

104<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# S. 1120

To enhance support and work opportunities for families with children, reduce welfare dependence, and control welfare spending.

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## IN THE SENATE OF THE UNITED STATES

AUGUST 3 (legislative day, JULY 10), 1995

Mr. DOLE (for himself, Mr. PACKWOOD, Mr. LOTT, Mr. NICKLES, Mr. COCHRAN, Mr. MACK, Mr. D'AMATO, Mr. THURMOND, Mr. ABRAHAM, Mr. BENNETT, Mr. BOND, Mr. BROWN, Mr. DEWINE, Mr. FRIST, Mr. GORTON, Mr. GRASSLEY, Mr. GREGG, Mr. HATCH, Mr. HELMS, Mrs. HUTCHISON, Mr. INHOFE, Mr. MCCAIN, Mr. MURKOWSKI, Mr. PRESSLER, Mr. ROTH, Mr. SANTORUM, Mr. SHELBY, Mr. SIMPSON, Mr. STEVENS, Mr. THOMAS, Mr. THOMPSON, and Mr. WARNER) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To enhance support and work opportunities for families with children, reduce welfare dependence, and control welfare spending.

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

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “Work Opportunity Act of 1995”.

1 (b) TABLE OF CONTENTS.—The table of contents of  
 2 this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—BLOCK GRANTS FOR TEMPORARY ASSISTANCE FOR  
 NEEDY FAMILIES

- Sec. 100. References to Social Security Act.  
 Sec. 101. Block grants to States.  
 Sec. 102. Services provided by charitable, religious, or private organizations.  
 Sec. 103. Limitations on use of financial assistance for certain purposes.  
 Sec. 104. Continued application of current standards under medicaid program.  
 Sec. 105. Reduction in personnel.  
 Sec. 106. Conforming amendments to the Social Security Act.  
 Sec. 107. Conforming amendments to the food stamp act of 1977 and related provisions.  
 Sec. 108. Conforming amendments to other laws.  
 Sec. 109. Secretarial submission of legislative proposal for technical and conforming amendments.  
 Sec. 110. Effective date; transition rule.

TITLE II—SUPPLEMENTAL SECURITY INCOME

Sec. 200. Reference to Social Security Act.

Subtitle A—Eligibility Restrictions

- Sec. 201. Denial of supplemental security income benefits by reason of disability to drug addicts and alcoholics.  
 Sec. 202. Denial of SSI benefits for 10 years to individuals found to have fraudulently misrepresented residence in order to obtain benefits simultaneously in 2 or more States.  
 Sec. 203. Denial of SSI benefits for fugitive felons and probation and parole violators.  
 Sec. 204. Effective dates; application to current recipients.

Subtitle B—Benefits for Disabled Children

- Sec. 211. Restrictions on eligibility for benefits.  
 Sec. 212. Continuing disability reviews.  
 Sec. 213. Treatment requirements for disabled individuals under the age of 18.

Subtitle C—Study of Disability Determination Process

Sec. 221. Study of disability determination process.

Subtitle D—National Commission on the Future of Disability

- Sec. 231. Establishment.  
 Sec. 232. Duties of the Commission.  
 Sec. 233. Membership.  
 Sec. 234. Staff and support services.  
 Sec. 235. Powers of Commission.  
 Sec. 236. Reports.  
 Sec. 237. Termination.

Subtitle E—State Supplementation Programs

- Sec. 241. Repeal of maintenance of effort requirements applicable to optional State programs for supplementation of SSI benefits.

TITLE III—FOOD STAMP PROGRAM

Subtitle A—Food Stamp Reform

- Sec. 301. Certification period.  
 Sec. 302. Treatment of children living at home.  
 Sec. 303. Optional additional criteria for separate household determinations.  
 Sec. 304. Adjustment of thrifty food plan.  
 Sec. 305. Definition of homeless individual.  
 Sec. 306. State options in regulations.  
 Sec. 307. Earnings of students.  
 Sec. 308. Energy assistance.  
 Sec. 309. Deductions from income.  
 Sec. 310. Amount of vehicle asset limitation.  
 Sec. 311. Benefits for aliens.  
 Sec. 312. Disqualification.  
 Sec. 313. Caretaker exemption.  
 Sec. 314. Employment and training.  
 Sec. 315. Comparable treatment for disqualification.  
 Sec. 316. Cooperation with child support agencies.  
 Sec. 317. Disqualification for child support arrears.  
 Sec. 318. Permanent disqualification for participating in 2 or more States.  
 Sec. 319. Work requirement.  
 Sec. 320. Electronic benefit transfers.  
 Sec. 321. Minimum benefit.  
 Sec. 322. Benefits on recertification.  
 Sec. 323. Optional combined allotment for expedited households.  
 Sec. 324. Failure to comply with other welfare and public assistance programs.  
 Sec. 325. Allotments for households residing in institutions.  
 Sec. 326. Operation of food stamp offices.  
 Sec. 327. State employee and training standards.  
 Sec. 328. Exchange of law enforcement information.  
 Sec. 329. Expedited coupon service.  
 Sec. 330. Fair hearings.  
 Sec. 331. Income and eligibility verification system.  
 Sec. 332. Collection of overissuances.  
 Sec. 333. Termination of Federal match for optional information activities.  
 Sec. 334. Standards for administration.  
 Sec. 335. Work supplementation or support program.  
 Sec. 336. Waiver authority.  
 Sec. 337. Authorization of pilot projects.  
 Sec. 338. Response to waivers.  
 Sec. 339. Private sector employment initiatives.  
 Sec. 340. Reauthorization of appropriations.  
 Sec. 341. Reauthorization of Puerto Rico nutrition assistance program.  
 Sec. 342. Simplified food stamp program.  
 Sec. 343. Optional State food assistance block grant.  
 Sec. 344. Effective date.

Subtitle B—Anti-Fraud and Trafficking

- Sec. 351. Expanded definition of coupon.
- Sec. 352. Doubled penalties for violating food stamp program requirements.
- Sec. 353. Authority to establish authorization periods.
- Sec. 354. Specific period for prohibiting participation of stores based on lack of business integrity.
- Sec. 355. Information for verifying eligibility for authorization.
- Sec. 356. Waiting period for stores that initially fail to meet authorization criteria.
- Sec. 357. Bases for suspensions and disqualifications.
- Sec. 358. Disqualification of stores pending judicial and administrative review.
- Sec. 359. Disqualification of retailers who are disqualified under the WIC program.
- Sec. 360. Permanent debarment of retailers who intentionally submit falsified applications.
- Sec. 361. Expanded criminal forfeiture for violations.
- Sec. 362. Effective date.

#### TITLE IV—CHILD NUTRITION PROGRAMS

##### Subtitle A—Reimbursement Rates

- Sec. 401. Termination of additional payment for lunches served in high free and reduced price participation schools.
- Sec. 402. Value of food assistance.
- Sec. 403. Lunches, breakfasts, and supplements.
- Sec. 404. Summer food service program for children.
- Sec. 405. Special milk program.
- Sec. 406. Free and reduced price breakfasts.
- Sec. 407. Conforming reimbursement for paid breakfasts and lunches.

##### Subtitle B—Grant Programs

- Sec. 411. School breakfast startup grants.
- Sec. 412. Nutrition education and training programs.
- Sec. 413. Effective date.

##### Subtitle C—Other Amendments

- Sec. 421. Free and reduced price policy statement.
- Sec. 422. Summer food service program for children.
- Sec. 423. Child and adult care food program.
- Sec. 424. Reducing required reports to State agencies and schools.

##### Subtitle D—Reauthorization

- Sec. 431. Commodity distribution program; commodity supplemental food program.
- Sec. 432. Emergency food assistance program.
- Sec. 433. Soup kitchens program.
- Sec. 434. National commodity processing.
- Sec. 435. Commodity supplemental food program.

#### TITLE V—NONCITIZENS

- Sec. 501. State option to prohibit assistance for certain aliens.
- Sec. 502. Deemed income requirement for Federal and federally funded programs.
- Sec. 503. Limited eligibility of noncitizens for SSI benefits.

## TITLE VI—CHILD CARE

- Sec. 601. Short title.
- Sec. 602. Amendments to the Child Care and Development Block Grant Act of 1990.
- Sec. 603. Repeals and technical and conforming amendments.

## TITLE VII—WORKFORCE DEVELOPMENT AND WORKFORCE PREPARATION ACTIVITIES

## Subtitle A—General Provisions

- Sec. 701. Short title.
- Sec. 702. Findings and purposes.
- Sec. 703. Definitions.

## Subtitle B—Statewide Workforce Development Systems

## CHAPTER 1—PROVISIONS FOR STATES AND OTHER ENTITIES

- Sec. 711. Statewide workforce development systems established.
- Sec. 712. State allotments.
- Sec. 713. State apportionment by activity.
- Sec. 714. State plans.
- Sec. 715. State workforce development boards.
- Sec. 716. Use of funds.
- Sec. 717. Indian workforce development activities.
- Sec. 718. Grants to outlying areas.

## CHAPTER 2—LOCAL PROVISIONS

- Sec. 721. Local apportionment by activity.
- Sec. 722. Distribution for secondary school vocational education.
- Sec. 723. Distribution for postsecondary and adult vocational education.
- Sec. 724. Distribution for adult education.
- Sec. 725. Special rule for minimal allocation.
- Sec. 726. Redistribution.
- Sec. 727. Local application for workforce education activities.
- Sec. 728. Local partnerships, agreements, and workforce development boards.

## CHAPTER 3—ADMINISTRATION

- Sec. 731. Accountability.
- Sec. 732. Incentives and sanctions.
- Sec. 733. Unemployment trust fund.
- Sec. 734. Authorization of appropriations.
- Sec. 735. Effective date.

## Subtitle C—Job Corps and Other Workforce Preparation Activities for At-Risk Youth

## CHAPTER 1—GENERAL JOB CORPS PROVISIONS

- Sec. 741. Purposes.
- Sec. 742. Definitions.
- Sec. 743. General authority.
- Sec. 744. Individuals eligible for the Job Corps.
- Sec. 745. Screening and selection of applicants.

- Sec. 746. Enrollment and assignment.
- Sec. 747. Job Corps centers.
- Sec. 748. Program activities.
- Sec. 749. Support.
- Sec. 750. Operating plan.
- Sec. 751. Standards of conduct.
- Sec. 752. Community participation.
- Sec. 753. Counseling and placement.
- Sec. 754. Leases and sales of centers.
- Sec. 755. Closure of Job Corps centers.
- Sec. 756. Interim operating plans for Job Corps centers.
- Sec. 757. Effective date.

CHAPTER 2—OTHER WORKFORCE PREPARATION ACTIVITIES FOR AT-RISK  
YOUTH

- Sec. 759. Workforce preparation activities for at-risk youth.

Subtitle D—Transition Provisions

- Sec. 761. Waivers.
- Sec. 762. Interim State plans.
- Sec. 763. Applications and plans under covered Acts.
- Sec. 764. Interim administration of school-to-work programs.
- Sec. 765. Interim authorizations of appropriations.

