H.R. 4

To restore the American family, reduce illegitimacy, control welfare spending and reduce welfare dependence.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 4, 1995

Mr. SHAW, Mr. TALENT, and Mr. LATOURETTE (for themselves, Mr. HUTCHINSON, Mr. HOSTETTLER, Mr. JONES, Mr. TIAHRT, Mrs. MYRICK, Mr. ENSIGN, Mrs. CUBIN, Mr. KINGSTON, Mr. HASTINGS of Washington, Mr. GANSKE, Mr. EWING, Mr. WELDON of Florida, Mr. COBURN, Mr. LEWIS of Kentucky, Mr. BUNNING of Kentucky, Mr. FOLEY, Mr. INGLIS of South Carolina, Mr. LIGHTFOOT, Mr. ISTOOK, Mr. CALVERT, Mr. HOBSON, Mr. CREMEANS, Mr. KNOLLENBERG, Mr. BILIRAKIS, Mr. HAYWORTH, Mr. FOX, Mr. RADANOVICH, Mr. ROTH, Mr. WAMP, Mr. GOODLING, Mr. GILCHREST, Mr. SOLOMON, Mr. BLILEY, Mr. DOOLITTLE, Mr. PACKARD, Mr. STUMP, Mr. EVERETT, Mr. GILMAN, Mr. MILLER of Florida, Mr. DORNAN, Mr. HASTERT, Mr. CUNNINGHAM, Mr. FORBES, Mr. LINDER, Mr. BLUTE, Mr. ROHRABACHER, Mr. COOLEY, Mr. SMITH of Texas, Mr. CLINGER, Mr. BACHUS, Mr. BALLENGER, Mr. CALLAHAN, Mr. ENGLISH of Pennsylvania, Mr. SAXTON, Mr. CHRYSLER, Mr. CAMP, Mr. HANCOCK, Mr. NUSSELE, Mr. GREENWOOD, Mr. BARTLETT of Maryland, Mr. TAYLOR of North Carolina, Mr. McCROY, Mr. LARGENT, Mr. BAKER of Louisiana, Mr. COLLINS of Georgia, Mr. ARCHER, Mr. THOMAS, Mr. HERGER, Mr. SAM JOHNSON of Texas, Mr. STEARNS, Mr. STOCKMAN, Mr. SMITH of Michigan, Mr. BAKER of California, Mrs. ROUKEMA, Mr. SENSENBRENNER, Mr. HEINEMAN, Mrs. FOWLER, Mr. ROYCE, Mr. FLANAGAN, Mr. BURR, Mr. LATHAM, Ms. MOLINARI, Mr. GUNDERSON, Mr. RIGGS, Mr. THORNBERRY, Mr. ALLARD, Mr. CHRISTENSEN, Mr. GOODLATTE, Mr. HILLEARY, Mr. WICKER, Mr. BONO, Mr. FRISA, Mr. SHADEGG, Mr. CANADY, Mr. McCOLLUM, Mr. BARTON of Texas, Mr. BARR, Mr. ARMEY, Mr. HORN, Ms. DUNN of Washington, Mr. TATE, Mr. MICA, Mr. CRAPO, Mr. PAXON, Mr. YOUNG of Florida, Mr. WELDON of Pennsylvania, Mr. COMBEST, Mr. COBLE, and Mr. EHRLICH) introduced the following bill; which was referred as follows:

Title I, referred to the Committee on Ways and Means and, in addition, to the Committee on Banking and Financial Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned
Title II, referred to the Committee on Ways and Means and, in addition, to the Committee on Economic and Educational Opportunities, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

Title III, referred to the Committee on Ways and Means and, in addition, to the Committees on Banking and Financial Services, Economic and Educational Opportunities, the Budget, and Rules, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

Title IV, referred to the Committee on Ways and Means and, in addition, to the Committees on Banking and Financial Services, Commerce, Economic and Educational Opportunities, the Judiciary, and Agriculture, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

Title V, referred to the Committee on Agriculture and, in addition, to the Committees on Economic and Educational Opportunities and the Judiciary, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

Title VI-VII, referred to the Committee on Ways and Means.

Title VIII, referred to the Committee on Ways and Means and, in addition, to the Committees on Agriculture, Budget, Economic and Educational Opportunities, Banking and Financial Services, Commerce, Agriculture, the Judiciary, and Rules, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

A BILL

To restore the American family, reduce illegitimacy, control welfare spending and reduce welfare dependence.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Personal Responsibility Act of 1995”. 
1 **SEC. 2. TABLE OF CONTENTS.**

The table of contents for this Act is as follows:

Sec. 1. Short title.
Sec. 2. Table of contents.

**TITLE I—REDUCING ILLEGITIMACY**

Sec. 100. Sense of the Congress.
Sec. 101. Reduction or denial of AFDC for certain children whose paternity is not established.
Sec. 102. Teens receiving AFDC required to live at home.
Sec. 103. Earlier paternity establishment efforts by States.
Sec. 104. Increase in paternity establishment percentage.
Sec. 105. Denial of AFDC for certain children born out-of-wedlock.
Sec. 106. Denial of AFDC for additional children.
Sec. 107. State option to deny AFDC benefits to children born out-of-wedlock to individuals aged 18, 19, or 20, and to deny such benefits and housing benefits to such individuals.
Sec. 108. Grants to States for assistance to children born out-of-wedlock.
Sec. 109. Removal of barriers to interethnic adoption.

**TITLE II—REQUIRING WORK**

Sec. 201. Findings; intent; statement of purpose.
Sec. 202. Work program.
Sec. 203. Work supplementation program amendments.
Sec. 204. Payments to States for certain individuals receiving food assistance from the State who perform work on behalf of the State.

**TITLE III—CAPPING THE AGGREGATE GROWTH OF WELFARE SPENDING**

Sec. 301. Cap on growth of Federal spending on certain welfare programs.
Sec. 302. Conversion of funding under certain welfare programs.
Sec. 303. Savings from welfare spending limits to be used for deficit reduction.

**TITLE IV—RESTRICTING WELFARE FOR ALIENS**

Sec. 401. Ineligibility of aliens for public welfare assistance.
Sec. 402. State AFDC agencies required to provide information on illegal aliens to the Immigration and Naturalization Service.

**TITLE V—CONSOLIDATING FOOD ASSISTANCE PROGRAMS**

Sec. 501. Food assistance block grant program.
Sec. 502. Availability of Federal coupon system to States.
Sec. 503. Authority to sell Federal surplus commodities.
Sec. 504. Definitions.
Sec. 505. Repealers; amendments.
Sec. 506. Effective date; application of repealers and amendments.

**TITLE VI—EXPANDING STATUTORY FLEXIBILITY OF STATES**

Sec. 601. Option to convert AFDC into a block grant program.
Sec. 602. Option to treat new residents of a State under rules of former State.
Sec. 603. Option to impose penalty for failure to attend school.
Sec. 604. Option to provide married couple transition benefit.
Sec. 605. Option to disregard income and resources designated for education, training, and employability, or related to self-employment.
Sec. 606. Option to require attendance at parenting and money management classes, and prior approval of any action that would result in a change of school for a dependent child.

TITLE VII—DRUG TESTING FOR WELFARE RECIPIENTS

Sec. 701. AFDC recipients required to undergo necessary substance abuse treatment as a condition of receiving AFDC.

TITLE VIII—EFFECTIVE DATE

Sec. 801. Effective date.

TITLE I—REDUCING ILLEGITIMACY

SEC. 100. SENSE OF THE CONGRESS.

It is the sense of the Congress that—

(1) marriage is the foundation of a successful society;

(2) marriage is an essential social institution which promotes the interests of children and society at large;

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

(A) the illegitimacy rate among black Americans was 26 percent in 1965, but today the rate is 68 percent and climbing;

(B) the illegitimacy rate among white Americans has risen tenfold, from 2.29 percent in 1960 to 22 percent today;
(C) the total of all out-of-wedlock births between 1970 and 1991 has risen from 10 percent to 30 percent and if the current trend continues, 50 percent of all births by the year 2015 will be out-of-wedlock;

(D) \(\frac{3}{4}\) of illegitimate births among whites are to women with a high school education or less;

(E) the 1-parent family is 6 times more likely to be poor than the 2-parent family;

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

(G) teenage single parent mothering is the single biggest contributor to low birth weight babies;

(H) children born out-of-wedlock are more likely to experience low verbal cognitive attainment, child abuse, and neglect;

(I) young people from single parent or stepparent families are 2 to 3 times more likely to have emotional or behavioral problems than those from intact families;
young white women who were raised in a single parent family are more than twice as likely to have children out-of-wedlock and to become parents as teenagers, and almost twice as likely to have their marriages end in divorce, as are children from 2-parent families;

(K) the younger the single parent mother, the less likely she is to finish high school;

(L) young women who have children before finishing high school are more likely to receive welfare assistance for a longer period of time;

(M) between 1985 and 1990, the public cost of births to teenage mothers under the aid to families with dependent children program, the food stamp program, and the medicaid program has been estimated at $120,000,000,000;

(N) the absence of a father in the life of a child has a negative effect on school performance and peer adjustment;

(O) the likelihood that a young black man will engage in criminal activities doubles if he is raised without a father and triples if he lives in a neighborhood with a high concentration of single parent families; and
(P) the greater the incidence of single parent families in a neighborhood, the higher the incidence of violent crime and burglary; and

(4) in light of this demonstration of the crisis in our Nation, the reduction of out-of-wedlock births is an important government interest and the policy contained in provisions of this title address the crisis.

SEC. 101. REDUCTION OR DENIAL OF AFDC FOR CERTAIN CHILDREN WHOSE PATERNITY IS NOT ESTABLISHED.

(a) IN GENERAL.—Section 402(a) of the Social Security Act (42 U.S.C. 602(a)) is amended—

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

(2) by striking the period at the end of paragraph (45) and inserting “; and”; and

(3) by inserting after paragraph (45) the following:

“(46) provide that—

“(A) except as provided in subparagraph (B), aid under the State plan shall not be payable, to a family on whose behalf an application for such aid is made after the effective date of this paragraph, with respect to a dependent
child whose paternity has not been established, unless—

“(i) the child was conceived as a result of rape or incest; or

“(ii) the State determines that efforts to establish such paternity would result in physical danger to the child or the relative claiming such aid;

“(B) if the paternity of a dependent child has not been established, the relative claiming such aid alleges that any of not more than 3 named individuals may be the biological father of the child and provides the address of each of the named individuals (or, if the relative is not aware of the address of such a named individual, the address of the immediate relatives of the named individual), and the State has not disproved the allegation, then aid under the State plan may not be denied to the family by reason of subparagraph (A), but the needs of the dependent child shall be disregarded in determining the amount of such aid;

“(C) the relative claiming such aid shall have the burden of proving any allegation of paternity of a dependent child by an individual
who is deceased, in accordance with procedures established by the State in consultation with the Secretary; and

“(D) if the amount of aid payable to a family under the State plan is reduced by reason of this paragraph, each member of the family shall be considered to be receiving such aid for purposes of eligibility for medical assistance under the State plan approved under title XIX for so long as such aid would otherwise not be so reduced.”.

(b) No Effect on Eligibility for Foster Care Maintenance Payments.—Section 472(a)(4)(B) of such Act (42 U.S.C. 672(a)(4)(B)) is amended—

(1) in clause (i), by inserting “and section 402(a)(46) were not applied to the child” before the comma; and

(2) in clause (ii), by inserting “, section 402(a)(46) were not applied to the child,” before “and application”.

(c) No Effect on Eligibility for Adoption Assistance Payments.—Section 473(a)(2)(B)(ii) of such Act (42 U.S.C. 673(a)(2)(B)(ii)) is amended—
(1) in subclause (I), by inserting “and section 402(a)(46) were not applied to the child” before the comma; and

(2) in subclause (II), by inserting “, section 402(a)(46) were not applied to the child,” before “and application”.

SEC. 102. TEENS RECEIVING AFDC REQUIRED TO LIVE AT HOME.

Section 402(a)(43) of the Social Security Act (42 U.S.C. 602(a)(43)) is amended—

(1) by striking “at the option of the State,”;

and

(2) by striking “18” and inserting “19”.

SEC. 103. EARLIER PATERNITY ESTABLISHMENT EFFORTS BY STATES.

(a) IN GENERAL.—Section 466(a)(5)(C) of the Social Security Act (42 U.S.C. 666(a)(5)(C)) is amended by redesignating clauses (i) and (ii) as clauses (ii) and (iii) and by inserting before clause (ii) (as so redesignated) the following: “(i) a requirement that, as soon as an officer or employee of the State becomes aware, in the performance of official duties, of a pregnant, unmarried individual, the officer or employee (I) inform the individual, orally and in writing, that she will be ineligible for aid under the State plan under part A unless she informs the State of
the identity of the prospective father and, after the child
is born, cooperates in establishing the paternity of the
child, and (II) encourage the individual to urge the pro-
spective father to acknowledge paternity, ".

