opportunity Act of 1996

1 had been in effect throughout fiscal year
2 1995.

3 “(7) OTHER TERMS DEFINED.—As used in this
4 subsection:

5 “(A) STATE.—The term ‘State’ means
6 each of the 50 States of the United States and
7 the District of Columbia.

8 “(B) SECRETARY.—The term ‘Secretary’
9 means the Secretary of the Treasury.

10 “(8) ANNUAL REPORTS.—The Secretary shall
11 annually report to the Congress on the status of the
12 Fund.

13 “(9) BUDGET SCORING.—Notwithstanding sec-
14 tion 257(b)(2) of the Balanced Budget and Emer-
15 gency Deficit Control Act of 1985, the baseline shall
16 assume that no grant shall be made under this sub-
17 section after fiscal year 2001.

18 **“SEC. 404. USE OF GRANTS.**

19 “(a) GENERAL RULES.—Subject to this part, a State
20 to which a grant is made under section 403 may use the
21 grant—

22 “(1) in any manner that is reasonably cal-
23 culated to accomplish the purpose of this part, in-
24 cluding to provide low income households with as-

1 sistance in meeting home heating and cooling costs;
2 or

3 “(2) in any manner that the State was author-
4 ized to use amounts received under part A or F, as
5 such parts were in effect on September 30, 1995.

6 “(b) LIMITATION ON USE OF GRANT FOR ADMINIS-
7 TRATIVE PURPOSES.—

8 “(1) LIMITATION.—A State to which a grant is
9 made under section 403 shall not expend more than
10 15 percent of the grant for administrative purposes.

11 “(2) EXCEPTION.—Paragraph (1) shall not
12 apply to the use of a grant for information tech-
13 nology and computerization needed for tracking or
14 monitoring required by or under this part.

15 “(c) AUTHORITY TO TREAT INTERSTATE IMMI-
16 GRANTS UNDER RULES OF FORMER STATE.—A State op-
17 erating a program funded under this part may apply to
18 a family the rules (including benefit amounts) of the pro-
19 gram funded under this part of another State if the family
20 has moved to the State from the other State and has re-
21 sided in the State for less than 12 months.

22 “(d) AUTHORITY TO USE PORTION OF GRANT FOR
23 OTHER PURPOSES.—

24 “(1) IN GENERAL.—A State may use not more
25 than 30 percent of the amount of the grant made to

1 the State under section 403 for a fiscal year to carry
2 out a State program pursuant to any or all of the
3 following provisions of law:

4 “(A) Part B or E of this title.

5 “(B) Title XX of this Act.

6 “(C) The Child Care and Development
7 Block Grant Act of 1990.

8 “(2) APPLICABLE RULES.—Any amount paid to
9 the State under this part that is used to carry out
10 a State program pursuant to a provision of law spec-
11 ified or described in paragraph (1) shall not be sub-
12 ject to the requirements of this part, but shall be
13 subject to the requirements that apply to Federal
14 funds provided directly under the provision of law to
15 carry out the program.

16 “(e) AUTHORITY TO RESERVE CERTAIN AMOUNTS
17 FOR ASSISTANCE.—A State may reserve amounts paid to
18 the State under this part for any fiscal year for the pur-
19 pose of providing, without fiscal year limitation, assistance
20 under the State program funded under this part.

21 “(f) AUTHORITY TO OPERATE EMPLOYMENT PLACE-
22 MENT PROGRAM.—A State to which a grant is made under
23 section 403 may use the grant to make payments (or pro-
24 vide job placement vouchers) to State-approved public and
25 private job placement agencies that provide employment

1 placement services to individuals who receive assistance
2 under the State program funded under this part.

3 “(g) IMPLEMENTATION OF ELECTRONIC BENEFIT
4 TRANSFER SYSTEM.—A State to which a grant is made
5 under section 403 is encouraged to implement an elec-
6 tronic benefit transfer system for providing assistance
7 under the State program funded under this part, and may
8 use the grant for such purpose.

9 **“SEC. 405. ADMINISTRATIVE PROVISIONS.**

10 “(a) QUARTERLY.—The Secretary shall pay each
11 grant payable to a State under section 403 in quarterly
12 installments.

13 “(b) NOTIFICATION.—Not later than 3 months before
14 the payment of any such quarterly installment to a State,
15 the Secretary shall notify the State of the amount of any
16 reduction determined under section 412(a)(1)(B) with re-
17 spect to the State.

18 “(c) COMPUTATION AND CERTIFICATION OF PAY-
19 MENTS TO STATES.—

20 “(1) COMPUTATION.—The Secretary shall esti-
21 mate the amount to be paid to each eligible State for
22 each quarter under this part, such estimate to be
23 based on a report filed by the State containing an
24 estimate by the State of the total sum to be ex-
25 pended by the State in the quarter under the State

1 program funded under this part and such other in-
2 formation as the Secretary may find necessary.

3 “(2) CERTIFICATION.—The Secretary of Health
4 and Human Services shall certify to the Secretary of
5 the Treasury the amount estimated under paragraph
6 (1) with respect to a State, reduced or increased to
7 the extent of any overpayment or underpayment
8 which the Secretary of Health and Human Services
9 determines was made under this part to the State
10 for any prior quarter and with respect to which ad-
11 justment has not been made under this paragraph.

12 “(d) PAYMENT METHOD.—Upon receipt of a certifi-
13 cation under subsection (c)(2) with respect to a State, the
14 Secretary of the Treasury shall, through the Fiscal Service
15 of the Department of the Treasury and before audit or
16 settlement by the General Accounting Office, pay to the
17 State, at the time or times fixed by the Secretary of
18 Health and Human Services, the amount so certified.

19 “(e) COLLECTION OF STATE OVERPAYMENTS TO
20 FAMILIES FROM FEDERAL TAX REFUNDS.—

21 “(1) IN GENERAL.—Upon receiving notice from
22 the Secretary of Health and Human Services that a
23 State agency administering a program funded under
24 this part has notified the Secretary that a named
25 individual has been overpaid under the State pro-

1 gram funded under this part, the Secretary of the
2 Treasury shall determine whether any amounts as
3 refunds of Federal taxes paid are payable to such
4 individual, regardless of whether the individual filed
5 a tax return as a married or unmarried individual.
6 If the Secretary of the Treasury finds that any such
7 amount is so payable, the Secretary shall withhold
8 from such refunds an amount equal to the overpay-
9 ment sought to be collected by the State and pay
10 such amount to the State agency.

11 “(2) REGULATIONS.—The Secretary of the
12 Treasury shall issue regulations, after review by the
13 Secretary of Health and Human services, that pro-
14 vide—

15 “(A) that a State may only submit under
16 paragraph (1) requests for collection of over-
17 payments with respect to individuals—

18 “(i) who are no longer receiving as-
19 sistance under the State program funded
20 under this part;

21 “(ii) with respect to whom the State
22 has already taken appropriate action under
23 State law against the income or resources
24 of the individuals or families involved to

1 collect the past-due legally enforceable
2 debt; and

3 “(iii) to whom the State agency has
4 given notice of its intent to request with-
5 holding by the Secretary of the Treasury
6 from the income tax refunds of such indi-
7 viduals;

8 “(B) that the Secretary of the Treasury
9 will give a timely and appropriate notice to any
10 other person filing a joint return with the indi-
11 vidual whose refund is subject to withholding
12 under paragraph (1); and

13 “(C) the procedures that the State and the
14 Secretary of the Treasury will follow in carrying
15 out this subsection which, to the maximum ex-
16 tent feasible and consistent with the provisions
17 of this subsection, will be the same as those is-
18 sued pursuant to section 464(b) applicable to
19 collection of past-due child support.

20 **“SEC. 406. FEDERAL LOANS FOR STATE WELFARE PRO-**
21 **GRAMS.**

22 “(a) LOAN AUTHORITY.—

23 “(1) IN GENERAL.—The Secretary shall make
24 loans to any loan-eligible State, for a period to ma-
25 turity of not more than 3 years.

1 “(2) LOAN-ELIGIBLE STATE.—As used in para-
2 graph (1), the term ‘loan-eligible State’ means a
3 State against which a penalty has not been imposed
4 under section 409(a)(1).

5 “(b) RATE OF INTEREST.—The Secretary shall
6 charge and collect interest on any loan made under this
7 section at a rate equal to the current average market yield
8 on outstanding marketable obligations of the United
9 States with remaining periods to maturity comparable to
10 the period to maturity of the loan.

11 “(c) USE OF LOAN.—A State shall use a loan made
12 to the State under this section only for any purpose for
13 which grant amounts received by the State under section
14 403(a) may be used, including—

15 “(1) welfare anti-fraud activities; and

16 “(2) the provision of assistance under the State
17 program to Indian families that have moved from
18 the service area of an Indian tribe with a tribal fam-
19 ily assistance plan approved under section 412.

20 “(d) LIMITATION ON TOTAL AMOUNT OF LOANS TO
21 A STATE.—The cumulative dollar amount of all loans
22 made to a State under this section during fiscal years
23 1997 through 2001 shall not exceed 10 percent of the
24 State family assistance grant.

1 “(e) LIMITATION ON TOTAL AMOUNT OF OUTSTAND-
 2 ING LOANS.—The total dollar amount of loans outstand-
 3 ing under this section may not exceed \$1,700,000,000.

4 “(f) APPROPRIATION.—Out of any money in the
 5 Treasury of the United States not otherwise appropriated,
 6 there are appropriated such sums as may be necessary for
 7 the cost of loans under this section.

8 **“SEC. 407. MANDATORY WORK REQUIREMENTS.**

9 “(a) PARTICIPATION RATE REQUIREMENTS.—

10 “(1) ALL FAMILIES.—A State to which a grant
 11 is made under section 403 for a fiscal year shall
 12 achieve the minimum participation rate specified in
 13 the following table for the fiscal year with respect to
 14 all families receiving assistance under the State pro-
 15 gram funded under this part:

“If the fiscal year is:	The minimum participation rate is:
1996	15
1997	20
1998	25
1999	30
2000	35
2001	40
2002 or thereafter	50.

16 “(2) 2-PARENT FAMILIES.—A State to which a
 17 grant is made under section 403 for a fiscal year
 18 shall achieve the minimum participation rate speci-
 19 fied in the following table for the fiscal year with re-
 20 spect to 2-parent families receiving assistance under
 21 the State program funded under this part:

“If the fiscal year is:	The minimum participation rate is:
1996	50
1997	75
1998	75
1999 or thereafter	90.

1 “(b) CALCULATION OF PARTICIPATION RATES.—

2 “(1) ALL FAMILIES.—

3 “(A) AVERAGE MONTHLY RATE.—For pur-
 4 poses of subsection (a)(1), the participation
 5 rate for all families of a State for a fiscal year
 6 is the average of the participation rates for all
 7 families of the State for each month in the fis-
 8 cal year.

9 “(B) MONTHLY PARTICIPATION RATES.—
 10 The participation rate of a State for all families
 11 of the State for a month, expressed as a per-
 12 centage, is—

13 “(i) the number of families receiving
 14 assistance under the State program funded
 15 under this part that include an adult who
 16 is engaged in work for the month; divided
 17 by

18 “(ii) the amount by which—

19 “(I) the number of families re-
 20 ceiving such assistance during the
 21 month that include an adult receiving
 22 such assistance; exceeds

1 “(II) the number of families re-
2 ceiving such assistance that are sub-
3 ject in such month to a penalty de-
4 scribed in subsection (e)(1) but have
5 not been subject to such penalty for
6 more than 3 months within the pre-
7 ceding 12-month period (whether or
8 not consecutive).

9 “(2) 2-PARENT FAMILIES.—

10 “(A) AVERAGE MONTHLY RATE.—For pur-
11 poses of subsection (a)(2), the participation
12 rate for 2-parent families of a State for a fiscal
13 year is the average of the participation rates for
14 2-parent families of the State for each month in
15 the fiscal year.

16 “(B) MONTHLY PARTICIPATION RATES.—
17 The participation rate of a State for 2-parent
18 families of the State for a month shall be cal-
19 culated by use of the formula set forth in para-
20 graph (1)(B), except that in the formula the
21 term ‘number of 2-parent families’ shall be sub-
22 stituted for the term ‘number of families’ each
23 place such latter term appears.

1 “(3) PRO RATA REDUCTION OF PARTICIPATION
2 RATE DUE TO CASELOAD REDUCTIONS NOT RE-
3 QUIRED BY FEDERAL LAW.—

4 “(A) IN GENERAL.—The Secretary shall
5 prescribe regulations for reducing the minimum
6 participation rate otherwise required by this
7 section for a fiscal year by the number of per-
8 centage points equal to the number of percent-
9 age points (if any) by which—

10 “(i) the average monthly number of
11 families receiving assistance during the fis-
12 cal year under the State program funded
13 under this part is less than, and

14 “(ii) the average monthly number of
15 families that received aid under the State
16 plan approved under part A (as in effect
17 on September 30, 1995) during fiscal year
18 1995.

19 The minimum participation rate shall not be re-
20 duced to the extent that the Secretary deter-
21 mines that the reduction in the number of fami-
22 lies receiving such assistance is required by
23 Federal law.

24 “(B) ELIGIBILITY CHANGES NOT COUNT-
25 ED.—The regulations described in subpara-

1 graph (A) shall not take into account families
2 that are diverted from a State program funded
3 under this part as a result of differences in eli-
4 gibility criteria under a State program funded
5 under this part and eligibility criteria under the
6 State program operated under the State plan
7 approved under part A (as such plan and such
8 part were in effect on September 30, 1995).
9 Such regulations shall place the burden on the
10 Secretary to prove that such families were di-
11 verted as a direct result of differences in such
12 eligibility criteria.

13 “(4) STATE OPTION TO INCLUDE INDIVIDUALS
14 RECEIVING ASSISTANCE UNDER A TRIBAL FAMILY
15 ASSISTANCE PLAN.—For purposes of paragraphs
16 (1)(B) and (2)(B), a State may, at its option, in-
17 clude families receiving assistance under a tribal
18 family assistance plan approved under section 412.

19 “(5) STATE OPTION FOR PARTICIPATION RE-
20 QUIREMENT EXEMPTIONS.—For any fiscal year, a
21 State may, at its option, not require an individual
22 who is a single custodial parent caring for a child
23 who has not attained 12 months of age to engage in
24 work and may disregard such an individual in deter-
25 mining the participation rates under subsection (a).

1 “(c) ENGAGED IN WORK.—

2 “(1) ALL FAMILIES.—For purposes of sub-
 3 section (b)(1)(B)(i), a recipient is engaged in work
 4 for a month in a fiscal year if the recipient is par-
 5 ticipating in work activities for at least the minimum
 6 average number of hours per week specified in the
 7 following table during the month, not fewer than 20
 8 hours per week of which are attributable to an activ-
 9 ity described in paragraph (1), (2), (3), (4), (5), (6),
 10 (7), or (8) of subsection (d):

“If the month is in fiscal year:	The minimum average number of hours per week is:
1996	20
1997	20
1998	20
1999 or thereafter	25.

11 “(2) 2-PARENT FAMILIES.—For purposes of
 12 subsection (b)(2)(B)(i), an adult is engaged in work
 13 for a month in a fiscal year if the adult is making
 14 progress in work activities for at least 35 hours per
 15 week during the month, not fewer than 30 hours per
 16 week of which are attributable to an activity de-
 17 scribed in paragraph (1), (2), (3), (4), (5), (6), (7),
 18 or (8) of subsection (d).

19 “(3) LIMITATION ON NUMBER OF WEEKS FOR
 20 WHICH JOB SEARCH COUNTS AS WORK.—Notwith-
 21 standing paragraphs (1) and (2), an individual shall
 22 not be considered to be engaged in work by virtue

1 of participation in an activity described in subsection
2 (d)(6), after the individual has participated in such
3 an activity for 12 weeks in a fiscal year. An individ-
4 ual shall be considered to be participating in such an
5 activity for a week if the individual participates in
6 such an activity at any time during the week.

7 “(4) LIMITATION ON VOCATIONAL EDUCATION
8 ACTIVITIES COUNTED AS WORK.—For purposes of
9 determining monthly participation rates under para-
10 graphs (1)(B)(i) and (2)(B)(i) of subsection (b), not
11 more than 20 percent of adults in all families and
12 in 2-parent families determined to be engaged in
13 work in the State for a month may meet the work
14 activity requirement through participation in voca-
15 tional educational training.

16 “(5) SINGLE PARENT WITH CHILD UNDER AGE
17 6 DEEMED TO BE MEETING WORK PARTICIPATION
18 REQUIREMENTS IF PARENT IS ENGAGED IN WORK
19 FOR 20 HOURS PER WEEK.—For purposes of deter-
20 mining monthly participation rates under subsection
21 (b)(1)(B)(i), a recipient in a 1-parent family who is
22 the parent of a child who has not attained 6 years
23 of age is deemed to be engaged in work for a month
24 if the recipient is engaged in work for an average of
25 at least 20 hours per week during the month.

1 “(6) TEEN HEAD OF HOUSEHOLD WHO MAIN-
2 TAINS SATISFACTORY SCHOOL ATTENDANCE
3 DEEMED TO BE MEETING WORK PARTICIPATION RE-
4 QUIREMENTS.—For purposes of determining month-
5 ly participation rates under subsection (b)(1)(B)(i),
6 a recipient who is a single head of household and
7 has not attained 20 years of age is deemed to be en-
8 gaged in work for a month in a fiscal year if the re-
9 cipient—

10 “(A) maintains satisfactory attendance at
11 secondary school or the equivalent during the
12 month; or

13 “(B) participates in education directly re-
14 lated to employment for at least the minimum
15 average number of hours per week specified in
16 the table set forth in paragraph (1).

17 “(d) WORK ACTIVITIES DEFINED.—As used in this
18 section, the term ‘work activities’ means—

19 “(1) unsubsidized employment;

20 “(2) subsidized private sector employment;

21 “(3) subsidized public sector employment;

22 “(4) work experience (including work associated
23 with the refurbishing of publicly assisted housing) if
24 sufficient private sector employment is not available;

25 “(5) on-the-job training;

1 “(6) job search and job readiness assistance;

2 “(7) community service programs;

3 “(8) vocational educational training (not to ex-
4 ceed 12 months with respect to any individual);

5 “(9) job skills training directly related to em-
6 ployment;

7 “(10) education directly related to employment,
8 in the case of a recipient who has not attained 20
9 years of age, and has not received a high school di-
10 ploma or a certificate of high school equivalency; and

11 “(11) satisfactory attendance at secondary
12 school, in the case of a recipient who—

13 “(A) has not completed secondary school;

14 and

15 “(B) is a dependent child, or a head of
16 household who has not attained 20 years of age.

17 “(e) PENALTIES AGAINST INDIVIDUALS.—

18 “(1) IN GENERAL.—Except as provided in para-
19 graph (2), if an adult in a family receiving assist-
20 ance under the State program funded under this
21 part refuses to engage in work required in accord-
22 ance with this section, the State shall—

23 “(A) reduce the amount of assistance oth-
24 erwise payable to the family pro rata (or more,
25 at the option of the State) with respect to any

1 period during a month in which the adult so re-
2 fuses; or

3 “(B) terminate such assistance,
4 subject to such good cause and other exceptions as
5 the State may establish.

6 “(2) EXCEPTION.—Notwithstanding paragraph
7 (1), a State may not reduce or terminate assistance
8 under the State program funded under this part
9 based on a refusal of an adult to work if the adult
10 is a single custodial parent caring for a child who
11 has not attained 6 years of age, and the adult proves
12 that the adult has a demonstrated inability (as de-
13 termined by the State) to obtain needed child care,
14 for 1 or more of the following reasons:

15 “(A) Unavailability of appropriate child
16 care within a reasonable distance from the indi-
17 vidual’s home or work site.

18 “(B) Unavailability or unsuitability of in-
19 formal child care by a relative or under other
20 arrangements.

21 “(C) Unavailability of appropriate and af-
22 fordable formal child care arrangements.

23 “(f) NONDISPLACEMENT IN WORK ACTIVITIES.—

24 “(1) IN GENERAL.—Subject to paragraph (2),
25 an adult in a family receiving assistance under a

1 State program funded under this part attributable to
2 funds provided by the Federal Government may fill
3 a vacant employment position in order to engage in
4 a work activity described in subsection (d).

5 “(2) NO FILLING OF CERTAIN VACANCIES.—No
6 adult in a work activity described in subsection (d)
7 which is funded, in whole or in part, by funds pro-
8 vided by the Federal Government shall be employed
9 or assigned—

10 “(A) when any other individual is on layoff
11 from the same or any substantially equivalent
12 job; or

13 “(B) if the employer has terminated the
14 employment of any regular employee or other-
15 wise caused an involuntary reduction of its
16 workforce in order to fill the vacancy so created
17 with an adult described in paragraph (1).

18 “(3) NO PREEMPTION.—Nothing in this sub-
19 section shall preempt or supersede any provision of
20 State or local law that provides greater protection
21 for employees from displacement.

22 “(g) SENSE OF THE CONGRESS.—It is the sense of
23 the Congress that in complying with this section, each
24 State that operates a program funded under this part is
25 encouraged to assign the highest priority to requiring

1 adults in 2-parent families and adults in single-parent
2 families that include older preschool or school-age children
3 to be engaged in work activities.

4 “(h) SENSE OF THE CONGRESS THAT STATES
5 SHOULD IMPOSE CERTAIN REQUIREMENTS ON NON-
6 CUSTODIAL, NONSUPPORTING MINOR PARENTS.—It is the
7 sense of the Congress that the States should require non-
8 custodial, nonsupporting parents who have not attained 18
9 years of age to fulfill community work obligations and at-
10 tend appropriate parenting or money management classes
11 after school.

12 **“SEC. 408. PROHIBITIONS; REQUIREMENTS.**

13 “(a) IN GENERAL.—

14 “(1) NO ASSISTANCE FOR FAMILIES WITHOUT A
15 MINOR CHILD.—A State to which a grant is made
16 under section 403 shall not use any part of the
17 grant to provide assistance to a family, unless the
18 family includes—

19 “(A) a minor child who resides with a cus-
20 todial parent or other adult caretaker relative of
21 the child; or

22 “(B) a pregnant individual.

23 “(2) NO ADDITIONAL CASH ASSISTANCE FOR
24 CHILDREN BORN TO FAMILIES RECEIVING ASSIST-
25 ANCE.—

1 “(A) GENERAL RULE.—A State to which a
2 grant is made under section 403 shall not use
3 any part of the grant to provide cash benefits
4 for a minor child who is born to—

5 “(i) a recipient of assistance under
6 the program operated under this part; or

7 “(ii) a person who received such as-
8 sistance at any time during the 10-month
9 period ending with the birth of the child.

10 “(B) EXCEPTION FOR CHILDREN BORN
11 INTO FAMILIES WITH NO OTHER CHILDREN.—
12 Subparagraph (A) shall not apply to a minor
13 child who is born into a family that does not in-
14 clude any other children.

15 “(C) EXCEPTION FOR VOUCHERS.—Sub-
16 paragraph (A) shall not apply to vouchers
17 which are provided in lieu of cash benefits and
18 which may be used only to pay for particular
19 goods and services specified by the State as
20 suitable for the care of the child involved.

21 “(D) EXCEPTION FOR RAPE OR INCEST.—
22 Subparagraph (A) shall not apply with respect
23 to a child who is born as a result of rape or in-
24 cest.

1 “(E) STATE ELECTION TO OPT OUT.—Sub-
2 paragraph (A) shall not apply to a State if
3 State law specifically exempts the State pro-
4 gram funded under this part from the applica-
5 tion of subparagraph (A).

6 “(F) SUBSTITUTION OF FAMILY CAPS IN
7 EFFECT UNDER WAIVERS.—Subparagraph (A)
8 shall not apply to a State—

9 “(i) if, as of the date of the enactment
10 of this part, there is in effect a waiver ap-
11 proved by the Secretary under section
12 1115 which permits the State to deny aid
13 under the State plan approved under part
14 A of this title (as in effect without regard
15 to the amendments made by subtitle A of
16 the Personal Responsibility and Work Op-
17 portunity Act of 1996) to a family by rea-
18 son of the birth of a child to a family
19 member otherwise eligible for such aid; and

20 “(ii) for so long as the State contin-
21 ues to implement such policy under the
22 State program funded under this part,
23 under rules prescribed by the State.

24 “(3) REDUCTION OR ELIMINATION OF ASSIST-
25 ANCE FOR NONCOOPERATION IN ESTABLISHING PA-

1 TERNITY OR OBTAINING CHILD SUPPORT.—If the
2 agency responsible for administering the State plan
3 approved under part D determines that an individual
4 is not cooperating with the State in establishing pa-
5 ternity or in establishing, modifying, or enforcing a
6 support order with respect to a child of the individ-
7 ual, and the individual does not qualify for any good
8 cause or other exception established by the State
9 pursuant to section 454(29), then the State—

10 “(A) shall deduct from the assistance that
11 would otherwise be provided to the family of the
12 individual under the State program funded
13 under this part the share of such assistance at-
14 tributable to the individual; and

15 “(B) may deny the family any assistance
16 under the State program.

17 “(4) NO ASSISTANCE FOR FAMILIES NOT AS-
18 SIGNING CERTAIN SUPPORT RIGHTS TO THE
19 STATE.—

20 “(A) IN GENERAL.—A State to which a
21 grant is made under section 403 shall require,
22 as a condition of providing assistance to a fam-
23 ily under the State program funded under this
24 part, that a member of the family assign to the
25 State any rights the family member may have

1 (on behalf of the family member or of any other
2 person for whom the family member has applied
3 for or is receiving such assistance) to support
4 from any other person, not exceeding the total
5 amount of assistance so provided to the family,
6 which accrue (or have accrued) before the date
7 the family leaves the program, which assign-
8 ment, on and after the date the family leaves
9 the program, shall not apply with respect to any
10 support (other than support collected pursuant
11 to section 464) which accrued before the family
12 received such assistance and which the State
13 has not collected by—

14 “(i) September 30, 2000, if the as-
15 signment is executed on or after October 1,
16 1997, and before October 1, 2000; or

17 “(ii) the date the family leaves the
18 program, if the assignment is executed on
19 or after October 1, 2000.

20 “(B) LIMITATION.—A State to which a
21 grant is made under section 403 shall not re-
22 quire, as a condition of providing assistance to
23 any family under the State program funded
24 under this part, that a member of the family
25 assign to the State any rights to support de-

1 scribed in subparagraph (A) which accrue after
2 the date the family leaves the program.

3 “(5) NO ASSISTANCE FOR TEENAGE PARENTS
4 WHO DO NOT ATTEND HIGH SCHOOL OR OTHER
5 EQUIVALENT TRAINING PROGRAM.—A State to
6 which a grant is made under section 403 shall not
7 use any part of the grant to provide assistance to an
8 individual who has not attained 18 years of age, is
9 not married, has a minor child at least 12 weeks of
10 age in his or her care, and has not successfully com-
11 pleted a high-school education (or its equivalent), if
12 the individual does not participate in—

13 “(A) educational activities directed toward
14 the attainment of a high school diploma or its
15 equivalent; or

16 “(B) an alternative educational or training
17 program that has been approved by the State.

18 “(6) NO ASSISTANCE FOR TEENAGE PARENTS
19 NOT LIVING IN ADULT-SUPERVISED SETTINGS.—

20 “(A) IN GENERAL.—

21 “(i) REQUIREMENT.—Except as pro-
22 vided in subparagraph (B), a State to
23 which a grant is made under section 403
24 shall not use any part of the grant to pro-
25 vide assistance to an individual described

1 in clause (ii) of this subparagraph if the
2 individual and the minor child referred to
3 in clause (ii)(II) do not reside in a place of
4 residence maintained by a parent, legal
5 guardian, or other adult relative of the in-
6 dividual as such parent's, guardian's, or
7 adult relative's own home.

8 “(ii) INDIVIDUAL DESCRIBED.— For
9 purposes of clause (i), an individual de-
10 scribed in this clause is an individual
11 who—

12 “(I) has not attained 18 years of
13 age; and

14 “(II) is not married, and has a
15 minor child in his or her care.

16 “(B) EXCEPTION.—

17 “(i) PROVISION OF, OR ASSISTANCE IN
18 LOCATING, ADULT-SUPERVISED LIVING AR-
19 RANGEMENT.—In the case of an individual
20 who is described in clause (ii), the State
21 agency referred to in section 402(a)(4)
22 shall provide, or assist the individual in lo-
23 cating, a second chance home, maternity
24 home, or other appropriate adult-super-
25 vised supportive living arrangement, taking

1 into consideration the needs and concerns
2 of the individual, unless the State agency
3 determines that the individual's current
4 living arrangement is appropriate, and
5 thereafter shall require that the individual
6 and the minor child referred to in subpara-
7 graph (A)(ii)(II) reside in such living ar-
8 rangement as a condition of the continued
9 receipt of assistance under the State pro-
10 gram funded under this part attributable
11 to funds provided by the Federal Govern-
12 ment (or in an alternative appropriate ar-
13 rangement, should circumstances change
14 and the current arrangement cease to be
15 appropriate).

16 “(ii) INDIVIDUAL DESCRIBED.—For
17 purposes of clause (i), an individual is de-
18 scribed in this clause if the individual is
19 described in subparagraph (A)(ii), and—

20 “(I) the individual has no parent,
21 legal guardian or other appropriate
22 adult relative described in subclause
23 (II) of his or her own who is living or
24 whose whereabouts are known;

1 “(II) no living parent, legal
2 guardian, or other appropriate adult
3 relative, who would otherwise meet
4 applicable State criteria to act as the
5 individual’s legal guardian, of such in-
6 dividual allows the individual to live in
7 the home of such parent, guardian, or
8 relative;

9 “(III) the State agency deter-
10 mines that—

11 “(aa) the individual or the
12 minor child referred to in sub-
13 paragraph (A)(ii)(II) is being or
14 has been subjected to serious
15 physical or emotional harm, sex-
16 ual abuse, or exploitation in the
17 residence of the individual’s own
18 parent or legal guardian; or

19 “(bb) substantial evidence
20 exists of an act or failure to act
21 that presents an imminent or se-
22 rious harm if the individual and
23 the minor child lived in the same
24 residence with the individual’s
25 own parent or legal guardian; or

1 “(IV) the State agency otherwise
2 determines that it is in the best inter-
3 est of the minor child to waive the re-
4 quirement of subparagraph (A) with
5 respect to the individual or the minor
6 child.

7 “(iii) SECOND-CHANCE HOME.—For
8 purposes of this subparagraph, the term
9 ‘second-chance home’ means an entity that
10 provides individuals described in clause (ii)
11 with a supportive and supervised living ar-
12 rangement in which such individuals are
13 required to learn parenting skills, including
14 child development, family budgeting, health
15 and nutrition, and other skills to promote
16 their long-term economic independence and
17 the well-being of their children.

18 “(7) NO MEDICAL SERVICES.—

19 “(A) IN GENERAL.—Except as provided in
20 subparagraph (B), a State to which a grant is
21 made under section 403 shall not use any part
22 of the grant to provide medical services.

23 “(B) EXCEPTION FOR FAMILY PLANNING
24 SERVICES.—As used in subparagraph (A), the

1 term ‘medical services’ does not include family
2 planning services.

3 “(8) NO ASSISTANCE FOR MORE THAN 5
4 YEARS.—

5 “(A) IN GENERAL.—Except as provided in
6 subparagraphs (B) and (C), a State to which a
7 grant is made under section 403 shall not use
8 any part of the grant to provide assistance to
9 a family that includes an adult who has re-
10 ceived assistance under any State program
11 funded under this part attributable to funds
12 provided by the Federal Government, for 60
13 months (whether or not consecutive) after the
14 date the State program funded under this part
15 commences.

16 “(B) MINOR CHILD EXCEPTION.—In deter-
17 mining the number of months for which an in-
18 dividual who is a parent or pregnant has re-
19 ceived assistance under the State program
20 funded under this part, the State shall dis-
21 regard any month for which such assistance
22 was provided with respect to the individual and
23 during which the individual was—

24 “(i) a minor child; and

1 “(ii) not the head of a household or
2 married to the head of a household.

3 “(C) HARDSHIP EXCEPTION.—

4 “(i) IN GENERAL.—The State may ex-
5 empt a family from the application of sub-
6 paragraph (A) by reason of hardship or if
7 the family includes an individual who has
8 been battered or subjected to extreme cru-
9 elty.

10 “(ii) LIMITATION.—The number of
11 families with respect to which an exemp-
12 tion made by a State under clause (i) is in
13 effect for a fiscal year shall not exceed 20
14 percent of the average monthly number of
15 families to which assistance is provided
16 under the State program funded under this
17 part.

18 “(iii) BATTERED OR SUBJECT TO EX-
19 TREME CRUELTY DEFINED.—For purposes
20 of clause (i), an individual has been bat-
21 tered or subjected to extreme cruelty if the
22 individual has been subjected to—

23 “(I) physical acts that resulted
24 in, or threatened to result in, physical
25 injury to the individual;

1 “(II) sexual abuse;

2 “(III) sexual activity involving a
3 dependent child;

4 “(IV) being forced as the care-
5 taker relative of a dependent child to
6 engage in nonconsensual sexual acts
7 or activities;

8 “(V) threats of, or attempts at,
9 physical or sexual abuse;

10 “(VI) mental abuse; or

11 “(VII) neglect or deprivation of
12 medical care.

13 “(D) RULE OF INTERPRETATION.—Sub-
14 paragraph (A) shall not be interpreted to re-
15 quire any State to provide assistance to any in-
16 dividual for any period of time under the State
17 program funded under this part.

18 “(9) DENIAL OF ASSISTANCE FOR 10 YEARS TO
19 A PERSON FOUND TO HAVE FRAUDULENTLY MIS-
20 REPRESENTED RESIDENCE IN ORDER TO OBTAIN AS-
21 SISTANCE IN 2 OR MORE STATES.—A State to which
22 a grant is made under section 403 shall not use any
23 part of the grant to provide cash assistance to an in-
24 dividual during the 10-year period that begins on
25 the date the individual is convicted in Federal or

1 State court of having made a fraudulent statement
2 or representation with respect to the place of resi-
3 dence of the individual in order to receive assistance
4 simultaneously from 2 or more States under pro-
5 grams that are funded under this title, title XV or
6 XIX, or the Food Stamp Act of 1977, or benefits in
7 2 or more States under the supplemental security in-
8 come program under title XVI. The preceding sen-
9 tence shall not apply with respect to a conviction of
10 an individual, for any month beginning after the
11 President of the United States grants a pardon with
12 respect to the conduct which was the subject of the
13 conviction.

14 “(10) DENIAL OF ASSISTANCE FOR FUGITIVE
15 FELONS AND PROBATION AND PAROLE VIOLA-
16 TORS.—

17 “(A) IN GENERAL.—A State to which a
18 grant is made under section 403 shall not use
19 any part of the grant to provide assistance to
20 any individual who is—

21 “(i) fleeing to avoid prosecution, or
22 custody or confinement after conviction,
23 under the laws of the place from which the
24 individual flees, for a crime, or an attempt
25 to commit a crime, which is a felony under

1 the laws of the place from which the indi-
2 vidual flees, or which, in the case of the
3 State of New Jersey, is a high mis-
4 demeanor under the laws of such State; or
5 “(ii) violating a condition of probation
6 or parole imposed under Federal or State
7 law.

8 The preceding sentence shall not apply with re-
9 spect to conduct of an individual, for any month
10 beginning after the President of the United
11 States grants a pardon with respect to the con-
12 duct.

13 “(B) EXCHANGE OF INFORMATION WITH
14 LAW ENFORCEMENT AGENCIES.—If a State to
15 which a grant is made under section 403 estab-
16 lishes safeguards against the use or disclosure
17 of information about applicants or recipients of
18 assistance under the State program funded
19 under this part, the safeguards shall not pre-
20 vent the State agency administering the pro-
21 gram from furnishing a Federal, State, or local
22 law enforcement officer, upon the request of the
23 officer, with the current address of any recipi-
24 ent if the officer furnishes the agency with the

1 name of the recipient and notifies the agency
2 that—

3 “(i) the recipient—

4 “(I) is described in subparagraph
5 (A); or

6 “(II) has information that is nec-
7 essary for the officer to conduct the
8 official duties of the officer; and

9 “(ii) the location or apprehension of
10 the recipient is within such official duties.

11 “(11) DENIAL OF ASSISTANCE FOR MINOR
12 CHILDREN WHO ARE ABSENT FROM THE HOME FOR
13 A SIGNIFICANT PERIOD.—

14 “(A) IN GENERAL.—A State to which a
15 grant is made under section 403 shall not use
16 any part of the grant to provide assistance for
17 a minor child who has been, or is expected by
18 a parent (or other caretaker relative) of the
19 child to be, absent from the home for a period
20 of 45 consecutive days or, at the option of the
21 State, such period of not less than 30 and not
22 more than 180 consecutive days as the State
23 may provide for in the State plan submitted
24 pursuant to section 402.

1 “(B) STATE AUTHORITY TO ESTABLISH
2 GOOD CAUSE EXCEPTIONS.—The State may es-
3 tablish such good cause exceptions to subpara-
4 graph (A) as the State considers appropriate if
5 such exceptions are provided for in the State
6 plan submitted pursuant to section 402.

7 “(C) DENIAL OF ASSISTANCE FOR REL-
8 ATIVE WHO FAILS TO NOTIFY STATE AGENCY
9 OF ABSENCE OF CHILD.—A State to which a
10 grant is made under section 403 shall not use
11 any part of the grant to provide assistance for
12 an individual who is a parent (or other care-
13 taker relative) of a minor child and who fails to
14 notify the agency administering the State pro-
15 gram funded under this part of the absence of
16 the minor child from the home for the period
17 specified in or provided for pursuant to sub-
18 paragraph (A), by the end of the 5-day period
19 that begins with the date that it becomes clear
20 to the parent (or relative) that the minor child
21 will be absent for such period so specified or
22 provided for.

23 “(12) INCOME SECURITY PAYMENTS NOT TO BE
24 DISREGARDED IN DETERMINING THE AMOUNT OF
25 ASSISTANCE TO BE PROVIDED TO A FAMILY.—If a

1 State to which a grant is made under section 403
2 uses any part of the grant to provide assistance for
3 any individual who is receiving benefits, or on behalf
4 of whom benefits are paid, under a State plan for
5 old-age assistance approved under section 2, under
6 section 202, 205(j)(1), 223, or 228, under a State
7 program funded under part E that provides cash
8 payments for foster care, or under the supplemental
9 security income program under title XVI, then the
10 State may disregard the payment in determining the
11 amount of assistance to be provided under the State
12 program funded under this part, from funds pro-
13 vided by the Federal Government, to the family of
14 which the individual is a member.

15 “(13) MEDICAL ASSISTANCE REQUIRED TO BE
16 PROVIDED FOR 1 YEAR FOR FAMILIES BECOMING IN-
17 ELIGIBLE FOR ASSISTANCE UNDER THIS PART DUE
18 TO INCREASED EARNINGS FROM EMPLOYMENT OR
19 COLLECTION OF CHILD SUPPORT.—A State to which
20 a grant is made under section 403 shall take such
21 action as may be necessary to ensure that, if any
22 family becomes ineligible to receive assistance under
23 the State program funded under this part as a re-
24 sult of increased earnings from employment or as a
25 result of the collection or increased collection of child

1 or spousal support, or a combination thereof, having
2 received such assistance in at least 3 of the 6
3 months immediately preceding the month in which
4 such ineligibility begins, the family shall be eligible
5 for medical assistance under the State's plan ap-
6 proved under title XIX (or, if applicable, title XV)
7 during the immediately succeeding 12-month period
8 for so long as family income (as defined by the
9 State), excluding any refund of Federal income taxes
10 made by reason of section 32 of the Internal Reve-
11 nue Code of 1986 (relating to earned income tax
12 credit) and any payment made by an employer under
13 section 3507 of such Code (relating to advance pay-
14 ment of earned income credit), is less than the pov-
15 erty line, and that the family will be appropriately
16 notified of such eligibility.

17 “(14) MEDICAL ASSISTANCE REQUIRED TO BE
18 PROVIDED FOR ALL RECIPIENTS OF ASSISTANCE
19 UNDER THIS PART.—A State to which a grant is
20 made under section 403 shall take such action as
21 may be necessary to ensure that each recipient of as-
22 sistance under the State program funded under this
23 part is eligible for medical assistance under the
24 State's plan approved under title XIX (or, if applica-
25 ble, title XV) to the extent that the health care costs

1 of the recipient are not covered by other health in-
2 surance.

3 “(b) ALIENS.—For special rules relating to the treat-
4 ment of aliens, see section 4402 of the Personal Respon-
5 sibility and Work Opportunity Act of 1996.

6 **“SEC. 409. PENALTIES.**

7 “(a) IN GENERAL.—Subject to this section:

8 “(1) USE OF GRANT IN VIOLATION OF THIS
9 PART.—

10 “(A) GENERAL PENALTY.—If an audit
11 conducted under chapter 75 of title 31, United
12 States Code, finds that an amount paid to a
13 State under section 403 for a fiscal year has
14 been used in violation of this part, the Sec-
15 retary shall reduce the grant payable to the
16 State under section 403(a)(1) for the imme-
17 diately succeeding fiscal year quarter by the
18 amount so used.

19 “(B) ENHANCED PENALTY FOR INTEN-
20 TIONAL VIOLATIONS.—If the State does not
21 prove to the satisfaction of the Secretary that
22 the State did not intend to use the amount in
23 violation of this part, the Secretary shall fur-
24 ther reduce the grant payable to the State
25 under section 403(a)(1) for the immediately

1 succeeding fiscal year quarter by an amount
2 equal to 5 percent of the State family assist-
3 ance grant.

4 “(2) FAILURE TO SUBMIT REQUIRED RE-
5 PORT.—

6 “(A) IN GENERAL.—If the Secretary deter-
7 mines that a State has not, within 1 month
8 after the end of a fiscal quarter, submitted the
9 report required by section 411(a) for the quar-
10 ter, the Secretary shall reduce the grant pay-
11 able to the State under section 403(a)(1) for
12 the immediately succeeding fiscal year by an
13 amount equal to 4 percent of the State family
14 assistance grant.

15 “(B) RESCISSION OF PENALTY.—The Sec-
16 retary shall rescind a penalty imposed on a
17 State under subparagraph (A) with respect to a
18 report if the State submits the report before the
19 end of the fiscal quarter that immediately suc-
20 ceeds the fiscal quarter for which the report
21 was required.

22 “(3) FAILURE TO SATISFY MINIMUM PARTICIPA-
23 TION RATES.—

24 “(A) IN GENERAL.—If the Secretary deter-
25 mines that a State to which a grant is made

1 under section 403 for a fiscal year has failed to
2 comply with section 407(a) for the fiscal year,
3 the Secretary shall reduce the grant payable to
4 the State under section 403(a)(1) for the imme-
5 diately succeeding fiscal year by an amount
6 equal to not more than 5 percent of the State
7 family assistance grant.

8 “(B) PENALTY BASED ON SEVERITY OF
9 FAILURE.—The Secretary shall impose reduc-
10 tions under subparagraph (A) based on the de-
11 gree of noncompliance.

12 “(4) FAILURE TO PARTICIPATE IN THE INCOME
13 AND ELIGIBILITY VERIFICATION SYSTEM.—If the
14 Secretary determines that a State program funded
15 under this part is not participating during a fiscal
16 year in the income and eligibility verification system
17 required by section 1137, the Secretary shall reduce
18 the grant payable to the State under section
19 403(a)(1) for the immediately succeeding fiscal year
20 by an amount equal to not more than 2 percent of
21 the State family assistance grant.

22 “(5) FAILURE TO COMPLY WITH PATERNITY ES-
23 TABLISHMENT AND CHILD SUPPORT ENFORCEMENT
24 REQUIREMENTS UNDER PART D.—Notwithstanding
25 any other provision of this Act, if the Secretary de-

1 termines that the State agency that administers a
2 program funded under this part does not enforce the
3 penalties requested by the agency administering part
4 D against recipients of assistance under the State
5 program who fail to cooperate in establishing pater-
6 nity or in establishing, modifying, or enforcing a
7 child support order in accordance with such part and
8 who do not qualify for any good cause or other ex-
9 ception established by the State under section
10 454(29), the Secretary shall reduce the grant pay-
11 able to the State under section 403(a)(1) for the im-
12 mediately succeeding fiscal year (without regard to
13 this section) by not more than 5 percent.

14 “(6) FAILURE TO TIMELY REPAY A FEDERAL
15 LOAN FUND FOR STATE WELFARE PROGRAMS.—If
16 the Secretary determines that a State has failed to
17 repay any amount borrowed from the Federal Loan
18 Fund for State Welfare Programs established under
19 section 406 within the period of maturity applicable
20 to the loan, plus any interest owed on the loan, the
21 Secretary shall reduce the grant payable to the State
22 under section 403(a)(1) for the immediately succeed-
23 ing fiscal year quarter (without regard to this sec-
24 tion) by the outstanding loan amount, plus the inter-
25 est owed on the outstanding amount. The Secretary

1 shall not forgive any outstanding loan amount or in-
2 terest owed on the outstanding amount.

3 “(7) FAILURE OF ANY STATE TO MAINTAIN
4 CERTAIN LEVEL OF HISTORIC EFFORT.—

5 “(A) IN GENERAL.—The Secretary shall
6 reduce the grant payable to the State under
7 section 403(a)(1) for fiscal year 1998, 1999,
8 2000, 2001, or 2002 by the amount (if any) by
9 which qualified State expenditures for the then
10 immediately preceding fiscal year are less than
11 the applicable percentage of historic State ex-
12 penditures with respect to such preceding fiscal
13 year.

14 “(B) DEFINITIONS.—As used in this para-
15 graph:

16 “(i) QUALIFIED STATE EXPENDI-
17 TURES.—

18 “(I) IN GENERAL.—The term
19 ‘qualified State expenditures’ means,
20 with respect to a State and a fiscal
21 year, the total expenditures by the
22 State during the fiscal year, under all
23 State programs, for any of the follow-
24 ing with respect to eligible families:

25 “(aa) Cash assistance.

1 “(bb) Child care assistance.

2 “(cc) Educational activities
3 designed to increase self-suffi-
4 ciency, job training, and work,
5 excluding any expenditure for
6 public education in the State ex-
7 cept expenditures which involve
8 the provision of services or assist-
9 ance to a member of an eligible
10 family which is not generally
11 available to persons who are not
12 members of an eligible family.

13 “(dd) Administrative costs
14 in connection with the matters
15 described in items (aa), (bb),
16 (cc), and (ee), but only to the ex-
17 tent that such costs do not ex-
18 ceed 15 percent of the total
19 amount of qualified State ex-
20 penditures for the fiscal year.

21 “(ee) Any other use of funds
22 allowable under section
23 404(a)(1).

24 “(II) EXCLUSION OF TRANSFERS
25 FROM OTHER STATE AND LOCAL PRO-

1 GRAMS.—Such term does not include
2 expenditures under any State or local
3 program during a fiscal year, except
4 to the extent that—

5 “(aa) the expenditures ex-
6 ceed the amount expended under
7 the State or local program in the
8 fiscal year most recently ending
9 before the date of the enactment
10 of this part; or

11 “(bb) the State is entitled to
12 a payment under former section
13 403 (as in effect immediately be-
14 fore such date of enactment) with
15 respect to the expenditures.

16 “(III) ELIGIBLE FAMILIES.—As
17 used in subclause (I), the term ‘eligi-
18 ble families’ means families eligible
19 for assistance under the State pro-
20 gram funded under this part, and
21 families that would be eligible for such
22 assistance but for the application of
23 section 408(a)(8) of this Act or sec-
24 tion 4402 of the Personal Responsibil-

1 ity and Work Opportunity Act of
2 1996.

3 “(ii) APPLICABLE PERCENTAGE.—The
4 term ‘applicable percentage’ means for fis-
5 cal years 1997 through 2001, 75 percent
6 reduced (if appropriate) in accordance with
7 subparagraph (C)(ii).

8 “(iii) HISTORIC STATE EXPENDI-
9 TURES.—The term ‘historic State expendi-
10 tures’ means, with respect to a State, the
11 lesser of—

12 “(I) the expenditures by the
13 State under parts A and F (as in ef-
14 fect during fiscal year 1994) for fiscal
15 year 1994; or

16 “(II) the amount which bears the
17 same ratio to the amount described in
18 subclause (I) as—

19 “(aa) the State family as-
20 sistance grant, plus the total
21 amount required to be paid to
22 the State under former section
23 403 for fiscal year 1994 with re-
24 spect to amounts expended by
25 the State for child care under

1 subsection (g) or (i) of section
2 402 (as in effect during fiscal
3 year 1994); bears to

4 “(bb) the total amount re-
5 quired to be paid to the State
6 under former section 403 (as in
7 effect during fiscal year 1994)
8 for fiscal year 1994.

9 Such term does not include any expendi-
10 tures under the State plan approved under
11 part A (as so in effect) on behalf of indi-
12 viduals covered by a tribal family assist-
13 ance plan approved under section 412, as
14 determined by the Secretary.

15 “(iv) EXPENDITURES BY THE
16 STATE.—The term ‘expenditures by the
17 State’ does not include—

18 “(I) any expenditures from
19 amounts made available by the Fed-
20 eral Government;

21 “(II) State funds expended for
22 the medicaid program under title XV
23 or XIX; or

24 “(III) any State funds which are
25 used to match Federal funds or are

1 expended as a condition of receiving
2 Federal funds under Federal pro-
3 grams other than under this part.

4 “(C) APPLICABLE PERCENTAGE REDUCED
5 FOR HIGH PERFORMANCE STATES.—

6 “(i) DETERMINATION OF HIGH PER-
7 FORMANCE STATES.—The Secretary shall
8 use the formula developed under section
9 403(a)(4)(C) to assign a score to each eli-
10 gible State that represents the perform-
11 ance of the State program funded under
12 this part for each fiscal year, and shall
13 prescribe a performance threshold which
14 the Secretary shall use to determine
15 whether to reduce the applicable percent-
16 age with respect to any eligible State for a
17 fiscal year.

18 “(ii) REDUCTION PROPORTIONAL TO
19 PERFORMANCE.—The Secretary shall re-
20 duce the applicable percentage for a fiscal
21 year with respect to each eligible State by
22 an amount which is directly proportional to
23 the amount (if any) by which the score as-
24 signed to the State under clause (i) for the
25 immediately preceding fiscal year exceeds

1 the performance threshold prescribed
2 under clause (i) for such preceding fiscal
3 year, subject to clause (iii).

4 “(iii) LIMITATION ON REDUCTION.—

5 The applicable percentage for a fiscal year
6 with respect to a State may not be reduced
7 by more than 8 percentage points under
8 this subparagraph.

9 “(8) SUBSTANTIAL NONCOMPLIANCE OF STATE
10 CHILD SUPPORT ENFORCEMENT PROGRAM WITH RE-
11 QUIREMENTS OF PART D.—

12 “(A) IN GENERAL.—If a State program
13 operated under part D is found as a result of
14 a review conducted under section 452(a)(4) not
15 to have complied substantially with the require-
16 ments of such part for any quarter, and the
17 Secretary determines that the program is not
18 complying substantially with such requirements
19 at the time the finding is made, the Secretary
20 shall reduce the grant payable to the State
21 under section 403(a)(1) for the quarter and
22 each subsequent quarter that ends before the
23 1st quarter throughout which the program is
24 found to be in substantial compliance with such
25 requirements by—

1 “(i) not less than 1 nor more than 2
2 percent;

3 “(ii) not less than 2 nor more than 3
4 percent, if the finding is the second con-
5 secutive such finding made as a result of
6 such a review; or

7 “(iii) not less than 3 nor more than 5
8 percent, if the finding is the third or a
9 subsequent consecutive such finding made
10 as a result of such a review.

11 “(B) DISREGARD OF NONCOMPLIANCE
12 WHICH IS OF A TECHNICAL NATURE.—For pur-
13 poses of subparagraph (A) and section
14 452(a)(4), a State which is not in full compli-
15 ance with the requirements of this part shall be
16 determined to be in substantial compliance with
17 such requirements only if the Secretary deter-
18 mines that any noncompliance with such re-
19 quirements is of a technical nature which does
20 not adversely affect the performance of the
21 State’s program operated under part D.

22 “(9) FAILURE OF STATE RECEIVING AMOUNTS
23 FROM CONTINGENCY FUND TO MAINTAIN 100 PER-
24 CENT OF HISTORIC EFFORT.—If, at the end of any
25 fiscal year during which amounts from the Contin-

1 agency Fund for State Welfare Programs have been
2 paid to a State, the Secretary finds that the expendi-
3 tures under the State program funded under this
4 part for the fiscal year are less than 100 percent of
5 historic State expenditures (as defined in paragraph
6 (8)(B)(iii) of this subsection), the Secretary shall re-
7 duce the grant payable to the State under section
8 403(a)(1) for the immediately succeeding fiscal year
9 by the total of the amounts so paid to the State.

10 “(10) FAILURE TO EXPEND ADDITIONAL STATE
11 FUNDS TO REPLACE GRANT REDUCTIONS.—If the
12 grant payable to a State under section 403(a)(1) for
13 a fiscal year is reduced by reason of this subsection,
14 the State shall, during the immediately succeeding
15 fiscal year, expend under the State program funded
16 under this part an amount equal to the total amount
17 of such reductions.

18 “(11) FAILURE TO PROVIDE MEDICAL ASSIST-
19 ANCE TO FAMILIES BECOMING INELIGIBLE FOR AS-
20 SISTANCE UNDER THIS PART DUE TO INCREASED
21 EARNINGS FROM EMPLOYMENT OR COLLECTION OF
22 CHILD SUPPORT.—

23 “(A) IN GENERAL.—If the Secretary deter-
24 mines that a State program funded under this
25 part is not in compliance with section

1 408(a)(13) for a quarter, the Secretary shall re-
2 duce the grant payable to the State under sec-
3 tion 403(a)(1) for the immediately succeeding
4 fiscal year by an amount equal to not more
5 than 5 percent of the State family assistance
6 grant.

7 “(B) PENALTY BASED ON SEVERITY OF
8 FAILURE.—The Secretary shall impose reduc-
9 tions under subparagraph (A) based on the de-
10 gree of noncompliance.

11 “(b) REASONABLE CAUSE EXCEPTION.—

12 “(1) IN GENERAL.—The Secretary may not im-
13 pose a penalty on a State under subsection (a) with
14 respect to a requirement if the Secretary determines
15 that the State has reasonable cause for failing to
16 comply with the requirement.

17 “(2) EXCEPTION.—Paragraph (1) of this sub-
18 section shall not apply to any penalty under para-
19 graph (7), (8), or (11) of subsection (a).

20 “(c) CORRECTIVE COMPLIANCE PLAN.—

21 “(1) IN GENERAL.—

22 “(A) NOTIFICATION OF VIOLATION.—Be-
23 fore imposing a penalty against a State under
24 subsection (a) with respect to a violation of this
25 part, the Secretary shall notify the State of the

1 violation and allow the State the opportunity to
2 enter into a corrective compliance plan in ac-
3 cordance with this subsection which outlines
4 how the State will correct the violation and how
5 the State will insure continuing compliance with
6 this part.

7 “(B) 60-DAY PERIOD TO PROPOSE A COR-
8 RECTIVE COMPLIANCE PLAN.—During the 60-
9 day period that begins on the date the State re-
10 ceives a notice provided under subparagraph
11 (A) with respect to a violation, the State may
12 submit to the Federal Government a corrective
13 compliance plan to correct the violation.

14 “(C) CONSULTATION ABOUT MODIFICA-
15 TIONS.—During the 60-day period that begins
16 with the date the Secretary receives a corrective
17 compliance plan submitted by a State in accord-
18 ance with subparagraph (B), the Secretary may
19 consult with the State on modifications to the
20 plan.

21 “(D) ACCEPTANCE OF PLAN.— A correc-
22 tive compliance plan submitted by a State in ac-
23 cordance with subparagraph (B) is deemed to
24 be accepted by the Secretary if the Secretary
25 does not accept or reject the plan during 60-day

1 period that begins on the date the plan is sub-
2 mitted.

3 “(2) EFFECT OF CORRECTING VIOLATION.—

4 The Secretary may not impose any penalty under
5 subsection (a) with respect to any violation covered
6 by a State corrective compliance plan accepted by
7 the Secretary if the State corrects the violation pur-
8 suant to the plan.

9 “(3) EFFECT OF FAILING TO CORRECT VIOLA-
10 TION.—The Secretary shall assess some or all of a
11 penalty imposed on a State under subsection (a)
12 with respect to a violation if the State does not, in
13 a timely manner, correct the violation pursuant to a
14 State corrective compliance plan accepted by the
15 Secretary.

16 “(4) INAPPLICABILITY TO FAILURE TO TIMELY
17 REPAY A FEDERAL LOAN FUND FOR A STATE WEL-
18 FARE PROGRAM.—This subsection shall not apply to
19 the imposition of a penalty against a State under
20 subsection (a)(6).

21 “(d) LIMITATION ON AMOUNT OF PENALTY.—

22 “(1) IN GENERAL.—In imposing the penalties
23 described in subsection (a), the Secretary shall not
24 reduce any quarterly payment to a State by more
25 than 25 percent.

1 “(2) CARRYFORWARD OF UNRECOVERED PEN-
2 ALTIES.—To the extent that paragraph (1) of this
3 subsection prevents the Secretary from recovering
4 during a fiscal year the full amount of penalties im-
5 posed on a State under subsection (a) of this section
6 for a prior fiscal year, the Secretary shall apply any
7 remaining amount of such penalties to the grant
8 payable to the State under section 403(a)(1) for the
9 immediately succeeding fiscal year.

10 **“SEC. 410. APPEAL OF ADVERSE DECISION.**

11 “(a) IN GENERAL.—Within 5 days after the date the
12 Secretary takes any adverse action under this part with
13 respect to a State, the Secretary shall notify the chief ex-
14 ecutive officer of the State of the adverse action, including
15 any action with respect to the State plan submitted under
16 section 402 or the imposition of a penalty under section
17 409.

18 “(b) ADMINISTRATIVE REVIEW.—

19 “(1) IN GENERAL.—Within 60 days after the
20 date a State receives notice under subsection (a) of
21 an adverse action, the State may appeal the action,
22 in whole or in part, to the Departmental Appeals
23 Board established in the Department of Health and
24 Human Services (in this section referred to as the
25 ‘Board’) by filing an appeal with the Board.

1 “(2) PROCEDURAL RULES.—The Board shall
2 consider an appeal filed by a State under paragraph
3 (1) on the basis of such documentation as the State
4 may submit and as the Board may require to sup-
5 port the final decision of the Board. In deciding
6 whether to uphold an adverse action or any portion
7 of such an action, the Board shall conduct a thor-
8 ough review of the issues and take into account all
9 relevant evidence. The Board shall make a final de-
10 termination with respect to an appeal filed under
11 paragraph (1) not less than 60 days after the date
12 the appeal is filed.

13 “(c) JUDICIAL REVIEW OF ADVERSE DECISION.—

14 “(1) IN GENERAL.—Within 90 days after the
15 date of a final decision by the Board under this sec-
16 tion with respect to an adverse action taken against
17 a State, the State may obtain judicial review of the
18 final decision (and the findings incorporated into the
19 final decision) by filing an action in—

20 “(A) the district court of the United States
21 for the judicial district in which the principal or
22 headquarters office of the State agency is lo-
23 cated; or

24 “(B) the United States District Court for
25 the District of Columbia.

1 “(2) PROCEDURAL RULES.—The district court
2 in which an action is filed under paragraph (1) shall
3 review the final decision of the Board on the record
4 established in the administrative proceeding, in ac-
5 cordance with the standards of review prescribed by
6 subparagraphs (A) through (E) of section 706(2) of
7 title 5, United States Code. The review shall be on
8 the basis of the documents and supporting data sub-
9 mitted to the Board.

10 **“SEC. 411. DATA COLLECTION AND REPORTING.**

11 “(a) QUARTERLY REPORTS BY STATES.—

12 “(1) GENERAL REPORTING REQUIREMENT.—

13 “(A) CONTENTS OF REPORT.—Each eligi-
14 ble State shall collect on a monthly basis, and
15 report to the Secretary on a quarterly basis, the
16 following disaggregated case record information
17 on the families receiving assistance under the
18 State program funded under this part:

19 “(i) The county of residence of the
20 family.

21 “(ii) Whether a child receiving such
22 assistance or an adult in the family is dis-
23 abled.

24 “(iii) The ages of the members of
25 such families.

1 “(iv) The number of individuals in the
2 family, and the relation of each family
3 member to the youngest child in the fam-
4 ily.

5 “(v) The employment status and earn-
6 ings of the employed adult in the family.

7 “(vi) The marital status of the adults
8 in the family, including whether such
9 adults have never married, are widowed, or
10 are divorced.

11 “(vii) The race and educational status
12 of each adult in the family.

13 “(viii) The race and educational sta-
14 tus of each child in the family.

15 “(ix) Whether the family received sub-
16 sidized housing, medical assistance under
17 the State plan under title XV or the State
18 plan approved under title XIX, food
19 stamps, or subsidized child care, and if the
20 latter 2, the amount received.

21 “(x) The number of months that the
22 family has received each type of assistance
23 under the program.

1 “(xi) If the adults participated in, and
2 the number of hours per week of participa-
3 tion in, the following activities:

4 “(I) Education.

5 “(II) Subsidized private sector
6 employment.

7 “(III) Unsubsidized employment.

8 “(IV) Public sector employment,
9 work experience, or community serv-
10 ice.

11 “(V) Job search.

12 “(VI) Job skills training or on-
13 the-job training.

14 “(VII) Vocational education.

15 “(xii) Information necessary to cal-
16 culate participation rates under section
17 407.

18 “(xiii) The type and amount of assist-
19 ance received under the program, including
20 the amount of and reason for any reduc-
21 tion of assistance (including sanctions).

22 “(xiv) Any amount of unearned in-
23 come received by any member of the fam-
24 ily.

1 “(xv) The citizenship of the members
2 of the family.

3 “(xvi) From a sample of closed cases,
4 whether the family left the program, and if
5 so, whether the family left due to—

6 “(I) employment;

7 “(II) marriage;

8 “(III) the prohibition set forth in
9 section 408(a)(8);

10 “(IV) sanction; or

11 “(V) State policy.

12 “(B) USE OF ESTIMATES.—

13 “(i) AUTHORITY.—A State may com-
14 ply with subparagraph (A) by submitting
15 an estimate which is obtained through the
16 use of scientifically acceptable sampling
17 methods approved by the Secretary.

18 “(ii) SAMPLING AND OTHER METH-
19 ODS.—The Secretary shall provide the
20 States with such case sampling plans and
21 data collection procedures as the Secretary
22 deems necessary to produce statistically
23 valid estimates of the performance of State
24 programs funded under this part. The Sec-
25 retary may develop and implement proce-

1 dures for verifying the quality of data sub-
2 mitted by the States.

3 “(2) REPORT ON USE OF FEDERAL FUNDS TO
4 COVER ADMINISTRATIVE COSTS AND OVERHEAD.—
5 The report required by paragraph (1) for a fiscal
6 quarter shall include a statement of the percentage
7 of the funds paid to the State under this part for
8 the quarter that are used to cover administrative
9 costs or overhead.

10 “(3) REPORT ON STATE EXPENDITURES ON
11 PROGRAMS FOR NEEDY FAMILIES.—The report re-
12 quired by paragraph (1) for a fiscal quarter shall in-
13 clude a statement of the total amount expended by
14 the State during the quarter on programs for needy
15 families.

16 “(4) REPORT ON NONCUSTODIAL PARENTS PAR-
17 TICIPATING IN WORK ACTIVITIES.—The report re-
18 quired by paragraph (1) for a fiscal quarter shall in-
19 clude the number of noncustodial parents in the
20 State who participated in work activities (as defined
21 in section 407(d)) during the quarter.

22 “(5) REPORT ON TRANSITIONAL SERVICES.—
23 The report required by paragraph (1) for a fiscal
24 quarter shall include the total amount expended by
25 the State during the quarter to provide transitional

1 services to a family that has ceased to receive assist-
2 ance under this part because of employment, along
3 with a description of such services.

4 “(6) REGULATIONS.—The Secretary shall pre-
5 scribe such regulations as may be necessary to de-
6 fine the data elements with respect to which reports
7 are required by this subsection.

8 “(b) ANNUAL REPORTS TO THE CONGRESS BY THE
9 SECRETARY.—Not later than 6 months after the end of
10 fiscal year 1997, and each fiscal year thereafter, the Sec-
11 retary shall transmit to the Congress a report describ-
12 ing—

13 “(1) whether the States are meeting—

14 “(A) the participation rates described in
15 section 407(a); and

16 “(B) the objectives of—

17 “(i) increasing employment and earn-
18 ings of needy families, and child support
19 collections; and

20 “(ii) decreasing out-of-wedlock preg-
21 nancies and child poverty;

22 “(2) the demographic and financial characteris-
23 tics of families applying for assistance, families re-
24 ceiving assistance, and families that become ineli-
25 gible to receive assistance;

1 “(3) the characteristics of each State program
2 funded under this part; and

3 “(4) the trends in employment and earnings of
4 needy families with minor children living at home.

5 **“SEC. 412. DIRECT FUNDING AND ADMINISTRATION BY IN-**
6 **DIAN TRIBES.**

7 “(a) GRANTS FOR INDIAN TRIBES.—

8 “(1) TRIBAL FAMILY ASSISTANCE GRANT.—

9 “(A) IN GENERAL.—For each of fiscal
10 years 1997, 1998, 1999, and 2000, the Sec-
11 retary shall pay to each Indian tribe that has
12 an approved tribal family assistance plan a trib-
13 al family assistance grant for the fiscal year in
14 an amount equal to the amount determined
15 under subparagraph (B), and shall reduce the
16 grant payable under section 403(a)(1) to any
17 State in which lies the service area or areas of
18 the Indian tribe by that portion of the amount
19 so determined that is attributable to expendi-
20 tures by the State.

21 “(B) AMOUNT DETERMINED.—

22 “(i) IN GENERAL.—The amount de-
23 termined under this subparagraph is an
24 amount equal to the total amount of the
25 Federal payments to a State or States

1 under section 403 (as in effect during such
2 fiscal year) for fiscal year 1994 attrib-
3 utable to expenditures (other than child
4 care expenditures) by the State or States
5 under parts A and F (as so in effect) for
6 fiscal year 1994 for Indian families resid-
7 ing in the service area or areas identified
8 by the Indian tribe pursuant to subsection
9 (b)(1)(C) of this section.

10 “(ii) USE OF STATE SUBMITTED
11 DATA.—

12 “(I) IN GENERAL.—The Sec-
13 retary shall use State submitted data
14 to make each determination under
15 clause (i).

16 “(II) DISAGREEMENT WITH DE-
17 TERMINATION.—If an Indian tribe or
18 tribal organization disagrees with
19 State submitted data described under
20 subclause (I), the Indian tribe or trib-
21 al organization may submit to the
22 Secretary such additional information
23 as may be relevant to making the de-
24 termination under clause (i) and the
25 Secretary may consider such informa-

1 tion before making such determina-
2 tion.

3 “(2) GRANTS FOR INDIAN TRIBES THAT RE-
4 CEIVED JOBS FUNDS.—

5 “(A) IN GENERAL.—The Secretary shall
6 pay to each eligible Indian tribe for each of fis-
7 cal years 1996, 1997, 1998, 1999, 2000, and
8 2001 a grant in an amount equal to the amount
9 received by the Indian tribe in fiscal year 1994
10 under section 482(i) (as in effect during fiscal
11 year 1994).

12 “(B) ELIGIBLE INDIAN TRIBE.—For pur-
13 poses of subparagraph (A), the term ‘eligible
14 Indian tribe’ means an Indian tribe or Alaska
15 Native organization that conducted a job oppor-
16 tunities and basic skills training program in fis-
17 cal year 1995 under section 482(i) (as in effect
18 during fiscal year 1995).

19 “(C) USE OF GRANT.—Each Indian tribe
20 to which a grant is made under this paragraph
21 shall use the grant for the purpose of operating
22 a program to make work activities available to
23 members of the Indian tribe.

24 “(D) APPROPRIATION.—Out of any money
25 in the Treasury of the United States not other-

1 wise appropriated, there are appropriated
2 \$7,638,474 for each fiscal year specified in sub-
3 paragraph (A) for grants under subparagraph
4 (A).

5 “(b) 3-YEAR TRIBAL FAMILY ASSISTANCE PLAN.—

6 “(1) IN GENERAL.—Any Indian tribe that de-
7 sires to receive a tribal family assistance grant shall
8 submit to the Secretary a 3-year tribal family assist-
9 ance plan that—

10 “(A) outlines the Indian tribe’s approach
11 to providing welfare-related services for the 3-
12 year period, consistent with this section;

13 “(B) specifies whether the welfare-related
14 services provided under the plan will be pro-
15 vided by the Indian tribe or through agree-
16 ments, contracts, or compacts with intertribal
17 consortia, States, or other entities;

18 “(C) identifies the population and service
19 area or areas to be served by such plan;

20 “(D) provides that a family receiving as-
21 sistance under the plan may not receive duplica-
22 tive assistance from other State or tribal pro-
23 grams funded under this part;

24 “(E) identifies the employment opportuni-
25 ties in or near the service area or areas of the

1 Indian tribe and the manner in which the In-
2 dian tribe will cooperate and participate in en-
3 hancing such opportunities for recipients of as-
4 sistance under the plan consistent with any ap-
5 plicable State standards; and

6 “(F) applies the fiscal accountability provi-
7 sions of section 5(f)(1) of the Indian Self-De-
8 termination and Education Assistance Act (25
9 U.S.C. 450e(f)(1)), relating to the submission
10 of a single-agency audit report required by
11 chapter 75 of title 31, United States Code.

12 “(2) APPROVAL.—The Secretary shall approve
13 each tribal family assistance plan submitted in ac-
14 cordance with paragraph (1).

15 “(3) CONSORTIUM OF TRIBES.—Nothing in this
16 section shall preclude the development and submis-
17 sion of a single tribal family assistance plan by the
18 participating Indian tribes of an intertribal consor-
19 tium.

20 “(c) MINIMUM WORK PARTICIPATION REQUIRE-
21 MENTS AND TIME LIMITS.—The Secretary, with the par-
22 ticipation of Indian tribes, shall establish for each Indian
23 tribe receiving a grant under this section minimum work
24 participation requirements, appropriate time limits for re-

1 ceipt of welfare-related services under the grant, and pen-
2 alties against individuals—

3 “(1) consistent with the purposes of this sec-
4 tion;

5 “(2) consistent with the economic conditions
6 and resources available to each tribe; and

7 “(3) similar to comparable provisions in section
8 407(d).

9 “(d) EMERGENCY ASSISTANCE.—Nothing in this sec-
10 tion shall preclude an Indian tribe from seeking emergency
11 assistance from any Federal loan program or emergency
12 fund.

13 “(e) ACCOUNTABILITY.—Nothing in this section shall
14 be construed to limit the ability of the Secretary to main-
15 tain program funding accountability consistent with—

16 “(1) generally accepted accounting principles;
17 and

18 “(2) the requirements of the Indian Self-Deter-
19 mination and Education Assistance Act (25 U.S.C.
20 450 et seq.).

21 “(f) PENALTIES.—

22 “(1) Subsections (a)(1), (a)(6), and (b) of sec-
23 tion 409, shall apply to an Indian tribe with an ap-
24 proved tribal assistance plan in the same manner as
25 such subsections apply to a State.

1 “(2) Section 409(a)(3) shall apply to an Indian
2 tribe with an approved tribal assistance plan by sub-
3 stituting ‘meet minimum work participation require-
4 ments established under section 412(c)’ for ‘comply
5 with section 407(a)’.

6 “(g) DATA COLLECTION AND REPORTING.—Section
7 411 shall apply to an Indian tribe with an approved tribal
8 family assistance plan.

9 “(h) SPECIAL RULE FOR INDIAN TRIBES IN ALAS-
10 KA.—

11 “(1) IN GENERAL.—Notwithstanding any other
12 provision of this section, and except as provided in
13 paragraph (2), an Indian tribe in the State of Alas-
14 ka that receives a tribal family assistance grant
15 under this section shall use the grant to operate a
16 program in accordance with requirements com-
17 parable to the requirements applicable to the pro-
18 gram of the State of Alaska funded under this part.
19 Comparability of programs shall be established on
20 the basis of program criteria developed by the Sec-
21 retary in consultation with the State of Alaska and
22 such Indian tribes.

23 “(2) WAIVER.—An Indian tribe described in
24 paragraph (1) may apply to the appropriate State

1 authority to receive a waiver of the requirement of
2 paragraph (1).

3 **“SEC. 413. RESEARCH, EVALUATIONS, AND NATIONAL STUD-**
4 **IES.**

5 “(a) RESEARCH.—The Secretary shall conduct re-
6 search on the benefits, effects, and costs of operating dif-
7 ferent State programs funded under this part, including
8 time limits relating to eligibility for assistance. The re-
9 search shall include studies on the effects of different pro-
10 grams and the operation of such programs on welfare de-
11 pendency, illegitimacy, teen pregnancy, employment rates,
12 child well-being, and any other area the Secretary deems
13 appropriate. The Secretary shall also conduct research on
14 the costs and benefits of State activities under section
15 409.

16 “(b) DEVELOPMENT AND EVALUATION OF INNOVA-
17 TIVE APPROACHES TO REDUCING WELFARE DEPEND-
18 ENCY AND INCREASING CHILD WELL-BEING.—

19 “(1) IN GENERAL.—The Secretary may assist
20 States in developing, and shall evaluate, innovative
21 approaches for reducing welfare dependency and in-
22 creasing the well-being of minor children living at
23 home with respect to recipients of assistance under
24 programs funded under this part. The Secretary
25 may provide funds for training and technical assist-

1 ance to carry out the approaches developed pursuant
2 to this paragraph.

3 “(2) EVALUATIONS.—In performing the evalua-
4 tions under paragraph (1), the Secretary shall, to
5 the maximum extent feasible, use random assign-
6 ment as an evaluation methodology.

7 “(c) DISSEMINATION OF INFORMATION.—The Sec-
8 retary shall develop innovative methods of disseminating
9 information on any research, evaluations, and studies con-
10 ducted under this section, including the facilitation of the
11 sharing of information and best practices among States
12 and localities through the use of computers and other
13 technologies.

14 “(d) ANNUAL RANKING OF STATES AND REVIEW OF
15 MOST AND LEAST SUCCESSFUL WORK PROGRAMS.—

16 “(1) ANNUAL RANKING OF STATES.—The Sec-
17 retary shall rank annually the States to which
18 grants are paid under section 403 in the order of
19 their success in placing recipients of assistance
20 under the State program funded under this part into
21 long-term private sector jobs, reducing the overall
22 welfare caseload, and, when a practicable method for
23 calculating this information becomes available, di-
24 verting individuals from formally applying to the
25 State program and receiving assistance. In ranking

1 States under this subsection, the Secretary shall
2 take into account the average number of minor chil-
3 dren living at home in families in the State that
4 have incomes below the poverty line and the amount
5 of funding provided each State for such families.