Subtitle E—National Activities

- Sec. 771. Federal Partnership.
- Sec. 772. National assessment of vocational education programs.
- Sec. 773. Labor market information.
- Sec. 774. National Center for Research in Education and Workforce Development.
- Sec. 775. Transfers to Federal Partnership.
- Sec. 776. Transfers to other Federal agencies and offices.
- Sec. 777. Elimination of certain offices.

Subtitle F—Repeals of Employment and Training and Vocational and Adult  
Education Programs

- Sec. 781. Repeals.
- Sec. 782. Conforming amendments.

TITLE VIII—WORKFORCE DEVELOPMENT-RELATED ACTIVITIES

Subtitle A—Amendments to the Rehabilitation Act of 1973

- Sec. 801. References.
- Sec. 802. Findings and purposes.
- Sec. 803. Consolidated rehabilitation plan.
- Sec. 804. Definitions.
- Sec. 805. Administration.
- Sec. 806. Reports.
- Sec. 807. Evaluation.
- Sec. 808. Declaration of policy.
- Sec. 809. State plans.
- Sec. 810. Individualized employment plans.
- Sec. 811. Scope of vocational rehabilitation services.

- Sec. 812. State Rehabilitation Advisory Council.
- Sec. 813. Evaluation standards and performance indicators.
- Sec. 814. Repeals.
- Sec. 815. Effective date.

Subtitle B—Amendments to Immigration and Nationality Act

- Sec. 821. Prohibition on use of funds for certain employment activities.

TITLE IX—CHILD SUPPORT

- Sec. 900. Reference to Social Security Act.

Subtitle A—Eligibility for Services; Distribution of Payments

- Sec. 901. State obligation to provide child support enforcement services.
- Sec. 902. Distribution of child support collections.
- Sec. 903. Rights to notification and hearings.
- Sec. 904. Privacy safeguards.

Subtitle B—Locate and Case Tracking

- Sec. 911. State Case Registry.
- Sec. 912. Collection and disbursement of support payments.
- Sec. 913. State Directory of New Hires.
- Sec. 914. Amendments concerning income withholding.
- Sec. 915. Locator information from interstate networks.
- Sec. 916. Expansion of the Federal parent locator service.
- Sec. 917. Collection and use of social security numbers for use in child support enforcement.

Subtitle C—Streamlining and Uniformity of Procedures

- Sec. 921. Adoption of uniform State laws.
- Sec. 922. Improvements to full faith and credit for child support orders.
- Sec. 923. Administrative enforcement in interstate cases.
- Sec. 924. Use of forms in interstate enforcement.
- Sec. 925. State laws providing expedited procedures.

Subtitle D—Paternity Establishment

- Sec. 931. State laws concerning paternity establishment.
- Sec. 932. Outreach for voluntary paternity establishment.
- Sec. 933. Cooperation by applicants for and recipients of temporary family assistance.

Subtitle E—Program Administration and Funding

- Sec. 941. Performance-based incentives and penalties.
- Sec. 942. Federal and State reviews and audits.
- Sec. 943. Required reporting procedures.
- Sec. 944. Automated data processing requirements.
- Sec. 945. Technical assistance.
- Sec. 946. Reports and data collection by the Secretary.

Subtitle F—Establishment and Modification of Support Orders

- Sec. 951. National Child Support Guidelines Commission.
- Sec. 952. Simplified process for review and adjustment of child support orders.

- Sec. 953. Furnishing consumer reports for certain purposes relating to child support.
- Sec. 954. Nonliability for depository institutions providing financial records to State child support enforcement agencies in child support cases.

#### Subtitle G—Enforcement of Support Orders

- Sec. 961. Internal Revenue Service collection of arrearages.
- Sec. 962. Authority to collect support from Federal employees.
- Sec. 963. Enforcement of child support obligations of members of the Armed Forces.
- Sec. 964. Voiding of fraudulent transfers.
- Sec. 965. Work requirement for persons owing child support.
- Sec. 966. Definition of support order.
- Sec. 967. Reporting arrearages to credit bureaus.
- Sec. 968. Liens.
- Sec. 969. State law authorizing suspension of licenses.
- Sec. 970. Denial of passports for nonpayment of child support.
- Sec. 971. International child support enforcement.

#### Subtitle H—Medical Support

- Sec. 975. Technical correction to ERISA definition of medical child support order.
- Sec. 976. Enforcement of orders for health care coverage.

#### Subtitle I—Enhancing Responsibility and Opportunity for Nonresidential Parents

- Sec. 981. Grants to States for access and visitation programs.

#### Subtitle J—Effect of Enactment

- Sec. 991. Effective dates.

### TITLE X—REFORM OF PUBLIC HOUSING

- Sec. 1001. Ceiling rents.
- Sec. 1002. Definition of adjusted income for public housing.
- Sec. 1003. Exemption of tenants from labor standards.
- Sec. 1004. Failure to comply with other welfare and public assistance programs.
- Sec. 1005. Applicability to Indian housing.
- Sec. 1006. Implementation.
- Sec. 1007. Effective date.

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

4 **SEC. 100. REFERENCES TO SOCIAL SECURITY ACT.**

5 Except as otherwise specifically provided, wherever in  
6 this title an amendment is expressed in terms of an  
7 amendment to or repeal of a section or other provision,  
8 the reference shall be considered to be made to that sec-  
9 tion or other provision of the Social Security Act.

10 **SEC. 101. BLOCK GRANTS TO STATES.**

11 (a) REPEALS.—

12 (1) IN GENERAL.—Parts A and F of title IV  
13 (42 U.S.C. 601 et seq. and 682 et seq.) are hereby  
14 repealed.

15 (2) RULES AND REGULATIONS.—The Secretary  
16 of Health and Human Services shall ensure that any  
17 rules and regulations relating to the provisions of  
18 law repealed in paragraph (1) shall cease to have ef-  
19 fect on and after the date of the repeal of such pro-  
20 visions.

21 (b) BLOCK GRANTS TO STATES FOR TEMPORARY AS-  
22 SISTANCE FOR NEEDY FAMILIES WITH MINOR CHIL-  
23 DREN.—Title IV (42 U.S.C. 601 et seq.) is amended by  
24 inserting before part B the following:

1 **“PART A—BLOCK GRANTS TO STATES FOR TEM-**  
2 **PORARY ASSISTANCE FOR NEEDY FAMILIES**  
3 **WITH MINOR CHILDREN**

4 **“SEC. 400. NO INDIVIDUAL ENTITLEMENT.**

5 “Notwithstanding any other provision of law, no indi-  
6 vidual is entitled to any assistance under this part.

7 **“SEC. 401. PURPOSE.**

8 “The purpose of this part is to increase the flexibility  
9 of States in operating a program designed to—

10 “(1) provide assistance to needy families with  
11 minor children;

12 “(2) provide job preparation and opportunities  
13 for such families; and

14 “(3) prevent and reduce the incidence of out-of-  
15 wedlock pregnancies.

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

17 “(a) IN GENERAL.—As used in this part, the term  
18 ‘eligible State’ means, with respect to a fiscal year, a State  
19 that has submitted to the Secretary a plan that includes  
20 the following:

21 “(1) OUTLINE OF FAMILY ASSISTANCE PRO-  
22 GRAM.—A written document that outlines how the  
23 State intends to do the following:

24 “(A) Conduct a program designed to serve  
25 all political subdivisions in the State to—

1           “(i) provide assistance to needy fami-  
2           lies with not less than 1 minor child; and

3           “(ii) provide a parent or caretaker in  
4           such families with work experience, assist-  
5           ance in finding employment, and other  
6           work preparation activities and support  
7           services that the State considers appro-  
8           priate to enable such families to leave the  
9           program and become self-sufficient.

10          “(B) Require a parent or caretaker receiv-  
11          ing assistance under the program to engage in  
12          work (as defined by the State) when the State  
13          determines the parent or caretaker is ready to  
14          engage in work, or after 24 months (whether or  
15          not consecutive) of receiving assistance under  
16          the program, whichever is earlier.

17          “(C) Satisfy the minimum participation  
18          rates specified in section 404.

19          “(D) Treat—

20                 “(i) families with minor children mov-  
21                 ing into the State from another State; and

22                 “(ii) noncitizens of the United States.

23          “(E) Safeguard and restrict the use and  
24          disclosure of information about individuals and  
25          families receiving assistance under the program.

1           “(F) Establish goals and take action to  
2           prevent and reduce the incidence of out-of-wed-  
3           lock pregnancies, with special emphasis on teen-  
4           age pregnancies.

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

11          “(3) CERTIFICATION THAT THE STATE WILL  
12          OPERATE A CHILD PROTECTION PROGRAM.—A cer-  
13          tification by the chief executive officer of the State  
14          that, during the fiscal year, the State will operate a  
15          child protection program under the State plan ap-  
16          proved under part B.

17          “(4) CERTIFICATION THAT THE STATE WILL  
18          OPERATE A FOSTER CARE AND ADOPTION ASSIST-  
19          ANCE PROGRAM.—A certification by the chief execu-  
20          tive officer of the State that, during the fiscal year,  
21          the State will operate a foster care and adoption as-  
22          sistance program under the State plan approved  
23          under part E.

24          “(5) CERTIFICATION THAT THE STATE WILL  
25          PARTICIPATE IN THE INCOME AND ELIGIBILITY VER-

1        IIFICATION SYSTEM.—A certification by the chief ex-  
2        ecutive officer of the State that, during the fiscal  
3        year, the State will participate in the income and eli-  
4        gibility verification system required by section 1137.

5            “(6) CERTIFICATION OF THE ADMINISTRATION  
6        OF THE PROGRAM.—A certification by the chief ex-  
7        ecutive officer of the State specifying which State  
8        agency or agencies are responsible for the adminis-  
9        tration and supervision of the State program for the  
10       fiscal year.

11           “(7) CERTIFICATION THAT REQUIRED REPORTS  
12       WILL BE SUBMITTED.—A certification by the chief  
13       executive officer of the State that the State shall  
14       provide the Secretary with any reports required  
15       under this part.

16           “(8) ESTIMATE OF FISCAL YEAR STATE AND  
17       LOCAL EXPENDITURES.—An estimate of the total  
18       amount of State and local expenditures under the  
19       State program for the fiscal year.

20           “(b) CERTIFICATION THAT THE STATE WILL PRO-  
21       VIDE ACCESS TO INDIANS.—

22           “(1) IN GENERAL.—In recognition of the Fed-  
23       eral Government’s trust responsibility to, and gov-  
24       ernment-to-government relationship with, Indian  
25       tribes, the Secretary shall ensure that Indians re-

1 ceive at least their equitable share of services under  
2 the State program, by requiring a certification by  
3 the chief executive officer of each State described in  
4 paragraph (2) that, during the fiscal year, the State  
5 shall provide Indians in each Indian tribe that does  
6 not have a tribal family assistance plan approved  
7 under section 414 for a fiscal year with equitable ac-  
8 cess to assistance under the State program funded  
9 under this part.