(b) Conforming Amendments.—Section 466(a)(5)
of such Act (42 U.S.C. 666(a)(5)) is amended in each of
subparagraphs (D) and (E) by striking "(C)(ii)" and in-
serting "(C)(iii)".

(c) Sense of the Congress.—The Congress en-
courages the States to—

(1) develop procedures in public hospitals and
clinics to facilitate the acknowledgement of pater-
nity; and

(2) establish legal procedures that permit the
establishment of paternity as quickly and easily as
possible.

SEC. 104. INCREASE IN PATERNITY ESTABLISHMENT PER-
CENTAGE.

Section 452(g)(1) of the Social Security Act (42
U.S.C. 652(g)(1)) is amended by striking all that follows
"—" and inserting the following:

"(A) 90 percent;

"(B) for a State with a paternity establishment
percentage of not less than 50 percent but less than
90 percent for such fiscal year, the paternity estab-
lishment percentage of the State for the immediately
preceding fiscal year plus 6 percentage points; or
“(C) for a State with a paternity establishment
percentage of less than 50 percent for such fiscal
year, the paternity establishment percentage of the
State for the immediately preceding fiscal year plus
10 percentage points.”

SEC. 105. DENIAL OF AFDC FOR CERTAIN CHILDREN BORN
OUT-OF-WEDLOCK.

(a) DENIAL OF AFDC.—Section 402(a) of the Social
Security Act (42 U.S.C. 602(a)), as amended by section
101(a) of this Act, is amended—

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

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

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

“(47) provide that—

“(A) aid under the plan shall not be pay-
able with respect to a child born out-of-wedlock,
on or after the effective date of this paragraph,
to an individual who, at the time of such birth,
had not attained 18 years of age, unless, after
the birth of the child—
“(i) the individual marries an individual who the State determines is the biological father of the child; or

“(ii) the biological parent of the child has legal custody of the child and marries an individual who legally adopts the child; and

“(B) if the amount of aid payable to a family under the State plan is reduced by reason of this paragraph, each member of the family shall be considered to be receiving such aid for purposes of eligibility for medical assistance under the State plan approved under title XIX for so long as such aid would otherwise not be so reduced.”.

(b) NO EFFECT ON ELIGIBILITY FOR FOSTER CARE MAINTENANCE PAYMENTS.—Section 472(a)(4)(B) of such Act (42 U.S.C. 672(a)(4)(B)), as amended by section 101(b) of this Act, is amended in each of clauses (i) and (ii) by striking “section 402(a)(46)” and inserting “paragraphs (46) and (47) of section 402(a)”.

(c) NO EFFECT ON ELIGIBILITY FOR ADOPTION ASSISTANCE PAYMENTS.—Section 473(a)(2)(B)(ii) of such Act (42 U.S.C. 673(a)(2)(B)(ii)), as amended by section 101(b) of this Act, is amended in each of subclauses (I)
and (II) by striking “section 402(a)(46)” and inserting “paragraphs (46) and (47) of section 402(a)”.

SEC. 106. DENIAL OF AFDC FOR ADDITIONAL CHILDREN.

(a) IN GENERAL.—Section 402(a) of the Social Security Act (42 U.S.C. 602(a)), as amended by sections 101(a) and 105(a)(1) of this Act, is amended—

(1) by striking “and” at the end of paragraph (46);

(2) by striking the period at the end of paragraph (47) and inserting “; and”; and

(3) by inserting after paragraph (47) the following:

“(48)(A) provide that aid under the plan shall not be payable with respect to a child born on or after the effective date of this paragraph to—

“(i) a recipient of aid under any State plan approved under this part; or

“(ii) an individual who received aid under any such State plan at any time during the 10-month period ending with the birth of the child, unless the recipient or individual was pregnant with the child at the time of application for such aid; and

“(B) if the amount of aid payable to a family under the State plan is reduced by reason of this paragraph, each member of the family shall be con-
sidered to be receiving such aid for purposes of eligi-

bility for medical assistance under the State plan ap-

proved under title XIX for so long as such aid would

otherwise not be so reduced.”.

(b) **No Effect on Eligibility for Foster Care**

Maintenance Payments.—Section 472(a)(4)(B) of

such Act (42 U.S.C. 672(a)(4)(B)), as amended by sec-

tions 101(b) and 105(b) of this Act, is amended in each

of clauses (i) and (ii) by striking “and (47)” and inserting

“, (47), and (48)”.

(c) **No Effect on Eligibility for Adoption Assis-
tance Payments.**—Section 473(a)(2)(B)(ii) of such

Act (42 U.S.C. 673(a)(2)(B)(ii)), as amended by sections

101(c) and 105(c) of this Act, is amended in each of

subclauses (I) and (II) by striking “and (47)” and insert-
ing “, (47), and (48)”.

**SEC. 107. STATE OPTION TO DENY AFDC BENEFITS TO**

**CHILDREN BORN OUT-OF-WEDLOCK TO INDIVI-

DUALS AGED 18, 19, OR 20, AND TO DENY**

**AFDC BENEFITS AND HOUSING BENEFITS TO**

**SUCH INDIVIDUALS.**

(a) **Denial of AFDC.**—

(1) In General.—Section 402(a) of the Social

Security Act (42 U.S.C. 602(a)), as amended by sec-
tions 101(a), 105(a)(1), and 106 of this Act, is amended—

(A) by striking "and" at the end of paragraph (47);

(B) by striking the period at the end of paragraph (48) and inserting "; and"; and

(C) by inserting after paragraph (48) the following:

"(49) at the option of the State, provide that—

"(A) aid under the plan shall not be payable with respect to a child born out-of-wedlock to an individual who, at the time of such birth, had attained 18 years of age but had not attained such age not exceeding 21 years as the State may determine; and

"(B) aid under the plan shall not be payable with respect to an individual who has borne a child out-of-wedlock after attaining 18 years of age but before attaining 21 years of age, unless—

"(i) after the birth of the child—

"(I) the individual marries an individual who the State determines is the biological father of the child; or
“(II) the biological parent of the child has legal custody of the child and marries an individual who legally adopts the child; or

“(ii) the individual is a biological and custodial parent of another child who was not born out-of-wedlock.”.

(2) NO EFFECT ON ELIGIBILITY FOR FOSTER CARE MAINTENANCE PAYMENTS.—Section 472(a)(4)(B) of such Act (42 U.S.C. 672(a)(4)(B)), as amended by sections 101(b), 105(b), and 106(b) of this Act, is amended in each of clauses (i) and (ii) by striking “and (48)” and inserting “(48), and (49)”.

(3) NO EFFECT ON ELIGIBILITY FOR ADOPTION ASSISTANCE PAYMENTS.—Section 473(a)(2)(B)(ii) of such Act (42 U.S.C. 673(a)(2)(B)(ii)), as amended by sections 101(c), 105(c), and 106(c) of this Act, is amended in each of subclauses (I) and (II) by striking “and (48)” and inserting “(48), and (49)”.

(4) LIMITATION ON APPLICABILITY.—The amendments made by this subsection shall not apply to a child born before the effective date of this Act who is a member of a family whose most recent ap-
plication for aid to families with dependent children under a State plan approved under part A of title IV of the Social Security Act was made before such effective date.

(b) **Housing Benefits.**—

(1) **Prohibition of assistance.**—Notwithstanding any other provision of law, a household whose head of household is an individual who has borne a child out-of-wedlock after attaining 18 years of age but before attaining 21 years of age may not be provided Federal housing assistance for a dwelling unit located in a covered State, unless—

(A) after the birth of the child—

   (i) the individual marries an individual who has been determined by the relevant State to be the biological father of the child; or

   (ii) the biological parent of the child has legal custody of the child and marries an individual who legally adopts the child;

(B) the individual is a biological and custodial parent of another child who was not born out-of-wedlock; or

(C) eligibility for such Federal housing assistance is based in whole or in part on any dis-
ability or handicap of a member of the household.

(2) COVERED STATES.—A State shall be considered a covered State for purposes of this subsection only during the period that—

(A) begins upon certification, made by the chief executive officer of the State (at the option of the State) to the Secretary of Housing and Urban Development and the Secretary of Agriculture, that the State is a covered State for purposes of this subsection; and

(B) ends upon submission of written notice (at the option of the State), by the chief executive officer of the State to such Secretaries, that the State is not a covered State for purposes of this subsection.

(3) NOTIFICATION OF HOUSING PROVIDERS.—Upon certification under paragraph (2)(A) for a State and periodically thereafter during the period that the State is a covered State, the Secretary of Housing and Urban Development and the Secretary of Agriculture shall provide written notice that the State is a covered State for purposes of this subsection to—
(A) each public housing agency whose area of jurisdiction is located in whole or part within the State; and

(B) the owner or manager of each covered project.

(4) D E F I N I T I O N S. — F o r purposes of this subsection, the following definitions shall apply:

(A) C O V E R E D P R O G R A M. — T h e term ‘‘c o v e r e d program’’ means—

(i) the program of rental assistance on behalf of low-income families provided under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f);

(ii) the public housing program under title I of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.);

(iii) the program of rent supplement payments on behalf of qualified tenants pursuant to contracts entered into under section 101 of the Housing and Urban Development Act of 1965 (12 U.S.C. 1701s);

(iv) the program of interest reduction payments pursuant to contracts entered into by the Secretary of Housing and Urban Development under section 236 of
the National Housing Act (12 U.S.C. 1715z-1);

(v) the program for mortgage insurance provided pursuant to sections 221(d)(3) or (4) of the National Housing Act (12 U.S.C. 1715l(d)) for multifamily housing for low- and moderate-income families;

(vi) the rural housing loan program under section 502 of the Housing Act of 1949 (42 U.S.C. 1472);

(vii) the rural housing loan guarantee program under section 502(h) of the Housing Act of 1949 (42 U.S.C. 1472(h));

(viii) the loan and grant programs under section 504 of the Housing Act of 1949 (42 U.S.C. 1474) for repairs and improvements to rural dwellings;

(ix) the program of loans for rental and cooperative rural housing under section 515 of the Housing Act of 1949 (42 U.S.C. 1485);

(x) the program of rental assistance payments pursuant to contracts entered into under section 521(a)(2)(A) of the
Housing Act of 1949 (42 U.S.C. 1490a(a)(2)(A));

(xii) the program of grants and loans for mutual and self-help housing and technical assistance under section 523 of the Housing Act of 1949 (42 U.S.C. 1490c); and

(xiii) the program of grants for preservation and rehabilitation of housing under section 533 of the Housing Act of 1949 (42 U.S.C. 1490m); and

(xiv) the program of site loans under section 524 of the Housing Act of 1949 (42 U.S.C. 1490d).

(B) Covered Project.—The term “covered project” means any housing for which Federal housing assistance is provided that is attached to the project or specific dwelling units in the project.

(C) Federal Housing Assistance.—The term “Federal housing assistance” means—
(i) assistance provided under a covered program in the form of any contract, grant, loan, subsidy, cooperative agreement, loan or mortgage guarantee or insurance, or other financial assistance; or

(ii) occupancy in a dwelling unit that is—

(I) provided assistance under a covered program; or

(II) located in a covered project and subject to occupancy limitations under a covered program that are based on income.

(D) PUBLIC HOUSING AGENCY.—The term “public housing agency” has the meaning given the term in section 3(a) of the United States Housing Act of 1937.

(E) STATE.—The term “State” means the States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, Guam, the Virgin Islands, American Samoa, and any other territory or possession of the United States.
(5) LIMITATIONS ON APPLICABILITY.—Paragraph (1) shall not apply to Federal housing assistance provided for a household pursuant to an application or request for such assistance made by such household before the effective date of this Act.

SEC. 108. GRANTS TO STATES FOR ASSISTANCE TO CHILDREN BORN OUT-OF-WEDLOCK.

(a) IN GENERAL.—Title IV of the Social Security Act (42 U.S.C. 601 et seq.) is amended by inserting after part B the following:

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“(B) not less frequently than every 2 years, the State will audit the expenditures of the amounts paid to the State under this part; and

“(3) has provided the Secretary with a copy of any audit the performance of which was the subject of a prior certification pursuant to paragraph (2).

“SEC. 441. USE OF GRANT FUNDS.