6 “(2) ANNUAL REVIEW OF MOST AND LEAST
7 SUCCESSFUL WORK PROGRAMS.—The Secretary shall
8 review the programs of the 3 States most recently
9 ranked highest under paragraph (1) and the 3
10 States most recently ranked lowest under paragraph
11 (1) that provide parents with work experience, as-
12 sistance in finding employment, and other work
13 preparation activities and support services to enable
14 the families of such parents to leave the program
15 and become self-sufficient.

16 “(e) ANNUAL RANKING OF STATES AND REVIEW OF
17 ISSUES RELATING TO OUT-OF-WEDLOCK BIRTHS.—

18 “(1) ANNUAL RANKING OF STATES.—

19 “(A) IN GENERAL.—The Secretary shall
20 annually rank States to which grants are made
21 under section 403 based on the following rank-
22 ing factors:

23 “(i) ABSOLUTE OUT-OF-WEDLOCK RA-
24 TIOS.—The ratio represented by—

1 “(I) the total number of out-of-
2 wedlock births in families receiving as-
3 sistance under the State program
4 under this part in the State for the
5 most recent fiscal year for which in-
6 formation is available; over

7 “(II) the total number of births
8 in families receiving assistance under
9 the State program under this part in
10 the State for such year.

11 “(ii) NET CHANGES IN THE OUT-OF-
12 WEDLOCK RATIO.—The difference between
13 the ratio described in subparagraph (A)(i)
14 with respect to a State for the most recent
15 fiscal year for which such information is
16 available and the ratio with respect to the
17 State for the immediately preceding year.

18 “(2) ANNUAL REVIEW.—The Secretary shall re-
19 view the programs of the 5 States most recently
20 ranked highest under paragraph (1) and the 5
21 States most recently ranked the lowest under para-
22 graph (1).

23 “(f) STATE-INITIATED EVALUATIONS.—A State shall
24 be eligible to receive funding to evaluate the State pro-
25 gram funded under this part if—

1 “(1) the State submits a proposal to the Sec-
2 retary for the evaluation;

3 “(2) the Secretary determines that the design
4 and approach of the evaluation is rigorous and is
5 likely to yield information that is credible and will
6 be useful to other States, and

7 “(3) unless otherwise waived by the Secretary,
8 the State contributes to the cost of the evaluation,
9 from non-Federal sources, an amount equal to at
10 least 10 percent of the cost of the evaluation.

11 “(g) REPORT ON CIRCUMSTANCES OF CERTAIN
12 CHILDREN AND FAMILIES.—

13 “(1) IN GENERAL.—Beginning 3 years after the
14 date of the enactment of this Act, the Secretary of
15 Health and Human Services shall prepare and sub-
16 mit to the Committees on Ways and Means and on
17 Economic and Educational Opportunities of the
18 House of Representatives and to the Committees on
19 Finance and on Labor and Resources of the Senate
20 annual reports that examine in detail the matters
21 described in paragraph (2) with respect to each of
22 the following groups for the period after such enact-
23 ment:

24 “(A) Individuals who were children in fam-
25 ilies that have become ineligible for assistance

1 under a State program funded under this part
2 by reason of having reached a time limit on the
3 provision of such assistance.

4 “(B) Families that include a child who is
5 ineligible for assistance under a State program
6 funded under this part by reason of section
7 408(a)(2).

8 “(C) Children born after such date of en-
9 actment to parents who, at the time of such
10 birth, had not attained 20 years of age.

11 “(D) Individuals who, after such date of
12 enactment, became parents before attaining 20
13 years of age.

14 “(2) MATTERS DESCRIBED.—The matters de-
15 scribed in this paragraph are the following:

16 “(A) The percentage of each group that
17 has dropped out of secondary school (or the
18 equivalent), and the percentage of each group
19 at each level of educational attainment.

20 “(B) The percentage of each group that is
21 employed.

22 “(C) The percentage of each group that
23 has been convicted of a crime or has been adju-
24 dicated as a delinquent.

1 “(D) The rate at which the members of
2 each group are born, or have children, out-of-
3 wedlock, and the percentage of each group that
4 is married.

5 “(E) The percentage of each group that
6 continues to participate in State programs
7 funded under this part.

8 “(F) The percentage of each group that
9 has health insurance provided by a private en-
10 tity (broken down by whether the insurance is
11 provided through an employer or otherwise), the
12 percentage that has health insurance provided
13 by an agency of government, and the percent-
14 age that does not have health insurance.

15 “(G) The average income of the families of
16 the members of each group.

17 “(H) Such other matters as the Secretary
18 deems appropriate.

19 “(h) FUNDING OF STUDIES AND DEMONSTRA-
20 TIONS.—

21 “(1) IN GENERAL.—Out of any money in the
22 Treasury of the United States not otherwise appro-
23 priated, there are appropriated \$15,000,000 for each
24 fiscal year specified in section 403(a)(1) for the pur-
25 pose of paying—

1 “(A) the cost of conducting the research
2 described in subsection (a);

3 “(B) the cost of developing and evaluating
4 innovative approaches for reducing welfare de-
5 pendency and increasing the well-being of minor
6 children under subsection (b);

7 “(C) the Federal share of any State-initi-
8 ated study approved under subsection (f); and

9 “(D) an amount determined by the Sec-
10 retary to be necessary to operate and evaluate
11 demonstration projects, relating to this part,
12 that are in effect or approved under section
13 1115 as of September 30, 1995, and are contin-
14 ued after such date.

15 “(2) ALLOCATION.—Of the amount appro-
16 priated under paragraph (1) for a fiscal year—

17 “(A) 50 percent shall be allocated for the
18 purposes described in subparagraphs (A) and
19 (B) of paragraph (1), and

20 “(B) 50 percent shall be allocated for the
21 purposes described in subparagraphs (C) and
22 (D) of paragraph (1).

23 “(3) DEMONSTRATIONS OF INNOVATIVE STRAT-
24 EGIES.—The Secretary may implement and evaluate

1 demonstrations of innovative and promising strate-
2 gies which—

3 “(A) provide one-time capital funds to es-
4 tablish, expand, or replicate programs;

5 “(B) test performance-based grant-to-loan
6 financing in which programs meeting perform-
7 ance targets receive grants while programs not
8 meeting such targets repay funding on a pro-
9 rated basis; and

10 “(C) test strategies in multiple States and
11 types of communities.

12 **“SEC. 414. STUDY BY THE CENSUS BUREAU.**

13 “(a) IN GENERAL.—The Bureau of the Census shall
14 expand the Survey of Income and Program Participation
15 as necessary to obtain such information as will enable in-
16 terested persons to evaluate the impact of the amendments
17 made by subtitle A of the Personal Responsibility and
18 Work Opportunity Act of 1996 on a random national sam-
19 ple of recipients of assistance under State programs fund-
20 ed under this part and (as appropriate) other low income
21 families, and in doing so, shall pay particular attention
22 to the issues of out-of-wedlock birth, welfare dependency,
23 the beginning and end of welfare spells, and the causes
24 of repeat welfare spells.

1 “(b) APPROPRIATION.—Out of any money in the
2 Treasury of the United States not otherwise appropriated,
3 there are appropriated \$10,000,000 for each of fiscal
4 years 1996, 1997, 1998, 1999, 2000, 2001, and 2002 for
5 payment to the Bureau of the Census to carry out sub-
6 section (a).

7 **“SEC. 415. WAIVERS.**

8 “(a) CONTINUATION OF WAIVERS.—

9 “(1) WAIVERS IN EFFECT ON DATE OF ENACT-
10 MENT OF WELFARE REFORM.—Except as provided
11 in paragraph (3), if any waiver granted to a State
12 under section 1115 or otherwise which relates to the
13 provision of assistance under a State plan under this
14 part (as in effect on September 30, 1995) is in ef-
15 fect as of the date of the enactment of the Personal
16 Responsibility and Work Opportunity Act of 1996,
17 the amendments made by such Act (other than by
18 section 4103(d) of such Act) shall not apply with re-
19 spect to the State before the expiration (determined
20 without regard to any extensions) of the waiver to
21 the extent such amendments are inconsistent with
22 the waiver.

23 “(2) WAIVERS GRANTED SUBSEQUENTLY.—Ex-
24 cept as provided in paragraph (3), if any waiver
25 granted to a State under section 1115 or otherwise

1 which relates to the provision of assistance under a
2 State plan under this part (as in effect on Septem-
3 ber 30, 1995) is submitted to the Secretary before
4 the date of the enactment of the Personal Respon-
5 sibility and Work Opportunity Act of 1996 and ap-
6 proved by the Secretary on or before July 1, 1997,
7 and the State demonstrates to the satisfaction of the
8 Secretary that the waiver will not result in Federal
9 expenditures under title IV of this Act (as in effect
10 without regard to the amendments made by the Per-
11 sonal Responsibility and Work Opportunity Act of
12 1996) that are greater than would occur in the ab-
13 sence of the waiver, the amendments made by the
14 Personal Responsibility and Work Opportunity Act
15 of 1996 (other than by section 4103(d) of such Act)
16 shall not apply with respect to the State before the
17 expiration (determined without regard to any exten-
18 sions) of the waiver to the extent the amendments
19 made by the Personal Responsibility and Work Op-
20 portunity Act of 1996 are inconsistent with the
21 waiver.

22 “(3) FINANCING LIMITATION.—Notwithstand-
23 ing any other provision of law, beginning with fiscal
24 year 1996, a State operating under a waiver de-
25 scribed in paragraph (1) shall be entitled to payment

1 under section 403 for the fiscal year, in lieu of any
2 other payment provided for in the waiver.

3 “(b) STATE OPTION TO TERMINATE WAIVER.—

4 “(1) IN GENERAL.—A State may terminate a
5 waiver described in subsection (a) before the expira-
6 tion of the waiver.

7 “(2) REPORT.—A State which terminates a
8 waiver under paragraph (1) shall submit a report to
9 the Secretary summarizing the waiver and any avail-
10 able information concerning the result or effect of
11 the waiver.

12 “(3) HOLD HARMLESS PROVISION.—

13 “(A) IN GENERAL.—Notwithstanding any
14 other provision of law, a State that, not later
15 than the date described in subparagraph (B),
16 submits a written request to terminate a waiver
17 described in subsection (a) shall be held harm-
18 less for accrued cost neutrality liabilities in-
19 curred under the waiver.

20 “(B) DATE DESCRIBED.—The date de-
21 scribed in this subparagraph is 90 days follow-
22 ing the adjournment of the first regular session
23 of the State legislature that begins after the
24 date of the enactment of the Personal Respon-
25 sibility and Work Opportunity Act of 1996.

1 “(c) SECRETARIAL ENCOURAGEMENT OF CURRENT
2 WAIVERS.—The Secretary shall encourage any State oper-
3 ating a waiver described in subsection (a) to continue the
4 waiver and to evaluate, using random sampling and other
5 characteristics of accepted scientific evaluations, the result
6 or effect of the waiver.

7 “(d) CONTINUATION OF INDIVIDUAL WAIVERS.—A
8 State may elect to continue 1 or more individual waivers
9 described in subsection (a).

10 **“SEC. 416. ASSISTANT SECRETARY FOR FAMILY SUPPORT.**

11 “The programs under this part and part D shall be
12 administered by an Assistant Secretary for Family Sup-
13 port within the Department of Health and Human Serv-
14 ices, who shall be appointed by the President, by and with
15 the advice and consent of the Senate, and who shall be
16 in addition to any other Assistant Secretary of Health and
17 Human Services provided for by law.

18 **“SEC. 417. LIMITATION ON FEDERAL AUTHORITY.**

19 “No officer or employee of the Federal Government
20 may regulate the conduct of States under this part or en-
21 force any provision of this part, except to the extent ex-
22 pressly provided in this part.”; and

23 (2) by inserting after such section 418 the fol-
24 lowing:

1 **“SEC. 419. DEFINITIONS.**

2 “As used in this part:

3 “(1) ADULT.—The term ‘adult’ means an indi-
4 vidual who is not a minor child.

5 “(2) MINOR CHILD.—The term ‘minor child’
6 means an individual who—

7 “(A) has not attained 18 years of age; or

8 “(B) has not attained 19 years of age and
9 is a full-time student in a secondary school (or
10 in the equivalent level of vocational or technical
11 training).

12 “(3) FISCAL YEAR.—The term ‘fiscal year’
13 means any 12-month period ending on September 30
14 of a calendar year.

15 “(4) INDIAN, INDIAN TRIBE, AND TRIBAL ORGA-
16 NIZATION.—

17 “(A) IN GENERAL.—Except as provided in
18 subparagraph (B), the terms ‘Indian’, ‘Indian
19 tribe’, and ‘tribal organization’ have the mean-
20 ing given such terms by section 4 of the Indian
21 Self-Determination and Education Assistance
22 Act (25 U.S.C. 450b).

23 “(B) SPECIAL RULE FOR INDIAN TRIBES
24 IN ALASKA.—The term ‘Indian tribe’ means,
25 with respect to the State of Alaska, only the
26 Metlakatla Indian Community of the Annette

1 Islands Reserve and the following Alaska Native
2 regional nonprofit corporations:

3 “(i) Arctic Slope Native Association.

4 “(ii) Kawerak, Inc.

5 “(iii) Maniilaq Association.

6 “(iv) Association of Village Council
7 Presidents.

8 “(v) Tanana Chiefs Conference.

9 “(vi) Cook Inlet Tribal Council.

10 “(vii) Bristol Bay Native Association.

11 “(viii) Aleutian and Pribilof Island
12 Association.

13 “(ix) Chugachmuit.

14 “(x) Tlingit Haida Central Council.

15 “(xi) Kodiak Area Native Association.

16 “(xii) Copper River Native Associa-
17 tion.

18 “(5) STATE.—Except as otherwise specifically
19 provided, the term ‘State’ means the 50 States of
20 the United States, the District of Columbia, the
21 Commonwealth of Puerto Rico, the United States
22 Virgin Islands, Guam, and American Samoa.”.

23 (b) GRANTS TO OUTLYING AREAS.—Section 1108
24 (42 U.S.C. 1308) is amended—

1 (1) by redesignating subsection (c) as sub-
2 section (g);

3 (2) by striking all that precedes subsection (c)
4 and inserting the following:

5 **“SEC. 1108. ADDITIONAL GRANTS TO PUERTO RICO, THE**
6 **VIRGIN ISLANDS, GUAM, AND AMERICAN**
7 **SAMOA; LIMITATION ON TOTAL PAYMENTS.**

8 “(a) LIMITATION ON TOTAL PAYMENTS TO EACH
9 TERRITORY.—Notwithstanding any other provision of this
10 Act, the total amount certified by the Secretary of Health
11 and Human Services under titles I, X, XIV, and XVI,
12 under parts A, B, and E of title IV, and under subsection
13 (b) of this section, for payment to any territory for a fiscal
14 year shall not exceed the ceiling amount for the territory
15 for the fiscal year.

16 “(b) ENTITLEMENT TO MATCHING GRANT.—

17 “(1) IN GENERAL.—Each territory shall be en-
18 titled to receive from the Secretary for each fiscal
19 year a grant in an amount equal to 75 percent of
20 the amount (if any) by which—

21 “(A) the total expenditures of the territory
22 during the fiscal year under the territory pro-
23 grams funded under parts A, B, and E of title
24 IV; exceeds

25 “(B) the sum of—

1 “(i) the total amount required to be
2 paid to the territory (other than with re-
3 spect to child care) under former section
4 403 (as in effect on September 30, 1995)
5 for fiscal year 1995, which shall be deter-
6 mined by applying subparagraphs (C) and
7 (D) of section 403(a)(1) to the territory;

8 “(ii) the total amount required to be
9 paid to the territory under former section
10 434 (as so in effect) for fiscal year 1995;
11 and

12 “(iii) the total amount expended by
13 the territory during fiscal year 1995 pur-
14 suant to parts A, B, and F of title IV (as
15 so in effect), other than for child care.

16 “(2) USE OF GRANT.—Any territory to which a
17 grant is made under paragraph (1) may expend the
18 amount under any program operated or funded
19 under any provision of law specified in subsection
20 (a).

21 “(c) DEFINITIONS.—As used in this section:

22 “(1) TERRITORY.—The term ‘territory’ means
23 Puerto Rico, the Virgin Islands, Guam, and Amer-
24 ican Samoa.

1 “(2) CEILING AMOUNT.—The term ‘ceiling
2 amount’ means, with respect to a territory and a fis-
3 cal year, the mandatory ceiling amount with respect
4 to the territory plus the discretionary ceiling amount
5 with respect to the territory, reduced for the fiscal
6 year in accordance with subsection (f).

7 “(3) MANDATORY CEILING AMOUNT.—The term
8 ‘mandatory ceiling amount’ means—

9 “(A) \$105,538,000 with respect to for
10 Puerto Rico;

11 “(B) \$4,902,000 with respect to Guam;

12 “(C) \$3,742,000 with respect to the Virgin
13 Islands; and

14 “(D) \$1,122,000 with respect to American
15 Samoa.

16 “(4) DISCRETIONARY CEILING AMOUNT.—The
17 term ‘discretionary ceiling amount’ means, with re-
18 spect to a territory and a fiscal year, the total
19 amount appropriated pursuant to subsection (d)(3)
20 for the fiscal year for payment to the territory.

21 “(5) TOTAL AMOUNT EXPENDED BY THE TER-
22 RITORY.—The term ‘total amount expended by the
23 territory’—

1 “(A) does not include expenditures during
2 the fiscal year from amounts made available by
3 the Federal Government; and

4 “(B) when used with respect to fiscal year
5 1995, also does not include—

6 “(i) expenditures during fiscal year
7 1995 under subsection (g) or (i) of section
8 402 (as in effect on September 30, 1995);
9 or

10 “(ii) any expenditures during fiscal
11 year 1995 for which the territory (but for
12 section 1108, as in effect on September 30,
13 1995) would have received reimbursement
14 from the Federal Government.

15 “(d) DISCRETIONARY GRANTS.—

16 “(1) IN GENERAL.—The Secretary shall make a
17 grant to each territory for any fiscal year in the
18 amount appropriated pursuant to paragraph (3) for
19 the fiscal year for payment to the territory.

20 “(2) USE OF GRANT.—Any territory to which a
21 grant is made under paragraph (1) may expend the
22 amount under any program operated or funded
23 under any provision of law specified in subsection
24 (a).

1 “(3) LIMITATION ON AUTHORIZATION OF AP-
2 PROPRIATIONS.—For grants under paragraph (1),
3 there are authorized to be appropriated to the Sec-
4 retary for each fiscal year—

5 “(A) \$7,951,000 for payment to Puerto
6 Rico;

7 “(B) \$345,000 for payment to Guam;

8 “(C) \$275,000 for payment to the Virgin
9 Islands; and

10 “(D) \$190,000 for payment to American
11 Samoa.

12 “(e) AUTHORITY TO TRANSFER FUNDS AMONG PRO-
13 GRAMS.—Notwithstanding any other provision of this Act,
14 any territory to which an amount is paid under any provi-
15 sion of law specified in subsection (a) may use part or
16 all of the amount to carry out any program operated by
17 the territory, or funded, under any other such provision
18 of law.

19 “(f) MAINTENANCE OF EFFORT.—The ceiling
20 amount with respect to a territory shall be reduced for
21 a fiscal year by an amount equal to the amount (if any)
22 by which—

23 “(1) the total amount expended by the territory
24 under all programs of the territory operated pursu-
25 ant to the provisions of law specified in subsection

1 (a) (as such provisions were in effect for fiscal year
2 1995) for fiscal year 1995; exceeds

3 “(2) the total amount expended by the territory
4 under all programs of the territory that are funded
5 under the provisions of law specified in subsection
6 (a) for the fiscal year that immediately precedes the
7 fiscal year referred to in the matter preceding para-
8 graph (1).”; and

9 (3) by striking subsections (d) and (e).

10 (c) REPEAL OF PROVISIONS REQUIRING REDUCTION
11 OF MEDICAID PAYMENTS TO STATES THAT REDUCE
12 WELFARE PAYMENT LEVELS.—

13 (1) Section 1903(i) (42 U.S.C. 1396b(i)) is
14 amended by striking paragraph (9).

15 (2) Section 1902 (42 U.S.C. 1396a) is amended
16 by striking subsection (c).

17 (d) ELIMINATION OF CHILD CARE PROGRAMS
18 UNDER THE SOCIAL SECURITY ACT.—

19 (1) AFDC AND TRANSITIONAL CHILD CARE
20 PROGRAMS.—Section 402 (42 U.S.C. 602) is amend-
21 ed by striking subsection (g).

22 (2) AT-RISK CHILD CARE PROGRAM.—

23 (A) AUTHORIZATION.—Section 402 (42
24 U.S.C. 602) is amended by striking subsection
25 (i).

1 (B) FUNDING PROVISIONS.—Section 403
2 (42 U.S.C. 603) is amended by striking sub-
3 section (n).

4 **SEC. 4104. SERVICES PROVIDED BY CHARITABLE, RELI-**
5 **GIUS, OR PRIVATE ORGANIZATIONS.**

6 (a) IN GENERAL.—

7 (1) STATE OPTIONS.—A State may—

8 (A) administer and provide services under
9 the programs described in subparagraphs (A)
10 and (B)(i) of paragraph (2) through contracts
11 with charitable, religious, or private organiza-
12 tions; and

13 (B) provide beneficiaries of assistance
14 under the programs described in subparagraphs
15 (A) and (B)(ii) of paragraph (2) with certifi-
16 cates, vouchers, or other forms of disbursement
17 which are redeemable with such organizations.

18 (2) PROGRAMS DESCRIBED.—The programs de-
19 scribed in this paragraph are the following pro-
20 grams:

21 (A) A State program funded under part A
22 of title IV of the Social Security Act (as amend-
23 ed by section 4103(a) of this Act).

1 (B) Any other program established or
2 modified under subtitle A, B, or F of this title,
3 that—

4 (i) permits contracts with organiza-
5 tions; or

6 (ii) permits certificates, vouchers, or
7 other forms of disbursement to be provided
8 to beneficiaries, as a means of providing
9 assistance.

10 (b) RELIGIOUS ORGANIZATIONS.—The purpose of
11 this section is to allow States to contract with religious
12 organizations, or to allow religious organizations to accept
13 certificates, vouchers, or other forms of disbursement
14 under any program described in subsection (a)(2), on the
15 same basis as any other nongovernmental provider without
16 impairing the religious character of such organizations,
17 and without diminishing the religious freedom of bene-
18 ficiaries of assistance funded under such program.

19 (c) NONDISCRIMINATION AGAINST RELIGIOUS ORGA-
20 NIZATIONS.—In the event a State exercises its authority
21 under subsection (a), religious organizations are eligible,
22 on the same basis as any other private organization, as
23 contractors to provide assistance, or to accept certificates,
24 vouchers, or other forms of disbursement, under any pro-
25 gram described in subsection (a)(2) so long as the pro-

1 grams are implemented consistent with the Establishment
2 Clause of the United States Constitution. Except as pro-
3 vided in subsection (k), neither the Federal Government
4 nor a State receiving funds under such programs shall dis-
5 criminate against an organization which is or applies to
6 be a contractor to provide assistance, or which accepts cer-
7 tificates, vouchers, or other forms of disbursement, on the
8 basis that the organization has a religious character.

9 (d) RELIGIOUS CHARACTER AND FREEDOM.—

10 (1) RELIGIOUS ORGANIZATIONS.—A religious
11 organization with a contract described in subsection
12 (a)(1)(A), or which accepts certificates, vouchers, or
13 other forms of disbursement under subsection
14 (a)(1)(B), shall retain its independence from Fed-
15 eral, State, and local governments, including such
16 organization's control over the definition, develop-
17 ment, practice, and expression of its religious beliefs.

18 (2) ADDITIONAL SAFEGUARDS.—Neither the
19 Federal Government nor a State shall require a reli-
20 gious organization to—

21 (A) alter its form of internal governance;

22 or

23 (B) remove religious art, icons, scripture,
24 or other symbols;

1 in order to be eligible to contract to provide assist-
2 ance, or to accept certificates, vouchers, or other
3 forms of disbursement, funded under a program de-
4 scribed in subsection (a)(2).

5 (e) RIGHTS OF BENEFICIARIES OF ASSISTANCE.—

6 (1) IN GENERAL.—If an individual described in
7 paragraph (2) has an objection to the religious char-
8 acter of the organization or institution from which
9 the individual receives, or would receive, assistance
10 funded under any program described in subsection
11 (a)(2), the State in which the individual resides shall
12 provide such individual (if otherwise eligible for such
13 assistance) within a reasonable period of time after
14 the date of such objection with assistance from an
15 alternative provider that is accessible to the individ-
16 ual and the value of which is not less than the value
17 of the assistance which the individual would have re-
18 ceived from such organization.

19 (2) INDIVIDUAL DESCRIBED.—An individual de-
20 scribed in this paragraph is an individual who re-
21 ceives, applies for, or requests to apply for, assist-
22 ance under a program described in subsection (a)(2).

23 (f) EMPLOYMENT PRACTICES.—A religious organiza-
24 tion's exemption provided under section 702 of the Civil
25 Rights Act of 1964 (42 U.S.C. 2000e-1a) regarding em-

1 ployment practices shall not be affected by its partici-
2 tion in, or receipt of funds from, programs described in
3 subsection (a)(2).

4 (g) NONDISCRIMINATION AGAINST BENE-
5 FICIARIES.—Except as otherwise provided in law, a reli-
6 gious organization shall not discriminate against an indi-
7 vidual in regard to rendering assistance funded under any
8 program described in subsection (a)(2) on the basis of reli-
9 gion, a religious belief, or refusal to actively participate
10 in a religious practice.

11 (h) FISCAL ACCOUNTABILITY.—

12 (1) IN GENERAL.—Except as provided in para-
13 graph (2), any religious organization contracting to
14 provide assistance funded under any program de-
15 scribed in subsection (a)(2) shall be subject to the
16 same regulations as other contractors to account in
17 accord with generally accepted auditing principles
18 for the use of such funds provided under such pro-
19 grams.

20 (2) LIMITED AUDIT.—If such organization seg-
21 regates Federal funds provided under such programs
22 into separate accounts, then only the financial as-
23 sistance provided with such funds shall be subject to
24 audit.

1 (i) COMPLIANCE.—Any party which seeks to enforce
2 its rights under this section may assert a civil action for
3 injunctive relief exclusively in an appropriate State court
4 against the entity or agency that allegedly commits such
5 violation.

6 (j) LIMITATIONS ON USE OF FUNDS FOR CERTAIN
7 PURPOSES.—No funds provided directly to institutions or
8 organizations to provide services and administer programs
9 under subsection (a)(1)(A) shall be expended for sectarian
10 worship, instruction, or proselytization.

11 (k) PREEMPTION.—Nothing in this section shall be
12 construed to preempt any provision of a State constitution
13 or State statute that prohibits or restricts the expenditure
14 of State funds in or by religious organizations.

15 **SEC. 4105. CENSUS DATA ON GRANDPARENTS AS PRIMARY**
16 **CAREGIVERS FOR THEIR GRANDCHILDREN.**

17 (a) IN GENERAL.—Not later than 90 days after the
18 date of the enactment of this Act, the Secretary of Com-
19 merce, in carrying out section 141 of title 13, United
20 States Code, shall expand the data collection efforts of the
21 Bureau of the Census (in this section referred to as the
22 “Bureau”) to enable the Bureau to collect statistically sig-
23 nificant data, in connection with its decennial census and
24 its mid-decade census, concerning the growing trend of

1 grandparents who are the primary caregivers for their
2 grandchildren.

3 (b) EXPANDED CENSUS QUESTION.—In carrying out
4 subsection (a), the Secretary of Commerce shall expand
5 the Bureau's census question that details households
6 which include both grandparents and their grandchildren.
7 The expanded question shall be formulated to distinguish
8 between the following households:

9 (1) A household in which a grandparent tempo-
10 rarily provides a home for a grandchild for a period
11 of weeks or months during periods of parental dis-
12 tress.

13 (2) A household in which a grandparent pro-
14 vides a home for a grandchild and serves as the pri-
15 mary caregiver for the grandchild.

16 **SEC. 4106. REPORT ON DATA PROCESSING.**

17 (a) IN GENERAL.—Within 6 months after the date
18 of the enactment of this Act, the Secretary of Health and
19 Human Services shall prepare and submit to the Congress
20 a report on—

21 (1) the status of the automated data processing
22 systems operated by the States to assist manage-
23 ment in the administration of State programs under
24 part A of title IV of the Social Security Act (wheth-
25 er in effect before or after October 1, 1995); and

1 (2) what would be required to establish a sys-
2 tem capable of—

3 (A) tracking participants in public pro-
4 grams over time; and

5 (B) checking case records of the States to
6 determine whether individuals are participating
7 in public programs of 2 or more States.

8 (b) PREFERRED CONTENTS.—The report required by
9 subsection (a) should include—

10 (1) a plan for building on the automated data
11 processing systems of the States to establish a sys-
12 tem with the capabilities described in subsection
13 (a)(2); and

14 (2) an estimate of the amount of time required
15 to establish such a system and of the cost of estab-
16 lishing such a system.

17 **SEC. 4107. STUDY ON ALTERNATIVE OUTCOMES MEASURES.**

18 (a) STUDY.—The Secretary shall, in cooperation with
19 the States, study and analyze outcomes measures for eval-
20 uating the success of the States in moving individuals out
21 of the welfare system through employment as an alter-
22 native to the minimum participation rates described in
23 section 407 of the Social Security Act. The study shall
24 include a determination as to whether such alternative
25 outcomes measures should be applied on a national or a

1 State-by-State basis and a preliminary assessment of the
2 effects of section 409(a)(7)(C) of such Act.

3 (b) REPORT.—Not later than September 30, 1998,
4 the Secretary shall submit to the Committee on Finance
5 of the Senate and the Committee on Ways and Means of
6 the House of Representatives a report containing the find-
7 ings of the study required by subsection (a).

8 **SEC. 4108. CONFORMING AMENDMENTS TO THE SOCIAL SE-**
9 **CURITY ACT.**

10 (a) AMENDMENTS TO TITLE II.—

11 (1) Section 205(c)(2)(C)(vi) (42 U.S.C.
12 405(c)(2)(C)(vi)), as so redesignated by section
13 321(a)(9)(B) of the Social Security Independence
14 and Program Improvements Act of 1994, is amend-
15 ed—

16 (A) by inserting “an agency administering
17 a program funded under part A of title IV or”
18 before “an agency operating”; and

19 (B) by striking “A or D of title IV of this
20 Act” and inserting “D of such title”.

21 (2) Section 228(d)(1) (42 U.S.C. 428(d)(1)) is
22 amended by inserting “under a State program fund-
23 ed under” before “part A of title IV”.

24 (b) AMENDMENTS TO PART D OF TITLE IV.—

1 (1) Section 451 (42 U.S.C. 651) is amended by
2 striking “aid” and inserting “assistance under a
3 State program funded”.

4 (2) Section 452(a)(10)(C) (42 U.S.C.
5 652(a)(10)(C)) is amended—

6 (A) by striking “aid to families with de-
7 pendent children” and inserting “assistance
8 under a State program funded under part A”;

9 (B) by striking “such aid” and inserting
10 “such assistance”; and

11 (C) by striking “under section 402(a)(26)
12 or” and inserting “pursuant to section
13 408(a)(4) or under section”.

14 (3) Section 452(a)(10)(F) (42 U.S.C.
15 652(a)(10)(F)) is amended—

16 (A) by striking “aid under a State plan ap-
17 proved” and inserting “assistance under a State
18 program funded”; and

19 (B) by striking “in accordance with the
20 standards referred to in section
21 402(a)(26)(B)(ii)” and inserting “by the
22 State”.

23 (4) Section 452(b) (42 U.S.C. 652(b)) is
24 amended in the first sentence by striking “aid under
25 the State plan approved under part A” and inserting

1 “assistance under the State program funded under
2 part A”.

3 (5) Section 452(d)(3)(B)(i) (42 U.S.C.
4 652(d)(3)(B)(i)) is amended by striking “1115(c)”
5 and inserting “1115(b)”.

6 (6) Section 452(g)(2)(A)(ii)(I) (42 U.S.C.
7 652(g)(2)(A)(ii)(I)) is amended by striking “aid is
8 being paid under the State’s plan approved under
9 part A or E” and inserting “assistance is being pro-
10 vided under the State program funded under part
11 A”.

12 (7) Section 452(g)(2)(A) (42 U.S.C.
13 652(g)(2)(A)) is amended in the matter following
14 clause (iii) by striking “aid was being paid under the
15 State’s plan approved under part A or E” and in-
16 sserting “assistance was being provided under the
17 State program funded under part A”.

18 (8) Section 452(g)(2) (42 U.S.C. 652(g)(2)) is
19 amended in the matter following subparagraph
20 (B)—

21 (A) by striking “who is a dependent child”
22 and inserting “with respect to whom assistance
23 is being provided under the State program
24 funded under part A”;

1 (B) by inserting “by the State” after
2 “found”; and

3 (C) by striking “to have good cause for re-
4 fusing to cooperate under section 402(a)(26)”
5 and inserting “to qualify for a good cause or
6 other exception to cooperation pursuant to sec-
7 tion 454(29)”.

8 (9) Section 452(h) (42 U.S.C. 652(h)) is
9 amended by striking “under section 402(a)(26)” and
10 inserting “pursuant to section 408(a)(4)”.

11 (10) Section 453(c)(3) (42 U.S.C. 653(c)(3)) is
12 amended by striking “aid under part A of this title”
13 and inserting “assistance under a State program
14 funded under part A”.

15 (11) Section 454(5)(A) (42 U.S.C. 654(5)(A))
16 is amended—

17 (A) by striking “under section 402(a)(26)”
18 and inserting “pursuant to section 408(a)(4)”;
19 and

20 (B) by striking “; except that this para-
21 graph shall not apply to such payments for any
22 month following the first month in which the
23 amount collected is sufficient to make such
24 family ineligible for assistance under the State

1 plan approved under part A;” and inserting a
2 comma.

3 (12) Section 454(6)(D) (42 U.S.C. 654(6)(D))
4 is amended by striking “aid under a State plan ap-
5 proved” and inserting “assistance under a State pro-
6 gram funded”.

7 (13) Section 456(a)(1) (42 U.S.C. 656(a)(1)) is
8 amended by striking “under section 402(a)(26)”.

9 (14) Section 466(a)(3)(B) (42 U.S.C.
10 666(a)(3)(B)) is amended by striking “402(a)(26)”
11 and inserting “408(a)(3)”.

12 (15) Section 466(b)(2) (42 U.S.C. 666(b)(2)) is
13 amended by striking “aid” and inserting “assistance
14 under a State program funded”.

15 (16) Section 469(a) (42 U.S.C. 669(a)) is
16 amended—

17 (A) by striking “aid under plans approved”
18 and inserting “assistance under State programs
19 funded”; and

20 (B) by striking “such aid” and inserting
21 “such assistance”.

22 (c) REPEAL OF PART F OF TITLE IV.—Part F of
23 title IV (42 U.S.C. 681–687) is repealed.

24 (d) AMENDMENT TO TITLE X.—Section 1002(a)(7)
25 (42 U.S.C. 1202(a)(7)) is amended by striking “aid to

1 families with dependent children under the State plan ap-
2 proved under section 402 of this Act” and inserting “as-
3 sistance under a State program funded under part A of
4 title IV”.

5 (e) AMENDMENTS TO TITLE XI.—

6 (1) Section 1109 (42 U.S.C. 1309) is amended
7 by striking “or part A of title IV,”.

8 (2) Section 1115 (42 U.S.C. 1315) is amend-
9 ed—

10 (A) in subsection (a)(2)—

11 (i) by inserting “(A)” after “(2)”;

12 (ii) by striking “403,”;

13 (iii) by striking the period at the end
14 and inserting “, and”; and

15 (iv) by adding at the end the following
16 new subparagraph:

17 “(B) costs of such project which would not oth-
18 erwise be a permissible use of funds under part A
19 of title IV and which are not included as part of the
20 costs of projects under section 1110, shall to the ex-
21 tent and for the period prescribed by the Secretary,
22 be regarded as a permissible use of funds under
23 such part.”; and

1 (B) in subsection (e)(3), by striking “the
2 program of aid to families with dependent chil-
3 dren” and inserting “part A of such title”.

4 (3) Section 1116 (42 U.S.C. 1316) is amend-
5 ed—

6 (A) in each of subsections (a)(1), (b), and
7 (d), by striking “or part A of title IV,”; and

8 (B) in subsection (a)(3), by striking
9 “404,”.

10 (4) Section 1118 (42 U.S.C. 1318) is amend-
11 ed—

12 (A) by striking “403(a),”;

13 (B) by striking “and part A of title IV,”;
14 and

15 (C) by striking “, and shall, in the case of
16 American Samoa, mean 75 per centum with re-
17 spect to part A of title IV”.

18 (5) Section 1119 (42 U.S.C. 1319) is amend-
19 ed—

20 (A) by striking “or part A of title IV”; and

21 (B) by striking “403(a),”.

22 (6) Section 1133(a) (42 U.S.C. 1320b–3(a)) is
23 amended by striking “or part A of title IV,”.

24 (7) Section 1136 (42 U.S.C. 1320b–6) is re-
25 pealed.

1 (8) Section 1137 (42 U.S.C. 1320b-7) is
2 amended—

3 (A) in subsection (b), by striking para-
4 graph (1) and inserting the following:

5 “(1) any State program funded under part A of
6 title IV of this Act;” and

7 (B) in subsection (d)(1)(B)—

8 (i) by striking “In this subsection—”
9 and all that follows through “(ii) in” and
10 inserting “In this subsection, in”;

11 (ii) by redesignating subclauses (I),
12 (II), and (III) as clauses (i), (ii), and (iii);
13 and

14 (iii) by moving such redesignated ma-
15 terial 2 ems to the left.

16 (f) AMENDMENT TO TITLE XIV.—Section
17 1402(a)(7) (42 U.S.C. 1352(a)(7)) is amended by striking
18 “aid to families with dependent children under the State
19 plan approved under section 402 of this Act” and insert-
20 ing “assistance under a State program funded under part
21 A of title IV”.

22 (g) AMENDMENT TO TITLE XVI AS IN EFFECT WITH
23 RESPECT TO THE TERRITORIES.—Section 1602(a)(11),
24 as in effect without regard to the amendment made by
25 section 301 of the Social Security Amendments of 1972

1 (42 U.S.C. 1382 note), is amended by striking “aid under
2 the State plan approved” and inserting “assistance under
3 a State program funded”.

4 (h) AMENDMENT TO TITLE XVI AS IN EFFECT WITH
5 RESPECT TO THE STATES.—Section 1611(c)(5)(A) (42
6 U.S.C. 1382(c)(5)(A)) is amended to read as follows: “(A)
7 a State program funded under part A of title IV,”.

8 (i) AMENDMENT TO TITLE XIX.—Section 1902(j)
9 (42 U.S.C. 1396a(j)) is amended by striking “1108(c)”
10 and inserting “1108(g)”.

11 **SEC. 4109. CONFORMING AMENDMENTS TO THE FOOD**
12 **STAMP ACT OF 1977 AND RELATED PROVI-**
13 **SIONS.**

14 (a) Section 5 of the Food Stamp Act of 1977 (7
15 U.S.C. 2014) is amended—

16 (1) in the second sentence of subsection (a), by
17 striking “plan approved” and all that follows
18 through “title IV of the Social Security Act” and in-
19 serting “program funded under part A of title IV of
20 the Social Security Act (42 U.S.C. 601 et seq.)”;

21 (2) in subsection (d)—

22 (A) in paragraph (5), by striking “assist-
23 ance to families with dependent children” and
24 inserting “assistance under a State program
25 funded”; and

1 (B) by striking paragraph (13) and redesi-
2 gnating paragraphs (14), (15), and (16) as
3 paragraphs (13), (14), and (15), respectively;

4 (3) in subsection (j), by striking “plan approved
5 under part A of title IV of such Act (42 U.S.C. 601
6 et seq.)” and inserting “program funded under part
7 A of title IV of the Act (42 U.S.C. 601 et seq.)”;
8 and

9 (4) by striking subsection (m).

10 (b) Section 6 of such Act (7 U.S.C. 2015) is amend-
11 ed—

12 (1) in subsection (c)(5), by striking “the State
13 plan approved” and inserting “the State program
14 funded”; and

15 (2) in subsection (e)(6), by striking “aid to
16 families with dependent children” and inserting
17 “benefits under a State program funded”.

18 (c) Section 16(g)(4) of such Act (7 U.S.C.
19 2025(g)(4)) is amended by striking “State plans under the
20 Aid to Families with Dependent Children Program under”
21 and inserting “State programs funded under part A of”.

22 (d) Section 17 of such Act (7 U.S.C. 2026) is amend-
23 ed—

24 (1) in the first sentence of subsection (b)(1)(A),
25 by striking “to aid to families with dependent chil-

1 dren under part A of title IV of the Social Security
2 Act” and inserting “or are receiving assistance
3 under a State program funded under part A of title
4 IV of the Social Security Act (42 U.S.C. 601 et
5 seq.)”; and

6 (2) in subsection (b)(3), by adding at the end
7 the following new subparagraph:

8 “(I) The Secretary may not grant a waiver under this
9 paragraph on or after October 1, 1995. Any reference in
10 this paragraph to a provision of title IV of the Social Secu-
11 rity Act shall be deemed to be a reference to such provision
12 as in effect on September 30, 1995.”;

13 (e) Section 20 of such Act (7 U.S.C. 2029) is amend-
14 ed—

15 (1) in subsection (a)(2)(B) by striking “operat-
16 ing—” and all that follows through “(ii) any other”
17 and inserting “operating any”; and

18 (2) in subsection (b)—

19 (A) in paragraph (1)—

20 (i) by striking “(b)(1) A household”
21 and inserting “(b) A household”; and

22 (ii) in subparagraph (B), by striking
23 “training program” and inserting “activ-
24 ity”;

25 (B) by striking paragraph (2); and

1 (C) by redesignating subparagraphs (A)
2 through (F) as paragraphs (1) through (6), re-
3 spectively.

4 (f) Section 5(h)(1) of the Agriculture and Consumer
5 Protection Act of 1973 (Public Law 93–186; 7 U.S.C.
6 612c note) is amended by striking “the program for aid
7 to families with dependent children” and inserting “the
8 State program funded”.

9 (g) Section 9 of the National School Lunch Act (42
10 U.S.C. 1758) is amended—

11 (1) in subsection (b)—

12 (A) in paragraph (2)(C)(ii)(II)—

13 (i) by striking “program for aid to
14 families with dependent children” and in-
15 serting “State program funded”; and

16 (ii) by inserting before the period at
17 the end the following: “that the Secretary
18 determines complies with standards estab-
19 lished by the Secretary that ensure that
20 the standards under the State program are
21 comparable to or more restrictive than
22 those in effect on June 1, 1995”; and

23 (B) in paragraph (6)—

24 (i) in subparagraph (A)(ii)—

1 (I) by striking “an AFDC assist-
2 ance unit (under the aid to families
3 with dependent children program au-
4 thorized” and inserting “a family
5 (under the State program funded”;
6 and

7 (II) by striking “, in a State”
8 and all that follows through
9 “9902(2))” and inserting “that the
10 Secretary determines complies with
11 standards established by the Secretary
12 that ensure that the standards under
13 the State program are comparable to
14 or more restrictive than those in effect
15 on June 1, 1995”; and

16 (ii) in subparagraph (B), by striking
17 “aid to families with dependent children”
18 and inserting “assistance under the State
19 program funded under part A of title IV of
20 the Social Security Act (42 U.S.C. 601 et
21 seq.) that the Secretary determines com-
22 plies with standards established by the
23 Secretary that ensure that the standards
24 under the State program are comparable

1 to or more restrictive than those in effect
2 on June 1, 1995”; and

3 (2) in subsection (d)(2)(C)—

4 (A) by striking “program for aid to fami-
5 lies with dependent children” and inserting
6 “State program funded”; and

7 (B) by inserting before the period at the
8 end the following: “that the Secretary deter-
9 mines complies with standards established by
10 the Secretary that ensure that the standards
11 under the State program are comparable to or
12 more restrictive than those in effect on June 1,
13 1995”.

14 (h) Section 17(d)(2)(A)(ii)(II) of the Child Nutrition
15 Act of 1966 (42 U.S.C. 1786(d)(2)(A)(ii)(II)) is amend-
16 ed—

17 (1) by striking “program for aid to families
18 with dependent children established” and inserting
19 “State program funded”; and

20 (2) by inserting before the semicolon the follow-
21 ing: “that the Secretary determines complies with
22 standards established by the Secretary that ensure
23 that the standards under the State program are
24 comparable to or more restrictive than those in ef-
25 fect on June 1, 1995”.

1 **SEC. 4110. CONFORMING AMENDMENTS TO OTHER LAWS.**

2 (a) Subsection (b) of section 508 of the Unemploy-
3 ment Compensation Amendments of 1976 (42 U.S.C.
4 603a; Public Law 94–566; 90 Stat. 2689) is amended to
5 read as follows:

6 “(b) PROVISION FOR REIMBURSEMENT OF EX-
7 PENSES.—For purposes of section 455 of the Social Secu-
8 rity Act, expenses incurred to reimburse State employment
9 offices for furnishing information requested of such of-
10 fices—

11 “(1) pursuant to the third sentence of section
12 3(a) of the Act entitled ‘An Act to provide for the
13 establishment of a national employment system and
14 for cooperation with the States in the promotion of
15 such system, and for other purposes’, approved June
16 6, 1933 (29 U.S.C. 49b(a)), or

17 “(2) by a State or local agency charged with
18 the duty of carrying a State plan for child support
19 approved under part D of title IV of the Social Se-
20 curity Act,

21 shall be considered to constitute expenses incurred in the
22 administration of such State plan.”.

23 (b) Section 9121 of the Omnibus Budget Reconcili-
24 ation Act of 1987 (42 U.S.C. 602 note) is repealed.

25 (c) Section 9122 of the Omnibus Budget Reconcili-
26 ation Act of 1987 (42 U.S.C. 602 note) is repealed.

1 (d) Section 221 of the Housing and Urban-Rural Re-
2 covery Act of 1983 (42 U.S.C. 602 note), relating to treat-
3 ment under AFDC of certain rental payments for federally
4 assisted housing, is repealed.

5 (e) Section 159 of the Tax Equity and Fiscal Respon-
6 sibility Act of 1982 (42 U.S.C. 602 note) is repealed.

7 (f) Section 202(d) of the Social Security Amendments
8 of 1967 (81 Stat. 882; 42 U.S.C. 602 note) is repealed.

9 (g) Section 903 of the Stewart B. McKinney Home-
10 less Assistance Amendments Act of 1988 (42 U.S.C.
11 11381 note), relating to demonstration projects to reduce
12 number of AFDC families in welfare hotels, is amended—

13 (1) in subsection (a), by striking “aid to fami-
14 lies with dependent children under a State plan ap-
15 proved” and inserting “assistance under a State pro-
16 gram funded”; and

17 (2) in subsection (c), by striking “aid to fami-
18 lies with dependent children in the State under a
19 State plan approved” and inserting “assistance in
20 the State under a State program funded”.

21 (h) The Higher Education Act of 1965 (20 U.S.C.
22 1001 et seq.) is amended—

23 (1) in section 404C(c)(3) (20 U.S.C. 1070a-
24 23(c)(3)), by striking “(Aid to Families with De-
25 pendent Children)”; and

1 (2) in section 480(b)(2) (20 U.S.C.
2 1087vv(b)(2)), by striking “aid to families with de-
3 pendent children under a State plan approved” and
4 inserting “assistance under a State program fund-
5 ed”.

6 (i) The Carl D. Perkins Vocational and Applied Tech-
7 nology Education Act (20 U.S.C. 2301 et seq.) is amend-
8 ed—

9 (1) in section 231(d)(3)(A)(ii) (20 U.S.C.
10 2341(d)(3)(A)(ii)), by striking “The program for aid
11 to dependent children” and inserting “The State
12 program funded”;

13 (2) in section 232(b)(2)(B) (20 U.S.C.
14 2341a(b)(2)(B)), by striking “the program for aid to
15 families with dependent children” and inserting “the
16 State program funded”; and

17 (3) in section 521(14)(B)(iii) (20 U.S.C.
18 2471(14)(B)(iii)), by striking “the program for aid
19 to families with dependent children” and inserting
20 “the State program funded”.

21 (j) The Elementary and Secondary Education Act of
22 1965 (20 U.S.C. 2701 et seq.) is amended—

23 (1) in section 1113(a)(5) (20 U.S.C.
24 6313(a)(5)), by striking “Aid to Families with De-
25 pendent Children program” and inserting “State

1 program funded under part A of title IV of the So-
2 cial Security Act”;

3 (2) in section 1124(c)(5) (20 U.S.C.
4 6333(c)(5)), by striking “the program of aid to fam-
5 ilies with dependent children under a State plan ap-
6 proved under” and inserting “a State program fund-
7 ed under part A of”; and

8 (3) in section 5203(b)(2) (20 U.S.C.
9 7233(b)(2))—

10 (A) in subparagraph (A)(xi), by striking
11 “Aid to Families with Dependent Children ben-
12 efits” and inserting “assistance under a State
13 program funded under part A of title IV of the
14 Social Security Act”; and

15 (B) in subparagraph (B)(viii), by striking
16 “Aid to Families with Dependent Children” and
17 inserting “assistance under the State program
18 funded under part A of title IV of the Social
19 Security Act”.

20 (k) The 4th proviso of chapter VII of title I of Public
21 Law 99–88 (25 U.S.C. 13d–1) is amended to read as fol-
22 lows: “*Provided further*, That general assistance payments
23 made by the Bureau of Indian Affairs shall be made—

1 “(1) after April 29, 1985, and before October
2 1, 1995, on the basis of Aid to Families with De-
3 pendent Children (AFDC) standards of need; and

4 “(2) on and after October 1, 1995, on the basis
5 of standards of need established under the State
6 program funded under part A of title IV of the So-
7 cial Security Act,

8 except that where a State ratably reduces its AFDC or
9 State program payments, the Bureau shall reduce general
10 assistance payments in such State by the same percentage
11 as the State has reduced the AFDC or State program pay-
12 ment.”.

13 (l) The Internal Revenue Code of 1986 (26 U.S.C.
14 1 et seq.) is amended—

15 (1) in section 51(d)(9) (26 U.S.C. 51(d)(9)), by
16 striking all that follows “agency as” and inserting
17 “being eligible for financial assistance under part A
18 of title IV of the Social Security Act and as having
19 continually received such financial assistance during
20 the 90-day period which immediately precedes the
21 date on which such individual is hired by the em-
22 ployer.”;

23 (2) in section 3304(a)(16) (26 U.S.C.
24 3304(a)(16)), by striking “eligibility for aid or serv-
25 ices,” and all that follows through “children ap-

1 proved” and inserting “eligibility for assistance, or
2 the amount of such assistance, under a State pro-
3 gram funded”;

4 (3) in section 6103(l)(7)(D)(i) (26 U.S.C.
5 6103(l)(7)(D)(i)), by striking “aid to families with
6 dependent children provided under a State plan ap-
7 proved” and inserting “a State program funded”;

8 (4) in section 6103(l)(10) (26 U.S.C.
9 6103(l)(10))—

10 (A) by striking “(c) or (d)” each place it
11 appears and inserting “(c), (d), or (e)”;

12 (B) by adding at the end of subparagraph
13 (B) the following new sentence: “Any return in-
14 formation disclosed with respect to section
15 6402(e) shall only be disclosed to officers and
16 employees of the State agency requesting such
17 information.”;

18 (5) in section 6103(p)(4) (26 U.S.C.
19 6103(p)(4)), in the matter preceding subparagraph
20 (A)—

21 (A) by striking “(5), (10)” and inserting
22 “(5)”;

23 (B) by striking “(9), or (12)” and insert-
24 ing “(9), (10), or (12)”;

1 (6) in section 6334(a)(11)(A) (26 U.S.C.
2 6334(a)(11)(A)), by striking “(relating to aid to
3 families with dependent children)”;

4 (7) in section 6402 (26 U.S.C. 6402)—

5 (A) in subsection (a), by striking “(c) and
6 (d)” and inserting “(c), (d), and (e)”;

7 (B) by redesignating subsections (e)
8 through (i) as subsections (f) through (j), re-
9 spectively; and

10 (C) by inserting after subsection (d) the
11 following:

12 “(e) COLLECTION OF OVERPAYMENTS UNDER TITLE
13 IV–A OF THE SOCIAL SECURITY ACT.—The amount of
14 any overpayment to be refunded to the person making the
15 overpayment shall be reduced (after reductions pursuant
16 to subsections (c) and (d), but before a credit against fu-
17 ture liability for an internal revenue tax) in accordance
18 with section 405(e) of the Social Security Act (concerning
19 recovery of overpayments to individuals under State plans
20 approved under part A of title IV of such Act).”;

21 (8) in section 7523(b)(3)(C) (26 U.S.C.
22 7523(b)(3)(C)), by striking “aid to families with de-
23 pendent children” and inserting “assistance under a
24 State program funded under part A of title IV of the
25 Social Security Act”.

1 (m) Section 3(b) of the Wagner-Peyser Act (29
2 U.S.C. 49b(b)) is amended by striking “State plan ap-
3 proved under part A of title IV” and inserting “State pro-
4 gram funded under part A of title IV”.

5 (n) The Job Training Partnership Act (29 U.S.C.
6 1501 et seq.) is amended—

7 (1) in section 4(29)(A)(i) (29 U.S.C.
8 1503(29)(A)(i)), by striking “(42 U.S.C. 601 et
9 seq.)”;

10 (2) in section 106(b)(6)(C) (29 U.S.C.
11 1516(b)(6)(C)), by striking “State aid to families
12 with dependent children records,” and inserting
13 “records collected under the State program funded
14 under part A of title IV of the Social Security Act,”;

15 (3) in section 121(b)(2) (29 U.S.C.
16 1531(b)(2))—

17 (A) by striking “the JOBS program” and
18 inserting “the work activities required under
19 title IV of the Social Security Act”; and

20 (B) by striking the second sentence;

21 (4) in section 123(c) (29 U.S.C. 1533(c))—

22 (A) in paragraph (1)(E), by repealing
23 clause (vi); and

24 (B) in paragraph (2)(D), by repealing
25 clause (v);

1 (5) in section 203(b)(3) (29 U.S.C.
2 1603(b)(3)), by striking “, including recipients
3 under the JOBS program”;

4 (6) in subparagraphs (A) and (B) of section
5 204(a)(1) (29 U.S.C. 1604(a)(1) (A) and (B)), by
6 striking “(such as the JOBS program)” each place
7 it appears;

8 (7) in section 205(a) (29 U.S.C. 1605(a)), by
9 striking paragraph (4) and inserting the following:

10 “(4) the portions of title IV of the Social Secu-
11 rity Act relating to work activities;”;

12 (8) in section 253 (29 U.S.C. 1632)—

13 (A) in subsection (b)(2), by repealing sub-
14 paragraph (C); and

15 (B) in paragraphs (1)(B) and (2)(B) of
16 subsection (c), by striking “the JOBS program
17 or” each place it appears;

18 (9) in section 264 (29 U.S.C. 1644)—

19 (A) in subparagraphs (A) and (B) of sub-
20 section (b)(1), by striking “(such as the JOBS
21 program)” each place it appears; and

22 (B) in subparagraphs (A) and (B) of sub-
23 section (d)(3), by striking “and the JOBS pro-
24 gram” each place it appears;

1 (10) in section 265(b) (29 U.S.C. 1645(b)), by
2 striking paragraph (6) and inserting the following:

3 “(6) the portion of title IV of the Social Secu-
4 rity Act relating to work activities;”;

5 (11) in the second sentence of section 429(e)
6 (29 U.S.C. 1699(e)), by striking “and shall be in an
7 amount that does not exceed the maximum amount
8 that may be provided by the State pursuant to sec-
9 tion 402(g)(1)(C) of the Social Security Act (42
10 U.S.C. 602(g)(1)(C))”;

11 (12) in section 454(e) (29 U.S.C. 1734(e)), by
12 striking “JOBS and”;

13 (13) in section 455(b) (29 U.S.C. 1735(b)), by
14 striking “the JOBS program,”;

15 (14) in section 501(1) (29 U.S.C. 1791(1)), by
16 striking “aid to families with dependent children
17 under part A of title IV of the Social Security Act
18 (42 U.S.C. 601 et seq.)” and inserting “assistance
19 under the State program funded under part A of
20 title IV of the Social Security Act”;

21 (15) in section 506(1)(A) (29 U.S.C.
22 1791e(1)(A)), by striking “aid to families with de-
23 pendent children” and inserting “assistance under
24 the State program funded”;

1 (16) in section 508(a)(2)(A) (29 U.S.C.
2 1791g(a)(2)(A)), by striking “aid to families with
3 dependent children” and inserting “assistance under
4 the State program funded”; and

5 (17) in section 701(b)(2)(A) (29 U.S.C.
6 1792(b)(2)(A))—

7 (A) in clause (v), by striking the semicolon
8 and inserting “; and”; and

9 (B) by striking clause (vi).

10 (o) Section 3803(c)(2)(C)(iv) of title 31, United
11 States Code, is amended to read as follows:

12 “(iv) assistance under a State program funded
13 under part A of title IV of the Social Security Act;”.

14 (p) Section 2605(b)(2)(A)(i) of the Low-Income
15 Home Energy Assistance Act of 1981 (42 U.S.C.
16 8624(b)(2)(A)(i)) is amended to read as follows:

17 “(i) assistance under the State pro-
18 gram funded under part A of title IV of
19 the Social Security Act;”.

20 (q) Section 303(f)(2) of the Family Support Act of
21 1988 (42 U.S.C. 602 note) is amended—

22 (1) by striking “(A)”; and

23 (2) by striking subparagraphs (B) and (C).

24 (r) The Balanced Budget and Emergency Deficit
25 Control Act of 1985 (2 U.S.C. 900 et seq.) is amended—

1 (1) in the first section 255(h) (2 U.S.C.
2 905(h)), by striking “Aid to families with dependent
3 children (75–0412–0–1–609);” and inserting “Block
4 grants to States for temporary assistance for needy
5 families;”; and

6 (2) in section 256 (2 U.S.C. 906)—

7 (A) by striking subsection (k); and

8 (B) by redesignating subsection (l) as sub-
9 section (k).

10 (s) The Immigration and Nationality Act (8 U.S.C.
11 1101 et seq.) is amended—

12 (1) in section 210(f) (8 U.S.C. 1160(f)), by
13 striking “aid under a State plan approved under”
14 each place it appears and inserting “assistance
15 under a State program funded under”;

16 (2) in section 245A(h) (8 U.S.C. 1255a(h))—

17 (A) in paragraph (1)(A)(i), by striking
18 “program of aid to families with dependent chil-
19 dren” and inserting “State program of assist-
20 ance”; and

21 (B) in paragraph (2)(B), by striking “aid
22 to families with dependent children” and insert-
23 ing “assistance under a State program funded
24 under part A of title IV of the Social Security
25 Act”; and

1 (3) in section 412(e)(4) (8 U.S.C. 1522(e)(4)),
2 by striking “State plan approved” and inserting
3 “State program funded”.

4 (t) Section 640(a)(4)(B)(i) of the Head Start Act (42
5 U.S.C. 9835(a)(4)(B)(i)) is amended by striking “pro-
6 gram of aid to families with dependent children under a
7 State plan approved” and inserting “State program of as-
8 sistance funded”.

9 (u) Section 9 of the Act of April 19, 1950 (64 Stat.
10 47, chapter 92; 25 U.S.C. 639) is repealed.

11 (v) Subparagraph (E) of section 213(d)(6) of the
12 School-To-Work Opportunities Act of 1994 (20 U.S.C.
13 6143(d)(6)) is amended to read as follows:

14 “(E) part A of title IV of the Social Secu-
15 rity Act (42 U.S.C. 601 et seq.) relating to
16 work activities;”.

17 (w) Section 552a(a)(8)(B)(iv)(III) of title 5, United
18 States Code, is amended by striking “section 464 or 1137
19 of the Social Security Act” and inserting “section 404(e),
20 464, or 1137 of the Social Security Act”.

21 **SEC. 4111. DEVELOPMENT OF PROTOTYPE OF COUNTER-**
22 **FEIT-RESISTANT SOCIAL SECURITY CARD RE-**
23 **QUIRED.**

24 (a) DEVELOPMENT.—

1 (1) IN GENERAL.—The Commissioner of Social
2 Security (in this section referred to as the “Commis-
3 sioner”) shall, in accordance with this section, de-
4 velop a prototype of a counterfeit-resistant social se-
5 curity card. Such prototype card shall—

6 (A) be made of a durable, tamper-resistant
7 material such as plastic or polyester,

8 (B) employ technologies that provide secu-
9 rity features, such as magnetic stripes,
10 holograms, and integrated circuits, and

11 (C) be developed so as to provide individ-
12 uals with reliable proof of citizenship or legal
13 resident alien status.

14 (2) ASSISTANCE BY ATTORNEY GENERAL.—The
15 Attorney General of the United States shall provide
16 such information and assistance as the Commis-
17 sioner deems necessary to enable the Commissioner
18 to comply with this section.

19 (b) STUDY AND REPORT.—

20 (1) IN GENERAL.—The Commissioner shall con-
21 duct a study and issue a report to Congress which
22 examines different methods of improving the social
23 security card application process.

24 (2) ELEMENTS OF STUDY.—The study shall in-
25 clude an evaluation of the cost and work load impli-

1 cations of issuing a counterfeit-resistant social secu-
2 rity card for all individuals over a 3-, 5-, and 10-
3 year period. The study shall also evaluate the fea-
4 sibility and cost implications of imposing a user fee
5 for replacement cards and cards issued to individ-
6 uals who apply for such a card prior to the sched-
7 uled 3-, 5-, and 10-year phase-in options.

8 (3) DISTRIBUTION OF REPORT.—The Commis-
9 sioner shall submit copies of the report described in
10 this subsection along with a facsimile of the proto-
11 type card as described in subsection (a) to the Com-
12 mittees on Ways and Means and Judiciary of the
13 House of Representatives and the Committees on Fi-
14 nance and Judiciary of the Senate within 1 year
15 after the date of the enactment of this Act.

16 **SEC. 4112. DISCLOSURE OF RECEIPT OF FEDERAL FUNDS.**

17 (a) IN GENERAL.—Whenever an organization that
18 accepts Federal funds under this title or the amendments
19 made by this title (other than funds provided under title
20 IV, XVI, or XX of the Social Security Act) makes any
21 communication that in any way intends to promote public
22 support or opposition to any policy of a Federal, State,
23 or local government through any broadcasting station,
24 newspaper, magazine, outdoor advertising facility, direct
25 mailing, or any other type of general public advertising,

1 such communication shall state the following: “This was
2 prepared and paid for by an organization that accepts tax-
3 payer dollars.”.

4 (b) FAILURE TO COMPLY.—If an organization makes
5 any communication described in subsection (a) and fails
6 to provide the statement required by that subsection, such
7 organization shall be ineligible to receive Federal funds
8 under this title or the amendments made by this title.

9 (c) DEFINITION.—For purposes of this section, the
10 term “organization” means an organization described in
11 section 501(c) of the Internal Revenue Code of 1986.

12 (d) EFFECTIVE DATES.—This section shall take ef-
13 fect—

14 (1) with respect to printed communications 1
15 year after the date of enactment of this Act; and

16 (2) with respect to any other communication on
17 the date of enactment of this Act.

18 **SEC. 4113. MODIFICATIONS TO THE JOB OPPORTUNITIES**
19 **FOR CERTAIN LOW-INCOME INDIVIDUALS**
20 **PROGRAM.**

21 Section 505 of the Family Support Act of 1988 (42
22 U.S.C. 1315 note) is amended—

23 (1) in the heading, by striking “**DEMONSTRA-**
24 **TION**”;

1 (2) by striking “demonstration” each place such
2 term appears;

3 (3) in subsection (a), by striking “in each of
4 fiscal years” and all that follows through “10” and
5 inserting “shall enter into agreements with”;

6 (4) in subsection (b)(3), by striking “aid to
7 families with dependent children under part A of
8 title IV of the Social Security Act” and inserting
9 “assistance under the program funded part A of title
10 IV of the Social Security Act of the State in which
11 the individual resides”;

12 (5) in subsection (c)—

13 (A) in paragraph (1)(C), by striking “aid
14 to families with dependent children under title
15 IV of the Social Security Act” and inserting
16 “assistance under a State program funded part
17 A of title IV of the Social Security Act”;

18 (B) in paragraph (2), by striking “aid to
19 families with dependent children under title IV
20 of such Act” and inserting “assistance under a
21 State program funded part A of title IV of the
22 Social Security Act”;

23 (6) in subsection (d), by striking “job opportu-
24 nities and basic skills training program (as provided
25 for under title IV of the Social Security Act)” and

1 inserting “the State program funded under part A
2 of title IV of the Social Security Act”; and

3 (7) by striking subsections (e) through (g) and
4 inserting the following:

5 “(e) AUTHORIZATION OF APPROPRIATIONS.—For the
6 purpose of conducting projects under this section, there
7 is authorized to be appropriated an amount not to exceed
8 \$25,000,000 for any fiscal year.”.

9 **SEC. 4114. SECRETARIAL SUBMISSION OF LEGISLATIVE**
10 **PROPOSAL FOR TECHNICAL AND CONFORM-**
11 **ING AMENDMENTS.**

12 Not later than 90 days after the date of the enact-
13 ment of this Act, the Secretary of Health and Human
14 Services and the Commissioner of Social Security, in con-
15 sultation, as appropriate, with the heads of other Federal
16 agencies, shall submit to the appropriate committees of
17 Congress a legislative proposal proposing such technical
18 and conforming amendments as are necessary to bring the
19 law into conformity with the policy embodied in this sub-
20 title.

21 **SEC. 4115. EFFECTIVE DATE; TRANSITION RULE.**

22 (a) EFFECTIVE DATES.—

23 (1) IN GENERAL.—Except as otherwise pro-
24 vided in this subtitle, this subtitle and the amend-

1 ments made by this subtitle shall take effect on July
2 1, 1997.

3 (2) DELAYED EFFECTIVE DATE FOR CERTAIN
4 PROVISIONS.—Notwithstanding any other provision
5 of this section, paragraphs (2), (3), (4), (5), (8), and
6 (10) of section 409(a) and section 411(a) of the So-
7 cial Security Act (as added by the amendments
8 made by section 4103(a) of this Act) shall not take
9 effect with respect to a State until, and shall apply
10 only with respect to conduct that occurs on or after,
11 the later of—

12 (A) July 1, 1997; or

13 (B) the date that is 6 months after the
14 date the Secretary of Health and Human Serv-
15 ices receives from the State a plan described in
16 section 402(a) of the Social Security Act (as
17 added by such amendment).

18 (3) ELIMINATION OF CHILD CARE PROGRAMS.—
19 The amendments made by section 4103(d) shall take
20 effect on October 1, 1996.

21 (4) DEFINITIONS APPLICABLE TO NEW CHILD
22 CARE ENTITLEMENT.—Sections 403(a)(1)(C),
23 403(a)(1)(D), and 419(4) of the Social Security Act,
24 as added by the amendments made by section

1 4103(a) of this Act, shall take effect on October 1,
2 1996.

3 (b) TRANSITION RULES.—Effective on the date of
4 the enactment of this Act:

5 (1) STATE OPTION TO ACCELERATE EFFECTIVE
6 DATE.—

7 (A) IN GENERAL.—If the Secretary of
8 Health and Human Services receives from a
9 State a plan described in section 402(a) of the
10 Social Security Act (as added by the amend-
11 ment made by section 4103(a)(1) of this Act),
12 then—

13 (i) on and after the date of such re-
14 ceipt—

15 (I) except as provided in clause
16 (ii), this subtitle and the amendments
17 made by this subtitle (other than by
18 section 4103(d) of this Act) shall
19 apply with respect to the State; and

20 (II) the State shall be considered
21 an eligible State for purposes of part
22 A of title IV of the Social Security
23 Act (as in effect pursuant to the
24 amendments made by such section
25 4103(a)); and

1 (ii) during the period that begins on
2 the date of such receipt and ends on June
3 30, 1997, there shall remain in effect with
4 respect to the State—

5 (I) section 403(h) of the Social
6 Security Act (as in effect on Septem-
7 ber 30, 1995); and

8 (II) all State reporting require-
9 ments under parts A and F of title IV
10 of the Social Security Act (as in effect
11 on September 30, 1995), modified by
12 the Secretary as appropriate, taking
13 into account the State program under
14 part A of title IV of the Social Secu-
15 rity Act (as in effect pursuant to the
16 amendments made by such section
17 4103(a)).

18 (B) LIMITATIONS ON FEDERAL OBLIGA-
19 TIONS.—

20 (i) UNDER AFDC PROGRAM.—The
21 total obligations of the Federal Govern-
22 ment to a State under part A of title IV
23 of the Social Security Act (as in effect on
24 September 30, 1995) with respect to ex-
25 penditures in fiscal year 1997 shall not ex-

1 ceed an amount equal to the State family
2 assistance grant.

3 (ii) UNDER TEMPORARY FAMILY AS-
4 SISTANCE PROGRAM.—Notwithstanding
5 section 403(a)(1) of the Social Security
6 Act (as in effect pursuant to the amend-
7 ments made by section 4103(a) of this
8 Act), the total obligations of the Federal
9 Government to a State under such section
10 403(a)(1)—

11 (I) for fiscal year 1996, shall be
12 an amount equal to—

13 (aa) the State family assist-
14 ance grant; multiplied by

15 (bb) $\frac{1}{366}$ of the number of
16 days during the period that be-
17 gins on the date the Secretary of
18 Health and Human Services first
19 receives from the State a plan
20 described in section 402(a) of the
21 Social Security Act (as added by
22 the amendment made by section
23 4103(a)(1) of this Act) and ends
24 on September 30, 1996; and

1 (II) for fiscal year 1997, shall be
2 an amount equal to the lesser of—

3 (aa) the amount (if any) by
4 which the State family assistance
5 grant exceeds the total obliga-
6 tions of the Federal Government
7 to the State under part A of title
8 IV of the Social Security Act (as
9 in effect on September 30, 1995)
10 with respect to expenditures in
11 fiscal year 1997; or

12 (bb) the State family assist-
13 ance grant, multiplied by $\frac{1}{365}$ of
14 the number of days during the
15 period that begins on October 1,
16 1996, or the date the Secretary
17 of Health and Human Services
18 first receives from the State a
19 plan described in section 402(a)
20 of the Social Security Act (as
21 added by the amendment made
22 by section 4103(a)(1) of this
23 Act), whichever is later, and ends
24 on September 30, 1997.

1 (iii) CHILD CARE OBLIGATIONS EX-
2 CLUDED IN DETERMINING FEDERAL AFDC
3 OBLIGATIONS.—As used in this subpara-
4 graph, the term “obligations of the Federal
5 Government to the State under part A of
6 title IV of the Social Security Act” does
7 not include any obligation of the Federal
8 Government with respect to child care ex-
9 penditures by the State.

10 (C) SUBMISSION OF STATE PLAN FOR FIS-
11 CAL YEAR 1996 OR 1997 DEEMED ACCEPTANCE
12 OF GRANT LIMITATIONS AND FORMULA AND
13 TERMINATION OF AFDC ENTITLEMENT.—The
14 submission of a plan by a State pursuant to
15 subparagraph (A) is deemed to constitute—

16 (i) the State’s acceptance of the grant
17 reductions under subparagraph (B) (in-
18 cluding the formula for computing the
19 amount of the reduction); and

20 (ii) the termination of any entitlement
21 of any individual or family to benefits or
22 services under the State AFDC program.

23 (D) DEFINITIONS.—As used in this para-
24 graph:

1 (i) STATE AFDC PROGRAM.—The term
2 “State AFDC program” means the State
3 program under parts A and F of title IV
4 of the Social Security Act (as in effect on
5 September 30, 1995).

6 (ii) STATE.—The term “State” means
7 the 50 States and the District of Colum-
8 bia.

9 (iii) STATE FAMILY ASSISTANCE
10 GRANT.—The term “State family assist-
11 ance grant” means the State family assist-
12 ance grant (as defined in section
13 403(a)(1)(B) of the Social Security Act, as
14 added by the amendment made by section
15 4103(a)(1) of this Act).

16 (2) CLAIMS, ACTIONS, AND PROCEEDINGS.—
17 The amendments made by this subtitle shall not
18 apply with respect to—

19 (A) powers, duties, functions, rights,
20 claims, penalties, or obligations applicable to
21 aid, assistance, or services provided before the
22 effective date of this subtitle under the provi-
23 sions amended; and

24 (B) administrative actions and proceedings
25 commenced before such date, or authorized be-

1 fore such date to be commenced, under such
2 provisions.

3 (3) CLOSING OUT ACCOUNT FOR THOSE PRO-
4 GRAMS TERMINATED OR SUBSTANTIALLY MODIFIED
5 BY THIS SUBTITLE.—In closing out accounts, Fed-
6 eral and State officials may use scientifically accept-
7 able statistical sampling techniques. Claims made
8 with respect to State expenditures under a State
9 plan approved under part A of title IV of the Social
10 Security Act (as in effect on September 30, 1995)
11 with respect to assistance or services provided on or
12 before September 30, 1995, shall be treated as
13 claims with respect to expenditures during fiscal
14 year 1995 for purposes of reimbursement even if
15 payment was made by a State on or after October
16 1, 1995. Each State shall complete the filing of all
17 claims under the State plan (as so in effect) within
18 2 years after the date of the enactment of this Act.

19 The head of each Federal department shall—

20 (A) use the single audit procedure to re-
21 view and resolve any claims in connection with
22 the close out of programs under such State
23 plans; and

24 (B) reimburse States for any payments
25 made for assistance or services provided during

1 a prior fiscal year from funds for fiscal year
2 1995, rather than from funds authorized by
3 this subtitle.

4 (4) CONTINUANCE IN OFFICE OF ASSISTANT
5 SECRETARY FOR FAMILY SUPPORT.—The individual
6 who, on the day before the effective date of this sub-
7 title, is serving as Assistant Secretary for Family
8 Support within the Department of Health and
9 Human Services shall, until a successor is appointed
10 to such position—

11 (A) continue to serve in such position; and

12 (B) except as otherwise provided by law—

13 (i) continue to perform the functions
14 of the Assistant Secretary for Family Sup-
15 port under section 417 of the Social Secu-
16 rity Act (as in effect before such effective
17 date); and

18 (ii) have the powers and duties of the
19 Assistant Secretary for Family Support
20 under section 416 of the Social Security
21 Act (as in effect pursuant to the amend-
22 ment made by section 4103(a)(1) of this
23 Act).

24 (c) TERMINATION OF ENTITLEMENT UNDER AFDC
25 PROGRAM.—Effective October 1, 1996, no individual or

1 family shall be entitled to any benefits or services under
2 any State plan approved under part A or F of title IV
3 of the Social Security Act (as in effect on September 30,
4 1995).