10 “(2) STATE DESCRIBED.—For purposes of  
11 paragraph (1), a State described in this paragraph  
12 is a State in which there is an Indian tribe that does  
13 not have a tribal family assistance plan approved  
14 under section 414 for a fiscal year.

15 “(c) DEFINITIONS.—For purposes of this part, the  
16 following definitions shall apply:

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

19 “(2) MINOR CHILD.—The term ‘minor child’  
20 means an individual—

21 “(A) who—

22 “(i) has not attained 18 years of age;

23 or

24 “(ii) has not attained 19 years of age

25 and is a full-time student in a secondary

1 school (or in the equivalent level of voca-  
2 tional or technical training); and

3 “(B) who resides with such individual’s  
4 custodial parent or other caretaker.

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

8 “(4) INDIAN, INDIAN TRIBE, AND TRIBAL ORGA-  
9 NIZATION.—The terms ‘Indian’, ‘Indian tribe’, and  
10 ‘tribal organization’ have the meaning given such  
11 terms by section 4 of the Indian Self-Determination  
12 and Education Assistance Act (25 U.S.C. 450b).

13 “(5) STATE.—Except as otherwise specifically  
14 provided, the term ‘State’ includes the several  
15 States, the District of Columbia, the Commonwealth  
16 of Puerto Rico, the United States Virgin Islands,  
17 Guam, and American Samoa.

18 **“SEC. 403. PAYMENTS TO STATES AND INDIAN TRIBES.**

19 “(a) GRANT AMOUNT.—

20 “(1) IN GENERAL.—Subject to the provisions of  
21 paragraph (3), section 407 (relating to penalties),  
22 and section 414(g), for each of fiscal years 1996,  
23 1997, 1998, 1999, and 2000, the Secretary shall  
24 pay—

1           “(A) each eligible State a grant in an  
2 amount equal to the State family assistance  
3 grant for the fiscal year; and

4           “(B) each Indian tribe with an approved  
5 tribal family assistance plan a tribal family as-  
6 sistance grant in accordance with section 414.

7           “(2) STATE FAMILY ASSISTANCE GRANT.—

8           “(A) IN GENERAL.—For purposes of para-  
9 graph (1)(A), a State family assistance grant  
10 for any State for a fiscal year is an amount  
11 equal to the total amount of the Federal pay-  
12 ments to the State under section 403 for fiscal  
13 year 1994 (as such section was in effect during  
14 such fiscal year and as such payments were re-  
15 ported by the State on February 14, 1995), re-  
16 duced by the amount (if any) determined under  
17 subparagraph (B).

18           “(B) AMOUNT ATTRIBUTABLE TO CERTAIN  
19 INDIAN FAMILIES SERVED BY INDIAN TRIBES.—

20           “(i) IN GENERAL.—For purposes of  
21 subparagraph (A), the amount determined  
22 under this subparagraph is an amount  
23 equal to the Federal payments to the State  
24 under section 403 for fiscal year 1994 (as  
25 in effect during such fiscal year) attrib-

1           utable to expenditures by the State under  
2           parts A and F of this title (as so in effect)  
3           for Indian families described in clause (ii).

4           “(ii) INDIAN FAMILIES DESCRIBED.—  
5           For purposes of clause (i), Indian families  
6           described in this clause are Indian families  
7           who reside in a service area or areas of an  
8           Indian tribe receiving a tribal family as-  
9           sistance grant under section 414.

10          “(C) NOTIFICATION.—Not later than 3  
11          months prior to the payment of each quarterly  
12          installment of a State grant under subsection  
13          (a)(1), the Secretary shall notify the State of  
14          the amount of the reduction determined under  
15          subparagraph (B) with respect to the State.

16          “(3) SUPPLEMENTAL GRANT AMOUNT FOR POP-  
17          ULATION INCREASES IN CERTAIN STATES.—

18          “(A) IN GENERAL.—The amount of the  
19          grant payable under paragraph (1) to a qualify-  
20          ing State for each of fiscal years 1997, 1998,  
21          1999, and 2000 shall be increased by an  
22          amount equal to 2.5 percent of the amount that  
23          the State received under this section in the pre-  
24          ceding fiscal year.

1           “(B) INCREASE TO REMAIN IN EFFECT  
2           EVEN IF STATE FAILS TO QUALIFY IN LATER  
3           YEARS.—Subject to section 407, in no event  
4           shall the amount of a grant payable under  
5           paragraph (1) to a State for any fiscal year be  
6           less than the amount the State received under  
7           this section for the preceding fiscal year.

8           “(C) QUALIFYING STATE.—

9           “(i) IN GENERAL.—For purposes of  
10          this paragraph, the term ‘qualifying State’,  
11          with respect to any fiscal year, means a  
12          State that—

13                 “(I) had an average level of State  
14                 welfare spending per poor person in  
15                 the preceding fiscal year that was less  
16                 than the national average level of  
17                 State welfare spending per poor per-  
18                 son in the preceding fiscal year; and

19                 “(II) had an estimated rate of  
20                 State population growth as deter-  
21                 mined by the Bureau of the Census  
22                 for the most recent fiscal year for  
23                 which information is available that  
24                 was greater than the average rate of  
25                 population growth for all States as de-

1           terminated by the Bureau of the Census  
2           for such fiscal year.

3           “(ii) CERTAIN STATES DEEMED  
4           QUALIFYING STATES.—For purposes of  
5           this paragraph, a State shall be deemed to  
6           be a qualifying State for fiscal years 1997,  
7           1998, 1999, and 2000 if the level of State  
8           welfare spending per poor person in fiscal  
9           year 1996 was less than 35 percent of the  
10          national average level of State welfare  
11          spending per poor person in fiscal year  
12          1996.

13          “(iii) STATE MUST QUALIFY IN FISCAL  
14          YEAR 1997.—A State shall not be eligible to  
15          be a qualifying State under clause (i) for  
16          fiscal years after 1997 if the State was not  
17          a qualifying State under clause (i) in fiscal  
18          year 1997.

19          “(D) DEFINITIONS.—For purposes of this  
20          paragraph:

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

1           “(I) the amount of the grant re-  
2           ceived by the State under this section  
3           (prior to the application of section  
4           407); divided by

5           “(II) the number of the individ-  
6           uals in the State who had an income  
7           below the poverty line according to the  
8           1990 decennial census.

9           “(ii) NATIONAL AVERAGE LEVEL OF  
10          STATE WELFARE SPENDING PER POOR  
11          PERSON.—The term ‘national average level  
12          of State welfare spending per poor person’  
13          means an amount equal to—

14               “(I) the amount paid in grants  
15               under this section (prior to the appli-  
16               cation of section 407); divided by

17               “(II) the number of individuals  
18               in all States with an income below the  
19               poverty line according to the 1990 de-  
20               cennial census.

21               “(iii) POVERTY LINE.—The term ‘pov-  
22               erty line’ has the same meaning given such  
23               term in section 673(2) of the Community  
24               Services Block Grant Act (42 U.S.C.  
25               9902(2)).

1           “(iv) STATE.—The term ‘State’  
2           means each of the 50 States of the United  
3           States.

4           “(4) APPROPRIATION.—

5           “(A) STATES.—There are authorized to be  
6           appropriated and there are appropriated  
7           \$16,795,323,000 for each fiscal year described  
8           in paragraph (1) for the purpose of paying—

9           “(i) grants to States under paragraph  
10          (1)(A); and

11          “(ii) tribal family assistance grants  
12          under paragraph (1)(B).

13          “(B) ADJUSTMENT FOR QUALIFYING  
14          STATES.—For the purpose of increasing the  
15          amount of the grant payable to a State under  
16          paragraph (1) in accordance with paragraph  
17          (3), there are authorized to be appropriated and  
18          there are appropriated—

19               “(i) for fiscal year 1997, \$85,860,000;

20               “(ii) for fiscal year 1998,  
21               \$173,276,000;

22               “(iii) for fiscal year 1999,  
23               \$263,468,000; and

24               “(iv) for fiscal year 2000,  
25               \$355,310,000.

1 “(b) USE OF GRANT.—

2 “(1) IN GENERAL.—Subject to this part, a  
3 State to which a grant is made under this section  
4 may use the grant—

5 “(A) in any manner that is reasonably cal-  
6 culated to accomplish the purpose of this part;  
7 or

8 “(B) in any manner that such State used  
9 amounts received under part A or F of this  
10 title, as such parts were in effect before October  
11 1, 1995.

12 “(2) AUTHORITY TO TREAT INTERSTATE IMMI-  
13 GRANTS UNDER RULES OF FORMER STATE.—A State  
14 to which a grant is made under this section may  
15 apply to a family the rules of the program operated  
16 under this part of another State if the family has  
17 moved to the State from the other State and has re-  
18 sided in the State for less than 12 months.

19 “(3) AUTHORITY TO RESERVE CERTAIN  
20 AMOUNTS FOR ASSISTANCE.—A State may reserve  
21 amounts paid to the State under this part for any  
22 fiscal year for the purpose of providing, without fis-  
23 cal year limitation, assistance under the State pro-  
24 gram operated under this part.

1           “(4) AUTHORITY TO OPERATE EMPLOYMENT  
2           PLACEMENT PROGRAM.—A State to which a grant is  
3           made under this section may use a portion of the  
4           grant to make payments (or provide job placement  
5           vouchers) to State-approved public and private job  
6           placement agencies that provide employment place-  
7           ment services to individuals who receive assistance  
8           under the State program funded under this part.

9           “(5) TRANSFERABILITY OF GRANT AMOUNTS.—  
10          A State may use up to 30 percent of amounts re-  
11          ceived from a grant under this part for a fiscal year  
12          to carry out State activities under the Child Care  
13          and Development Block Grant Act of 1990 (42  
14          U.S.C. 9858 et seq.) (relating to child care block  
15          grants).

16          “(c) TIMING OF PAYMENTS.—The Secretary shall  
17          pay each grant payable to a State under this section in  
18          quarterly installments.

19          “(d) FEDERAL LOAN FUND FOR STATE WELFARE  
20          PROGRAMS.—

21                 “(1) ESTABLISHMENT.—There is hereby estab-  
22                 lished in the Treasury of the United States a revolv-  
23                 ing loan fund which shall be known as the ‘Federal  
24                 Loan Fund for State Welfare Programs’ (hereafter

1 for purposes of this section referred to as the  
2 ‘fund’).

3 “(2) DEPOSITS INTO FUND.—

4 “(A) APPROPRIATION.—Out of any money  
5 in the Treasury of the United States not other-  
6 wise appropriated, \$1,700,000,000 are hereby  
7 appropriated for fiscal year 1996 for payment  
8 to the fund.

9 “(B) LOAN REPAYMENTS.—The Secretary  
10 shall deposit into the fund any principal or in-  
11 terest payment received with respect to a loan  
12 made under this subsection.

13 “(3) AVAILABILITY.—Amounts in the fund are  
14 authorized to remain available without fiscal year  
15 limitation for the purpose of making loans and re-  
16 ceiving payments of principal and interest on such  
17 loans, in accordance with this subsection.