“(a) IN GENERAL.—Except as provided in subsection (b), each qualified State that receives grant funds under this part shall use such funds—

“(1) to establish or expand programs to reduce out-of-wedlock pregnancies;

“(2) to promote adoption;

“(3) to establish and operate orphanages;

“(4) to establish and operate closely supervised residential group homes for unwed mothers; or

“(5) in any manner that the State deems appropriate to accomplish the purpose of this part.

“(b) PROHIBITIONS ON USE OF FUNDS.—

“(1) NO INDIVIDUAL PAYMENTS.—A qualified State that receives grant funds under this part shall not use such funds to provide cash payments to an individual who is the parent of a child born out-of-wedlock or to the child.
“(2) No funds used for abortion.—No grant funds received by a qualified State under this part shall be used for making abortion available as a method of family planning or for any counseling or advising with respect to abortion.

“(c) Penalty for misuse of funds.—If a qualified State fails to comply with subsection (b) in any fiscal year, the Secretary shall reduce the amount to be paid to such State under this part for the succeeding fiscal year by an amount equal to the amount of funds paid to the State under this part that are involved in the noncompliance.

SEC. 442. AMOUNT OF GRANT.

“(a) In general.—The Secretary shall make a payment to each qualified State for each fiscal year in an amount equal to the Federal savings amount for the State determined under subsection (b)(1) for the fiscal year.

“(b) Determination of grant amount.—

“(1) In general.—The Federal savings amount for a State for a fiscal year is an amount that is equal to the product of—

“(A) the State per capita amount for the fiscal year (as determined under paragraph (2)); and
“(B) the State’s excluded population for the fiscal year (as determined under paragraph (3)).

“(2) PER CAPITA AMOUNT.—The State per capita amount for a fiscal year is—

“(A) the total amount that the Secretary estimates will be paid to the State under paragraph (1) or (2) of section 403(a) during the fiscal year; divided by

“(B) the total number of individuals who the Secretary estimates will receive aid under the State plan approved under section 402 during the fiscal year.

“(3) STATE EXCLUDED POPULATION.—

“(A) IN GENERAL.—The Director of the Office of Management and Budget shall determine an excluded population for each qualified State for each fiscal year in accordance with this paragraph.

“(B) DETERMINATION.—A State’s excluded population for a fiscal year shall equal the sum of—

“(i) the number of excluded children for the State for the fiscal year as determined under subparagraph (C); and
“(ii) the number of excluded parents for the State for the fiscal year as deter-
dined under subparagraph (D).

“(C) EXCLUDED CHILDREN.—

“(i) IN GENERAL.—The number of ex-
cuded children for a State for a fiscal year
shall be—

“(I) for fiscal year 1996, zero;

“(II) for fiscal year 1997, 50
percent of the monthly average num-
ber of base year excluded children (as
defined in clause (ii)) who were under
age 1 during the base year (as defined
in clause (iii));

“(III) for fiscal year 1998, the
sum of—

“(aa) the monthly average
number of base year excluded
children who were under age 1
during the base year; and

“(bb) 50 percent of the
monthly average number of base
year excluded children who were
over age 1 and under age 2 dur-
ing the base year;
“(IV) for fiscal year 1999, the sum of—

“(aa) the monthly average number of base year excluded children who were under age 2 during the base year; and

“(bb) 50 percent of the monthly average number of base year excluded children who were over age 2 and under age 3 during the base year;

“(V) for fiscal year 2000, the sum of—

“(aa) the monthly average number of base year excluded children who were under age 3 during the base year; and

“(bb) 50 percent of the monthly average number of base year excluded children who were over age 3 and under age 4 during the base year; and

“(VI) for fiscal years after fiscal year 2000, a number determined by
the Secretary using a formula which—

“(aa) takes into account changes in out-of-wedlock birth rates in previous years, State incentives to continue programs designed to reduce illegitimate births, and other factors deemed relevant by the Secretary; and

“(bb) does not result in a payment to any State under this section for any fiscal year that exceeds the payment made to the State under this section for fiscal year 2000.

“(ii) Base year excluded children.—The term ‘base year excluded children’ means children who received aid under the State plan approved under section 402 during the base year who would not have been eligible for such aid if paragraphs (47) and (49) of section 402(a) (as in effect during the applicable fiscal year) had been in effect at the time such children were born.
“(iii) Base Year.—For purposes of this part, the term ‘base year’ means—

“(I) 1994, if the Congressional Budget Office is able to determine an excluded population for each State for each fiscal year that such a determination is required using data provided by the National Integrated Quality Control System operated by the Department of Health and Human Services and other relevant data sources; or

“(II) 1994, or another period determined appropriate by the Secretary, based on a survey conducted or approved by the Secretary.

“(D) Excluded Parents.—The number of excluded parents for a State for a fiscal year shall be the number of parents excluded in connection with the exclusion of their children under subparagraph (C).”.

(b) Study.—Not later than October 1, 1998, and not later than October 1 of each of the 3 immediately succeeding years, the Comptroller General of the United States shall submit to the Congress a report on how States
have expended funds provided under part C of title IV of
the Social Security Act, the effect of such expenditures
on the well-being of mothers and children, and whether
there is evidence that illegitimacy rates have changed as
as result of the implementation of such part. Any such
report may address such related matters as the Comptrol-
ler General deems appropriate to examine.

SEC. 109. REMOVAL OF BARRIERS TO INTERETHNIC ADOPTION.

(a) FINDINGS.—The Congress finds that—

(1) nearly 500,000 children are in foster care in
the United States;

(2) tens of thousands of children in foster care
are waiting for adoption;

(3) 2 years and 8 months is the median length
of time that children wait to be adopted;

(4) child welfare agencies should work to elimi-
nate racial, ethnic, and national origin discrimina-
tion and bias in adoption and foster care recruit-
ment, selection, and placement procedures; and

(5) active, creative, and diligent efforts are
needed to recruit parents, from every race and cul-
ture, for children needing foster care or adoptive
parents.
(b) PURPOSE.—The purpose of this section is to decrease the length of time that children wait to be adopted and to prevent discrimination in the placement of children on the basis of race, color, or national origin.

(c) MULTIETHNIC PLACEMENTS.—

   (1) ACTIVITIES.—

      (A) PROHIBITION.—An agency or entity that receives Federal assistance and is involved in adoption or foster care placements may not—

         (i) deny to any person the opportunity to become an adoptive or a foster parent, on the basis of the race, color, or national origin of the person, or of the child, involved; or

         (ii) delay or deny the placement of a child for adoption or into foster care, or otherwise discriminate in making a placement decision, on the basis of the race, color, or national origin of the adoptive or foster parent, or the child, involved.

      (B) DEFINITION.—As used in this paragraph, the term “placement decision” means the decision to place, or to delay or deny the placement of, a child into foster care or in an
adoptive home, and includes the decision of the
agency or entity involved to seek the termi-
nation of birth parent rights or otherwise make
a child legally available for adoptive placement.

(2) LIMITATION.—The Secretary of Health and
Human Services shall not provide placement and ad-
ministrative funds under section 474(a)(3) of the
Social Security Act (42 U.S.C. 674(a)(3)) to an
agency or entity described in paragraph (1)(A) of
this subsection that is not in compliance with para-
graph (1) of this subsection.

(3) PRIVATE CAUSE OF ACTION.—

(A) IN GENERAL.—Any individual who is
aggrieved by a violation of paragraph (1) by an
agency or entity described in paragraph (1)(A)
may bring an action seeking relief in any Unit-
ed States district court.

(B) AUTHORITY TO AWARD A REASONABLE
ATTORNEY’S FEE.—In an action brought under
this paragraph, the court, in its discretion, may
allow a prevailing plaintiff a reasonable attor-
ney’s fee as part of the costs.

(C) STATUTE OF LIMITATIONS.—An action
under this paragraph may not be brought more
than 2 years after the date the alleged violation occurred.

(D) Waiver of State Immunity.—This paragraph is intended, among other things, to authorize actions against States and State officials that might otherwise be barred under the Eleventh Article of Amendment to the Constitution of the United States, and is enacted pursuant to section 5 of the Fourteenth Article of Amendment to the Constitution of the United States.

(4) Construction.—This subsection shall not be construed to affect the application of the Indian Child Welfare Act of 1978 (25 U.S.C. 1901 et seq.).

**TITLE II—REQUIRING WORK**

**SEC. 201. FINDINGS; INTENT; STATEMENT OF PURPOSE.**

(a) Findings.—The Congress finds that—

(1) the cash value of the typical welfare package of AFDC, food stamps, and medicaid is approximately $12,000 per year;

(2) research shows that adults who leave AFDC for paid employment earn approximately $5.50 per hour, or well over $10,000 per year, and that, when combined with the Earned Income Tax Credit and
food stamps, the total income of former AFDC families is at least $15,000 per year;

(3) adults who leave AFDC for paid employment are on the ladder that can lead to greater future income, and their children have a role model for the societal value of self-sufficiency; and

(4) most adult welfare recipients can find paid employment within 2 years.

(b) INTENT OF THE CONGRESS.—The intent of the Congress is to—

(1) provide States with the resources and authority necessary to help, cajole, lure, or force adults off welfare and into paid employment as quickly as possible, and to require adult welfare recipients, when necessary, to accept jobs that will help end welfare dependency;

(2) permit States to provide education and training to welfare recipients only if, in the judgment of State officials, doing so will enhance the ability of such recipients to leave welfare for paid employment;

(3) prohibit the States from providing adult welfare recipients with more than 2 years of education or training; and
(4) give States the flexibility to design their own welfare-to-work programs and to decide who must participate in such programs.

(c) STATEMENT OF PURPOSE.—The purpose of this title is to move adult welfare recipients from welfare dependency to paid employment as quickly as possible.

SEC. 202. WORK PROGRAM.

(a) IN GENERAL.—Section 402(a) of the Social Security Act (42 U.S.C. 602(a)) is amended by inserting the following after paragraph (28):

"(29) provide that—

"(A)(i) the State shall require recipients of aid under the State plan to participate in a work program in accordance with this paragraph; and

"(ii) for purposes of this paragraph, the term ‘work program’ means—

"(I) a work supplementation program operated under section 482(e);

"(II) a community work experience program established under section 482(f), or any other work experience program approved by the Secretary; or
“(III) any other work program established by the State, which is approved by the Secretary;

“(B)(i) except as provided in clause (ii), each individual who is required under this paragraph to participate in a work program and has received aid under the State plan for at least 24 months (whether or not consecutive) after the effective date of this paragraph shall participate in work activities for an average of not fewer than 35 hours per week during any month (or for an average of not fewer than 30 hours per week during any month if the individual is engaged in job search for an average of not fewer than 5 hours per week during the month), but the State may not require any such individual to participate in work activities for more than 40 hours during any week; and

“(ii) in the case of a family which receives aid under the State plan by reason of section 407—

“(I) the State must require at least 1 parent in the family to engage in work activities for an average of 32 hours per week during any month and in job search
activities for an average of 8 hours per week during any month; and

“(II) the State must combine the aid payable to the family under the plan, and the cash value of any benefits the State would have provided under title V of the Personal Responsibility Act of 1995 Act to the family, into a single cash payment to the family;

“(C)(i)(I) the State may impose such sanctions as the State considers appropriate on an individual who fails to satisfactorily participate in any activity required under this part during the first 24 months (after the effective date of this paragraph) for which the individual is a recipient of aid under the State plan;

“(II) the State shall reduce the amount otherwise payable under the State plan for the month with respect to an individual to whom subparagraph (B)(i) applies, pro rata with respect to any period during the month for which the individual does not comply with subparagraph (B)(i); and

“(III) in the case of a family which receives aid under the State plan by reason of
section 407, the State shall reduce the cash payment payable to the family pursuant to sub-
paragraph (B)(ii) pro rata with respect to any period for which the family does not comply with subparagraph (B)(ii); and

“(ii) the State may suspend or terminate eligibility for aid under the State plan of any individual to whom a sanction has been applied under clause (i) on 3 or more occasions;

“(D) the State may not provide subsidized non-work activities to an individual under the State plan for more than 24 months (whether or not consecutive) after the effective date of this paragraph;

“(E) at the option of the State, the State may terminate eligibility for aid under the State plan of any family which—

“(i) has received such aid for 24 months (whether or not consecutive) after the effective date of this paragraph;

“(ii) has been required under this paragraph for at least 12 months (whether or not consecutive) after such effective date to participate in a work program; and
“(iii) was offered a work placement at
the beginning of such 12-month period;
“(F) an adult who has received aid under
the State plan for 60 months (whether or not
consecutive) after the effective date of this
paragraph shall not be eligible for aid under the
State plan; and
“(G) if a family is denied aid under the
State plan by reason of subparagraph (E) or
(F), each member of the family shall be consid-
ered to be receiving such aid for purposes of eli-
gibility for medical assistance under the State
plan approved under title XIX for so long as
the family would otherwise be eligible for such
aid.’’.