5 **Subtitle B—Supplemental Security** 6 **Income**

7 **SEC. 4200. REFERENCE TO SOCIAL SECURITY ACT.**

8 Except as otherwise specifically provided, wherever in
9 this subtitle an amendment is expressed in terms of an
10 amendment to or repeal of a section or other provision,
11 the reference shall be considered to be made to that sec-
12 tion or other provision of the Social Security Act.

13 **CHAPTER 1—ELIGIBILITY RESTRICTIONS**

14 **SEC. 4201. DENIAL OF SSI BENEFITS FOR 10 YEARS TO INDI-** 15 **VIDUALS FOUND TO HAVE FRAUDULENTLY** 16 **MISREPRESENTED RESIDENCE IN ORDER TO** 17 **OBTAIN BENEFITS SIMULTANEOUSLY IN 2 OR** 18 **MORE STATES.**

19 (a) IN GENERAL.—Section 1611(e) (42 U.S.C.
20 1382(e)), as amended by section 105(b)(4) of the Contract
21 with America Advancement Act of 1996, is amended by
22 redesignating paragraph (5) as paragraph (3) and by add-
23 ing at the end the following new paragraph:

24 “(4)(A) No person shall be considered an eligible in-
25 dividual or eligible spouse for purposes of this title during

1 the 10-year period that begins on the date the person is
2 convicted in Federal or State court of having made a
3 fraudulent statement or representation with respect to the
4 place of residence of the person in order to receive assist-
5 ance simultaneously from 2 or more States under pro-
6 grams that are funded under title IV, title XV, title XIX,
7 or the Food Stamp Act of 1977, or benefits in 2 or more
8 States under the supplemental security income program
9 under this title.

10 “(B) As soon as practicable after the conviction of
11 a person in a Federal or State court as described in sub-
12 paragraph (A), an official of such court shall notify the
13 Commissioner of such conviction.”.

14 (b) EFFECTIVE DATE.—The amendment made by
15 this section shall take effect on the date of the enactment
16 of this Act.

17 **SEC. 4202. DENIAL OF SSI BENEFITS FOR FUGITIVE FELONS**
18 **AND PROBATION AND PAROLE VIOLATORS.**

19 (a) IN GENERAL.—Section 1611(e) (42 U.S.C.
20 1382(e)), as amended by section 4201(a) of this Act, is
21 amended by adding at the end the following new para-
22 graph:

23 “(5) No person shall be considered an eligible individ-
24 ual or eligible spouse for purposes of this title with respect
25 to any month if during such month the person is—

1 “(A) fleeing to avoid prosecution, or custody or
2 confinement after conviction, under the laws of the
3 place from which the person flees, for a crime, or an
4 attempt to commit a crime, which is a felony under
5 the laws of the place from which the person flees, or
6 which, in the case of the State of New Jersey, is a
7 high misdemeanor under the laws of such State; or
8 “(B) violating a condition of probation or pa-
9 role imposed under Federal or State law.”.

10 (b) EXCHANGE OF INFORMATION.—Section 1611(e)
11 (42 U.S.C. 1382(e)), as amended by section 4201(a) of
12 this Act and subsection (a) of this section, is amended by
13 adding at the end the following new paragraph:

14 “(6) Notwithstanding any other provision of law
15 (other than section 6103 of the Internal Revenue Code
16 of 1986), the Commissioner shall furnish any Federal,
17 State, or local law enforcement officer, upon the written
18 request of the officer, with the current address, Social Se-
19 curity number, and photograph (if applicable) of any re-
20 cipient of benefits under this title, if the officer furnishes
21 the Commissioner with the name of the recipient, and
22 other identifying information as reasonably required by
23 the Commissioner to establish the unique identity of the
24 recipient, and notifies the Commissioner that—

25 “(A) the recipient—

1 “(i) is described in subparagraph (A) or
2 (B) of paragraph (5); or

3 “(ii) has information that is necessary for
4 the officer to conduct the officer’s official du-
5 ties; and

6 “(B) the location or apprehension of the recipi-
7 ent is within the officer’s official duties.”.

8 (c) EFFECTIVE DATE.—The amendments made by
9 this section shall take effect on the date of the enactment
10 of this Act.

11 **SEC. 4203. TREATMENT OF PRISONERS.**

12 (a) IMPLEMENTATION OF PROHIBITION AGAINST
13 PAYMENT OF BENEFITS TO PRISONERS.—

14 (1) IN GENERAL.—Section 1611(e)(1) (42
15 U.S.C. 1382(e)(1)) is amended by adding at the end
16 the following new subparagraph:

17 “(I)(i) The Commissioner shall enter into a contract,
18 with any interested State or local institution referred to
19 in subparagraph (A), under which—

20 “(I) the institution shall provide to the Com-
21 missioner, on a monthly basis, the names, social se-
22 curity account numbers, dates of birth, and such
23 other identifying information concerning the inmates
24 of the institution as the Commissioner may require
25 for the purpose of carrying out paragraph (1); and

1 “(II) the Commissioner shall pay to any such
2 institution, with respect to each inmate of the insti-
3 tution who is eligible for a benefit under this title for
4 the month preceding the first month throughout
5 which such inmate is in such institution and be-
6 comes ineligible for such benefit (or becomes eligible
7 only for a benefit payable at a reduced rate) as a re-
8 sult of the application of this paragraph, an amount
9 not to exceed \$400 if the institution furnishes the
10 information described in subclause (I) to the Com-
11 missioner within 30 days after such individual be-
12 comes an inmate of such institution, or an amount
13 not to exceed \$200 if the institution furnishes such
14 information after 30 days after such date but within
15 90 days after such date.

16 “(ii) The provisions of section 552a of title 5, United
17 States Code, shall not apply to any contract entered into
18 under clause (i) or to information exchanged pursuant to
19 such contract.”.

20 (2) CONFORMING OASDI AMENDMENTS.—Sec-
21 tion 202(x)(3) (42 U.S.C. 402(x)(3)) is amended—

22 (A) by inserting “(A)” after “(3)”; and

23 (B) by adding at the end the following new
24 subparagraph:

1 “(B)(i) The Commissioner shall enter into a contract,
2 with any interested State or local institution described in
3 clause (i) or (ii) of paragraph (1)(A) the primary purpose
4 of which is to confine individuals as described in para-
5 graph (1)(A), under which—

6 “(I) the institution shall provide to the Com-
7 missioner, on a monthly basis, the names, social se-
8 curity account numbers, dates of birth, and such
9 other identifying information concerning the individ-
10 uals confined in the institution as the Commissioner
11 may require for the purpose of carrying out para-
12 graph (1); and

13 “(II) the Commissioner shall pay to any such
14 institution, with respect to each individual who is en-
15 titled to a benefit under this title for the month pre-
16 ceding the first month throughout which such indi-
17 vidual is confined in such institution as described in
18 paragraph (1)(A), an amount not to exceed \$400 if
19 the institution furnishes the information described in
20 subclause (I) to the Commissioner within 30 days
21 after the date such individual’s confinement in such
22 institution begins, or an amount not to exceed \$200
23 if the institution furnishes such information after 30
24 days after such date but within 90 days after such
25 date.

1 “(ii) The provisions of section 552a of title 5, United
2 States Code, shall not apply to any contract entered into
3 under clause (i) or to information exchanged pursuant to
4 such contract.”.

5 (b) DENIAL OF SSI BENEFITS FOR 10 YEARS TO A
6 PERSON FOUND TO HAVE FRAUDULENTLY OBTAINED
7 SSI BENEFITS WHILE IN PRISON.—

8 (1) IN GENERAL.—Section 1611(e)(1) (42
9 U.S.C. 1382(e)(1)), as amended by subsection (a)(1)
10 of this section, is amended by adding at the end the
11 following new subparagraph:

12 “(J) In any case in which the Commissioner of Social
13 Security finds that a person has made a fraudulent state-
14 ment or representation in order to obtain or to continue
15 to receive benefits under this title while being an inmate
16 in a penal institution, such person shall not be considered
17 an eligible individual or eligible spouse for any month end-
18 ing during the 10-year period beginning on the date on
19 which such person ceases being such an inmate.”.

20 (2) EFFECTIVE DATE.—The amendment made
21 by this subsection shall apply with respect to state-
22 ments or representations made on or after the date
23 of the enactment of this Act.

1 (c) ELIMINATION OF OASDI REQUIREMENT THAT
2 CONFINEMENT STEM FROM CRIME PUNISHABLE BY IM-
3 PRISONMENT FOR MORE THAN 1 YEAR.—

4 (1) IN GENERAL.—Section 202(x)(1)(A) (42
5 U.S.C. 402(x)(1)(A)) is amended—

6 (A) in the matter preceding clause (i), by
7 striking “during” and inserting “throughout”;

8 (B) in clause (i), by striking “pursuant”
9 and all that follows through “imposed)”; and

10 (C) in clause (ii)(I), by striking “an of-
11 fense punishable by imprisonment for more
12 than 1 year” and inserting “a criminal of-
13 fense”.

14 (2) EFFECTIVE DATE.—The amendments made
15 by this subsection shall be effective with respect to
16 benefits payable for months beginning more than
17 180 days after the date of the enactment of this Act.

18 (d) STUDY OF OTHER POTENTIAL IMPROVEMENTS IN
19 THE COLLECTION OF INFORMATION RESPECTING PUBLIC
20 INMATES.—

21 (1) STUDY.—The Commissioner of Social Secu-
22 rity shall conduct a study of the desirability, feasibil-
23 ity, and cost of—

24 (A) establishing a system under which
25 Federal, State, and local courts would furnish

1 to the Commissioner such information respect-
2 ing court orders by which individuals are con-
3 fined in jails, prisons, or other public penal,
4 correctional, or medical facilities as the Com-
5 missioner may require for the purpose of carry-
6 ing out sections 202(x) and 1611(e)(1) of the
7 Social Security Act; and

8 (B) requiring that State and local jails,
9 prisons, and other institutions that enter into
10 contracts with the Commissioner under section
11 202(x)(3)(B) or 1611(e)(1)(I) of the Social Se-
12 curity Act furnish the information required by
13 such contracts to the Commissioner by means
14 of an electronic or other sophisticated data ex-
15 change system.

16 (2) REPORT.—Not later than 1 year after the
17 date of the enactment of this Act, the Commissioner
18 of Social Security shall submit a report on the re-
19 sults of the study conducted pursuant to this sub-
20 section to the Committee on Finance of the Senate
21 and the Committee on Ways and Means of the
22 House of Representatives.

1 **SEC. 4204. EFFECTIVE DATE OF APPLICATION FOR BENE-**
2 **FITS.**

3 (a) IN GENERAL.—Subparagraphs (A) and (B) of
4 section 1611(c)(7) (42 U.S.C. 1382(c)(7)) are amended
5 to read as follows:

6 “(A) the first day of the month following the
7 date such application is filed, or

8 “(B) the first day of the month following the
9 date such individual becomes eligible for such bene-
10 fits with respect to such application.”.

11 (b) SPECIAL RULE RELATING TO EMERGENCY AD-
12 VANCE PAYMENTS.—Section 1631(a)(4)(A) (42 U.S.C.
13 1383(a)(4)(A)) is amended—

14 (1) by inserting “for the month following the
15 date the application is filed” after “is presumptively
16 eligible for such benefits”; and

17 (2) by inserting “, which shall be repaid
18 through proportionate reductions in such benefits
19 over a period of not more than 6 months” before the
20 semicolon.

21 (c) CONFORMING AMENDMENTS.—

22 (1) Section 1614(b) (42 U.S.C. 1382c(b)) is
23 amended by striking “at the time the application or
24 request is filed” and inserting “on the first day of
25 the month following the date the application or re-
26 quest is filed”.

1 (2) Section 1631(g)(3) (42 U.S.C. 1382j(g)(3))
2 is amended by inserting “following the month” after
3 “beginning with the month”.

4 (d) EFFECTIVE DATE.—

5 (1) IN GENERAL.—The amendments made by
6 this section shall apply to applications for benefits
7 under title XVI of the Social Security Act filed on
8 or after the date of the enactment of this Act, with-
9 out regard to whether regulations have been issued
10 to implement such amendments.

11 (2) BENEFITS UNDER TITLE XVI.—For pur-
12 poses of this subsection, the term “benefits under
13 title XVI of the Social Security Act” includes sup-
14 plementary payments pursuant to an agreement for
15 Federal administration under section 1616(a) of the
16 Social Security Act, and payments pursuant to an
17 agreement entered into under section 212(b) of Pub-
18 lic Law 93–66.

19 **CHAPTER 2—BENEFITS FOR DISABLED**
20 **CHILDREN**

21 **SEC. 4211. DEFINITION AND ELIGIBILITY RULES.**

22 (a) DEFINITION OF CHILDHOOD DISABILITY.—Sec-
23 tion 1614(a)(3) (42 U.S.C. 1382c(a)(3)), as amended by
24 section 105(b)(1) of the Contract with America Advance-
25 ment Act of 1996, is amended—

1 (1) in subparagraph (A), by striking “An indi-
2 vidual” and inserting “Except as provided in sub-
3 paragraph (C), an individual”;

4 (2) in subparagraph (A), by striking “(or, in
5 the case of an individual under the age of 18, if he
6 suffers from any medically determinable physical or
7 mental impairment of comparable severity)”;

8 (3) by redesignating subparagraphs (C) through
9 (I) as subparagraphs (D) through (J), respectively;

10 (4) by inserting after subparagraph (B) the fol-
11 lowing new subparagraph:

12 “(C)(i) An individual under the age of 18 shall be
13 considered disabled for the purposes of this title if that
14 individual has a medically determinable physical or mental
15 impairment, which results in marked and severe functional
16 limitations, and which can be expected to result in death
17 or which has lasted or can be expected to last for a contin-
18 uous period of not less than 12 months.

19 “(ii) The Commissioner shall ensure that the com-
20 bined effects of all physical or mental impairments of an
21 individual are taken into account in determining whether
22 an individual is disabled in accordance with clause (i).

23 “(iii) The Commissioner shall ensure that the regula-
24 tions prescribed under this subparagraph provide for the

1 evaluation of children who cannot be tested because of
2 their young age.

3 “(iv) Notwithstanding the preceding provisions of
4 this subparagraph, no individual under the age of 18 who
5 engages in substantial gainful activity (determined in ac-
6 cordance with regulations prescribed pursuant to subpara-
7 graph (E)) may be considered to be disabled.”; and

8 (5) in subparagraph (F), as redesignated by
9 paragraph (3), by striking “(D)” and inserting
10 “(E)”.

11 (b) CHANGES TO CHILDHOOD SSI REGULATIONS.—

12 (1) MODIFICATION TO MEDICAL CRITERIA FOR
13 EVALUATION OF MENTAL AND EMOTIONAL DIS-
14 ORDERS.—The Commissioner of Social Security
15 shall modify sections 112.00C.2. and
16 112.02B.2.c.(2) of appendix 1 to subpart P of part
17 404 of title 20, Code of Federal Regulations, to
18 eliminate references to maladaptive behavior in the
19 domain of personal/behavioral function.

20 (2) DISCONTINUANCE OF INDIVIDUALIZED
21 FUNCTIONAL ASSESSMENT.—The Commissioner of
22 Social Security shall discontinue the individualized
23 functional assessment for children set forth in sec-
24 tions 416.924d and 416.924e of title 20, Code of
25 Federal Regulations.

1 (c) MEDICAL IMPROVEMENT REVIEW STANDARD AS
2 IT APPLIES TO INDIVIDUALS UNDER THE AGE OF 18.—
3 Section 1614(a)(4) (42 U.S.C. 1382(a)(4)) is amended—

4 (1) by redesignating subclauses (I) and (II) of
5 clauses (i) and (ii) of subparagraph (B) as items
6 (aa) and (bb), respectively;

7 (2) by redesignating clauses (i) and (ii) of sub-
8 paragraphs (A) and (B) as subclauses (I) and (II),
9 respectively;

10 (3) by redesignating subparagraphs (A) through
11 (C) as clauses (i) through (iii), respectively;

12 (4) by inserting before clause (i) (as redesign-
13 nated by paragraph (3)) the following new subpara-
14 graph:

15 “(A) in the case of an individual who is age 18
16 or older—”;

17 (5) by inserting after and below subparagraph
18 (A)(iii) (as so redesignated) the following new sub-
19 paragraph:

20 “(B) in the case of an individual who is under
21 the age of 18—

22 “(i) substantial evidence which dem-
23 onstrates that there has been medical improve-
24 ment in the individual’s impairment or com-
25 bination of impairments, and that such impair-

1 ment or combination of impairments no longer
2 results in marked and severe functional limita-
3 tions; or

4 “(ii) substantial evidence which dem-
5 onstrates that, as determined on the basis of
6 new or improved diagnostic techniques or eval-
7 uations, the individual’s impairment or com-
8 bination of impairments, is not as disabling as
9 it was considered to be at the time of the most
10 recent prior decision that the individual was
11 under a disability or continued to be under a
12 disability, and such impairment or combination
13 of impairments does not result in marked and
14 severe functional limitations; or”;

15 (6) by redesignating subparagraph (D) as sub-
16 paragraph (C) and by inserting in such subpara-
17 graph “in the case of any individual,” before “sub-
18 stantial evidence”; and

19 (7) in the first sentence following subparagraph
20 (C) (as redesignated by paragraph (6)), by—

21 (A) inserting “(i)” before “to restore”; and

22 (B) inserting “, or (ii) in the case of an in-
23 dividual under the age of 18, to eliminate or
24 improve the individual’s impairment or com-
25 bination of impairments so that it no longer re-

1 sults in marked and severe functional limita-
2 tions” immediately before the period.

3 (d) EFFECTIVE DATE, ETC.—

4 (1) EFFECTIVE DATE.—The provisions of, and
5 amendments made by, this section shall apply to ap-
6 plications for benefits under title XVI of the Social
7 Security Act pending on, or filed on or after, the
8 date of the enactment of this Act, without regard to
9 whether regulations have been issued to implement
10 such provisions and amendments.

11 (2) APPLICATION TO CURRENT RECIPIENTS.—

12 (A) ELIGIBILITY REDETERMINATIONS.—

13 During the period beginning on the date of the
14 enactment of this Act and ending on the date
15 which is 1 year after such date of enactment,
16 the Commissioner of Social Security shall rede-
17 termine the eligibility of any individual under
18 age 18 who is eligible for supplemental security
19 income benefits by reason of disability under
20 title XVI of the Social Security Act as of the
21 date of the enactment of this Act and whose eli-
22 gibility for such benefits may terminate by rea-
23 son of the provisions of, or amendments made
24 by, this section. With respect to any redeter-
25 mination under this subparagraph—

1 (i) section 1614(a)(4) of the Social
2 Security Act (42 U.S.C. 1382c(a)(4)) shall
3 not apply;

4 (ii) the Commissioner of Social Secu-
5 rity shall apply the eligibility criteria for
6 new applicants for benefits under title XVI
7 of such Act;

8 (iii) the Commissioner shall give such
9 redetermination priority over all continuing
10 eligibility reviews and other reviews under
11 such title; and

12 (iv) such redetermination shall be
13 counted as a review or redetermination
14 otherwise required to be made under sec-
15 tion 208 of the Social Security Independ-
16 ence and Program Improvements Act of
17 1994 or any other provision of title XVI of
18 the Social Security Act.

19 (B) GRANDFATHER PROVISION.—The pro-
20 visions of, and amendments made by, this sec-
21 tion, and the redetermination under subpara-
22 graph (A), shall only apply with respect to the
23 benefits of an individual described in subpara-
24 graph (A) for months beginning on or after the

1 date of the redetermination with respect to such
2 individual.

3 (C) NOTICE.—Not later than January 1,
4 1997, the Commissioner of Social Security shall
5 notify an individual described in subparagraph
6 (A) of the provisions of this paragraph.

7 (3) REPORT.—The Commissioner of Social Se-
8 curity shall report to the Congress regarding the
9 progress made in implementing the provisions of,
10 and amendments made by, this section on child dis-
11 ability evaluations not later than 180 days after the
12 date of the enactment of this Act.

13 (4) REGULATIONS.—Notwithstanding any other
14 provision of law, the Commissioner of Social Secu-
15 rity shall submit for review to the committees of ju-
16 risdiction in the Congress any final regulation per-
17 taining to the eligibility of individuals under age 18
18 for benefits under title XVI of the Social Security
19 Act at least 45 days before the effective date of such
20 regulation. The submission under this paragraph
21 shall include supporting documentation providing a
22 cost analysis, workload impact, and projections as to
23 how the regulation will effect the future number of
24 recipients under such title.

25 (5) APPROPRIATIONS.—

1 (A) IN GENERAL.—Out of any money in
2 the Treasury not otherwise appropriated, there
3 are authorized to be appropriated and are here-
4 by appropriated, to remain available without
5 fiscal year limitation, \$200,000,000 for fiscal
6 year 1997, \$75,000,000 for fiscal year 1998,
7 and \$25,000,000 for fiscal year 1999, for the
8 Commissioner of Social Security to utilize only
9 for continuing disability reviews and redeter-
10 minations under title XVI of the Social Security
11 Act, with reviews and redeterminations for indi-
12 viduals affected by the provisions of subsection
13 (b) given highest priority.

14 (B) ADDITIONAL FUNDS.—Amounts appro-
15 priated under subparagraph (A) shall be in ad-
16 dition to any funds otherwise appropriated for
17 continuing disability reviews and redetermina-
18 tions under title XVI of the Social Security Act.

19 (6) BENEFITS UNDER TITLE XVI.—For pur-
20 poses of this subsection, the term “benefits under
21 title XVI of the Social Security Act” includes sup-
22 plementary payments pursuant to an agreement for
23 Federal administration under section 1616(a) of the
24 Social Security Act, and payments pursuant to an

1 agreement entered into under section 212(b) of Pub-
2 lic Law 93–66.

3 **SEC. 4212. ELIGIBILITY REDETERMINATIONS AND CON-**
4 **TINUING DISABILITY REVIEWS.**

5 (a) CONTINUING DISABILITY REVIEWS RELATING TO
6 CERTAIN CHILDREN.—Section 1614(a)(3)(H) (42 U.S.C.
7 1382c(a)(3)(H)), as redesignated by section 4211(a)(3) of
8 this Act, is amended—

9 (1) by inserting “(i)” after “(H)”; and

10 (2) by adding at the end the following new
11 clause:

12 “(ii)(I) Not less frequently than once every 3 years,
13 the Commissioner shall review in accordance with para-
14 graph (4) the continued eligibility for benefits under this
15 title of each individual who has not attained 18 years of
16 age and is eligible for such benefits by reason of an im-
17 pairment (or combination of impairments) which is likely
18 to improve (or, at the option of the Commissioner, which
19 is unlikely to improve).

20 “(II) A representative payee of a recipient whose case
21 is reviewed under this clause shall present, at the time
22 of review, evidence demonstrating that the recipient is,
23 and has been, receiving treatment, to the extent consid-
24 ered medically necessary and available, of the condition
25 which was the basis for providing benefits under this title.

1 “(III) If the representative payee refuses to comply
2 without good cause with the requirements of subclause
3 (II), the Commissioner of Social Security shall, if the
4 Commissioner determines it is in the best interest of the
5 individual, promptly suspend payment of benefits to the
6 representative payee, and provide for payment of benefits
7 to an alternative representative payee of the individual or,
8 if the interest of the individual under this title would be
9 served thereby, to the individual.

10 “(IV) Subclause (II) shall not apply to the represent-
11 ative payee of any individual with respect to whom the
12 Commissioner determines such application would be inap-
13 propriate or unnecessary. In making such determination,
14 the Commissioner shall take into consideration the nature
15 of the individual’s impairment (or combination of impair-
16 ments). Section 1631(c) shall not apply to a finding by
17 the Commissioner that the requirements of subclause (II)
18 should not apply to an individual’s representative payee.”.

19 (b) DISABILITY ELIGIBILITY REDETERMINATIONS
20 REQUIRED FOR SSI RECIPIENTS WHO ATTAIN 18 YEARS
21 OF AGE.—

22 (1) IN GENERAL.—Section 1614(a)(3)(H) (42
23 U.S.C. 1382c(a)(3)(H)), as amended by subsection
24 (a) of this section, is amended by adding at the end
25 the following new clause:

1 “(iii) If an individual is eligible for benefits under this
2 title by reason of disability for the month preceding the
3 month in which the individual attains the age of 18 years,
4 the Commissioner shall redetermine such eligibility—

5 “(I) during the 1-year period beginning on the
6 individual’s 18th birthday; and

7 “(II) by applying the criteria used in determin-
8 ing the initial eligibility for applicants who are age
9 18 or older.

10 With respect to a redetermination under this clause, para-
11 graph (4) shall not apply and such redetermination shall
12 be considered a substitute for a review or redetermination
13 otherwise required under any other provision of this sub-
14 paragraph during that 1-year period.”.

15 (2) CONFORMING REPEAL.—Section 207 of the
16 Social Security Independence and Program Improve-
17 ments Act of 1994 (42 U.S.C. 1382 note; 108 Stat.
18 1516) is hereby repealed.

19 (c) CONTINUING DISABILITY REVIEW REQUIRED FOR
20 LOW BIRTH WEIGHT BABIES.—Section 1614(a)(3)(H)
21 (42 U.S.C. 1382e(a)(3)(H)), as amended by subsections
22 (a) and (b) of this section, is amended by adding at the
23 end the following new clause:

24 “(iv)(I) Not later than 12 months after the birth of
25 an individual, the Commissioner shall review in accordance

1 with paragraph (4) the continuing eligibility for benefits
2 under this title by reason of disability of such individual
3 whose low birth weight is a contributing factor material
4 to the Commissioner's determination that the individual
5 is disabled.

6 “(II) A review under subclause (I) shall be considered
7 a substitute for a review otherwise required under any
8 other provision of this subparagraph during that 12-
9 month period.

10 “(III) A representative payee of a recipient whose
11 case is reviewed under this clause shall present, at the
12 time of review, evidence demonstrating that the recipient
13 is, and has been, receiving treatment, to the extent consid-
14 ered medically necessary and available, of the condition
15 which was the basis for providing benefits under this title.

16 “(IV) If the representative payee refuses to comply
17 without good cause with the requirements of subclause
18 (III), the Commissioner of Social Security shall, if the
19 Commissioner determines it is in the best interest of the
20 individual, promptly suspend payment of benefits to the
21 representative payee, and provide for payment of benefits
22 to an alternative representative payee of the individual or,
23 if the interest of the individual under this title would be
24 served thereby, to the individual.

1 “(V) Subclause (III) shall not apply to the represent-
2 ative payee of any individual with respect to whom the
3 Commissioner determines such application would be inap-
4 propriate or unnecessary. In making such determination,
5 the Commissioner shall take into consideration the nature
6 of the individual’s impairment (or combination of impair-
7 ments). Section 1631(c) shall not apply to a finding by
8 the Commissioner that the requirements of subclause (III)
9 should not apply to an individual’s representative payee.”.

10 (d) EFFECTIVE DATE.—The amendments made by
11 this section shall apply to benefits for months beginning
12 on or after the date of the enactment of this Act, without
13 regard to whether regulations have been issued to imple-
14 ment such amendments.

15 **SEC. 4213. ADDITIONAL ACCOUNTABILITY REQUIREMENTS.**

16 (a) DISPOSAL OF RESOURCES FOR LESS THAN FAIR
17 MARKET VALUE.—

18 (1) IN GENERAL.—Section 1613(c) (42 U.S.C.
19 1382b(c)) is amended to read as follows:

20 “Disposal of Resources for Less Than Fair Market Value

21 “(c)(1)(A)(i) If an individual who has not attained
22 18 years of age (or any person acting on such individual’s
23 behalf) disposes of resources of the individual for less than
24 fair market value on or after the look-back date specified
25 in clause (ii)(I), the individual is ineligible for benefits

1 under this title for months during the period beginning
2 on the date specified in clause (iii) and equal to the num-
3 ber of months specified in clause (iv).

4 “(ii)(I) The look-back date specified in this subclause
5 is a date that is 36 months before the date specified in
6 subclause (II).

7 “(II) The date specified in this subclause is the date
8 on which the individual applies for benefits under this title
9 or, if later, the date on which the disposal of the individ-
10 ual’s resources for less than fair market value occurs.

11 “(iii) The date specified in this clause is the first day
12 of the first month that follows the month in which the
13 individual’s resources were disposed of for less than fair
14 market value and that does not occur in any other period
15 of ineligibility under this paragraph.

16 “(iv) The number of months of ineligibility under this
17 clause for an individual shall be equal to—

18 “(I) the total, cumulative uncompensated value
19 of all the individual’s resources so disposed of on or
20 after the look-back date specified in clause (ii)(I), di-
21 vided by

22 “(II) the amount of the maximum monthly ben-
23 efit payable under section 1611(b) to an eligible in-
24 dividual for the month in which the date specified in
25 clause (ii)(II) occurs.

1 “(B) An individual shall not be ineligible for benefits
2 under this title by reason of subparagraph (A) if the Com-
3 missioner determines that—

4 “(i) the individual intended to dispose of the re-
5 sources at fair market value;

6 “(ii) the resources were transferred exclusively
7 for a purpose other than to qualify for benefits
8 under this title;

9 “(iii) all resources transferred for less than fair
10 market value have been returned to the individual;
11 or

12 “(iv) the denial of eligibility would work an
13 undue hardship on the individual (as determined on
14 the basis of criteria established by the Commissioner
15 in regulations).

16 “(C) For purposes of this paragraph, in the case of
17 a resource held by an individual in common with another
18 person or persons in a joint tenancy, tenancy in common,
19 or similar arrangement, the resource (or the affected por-
20 tion of such resource) shall be considered to be disposed
21 of by such individual when any action is taken, either by
22 such individual or by any other person, that reduces or
23 eliminates such individual’s ownership or control of such
24 resource.

1 “(D)(i) Notwithstanding subparagraph (A), this sub-
2 section shall not apply to a transfer of a resource to a
3 trust if the portion of the trust attributable to such re-
4 source is considered a resource available to the individual
5 pursuant to subsection (e)(3) (or would be so considered,
6 but for the application of subsection (e)(4)).

7 “(ii) In the case of a trust established by an individ-
8 ual (within the meaning of subsection (e)(2)(A)), if from
9 such portion of the trust (if any) that is considered a re-
10 source available to the individual pursuant to subsection
11 (e)(3) (or would be so considered but for the application
12 of subsection (e)(2)) or the residue of such portion upon
13 the termination of the trust—

14 “(I) there is made a payment other than to or
15 for the benefit of the individual, or

16 “(II) no payment could under any circumstance
17 be made to the individual,

18 then the payment described in subclause (I) or the fore-
19 closure of payment described in subclause (II) shall be
20 considered a disposal of resources by the individual subject
21 to this subsection, as of the date of such payment or fore-
22 closure, respectively.

23 “(2)(A) At the time an individual (and the individ-
24 ual’s eligible spouse, if any) applies for benefits under this
25 title, and at the time the eligibility of an individual (and

1 such spouse, if any) for such benefits is redetermined, the
2 Commissioner of Social Security shall—

3 “(i) inform such individual of the provisions of
4 paragraph (1) providing for a period of ineligibility
5 for benefits under this title for individuals who make
6 certain dispositions of resources for less than fair
7 market value, and inform such individual that infor-
8 mation obtained pursuant to clause (ii) will be made
9 available to the State agency administering a State
10 plan approved under title XV or XIX (as provided
11 in subparagraph (B)); and

12 “(ii) obtain from such individual information
13 which may be used in determining whether or not a
14 period of ineligibility for such benefits would be re-
15 quired by reason of paragraph (1).

16 “(B) The Commissioner of Social Security shall make
17 the information obtained under subparagraph (A)(ii)
18 available, on request, to any State agency administering
19 a State plan approved under title XV or XIX.

20 “(3) For purposes of this subsection—

21 “(A) the term ‘trust’ includes any legal instru-
22 ment or device that is similar to a trust; and

23 “(B) the term ‘benefits under this title’ includes
24 supplementary payments pursuant to an agreement
25 for Federal administration under section 1616(a),

1 and payments pursuant to an agreement entered
2 into under section 212(b) of Public Law 93–66.”.

3 (2) EFFECTIVE DATE.—The amendment made
4 by this subsection shall be effective with respect to
5 transfers that occur at least 90 days after the date
6 of the enactment of this Act.

7 (b) TREATMENT OF ASSETS HELD IN TRUST.—

8 (1) TREATMENT AS RESOURCE.—Section 1613
9 (42 U.S.C. 1382) is amended by adding at the end
10 the following new subsection:

11 “Trusts

12 “(e)(1) In determining the resources of an individual
13 who has not attained 18 years of age, the provisions of
14 paragraph (3) shall apply to a trust established by such
15 individual.

16 “(2)(A) For purposes of this subsection, an individual
17 shall be considered to have established a trust if any assets
18 of the individual were transferred to the trust.

19 “(B) In the case of an irrevocable trust to which the
20 assets of an individual and the assets of any other person
21 or persons were transferred, the provisions of this sub-
22 section shall apply to the portion of the trust attributable
23 to the assets of the individual.

24 “(C) This subsection shall apply without regard to—

1 “(i) the purposes for which the trust is estab-
2 lished;

3 “(ii) whether the trustees have or exercise any
4 discretion under the trust;

5 “(iii) any restrictions on when or whether dis-
6 tributions may be made from the trust; or

7 “(iv) any restrictions on the use of distributions
8 from the trust.

9 “(3)(A) In the case of a revocable trust, the corpus
10 of the trust shall be considered a resource available to the
11 individual.

12 “(B) In the case of an irrevocable trust, if there are
13 any circumstances under which payment from the trust
14 could be made to or for the benefit of the individual, the
15 portion of the corpus from which payment to or for the
16 benefit of the individual could be made shall be considered
17 a resource available to the individual.

18 “(4) The Commissioner may waive the application of
19 this subsection with respect to any individual if the Com-
20 missioner determines, on the basis of criteria prescribed
21 in regulations, that such application would work an undue
22 hardship on such individual.

23 “(5) For purposes of this subsection—

24 “(A) the term ‘trust’ includes any legal instru-
25 ment or device that is similar to a trust;

1 “(B) the term ‘corpus’ means all property and
2 other interests held by the trust, including accumu-
3 lated earnings and any other addition to such trust
4 after its establishment (except that such term does
5 not include any such earnings or addition in the
6 month in which such earnings or addition is credited
7 or otherwise transferred to the trust);

8 “(C) the term ‘asset’ includes any income or re-
9 source of the individual, including—

10 “(i) any income otherwise excluded by sec-
11 tion 1612(b);

12 “(ii) any resource otherwise excluded by
13 this section; and

14 “(iii) any other payment or property that
15 the individual is entitled to but does not receive
16 or have access to because of action by—

17 “(I) such individual;

18 “(II) a person or entity (including a
19 court) with legal authority to act in place
20 of, or on behalf of, such individual; or

21 “(III) a person or entity (including a
22 court) acting at the direction of, or upon
23 the request of, such individual; and

24 “(D) the term ‘benefits under this title’ in-
25 cludes supplementary payments pursuant to an

1 agreement for Federal administration under section
2 1616(a), and payments pursuant to an agreement
3 entered into under section 212(b) of Public Law 93–
4 66.”.

5 (2) TREATMENT AS INCOME.—Section
6 1612(a)(2) (42 U.S.C. 1382a(a)(2)) is amended—

7 (A) by striking “and” at the end of sub-
8 paragraph (E);

9 (B) by striking the period at the end of
10 subparagraph (F) and inserting “; and”; and

11 (C) by adding at the end the following new
12 subparagraph:

13 “(G) any earnings of, and additions to, the
14 corpus of a trust (as defined in section 1613(f))
15 established by an individual (within the mean-
16 ing of section 1613(e)(2)(A)) and of which such
17 individual is a beneficiary (other than a trust to
18 which section 1613(e)(4) applies), except that
19 in the case of an irrevocable trust, there shall
20 exist circumstances under which payment from
21 such earnings or additions could be made to, or
22 for the benefit of, such individual.”.

23 (3) EFFECTIVE DATE.—The amendments made
24 by this subsection shall take effect on the date which
25 is 90 days after the date of the enactment of this

1 Act, and shall apply to trusts established on or after
2 such date.

3 (c) REQUIREMENT TO ESTABLISH ACCOUNT.—

4 (1) IN GENERAL.—Section 1631(a)(2) (42
5 U.S.C. 1383(a)(2)) is amended—

6 (A) by redesignating subparagraphs (F)
7 and (G) as subparagraphs (G) and (H), respec-
8 tively; and

9 (B) by inserting after subparagraph (E)
10 the following new subparagraph:

11 “(F)(i)(I) Each representative payee of an eligible in-
12 dividual under the age of 18 who is eligible for the pay-
13 ment of benefits described in subclause (II) shall establish
14 on behalf of such individual an account in a financial insti-
15 tution into which such benefits shall be paid, and shall
16 thereafter maintain such account for use in accordance
17 with clause (ii).

18 “(II) Benefits described in this subclause are past-
19 due monthly benefits under this title (which, for purposes
20 of this subclause, include State supplementary payments
21 made by the Commissioner pursuant to an agreement
22 under section 1616 or section 212(b) of Public Law 93–
23 66) in an amount (after any withholding by the Commis-
24 sioner for reimbursement to a State for interim assistance
25 under subsection (g)) that exceeds the product of—

1 “(aa) 6, and

2 “(bb) the maximum monthly benefit payable
3 under this title to an eligible individual.

4 “(ii)(I) A representative payee shall use funds in the
5 account established under clause (i) to pay for allowable
6 expenses described in subclause (II).

7 “(II) An allowable expense described in this subclause
8 is an expense for—

9 “(aa) education or job skills training;

10 “(bb) personal needs assistance;

11 “(cc) special equipment;

12 “(dd) housing modification;

13 “(ee) medical treatment;

14 “(ff) therapy or rehabilitation; or

15 “(gg) any other item or service that the Com-
16 missioner determines to be appropriate;

17 provided that such expense benefits such individual and,
18 in the case of an expense described in item (bb), (cc), (dd),
19 (ff), or (gg), is related to the impairment (or combination
20 of impairments) of such individual.

21 “(III) The use of funds from an account established
22 under clause (i) in any manner not authorized by this
23 clause—

24 “(aa) by a representative payee shall be consid-
25 ered a misapplication of benefits for all purposes of

1 this paragraph, and any representative payee who
2 knowingly misapplies benefits from such an account
3 shall be liable to the Commissioner in an amount
4 equal to the total amount of such benefits; and

5 “(bb) by an eligible individual who is his or her
6 own payee shall be considered a misapplication of
7 benefits for all purposes of this paragraph and the
8 total amount of such benefits so used shall be con-
9 sidered to be the uncompensated value of a disposed
10 resource and shall be subject to the provisions of
11 section 1613(c).

12 “(IV) This clause shall continue to apply to funds in
13 the account after the child has reached age 18, regardless
14 of whether benefits are paid directly to the beneficiary or
15 through a representative payee.

16 “(iii) The representative payee may deposit into the
17 account established pursuant to clause (i)—

18 “(I) past-due benefits payable to the eligible in-
19 dividual in an amount less than that specified in
20 clause (i)(II), and

21 “(II) any other funds representing an under-
22 payment under this title to such individual, provided
23 that the amount of such underpayment is equal to
24 or exceeds the maximum monthly benefit payable
25 under this title to an eligible individual.

1 “(iv) The Commissioner of Social Security shall es-
2 tablish a system for accountability monitoring whereby
3 such representative payee shall report, at such time and
4 in such manner as the Commissioner shall require, on ac-
5 tivity respecting funds in the account established pursuant
6 to clause (i).”.

7 (2) EXCLUSION FROM RESOURCES.—Section
8 1613(a) (42 U.S.C. 1382b(a)) is amended—

9 (A) by striking “and” at the end of para-
10 graph (10);

11 (B) by striking the period at the end of
12 paragraph (11) and inserting “; and”; and

13 (C) by inserting after paragraph (11) the
14 following new paragraph:

15 “(12) any account, including accrued interest or
16 other earnings thereon, established and maintained
17 in accordance with section 1631(a)(2)(F).”.

18 (3) EXCLUSION FROM INCOME.—Section
19 1612(b) (42 U.S.C. 1382a(b)) is amended—

20 (A) by striking “and” at the end of para-
21 graph (19);

22 (B) by striking the period at the end of
23 paragraph (20) and inserting “; and”; and

24 (C) by adding at the end the following new
25 paragraph:

1 “(21) the interest or other earnings on any ac-
2 count established and maintained in accordance with
3 section 1631(a)(2)(F).”.

4 (4) EFFECTIVE DATE.—The amendments made
5 by this subsection shall apply to payments made
6 after the date of the enactment of this Act.

7 **SEC. 4214. REDUCTION IN CASH BENEFITS PAYABLE TO IN-**
8 **STITUTIONALIZED INDIVIDUALS WHOSE MED-**
9 **ICAL COSTS ARE COVERED BY PRIVATE IN-**
10 **SURANCE.**

11 (a) IN GENERAL.—Section 1611(e)(1)(B) (42 U.S.C.
12 1382(e)(1)(B)) is amended—

13 (1) by striking “title XIX, or” and inserting
14 “title XV or XIX,”; and

15 (2) by inserting “or, in the case of an eligible
16 individual under the age of 18, receiving payments
17 (with respect to such individual) under any health
18 insurance policy issued by a private provider of such
19 insurance” after “section 1614(f)(2)(B),”.

20 (b) EFFECTIVE DATE.—The amendment made by
21 this section shall apply to benefits for months beginning
22 90 or more days after the date of the enactment of this
23 Act, without regard to whether regulations have been is-
24 sued to implement such amendments.

1 **SEC. 4215. REGULATIONS.**

2 Within 3 months after the date of the enactment of
3 this Act, the Commissioner of Social Security shall pre-
4 scribe such regulations as may be necessary to implement
5 the amendments made by this chapter.

6 **CHAPTER 3—ADDITIONAL ENFORCEMENT**
7 **PROVISIONS**

8 **SEC. 4221. INSTALLMENT PAYMENT OF LARGE PAST-DUE**
9 **SUPPLEMENTAL SECURITY INCOME BENE-**
10 **FITS.**

11 (a) IN GENERAL.—Section 1631(a) (42 U.S.C. 1383)
12 is amended by adding at the end the following new para-
13 graph:

14 “(10)(A) If an individual is eligible for past-due
15 monthly benefits under this title in an amount that (after
16 any withholding for reimbursement to a State for interim
17 assistance under subsection (g)) equals or exceeds the
18 product of—

19 “(i) 12, and

20 “(ii) the maximum monthly benefit payable
21 under this title to an eligible individual (or, if appro-
22 priate, to an eligible individual and eligible spouse),
23 then the payment of such past-due benefits (after any such
24 reimbursement to a State) shall be made in installments
25 as provided in subparagraph (B).

1 “(B)(i) The payment of past-due benefits subject to
2 this subparagraph shall be made in not to exceed 3 install-
3 ments that are made at 6-month intervals.

4 “(ii) Except as provided in clause (iii), the amount
5 of each of the first and second installments may not exceed
6 an amount equal to the product of clauses (i) and (ii) of
7 subparagraph (A).

8 “(iii) In the case of an individual who has—

9 “(I) outstanding debt attributable to—

10 “(aa) food,

11 “(bb) clothing,

12 “(cc) shelter, or

13 “(dd) medically necessary services, supplies
14 or equipment, or medicine; or

15 “(II) current expenses or expenses anticipated
16 in the near term attributable to—

17 “(aa) medically necessary services, supplies
18 or equipment, or medicine, or

19 “(bb) the purchase of a home, and

20 such debt or expenses are not subject to reimbursement
21 by a public assistance program, the Secretary under title
22 XVIII, a State plan approved under title XV or XIX, or
23 any private entity legally liable to provide payment pursu-
24 ant to an insurance policy, pre-paid plan, or other ar-
25 rangement, the limitation specified in clause (ii) may be

1 exceeded by an amount equal to the total of such debt
2 and expenses.

3 “(C) This paragraph shall not apply to any individual
4 who, at the time of the Commissioner’s determination that
5 such individual is eligible for the payment of past-due
6 monthly benefits under this title—

7 “(i) is afflicted with a medically determinable
8 impairment that is expected to result in death within
9 12 months; or

10 “(ii) is ineligible for benefits under this title
11 and the Commissioner determines that such individ-
12 ual is likely to remain ineligible for the next 12
13 months.

14 “(D) For purposes of this paragraph, the term ‘bene-
15 fits under this title’ includes supplementary payments pur-
16 suant to an agreement for Federal administration under
17 section 1616(a), and payments pursuant to an agreement
18 entered into under section 212(b) of Public Law 93–66.”.

19 (b) CONFORMING AMENDMENT.—Section 1631(a)(1)
20 (42 U.S.C. 1383(a)(1)) is amended by inserting “(subject
21 to paragraph (10))” immediately before “in such install-
22 ments”.

23 (c) EFFECTIVE DATE.—

24 (1) IN GENERAL.—The amendments made by
25 this section are effective with respect to past-due

1 benefits payable under title XVI of the Social Secu-
2 rity Act after the third month following the month
3 in which this Act is enacted.

4 (2) BENEFITS PAYABLE UNDER TITLE XVI.—
5 For purposes of this subsection, the term “benefits
6 payable under title XVI of the Social Security Act”
7 includes supplementary payments pursuant to an
8 agreement for Federal administration under section
9 1616(a) of the Social Security Act, and payments
10 pursuant to an agreement entered into under section
11 212(b) of Public Law 93–66.

12 **SEC. 4222. RECOVERY OF SUPPLEMENTAL SECURITY IN-**
13 **COME OVERPAYMENTS FROM SOCIAL SECU-**
14 **RITY BENEFITS.**

15 (a) IN GENERAL.—Part A of title XI is amended by
16 adding at the end the following new section:

17 “RECOVERY OF SSI OVERPAYMENTS FROM SOCIAL
18 SECURITY BENEFITS

19 “SEC. 1146. (a) IN GENERAL.—Whenever the Com-
20 missioner of Social Security determines that more than
21 the correct amount of any payment has been made to any
22 person under the supplemental security income program
23 authorized by title XVI, and the Commissioner is unable
24 to make proper adjustment or recovery of the amount so
25 incorrectly paid as provided in section 1631(b), the Com-
26 missioner (notwithstanding section 207) may recover the

1 amount incorrectly paid by decreasing any amount which
2 is payable under the Federal Old-Age and Survivors Insur-
3 ance program or the Federal Disability Insurance pro-
4 gram authorized by title II to that person or that person's
5 estate.

6 “(b) NO EFFECT ON SSI BENEFIT ELIGIBILITY OR
7 AMOUNT.—Notwithstanding subsections (a) and (b) of
8 section 1611, in any case in which the Commissioner takes
9 action in accordance with subsection (a) to recover an
10 overpayment from any person, neither that person, nor
11 any individual whose eligibility or benefit amount is deter-
12 mined by considering any part of that person's income,
13 shall, as a result of such action—

14 “(1) become eligible under the program of sup-
15 plemental security income benefits under title XVI,
16 or

17 “(2) if such person or individual is already so
18 eligible, become eligible for increased benefits there-
19 under.

20 “(c) PROGRAM UNDER TITLE XVI.—For purposes of
21 this section, the term ‘supplemental security income pro-
22 gram authorized by title XVI’ includes supplementary pay-
23 ments pursuant to an agreement for Federal administra-
24 tion under section 1616(a), and payments pursuant to an

1 agreement entered into under section 212(b) of Public
2 Law 93–66.”.

3 (b) CONFORMING AMENDMENTS.—

4 (1) Section 204 (42 U.S.C. 404) is amended by
5 adding at the end the following new subsection:

6 “(g) For payments which are adjusted or withheld
7 to recover an overpayment of supplemental security in-
8 come benefits paid under title XVI (including State sup-
9 plementary payments which were paid under an agreement
10 pursuant to section 1616(a) or section 212(b) of Public
11 Law 93–66), see section 1146.”.

12 (2) Section 1631(b) is amended by adding at
13 the end the following new paragraph:

14 “(5) For the recovery of overpayments of benefits
15 under this title from benefits payable under title II, see
16 section 1146.”.

17 (c) EFFECTIVE DATE.—The amendments made by
18 this section shall take effect on the date of the enactment
19 of this Act and shall apply to overpayments outstanding
20 on or after such date.

21 **SEC. 4223. REGULATIONS.**

22 Within 3 months after the date of the enactment of
23 this Act, the Commissioner of Social Security shall pre-
24 scribe such regulations as may be necessary to implement
25 the amendments made by this chapter.

1 **CHAPTER 4—STATE SUPPLEMENTATION**
2 **PROGRAMS**

3 **SEC. 4225. REPEAL OF MAINTENANCE OF EFFORT RE-**
4 **QUIREMENTS APPLICABLE TO OPTIONAL**
5 **STATE PROGRAMS FOR SUPPLEMENTATION**
6 **OF SSI BENEFITS.**

7 Section 1618 (42 U.S.C. 1382g) is hereby repealed.

8 **CHAPTER 5—STUDIES REGARDING SUP-**
9 **PLEMENTAL SECURITY INCOME PRO-**
10 **GRAM**

11 **SEC. 4231. ANNUAL REPORT ON THE SUPPLEMENTAL SECU-**
12 **RITY INCOME PROGRAM.**

13 Title XVI (42 U.S.C. 1381 et seq.), as amended by
14 section 4201(c) of this Act, is amended by adding at the
15 end the following new section:

16 “ANNUAL REPORT ON PROGRAM

17 “SEC. 1637. (a) Not later than May 30 of each year,
18 the Commissioner of Social Security shall prepare and de-
19 liver a report annually to the President and the Congress
20 regarding the program under this title, including—

21 “(1) a comprehensive description of the pro-
22 gram;

23 “(2) historical and current data on allowances
24 and denials, including number of applications and
25 allowance rates for initial determinations, reconsid-
26 eration determinations, administrative law judge

1 hearings, appeals council reviews, and Federal court
2 decisions;

3 “(3) historical and current data on characteris-
4 tics of recipients and program costs, by recipient
5 group (aged, blind, disabled adults, and disabled
6 children);

7 “(4) projections of future number of recipients
8 and program costs, through at least 25 years;

9 “(5) number of redeterminations and continu-
10 ing disability reviews, and the outcomes of such re-
11 determinations and reviews;

12 “(6) data on the utilization of work incentives;

13 “(7) detailed information on administrative and
14 other program operation costs;

15 “(8) summaries of relevant research undertaken
16 by the Social Security Administration, or by other
17 researchers;

18 “(9) State supplementation program operations;

19 “(10) a historical summary of statutory
20 changes to this title; and

21 “(11) such other information as the Commis-
22 sioner deems useful.

23 “(b) Each member of the Social Security Advisory
24 Board shall be permitted to provide an individual report,
25 or a joint report if agreed, of views of the program under

1 this title, to be included in the annual report required
2 under this section.”.

3 **SEC. 4232. STUDY OF DISABILITY DETERMINATION PROC-**
4 **ESS.**

5 (a) IN GENERAL.—Not later than 90 days after the
6 date of the enactment of this Act, and from funds other-
7 wise appropriated, the Commissioner of Social Security
8 shall make arrangements with the National Academy of
9 Sciences, or other independent entity, to conduct a study
10 of the disability determination process under titles II and
11 XVI of the Social Security Act. This study shall be under-
12 taken in consultation with professionals representing ap-
13 propriate disciplines.

14 (b) STUDY COMPONENTS.—The study described in
15 subsection (a) shall include—

16 (1) an initial phase examining the appropriate-
17 ness of, and making recommendations regarding—

18 (A) the definitions of disability in effect on
19 the date of the enactment of this Act and the
20 advantages and disadvantages of alternative
21 definitions; and

22 (B) the operation of the disability deter-
23 mination process, including the appropriate
24 method of performing comprehensive assess-

1 ments of individuals under age 18 with physical
2 and mental impairments;

3 (2) a second phase, which may be concurrent
4 with the initial phase, examining the validity, reli-
5 ability, and consistency with current scientific knowl-
6 edge of the standards and individual listings in the
7 Listing of Impairments set forth in appendix 1 of
8 subpart P of part 404 of title 20, Code of Federal
9 Regulations, and of related evaluation procedures as
10 promulgated by the Commissioner of Social Security;
11 and

12 (3) such other issues as the applicable entity
13 considers appropriate.

14 (c) REPORTS AND REGULATIONS.—

15 (1) REPORTS.—The Commissioner of Social Se-
16 curity shall request the applicable entity, to submit
17 an interim report and a final report of the findings
18 and recommendations resulting from the study de-
19 scribed in this section to the President and the Con-
20 gress not later than 18 months and 24 months, re-
21 spectively, from the date of the contract for such
22 study, and such additional reports as the Commis-
23 sioner deems appropriate after consultation with the
24 applicable entity.

1 (2) REGULATIONS.—The Commissioner of So-
2 cial Security shall review both the interim and final
3 reports, and shall issue regulations implementing
4 any necessary changes following each report.

5 **SEC. 4233. STUDY BY GENERAL ACCOUNTING OFFICE.**

6 Not later than January 1, 1999, the Comptroller
7 General of the United States shall study and report on—

8 (1) the impact of the amendments made by,
9 and the provisions of, this subtitle on the supple-
10 mental security income program under title XVI of
11 the Social Security Act; and

12 (2) extra expenses incurred by families of chil-
13 dren receiving benefits under such title that are not
14 covered by other Federal, State, or local programs.

15 **CHAPTER 6—NATIONAL COMMISSION ON**
16 **THE FUTURE OF DISABILITY**

17 **SEC. 4241. ESTABLISHMENT.**

18 There is established a commission to be known as the
19 National Commission on the Future of Disability (referred
20 to in this chapter as the “Commission”).

21 **SEC. 4242. DUTIES OF THE COMMISSION.**

22 (a) IN GENERAL.—The Commission shall develop
23 and carry out a comprehensive study of all matters related
24 to the nature, purpose, and adequacy of all Federal pro-
25 grams serving individuals with disabilities. In particular,

1 the Commission shall study the disability insurance pro-
2 gram under title II of the Social Security Act and the sup-
3 plemental security income disability program under title
4 XVI of such Act.

5 (b) MATTERS STUDIED.—The Commission shall pre-
6 pare an inventory of Federal programs serving individuals
7 with disabilities, and shall examine—

8 (1) trends and projections regarding the size
9 and characteristics of the population of individuals
10 with disabilities, and the implications of such analy-
11 ses for program planning;

12 (2) the feasibility and design of performance
13 standards for the Nation's disability programs;

14 (3) the adequacy of Federal efforts in rehabili-
15 tation research and training, and opportunities to
16 improve the lives of individuals with disabilities
17 through all manners of scientific and engineering re-
18 search; and

19 (4) the adequacy of policy research available to
20 the Federal Government, and what actions might be
21 undertaken to improve the quality and scope of such
22 research.

23 (c) RECOMMENDATIONS.—The Commission shall
24 submit to the appropriate committees of the Congress and

1 to the President recommendations and, as appropriate,
2 proposals for legislation, regarding—

3 (1) which (if any) Federal disability programs
4 should be eliminated or augmented;

5 (2) what new Federal disability programs (if
6 any) should be established;

7 (3) the suitability of the organization and loca-
8 tion of disability programs within the Federal Gov-
9 ernment;

10 (4) other actions the Federal Government
11 should take to prevent disabilities and disadvantages
12 associated with disabilities; and

13 (5) such other matters as the Commission con-
14 siders appropriate.

15 **SEC. 4243. MEMBERSHIP.**

16 (a) NUMBER AND APPOINTMENT.—

17 (1) IN GENERAL.—The Commission shall be
18 composed of 15 members, of whom—

19 (A) five shall be appointed by the Presi-
20 dent, of whom not more than 3 shall be of the
21 same major political party;

22 (B) three shall be appointed by the Major-
23 ity Leader of the Senate;

24 (C) two shall be appointed by the Minority
25 Leader of the Senate;

1 (D) three shall be appointed by the Speak-
2 er of the House of Representatives; and

3 (E) two shall be appointed by the Minority
4 Leader of the House of Representatives.

5 (2) REPRESENTATION.—The Commission mem-
6 bers shall be chosen based on their education, train-
7 ing, or experience. In appointing individuals as
8 members of the Commission, the President and the
9 Majority and Minority Leaders of the Senate and
10 the Speaker and Minority Leader of the House of
11 Representatives shall seek to ensure that the mem-
12 bership of the Commission reflects the general inter-
13 ests of the business and taxpaying community and
14 the diversity of individuals with disabilities in the
15 United States.

16 (b) COMPTROLLER GENERAL.—The Comptroller
17 General of the United States shall advise the Commission
18 on the methodology and approach of the study of the Com-
19 mission.

20 (c) TERM OF APPOINTMENT.—The members shall
21 serve on the Commission for the life of the Commission.

22 (d) MEETINGS.—The Commission shall locate its
23 headquarters in the District of Columbia, and shall meet
24 at the call of the Chairperson, but not less than 4 times
25 each year during the life of the Commission.

1 (e) QUORUM.—Ten members of the Commission shall
2 constitute a quorum, but a lesser number may hold hear-
3 ings.

4 (f) CHAIRPERSON AND VICE CHAIRPERSON.—Not
5 later than 15 days after the members of the Commission
6 are appointed, such members shall designate a Chair-
7 person and Vice Chairperson from among the members of
8 the Commission.

9 (g) CONTINUATION OF MEMBERSHIP.—If a member
10 of the Commission becomes an officer or employee of any
11 government after appointment to the Commission, the in-
12 dividual may continue as a member until a successor mem-
13 ber is appointed.

14 (h) VACANCIES.—A vacancy on the Commission shall
15 be filled in the manner in which the original appointment
16 was made not later than 30 days after the Commission
17 is given notice of the vacancy.

18 (i) COMPENSATION.—Members of the Commission
19 shall receive no additional pay, allowances, or benefits by
20 reason of their service on the Commission.

21 (j) TRAVEL EXPENSES.—Each member of the Com-
22 mission shall receive travel expenses, including per diem
23 in lieu of subsistence, in accordance with sections 5702
24 and 5703 of title 5, United States Code.

1 **SEC. 4244. STAFF AND SUPPORT SERVICES.**

2 (a) DIRECTOR.—

3 (1) APPOINTMENT.—Upon consultation with
4 the members of the Commission, the Chairperson
5 shall appoint a Director of the Commission.

6 (2) COMPENSATION.—The Director shall be
7 paid the rate of basic pay for level V of the Execu-
8 tive Schedule.

9 (b) STAFF.—With the approval of the Commission,
10 the Director may appoint such personnel as the Director
11 considers appropriate.

12 (c) APPLICABILITY OF CIVIL SERVICE LAWS.—The
13 staff of the Commission shall be appointed without regard
14 to the provisions of title 5, United States Code, governing
15 appointments in the competitive service, and shall be paid
16 without regard to the provisions of chapter 51 and sub-
17 chapter III of chapter 53 of such title relating to classi-
18 fication and General Schedule pay rates.

19 (d) EXPERTS AND CONSULTANTS.—With the ap-
20 proval of the Commission, the Director may procure tem-
21 porary and intermittent services under section 3109(b) of
22 title 5, United States Code.

23 (e) STAFF OF FEDERAL AGENCIES.—Upon the re-
24 quest of the Commission, the head of any Federal agency
25 may detail, on a reimbursable basis, any of the personnel

1 of such agency to the Commission to assist in carrying
2 out the duties of the Commission under this chapter.

3 (f) OTHER RESOURCES.—The Commission shall have
4 reasonable access to materials, resources, statistical data,
5 and other information from the Library of Congress and
6 agencies and elected representatives of the executive and
7 legislative branches of the Federal Government. The
8 Chairperson of the Commission shall make requests for
9 such access in writing when necessary.

10 (g) PHYSICAL FACILITIES.—The Administrator of
11 the General Services Administration shall locate suitable
12 office space for the operation of the Commission. The fa-
13 cilities shall serve as the headquarters of the Commission
14 and shall include all necessary equipment and incidentals
15 required for proper functioning of the Commission.

16 **SEC. 4245. POWERS OF COMMISSION.**

17 (a) HEARINGS.—The Commission may conduct pub-
18 lic hearings or forums at the discretion of the Commission,
19 at any time and place the Commission is able to secure
20 facilities and witnesses, for the purpose of carrying out
21 the duties of the Commission under this chapter.

22 (b) DELEGATION OF AUTHORITY.—Any member or
23 agent of the Commission may, if authorized by the Com-
24 mission, take any action the Commission is authorized to
25 take by this section.

1 (c) INFORMATION.—The Commission may secure di-
2 rectly from any Federal agency information necessary to
3 enable the Commission to carry out its duties under this
4 chapter. Upon request of the Chairperson or Vice Chair-
5 person of the Commission, the head of a Federal agency
6 shall furnish the information to the Commission to the ex-
7 tent permitted by law.

8 (d) GIFTS, BEQUESTS, AND DEVISES.—The Commis-
9 sion may accept, use, and dispose of gifts, bequests, or
10 devises of services or property, both real and personal, for
11 the purpose of aiding or facilitating the work of the Com-
12 mission. Gifts, bequests, or devises of money and proceeds
13 from sales of other property received as gifts, bequests,
14 or devises shall be deposited in the Treasury and shall be
15 available for disbursement upon order of the Commission.

16 (e) MAILS.—The Commission may use the United
17 States mails in the same manner and under the same con-
18 ditions as other Federal agencies.

19 **SEC. 4246. REPORTS.**

20 (a) INTERIM REPORT.—Not later than 1 year prior
21 to the date on which the Commission terminates pursuant
22 to section 4247, the Commission shall submit an interim
23 report to the President and to the Congress. The interim
24 report shall contain a detailed statement of the findings
25 and conclusions of the Commission, together with the

1 Commission's recommendations for legislative and admin-
2 istrative action, based on the activities of the Commission.

3 (b) FINAL REPORT.—Not later than the date on
4 which the Commission terminates, the Commission shall
5 submit to the Congress and to the President a final report
6 containing—

7 (1) a detailed statement of final findings, con-
8 clusions, and recommendations; and

9 (2) an assessment of the extent to which rec-
10 ommendations of the Commission included in the in-
11 terim report under subsection (a) have been imple-
12 mented.

13 (c) PRINTING AND PUBLIC DISTRIBUTION.—Upon
14 receipt of each report of the Commission under this sec-
15 tion, the President shall—

16 (1) order the report to be printed; and

17 (2) make the report available to the public upon
18 request.

19 **SEC. 4247. TERMINATION.**

20 The Commission shall terminate on the date that is
21 2 years after the date on which the members of the Com-
22 mission have met and designated a Chairperson and Vice
23 Chairperson.

1 **SEC. 4248. AUTHORIZATION OF APPROPRIATIONS.**

2 There are authorized to be appropriated such sums
3 as are necessary to carry out the purposes of the Commis-
4 sion.

5 **Subtitle C—Child Support**

6 **SEC. 4300. REFERENCE TO SOCIAL SECURITY ACT.**

7 Except as otherwise specifically provided, wherever in
8 this subtitle an amendment is expressed in terms of an
9 amendment to or repeal of a section or other provision,
10 the reference shall be considered to be made to that sec-
11 tion or other provision of the Social Security Act.

12 **CHAPTER 1—ELIGIBILITY FOR SERVICES;**
13 **DISTRIBUTION OF PAYMENTS**

14 **SEC. 4301. STATE OBLIGATION TO PROVIDE CHILD SUP-**
15 **PORT ENFORCEMENT SERVICES.**

16 (a) STATE PLAN REQUIREMENTS.—Section 454 (42
17 U.S.C. 654) is amended—

18 (1) by striking paragraph (4) and inserting the
19 following new paragraph:

20 “(4) provide that the State will—

21 “(A) provide services relating to the estab-
22 lishment of paternity or the establishment,
23 modification, or enforcement of child support
24 obligations, as appropriate, under the plan with
25 respect to—

1 “(i) each child for whom (I) assist-
2 ance is provided under the State program
3 funded under part A of this title, (II) ben-
4 efits or services for foster care mainte-
5 nance are provided under the State pro-
6 gram funded under part E of this title,
7 (III) medical assistance is provided under
8 the State plan under title XV, or (IV)
9 medical assistance is provided under the
10 State plan approved under title XIX, un-
11 less, in accordance with paragraph (29),
12 good cause or other exceptions exist;

13 “(ii) any other child, if an individual
14 applies for such services with respect to
15 the child; and

16 “(B) enforce any support obligation estab-
17 lished with respect to—

18 “(i) a child with respect to whom the
19 State provides services under the plan; or

20 “(ii) the custodial parent of such a
21 child;”; and

22 (2) in paragraph (6)—

23 (A) by striking “provide that” and insert-
24 ing “provide that—”;

1 (B) by striking subparagraph (A) and in-
2 serting the following new subparagraph:

3 “(A) services under the plan shall be made
4 available to residents of other States on the
5 same terms as to residents of the State submit-
6 ting the plan;”;

7 (C) in subparagraph (B), by inserting “on
8 individuals not receiving assistance under any
9 State program funded under part A” after
10 “such services shall be imposed”;

11 (D) in each of subparagraphs (B), (C),
12 (D), and (E)—

13 (i) by indenting the subparagraph in
14 the same manner as, and aligning the left
15 margin of the subparagraph with the left
16 margin of, the matter inserted by subpara-
17 graph (B) of this paragraph; and

18 (ii) by striking the final comma and
19 inserting a semicolon; and

20 (E) in subparagraph (E), by indenting
21 each of clauses (i) and (ii) 2 additional ems.

22 (b) CONTINUATION OF SERVICES FOR FAMILIES
23 CEASING TO RECEIVE ASSISTANCE UNDER THE STATE
24 PROGRAM FUNDED UNDER PART A.—Section 454 (42
25 U.S.C. 654) is amended—

1 (1) by striking “and” at the end of paragraph
2 (23);

3 (2) by striking the period at the end of para-
4 graph (24) and inserting “; and”; and

5 (3) by adding after paragraph (24) the follow-
6 ing new paragraph:

7 “(25) provide that if a family with respect to
8 which services are provided under the plan ceases to
9 receive assistance under the State program funded
10 under part A, the State shall provide appropriate no-
11 tice to the family and continue to provide such serv-
12 ices, subject to the same conditions and on the same
13 basis as in the case of other individuals to whom
14 services are furnished under the plan, except that an
15 application or other request to continue services
16 shall not be required of such a family and paragraph
17 (6)(B) shall not apply to the family.”.

18 (c) CONFORMING AMENDMENTS.—

19 (1) Section 452(b) (42 U.S.C. 652(b)) is
20 amended by striking “454(6)” and inserting
21 “454(4)”.

22 (2) Section 452(g)(2)(A) (42 U.S.C.
23 652(g)(2)(A)) is amended by striking “454(6)” each
24 place it appears and inserting “454(4)(A)(ii)”.

1 (3) Section 466(a)(3)(B) (42 U.S.C.
2 666(a)(3)(B)) is amended by striking “in the case of
3 overdue support which a State has agreed to collect
4 under section 454(6)” and inserting “in any other
5 case”.

6 (4) Section 466(e) (42 U.S.C. 666(e)) is
7 amended by striking “paragraph (4) or (6) of sec-
8 tion 454” and inserting “section 454(4)”.

9 **SEC. 4302. DISTRIBUTION OF CHILD SUPPORT COLLEC-**
10 **TIONS.**

11 (a) IN GENERAL.—Section 457 (42 U.S.C. 657) is
12 amended to read as follows:

13 **“SEC. 457. DISTRIBUTION OF COLLECTED SUPPORT.**

14 “(a) IN GENERAL.—Subject to subsection (e), an
15 amount collected on behalf of a family as support by a
16 State pursuant to a plan approved under this part shall
17 be distributed as follows:

18 “(1) FAMILIES RECEIVING ASSISTANCE.—In the
19 case of a family receiving assistance from the State,
20 the State shall—

21 “(A) pay to the Federal Government the
22 Federal share of the amount so collected; and

23 “(B) retain, or distribute to the family, the
24 State share of the amount so collected.

1 “(2) FAMILIES THAT FORMERLY RECEIVED AS-
2 SISTANCE.—In the case of a family that formerly re-
3 ceived assistance from the State:

4 “(A) CURRENT SUPPORT PAYMENTS.—To
5 the extent that the amount so collected does not
6 exceed the amount required to be paid to the
7 family for the month in which collected, the
8 State shall distribute the amount so collected to
9 the family.

10 “(B) PAYMENTS OF ARREARAGES.—To the
11 extent that the amount so collected exceeds the
12 amount required to be paid to the family for
13 the month in which collected, the State shall
14 distribute the amount so collected as follows:

15 “(i) DISTRIBUTION OF ARREARAGES
16 THAT ACCRUED AFTER THE FAMILY
17 CEASED TO RECEIVE ASSISTANCE.—

18 “(I) PRE-OCTOBER 1997.—Except
19 as provided in subclause (II), the pro-
20 visions of this section (other than sub-
21 section (b)(1)) as in effect and applied
22 on the day before the date of the en-
23 actment of section 4302 of the Per-
24 sonal Responsibility and Work Oppor-
25 tunity Act of 1996 shall apply with

1 respect to the distribution of support
2 arrearages that—

3 “(aa) accrued after the fam-
4 ily ceased to receive assistance,
5 and

6 “(bb) are collected before
7 October 1, 1997.

8 “(II) POST-SEPTEMBER 1997.—
9 With respect to the amount so col-
10 lected on or after October 1, 1997 (or
11 before such date, at the option of the
12 State)—

13 “(aa) IN GENERAL.—The
14 State shall first distribute the
15 amount so collected (other than
16 any amount described in clause
17 (iv)) to the family to the extent
18 necessary to satisfy any support
19 arrearages with respect to the
20 family that accrued after the
21 family ceased to receive assist-
22 ance from the State.

23 “(bb) REIMBURSEMENT OF
24 GOVERNMENTS FOR ASSISTANCE
25 PROVIDED TO THE FAMILY.—

1 After the application of division
2 (aa) and clause (ii)(II)(aa) with
3 respect to the amount so col-
4 lected, the State shall retain the
5 State share of the amount so col-
6 lected, and pay to the Federal
7 Government the Federal share
8 (as defined in subsection (c)(2))
9 of the amount so collected, but
10 only to the extent necessary to
11 reimburse amounts paid to the
12 family as assistance by the State.

13 “(cc) DISTRIBUTION OF THE
14 REMAINDER TO THE FAMILY.—
15 To the extent that neither divi-
16 sion (aa) nor division (bb) applies
17 to the amount so collected, the
18 State shall distribute the amount
19 to the family.

20 “(ii) DISTRIBUTION OF ARREARAGES
21 THAT ACCRUED BEFORE THE FAMILY RE-
22 CEIVED ASSISTANCE.—

23 “(I) PRE-OCTOBER 2000.—Except
24 as provided in subclause (II), the pro-
25 visions of this section (other than sub-

1 section (b)(1)) as in effect and applied
2 on the day before the date of the en-
3 actment of section 4302 of the Per-
4 sonal Responsibility and Work Oppor-
5 tunity Act of 1996 shall apply with
6 respect to the distribution of support
7 arrearages that—

8 “(aa) accrued before the
9 family received assistance, and

10 “(bb) are collected before
11 October 1, 2000.

12 “(II) POST-SEPTEMBER 2000.—
13 Unless, based on the report required
14 by paragraph (4), the Congress deter-
15 mines otherwise, with respect to the
16 amount so collected on or after Octo-
17 ber 1, 2000 (or before such date, at
18 the option of the State)—

19 “(aa) IN GENERAL.—The
20 State shall first distribute the
21 amount so collected (other than
22 any amount described in clause
23 (iv)) to the family to the extent
24 necessary to satisfy any support
25 arrearages with respect to the

1 family that accrued before the
2 family received assistance from
3 the State.

4 “(bb) REIMBURSEMENT OF
5 GOVERNMENTS FOR ASSISTANCE
6 PROVIDED TO THE FAMILY.—

7 After the application of clause
8 (i)(II)(aa) and division (aa) with
9 respect to the amount so col-
10 lected, the State shall retain the
11 State share of the amount so col-
12 lected, and pay to the Federal
13 Government the Federal share
14 (as defined in subsection (c)(2))
15 of the amount so collected, but
16 only to the extent necessary to
17 reimburse amounts paid to the
18 family as assistance by the State.

19 “(cc) DISTRIBUTION OF THE
20 REMAINDER TO THE FAMILY.—

21 To the extent that neither divi-
22 sion (aa) nor division (bb) applies
23 to the amount so collected, the
24 State shall distribute the amount
25 to the family.

1 “(iii) DISTRIBUTION OF ARREARAGES
2 THAT ACCRUED WHILE THE FAMILY RE-
3 CEIVED ASSISTANCE.—In the case of a
4 family described in this subparagraph, the
5 provisions of paragraph (1) shall apply
6 with respect to the distribution of support
7 arrearages that accrued while the family
8 received assistance.

9 “(iv) AMOUNTS COLLECTED PURSU-
10 ANT TO SECTION 464.—Notwithstanding
11 any other provision of this section, any
12 amount of support collected pursuant to
13 section 464 shall be retained by the State
14 to the extent past-due support has been as-
15 signed to the State as a condition of re-
16 ceiving assistance from the State, up to the
17 amount necessary to reimburse the State
18 for amounts paid to the family as assist-
19 ance by the State. The State shall pay to
20 the Federal Government the Federal share
21 of the amounts so retained. To the extent
22 the amount collected pursuant to section
23 464 exceeds the amount so retained, the
24 State shall distribute the excess to the
25 family.

1 “(v) ORDERING RULES FOR DISTRIBUTIONS.—For purposes of this subparagraph, unless an earlier effective date is required by this section, effective October 1, 2000, the State shall treat any support arrearages collected, except for amounts collected pursuant to section 464, as accruing in the following order:

2 “(I) To the period after the family ceased to receive assistance.

3 “(II) To the period before the family received assistance.

4 “(III) To the period while the family was receiving assistance.

5 “(3) FAMILIES THAT NEVER RECEIVED ASSISTANCE.—In the case of any other family, the State shall distribute the amount so collected to the family.

6 “(4) STUDY AND REPORT.—Not later than October 1, 1998, the Secretary shall report to the Congress the Secretary’s findings with respect to—

7 “(A) whether the distribution of post-assistance arrearages to families has been effective in moving people off of welfare and keeping them off of welfare;

1 “(B) whether early implementation of a
2 pre-assistance arrearage program by some
3 States has been effective in moving people off
4 of welfare and keeping them off of welfare;

5 “(C) what the overall impact has been of
6 the amendments made by the Personal Respon-
7 sibility and Work Opportunity Act of 1996 with
8 respect to child support enforcement in moving
9 people off of welfare and keeping them off of
10 welfare; and

11 “(D) based on the information and data
12 the Secretary has obtained, what changes, if
13 any, should be made in the policies related to
14 the distribution of child support arrearages.

15 “(b) CONTINUATION OF ASSIGNMENTS.—Any rights
16 to support obligations, which were assigned to a State as
17 a condition of receiving assistance from the State under
18 part A and which were in effect on the day before the
19 date of the enactment of the Personal Responsibility and
20 Work Opportunity Act of 1996, shall remain assigned
21 after such date.