18 “(4) USE OF FUND.—

19 “(A) LOANS TO STATES.—The Secretary  
20 shall make loans from the fund to any loan-eli-  
21 gible State, as defined in subparagraph (D), for  
22 a period to maturity of not more than 3 years.

23 “(B) RATE OF INTEREST.—The Secretary  
24 shall charge and collect interest on any loan  
25 made under subparagraph (A) at a rate equal

1 to the Federal short-term rate, as defined in  
2 section 1274(d) of the Internal Revenue Code  
3 of 1986.

4 “(C) MAXIMUM LOAN.—The cumulative  
5 amount of any loans made to a State under  
6 subparagraph (A) during fiscal years 1996  
7 through 2000 shall not exceed 10 percent of the  
8 State family assistance grant under subsection  
9 (a)(2) for a fiscal year.

10 “(D) LOAN-ELIGIBLE STATE.—For pur-  
11 poses of subparagraph (A), a loan-eligible State  
12 is a State which has not had a penalty de-  
13 scribed in section 407(a)(1) imposed against it  
14 at any time prior to the loan being made.

15 “(5) LIMITATION ON USE OF LOAN.—A State  
16 shall use a loan received under this subsection only  
17 for any purpose for which grant amounts received by  
18 the State under subsection (a) may be used includ-  
19 ing—

20 “(A) welfare anti-fraud activities; and

21 “(B) the provision of assistance under the  
22 State program to Indian families that have  
23 moved from the service area of an Indian tribe  
24 with a tribal family assistance plan approved  
25 under section 414.

1       “(e) SPECIAL RULE FOR INDIAN TRIBES THAT RE-  
2 CEIVED JOBS FUNDS.—

3           “(1) IN GENERAL.—The Secretary shall pay to  
4 each eligible Indian tribe for each of fiscal years  
5 1996, 1997, 1998, 1999, and 2000 a grant in an  
6 amount equal to the amount received by such Indian  
7 tribe in fiscal year 1995 under section 482(i) (as in  
8 effect during such fiscal year) for the purpose of op-  
9 erating a program to make work activities available  
10 to members of the Indian tribe.

11           “(2) ELIGIBLE INDIAN TRIBE.—For purposes  
12 of paragraph (1), the term ‘eligible Indian tribe’  
13 means an Indian tribe or Alaska Native organization  
14 that conducted a job opportunities and basic skills  
15 training program in fiscal year 1995 under section  
16 482(i) (as in effect during such fiscal year).

17           “(3) APPROPRIATION.—There are authorized to  
18 be appropriated and there are hereby appropriated  
19 \$7,638,474 for each fiscal year described in para-  
20 graph (1) for the purpose of paying grants in ac-  
21 cordance with such paragraph.

22           “(f) SECRETARY.—For purposes of this section, the  
23 term ‘Secretary’ means the Secretary of the Treasury.

1 **“SEC. 404. MANDATORY WORK REQUIREMENTS.**

2       “(a) PARTICIPATION RATE REQUIREMENTS.—A  
 3 State to which a grant is made under section 403 for a  
 4 fiscal year shall achieve the minimum participation rate  
 5 specified in the following tables for the fiscal year with  
 6 respect to—

7               “(1) all families receiving assistance under the  
 8 State program funded under this part:

<b>“If the fiscal year is:</b>	<b>The minimum participation rate for all families is:</b>
1996 .....	25
1997 .....	30
1998 .....	35
1999 .....	40
2000 or thereafter .....	50; and

9               “(2) with respect to 2-parent families receiving  
 10 such assistance:

<b>“If the fiscal year is:</b>	<b>The minimum participation rate is:</b>
1996 .....	60
1997 or 1998 .....	75
1999 or thereafter .....	90.

11       “(b) CALCULATION OF PARTICIPATION RATES.—

12               “(1) FOR ALL FAMILIES.—

13                       “(A) AVERAGE MONTHLY RATE.—For pur-  
 14 poses of subsection (a)(1), the participation  
 15 rate for all families of a State for a fiscal year  
 16 is the average of the participation rates for all  
 17 families of the State for each month in the fis-  
 18 cal year.

1           “(B) MONTHLY PARTICIPATION RATES.—

2           The participation rate of a State for all families  
3           of the State for a month, expressed as a per-  
4           centage, is—

5                   “(i) the sum of—

6                           “(I) the number of all families  
7                           receiving assistance under the State  
8                           program funded under this part that  
9                           include an adult who is engaged in  
10                          work for the month;

11                          “(II) the number of all families  
12                          receiving assistance under the State  
13                          program funded under this part that  
14                          are subject in such month to a penalty  
15                          described in paragraph (1)(A) or  
16                          (2)(A) of subsection (d) but have not  
17                          been subject to such penalty for more  
18                          than 3 months within the preceding  
19                          12-month period (whether or not con-  
20                          secutive);

21                          “(III) the number of all families  
22                          receiving assistance under the State  
23                          program funded under this part that  
24                          have become ineligible for assistance  
25                          under the State program within the

1 previous 6-month period because of  
2 employment and that include an adult  
3 who is employed for the month; and

4 “(IV) beginning in the first  
5 month beginning after the promulga-  
6 tion of the regulations described in  
7 paragraph (3) and in accordance with  
8 such regulations, the average monthly  
9 number of all families that are not re-  
10 ceiving assistance under the State  
11 program funded under this part as a  
12 result of the State’s diversion of such  
13 families from the State program prior  
14 to such families receipt of assistance  
15 under the program; divided by

16 “(ii) the total number of all families  
17 receiving assistance under the State pro-  
18 gram funded under this part during the  
19 month that include an adult.

20 “(2) 2-PARENT FAMILIES.—

21 “(A) AVERAGE MONTHLY RATE.—For pur-  
22 poses of subsection (a)(2), the participation  
23 rate for 2-parent families of a State for a fiscal  
24 year is the average of the participation rates for

1 2-parent families of the State for each month in  
2 the fiscal year.

3 “(B) MONTHLY PARTICIPATION RATES.—  
4 The participation rate of a State for 2-parent  
5 families of the State for a month, expressed as  
6 a percentage, is—

7 “(i) the total number of 2-parent fam-  
8 ilies described in paragraph (1)(B)(i); di-  
9 vided by

10 “(ii) the total number of 2-parent  
11 families receiving assistance under the  
12 State program funded under this part dur-  
13 ing the month that include an adult.

14 “(3) REGULATIONS RELATING TO CALCULATION  
15 OF FAMILIES DIVERTED FROM ASSISTANCE.—

16 “(A) IN GENERAL.—Not later than 1 year  
17 after the date of the enactment of the Work  
18 Opportunity Act of 1995, the Secretary shall  
19 consult with the States and establish, by regula-  
20 tion, a method to measure the number of fami-  
21 lies diverted by a State from the State program  
22 funded under this part prior to such families  
23 receipt of assistance under the program.

24 “(B) ELIGIBILITY CHANGES NOT COUNT-  
25 ED.—The regulations described in subpara-

1 graph (A) shall not take into account families  
2 that are diverted from a State program funded  
3 under this part as a result of differences in eli-  
4 gibility criteria under a State program funded  
5 under this part and eligibility criteria under  
6 such State's plan under the aid to families with  
7 dependent children program, as such plan was  
8 in effect on the day before the date of the en-  
9 actment of the Work Opportunity Act of 1995.

10 “(4) STATE OPTION TO INCLUDE INDIVIDUALS  
11 RECEIVING ASSISTANCE UNDER A TRIBAL FAMILY  
12 ASSISTANCE PLAN.—For purposes of paragraphs  
13 (1)(B) and (2)(B), a State may, at its option, in-  
14 clude families receiving assistance under a tribal  
15 family assistance plan approved under section 414.  
16 For purposes of the previous sentence, an individual  
17 who receives assistance under a tribal family assist-  
18 ance plan approved under section 414 shall be treat-  
19 ed as being engaged in work if the individual is par-  
20 ticipating in work under standards that are com-  
21 parable to State standards for being engaged in  
22 work.

23 “(c) ENGAGED IN WORK.—

24 “(1) ALL FAMILIES.—For purposes of sub-  
25 section (b)(1)(B)(i)(I), an adult is engaged in work

1 for a month in a fiscal year if the adult is participat-  
 2 ing in work for at least the minimum average num-  
 3 ber of hours per week specified in the following table  
 4 during the month, not fewer than 20 hours per week  
 5 of which are attributable to a work activity:

<b>“If the month is in fiscal year:</b>	<b>The minimum average number of hours per week is:</b>
1996 .....	20
1997 .....	20
1998 .....	20
1999 .....	25
2000 .....	30
2001 .....	30
2002 .....	35
2003 or thereafter .....	35.

6 “(2) 2-PARENT FAMILIES.—For purposes of  
 7 subsection (b)(2)(A), an adult is engaged in work for  
 8 a month in a fiscal year if the adult is participating  
 9 in work for at least 35 hours per week during the  
 10 month, not fewer than 30 hours per week of which  
 11 are attributable to work activities described in para-  
 12 graph (3).

13 “(3) DEFINITION OF WORK ACTIVITIES.—For  
 14 purposes of this subsection, the term ‘work activi-  
 15 ties’ means—

- 16 “(A) unsubsidized employment;
- 17 “(B) subsidized employment;
- 18 “(C) on-the-job training;
- 19 “(D) community service programs; and

1           “(E) job search (only for the first 4 weeks  
2           in which an individual is required to participate  
3           in work activities under this section).

4           “(d) PENALTIES AGAINST INDIVIDUALS.—If an adult  
5           in a family receiving assistance under the State program  
6           funded under this part refuses to engage in work required  
7           under subsection (c)(1) or (c)(2), a State to which a grant  
8           is made under section 403 shall—

9           “(1) reduce the amount of assistance that  
10          would otherwise be payable to the family; or

11          “(2) terminate such assistance,  
12          subject to such good cause and other exceptions as  
13          the State may establish.

14          “(e) NONDISPLACEMENT IN WORK ACTIVITIES.—

15          “(1) IN GENERAL.—Subject to paragraph (2),  
16          an adult in a family receiving assistance under this  
17          part may fill a vacant employment position in order  
18          to engage in a work activity described in subsection  
19          (c)(3).

20          “(2) NO FILLING OF CERTAIN VACANCIES.—No  
21          adult described in paragraph (1) shall be employed,  
22          or job opening filled, by such an adult—

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

1           “(B) when the employer has terminated  
2           the employment of any regular employee or oth-  
3           erwise reduced its workforce with the intention  
4           of filling the vacancy so created by hiring an  
5           adult described in paragraph (1).

6           “(f) SENSE OF THE CONGRESS.—It is the sense of  
7           the Congress that in complying with this section, each  
8           State that operates a program funded under this part is  
9           encouraged to assign the highest priority to requiring  
10          adults in 2-parent families and adults in single-parent  
11          families that include older preschool or school-age children  
12          to be engaged in work activities.

13          “(g) DELIVERY THROUGH STATEWIDE SYSTEM.—

14                 “(1) IN GENERAL.—Each work program carried  
15                 out by the State to provide work activities in order  
16                 to comply with this section shall be delivered  
17                 through the statewide workforce development system  
18                 established in section 711 of the Work Opportunity  
19                 Act of 1995 unless a required work activity is not  
20                 available locally through the statewide workforce de-  
21                 velopment system.