(b) Payments to States; Sanctions.—Section
403 of such Act (42 U.S.C. 603) is amended by adding
at the end the following:
“(o)(1) Each State which has been paid under sub-
section (l) of this section for any fiscal year an amount
equal to the limitation determined under subsection (k)(2)
of this section for the fiscal year shall be entitled to pay-
ments under paragraph (4) of this subsection for the fiscal
year in an amount equal to the lesser of—
“(A) the sum of the applicable percentages (specified in such paragraph (4)) of its expenditures under section 402(a)(29) with respect to which payment has not been made under such subsection (l) (subject to limitations prescribed by or pursuant to part F (to the extent applicable) or such paragraph (4) on expenditures that may be included for purposes of determining payment under such paragraph (4)); or

“(B) the limitation determined under paragraph (2) of this subsection with respect to the State for the fiscal year.

“(2) The limitation determined under this paragraph with respect to a State for any fiscal year is the amount that bears the same ratio to the amount specified in paragraph (3) of this subsection for the fiscal year as the average monthly number of adult recipients (as defined in subsection (k)(4)) in the State in the preceding fiscal year bears to the average monthly number of such recipients in all the States for such preceding year.

“(3) The amount specified in this paragraph is—

“(A) $500,000,000 for fiscal year 1996;

“(B) $900,000,000 for fiscal year 1997;

“(C) $1,800,000,000 for fiscal year 1998;

“(D) $2,700,000,000 for fiscal year 1999; and
“(E) $4,000,000,000 for fiscal year 2000.

“(4) Each State which has been paid under subsection (l) of this section for a fiscal year an amount equal to the limitation determined under subsection (k)(2) of this section for the fiscal year shall, in addition to any payment under subsection (a) or (l) of this section, be entitled to payment from the Secretary of an amount equal to—

“(A) 50 percent of the expenditures of the State for administrative costs incurred under section 402(a)(29) during the fiscal year (other than personnel costs for staff employed to carry out section 402(a)(29)) with respect to which payment has not been made under such subsection (l); and

“(B) the greater of 70 percent or the Federal medical assistance percentage (as defined in section 1118 in the case of a State to which section 1108 applies, or as defined in section 1905(b) in the case of any other State) of the other expenditures of the State incurred in carrying out section 402(a)(29) during the fiscal year with respect to which payment has not been made under such subsection (l).

“(p)(1) The Secretary shall reduce by 25 percent the amount otherwise payable under subsection (o) to a State for each quarter in a fiscal year if—
“(A) the State’s participation rate for the 3rd quarter of the immediately preceding fiscal year is less than the participation rate set forth in paragraph (3) for the immediately preceding fiscal year; or

“(B) for more than 2 months in the immediately preceding fiscal year, the State’s participation rate for the month is less than the participation rate set forth in paragraph (3) for the 2nd preceding fiscal year.

“(2)(A) A State’s participation rate for a time period shall be—

“(i) the number of individuals receiving aid under the State plan approved under this part who, during the time period, participated in a work program (within the meaning of section 402(a)(29)(A)) for an average of not fewer than 35 hours per week during the time period (or for an average of not fewer than 30 hours per week during the time period if the individual is engaged in job search for an average of not fewer than 5 hours per week during the time period); divided by

“(ii) the number of families receiving aid under the State plan approved under this part for the time period.
“(B) For purposes of subparagraph (A), in the case of an individual who received aid under the State plan approved under this part for only a portion of a time period, the conduct of the individual during that portion of the time period is deemed to have occurred throughout the time period.

“(3) The participation rate set forth in this paragraph is—

“(A) 2 percent, for fiscal year 1996;
“(B) 4 percent, for fiscal year 1997;
“(C) 8 percent, for fiscal year 1998;
“(D) 12 percent, for fiscal year 1999;
“(E) 17 percent, for fiscal year 2000;
“(F) 29 percent, for fiscal year 2001;
“(G) 40 percent, for fiscal year 2002; and
“(H) 50 percent, for fiscal year 2003 and each succeeding fiscal year.

“(4)(A) Before the beginning of each fiscal year, the Secretary shall determine the number of individuals each State is required to have participating in a work program pursuant to section 402(a)(29), based on information from the immediately preceding fiscal year and on any information submitted under subparagraph (B) of this paragraph.
“(B) If the number of individuals eligible for aid under the State plan approved under this part during the 1st 3 quarters of a fiscal year is less than such number for the 1st 3 quarters of the immediately preceding fiscal year, then, not later than the 1st day of the succeeding fiscal year, the State may submit to the Secretary information documenting the decline.

“(C) At the beginning of each fiscal year, the Secretary shall publish in the Federal Register the number determined pursuant to subparagraph (A) for each State for the fiscal year.”.

(c) Other Provisions Relating to Unemployed Parents.—

(1) Extension to All States of Option to Limit AFDC-Up Program.—

(A) In General.—Section 407(b)(2)(B) of such Act (42 U.S.C. 607(b)(2)(B)) is amended by striking clause (iii).

(B) Conforming Amendment.—Section 407(b)(2)(B)(i) of such Act (42 U.S.C. 607(b)(2)(B)(i)) is amended by striking “clauses (ii) and (iii)” and inserting “clause (ii)”.

(2) Increase in Required Work Program Participation Rates of Unemployed Par-
ENT.

Section 403(l)(4) of such Act (42 U.S.C. 603(l)(4)) is amended—

(A) by striking subparagraph (A);

(B) in subparagraph (B)—

(i) by striking “subparagraph (A)” and inserting “section 402(a)(29)(B)(ii)(I)”;

(ii) in clause (i), by striking “and”;

(iii) in clause (ii), by striking “each of the fiscal years 1997 and 1998.” and inserting “fiscal year 1997; and”; and

(iv) by adding at the end the following:

“(v) 90 percent in the case of the average of each month in fiscal year 1998.”;

(C) in subparagraph (C)—

(i) in clause (i), by striking “subparagraph (A)(i)” and inserting “section 402(a)(29)(B)(ii)(I)” and

(ii) in clause (ii), by striking “subparagraph” and inserting “section”; and

(D) in subparagraph (D)—

(i) by striking “subparagraph (A)” each place such term appears and inserting “section 402(a)(29)(B)(ii)(I)”;

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(ii) by inserting “of this paragraph” after “subparagraph (B)”; and
(iii) by adding after and below the end the following:
“The Secretary may not, under this subparagraph, waive a penalty with respect to the same State more than once during any 5-year period.”.

(d) Elimination of Certain Jobs Program Rules.—

(1) Participation Requirements.—Section 403(l) of such Act (42 U.S.C. 603(l)) is amended by striking paragraphs (2) and (3) and redesignating paragraph (4) as paragraph (2).

(2) CWEP Hours of Work Limitations.—Section 482(f) of such Act (42 U.S.C. 682(f)) is amended—

(A) in paragraph (1), by striking subparagraph (B) and redesignating subparagraph (C) as subparagraph (B); and

(B) by striking paragraph (2) and redesignating paragraphs (3) and (4) as paragraphs (2) and (3), respectively.

(3) Rules Relating to Exemptions.—Section 402(a)(19) of such Act (42 U.S.C. 602(a)(19)) is amended by striking subparagraphs (C) and (D),
by redesignating subparagraphs (E) and (F) as subparagraphs (C) and (D), respectively, and by adding "and" at the end of subparagraph (C) (as so redesignated).

(4) Sanctions.—Section 402(a)(19) of such Act (42 U.S.C. 602(a)(19)) is amended by striking subparagraph (G).

(5) Limitation on authority to compel acceptance of a job.—Section 402(a)(19) of such Act (42 U.S.C. 602(a)(19)) is amended by striking subparagraph (H).

(6) Conforming amendments and repeal.—

(A) Section 402(a)(19)(B) of such Act (42 U.S.C. 602(a)(19)(B)) is amended—

(i) by striking "—" and all that follows through "(i) the" and inserting "the";

(ii) by striking "subclause (I)" and inserting "clause (i)";

(iii) by striking clauses (ii), (iii), and (iv);

(iv) by redesignating subclauses (I) and (II) as clauses (i) and (ii), respectively; and
(v) by moving clauses (i) and (ii) (as so redesignated) 2 ems to the left.

(B) Section 407(b)(1)(B) of such Act (42 U.S.C. 607(b)(1)(B)) is amended—

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

(ii) by striking “; and” at the end of clause (iv) and inserting a period; and

(iii) by striking clause (v).

(C) Section 482(g)(2) of such Act (42 U.S.C. 682(g)) is amended by striking “(other” and all that follows through “applies)”.

(D) Section 486 of such Act (42 U.S.C. 686) is hereby repealed.

(E) Section 487(a)(1) of such Act (42 U.S.C. 687(a)(1)) is amended by inserting “(as in effect immediately before the effective date of the Personal Responsibility Act of 1995)” before the semicolon.

(e) Sense of the Congress.—Each State that operates a program of aid to families with dependent children under a plan approved under part A of title IV of the Social Security Act is encouraged to assign the highest priority to requiring families that include older preschool
or school-age children to participate in a work program
in accordance with section 402(a)(29) of such Act.

SEC. 203. WORK SUPPLEMENTATION PROGRAM AMENDMENTS.

(a) Authority of States To Assign Participants to Unfilled Jobs.—Section 484(c) of the Social
Security Act (42 U.S.C. 684(c)) is amended by striking
the last sentence.

(b) Authority of States To Use Sums That Would Otherwise Be Expended for Food Stamp
Benefits To Provide Subsidized Jobs for Participants.—

(1) In general.—Section 482(e)(1) of such
Act (42 U.S.C. 682(e)(1)) is amended—

(A) by inserting “, and the sums that
would otherwise be used to provide participants
in the program under this subsection with bene-
fits under title V of the Personal Responsibility
Act of 1995,” before “and use”; and

(B) by inserting “and the benefits under
such title that would otherwise be so provided
to them” before the period.

(2) Subsidies Provided To Employers and
Included In Wages Of Participants; Minimum
Employer Contribution.—Section 482(e)(3) of
such Act (42 U.S.C. 682(e)(3)) is amended by adding at the end the following:

“(E) Each State operating a work supplementation program under this subsection shall enter into an agreement with the employer who is to provide an eligible individual with a supplemented job under the program, under which—

“(i) the State is required to pay the employer an amount specified in the agreement as the subsidized portion of the wages of the eligible individual; and

“(ii) the employer is required to pay the eligible individual wages which, when added to an amount that will be payable as aid to families with dependent children to the individual if the individual is paid such wages, are not less than 100 percent of the sum of—

“(I) the amount that would otherwise be payable as aid to families with dependent children to the eligible individual if the State did not have a work supplementation program under this subsection in effect; and

“(II) if the State elects to subsidize jobs for participants in the program through the reservation of sums that would otherwise be used
to provide such participants with benefits under title V of the Personal Responsibility Act of 1995, the cash value of such benefits.

"(F) For purposes of computing the amount of the Federal payment to a State under paragraph (1) or (2) of section 403(a), for expenditures incurred in making payments to individuals and employers under the State's work supplementation program under this section, the State may claim as such expenditures the maximum amount payable to the State under paragraph (4) of this subsection.

"(G) Notwithstanding paragraph (1), a State may use for any purpose the sums reserved under paragraph (1) which are not used to subsidize jobs under this subsection attributable to savings achieved by operation of subparagraph (E).”.

(3) Conforming amendment.—Section 482(e)(3)(A) of such Act (42 U.S.C. 682(e)(3)(A)) is amended by striking the 2nd sentence.

SEC. 204. PAYMENTS TO STATES FOR CERTAIN INDIVIDUALS RECEIVING FOOD ASSISTANCE FROM THE STATE WHO PERFORM WORK ON BEHALF OF THE STATE.

(a) In General.—Each State (as defined in section 1101(a)(1) of the Social Security Act for purposes of title
IV of such Act) shall be entitled to receive from the Secretary of Health and Human Services a monthly payment in an amount equal to—

(1) $20 (as adjusted under subsection (b) of this section); multiplied by

(2) the number of nonexempt individuals (as defined in section 504(7) of this Act) who, during the immediately preceding month—

(A) received food assistance from the State under title V of this Act; and

(B) performed at least 32 hours of work on behalf of the State or a political subdivision of the State through a work program (as defined in section 402(a)(29)(A)(i) of the Social Security Act).

(b) Inflation Adjustment.—The Secretary of Health and Human Services shall adjust the amount referred to in subsection (a)(1) on October 1, 1996, and each October 1 thereafter, to reflect changes in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics, as appropriately adjusted by the Bureau of Labor Statistics after consultation with the Secretary concerning the application of the Index to this paragraph, for the 12 months ending the immediately preceding June 30.
TITLE III—CAPPING THE AGGREGATE GROWTH OF WELFARE SPENDING

SEC. 301. CAP ON GROWTH OF FEDERAL SPENDING ON CERTAIN WELFARE PROGRAMS.