22 “(c) DEFINITIONS.—As used in subsection (a):

23 “(1) ASSISTANCE.—The term ‘assistance from
24 the State’ means—

1 “(A) assistance under the State program
2 funded under part A or under the State plan
3 approved under part A of this title (as in effect
4 on the day before the date of the enactment of
5 the Personal Responsibility and Work Oppor-
6 tunity Act of 1996); and

7 “(B) foster care maintenance payments
8 under the State plan approved under part E of
9 this title.

10 “(2) FEDERAL SHARE.—The term ‘Federal
11 share’ means that portion of the amount collected
12 resulting from the application of the Federal medical
13 assistance percentage in effect for the fiscal year in
14 which the amount is collected.

15 “(3) FEDERAL MEDICAL ASSISTANCE PERCENT-
16 AGE.—The term ‘Federal medical assistance per-
17 centage’ means—

18 “(A) the Federal medical assistance per-
19 centage (as defined in section 1118), in the case
20 of Puerto Rico, the Virgin Islands, Guam, and
21 American Samoa; or

22 “(B) the Federal medical assistance per-
23 centage (as defined in section 1905(b), as in ef-
24 fect on September 30, 1996) in the case of any
25 other State.

1 “(4) STATE SHARE.—The term ‘State share’
2 means 100 percent minus the Federal share.

3 “(d) HOLD HARMLESS PROVISION.—If the amounts
4 collected which could be retained by the State in the fiscal
5 year (to the extent necessary to reimburse the State for
6 amounts paid to families as assistance by the State) are
7 less than the State share of the amounts collected in fiscal
8 year 1995 (determined in accordance with section 457 as
9 in effect on the day before the date of the enactment of
10 the Personal Responsibility and Work Opportunity Act of
11 1996), the State share for the fiscal year shall be an
12 amount equal to the State share in fiscal year 1995.

13 “(e) GAP PAYMENTS NOT SUBJECT TO DISTRIBUTION UNDER THIS SECTION.—At State option, this section shall not apply to any amount collected on behalf of
14 a family as support by the State (and paid to the family
15 in addition to the amount of assistance otherwise payable
16 to the family) pursuant to a plan approved under this part
17 if such amount would have been paid to the family by the
18 State under section 402(a)(28), as in effect and applied
19 on the day before the date of the enactment of section
20 4302 of the Personal Responsibility and Work Oppor-
21 tunity Act of 1996. For purposes of subsection (d), the
22 State share of such amount paid to the family shall be
23 considered amounts which could be retained by the State
24 State share of such amount paid to the family shall be
25 considered amounts which could be retained by the State

1 if such payments were reported by the State as part of
2 the State share of amounts collected in fiscal year 1995.”.

3 (b) CONFORMING AMENDMENTS.—

4 (1) Section 464(a)(1) (42 U.S.C. 664(a)(1)) is
5 amended by striking “section 457(b)(4) or (d)(3)”
6 and inserting “section 457”.

7 (2) Section 454 (42 U.S.C. 654) is amended—

8 (A) in paragraph (11)—

9 (i) by striking “(11)” and inserting
10 “(11)(A)”; and

11 (ii) by inserting after the semicolon
12 “and”; and

13 (B) by redesignating paragraph (12) as
14 subparagraph (B) of paragraph (11).

15 (c) EFFECTIVE DATES.—

16 (1) IN GENERAL.—Except as provided in para-
17 graph (2), the amendments made by this section
18 shall be effective on October 1, 1996, or earlier at
19 the State’s option.

20 (2) CONFORMING AMENDMENTS.—The amend-
21 ments made by subsection (b)(2) shall become effec-
22 tive on the date of the enactment of this Act.

1 **SEC. 4303. PRIVACY SAFEGUARDS.**

2 (a) STATE PLAN REQUIREMENT.—Section 454 (42
3 U.S.C. 654), as amended by section 4301(b) of this Act,
4 is amended—

5 (1) by striking “and” at the end of paragraph
6 (24);

7 (2) by striking the period at the end of para-
8 graph (25) and inserting “; and”; and

9 (3) by adding after paragraph (25) the follow-
10 ing new paragraph:

11 “(26) will have in effect safeguards, applicable
12 to all confidential information handled by the State
13 agency, that are designed to protect the privacy
14 rights of the parties, including—

15 “(A) safeguards against unauthorized use
16 or disclosure of information relating to proceed-
17 ings or actions to establish paternity, or to es-
18 tablish or enforce support;

19 “(B) prohibitions against the release of in-
20 formation on the whereabouts of 1 party to an-
21 other party against whom a protective order
22 with respect to the former party has been en-
23 tered; and

24 “(C) prohibitions against the release of in-
25 formation on the whereabouts of 1 party to an-
26 other party if the State has reason to believe

1 that the release of the information may result
2 in physical or emotional harm to the former
3 party.”.

4 (b) **EFFECTIVE DATE.**—The amendment made by
5 subsection (a) shall become effective on October 1, 1997.

6 **SEC. 4304. RIGHTS TO NOTIFICATION OF HEARINGS.**

7 (a) **IN GENERAL.**—Section 454 (42 U.S.C. 654), as
8 amended by section 4302(b)(2) of this Act, is amended
9 by inserting after paragraph (11) the following new para-
10 graph:

11 “(12) provide for the establishment of proce-
12 dures to require the State to provide individuals who
13 are applying for or receiving services under the State
14 plan, or who are parties to cases in which services
15 are being provided under the State plan—

16 “(A) with notice of all proceedings in
17 which support obligations might be established
18 or modified; and

19 “(B) with a copy of any order establishing
20 or modifying a child support obligation, or (in
21 the case of a petition for modification) a notice
22 of determination that there should be no change
23 in the amount of the child support award, with-
24 in 14 days after issuance of such order or de-
25 termination;”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 subsection (a) shall become effective on October 1, 1997.

3 **CHAPTER 2—LOCATE AND CASE**

4 **TRACKING**

5 **SEC. 4311. STATE CASE REGISTRY.**

6 Section 454A, as added by section 4344(a)(2) of this
7 Act, is amended by adding at the end the following new
8 subsections:

9 “(e) STATE CASE REGISTRY.—

10 “(1) CONTENTS.—The automated system re-
11 quired by this section shall include a registry (which
12 shall be known as the ‘State case registry’) that con-
13 tains records with respect to—

14 “(A) each case in which services are being
15 provided by the State agency under the State
16 plan approved under this part; and

17 “(B) each support order established or
18 modified in the State on or after October 1,
19 1998.

20 “(2) LINKING OF LOCAL REGISTRIES.—The
21 State case registry may be established by linking
22 local case registries of support orders through an
23 automated information network, subject to this sec-
24 tion.

1 “(3) USE OF STANDARDIZED DATA ELE-
2 MENTS.—Such records shall use standardized data
3 elements for both parents (such as names, social se-
4 curity numbers and other uniform identification
5 numbers, dates of birth, and case identification
6 numbers), and contain such other information (such
7 as on case status) as the Secretary may require.

8 “(4) PAYMENT RECORDS.—Each case record in
9 the State case registry with respect to which services
10 are being provided under the State plan approved
11 under this part and with respect to which a support
12 order has been established shall include a record
13 of—

14 “(A) the amount of monthly (or other peri-
15 odic) support owed under the order, and other
16 amounts (including arrearages, interest or late
17 payment penalties, and fees) due or overdue
18 under the order;

19 “(B) any amount described in subpara-
20 graph (A) that has been collected;

21 “(C) the distribution of such collected
22 amounts;

23 “(D) the birth date of any child for whom
24 the order requires the provision of support; and

1 “(E) the amount of any lien imposed with
2 respect to the order pursuant to section
3 466(a)(4).

4 “(5) UPDATING AND MONITORING.—The State
5 agency operating the automated system required by
6 this section shall promptly establish and update,
7 maintain, and regularly monitor, case records in the
8 State case registry with respect to which services are
9 being provided under the State plan approved under
10 this part, on the basis of—

11 “(A) information on administrative actions
12 and administrative and judicial proceedings and
13 orders relating to paternity and support;

14 “(B) information obtained from compari-
15 son with Federal, State, or local sources of in-
16 formation;

17 “(C) information on support collections
18 and distributions; and

19 “(D) any other relevant information.

20 “(f) INFORMATION COMPARISONS AND OTHER DIS-
21 CLOSURES OF INFORMATION.—The State shall use the
22 automated system required by this section to extract infor-
23 mation from (at such times, and in such standardized for-
24 mat or formats, as may be required by the Secretary), to
25 share and compare information with, and to receive infor-

1 mation from, other data bases and information compari-
2 son services, in order to obtain (or provide) information
3 necessary to enable the State agency (or the Secretary or
4 other State or Federal agencies) to carry out this part,
5 subject to section 6103 of the Internal Revenue Code of
6 1986. Such information comparison activities shall include
7 the following:

8 “(1) FEDERAL CASE REGISTRY OF CHILD SUP-
9 PORT ORDERS.—Furnishing to the Federal Case
10 Registry of Child Support Orders established under
11 section 453(h) (and update as necessary, with infor-
12 mation including notice of expiration of orders) the
13 minimum amount of information on child support
14 cases recorded in the State case registry that is nec-
15 essary to operate the registry (as specified by the
16 Secretary in regulations).

17 “(2) FEDERAL PARENT LOCATOR SERVICE.—
18 Exchanging information with the Federal Parent
19 Locator Service for the purposes specified in section
20 453.

21 “(3) TEMPORARY FAMILY ASSISTANCE AND
22 MEDICAID AGENCIES.—Exchanging information with
23 State agencies (of the State and of other States) ad-
24 ministering programs funded under part A, pro-
25 grams operated under a State plan under title XV

1 or a State plan approved under title XIX, and other
2 programs designated by the Secretary, as necessary
3 to perform State agency responsibilities under this
4 part and under such programs.

5 “(4) INTRASTATE AND INTERSTATE INFORMA-
6 TION COMPARISONS.—Exchanging information with
7 other agencies of the State, agencies of other States,
8 and interstate information networks, as necessary
9 and appropriate to carry out (or assist other States
10 to carry out) the purposes of this part.”.

11 **SEC. 4312. COLLECTION AND DISBURSEMENT OF SUPPORT**
12 **PAYMENTS.**

13 (a) STATE PLAN REQUIREMENT.—Section 454 (42
14 U.S.C. 654), as amended by sections 4301(b) and 4303(a)
15 of this Act, is amended—

16 (1) by striking “and” at the end of paragraph
17 (25);

18 (2) by striking the period at the end of para-
19 graph (26) and inserting “; and”; and

20 (3) by adding after paragraph (26) the follow-
21 ing new paragraph:

22 “(27) provide that, on and after October 1,
23 1998, the State agency will—

24 “(A) operate a State disbursement unit in
25 accordance with section 454B; and

1 “(B) have sufficient State staff (consisting
2 of State employees) and (at State option) con-
3 tractors reporting directly to the State agency
4 to—

5 “(i) monitor and enforce support col-
6 lections through the unit in cases being en-
7 forced by the State pursuant to section
8 454(4) (including carrying out the auto-
9 mated data processing responsibilities de-
10 scribed in section 454A(g)); and

11 “(ii) take the actions described in sec-
12 tion 466(c)(1) in appropriate cases.”.

13 (b) ESTABLISHMENT OF STATE DISBURSEMENT
14 UNIT.—Part D of title IV (42 U.S.C. 651–669), as
15 amended by section 4344(a)(2) of this Act, is amended
16 by inserting after section 454A the following new section:

17 **“SEC. 454B. COLLECTION AND DISBURSEMENT OF SUP-**
18 **PORT PAYMENTS.**

19 “(a) STATE DISBURSEMENT UNIT.—

20 “(1) IN GENERAL.—In order for a State to
21 meet the requirements of this section, the State
22 agency must establish and operate a unit (which
23 shall be known as the ‘State disbursement unit’) for
24 the collection and disbursement of payments under
25 support orders—

1 “(A) in all cases being enforced by the
2 State pursuant to section 454(4); and

3 “(B) in all cases not being enforced by the
4 State under this part in which the support
5 order is initially issued in the State on or after
6 January 1, 1994, and in which the income of
7 the noncustodial parent are subject to withhold-
8 ing pursuant to section 466(a)(8)(B).

9 “(2) OPERATION.—The State disbursement
10 unit shall be operated—

11 “(A) directly by the State agency (or 2 or
12 more State agencies under a regional coopera-
13 tive agreement), or (to the extent appropriate)
14 by a contractor responsible directly to the State
15 agency; and

16 “(B) except in cases described in para-
17 graph (1)(B), in coordination with the auto-
18 mated system established by the State pursuant
19 to section 454A.

20 “(3) LINKING OF LOCAL DISBURSEMENT
21 UNITS.—The State disbursement unit may be estab-
22 lished by linking local disbursement units through
23 an automated information network, subject to this
24 section, if the Secretary agrees that the system will
25 not cost more nor take more time to establish or op-

1 erate than a centralized system. In addition, employ-
2 ers shall be given 1 location to which income with-
3 holding is sent.

4 “(b) REQUIRED PROCEDURES.—The State disburse-
5 ment unit shall use automated procedures, electronic proc-
6 esses, and computer-driven technology to the maximum
7 extent feasible, efficient, and economical, for the collection
8 and disbursement of support payments, including proce-
9 dures—

10 “(1) for receipt of payments from parents, em-
11 ployers, and other States, and for disbursements to
12 custodial parents and other obligees, the State agen-
13 cy, and the agencies of other States;

14 “(2) for accurate identification of payments;

15 “(3) to ensure prompt disbursement of the cus-
16 todial parent’s share of any payment; and

17 “(4) to furnish to any parent, upon request,
18 timely information on the current status of support
19 payments under an order requiring payments to be
20 made by or to the parent.

21 “(c) TIMING OF DISBURSEMENTS.—

22 “(1) IN GENERAL.—Except as provided in para-
23 graph (2), the State disbursement unit shall distrib-
24 ute all amounts payable under section 457(a) within
25 2 business days after receipt from the employer or

1 other source of periodic income, if sufficient infor-
2 mation identifying the payee is provided.

3 “(2) PERMISSIVE RETENTION OF ARREAR-
4 AGES.—The State disbursement unit may delay the
5 distribution of collections toward arrearages until
6 the resolution of any timely appeal with respect to
7 such arrearages.

8 “(d) BUSINESS DAY DEFINED.—As used in this sec-
9 tion, the term ‘business day’ means a day on which State
10 offices are open for regular business.”.

11 (c) USE OF AUTOMATED SYSTEM.—Section 454A, as
12 added by section 4344(a)(2) and as amended by section
13 4311 of this Act, is amended by adding at the end the
14 following new subsection:

15 “(g) COLLECTION AND DISTRIBUTION OF SUPPORT
16 PAYMENTS.—

17 “(1) IN GENERAL.—The State shall use the
18 automated system required by this section, to the
19 maximum extent feasible, to assist and facilitate the
20 collection and disbursement of support payments
21 through the State disbursement unit operated under
22 section 454B, through the performance of functions,
23 including, at a minimum—

1 “(A) transmission of orders and notices to
2 employers (and other debtors) for the withhold-
3 ing of income—

4 “(i) within 2 business days after re-
5 ceipt of notice of, and the income source
6 subject to, such withholding from a court,
7 another State, an employer, the Federal
8 Parent Locator Service, or another source
9 recognized by the State; and

10 “(ii) using uniform formats prescribed
11 by the Secretary;

12 “(B) ongoing monitoring to promptly iden-
13 tify failures to make timely payment of support;
14 and

15 “(C) automatic use of enforcement proce-
16 dures (including procedures authorized pursu-
17 ant to section 466(c)) if payments are not time-
18 ly made.

19 “(2) BUSINESS DAY DEFINED.—As used in
20 paragraph (1), the term ‘business day’ means a day
21 on which State offices are open for regular busi-
22 ness.”.

23 (d) EFFECTIVE DATES.—

1 (1) IN GENERAL.—Except as provided in para-
2 graph (2), the amendments made by this section
3 shall become effective on October 1, 1998.

4 (2) LIMITED EXCEPTION TO UNIT HANDLING
5 PAYMENTS.—Notwithstanding section 454B(b)(1) of
6 the Social Security Act, as added by this section,
7 any State which, as of the date of the enactment of
8 this Act, processes the receipt of child support pay-
9 ments through local courts may, at the option of the
10 State, continue to process through September 30,
11 1999, such payments through such courts as proc-
12 essed such payments on or before such date of en-
13 actment.

14 (e) SENSE OF THE CONGRESS.—It is the sense of the
15 Congress that, in determining whether to comply with sec-
16 tion 454B of the Social Security Act by establishing a sin-
17 gle, centralized unit for the collection and disbursement
18 of support payments or by linking together through auto-
19 mation local units for the collection and disbursement of
20 support payments, a State should choose the method of
21 compliance which best meets the needs of parents, employ-
22 ers, and children.

1 **SEC. 4313. STATE DIRECTORY OF NEW HIRES.**

2 (a) STATE PLAN REQUIREMENT.—Section 454 (42
3 U.S.C. 654), as amended by sections 4301(b), 4303(a)
4 and 4312(a) of this Act, is amended—

5 (1) by striking “and” at the end of paragraph
6 (26);

7 (2) by striking the period at the end of para-
8 graph (27) and inserting “; and”; and

9 (3) by adding after paragraph (27) the follow-
10 ing new paragraph:

11 “(28) provide that, on and after October 1,
12 1997, the State will operate a State Directory of
13 New Hires in accordance with section 453A.”.

14 (b) STATE DIRECTORY OF NEW HIRES.—Part D of
15 title IV (42 U.S.C. 651–669) is amended by inserting
16 after section 453 the following new section:

17 **“SEC. 453A. STATE DIRECTORY OF NEW HIRES.**

18 “(a) ESTABLISHMENT.—

19 “(1) IN GENERAL.—

20 “(A) REQUIREMENT FOR STATES THAT
21 HAVE NO DIRECTORY.—Except as provided in
22 subparagraph (B), not later than October 1,
23 1997, each State shall establish an automated
24 directory (to be known as the ‘State Directory
25 of New Hires’) which shall contain information

1 supplied in accordance with subsection (b) by
2 employers on each newly hired employee.

3 “(B) STATES WITH NEW HIRE REPORTING
4 IN EXISTENCE.—A State which has a new hire
5 reporting law in existence on the date of the en-
6 actment of this section may continue to operate
7 under the State law, but the State must meet
8 the requirements of subsection (g)(2) not later
9 than October 1, 1997, and the requirements of
10 this section (other than subsection (g)(2)) not
11 later than October 1, 1998.

12 “(2) DEFINITIONS.—As used in this section:

13 “(A) EMPLOYEE.—The term ‘employee’—

14 “(i) means an individual who is an
15 employee within the meaning of chapter 24
16 of the Internal Revenue Code of 1986; and

17 “(ii) does not include an employee of
18 a Federal or State agency performing in-
19 telligence or counterintelligence functions,
20 if the head of such agency has determined
21 that reporting pursuant to paragraph (1)
22 with respect to the employee could endan-
23 ger the safety of the employee or com-
24 promise an ongoing investigation or intel-
25 ligence mission.

1 “(B) EMPLOYER.—

2 “(i) IN GENERAL.—The term ‘em-
3 ployer’ has the meaning given such term in
4 section 3401(d) of the Internal Revenue
5 Code of 1986 and includes any govern-
6 mental entity and any labor organization.

7 “(ii) LABOR ORGANIZATION.—The
8 term ‘labor organization’ shall have the
9 meaning given such term in section 2(5) of
10 the National Labor Relations Act, and in-
11 cludes any entity (also known as a ‘hiring
12 hall’) which is used by the organization
13 and an employer to carry out requirements
14 described in section 8(f)(3) of such Act of
15 an agreement between the organization
16 and the employer.

17 “(b) EMPLOYER INFORMATION.—

18 “(1) REPORTING REQUIREMENT.—

19 “(A) IN GENERAL.—Except as provided in
20 subparagraphs (B) and (C), each employer shall
21 furnish to the Directory of New Hires of the
22 State in which a newly hired employee works, a
23 report that contains the name, address, and so-
24 cial security number of the employee, and the
25 name and address of, and identifying number

1 assigned under section 6109 of the Internal
2 Revenue Code of 1986 to, the employer.

3 “(B) MULTISTATE EMPLOYERS.—An em-
4 ployer that has employees who are employed in
5 2 or more States and that transmits reports
6 magnetically or electronically may comply with
7 subparagraph (A) by designating 1 State in
8 which such employer has employees to which
9 the employer will transmit the report described
10 in subparagraph (A), and transmitting such re-
11 port to such State. Any employer that transmits
12 reports pursuant to this subparagraph shall no-
13 tify the Secretary in writing as to which State
14 such employer designates for the purpose of
15 sending reports.

16 “(C) FEDERAL GOVERNMENT EMPLOY-
17 ERS.—Any department, agency, or instrumen-
18 tality of the United States shall comply with
19 subparagraph (A) by transmitting the report
20 described in subparagraph (A) to the National
21 Directory of New Hires established pursuant to
22 section 453.

23 “(2) TIMING OF REPORT.—Each State may
24 provide the time within which the report required by

1 paragraph (1) shall be made with respect to an em-
2 ployee, but such report shall be made—

3 “(A) not later than 20 days after the date
4 the employer hires the employee; or

5 “(B) in the case of an employer transmit-
6 ting reports magnetically or electronically, by 2
7 monthly transmissions (if necessary) not less
8 than 12 days nor more than 16 days apart.

9 “(c) REPORTING FORMAT AND METHOD.—Each re-
10 port required by subsection (b) shall be made on a
11 W-4 form or, at the option of the employer, an equivalent
12 form, and may be transmitted by 1st class mail, magneti-
13 cally, or electronically.

14 “(d) CIVIL MONEY PENALTIES ON NONCOMPLYING
15 EMPLOYERS.—The State shall have the option to set a
16 State civil money penalty which shall be less than—

17 “(1) \$25; or

18 “(2) \$500 if, under State law, the failure is the
19 result of a conspiracy between the employer and the
20 employee to not supply the required report or to
21 supply a false or incomplete report.

22 “(e) ENTRY OF EMPLOYER INFORMATION.—Infor-
23 mation shall be entered into the data base maintained by
24 the State Directory of New Hires within 5 business days
25 of receipt from an employer pursuant to subsection (b).

1 “(f) INFORMATION COMPARISONS.—

2 “(1) IN GENERAL.—Not later than May 1,
3 1998, an agency designated by the State shall, di-
4 rectly or by contract, conduct automated compari-
5 sons of the social security numbers reported by em-
6 ployers pursuant to subsection (b) and the social se-
7 curity numbers appearing in the records of the State
8 case registry for cases being enforced under the
9 State plan.

10 “(2) NOTICE OF MATCH.—When an information
11 comparison conducted under paragraph (1) reveals a
12 match with respect to the social security number of
13 an individual required to provide support under a
14 support order, the State Directory of New Hires
15 shall provide the agency administering the State
16 plan approved under this part of the appropriate
17 State with the name, address, and social security
18 number of the employee to whom the social security
19 number is assigned, and the name and address of,
20 and identifying number assigned under section 6109
21 of the Internal Revenue Code of 1986 to, the em-
22 ployer.

23 “(g) TRANSMISSION OF INFORMATION.—

24 “(1) TRANSMISSION OF WAGE WITHHOLDING
25 NOTICES TO EMPLOYERS.—Within 2 business days

1 after the date information regarding a newly hired
2 employee is entered into the State Directory of New
3 Hires, the State agency enforcing the employee's
4 child support obligation shall transmit a notice to
5 the employer of the employee directing the employer
6 to withhold from the income of the employee an
7 amount equal to the monthly (or other periodic)
8 child support obligation (including any past due sup-
9 port obligation) of the employee, unless the employ-
10 ee's income is not subject to withholding pursuant to
11 section 466(b)(3).

12 “(2) TRANSMISSIONS TO THE NATIONAL DIREC-
13 TORY OF NEW HIRES.—

14 “(A) NEW HIRE INFORMATION.—Within 3
15 business days after the date information re-
16 garding a newly hired employee is entered into
17 the State Directory of New Hires, the State Di-
18 rectory of New Hires shall furnish the informa-
19 tion to the National Directory of New Hires.

20 “(B) WAGE AND UNEMPLOYMENT COM-
21 PENSATION INFORMATION.—The State Direc-
22 tory of New Hires shall, on a quarterly basis,
23 furnish to the National Directory of New Hires
24 extracts of the reports required under section
25 303(a)(6) to be made to the Secretary of Labor

1 concerning the wages and unemployment com-
2 pensation paid to individuals, by such dates, in
3 such format, and containing such information
4 as the Secretary of Health and Human Services
5 shall specify in regulations.

6 “(3) BUSINESS DAY DEFINED.—As used in this
7 subsection, the term ‘business day’ means a day on
8 which State offices are open for regular business.

9 “(h) OTHER USES OF NEW HIRE INFORMATION.—

10 “(1) LOCATION OF CHILD SUPPORT OBLI-
11 GORS.—The agency administering the State plan ap-
12 proved under this part shall use information received
13 pursuant to subsection (f)(2) to locate individuals
14 for purposes of establishing paternity and establish-
15 ing, modifying, and enforcing child support obliga-
16 tions, and may disclose such information to any
17 agent of the agency that is under contract with the
18 agency to carry out such purposes.

19 “(2) VERIFICATION OF ELIGIBILITY FOR CER-
20 TAIN PROGRAMS.—A State agency responsible for
21 administering a program specified in section 1137(b)
22 shall have access to information reported by employ-
23 ers pursuant to subsection (b) of this section for
24 purposes of verifying eligibility for the program.

1 “(3) ADMINISTRATION OF EMPLOYMENT SECUR-
2 RITY AND WORKERS’ COMPENSATION.—State agen-
3 cies operating employment security and workers’
4 compensation programs shall have access to informa-
5 tion reported by employers pursuant to subsection
6 (b) for the purposes of administering such pro-
7 grams.”.

8 (c) QUARTERLY WAGE REPORTING.—Section
9 1137(a)(3) (42 U.S.C. 1320b–7(a)(3)) is amended—

10 (1) by inserting “(including State and local gov-
11 ernmental entities and labor organizations (as de-
12 fined in section 453A(a)(2)(B)(iii))” after “employ-
13 ers”; and

14 (2) by inserting “, and except that no report
15 shall be filed with respect to an employee of a State
16 or local agency performing intelligence or counter-
17 intelligence functions, if the head of such agency has
18 determined that filing such a report could endanger
19 the safety of the employee or compromise an ongo-
20 ing investigation or intelligence mission” after
21 “paragraph (2)”.

22 (d) DISCLOSURE TO CERTAIN AGENTS.—Section
23 303(e) (42 U.S.C. 503(e)) is amended by adding at the
24 end the following:

1 “(5) A State or local child support enforcement agen-
 2 cy may disclose to any agent of the agency that is under
 3 contract with the agency to carry out the purposes de-
 4 scribed in paragraph (1)(B) wage information that is dis-
 5 closed to an officer or employee of the agency under para-
 6 graph (1)(A). Any agent of a State or local child support
 7 agency that receives wage information under this para-
 8 graph shall comply with the safeguards established pursu-
 9 ant to paragraph (1)(B).”.

10 **SEC. 4314. AMENDMENTS CONCERNING INCOME WITH-**
 11 **HOLDING.**

12 (a) MANDATORY INCOME WITHHOLDING.—

13 (1) IN GENERAL.—Section 466(a)(1) (42
 14 U.S.C. 666(a)(1)) is amended to read as follows:

15 “(1)(A) Procedures described in subsection (b)
 16 for the withholding from income of amounts payable
 17 as support in cases subject to enforcement under the
 18 State plan.

19 “(B) Procedures under which the income of a
 20 person with a support obligation imposed by a sup-
 21 port order issued (or modified) in the State before
 22 October 1, 1996, if not otherwise subject to with-
 23 holding under subsection (b), shall become subject to
 24 withholding as provided in subsection (b) if arrear-

1 ages occur, without the need for a judicial or admin-
2 istrative hearing.”.

3 (2) CONFORMING AMENDMENTS.—

4 (A) Section 466(b) (42 U.S.C. 666(b)) is
5 amended in the matter preceding paragraph
6 (1), by striking “subsection (a)(1)” and insert-
7 ing “subsection (a)(1)(A)”.

8 (B) Section 466(b)(4) (42 U.S.C.
9 666(b)(4)) is amended to read as follows:

10 “(4)(A) Such withholding must be carried out
11 in full compliance with all procedural due process re-
12 quirements of the State, and the State must send
13 notice to each noncustodial parent to whom para-
14 graph (1) applies—

15 “(i) that the withholding has commenced;

16 and

17 “(ii) of the procedures to follow if the non-
18 custodial parent desires to contest such with-
19 holding on the grounds that the withholding or
20 the amount withheld is improper due to a mis-
21 take of fact.

22 “(B) The notice under subparagraph (A) of this
23 paragraph shall include the information provided to
24 the employer under paragraph (6)(A).”.

1 (C) Section 466(b)(5) (42 U.S.C.
2 666(b)(5)) is amended by striking all that fol-
3 lows “administered by” and inserting “the
4 State through the State disbursement unit es-
5 tablished pursuant to section 454B, in accord-
6 ance with the requirements of section 454B.”.

7 (D) Section 466(b)(6)(A) (42 U.S.C.
8 666(b)(6)(A)) is amended—

9 (i) in clause (i), by striking “to the
10 appropriate agency” and all that follows
11 and inserting “to the State disbursement
12 unit within 5 business days after the date
13 the amount would (but for this subsection)
14 have been paid or credited to the employee,
15 for distribution in accordance with this
16 part. The employer shall withhold funds as
17 directed in the notice. For terms and con-
18 ditions for withholding income that are not
19 specified in a notice issued by another
20 State, the employer shall apply the law of
21 the State in which the obligor works. An
22 employer who complies with an income
23 withholding notice that is regular on its
24 face shall not be subject to civil liability to

1 any individual or agency for conduct in
2 compliance with the notice.”.

3 (ii) in clause (ii), by inserting “be in
4 a standard format prescribed by the Sec-
5 retary, and” after “shall”; and

6 (iii) by adding at the end the follow-
7 ing new clause:

8 “(iii) As used in this subparagraph, the term
9 ‘business day’ means a day on which State offices
10 are open for regular business.”.

11 (E) Section 466(b)(6)(D) (42 U.S.C.
12 666(b)(6)(D)) is amended by striking “any em-
13 ployer” and all that follows and inserting “any
14 employer who—

15 “(i) discharges from employment, refuses
16 to employ, or takes disciplinary action against
17 any noncustodial parent subject to income with-
18 holding required by this subsection because of
19 the existence of such withholding and the obli-
20 gations or additional obligations which it im-
21 poses upon the employer; or

22 “(ii) fails to withhold support from income
23 or to pay such amounts to the State disburse-
24 ment unit in accordance with this subsection.”.

1 (F) Section 466(b) (42 U.S.C. 666(b)) is
2 amended by adding at the end the following
3 new paragraph:

4 “(11) Procedures under which the agency ad-
5 ministering the State plan approved under this part
6 may execute a withholding order without advance
7 notice to the obligor, including issuing the withhold-
8 ing order through electronic means.”.

9 (b) DEFINITION OF INCOME.—

10 (1) IN GENERAL.—Section 466(b)(8) (42
11 U.S.C. 666(b)(8)) is amended to read as follows:

12 “(8) For purposes of subsection (a) and this
13 subsection, the term ‘income’ means any periodic
14 form of payment due to an individual, regardless of
15 source, including wages, salaries, commissions, bo-
16 nuses, worker’s compensation, disability, payments
17 pursuant to a pension or retirement program, and
18 interest.”.

19 (2) CONFORMING AMENDMENTS.—

20 (A) Subsections (a)(8)(A), (a)(8)(B)(i),
21 (b)(3)(A), (b)(3)(B), (b)(6)(A)(i), and
22 (b)(6)(C), and (b)(7) of section 466 (42 U.S.C.
23 666(a)(8)(A), (a)(8)(B)(i), (b)(3)(A), (b)(3)(B),
24 (b)(6)(A)(i), and (b)(6)(C), and (b)(7)) are

1 each amended by striking “wages” each place
2 such term appears and inserting “income”.

3 (B) Section 466(b)(1) (42 U.S.C.
4 666(b)(1)) is amended by striking “wages (as
5 defined by the State for purposes of this sec-
6 tion)” and inserting “income”.

7 (c) CONFORMING AMENDMENT.—Section 466(c) (42
8 U.S.C. 666(c)) is repealed.

9 **SEC. 4315. LOCATOR INFORMATION FROM INTERSTATE**
10 **NETWORKS.**

11 Section 466(a) (42 U.S.C. 666(a)) is amended by in-
12 serting after paragraph (11) the following new paragraph:

13 “(12) LOCATOR INFORMATION FROM INTER-
14 STATE NETWORKS.—Procedures to ensure that all
15 Federal and State agencies conducting activities
16 under this part have access to any system used by
17 the State to locate an individual for purposes relat-
18 ing to motor vehicles or law enforcement.”.

19 **SEC. 4316. EXPANSION OF THE FEDERAL PARENT LOCATOR**
20 **SERVICE.**

21 (a) EXPANDED AUTHORITY TO LOCATE INDIVID-
22 UALS AND ASSETS.—Section 453 (42 U.S.C. 653) is
23 amended—

24 (1) in subsection (a), by striking all that follows
25 “subsection (c))” and inserting “, for the purpose of

1 establishing parentage, establishing, setting the
2 amount of, modifying, or enforcing child support ob-
3 ligations, or enforcing child custody or visitation or-
4 ders—

5 “(1) information on, or facilitating the discov-
6 ery of, the location of any individual—

7 “(A) who is under an obligation to pay
8 child support or provide child custody or visita-
9 tion rights;

10 “(B) against whom such an obligation is
11 sought;

12 “(C) to whom such an obligation is owed,
13 including the individual’s social security number (or
14 numbers), most recent address, and the name, ad-
15 dress, and employer identification number of the in-
16 dividual’s employer;

17 “(2) information on the individual’s wages (or
18 other income) from, and benefits of, employment (in-
19 cluding rights to or enrollment in group health care
20 coverage); and

21 “(3) information on the type, status, location,
22 and amount of any assets of, or debts owed by or
23 to, any such individual.”; and

24 (2) in subsection (b)—

1 (A) in the matter preceding paragraph (1),
2 by striking “social security” and all that follows
3 through “absent parent” and inserting “infor-
4 mation described in subsection (a)”;

5 (B) in the flush paragraph at the end, by
6 adding the following: “No information shall be
7 disclosed to any person if the State has notified
8 the Secretary that the State has reasonable evi-
9 dence of domestic violence or child abuse and
10 the disclosure of such information could be
11 harmful to the custodial parent or the child of
12 such parent. Information received or transmit-
13 ted pursuant to this section shall be subject to
14 the safeguard provisions contained in section
15 454(26).”.

16 (b) AUTHORIZED PERSON FOR INFORMATION RE-
17 GARDING VISITATION RIGHTS.—Section 453(c) (42
18 U.S.C. 653(c)) is amended—

19 (1) in paragraph (1), by striking “support” and
20 inserting “support or to seek to enforce orders pro-
21 viding child custody or visitation rights”; and

22 (2) in paragraph (2), by striking “, or any
23 agent of such court; and” and inserting “or to issue
24 an order against a resident parent for child custody
25 or visitation rights, or any agent of such court;”.

1 (c) REIMBURSEMENT FOR INFORMATION FROM FED-
2 ERAL AGENCIES.—Section 453(e)(2) (42 U.S.C.
3 653(e)(2)) is amended in the 4th sentence by inserting
4 “in an amount which the Secretary determines to be rea-
5 sonable payment for the information exchange (which
6 amount shall not include payment for the costs of obtain-
7 ing, compiling, or maintaining the information)” before
8 the period.

9 (d) REIMBURSEMENT FOR REPORTS BY STATE
10 AGENCIES.—Section 453 (42 U.S.C. 653) is amended by
11 adding at the end the following new subsection:

12 “(g) REIMBURSEMENT FOR REPORTS BY STATE
13 AGENCIES.—The Secretary may reimburse Federal and
14 State agencies for the costs incurred by such entities in
15 furnishing information requested by the Secretary under
16 this section in an amount which the Secretary determines
17 to be reasonable payment for the information exchange
18 (which amount shall not include payment for the costs of
19 obtaining, compiling, or maintaining the information).”.

20 (e) CONFORMING AMENDMENTS.—

21 (1) Sections 452(a)(9), 453(a), 453(b), 463(a),
22 463(e), and 463(f) (42 U.S.C. 652(a)(9), 653(a),
23 653(b), 663(a), 663(e), and 663(f)) are each amend-
24 ed by inserting “Federal” before “Parent” each
25 place such term appears.

1 (2) Section 453 (42 U.S.C. 653) is amended in
2 the heading by adding “FEDERAL” before “PAR-
3 ENT”.

4 (f) NEW COMPONENTS.—Section 453 (42 U.S.C.
5 653), as amended by subsection (d) of this section, is
6 amended by adding at the end the following new sub-
7 sections:

8 “(h) FEDERAL CASE REGISTRY OF CHILD SUPPORT
9 ORDERS.—

10 “(1) IN GENERAL.—Not later than October 1,
11 1998, in order to assist States in administering pro-
12 grams under State plans approved under this part
13 and programs funded under part A, and for the
14 other purposes specified in this section, the Sec-
15 retary shall establish and maintain in the Federal
16 Parent Locator Service an automated registry
17 (which shall be known as the ‘Federal Case Registry
18 of Child Support Orders’), which shall contain ab-
19 stracts of support orders and other information de-
20 scribed in paragraph (2) with respect to each case
21 in each State case registry maintained pursuant to
22 section 454A(e), as furnished (and regularly up-
23 dated), pursuant to section 454A(f), by State agen-
24 cies administering programs under this part.

1 “(2) CASE INFORMATION.—The information re-
2 ferred to in paragraph (1) with respect to a case
3 shall be such information as the Secretary may
4 specify in regulations (including the names, social
5 security numbers or other uniform identification
6 numbers, and State case identification numbers) to
7 identify the individuals who owe or are owed support
8 (or with respect to or on behalf of whom support ob-
9 ligations are sought to be established), and the State
10 or States which have the case.

11 “(i) NATIONAL DIRECTORY OF NEW HIRES.—

12 “(1) IN GENERAL.—In order to assist States in
13 administering programs under State plans approved
14 under this part and programs funded under part A,
15 and for the other purposes specified in this section,
16 the Secretary shall, not later than October 1, 1997,
17 establish and maintain in the Federal Parent Loca-
18 tor Service an automated directory to be known as
19 the National Directory of New Hires, which shall
20 contain the information supplied pursuant to section
21 453A(g)(2).

22 “(2) ENTRY OF DATA.—Information shall be
23 entered into the data base maintained by the Na-
24 tional Directory of New Hires within 2 business
25 days of receipt pursuant to section 453A(g)(2).

1 “(3) ADMINISTRATION OF FEDERAL TAX
2 LAWS.—The Secretary of the Treasury shall have
3 access to the information in the National Directory
4 of New Hires for purposes of administering section
5 32 of the Internal Revenue Code of 1986, or the ad-
6 vance payment of the earned income tax credit
7 under section 3507 of such Code, and verifying a
8 claim with respect to employment in a tax return.

9 “(4) LIST OF MULTISTATE EMPLOYERS.—The
10 Secretary shall maintain within the National Direc-
11 tory of New Hires a list of multistate employers that
12 report information regarding newly hired employees
13 pursuant to section 453A(b)(1)(B), and the State
14 which each such employer has designated to receive
15 such information.

16 “(j) INFORMATION COMPARISONS AND OTHER DIS-
17 CLOSURES.—

18 “(1) VERIFICATION BY SOCIAL SECURITY AD-
19 MINISTRATION.—

20 “(A) IN GENERAL.—The Secretary shall
21 transmit information on individuals and em-
22 ployers maintained under this section to the So-
23 cial Security Administration to the extent nec-
24 essary for verification in accordance with sub-
25 paragraph (B).

1 “(B) VERIFICATION BY SSA.—The Social
2 Security Administration shall verify the accu-
3 racy of, correct, or supply to the extent pos-
4 sible, and report to the Secretary, the following
5 information supplied by the Secretary pursuant
6 to subparagraph (A):

7 “(i) The name, social security num-
8 ber, and birth date of each such individual.

9 “(ii) The employer identification num-
10 ber of each such employer.

11 “(2) INFORMATION COMPARISONS.—For the
12 purpose of locating individuals in a paternity estab-
13 lishment case or a case involving the establishment,
14 modification, or enforcement of a support order, the
15 Secretary shall—

16 “(A) compare information in the National
17 Directory of New Hires against information in
18 the support case abstracts in the Federal Case
19 Registry of Child Support Orders not less often
20 than every 2 business days; and

21 “(B) within 2 business days after such a
22 comparison reveals a match with respect to an
23 individual, report the information to the State
24 agency responsible for the case.

1 “(3) INFORMATION COMPARISONS AND DISCLO-
2 SURES OF INFORMATION IN ALL REGISTRIES FOR
3 TITLE IV PROGRAM PURPOSES.—To the extent and
4 with the frequency that the Secretary determines to
5 be effective in assisting States to carry out their re-
6 sponsibilities under programs operated under this
7 part and programs funded under part A, the Sec-
8 retary shall—

9 “(A) compare the information in each com-
10 ponent of the Federal Parent Locator Service
11 maintained under this section against the infor-
12 mation in each other such component (other
13 than the comparison required by paragraph
14 (2)), and report instances in which such a com-
15 parison reveals a match with respect to an indi-
16 vidual to State agencies operating such pro-
17 grams; and

18 “(B) disclose information in such registries
19 to such State agencies.

20 “(4) PROVISION OF NEW HIRE INFORMATION
21 TO THE SOCIAL SECURITY ADMINISTRATION.—The
22 National Directory of New Hires shall provide the
23 Commissioner of Social Security with all information
24 in the National Directory, which shall be used to de-
25 termine the accuracy of payments under the supple-

1 mental security income program under title XVI and
2 in connection with benefits under title II.

3 “(5) RESEARCH.—The Secretary may provide
4 access to information reported by employers pursu-
5 ant to section 453A(b) for research purposes found
6 by the Secretary to be likely to contribute to achiev-
7 ing the purposes of part A or this part, but without
8 personal identifiers.

9 “(k) FEES.—

10 “(1) FOR SSA VERIFICATION.—The Secretary
11 shall reimburse the Commissioner of Social Security,
12 at a rate negotiated between the Secretary and the
13 Commissioner, for the costs incurred by the Com-
14 missioner in performing the verification services de-
15 scribed in subsection (j).

16 “(2) FOR INFORMATION FROM STATE DIREC-
17 TORIES OF NEW HIRES.—The Secretary shall reim-
18 burse costs incurred by State directories of new
19 hires in furnishing information as required by sub-
20 section (j)(3), at rates which the Secretary deter-
21 mines to be reasonable (which rates shall not include
22 payment for the costs of obtaining, compiling, or
23 maintaining such information).

24 “(3) FOR INFORMATION FURNISHED TO STATE
25 AND FEDERAL AGENCIES.—A State or Federal agen-

1 cy that receives information from the Secretary pur-
2 suant to this section shall reimburse the Secretary
3 for costs incurred by the Secretary in furnishing the
4 information, at rates which the Secretary determines
5 to be reasonable (which rates shall include payment
6 for the costs of obtaining, verifying, maintaining,
7 and comparing the information).

8 “(l) RESTRICTION ON DISCLOSURE AND USE.—In-
9 formation in the Federal Parent Locator Service, and in-
10 formation resulting from comparisons using such informa-
11 tion, shall not be used or disclosed except as expressly pro-
12 vided in this section, subject to section 6103 of the Inter-
13 nal Revenue Code of 1986.

14 “(m) INFORMATION INTEGRITY AND SECURITY.—
15 The Secretary shall establish and implement safeguards
16 with respect to the entities established under this section
17 designed to—

18 “(1) ensure the accuracy and completeness of
19 information in the Federal Parent Locator Service;
20 and

21 “(2) restrict access to confidential information
22 in the Federal Parent Locator Service to authorized
23 persons, and restrict use of such information to au-
24 thorized purposes.

1 “(n) FEDERAL GOVERNMENT REPORTING.—Each
2 department, agency, and instrumentality of the United
3 States shall on a quarterly basis report to the Federal
4 Parent Locator Service the name and social security num-
5 ber of each employee and the wages paid to the employee
6 during the previous quarter, except that such a report
7 shall not be filed with respect to an employee of a depart-
8 ment, agency, or instrumentality performing intelligence
9 or counterintelligence functions, if the head of such de-
10 partment, agency, or instrumentality has determined that
11 filing such a report could endanger the safety of the em-
12 ployee or compromise an ongoing investigation or intel-
13 ligence mission.”.

14 (g) CONFORMING AMENDMENTS.—

15 (1) TO PART D OF TITLE IV OF THE SOCIAL SE-
16 CURITY ACT.—

17 (A) Section 454(8)(B) (42 U.S.C.
18 654(8)(B)) is amended to read as follows:

19 “(B) the Federal Parent Locator Service
20 established under section 453;”.

21 (B) Section 454(13) (42 U.S.C. 654(13))
22 is amended by inserting “and provide that in-
23 formation requests by parents who are residents
24 of other States be treated with the same prior-
25 ity as requests by parents who are residents of

1 the State submitting the plan” before the semi-
2 colon.

3 (2) TO FEDERAL UNEMPLOYMENT TAX ACT.—
4 Section 3304(a)(16) of the Internal Revenue Code of
5 1986 is amended—

6 (A) by striking “Secretary of Health, Edu-
7 cation, and Welfare” each place such term ap-
8 pears and inserting “Secretary of Health and
9 Human Services”;

10 (B) in subparagraph (B), by striking
11 “such information” and all that follows and in-
12 serting “information furnished under subpara-
13 graph (A) or (B) is used only for the purposes
14 authorized under such subparagraph;”;

15 (C) by striking “and” at the end of sub-
16 paragraph (A);

17 (D) by redesignating subparagraph (B) as
18 subparagraph (C); and

19 (E) by inserting after subparagraph (A)
20 the following new subparagraph:

21 “(B) wage and unemployment compensation in-
22 formation contained in the records of such agency
23 shall be furnished to the Secretary of Health and
24 Human Services (in accordance with regulations pro-
25 mulgated by such Secretary) as necessary for the

1 purposes of the National Directory of New Hires es-
2 tablished under section 453(i) of the Social Security
3 Act, and”.

4 (3) TO STATE GRANT PROGRAM UNDER TITLE
5 III OF THE SOCIAL SECURITY ACT.—Subsection (h)
6 of section 303 (42 U.S.C. 503) is amended to read
7 as follows:

8 “(h)(1) The State agency charged with the adminis-
9 tration of the State law shall, on a reimbursable basis—

10 “(A) disclose quarterly, to the Secretary of
11 Health and Human Services, wage and claim infor-
12 mation, as required pursuant to section 453(i)(1),
13 contained in the records of such agency;

14 “(B) ensure that information provided pursuant
15 to subparagraph (A) meets such standards relating
16 to correctness and verification as the Secretary of
17 Health and Human Services, with the concurrence
18 of the Secretary of Labor, may find necessary; and

19 “(C) establish such safeguards as the Secretary
20 of Labor determines are necessary to insure that in-
21 formation disclosed under subparagraph (A) is used
22 only for purposes of section 453(i)(1) in carrying out
23 the child support enforcement program under title
24 IV.

1 “(2) Whenever the Secretary of Labor, after reason-
2 able notice and opportunity for hearing to the State agen-
3 cy charged with the administration of the State law, finds
4 that there is a failure to comply substantially with the re-
5 quirements of paragraph (1), the Secretary of Labor shall
6 notify such State agency that further payments will not
7 be made to the State until the Secretary of Labor is satis-
8 fied that there is no longer any such failure. Until the
9 Secretary of Labor is so satisfied, the Secretary shall
10 make no future certification to the Secretary of the Treas-
11 ury with respect to the State.

12 “(3) For purposes of this subsection—

13 “(A) the term ‘wage information’ means infor-
14 mation regarding wages paid to an individual, the
15 social security account number of such individual,
16 and the name, address, State, and the Federal em-
17 ployer identification number of the employer paying
18 such wages to such individual; and

19 “(B) the term ‘claim information’ means infor-
20 mation regarding whether an individual is receiving,
21 has received, or has made application for, unemploy-
22 ment compensation, the amount of any such com-
23 pensation being received (or to be received by such
24 individual), and the individual’s current (or most re-
25 cent) home address.”.

1 (4) DISCLOSURE OF CERTAIN INFORMATION TO
2 AGENTS OF CHILD SUPPORT ENFORCEMENT AGEN-
3 CIES.—

4 (A) IN GENERAL.—Paragraph (6) of sec-
5 tion 6103(l) of the Internal Revenue Code of
6 1986 (relating to disclosure of return informa-
7 tion to Federal, State, and local child support
8 enforcement agencies) is amended by redesignig-
9 nating subparagraph (B) as subparagraph (C)
10 and by inserting after subparagraph (A) the fol-
11 lowing new subparagraph:

12 “(B) DISCLOSURE TO CERTAIN AGENTS.—
13 The following information disclosed to any child
14 support enforcement agency under subpara-
15 graph (A) with respect to any individual with
16 respect to whom child support obligations are
17 sought to be established or enforced may be dis-
18 closed by such agency to any agent of such
19 agency which is under contract with such agen-
20 cy to carry out the purposes described in sub-
21 paragraph (C):

22 “(i) The address and social security
23 account number (or numbers) of such indi-
24 vidual.

1 “(ii) The amount of any reduction
2 under section 6402(c) (relating to offset of
3 past-due support against overpayments) in
4 any overpayment otherwise payable to such
5 individual.”

6 (B) CONFORMING AMENDMENTS.—

7 (i) Paragraph (3) of section 6103(a)
8 of such Code is amended by striking
9 “(l)(12)” and inserting “paragraph (6) or
10 (12) of subsection (l)”.

11 (ii) Subparagraph (C) of section
12 6103(l)(6) of such Code, as redesignated
13 by subsection (a), is amended to read as
14 follows:

15 “(C) RESTRICTION ON DISCLOSURE.—In-
16 formation may be disclosed under this para-
17 graph only for purposes of, and to the extent
18 necessary in, establishing and collecting child
19 support obligations from, and locating, individ-
20 uals owing such obligations.”

21 (iii) The material following subpara-
22 graph (F) of section 6103(p)(4) of such
23 Code is amended by striking “subsection
24 (l)(12)(B)” and inserting “paragraph
25 (6)(A) or (12)(B) of subsection (l)”.

1 (h) REQUIREMENT FOR COOPERATION.—The Sec-
2 retary of Labor and the Secretary of Health and Human
3 Services shall work jointly to develop cost-effective and ef-
4 ficient methods of accessing the information in the various
5 State directories of new hires and the National Directory
6 of New Hires as established pursuant to the amendments
7 made by this chapter. In developing these methods the
8 Secretaries shall take into account the impact, including
9 costs, on the States, and shall also consider the need to
10 insure the proper and authorized use of wage record infor-
11 mation.

12 **SEC. 4317. COLLECTION AND USE OF SOCIAL SECURITY**
13 **NUMBERS FOR USE IN CHILD SUPPORT EN-**
14 **FORCEMENT.**

15 (a) STATE LAW REQUIREMENT.—Section 466(a) (42
16 U.S.C. 666(a)), as amended by section 4315 of this Act,
17 is amended by inserting after paragraph (12) the following
18 new paragraph:

19 “(13) RECORDING OF SOCIAL SECURITY NUM-
20 BERS IN CERTAIN FAMILY MATTERS.—Procedures
21 requiring that the social security number of—

22 “(A) any applicant for a professional li-
23 cense, commercial driver’s license, occupational
24 license, or marriage license be recorded on the
25 application;

1 “(B) any individual who is subject to a di-
2 vorce decree, support order, or paternity deter-
3 mination or acknowledgment be placed in the
4 records relating to the matter; and

5 “(C) any individual who has died be placed
6 in the records relating to the death and be re-
7 corded on the death certificate.

8 For purposes of subparagraph (A), if a State allows
9 the use of a number other than the social security
10 number, the State shall so advise any applicants.”.

11 (b) CONFORMING AMENDMENTS.—Section
12 205(e)(2)(C) (42 U.S.C. 405(e)(2)(C)), as amended by
13 section 321(a)(9) of the Social Security Independence and
14 Program Improvements Act of 1994, is amended—

15 (1) in clause (i), by striking “may require” and
16 inserting “shall require”;

17 (2) in clause (ii), by inserting after the 1st sen-
18 tence the following: “In the administration of any
19 law involving the issuance of a marriage certificate
20 or license, each State shall require each party named
21 in the certificate or license to furnish to the State
22 (or political subdivision thereof), or any State agen-
23 cy having administrative responsibility for the law
24 involved, the social security number of the party.”;

1 (3) in clause (ii), by inserting “or marriage cer-
2 tificate” after “Such numbers shall not be recorded
3 on the birth certificate”.

4 (4) in clause (vi), by striking “may” and insert-
5 ing “shall”; and

6 (5) by adding at the end the following new
7 clauses:

8 “(x) An agency of a State (or a political subdivision
9 thereof) charged with the administration of any law con-
10 cerning the issuance or renewal of a license, certificate,
11 permit, or other authorization to engage in a profession,
12 an occupation, or a commercial activity shall require all
13 applicants for issuance or renewal of the license, certifi-
14 cate, permit, or other authorization to provide the appli-
15 cant’s social security number to the agency for the purpose
16 of administering such laws, and for the purpose of re-
17 sponding to requests for information from an agency oper-
18 ating pursuant to part D of title IV.

19 “(xi) All divorce decrees, support orders, and pater-
20 nity determinations issued, and all paternity acknowledg-
21 ments made, in each State shall include the social security
22 number of each party to the decree, order, determination,
23 or acknowledgment in the records relating to the matter,
24 for the purpose of responding to requests for information
25 from an agency operating pursuant to part D of title IV.”.

1 **CHAPTER 3—STREAMLINING AND**
2 **UNIFORMITY OF PROCEDURES**

3 **SEC. 4321. ADOPTION OF UNIFORM STATE LAWS.**

4 Section 466 (42 U.S.C. 666) is amended by adding
5 at the end the following new subsection:

6 “(f) UNIFORM INTERSTATE FAMILY SUPPORT
7 ACT.—

8 “(1) ENACTMENT AND USE.—In order to sat-
9 isfy section 454(20)(A), on and after January 1,
10 1998, each State must have in effect the Uniform
11 Interstate Family Support Act, as approved by the
12 American Bar Association on February 9, 1993, to-
13 gether with any amendments officially adopted be-
14 fore January 1, 1998 by the National Conference of
15 Commissioners on Uniform State Laws.

16 “(2) EMPLOYERS TO FOLLOW PROCEDURAL
17 RULES OF STATE WHERE EMPLOYEE WORKS.—The
18 State law enacted pursuant to paragraph (1) shall
19 provide that an employer that receives an income
20 withholding order or notice pursuant to section 501
21 of the Uniform Interstate Family Support Act follow
22 the procedural rules that apply with respect to such
23 order or notice under the laws of the State in which
24 the obligor works.”.

1 **SEC. 4322. IMPROVEMENTS TO FULL FAITH AND CREDIT**
2 **FOR CHILD SUPPORT ORDERS.**

3 Section 1738B of title 28, United States Code, is
4 amended—

5 (1) in subsection (a)(2), by striking “subsection
6 (e)” and inserting “subsections (e), (f), and (i)”;

7 (2) in subsection (b), by inserting after the 2nd
8 undesignated paragraph the following:

9 “‘child’s home State’ means the State in which a
10 child lived with a parent or a person acting as parent for
11 at least 6 consecutive months immediately preceding the
12 time of filing of a petition or comparable pleading for sup-
13 port and, if a child is less than 6 months old, the State
14 in which the child lived from birth with any of them. A
15 period of temporary absence of any of them is counted
16 as part of the 6-month period.”;

17 (3) in subsection (c), by inserting “by a court
18 of a State” before “is made”;

19 (4) in subsection (c)(1), by inserting “and sub-
20 sections (e), (f), and (g)” after “located”;

21 (5) in subsection (d)—

22 (A) by inserting “individual” before “con-
23 testant”; and

24 (B) by striking “subsection (e)” and in-
25 serting “subsections (e) and (f)”;

1 (6) in subsection (e), by striking “make a modi-
2 fication of a child support order with respect to a
3 child that is made” and inserting “modify a child
4 support order issued”;

5 (7) in subsection (e)(1), by inserting “pursuant
6 to subsection (i)” before the semicolon;

7 (8) in subsection (e)(2)—

8 (A) by inserting “individual” before “con-
9 testant” each place such term appears; and

10 (B) by striking “to that court’s making the
11 modification and assuming” and inserting “with
12 the State of continuing, exclusive jurisdiction
13 for a court of another State to modify the order
14 and assume”;

15 (9) by redesignating subsections (f) and (g) as
16 subsections (g) and (h), respectively;

17 (10) by inserting after subsection (e) the follow-
18 ing new subsection:

19 “(f) RECOGNITION OF CHILD SUPPORT ORDERS.—
20 If 1 or more child support orders have been issued with
21 regard to an obligor and a child, a court shall apply the
22 following rules in determining which order to recognize for
23 purposes of continuing, exclusive jurisdiction and enforce-
24 ment:

1 “(1) If only 1 court has issued a child support
2 order, the order of that court must be recognized.

3 “(2) If 2 or more courts have issued child sup-
4 port orders for the same obligor and child, and only
5 1 of the courts would have continuing, exclusive ju-
6 risdiction under this section, the order of that court
7 must be recognized.

8 “(3) If 2 or more courts have issued child sup-
9 port orders for the same obligor and child, and more
10 than 1 of the courts would have continuing, exclusive
11 jurisdiction under this section, an order issued by a
12 court in the current home State of the child must
13 be recognized, but if an order has not been issued
14 in the current home State of the child, the order
15 most recently issued must be recognized.

16 “(4) If 2 or more courts have issued child sup-
17 port orders for the same obligor and child, and none
18 of the courts would have continuing, exclusive juris-
19 diction under this section, a court may issue a child
20 support order, which must be recognized.

21 “(5) The court that has issued an order recog-
22 nized under this subsection is the court having con-
23 tinuing, exclusive jurisdiction.”;

24 (11) in subsection (g) (as so redesignated)—

1 (A) by striking “PRIOR” and inserting
2 “MODIFIED”; and

3 (B) by striking “subsection (e)” and in-
4 serting “subsections (e) and (f)”;

5 (12) in subsection (h) (as so redesignated)—

6 (A) in paragraph (2), by inserting “includ-
7 ing the duration of current payments and other
8 obligations of support” before the comma; and

9 (B) in paragraph (3), by inserting “arrear
10 under” after “enforce”; and

11 (13) by adding at the end the following new
12 subsection:

13 “(i) REGISTRATION FOR MODIFICATION.—If there is
14 no individual contestant or child residing in the issuing
15 State, the party or support enforcement agency seeking
16 to modify, or to modify and enforce, a child support order
17 issued in another State shall register that order in a State
18 with jurisdiction over the nonmovant for the purpose of
19 modification.”.

20 **SEC. 4323. ADMINISTRATIVE ENFORCEMENT IN INTER-**
21 **STATE CASES.**

22 Section 466(a) (42 U.S.C. 666(a)), as amended by
23 sections 4315 and 4317(a) of this Act, is amended by in-
24 serting after paragraph (13) the following new paragraph:

1 “(14) ADMINISTRATIVE ENFORCEMENT IN
2 INTERSTATE CASES.—Procedures under which—

3 “(A)(i) the State shall respond within 5
4 business days to a request made by another
5 State to enforce a support order; and

6 “(ii) the term ‘business day’ means a day
7 on which State offices are open for regular
8 business;

9 “(B) the State may, by electronic or other
10 means, transmit to another State a request for
11 assistance in a case involving the enforcement
12 of a support order, which request—

13 “(i) shall include such information as
14 will enable the State to which the request
15 is transmitted to compare the information
16 about the case to the information in the
17 data bases of the State; and

18 “(ii) shall constitute a certification by
19 the requesting State—

20 “(I) of the amount of support
21 under the order the payment of which
22 is in arrears; and

23 “(II) that the requesting State
24 has complied with all procedural due

1 process requirements applicable to the
2 case;

3 “(C) if the State provides assistance to an-
4 other State pursuant to this paragraph with re-
5 spect to a case, neither State shall consider the
6 case to be transferred to the caseload of such
7 other State; and

8 “(D) the State shall maintain records of—

9 “(i) the number of such requests for
10 assistance received by the State;

11 “(ii) the number of cases for which
12 the State collected support in response to
13 such a request; and

14 “(iii) the amount of such collected
15 support.”.

16 **SEC. 4324. USE OF FORMS IN INTERSTATE ENFORCEMENT.**

17 (a) PROMULGATION.—Section 452(a) (42 U.S.C.
18 652(a)) is amended—

19 (1) by striking “and” at the end of paragraph
20 (9);

21 (2) by striking the period at the end of para-
22 graph (10) and inserting “; and”; and

23 (3) by adding at the end the following new
24 paragraph:

1 “(11) not later than October 1, 1996, after con-
2 sulting with the State directors of programs under
3 this part, promulgate forms to be used by States in
4 interstate cases for—

5 “(A) collection of child support through in-
6 come withholding;

7 “(B) imposition of liens; and

8 “(C) administrative subpoenas.”.

9 (b) USE BY STATES.—Section 454(9) (42 U.S.C.
10 654(9)) is amended—

11 (1) by striking “and” at the end of subpara-
12 graph (C);

13 (2) by inserting “and” at the end of subpara-
14 graph (D); and

15 (3) by adding at the end the following new sub-
16 paragraph:

17 “(E) not later than March 1, 1997, in
18 using the forms promulgated pursuant to sec-
19 tion 452(a)(11) for income withholding, imposi-
20 tion of liens, and issuance of administrative
21 subpoenas in interstate child support cases;”.

1 **SEC. 4325. STATE LAWS PROVIDING EXPEDITED PROCE-**
2 **DURES.**

3 (a) STATE LAW REQUIREMENTS.—Section 466 (42
4 U.S.C. 666), as amended by section 4314 of this Act, is
5 amended—

6 (1) in subsection (a)(2), by striking the first
7 sentence and inserting the following: “Expedited ad-
8 ministrative and judicial procedures (including the
9 procedures specified in subsection (c)) for establish-
10 ing paternity and for establishing, modifying, and
11 enforcing support obligations.”; and

12 (2) by inserting after subsection (b) the follow-
13 ing new subsection:

14 “(c) EXPEDITED PROCEDURES.—The procedures
15 specified in this subsection are the following:

16 “(1) ADMINISTRATIVE ACTION BY STATE AGEN-
17 CY.—Procedures which give the State agency the au-
18 thority to take the following actions relating to es-
19 tablishment of paternity or to establishment, modi-
20 fication, or enforcement of support orders, without
21 the necessity of obtaining an order from any other
22 judicial or administrative tribunal, and to recognize
23 and enforce the authority of State agencies of other
24 States to take the following actions:

1 “(A) GENETIC TESTING.—To order genetic
2 testing for the purpose of paternity establish-
3 ment as provided in section 466(a)(5).

4 “(B) FINANCIAL OR OTHER INFORMA-
5 TION.—To subpoena any financial or other in-
6 formation needed to establish, modify, or en-
7 force a support order, and to impose penalties
8 for failure to respond to such a subpoena.

9 “(C) RESPONSE TO STATE AGENCY RE-
10 QUEST.—To require all entities in the State (in-
11 cluding for-profit, nonprofit, and governmental
12 employers) to provide promptly, in response to
13 a request by the State agency of that or any
14 other State administering a program under this
15 part, information on the employment, com-
16 pensation, and benefits of any individual em-
17 ployed by such entity as an employee or con-
18 tractor, and to sanction failure to respond to
19 any such request.

20 “(D) ACCESS TO INFORMATION CON-
21 TAINED IN CERTAIN RECORDS.—To obtain ac-
22 cess, subject to safeguards on privacy and infor-
23 mation security, and subject to the nonliability
24 of entities that afford such access under this
25 subparagraph, to information contained in the

1 following records (including automated access,
2 in the case of records maintained in automated
3 data bases):

4 “(i) Records of other State and local
5 government agencies, including—

6 “(I) vital statistics (including
7 records of marriage, birth, and di-
8 vorce);

9 “(II) State and local tax and rev-
10 enue records (including information
11 on residence address, employer, in-
12 come and assets);

13 “(III) records concerning real
14 and titled personal property;

15 “(IV) records of occupational and
16 professional licenses, and records con-
17 cerning the ownership and control of
18 corporations, partnerships, and other
19 business entities;

20 “(V) employment security
21 records;

22 “(VI) records of agencies admin-
23 istering public assistance programs;

24 “(VII) records of the motor vehi-
25 cle department; and

1 “(VIII) corrections records.

2 “(ii) Certain records held by private
3 entities with respect to individuals who owe
4 or are owed support (or against or with re-
5 spect to whom a support obligation is
6 sought), consisting of—

7 “(I) the names and addresses of
8 such individuals and the names and
9 addresses of the employers of such in-
10 dividuals, as appearing in customer
11 records of public utilities and cable
12 television companies, pursuant to an
13 administrative subpoena authorized by
14 subparagraph (B); and

15 “(II) information (including in-
16 formation on assets and liabilities) on
17 such individuals held by financial in-
18 stitutions.

19 “(E) CHANGE IN PAYEE.—In cases in
20 which support is subject to an assignment in
21 order to comply with a requirement imposed
22 pursuant to part A or section 1912, or to a re-
23 quirement to pay through the State disburse-
24 ment unit established pursuant to section
25 454B, upon providing notice to obligor and obli-

1 gee, to direct the obligor or other payor to
2 change the payee to the appropriate government
3 entity.

4 “(F) INCOME WITHHOLDING.—To order
5 income withholding in accordance with sub-
6 sections (a)(1)(A) and (b) of section 466.

7 “(G) SECURING ASSETS.—In cases in
8 which there is a support arrearage, to secure
9 assets to satisfy the arrearage by—

10 “(i) intercepting or seizing periodic or
11 lump-sum payments from—

12 “(I) a State or local agency, in-
13 cluding unemployment compensation,
14 workers’ compensation, and other ben-
15 efits; and

16 “(II) judgments, settlements, and
17 lotteries;

18 “(ii) attaching and seizing assets of
19 the obligor held in financial institutions;

20 “(iii) attaching public and private re-
21 tirement funds; and

22 “(iv) imposing liens in accordance
23 with subsection (a)(4) and, in appropriate
24 cases, to force sale of property and dis-
25 tribution of proceeds.

1 “(H) INCREASE MONTHLY PAYMENTS.—

2 For the purpose of securing overdue support, to
3 increase the amount of monthly support pay-
4 ments to include amounts for arrearages, sub-
5 ject to such conditions or limitations as the
6 State may provide.

7 Such procedures shall be subject to due process safe-
8 guards, including (as appropriate) requirements for
9 notice, opportunity to contest the action, and oppor-
10 tunity for an appeal on the record to an independent
11 administrative or judicial tribunal.

12 “(2) SUBSTANTIVE AND PROCEDURAL RULES.—

13 The expedited procedures required under subsection
14 (a)(2) shall include the following rules and author-
15 ity, applicable with respect to all proceedings to es-
16 tablish paternity or to establish, modify, or enforce
17 support orders:

18 “(A) LOCATOR INFORMATION; PRESUMP-
19 TIONS CONCERNING NOTICE.—Procedures
20 under which—

21 “(i) each party to any paternity or
22 child support proceeding is required (sub-
23 ject to privacy safeguards) to file with the
24 tribunal and the State case registry upon
25 entry of an order, and to update as appro-

1 priate, information on location and identity
2 of the party, including social security num-
3 ber, residential and mailing addresses, tele-
4 phone number, driver’s license number,
5 and name, address, and telephone number
6 of employer; and

7 “(ii) in any subsequent child support
8 enforcement action between the parties,
9 upon sufficient showing that diligent effort
10 has been made to ascertain the location of
11 such a party, the tribunal may deem State
12 due process requirements for notice and
13 service of process to be met with respect to
14 the party, upon delivery of written notice
15 to the most recent residential or employer
16 address filed with the tribunal pursuant to
17 clause (i).

18 “(B) STATEWIDE JURISDICTION.—Proce-
19 dures under which—

20 “(i) the State agency and any admin-
21 istrative or judicial tribunal with authority
22 to hear child support and paternity cases
23 exerts statewide jurisdiction over the par-
24 ties; and

1 “(ii) in a State in which orders are is-
2 sued by courts or administrative tribunals,
3 a case may be transferred between local ju-
4 risdictions in the State without need for
5 any additional filing by the petitioner, or
6 service of process upon the respondent, to
7 retain jurisdiction over the parties.

8 “(3) COORDINATION WITH ERISA.—Notwith-
9 standing subsection (d) of section 514 of the Em-
10 ployee Retirement Income Security Act of 1974 (re-
11 lating to effect on other laws), nothing in this sub-
12 section shall be construed to alter, amend, modify,
13 invalidate, impair, or supersede subsections (a), (b),
14 and (c) of such section 514 as it applies with respect
15 to any procedure referred to in paragraph (1) and
16 any expedited procedure referred to in paragraph
17 (2), except to the extent that such procedure would
18 be consistent with the requirements of section
19 206(d)(3) of such Act (relating to qualified domestic
20 relations orders) or the requirements of section
21 609(a) of such Act (relating to qualified medical
22 child support orders) if the reference in such section
23 206(d)(3) to a domestic relations order and the ref-
24 erence in such section 609(a) to a medical child sup-
25 port order were a reference to a support order re-

1 ferred to in paragraphs (1) and (2) relating to the
2 same matters, respectively.”.

3 (b) AUTOMATION OF STATE AGENCY FUNCTIONS.—
4 Section 454A, as added by section 4344(a)(2) and as
5 amended by sections 4311 and 4312(c) of this Act, is
6 amended by adding at the end the following new sub-
7 section:

8 “(h) EXPEDITED ADMINISTRATIVE PROCEDURES.—
9 The automated system required by this section shall be
10 used, to the maximum extent feasible, to implement the
11 expedited administrative procedures required by section
12 466(c).”.

13 **CHAPTER 4—PATERNITY ESTABLISHMENT**

14 **SEC. 4331. STATE LAWS CONCERNING PATERNITY ESTAB-** 15 **LISHMENT.**

16 (a) STATE LAWS REQUIRED.—Section 466(a)(5) (42
17 U.S.C. 666(a)(5)) is amended to read as follows:

18 “(5) PROCEDURES CONCERNING PATERNITY ES-
19 TABLISHMENT.—

20 “(A) ESTABLISHMENT PROCESS AVAIL-
21 ABLE FROM BIRTH UNTIL AGE 18.—

22 “(i) Procedures which permit the es-
23 tablishment of the paternity of a child at
24 any time before the child attains 18 years
25 of age.

1 “(ii) As of August 16, 1984, clause (i)
2 shall also apply to a child for whom pater-
3 nity has not been established or for whom
4 a paternity action was brought but dis-
5 missed because a statute of limitations of
6 less than 18 years was then in effect in the
7 State.

8 “(B) PROCEDURES CONCERNING GENETIC
9 TESTING.—

10 “(i) GENETIC TESTING REQUIRED IN
11 CERTAIN CONTESTED CASES.—Procedures
12 under which the State is required, in a
13 contested paternity case (unless otherwise
14 barred by State law) to require the child
15 and all other parties (other than individ-
16 uals found under section 454(29) to have
17 good cause and other exceptions for refus-
18 ing to cooperate) to submit to genetic tests
19 upon the request of any such party, if the
20 request is supported by a sworn statement
21 by the party—

22 “(I) alleging paternity, and set-
23 ting forth facts establishing a reason-
24 able possibility of the requisite sexual
25 contact between the parties; or

1 “(II) denying paternity, and set-
2 ting forth facts establishing a reason-
3 able possibility of the nonexistence of
4 sexual contact between the parties.

5 “(ii) OTHER REQUIREMENTS.—Proce-
6 dures which require the State agency, in
7 any case in which the agency orders ge-
8 netic testing—

9 “(I) to pay costs of such tests,
10 subject to recoupment (if the State so
11 elects) from the alleged father if pa-
12 ternity is established; and

13 “(II) to obtain additional testing
14 in any case if an original test result is
15 contested, upon request and advance
16 payment by the contestant.

17 “(C) VOLUNTARY PATERNITY ACKNOWL-
18 EDGMENT.—

19 “(i) SIMPLE CIVIL PROCESS.—Proce-
20 dures for a simple civil process for volun-
21 tarily acknowledging paternity under which
22 the State must provide that, before a
23 mother and a putative father can sign an
24 acknowledgment of paternity, the mother
25 and the putative father must be given no-

1 tice, orally and in writing, of the alter-
2 natives to, the legal consequences of, and
3 the rights (including, if 1 parent is a
4 minor, any rights afforded due to minority
5 status) and responsibilities that arise from,
6 signing the acknowledgment.

7 “(ii) HOSPITAL-BASED PROGRAM.—
8 Such procedures must include a hospital-
9 based program for the voluntary acknowl-
10 edgment of paternity focusing on the pe-
11 riod immediately before or after the birth
12 of a child, unless good cause and other ex-
13 ceptions exist which—

14 “(I) shall be defined, taking into
15 account the best interests of the child,
16 and

17 “(II) shall be applied in each
18 case,

19 by, at the option of the State, the State
20 agency administering the State program
21 under part A, this part, title XV, or title
22 XIX.

23 “(iii) PATERNITY ESTABLISHMENT
24 SERVICES.—

1 “(I) STATE-OFFERED SERV-
2 ICES.—Such procedures must require
3 the State agency responsible for main-
4 taining birth records to offer vol-
5 untary paternity establishment serv-
6 ices.

7 “(II) REGULATIONS.—

8 “(aa) SERVICES OFFERED
9 BY HOSPITALS AND BIRTH
10 RECORD AGENCIES.—The Sec-
11 retary shall prescribe regulations
12 governing voluntary paternity es-
13 tablishment services offered by
14 hospitals and birth record agen-
15 cies.

16 “(bb) SERVICES OFFERED
17 BY OTHER ENTITIES.—The Sec-
18 retary shall prescribe regulations
19 specifying the types of other enti-
20 ties that may offer voluntary pa-
21 ternity establishment services,
22 and governing the provision of
23 such services, which shall include
24 a requirement that such an entity
25 must use the same notice provi-

1 sions used by, use the same ma-
2 terials used by, provide the per-
3 sonnel providing such services
4 with the same training provided
5 by, and evaluate the provision of
6 such services in the same manner
7 as the provision of such services
8 is evaluated by, voluntary pater-
9 nity establishment programs of
10 hospitals and birth record agen-
11 cies.

12 “(iv) USE OF PATERNITY ACKNOWLEDGMENT AFFIDAVIT.—Such procedures
13 must require the State to develop and use
14 an affidavit for the voluntary acknowledg-
15 ment of paternity which includes the mini-
16 mum requirements of the affidavit speci-
17 fied by the Secretary under section
18 452(a)(7) for the voluntary acknowledg-
19 ment of paternity, and to give full faith
20 and credit to such an affidavit signed in
21 any other State according to its proce-
22 dures.