22                 “(2) EFFECTIVE DATE.—The provisions of  
23                 paragraph (1) shall take effect—

1           “(A) in a State described in section  
2           815(b)(1) of the Work Opportunity Act of  
3           1995; and

4           “(B) in any other State, on July 1, 1998.

5 **“SEC. 405. REQUIREMENTS AND LIMITATIONS.**

6           “(a) STATE REQUIRED TO ENTER INTO A PERSONAL  
7           RESPONSIBILITY CONTRACT WITH EACH FAMILY RE-  
8           CEIVING ASSISTANCE.—Each State to which a grant is  
9           made under section 403 shall require each family receiving  
10          assistance under the State program funded under this  
11          part to have entered into a personal responsibility contract  
12          (as developed by the State) with the State.

13          “(b) NO ASSISTANCE FOR MORE THAN 5 YEARS.—

14                 “(1) IN GENERAL.—Except as provided under  
15                 paragraphs (2) and (3), a State to which a grant is  
16                 made under section 403 may not use any part of the  
17                 grant to provide assistance to a family that includes  
18                 an adult who has received assistance under the pro-  
19                 gram operated under this part for the lesser of—

20                         “(A) the period of time established at the  
21                         option of the State; or

22                         “(B) 60 months (whether or not consecu-  
23                         tive) after September 30, 1995.

24                 “(2) MINOR CHILD EXCEPTION.—If an individ-  
25                 ual received assistance under the State program op-

1 erated under this part as a minor child in a needy  
2 family, any period during which such individual's  
3 family received assistance shall not be counted for  
4 purposes of applying the limitation described in  
5 paragraph (1) to an application for assistance under  
6 such program by such individual as the head of a  
7 household of a needy family with minor children.

8 “(3) HARDSHIP EXCEPTION.—

9 “(A) IN GENERAL.—The State may ex-  
10 empt a family from the application of para-  
11 graph (1) by reason of hardship.

12 “(B) LIMITATION.—The number of fami-  
13 lies with respect to which an exemption made  
14 by a State under subparagraph (A) is in effect  
15 for a fiscal year shall not exceed 15 percent of  
16 the average monthly number of families to  
17 which the State is providing assistance under  
18 the program operated under this part.

19 “(c) DENIAL OF ASSISTANCE FOR 10 YEARS TO A  
20 PERSON FOUND TO HAVE FRAUDULENTLY MISREPRE-  
21 SENTED RESIDENCE IN ORDER TO OBTAIN ASSISTANCE  
22 IN 2 OR MORE STATES.—An individual shall not be con-  
23 sidered an eligible individual for the purposes of this part  
24 during the 10-year period that begins on the date the indi-  
25 vidual is convicted in Federal or State court of having

1 made a fraudulent statement or representation with re-  
2 spect to the place of residence of the individual in order  
3 to receive assistance simultaneously from 2 or more States  
4 under programs that are funded under this title, title XIX,  
5 or the Food Stamp Act of 1977, or benefits in 2 or more  
6 States under the supplemental security income program  
7 under title XVI.

8 “(d) DENIAL OF ASSISTANCE FOR FUGITIVE FELONS  
9 AND PROBATION AND PAROLE VIOLATORS.—

10 “(1) IN GENERAL.—An individual shall not be  
11 considered an eligible individual for the purposes of  
12 this part if such individual is—

13 “(A) fleeing to avoid prosecution, or cus-  
14 tody or confinement after conviction, under the  
15 laws of the place from which the individual  
16 flees, for a crime, or an attempt to commit a  
17 crime, which is a felony under the laws of the  
18 place from which the individual flees, or which,  
19 in the case of the State of New Jersey, is a  
20 high misdemeanor under the laws of such State;  
21 or

22 “(B) violating a condition of probation or  
23 parole imposed under Federal or State law.

24 “(2) EXCHANGE OF INFORMATION WITH LAW  
25 ENFORCEMENT AGENCIES.—Notwithstanding any

1 other provision of law, a State shall furnish any  
2 Federal, State, or local law enforcement officer,  
3 upon the request of the officer, with the current ad-  
4 dress of any recipient of assistance under this part,  
5 if the officer furnishes the agency with the name of  
6 the recipient and notifies the agency that—

7 “(A) such recipient—

8 “(i) is described in subparagraph (A)  
9 or (B) of paragraph (1); or

10 “(ii) has information that is necessary  
11 for the officer to conduct the officer’s offi-  
12 cial duties; and

13 “(B) the location or apprehension of the  
14 recipient is within such officer’s official duties.

15 **“SEC. 406. PROMOTING RESPONSIBLE PARENTING.**

16 “(a) FINDINGS.—The Congress makes the following  
17 findings:

18 “(1) Marriage is the foundation of a successful  
19 society.

20 “(2) Marriage is an essential institution of a  
21 successful society which promotes the interests of  
22 children.

23 “(3) Promotion of responsible fatherhood and  
24 motherhood is integral to successful child rearing  
25 and the wellbeing of children.

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

8           “(5) The number of individuals receiving aid to  
9 families with dependent children (hereafter in this  
10 subsection referred to as ‘AFDC’) has more than  
11 tripled since 1965. More than two-thirds of these re-  
12 cipients are children. Eighty-nine percent of children  
13 receiving AFDC benefits now live in homes in which  
14 no father is present.

15           “(A)(i) The average monthly number of  
16 children receiving AFDC benefits—

17                   “(I) was 3,300,000 in 1965;

18                   “(II) was 6,200,000 in 1970;

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

20                   “(IV) was 9,300,000 in 1992.

21           “(ii) While the number of children receiv-  
22 ing AFDC benefits increased nearly threefold  
23 between 1965 and 1992, the total number of  
24 children in the United States aged 0 to 18 has  
25 declined by 5.5 percent.

1           “(B) The Department of Health and  
2 Human Services has estimated that 12,000,000  
3 children will receive AFDC benefits within 10  
4 years.

5           “(C) The increase in the number of chil-  
6 dren receiving public assistance is closely relat-  
7 ed to the increase in births to unmarried  
8 women. Between 1970 and 1991, the percent-  
9 age of live births to unmarried women increased  
10 nearly threefold, from 10.7 percent to 29.5 per-  
11 cent.

12           “(6) The increase of out-of-wedlock pregnancies  
13 and births is well documented as follows:

14           “(A) It is estimated that the rate of  
15 nonmarital teen pregnancy rose 23 percent  
16 from 54 pregnancies per 1,000 unmarried teen-  
17 agers in 1976 to 66.7 pregnancies in 1991. The  
18 overall rate of nonmarital pregnancy rose 14  
19 percent from 90.8 pregnancies per 1,000 un-  
20 married women in 1980 to 103 in both 1991  
21 and 1992. In contrast, the overall pregnancy  
22 rate for married couples decreased 7.3 percent  
23 between 1980 and 1991, from 126.9 preg-  
24 nancies per 1,000 married women in 1980 to  
25 117.6 pregnancies in 1991.

1           “(B) The total of all out-of-wedlock births  
2           between 1970 and 1991 has risen from 10.7  
3           percent to 29.5 percent and if the current trend  
4           continues, 50 percent of all births by the year  
5           2015 will be out-of-wedlock.

6           “(7) The negative consequences of an out-of-  
7           wedlock birth on the mother, the child, the family,  
8           and society are well documented as follows:

9           “(A) Young women 17 and under who give  
10          birth outside of marriage are more likely to go  
11          on public assistance and to spend more years  
12          on welfare once enrolled. These combined ef-  
13          fects of ‘younger and longer’ increase total  
14          AFDC costs per household by 25 percent to 30  
15          percent for 17-year olds.

16          “(B) Children born out-of-wedlock have a  
17          substantially higher risk of being born at a very  
18          low or moderately low birth weight.

19          “(C) Children born out-of-wedlock are  
20          more likely to experience low verbal cognitive  
21          attainment, as well as more child abuse, and  
22          neglect.

23          “(D) Children born out-of-wedlock were  
24          more likely to have lower cognitive scores, lower

1 educational aspirations, and a greater likelihood  
2 of becoming teenage parents themselves.

3 “(E) Being born out-of-wedlock signifi-  
4 cantly reduces the chances of the child growing  
5 up to have an intact marriage.

6 “(F) Children born out-of-wedlock are 3  
7 more times likely to be on welfare when they  
8 grow up.

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

18 “(A) Only 9 percent of married-couple  
19 families with children under 18 years of age  
20 have income below the national poverty level. In  
21 contrast, 46 percent of female-headed house-  
22 holds with children under 18 years of age are  
23 below the national poverty level.

24 “(B) Among single-parent families, nearly  
25 ½ of the mothers who never married received

1 AFDC while only  $\frac{1}{5}$  of divorced mothers re-  
2 ceived AFDC.

3 “(C) Children born into families receiving  
4 welfare assistance are 3 times more likely to be  
5 on welfare when they reach adulthood than chil-  
6 dren not born into families receiving welfare.

7 “(D) Mothers under 20 years of age are at  
8 the greatest risk of bearing low birth-weight ba-  
9 bies.

10 “(E) The younger the single parent moth-  
11 er, the less likely she is to finish high school.

12 “(F) Young women who have children be-  
13 fore finishing high school are more likely to re-  
14 ceive welfare assistance for a longer period of  
15 time.

16 “(G) Between 1985 and 1990, the public  
17 cost of births to teenage mothers under the aid  
18 to families with dependent children program,  
19 the food stamp program, and the medicaid pro-  
20 gram has been estimated at \$120,000,000,000.

21 “(H) The absence of a father in the life of  
22 a child has a negative effect on school perform-  
23 ance and peer adjustment.

24 “(I) Children of teenage single parents  
25 have lower cognitive scores, lower educational

1 aspirations, and a greater likelihood of becom-  
2 ing teenage parents themselves.

3 “(J) Children of single-parent homes are 3  
4 times more likely to fail and repeat a year in  
5 grade school than are children from intact two-  
6 parent families.

7 “(K) Children from single-parent homes  
8 are almost 4 times more likely to be expelled or  
9 suspended from school.

10 “(L) Neighborhoods with larger percent-  
11 ages of youth aged 12 through 20 and areas  
12 with higher percentages of single-parent house-  
13 holds have higher rates of violent crime.

14 “(M) Of those youth held for criminal of-  
15 fenses within the State juvenile justice system,  
16 only 29.8 percent lived primarily in a home with  
17 both parents. In contrast to these incarcerated  
18 youth, 73.9 percent of the 62,800,000 children  
19 in the Nation’s resident population were living  
20 with both parents.

21 “(9) Therefore, in light of this demonstration of  
22 the crisis in our Nation, it is the sense of the Con-  
23 gress that prevention of out-of-wedlock pregnancy  
24 and reduction in out-of-wedlock birth are very im-  
25 portant Government interests and the policy con-

1       tained in provisions of this title is intended to ad-  
2       dress the crisis.