(a) Restrictions on Spending.—(1) Effective for fiscal year 1996 and any ensuing fiscal year, the total amount of Federal spending for that fiscal year for the programs listed in subsection (b) shall not exceed an amount equal to the sum of the total estimated Federal spending for the preceding fiscal year on those programs, adjusted for inflation and change of the poverty population as specified in paragraph (2).

(2)(A) The inflator used in paragraph (1) shall be the percentage change in the Implicit Gross Domestic Product deflator published by the Department of Commerce for the most recently available fiscal year over the preceding fiscal year.

(B) Change of the poverty population for purposes of paragraph (1) shall be the percentage by which the number of poor people in the United States in the most recent fiscal year for which data are available from the annual report on poverty published by the Bureau of the Census differs from the number of poor people in the preceding fiscal year, as computed by the Congressional
Budget Office during January of the calendar year in
which the fiscal year subject to the restriction begins.

(b) Programs Subject to Spending Limit.—The
programs listed in this subsection are the following:

(1) Family Support.—The program of aid
and services to needy families with children under
part A of title IV of the Social Security Act, child
support enforcement program under part D of such
title, and the at-risk child care grant under part A
of such title.

(2) Supplemental Security Income.—The
supplemental security income program under title
XVI of the Social Security Act.

(3) Housing Aid.—

(A) Lower income housing assistance
under section 8 of the United States Housing

(B) Low-rent public housing under the
United States Housing Act of 1937.

(C) Rural housing loans for low-income
families under section 502 of the Housing Act
of 1949.

(D) Interest reduction payments under sec-
tion 236 of the National Housing Act.
(E) Rural rental housing loans under section 515 of the Housing Act of 1949.

(F) Rural rental assistance under section 521 of the Housing Act of 1949.

(G) Homeownership assistance for lower income families under section 235 of the National Housing Act.

(H) Rent supplements under section 101 of the Housing and Urban Development Act of 1965.

(I) Indian housing improvement grants under part 256 of title 25, Code of Federal Regulations.

(J) Rural housing repair loan grants for very low-income rural home owners under section 504 of the Housing Act of 1949.

(K) Farm labor housing loans under section 514 of the Housing Act of 1949.


(M) Rural housing self-help technical assistance loans under section 523 of the Housing Act of 1949.
(N) Farm labor housing grants under section 516 of the Housing Act of 1949.

(O) Rural housing preservation grants for low-income rural homeowners under section 533 of the Housing Act of 1949.

(4) MANDATORY WORK PROGRAM.—The mandatory work program under part A of title IV of the Social Security Act.

(5) JOBS PROGRAM.—The job opportunities and basic skills training program under part F of title IV of the Social Security Act.

(c) RECONCILIATION OF GROWTH LIMITS.—

(1) ALLOCATIONS.—The joint explanatory statement accompanying a conference report on a concurrent resolution on the budget described in section 301 of the Congressional Budget Act of 1974 for a fiscal year shall include allocations to each committee based on the spending cap imposed by subsection (a) for such fiscal year.

(2) RECONCILIATION DIRECTIVES.—The reconciliation directives described in section 310 of the Congressional Budget Act of 1974 shall specify reductions for each committee necessary to comply with the spending caps imposed by subsection (a) for such fiscal year.
(3) Consultation with committees.—In conducting any activities required under paragraphs (1) and (2), the Committees on the Budget of the House of Representatives and the Senate shall consult with the following committees of Congress, as applicable:

(A) The Committee on Appropriations of the House of Representatives or the Senate.

(B) The Committee on Banking and Financial Services of the House of Representatives or the Committee on Banking, Housing, and Urban Affairs of the Senate.

(C) The Committee on Ways and Means of the House of Representatives.

(D) The Committee on Finance of the Senate.

SEC. 302. CONVERSION OF FUNDING UNDER CERTAIN WELFARE PROGRAMS.

Notwithstanding any other provision of law, effective October 1, 1995, all entitlement of individuals to benefits established under the following programs, or of States to payments under such programs, is terminated:

(1) Family Support.—The program of aid and services to needy families with children under part A of title IV of the Social Security Act, the
child support enforcement program under part D of such title, and the at-risk child care grant under part A of such title.

(2) Supplemental security income.—The supplemental security income program under title XVI of the Social Security Act.

SEC. 303. SAVINGS FROM WELFARE SPENDING LIMITS TO BE USED FOR DEFICIT REDUCTION.

All savings to the Federal Government resulting from the spending cap imposed under section 301 shall be used for deficit reduction. Such savings shall not be used to fund increased spending under any programs that are not subject to the spending cap.

TITLE IV—RESTRICTING WELFARE FOR ALIENS

SEC. 401. INELIGIBILITY OF ALIENS FOR PUBLIC WELFARE ASSISTANCE.

(a) In General.—Notwithstanding any other provision of law and except as provided in subsections (b) and (c), no alien shall be eligible for any program referred to in subsection (d).

(b) Exceptions.—

(1) Refugee exception.—Subsection (a) shall not apply to an alien admitted to the United States as a refugee under section 207 of the Immi-
gration and Nationality Act until 6 years after the
date of such alien’s arrival into the United States.

(2) Aged Exception.—Subsection (a) shall
not apply to an alien who—

(A) has been lawfully admitted to the
United States for permanent residence;

(B) is over 75 years of age; and

(C) has resided in the United States for at
least 5 years.

(3) Current Resident Exception.—Sub-
section (a) shall not apply to the eligibility of an
alien for a program referred to in subsection (d)
until 1 year after the date of the enactment of this
Act if, on such date of enactment, the alien is resid-
ing in the United States and is eligible for the pro-
gram.

(c) Program For Which Aliens May Be Eligible.—The limitation under subsection (a) shall not apply
to medical assistance with respect to emergency services
(as defined for purposes of section 1916(a)(2)(D) of the
Social Security Act).

(d) Programs For Which Aliens Are Ineligible.—The programs referred to in this subsection are
the following:
(1) The program of medical assistance under title XIX of the Social Security Act, except emergency services as provided in subsection (c).

(2) The Maternal and Child Health Services Block Grant Program under title V of the Social Security Act.

(3) The program established in section 330 of the Public Health Service Act (relating to community health centers).

(4) The program established in section 1001 of the Public Health Service Act (relating to family planning methods and services).

(5) The program established in section 329 of the Public Health Service Act (relating to migrant health centers).

(6) The program of aid and services to needy families with children under part A of title IV of the Social Security Act.

(7) The child welfare services program under part B of title IV of the Social Security Act.


(9) The program of foster care and adoption assistance under part E of title IV of the Social Security Act.
(10) The food assistance block grant program established under title V of this Act.

(11) The program of rental assistance on behalf of low-income families provided under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f).

(12) The program of assistance to public housing under title I of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.).


(14) The program of interest reduction payments pursuant to contracts entered into by the Secretary of Housing and Urban Development under section 236 of the National Housing Act (12 U.S.C. 1715z-1).


(16) The program of rental assistance payments pursuant to contracts entered into under section 521(a)(2)(A) of the Housing Act of 1949 (42 U.S.C. 1490a(a)(2)(A)).
(17) The program of assistance payments on behalf of homeowners under section 235 of the National Housing Act (12 U.S.C. 1715z).

(18) The program of rent supplement payments on behalf of qualified tenants pursuant to contracts entered into under section 101 of the Housing and Urban Development Act of 1965 (12 U.S.C. 1701s).

(19) The loan and grant programs under section 504 of the Housing Act of 1949 (42 U.S.C. 1474) for repairs and improvements to rural dwellings.

(20) The loan and assistance programs under sections 514 and 516 of the Housing Act of 1949 (42 U.S.C. 1484, 1486) for housing for farm labor.

(21) The program of grants for preservation and rehabilitation of housing under section 533 of the Housing Act of 1949 (42 U.S.C. 1490m).

(22) The program of grants and loans for mutual and self-help housing and technical assistance under section 523 of the Housing Act of 1949 (42 U.S.C. 1490c).


(32) The programs established in sections 338A and 338B of the Public Health Service Act and the programs established in part A of title VII of such Act (relating to loans and scholarships for education in the health professions).
(33) The program established in section 317(j)(1) of the Public Health Service Act (relating to grants for immunizations against vaccine-preventable diseases).
(34) The program established in section 317A of the Public Health Service Act (relating to grants
for screening, referrals, and education regarding lead poisoning in infants and children).

(35) The program established in part A of title XIX of the Public Health Service Act (relating to block grants for preventive health and health services).

(36) The programs established in subparts I and II of part B of title XIX of the Public Health Service Act.

(37)(A) The program of training for disadvantaged adults under part A of title II of the Job Training Partnership Act (29 U.S.C. 1601 et seq.).

(B) The program of training for disadvantaged youth under part C of title II of the Job Training Partnership Act (29 U.S.C. 1641 et seq.).

(38) The Job Corps program under part B of title IV of the Job Training Partnership Act (29 U.S.C. 1692 et seq.).

(39) The summer youth employment and training programs under part B of title II of the Job Training Partnership Act (29 U.S.C. 1630 et seq.).

(40) The programs carried out under the Older American Community Service Employment Act (42 U.S.C. 3001 et seq.).
(41) The programs under title III of the Older Americans Act of 1965.


(44) The program under the Low-Income Energy Assistance Act of 1981 (42 U.S.C. 8621 et seq.).


(46) The program of block grants to States for social services under title XX of the Social Security Act.

(47) The programs carried out under the Community Services Block Grant Act (42 U.S.C. 9901 et seq.).

(48) The program of legal assistance to eligible clients and other programs under the Legal Services Corporation Act (42 U.S.C. 2996 et seq.).

(49) The program for emergency food and shelter grants under title III of the Stewart B. McKin-
ney Homeless Assistance Act (42 U.S.C. 11331 et seq.).

(50) The programs carried out under the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858 et seq.).

(51) A State program for providing child care under section 402(i) of the Social Security Act.


(e) Notification.—Each Federal agency that administers a program referred to in subsection (d) shall, directly or through the States, post information and provide general notification to the public and program recipients of the changes regarding eligibility for any such program pursuant to this section.

SEC. 402. STATE AFDC AGENCIES REQUIRED TO PROVIDE INFORMATION ON ILLEGAL ALIENS TO THE IMMIGRATION AND NATURALIZATION SERVICE.

Section 402(a) of the Social Security Act (42 U.S.C. 602(a)), as amended by title I of this Act, is amended—

(1) by striking “and” at the end of paragraph (48);
(2) by striking the period at the end of para-
graph (49) and inserting ‘‘; and’’; and

(3) by inserting after paragraph (49) the fol-
lowing:

‘‘(50) require the State agency to provide to the
Immigration and Naturalization Service the name,
address, and other identifying information that the
agency has with respect to any individual unlawfully
in the United States any of whose children is a citi-
zen of the United States.’’.

TITLE V—CONSOLIDATING FOOD
ASSISTANCE PROGRAMS

SEC. 501. FOOD ASSISTANCE BLOCK GRANT PROGRAM.

(a) Authority To Make Block Grants.—The
Secretary of Agriculture shall make grants in accordance
with this section to States to provide food assistance to
individuals who are economically disadvantaged and to in-
dividuals who are members of economically disadvantaged
families.

(b) Distribution of Funds.—

(1) Allotments to States.—Subject to para-
graph (2), the funds appropriated to carry out this
section for any fiscal year shall be allotted among
the States as follows:
(A) Of the aggregate amount to be distributed under this section, .21 percent shall be reserved for grants to Guam, the Virgin Islands of the United States, American Samoa, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, and Palau.

(B) Of the aggregate amount to be distributed under this section, .24 percent shall be reserved for grants to tribal organizations that have governmental jurisdiction over geographically defined areas and shall be allocated equitably by the Secretary among such organizations.

(C) The remainder of such aggregate amount shall be allocated among the remaining States. The amount allocated to each of the remaining States shall bear the same proportion to such remainder as the number of resident individuals in such State who are economically disadvantaged separately or as members of economically disadvantaged families bears to the aggregate number of resident individuals in all such remaining States who are economically
disadvantaged separately or as members of economically disadvantaged families.