23 “(D) STATUS OF SIGNED PATERNITY AC-
24 KNOWLEDGMENT.—
25

1 “(i) INCLUSION IN BIRTH RECORDS.—
2 Procedures under which the name of the
3 father shall be included on the record of
4 birth of the child of unmarried parents
5 only if—

6 “(I) the father and mother have
7 signed a voluntary acknowledgment of
8 paternity; or

9 “(II) a court or an administrative
10 agency of competent jurisdiction has
11 issued an adjudication of paternity.

12 Nothing in this clause shall preclude a
13 State agency from obtaining an admission
14 of paternity from the father for submission
15 in a judicial or administrative proceeding,
16 or prohibit the issuance of an order in a
17 judicial or administrative proceeding which
18 bases a legal finding of paternity on an ad-
19 mission of paternity by the father and any
20 other additional showing required by State
21 law.

22 “(ii) LEGAL FINDING OF PATER-
23 NITY.—Procedures under which a signed
24 voluntary acknowledgment of paternity is
25 considered a legal finding of paternity,

1 subject to the right of any signatory to re-
2 scind the acknowledgment within the ear-
3 lier of—

4 “(I) 60 days; or

5 “(II) the date of an administra-
6 tive or judicial proceeding relating to
7 the child (including a proceeding to
8 establish a support order) in which
9 the signatory is a party.

10 “(iii) CONTEST.—Procedures under
11 which, after the 60-day period referred to
12 in clause (ii), a signed voluntary acknowl-
13 edgment of paternity may be challenged in
14 court only on the basis of fraud, duress, or
15 material mistake of fact, with the burden
16 of proof upon the challenger, and under
17 which the legal responsibilities (including
18 child support obligations) of any signatory
19 arising from the acknowledgment may not
20 be suspended during the challenge, except
21 for good cause shown.

22 “(E) BAR ON ACKNOWLEDGMENT RATIFI-
23 CATION PROCEEDINGS.—Procedures under
24 which judicial or administrative proceedings are

1 not required or permitted to ratify an unchal-
2 lenged acknowledgment of paternity.

3 “(F) ADMISSIBILITY OF GENETIC TESTING
4 RESULTS.—Procedures—

5 “(i) requiring the admission into evi-
6 dence, for purposes of establishing pater-
7 nity, of the results of any genetic test that
8 is—

9 “(I) of a type generally acknowl-
10 edged as reliable by accreditation bod-
11 ies designated by the Secretary; and

12 “(II) performed by a laboratory
13 approved by such an accreditation
14 body;

15 “(ii) requiring an objection to genetic
16 testing results to be made in writing not
17 later than a specified number of days be-
18 fore any hearing at which the results may
19 be introduced into evidence (or, at State
20 option, not later than a specified number
21 of days after receipt of the results); and

22 “(iii) making the test results admissi-
23 ble as evidence of paternity without the
24 need for foundation testimony or other

1 proof of authenticity or accuracy, unless
2 objection is made.

3 “(G) PRESUMPTION OF PATERNITY IN
4 CERTAIN CASES.—Procedures which create a re-
5 buttable or, at the option of the State, conclu-
6 sive presumption of paternity upon genetic test-
7 ing results indicating a threshold probability
8 that the alleged father is the father of the child.

9 “(H) DEFAULT ORDERS.—Procedures re-
10 quiring a default order to be entered in a pater-
11 nity case upon a showing of service of process
12 on the defendant and any additional showing
13 required by State law.

14 “(I) NO RIGHT TO JURY TRIAL.—Proce-
15 dures providing that the parties to an action to
16 establish paternity are not entitled to a trial by
17 jury.

18 “(J) TEMPORARY SUPPORT ORDER BASED
19 ON PROBABLE PATERNITY IN CONTESTED
20 CASES.—Procedures which require that a tem-
21 porary order be issued, upon motion by a party,
22 requiring the provision of child support pending
23 an administrative or judicial determination of
24 parentage, if there is clear and convincing evi-

1 dence of paternity (on the basis of genetic tests
2 or other evidence).

3 “(K) PROOF OF CERTAIN SUPPORT AND
4 PATERNITY ESTABLISHMENT COSTS.—Proce-
5 dures under which bills for pregnancy, child-
6 birth, and genetic testing are admissible as evi-
7 dence without requiring third-party foundation
8 testimony, and shall constitute prima facie evi-
9 dence of amounts incurred for such services or
10 for testing on behalf of the child.

11 “(L) STANDING OF PUTATIVE FATHERS.—
12 Procedures ensuring that the putative father
13 has a reasonable opportunity to initiate a pater-
14 nity action.

15 “(M) FILING OF ACKNOWLEDGMENTS AND
16 ADJUDICATIONS IN STATE REGISTRY OF BIRTH
17 RECORDS.—Procedures under which voluntary
18 acknowledgments and adjudications of paternity
19 by judicial or administrative processes are filed
20 with the State registry of birth records for com-
21 parison with information in the State case reg-
22 istry.”.

23 (b) NATIONAL PATERNITY ACKNOWLEDGMENT AFFI-
24 DAVIT.—Section 452(a)(7) (42 U.S.C. 652(a)(7)) is
25 amended by inserting “, and specify the minimum require-

1 ments of an affidavit to be used for the voluntary acknowl-
2 edgment of paternity which shall include the social secu-
3 rity number of each parent and, after consultation with
4 the States, other common elements as determined by such
5 designee” before the semicolon.

6 (c) CONFORMING AMENDMENT.—Section 468 (42
7 U.S.C. 668) is amended by striking “a simple civil process
8 for voluntarily acknowledging paternity and”.

9 **SEC. 4332. OUTREACH FOR VOLUNTARY PATERNITY ESTAB-**
10 **LISHMENT.**

11 Section 454(23) (42 U.S.C. 654(23)) is amended by
12 inserting “and will publicize the availability and encourage
13 the use of procedures for voluntary establishment of pater-
14 nity and child support by means the State deems appro-
15 priate” before the semicolon.

16 **SEC. 4333. COOPERATION BY APPLICANTS FOR AND RECIPI-**
17 **ENTS OF PART A ASSISTANCE.**

18 Section 454 (42 U.S.C. 654), as amended by sections
19 4301(b), 4303(a), 4312(a), and 4313(a) of this Act, is
20 amended—

21 (1) by striking “and” at the end of paragraph
22 (27);

23 (2) by striking the period at the end of para-
24 graph (28) and inserting “; and”; and

1 (3) by inserting after paragraph (28) the fol-
2 lowing new paragraph:

3 “(29) provide that the State agency responsible
4 for administering the State plan—

5 “(A) shall make the determination (and re-
6 determination at appropriate intervals) as to
7 whether an individual who has applied for or is
8 receiving assistance under the State program
9 funded under part A, the State program under
10 title XV, or the State program under title XIX
11 is cooperating in good faith with the State in
12 establishing the paternity of, or in establishing,
13 modifying, or enforcing a support order for, any
14 child of the individual by providing the State
15 agency with the name of, and such other infor-
16 mation as the State agency may require with
17 respect to, the noncustodial parent of the child,
18 subject to good cause and other exceptions
19 which—

20 “(i) shall be defined, taking into ac-
21 count the best interests of the child, and

22 “(ii) shall be applied in each case,
23 by, at the option of the State, the State agency
24 administering the State program under part A,
25 this part, title XV, or title XIX;

1 “(B) shall require the individual to supply
2 additional necessary information and appear at
3 interviews, hearings, and legal proceedings;

4 “(C) shall require the individual and the
5 child to submit to genetic tests pursuant to ju-
6 dicial or administrative order;

7 “(D) may request that the individual sign
8 a voluntary acknowledgment of paternity, after
9 notice of the rights and consequences of such
10 an acknowledgment, but may not require the in-
11 dividual to sign an acknowledgment or other-
12 wise relinquish the right to genetic tests as a
13 condition of cooperation and eligibility for as-
14 sistance under the State program funded under
15 part A, the State program under title XV, or
16 the State program under title XIX; and

17 “(E) shall promptly notify the individual
18 and the State agency administering the State
19 program funded under part A, the State agency
20 administering the State program under title
21 XV, and the State agency administering the
22 State program under title XIX, of each such
23 determination, and if noncooperation is deter-
24 mined, the basis therefore.”.

1 **CHAPTER 5—PROGRAM ADMINISTRATION**
2 **AND FUNDING**

3 **SEC. 4341. PERFORMANCE-BASED INCENTIVES AND PEN-**
4 **ALTIES.**

5 (a) DEVELOPMENT OF NEW SYSTEM.—The Sec-
6 retary of Health and Human Services, in consultation with
7 State directors of programs under part D of title IV of
8 the Social Security Act, shall develop a new incentive sys-
9 tem to replace, in a revenue neutral manner, the system
10 under section 458 of such Act. The new system shall pro-
11 vide additional payments to any State based on such
12 State’s performance under such a program. Not later than
13 November 1, 1996, the Secretary shall report on the new
14 system to the Committee on Ways and Means of the
15 House of Representatives and the Committee on Finance
16 of the Senate.

17 (b) CONFORMING AMENDMENTS TO PRESENT SYS-
18 TEM.—Section 458 (42 U.S.C. 658) is amended—

19 (1) in subsection (a), by striking “aid to fami-
20 lies with dependent children under a State plan ap-
21 proved under part A of this title” and inserting “as-
22 sistance under a program funded under part A”;

23 (2) in subsection (b)(1)(A), by striking “section
24 402(a)(26)” and inserting “section 408(a)(4)”;

25 (3) in subsections (b) and (c)—

1 (A) by striking “AFDC collections” each
2 place it appears and inserting “title IV–A col-
3 lections”, and

4 (B) by striking “non-AFDC collections”
5 each place it appears and inserting “non-title
6 IV–A collections”; and

7 (4) in subsection (c), by striking “combined
8 AFDC/non-AFDC administrative costs” both places
9 it appears and inserting “combined title IV–A/non-
10 title IV–A administrative costs”.

11 (c) CALCULATION OF PATERNITY ESTABLISHMENT
12 PERCENTAGE.—

13 (1) Section 452(g)(1)(A) (42 U.S.C.
14 652(g)(1)(A)) is amended by striking “75” and in-
15 serting “90”.

16 (2) Section 452(g)(1) (42 U.S.C. 652(g)(1)) is
17 amended—

18 (A) by redesignating subparagraphs (B)
19 through (E) as subparagraphs (C) through (F),
20 respectively, and by inserting after subpara-
21 graph (A) the following new subparagraph:

22 “(B) for a State with a paternity establishment
23 percentage of not less than 75 percent but less than
24 90 percent for such fiscal year, the paternity estab-

1 lishment percentage of the State for the immediately
2 preceding fiscal year plus 2 percentage points;” and

3 (B) by adding at the end the following new
4 flush sentence:

5 “In determining compliance under this section, a State
6 may use as its paternity establishment percentage either
7 the State’s IV–D paternity establishment percentage (as
8 defined in paragraph (2)(A)) or the State’s statewide pa-
9 ternity establishment percentage (as defined in paragraph
10 (2)(B)).”.

11 (3) Section 452(g)(2) (42 U.S.C. 652(g)(2)) is
12 amended—

13 (A) in subparagraph (A)—

14 (i) in the matter preceding clause

15 (i)—

16 (I) by striking “paternity estab-
17 lishment percentage” and inserting
18 “IV–D paternity establishment per-
19 centage”; and

20 (II) by striking “(or all States, as
21 the case may be)”; and

22 (ii) by striking “and” at the end; and

23 (B) by redesignating subparagraph (B) as
24 subparagraph (C) and by inserting after sub-
25 paragraph (A) the following new subparagraph:

1 “(B) the term ‘statewide paternity establish-
2 ment percentage’ means, with respect to a State for
3 a fiscal year, the ratio (expressed as a percentage)
4 that the total number of minor children—

5 “(i) who have been born out of wedlock,

6 and

7 “(ii) the paternity of whom has been estab-
8 lished or acknowledged during the fiscal year,
9 bears to the total number of children born out of
10 wedlock during the preceding fiscal year; and”.

11 (4) Section 452(g)(3) (42 U.S.C. 652(g)(3)) is
12 amended—

13 (A) by striking subparagraph (A) and re-
14 designating subparagraphs (B) and (C) as sub-
15 paragraphs (A) and (B), respectively; and

16 (B) in subparagraph (A) (as so redesign-
17 ated), by striking “the percentage of children
18 born out-of-wedlock in a State” and inserting
19 “the percentage of children in a State who are
20 born out of wedlock or for whom support has
21 not been established”.

22 (d) EFFECTIVE DATES.—

23 (1) INCENTIVE ADJUSTMENTS.—

24 (A) IN GENERAL.—The system developed
25 under subsection (a) and the amendments made

1 by subsection (b) shall become effective on Oc-
2 tober 1, 1998, except to the extent provided in
3 subparagraph (B).

4 (B) APPLICATION OF SECTION 458.—Sec-
5 tion 458 of the Social Security Act, as in effect
6 on the day before the date of the enactment of
7 this section, shall be effective for purposes of
8 incentive payments to States for fiscal years be-
9 fore fiscal year 1999.

10 (2) PENALTY REDUCTIONS.—The amendments
11 made by subsection (c) shall become effective with
12 respect to calendar quarters beginning on or after
13 the date of the enactment of this Act.

14 **SEC. 4342. FEDERAL AND STATE REVIEWS AND AUDITS.**

15 (a) STATE AGENCY ACTIVITIES.—Section 454 (42
16 U.S.C. 654) is amended—

17 (1) in paragraph (14), by striking “(14)” and
18 inserting “(14)(A)”;

19 (2) by redesignating paragraph (15) as sub-
20 paragraph (B) of paragraph (14); and

21 (3) by inserting after paragraph (14) the fol-
22 lowing new paragraph:

23 “(15) provide for—

24 “(A) a process for annual reviews of and
25 reports to the Secretary on the State program

1 operated under the State plan approved under
2 this part, including such information as may be
3 necessary to measure State compliance with
4 Federal requirements for expedited procedures,
5 using such standards and procedures as are re-
6 quired by the Secretary, under which the State
7 agency will determine the extent to which the
8 program is operated in compliance with this
9 part; and

10 “(B) a process of extracting from the auto-
11 mated data processing system required by para-
12 graph (16) and transmitting to the Secretary
13 data and calculations concerning the levels of
14 accomplishment (and rates of improvement)
15 with respect to applicable performance indica-
16 tors (including paternity establishment percent-
17 ages) to the extent necessary for purposes of
18 sections 452(g) and 458;”.

19 (b) FEDERAL ACTIVITIES.—Section 452(a)(4) (42
20 U.S.C. 652(a)(4)) is amended to read as follows:

21 “(4)(A) review data and calculations transmit-
22 ted by State agencies pursuant to section
23 454(15)(B) on State program accomplishments with
24 respect to performance indicators for purposes of
25 subsection (g) of this section and section 458;

1 “(B) review annual reports submitted pursuant
2 to section 454(15)(A) and, as appropriate, provide
3 to the State comments, recommendations for addi-
4 tional or alternative corrective actions, and technical
5 assistance; and

6 “(C) conduct audits, in accordance with the
7 Government auditing standards of the Comptroller
8 General of the United States—

9 “(i) at least once every 3 years (or more
10 frequently, in the case of a State which fails to
11 meet the requirements of this part concerning
12 performance standards and reliability of pro-
13 gram data) to assess the completeness, reliabil-
14 ity, and security of the data and the accuracy
15 of the reporting systems used in calculating
16 performance indicators under subsection (g) of
17 this section and section 458;

18 “(ii) of the adequacy of financial manage-
19 ment of the State program operated under the
20 State plan approved under this part, including
21 assessments of—

22 “(I) whether Federal and other funds
23 made available to carry out the State pro-
24 gram are being appropriately expended,

1 and are properly and fully accounted for;

2 and

3 “(II) whether collections and disburse-

4 ments of support payments are carried out

5 correctly and are fully accounted for; and

6 “(iii) for such other purposes as the Sec-

7 retary may find necessary;”.

8 (c) EFFECTIVE DATE.—The amendments made by
9 this section shall be effective with respect to calendar
10 quarters beginning 12 months or more after the date of
11 the enactment of this Act.

12 **SEC. 4343. REQUIRED REPORTING PROCEDURES.**

13 (a) ESTABLISHMENT.—Section 452(a)(5) (42 U.S.C.
14 652(a)(5)) is amended by inserting “, and establish proce-
15 dures to be followed by States for collecting and reporting
16 information required to be provided under this part, and
17 establish uniform definitions (including those necessary to
18 enable the measurement of State compliance with the re-
19 quirements of this part relating to expedited processes) to
20 be applied in following such procedures” before the semi-
21 colon.

22 (b) STATE PLAN REQUIREMENT.—Section 454 (42
23 U.S.C. 654), as amended by sections 4301(b), 4303(a),
24 4312(a), 4313(a), and 4333 of this Act, is amended—

1 (1) by striking “and” at the end of paragraph
2 (28);

3 (2) by striking the period at the end of para-
4 graph (29) and inserting “; and”; and

5 (3) by adding after paragraph (29) the follow-
6 ing new paragraph:

7 “(30) provide that the State shall use the defi-
8 nitions established under section 452(a)(5) in col-
9 lecting and reporting information as required under
10 this part.”.

11 **SEC. 4344. AUTOMATED DATA PROCESSING REQUIRE-**
12 **MENTS.**

13 (a) REVISED REQUIREMENTS.—

14 (1) IN GENERAL.—Section 454(16) (42 U.S.C.
15 654(16)) is amended—

16 (A) by striking “, at the option of the
17 State,”;

18 (B) by inserting “and operation by the
19 State agency” after “for the establishment”;

20 (C) by inserting “meeting the requirements
21 of section 454A” after “information retrieval
22 system”;

23 (D) by striking “in the State and localities
24 thereof, so as (A)” and inserting “so as”;

25 (E) by striking “(i)”; and

1 (F) by striking “(including” and all that
2 follows and inserting a semicolon.

3 (2) AUTOMATED DATA PROCESSING.—Part D of
4 title IV (42 U.S.C. 651–669) is amended by insert-
5 ing after section 454 the following new section:

6 **“SEC. 454A. AUTOMATED DATA PROCESSING.**

7 “(a) IN GENERAL.—In order for a State to meet the
8 requirements of this section, the State agency administer-
9 ing the State program under this part shall have in oper-
10 ation a single statewide automated data processing and
11 information retrieval system which has the capability to
12 perform the tasks specified in this section with the fre-
13 quency and in the manner required by or under this part.

14 “(b) PROGRAM MANAGEMENT.—The automated sys-
15 tem required by this section shall perform such functions
16 as the Secretary may specify relating to management of
17 the State program under this part, including—

18 “(1) controlling and accounting for use of Fed-
19 eral, State, and local funds in carrying out the pro-
20 gram; and

21 “(2) maintaining the data necessary to meet
22 Federal reporting requirements under this part on a
23 timely basis.

24 “(c) CALCULATION OF PERFORMANCE INDICA-
25 TORS.—In order to enable the Secretary to determine the

1 incentive payments and penalty adjustments required by
2 sections 452(g) and 458, the State agency shall—

3 “(1) use the automated system—

4 “(A) to maintain the requisite data on
5 State performance with respect to paternity es-
6 tablishment and child support enforcement in
7 the State; and

8 “(B) to calculate the paternity establish-
9 ment percentage for the State for each fiscal
10 year; and

11 “(2) have in place systems controls to ensure
12 the completeness and reliability of, and ready access
13 to, the data described in paragraph (1)(A), and the
14 accuracy of the calculations described in paragraph
15 (1)(B).

16 “(d) INFORMATION INTEGRITY AND SECURITY.—The
17 State agency shall have in effect safeguards on the integ-
18 rity, accuracy, and completeness of, access to, and use of
19 data in the automated system required by this section,
20 which shall include the following (in addition to such other
21 safeguards as the Secretary may specify in regulations):

22 “(1) POLICIES RESTRICTING ACCESS.—Written
23 policies concerning access to data by State agency
24 personnel, and sharing of data with other persons,
25 which—

1 “(A) permit access to and use of data only
2 to the extent necessary to carry out the State
3 program under this part; and

4 “(B) specify the data which may be used
5 for particular program purposes, and the per-
6 sonnel permitted access to such data.

7 “(2) SYSTEMS CONTROLS.—Systems controls
8 (such as passwords or blocking of fields) to ensure
9 strict adherence to the policies described in para-
10 graph (1).

11 “(3) MONITORING OF ACCESS.—Routine mon-
12 itoring of access to and use of the automated sys-
13 tem, through methods such as audit trails and feed-
14 back mechanisms, to guard against and promptly
15 identify unauthorized access or use.

16 “(4) TRAINING AND INFORMATION.—Proce-
17 dures to ensure that all personnel (including State
18 and local agency staff and contractors) who may
19 have access to or be required to use confidential pro-
20 gram data are informed of applicable requirements
21 and penalties (including those in section 6103 of the
22 Internal Revenue Code of 1986), and are adequately
23 trained in security procedures.

24 “(5) PENALTIES.—Administrative penalties (up
25 to and including dismissal from employment) for un-

1 authorized access to, or disclosure or use of, con-
2 fidential data.”.

3 (3) REGULATIONS.—The Secretary of Health
4 and Human Services shall prescribe final regulations
5 for implementation of section 454A of the Social Se-
6 curity Act not later than 2 years after the date of
7 the enactment of this Act.

8 (4) IMPLEMENTATION TIMETABLE.—Section
9 454(24) (42 U.S.C. 654(24)), as amended by section
10 4303(a)(1) of this Act, is amended to read as fol-
11 lows:

12 “(24) provide that the State will have in effect
13 an automated data processing and information re-
14 trieval system—

15 “(A) by October 1, 1997, which meets all
16 requirements of this part which were enacted on
17 or before the date of enactment of the Family
18 Support Act of 1988, and

19 “(B) by October 1, 1999, which meets all
20 requirements of this part enacted on or before
21 the date of the enactment of the Personal Re-
22 sponsibility and Work Opportunity Act of 1996,
23 except that such deadline shall be extended by
24 1 day for each day (if any) by which the Sec-
25 retary fails to meet the deadline imposed by

1 section 4344(a)(3) of the Personal Responsibility and Work Opportunity Act of 1996;”.

3 (b) SPECIAL FEDERAL MATCHING RATE FOR DEVELOPMENT COSTS OF AUTOMATED SYSTEMS.—

5 (1) IN GENERAL.—Section 455(a) (42 U.S.C. 655(a)) is amended—

7 (A) in paragraph (1)(B)—

8 (i) by striking “90 percent” and inserting “the percent specified in paragraph 9 (3)”;

11 (ii) by striking “so much of”; and

12 (iii) by striking “which the Secretary” and all that follows and inserting “, and”; 13 and 14

15 (B) by adding at the end the following new 16 paragraph:

17 “(3)(A) The Secretary shall pay to each State, for 18 each quarter in fiscal years 1996 and 1997, 90 percent 19 of so much of the State expenditures described in paragraph 20 (1)(B) as the Secretary finds are for a system meeting the requirements specified in section 454(16) (as in 21 effect on September 30, 1995) but limited to the amount 22 approved for States in the advance planning documents 23 of such States submitted on or before September 30, 24 1995. 25

1 “(B)(i) The Secretary shall pay to each State, for
2 each quarter in fiscal years 1996 through 2001, the per-
3 centage specified in clause (ii) of so much of the State
4 expenditures described in paragraph (1)(B) as the Sec-
5 retary finds are for a system meeting the requirements
6 of sections 454(16) and 454A.

7 “(ii) The percentage specified in this clause is 80 per-
8 cent.”.

9 (2) TEMPORARY LIMITATION ON PAYMENTS
10 UNDER SPECIAL FEDERAL MATCHING RATE.—

11 (A) IN GENERAL.—The Secretary of
12 Health and Human Services may not pay more
13 than \$400,000,000 in the aggregate under sec-
14 tion 455(a)(3)(B) of the Social Security Act for
15 fiscal years 1996 through 2001.

16 (B) ALLOCATION OF LIMITATION AMONG
17 STATES.—The total amount payable to a State
18 under section 455(a)(3)(B) of such Act for fis-
19 cal years 1996 through 2001 shall not exceed
20 the limitation determined for the State by the
21 Secretary of Health and Human Services in
22 regulations.

23 (C) ALLOCATION FORMULA.—The regula-
24 tions referred to in subparagraph (B) shall pre-
25 scribe a formula for allocating the amount spec-

1 ified in subparagraph (A) among States with
2 plans approved under part D of title IV of the
3 Social Security Act, which shall take into ac-
4 count—

5 (i) the relative size of State caseloads
6 under such part; and

7 (ii) the level of automation needed to
8 meet the automated data processing re-
9 quirements of such part.

10 (c) CONFORMING AMENDMENT.—Section 123(c) of
11 the Family Support Act of 1988 (102 Stat. 2352; Public
12 Law 100–485) is repealed.

13 **SEC. 4345. TECHNICAL ASSISTANCE.**

14 (a) FOR TRAINING OF FEDERAL AND STATE STAFF,
15 RESEARCH AND DEMONSTRATION PROGRAMS, AND SPE-
16 CIAL PROJECTS OF REGIONAL OR NATIONAL SIGNIFI-
17 CANCE.—Section 452 (42 U.S.C. 652) is amended by add-
18 ing at the end the following new subsection:

19 “(j) Out of any money in the Treasury of the United
20 States not otherwise appropriated, there is hereby appro-
21 priated to the Secretary for each fiscal year an amount
22 equal to 1 percent of the total amount paid to the Federal
23 Government pursuant to section 457(a) during the imme-
24 diately preceding fiscal year (as determined on the basis
25 of the most recent reliable data available to the Secretary

1 as of the end of the 3rd calendar quarter following the
2 end of such preceding fiscal year), to cover costs incurred
3 by the Secretary for—

4 “(1) information dissemination and technical
5 assistance to States, training of State and Federal
6 staff, staffing studies, and related activities needed
7 to improve programs under this part (including tech-
8 nical assistance concerning State automated systems
9 required by this part); and

10 “(2) research, demonstration, and special
11 projects of regional or national significance relating
12 to the operation of State programs under this part.

13 The amount appropriated under this subsection shall re-
14 main available until expended.”.

15 (b) OPERATION OF FEDERAL PARENT LOCATOR
16 SERVICE.—Section 453 (42 U.S.C. 653), as amended by
17 section 4316 of this Act, is amended by adding at the end
18 the following new subsection:

19 “(o) RECOVERY OF COSTS.—Out of any money in the
20 Treasury of the United States not otherwise appropriated,
21 there is hereby appropriated to the Secretary for each fis-
22 cal year an amount equal to 2 percent of the total amount
23 paid to the Federal Government pursuant to section
24 457(a) during the immediately preceding fiscal year (as
25 determined on the basis of the most recent reliable data

1 available to the Secretary as of the end of the 3rd calendar
2 quarter following the end of such preceding fiscal year),
3 to cover costs incurred by the Secretary for operation of
4 the Federal Parent Locator Service under this section, to
5 the extent such costs are not recovered through user
6 fees.”.

7 **SEC. 4346. REPORTS AND DATA COLLECTION BY THE SEC-**
8 **RETARY.**

9 (a) ANNUAL REPORT TO CONGRESS.—

10 (1) Section 452(a)(10)(A) (42 U.S.C.
11 652(a)(10)(A)) is amended—

12 (A) by striking “this part;” and inserting
13 “this part, including—”; and

14 (B) by adding at the end the following new
15 clauses:

16 “(i) the total amount of child support
17 payments collected as a result of services
18 furnished during the fiscal year to individ-
19 uals receiving services under this part;

20 “(ii) the cost to the States and to the
21 Federal Government of so furnishing the
22 services; and

23 “(iii) the number of cases involving
24 families—

1 “(I) who became ineligible for as-
2 sistance under State programs funded
3 under part A during a month in the
4 fiscal year; and

5 “(II) with respect to whom a
6 child support payment was received in
7 the month;”.

8 (2) Section 452(a)(10)(C) (42 U.S.C.
9 652(a)(10)(C)) is amended—

10 (A) in the matter preceding clause (i)—

11 (i) by striking “with the data required
12 under each clause being separately stated
13 for cases” and inserting “separately stated
14 for cases”;

15 (ii) by striking “cases where the child
16 was formerly receiving” and inserting “or
17 formerly received”;

18 (iii) by inserting “or 1912” after
19 “471(a)(17)”; and

20 (iv) by inserting “for” before “all
21 other”;

22 (B) in each of clauses (i) and (ii), by strik-
23 ing “, and the total amount of such obliga-
24 tions”;

1 (C) in clause (iii), by striking “described
2 in” and all that follows and inserting “in which
3 support was collected during the fiscal year;”;

4 (D) by striking clause (iv); and

5 (E) by redesignating clause (v) as clause
6 (vii), and inserting after clause (iii) the follow-
7 ing new clauses:

8 “(iv) the total amount of support col-
9 lected during such fiscal year and distrib-
10 uted as current support;

11 “(v) the total amount of support col-
12 lected during such fiscal year and distrib-
13 uted as arrearages;

14 “(vi) the total amount of support due
15 and unpaid for all fiscal years; and”.

16 (3) Section 452(a)(10)(G) (42 U.S.C.
17 652(a)(10)(G)) is amended by striking “on the use
18 of Federal courts and”.

19 (4) Section 452(a)(10) (42 U.S.C. 652(a)(10))
20 is amended—

21 (A) in subparagraph (H), by striking
22 “and”;

23 (B) in subparagraph (I), by striking the
24 period and inserting “; and”; and

1 (C) by inserting after subparagraph (I) the
2 following new subparagraph:

3 “(J) compliance, by State, with the stand-
4 ards established pursuant to subsections (h)
5 and (i);”.

6 (5) Section 452(a)(10) (42 U.S.C. 652(a)(10))
7 is amended by striking “The information contained
8 in any such report under subpargraph (A)” and all
9 that follows through “the State plan approved under
10 part A.”.

11 (b) EFFECTIVE DATE.—The amendments made by
12 subsection (a) shall be effective with respect to fiscal year
13 1997 and succeeding fiscal years.

14 **CHAPTER 6—ESTABLISHMENT AND**
15 **MODIFICATION OF SUPPORT ORDERS**

16 **SEC. 4351. SIMPLIFIED PROCESS FOR REVIEW AND ADJUST-**
17 **MENT OF CHILD SUPPORT ORDERS.**

18 Section 466(a)(10) (42 U.S.C. 666(a)(10)) is amend-
19 ed to read as follows:

20 “(10) REVIEW AND ADJUSTMENT OF SUPPORT
21 ORDERS UPON REQUEST.—Procedures under which
22 the State shall review and adjust each support order
23 being enforced under this part if there is an assign-
24 ment under part A or upon the request of either
25 parent, and may review and adjust any other sup-

1 port order being enforced under this part. Such pro-
2 cedures shall provide the following:

3 “(A) IN GENERAL.—

4 “(i) 3-YEAR CYCLE.—Except as pro-
5 vided in subparagraphs (B) and (C), the
6 State shall review and, as appropriate, ad-
7 just the support order every 3 years, tak-
8 ing into account the best interests of the
9 child involved.

10 “(ii) METHODS OF ADJUSTMENT.—

11 The State may elect to review and, if ap-
12 propriate, adjust an order pursuant to
13 clause (i) by—

14 “(I) reviewing and, if appro-
15 priate, adjusting the order in accord-
16 ance with the guidelines established
17 pursuant to section 467(a) if the
18 amount of the child support award
19 under the order differs from the
20 amount that would be awarded in ac-
21 cordance with the guidelines; or

22 “(II) applying a cost-of-living ad-
23 justment to the order in accordance
24 with a formula developed by the State
25 and permit either party to contest the

1 adjustment, within 30 days after the
2 date of the notice of the adjustment,
3 by making a request for review and, if
4 appropriate, adjustment of the order
5 in accordance with the child support
6 guidelines established pursuant to sec-
7 tion 467(a).

8 “(iii) NO PROOF OF CHANGE IN CIR-
9 CUMSTANCES NECESSARY.—Any adjust-
10 ment under this subparagraph (A) shall be
11 made without a requirement for proof or
12 showing of a change in circumstances.

13 “(B) AUTOMATED METHOD.—The State
14 may use automated methods (including auto-
15 mated comparisons with wage or State income
16 tax data) to identify orders eligible for review,
17 conduct the review, identify orders eligible for
18 adjustment, and apply the appropriate adjust-
19 ment to the orders eligible for adjustment
20 under the threshold established by the State.

21 “(C) REQUEST UPON SUBSTANTIAL
22 CHANGE IN CIRCUMSTANCES.—The State shall,
23 at the request of either parent subject to such
24 an order or of any State child support enforce-
25 ment agency, review and, if appropriate, adjust

1 the order in accordance with the guidelines es-
2 tablished pursuant to section 467(a) based
3 upon a substantial change in the circumstances
4 of either parent.

5 “(D) NOTICE OF RIGHT TO REVIEW.—The
6 State shall provide notice not less than once
7 every 3 years to the parents subject to such an
8 order informing them of their right to request
9 the State to review and, if appropriate, adjust
10 the order pursuant to this paragraph. The no-
11 tice may be included in the order.”.

12 **SEC. 4352. FURNISHING CONSUMER REPORTS FOR CER-**
13 **TAIN PURPOSES RELATING TO CHILD SUP-**
14 **PORT.**

15 Section 604 of the Fair Credit Reporting Act (15
16 U.S.C. 1681b) is amended by adding at the end the follow-
17 ing new paragraphs:

18 “(4) In response to a request by the head of a State
19 or local child support enforcement agency (or a State or
20 local government official authorized by the head of such
21 an agency), if the person making the request certifies to
22 the consumer reporting agency that—

23 “(A) the consumer report is needed for the pur-
24 pose of establishing an individual’s capacity to make

1 child support payments or determining the appro-
2 priate level of such payments;

3 “(B) the paternity of the consumer for the child
4 to which the obligation relates has been established
5 or acknowledged by the consumer in accordance with
6 State laws under which the obligation arises (if re-
7 quired by those laws);

8 “(C) the person has provided at least 10 days’
9 prior notice to the consumer whose report is re-
10 quested, by certified or registered mail to the last
11 known address of the consumer, that the report will
12 be requested; and

13 “(D) the consumer report will be kept confiden-
14 tial, will be used solely for a purpose described in
15 subparagraph (A), and will not be used in connec-
16 tion with any other civil, administrative, or criminal
17 proceeding, or for any other purpose.

18 “(5) To an agency administering a State plan under
19 section 454 of the Social Security Act (42 U.S.C. 654)
20 for use to set an initial or modified child support award.”.

1 **SEC. 4353. NONLIABILITY FOR FINANCIAL INSTITUTIONS**
2 **PROVIDING FINANCIAL RECORDS TO STATE**
3 **CHILD SUPPORT ENFORCEMENT AGENCIES**
4 **IN CHILD SUPPORT CASES.**

5 Part D of title IV (42 U.S.C. 651–669) is amended
6 by adding at the end the following:

7 **“SEC. 469A. NONLIABILITY FOR FINANCIAL INSTITUTIONS**
8 **PROVIDING FINANCIAL RECORDS TO STATE**
9 **CHILD SUPPORT ENFORCEMENT AGENCIES**
10 **IN CHILD SUPPORT CASES.**

11 “(a) IN GENERAL.—Notwithstanding any other pro-
12 vision of Federal or State law, a financial institution shall
13 not be liable under any Federal or State law to any person
14 for disclosing any financial record of an individual to a
15 State child support enforcement agency attempting to es-
16 tablish, modify, or enforce a child support obligation of
17 such individual.

18 “(b) PROHIBITION OF DISCLOSURE OF FINANCIAL
19 RECORD OBTAINED BY STATE CHILD SUPPORT EN-
20 FORCEMENT AGENCY.—A State child support enforcement
21 agency which obtains a financial record of an individual
22 from a financial institution pursuant to subsection (a)
23 may disclose such financial record only for the purpose
24 of, and to the extent necessary in, establishing, modifying,
25 or enforcing a child support obligation of such individual.

1 “(c) CIVIL DAMAGES FOR UNAUTHORIZED DISCLO-
2 SURE.—

3 “(1) DISCLOSURE BY STATE OFFICER OR EM-
4 PLOYEE.—If any person knowingly, or by reason of
5 negligence, discloses a financial record of an individ-
6 ual in violation of subsection (b), such individual
7 may bring a civil action for damages against such
8 person in a district court of the United States.

9 “(2) NO LIABILITY FOR GOOD FAITH BUT ER-
10 RONEOUS INTERPRETATION.—No liability shall arise
11 under this subsection with respect to any disclosure
12 which results from a good faith, but erroneous, in-
13 terpretation of subsection (b).

14 “(3) DAMAGES.—In any action brought under
15 paragraph (1), upon a finding of liability on the part
16 of the defendant, the defendant shall be liable to the
17 plaintiff in an amount equal to the sum of—

18 “(A) the greater of—

19 “(i) \$1,000 for each act of unauthor-
20 ized disclosure of a financial record with
21 respect to which such defendant is found
22 liable; or

23 “(ii) the sum of—

1 “(I) the actual damages sus-
2 tained by the plaintiff as a result of
3 such unauthorized disclosure; plus

4 “(II) in the case of a willful dis-
5 closure or a disclosure which is the re-
6 sult of gross negligence, punitive dam-
7 ages; plus

8 “(B) the costs (including attorney’s fees)
9 of the action.

10 “(d) DEFINITIONS.—For purposes of this section—

11 “(1) FINANCIAL INSTITUTION.—The term ‘fi-
12 nancial institution’ means—

13 “(A) a depository institution, as defined in
14 section 3(e) of the Federal Deposit Insurance
15 Act (12 U.S.C. 1813(e));

16 “(B) an institution-affiliated party, as de-
17 fined in section 3(u) of such Act (12 U.S.C.
18 1813(u));

19 “(C) any Federal credit union or State
20 credit union, as defined in section 101 of the
21 Federal Credit Union Act (12 U.S.C. 1752), in-
22 cluding an institution-affiliated party of such a
23 credit union, as defined in section 206(r) of
24 such Act (12 U.S.C. 1786(r)); and

1 “(D) any benefit association, insurance
2 company, safe deposit company, money-market
3 mutual fund, or similar entity authorized to do
4 business in the State.

5 “(2) FINANCIAL RECORD.—The term ‘financial
6 record’ has the meaning given such term in section
7 1101 of the Right to Financial Privacy Act of 1978
8 (12 U.S.C. 3401).”.

9 **CHAPTER 7—ENFORCEMENT OF SUPPORT**
10 **ORDERS**

11 **SEC. 4361. INTERNAL REVENUE SERVICE COLLECTION OF**
12 **ARREARAGES.**

13 (a) COLLECTION OF FEES.—Section 6305(a) of the
14 Internal Revenue Code of 1986 (relating to collection of
15 certain liability) is amended—

16 (1) by striking “and” at the end of paragraph
17 (3);

18 (2) by striking the period at the end of para-
19 graph (4) and inserting “, and”;

20 (3) by adding at the end the following new
21 paragraph:

22 “(5) no additional fee may be assessed for ad-
23 justments to an amount previously certified pursu-
24 ant to such section 452(b) with respect to the same
25 obligor.”; and

1 (4) by striking “Secretary of Health, Edu-
2 cation, and Welfare” each place it appears and in-
3 serting “Secretary of Health and Human Services”.

4 (b) EFFECTIVE DATE.—The amendments made by
5 this section shall become effective October 1, 1997.

6 **SEC. 4362. AUTHORITY TO COLLECT SUPPORT FROM FED-**
7 **ERAL EMPLOYEES.**

8 (a) CONSOLIDATION AND STREAMLINING OF AU-
9 THORITIES.—Section 459 (42 U.S.C. 659) is amended to
10 read as follows:

11 **“SEC. 459. CONSENT BY THE UNITED STATES TO INCOME**
12 **WITHHOLDING, GARNISHMENT, AND SIMILAR**
13 **PROCEEDINGS FOR ENFORCEMENT OF CHILD**
14 **SUPPORT AND ALIMONY OBLIGATIONS.**

15 “(a) CONSENT TO SUPPORT ENFORCEMENT.—Not-
16 withstanding any other provision of law (including section
17 207 of this Act and section 5301 of title 38, United States
18 Code), effective January 1, 1975, moneys (the entitlement
19 to which is based upon remuneration for employment) due
20 from, or payable by, the United States or the District of
21 Columbia (including any agency, subdivision, or instru-
22 mentality thereof) to any individual, including members
23 of the Armed Forces of the United States, shall be subject,
24 in like manner and to the same extent as if the United
25 States or the District of Columbia were a private person,

1 to withholding in accordance with State law enacted pur-
2 suant to subsections (a)(1) and (b) of section 466 and reg-
3 ulations of the Secretary under such subsections, and to
4 any other legal process brought, by a State agency admin-
5 istering a program under a State plan approved under this
6 part or by an individual obligee, to enforce the legal obliga-
7 tion of the individual to provide child support or alimony.

8 “(b) CONSENT TO REQUIREMENTS APPLICABLE TO
9 PRIVATE PERSON.—With respect to notice to withhold in-
10 come pursuant to subsection (a)(1) or (b) of section 466,
11 or any other order or process to enforce support obliga-
12 tions against an individual (if the order or process con-
13 tains or is accompanied by sufficient data to permit
14 prompt identification of the individual and the moneys in-
15 volved), each governmental entity specified in subsection
16 (a) shall be subject to the same requirements as would
17 apply if the entity were a private person, except as other-
18 wise provided in this section.

19 “(c) DESIGNATION OF AGENT; RESPONSE TO NOTICE
20 OR PROCESS—

21 “(1) DESIGNATION OF AGENT.—The head of
22 each agency subject to this section shall—

23 “(A) designate an agent or agents to re-
24 ceive orders and accept service of process in

1 matters relating to child support or alimony;
2 and

3 “(B) annually publish in the Federal Reg-
4 ister the designation of the agent or agents,
5 identified by title or position, mailing address,
6 and telephone number.

7 “(2) RESPONSE TO NOTICE OR PROCESS.—If an
8 agent designated pursuant to paragraph (1) of this
9 subsection receives notice pursuant to State proce-
10 dures in effect pursuant to subsection (a)(1) or (b)
11 of section 466, or is effectively served with any
12 order, process, or interrogatory, with respect to an
13 individual’s child support or alimony payment obli-
14 gations, the agent shall—

15 “(A) as soon as possible (but not later
16 than 15 days) thereafter, send written notice of
17 the notice or service (together with a copy of
18 the notice or service) to the individual at the
19 duty station or last-known home address of the
20 individual;

21 “(B) within 30 days (or such longer period
22 as may be prescribed by applicable State law)
23 after receipt of a notice pursuant to such State
24 procedures, comply with all applicable provi-
25 sions of section 466; and

1 “(C) within 30 days (or such longer period
2 as may be prescribed by applicable State law)
3 after effective service of any other such order,
4 process, or interrogatory, respond to the order,
5 process, or interrogatory.

6 “(d) PRIORITY OF CLAIMS.—If a governmental entity
7 specified in subsection (a) receives notice or is served with
8 process, as provided in this section, concerning amounts
9 owed by an individual to more than 1 person—

10 “(1) support collection under section 466(b)
11 must be given priority over any other process, as
12 provided in section 466(b)(7);

13 “(2) allocation of moneys due or payable to an
14 individual among claimants under section 466(b)
15 shall be governed by section 466(b) and the regula-
16 tions prescribed under such section; and

17 “(3) such moneys as remain after compliance
18 with paragraphs (1) and (2) shall be available to
19 satisfy any other such processes on a first-come,
20 first-served basis, with any such process being satis-
21 fied out of such moneys as remain after the satisfac-
22 tion of all such processes which have been previously
23 served.

24 “(e) NO REQUIREMENT TO VARY PAY CYCLES.—A
25 governmental entity that is affected by legal process

1 served for the enforcement of an individual's child support
2 or alimony payment obligations shall not be required to
3 vary its normal pay and disbursement cycle in order to
4 comply with the legal process.

5 “(f) RELIEF FROM LIABILITY.—

6 “(1) Neither the United States, nor the govern-
7 ment of the District of Columbia, nor any disbursing
8 officer shall be liable with respect to any payment
9 made from moneys due or payable from the United
10 States to any individual pursuant to legal process
11 regular on its face, if the payment is made in ac-
12 cordance with this section and the regulations issued
13 to carry out this section.

14 “(2) No Federal employee whose duties include
15 taking actions necessary to comply with the require-
16 ments of subsection (a) with regard to any individ-
17 ual shall be subject under any law to any discipli-
18 nary action or civil or criminal liability or penalty
19 for, or on account of, any disclosure of information
20 made by the employee in connection with the carry-
21 ing out of such actions.

22 “(g) REGULATIONS.—Authority to promulgate regu-
23 lations for the implementation of this section shall, insofar
24 as this section applies to moneys due from (or payable
25 by)—

1 “(1) the United States (other than the legisla-
2 tive or judicial branches of the Federal Government)
3 or the government of the District of Columbia, be
4 vested in the President (or the designee of the Presi-
5 dent);

6 “(2) the legislative branch of the Federal Gov-
7 ernment, be vested jointly in the President pro tem-
8 pore of the Senate and the Speaker of the House of
9 Representatives (or their designees), and

10 “(3) the judicial branch of the Federal Govern-
11 ment, be vested in the Chief Justice of the United
12 States (or the designee of the Chief Justice).

13 “(h) MONEYS SUBJECT TO PROCESS.—

14 “(1) IN GENERAL.—Subject to paragraph (2),
15 moneys paid or payable to an individual which are
16 considered to be based upon remuneration for em-
17 ployment, for purposes of this section—

18 “(A) consist of—

19 “(i) compensation paid or payable for
20 personal services of the individual, whether
21 the compensation is denominated as wages,
22 salary, commission, bonus, pay, allowances,
23 or otherwise (including severance pay, sick
24 pay, and incentive pay);

1 “(ii) periodic benefits (including a
2 periodic benefit as defined in section
3 228(h)(3)) or other payments—

4 “(I) under the insurance system
5 established by title II;

6 “(II) under any other system or
7 fund established by the United States
8 which provides for the payment of
9 pensions, retirement or retired pay,
10 annuities, dependents’ or survivors’
11 benefits, or similar amounts payable
12 on account of personal services per-
13 formed by the individual or any other
14 individual;

15 “(III) as compensation for death
16 under any Federal program;

17 “(IV) under any Federal pro-
18 gram established to provide ‘black
19 lung’ benefits; or

20 “(V) by the Secretary of Veter-
21 ans Affairs as compensation for a
22 service-connected disability paid by
23 the Secretary to a former member of
24 the Armed Forces who is in receipt of
25 retired or retainer pay if the former

1 member has waived a portion of the
2 retired or retainer pay in order to re-
3 ceive such compensation; and

4 “(iii) worker’s compensation benefits
5 paid under Federal or State law but

6 “(B) do not include any payment—

7 “(i) by way of reimbursement or oth-
8 erwise, to defray expenses incurred by the
9 individual in carrying out duties associated
10 with the employment of the individual; or

11 “(ii) as allowances for members of the
12 uniformed services payable pursuant to
13 chapter 7 of title 37, United States Code,
14 as prescribed by the Secretaries concerned
15 (defined by section 101(5) of such title) as
16 necessary for the efficient performance of
17 duty.

18 “(2) CERTAIN AMOUNTS EXCLUDED.—In deter-
19 mining the amount of any moneys due from, or pay-
20 able by, the United States to any individual, there
21 shall be excluded amounts which—

22 “(A) are owed by the individual to the
23 United States;

24 “(B) are required by law to be, and are,
25 deducted from the remuneration or other pay-

1 ment involved, including Federal employment
2 taxes, and fines and forfeitures ordered by
3 court-martial;

4 “(C) are properly withheld for Federal,
5 State, or local income tax purposes, if the with-
6 holding of the amounts is authorized or re-
7 quired by law and if amounts withheld are not
8 greater than would be the case if the individual
9 claimed all dependents to which he was entitled
10 (the withholding of additional amounts pursu-
11 ant to section 3402(i) of the Internal Revenue
12 Code of 1986 may be permitted only when the
13 individual presents evidence of a tax obligation
14 which supports the additional withholding);

15 “(D) are deducted as health insurance pre-
16 miums;

17 “(E) are deducted as normal retirement
18 contributions (not including amounts deducted
19 for supplementary coverage); or

20 “(F) are deducted as normal life insurance
21 premiums from salary or other remuneration
22 for employment (not including amounts de-
23 ducted for supplementary coverage).

24 “(i) DEFINITIONS.—For purposes of this section—

1 “(1) UNITED STATES.—The term ‘United
2 States’ includes any department, agency, or instru-
3 mentality of the legislative, judicial, or executive
4 branch of the Federal Government, the United
5 States Postal Service, the Postal Rate Commission,
6 any Federal corporation created by an Act of Con-
7 gress that is wholly owned by the Federal Govern-
8 ment, and the governments of the territories and
9 possessions of the United States.

10 “(2) CHILD SUPPORT.—The term ‘child sup-
11 port’, when used in reference to the legal obligations
12 of an individual to provide such support, means
13 amounts required to be paid under a judgment, de-
14 cree, or order, whether temporary, final, or subject
15 to modification, issued by a court or an administra-
16 tive agency of competent jurisdiction, for the sup-
17 port and maintenance of a child, including a child
18 who has attained the age of majority under the law
19 of the issuing State, or a child and the parent with
20 whom the child is living, which provides for mone-
21 tary support, health care, arrearages or reimburse-
22 ment, and which may include other related costs and
23 fees, interest and penalties, income withholding, at-
24 torney’s fees, and other relief.

25 “(3) ALIMONY.—

1 “(A) IN GENERAL.—The term ‘alimony’,
2 when used in reference to the legal obligations
3 of an individual to provide the same, means
4 periodic payments of funds for the support and
5 maintenance of the spouse (or former spouse)
6 of the individual, and (subject to and in accord-
7 ance with State law) includes separate mainte-
8 nance, alimony pendente lite, maintenance, and
9 spousal support, and includes attorney’s fees,
10 interest, and court costs when and to the extent
11 that the same are expressly made recoverable as
12 such pursuant to a decree, order, or judgment
13 issued in accordance with applicable State law
14 by a court of competent jurisdiction.

15 “(B) EXCEPTIONS.—Such term does not
16 include—

17 “(i) any child support; or

18 “(ii) any payment or transfer of prop-
19 erty or its value by an individual to the
20 spouse or a former spouse of the individual
21 in compliance with any community prop-
22 erty settlement, equitable distribution of
23 property, or other division of property be-
24 tween spouses or former spouses.

1 “(4) PRIVATE PERSON.—The term ‘private per-
2 son’ means a person who does not have sovereign or
3 other special immunity or privilege which causes the
4 person not to be subject to legal process.

5 “(5) LEGAL PROCESS.—The term ‘legal proc-
6 ess’ means any writ, order, summons, or other simi-
7 lar process in the nature of garnishment—

8 “(A) which is issued by—

9 “(i) a court or an administrative
10 agency of competent jurisdiction in any
11 State, territory, or possession of the Unit-
12 ed States;

13 “(ii) a court or an administrative
14 agency of competent jurisdiction in any
15 foreign country with which the United
16 States has entered into an agreement
17 which requires the United States to honor
18 the process; or

19 “(iii) an authorized official pursuant
20 to an order of such a court or an adminis-
21 trative agency of competent jurisdiction or
22 pursuant to State or local law; and

23 “(B) which is directed to, and the purpose
24 of which is to compel, a governmental entity
25 which holds moneys which are otherwise pay-

1 able to an individual to make a payment from
2 the moneys to another party in order to satisfy
3 a legal obligation of the individual to provide
4 child support or make alimony payments.”.

5 (b) CONFORMING AMENDMENTS.—

6 (1) TO PART D OF TITLE IV.—Sections 461 and
7 462 (42 U.S.C. 661 and 662) are repealed.

8 (2) TO TITLE 5, UNITED STATES CODE.—Sec-
9 tion 5520a of title 5, United States Code, is amend-
10 ed, in subsections (h)(2) and (i), by striking “sec-
11 tions 459, 461, and 462 of the Social Security Act
12 (42 U.S.C. 659, 661, and 662)” and inserting “sec-
13 tion 459 of the Social Security Act (42 U.S.C.
14 659)”.

15 (c) MILITARY RETIRED AND RETAINER PAY.—

16 (1) DEFINITION OF COURT.—Section
17 1408(a)(1) of title 10, United States Code, is
18 amended—

19 (A) by striking “and” at the end of sub-
20 paragraph (B);

21 (B) by striking the period at the end of
22 subparagraph (C) and inserting “; and”; and

23 (C) by adding after subparagraph (C) the
24 following new subparagraph:

1 “(D) any administrative or judicial tribu-
2 nal of a State competent to enter orders for
3 support or maintenance (including a State
4 agency administering a program under a State
5 plan approved under part D of title IV of the
6 Social Security Act), and, for purposes of this
7 subparagraph, the term ‘State’ includes the
8 District of Columbia, the Commonwealth of
9 Puerto Rico, the Virgin Islands, Guam, and
10 American Samoa.”.

11 (2) DEFINITION OF COURT ORDER.—Section
12 1408(a)(2) of such title is amended—

13 (A) by inserting “or a support order, as
14 defined in section 453(p) of the Social Security
15 Act (42 U.S.C. 653(p)),” before “which—”;

16 (B) in subparagraph (B)(i), by striking
17 “(as defined in section 462(b) of the Social Se-
18 curity Act (42 U.S.C. 662(b)))” and inserting
19 “(as defined in section 459(i)(2) of the Social
20 Security Act (42 U.S.C. 659(i)(2)))”; and

21 (C) in subparagraph (B)(ii), by striking
22 “(as defined in section 462(c) of the Social Se-
23 curity Act (42 U.S.C. 662(c)))” and inserting
24 “(as defined in section 459(i)(3) of the Social
25 Security Act (42 U.S.C. 659(i)(3)))”.

1 (3) PUBLIC PAYEE.—Section 1408(d) of such
2 title is amended—

3 (A) in the heading, by inserting “(OR FOR
4 BENEFIT OF)” before “SPOUSE OR”; and

5 (B) in paragraph (1), in the 1st sentence,
6 by inserting “(or for the benefit of such spouse
7 or former spouse to a State disbursement unit
8 established pursuant to section 454B of the So-
9 cial Security Act or other public payee des-
10 ignated by a State, in accordance with part D
11 of title IV of the Social Security Act, as di-
12 rected by court order, or as otherwise directed
13 in accordance with such part D)” before “in an
14 amount sufficient”.

15 (4) RELATIONSHIP TO PART D OF TITLE IV.—
16 Section 1408 of such title is amended by adding at
17 the end the following new subsection:

18 “(j) RELATIONSHIP TO OTHER LAWS.—In any case
19 involving an order providing for payment of child support
20 (as defined in section 459(i)(2) of the Social Security Act)
21 by a member who has never been married to the other
22 parent of the child, the provisions of this section shall not
23 apply, and the case shall be subject to the provisions of
24 section 459 of such Act.”.

1 (d) EFFECTIVE DATE.—The amendments made by
2 this section shall become effective 6 months after the date
3 of the enactment of this Act.

4 **SEC. 4363. ENFORCEMENT OF CHILD SUPPORT OBLIGA-**
5 **TIONS OF MEMBERS OF THE ARMED FORCES.**

6 (a) AVAILABILITY OF LOCATOR INFORMATION.—

7 (1) MAINTENANCE OF ADDRESS INFORMA-
8 TION.—The Secretary of Defense shall establish a
9 centralized personnel locator service that includes
10 the address of each member of the Armed Forces
11 under the jurisdiction of the Secretary. Upon re-
12 quest of the Secretary of Transportation, addresses
13 for members of the Coast Guard shall be included in
14 the centralized personnel locator service.

15 (2) TYPE OF ADDRESS.—

16 (A) RESIDENTIAL ADDRESS.—Except as
17 provided in subparagraph (B), the address for
18 a member of the Armed Forces shown in the lo-
19 cator service shall be the residential address of
20 that member.

21 (B) DUTY ADDRESS.—The address for a
22 member of the Armed Forces shown in the loca-
23 tor service shall be the duty address of that
24 member in the case of a member—

1 (i) who is permanently assigned over-
2 seas, to a vessel, or to a routinely
3 deployable unit; or

4 (ii) with respect to whom the Sec-
5 retary concerned makes a determination
6 that the member's residential address
7 should not be disclosed due to national se-
8 curity or safety concerns.

9 (3) UPDATING OF LOCATOR INFORMATION.—

10 Within 30 days after a member listed in the locator
11 service establishes a new residential address (or a
12 new duty address, in the case of a member covered
13 by paragraph (2)(B)), the Secretary concerned shall
14 update the locator service to indicate the new ad-
15 dress of the member.

16 (4) AVAILABILITY OF INFORMATION.—The Sec-
17 retary of Defense shall make information regarding
18 the address of a member of the Armed Forces listed
19 in the locator service available, on request, to the
20 Federal Parent Locator Service established under
21 section 453 of the Social Security Act.

22 (b) FACILITATING GRANTING OF LEAVE FOR AT-
23 TENDANCE AT HEARINGS.—

24 (1) REGULATIONS.—The Secretary of each
25 military department, and the Secretary of Transpor-

1 tation with respect to the Coast Guard when it is
2 not operating as a service in the Navy, shall pre-
3 scribe regulations to facilitate the granting of leave
4 to a member of the Armed Forces under the juris-
5 diction of that Secretary in a case in which—

6 (A) the leave is needed for the member to
7 attend a hearing described in paragraph (2);

8 (B) the member is not serving in or with
9 a unit deployed in a contingency operation (as
10 defined in section 101 of title 10, United States
11 Code); and

12 (C) the exigencies of military service (as
13 determined by the Secretary concerned) do not
14 otherwise require that such leave not be grant-
15 ed.

16 (2) COVERED HEARINGS.—Paragraph (1) ap-
17 plies to a hearing that is conducted by a court or
18 pursuant to an administrative process established
19 under State law, in connection with a civil action—

20 (A) to determine whether a member of the
21 Armed Forces is a natural parent of a child; or

22 (B) to determine an obligation of a mem-
23 ber of the Armed Forces to provide child sup-
24 port.

1 (3) DEFINITIONS.—For purposes of this sub-
2 section—

3 (A) The term “court” has the meaning
4 given that term in section 1408(a) of title 10,
5 United States Code.

6 (B) The term “child support” has the
7 meaning given such term in section 459(i) of
8 the Social Security Act (42 U.S.C. 659(i)).

9 (c) PAYMENT OF MILITARY RETIRED PAY IN COM-
10 PLIANCE WITH CHILD SUPPORT ORDERS.—

11 (1) DATE OF CERTIFICATION OF COURT
12 ORDER.—Section 1408 of title 10, United States
13 Code, as amended by section 4362(c)(4) of this Act,
14 is amended—

15 (A) by redesignating subsections (i) and (j)
16 as subsections (j) and (k), respectively; and

17 (B) by inserting after subsection (h) the
18 following new subsection:

19 “(i) CERTIFICATION DATE.—It is not necessary that
20 the date of a certification of the authenticity or complete-
21 ness of a copy of a court order for child support received
22 by the Secretary concerned for the purposes of this section
23 be recent in relation to the date of receipt by the Sec-
24 retary.”.

1 (2) PAYMENTS CONSISTENT WITH ASSIGN-
2 MENTS OF RIGHTS TO STATES.—Section 1408(d)(1)
3 of such title is amended by inserting after the 1st
4 sentence the following new sentence: “In the case of
5 a spouse or former spouse who, pursuant to section
6 408(a)(4) of the Social Security Act (42 U.S.C.
7 608(a)(4)), assigns to a State the rights of the
8 spouse or former spouse to receive support, the Sec-
9 retary concerned may make the child support pay-
10 ments referred to in the preceding sentence to that
11 State in amounts consistent with that assignment of
12 rights.”.

13 (3) ARREARAGES OWED BY MEMBERS OF THE
14 UNIFORMED SERVICES.—Section 1408(d) of such
15 title is amended by adding at the end the following
16 new paragraph:

17 “(6) In the case of a court order for which effective
18 service is made on the Secretary concerned on or after
19 the date of the enactment of this paragraph and which
20 provides for payments from the disposable retired pay of
21 a member to satisfy the amount of child support set forth
22 in the order, the authority provided in paragraph (1) to
23 make payments from the disposable retired pay of a mem-
24 ber to satisfy the amount of child support set forth in a
25 court order shall apply to payment of any amount of child

1 support arrearages set forth in that order as well as to
2 amounts of child support that currently become due.”.

3 (4) PAYROLL DEDUCTIONS.—The Secretary of
4 Defense shall begin payroll deductions within 30
5 days after receiving notice of withholding, or for the
6 1st pay period that begins after such 30-day period.

7 **SEC. 4364. VOIDING OF FRAUDULENT TRANSFERS.**

8 Section 466 (42 U.S.C. 666), as amended by section
9 4321 of this Act, is amended by adding at the end the
10 following new subsection:

11 “(g) LAWS VOIDING FRAUDULENT TRANSFERS.—In
12 order to satisfy section 454(20)(A), each State must have
13 in effect—

14 “(1)(A) the Uniform Fraudulent Conveyance
15 Act of 1981;

16 “(B) the Uniform Fraudulent Transfer Act of
17 1984; or

18 “(C) another law, specifying indicia of fraud
19 which create a prima facie case that a debtor trans-
20 ferred income or property to avoid payment to a
21 child support creditor, which the Secretary finds af-
22 fords comparable rights to child support creditors;
23 and

24 “(2) procedures under which, in any case in
25 which the State knows of a transfer by a child sup-

1 port debtor with respect to which such a prima facie
2 case is established, the State must—

3 “(A) seek to void such transfer; or

4 “(B) obtain a settlement in the best inter-
5 ests of the child support creditor.”.

6 **SEC. 4365. WORK REQUIREMENT FOR PERSONS OWING**
7 **PAST-DUE CHILD SUPPORT.**

8 (a) IN GENERAL.—Section 466(a) (42 U.S.C.
9 666(a)), as amended by sections 4315, 4317(a), and 4323
10 of this Act, is amended by inserting after paragraph (14)
11 the following new paragraph:

12 “(15) PROCEDURES TO ENSURE THAT PERSONS
13 OWING PAST-DUE SUPPORT WORK OR HAVE A PLAN
14 FOR PAYMENT OF SUCH SUPPORT.—

15 “(A) IN GENERAL.—Procedures under
16 which the State has the authority, in any case
17 in which an individual owes past-due support
18 with respect to a child receiving assistance
19 under a State program funded under part A, to
20 issue an order or to request that a court or an
21 administrative process established pursuant to
22 State law issue an order that requires the indi-
23 vidual to—

24 “(i) pay such support in accordance
25 with a plan approved by the court, or, at

1 the option of the State, a plan approved by
2 the State agency administering the State
3 program under this part; or

4 “(ii) if the individual is subject to
5 such a plan and is not incapacitated, par-
6 ticipate in such work activities (as defined
7 in section 407(d)) as the court, or, at the
8 option of the State, the State agency ad-
9 ministering the State program under this
10 part, deems appropriate.

11 “(B) PAST-DUE SUPPORT DEFINED.—For
12 purposes of subparagraph (A), the term ‘past-
13 due support’ means the amount of a delin-
14 quency, determined under a court order, or an
15 order of an administrative process established
16 under State law, for support and maintenance
17 of a child, or of a child and the parent with
18 whom the child is living.”.

19 (b) CONFORMING AMENDMENT.—The flush para-
20 graph at the end of section 466(a) (42 U.S.C.666(a)) is
21 amended by striking “and (7)” and inserting “(7), and
22 (15)”.

1 **SEC. 4366. DEFINITION OF SUPPORT ORDER.**

2 Section 453 (42 U.S.C. 653) as amended by sections
3 4316 and 4345(b) of this Act, is amended by adding at
4 the end the following new subsection:

5 “(p) SUPPORT ORDER DEFINED.—As used in this
6 part, the term ‘support order’ means a judgment, decree,
7 or order, whether temporary, final, or subject to modifica-
8 tion, issued by a court or an administrative agency of com-
9 petent jurisdiction, for the support and maintenance of a
10 child, including a child who has attained the age of major-
11 ity under the law of the issuing State, or a child and the
12 parent with whom the child is living, which provides for
13 monetary support, health care, arrearages, or reimburse-
14 ment, and which may include related costs and fees, inter-
15 est and penalties, income withholding, attorneys’ fees, and
16 other relief.”.

17 **SEC. 4367. REPORTING ARREARAGES TO CREDIT BUREAUS.**

18 Section 466(a)(7) (42 U.S.C. 666(a)(7)) is amended
19 to read as follows:

20 “(7) REPORTING ARREARAGES TO CREDIT BU-
21 REAUS.—

22 “(A) IN GENERAL.—Procedures (subject to
23 safeguards pursuant to subparagraph (B)) re-
24 quiring the State to report periodically to
25 consumer reporting agencies (as defined in sec-
26 tion 603(f) of the Fair Credit Reporting Act

1 (15 U.S.C. 1681a(f)) the name of any non-
2 custodial parent who is delinquent in the pay-
3 ment of support, and the amount of overdue
4 support owed by such parent.

5 “(B) SAFEGUARDS.—Procedures ensuring
6 that, in carrying out subparagraph (A), infor-
7 mation with respect to a noncustodial parent is
8 reported—

9 “(i) only after such parent has been
10 afforded all due process required under
11 State law, including notice and a reason-
12 able opportunity to contest the accuracy of
13 such information; and

14 “(ii) only to an entity that has fur-
15 nished evidence satisfactory to the State
16 that the entity is a consumer reporting
17 agency (as so defined).”.

18 **SEC. 4368. LIENS.**

19 Section 466(a)(4) (42 U.S.C. 666(a)(4)) is amended
20 to read as follows:

21 “(4) LIENS.—Procedures under which—

22 “(A) liens arise by operation of law against
23 real and personal property for amounts of over-
24 due support owed by a noncustodial parent who
25 resides or owns property in the State; and

1 “(B) the State accords full faith and credit
2 to liens described in subparagraph (A) arising
3 in another State, when the State agency, party,
4 or other entity seeking to enforce such a lien
5 complies with the procedural rules relating to
6 recording or serving liens that arise within the
7 State, except that such rules may not require
8 judicial notice or hearing prior to the enforce-
9 ment of such a lien.”.

10 **SEC. 4369. STATE LAW AUTHORIZING SUSPENSION OF LI-**
11 **CENSES.**

12 Section 466(a) (42 U.S.C. 666(a)), as amended by
13 sections 4315, 4317(a), 4323, and 4365 of this Act, is
14 amended by inserting after paragraph (15) the following:

15 “(16) **AUTHORITY TO WITHHOLD OR SUSPEND**
16 **LICENSES.**—Procedures under which the State has
17 (and uses in appropriate cases) authority to withhold
18 or suspend, or to restrict the use of driver’s licenses,
19 professional and occupational licenses, and rec-
20 reational licenses of individuals owing overdue sup-
21 port or failing, after receiving appropriate notice, to
22 comply with subpoenas or warrants relating to pa-
23 ternity or child support proceedings.”.

1 **SEC. 4370. DENIAL OF PASSPORTS FOR NONPAYMENT OF**
2 **CHILD SUPPORT.**

3 (a) HHS CERTIFICATION PROCEDURE.—

4 (1) SECRETARIAL RESPONSIBILITY.—Section
5 452 (42 U.S.C. 652), as amended by section 4345
6 of this Act, is amended by adding at the end the fol-
7 lowing new subsection:

8 “(k)(1) If the Secretary receives a certification by a
9 State agency in accordance with the requirements of sec-
10 tion 454(31) that an individual owes arrearages of child
11 support in an amount exceeding \$5,000, the Secretary
12 shall transmit such certification to the Secretary of State
13 for action (with respect to denial, revocation, or limitation
14 of passports) pursuant to paragraph (2).

15 “(2) The Secretary of State shall, upon certification
16 by the Secretary transmitted under paragraph (1), refuse
17 to issue a passport to such individual, and may revoke,
18 restrict, or limit a passport issued previously to such indi-
19 vidual.

20 “(3) The Secretary and the Secretary of State shall
21 not be liable to an individual for any action with respect
22 to a certification by a State agency under this section.”.

23 (2) STATE AGENCY RESPONSIBILITY.—Section
24 454 (42 U.S.C. 654), as amended by sections
25 4301(b), 4303(a), 4312(b), 4313(a), 4333, and
26 4343(b) of this Act, is amended—

1 (A) by striking “and” at the end of para-
2 graph (29);

3 (B) by striking the period at the end of
4 paragraph (30) and inserting “; and”; and

5 (C) by adding after paragraph (30) the fol-
6 lowing new paragraph:

7 “(31) provide that the State agency will have in
8 effect a procedure for certifying to the Secretary, for
9 purposes of the procedure under section 452(k), de-
10 terminations that individuals owe arrearages of child
11 support in an amount exceeding \$5,000, under
12 which procedure—

13 “(A) each individual concerned is afforded
14 notice of such determination and the con-
15 sequences thereof, and an opportunity to con-
16 test the determination; and

17 “(B) the certification by the State agency
18 is furnished to the Secretary in such format,
19 and accompanied by such supporting docu-
20 mentation, as the Secretary may require.”.

21 (b) EFFECTIVE DATE.—This section and the amend-
22 ments made by this section shall become effective October
23 1, 1997.

1 **SEC. 4371. INTERNATIONAL SUPPORT ENFORCEMENT.**

2 (a) AUTHORITY FOR INTERNATIONAL AGREE-
3 MENTS.—Part D of title IV, as amended by section
4 4362(a) of this Act, is amended by adding after section
5 459 the following new section:

6 **“SEC. 459A. INTERNATIONAL SUPPORT ENFORCEMENT.**

7 “(a) AUTHORITY FOR DECLARATIONS.—

8 “(1) DECLARATION.—The Secretary of State,
9 with the concurrence of the Secretary of Health and
10 Human Services, is authorized to declare any foreign
11 country (or a political subdivision thereof) to be a
12 foreign reciprocating country if the foreign country
13 has established, or undertakes to establish, proce-
14 dures for the establishment and enforcement of du-
15 ties of support owed to obligees who are residents of
16 the United States, and such procedures are substan-
17 tially in conformity with the standards prescribed
18 under subsection (b).

19 “(2) REVOCATION.—A declaration with respect
20 to a foreign country made pursuant to paragraph
21 (1) may be revoked if the Secretaries of State and
22 Health and Human Services determine that—

23 “(A) the procedures established by the for-
24 eign country regarding the establishment and
25 enforcement of duties of support have been so
26 changed, or the foreign country’s implementa-

1 tion of such procedures is so unsatisfactory,
2 that such procedures do not meet the criteria
3 for such a declaration; or

4 “(B) continued operation of the declaration
5 is not consistent with the purposes of this part.

6 “(3) FORM OF DECLARATION.—A declaration
7 under paragraph (1) may be made in the form of an
8 international agreement, in connection with an inter-
9 national agreement or corresponding foreign declara-
10 tion, or on a unilateral basis.

11 “(b) STANDARDS FOR FOREIGN SUPPORT ENFORCE-
12 MENT PROCEDURES.—

13 “(1) MANDATORY ELEMENTS.—Support en-
14 forcement procedures of a foreign country which
15 may be the subject of a declaration pursuant to sub-
16 section (a)(1) shall include the following elements:

17 “(A) The foreign country (or political sub-
18 division thereof) has in effect procedures, avail-
19 able to residents of the United States—

20 “(i) for establishment of paternity,
21 and for establishment of orders of support
22 for children and custodial parents; and

23 “(ii) for enforcement of orders to pro-
24 vide support to children and custodial par-
25 ents, including procedures for collection

1 and appropriate distribution of support
2 payments under such orders.

3 “(B) The procedures described in subpara-
4 graph (A), including legal and administrative
5 assistance, are provided to residents of the
6 United States at no cost.

7 “(C) An agency of the foreign country is
8 designated as a Central Authority responsible
9 for—

10 “(i) facilitating support enforcement
11 in cases involving residents of the foreign
12 country and residents of the United States;
13 and

14 “(ii) ensuring compliance with the
15 standards established pursuant to this sub-
16 section.

17 “(2) ADDITIONAL ELEMENTS.—The Secretary
18 of Health and Human Services and the Secretary of
19 State, in consultation with the States, may establish
20 such additional standards as may be considered nec-
21 essary to further the purposes of this section.

22 “(c) DESIGNATION OF UNITED STATES CENTRAL
23 AUTHORITY.—It shall be the responsibility of the Sec-
24 retary of Health and Human Services to facilitate support
25 enforcement in cases involving residents of the United

1 States and residents of foreign countries that are the sub-
2 ject of a declaration under this section, by activities in-
3 cluding—

4 “(1) development of uniform forms and proce-
5 dures for use in such cases;

6 “(2) notification of foreign reciprocating coun-
7 tries of the State of residence of individuals sought
8 for support enforcement purposes, on the basis of in-
9 formation provided by the Federal Parent Locator
10 Service; and

11 “(3) such other oversight, assistance, and co-
12 ordination activities as the Secretary may find nec-
13 essary and appropriate.

14 “(d) EFFECT ON OTHER LAWS.—States may enter
15 into reciprocal arrangements for the establishment and en-
16 forcement of support obligations with foreign countries
17 that are not the subject of a declaration pursuant to sub-
18 section (a), to the extent consistent with Federal law.”.

19 (b) STATE PLAN REQUIREMENT.—Section 454 (42
20 U.S.C. 654), as amended by sections 4301(b), 4303(a),
21 4312(b), 4313(a), 4333, 4343(b), and 4370(a)(2) of this
22 Act, is amended—

23 (1) by striking “and” at the end of paragraph
24 (30);

1 (2) by striking the period at the end of para-
2 graph (31) and inserting “; and”; and

3 (3) by adding after paragraph (31) the follow-
4 ing new paragraph:

5 “(32)(A) provide that any request for services
6 under this part by a foreign reciprocating country or
7 a foreign country with which the State has an ar-
8 rangement described in section 459A(d)(2) shall be
9 treated as a request by a State;

10 “(B) provide, at State option, notwithstanding
11 paragraph (4) or any other provision of this part,
12 for services under the plan for enforcement of a
13 spousal support order not described in paragraph
14 (4)(B) entered by such a country (or subdivision);
15 and

16 “(C) provide that no applications will be re-
17 quired from, and no costs will be assessed for such
18 services against, the foreign reciprocating country or
19 foreign obligee (but costs may at State option be as-
20 sessed against the obligor).”.