3       “(b) STATE OPTION TO DENY ASSISTANCE FOR  
4       OUT-OF-WEDLOCK BIRTHS TO MINORS.—At the option of  
5       the State, a State to which a grant is made under section  
6       403 may provide that the grant shall not be used to pro-  
7       vide assistance for a child born out-of-wedlock to an indi-  
8       vidual who has not attained 18 years of age, or for the  
9       individual, until the individual attains such age.

10       “(c) STATE OPTION TO DENY ASSISTANCE FOR  
11       CHILDREN BORN TO FAMILIES RECEIVING ASSIST-  
12       ANCE.—At the option of the State, a State to which a  
13       grant is made under section 403 may provide that the  
14       grant shall not be used to provide assistance for a minor  
15       child who is born to—

16               “(1) a recipient of assistance under the pro-  
17       gram funded under this part; or

18               “(2) an individual who received such benefits at  
19       any time during the 10-month period ending with  
20       the birth of the child.

21       “(d) REQUIREMENT THAT TEENAGE PARENTS LIVE  
22       IN AN ADULT-SUPERVISED SETTING AND ATTEND  
23       SCHOOL.—

24               “(1) IN GENERAL.—A State to which a grant  
25       is made under section 403 shall not use any part of

1 the grant to provide assistance to an individual de-  
2 scribed in paragraph (2) if—

3 “(A) the individual and the minor child of  
4 the individual do not reside in—

5 “(i) a place of residence maintained  
6 by a parent, legal guardian, or other adult  
7 relative of such individual as such parent’s,  
8 guardian’s, or adult relative’s own home;  
9 or

10 “(ii) another adult-supervised setting;  
11 and

12 “(B) the individual does not participate  
13 in—

14 “(i) educational activities directed to-  
15 ward the attainment of a high school di-  
16 ploma or its equivalent; or

17 “(ii) an alternative educational or  
18 training program that has been approved  
19 by the State.

20 “(2) INDIVIDUAL DESCRIBED.—An individual  
21 described in this paragraph is an individual who—

22 “(A) is under the age of 18 and is not  
23 married; and

24 “(B) has a minor child in his or her care.

1 **“SEC. 407. STATE PENALTIES.**

2 “(a) IN GENERAL.—Subject to the provisions of sub-  
3 section (b), the Secretary shall deduct from the grant oth-  
4 erwise payable under section 403 the following penalties:

5 “(1) FOR USE OF GRANT IN VIOLATION OF  
6 THIS PART.—If an audit conducted under section  
7 408 finds that an amount paid to a State under sec-  
8 tion 403 for a fiscal year has been used in violation  
9 of this part, then the Secretary shall reduce the  
10 amount of the grant otherwise payable to the State  
11 under such section for the immediately succeeding  
12 fiscal year quarter by the amount so used, plus 5  
13 percent of such grant (determined without regard to  
14 this section).

15 “(2) FOR FAILURE TO SUBMIT REQUIRED RE-  
16 PORT.—

17 “(A) IN GENERAL.—If the Secretary deter-  
18 mines that a State has not, within 6 months  
19 after the end of a fiscal year, submitted the re-  
20 port required by section 409 for the fiscal year,  
21 the Secretary shall reduce by 5 percent the  
22 amount of the grant that would (in the absence  
23 of this section) be payable to the State under  
24 section 403 for the immediately succeeding fis-  
25 cal year.

1           “(B) RESCISSION OF PENALTY.—The Sec-  
2           retary shall rescind a penalty imposed on a  
3           State under subparagraph (A) with respect to a  
4           report for a fiscal year if the State submits the  
5           report before the end of the immediately suc-  
6           ceeding fiscal year.

7           “(3) FOR FAILURE TO SATISFY MINIMUM PAR-  
8           TICIPATION RATES.—

9           “(A) IN GENERAL.—If the Secretary deter-  
10          mines that a State has failed to satisfy the min-  
11          imum participation rates specified in section  
12          404(a) for a fiscal year, the Secretary shall re-  
13          duce by not more than 5 percent the amount of  
14          the grant that would (in the absence of this sec-  
15          tion) be payable to the State under section 403  
16          for the immediately succeeding fiscal year.

17          “(B) PENALTY BASED ON SEVERITY OF  
18          FAILURE.—The Secretary shall impose reduc-  
19          tions under subparagraph (A) on the basis of  
20          the degree of noncompliance.

21          “(4) FOR FAILURE TO PARTICIPATE IN THE IN-  
22          COME AND ELIGIBILITY VERIFICATION SYSTEM.—If  
23          the Secretary determines that a State program fund-  
24          ed under this part is not participating during a fis-  
25          cal year in the income and eligibility verification sys-

1       tem required by section 1137, the Secretary shall re-  
2       duce by not more than 5 percent the amount of the  
3       grant that would (in the absence of this section) be  
4       payable to the State under section 403 for the im-  
5       mediately succeeding fiscal year.

6           “(5) FOR FAILURE TO COMPLY WITH PATER-  
7       NITY ESTABLISHMENT AND CHILD SUPPORT EN-  
8       FORCEMENT REQUIREMENTS UNDER PART D.—Not-  
9       withstanding any other provision of this Act, if the  
10      Secretary determines that the State agency that ad-  
11      ministers a program funded under this part does not  
12      enforce the penalties requested by the agency admin-  
13      istering part D against recipients of assistance  
14      under the State program who fail to cooperate in es-  
15      tablishing paternity in accordance with such part,  
16      the Secretary shall reduce by not more than 5 per-  
17      cent the amount of the grant that would (in the ab-  
18      sence of this section) be payable to the State under  
19      section 403 for the immediately succeeding fiscal  
20      year.

21           “(6) FOR FAILURE TO TIMELY REPAY A FED-  
22      ERAL LOAN FUND FOR STATE WELFARE PRO-  
23      GRAMS.—If the Secretary determines that a State  
24      has failed to repay any amount borrowed from the  
25      Federal Loan Fund for State Welfare Programs es-

1        tablished under section 403(d) within the period of  
2        maturity applicable to such loan, plus any interest  
3        owed on such loan, then the Secretary shall reduce  
4        the amount of the grant otherwise payable to the  
5        State under section 403 for the immediately suc-  
6        ceeding fiscal year quarter by the outstanding loan  
7        amount, plus the interest owed on such outstanding  
8        amount.

9        “(b) REQUIREMENTS.—

10        “(1) LIMITATION ON AMOUNT OF PENALTY.—

11        “(A) IN GENERAL.—In imposing the pen-  
12        alties described in subsection (a), the Secretary  
13        shall not reduce any quarterly payment to a  
14        State by more than 25 percent.

15        “(B) CARRYFORWARD OF UNRECOVERED  
16        PENALTIES.—To the extent that subparagraph  
17        (A) prevents the Secretary from recovering dur-  
18        ing a fiscal year the full amount of all penalties  
19        imposed on a State under subsection (a) for a  
20        prior fiscal year, the Secretary shall apply any  
21        remaining amount of such penalties to the  
22        grant otherwise payable to the State under sec-  
23        tion 403 for the immediately succeeding fiscal  
24        year.

1           “(2) STATE FUNDS TO REPLACE REDUCTIONS  
2           IN GRANT.—A State which has a penalty imposed  
3           against it under subsection (a) shall expend addi-  
4           tional State funds in an amount equal to the amount  
5           of the penalty for the purpose of providing assist-  
6           ance under the State program under this part.

7           “(3) REASONABLE CAUSE FOR NONCOMPLI-  
8           ANCE.—The Secretary may not impose a penalty on  
9           a State under subsection (a) if the Secretary deter-  
10          mines that the State has reasonable cause for failing  
11          to comply with a requirement for which a penalty is  
12          imposed under such subsection.

13          “(c) CERTIFICATION OF AMOUNT OF PENALTIES.—  
14          If the Secretary is required to reduce the amount of any  
15          grant under this section, the Secretary shall certify the  
16          amount of such reduction to the Secretary of the Treasury  
17          and the Secretary of the Treasury shall reduce the amount  
18          paid to the State under section 403 by such amount.

19          “(d) EFFECTIVE DATES.—

20                  “(1) IN GENERAL.—The penalties described in  
21                  paragraphs (2) through (6) of subsection (a) shall  
22                  apply with respect to fiscal years beginning on or  
23                  after October 1, 1996.

24                  “(2) MISUSE OF FUNDS.—The penalties de-  
25                  scribed in subsection (a)(1) shall apply with respect

1 to fiscal years beginning on or after October 1,  
2 1995.

3 **“SEC. 408. AUDITS.**

4 “(a) IN GENERAL.—Each State shall, not less than  
5 annually, audit the State expenditures from amounts re-  
6 ceived under this part. Such audit shall—

7 “(1) determine the extent to which such ex-  
8 penditures were or were not expended in accordance  
9 with this part; and

10 “(2) be conducted by an approved entity (as de-  
11 fined in subsection (b)) in accordance with generally  
12 accepted auditing principles.

13 “(b) APPROVED ENTITY.—For purposes of sub-  
14 section (a), the term ‘approved entity’ means an entity  
15 that—

16 “(1) is approved by the Secretary of the Treas-  
17 ury;

18 “(2) is approved by the chief executive officer  
19 of the State; and

20 “(3) is independent of any agency administer-  
21 ing activities funded under this part.

22 “(c) AUDIT REPORT.—Not later than 30 days follow-  
23 ing the completion of an audit under this subsection, a  
24 State shall submit a copy of the audit to the State legisla-

1 ture, the Secretary of the Treasury, and the Secretary of  
2 Health and Human Services.

3 “(d) ADDITIONAL ACCOUNTING REQUIREMENTS.—  
4 The provisions of chapter 75 of title 31, United States  
5 Code, shall apply to the audit requirements of this section.

6 **“SEC. 409. DATA COLLECTION AND REPORTING.**

7 “(a) IN GENERAL.—Each State to which a grant is  
8 made under section 403 for a fiscal year shall, not later  
9 than 6 months after the end of fiscal year 1997, and each  
10 fiscal year thereafter, transmit to the Secretary the follow-  
11 ing aggregate information on families to which assistance  
12 was provided during the fiscal year under the State pro-  
13 gram operated under this part:

14 “(1) The number of adults receiving such as-  
15 sistance.

16 “(2) The number of children receiving such as-  
17 sistance and the average age of the children.

18 “(3) The employment status of such adults, and  
19 the average earnings of employed adults receiving  
20 such assistance.

21 “(4) The age, race, and educational attainment  
22 at the time of application for assistance of the adults  
23 receiving such assistance.

24 “(5) The average amount of cash and other as-  
25 sistance provided to the families under the program.

1           “(6) The number of months, since the most re-  
2           cent application for assistance under the program,  
3           for which such assistance has been provided to the  
4           families.

5           “(7) The total number of months for which as-  
6           sistance has been provided to the families under the  
7           program.

8           “(8) Any other data necessary to indicate  
9           whether the State is in compliance with the plan  
10          most recently submitted by the State pursuant to  
11          section 402.