(2) LIMITATION.—After September 30, 1996, the aggregate amount allotted under paragraph (1) for any fiscal year shall not exceed the aggregate amount allotted under paragraph (1) for the then preceding fiscal year adjusted by the Secretary to reflect—

(A) the percentage change in population during the 1-year period ending June 30 of such preceding fiscal year, determined on the basis of the most current information available in the Current Population Reports, P25 series (as adjusted to include overseas members of the armed forces of the United States), published by the Bureau of the Census, and

(B) the percentage change in the food at home component of the Consumer Price Index For All Urban Consumers for the 1-year period ending May 31 of such preceding fiscal year.

(c) ELIGIBILITY TO RECEIVE GRANTS.—To be eligible to receive a grant in the amount allotted to a State for a fiscal year, such State shall submit to the Secretary an application in such form, and containing such informa-
tion and assurances, as the Secretary may require by rule, including—

(1) an assurance that such grant will be expended by the State to provide food assistance to resident individuals in such State who are economically disadvantaged separately or as members of economically disadvantaged families,

(2) an assurance that not more than 5 percent of such grant will be expended by the State for administrative costs incurred to provide assistance under this section,

(3) an assurance that not less than 12 percent of each grant received from funds allotted for fiscal years 1996 through 2000 will be expended to provide food assistance and nutrition education to pregnant women, postpartum women, breastfeeding women, infants, and young children,

(4) an assurance that not less than 20 percent of each grant received from funds allotted for fiscal years 1996 through 2000 will be expended to provide—

(A) nonprofit school breakfast programs for students from economically disadvantaged families,
(B) milk in nonprofit schools and in non-profit nursery schools, child care centers, settlement houses, summer camps, and similar institutions devoted to the care and training of children, to children from economically disadvantaged families,

(C) nonprofit school lunch programs for students from economically disadvantaged families,

(D) expanded food service programs in institutions providing child care for children from economically disadvantaged families, and

(E) summer food service programs carried out by nonprofit food authorities, local governments, nonprofit higher education institutions participating in the National Youth Sports Program, and residential nonprofit summer camps, to provide meals to children from economically disadvantaged families; and

(5) an assurance that the amount of food assistance that will be provided to any nonexempt individual who is otherwise eligible to receive such assistance will be reduced proportionally to reflect the extent to which the individual has not performed 32 hours of work on behalf of a State or a political sub-
division of a State, through a program established
by the State or political subdivision, during the
month preceding the month for which such assist-
ance is provided.

(d) Authority to Reduce Certain Grants Re-
quirements.—At the request of a State for a particular
fiscal year, the Secretary may reduce a percentage require-
ment specified in paragraph (3) or (4) of subsection (c)
if the Secretary determines that the purpose described in
such paragraph will be adequately carried out by such
State without expending the full amount of funds required
by such paragraph.

(e) Limitation.—No State or political subdivision of
a State that receives funds provided under this title shall
replace any employed worker with an individual who is
participating in a program described in subsection (c)(5)
for the purpose of complying with such subsection. Such
an individual may be placed in any position offered by the
State or political subdivision that—

(A) is a new position,

(B) is a position that became available in the
normal course of conducting the business of the
State or political subdivision,

(C) involves performing work that would other-
wise be performed on an overtime basis by a worker
who is not an individual participating in such pro-
gram, or

(D) that is a position which became available by
shifting a current employee to an alternate position.

(f) **Authorization of Appropriations.**—(1)

There are authorized to be appropriated to carry out this
section $35,600,000,000 for fiscal year 1996 and such
sums as may be necessary for fiscal years 1997, 1998,

(2) For the purpose of affording adequate notice of
funding available under this section, an appropriation to
carry out this section is authorized to be included in an
appropriation Act for the fiscal year preceding the fiscal
year for which such appropriation is available for obliga-
tion.

**SEC. 502. AVAILABILITY OF FEDERAL COUPON SYSTEM TO
STATES.**

(a) **Issuance, Purchase, and Use of Coupons.**—
The Secretary shall issue, and make available for purchase
by States, coupons for the retail purchase of food from
retail food stores that are approved in accordance with
subsection (b). Coupons issued, purchased, and used as
provided in this section shall be redeemable at face value
by the Secretary through the facilities of the Treasury of
the United States. The purchase price of each coupon is-
sued under this subsection shall be the face value of such coupon.

(b) APPROVAL OF RETAIL FOOD STORES AND WHOLESALE FOOD CONCERNS.—(1) Regulations issued pursuant to this section shall provide for the submission of applications for approval by retail food stores and wholesale food concerns which desire to be authorized to accept and redeem coupons under this section. In determining the qualifications of applicants, there shall be considered among such other factors as may be appropriate, the following:

(A) The nature and extent of the food business conducted by the applicant.

(B) The volume of coupon business which may reasonably be expected to be conducted by the applicant food store or wholesale food concern.

(C) The business integrity and reputation of the applicant.

Approval of an applicant shall be evidenced by the issuance to such applicant of a nontransferable certificate of approval. The Secretary is authorized to issue regulations providing for a periodic reauthorization of retail food stores and wholesale food concerns.

(2) A buyer or transferee (other than a bona fide buyer or transferee) of a retail food store or wholesale food
concern that has been disqualified under subsection (d) may not accept or redeem coupons until the Secretary receives full payment of any penalty imposed on such store or concern.

(3) Regulations issued pursuant to this section shall require an applicant retail food store or wholesale food concern to submit information which will permit a determination to be made as to whether such applicant qualifies, or continues to qualify, for approval under this section or the regulations issued pursuant to this section. Regulations issued pursuant to this section shall provide for safeguards which limit the use or disclosure of information obtained under the authority granted by this subsection to purposes directly connected with administration and enforcement of this section or the regulations issued pursuant to this section, except that such information may be disclosed to and used by States that purchase such coupons.

(4) Any retail food store or wholesale food concern which has failed upon application to receive approval to participate in the food stamp program may obtain a hearing on such refusal as provided in subsection (f).

(c) Redemption of Coupons.—Regulations issued under this section shall provide for the redemption of coupons accepted by retail food stores through approved
wholesale food concerns or through financial institutions
which are insured by the Federal Deposit Insurance Cor-
poration, or which are insured under the Federal Credit
Union Act (12 U.S.C. 1751 et seq.) and have retail food
stores or wholesale food concerns in their field of member-
ship, with the cooperation of the Treasury Department,
except that retail food stores defined in section
504(10)(D) shall be authorized to redeem their members’
food coupons prior to receipt by the members of the food
so purchased, and publicly operated community mental
health centers or private nonprofit organizations or insti-
tutions which serve meals to narcotics addicts or alcoholics
in drug addiction or alcoholic treatment and rehabilitation
programs, public and private nonprofit shelters that pre-
pare and serve meals for battered women and children,
public or private nonprofit group living arrangements that
serve meals to disabled or blind residents, and public or
private nonprofit establishments, or public or private non-
profit shelters that feed individuals who do not reside in
permanent dwellings and individuals who have no fixed
mailing addresses shall not be authorized to redeem cou-
pons through financial institutions which are insured by
the Federal Deposit Insurance Corporation or the Federal
Credit Union Act. No financial institution may impose on
or collect from a retail food store a fee or other charge
for the redemption of coupons that are submitted to the financial institution in a manner consistent with the requirements, other than any requirements relating to cancellation of coupons, for the presentation of coupons by financial institutions to the Federal Reserve banks.

(d) Civil Money Penalties and Disqualification of Retail Food Stores and Wholesale Food Concerns.—(1) Any approved retail food store or wholesale food concern may be disqualified for a specified period of time from further participation in the coupon program under this section, or subjected to a civil money penalty of up to $10,000 for each violation if the Secretary determines that its disqualification would cause hardship to individuals who receive coupons, on a finding, made as specified in the regulations, that such store or concern has violated this section or the regulations issued pursuant to this section.

(2) Disqualification under paragraph (1) shall be—

(A) for a reasonable period of time, of no less than 6 months nor more than 5 years, upon the first occasion of disqualification,

(B) for a reasonable period of time, of no less than 12 months nor more than 10 years, upon the second occasion of disqualification, and

(C) permanent upon—
(i) the third occasion of disqualification,

(ii) the first occasion or any subsequent occasion of a disqualification based on the purchase of coupons or trafficking in coupons by a retail food store or wholesale food concern, except that the Secretary shall have the discretion to impose a civil money penalty of up to $20,000 for each violation (except that the amount of civil money penalties imposed for violations occurring during a single investigation may not exceed $40,000) in lieu of disqualification under this subparagraph, for such purchase of coupons or trafficking in coupons that constitutes a violation of this section or the regulations issued pursuant to this section, if the Secretary determines that there is substantial evidence (including evidence that neither the ownership nor management of the store or food concern was aware of, approved, benefited from, or was involved in the conduct or approval of the violation) that such store or food concern had an effective policy and program in effect to prevent violations of this section and such regulations, or
(iii) a finding of the sale of firearms, ammunition, explosives, or controlled substance (as defined in section 802 of title 21, United States Code) for coupons, except that the Secretary shall have the discretion to impose a civil money penalty of up to $20,000 for each violation (except that the amount of civil money penalties imposed for violations occurring during a single investigation may not exceed $40,000) in lieu of disqualification under this subparagraph if the Secretary determines that there is substantial evidence (including evidence that neither the ownership nor management of the store or food concern was aware of, approved, benefited from, or was involved in the conduct or approval of the violation) that the store or food concern had an effective policy and program in effect to prevent violations of this section.

(3) The action of disqualification or the imposition of a civil money penalty shall be subject to review as provided in subsection (f).

(4) As a condition of authorization to accept and redeem coupons issued under subsection (a), the Secretary may require a retail food store or wholesale food concern which has been disqualified or subjected to a civil penalty
pursuant to paragraph (1) to furnish a bond to cover the value of coupons which such store or concern may in the future accept and redeem in violation of this section. The Secretary shall, by regulation, prescribe the amount, terms, and conditions of such bond. If the Secretary finds that such store or concern has accepted and redeemed coupons in violation of this section after furnishing such bond, such store or concern shall forfeit to the Secretary an amount of such bond which is equal to the value of coupons accepted and redeemed by such store or concern in violation of this section. Such store or concern may obtain a hearing on such forfeiture pursuant to subsection (f).

(5)(A) In the event any retail food store or wholesale food concern that has been disqualified under paragraph (1) is sold or the ownership thereof is otherwise transferred to a purchaser or transferee, the person or persons who sell or otherwise transfer ownership of the retail food store or wholesale food concern shall be subjected to a civil money penalty in an amount established by the Secretary through regulations to reflect that portion of the disqualification period that has not yet expired. If the retail food store or wholesale food concern has been disqualified permanently, the civil money penalty shall be double the penalty for a 10-year disqualification period, as calculated under regulations issued by the Secretary. The disquali-
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lished by the Secretary. The Attorney General of the United States may institute judicial action in any court of competent jurisdiction against the store or concern to collect the fine.

(6) The Secretary may impose a fine against any person not approved by the Secretary to accept and redeem coupons who violates this section or a regulation issued under this section, including violations concerning the acceptance of coupons. The amount of any such fine shall be established by the Secretary and may be assessed and collected in accordance with regulations issued under this section separately or in combination with any fiscal claim established by the Secretary. The Attorney General of the United States may institute judicial action in any court of competent jurisdiction against the person to collect the fine.

(e) COLLECTION AND DISPOSITION OF CLAIMS.—The Secretary shall have the power to determine the amount of and settle and adjust any claim and to compromise or deny all or part of any such claim or claims arising under this section or the regulations issued pursuant to this section, including, but not limited to, claims arising from fraudulent and nonfraudulent overissuances to recipients, including the power to waive claims if the Secretary determines that to do so would serve the purposes of this sec-
tion. Such powers with respect to claims against recipients may be delegated by the Secretary to State agencies.