21 **SEC. 4372. FINANCIAL INSTITUTION DATA MATCHES.**

22 Section 466(a) (42 U.S.C. 666(a)), as amended by
23 sections 4315, 4317(a), 4323, 4365, and 4369 of this Act,
24 is amended by inserting after paragraph (16) the following
25 new paragraph:

1 “(17) FINANCIAL INSTITUTION DATA
2 MATCHES.—

3 “(A) IN GENERAL.—Procedures under
4 which the State agency shall enter into agree-
5 ments with financial institutions doing business
6 in the State—

7 “(i) to develop and operate, in coordi-
8 nation with such financial institutions, a
9 data match system, using automated data
10 exchanges to the maximum extent feasible,
11 in which each such financial institution is
12 required to provide for each calendar quar-
13 ter the name, record address, social secu-
14 rity number or other taxpayer identifica-
15 tion number, and other identifying infor-
16 mation for each noncustodial parent who
17 maintains an account at such institution
18 and who owes past-due support, as identi-
19 fied by the State by name and social secu-
20 rity number or other taxpayer identifica-
21 tion number; and

22 “(ii) in response to a notice of lien or
23 levy, encumber or surrender, as the case
24 may be, assets held by such institution on
25 behalf of any noncustodial parent who is

1 subject to a child support lien pursuant to
2 paragraph (4).

3 “(B) REASONABLE FEES.—The State
4 agency may pay a reasonable fee to a financial
5 institution for conducting the data match pro-
6 vided for in subparagraph (A)(i), not to exceed
7 the actual costs incurred by such financial insti-
8 tution.

9 “(C) LIABILITY.—A financial institution
10 shall not be liable under any Federal or State
11 law to any person—

12 “(i) for any disclosure of information
13 to the State agency under subparagraph
14 (A)(i);

15 “(ii) for encumbering or surrendering
16 any assets held by such financial institu-
17 tion in response to a notice of lien or levy
18 issued by the State agency as provided for
19 in subparagraph (A)(ii); or

20 “(iii) for any other action taken in
21 good faith to comply with the requirements
22 of subparagraph (A).

23 “(D) DEFINITIONS.—For purposes of this
24 paragraph—

1 “(i) FINANCIAL INSTITUTION.—The
2 term ‘financial institution’ has the mean-
3 ing given to such term by section
4 469A(d)(1).

5 “(ii) ACCOUNT.—The term ‘account’
6 means a demand deposit account, checking
7 or negotiable withdrawal order account,
8 savings account, time deposit account, or
9 money-market mutual fund account.”.

10 **SEC. 4373. ENFORCEMENT OF ORDERS AGAINST PATERNAL**
11 **OR MATERNAL GRANDPARENTS IN CASES OF**
12 **MINOR PARENTS.**

13 Section 466(a) (42 U.S.C. 666(a)), as amended by
14 sections 4315, 4317(a), 4323, 4365, 4369, and 4372 of
15 this Act, is amended by inserting after paragraph (17) the
16 following new paragraph:

17 “(18) ENFORCEMENT OF ORDERS AGAINST PA-
18 TERNAL OR MATERNAL GRANDPARENTS.—Proce-
19 dures under which, at the State’s option, any child
20 support order enforced under this part with respect
21 to a child of minor parents, if the custodial parent
22 of such child is receiving assistance under the State
23 program under part A, shall be enforceable, jointly
24 and severally, against the parents of the noncusto-
25 dial parent of such child.”.

1 **SEC. 4374. NONDISCHARGEABILITY IN BANKRUPTCY OF**
2 **CERTAIN DEBTS FOR THE SUPPORT OF A**
3 **CHILD.**

4 (a) AMENDMENT TO TITLE 11 OF THE UNITED
5 STATES CODE.—Section 523(a) of title 11, United States
6 Code, is amended—

7 (1) by striking “or” at the end of paragraph
8 (16);

9 (2) by striking the period at the end of para-
10 graph (17) and inserting “; or”;

11 (3) by adding at the end the following:

12 “(18) owed under State law to a State or mu-
13 nicipality that is—

14 “(A) in the nature of support, and

15 “(B) enforceable under part D of title IV
16 of the Social Security Act (42 U.S.C. 601 et
17 seq.).”; and

18 (4) in paragraph (5), by striking “section
19 402(a)(26)” and inserting “section 408(a)(4)”.

20 (b) AMENDMENT TO THE SOCIAL SECURITY ACT.—
21 Section 456(b) (42 U.S.C. 656(b)) is amended to read as
22 follows:

23 “(b) NONDISCHARGEABILITY.—A debt (as defined in
24 section 101 of title 11 of the United States Code) owed
25 under State law to a State (as defined in such section)
26 or municipality (as defined in such section) that is in the

1 nature of support and that is enforceable under this part
2 is not released by a discharge in bankruptcy under title
3 11 of the United States Code.”.

4 (c) APPLICATION OF AMENDMENTS.—The amend-
5 ments made by this section shall apply only with respect
6 to cases commenced under title 11 of the United States
7 Code after the date of the enactment of this Act.

8 **CHAPTER 8—MEDICAL SUPPORT**

9 **SEC. 4376. CORRECTION TO ERISA DEFINITION OF MEDI-** 10 **CAL CHILD SUPPORT ORDER.**

11 (a) IN GENERAL.—Section 609(a)(2)(B) of the Em-
12 ployee Retirement Income Security Act of 1974 (29
13 U.S.C. 1169(a)(2)(B)) is amended—

14 (1) by striking “issued by a court of competent
15 jurisdiction”;

16 (2) by striking the period at the end of clause
17 (ii) and inserting a comma; and

18 (3) by adding, after and below clause (ii), the
19 following:

20 “if such judgment, decree, or order (I) is issued
21 by a court of competent jurisdiction or (II) is
22 issued through an administrative process estab-
23 lished under State law and has the force and ef-
24 fect of law under applicable State law.”.

25 (b) EFFECTIVE DATE.—

1 (1) IN GENERAL.—The amendments made by
2 this section shall take effect on the date of the en-
3 actment of this Act.

4 (2) PLAN AMENDMENTS NOT REQUIRED UNTIL
5 JANUARY 1, 1997.—Any amendment to a plan re-
6 quired to be made by an amendment made by this
7 section shall not be required to be made before the
8 1st plan year beginning on or after January 1,
9 1997, if—

10 (A) during the period after the date before
11 the date of the enactment of this Act and be-
12 fore such 1st plan year, the plan is operated in
13 accordance with the requirements of the amend-
14 ments made by this section; and

15 (B) such plan amendment applies retro-
16 actively to the period after the date before the
17 date of the enactment of this Act and before
18 such 1st plan year.

19 A plan shall not be treated as failing to be operated
20 in accordance with the provisions of the plan merely
21 because it operates in accordance with this para-
22 graph.

1 **SEC. 4377. ENFORCEMENT OF ORDERS FOR HEALTH CARE**
2 **COVERAGE.**

3 Section 466(a) (42 U.S.C. 666(a)), as amended by
4 sections 4315, 4317(a), 4323, 4365, 4369, 4372, and
5 4373 of this Act, is amended by inserting after paragraph
6 (18) the following new paragraph:

7 “(19) HEALTH CARE COVERAGE.—Procedures
8 under which all child support orders enforced pursu-
9 ant to this part shall include a provision for the
10 health care coverage of the child, and in the case in
11 which a noncustodial parent provides such coverage
12 and changes employment, and the new employer pro-
13 vides health care coverage, the State agency shall
14 transfer notice of the provision to the employer,
15 which notice shall operate to enroll the child in the
16 noncustodial parent’s health plan, unless the non-
17 custodial parent contests the notice.”.

18 **CHAPTER 9—ENHANCING RESPONSIBIL-**
19 **ITY AND OPPORTUNITY FOR NON-RES-**
20 **IDENTIAL PARENTS**

21 **SEC. 4381. GRANTS TO STATES FOR ACCESS AND VISITA-**
22 **TION PROGRAMS.**

23 Part D of title IV (42 U.S.C. 651–669), as amended
24 by section 4353 of this Act, is amended by adding at the
25 end the following new section:

1 **“SEC. 469B. GRANTS TO STATES FOR ACCESS AND VISITA-**
2 **TION PROGRAMS.**

3 “(a) IN GENERAL.—The Administration for Children
4 and Families shall make grants under this section to en-
5 able States to establish and administer programs to sup-
6 port and facilitate noncustodial parents’ access to and visi-
7 tation of their children, by means of activities including
8 mediation (both voluntary and mandatory), counseling,
9 education, development of parenting plans, visitation en-
10 forcement (including monitoring, supervision and neutral
11 drop-off and pickup), and development of guidelines for
12 visitation and alternative custody arrangements.

13 “(b) AMOUNT OF GRANT.—The amount of the grant
14 to be made to a State under this section for a fiscal year
15 shall be an amount equal to the lesser of—

16 “(1) 90 percent of State expenditures during
17 the fiscal year for activities described in subsection
18 (a); or

19 “(2) the allotment of the State under sub-
20 section (c) for the fiscal year.

21 “(c) ALLOTMENTS TO STATES.—

22 “(1) IN GENERAL.—The allotment of a State
23 for a fiscal year is the amount that bears the same
24 ratio to \$10,000,000 for grants under this section
25 for the fiscal year as the number of children in the

1 State living with only 1 biological parent bears to
2 the total number of such children in all States.

3 “(2) MINIMUM ALLOTMENT.—The Administra-
4 tion for Children and Families shall adjust allot-
5 ments to States under paragraph (1) as necessary to
6 ensure that no State is allotted less than—

7 “(A) \$50,000 for fiscal year 1997 or 1998;

8 or

9 “(B) \$100,000 for any succeeding fiscal
10 year.

11 “(d) NO SUPPLANTATION OF STATE EXPENDITURES
12 FOR SIMILAR ACTIVITIES.—A State to which a grant is
13 made under this section may not use the grant to supplant
14 expenditures by the State for activities specified in sub-
15 section (a), but shall use the grant to supplement such
16 expenditures at a level at least equal to the level of such
17 expenditures for fiscal year 1995.

18 “(e) STATE ADMINISTRATION.—Each State to which
19 a grant is made under this section—

20 “(1) may administer State programs funded
21 with the grant, directly or through grants to or con-
22 tracts with courts, local public agencies, or nonprofit
23 private entities;

24 “(2) shall not be required to operate such pro-
25 grams on a statewide basis; and

1 “(3) shall monitor, evaluate, and report on such
2 programs in accordance with regulations prescribed
3 by the Secretary.”.

4 **CHAPTER 10—EFFECTIVE DATES AND**
5 **CONFORMING AMENDMENTS**

6 **SEC. 4391. EFFECTIVE DATES AND CONFORMING AMEND-**
7 **MENTS.**

8 (a) IN GENERAL.—Except as otherwise specifically
9 provided (but subject to subsections (b) and (c))—

10 (1) the provisions of this subtitle requiring the
11 enactment or amendment of State laws under sec-
12 tion 466 of the Social Security Act, or revision of
13 State plans under section 454 of such Act, shall be
14 effective with respect to periods beginning on and
15 after October 1, 1996; and

16 (2) all other provisions of this subtitle shall be-
17 come effective upon the date of the enactment of
18 this Act.

19 (b) GRACE PERIOD FOR STATE LAW CHANGES.—The
20 provisions of this subtitle shall become effective with re-
21 spect to a State on the later of—

22 (1) the date specified in this subtitle, or

23 (2) the effective date of laws enacted by the leg-
24 islature of such State implementing such provisions,

1 but in no event later than the 1st day of the 1st calendar
2 quarter beginning after the close of the 1st regular session
3 of the State legislature that begins after the date of the
4 enactment of this Act. For purposes of the previous sen-
5 tence, in the case of a State that has a 2-year legislative
6 session, each year of such session shall be deemed to be
7 a separate regular session of the State legislature.

8 (c) GRACE PERIOD FOR STATE CONSTITUTIONAL
9 AMENDMENT.—A State shall not be found out of compli-
10 ance with any requirement enacted by this subtitle if the
11 State is unable to so comply without amending the State
12 constitution until the earlier of—

13 (1) 1 year after the effective date of the nec-
14 essary State constitutional amendment; or

15 (2) 5 years after the date of the enactment of
16 this Act.

17 (d) CONFORMING AMENDMENTS.—

18 (1) The following provisions are amended by
19 striking “absent” each place it appears and inserting
20 “noncustodial”:

21 (A) Section 451 (42 U.S.C. 651).

22 (B) Subsections (a)(1), (a)(8), (a)(10)(E),
23 (a)(10)(F), (f), and (h) of section 452 (42
24 U.S.C. 652).

25 (C) Section 453(f) (42 U.S.C. 653(f)).

1 (D) Paragraphs (8), (13), and (21)(A) of
2 section 454 (42 U.S.C. 654).

3 (E) Section 455(e)(1) (42 U.S.C.
4 655(e)(1)).

5 (F) Section 458(a) (42 U.S.C. 658(a)).

6 (G) Subsections (a), (b), and (c) of section
7 463 (42 U.S.C. 663).

8 (H) Subsections (a)(3)(A), (a)(3)(C),
9 (a)(6), and (a)(8)(B)(ii), the last sentence of
10 subsection (a), and subsections (b)(1),
11 (b)(3)(B), (b)(3)(B)(i), (b)(6)(A)(i), (b)(9), and
12 (e) of section 466 (42 U.S.C. 666).

13 (2) The following provisions are amended by
14 striking “an absent” each place it appears and in-
15 serting “a noncustodial”:

16 (A) Paragraphs (2) and (3) of section
17 453(c) (42 U.S.C. 653(c)).

18 (B) Subparagraphs (B) and (C) of section
19 454(9) (42 U.S.C. 654(9)).

20 (C) Section 456(a)(3) (42 U.S.C.
21 656(a)(3)).

22 (D) Subsections (a)(3)(A), (a)(6),
23 (a)(8)(B)(i), (b)(3)(A), and (b)(3)(B) of section
24 466 (42 U.S.C. 666).

1 (E) Paragraphs (2) and (4) of section
2 469(b) (42 U.S.C. 669(b)).

3 **Subtitle D—Restricting Welfare**
4 **and Public Benefits for Aliens**

5 **SEC. 4400. STATEMENTS OF NATIONAL POLICY CONCERN-**
6 **ING WELFARE AND IMMIGRATION.**

7 The Congress makes the following statements con-
8 cerning national policy with respect to welfare and immi-
9 gration:

10 (1) Self-sufficiency has been a basic principle of
11 United States immigration law since this country's
12 earliest immigration statutes.

13 (2) It continues to be the immigration policy of
14 the United States that—

15 (A) aliens within the Nation's borders not
16 depend on public resources to meet their needs,
17 but rather rely on their own capabilities and the
18 resources of their families, their sponsors, and
19 private organizations, and

20 (B) the availability of public benefits not
21 constitute an incentive for immigration to the
22 United States.

23 (3) Despite the principle of self-sufficiency,
24 aliens have been applying for and receiving public

1 benefits from Federal, State, and local governments
2 at increasing rates.

3 (4) Current eligibility rules for public assistance
4 and unenforceable financial support agreements have
5 proved wholly incapable of assuring that individual
6 aliens not burden the public benefits system.

7 (5) It is a compelling government interest to
8 enact new rules for eligibility and sponsorship agree-
9 ments in order to assure that aliens be self-reliant
10 in accordance with national immigration policy.

11 (6) It is a compelling government interest to re-
12 move the incentive for illegal immigration provided
13 by the availability of public benefits.

14 (7) With respect to the State authority to make
15 determinations concerning the eligibility of qualified
16 aliens for public benefits in this subtitle, a State
17 that chooses to follow the Federal classification in
18 determining the eligibility of such aliens for public
19 assistance shall be considered to have chosen the
20 least restrictive means available for achieving the
21 compelling governmental interest of assuring that
22 aliens be self-reliant in accordance with national im-
23 migration policy.

1 **CHAPTER 1—ELIGIBILITY FOR FEDERAL**
2 **BENEFITS**

3 **SEC. 4401. ALIENS WHO ARE NOT QUALIFIED ALIENS INELI-**
4 **GIBLE FOR FEDERAL PUBLIC BENEFITS.**

5 (a) IN GENERAL.—Notwithstanding any other provi-
6 sion of law and except as provided in subsection (b), an
7 alien who is not a qualified alien (as defined in section
8 4431) is not eligible for any Federal public benefit (as de-
9 fined in subsection (c)).

10 (b) EXCEPTIONS.—

11 (1) Subsection (a) shall not apply with respect
12 to the following Federal public benefits:

13 (A) Emergency medical services under title
14 XV or XIX of the Social Security Act.

15 (B) Short-term, noncash, in-kind emer-
16 gency disaster relief.

17 (C)(i) Public health assistance for immuni-
18 zations.

19 (ii) Public health assistance for testing and
20 treatment of a serious communicable disease if
21 the Secretary of Health and Human Services
22 determines that it is necessary to prevent the
23 spread of such disease.

24 (D) Programs, services, or assistance (such
25 as soup kitchens, crisis counseling and interven-

1 tion, and short-term shelter) specified by the
2 Attorney General, in the Attorney General's
3 sole and unreviewable discretion after consulta-
4 tion with appropriate Federal agencies and de-
5 partments, which (i) deliver in-kind services at
6 the community level, including through public
7 or private nonprofit agencies; (ii) do not condi-
8 tion the provision of assistance, the amount of
9 assistance provided, or the cost of assistance
10 provided on the individual recipient's income or
11 resources; and (iii) are necessary for the protec-
12 tion of life or safety.

13 (E) Programs for housing or community
14 development assistance or financial assistance
15 administered by the Secretary of Housing and
16 Urban Development, any program under title V
17 of the Housing Act of 1949, or any assistance
18 under section 306C of the Consolidated Farm
19 and Rural Development Act, to the extent that
20 the alien is receiving such a benefit on the date
21 of the enactment of this Act.

22 (2) Subsection (a) shall not apply to any benefit
23 payable under title II of the Social Security Act to
24 an alien who is lawfully present in the United States
25 as determined by the Attorney General, to any bene-

1 fit if nonpayment of such benefit would contravene
2 an international agreement described in section 233
3 of the Social Security Act, to any benefit if nonpay-
4 ment would be contrary to section 202(t) of the So-
5 cial Security Act, or to any benefit payable under
6 title II of the Social Security Act to which entitle-
7 ment is based on an application filed in or before the
8 month in which this Act becomes law.

9 (c) FEDERAL PUBLIC BENEFIT DEFINED.—

10 (1) Except as provided in paragraph (2), for
11 purposes of this subtitle the term “Federal public
12 benefit” means—

13 (A) any grant, contract, loan, professional
14 license, or commercial license provided by an
15 agency of the United States or by appropriated
16 funds of the United States; and

17 (B) any retirement, welfare, health, dis-
18 ability, public or assisted housing, postsecond-
19 ary education, food assistance, unemployment
20 benefit, or any other similar benefit for which
21 payments or assistance are provided to an indi-
22 vidual, household, or family eligibility unit by
23 an agency of the United States or by appro-
24 priated funds of the United States.

25 (2) Such term shall not apply—

1 (A) to any contract, professional license, or
2 commercial license for a nonimmigrant whose
3 visa for entry is related to such employment in
4 the United States; or

5 (B) with respect to benefits for an alien
6 who as a work authorized nonimmigrant or as
7 an alien lawfully admitted for permanent resi-
8 dence under the Immigration and Nationality
9 Act qualified for such benefits and for whom
10 the United States under reciprocal treaty agree-
11 ments is required to pay benefits, as determined
12 by the Attorney General, after consultation with
13 the Secretary of State.

14 **SEC. 4402. LIMITED ELIGIBILITY OF QUALIFIED ALIENS**
15 **FOR CERTAIN FEDERAL PROGRAMS.**

16 (a) LIMITED ELIGIBILITY FOR SPECIFIED FEDERAL
17 PROGRAMS.—

18 (1) IN GENERAL.—Notwithstanding any other
19 provision of law and except as provided in paragraph
20 (2), an alien who is a qualified alien (as defined in
21 section 4431) is not eligible for any specified Fed-
22 eral program (as defined in paragraph (3)).

23 (2) EXCEPTIONS.—

1 (A) TIME-LIMITED EXCEPTION FOR REFUGEEES AND ASYLEES.—Paragraph (1) shall not
2 apply to an alien until 5 years after the date—
3

4 (i) an alien is admitted to the United
5 States as a refugee under section 207 of
6 the Immigration and Nationality Act;

7 (ii) an alien is granted asylum under
8 section 208 of such Act; or

9 (iii) an alien's deportation is withheld
10 under section 243(h) of such Act.

11 (B) CERTAIN PERMANENT RESIDENT
12 ALIENS.—Paragraph (1) shall not apply to an
13 alien who—

14 (i) is lawfully admitted to the United
15 States for permanent residence under the
16 Immigration and Nationality Act; and

17 (ii)(I) has worked 40 qualifying quar-
18 ters of coverage as defined under title II of
19 the Social Security Act or can be credited
20 with such qualifying quarters as provided
21 under section 435, and (II) did not receive
22 any Federal means-tested public benefit
23 (as defined in section 4403(c)) during any
24 such quarter.

1 (C) VETERAN AND ACTIVE DUTY EXCEP-
2 TION.—Paragraph (1) shall not apply to an
3 alien who is lawfully residing in any State and
4 is—

5 (i) a veteran (as defined in section
6 101 of title 38, United States Code) with
7 a discharge characterized as an honorable
8 discharge and not on account of alienage,

9 (ii) on active duty (other than active
10 duty for training) in the Armed Forces of
11 the United States, or

12 (iii) the spouse or unmarried depend-
13 ent child of an individual described in
14 clause (i) or (ii).

15 (D) TRANSITION FOR ALIENS CURRENTLY
16 RECEIVING BENEFITS.—

17 (i) SSI.—

18 (I) IN GENERAL.—With respect
19 to the specified Federal program de-
20 scribed in paragraph (3)(A), during
21 the period beginning on the date of
22 the enactment of this Act and ending
23 on the date which is 1 year after such
24 date of enactment, the Commissioner
25 of Social Security shall redetermine

1 the eligibility of any individual who is
2 receiving benefits under such program
3 as of the date of the enactment of this
4 Act and whose eligibility for such ben-
5 efits may terminate by reason of the
6 provisions of this subsection.

7 (II) REDETERMINATION CRI-
8 TERIA.— With respect to any redeter-
9 mination under subclause (I), the
10 Commissioner of Social Security shall
11 apply the eligibility criteria for new
12 applicants for benefits under such
13 program.

14 (III) GRANDFATHER PROVI-
15 SION.—The provisions of this sub-
16 section and the redetermination under
17 subclause (I), shall only apply with re-
18 spect to the benefits of an individual
19 described in subclause (I) for months
20 beginning on or after the date of the
21 redetermination with respect to such
22 individual.

23 (IV) NOTICE.—Not later than
24 January 1, 1997, the Commissioner of
25 Social Security shall notify an individ-

1 ual described in subclause (I) of the
2 provisions of this clause.

3 (ii) FOOD STAMPS.—

4 (I) IN GENERAL.—With respect
5 to the specified Federal program de-
6 scribed in paragraph (3)(B), during
7 the period beginning on the date of
8 enactment of this Act and ending on
9 the date which is 1 year after the date
10 of enactment, the State agency shall,
11 at the time of the recertification, re-
12 certify the eligibility of any individual
13 who is receiving benefits under such
14 program as of the date of enactment
15 of this Act and whose eligibility for
16 such benefits may terminate by reason
17 of the provisions of this subsection.

18 (II) RECERTIFICATION CRI-
19 TERIA.—With respect to any recertifi-
20 cation under subclause (I), the State
21 agency shall apply the eligibility cri-
22 teria for applicants for benefits under
23 such program.

24 (III) GRANDFATHER PROVI-
25 SION.—The provisions of this sub-

1 section and the recertification under
2 subclause (I) shall only apply with re-
3 spect to the eligibility of an alien for
4 a program for months beginning on or
5 after the date of recertification, if on
6 the date of enactment of this Act the
7 alien is lawfully residing in any State
8 and is receiving benefits under such
9 program on such date of enactment.

10 (3) SPECIFIED FEDERAL PROGRAM DEFINED.—

11 For purposes of this subtitle, the term “specified
12 Federal program” means any of the following:

13 (A) SSI.—The supplemental security in-
14 come program under title XVI of the Social Se-
15 curity Act, including supplementary payments
16 pursuant to an agreement for Federal adminis-
17 tration under section 1616(a) of the Social Se-
18 curity Act and payments pursuant to an agree-
19 ment entered into under section 212(b) of Pub-
20 lic Law 93–66.

21 (B) FOOD STAMPS.—The food stamp pro-
22 gram as defined in section 3(h) of the Food
23 Stamp Act of 1977.

24 (b) LIMITED ELIGIBILITY FOR DESIGNATED FED-
25 ERAL PROGRAMS.—

1 (1) IN GENERAL.—Notwithstanding any other
2 provision of law and except as provided in section
3 4403 and paragraph (2), a State is authorized to de-
4 termine the eligibility of an alien who is a qualified
5 alien (as defined in section 4431) for any designated
6 Federal program (as defined in paragraph (3)).

7 (2) EXCEPTIONS.—Qualified aliens under this
8 paragraph shall be eligible for any designated Fed-
9 eral program.

10 (A) TIME-LIMITED EXCEPTION FOR REFUG-
11 GEES AND ASYLEES.—

12 (i) An alien who is admitted to the
13 United States as a refugee under section
14 207 of the Immigration and Nationality
15 Act until 5 years after the date of an
16 alien's entry into the United States.

17 (ii) An alien who is granted asylum
18 under section 208 of such Act until 5 years
19 after the date of such grant of asylum.

20 (iii) An alien whose deportation is
21 being withheld under section 243(h) of
22 such Act until 5 years after such withhold-
23 ing.

24 (B) CERTAIN PERMANENT RESIDENT
25 ALIENS.—An alien who—

1 (i) is lawfully admitted to the United
2 States for permanent residence under the
3 Immigration and Nationality Act; and

4 (ii)(I) has worked 40 qualifying quar-
5 ters of coverage as defined under title II of
6 the Social Security Act or can be credited
7 with such qualifying quarters as provided
8 under section 4435, and (II) did not re-
9 ceive any Federal means-tested public ben-
10 efit (as defined in section 4403(c)) during
11 any such quarter.

12 (C) VETERAN AND ACTIVE DUTY EXCEP-
13 TION.—An alien who is lawfully residing in any
14 State and is—

15 (i) a veteran (as defined in section
16 101 of title 38, United States Code) with
17 a discharge characterized as an honorable
18 discharge and not on account of alienage,

19 (ii) on active duty (other than active
20 duty for training) in the Armed Forces of
21 the United States, or

22 (iii) the spouse or unmarried depend-
23 ent child of an individual described in
24 clause (i) or (ii).

1 (D) TRANSITION FOR THOSE CURRENTLY
2 RECEIVING BENEFITS.—An alien who on the
3 date of the enactment of this Act is lawfully re-
4 siding in any State and is receiving benefits
5 under such program on the date of the enact-
6 ment of this Act shall continue to be eligible to
7 receive such benefits until January 1, 1997.

8 (3) DESIGNATED FEDERAL PROGRAM DE-
9 FINED.—For purposes of this subtitle, the term
10 “designated Federal program” means any of the fol-
11 lowing:

12 (A) TEMPORARY ASSISTANCE FOR NEEDY
13 FAMILIES.—The program of block grants to
14 States for temporary assistance for needy fami-
15 lies under part A of title IV of the Social Secu-
16 rity Act.

17 (B) SOCIAL SERVICES BLOCK GRANT.—
18 The program of block grants to States for so-
19 cial services under title XX of the Social Secu-
20 rity Act.

21 (C) MEDICAID.—The program of medical
22 assistance under title XV and XIX of the Social
23 Security Act.

1 **SEC. 4403. FIVE-YEAR LIMITED ELIGIBILITY OF QUALIFIED**
2 **ALIENS FOR FEDERAL MEANS-TESTED PUB-**
3 **LIC BENEFIT.**

4 (a) **IN GENERAL.**—Notwithstanding any other provi-
5 sion of law and except as provided in subsection (b), an
6 alien who is a qualified alien (as defined in section 4431)
7 and who enters the United States on or after the date
8 of the enactment of this Act is not eligible for any Federal
9 means-tested public benefit (as defined in subsection (c))
10 for a period of five years beginning on the date of the
11 alien’s entry into the United States with a status within
12 the meaning of the term “qualified alien”.

13 (b) **EXCEPTIONS.**—The limitation under subsection
14 (a) shall not apply to the following aliens:

15 (1) **EXCEPTION FOR REFUGEES AND**
16 **ASYLUM SEEKERS.**—

17 (A) An alien who is admitted to the United
18 States as a refugee under section 207 of the
19 Immigration and Nationality Act.

20 (B) An alien who is granted asylum under
21 section 208 of such Act.

22 (C) An alien whose deportation is being
23 withheld under section 243(h) of such Act.

24 (2) **VETERAN AND ACTIVE DUTY EXCEPTION.**—
25 An alien who is lawfully residing in any State and
26 is—

1 (A) a veteran (as defined in section 101 of
2 title 38, United States Code) with a discharge
3 characterized as an honorable discharge and not
4 on account of alienage,

5 (B) on active duty (other than active duty
6 for training) in the Armed Forces of the United
7 States, or

8 (C) the spouse or unmarried dependent
9 child of an individual described in subparagraph
10 (A) or (B).

11 (c) FEDERAL MEANS-TESTED PUBLIC BENEFIT DE-
12 FINED.—

13 (1) Except as provided in paragraph (2), for
14 purposes of this subtitle, the term “Federal means-
15 tested public benefit” means a public benefit (includ-
16 ing cash, medical, housing, and food assistance and
17 social services) of the Federal Government in which
18 the eligibility of an individual, household, or family
19 eligibility unit for benefits, or the amount of such
20 benefits, or both are determined on the basis of in-
21 come, resources, or financial need of the individual,
22 household, or unit.

23 (2) Such term does not include the following:

24 (A) Emergency medical services under title
25 XV or XIX of the Social Security Act.

1 (B) Short-term, noncash, in-kind emer-
2 gency disaster relief.

3 (C) Assistance or benefits under the Na-
4 tional School Lunch Act.

5 (D) Assistance or benefits under the Child
6 Nutrition Act of 1966.

7 (E)(i) Public health assistance for immuni-
8 zations.

9 (ii) Public health assistance for testing and
10 treatment of a serious communicable disease if
11 the Secretary of Health and Human Services
12 determines that it is necessary to prevent the
13 spread of such disease.

14 (F) Payments for foster care and adoption
15 assistance under parts B and E of title IV of
16 the Social Security Act for a child who would,
17 in the absence of subsection (a), be eligible to
18 have such payments made on the child's behalf
19 under such part, but only if the foster or adop-
20 tive parent or parents of such child are not de-
21 scribed under subsection (a).

22 (G) Programs, services, or assistance (such
23 as soup kitchens, crisis counseling and interven-
24 tion, and short-term shelter) specified by the
25 Attorney General, in the Attorney General's

1 sole and unreviewable discretion after consulta-
2 tion with appropriate Federal agencies and de-
3 partments, which (i) deliver in-kind services at
4 the community level, including through public
5 or private nonprofit agencies; (ii) do not condi-
6 tion the provision of assistance, the amount of
7 assistance provided, or the cost of assistance
8 provided on the individual recipient's income or
9 resources; and (iii) are necessary for the protec-
10 tion of life or safety.

11 (H) Programs of student assistance under
12 titles IV, V, IX, and X of the Higher Education
13 Act of 1965.

14 (I) Means-tested programs under the Ele-
15 mentary and Secondary Education Act of 1965.

16 **SEC. 4404. NOTIFICATION AND INFORMATION REPORTING.**

17 (a) NOTIFICATION.—Each Federal agency that ad-
18 ministers a program to which section 4401, 4402, or 4403
19 applies shall, directly or through the States, post informa-
20 tion and provide general notification to the public and to
21 program recipients of the changes regarding eligibility for
22 any such program pursuant to this chapter.

23 (b) INFORMATION REPORTING UNDER TITLE IV OF
24 THE SOCIAL SECURITY ACT.—Part A of title IV of the
25 Social Security Act, as amended by section 4103(a) of this

1 Act, is amended by inserting the following new section
2 after section 411:

3 **“SEC. 411A. STATE REQUIRED TO PROVIDE CERTAIN INFOR-**
4 **MATION.**

5 “Each State to which a grant is made under section
6 403 shall, at least 4 times annually and upon request of
7 the Immigration and Naturalization Service, furnish the
8 Immigration and Naturalization Service with the name
9 and address of, and other identifying information on, any
10 individual who the State knows is unlawfully in the United
11 States.”.

12 (c) SSI.—Section 1631(e) of such Act (42 U.S.C.
13 1383(e)) is amended—

14 (1) by redesignating the paragraphs (6) and (7)
15 inserted by sections 206(d)(2) and 206(f)(1) of the
16 Social Security Independence and Programs Im-
17 provement Act of 1994 (Public Law 103–296; 108
18 Stat. 1514, 1515) as paragraphs (7) and (8), re-
19 spectively; and

20 (2) by adding at the end the following new
21 paragraph:

22 “(9) Notwithstanding any other provision of law, the
23 Commissioner shall, at least 4 times annually and upon
24 request of the Immigration and Naturalization Service
25 (hereafter in this paragraph referred to as the ‘Service’),

1 furnish the Service with the name and address of, and
2 other identifying information on, any individual who the
3 Commissioner knows is unlawfully in the United States,
4 and shall ensure that each agreement entered into under
5 section 1616(a) with a State provides that the State shall
6 furnish such information at such times with respect to any
7 individual who the State knows is unlawfully in the United
8 States.”.

9 (d) INFORMATION REPORTING FOR HOUSING PRO-
10 GRAMS.—Title I of the United States Housing Act of 1937
11 (42 U.S.C. 1437 et seq.) is amended by adding at the end
12 the following new section:

13 **“SEC. 27. PROVISION OF INFORMATION TO LAW ENFORCE-**
14 **MENT AND OTHER AGENCIES.**

15 “Notwithstanding any other provision of law, the Sec-
16 retary shall, at least 4 times annually and upon request
17 of the Immigration and Naturalization Service (hereafter
18 in this section referred to as the ‘Service’), furnish the
19 Service with the name and address of, and other identify-
20 ing information on, any individual who the Secretary
21 knows is unlawfully in the United States, and shall ensure
22 that each contract for assistance entered into under sec-
23 tion 6 or 8 of this Act with a public housing agency pro-
24 vides that the public housing agency shall furnish such
25 information at such times with respect to any individual

1 who the public housing agency knows is unlawfully in the
2 United States.”.

3 **CHAPTER 2—ELIGIBILITY FOR STATE AND**
4 **LOCAL PUBLIC BENEFITS PROGRAMS**

5 **SEC. 4411. ALIENS WHO ARE NOT QUALIFIED ALIENS OR**
6 **NONIMMIGRANTS INELIGIBLE FOR STATE**
7 **AND LOCAL PUBLIC BENEFITS.**

8 (a) IN GENERAL.—Notwithstanding any other provi-
9 sion of law and except as provided in subsections (b) and
10 (d), an alien who is not—

11 (1) a qualified alien (as defined in section
12 4431),

13 (2) a nonimmigrant under the Immigration and
14 Nationality Act, or

15 (3) an alien who is paroled into the United
16 States under section 212(d)(5) of such Act for less
17 than one year,

18 is not eligible for any State or local public benefit (as de-
19 fined in subsection (c)).

20 (b) EXCEPTIONS.—Subsection (a) shall not apply
21 with respect to the following State or local public benefits:

22 (1) Emergency medical services under title XV
23 or XIX of the Social Security Act.

24 (2) Short-term, non-cash, in-kind emergency
25 disaster relief.

1 (3)(A) Public health assistance for immuniza-
2 tions.

3 (B) Public health assistance for testing and
4 treatment of a serious communicable disease if the
5 Secretary of Health and Human Services determines
6 that it is necessary to prevent the spread of such
7 disease.

8 (4) Programs, services, or assistance (such as
9 soup kitchens, crisis counseling and intervention,
10 and short-term shelter) specified by the Attorney
11 General, in the Attorney General's sole and
12 unreviewable discretion after consultation with ap-
13 propriate Federal agencies and departments, which
14 (A) deliver in-kind services at the community level,
15 including through public or private nonprofit agen-
16 cies; (B) do not condition the provision of assistance,
17 the amount of assistance provided, or the cost of as-
18 sistance provided on the individual recipient's in-
19 come or resources; and (C) are necessary for the
20 protection of life or safety.

21 (c) STATE OR LOCAL PUBLIC BENEFIT DEFINED.—

22 (1) Except as provided in paragraph (2), for
23 purposes of this chapter the term “State or local
24 public benefit” means—

1 (A) any grant, contract, loan, professional
2 license, or commercial license provided by an
3 agency of a State or local government or by ap-
4 propriated funds of a State or local govern-
5 ment; and

6 (B) any retirement, welfare, health, dis-
7 ability, public or assisted housing, postsecond-
8 ary education, food assistance, unemployment
9 benefit, or any other similar benefit for which
10 payments or assistance are provided to an indi-
11 vidual, household, or family eligibility unit by
12 an agency of a State or local government or by
13 appropriated funds of a State or local govern-
14 ment.

15 (2) Such term shall not apply—

16 (A) to any contract, professional license, or
17 commercial license for a nonimmigrant whose
18 visa for entry is related to such employment in
19 the United States; or

20 (B) with respect to benefits for an alien
21 who as a work authorized nonimmigrant or as
22 an alien lawfully admitted for permanent resi-
23 dence under the Immigration and Nationality
24 Act qualified for such benefits and for whom
25 the United States under reciprocal treaty agree-

1 ments is required to pay benefits, as determined
2 by the Secretary of State, after consultation
3 with the Attorney General.

4 (d) STATE AUTHORITY TO PROVIDE FOR ELIGI-
5 BILITY OF ILLEGAL ALIENS FOR STATE AND LOCAL PUB-
6 LIC BENEFITS.—A State may provide that an alien who
7 is not lawfully present in the United States is eligible for
8 any State or local public benefit for which such alien would
9 otherwise be ineligible under subsection (a) only through
10 the enactment of a State law after the date of the enact-
11 ment of this Act which affirmatively provides for such eli-
12 gibility.

13 **SEC. 4412. STATE AUTHORITY TO LIMIT ELIGIBILITY OF**
14 **QUALIFIED ALIENS FOR STATE PUBLIC BENE-**
15 **FITS.**

16 (a) IN GENERAL.—Notwithstanding any other provi-
17 sion of law and except as provided in subsection (b), a
18 State is authorized to determine the eligibility for any
19 State public benefits (as defined in subsection (c) of an
20 alien who is a qualified alien (as defined in section 4431),
21 a nonimmigrant under the Immigration and Nationality
22 Act, or an alien who is paroled into the United States
23 under section 212(d)(5) of such Act for less than one year.

24 (b) EXCEPTIONS.—Qualified aliens under this sub-
25 section shall be eligible for any State public benefits.

1 (1) TIME-LIMITED EXCEPTION FOR REFUGEES
2 AND ASYLEES.—

3 (A) An alien who is admitted to the United
4 States as a refugee under section 207 of the
5 Immigration and Nationality Act until 5 years
6 after the date of an alien's entry into the Unit-
7 ed States.

8 (B) An alien who is granted asylum under
9 section 208 of such Act until 5 years after the
10 date of such grant of asylum.

11 (C) An alien whose deportation is being
12 withheld under section 243(h) of such Act until
13 5 years after such withholding.

14 (2) CERTAIN PERMANENT RESIDENT ALIENS.—
15 An alien who—

16 (A) is lawfully admitted to the United
17 States for permanent residence under the Im-
18 migration and Nationality Act; and

19 (B)(i) has worked 40 qualifying quarters
20 of coverage as defined under title II of the So-
21 cial Security Act or can be credited with such
22 qualifying quarters as provided under section
23 4435, and (ii) did not receive any Federal
24 means-tested public benefit (as defined in sec-
25 tion 4403(e)) during any such quarter.

1 (3) VETERAN AND ACTIVE DUTY EXCEPTION.—

2 An alien who is lawfully residing in any State and
3 is—

4 (A) a veteran (as defined in section 101 of
5 title 38, United States Code) with a discharge
6 characterized as an honorable discharge and not
7 on account of alienage,

8 (B) on active duty (other than active duty
9 for training) in the Armed Forces of the United
10 States, or

11 (C) the spouse or unmarried dependent
12 child of an individual described in subparagraph
13 (A) or (B).

14 (4) TRANSITION FOR THOSE CURRENTLY RE-
15 CEIVING BENEFITS.—An alien who on the date of
16 the enactment of this Act is lawfully residing in any
17 State and is receiving benefits on the date of the en-
18 actment of this Act shall continue to be eligible to
19 receive such benefits until January 1, 1997.

20 (c) STATE PUBLIC BENEFITS DEFINED.—The term
21 “State public benefits” means any means-tested public
22 benefit of a State or political subdivision of a State under
23 which the State or political subdivision specifies the stand-
24 ards for eligibility, and does not include any Federal public
25 benefit.

1 **CHAPTER 3—ATTRIBUTION OF INCOME**
2 **AND AFFIDAVITS OF SUPPORT**

3 **SEC. 4421. FEDERAL ATTRIBUTION OF SPONSOR'S INCOME**
4 **AND RESOURCES TO ALIEN.**

5 (a) IN GENERAL.—Notwithstanding any other provi-
6 sion of law, in determining the eligibility and the amount
7 of benefits of an alien for any Federal means-tested public
8 benefits program (as defined in section 4403(c)), the in-
9 come and resources of the alien shall be deemed to include
10 the following:

11 (1) The income and resources of any person
12 who executed an affidavit of support pursuant to
13 section 213A of the Immigration and Nationality
14 Act (as added by section 4423) on behalf of such
15 alien.

16 (2) The income and resources of the spouse (if
17 any) of the person.

18 (b) APPLICATION.—Subsection (a) shall apply with
19 respect to an alien until such time as the alien—

20 (1) achieves United States citizenship through
21 naturalization pursuant to chapter 2 of title III of
22 the Immigration and Nationality Act; or

23 (2)(A) has worked 40 qualifying quarters of
24 coverage as defined under title II of the Social Secu-
25 rity Act or can be credited with such qualifying

1 quarters as provided under section 4435, and (B)
2 did not receive any Federal means-tested public ben-
3 efit (as defined in section 4403(c)) during any such
4 quarter.

5 (c) REVIEW OF INCOME AND RESOURCES OF ALIEN
6 UPON REAPPLICATION.—Whenever an alien is required to
7 reapply for benefits under any Federal means-tested pub-
8 lic benefits program, the applicable agency shall review the
9 income and resources attributed to the alien under sub-
10 section (a).

11 (d) APPLICATION.—

12 (1) If on the date of the enactment of this Act,
13 a Federal means-tested public benefits program at-
14 tributes a sponsor's income and resources to an alien
15 in determining the alien's eligibility and the amount
16 of benefits for an alien, this section shall apply to
17 any such determination beginning on the day after
18 the date of the enactment of this Act.

19 (2) If on the date of the enactment of this Act,
20 a Federal means-tested public benefits program does
21 not attribute a sponsor's income and resources to an
22 alien in determining the alien's eligibility and the
23 amount of benefits for an alien, this section shall
24 apply to any such determination beginning 180 days
25 after the date of the enactment of this Act.

1 **SEC. 4422. AUTHORITY FOR STATES TO PROVIDE FOR AT-**
2 **TRIBUTION OF SPONSORS INCOME AND RE-**
3 **SOURCES TO THE ALIEN WITH RESPECT TO**
4 **STATE PROGRAMS.**

5 (a) **OPTIONAL APPLICATION TO STATE PROGRAMS.—**

6 Except as provided in subsection (b), in determining the
7 eligibility and the amount of benefits of an alien for any
8 State public benefits (as defined in section 4412(c)), the
9 State or political subdivision that offers the benefits is au-
10 thorized to provide that the income and resources of the
11 alien shall be deemed to include—

12 (1) the income and resources of any individual
13 who executed an affidavit of support pursuant to
14 section 213A of the Immigration and Nationality
15 Act (as added by section 4423) on behalf of such
16 alien, and

17 (2) the income and resources of the spouse (if
18 any) of the individual.

19 (b) **EXCEPTIONS.—**Subsection (a) shall not apply
20 with respect to the following State public benefits:

21 (1) Emergency medical services.

22 (2) Short-term, non-cash, in-kind emergency
23 disaster relief.

24 (3) Programs comparable to assistance or bene-
25 fits under the National School Lunch Act.

1 (4) Programs comparable to assistance or bene-
2 fits under the Child Nutrition Act of 1966.

3 (5)(A) Public health assistance for immuniza-
4 tions.

5 (B) Public health assistance for testing and
6 treatment of a serious communicable disease if the
7 appropriate chief State health official determines
8 that it is necessary to prevent the spread of such
9 disease.

10 (6) Payments for foster care and adoption as-
11 sistance.

12 (7) Programs, services, or assistance (such as
13 soup kitchens, crisis counseling and intervention,
14 and short-term shelter) specified by the Attorney
15 General of a State, after consultation with appro-
16 priate agencies and departments, which (A) deliver
17 in-kind services at the community level, including
18 through public or private nonprofit agencies; (B) do
19 not condition the provision of assistance, the amount
20 of assistance provided, or the cost of assistance pro-
21 vided on the individual recipient's income or re-
22 sources; and (C) are necessary for the protection of
23 life or safety.

1 **SEC. 4423. REQUIREMENTS FOR SPONSOR'S AFFIDAVIT OF**
2 **SUPPORT.**

3 (a) IN GENERAL.—Title II of the Immigration and
4 Nationality Act is amended by inserting after section 213
5 the following new section:

6 “REQUIREMENTS FOR SPONSOR'S AFFIDAVIT OF SUPPORT

7 “SEC. 213A. (a) ENFORCEABILITY.—(1) No affidavit
8 of support may be accepted by the Attorney General or
9 by any consular officer to establish that an alien is not
10 excludable as a public charge under section 212(a)(4) un-
11 less such affidavit is executed as a contract—

12 “(A) which is legally enforceable against the
13 sponsor by the sponsored alien, the Federal Govern-
14 ment, and by any State (or any political subdivision
15 of such State) which provides any means-tested pub-
16 lic benefits program, but not later than 10 years
17 after the alien last receives any such benefit;

18 “(B) in which the sponsor agrees to financially
19 support the alien, so that the alien will not become
20 a public charge; and

21 “(C) in which the sponsor agrees to submit to
22 the jurisdiction of any Federal or State court for the
23 purpose of actions brought under subsection (e)(2).

24 “(2) A contract under paragraph (1) shall be enforce-
25 able with respect to benefits provided to the alien until

1 such time as the alien achieves United States citizenship
2 through naturalization pursuant to chapter 2 of title III.

3 “(b) FORMS.—Not later than 90 days after the date
4 of enactment of this section, the Attorney General, in con-
5 sultation with the Secretary of State and the Secretary
6 of Health and Human Services, shall formulate an affida-
7 vit of support consistent with the provisions of this sec-
8 tion.

9 “(c) REMEDIES.—Remedies available to enforce an
10 affidavit of support under this section include any or all
11 of the remedies described in section 3201, 3203, 3204,
12 or 3205 of title 28, United States Code, as well as an
13 order for specific performance and payment of legal fees
14 and other costs of collection, and include corresponding
15 remedies available under State law. A Federal agency may
16 seek to collect amounts owed under this section in accord-
17 ance with the provisions of subchapter II of chapter 37
18 of title 31, United States Code.

19 “(d) NOTIFICATION OF CHANGE OF ADDRESS.—

20 “(1) IN GENERAL.—The sponsor shall notify
21 the Attorney General and the State in which the
22 sponsored alien is currently resident within 30 days
23 of any change of address of the sponsor during the
24 period specified in subsection (a)(2).

1 “(2) PENALTY.—Any person subject to the re-
2 quirement of paragraph (1) who fails to satisfy such
3 requirement shall be subject to a civil penalty of—

4 “(A) not less than \$250 or more than
5 \$2,000, or

6 “(B) if such failure occurs with knowledge
7 that the alien has received any means-tested
8 public benefit, not less than \$2,000 or more
9 than \$5,000.

10 “(e) REIMBURSEMENT OF GOVERNMENT EX-
11 PENSES.—(1)(A) Upon notification that a sponsored alien
12 has received any benefit under any means-tested public
13 benefits program, the appropriate Federal, State, or local
14 official shall request reimbursement by the sponsor in the
15 amount of such assistance.

16 “(B) The Attorney General, in consultation with the
17 Secretary of Health and Human Services, shall prescribe
18 such regulations as may be necessary to carry out sub-
19 paragraph (A).

20 “(2) If within 45 days after requesting reimburse-
21 ment, the appropriate Federal, State, or local agency has
22 not received a response from the sponsor indicating a will-
23 ingness to commence payments, an action may be brought
24 against the sponsor pursuant to the affidavit of support.

1 “(3) If the sponsor fails to abide by the repayment
2 terms established by such agency, the agency may, within
3 60 days of such failure, bring an action against the spon-
4 sor pursuant to the affidavit of support.

5 “(4) No cause of action may be brought under this
6 subsection later than 10 years after the alien last received
7 any benefit under any means-tested public benefits pro-
8 gram.

9 “(5) If, pursuant to the terms of this subsection, a
10 Federal, State, or local agency requests reimbursement
11 from the sponsor in the amount of assistance provided,
12 or brings an action against the sponsor pursuant to the
13 affidavit of support, the appropriate agency may appoint
14 or hire an individual or other person to act on behalf of
15 such agency acting under the authority of law for purposes
16 of collecting any moneys owed. Nothing in this subsection
17 shall preclude any appropriate Federal, State, or local
18 agency from directly requesting reimbursement from a
19 sponsor for the amount of assistance provided, or from
20 bringing an action against a sponsor pursuant to an affi-
21 davit of support.

22 “(f) DEFINITIONS.—For the purposes of this sec-
23 tion—

24 “(1) SPONSOR.—The term ‘sponsor’ means an
25 individual who—

1 “(A) is a citizen or national of the United
2 States or an alien who is lawfully admitted to
3 the United States for permanent residence;

4 “(B) is 18 years of age or over;

5 “(C) is domiciled in any of the 50 States
6 or the District of Columbia; and

7 “(D) is the person petitioning for the ad-
8 mission of the alien under section 204.

9 “(2) MEANS-TESTED PUBLIC BENEFITS PRO-
10 GRAM.—The term ‘means-tested public benefits pro-
11 gram’ means a program of public benefits (including
12 cash, medical, housing, and food assistance and so-
13 cial services) of the Federal Government or of a
14 State or political subdivision of a State in which the
15 eligibility of an individual, household, or family eligi-
16 bility unit for benefits under the program, or the
17 amount of such benefits, or both are determined on
18 the basis of income, resources, or financial need of
19 the individual, household, or unit.”.

20 (b) CLERICAL AMENDMENT.—The table of contents
21 of such Act is amended by inserting after the item relating
22 to section 213 the following:

“Sec. 213A. Requirements for sponsor’s affidavit of support.”.

23 (c) EFFECTIVE DATE.—Subsection (a) of section
24 213A of the Immigration and Nationality Act, as inserted
25 by subsection (a) of this section, shall apply to affidavits

1 of support executed on or after a date specified by the
2 Attorney General, which date shall be not earlier than 60
3 days (and not later than 90 days) after the date the Attor-
4 ney General formulates the form for such affidavits under
5 subsection (b) of such section.

6 (d) BENEFITS NOT SUBJECT TO REIMBURSE-
7 MENT.—Requirements for reimbursement by a sponsor for
8 benefits provided to a sponsored alien pursuant to an affi-
9 davit of support under section 213A of the Immigration
10 and Nationality Act shall not apply with respect to the
11 following:

12 (1) Emergency medical services under title XV
13 or XIX of the Social Security Act.

14 (2) Short-term, noncash, in-kind emergency dis-
15 aster relief.

16 (3) Assistance or benefits under the National
17 School Lunch Act.

18 (4) Assistance or benefits under the Child Nu-
19 trition Act of 1966.

20 (5)(A) Public health assistance for immuniza-
21 tions.

22 (B) Public health assistance for testing and
23 treatment of a serious communicable disease if the
24 Secretary of Health and Human Services determines

1 that it is necessary to prevent the spread of such
2 disease.

3 (6) Payments for foster care and adoption as-
4 sistance under part B of title IV of the Social Secu-
5 rity Act for a child, but only if the foster or adoptive
6 parent or parents of such child are not otherwise in-
7 eligible pursuant to section 4403 of this Act.

8 (7) Programs, services, or assistance (such as
9 soup kitchens, crisis counseling and intervention,
10 and short-term shelter) specified by the Attorney
11 General, in the Attorney General's sole and
12 unreviewable discretion after consultation with ap-
13 propriate Federal agencies and departments, which
14 (A) deliver in-kind services at the community level,
15 including through public or private nonprofit agen-
16 cies; (B) do not condition the provision of assistance,
17 the amount of assistance provided, or the cost of as-
18 sistance provided on the individual recipient's in-
19 come or resources; and (C) are necessary for the
20 protection of life or safety.

21 (8) Programs of student assistance under titles
22 IV, V, IX, and X of the Higher Education Act of
23 1965.

1 **SEC. 4424. COSIGNATURE OF ALIEN STUDENT LOANS.**

2 Section 484(b) of the Higher Education Act of 1965
3 (20 U.S.C. 1091(b)) is amended by adding at the end the
4 following new paragraph:

5 “(6) Notwithstanding sections 427(a)(2)(A),
6 428B(a), 428C(b)(4)(A), and 464(c)(1)(E), or any other
7 provision of this title, a student who is an alien lawfully
8 admitted for permanent residence under the Immigration
9 and Nationality Act shall not be eligible for a loan under
10 this title unless the loan is endorsed and cosigned by the
11 alien’s sponsor under section 213A of the Immigration
12 and Nationality Act or by another creditworthy individual
13 who is a United States citizen.”.

14 **CHAPTER 4—GENERAL PROVISIONS**

15 **SEC. 4431. DEFINITIONS.**

16 (a) **IN GENERAL.**—Except as otherwise provided in
17 this subtitle, the terms used in this subtitle have the same
18 meaning given such terms in section 101(a) of the Immi-
19 gration and Nationality Act.

20 (b) **QUALIFIED ALIEN.**—For purposes of this sub-
21 title, the term “qualified alien” means an alien who, at
22 the time the alien applies for, receives, or attempts to re-
23 ceive a Federal public benefit, is—

24 (1) an alien who is lawfully admitted for perma-
25 nent residence under the Immigration and National-
26 ity Act,

1 (2) an alien who is granted asylum under sec-
2 tion 208 of such Act,

3 (3) a refugee who is admitted to the United
4 States under section 207 of such Act,

5 (4) an alien who is paroled into the United
6 States under section 212(d)(5) of such Act for a pe-
7 riod of at least 1 year,

8 (5) an alien whose deportation is being withheld
9 under section 243(h) of such Act, or

10 (6) an alien who is granted conditional entry
11 pursuant to section 203(a)(7) of such Act as in ef-
12 fect prior to April 1, 1980.

13 **SEC. 4432. VERIFICATION OF ELIGIBILITY FOR FEDERAL**
14 **PUBLIC BENEFITS.**

15 (a) IN GENERAL.—Not later than 18 months after
16 the date of the enactment of this Act, the Attorney Gen-
17 eral of the United States, after consultation with the Sec-
18 retary of Health and Human Services, shall promulgate
19 regulations requiring verification that a person applying
20 for a Federal public benefit (as defined in section
21 4401(c)), to which the limitation under section 4401 ap-
22 plies, is a qualified alien and is eligible to receive such
23 benefit. Such regulations shall, to the extent feasible, re-
24 quire that information requested and exchanged be similar

1 in form and manner to information requested and ex-
2 changed under section 1137 of the Social Security Act.

3 (b) STATE COMPLIANCE.—Not later than 24 months
4 after the date the regulations described in subsection (a)
5 are adopted, a State that administers a program that pro-
6 vides a Federal public benefit shall have in effect a ver-
7 ification system that complies with the regulations.

8 (c) AUTHORIZATION OF APPROPRIATIONS.—There
9 are authorized to be appropriated such sums as may be
10 necessary to carry out the purpose of this section.

11 **SEC. 4433. STATUTORY CONSTRUCTION.**

12 (a) LIMITATION.—

13 (1) Nothing in this subtitle may be construed
14 as an entitlement or a determination of an individ-
15 ual's eligibility or fulfillment of the requisite require-
16 ments for any Federal, State, or local governmental
17 program, assistance, or benefits. For purposes of
18 this subtitle, eligibility relates only to the general
19 issue of eligibility or ineligibility on the basis of
20 alienage.

21 (2) Nothing in this subtitle may be construed
22 as addressing alien eligibility for a basic public edu-
23 cation as determined by the Supreme Court of the
24 United States under *Plyler v. Doe* (457 U.S.
25 202)(1982).

1 (b) NOT APPLICABLE TO FOREIGN ASSISTANCE.—
2 This subtitle does not apply to any Federal, State, or local
3 governmental program, assistance, or benefits provided to
4 an alien under any program of foreign assistance as deter-
5 mined by the Secretary of State in consultation with the
6 Attorney General.

7 (c) SEVERABILITY.—If any provision of this subtitle
8 or the application of such provision to any person or cir-
9 cumstance is held to be unconstitutional, the remainder
10 of this subtitle and the application of the provisions of
11 such to any person or circumstance shall not be affected
12 thereby.

13 **SEC. 4434. COMMUNICATION BETWEEN STATE AND LOCAL**
14 **GOVERNMENT AGENCIES AND THE IMMIGRA-**
15 **TION AND NATURALIZATION SERVICE.**

16 Notwithstanding any other provision of Federal,
17 State, or local law, no State or local government entity
18 may be prohibited, or in any way restricted, from sending
19 to or receiving from the Immigration and Naturalization
20 Service information regarding the immigration status,
21 lawful or unlawful, of an alien in the United States.

22 **SEC. 4435. QUALIFYING QUARTERS.**

23 For purposes of this subtitle, in determining the
24 number of qualifying quarters of coverage under title II
25 of the Social Security Act an alien shall be credited with—

1 (1) all of the qualifying quarters of coverage as
2 defined under title II of the Social Security Act
3 worked by a parent of such alien while the alien was
4 under age 18 if the parent did not receive any Fed-
5 eral means-tested public benefit (as defined in sec-
6 tion 4403(c)) during any such quarter, and

7 (2) all of the qualifying quarters worked by a
8 spouse of such alien during their marriage if the
9 spouse did not receive any Federal means-tested
10 public benefit (as defined in section 4403(c)) during
11 any such quarter and the alien remains married to
12 such spouse or such spouse is deceased.

13 **CHAPTER 5—CONFORMING AMENDMENTS**
14 **RELATING TO ASSISTED HOUSING**

15 **SEC. 4441. CONFORMING AMENDMENTS RELATING TO AS-**
16 **SISTED HOUSING.**

17 (a) LIMITATIONS ON ASSISTANCE.—Section 214 of
18 the Housing and Community Development Act of 1980
19 (42 U.S.C. 1436a) is amended—

20 (1) by striking “Secretary of Housing and
21 Urban Development” each place it appears and in-
22 serting “applicable Secretary”;

23 (2) in subsection (b), by inserting after “Na-
24 tional Housing Act,” the following: “the direct loan
25 program under section 502 of the Housing Act of

1 1949 or section 502(c)(5)(D), 504, 521(a)(2)(A), or
2 542 of such Act, subtitle A of title III of the Cran-
3 ston-Gonzalez National Affordable Housing Act,”;

4 (3) in paragraphs (2) through (6) of subsection
5 (d), by striking “Secretary” each place it appears
6 and inserting “applicable Secretary”;

7 (4) in subsection (d), in the matter following
8 paragraph (6), by striking “the term ‘Secretary’”
9 and inserting “the term ‘applicable Secretary’”; and

10 (5) by adding at the end the following new sub-
11 section:

12 “(h) For purposes of this section, the term ‘applicable
13 Secretary’ means—

14 “(1) the Secretary of Housing and Urban De-
15 velopment, with respect to financial assistance ad-
16 ministered by such Secretary and financial assist-
17 ance under subtitle A of title III of the Cranston-
18 Gonzalez National Affordable Housing Act; and

19 “(2) the Secretary of Agriculture, with respect
20 to financial assistance administered by such Sec-
21 retary.”.

22 (b) CONFORMING AMENDMENTS.—Section 501(h) of
23 the Housing Act of 1949 (42 U.S.C. 1471(h)) is amend-
24 ed—

25 (1) by striking “(1)”;

1 (2) by striking “by the Secretary of Housing
2 and Urban Development”; and

3 (3) by striking paragraph (2).

4 **CHAPTER 6—EARNED INCOME CREDIT**
5 **DENIED TO UNAUTHORIZED EMPLOYEES**

6 **SEC. 4451. EARNED INCOME CREDIT DENIED TO INDIVID-**
7 **UALS NOT AUTHORIZED TO BE EMPLOYED IN**
8 **THE UNITED STATES.**

9 (a) IN GENERAL.—Section 32(c)(1) of the Internal
10 Revenue Code of 1986 (relating to individuals eligible to
11 claim the earned income credit) is amended by adding at
12 the end the following new subparagraph:

13 “(F) IDENTIFICATION NUMBER REQUIRE-
14 MENT.—The term ‘eligible individual’ does not
15 include any individual who does not include on
16 the return of tax for the taxable year—

17 “(i) such individual’s taxpayer identi-
18 fication number, and

19 “(ii) if the individual is married (with-
20 in the meaning of section 7703), the tax-
21 payer identification number of such indi-
22 vidual’s spouse.”.

23 (b) SPECIAL IDENTIFICATION NUMBER.—Section 32
24 of such Code is amended by adding at the end the follow-
25 ing new subsection:

1 “(l) IDENTIFICATION NUMBERS.—Solely for pur-
2 poses of subsections (c)(1)(F) and (c)(3)(D), a taxpayer
3 identification number means a social security number is-
4 sued to an individual by the Social Security Administra-
5 tion (other than a social security number issued pursuant
6 to clause (II) (or that portion of clause (III) that relates
7 to clause (II)) of section 205(c)(2)(B)(i) of the Social Se-
8 curity Act).”.

9 (c) EXTENSION OF PROCEDURES APPLICABLE TO
10 MATHEMATICAL OR CLERICAL ERRORS.—Section
11 6213(g)(2) of such Code (relating to the definition of
12 mathematical or clerical errors) is amended by striking
13 “and’ at the end of subparagraph (D), by striking the pe-
14 riod at the end of subparagraph (E) and inserting a
15 comma, and by inserting after subparagraph (E) the fol-
16 lowing new subparagraphs:

17 “(F) an omission of a correct taxpayer
18 identification number required under section 32
19 (relating to the earned income tax credit) to be
20 included on a return, and

21 “(G) an entry on a return claiming the
22 credit under section 32 with respect to net
23 earnings from self-employment described in sec-
24 tion 32(c)(2)(A) to the extent the tax imposed

1 by section 1401 (relating to self-employment
2 tax) on such net earnings has not been paid.”

3 (d) **EFFECTIVE DATE.**—The amendments made by
4 this section shall apply to taxable years beginning after
5 December 31, 1995.

6 **Subtitle E—Reform of Public**
7 **Housing**

8 **SEC. 4601. FRAUD UNDER MEANS-TESTED WELFARE AND**
9 **PUBLIC ASSISTANCE PROGRAMS.**

10 (a) **IN GENERAL.**—If an individual’s benefits under
11 a Federal, State, or local law relating to a means-tested
12 welfare or a public assistance program are reduced be-
13 cause of an act of fraud by the individual under the law
14 or program, the individual may not, for the duration of
15 the reduction, receive an increased benefit under any other
16 means-tested welfare or public assistance program for
17 which Federal funds are appropriated as a result of a de-
18 crease in the income of the individual (determined under
19 the applicable program) attributable to such reduction.

20 (b) **WELFARE OR PUBLIC ASSISTANCE PROGRAMS**
21 **FOR WHICH FEDERAL FUNDS ARE APPROPRIATED.**—For
22 purposes of subsection (a), the term “means-tested welfare
23 or public assistance program for which Federal funds are
24 appropriated” includes the food stamp program under the
25 Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.), any

1 program of public or assisted housing under title I of the
2 United States Housing Act of 1937 (42 U.S.C. 1437 et
3 seq.), and State programs funded under part A of title
4 IV of the Social Security Act (42 U.S.C. 601 et seq.).

5 **Subtitle F—Child Protection Block**
6 **Grant Programs and Foster**
7 **Care, Adoption Assistance, and**
8 **Independent Living Programs**

9 **CHAPTER 1—CHILD PROTECTION BLOCK**
10 **GRANT PROGRAM AND FOSTER CARE,**
11 **ADOPTION ASSISTANCE, AND INDE-**
12 **PENDENT LIVING PROGRAMS**

13 **Subchapter A—Block Grants to States for the**
14 **Protection of Children**

15 **SEC. 4701. ESTABLISHMENT OF PROGRAM.**

16 Title IV of the Social Security Act (42 U.S.C. 601
17 et seq.) is amended by striking part B and inserting the
18 following:

19 **“PART B—BLOCK GRANTS TO STATES FOR THE**
20 **PROTECTION OF CHILDREN**

21 **“SEC. 421. PURPOSE.**

22 “The purpose of this part is to enable eligible States
23 to carry out a child protection program to—

24 “(1) identify and assist families at risk of abus-
25 ing or neglecting their children;

1 “(2) operate a system for receiving reports of
2 abuse or neglect of children;

3 “(3) improve the intake, assessment, screening,
4 and investigation of reports of abuse and neglect;

5 “(4) enhance the general child protective sys-
6 tem by improving risk and safety assessment tools
7 and protocols;

8 “(5) improve legal preparation and representa-
9 tion, including procedures for appealing and re-
10 sponding to appeals of substantiated reports of
11 abuse and neglect;

12 “(6) provide support, treatment, and family
13 preservation services to families which are, or are at
14 risk of, abusing or neglecting their children;

15 “(7) support children who must be removed
16 from or who cannot live with their families;

17 “(8) make timely decisions about permanent liv-
18 ing arrangements for children who must be removed
19 from or who cannot live with their families;

20 “(9) provide for continuing evaluation and im-
21 provement of child protection laws, regulations, and
22 services;

23 “(10) develop and facilitate training protocols
24 for individuals mandated to report child abuse or ne-
25 glect; and

1 “(11) develop and enhance the capacity of com-
2 munity-based programs to integrate shared leader-
3 ship strategies between parents and professionals to
4 prevent and treat child abuse and neglect at the
5 neighborhood level.

6 **“SEC. 422. ELIGIBLE STATES.**

7 “(a) IN GENERAL.—As used in this part, the term
8 ‘eligible State’ means a State that has submitted to the
9 Secretary, not later than October 1, 1996, and every 3
10 years thereafter, a plan which has been signed by the chief
11 executive officer of the State and that includes the follow-
12 ing:

13 “(1) OUTLINE OF CHILD PROTECTION PRO-
14 GRAM.—A written document that outlines the activi-
15 ties the State intends to conduct to achieve the pur-
16 pose of this part, including the procedures to be
17 used for—

18 “(A) receiving and assessing reports of
19 child abuse or neglect;

20 “(B) investigating such reports;

21 “(C) with respect to families in which
22 abuse or neglect has been confirmed, providing
23 services or referral for services for families and
24 children where the State makes a determination

1 that the child may safely remain with the fam-
2 ily;

3 “(D) protecting children by removing them
4 from dangerous settings and ensuring their
5 placement in a safe environment;

6 “(E) providing training for individuals
7 mandated to report suspected cases of child
8 abuse or neglect;

9 “(F) protecting children in foster care;

10 “(G) promoting timely adoptions;

11 “(H) protecting the rights of families,
12 using adult relatives as the preferred placement
13 for children separated from their parents where
14 such relatives meet the relevant State child pro-
15 tection standards; and

16 “(I) providing services to individuals, fami-
17 lies, or communities, either directly or through
18 referral, that are aimed at preventing the occur-
19 rence of child abuse and neglect.

20 “(2) CERTIFICATION OF STATE LAW REQUIRING
21 THE REPORTING OF CHILD ABUSE AND NEGLECT.—

22 A certification that the State has in effect laws that
23 require public officials and other professionals to re-
24 port, in good faith, actual or suspected instances of
25 child abuse or neglect.

1 “(3) CERTIFICATION OF PROCEDURES FOR
2 SCREENING, SAFETY ASSESSMENT, AND PROMPT IN-
3 VESTIGATION.—A certification that the State has in
4 effect procedures for receiving and responding to re-
5 ports of child abuse or neglect, including the reports
6 described in paragraph (2), and for the immediate
7 screening, safety assessment, and prompt investiga-
8 tion of such reports.

9 “(4) CERTIFICATION OF STATE PROCEDURES
10 FOR REMOVAL AND PLACEMENT OF ABUSED OR NE-
11 GLECTED CHILDREN.—A certification that the State
12 has in effect procedures for the removal from fami-
13 lies and placement of abused or neglected children
14 and of any other child in the same household who
15 may also be in danger of abuse or neglect.

16 “(5) CERTIFICATION OF PROVISIONS FOR IMMUN-
17 NITY FROM PROSECUTION.—A certification that the
18 State has in effect laws requiring immunity from
19 prosecution under State and local laws and regula-
20 tions for individuals making good faith reports of
21 suspected or known instances of child abuse or ne-
22 glect.

23 “(6) CERTIFICATION OF PROVISIONS AND PRO-
24 CEDURES RELATING TO APPEALS.—A certification
25 that not later than 2 years after the date of the en-

1 actment of this part, the State shall have laws and
2 procedures in effect affording individuals an oppor-
3 tunity to appeal an official finding of abuse or ne-
4 glect.

5 “(7) CERTIFICATION OF STATE PROCEDURES
6 FOR DEVELOPING AND REVIEWING WRITTEN PLANS
7 FOR PERMANENT PLACEMENT OF REMOVED CHIL-
8 DREN.—A certification that the State has in effect
9 procedures for ensuring that a written plan is pre-
10 pared for children who have been removed from their
11 families. Such plan shall specify the goals for achiev-
12 ing a permanent placement for the child in a timely
13 fashion, for ensuring that the written plan is re-
14 viewed every 6 months (until such placement is
15 achieved), and for ensuring that information about
16 such children is collected regularly and recorded in
17 case records, and include a description of such pro-
18 cedures.

19 “(8) CERTIFICATION OF STATE PROGRAM TO
20 PROVIDE INDEPENDENT LIVING SERVICES.—A cer-
21 tification that the State has in effect a program to
22 provide independent living services, for assistance in
23 making the transition to self-sufficient adulthood, to
24 individuals in the child protection program of the
25 State who are 16, but who are not 20 (or, at the op-

1 tion of the State, 22), years of age, and who do not
2 have a family to which to be returned.

3 “(9) CERTIFICATION OF STATE PROCEDURES
4 TO RESPOND TO REPORTING OF MEDICAL NEGLIGENCE
5 OF DISABLED INFANTS.—

6 “(A) IN GENERAL.—A certification that
7 the State has in place for the purpose of re-
8 sponding to the reporting of medical neglect of
9 infants (including instances of withholding of
10 medically indicated treatment from disabled in-
11 fants with life-threatening conditions), proce-
12 dures or programs, or both (within the State
13 child protective services system), to provide
14 for—

15 “(i) coordination and consultation
16 with individuals designated by and within
17 appropriate health-care facilities;

18 “(ii) prompt notification by individ-
19 uals designated by and within appropriate
20 health-care facilities of cases of suspected
21 medical neglect (including instances of
22 withholding of medically indicated treat-
23 ment from disabled infants with life-threat-
24 ening conditions); and

1 “(iii) authority, under State law, for
2 the State child protective service to pursue
3 any legal remedies, including the authority
4 to initiate legal proceedings in a court of
5 competent jurisdiction, as may be nec-
6 essary to prevent the withholding of medi-
7 cally indicated treatment from disabled in-
8 fants with life-threatening conditions.

9 “(B) WITHHOLDING OF MEDICALLY INDI-
10 CATED TREATMENT.—As used in subparagraph
11 (A), the term ‘withholding of medically indi-
12 cated treatment’ means the failure to respond
13 to the infant’s life-threatening conditions by
14 providing treatment (including appropriate nu-
15 trition, hydration, and medication) which, in the
16 treating physician’s or physicians’ reasonable
17 medical judgment, will be most likely to be ef-
18 fective in ameliorating or correcting all such
19 conditions, except that such term does not in-
20 clude the failure to provide treatment (other
21 than appropriate nutrition, hydration, or medi-
22 cation) to an infant when, in the treating physi-
23 cian’s or physicians’ reasonable medical judg-
24 ment—

1 “(i) the infant is chronically and irre-
2 versibly comatose;

3 “(ii) the provision of such treatment
4 would—

5 “(I) merely prolong dying;

6 “(II) not be effective in amelio-
7 rating or correcting all of the infant’s
8 life-threatening conditions; or

9 “(III) otherwise be futile in
10 terms of the survival of the infant; or

11 “(iii) the provision of such treatment
12 would be virtually futile in terms of the
13 survival of the infant and the treatment it-
14 self under such circumstances would be in-
15 humane.

16 “(10) IDENTIFICATION OF CHILD PROTECTION
17 GOALS.—The quantitative goals of the State child
18 protection program.

19 “(11) CERTIFICATION OF CHILD PROTECTION
20 STANDARDS.—With respect to fiscal years beginning
21 on or after April 1, 1996, a certification that the
22 State—

23 “(A) has completed an inventory of all
24 children who, before the inventory, had been in

1 foster care under the responsibility of the State
2 for 6 months or more, which determined—

3 “(i) the appropriateness of, and neces-
4 sity for, the foster care placement;

5 “(ii) whether the child could or should
6 be returned to the parents of the child or
7 should be freed for adoption or other per-
8 manent placement; and

9 “(iii) the services necessary to facili-
10 tate the return of the child or the place-
11 ment of the child for adoption or legal
12 guardianship;

13 “(B) is operating, to the satisfaction of the
14 Secretary—

15 “(i) a statewide information system
16 from which can be readily determined the
17 status, demographic characteristics, loca-
18 tion, and goals for the placement of every
19 child who is (or, within the immediately
20 preceding 12 months, has been) in foster
21 care;

22 “(ii) a case review system for each
23 child receiving foster care under the super-
24 vision of the State;

1 “(iii) a service program designed to
2 help children—

3 “(I) where appropriate, return to
4 families from which they have been
5 removed; or

6 “(II) be placed for adoption, with
7 a legal guardian, or if adoption or
8 legal guardianship is determined not
9 to be appropriate for a child, in some
10 other planned, permanent living ar-
11 rangement; and

12 “(iv) a preplacement preventive serv-
13 ices program designed to help children at
14 risk for foster care placement remain with
15 their families; and

16 “(C)(i) has reviewed (or not later than Oc-
17 tober 1, 1997, will review) State policies and
18 administrative and judicial procedures in effect
19 for children abandoned at or shortly after birth
20 (including policies and procedures providing for
21 legal representation of such children); and

22 “(ii) is implementing (or not later than Oc-
23 tober 1, 1997, will implement) such policies and
24 procedures as the State determines, on the
25 basis of the review described in clause (i), to be

1 necessary to enable permanent decisions to be
2 made expeditiously with respect to the place-
3 ment of such children.