12          “(9) The components of any program carried  
13          out by the State to provide work activities in order  
14          to comply with section 404, and the average monthly  
15          number of adults in each such component.

16          “(10) The number of part-time job placements  
17          and the number of full-time job placements made  
18          through the program referred to in paragraph (9),  
19          the number of cases with reduced assistance, and  
20          the number of cases closed due to employment.

21          “(11) The number of cases closed due to sec-  
22          tion 405(b).

23          “(12) The increase or decrease in the number  
24          of children born out of wedlock to recipients of as-  
25          sistance under the State program funded under this

1 part and the State's success in meeting its goals es-  
2 tablished under section 402(a)(1)(F).

3 “(b) AUTHORITY OF STATES TO USE ESTIMATES.—

4 A State may comply with the requirement to provide pre-  
5 cise numerical information described in subsection (a) by  
6 submitting an estimate which is obtained through the use  
7 of scientifically acceptable sampling methods.

8 “(c) REPORT ON USE OF FEDERAL FUNDS TO  
9 COVER ADMINISTRATIVE COSTS AND OVERHEAD.—The  
10 report required by subsection (a) for a fiscal year shall  
11 include a statement of—

12 “(1) the total amount and percentage of the  
13 Federal funds paid to the State under this part for  
14 the fiscal year that are used to cover administrative  
15 costs or overhead; and

16 “(2) the total amount of State funds that are  
17 used to cover such costs or overhead.

18 “(d) REPORT ON STATE EXPENDITURES ON PRO-  
19 GRAMS FOR NEEDY FAMILIES.—The report required by  
20 subsection (a) for a fiscal year shall include a statement  
21 of the total amount expended by the State during the fis-  
22 cal year on the program under this part and the purposes  
23 for which such amount was spent.

24 “(e) REPORT ON NONCUSTODIAL PARENTS PARTICI-  
25 PATING IN WORK ACTIVITIES.—The report required by

1 subsection (a) for a fiscal year shall include the number  
2 of noncustodial parents in the State who participated in  
3 work activities during the fiscal year.

4 “(f) REPORT ON CHILD SUPPORT COLLECTED.—The  
5 report required by subsection (a) for a fiscal year shall  
6 include the total amount of child support collected by the  
7 State agency administering the State program under part  
8 D on behalf of a family receiving assistance under this  
9 part.

10 “(g) REPORT ON CHILD CARE.—The report required  
11 by subsection (a) for a fiscal year shall include the total  
12 amount expended by the State for child care under the  
13 program under this part, along with a description of the  
14 types of child care provided, including child care provided  
15 in the case of a family that—

16 “(1) has ceased to receive assistance under this  
17 part because of employment; or

18 “(2) is not receiving assistance under this part  
19 but would be at risk of becoming eligible for such as-  
20 sistance if child care was not provided.

21 “(h) REPORT ON TRANSITIONAL SERVICES.—The re-  
22 port required by subsection (a) for a fiscal year shall in-  
23 clude the total amount expended by the State for providing  
24 transitional services to a family that has ceased to receive

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

3 “(i) SECRETARY’S REPORT ON DATA PROCESSING.—

4 “(1) IN GENERAL.—Not later than 6 months  
5 after the date of the enactment of the Work Oppor-  
6 tunity Act of 1995, the Secretary shall prepare and  
7 submit to the Congress a report on—

8 “(A) the status of the automated data  
9 processing systems operated by the States to  
10 assist management in the administration of  
11 State programs under this part (whether in ef-  
12 fect before or after October 1, 1995); and

13 “(B) what would be required to establish a  
14 system capable of—

15 “(i) tracking participants in public  
16 programs over time; and

17 “(ii) checking case records of the  
18 States to determine whether individuals  
19 are participating in public programs in 2  
20 or more States.

21 “(2) PREFERRED CONTENTS.—The report re-  
22 quired by paragraph (1) should include—

23 “(A) a plan for building on the automated  
24 data processing systems of the States to estab-

1           lish a system with the capabilities described in  
2           paragraph (1)(B); and

3                   “(B) an estimate of the amount of time re-  
4                   quired to establish such a system and of the  
5                   cost of establishing such a system.

6   **“SEC. 410. RESEARCH, EVALUATIONS, AND NATIONAL STUD-**  
7                   **IES.**

8           “(a) RESEARCH.—The Secretary may conduct re-  
9           search on the effects and costs of State programs funded  
10          under this part.

11          “(b) DEVELOPMENT AND EVALUATION OF INNOVA-  
12          TIVE APPROACHES TO EMPLOYING WELFARE RECIPI-  
13          ENTS.—The Secretary may assist States in developing,  
14          and shall evaluate, innovative approaches to employing re-  
15          cipients of assistance under programs funded under this  
16          part. In performing such evaluations, the Secretary shall,  
17          to the maximum extent feasible, use random assignment  
18          to experimental and control groups.

19          “(c) STUDIES OF WELFARE CASELOADS.—The Sec-  
20          retary may conduct studies of the caseloads of States oper-  
21          ating programs funded under this part.

22          “(d) DISSEMINATION OF INFORMATION.—The Sec-  
23          retary shall develop innovative methods of disseminating  
24          information on any research, evaluations, and studies con-  
25          ducted under this section, including the facilitation of the

1 sharing of information and best practices among States  
2 and localities through the use of computers and other  
3 technologies.

4 “(e) ANNUAL RANKING OF STATES AND REVIEW OF  
5 MOST AND LEAST SUCCESSFUL WORK PROGRAMS.—

6 “(1) ANNUAL RANKING OF STATES.—The Sec-  
7 retary shall rank annually the States to which  
8 grants are paid under section 403 in the order of  
9 their success in moving recipients of assistance  
10 under the State program funded under this part into  
11 long-term private sector jobs.

12 “(2) ANNUAL REVIEW OF MOST AND LEAST  
13 SUCCESSFUL WORK PROGRAMS.—The Secretary shall  
14 review the programs of the 3 States most recently  
15 ranked highest under paragraph (1) and the 3  
16 States most recently ranked lowest under paragraph  
17 (1) that provide parents with work experience, as-  
18 sistance in finding employment, and other work  
19 preparation activities and support services to enable  
20 the families of such parents to leave the program  
21 and become self-sufficient.

22 “(f) STUDY ON ALTERNATIVE OUTCOMES MEAS-  
23 URES.—

24 “(1) STUDY.—The Secretary shall, in coopera-  
25 tion with the States, study and analyze outcomes

1 measures for evaluating the success of a State in  
2 moving individuals out of the welfare system through  
3 employment as an alternative to the minimum par-  
4 ticipation rates described in section 404. The study  
5 shall include a determination as to whether such al-  
6 ternative outcomes measures should be applied on a  
7 national or a State-by-State basis.

8 “(2) REPORT.—Not later than September 30,  
9 1998, the Secretary shall submit to the Committee  
10 on Finance of the Senate and the Committee on  
11 Ways and Means of the House of Representatives a  
12 report containing the findings of the study described  
13 in paragraph (1).

14 **“SEC. 411. STUDY BY THE CENSUS BUREAU.**

15 “(a) IN GENERAL.—The Bureau of the Census shall  
16 expand the Survey of Income and Program Participation  
17 as necessary to obtain such information as will enable in-  
18 terested persons to evaluate the impact of the amendments  
19 made by title I of the Work Opportunity Act of 1995 on  
20 a random national sample of recipients of assistance under  
21 State programs funded under this part and (as appro-  
22 priate) other low-income families, and in doing so, shall  
23 pay particular attention to the issues of out-of-wedlock  
24 births, welfare dependency, the beginning and end of wel-  
25 fare spells, and the causes of repeat welfare spells.

1       “(b) APPROPRIATION.—Out of any money in the  
2 Treasury of the United States not otherwise appropriated,  
3 the Secretary of the Treasury shall pay to the Bureau of  
4 the Census \$10,000,000 for each of fiscal years 1996,  
5 1997, 1998, 1999, and 2000 to carry out subsection (a).

6       **“SEC. 412. WAIVERS.**

7       “(a) CONTINUATION OF WAIVERS.—

8               “(1) IN GENERAL.—Except as provided in para-  
9 graph (2), if any waiver granted to a State under  
10 section 1115 or otherwise which relates to the provi-  
11 sion of assistance under a State plan under this part  
12 is in effect or approved by the Secretary as of Octo-  
13 ber 1, 1995, the amendments made by the Work Op-  
14 portunity Act of 1995 shall not apply with respect  
15 to the State before the expiration (determined with-  
16 out regard to any extensions) of the waiver to the  
17 extent such amendments are inconsistent with the  
18 terms of the waiver.

19               “(2) FINANCING LIMITATION.—Notwithstand-  
20 ing any other provision of law, beginning with fiscal  
21 year 1996, a State operating under a waiver de-  
22 scribed in paragraph (1) shall receive the payment  
23 described for such State for such fiscal year under  
24 section 403, in lieu of any other payment provided  
25 for in the waiver.

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

2 “(1) IN GENERAL.—A State may terminate a  
3 waiver described in subsection (a) before the expira-  
4 tion of the waiver.

5 “(2) REPORT.—A State which terminates a  
6 waiver under paragraph (1) shall submit a report to  
7 the Secretary summarizing the waiver and any avail-  
8 able information concerning the result or effect of  
9 such waiver.

10 “(3) HOLD HARMLESS PROVISION.—

11 “(A) IN GENERAL.—A State that, not later  
12 than the date described in subparagraph (B),  
13 submits a written request to terminate a waiver  
14 described in subsection (a) shall be held harm-  
15 less for accrued cost neutrality liabilities in-  
16 curred under the terms and conditions of such  
17 waiver.

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

20 “(i) January 1, 1996; or

21 “(ii) 90 days following the adjourn-  
22 ment of the first regular session of the  
23 State legislature that begins after the date  
24 of the enactment of the Work Opportunity  
25 Act of 1995.

1       “(c) SECRETARIAL ENCOURAGEMENT OF CURRENT  
2 WAIVERS.—The Secretary shall encourage any State oper-  
3 ating a waiver described in subsection (a) to continue such  
4 waiver and to evaluate, using random sampling and other  
5 characteristics of accepted scientific evaluations, the result  
6 or effect of such waiver.

7 **“SEC. 413. STATE DEMONSTRATION PROGRAMS.**

8       “Nothing in this part shall be construed as limiting  
9 a State’s ability to conduct demonstration projects for the  
10 purpose of identifying innovative or effective program de-  
11 signs in 1 or more political subdivisions of the State.

12 **“SEC. 414. DIRECT FUNDING AND ADMINISTRATION BY IN-  
13 DIAN TRIBES.**

14       “(a) PURPOSE.—The purpose of this section is—

15               “(1) to strengthen and enhance the control and  
16 flexibility of local governments over local programs;  
17 and

18               “(2) in recognition of the principles contained  
19 in the Indian Self-Determination and Education As-  
20 sistance Act (25 U.S.C. 450 et seq.)—

21                       “(A) to provide direct Federal funding to  
22 Indian tribes for the tribal administration of  
23 the program funded under this part; or

24                       “(B) to enable Indian tribes to enter into  
25 agreements, contracts, or compacts with inter-

1           tribal consortia, States, or other entities for the  
2           administration of such program on behalf of the  
3           Indian tribe.