(f) Administrative and Judicial Review.—(1) Whenever—

(A) an application of a retail food store or wholesale food concern for approval to accept and redeem coupons issued under subsection (a) is denied pursuant to this section,

(B) a retail food store or wholesale food concern is disqualified or subjected to a civil money penalty under subsection (d),

(C) all or part of any claim of a retail food store or wholesale food concern is denied under subsection (e), or

(D) a claim against a State is stated pursuant to subsection (e),

notice of such administrative action shall be issued to the retail food store, wholesale food concern, or State involved. Such notice shall be delivered by certified mail or personal service. If such store, concern, or State is aggrieved by such action, it may, in accordance with regulations promulgated under this section, within 10 days of the date of delivery of such notice, file a written request for an opportunity to submit information in support of its position to such person or persons as the regulations may de-
ignite. If such a request is not made or if such store, concern, or State fails to submit information in support of its position after filing a request, the administrative determination shall be final. If such request is made by such store, concern, or State such information as may be submitted by such store, concern, or State as well as such other information as may be available, shall be reviewed by the person or persons designated by the Secretary, who shall, subject to the right of judicial review hereinafter provided, make a determination which shall be final and which shall take effect 30 days after the date of the delivery or service of such final notice of determination. If such store, concern, or State feels aggrieved by such final determination, it may obtain judicial review thereof by filing a complaint against the United States in the United States court for the district in which it resides or is engaged in business, or, in the case of a retail food store or wholesale food concern, in any court of record of the State having competent jurisdiction, within 30 days after the date of delivery or service of the final notice of determination upon it, requesting the court to set aside such determination. The copy of the summons and complaint required to be delivered to the official or agency whose order is being attacked shall be sent to the Secretary or such person or persons as the Secretary may designate...
to receive service of process. The suit in the United States
district court or State court shall be a trial de novo by
the court in which the court shall determine the validity
of the questioned administrative action in issue. If the
court determines that such administrative action is in-
valid, it shall enter such judgment or order as it deter-
mines is in accordance with the law and the evidence. Dur-
ing the pendency of such judicial review, or any appeal
therefrom, the administrative action under review shall be
and remain in full force and effect, unless on application
to the court on not less than ten days’ notice, and after
hearing thereon and a consideration by the court of the
applicant’s likelihood of prevailing on the merits and of
irreparable injury, the court temporarily stays such ad-
ministrative action pending disposition of such trial or ap-
peal.

(g) Violations and Enforcement.—(1) Subject
to paragraph (2), whoever knowingly uses, transfers, ac-
quires, alters, or possesses coupons in any manner con-
trary to this section or the regulations issued pursuant
to this section shall, if such coupons are of a value of
$5,000 or more, be guilty of a felony and shall be fined
not more than $250,000 or imprisoned for not more than
20 years, or both, and shall, if such coupons are of a value
of $100 or more, but less than $5,000, be guilty of a fel-
ony and shall, upon the first conviction thereof, be fined not more than $10,000 or imprisoned for not more than 5 years, or both, and, upon the second and any subsequent conviction thereof, shall be imprisoned for not less than 6 months nor more than 5 years and may also be fined not more than $10,000 or, if such coupons are of a value of less than $100, shall be guilty of a misdemeanor, and, upon the first conviction thereof, shall be fined not more than $1,000 or imprisoned for not more than one year, or both, and upon the second and any subsequent conviction thereof, shall be imprisoned for not more than one year and may also be fined not more than $1,000.

(2) In the case of any individual convicted of an offense under paragraph (1), the court may permit such individual to perform work approved by the court for the purpose of providing restitution for losses incurred by the United States and the State as a result of the offense for which such individual was convicted. If the court permits such individual to perform such work and such individual agrees thereto, the court shall withhold the imposition of the sentence on the condition that such individual perform the assigned work. Upon the successful completion of the assigned work the court may suspend such sentence.

(3) Whoever presents, or causes to be presented, coupons for payment or redemption of the value of $100 or
more, knowing the same to have been received, transferred, or used in any manner in violation of this section or the regulations issued under this section, shall be guilty of a felony and, upon the first conviction thereof, shall be fined not more than $20,000 or imprisoned for not more than 5 years, or both, and, upon the second and any subsequent conviction thereof, shall be imprisoned for not less than one year nor more than 5 years and may also be fined not more than $20,000, or, if such coupons are of a value of less than $100, shall be guilty of a misdemeanor and, upon the first conviction thereof, shall be fined not more than $1,000 or imprisoned for not more than one year, or both, and, upon the second and any subsequent conviction thereof, shall be imprisoned for not more than one year and may also be fined not more than $1,000.

SEC. 503. AUTHORITY TO SELL FEDERAL SURPLUS COMMODITIES.

Notwithstanding any other provision of law, the Secretary of Agriculture and the Commodity Credit Corporation may sell surplus commodities and surplus foodstuffs to the States to provide food assistance to individuals who are economically disadvantaged and to individuals who are members of economically disadvantaged families.
SEC. 504. DEFINITIONS.

For purposes of this title—

(1) the term “breastfeeding woman” means women up to 1 year postpartum who are breastfeeding their infants,

(2) the term “coupon” means any coupon, stamp, or type of certificate, but does not include currency,

(3) the term “economically disadvantaged” means an individual or a family, as the case may be, whose income does not exceed the most recent lower living standard income level published by the Department of Labor,

(4) the term “elderly or disabled individual” means an individual who—

(A) is 60 years of age or older,

(B) (i) receives supplemental security income benefits under title XVI of the Social Security Act (42 U.S.C. 1381 et seq.), or Federally or State administered supplemental benefits of the type described in section 212(a) of Public Law 93–66 (42 U.S.C. 1382 note), or

(ii) receives Federally or State administered supplemental assistance of the type described in section 1616(a) of the Social Security Act (42 U.S.C. 1382e(a)), interim assistance
pending receipt of supplemental security income, disability-related medical assistance under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.), or disability-based State general assistance benefits, if the Secretary determines that such benefits are conditioned on meeting disability or blindness criteria at least as stringent as those used under title XVI of the Social Security Act,

(C) receives disability or blindness payments under title I, II, X, XIV, or XVI of the Social Security Act (42 U.S.C. 301 et seq.) or receives disability retirement benefits from a governmental agency because of a disability considered permanent under section 221(i) of the Social Security Act (42 U.S.C. 421(i)),

(D) is a veteran who—

(i) has a service-connected or non-service-connected disability which is rated as total under title 38, United States Code, or

(ii) is considered in need of regular aid and attendance or permanently house-bound under such title,
(E) is a surviving spouse of a veteran
and—

(i) is considered in need of regular aid
and attendance or permanently house- bound under title 38, United States Code, or

(ii) is entitled to compensation for a
service-connected death or pension benefits
for a non-service-connected death under
title 38, United States Code, and has a
disability considered permanent under sec-
tion 221(i) of the Social Security Act (42
U.S.C. 421(i)),

(F) is a child of a veteran and—

(i) is considered permanently incapa-
able of self-support under section 414 of
title 38, United States Code, or

(ii) is entitled to compensation for a
service-connected death or pension benefits
for a non-service-connected death under
title 38, United States Code, and has a
disability considered permanent under sec-
tion 221(i) of the Social Security Act (42
U.S.C. 421(i)), or
(G) is an individual receiving an annuity under section 2(a)(1)(iv) or 2(a)(1)(v) of the Railroad Retirement Act of 1974 (45 U.S.C. 231a(a)(1)(iv) or 231a(a)(1)(v)), if the individual’s service as an employee under the Railroad Retirement Act of 1974, after December 31, 1936, had been included in the term “employment” as defined in the Social Security Act (42 U.S.C. 301 et seq.), and if an application for disability benefits had been filed,

(5) the term “food” means, for purposes of section 502(a) only—

(A) any food or food product for home consumption except alcoholic beverages, tobacco, and hot foods or hot food products ready for immediate consumption other than those authorized pursuant to subparagraphs (C), (D), (E), (G), (H), and (I),

(B) seeds and plants for use in gardens to produce food for the personal consumption of the eligible individuals,

(C) in the case of those persons who are 60 years of age or over or who receive supplemental security income benefits or disability or blindness payments under title I, II, X, XIV, or
XVI of the Social Security Act (42 U.S.C. 301 et seq.), and their spouses, meals prepared by and served in senior citizens' centers, apartment buildings occupied primarily by such persons, public or private nonprofit establishments (eating or otherwise) that feed such persons, private establishments that contract with the appropriate agency of the State to offer meals for such persons at concessional prices, and meals prepared for and served to residents of federally subsidized housing for the elderly,

(D) in the case of persons 60 years of age or over and persons who are physically or mentally handicapped or otherwise so disabled that they are unable adequately to prepare all of their meals, meals prepared for and delivered to them (and their spouses) at their home by a public or private nonprofit organization or by a private establishment that contracts with the appropriate State agency to perform such services at concessional prices,

(E) in the case of narcotics addicts or alcoholics, and their children, served by drug addiction or alcoholic treatment and rehabilitation
programs, meals prepared and served under such programs,

(F) in the case of eligible individuals living in Alaska, equipment for procuring food by hunting and fishing, such as nets, hooks, rods, harpoons, and knives (but not equipment for purposes of transportation, clothing, or shelter, and not firearms, ammunition, and explosives) if the Secretary determines that such individuals are located in an area of the State where it is extremely difficult to reach stores selling food and that such individuals depend to a substantial extent upon hunting and fishing for subsistence,

(G) in the case of disabled or blind recipients of benefits under title I, II, X, XIV, or XVI of the Social Security Act (42 U.S.C. 301 et seq.), or are individuals described in subparagraphs (B) through (G) of paragraph (4), who are residents in a public or private nonprofit group living arrangement that serves no more than 16 residents and is certified by the appropriate State agency or agencies under regulations issued under section 1616(e) of the Social Security Act (42 U.S.C. 1382e(e)) or under
standards determined by the Secretary to be comparable to standards implemented by appropriate State agencies under such section, meals prepared and served under such arrangement,

(H) in the case of women and children temporarily residing in public or private non-profit shelters for battered women and children, meals prepared and served, by such shelters, and

(I) in the case of individuals that do not reside in permanent dwellings and individuals that have no fixed mailing addresses, meals prepared for and served by a public or private non-profit establishment (approved by an appropriate State or local agency) that feeds such individuals and by private establishments that contract with the appropriate agency of the State to offer meals for such individuals at concessional prices,

(6) the term “infants” means individuals under 1 year of age,

(7) the term “nonexempt individual” means an individual who is not—

(A) a parent residing with a dependent child under 18 years of age,
(B) a member of a family with responsibility for the care of an incapacitated family member,

(C) mentally or physically unfit,

(D) under 18 years of age, or

(E) 63 years of age or older,

(8) the term "postpartum women" means women during the 180-day period after the end of their pregnancy,

(9) the term "pregnant women" means women who have one or more fetuses in utero,

(10) the term "retail food store" means—

(A) an establishment or recognized department thereof or house-to-house trade route, over 50 percent of whose food sales volume, as determined by visual inspection, sales records, purchase records, or other inventory or accounting recordkeeping methods that are customary or reasonable in the retail food industry, consists of staple food items for home preparation and consumption, such as meat, poultry, fish, bread, cereals, vegetables, fruits, dairy products, and the like, but not including accessory food items, such as coffee, tea, cocoa, carbon-
ated and uncarbonated drinks, candy, condiments, and spices,

(B) an establishment, organization, program, or group living arrangement referred to in subparagraph (C), (D), (E), (G), (H), or (I) of paragraph (5),

(C) a store purveying the hunting and fishing equipment described in paragraph (5)(F), or

(D) any private nonprofit cooperative food purchasing venture, including those in which the members pay for food purchased prior to the receipt of such food,

(11) the term "school" means an elementary, intermediate, or secondary school,

(12) the term "Secretary" means the Secretary of Agriculture,

(13) the term "State" means any of the several States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Virgin Islands of the United States, American Samoa, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, Palau, or a tribal organization that exercises
governmental jurisdiction over a geographically de-

   fined area,

   (14) the term “tribal organization” has the

   meaning given it in section 4(l) of the Indian Self-

   Determination and Education Assistance Act (25

   U.S.C. 450b(l)), and

   (15) the term “young children” means individ-

   uals who are not less than 1 year of age and not

   more than 5 years of age.

SEC. 505. REPEALERS; AMENDMENTS.

(a) REPEALERS.—The following Acts are repealed:

   (1) The Food Stamp Act of 1977 (7 U.S.C.

      2011 et seq.).


      1771 et seq.).

   (3) The National School Lunch Act (42 U.S.C.

      1751 et seq.)

   (4) The Emergency Food Assistance Act of


   (5) The Hunger Prevention Act of 1988 (Public


   (6) The Commodity Distribution Reform Act

      and WIC Amendments of 1987 (Public Law 100–

      237; 101 Stat. 1733).

(b) Amendments.—

(1) The Older Americans Act of 1965 (42 U.S.C. 3030a et seq.) is amended by striking sections 303(b) and 311, and part C of title III.

(2) Section 32 of the Act of August 24, 1935 (Public Law 320; 7 U.S.C. 612C) is amended—

(A) in the first undesignated paragraph—

(i) by striking “30 per centum” and inserting “1.5 per centum”, and

(ii) by striking “; (2)” and all that follows through “Agriculture;”, and

(B) by striking the last sentence.


(5) Section 402 of the Mutual Security Act of 1954 (22 U.S.C. 1922) is amended by striking the last sentence.
The Act of September 6, 1958 (Public Law 83–931; 7 U.S.C. 1431b) is amended by striking section 9.

The Agricultural Act of 1965 (7 U.S.C. 1446a–1) is amended by striking section 709.

SEC. 506. EFFECTIVE DATE; APPLICATION OF REPEALERS AND AMENDMENTS.