4 “(12) CERTIFICATION OF REASONABLE EF-
5 FORTS BEFORE PLACEMENT OF CHILDREN IN FOS-
6 TER CARE.—A certification that the State in each
7 case will—

8 “(A) make reasonable efforts prior to the
9 placement of a child in foster care, to prevent
10 or eliminate the need for removal of the child
11 from the child’s home, and to make it possible
12 for the child to return home; and

13 “(B) with respect to families in which
14 abuse or neglect has been confirmed, provide
15 services or referral for services for families and
16 children where the State makes a determination
17 that the child may safely remain with the fam-
18 ily.

19 “(13) CERTIFICATION OF COOPERATIVE EF-
20 FORTS.—A certification by the State, where appro-
21 priate, that all steps will be taken, including cooper-
22 ative efforts with the State agencies administering
23 the plans approved under parts A and D, to secure
24 an assignment to the State of any rights to support

1 on behalf of each child receiving foster care mainte-
2 nance payments under part E.

3 “(14) CERTIFICATION OF CONFIDENTIALITY
4 AND REQUIREMENTS FOR INFORMATION DISCLO-
5 SURE.—

6 “(A) IN GENERAL.—A certification that
7 the State has in effect and operational—

8 “(i) requirements ensuring that re-
9 ports and records made and maintained
10 pursuant to the purposes of this part shall
11 only be made available to—

12 “(I) individuals who are the sub-
13 ject of the report;

14 “(II) Federal, State, or local gov-
15 ernment entities, or any agent of such
16 entities, having a need for such infor-
17 mation in order to carry out their re-
18 sponsibilities under law to protect
19 children from abuse and neglect;

20 “(III) child abuse citizen review
21 panels;

22 “(IV) child fatality review panels;

23 “(V) a grand jury or court, upon
24 a finding that information in the
25 record is necessary for the determina-

1 tion of an issue before the court or
2 grand jury; and

3 “(VI) other entities or classes of
4 individuals statutorily authorized by
5 the State to receive such information
6 pursuant to a legitimate State pur-
7 pose; and

8 “(ii) provisions that allow for public
9 disclosure of the findings or information
10 about cases of child abuse or neglect that
11 have resulted in a child fatality or near fa-
12 tality.

13 “(B) LIMITATION.—Disclosures made pur-
14 suant to clause (i) or (ii) shall not include the
15 identifying information concerning the individ-
16 ual initiating a report or complaint alleging sus-
17 pected instances of child abuse or neglect.

18 “(C) DEFINITION.—For purposes of this
19 paragraph, the term ‘near fatality’ means an
20 act that, as certified by a physician, places the
21 child in serious or critical condition.

22 “(b) DETERMINATIONS.—The Secretary shall deter-
23 mine whether a plan submitted pursuant to subsection (a)
24 contains the material required by subsection (a), other
25 than the material described in paragraph (9) of such sub-

1 section. The Secretary may not require a State to include
2 in such a plan any material not described in subsection
3 (a).

4 **“SEC. 423. GRANTS TO STATES FOR CHILD PROTECTION.**

5 “(a) FUNDING OF BLOCK GRANTS.—

6 “(1) ENTITLEMENT COMPONENT.—

7 “(A) ELIGIBLE STATES.—Each eligible
8 State shall be entitled to receive from the Sec-
9 retary for each fiscal year specified in sub-
10 section (b)(1) a grant in an amount equal to
11 the State share of 99 percent of the child pro-
12 tection amount for the fiscal year.

13 “(B) INDIAN TRIBES AND TRIBAL ORGANI-
14 ZATIONS.—The Secretary shall reserve for pay-
15 ments to Indian tribes (as defined in section
16 658P(7) of the Child Care and Development
17 Block Grant Act of 1990) and tribal organiza-
18 tions (as defined in section 658P(14) of such
19 Act) for each fiscal year specified in subsection
20 (b)(1) an amount equal to 1 percent of the
21 child protection amount for the fiscal year.

22 “(2) AUTHORIZATION COMPONENT.—

23 “(A) IN GENERAL.—

24 “(i) ELIGIBLE STATES.—For each eli-
25 gible State for each fiscal year specified in

1 subsection (b)(1), the Secretary shall sup-
2 plement the grant under paragraph (1)(A)
3 of this subsection by an amount equal to
4 the State share of 99.64 percent of the
5 amount (if any) appropriated pursuant to
6 subparagraph (B) of this paragraph for
7 the fiscal year.

8 “(ii) INDIAN TRIBES AND TRIBAL OR-
9 GANIZATIONS.—The Secretary shall sup-
10 plement the amount reserved for payments
11 pursuant to paragraph (1)(B) of this sub-
12 section for each fiscal year specified in
13 subsection (b)(1), by an amount equal to
14 0.36 percent of the amount (if any) appro-
15 priated pursuant to subparagraph (B) of
16 this paragraph for the fiscal year.

17 “(B) LIMITATION ON AUTHORIZATION OF
18 APPROPRIATIONS.—For grants under subpara-
19 graph (A), there are authorized to be appro-
20 priated to the Secretary an amount not to ex-
21 ceed \$325,000,000 for each fiscal year specified
22 in subsection (b)(1).

23 “(b) DEFINITIONS.—As used in this section:

24 “(1) CHILD PROTECTION AMOUNT.—The term
25 ‘child protection amount’ means—

1 “(A) \$240,000,000 for fiscal year 1997;

2 “(B) \$255,000,000 for fiscal year 1998;

3 “(C) \$262,000,000 for fiscal year 1999;

4 “(D) \$270,000,000 for fiscal year 2000;

5 “(E) \$278,000,000 for fiscal year 2001;

6 and

7 “(F) \$286,000,000 for fiscal year 2002;

8 “(2) STATE SHARE.—

9 “(A) IN GENERAL.—The term ‘State
10 share’ means the qualified child protection ex-
11 penses of the State divided by the sum of the
12 qualified child protection expenses of all of the
13 States.

14 “(B) QUALIFIED CHILD PROTECTION EX-
15 PENSES.—The term ‘qualified child protection
16 expenses’ means, with respect to a State the
17 greater of—

18 “(i) the total amount of one-third of
19 the Federal grant amounts to the State
20 under the provisions of law specified in
21 clauses (i) and (ii) of subparagraph (C) for
22 fiscal years 1992, 1993, and 1994; or

23 “(ii) the total amount of the Federal
24 grant amounts to the State under the pro-
25 visions of law specified in clauses (i) and

1 (ii) of subparagraph (C) for fiscal year
2 1994.

3 “(C) PROVISIONS OF LAW.—The provisions
4 of law specified in this subparagraph are the
5 following (as in effect with respect to each of
6 the fiscal years referred to in subparagraph
7 (B)):

8 “(i) Section 423 of this Act.

9 “(ii) Section 434 of this Act.

10 “(D) DETERMINATION OF INFORMA-
11 TION.—In determining amounts for fiscal years
12 1992, 1993, and 1994 under clauses (i) and (ii)
13 of subparagraph (B), the Secretary shall use in-
14 formation listed as actual amounts in the Jus-
15 tification for Estimates for Appropriation Com-
16 mittees of the Administration for Children and
17 Families for fiscal years 1994, 1995, and 1996,
18 respectively.

19 “(c) USE OF GRANT.—

20 “(1) IN GENERAL.—A State to which a grant
21 is made under this section may use the grant in any
22 manner that the State deems appropriate to accom-
23 plish the purpose of this part.

24 “(2) TIMING OF EXPENDITURES.—A State to
25 which a grant is made under this section for a fiscal

1 year shall expend the total amount of the grant not
2 later than the end of the immediately succeeding fis-
3 cal year.

4 “(3) RULE OF INTERPRETATION.—This part
5 shall not be interpreted to prohibit short- and long-
6 term foster care facilities operated for profit from
7 receiving funds provided under this part or part E.

8 “(d) TIMING OF PAYMENTS.—The Secretary shall
9 pay each eligible State the amount of the grant payable
10 to the State under this section in quarterly installments.

11 “(e) PENALTIES.—

12 “(1) FOR USE OF GRANT IN VIOLATION OF
13 THIS PART.—If an audit conducted pursuant to
14 chapter 75 of title 31, United States Code, finds
15 that an amount paid to a State under this section
16 for a fiscal year has been used in violation of this
17 part, then the Secretary shall reduce the amount of
18 the grant that would (in the absence of this para-
19 graph) be payable to the State under this section for
20 the immediately succeeding fiscal year by the
21 amount so used, plus 5 percent of the grant paid
22 under this section to the State for such fiscal year.

23 “(2) FOR FAILURE TO MAINTAIN EFFORT.—

24 “(A) IN GENERAL.—If an audit conducted
25 pursuant to chapter 75 of title 31, United

1 States Code, finds that the amount expended by
2 a State (other than from amounts provided by
3 the Federal Government) during the fiscal years
4 specified in subparagraph (B), to carry out the
5 State program funded under this part is less
6 than the applicable percentage specified in such
7 subparagraph of the total amount expended by
8 the State (other than from amounts provided by
9 the Federal Government) during fiscal year
10 1994 under part B of this title (as in effect on
11 the day before the date of the enactment of this
12 part), then the Secretary shall reduce the
13 amount of the grant that would (in the absence
14 of this paragraph) be payable to the State
15 under this section for the immediately succeed-
16 ing fiscal year by the amount of the difference,
17 plus 5 percent of the grant paid under this sec-
18 tion to the State for such fiscal year.

19 “(B) SPECIFICATION OF FISCAL YEARS
20 AND APPLICABLE PERCENTAGES.—The fiscal
21 years and applicable percentages specified in
22 this subparagraph are as follows:

23 “(i) For fiscal years 1997 and 1998,
24 100 percent.

1 “(ii) For fiscal years 1999 through
2 2002, 75 percent.

3 “(3) FOR FAILURE TO SUBMIT REQUIRED RE-
4 PORT.—

5 “(A) IN GENERAL.—The Secretary shall
6 reduce by 3 percent the amount of the grant
7 that would (in the absence of this paragraph)
8 be payable to a State under this section for a
9 fiscal year if the Secretary determines that the
10 State has not submitted the report required by
11 section 424 for the immediately preceding fiscal
12 year, within 6 months after the end of the im-
13 mediately preceding fiscal year.

14 “(B) RESCISSION OF PENALTY.—The Sec-
15 retary shall rescind a penalty imposed on a
16 State under subparagraph (A) with respect to a
17 report for a fiscal year if the State submits the
18 report before the end of the immediately suc-
19 ceeding fiscal year.

20 “(4) STATE FUNDS TO REPLACE REDUCTIONS
21 IN GRANT.—A State which has a penalty imposed
22 against it under this subsection for a fiscal year
23 shall expend additional State funds in an amount
24 equal to the amount of the penalty for the purpose

1 of carrying out the State program under this part
2 during the immediately succeeding fiscal year.

3 “(5) REASONABLE CAUSE EXCEPTION.—Except
4 in the case of the penalty described in paragraph
5 (2), the Secretary may not impose a penalty on a
6 State under this subsection with respect to a re-
7 quirement if the Secretary determines that the State
8 has reasonable cause for failing to comply with the
9 requirement.

10 “(6) CORRECTIVE COMPLIANCE PLAN.—

11 “(A) IN GENERAL.—

12 “(i) NOTIFICATION OF VIOLATION.—
13 Before imposing a penalty against a State
14 under this subsection with respect to a vio-
15 lation of this part, the Secretary shall no-
16 tify the State of the violation and allow the
17 State the opportunity to enter into a cor-
18 rective compliance plan in accordance with
19 this paragraph which outlines how the
20 State will correct the violation and how the
21 State will insure continuing compliance
22 with this part.

23 “(ii) 60-DAY PERIOD TO PROPOSE A
24 CORRECTIVE COMPLIANCE PLAN.—During
25 the 60-day period that begins on the date

1 the State receives a notice provided under
2 clause (i) with respect to a violation, the
3 State may submit to the Federal Govern-
4 ment a corrective compliance plan to cor-
5 rect the violation.

6 “(iii) CONSULTATION ABOUT MODI-
7 FICATIONS.—During the 60-day period
8 that begins with the date the Secretary re-
9 ceives a corrective compliance plan submit-
10 ted by a State in accordance with clause
11 (ii), the Secretary may consult with the
12 State on modifications to the plan.

13 “(iv) ACCEPTANCE OF PLAN.—A cor-
14 rective compliance plan submitted by a
15 State in accordance with clause (ii) is
16 deemed to be accepted by the Secretary if
17 the Secretary does not accept or reject the
18 plan during the 60-day period that begins
19 on the date the plan is submitted.

20 “(B) EFFECT OF CORRECTING VIOLA-
21 TION.—The Secretary may not impose any pen-
22 alty under this subsection with respect to any
23 violation covered by a State corrective compli-
24 ance plan accepted by the Secretary if the State
25 corrects the violation pursuant to the plan.

1 “(C) EFFECT OF FAILING TO CORRECT
2 VIOLATION.—The Secretary shall assess some
3 or all of a penalty imposed on a State under
4 this subsection with respect to a violation if the
5 State does not, in a timely manner, correct the
6 violation pursuant to a State corrective compli-
7 ance plan accepted by the Secretary.

8 “(7) LIMITATION ON AMOUNT OF PENALTY.—

9 “(A) IN GENERAL.—In imposing the pen-
10 alties described in this subsection, the Secretary
11 shall not reduce any quarterly payment to a
12 State by more than 25 percent.

13 “(B) CARRYFORWARD OF UNRECOVERED
14 PENALTIES.—To the extent that subparagraph
15 (A) prevents the Secretary from recovering dur-
16 ing a fiscal year the full amount of all penalties
17 imposed on a State under this subsection for a
18 prior fiscal year, the Secretary shall apply any
19 remaining amount of such penalties to the
20 grant payable to the State under subsection (a)
21 for the immediately succeeding fiscal year.

22 “(f) TREATMENT OF TERRITORIES.—

23 “(1) IN GENERAL.—A territory, as defined in
24 section 1108(b)(1), shall carry out a child protection

1 program in accordance with the provisions of this
2 part.

3 “(2) PAYMENTS.—Subject to the mandatory
4 ceiling amounts specified in section 1108, each terri-
5 tory, as so defined, shall be entitled to receive from
6 the Secretary for any fiscal year an amount equal to
7 the total obligations to the territory under section
8 434 (as in effect on the day before the date of the
9 enactment of this part) for fiscal year 1995.

10 “(g) LIMITATION ON FEDERAL AUTHORITY.—Except
11 as expressly provided in this Act, the Secretary may not
12 regulate the conduct of States under this part or enforce
13 any provision of this part.

14 **“SEC. 424. DATA COLLECTION AND REPORTING.**

15 “(a) NATIONAL CHILD ABUSE AND NEGLECT DATA
16 SYSTEM.—The Secretary shall establish a national data
17 collection and analysis program—

18 “(1) which, to the extent practicable, coordi-
19 nates existing State child abuse and neglect reports
20 and which shall include—

21 “(A) standardized data on substantiated,
22 as well as false, unfounded, or unsubstantiated
23 reports; and

24 “(B) information on the number of deaths
25 due to child abuse and neglect; and

1 “(2) which shall collect, compile, analyze, and
2 make available State child abuse and neglect report-
3 ing information which, to the extent practical, is uni-
4 versal and case-specific and integrated with other
5 case-based foster care and adoption data collected by
6 the Secretary.

7 “(b) ADOPTION AND FOSTER CARE AND ANALYSIS
8 AND REPORTING SYSTEMS.—The Secretary shall imple-
9 ment a system for the collection of data relating to adop-
10 tion and foster care in the United States. Such data collec-
11 tion system shall—

12 “(1) avoid unnecessary diversion of resources
13 from agencies responsible for adoption and foster
14 care;

15 “(2) assure that any data that is collected is re-
16 liable and consistent over time and among jurisdic-
17 tions through the use of uniform definitions and
18 methodologies;

19 “(3) provide comprehensive national informa-
20 tion with respect to—

21 “(A) the demographic characteristics of
22 adoptive and foster children and their biological
23 and adoptive or foster parents;

24 “(B) the status of the foster care popu-
25 lation (including the number of children in fos-

1 ter care, length of placement, type of place-
2 ment, availability for adoption, and goals for
3 ending or continuing foster care);

4 “(C) the number and characteristics of—

5 “(i) children placed in or removed
6 from foster care;

7 “(ii) children adopted or with respect
8 to whom adoptions have been terminated;
9 and

10 “(iii) children placed in foster care
11 outside the State which has placement and
12 care responsibility; and

13 “(D) the extent and nature of assistance
14 provided by Federal, State, and local adoption
15 and foster care programs and the characteris-
16 tics of the children with respect to whom such
17 assistance is provided; and

18 “(4) utilize appropriate requirements and incen-
19 tives to ensure that the system functions reliably
20 throughout the United States.

21 “(c) ADDITIONAL INFORMATION.—The Secretary
22 may require the provision of additional information under
23 the data collection system established under subsection (b)
24 if the addition of such information is agreed to by a major-
25 ity of the States.

1 “(d) ANNUAL REPORT BY THE SECRETARY.—Not
2 later than 6 months after the end of each fiscal year, the
3 Secretary shall prepare a report based on information pro-
4 vided by the States for the fiscal year pursuant to this
5 section, and shall make the report and such information
6 available to the Congress and the public.

7 **“SEC. 425. FUNDING FOR STUDIES OF CHILD WELFARE.**

8 “(a) NATIONAL RANDOM SAMPLE STUDY OF CHILD
9 WELFARE.—There are authorized to be appropriated and
10 there are appropriated to the Secretary for each of fiscal
11 years 1996 through 2002—

12 “(1) \$6,000,000 to conduct a national study
13 based on random samples of children who are at risk
14 of child abuse or neglect, or are determined by
15 States to have been abused or neglected under sec-
16 tion 208 of the Child and Family Services Block
17 Grant Act of 1996; and

18 “(2) \$10,000,000 for such other research as
19 may be necessary under such section.

20 “(b) ASSESSMENT OF STATE COURTS IMPROVEMENT
21 OF HANDLING OF PROCEEDINGS RELATING TO FOSTER
22 CARE AND ADOPTION.—There are authorized to be appro-
23 priated and there are appropriated to the Secretary for
24 each of fiscal years 1996 through 1998 \$10,000,000 for
25 the purpose of carrying out section 13712 of the Omnibus

1 Budget Reconciliation Act of 1993 (42 U.S.C. 670 note).

2 All funds appropriated under this subsection shall be ex-
3 pended not later than September 30, 1999.

4 **“SEC. 426. DEFINITIONS.**

5 “For purposes of this part and part E, the following
6 definitions shall apply:

7 “(1) ADMINISTRATIVE REVIEW.—The term ‘ad-
8 ministrative review’ means a review open to the par-
9 ticipation of the parents of the child, conducted by
10 a panel of appropriate persons at least one of whom
11 is not responsible for the case management of, or
12 the delivery of services to, either the child or the
13 parents who are the subject of the review.

14 “(2) ADOPTION ASSISTANCE AGREEMENT.—The
15 term ‘adoption assistance agreement’ means a writ-
16 ten agreement, binding on the parties to the agree-
17 ment, between the State, other relevant agencies,
18 and the prospective adoptive parents of a minor
19 child which at a minimum—

20 “(A) specifies the nature and amount of
21 any payments, services, and assistance to be
22 provided under such agreement; and

23 “(B) stipulates that the agreement shall
24 remain in effect regardless of the State of

1 which the adoptive parents are residents at any
2 given time.

3 The agreement shall contain provisions for the pro-
4 tection (under an interstate compact approved by
5 the Secretary or otherwise) of the interests of the
6 child in cases where the adoptive parents and child
7 move to another State while the agreement is effec-
8 tive.

9 “(3) CASE PLAN.—The term ‘case plan’ means
10 a written document which includes at least the fol-
11 lowing:

12 “(A) A description of the type of home or
13 institution in which a child is to be placed, in-
14 cluding a discussion of the appropriateness of
15 the placement and how the agency which is re-
16 sponsible for the child plans to carry out the
17 voluntary placement agreement entered into or
18 judicial determination made with respect to the
19 child in accordance with section 472(a)(1).

20 “(B) A plan for assuring that the child re-
21 ceives proper care and that services are pro-
22 vided to the parents, child, and foster parents
23 in order to improve the conditions in the par-
24 ents’ home, facilitate return of the child to his
25 or her own home or the permanent placement

1 of the child, and address the needs of the child
2 while in foster care, including a discussion of
3 the appropriateness of the services that have
4 been provided to the child under the plan.

5 “(C) To the extent available and acces-
6 sible, the health and education records of the
7 child, including—

8 “(i) the names and addresses of the
9 child’s health and educational providers;

10 “(ii) the child’s grade level perform-
11 ance;

12 “(iii) the child’s school record;

13 “(iv) assurances that the child’s place-
14 ment in foster care takes into account
15 proximity to the school in which the child
16 is enrolled at the time of placement;

17 “(v) a record of the child’s immuniza-
18 tions;

19 “(vi) the child’s known medical prob-
20 lems;

21 “(vii) the child’s medications; and

22 “(viii) any other relevant health and
23 education information concerning the child
24 determined to be appropriate by the State.

1 Where appropriate, for a child age 16 or over,
2 the case plan must also include a written de-
3 scription of the programs and services which
4 will help such child prepare for the transition
5 from foster care to independent living.

6 “(4) CASE REVIEW SYSTEM.—The term ‘case
7 review system’ means a procedure for assuring
8 that—

9 “(A) each child has a case plan designed to
10 achieve placement in the least restrictive (most
11 family-like) and most appropriate setting avail-
12 able and in close proximity to the parents’
13 home, consistent with the best interests and
14 special needs of the child, which—

15 “(i) if the child has been placed in a
16 foster family home or child-care institution
17 a substantial distance from the home of
18 the parents of the child, or in a State dif-
19 ferent from the State in which such home
20 is located, sets forth the reasons why such
21 placement is in the best interests of the
22 child; and

23 “(ii) if the child has been placed in
24 foster care outside the State in which the
25 home of the parents of the child is located,

1 requires that, periodically, but not less fre-
2 quently than every 12 months, a case-
3 worker on the staff of the State in which
4 the home of the parents of the child is lo-
5 cated, or of the State in which the child
6 has been placed, visit such child in such
7 home or institution and submit a report on
8 such visit to the State in which the home
9 of the parents of the child is located;

10 “(B) the status of each child is reviewed
11 periodically but no less frequently than once
12 every 6 months by either a court or by adminis-
13 trative review (as defined in paragraph (1)) in
14 order to determine the continuing necessity for
15 and appropriateness of the placement, the ex-
16 tent of compliance with the case plan, and the
17 extent of progress which has been made toward
18 alleviating or mitigating the causes necessitat-
19 ing placement in foster care, and to project a
20 likely date by which the child may be returned
21 to the home or placed for adoption or legal
22 guardianship;

23 “(C) with respect to each such child, pro-
24 cedural safeguards will be applied, among other
25 things, to assure each child in foster care under

1 the supervision of the State of a dispositional
2 hearing to be held, in a family or juvenile court
3 or another court (including a tribal court) of
4 competent jurisdiction, or by an administrative
5 body appointed or approved by the court, no
6 later than 18 months after the original place-
7 ment (and not less frequently than every 12
8 months thereafter during the continuation of
9 foster care), which hearing shall determine the
10 future status of the child (including whether the
11 child should be returned to the parent, should
12 be continued in foster care for a specified pe-
13 riod, should be placed for adoption, or should
14 (because of the child's special needs or cir-
15 cumstances) be continued in foster care on a
16 permanent or long-term basis) and, in the case
17 of a child described in subparagraph (A)(ii),
18 whether the out-of-State placement continues to
19 be appropriate and in the best interests of the
20 child, and, in the case of a child who has at-
21 tained age 16, the services needed to assist the
22 child to make the transition from foster care
23 to independent living; and procedural safe-
24 guards shall also be applied with respect to pa-
25 rental rights pertaining to the removal of the

1 child from the home of his parents, to a change
2 in the child's placement, and to any determina-
3 tion affecting visitation privileges of parents;
4 and

5 “(D) a child's health and education record
6 (as described in paragraph (3)(C)) is reviewed
7 and updated, and supplied to the foster parent
8 or foster care provider with whom the child is
9 placed, at the time of each placement of the
10 child in foster care.

11 “(5) CHILD-CARE INSTITUTION.—The term
12 ‘child-care institution’ means a private child-care in-
13 stitution, or a public child-care institution which ac-
14 commodates no more than 25 children, which is li-
15 censed by the State in which it is situated or has
16 been approved, by the agency of such State respon-
17 sible for licensing or approval of institutions of this
18 type, as meeting the standards established for such
19 licensing, but the term shall not include detention
20 facilities, forestry camps, training schools, or any
21 other facility operated primarily for the detention of
22 children who are determined to be delinquent.

23 “(6) FOSTER CARE MAINTENANCE PAY-
24 MENTS.—

1 “(A) IN GENERAL.—The term ‘foster care
2 maintenance payments’ means payments to
3 cover the cost of (and the cost of providing)
4 food, clothing, shelter, daily supervision, school
5 supplies, a child’s personal incidentals, liability
6 insurance with respect to a child, and reason-
7 able travel to the child’s home for visitation. In
8 the case of institutional care, such term shall
9 include the reasonable costs of administration
10 and operation of such institution as are nec-
11 essarily required to provide the items described
12 in the preceding sentence.

13 “(B) SPECIAL RULE.—In cases where—

14 “(i) a child placed in a foster family
15 home or child-care institution is the parent
16 of a son or daughter who is in the same
17 home or institution; and

18 “(ii) payments described in subpara-
19 graph (A) are being made under this part
20 with respect to such child,

21 the foster care maintenance payments made
22 with respect to such child as otherwise deter-
23 mined under subparagraph (A) shall also in-
24 clude such amounts as may be necessary to
25 cover the cost of the items described in that

1 subparagraph with respect to such son or
2 daughter.

3 “(7) FOSTER FAMILY HOME.—The term ‘foster
4 family home’ means a foster family home for chil-
5 dren which is licensed by the State in which it is sit-
6 uated or has been approved, by the agency of such
7 State having responsibility for licensing homes of
8 this type, as meeting the standards established for
9 such licensing.

10 “(8) PARENTS.—The term ‘parents’ means bio-
11 logical or adoptive parents or legal guardians, as de-
12 termined by applicable State law.

13 “(9) STATE.—The term ‘State’ means the 50
14 States and the District of Columbia.

15 “(10) VOLUNTARY PLACEMENT.—The term
16 ‘voluntary placement’ means an out-of-home place-
17 ment of a minor, by or with participation of the
18 State, after the parents or guardians of the minor
19 have requested the assistance of the State and
20 signed a voluntary placement agreement.

21 “(11) VOLUNTARY PLACEMENT AGREEMENT.—
22 The term ‘voluntary placement agreement’ means a
23 written agreement, binding on the parties to the
24 agreement, between the State, any other agency act-
25 ing on its behalf, and the parents or guardians of a

1 minor child which specifies, at a minimum, the legal
2 status of the child and the rights and obligations of
3 the parents or guardians, the child, and the agency
4 while the child is in placement.”.

5 **SEC. 4702. CONFORMING AMENDMENTS.**

6 (a) AMENDMENTS TO PART D OF TITLE IV OF THE
7 SOCIAL SECURITY ACT.—

8 (1) Section 452(a)(10)(C) of the Social Security
9 Act (42 U.S.C. 652(a)(10)(C)), as amended by sec-
10 tion 4108(b)(2) of this Act, is amended by striking
11 “or under section 471(a)(17),”.

12 (2) Section 452(g)(2)(A) of such Act (42
13 U.S.C. 652(g)(2)(A)), as amended by paragraphs
14 (6) and (7) of section 4108(b) of this Act, is amend-
15 ed by inserting “or benefits or services for foster
16 care maintenance were being provided under the
17 State program funded under part E” after “part A”
18 each place it appears.

19 (3) Section 466(a)(3)(B) of such Act (42
20 U.S.C. 666(a)(3)(B)), as amended by section
21 4108(b)(14) of this Act, is amended by striking “or
22 471(a)(17)”.

23 (b) AMENDMENT TO SECTION 9442 OF THE OMNI-
24 BUS BUDGET RECONCILIATION ACT OF 1986.—Section
25 9442(4) of the Omnibus Budget Reconciliation Act of

1 1986 (42 U.S.C. 679a(4)) is amended by inserting “(as
2 in effect before October 1, 1995)” after “Act”.

3 (c) REDESIGNATION AND AMENDMENTS OF SECTION
4 1123.—

5 (1) REDESIGNATION.—The Social Security Act
6 is amended by redesignating section 1123, the sec-
7 ond place it appears (42 U.S.C. 1320a–1a), as sec-
8 tion 1123A.

9 (2) AMENDMENTS.—Section 1123A of such
10 Act, as so redesignated, is amended in subsection
11 (a)—

12 (A) by striking “The Secretary” and in-
13 serting “Notwithstanding section 423(g), the
14 Secretary”; and

15 (B) in paragraph (2), by inserting “under
16 this section” after “promulgated”.

17 **Subchapter B—Foster Care, Adoption Assist-**
18 **ance, and Independent Living Programs**

19 **SEC. 4711. CONFORMING AMENDMENTS TO PART E OF**
20 **TITLE IV.**

21 (a) PURPOSE; APPROPRIATION.—Section 470 of the
22 Social Security Act (42 U.S.C 670) is amended—

23 (1) by amending the heading to read as follows:

1 **“SEC. 470. PURPOSE; APPROPRIATION.”**; and

2 (2) in the second sentence, by striking “this
3 part” and inserting “section 422”.

4 (b) STATE PLAN FOR FOSTER CARE AND ADOPTION
5 ASSISTANCE.—Section 471 of such Act (42 U.S.C. 671)
6 is amended to read as follows:

7 **“SEC. 471. ELIGIBLE STATES.**

8 “In order for a State to be eligible for payments
9 under this part, the State shall have submitted to the Sec-
10 retary a plan which satisfies the requirements of section
11 422.”.

12 (c) FOSTER CARE MAINTENANCE PAYMENTS PRO-
13 GRAM.—Section 472 of such Act (42 U.S.C. 672) is
14 amended to read as follows:

15 **“SEC. 472. REQUIREMENTS FOR FOSTER CARE MAINTENANCE PAYMENTS.**

17 “(a) IN GENERAL.—Each State operating a program
18 under this part shall make foster care maintenance pay-
19 ments, as defined in section 426(6) with respect to a child
20 who would meet the requirements of section 406(a) (as
21 in effect on the day before the date of the enactment of
22 the Personal Responsibility and Work Opportunity Act of
23 1996) or of section 407 (as so in effect) but for the re-
24 moval of the child from the home of a relative (specified
25 in section 406(a) (as so in effect)), if—

1 “(1) the removal from the home occurred pur-
2 suant to a voluntary placement agreement entered
3 into by the child’s parent or legal guardian, or was
4 the result of a judicial determination to the effect
5 that continuation therein would be contrary to the
6 welfare of such child and that reasonable efforts of
7 the type described in section 422(a)(12) have been
8 made;

9 “(2) such child’s placement and care are the re-
10 sponsibility of—

11 “(A) the State; or

12 “(B) any other public agency with which
13 the State has made an agreement for the ad-
14 ministration of the State program under this
15 part which is still in effect;

16 “(3) such child has been placed in a foster fam-
17 ily home or child-care institution as a result of the
18 voluntary placement agreement or judicial deter-
19 mination referred to in paragraph (1); and

20 “(4) such child—

21 “(A) would have been eligible to receive aid
22 under the eligibility standards under the State
23 plan approved under section 402 (as in effect
24 on the day before the date of the enactment of
25 this part and adjusted for inflation, in accord-

1 ance with regulations issued by the Secretary)
2 in or for the month in which such agreement
3 was entered into or court proceedings leading to
4 the removal of such child from the home were
5 initiated; or

6 “(B) would have received such aid in or for
7 such month if application had been made there-
8 for, or the child had been living with a relative
9 specified in section 406(a) (as so in effect)
10 within 6 months prior to the month in which
11 such agreement was entered into or such pro-
12 ceedings were initiated, and would have received
13 such aid in or for such month if in such month
14 such child had been living with such a relative
15 and application therefor had been made.

16 “(b) LIMITATION ON FOSTER CARE PAYMENTS.—
17 Foster care maintenance payments may be made under
18 this part only on behalf of a child described in subsection
19 (a) of this section who is—

20 “(1) in the foster family home of an individual,
21 whether the payments therefore are made to such in-
22 dividual or to a public or private child placement or
23 child-care agency; or

24 “(2) in a child-care institution, whether the
25 payments therefore are made to such institution or

1 to a public or private child-placement or child-care
2 agency, which payments shall be limited so as to in-
3 clude in such payments only those items which are
4 included in the term ‘foster care maintenance pay-
5 ments’ (as defined in section 426(6)).

6 “(c) VOLUNTARY PLACEMENTS.—

7 “(1) SATISFACTION OF CHILD PROTECTION
8 STANDARDS.—Notwithstanding any other provision
9 of this section, Federal payments may be made
10 under this part with respect to amounts expended by
11 any State as foster care maintenance payments
12 under this part, in the case of children removed
13 from their homes pursuant to voluntary placement
14 agreements as described in subsection (a), only if (at
15 the time such amounts were expended) the State has
16 fulfilled all of the requirements of section
17 422(a)(11).

18 “(2) REMOVAL IN EXCESS OF 180 DAYS.—No
19 Federal payment may be made under this part with
20 respect to amounts expended by any State as foster
21 care maintenance payments, in the case of any child
22 who was removed from such child’s home pursuant
23 to a voluntary placement agreement as described in
24 subsection (a) and has remained in voluntary place-
25 ment for a period in excess of 180 days, unless there

1 has been a judicial determination by a court of com-
2 petent jurisdiction (within the first 180 days of such
3 placement) that such placement is in the best inter-
4 ests of the child.

5 “(3) DEEMED REVOCATION OF AGREEMENTS.—

6 In any case where—

7 “(A) the placement of a minor child in fos-
8 ter care occurred pursuant to a voluntary place-
9 ment agreement entered into by the parents or
10 guardians of such child as provided in sub-
11 section (a); and

12 “(B) such parents or guardians request (in
13 such manner and form as the Secretary may
14 prescribe) that the child be returned to their
15 home or to the home of a relative,

16 the voluntary placement agreement shall be deemed
17 to be revoked unless the State opposes such request
18 and obtains a judicial determination, by a court of
19 competent jurisdiction, that the return of the child
20 to such home would be contrary to the child’s best
21 interests.

22 “(d) ELIGIBILITY FOR MEDICAL ASSISTANCE.—For
23 purposes of title XIX (or, if applicable, title XV) and title
24 XX, any child with respect to whom foster care mainte-
25 nance payments are made under this section is deemed

1 to be a recipient of cash assistance under part A of this
2 title. For the purposes of the preceding sentence, a child
3 whose costs in a foster family home or child-care institu-
4 tion are covered by the foster care maintenance payments
5 being made with respect to his or her minor parent, as
6 provided in section 426(6)(B), shall be considered a child
7 with respect to whom foster care maintenance payments
8 are made under this section.”.

9 (d) ADOPTION ASSISTANCE PROGRAM.—Section 473
10 of such Act (42 U.S.C. 673) is amended to read as follows:

11 **“SEC. 473. REQUIREMENTS FOR ADOPTION ASSISTANCE**
12 **PAYMENTS.**

13 “(a) IN GENERAL.—A State operating a program
14 under this part shall enter into adoption assistance agree-
15 ments with the adoptive parents of children with special
16 needs.

17 “(b) PAYMENTS UNDER AGREEMENTS.—

18 “(1) IN GENERAL.—Under any adoption assist-
19 ance agreement entered into by a State with parents
20 who adopt a child with special needs, the State—

21 “(A) shall make payments of nonrecurring
22 adoption expenses incurred by or on behalf of
23 such parents in connection with the adoption of
24 such child, directly through the State agency or
25 through another public or nonprofit private

1 agency, in amounts determined under sub-
2 section (e), and

3 “(B) in any case where the child meets the
4 requirements of subsection (d), may make adop-
5 tion assistance payments to such parents, di-
6 rectly through the State agency or through an-
7 other public or nonprofit private agency, in
8 amounts so determined.

9 “(2) DEFINITION OF NONRECURRING ADOPTION
10 EXPENSES.—

11 “(A) IN GENERAL.—For purposes of para-
12 graph (1)(A), the term ‘nonrecurring adoption
13 expenses’ means reasonable and necessary
14 adoption fees, court costs, attorney fees, and
15 other expenses which are directly related to the
16 legal adoption of a child with special needs and
17 which are not incurred in violation of State or
18 Federal law.

19 “(B) TREATMENT AS AN ADMINISTRATIVE
20 EXPENSE.—A State’s payment of nonrecurring
21 adoption expenses under an adoption assistance
22 agreement shall be treated as an expenditure
23 made for the proper and efficient administra-
24 tion of the State plan for purposes of section
25 474(a)(3)(E).

1 “(c) ELIGIBILITY FOR MEDICAL ASSISTANCE.—For
2 purposes of title XIX (or, if applicable, title XV) and title
3 XX, any child—

4 “(1)(A) who is a child described in subsection
5 (b), and

6 “(B) with respect to whom an adoption assist-
7 ance agreement is in effect under this section
8 (whether or not adoption assistance payments are
9 provided under the agreement or are being made
10 under this section), including any such child who has
11 been placed for adoption in accordance with applica-
12 ble State and local law (whether or not an interlocu-
13 tory or other judicial decree of adoption has been
14 issued), or

15 “(2) with respect to whom foster care mainte-
16 nance payments are being made under section 472,
17 is deemed to be a recipient of cash assistance under part
18 A of this title in the State where such child resides. For
19 purposes of the preceding sentence, a child whose costs
20 in a foster family home or child-care institution are cov-
21 ered by the foster care maintenance payments being made
22 with respect to his or her minor parent, as provided in
23 section 426(6)(B), shall be considered a child with respect
24 to whom foster care maintenance payments are being
25 made under section 472.

1 “(d) CHILDREN WITH SPECIAL NEEDS.—For pur-
2 poses of subsection (b)(1)(B), a child meets the require-
3 ments of this subsection if such child—

4 “(1)(A) at the time adoption proceedings were
5 initiated, met the requirements of section 406(a) (as
6 in effect on the day before the date of the enactment
7 of the Personal Responsibility and Work Oppor-
8 tunity Act of 1996) or section 407 (as so in effect)
9 or would have met such requirements except for
10 such child’s removal from the home of a relative
11 (specified in section 406(a) (as so in effect)), either
12 pursuant to a voluntary placement agreement with
13 respect to which Federal payments are provided
14 under section 474 (or 403 (as so in effect)) or as
15 a result of a judicial determination to the effect that
16 continuation therein would be contrary to the wel-
17 fare of such child;

18 “(B) meets all of the requirements of title XVI
19 with respect to eligibility for supplemental security
20 income benefits; or

21 “(C) is a child whose costs in a foster family
22 home or child-care institution are covered by the fos-
23 ter care maintenance payments being made with re-
24 spect to his or her minor parent;

1 “(2)(A) would have received aid under the eligi-
2 bility standards under the State plan approved
3 under section 402 (as in effect on the day before the
4 date of the enactment of this part, adjusted for in-
5 flation, in accordance with regulations issued by the
6 Secretary) in or for the month in which such agree-
7 ment was entered into or court proceedings leading
8 to the removal of such child from the home were ini-
9 tiated;

10 “(B) would have received such aid in or for
11 such month if application had been made therefor,
12 or had been living with a relative specified in section
13 406(a) (as so in effect) within 6 months prior to the
14 month in which such agreement was entered into or
15 such proceedings were initiated, and would have re-
16 ceived such aid in or for such month if in such
17 month such child had been living with such a rel-
18 ative and application therefor had been made; or

19 “(C) is a child described in subparagraph (A)
20 or (B); and

21 “(3) has been determined by the State, pursu-
22 ant to subsection (h) of this section, to be a child
23 with special needs.

24 “(e) DETERMINATION OF PAYMENTS.—The amount
25 of the payments to be made in any case under subsection

1 (b) shall be determined through agreement between the
2 adoptive parents and the State or a public or nonprofit
3 private agency administering the program under this part,
4 which shall take into consideration the circumstances of
5 the adopting parents and the needs of the child being
6 adopted, and may be readjusted periodically, with the con-
7 currence of the adopting parents (which may be specified
8 in the adoption assistance agreement), depending upon
9 changes in such circumstances. However, in no case may
10 the amount of the adoption assistance payment exceed the
11 foster care maintenance payment which would have been
12 paid during the period if the child with respect to whom
13 the adoption assistance payment is made had been in a
14 foster family home.

15 “(f) PAYMENT EXCEPTION.—Notwithstanding sub-
16 section (e), no payment may be made to parents with re-
17 spect to any child who has attained the age of 18 (or,
18 where the State determines that the child has a mental
19 or physical disability which warrants the continuation of
20 assistance, the age of 21), and no payment may be made
21 to parents with respect to any child if the State determines
22 that the parents are no longer legally responsible for the
23 support of the child or if the State determines that the
24 child is no longer receiving any support from such parents.
25 Parents who have been receiving adoption assistance pay-

1 ments under this part shall keep the State or public or
2 nonprofit private agency administering the program under
3 this part informed of circumstances which would, pursu-
4 ant to this section, make them ineligible for such assist-
5 ance payments, or eligible for assistance payments in a
6 different amount.

7 “(g) PREADoption PAYMENTS.—For purposes of
8 this part, individuals with whom a child who has been de-
9 termined by the State, pursuant to subsection (h), to be
10 a child with special needs is placed for adoption in accord-
11 ance with applicable State and local law shall be eligible
12 for adoption assistance payments during the period of the
13 placement, on the same terms and subject to the same
14 conditions as if such individuals had adopted such child.

15 “(h) DETERMINATION OF CHILD WITH SPECIAL
16 NEEDS.—For purposes of this section, a child shall not
17 be considered a child with special needs unless—

18 “(1) the State has determined that the child
19 cannot or should not be returned to the home of the
20 child’s parents; and

21 “(2) the State had first determined—

22 “(A) that there exists with respect to the
23 child a specific factor or condition such as the
24 child’s ethnic background, age, or membership
25 in a minority or sibling group, or the presence

1 of factors such as medical conditions or phys-
2 ical, mental, or emotional handicaps because of
3 which it is reasonable to conclude that such
4 child cannot be placed with adoptive parents
5 without providing adoption assistance under
6 this part or medical assistance under title XV
7 or XIX; and

8 “(B) that, except where it would be
9 against the best interests of the child because
10 of such factors as the existence of significant
11 emotional ties with prospective adoptive parents
12 while in the care of such parents as a foster
13 child, a reasonable, but unsuccessful, effort has
14 been made to place the child with appropriate
15 adoptive parents without providing adoption as-
16 sistance under this section or medical assistance
17 under title XV or XIX.”.

18 (e) PAYMENTS TO STATES; ALLOTMENTS TO
19 STATES.—Section 474 of such Act (42 U.S.C. 674) is
20 amended to read as follows:

21 **“SEC. 474. PAYMENTS TO STATES; ALLOTMENTS TO STATES.**

22 “(a) FOSTER CARE, ADOPTION ASSISTANCE, AND
23 INDEPENDENT LIVING PROGRAMS PAYMENTS.—Each eli-
24 gible State, as determined under section 471, shall be enti-

1 tled to receive from the Secretary for each quarter of each
2 fiscal year a payment equal to the sum of—

3 “(1) an amount equal to the Federal medical
4 assistance percentage (as defined in section 1905(b)
5 of this Act as in effect on the day before the date
6 of the enactment of the Personal Responsibility and
7 Work Opportunity Act of 1996) of the total amount
8 expended during such quarter as foster care mainte-
9 nance payments under the child protection program
10 under this part for children in foster family homes
11 or child-care institutions; plus

12 “(2) an amount equal to the Federal medical
13 assistance percentage (as defined in section 1905(b)
14 of this Act (as so in effect)) of the total amount ex-
15 pended during such quarter as adoption assistance
16 payments under the child protection program under
17 this part pursuant to adoption assistance agree-
18 ments; plus

19 “(3) an amount equal to the sum of the follow-
20 ing proportions of the total amounts expended dur-
21 ing such quarter as found necessary by the Sec-
22 retary for the provision of child placement services
23 and for the proper and efficient administration of
24 the State foster care and adoption assistance pro-
25 gram—

1 “(A) 75 percent of so much of such ex-
2 penditures as are for the training (including
3 both short and long-term training at edu-
4 cational institutions through grants to such in-
5 stitutions or by direct financial assistance to
6 students enrolled in such institutions) of per-
7 sonnel employed or preparing for employment
8 by the State agency or by the local agency ad-
9 ministering the plan in the political subdivision;

10 “(B) 75 percent of so much of such ex-
11 penditures (including travel and per diem ex-
12 penses) as are for the short-term training of
13 current or prospective foster or adoptive par-
14 ents and the members of the staff of State-li-
15 censed or State-approved child care institutions
16 providing care to foster and adopted children
17 receiving assistance under this part, in ways
18 that increase the ability of such current or pro-
19 spective parents, staff members, and institu-
20 tions to provide support and assistance to foster
21 and adopted children, whether incurred directly
22 by the State or by contract;

23 “(C) 50 percent (or, if the quarter is in
24 fiscal year 1997, 75 percent) of so much of
25 such expenditures as are for the planning, de-

1 sign, development, or installation of statewide
2 mechanized data collection and information re-
3 trieval systems (including 50 percent (or, if the
4 quarter is in fiscal year 1997, 75 percent) of
5 the full amount of expenditures for hardware
6 components for such systems) but only to the
7 extent that such systems—

8 “(i) meet the requirements imposed
9 by regulations;

10 “(ii) to the extent practicable, are ca-
11 pable of interfacing with the State data
12 collection system that collects information
13 relating to child abuse and neglect;

14 “(iii) to the extent practicable, have
15 the capability of interfacing with, and re-
16 trieving information from, the State data
17 collection system that collects information
18 relating to the eligibility of individuals
19 under part A (for the purposes of facilitat-
20 ing verification of eligibility of foster chil-
21 dren); and

22 “(iv) are determined by the Secretary
23 to be likely to provide more efficient, eco-
24 nomical, and effective administration of

1 the programs carried out under a State
2 plan approved under this part;

3 “(D) 50 percent of so much of such ex-
4 penditures as are for the operation of the state-
5 wide mechanized data collection and informa-
6 tion retrieval systems referred to in subpara-
7 graph (C); and

8 “(E) one-half of the remainder of such ex-
9 penditures; plus

10 “(4) an amount equal to the sum of—

11 “(A) so much of the amounts expended by
12 such State to carry out a program under sec-
13 tion 476, as do not exceed the basic amount for
14 such State determined under subsection (e)(1)
15 of such section; and

16 “(B) the lesser of—

17 “(i) one-half of any additional
18 amounts expended by such State for such
19 programs; or

20 “(ii) the maximum additional amount
21 for such State under subsection (e)(1) of
22 such section.

23 “(b) AUTOMATED DATA COLLECTION EXPENDI-
24 TURES.—The Secretary shall treat as necessary for the
25 proper and efficient administration of the State plan all

1 expenditures of a State necessary in order for the State
2 to plan, design, develop, install, and operate data collec-
3 tion and information retrieval systems, without regard to
4 whether the systems may be used with respect to foster
5 or adoptive children other than those on behalf of whom
6 foster care maintenance payments or adoption assistance
7 payments may be made under this part.

8 “(c) ESTIMATES BY THE SECRETARY.—

9 “(1) IN GENERAL.—The Secretary shall, prior
10 to the beginning of each quarter, estimate the
11 amount which a State will be entitled to receive
12 under subsection (a) for such quarter, such esti-
13 mates to be based on—

14 “(A) a report filed by the State containing
15 its estimate of the total sum to be expended in
16 such quarter in accordance with subsection (a),
17 and stating the amount appropriated or made
18 available by the State and its political subdivi-
19 sions for such expenditures in such quarter, and
20 if such amount is less than the State’s propor-
21 tionate share of the total sum of such estimated
22 expenditures, the source or sources from which
23 the difference is expected to be derived;

1 “(B) records showing the number of chil-
2 dren in the State receiving assistance under
3 this part; and

4 “(C) such other information as the Sec-
5 retary may find necessary.

6 “(2) PAYMENTS.—The Secretary shall pay to
7 the States the amounts so estimated under para-
8 graph (1), reduced or increased to the extent of any
9 overpayment or underpayment which the Secretary
10 determines was made under this subsection to such
11 State for any prior quarter and with respect to
12 which adjustment has not already been made under
13 this subsection.

14 “(3) PRO RATA SHARE.— The pro rata share to
15 which the United States is equitably entitled, as de-
16 termined by the Secretary, of the net amount recov-
17 ered during any quarter by the State or any political
18 subdivision thereof with respect to foster care and
19 adoption assistance furnished under this part shall
20 be considered an overpayment to be adjusted under
21 this subsection.

22 “(d) ALLOWANCE OR DISALLOWANCE OF CLAIM.—

23 “(1) IN GENERAL.—Within 60 days after re-
24 ceipt of a State claim for expenditures pursuant to

1 subsection (b)(1), the Secretary shall allow, disallow,
2 or defer such claim.

3 “(2) NOTICE.—Within 15 days after a decision
4 to defer a State claim, the Secretary shall notify the
5 State of the reasons for the deferral and of the addi-
6 tional information necessary to determine the allow-
7 ability of the claim.

8 “(3) DECISION.—Within 90 days after receiving
9 such necessary information (in readily reviewable
10 form), the Secretary shall—

11 “(A) disallow the claim, if able to complete
12 the review and determine that the claim is not
13 allowable; or

14 “(B) in any other case, allow the claim,
15 subject to disallowance (as necessary)—

16 “(i) upon completion of the review, if
17 it is determined that the claim is not allow-
18 able; or

19 “(ii) on the basis of findings of an
20 audit or financial management review.”.

21 (f) DEFINITIONS.—Section 475 of such Act (42
22 U.S.C. 675) is amended to read as follows:

23 **“SEC. 475. DEFINITIONS.**

24 For definitions of terms used in this part, see section
25 426.”.

1 (g) TECHNICAL ASSISTANCE; DATA COLLECTION
2 AND EVALUATION.—Part E of title IV of such Act is
3 amended by striking section 476.

4 (h) INDEPENDENT LIVING INITIATIVES.—Part E of
5 title IV of such Act (42 U.S.C. 670 et seq.), as amended
6 by subsection (g) of this section, is amended—

7 (1) by redesignating section 477 as section 476;

8 and

9 (2) by amending section 476, as so redesign-
10 nated, to read as follows:

11 **“SEC. 476. REQUIREMENTS FOR INDEPENDENT LIVING**
12 **PROGRAMS.**

13 “(a) PAYMENTS FOR INDEPENDENT LIVING PRO-
14 GRAMS.—

15 “(1) IN GENERAL.—Payments shall be made in
16 accordance with this section for the purpose of as-
17 sisting States and localities in establishing and car-
18 rying out programs designed to assist children de-
19 scribed in paragraph (2) who have attained age 16
20 in making the transition from foster care to inde-
21 pendent living. Any State which provides for the es-
22 tablishment and carrying out of one or more such
23 programs in accordance with this section for a fiscal
24 year shall be entitled to receive payments under this

1 section for such fiscal year, in an amount deter-
2 mined under subsection (e).

3 “(2) PROGRAM REQUIREMENTS.—A program
4 established and carried out under paragraph (1)—

5 “(A) shall be designed to assist children
6 with respect to whom foster care maintenance
7 payments are being made by the State under
8 this part;

9 “(B) may at the option of the State also
10 include any or all other children in foster care
11 under the responsibility of the State; and

12 “(C) may at the option of the State also
13 include any child who has not attained age 21
14 to whom foster care maintenance payments
15 were previously made by a State under this part
16 and whose payments were discontinued on or
17 after the date such child attained age 16, and
18 any child who previously was in foster care de-
19 scribed in subparagraph (B) and for whom such
20 care was discontinued on or after the date such
21 child attained age 16; and a written transitional
22 independent living plan of the type described in
23 subsection (d)(6) shall be developed for such
24 child as a part of such program.

1 “(b) USE OF FUNDS.—Payment under this section
2 shall be made to the State, and shall be used for the pur-
3 pose of conducting and providing in accordance with this
4 section (directly or under contracts with local govern-
5 mental entities or private nonprofit organizations) the ac-
6 tivities and services required to carry out the program or
7 programs involved.

8 “(c) SUBMISSION OF PROGRAM DESCRIPTION AND
9 ASSURANCES.—In order for a State to receive payments
10 under this section for any fiscal year, the State, prior to
11 February 1 of such fiscal year, must submit to the Sec-
12 retary, in such manner and form as the Secretary may
13 prescribe, a description of the program together with satis-
14 factory assurances that the program will be operated in
15 an effective and efficient manner and will otherwise meet
16 the requirements of this section.

17 “(d) PROGRAM OBJECTIVES.—In carrying out the
18 purpose described in subsection (a), it shall be the objec-
19 tive of each program established under this section to help
20 the individuals participating in such program to prepare
21 to live independently upon leaving foster care. Such pro-
22 grams may include (subject to the availability of funds)
23 programs to—

1 “(1) enable participants to seek a high school
2 diploma or its equivalent or to take part in appro-
3 priate vocational training;

4 “(2) provide training in daily living skills, budg-
5 eting, locating and maintaining housing, and career
6 planning;

7 “(3) provide for individual and group counsel-
8 ing;

9 “(4) integrate and coordinate services otherwise
10 available to participants;

11 “(5) provide for the establishment of outreach
12 programs designed to attract individuals who are eli-
13 gible to participate in the program;

14 “(6) provide each participant a written transi-
15 tional independent living plan which shall be based
16 on an assessment of his needs, and which shall be
17 incorporated into his case plan, as defined in section
18 426(3); and

19 “(7) provide participants with other services
20 and assistance designed to improve their transition
21 to independent living.

22 “(e) DETERMINATION OF PAYMENTS.—

23 “(1) BASIC AMOUNT.—

24 “(A) IN GENERAL.—The basic amount to
25 which a State shall be entitled under section

1 474(a)(4) for a fiscal year shall be an amount
2 which bears the same ratio to the basic ceiling
3 for such fiscal year as such State's average
4 number of children receiving foster care mainte-
5 nance payments under part E in fiscal year
6 1984 bore to the total of the average number
7 of children receiving such payments under such
8 part for all States for fiscal year 1984.

9 “(B) MAXIMUM ADDITIONAL AMOUNT.—

10 The maximum additional amount to which a
11 State shall be entitled under section 474(a)(4)
12 for a fiscal year shall be an amount which bears
13 the same ratio to the additional ceiling for such
14 fiscal year as the basic amount of such State
15 bears to \$45,000,000.

16 “(C) DEFINITIONS.—For purposes of this
17 section:

18 “(i) BASIC CEILING.—The term ‘basic
19 ceiling’ means, for any fiscal year,
20 \$45,000,000.

21 “(ii) ADDITIONAL CEILING.—The
22 term ‘additional ceiling’ means, for any fis-
23 cal year, \$25,000,000.

24 “(2) REALLOCATION OF FUNDS.—If any State
25 does not apply for funds under this section for any

1 fiscal year within the time provided in subsection
2 (c), the funds to which such State would have been
3 entitled for such fiscal year shall be reallocated to
4 one or more other States on the basis of their rel-
5 ative need for additional payments under this section
6 (as determined by the Secretary).

7 “(3) SUPPLEMENT TO OTHER FUNDS.—Any
8 amounts payable to States under this section shall
9 be in addition to amounts payable to States under
10 paragraphs (1), (2), and (3) of section 474(a), and
11 shall supplement and not replace any other funds
12 which may be available for the same general pur-
13 poses in the localities involved.

14 “(f) LIMITATION ON USE OF FUNDS.—Payments
15 made to a State under this section for any fiscal year—

16 “(1) shall be used only for the specific purposes
17 described in this section;

18 “(2) may not be used for the provision of room
19 or board;

20 “(3) may be made on an estimated basis in ad-
21 vance of the determination of the exact amount, with
22 appropriate subsequent adjustments to take account
23 of any error in the estimates; and

24 “(4) shall be expended by such State in such
25 fiscal year or in the succeeding fiscal year.

1 “(g) REPORTING REQUIREMENTS.—Not later than
2 the first January 1 following the end of each fiscal year,
3 each State shall submit to the Secretary a report on the
4 programs carried out during such fiscal year with the
5 amounts received under this section. Such report shall be
6 in such form and contain such information as may be nec-
7 essary to provide an accurate description of such activities,
8 to provide a complete record of the purposes for which
9 the funds were spent, and to indicate the extent to which
10 the expenditure of such funds succeeded in accomplishing
11 the purpose described in subsection (a).

12 “(h) ASSISTANCE NOT CONSIDERED INCOME OR RE-
13 SOURCES.—Notwithstanding any other provision of this
14 title, payments made and services provided to participants
15 in a program under this section, as a direct consequence
16 of their participation in such program, shall not be consid-
17 ered as income or resources for purposes of determining
18 eligibility (or the eligibility of any other persons) for as-
19 sistance under the State’s plan approved under this part
20 or part A, or for purposes of determining the level of such
21 assistance.”.

22 (i) COLLECTION OF DATA RELATING TO ADOPTION
23 AND FOSTER CARE.—Part E of title IV of such Act (42
24 U.S.C. 670 et seq.) is amended—

1 (1) by redesignating section 479 as section 477;

2 and

3 (2) by amending section 477, as so redesign-

4 nated, to read as follows:

5 **“SEC. 477. COLLECTION OF DATA RELATING TO ADOPTION**
6 **AND FOSTER CARE.**

7 “For requirements with respect to the collection of
8 data relating to adoption and foster care, see section
9 424.”.

10 **Subchapter C—Miscellaneous**

11 **SEC. 4721. SECRETARIAL SUBMISSION OF LEGISLATIVE**
12 **PROPOSAL FOR TECHNICAL AND CONFORM-**
13 **ING AMENDMENTS.**

14 Not later than 90 days after the date of the enact-
15 ment of this chapter, the Secretary of Health and Human
16 Services, in consultation, as appropriate, with the heads
17 of other Federal agencies, shall submit to the appropriate
18 committees of Congress a legislative proposal providing for
19 such technical and conforming amendments in the law as
20 are required by the provisions of this chapter.

21 **SEC. 4722. SENSE OF THE CONGRESS REGARDING TIMELY**
22 **ADOPTION OF CHILDREN.**

23 It is the sense of the Congress that—

1 (1) too many children who wish to be adopted
2 are spending inordinate amounts of time in foster
3 care;

4 (2) there is an urgent need for States to in-
5 crease the number of waiting children being adopted
6 in a timely and lawful manner;

7 (3) studies have shown that States spend an ex-
8 cess of \$15,000 each year on each special needs
9 child in foster care, and would save significant
10 amounts of money if they offered incentives to fami-
11 lies to adopt special needs children;

12 (4) States should allocate sufficient funds under
13 this subtitle for adoption assistance and medical as-
14 sistance to encourage more families to adopt chil-
15 dren who otherwise would languish in the foster care
16 system for a period that many experts consider det-
17 rimental to their development;

18 (5) States should offer incentives for families
19 that adopt special needs children to make adoption
20 more affordable for middle-class families;

21 (6) when it is necessary for a State to remove
22 a child from the home of the child's biological par-
23 ents, the State should strive—

1 (A) to provide the child with a single foster
2 care placement and a single coordinated case
3 team; and

4 (B) to conclude an adoption of the child,
5 when adoption is the goal of the child and the
6 State, within one year of the child's placement
7 in foster care; and

8 (7) States should participate in local, regional,
9 or national programs to enable maximum visibility of
10 waiting children to potential parents. Such programs
11 should include a nationwide, interactive computer
12 network to disseminate information on children eligi-
13 ble for adoption to help match them with families
14 around the country.

15 **SEC. 4723. EFFECTIVE DATE; TRANSITION RULES.**

16 (a) **EFFECTIVE DATE.**—

17 (1) **IN GENERAL.**—Except as provided in para-
18 graph (2), this chapter and the amendments made
19 by this chapter shall be effective on and after Octo-
20 ber 1, 1996.

21 (2) **EXCEPTION.**—Section 425 of the Social Se-
22 curity Act, as added by section 4701 of this Act,
23 shall take effect on the date of the enactment of this
24 chapter.

1 (3) TEMPORARY REDESIGNATION OF SECTION
2 425.—During the period beginning on the date of the
3 enactment of this chapter and ending on October 1,
4 1996, section 425 of the Social Security Act, as
5 added by section 4701 of this Act, is redesignated
6 as section 425A.

7 (b) TRANSITION RULES.—

8 (1) CLAIMS, ACTIONS, AND PROCEEDINGS.—
9 The amendments made by this chapter shall not
10 apply with respect to—

11 (A) powers, duties, functions, rights,
12 claims, penalties, or obligations applicable to
13 aid, assistance, services provided before the ef-
14 fective date of this chapter under the provisions
15 amended; and

16 (B) administrative actions and proceedings
17 commenced before such date, or authorized be-
18 fore such date to be commenced, under such
19 provisions.

20 (2) CLOSING OUT ACCOUNT FOR THOSE PRO-
21 GRAMS TERMINATED OR SUBSTANTIALLY MODIFIED
22 BY THIS CHAPTER.—In closing out accounts, Fed-
23 eral and State officials may use scientifically accept-
24 able statistical sampling techniques. Claims made
25 under programs which are repealed or substantially

1 amended in this chapter and which involve State ex-
2 penditures in cases where assistance or services were
3 provided during a prior fiscal year, shall be treated
4 as expenditures during fiscal year 1995 for purposes
5 of reimbursement even if payment was made by a
6 State on or after October 1, 1995. States shall com-
7 plete the filing of all claims no later than September
8 30, 1997. Federal department heads shall—

9 (A) use the single audit procedure to re-
10 view and resolve any claims in connection with
11 the closeout of programs; and

12 (B) reimburse States for any payments
13 made for assistance or services provided during
14 a prior fiscal year from funds for fiscal year
15 1995, rather than the funds authorized by this
16 chapter.

17 **CHAPTER 2—CHILD AND FAMILY**
18 **SERVICES BLOCK GRANT**

19 **SEC. 4751. CHILD AND FAMILY SERVICES BLOCK GRANT.**

20 The Child Abuse Prevention and Treatment Act (42
21 U.S.C. 5101 et seq.) is amended to read as follows:

22 **“SECTION 1. SHORT TITLE.**

23 “This Act may be cited as the ‘Child and Family
24 Services Block Grant Act of 1996’.

1 **“SEC. 2. FINDINGS.**

2 “The Congress finds the following:

3 “(1) Each year, close to 1,000,000 American
4 children are victims of abuse and neglect.

5 “(2) Many of these children and their families
6 fail to receive adequate protection or treatment.

7 “(3) The problem of child abuse and neglect re-
8 quires a comprehensive approach that—

9 “(A) integrates the work of social service,
10 legal, health, mental health, education, and sub-
11 stance abuse agencies and organizations;

12 “(B) strengthens coordination among all
13 levels of government, and with private agencies,
14 civic, religious, and professional organizations,
15 and individual volunteers;

16 “(C) emphasizes the need for abuse and
17 neglect prevention, assessment, investigation,
18 and treatment at the neighborhood level;

19 “(D) ensures properly trained and support
20 staff with specialized knowledge, to carry out
21 their child protection duties; and

22 “(E) is sensitive to ethnic and cultural di-
23 versity.

24 “(4) The child protection system should be
25 comprehensive, child-centered, family-focused, and
26 community-based, should incorporate all appropriate

1 measures to prevent the occurrence or recurrence of
2 child abuse and neglect, and should promote physical
3 and psychological recovery and social reintegration
4 in an environment that fosters the health, safety,
5 self-respect, and dignity of the child.

6 “(5) The Federal Government should provide
7 leadership and assist communities in their child and
8 family protection efforts by—

9 “(A) generating and sharing knowledge
10 relevant to child and family protection, includ-
11 ing the development of models for service deliv-
12 ery;

13 “(B) strengthening the capacity of States
14 to assist communities;

15 “(C) helping communities to carry out
16 their child and family protection plans by pro-
17 moting the competence of professional, para-
18 professional, and volunteer resources; and

19 “(D) providing leadership to end the abuse
20 and neglect of the Nation’s children and youth.

21 **“SEC. 3. PURPOSES.**

22 “The purposes of this Act are the following:

23 “(1) To assist each State in improving the child
24 protective service systems of such State by—

1 “(A) improving risk and safety assessment
2 tools and protocols;

3 “(B) developing, strengthening, and facili-
4 tating training opportunities for individuals who
5 are mandated to report child abuse or neglect
6 or otherwise overseeing, investigating, prosecut-
7 ing, or providing services to children and fami-
8 lies who are at risk of abusing or neglecting
9 their children; and

10 “(C) developing, implementing, or operat-
11 ing information, education, training, or other
12 programs designed to assist and provide serv-
13 ices for families of disabled infants with life-
14 threatening conditions.

15 “(2) To support State efforts to develop, oper-
16 ate, expand and enhance a network of community-
17 based, prevention-focused, family resource and sup-
18 port programs that are culturally competent and
19 that coordinate resources among existing education,
20 vocational rehabilitation, disability, respite, health,
21 mental health, job readiness, self-sufficiency, child
22 and family development, community action, Head
23 Start, child care, child abuse and neglect prevention,
24 juvenile justice, domestic violence prevention and

1 intervention, housing, and other human service orga-
2 nizations within the State.

3 “(3) To facilitate the elimination of barriers to
4 adoption and to provide permanent and loving home
5 environments for children who would benefit from
6 adoption, particularly children with special needs, in-
7 cluding disabled infants with life-threatening condi-
8 tions, by—

9 “(A) promoting model adoption legislation
10 and procedures in the States and territories of
11 the United States in order to eliminate jurisdic-
12 tional and legal obstacles to adoption;

13 “(B) providing a mechanism for the De-
14 partment of Health and Human Services to—

15 “(i) promote quality standards for
16 adoption services, preplacement, post-
17 placement, and post-legal adoption counsel-
18 ing, and standards to protect the rights of
19 children in need of adoption;

20 “(ii) maintain a national adoption in-
21 formation exchange system to bring to-
22 gether children who would benefit from
23 adoption and qualified prospective adoptive
24 parents who are seeking such children, and
25 conduct national recruitment efforts in

1 order to reach prospective parents for chil-
2 dren awaiting adoption; and

3 “(iii) demonstrate expeditious ways to
4 free children for adoption for whom it has
5 been determined that adoption is the ap-
6 propriate plan; and

7 “(C) facilitating the identification and re-
8 cruitment of foster and adoptive families that
9 can meet children’s needs.

10 “(4) To respond to the needs of children, in
11 particular those who are drug exposed or afflicted
12 with Acquired Immune Deficiency Syndrome
13 (AIDS), by supporting activities aimed at preventing
14 the abandonment of children, providing support to
15 children and their families, and facilitating the re-
16 cruitment and training of health and social service
17 personnel.

18 “(5) To carry out any other activities as the
19 Secretary determines are consistent with this Act.

20 **“SEC. 4. DEFINITIONS.**

21 “As used in this Act:

22 “(1) CHILD.—The term ‘child’ means a person
23 who has not attained the lesser of—

24 “(A) the age of 18; or

1 “(B) except in the case of sexual abuse,
2 the age specified by the child protection law of
3 the State in which the child resides.

4 “(2) CHILD ABUSE AND NEGLECT.—The term
5 ‘child abuse and neglect’ means, at a minimum, any
6 recent act or failure to act on the part of a parent
7 or caretaker, which results in death, serious physical
8 or emotional harm, sexual abuse or exploitation, or
9 an act or failure to act which presents an imminent
10 risk of serious harm.

11 “(3) FAMILY RESOURCE AND SUPPORT PRO-
12 GRAMS.—The term ‘family resource and support
13 program’ means a community-based, prevention-fo-
14 cused entity that—

15 “(A) provides, through direct service, the
16 core services required under this Act, includ-
17 ing—

18 “(i) parent education, support and
19 leadership services, together with services
20 characterized by relationships between par-
21 ents and professionals that are based on
22 equality and respect, and designed to assist
23 parents in acquiring parenting skills, learn-
24 ing about child development, and respond-

1 ing appropriately to the behavior of their
2 children;

3 “(ii) services to facilitate the ability of
4 parents to serve as resources to one an-
5 other (such as through mutual support and
6 parent self-help groups);

7 “(iii) early developmental screening of
8 children to assess any needs of children,
9 and to identify types of support that may
10 be provided;

11 “(iv) outreach services provided
12 through voluntary home visits and other
13 methods to assist parents in becoming
14 aware of and able to participate in family
15 resources and support program activities;

16 “(v) community and social services to
17 assist families in obtaining community re-
18 sources; and

19 “(vi) followup services;

20 “(B) provides, or arranges for the provi-
21 sion of, other core services through contracts or
22 agreements with other local agencies; and

23 “(C) provides access to optional services,
24 directly or by contract, purchase of service, or
25 interagency agreement, including—

1 “(i) child care, early childhood devel-
2 opment and early intervention services;

3 “(ii) self-sufficiency and life manage-
4 ment skills training;

5 “(iii) education services, such as scho-
6 lastic tutoring, literacy training, and Gen-
7 eral Educational Degree services;

8 “(iv) job readiness skills;

9 “(v) child abuse and neglect preven-
10 tion activities;

11 “(vi) services that families with chil-
12 dren with disabilities or special needs may
13 require;

14 “(vii) community and social service re-
15 ferral;

16 “(viii) peer counseling;

17 “(ix) referral for substance abuse
18 counseling and treatment; and

19 “(x) help line services.

20 “(4) INDIAN TRIBE AND TRIBAL ORGANIZA-
21 TION.—The terms ‘Indian tribe’ and ‘tribal organi-
22 zation’ shall have the same meanings given such
23 terms in subsections (e) and (l), respectively, of sec-
24 tion 4 of the Indian Self-Determination and Edu-
25 cation Assistance Act (25 U.S.C. 450b (e) and (l)).

1 “(5) RESPITE SERVICES.—The term ‘respite
2 services’ means short-term care services provided in
3 the temporary absence of the regular caregiver (par-
4 ent, other relative, foster parent, adoptive parent, or
5 guardian) to children who—

6 “(A) are in danger of abuse or neglect;

7 “(B) have experienced abuse or neglect; or

8 “(C) have disabilities, chronic, or terminal
9 illnesses.

10 Such services shall be provided within or outside the
11 home of the child, be short-term care (ranging from
12 a few hours to a few weeks of time, per year), and
13 be intended to enable the family to stay together and
14 to keep the child living in the home and community
15 of the child.

16 “(6) SECRETARY.—The term ‘Secretary’ means
17 the Secretary of Health and Human Services.

18 “(7) SEXUAL ABUSE.—The term ‘sexual abuse’
19 includes—

20 “(A) the employment, use, persuasion, in-
21 ducement, enticement, or coercion of any child
22 to engage in, or assist any other person to en-
23 gage in, any sexually explicit conduct or simula-
24 tion of such conduct for the purpose of produc-
25 ing a visual depiction of such conduct; or

1 “(B) the rape, molestation, prostitution, or
2 other form of sexual exploitation of children, or
3 incest with children.

4 “(8) STATE.—The term ‘State’ means each of
5 the several States, the District of Columbia, the
6 Commonwealth of Puerto Rico, the Virgin Islands,
7 Guam, American Samoa, the Commonwealth of the
8 Northern Mariana Islands, and the Trust Territory
9 of the Pacific Islands.

10 “(9) WITHHOLDING OF MEDICALLY INDICATED
11 TREATMENT.—The term ‘withholding of medically
12 indicated treatment’ means the failure to respond to
13 the infant’s life-threatening conditions by providing
14 treatment (including appropriate nutrition, hydra-
15 tion, and medication) which, in the treating physi-
16 cian’s or physicians’ reasonable medical judgment,
17 will be most likely to be effective in ameliorating or
18 correcting all such conditions, except that the term
19 does not include the failure to provide treatment
20 (other than appropriate nutrition, hydration, or
21 medication) to an infant when, in the treating physi-
22 cian’s or physicians’ reasonable medical judgment—

23 “(A) the infant is chronically and irrevers-
24 ibly comatose;

1 “(B) the provision of such treatment
2 would—

3 “(i) merely prolong dying;

4 “(ii) not be effective in ameliorating
5 or correcting all of the infant’s life-threat-
6 ening conditions; or

7 “(iii) otherwise be futile in terms of
8 the survival of the infant; or

9 “(C) the provision of such treatment would
10 be virtually futile in terms of the survival of the
11 infant and the treatment itself under such cir-
12 cumstances would be inhumane.

13 **“TITLE I—GENERAL BLOCK**
14 **GRANT**

15 **“SEC. 101. CHILD AND FAMILY SERVICES BLOCK GRANTS.**

16 “(a) ELIGIBILITY.—The Secretary shall award
17 grants to eligible States that file a State plan that is ap-
18 proved under section 102 and that otherwise meet the eli-
19 gibility requirements for grants under this title.

20 “(b) AMOUNT OF GRANT.—The amount of a grant
21 made to each State under subsection (a) for a fiscal year
22 shall be based on the population of children under the age
23 of 18 residing in each State that applies for a grant under
24 this section.

1 “(c) USE OF AMOUNTS.—Amounts received by a
2 State under a grant awarded under subsection (a) shall
3 be used to carry out the purposes described in section 3.

4 **“SEC. 102. ELIGIBLE STATES.**

5 “(a) IN GENERAL.—As used in this title, the term
6 ‘eligible State’ means a State that has submitted to the
7 Secretary, not later than October 1, 1996, and every 3
8 years thereafter, a plan which has been signed by the chief
9 executive officer of the State and that includes the follow-
10 ing:

11 “(1) OUTLINE OF CHILD PROTECTION PRO-
12 GRAM.—A written document that outlines the activi-
13 ties the State intends to conduct to achieve the pur-
14 pose of this title, including the procedures to be used
15 for—

16 “(A) receiving and assessing reports of
17 child abuse or neglect;

18 “(B) investigating such reports;

19 “(C) with respect to families in which
20 abuse or neglect has been confirmed, providing
21 services or referral for services for families and
22 children where the State makes a determination
23 that the child may safely remain with the fam-
24 ily;

1 “(D) protecting children by removing them
2 from dangerous settings and ensuring their
3 placement in a safe environment;

4 “(E) providing training for individuals
5 mandated to report suspected cases of child
6 abuse or neglect;

7 “(F) protecting children in foster care;

8 “(G) promoting timely adoptions;

9 “(H) protecting the rights of families,
10 using adult relatives as the preferred placement
11 for children separated from their parents where
12 such relatives meet the relevant State child pro-
13 tection standards; and

14 “(I) providing services to individuals, fami-
15 lies, or communities, either directly or through
16 referral, that are aimed at preventing the occur-
17 rence of child abuse and neglect.

18 “(2) CERTIFICATION OF STATE LAW REQUIRING
19 THE REPORTING OF CHILD ABUSE AND NEGLECT.—
20 A certification that the State has in effect laws that
21 require public officials and other professionals to re-
22 port, in good faith, actual or suspected instances of
23 child abuse or neglect.