(a) EFFECTIVE DATES.—

(1) GENERAL EFFECTIVE DATE.—Except as provided in subsection (b), this title and the amendments made by this title shall take effect on the date of the enactment of this Act.

(2) SPECIAL EFFECTIVE DATE.—The repeals made by section 505(a) shall not take effect until the first day of the first fiscal year for which funds are appropriated more than 180 days in advance of such fiscal year to carry out section 501.

(b) APPLICATION OF REPEALERS AND AMENDMENTS.—A repeal or amendment made by section 505 shall not apply with respect to—

(1) powers, duties, functions, rights, claims, penalties, or obligations applicable to financial assistance provided under the Act repealed or amended before the effective date of such repeal or amendment, and
(2) administrative actions and proceedings commenced before such date, or authorized before such date to be commenced, under such Acts.

**TITLE VI—EXPANDING STATUTORY FLEXIBILITY OF STATES**

**SEC. 601. OPTION TO CONVERT AFDC INTO A BLOCK GRANT PROGRAM.**

Section 403 of the Social Security Act (42 U.S.C. 603) is amended by inserting after subsection (b) the following:

“(c)(1) Any State that has in effect a plan approved under part D and is operating a child support program in substantial compliance with that plan may elect to receive payments under this subsection in lieu of receiving payments under the other subsections of this section.

“(2) If a State makes an election under paragraph (1), then, in lieu of any payment under any other subsection of this section, the Secretary shall make payments to the State under this subsection for each fiscal year in an amount equal to 103 percent of the total amount to which the State was entitled under this section for fiscal year 1992, subject to paragraph (5).

“(3) Each State to which an amount is paid under paragraph (2) for a fiscal year shall expend the amount
to carry out any program established by the State to provide benefits to needy families with dependent children.

“(4) Within 3 months after the end of each fiscal year, each State that has made an election under paragraph (1) shall submit to the Secretary a report that accounts for all expenditures of amounts paid to the State under this subsection for the fiscal year.

“(5) The Secretary shall reduce by 20 percent the amount that would otherwise be payable to a State under this subsection for a fiscal year if the Secretary finds that the State has expended any amount provided under this subsection for any purpose other than to carry out a program of cash benefits to needy families with children.

“(6)(A) The regulations issued with respect to State plans and the operation of State programs under this part (other than under section 402(a)(27), section 403(h), and this subsection) shall not apply to any State that makes an election under paragraph (1).

“(B) Section 403(h) shall continue to apply to any State that makes an election under paragraph (1).”.

SEC. 602. OPTION TO TREAT NEW RESIDENTS OF A STATE UNDER RULES OF FORMER STATE.

Section 402(a) of the Social Security Act (42 U.S.C. 602(a)), as amended by titles I and IV of this Act, is amended—
(1) by striking "and" at the end of paragraph (49); (2) by striking the period at the end of paragraph (50) and inserting "; and"; and (3) by inserting after paragraph (50) the following:

"(51) at the option of the State, in the case of a family applying for aid under the State plan that has moved to the State from another jurisdiction of the United States that has a plan approved under this part or has made an election under section 403(c)(1), and has resided in the State for less than 12 months consecutively, apply the rules that would have been applied by such other jurisdiction if the family had not moved from such other jurisdiction, in determining the eligibility of the family for benefits, and the amount of benefits payable to the family, under the State plan."

SEC. 603. OPTION TO IMPOSE PENALTY FOR FAILURE TO ATTEND SCHOOL.

Section 402(a) of the Social Security Act (42 U.S.C. 602(a)), as amended by titles I and IV, and section 602, of this Act, is amended— (1) by striking "and" at the end of paragraph (50);
(2) by striking the period at the end of paragraph (51) and inserting ‘‘; and’’; and

(3) by inserting after paragraph (51) the following:

‘‘(52) at the option of the State, provide that
the aid otherwise payable under the plan to a family
may be reduced by not more than $75 per month for
each parent under 21 years of age who has not com-
pleted secondary school (or the equivalent) and each
dependent child in the family who, during the imme-
diately preceding month, has failed, without good
cause (as defined by the State in consultation with
the Secretary), to maintain minimum attendance (as
defined by the State in consultation with the Sec-
retary) at an educational institution.’’.

SEC. 604. OPTION TO PROVIDE MARRIED COUPLE TRANSI-
TION BENEFIT.

(a) IN GENERAL.—Section 402(a) of the Social Secu-
RITY ACT (42 U.S.C. 602(a)), as amended by titles I and
IV, and sections 602 and 603, of this Act, is amended—

(1) by striking ‘‘and’’ at the end of paragraph
(51);

(2) by striking the period at the end of para-
graph (52) and inserting ‘‘; and’’; and
(3) by inserting after paragraph (52) the following:

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(53) at the option of the State, provide that—

(A) if a recipient of aid under the plan
marries an individual who is not a parent of a
child of the recipient and (but for this para-
graph) the resulting family would have become
ineligible for such aid by reason of the mar-
riage, then the family shall remain eligible for
aid under the plan, in an amount equal to 50
percent of the aid payable to the recipient im-
mediately before the marriage, for a period
(specified by the State) of not more than 12
months, but only for so long as the income of
the family is less than 150 percent of the in-
come official poverty line (as defined by the Of-

cice of Management and Budget, and revised
annually in accordance with section 673(2) of
the Omnibus Budget Reconciliation Act of
1981) applicable to a family of the size in-
volved; and

(B) if a recipient of aid under the plan
marries an individual who is not a parent of a
child of the recipient and the resulting family
would (in the absence of this subparagraph) be
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eligible for such aid by reason of section 407, then the State may provide aid to the family in accordance with section 407 or subparagraph (A) of this paragraph, but not both.’’.

(b) **Applicability.**—The amendments made by subsection (a) shall apply only with respect to individuals who first become recipients of aid under State plans approved under part A of title IV of the Social Security Act on or after the effective date of this Act.

**SEC. 605. OPTION TO DISREGARD INCOME AND RESOURCES DESIGNATED FOR EDUCATION, TRAINING, AND EMPLOYABILITY, OR RELATED TO SELF-EMPLOYMENT.**

(a) **Resource Disregards.**—Section 402(a)(7)(B) of the Social Security Act (42 U.S.C. 602(a)(7)(B)) is amended—

(1) by striking ‘‘or’’ before ‘‘(iv)’’; and

(2) by inserting ‘‘(v) at the option of the State, in the case of a family receiving aid under the State plan (and a family not receiving such aid but which received such aid in at least 1 of the preceding 4 months or became ineligible for such aid during the preceding 12 months because of excessive earnings), any amount (determined by the State) not to exceed $10,000 in a qualified asset account (as defined in
section 406(i)) of the family, or (vi) at the option of
the State, the first $10,000 of the net worth (assets
reduced by liabilities with respect thereto) of all
microenterprises (as defined in section 406(j)(1))
owned, in whole or in part, by such child, relative,
or other individual, for a period not to exceed 2
years” before “; and”.

(b) Disregard of Income from Qualified Asset
Accounts.—Section 402(a)(8)(A) of such Act (42 U.S.C.
602(a)(8)(A)) is amended—

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

(2) by inserting after clause (viii) the following
new clause:

“(ix) at the option of the State, may
disregard any interest or income earned on
a qualified asset account (as defined in
section 406(i)), and any qualified distribu-
tion (as defined in section 406(i)(2)) from
a qualified asset account (as defined in
section 406(i)(1)); and”.

(c) Nonrecurring Lump Sum Exempt From
Lump Sum Rule.—Section 402(a)(17) of such Act (42
U.S.C. 602(a)(17)) is amended by adding at the end the
following: “; and, at the option of the State, that this para-
graph shall not apply to earned or unearned income received in a month on a nonrecurring basis to the extent that such income is placed in a qualified asset account (as defined in section 406(i)) the total amounts in which, after such placement, does not exceed $10,000;”.

(d) **Only Net Profits of Microenterprise Treated as Income.**—Section 402(a)(7) of such Act (42 U.S.C. 602(a)(7)), as amended by subsection (a) of this section, is amended—

(1) by striking “and” at the end of subparagraph (B);

(2) by striking the semicolon at the end of subparagraph (C) and inserting “; and”;

(3) by adding at the end the following:

“(D) at the option of the State, may take into consideration as earned income of the family of which the child is a member, only the net profits (as defined in section 406(j)(2)) of microenterprises (as defined in section 406(j)(1)) owned, in whole or in part, by such child, relative, or other individual, for a period not to exceed 2 years.”.

(e) **Definitions.**—Section 406 of such Act (42 U.S.C. 606) is amended by adding at the end the following:
"(i)(1) The term ‘qualified asset account’ means a mechanism approved by the State (such as individual retirement accounts, escrow accounts, or savings bonds) that allows savings of a family receiving aid to families with dependent children to be used for qualified distributions.

"(2) The term ‘qualified distribution’ means a distribution from a qualified asset account for expenses directly related to 1 or more of the following purposes:

"(A) The attendance of a member of the family at any education or training program.

"(B) The improvement of the employability (including self-employment) of a member of the family (such as through the purchase of an automobile).

"(C) The purchase of a home for the family.

"(D) A change of the family residence.

"(j)(1) The term ‘microenterprise’ means a commercial enterprise which has 5 or fewer employees, 1 or more of whom owns the enterprise.

"(2) The term ‘net profits’ means, with respect to a microenterprise, the gross receipts of the business, minus—

"(A) payments of principal or interest on a loan to the microenterprise;

"(B) transportation expenses;

"(C) inventory costs;
“(D) expenditures to purchase capital equipment;

“(E) cash retained by the microenterprise for future use by the business;

“(F) taxes paid by reason of the business;

“(G) if the business is covered under a policy of insurance against loss—

“(i) the premiums paid for such insurance; and

“(ii) the losses incurred by the business that are not reimbursed by the insurer solely by reason of the existence of a deductible with respect to the insurance policy;

“(H) the reasonable costs of obtaining 1 motor vehicle necessary for the conduct of the business; and

“(I) the other expenses of the business.”

SEC. 606. OPTION TO REQUIRE ATTENDANCE AT PARENTING AND MONEY MANAGEMENT CLASSES, AND PRIOR APPROVAL OF ANY ACTION THAT WOULD RESULT IN A CHANGE OF SCHOOL FOR A DEPENDENT CHILD.

(a) In General.—Section 402(a) of the Social Security Act (42 U.S.C. 602(a)), as amended by titles I and
IV, and sections 602, 603, and 604, of this Act, is amend-
ed—

(1) by striking “‘and’” at the end of paragraph
(52);

(2) by striking the period at the end of para-
graph (53) and inserting “‘; and’”;

(3) by inserting after paragraph (53) the fol-
lowing:

“(54) at the option of the State, provide that,
as a condition of receiving aid under the State plan,
the recipient must attend parenting and money
management classes, and must receive the permi-
sion of the State agency before taking any action
that would require a change in the educational insti-
tution attended by a dependent child of the recipi-
ent.”.

TITLE VII—DRUG TESTING FOR
WELFARE RECIPIENTS

SEC. 701. AFDC RECIPIENTS REQUIRED TO UNDERGO NECESSARY SUBSTANCE ABUSE TREATMENT AS A
CONDITION OF RECEIVING AFDC.

(a) IN GENERAL.—Section 402(a) of the Social Secu-
rity Act (42 U.S.C. 602(a)) is amended by inserting after
paragraph (34) the following:

“(35) provide that—
“(A) each applicant or recipient of aid under the State plan who is addicted (as determined by the State) to alcohol or drugs must agree to participate and maintain satisfactory participation (as determined by the State) in an appropriate addiction treatment program (if available), and must agree to submit to tests for the presence of alcohol or drugs, without advance notice, during and after such participation; and

“(B) during the 2-year period that begins with any failure by such an applicant or recipient to comply with any requirement imposed pursuant to subparagraph (A), the applicant or recipient shall not be eligible for such aid, but shall be considered to be receiving such aid for purposes of eligibility for medical assistance under the State plan approved under title XIX.”.

(b) Delayed Applicability Permitted if State Legislation Required.—In the case of a State plan approved under section 402(a) of the Social Security Act which the Secretary of Health and Human Services determines requires State legislation (other than legislation appropriating funds) in order for the plan to meet the addi-
tional requirement imposed by the amendment made by subsection (a) of this section, the State plan shall not be regarded as failing to comply with the requirements of such section 402(a) solely on the basis of the failure of the plan to meet such additional requirement before the end of the 2-year period that begins with the effective date of this Act.

**TITLE VIII—EFFECTIVE DATE**

**SEC. 801. EFFECTIVE DATE.**

This Act and the amendments made by this Act shall take effect on October 1, 1995.