24 “(3) CERTIFICATION OF PROCEDURES FOR
25 SCREENING, SAFETY ASSESSMENT, AND PROMPT IN-

1 VESTIGATION.—A certification that the State has in
2 effect procedures for receiving and responding to re-
3 ports of child abuse or neglect, including the reports
4 described in paragraph (2), and for the immediate
5 screening, safety assessment, and prompt investiga-
6 tion of such reports.

7 “(4) CERTIFICATION OF STATE PROCEDURES
8 FOR REMOVAL AND PLACEMENT OF ABUSED OR NE-
9 GLECTED CHILDREN.—A certification that the State
10 has in effect procedures for the removal from fami-
11 lies and placement of abused or neglected children
12 and of any other child in the same household who
13 may also be in danger of abuse or neglect.

14 “(5) CERTIFICATION OF PROVISIONS FOR IMMUN-
15 NITY FROM PROSECUTION.—A certification that the
16 State has in effect laws requiring immunity from
17 prosecution under State and local laws and regula-
18 tions for individuals making good faith reports of
19 suspected or known instances of child abuse or ne-
20 glect.

21 “(6) CERTIFICATION OF PROVISIONS AND PRO-
22 CEDURES RELATING TO APPEALS.—A certification
23 that not later than 2 years after the date of the en-
24 actment of this Act, the State shall have laws and
25 procedures in effect affording individuals an oppor-

1 tunity to appeal an official finding of abuse or ne-
2 glect.

3 “(7) CERTIFICATION OF STATE PROCEDURES
4 FOR DEVELOPING AND REVIEWING WRITTEN PLANS
5 FOR PERMANENT PLACEMENT OF REMOVED CHIL-
6 DREN.—A certification that the State has in effect
7 procedures for ensuring that a written plan is pre-
8 pared for children who have been removed from their
9 families. Such plan shall specify the goals for achiev-
10 ing a permanent placement for the child in a timely
11 fashion, for ensuring that the written plan is re-
12 viewed every 6 months (until such placement is
13 achieved), and for ensuring that information about
14 such children is collected regularly and recorded in
15 case records, and include a description of such pro-
16 cedures.

17 “(8) CERTIFICATION OF STATE PROGRAM TO
18 PROVIDE INDEPENDENT LIVING SERVICES.—A cer-
19 tification that the State has in effect a program to
20 provide independent living services, for assistance in
21 making the transition to self-sufficient adulthood, to
22 individuals in the child protection program of the
23 State who are 16, but who are not 20 (or, at the
24 option of the State, 22), years of age, and who do
25 not have a family to which to be returned.

1 “(9) CERTIFICATION OF STATE PROCEDURES
2 TO RESPOND TO REPORTING OF MEDICAL NEGLIGENCE
3 OF DISABLED INFANTS.—

4 “(A) IN GENERAL.—A certification that
5 the State has in place for the purpose of re-
6 sponding to the reporting of medical neglect of
7 infants (including instances of withholding of
8 medically indicated treatment from disabled in-
9 fants with life-threatening conditions), proce-
10 dures or programs, or both (within the State
11 child protective services system), to provide
12 for—

13 “(i) coordination and consultation
14 with individuals designated by and within
15 appropriate health-care facilities;

16 “(ii) prompt notification by individ-
17 uals designated by and within appropriate
18 health-care facilities of cases of suspected
19 medical neglect (including instances of
20 withholding of medically indicated treat-
21 ment from disabled infants with life-threat-
22 ening conditions); and

23 “(iii) authority, under State law, for
24 the State child protective service to pursue
25 any legal remedies, including the authority

1 to initiate legal proceedings in a court of
2 competent jurisdiction, as may be nec-
3 essary to prevent the withholding of medi-
4 cally indicated treatment from disabled in-
5 fants with life-threatening conditions.

6 “(B) WITHHOLDING OF MEDICALLY INDI-
7 CATED TREATMENT.—As used in subparagraph
8 (A), the term ‘withholding of medically indi-
9 cated treatment’ means the failure to respond
10 to the infant’s life-threatening conditions by
11 providing treatment (including appropriate nu-
12 trition, hydration, and medication) which, in the
13 treating physician’s or physicians’ reasonable
14 medical judgment, will be most likely to be ef-
15 fective in ameliorating or correcting all such
16 conditions, except that such term does not in-
17 clude the failure to provide treatment (other
18 than appropriate nutrition, hydration, or medi-
19 cation) to an infant when, in the treating physi-
20 cian’s or physicians’ reasonable medical judg-
21 ment—

22 “(i) the infant is chronically and irre-
23 versibly comatose;

24 “(ii) the provision of such treatment
25 would—

1 “(I) merely prolong dying;

2 “(II) not be effective in amelio-
3 rating or correcting all of the infant’s
4 life-threatening conditions; or

5 “(III) otherwise be futile in
6 terms of the survival of the infant; or

7 “(iii) the provision of such treatment
8 would be virtually futile in terms of the
9 survival of the infant and the treatment it-
10 self under such circumstances would be in-
11 humane.

12 “(10) IDENTIFICATION OF CHILD PROTECTION
13 GOALS.—The quantitative goals of the State child
14 protection program.

15 “(11) CERTIFICATION OF CHILD PROTECTION
16 STANDARDS.—With respect to fiscal years beginning
17 on or after April 1, 1996, a certification that the
18 State—

19 “(A) has completed an inventory of all
20 children who, before the inventory, had been in
21 foster care under the responsibility of the State
22 for 6 months or more, which determined—

23 “(i) the appropriateness of, and neces-
24 sity for, the foster care placement;

1 “(ii) whether the child could or should
2 be returned to the parents of the child or
3 should be freed for adoption or other per-
4 manent placement; and

5 “(iii) the services necessary to facili-
6 tate the return of the child or the place-
7 ment of the child for adoption or legal
8 guardianship;

9 “(B) is operating, to the satisfaction of the
10 Secretary—

11 “(i) a statewide information system
12 from which can be readily determined the
13 status, demographic characteristics, loca-
14 tion, and goals for the placement of every
15 child who is (or, within the immediately
16 preceding 12 months, has been) in foster
17 care;

18 “(ii) a case review system for each
19 child receiving foster care under the super-
20 vision of the State;

21 “(iii) a service program designed to
22 help children—

23 “(I) where appropriate, return to
24 families from which they have been
25 removed; or

1 “(II) be placed for adoption, with
2 a legal guardian, or if adoption or
3 legal guardianship is determined not
4 to be appropriate for a child, in some
5 other planned, permanent living ar-
6 rangement; and

7 “(iv) a preplacement preventive serv-
8 ices program designed to help children at
9 risk for foster care placement remain with
10 their families; and

11 “(C)(i) has reviewed (or not later than Oc-
12 tober 1, 1997, will review) State policies and
13 administrative and judicial procedures in effect
14 for children abandoned at or shortly after birth
15 (including policies and procedures providing for
16 legal representation of such children); and

17 “(ii) is implementing (or not later than Oc-
18 tober 1, 1997, will implement) such policies and
19 procedures as the State determines, on the
20 basis of the review described in clause (i), to be
21 necessary to enable permanent decisions to be
22 made expeditiously with respect to the place-
23 ment of such children.

24 “(12) CERTIFICATION OF REASONABLE EF-
25 FORTS BEFORE PLACEMENT OF CHILDREN IN FOS-

1 TER CARE.—A certification that the State in each
2 case will—

3 “(A) make reasonable efforts prior to the
4 placement of a child in foster care, to prevent
5 or eliminate the need for removal of the child
6 from the child’s home, and to make it possible
7 for the child to return home; and

8 “(B) with respect to families in which
9 abuse or neglect has been confirmed, provide
10 services or referral for services for families and
11 children where the State makes a determination
12 that the child may safely remain with the fam-
13 ily.

14 “(13) CERTIFICATION OF CONFIDENTIALITY
15 AND REQUIREMENTS FOR INFORMATION DISCLO-
16 SURE.—

17 “(A) IN GENERAL.—A certification that
18 the State has in effect and operational—

19 “(i) requirements ensuring that re-
20 ports and records made and maintained
21 pursuant to the purposes of this part shall
22 only be made available to—

23 “(I) individuals who are the sub-
24 ject of the report;

- 1 “(II) Federal, State, or local gov-
2 ernment entities, or any agent of such
3 entities, having a need for such infor-
4 mation in order to carry out their re-
5 sponsibilities under law to protect
6 children from abuse and neglect;
- 7 “(III) child abuse citizen review
8 panels;
- 9 “(IV) child fatality review panels;
- 10 “(V) a grand jury or court, upon
11 a finding that information in the
12 record is necessary for the determina-
13 tion of an issue before the court or
14 grand jury; and
- 15 “(VI) other entities or classes of
16 individuals statutorily authorized by
17 the State to receive such information
18 pursuant to a legitimate State pur-
19 pose; and
- 20 “(ii) provisions that allow for public
21 disclosure of the findings or information
22 about cases of child abuse or neglect that
23 have resulted in a child fatality or near fa-
24 tality.

1 “(B) LIMITATION.—Disclosures made pur-
2 suant to clause (i) or (ii) shall not include the
3 identifying information concerning the individ-
4 ual initiating a report or complaint alleging sus-
5 pected instances of child abuse or neglect.

6 “(C) DEFINITION.—For purposes of this
7 paragraph, the term ‘near fatality’ means an
8 act that, as certified by a physician, places the
9 child in serious or critical condition.

10 “(b) DETERMINATIONS.—The Secretary shall deter-
11 mine whether a plan submitted pursuant to subsection (a)
12 contains the material required by subsection (a), other
13 than the material described in paragraph (9) of such sub-
14 section. The Secretary may not require a State to include
15 in such a plan any material not described in subsection
16 (a).

17 **“SEC. 103. DATA COLLECTION AND REPORTING.**

18 “(a) NATIONAL CHILD ABUSE AND NEGLECT DATA
19 SYSTEM.—The Secretary shall establish a national data
20 collection and analysis program—

21 “(1) which, to the extent practicable, coordi-
22 nates existing State child abuse and neglect reports
23 and which shall include—

1 “(A) standardized data on substantiated,
2 as well as false, unfounded, or unsubstantiated
3 reports; and

4 “(B) information on the number of deaths
5 due to child abuse and neglect; and

6 “(2) which shall collect, compile, analyze, and
7 make available State child abuse and neglect report-
8 ing information which, to the extent practical, is uni-
9 versal and case-specific and integrated with other
10 case-based foster care and adoption data collected by
11 the Secretary.

12 “(b) ADOPTION AND FOSTER CARE AND ANALYSIS
13 AND REPORTING SYSTEMS.—The Secretary shall imple-
14 ment a system for the collection of data relating to adop-
15 tion and foster care in the United States. Such data collec-
16 tion system shall—

17 “(1) avoid unnecessary diversion of resources
18 from agencies responsible for adoption and foster
19 care;

20 “(2) assure that any data that is collected is re-
21 liable and consistent over time and among jurisdic-
22 tions through the use of uniform definitions and
23 methodologies;

24 “(3) provide comprehensive national informa-
25 tion with respect to—

1 “(A) the demographic characteristics of
2 adoptive and foster children and their biological
3 and adoptive or foster parents;

4 “(B) the status of the foster care popu-
5 lation (including the number of children in fos-
6 ter care, length of placement, type of place-
7 ment, availability for adoption, and goals for
8 ending or continuing foster care);

9 “(C) the number and characteristics of—

10 “(i) children placed in or removed
11 from foster care;

12 “(ii) children adopted or with respect
13 to whom adoptions have been terminated;
14 and

15 “(iii) children placed in foster care
16 outside the State which has placement and
17 care responsibility; and

18 “(D) the extent and nature of assistance
19 provided by Federal, State, and local adoption
20 and foster care programs and the characteris-
21 tics of the children with respect to whom such
22 assistance is provided; and

23 “(4) utilize appropriate requirements and incen-
24 tives to ensure that the system functions reliably
25 throughout the United States.

1 “(c) ADDITIONAL INFORMATION.—The Secretary
2 may require the provision of additional information under
3 the data collection system established under subsection (b)
4 if the addition of such information is agreed to by a major-
5 ity of the States.

6 “(d) ANNUAL REPORT BY THE SECRETARY.—Within
7 6 months after the end of each fiscal year, the Secretary
8 shall prepare a report based on information provided by
9 the States for the fiscal year pursuant to this section, and
10 shall make the report and such information available to
11 the Congress and the public.

12 **“TITLE II—RESEARCH, DEM-**
13 **ONSTRATIONS, TRAINING,**
14 **AND TECHNICAL ASSISTANCE**

15 **“SEC. 201. RESEARCH GRANTS.**

16 “(a) IN GENERAL.—The Secretary, in consultation
17 with appropriate Federal officials and recognized experts
18 in the field, shall award grants or contracts for the con-
19 duct of research in accordance with subsection (b).

20 “(b) RESEARCH.—Research projects to be conducted
21 using amounts received under this section—

22 “(1) shall be designed to provide information to
23 better protect children from abuse or neglect and to
24 improve the well-being of abused or neglected chil-

1 dren, with at least a portion of any such research
2 conducted under a project being field initiated;

3 “(2) shall at a minimum, focus on—

4 “(A) the nature and scope of child abuse
5 and neglect;

6 “(B) the causes, prevention, assessment,
7 identification, treatment, cultural and socio-
8 economic distinctions, and the consequences of
9 child abuse and neglect;

10 “(C) appropriate, effective and culturally
11 sensitive investigative, administrative, and judi-
12 cial procedures with respect to cases of child
13 abuse; and

14 “(D) the national incidence of child abuse
15 and neglect, including—

16 “(i) the extent to which incidents of
17 child abuse are increasing or decreasing in
18 number and severity;

19 “(ii) the incidence of substantiated
20 and unsubstantiated reported child abuse
21 cases;

22 “(iii) the number of substantiated
23 cases that result in a judicial finding of
24 child abuse or neglect or related criminal
25 court convictions;

1 “(iv) the extent to which the number
2 of unsubstantiated, unfounded and false
3 reported cases of child abuse or neglect
4 have contributed to the inability of a State
5 to respond effectively to serious cases of
6 child abuse or neglect;

7 “(v) the extent to which the lack of
8 adequate resources and the lack of ade-
9 quate training of reporters have contrib-
10 uted to the inability of a State to respond
11 effectively to serious cases of child abuse
12 and neglect;

13 “(vi) the number of unsubstantiated,
14 false, or unfounded reports that have re-
15 sulted in a child being placed in substitute
16 care, and the duration of such placement;

17 “(vii) the extent to which unsubstan-
18 tiated reports return as more serious cases
19 of child abuse or neglect;

20 “(viii) the incidence and prevalence of
21 physical, sexual, and emotional abuse and
22 physical and emotional neglect in sub-
23 stitute care;

24 “(ix) the incidence and outcomes of
25 abuse allegations reported within the con-

1 text of divorce, custody, or other family
2 court proceedings, and the interaction be-
3 tween this venue and the child protective
4 services system; and

5 “(x) the cases of children reunited
6 with their families or receiving family pres-
7 ervation services that result in subsequent
8 substantiated reports of child abuse and
9 neglect, including the death of the child;
10 and

11 “(3) may include the appointment of an advi-
12 sory board to—

13 “(A) provide recommendations on coordi-
14 nating Federal, State, and local child abuse and
15 neglect activities at the State level with similar
16 activities at the State and local level pertaining
17 to family violence prevention;

18 “(B) consider specific modifications needed
19 in State laws and programs to reduce the num-
20 ber of unfounded or unsubstantiated reports of
21 child abuse or neglect while enhancing the abil-
22 ity to identify and substantiate legitimate cases
23 of abuse or neglect which place a child in dan-
24 ger; and

1 “(C) provide recommendations for modi-
2 fications needed to facilitate coordinated na-
3 tional and Statewide data collection with re-
4 spect to child protection and child welfare.

5 **“SEC. 202. NATIONAL CLEARINGHOUSE FOR INFORMATION**
6 **RELATING TO CHILD ABUSE.**

7 “(a) ESTABLISHMENT.—The Secretary shall,
8 through the Department of Health and Human Services,
9 or by one or more contracts of not less than 3 years dura-
10 tion provided through a competition, establish a national
11 clearinghouse for information relating to child abuse.

12 “(b) FUNCTIONS.—The Secretary shall, through the
13 clearinghouse established by subsection (a)—

14 “(1) maintain, coordinate, and disseminate in-
15 formation on all programs, including private pro-
16 grams, that show promise of success with respect to
17 the prevention, assessment, identification, and treat-
18 ment of child abuse and neglect;

19 “(2) maintain and disseminate information re-
20 lating to—

21 “(A) the incidence of cases of child abuse
22 and neglect in the United States;

23 “(B) the incidence of such cases in popu-
24 lations determined by the Secretary under sec-
25 tion 105(a)(1) of the Child Abuse Prevention,

1 Adoption, and Family Services Act of 1988 (as
2 such section was in effect on the day before the
3 date of enactment of this Act); and

4 “(C) the incidence of any such cases relat-
5 ed to alcohol or drug abuse;

6 “(3) disseminate information related to data
7 collected and reported by States pursuant to section
8 103;

9 “(4) compile, analyze, and publish a summary
10 of the research conducted under section 201; and

11 “(5) solicit public comment on the components
12 of such clearinghouse.

13 **“SEC. 203. GRANTS FOR DEMONSTRATION PROJECTS.**

14 “(a) AWARDING OF GENERAL GRANTS.—The Sec-
15 retary may make grants to, and enter into contracts with,
16 public and nonprofit private agencies or organizations (or
17 combinations of such agencies or organizations) for the
18 purpose of developing, implementing, and operating time
19 limited, demonstration programs and projects for the fol-
20 lowing purposes:

21 “(1) INNOVATIVE PROGRAMS AND PROJECTS.—

22 The Secretary may award grants to public agencies
23 that demonstrate innovation in responding to reports
24 of child abuse and neglect including programs of col-
25 laborative partnerships between the State child pro-

1 tective service agency, community social service
2 agencies and family support programs, schools,
3 churches and synagogues, and other community
4 agencies to allow for the establishment of a triage
5 system that—

6 “(A) accepts, screens and assesses reports
7 received to determine which such reports re-
8 quire an intensive intervention and which re-
9 quire voluntary referral to another agency, pro-
10 gram or project;

11 “(B) provides, either directly or through
12 referral, a variety of community-linked services
13 to assist families in preventing child abuse and
14 neglect; and

15 “(C) provides further investigation and in-
16 tensive intervention where the child’s safety is
17 in jeopardy.

18 “(2) KINSHIP CARE PROGRAMS AND
19 PROJECTS.—The Secretary may award grants to
20 public entities to assist such entities in developing or
21 implementing procedures using adult relatives as the
22 preferred placement for children removed from their
23 home, where such relatives are determined to be ca-
24 pable of providing a safe nurturing environment for
25 the child and where, to the maximum extent prac-

1 ticable, such relatives comply with relevant State
2 child protection standards.

3 “(3) ADOPTION OPPORTUNITIES.—The Sec-
4 retary may award grants to public entities to assist
5 such entities in developing or implementing pro-
6 grams to expand opportunities for the adoption of
7 children with special needs.

8 “(4) FAMILY RESOURCE CENTERS.—The Sec-
9 retary may award grants to public or nonprofit pri-
10 vate entities to provide for the establishment of fam-
11 ily resource programs and support services that—

12 “(A) develop, expand, and enhance state-
13 wide networks of community-based, prevention-
14 focused centers, programs, or services that pro-
15 vide comprehensive support for families;

16 “(B) promote the development of parental
17 competencies and capacities in order to increase
18 family stability;

19 “(C) support the additional needs of fami-
20 lies with children with disabilities;

21 “(D) foster the development of a contin-
22 uum of preventive services for children and
23 families through State and community-based
24 collaborations and partnerships (both public
25 and private); and

1 “(E) maximize funding for the financing,
2 planning, community mobilization, collabora-
3 tion, assessment, information and referral,
4 startup, training and technical assistance, infor-
5 mation management, reporting, and evaluation
6 costs for establishing, operating, or expanding a
7 statewide network of community-based, preven-
8 tion-focused family resource and support serv-
9 ices.

10 “(5) OTHER INNOVATIVE PROGRAMS.—The
11 Secretary may award grants to public or private
12 nonprofit organizations to assist such entities in de-
13 veloping or implementing innovative programs and
14 projects that show promise of preventing and treat-
15 ing cases of child abuse and neglect (such as Par-
16 ents Anonymous).

17 “(b) GRANTS FOR ABANDONED INFANT PRO-
18 GRAMS.—The Secretary may award grants to public and
19 nonprofit private entities to assist such entities in develop-
20 ing or implementing procedures—

21 “(1) to prevent the abandonment of infants and
22 young children, including the provision of services to
23 members of the natural family for any condition that
24 increases the probability of abandonment of an in-
25 fant or young child;

1 “(2) to identify and address the needs of aban-
2 doned infants and young children;

3 “(3) to assist abandoned infants and young
4 children to reside with their natural families or in
5 foster care, as appropriate;

6 “(4) to recruit, train, and retain foster families
7 for abandoned infants and young children;

8 “(5) to carry out residential care programs for
9 abandoned infants and young children who are un-
10 able to reside with their families or to be placed in
11 foster care;

12 “(6) to carry out programs of respite care for
13 families and foster families of infants and young
14 children; and

15 “(7) to recruit and train health and social serv-
16 ices personnel to work with families, foster care fam-
17 ilies, and residential care programs for abandoned
18 infants and young children.

19 “(c) EVALUATION.—In making grants for demonstra-
20 tion projects under this section, the Secretary shall require
21 all such projects to be evaluated for their effectiveness.
22 Funding for such evaluations shall be provided either as
23 a stated percentage of a demonstration grant or as a sepa-
24 rate grant entered into by the Secretary for the purpose

1 of evaluating a particular demonstration project or group
2 of projects.

3 **“SEC. 204. TECHNICAL ASSISTANCE.**

4 “(a) CHILD ABUSE AND NEGLECT.—

5 “(1) IN GENERAL.—The Secretary shall provide
6 technical assistance under this title to States to as-
7 sist such States in planning, improving, developing,
8 and carrying out programs and activities relating to
9 the prevention, assessment identification, and treat-
10 ment of child abuse and neglect.

11 “(2) EVALUATION.—Technical assistance pro-
12 vided under paragraph (1) may include an evalua-
13 tion or identification of—

14 “(A) various methods and procedures for
15 the investigation, assessment, and prosecution
16 of child physical and sexual abuse cases;

17 “(B) ways to mitigate psychological trau-
18 ma to the child victim; and

19 “(C) effective programs carried out by the
20 States under this Act.

21 “(b) ADOPTION OPPORTUNITIES.—The Secretary
22 shall provide, directly or by grant to or contract with pub-
23 lic or private nonprofit agencies or organizations—

24 “(1) technical assistance and resource and re-
25 ferral information to assist State or local govern-

1 ments with termination of parental rights issues, in
2 recruiting and retaining adoptive families, in the
3 successful placement of children with special needs,
4 and in the provision of pre- and post-placement serv-
5 ices, including post-legal adoption services; and

6 “(2) other assistance to help State and local
7 governments replicate successful adoption-related
8 projects from other areas in the United States.

9 **“SEC. 205. TRAINING RESOURCES.**

10 “(a) TRAINING PROGRAMS.—The Secretary may
11 award grants to public or private nonprofit organiza-
12 tions—

13 “(1) for the training of professional and para-
14 professional personnel in the fields of medicine, law,
15 education, law enforcement, social work, and other
16 relevant fields who are engaged in, or intend to work
17 in, the field of prevention, identification, and treat-
18 ment of child abuse and neglect, including the links
19 between domestic violence and child abuse;

20 “(2) to provide culturally specific instruction in
21 methods of protecting children from child abuse and
22 neglect to children and to persons responsible for the
23 welfare of children, including parents of and persons
24 who work with children with disabilities; and

1 “(3) to improve the recruitment, selection, and
2 training of volunteers serving in private and public
3 nonprofit children, youth and family service organi-
4 zations in order to prevent child abuse and neglect
5 through collaborative analysis of current recruit-
6 ment, selection, and training programs and develop-
7 ment of model programs for dissemination and rep-
8 lication nationally.

9 “(b) DISSEMINATION OF INFORMATION.—The Sec-
10 retary may provide for and disseminate information relat-
11 ing to various training resources available at the State and
12 local level to—

13 “(1) individuals who are engaged, or who intend
14 to engage, in the prevention, identification, assess-
15 ment, and treatment of child abuse and neglect; and

16 “(2) appropriate State and local officials, in-
17 cluding prosecutors, to assist in training law en-
18 forcement, legal, judicial, medical, mental health,
19 education, and child welfare personnel in appropriate
20 methods of interacting during investigative, adminis-
21 trative, and judicial proceedings with children who
22 have been subjected to abuse.

1 **“SEC. 206. APPLICATIONS AND AMOUNTS OF GRANTS.**

2 “(a) REQUIREMENT OF APPLICATION.—The Sec-
3 retary may not make a grant to a State or other entity
4 under this title unless—

5 “(1) an application for the grant is submitted
6 to the Secretary;

7 “(2) with respect to carrying out the purpose
8 for which the grant is to be made, the application
9 provides assurances of compliance satisfactory to the
10 Secretary; and

11 “(3) the application otherwise is in such form,
12 is made in such manner, and contains such agree-
13 ments, assurances, and information as the Secretary
14 determines to be necessary to carry out this title.

15 “(b) AMOUNT OF GRANT.—The Secretary shall de-
16 termine the amount of a grant to be awarded under this
17 title.

18 **“SEC. 207. PEER REVIEW FOR GRANTS.**

19 “(a) ESTABLISHMENT OF PEER REVIEW PROCESS.—

20 “(1) IN GENERAL.—The Secretary shall, in con-
21 sultation with experts in the field and other Federal
22 agencies, establish a formal, rigorous, and meritori-
23 ous peer review process for purposes of evaluating
24 and reviewing applications for grants under this title
25 and determining the relative merits of the projects
26 for which such assistance is requested. The purpose

1 of this process is to enhance the quality and useful-
2 ness of research in the field of child abuse and ne-
3 glect.

4 “(2) REQUIREMENTS FOR MEMBERS.—In estab-
5 lishing the process required by paragraph (1), the
6 Secretary shall appoint to the peer review panels
7 only members who are experts in the field of child
8 abuse and neglect or related disciplines, with appro-
9 priate expertise in the application to be reviewed,
10 and who are not individuals who are officers or em-
11 ployees of the Administration for Children and Fam-
12 ilies. The panels shall meet as often as is necessary
13 to facilitate the expeditious review of applications for
14 grants and contracts under this title, but may not
15 meet less than once a year. The Secretary shall en-
16 sure that the peer review panel utilizes scientifically
17 valid review criteria and scoring guidelines for re-
18 view committees.

19 “(b) REVIEW OF APPLICATIONS FOR ASSISTANCE.—
20 Each peer review panel established under subsection
21 (a)(1) that reviews any application for a grant shall—

22 “(1) determine and evaluate the merit of each
23 project described in such application;

24 “(2) rank such application with respect to all
25 other applications it reviews in the same priority

1 area for the fiscal year involved, according to the rel-
2 ative merit of all of the projects that are described
3 in such application and for which financial assist-
4 ance is requested; and

5 “(3) make recommendations to the Secretary
6 concerning whether the application for the project
7 shall be approved.

8 The Secretary shall award grants under this title on the
9 basis of competitive review.

10 “(c) NOTICE OF APPROVAL.—

11 “(1) IN GENERAL.—The Secretary shall provide
12 grants under this title from among the projects
13 which the peer review panels established under sub-
14 section (a)(1) have determined to have merit.

15 “(2) REQUIREMENT OF EXPLANATION.—In the
16 instance in which the Secretary approves an applica-
17 tion for a program under this title without having
18 approved all applications ranked above such applica-
19 tion, the Secretary shall append to the approved ap-
20 plication a detailed explanation of the reasons relied
21 on for approving the application and for failing to
22 approve each pending application that is superior in
23 merit.

1 **“SEC. 208. NATIONAL RANDOM SAMPLE STUDY OF CHILD**
2 **WELFARE.**

3 “(a) IN GENERAL.—The Secretary shall conduct a
4 national study based on random samples of children who
5 are at risk of child abuse or neglect, or are determined
6 by States to have been abused or neglected, and such other
7 research as may be necessary.

8 “(b) REQUIREMENTS.—The study required by sub-
9 section (a) shall—

10 “(1) have a longitudinal component; and

11 “(2) yield data reliable at the State level for as
12 many States as the Secretary determines is feasible.

13 “(c) PREFERRED CONTENTS.—In conducting the
14 study required by subsection (a), the Secretary should—

15 “(1) collect data on the child protection pro-
16 grams of different small States (or different groups
17 of such States) in different years to yield an occa-
18 sional picture of the child protection programs of
19 such States;

20 “(2) carefully consider selecting the sample
21 from cases of confirmed abuse or neglect; and

22 “(3) follow each case for several years while ob-
23 taining information on, among other things—

24 “(A) the type of abuse or neglect involved;

25 “(B) the frequency of contact with State
26 or local agencies;

1 “(C) whether the child involved has been
2 separated from the family, and, if so, under
3 what circumstances;

4 “(D) the number, type, and characteristics
5 of out-of-home placements of the child; and

6 “(E) the average duration of each place-
7 ment.

8 “(d) REPORTS.—

9 “(1) IN GENERAL.—From time to time, the
10 Secretary shall prepare reports summarizing the re-
11 sults of the study required by subsection (a).

12 “(2) AVAILABILITY.—The Secretary shall make
13 available to the public any report prepared under
14 paragraph (1), in writing or in the form of an elec-
15 tronic data tape.

16 “(3) AUTHORITY TO CHARGE FEE.—The Sec-
17 retary may charge and collect a fee for the furnish-
18 ing of reports under paragraph (2).

19 “(4) FUNDING.—The Secretary shall carry out
20 this section using amounts made available under sec-
21 tion 425 of the Social Security Act.

1 **“TITLE III—GENERAL**
2 **PROVISIONS**

3 **“SEC. 301. AUTHORIZATION OF APPROPRIATIONS.**

4 “(a) TITLE I.—There are authorized to be appro-
5 priated to carry out title I, \$230,000,000 for fiscal year
6 1996, and such sums as may be necessary for each of the
7 fiscal years 1997 through 2002.

8 “(b) TITLE II.—

9 “(1) IN GENERAL.—Of the amount appro-
10 priated under subsection (a) for a fiscal year, the
11 Secretary shall make available 12 percent of such
12 amount to carry out title II (except for sections 203
13 and 208).

14 “(2) GRANTS FOR DEMONSTRATION
15 PROJECTS.—Of the amount made available under
16 paragraph (1) for a fiscal year, the Secretary shall
17 make available not less than 40 percent of such
18 amount to carry out section 203.

19 “(c) INDIAN TRIBES.—Of the amount appropriated
20 under subsection (a) for a fiscal year, the Secretary shall
21 make available 1 percent of such amount to provide grants
22 and contracts to Indian tribes and Tribal Organizations.

23 “(d) AVAILABILITY OF APPROPRIATIONS.—Amounts
24 appropriated under subsection (a) shall remain available
25 until expended.

1 **“SEC. 302. GRANTS TO STATES FOR PROGRAMS RELATING**
2 **TO THE INVESTIGATION AND PROSECUTION**
3 **OF CHILD ABUSE AND NEGLECT CASES.**

4 “(a) GRANTS TO STATES.—The Secretary, in con-
5 sultation with the Attorney General, is authorized to make
6 grants to the States for the purpose of assisting States
7 in developing, establishing, and operating programs de-
8 signed to improve—

9 “(1) the handling of child abuse and neglect
10 cases, particularly cases of child sexual abuse and
11 exploitation, in a manner which limits additional
12 trauma to the child victim;

13 “(2) the handling of cases of suspected child
14 abuse or neglect related fatalities; and

15 “(3) the investigation and prosecution of cases
16 of child abuse and neglect, particularly child sexual
17 abuse and exploitation.

18 “(b) ELIGIBILITY REQUIREMENTS.—In order for a
19 State to qualify for assistance under this section, such
20 State shall—

21 “(1) be an eligible State under section 102;

22 “(2) establish a task force as provided in sub-
23 section (c);

24 “(3) fulfill the requirements of subsection (d);

25 “(4) submit annually an application to the Sec-
26 retary at such time and containing such information

1 and assurances as the Secretary considers necessary,
2 including an assurance that the State will—

3 “(A) make such reports to the Secretary as
4 may reasonably be required; and

5 “(B) maintain and provide access to
6 records relating to activities under subsection
7 (a); and

8 “(5) submit annually to the Secretary a report
9 on the manner in which assistance received under
10 this program was expended throughout the State,
11 with particular attention focused on the areas de-
12 scribed in paragraphs (1) through (3) of subsection
13 (a).

14 “(c) STATE TASK FORCES.—

15 “(1) GENERAL RULE.—Except as provided in
16 paragraph (2), a State requesting assistance under
17 this section shall establish or designate, and main-
18 tain, a State multidisciplinary task force on chil-
19 dren’s justice (hereafter in this section referred to as
20 ‘State task force’) composed of professionals with
21 knowledge and experience relating to the criminal
22 justice system and issues of child physical abuse,
23 child neglect, child sexual abuse and exploitation,
24 and child maltreatment related fatalities. The State
25 task force shall include—

1 “(A) individuals representing the law en-
2 forcement community;

3 “(B) judges and attorneys involved in both
4 civil and criminal court proceedings related to
5 child abuse and neglect (including individuals
6 involved with the defense as well as the prosecu-
7 tion of such cases);

8 “(C) child advocates, including both attor-
9 neys for children and, where such programs are
10 in operation, court appointed special advocates;

11 “(D) health and mental health profes-
12 sionals;

13 “(E) individuals representing child protec-
14 tive service agencies;

15 “(F) individuals experienced in working
16 with children with disabilities;

17 “(G) parents; and

18 “(H) representatives of parents’ groups.

19 “(2) EXISTING TASK FORCE.—As determined
20 by the Secretary, a State commission or task force
21 established after January 1, 1983, with substantially
22 comparable membership and functions, may be con-
23 sidered the State task force for purposes of this sub-
24 section.

1 “(d) STATE TASK FORCE STUDY.—Before a State
2 receives assistance under this section, and at 3-year inter-
3 vals thereafter, the State task force shall comprehen-
4 sively—

5 “(1) review and evaluate State investigative, ad-
6 ministrative and both civil and criminal judicial han-
7 dling of cases of child abuse and neglect, particularly
8 child sexual abuse and exploitation, as well as cases
9 involving suspected child maltreatment related fatali-
10 ties and cases involving a potential combination of
11 jurisdictions, such as interstate, Federal-State, and
12 State-Tribal; and

13 “(2) make policy and training recommendations
14 in each of the categories described in subsection (e).
15 The task force may make such other comments and rec-
16 ommendations as are considered relevant and useful.

17 “(e) ADOPTION OF STATE TASK FORCE REC-
18 OMMENDATIONS.—

19 “(1) GENERAL RULE.—Subject to the provi-
20 sions of paragraph (2), before a State receives as-
21 sistance under this section, a State shall adopt rec-
22 ommendations of the State task force in each of the
23 following categories—

24 “(A) investigative, administrative, and ju-
25 dicial handling of cases of child abuse and ne-

1 neglect, particularly child sexual abuse and exploi-
2 tation, as well as cases involving suspected child
3 maltreatment related fatalities and cases involv-
4 ing a potential combination of jurisdictions,
5 such as interstate, Federal-State, and State-
6 Tribal, in a manner which reduces the addi-
7 tional trauma to the child victim and the vic-
8 tim's family and which also ensures procedural
9 fairness to the accused;

10 “(B) experimental, model and demonstra-
11 tion programs for testing innovative approaches
12 and techniques which may improve the prompt
13 and successful resolution of civil and criminal
14 court proceedings or enhance the effectiveness
15 of judicial and administrative action in child
16 abuse and neglect cases, particularly child sex-
17 ual abuse and exploitation cases, including the
18 enhancement of performance of court-appointed
19 attorneys and guardians ad litem for children;
20 and

21 “(C) reform of State laws, ordinances, reg-
22 ulations, protocols and procedures to provide
23 comprehensive protection for children from
24 abuse, particularly child sexual abuse and ex-

1 ploitation, while ensuring fairness to all affected
2 persons.

3 “(2) EXEMPTION.—As determined by the Sec-
4 retary, a State shall be considered to be in fulfill-
5 ment of the requirements of this subsection if—

6 “(A) the State adopts an alternative to the
7 recommendations of the State task force, which
8 carries out the purpose of this section, in each
9 of the categories under paragraph (1) for which
10 the State task force’s recommendations are not
11 adopted; or

12 “(B) the State is making substantial
13 progress toward adopting recommendations of
14 the State task force or a comparable alternative
15 to such recommendations.

16 “(f) FUNDS AVAILABLE.—For grants under this sec-
17 tion, the Secretary shall use the amount authorized by sec-
18 tion 1404A of the Victims of Crime Act of 1984.

19 **“SEC. 303. TRANSITIONAL PROVISION.**

20 “A State or other entity that has a grant, contract,
21 or cooperative agreement in effect, on the date of enact-
22 ment of this Act, under the Family Resource and Support
23 Program, the Community-Based Family Resource Pro-
24 gram, the Family Support Center Program, the Emer-
25 gency Child Abuse Prevention Grant Program, or the

1 Temporary Child Care for Children with Disabilities and
2 Crisis Nurseries Programs shall continue to receive funds
3 under such grant, contract, or cooperative agreement, sub-
4 ject to the original terms under which such funds were
5 provided, through the end of the applicable grant, con-
6 tract, or agreement cycle.

7 **“SEC. 304. RULE OF CONSTRUCTION.**

8 “(a) IN GENERAL.—Nothing in this Act, or in part
9 B or E of title IV of the Social Security Act, shall be con-
10 strued—

11 “(1) as establishing a Federal requirement that
12 a parent or legal guardian provide a child any medi-
13 cal service or treatment against the religious beliefs
14 of the parent or legal guardian; and

15 “(2) to require that a State find, or to prohibit
16 a State from finding, abuse or neglect in cases in
17 which a parent or legal guardian relies solely or par-
18 tially upon spiritual means rather than medical
19 treatment, in accordance with the religious beliefs of
20 the parent or legal guardian.

21 “(b) STATE REQUIREMENT.—Notwithstanding sub-
22 section (a), a State shall have in place authority under
23 State law to permit the child protective service system of
24 the State to pursue any legal remedies, including the au-
25 thority to initiate legal proceedings in a court of competent

1 jurisdiction, to provide medical care or treatment for a
2 child when such care or treatment is necessary to prevent
3 or remedy serious harm to the child, or to prevent the
4 withholding of medically indicated treatment from children
5 with life threatening conditions. Except with respect to the
6 withholding of medically indicated treatments from dis-
7 abled infants with life threatening conditions, case by case
8 determinations concerning the exercise of the authority of
9 this subsection shall be within the sole discretion of the
10 State.”.

11 **SEC. 4752. REAUTHORIZATIONS.**

12 (a) MISSING CHILDREN’S ASSISTANCE ACT.—Section
13 408 of the Missing Children’s Assistance Act (42 U.S.C.
14 5777) is amended—

15 (1) by striking “To” and inserting “(a) IN
16 GENERAL.—To”

17 (2) by striking “and 1996” and inserting
18 “1996, and 1997”; and

19 (3) by adding at the end thereof the following
20 new subsection:

21 “(b) EVALUATION.—The Administrator shall use not
22 more than 5 percent of the amount appropriated for a fis-
23 cal year under subsection (a) to conduct an evaluation of
24 the effectiveness of the programs and activities established
25 and operated under this title.”.

1 (b) VICTIMS OF CHILD ABUSE ACT OF 1990.—Sec-
2 tion 214B of the Victims of Child Abuse Act of 1990 (42
3 U.S.C. 13004) is amended—

4 (1) in subsection (a)(2), by striking “and 1996”
5 and inserting “1996, and 1997”; and

6 (2) in subsection (b)(2), by striking “and
7 1996” and inserting “1996, and 1997”.

8 **SEC. 4753. REPEALS.**

9 (a) IN GENERAL.—The following provisions of law
10 are repealed:

11 (1) Title II of the Child Abuse Prevention and
12 Treatment and Adoption Reform Act of 1978 (42
13 U.S.C. 5111 et seq.).

14 (2) The Abandoned Infants Assistance Act of
15 1988 (42 U.S.C. 670 note).

16 (3) The Temporary Child Care for Children
17 with Disabilities and Crisis Nurseries Act of 1986
18 (42 U.S.C. 5117 et seq.).

19 (4) Subtitle F of title VII of the Stewart B.
20 McKinney Homeless Assistance Act (42 U.S.C.
21 11481 et seq.).

22 (b) CONFORMING AMENDMENTS.—

23 (1) RECOMMENDED LEGISLATION.—After con-
24 sultation with the appropriate committees of the
25 Congress and the Director of the Office of Manage-

1 ment and Budget, the Secretary of Health and
2 Human Services shall prepare and submit to the
3 Congress a legislative proposal in the form of an im-
4 plementing bill containing technical and conforming
5 amendments to reflect the repeals made by this sec-
6 tion.

7 (2) SUBMISSION TO CONGRESS.—Not later than
8 6 months after the date of enactment of this sub-
9 chapter, the Secretary of Health and Human Serv-
10 ices shall submit the implementing bill referred to
11 under paragraph (1).

12 **Subtitle G—Child Care**

13 **SEC. 4801. SHORT TITLE AND REFERENCES.**

14 (a) SHORT TITLE.—This subtitle may be cited as the
15 “Child Care and Development Block Grant Amendments
16 of 1996”.

17 (b) REFERENCES.—Except as otherwise expressly
18 provided, whenever in this subtitle an amendment or re-
19 peal is expressed in terms of an amendment to, or repeal
20 of, a section or other provision, the reference shall be con-
21 sidered to be made to a section or other provision of the
22 Child Care and Development Block Grant Act of 1990 (42
23 U.S.C. 9858 et seq.).

1 **SEC. 4802. GOALS.**

2 (a) GOALS.—Section 658A (42 U.S.C. 9801 note) is
3 amended—

4 (1) in the section heading by inserting “AND
5 GOALS” after “TITLE”;

6 (2) by inserting “(a) SHORT TITLE.—” before
7 “This”; and

8 (3) by adding at the end the following:

9 “(b) GOALS.—The goals of this subchapter are—

10 “(1) to allow each State maximum flexibility in
11 developing child care programs and policies that best
12 suit the needs of children and parents within such
13 State;

14 “(2) to promote parental choice to empower
15 working parents to make their own decisions on the
16 child care that best suits their family’s needs;

17 “(3) to encourage States to provide consumer
18 education information to help parents make in-
19 formed choices about child care;

20 “(4) to assist States to provide child care to
21 parents trying to achieve independence from public
22 assistance; and

23 “(5) to assist States in implementing the
24 health, safety, licensing, and registration standards
25 established in State regulations.”.

1 **SEC. 4803. AUTHORIZATION OF APPROPRIATIONS AND EN-**
2 **TITLEMENT AUTHORITY.**

3 (a) IN GENERAL.—Section 658B (42 U.S.C. 9858)
4 is amended to read as follows:

5 **“SEC. 658B. AUTHORIZATION OF APPROPRIATIONS.**

6 “There is authorized to be appropriated to carry out
7 this subchapter \$1,000,000,000 for each of the fiscal
8 years 1996 through 2002.”.

9 (b) SOCIAL SECURITY ACT.—Part A of title IV of
10 the Social Security Act (42 U.S.C. 601 et seq.) is amended
11 by adding at the end the following:

12 **“SEC. 418. FUNDING FOR CHILD CARE.**

13 “(a) GENERAL CHILD CARE ENTITLEMENT.—

14 “(1) GENERAL ENTITLEMENT.—Subject to the
15 amount appropriated under paragraph (3), each
16 State shall, for the purpose of providing child care
17 assistance, be entitled to payments under a grant
18 under this subsection for a fiscal year in an amount
19 equal to—

20 “(A) the sum of the total amount required
21 to be paid to the State under former section
22 403 for fiscal year 1994 or 1995 (whichever is
23 greater) with respect to amounts expended for
24 child care under section—

1 “(i) 402(g) of this Act (as such sec-
2 tion was in effect before October 1, 1995);
3 and

4 “(ii) 402(i) of this Act (as so in ef-
5 fect); or

6 “(B) the average of the total amounts re-
7 quired to be paid to the State for fiscal years
8 1992 through 1994 under the sections referred
9 to in subparagraph (A);
10 whichever is greater.

11 “(2) REMAINDER.—

12 “(A) GRANTS.—The Secretary shall use
13 any amounts appropriated for a fiscal year
14 under paragraph (3), and remaining after the
15 reservation described in paragraph (4) and
16 after grants are awarded under paragraph (1),
17 to make grants to States under this paragraph.

18 “(B) AMOUNT.—Subject to subparagraph
19 (C), the amount of a grant awarded to a State
20 for a fiscal year under this paragraph shall be
21 based on the formula used for determining the
22 amount of Federal payments to the State under
23 section 403(n) (as such section was in effect be-
24 fore October 1, 1995).

1 “(C) MATCHING REQUIREMENT.—The Sec-
2 retary shall pay to each eligible State in a fiscal
3 year an amount, under a grant under subpara-
4 graph (A), equal to the Federal medical assist-
5 ance percentage for such State for fiscal year
6 1995 (as defined in section 1905(b)) of so
7 much of the expenditures by the State for child
8 care in such year as exceed the State set-aside
9 for such State under paragraph (1)(A) for such
10 year and the amount of State expenditures in
11 fiscal year 1994 that equal the non-Federal
12 share for the programs described in subpara-
13 graph (A) of paragraph (1).

14 “(D) REDISTRIBUTION.—

15 “(i) IN GENERAL.—With respect to
16 any fiscal year, if the Secretary determines
17 (in accordance with clause (ii)) that
18 amounts under any grant awarded to a
19 State under this paragraph for such fiscal
20 year will not be used by such State during
21 such fiscal year for carrying out the pur-
22 pose for which the grant is made, the Sec-
23 retary shall make such amounts available
24 in the subsequent fiscal year for carrying
25 out such purpose to 1 or more States

1 which apply for such funds to the extent
2 the Secretary determines that such States
3 will be able to use such additional amounts
4 for carrying out such purpose. Such avail-
5 able amounts shall be redistributed to a
6 State pursuant to section 402(i) (as such
7 section was in effect before October 1,
8 1995) by substituting ‘the number of chil-
9 dren residing in all States applying for
10 such funds’ for ‘the number of children re-
11 siding in the United States in the second
12 preceding fiscal year’.

13 “(ii) TIME OF DETERMINATION AND
14 DISTRIBUTION.—The determination of the
15 Secretary under clause (i) for a fiscal year
16 shall be made not later than the end of the
17 first quarter of the subsequent fiscal year.
18 The redistribution of amounts under clause
19 (i) shall be made as close as practicable to
20 the date on which such determination is
21 made. Any amount made available to a
22 State from an appropriation for a fiscal
23 year in accordance with this subparagraph
24 shall, for purposes of this part, be re-
25 garded as part of such State’s payment (as

1 determined under this subsection) for the
2 fiscal year in which the redistribution is
3 made.

4 “(3) APPROPRIATION.—There are authorized to
5 be appropriated, and there are appropriated, to
6 carry out this section—

7 “(A) \$1,967,000,000 for fiscal year 1997;

8 “(B) \$2,067,000,000 for fiscal year 1998;

9 “(C) \$2,167,000,000 for fiscal year 1999;

10 “(D) \$2,367,000,000 for fiscal year 2000;

11 “(E) \$2,567,000,000 for fiscal year 2001;

12 and

13 “(F) \$2,717,000,000 for fiscal year 2002.

14 “(4) INDIAN TRIBES.—The Secretary shall re-
15 serve not more than 1 percent of the aggregate
16 amount appropriated to carry out this section in
17 each fiscal year for payments to Indian tribes and
18 tribal organizations.

19 “(b) USE OF FUNDS.—

20 “(1) IN GENERAL.—Amounts received by a
21 State under this section shall only be used to provide
22 child care assistance. Amounts received by a State
23 under a grant under subsection (a)(1) shall be avail-
24 able for use by the State without fiscal year limita-
25 tion.

1 “(2) USE FOR CERTAIN POPULATIONS.—A
2 State shall ensure that not less than 70 percent of
3 the total amount of funds received by the State in
4 a fiscal year under this section are used to provide
5 child care assistance to families who are receiving
6 assistance under a State program under this part,
7 families who are attempting through work activities
8 to transition off of such assistance program, and
9 families who are at risk of becoming dependent on
10 such assistance program.

11 “(c) APPLICATION OF CHILD CARE AND DEVELOP-
12 MENT BLOCK GRANT ACT of 1990.—Notwithstanding any
13 other provision of law, amounts provided to a State under
14 this section shall be transferred to the lead agency under
15 the Child Care and Development Block Grant Act of 1990,
16 integrated by the State into the programs established by
17 the State under such Act, and be subject to requirements
18 and limitations of such Act.

19 “(d) DEFINITION.—As used in this section, the term
20 ‘State’ means each of the 50 States or the District of Co-
21 lumbia.”.

22 **SEC. 4804. LEAD AGENCY.**

23 Section 658D(b) (42 U.S.C. 9858b(b)) is amended—
24 (1) in paragraph (1)—

1 (A) in subparagraph (A), by striking
2 “State” the first place that such appears and
3 inserting “governmental or nongovernmental”;
4 and

5 (B) in subparagraph (C), by inserting
6 “with sufficient time and Statewide distribution
7 of the notice of such hearing,” after “hearing in
8 the State”; and

9 (2) in paragraph (2), by striking the second
10 sentence.

11 **SEC. 4805. APPLICATION AND PLAN.**

12 Section 658E (42 U.S.C. 9858c) is amended—

13 (1) in subsection (b)—

14 (A) by striking “implemented—” and all
15 that follows through “(2)” and inserting “im-
16 plemented”; and

17 (B) by striking “for subsequent State
18 plans”;

19 (2) in subsection (c)—

20 (A) in paragraph (2)—

21 (i) in subparagraph (A)—

22 (I) in clause (i) by striking “,
23 other than through assistance pro-
24 vided under paragraph (3)(C),”; and

1 (II) by striking “except” and all
2 that follows through “1992”, and in-
3 sserting “and provide a detailed de-
4 scription of the procedures the State
5 will implement to carry out the re-
6 quirements of this subparagraph”;

7 (ii) in subparagraph (B)—

8 (I) by striking “Provide assur-
9 ances” and inserting “Certify”; and

10 (II) by inserting before the pe-
11 riod at the end “and provide a de-
12 tailed description of such procedures”;

13 (iii) in subparagraph (C)—

14 (I) by striking “Provide assur-
15 ances” and inserting “Certify”; and

16 (II) by inserting before the pe-
17 riod at the end “and provide a de-
18 tailed description of how such record
19 is maintained and is made available”;

20 (iv) by amending subparagraph (D) to
21 read as follows:

22 “(D) CONSUMER EDUCATION INFORMA-
23 TION.—Certify that the State will collect and
24 disseminate to parents of eligible children and
25 the general public, consumer education informa-

1 tion that will promote informed child care
2 choices.”;

3 (v) by amending subparagraph (E) to
4 read as follows:

5 “(E) COMPLIANCE WITH STATE LICENSING
6 REQUIREMENTS.—

7 “(i) IN GENERAL.—Certify that the
8 State has in effect licensing requirements
9 applicable to child care services provided
10 within the State, and provide a detailed de-
11 scription of such requirements and of how
12 such requirements are effectively enforced.
13 Nothing in the preceding sentence shall be
14 construed to require that licensing require-
15 ments be applied to specific types of pro-
16 viders of child care services.

17 “(ii) INDIAN TRIBES AND TRIBAL OR-
18 GANIZATIONS.—In lieu of any licensing
19 and regulatory requirements applicable
20 under State and local law, the Secretary,
21 in consultation with Indian tribes and trib-
22 al organizations, shall develop minimum
23 child care standards (that appropriately re-
24 flect tribal needs and available resources)
25 that shall be applicable to Indian tribes

1 and tribal organization receiving assistance
2 under this subchapter.”;

3 (vi) in subparagraph (G), by striking
4 “Provide assurances” and inserting “Cer-
5 tify”; and

6 (vii) by striking subparagraphs (H),
7 (I), and (J) and inserting the following:

8 “(H) MEETING THE NEEDS OF CERTAIN
9 POPULATIONS.—Demonstrate the manner in
10 which the State will meet the specific child care
11 needs of families who are receiving assistance
12 under a State program under part A of title IV
13 of the Social Security Act, families who are at-
14 tempting through work activities to transition
15 off of such assistance program, and families
16 that are at risk of becoming dependent on such
17 assistance program.”;

18 (B) in paragraph (3)—

19 (i) in subparagraph (A), by striking
20 “(B) and (C)” and inserting “(B) through
21 (D)”;

22 (ii) in subparagraph (B)—

23 (I) by striking “.—Subject to the
24 reservation contained in subparagraph

1 (C), the” and inserting “AND RELAT-
2 ED ACTIVITIES.—The”;

3 (II) in clause (i) by striking “;
4 and” at the end and inserting a pe-
5 riod;

6 (III) by striking “for—” and all
7 that follows through “section
8 658E(c)(2)(A)” and inserting “for
9 child care services on sliding fee scale
10 basis, activities that improve the qual-
11 ity or availability of such services, and
12 any other activity that the State
13 deems appropriate to realize any of
14 the goals specified in paragraphs (2)
15 through (5) of section 658A(b)”;

16 (IV) by striking clause (ii);
17 (iii) by amending subparagraph (C) to
18 read as follows:

19 “(C) LIMITATION ON ADMINISTRATIVE
20 COSTS.—Not more than 5 percent of the aggre-
21 gate amount of funds available to the State to
22 carry out this subchapter by a State in each fis-
23 cal year may be expended for administrative
24 costs incurred by such State to carry out all of
25 its functions and duties under this subchapter.

1 As used in the preceding sentence, the term
2 ‘administrative costs’ shall not include the costs
3 of providing direct services.”; and

4 (iv) by adding at the end thereof the
5 following:

6 “(D) ASSISTANCE FOR CERTAIN FAMI-
7 LIES.—A State shall ensure that a substantial
8 portion of the amounts available (after the
9 State has complied with the requirement of sec-
10 tion 418(b)(2) of the Social Security Act with
11 respect to each of the fiscal years 1997 through
12 2002) to the State to carry out activities under
13 this subchapter in each fiscal year is used to
14 provide assistance to low-income working fami-
15 lies other than families described in paragraph
16 (2)(F).”; and

17 (C) in paragraph (4)(A)—

18 (i) by striking “provide assurances”
19 and inserting “certify”;

20 (ii) in the first sentence by inserting
21 “and shall provide a summary of the facts
22 relied on by the State to determine that
23 such rates are sufficient to ensure such ac-
24 cess” before the period; and

25 (iii) by striking the last sentence.

1 **SEC. 4806. LIMITATION ON STATE ALLOTMENTS.**

2 Section 658F(b)(1) (42 U.S.C. 9858d(b)(1)) is
3 amended by striking “No” and inserting “Except as pro-
4 vided for in section 658O(c)(6), no”.

5 **SEC. 4807. ACTIVITIES TO IMPROVE THE QUALITY OF**
6 **CHILD CARE.**

7 Section 658G (42 U.S.C. 9858e) is amended to read
8 as follows:

9 **“SEC. 658G. ACTIVITIES TO IMPROVE THE QUALITY OF**
10 **CHILD CARE.**

11 “A State that receives funds to carry out this sub-
12 chapter for a fiscal year, shall use not less than 3 percent
13 of the amount of such funds for activities that are de-
14 signed to provide comprehensive consumer education to
15 parents and the public, activities that increase parental
16 choice, and activities designed to improve the quality and
17 availability of child care (such as resource and referral
18 services).”.

19 **SEC. 4808. REPEAL OF EARLY CHILDHOOD DEVELOPMENT**
20 **AND BEFORE- AND AFTER-SCHOOL CARE RE-**
21 **QUIREMENT.**

22 Section 658H (42 U.S.C. 9858f) is repealed.

23 **SEC. 4809. ADMINISTRATION AND ENFORCEMENT.**

24 Section 658I(b) (42 U.S.C. 9858g(b)) is amended—

25 (1) in paragraph (1), by striking “, and shall
26 have” and all that follows through “(2)”; and

1 (2) in the matter following clause (ii) of para-
2 graph (2)(A), by striking “finding and that” and all
3 that follows through the period and inserting “find-
4 ing and shall require that the State reimburse the
5 Secretary for any funds that were improperly ex-
6 pended for purposes prohibited or not authorized by
7 this subchapter, that the Secretary deduct from the
8 administrative portion of the State allotment for the
9 following fiscal year an amount that is less than or
10 equal to any improperly expended funds, or a com-
11 bination of such options.”.

12 **SEC. 4810. PAYMENTS.**

13 Section 658J(c) (42 U.S.C. 9858h(c)) is amended by
14 striking “expended” and inserting “obligated”.

15 **SEC. 4811. ANNUAL REPORT AND AUDITS.**

16 Section 658K (42 U.S.C. 9858i) is amended—

17 (1) in the section heading by striking “ANNUAL
18 REPORT” and inserting “REPORTS”;

19 (2) in subsection (a), to read as follows:

20 “(a) REPORTS.—

21 “(1) COLLECTION OF INFORMATION BY
22 STATES.—

23 “(A) IN GENERAL.—A State that receives
24 funds to carry out this subchapter shall collect

1 the information described in subparagraph (B)
2 on a monthly basis.

3 “(B) REQUIRED INFORMATION.—The in-
4 formation required under this subparagraph
5 shall include, with respect to a family unit re-
6 ceiving assistance under this subchapter infor-
7 mation concerning—

8 “(i) family income;

9 “(ii) county of residence;

10 “(iii) the gender, race, and age of
11 children receiving such assistance;

12 “(iv) whether the family includes only
13 1 parent;

14 “(v) the sources of family income, in-
15 cluding the amount obtained from (and
16 separately identified)—

17 “(I) employment, including self-
18 employment;

19 “(II) cash or other assistance
20 under part A of title IV of the Social
21 Security Act;

22 “(III) housing assistance;

23 “(IV) assistance under the Food
24 Stamp Act of 1977; and

25 “(V) other assistance programs;

1 “(vi) the number of months the family
2 has received benefits;

3 “(vii) the type of child care in which
4 the child was enrolled (such as family child
5 care, home care, or center-based child
6 care);

7 “(viii) whether the child care provider
8 involved was a relative;

9 “(ix) the cost of child care for such
10 families; and

11 “(x) the average hours per week of
12 such care;

13 during the period for which such information is
14 required to be submitted.

15 “(C) SUBMISSION TO SECRETARY.—A
16 State described in subparagraph (A) shall, on a
17 quarterly basis, submit the information required
18 to be collected under subparagraph (B) to the
19 Secretary.

20 “(D) SAMPLING.—The Secretary may dis-
21 approve the information collected by a State
22 under this paragraph if the State uses sampling
23 methods to collect such information.

24 “(2) BIENNIAL REPORTS.—Not later than De-
25 cember 31, 1997, and every 6 months thereafter, a

1 State described in paragraph (1)(A) shall prepare
2 and submit to the Secretary a report that includes
3 aggregate data concerning—

4 “(A) the number of child care providers
5 that received funding under this subchapter as
6 separately identified based on the types of pro-
7 viders listed in section 658P(5);

8 “(B) the monthly cost of child care serv-
9 ices, and the portion of such cost that is paid
10 for with assistance provided under this sub-
11 chapter, listed by the type of child care services
12 provided;

13 “(C) the number of payments made by the
14 State through vouchers, contracts, cash, and
15 disregards under public benefit programs, listed
16 by the type of child care services provided;

17 “(D) the manner in which consumer edu-
18 cation information was provided to parents and
19 the number of parents to whom such informa-
20 tion was provided; and

21 “(E) the total number (without duplica-
22 tion) of children and families served under this
23 subchapter;

24 during the period for which such report is required
25 to be submitted.”; and

1 (2) in subsection (b)—

2 (A) in paragraph (1) by striking “a appli-
3 cation” and inserting “an application”;

4 (B) in paragraph (2) by striking “any
5 agency administering activities that receive”
6 and inserting “the State that receives”; and

7 (C) in paragraph (4) by striking “entitles”
8 and inserting “entitled”.

9 **SEC. 4812. REPORT BY THE SECRETARY.**

10 Section 658L (42 U.S.C. 9858j) is amended—

11 (1) by striking “1993” and inserting “1997”;

12 (2) by striking “annually” and inserting “bien-
13 nially”; and

14 (3) by striking “Education and Labor” and in-
15 serting “Economic and Educational Opportunities”.

16 **SEC. 4813. ALLOTMENTS.**

17 Section 658O (42 U.S.C. 9858m) is amended—

18 (1) in subsection (a)—

19 (A) in paragraph (1)

20 (i) by striking “POSSESSIONS” and in-
21 serting “POSSESSIONS”;

22 (ii) by inserting “and” after
23 “States,”; and

24 (iii) by striking “, and the Trust Ter-
25 ritory of the Pacific Islands”; and

1 (B) in paragraph (2), by striking “3 per-
2 cent” and inserting “1 percent”;

3 (2) in subsection (c)—

4 (A) in paragraph (5) by striking “our” and
5 inserting “out”; and

6 (B) by adding at the end thereof the fol-
7 lowing new paragraph:

8 “(6) CONSTRUCTION OR RENOVATION OF FA-
9 CILITIES.—

10 “(A) REQUEST FOR USE OF FUNDS.—An
11 Indian tribe or tribal organization may submit
12 to the Secretary a request to use amounts pro-
13 vided under this subsection for construction or
14 renovation purposes.

15 “(B) DETERMINATION.—With respect to a
16 request submitted under subparagraph (A), and
17 except as provided in subparagraph (C), upon
18 a determination by the Secretary that adequate
19 facilities are not otherwise available to an In-
20 dian tribe or tribal organization to enable such
21 tribe or organization to carry out child care
22 programs in accordance with this subchapter,
23 and that the lack of such facilities will inhibit
24 the operation of such programs in the future,
25 the Secretary may permit the tribe or organiza-

1 tion to use assistance provided under this sub-
2 section to make payments for the construction
3 or renovation of facilities that will be used to
4 carry out such programs.

5 “(C) LIMITATION.—The Secretary may not
6 permit an Indian tribe or tribal organization to
7 use amounts provided under this subsection for
8 construction or renovation if such use will re-
9 sult in a decrease in the level of child care serv-
10 ices provided by the tribe or organization as
11 compared to the level of such services provided
12 by the tribe or organization in the fiscal year
13 preceding the year for which the determination
14 under subparagraph (A) is being made.

15 “(D) UNIFORM PROCEDURES.—The Sec-
16 retary shall develop and implement uniform
17 procedures for the solicitation and consideration
18 of requests under this paragraph.”; and

19 (3) in subsection (e), by adding at the end
20 thereof the following new paragraph:

21 “(4) INDIAN TRIBES OR TRIBAL ORGANIZA-
22 TIONS.—Any portion of a grant or contract made to
23 an Indian tribe or tribal organization under sub-
24 section (e) that the Secretary determines is not
25 being used in a manner consistent with the provision

1 of this subchapter in the period for which the grant
2 or contract is made available, shall be allotted by the
3 Secretary to other tribes or organizations that have
4 submitted applications under subsection (c) in ac-
5 cordance with their respective needs.”.

6 **SEC. 4814. DEFINITIONS.**

7 Section 658P (42 U.S.C. 9858n) is amended—

8 (1) in paragraph (2), in the first sentence by
9 inserting “or as a deposit for child care services if
10 such a deposit is required of other children being
11 cared for by the provider” after “child care serv-
12 ices”; and

13 (2) by striking paragraph (3);

14 (3) in paragraph (4)(B), by striking “75 per-
15 cent” and inserting “85 percent”;

16 (4) in paragraph (5)(B)—

17 (A) by inserting “great grandchild, sibling
18 (if such provider lives in a separate residence),”
19 after “grandchild,”;

20 (B) by striking “is registered and”; and

21 (C) by striking “State” and inserting “ap-
22 plicable”.

23 (5) by striking paragraph (10);

24 (6) in paragraph (13)—

25 (A) by inserting “or” after “Samoa,”; and

1 (B) by striking “, and the Trust Territory
2 of the Pacific Islands”;

3 (7) in paragraph (14)—

4 (A) by striking “The term” and inserting
5 the following:

6 “(A) IN GENERAL.—The term”; and

7 (B) by adding at the end thereof the fol-
8 lowing new subparagraph:

9 “(B) OTHER ORGANIZATIONS.—Such term
10 includes a Native Hawaiian Organization, as
11 defined in section 4009(4) of the Augustus F.
12 Hawkins-Robert T. Stafford Elementary and
13 Secondary School Improvement Amendments of
14 1988 (20 U.S.C. 4909(4)) and a private non-
15 profit organization established for the purpose
16 of serving youth who are Indians or Native Ha-
17 waiians.”.

18 **SEC. 4815. REPEALS.**

19 (a) CHILD DEVELOPMENT ASSOCIATE SCHOLARSHIP
20 ASSISTANCE ACT OF 1985.—Title VI of the Human Serv-
21 ices Reauthorization Act of 1986 (42 U.S.C. 10901–
22 10905) is repealed.

23 (b) STATE DEPENDENT CARE DEVELOPMENT
24 GRANTS ACT.—Subchapter E of chapter 8 of subtitle A

1 of title VI of the Omnibus Budget Reconciliation Act of
2 1981 (42 U.S.C. 9871–9877) is repealed.

3 (c) PROGRAMS OF NATIONAL SIGNIFICANCE.—Title
4 X of the Elementary and Secondary Education Act of
5 1965, as amended by Public Law 103–382 (108 Stat.
6 3809 et seq.), is amended—

7 (1) in section 10413(a) by striking paragraph
8 (4),

9 (2) in section 10963(b)(2) by striking subpara-
10 graph (G), and

11 (3) in section 10974(a)(6) by striking subpara-
12 graph (G).

13 (d) NATIVE HAWAIIAN FAMILY-BASED EDUCATION
14 CENTERS.—Section 9205 of the Native Hawaiian Edu-
15 cation Act, as amended by section 101 of Public Law 103–
16 382, (108 Stat. 3794) is repealed.

17 **SEC. 4816. EFFECTIVE DATE.**

18 (a) IN GENERAL.—Except as provided in subsection
19 (b), this subtitle and the amendments made by this sub-
20 title shall take effect on October 1, 1996.

21 (b) EXCEPTION.—The amendment made by section
22 803(a) shall take effect on the date of enactment of this
23 Act.

1 **Subtitle H—Miscellaneous**

2 **SEC. 4901. APPROPRIATION BY STATE LEGISLATURES.**

3 (a) IN GENERAL.—Any funds received by a State
4 under the provisions of law specified in subsection (b) shall
5 be subject to appropriation by the State legislature, con-
6 sistent with the terms and conditions required under such
7 provisions of law.

8 (b) PROVISIONS OF LAW.—The provisions of law
9 specified in this subsection are the following:

10 (1) Part A of title IV of the Social Security Act
11 (relating to block grants for temporary assistance
12 for needy families).

13 (2) Section 25 of the Food Stamp Act of 1977
14 (relating to the optional State food assistance block
15 grant).

16 (3) The Child Care and Development Block
17 Grant Act of 1990 (relating to block grants for child
18 care).

19 **SEC. 4902. SANCTIONING FOR TESTING POSITIVE FOR CON-**
20 **TROLLED SUBSTANCES.**

21 Notwithstanding any other provision of law, States
22 shall not be prohibited by the Federal Government from
23 testing welfare recipients for use of controlled substances
24 nor from sanctioning welfare recipients who test positive
25 for use of controlled substances.

1 **SEC. 4903. REDUCTION IN BLOCK GRANTS TO STATES FOR**
2 **SOCIAL SERVICES.**

3 Section 2003(c) of the Social Security Act (42 U.S.C.
4 1397b(c)) is amended—

5 (1) by striking “and” at the end of paragraph
6 (4); and

7 (2) by striking paragraph (5) and inserting the
8 following:

9 “(5) \$2,800,000,000 for each of the fiscal years
10 1990 through 1995;

11 “(6) \$2,520,000,000 for each of the fiscal years
12 1997 through 2002; and

13 “(7) \$2,380,000,000 for the fiscal year 2003
14 and each succeeding fiscal year.”.

15 **SEC. 4904. RULES RELATING TO DENIAL OF EARNED IN-**
16 **COME CREDIT ON BASIS OF DISQUALIFIED**
17 **INCOME.**

18 (a) REDUCTION IN DISQUALIFIED INCOME THRESH-
19 OLD.—

20 (1) IN GENERAL.—Paragraph (1) of section
21 32(i) of the Internal Revenue Code of 1986 (relating
22 to denial of credit for individuals having excessive
23 investment income) is amended by striking “\$2,350”
24 and inserting “\$2,250”.

1 (2) ADJUSTMENT FOR INFLATION.—Subsection
2 (j) of section 32 of such Code is amended to read
3 as follows:

4 “(j) INFLATION ADJUSTMENTS.—

5 “(1) IN GENERAL.—In the case of any taxable
6 year beginning after 1997, each of the dollar
7 amounts in subsections (b)(2) and (i)(1) shall be in-
8 creased by an amount equal to—

9 “(A) such dollar amount, multiplied by

10 “(B) the cost-of-living adjustment deter-
11 mined under section 1(f)(3) for the calendar
12 year in which the taxable year begins, deter-
13 mined by substituting ‘calendar year 1996’ for
14 ‘calendar year 1992’ in subparagraph (B)
15 thereof.

16 “(2) ROUNDING.—

17 “(A) IN GENERAL.—If any dollar amount
18 in subsection (b)(2), after being increased
19 under paragraph (1), is not a multiple of \$10,
20 such dollar amount shall be rounded to the
21 nearest multiple of \$10.

22 “(B) DISQUALIFIED INCOME THRESHOLD
23 AMOUNT.—If the dollar amount in subsection
24 (i)(1), after being increased under paragraph

1 (1), is not a multiple of \$50, such amount shall
2 be rounded to the next lowest multiple of \$50.”

3 (b) DEFINITION OF DISQUALIFIED INCOME.—Para-
4 graph (2) of section 32(i) of such Code (defining disquali-
5 fied income) is amended by striking “and” at the end of
6 subparagraph (B), by striking the period at the end of
7 subparagraph (C) and inserting a comma, and by adding
8 at the end the following new subparagraphs:

9 “(D) the capital gain net income (as de-
10 fined in section 1222) of the taxpayer for such
11 taxable year, and

12 “(E) the excess (if any) of—

13 “(i) the aggregate income from all
14 passive activities for the taxable year (de-
15 termined without regard to any amount in-
16 cluded in earned income under subsection
17 (c)(2) or described in a preceding subpara-
18 graph), over

19 “(ii) the aggregate losses from all pas-
20 sive activities for the taxable year (as so
21 determined).

22 For purposes of subparagraph (E), the term ‘passive
23 activity’ has the meaning given such term by section
24 469.”

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 December 31, 1996.

4 **SEC. 4905. MODIFICATION OF ADJUSTED GROSS INCOME**
5 **DEFINITION FOR EARNED INCOME CREDIT.**

6 (a) IN GENERAL.—Subsections (a)(2)(B), (c)(1)(C),
7 and (f)(2)(B) of section 32 of the Internal Revenue Code
8 of 1986 are each amended by striking “adjusted gross in-
9 come” each place it appears and inserting “modified ad-
10 justed gross income”.

11 (b) MODIFIED ADJUSTED GROSS INCOME DE-
12 FINED.—Section 32(c) of such Code (relating to defini-
13 tions and special rules) is amended by adding at the end
14 the following new paragraph:

15 “(5) MODIFIED ADJUSTED GROSS INCOME.—

16 “(A) IN GENERAL.—The term ‘modified
17 adjusted gross income’ means adjusted gross in-
18 come determined without regard to the amounts
19 described in subparagraph (B).

20 “(B) CERTAIN AMOUNTS DISREGARDED.—

21 An amount is described in this subparagraph if
22 it is—

23 “(i) the amount of losses from sales
24 or exchanges of capital assets in excess of
25 gains from such sales or exchanges to the

1 extent such amount does not exceed the
2 amount under section 1211(b)(1),

3 “(ii) the net loss from estates and
4 trusts,

5 “(iii) the excess (if any) of amounts
6 described in subsection (i)(2)(C)(ii) over
7 the amounts described in subsection
8 (i)(2)(C)(i) (relating to nonbusiness rents
9 and royalties), and

10 “(iv) 50 percent of the net loss from
11 the carrying on of trades or businesses,
12 computed separately with respect to—

13 “(I) trades or businesses (other
14 than farming) conducted as sole pro-
15 prietorships,

16 “(II) trades or businesses of
17 farming conducted as sole proprietor-
18 ships, and

19 “(III) other trades or businesses.

20 For purposes of clause (iv), there shall not be
21 taken into account items which are attributable
22 to a trade or business which consists of the per-
23 formance of services by the taxpayer as an em-
24 ployee.”

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 December 31, 1996.

4 **SEC. 4906. MODIFICATION OF EARNED INCOME CREDIT**
5 **AMOUNT AND PHASEOUT.**

6 (a) MODIFICATION OF PHASEOUT.—Subparagraph
7 (B) of section 32(a)(2) of the Internal Revenue Code of
8 1986, as amended by section 4905 of this Act, is amended
9 to read as follows:

10 “(B) the sum of—

11 “(i) the initial phaseout percentage of
12 so much of the modified adjusted gross in-
13 come (or, if greater, the earned income) of
14 the taxpayer for the taxable year as ex-
15 ceeds the initial phaseout amount but does
16 not exceed the final phaseout amount, plus

17 “(ii) the final phaseout percentage of
18 so much of the modified adjusted gross in-
19 come (or, if greater, the earned income) of
20 the taxpayer for the taxable year as ex-
21 ceeds the final phaseout amount.”

22 (b) PERCENTAGES AND AMOUNTS.—Subsection (b)
23 of section 32 of such Code is amended to read as follows:

24 “(b) PERCENTAGES AND AMOUNTS.—For purposes
25 of subsection (a)—

1 “(1) PERCENTAGES.—The credit percentage,
 2 the initial phaseout percentage, and the final phase-
 3 out percentage shall be determined as follows:

“In the case of an eligible individual with:	The credit per- centage is:	The initial phase- out percentage is:	The final phase- out percentage is:
1 qualifying child	34	15.98	18
2 or more qualifying children	40	21.06	23
No qualifying children	7.65	7.65	0

4 “(2) AMOUNTS.—The earned income amount,
 5 the initial phaseout amount, and the final phaseout
 6 amount shall be determined as follows:

“In the case of an eligible individual with:	The earned in- come amount is:	The initial phase- out amount is:	The final phase- out amount is:
1 qualifying child	\$6,500	\$11,910	\$17,340
2 or more qualifying children	\$9,120	\$11,910	\$21,360
No qualifying children	\$4,330	\$5,420	\$0’.

7 (c) EFFECTIVE DATE.—The amendments made by
 8 this section shall apply to taxable years beginning after
 9 December 31, 1996.