4           “(b) GRANT AMOUNTS FOR INDIAN TRIBES.—

5           “(1) IN GENERAL.—For each of fiscal years  
6           1996, 1997, 1998, 1999, and 2000, the Secretary  
7           shall pay to each Indian tribe that has an approved  
8           tribal family assistance plan a tribal family assist-  
9           ance grant for the fiscal year in an amount equal to  
10          the amount determined under paragraph (2).

11          “(2) AMOUNT DETERMINED.—

12          “(A) IN GENERAL.—The amount deter-  
13          mined under this paragraph is an amount equal  
14          to the total amount of the Federal payments to  
15          a State or States under section 403 for fiscal  
16          year 1994 (as in effect during such fiscal year)  
17          attributable to expenditures by the State or  
18          States under part A and part F of this title (as  
19          so in effect) in such year for Indian families re-  
20          siding in the service area or areas identified by  
21          the Indian tribe in subsection (c)(1)(C).

22          “(B) USE OF STATE SUBMITTED DATA.—

23          “(i) IN GENERAL.—The Secretary  
24          shall use State submitted data to make

1           each determination under subparagraph  
2           (A).

3           “(ii) DISAGREEMENT WITH DETER-  
4           MINATION.—If an Indian tribe or tribal or-  
5           ganization disagrees with State submitted  
6           data described under clause (i), the Indian  
7           tribe or tribal organization may submit to  
8           the Secretary such additional information  
9           as may be relevant to making the deter-  
10          mination under subparagraph (A) and the  
11          Secretary may consider such information  
12          before making such determination.

13          “(c) 3-YEAR TRIBAL FAMILY ASSISTANCE PLAN.—

14           “(1) IN GENERAL.—Any Indian tribe that de-  
15          sires to receive a tribal family assistance grant shall  
16          submit to the Secretary a 3-year tribal family assist-  
17          ance plan that—

18           “(A) outlines the Indian tribe’s approach  
19          to providing welfare-related services for the 3-  
20          year period, consistent with the purposes of this  
21          section;

22           “(B) specifies whether the welfare-related  
23          services provided under the plan will be pro-  
24          vided by the Indian tribe or through agree-

1           ments, contracts, or compacts with intertribal  
2           consortia, States, or other entities;

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

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

9           “(E) identifies the employment opportuni-  
10          ties in or near the service area or areas of the  
11          Indian tribe and the manner in which the In-  
12          dian tribe will cooperate and participate in en-  
13          hancing such opportunities for recipients of as-  
14          sistance under the plan consistent with any ap-  
15          plicable State standards; and

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

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

1           “(3) CONSORTIUM OF TRIBES.—Nothing in this  
2           section shall preclude the development and submis-  
3           sion of a single plan by the participating Indian  
4           tribes of an intertribal consortium.

5           “(d) MINIMUM WORK PARTICIPATION REQUIRE-  
6           MENTS AND TIME LIMITS.—The Secretary, with the par-  
7           ticipation of Indian tribes, shall establish for each Indian  
8           tribe receiving a grant under this section minimum work  
9           participation requirements, appropriate time limits for re-  
10          ceipt of welfare-related services under such grant, and  
11          penalties against individuals—

12           “(1) consistent with the purposes of this sec-  
13          tion;

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

16           “(3) similar to comparable provisions in section  
17          404(d).

18          “(e) EMERGENCY ASSISTANCE.—Nothing in this sec-  
19          tion shall preclude an Indian tribe from seeking emergency  
20          assistance from any Federal loan program or emergency  
21          fund.

22          “(f) ACCOUNTABILITY.—Nothing in this section shall  
23          be construed to limit the ability of the Secretary to main-  
24          tain program funding accountability consistent with—

1           “(1) generally accepted accounting principles;  
2           and

3           “(2) the requirements of the Indian Self-Deter-  
4           mination and Education Assistance Act (25 U.S.C.  
5           450 et seq.).

6           “(g) TRIBAL PENALTIES.—For the purpose of ensur-  
7           ing the proper use of tribal family assistance grants, the  
8           following provisions shall apply to an Indian tribe with an  
9           approved tribal assistance plan:

10           “(1) The provisions of subsections (a)(1),  
11           (a)(6), and (b) of section 407, in the same manner  
12           as such subsections apply to a State.

13           “(2) The provisions of section 407(a)(3), except  
14           that such subsection shall be applied by substituting  
15           ‘the minimum requirements established under sub-  
16           section (d) of section 414’ for ‘the minimum partici-  
17           pation rates specified in section 404’.

18           “(h) DATA COLLECTION AND REPORTING.—For the  
19           purpose of ensuring uniformity in data collection, section  
20           409 shall apply to an Indian tribe with an approved tribal  
21           family assistance plan.”.

22           **“SEC. 415. ASSISTANT SECRETARY FOR FAMILY SUPPORT.**

23           “The programs under this part and part D of this  
24           title shall be administered by an Assistant Secretary for  
25           Family Support within the Department of Health and

1 Human Services, who shall be appointed by the President,  
2 by and with the advice and consent of the Senate, and  
3 who shall be in addition to any other Assistant Secretary  
4 of Health and Human Services provided for by law.

5 **“SEC. 416. LIMITATION ON FEDERAL AUTHORITY.**

6 “The Secretary of Health and Human Services and  
7 the Secretary of the Treasury may not regulate the con-  
8 duct of States under this part or enforce any provision  
9 of this part, except to the extent expressly provided in this  
10 part.”.

11 **SEC. 102. SERVICES PROVIDED BY CHARITABLE, RELI-**  
12 **GIUS, OR PRIVATE ORGANIZATIONS.**

13 (a) IN GENERAL.—Notwithstanding any other provi-  
14 sion of law, a State is permitted to contract with chari-  
15 table, religious, or private organizations to provide services  
16 and administer programs established or modified under  
17 this Act.

18 (b) RELIGIOUS ORGANIZATIONS.—The purpose of  
19 this section is to allow the participation of religious organi-  
20 zations which contract to provide services under this Act  
21 on the same basis as any other provider without impairing  
22 the religious character of such organizations, and without  
23 diminishing the religious freedom of beneficiaries of assist-  
24 ance funded under any program established or modified  
25 under this Act.

1 (c) NONDISCRIMINATION AGAINST RELIGIOUS ORGA-  
2 NIZATIONS.—Religious organizations are eligible as con-  
3 tractors to provide assistance under any program estab-  
4 lished or modified under this Act to needy families and  
5 children in accordance with this section. Neither the Fed-  
6 eral Government nor a State receiving funds under such  
7 programs shall discriminate against an organization which  
8 is or applies to be a contractor to provide assistance on  
9 the basis that the organization has a religious character.

10 (d) RELIGIOUS CHARACTER AND FREEDOM.—

11 (1) RELIGIOUS ORGANIZATIONS.—Notwith-  
12 standing any other provision of law, any religious or-  
13 ganization with a contract described in subsection  
14 (a) shall retain its independence from Federal,  
15 State, and local governments, including such organi-  
16 zation's control over the definition, development,  
17 practice, and expression of its religious beliefs.

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

22 (A) alter its form of internal governance,  
23 or form a separate, nonprofit corporation to re-  
24 ceive and administer the assistance funded  
25 under this part; or

1 (B) remove religious art, icons, scripture,  
2 or other symbols;  
3 in order to be eligible to be a provider of assistance  
4 funded under this part.

5 (e) NONDISCRIMINATION IN EMPLOYMENT.—

6 (1) IN GENERAL.—Except as provided in para-  
7 graph (2), nothing in this section shall be construed  
8 to modify or affect the provisions of any other Fed-  
9 eral law or regulation that relates to discrimination  
10 in employment on the basis of religion.

11 (2) EXCEPTION.—A religious organization with  
12 a contract described in subsection (a) may require  
13 that employees rendering service pursuant to such  
14 contract adhere to the religious tenets and teachings  
15 of such organization, and such organization may re-  
16 quire that employees adhere to rules forbidding the  
17 use of drugs or alcohol.

18 (f) NONDISCRIMINATION AGAINST BENEFICIARIES.—  
19 A religious organization shall not discriminate against  
20 needy families and children in regard to rendering assist-  
21 ance funded under any program established or modified  
22 under this Act on the basis of religion, a religious belief,  
23 or refusal to participate in a religious practice.

24 (g) FISCAL ACCOUNTABILITY.—

1           (1) IN GENERAL.—Except as provided in para-  
2           graph (2), any religious organization contracting to  
3           provide assistance funded under any program estab-  
4           lished or modified under this Act shall be subject to  
5           the same regulations as other contractors to account  
6           in accord with generally accepted auditing principles  
7           for the use of such funds provided under such pro-  
8           grams.

9           (2) LIMITED AUDIT.—If such organization seg-  
10          regates Federal funds provided under such programs  
11          into separate accounts, then only the financial as-  
12          sistance provided with such funds shall be subject to  
13          audit.

14          (h) COMPLIANCE.—A religious organization which  
15          has its rights under this section violated may enforce its  
16          claim exclusively by asserting a civil action for such relief  
17          as may be appropriate, including injunctive relief or dam-  
18          ages, in an appropriate State court against the entity or  
19          agency that allegedly commits such violation.

20          (i) RIGHTS OF BENEFICIARIES OF ASSISTANCE.—If  
21          a beneficiary has an objection to the religious character  
22          of the organization or institution from which the bene-  
23          ficiary is receiving assistance funded under any program  
24          established or modified under this Act, each State shall  
25          provide such beneficiary assistance from an alternative

1 provider the value of which is not less than the value of  
2 the assistance which the individual would have received  
3 from the organization.

4 **SEC. 103. LIMITATIONS ON USE OF FINANCIAL ASSISTANCE**  
5 **FOR CERTAIN PURPOSES.**

6 No financial assistance provided under programs es-  
7 tablished or modified by this Act shall be expended for  
8 any sectarian purpose or activity, including sectarian wor-  
9 ship or instruction.

10 **SEC. 104. CONTINUED APPLICATION OF CURRENT STAND-**  
11 **ARDS UNDER MEDICAID PROGRAM.**

12 (a) IN GENERAL.—Title XIX (42 U.S.C. 1396 et  
13 seq.) is amended—

14 (1) in section 1931, by inserting “subject to  
15 section 1931(a),” after “under this title,” and by re-  
16 designating such section as section 1932; and

17 (2) by inserting after section 1930 the following  
18 new section:

19 “CONTINUED APPLICATION OF AFDC STANDARDS

20 “SEC. 1931. (a) For purposes of applying this title  
21 on and after October 1, 1995, with respect to a State—

22 “(1) except as provided in paragraph (2), any  
23 reference in this title (or other provision of law in  
24 relation to the operation of this title) to a provision  
25 of part A of title IV of this Act, or a State plan  
26 under such part, shall be considered a reference to

1 such provision or plan as in effect as of June 1,  
2 1995, with respect to the State and eligibility for  
3 medical assistance under this title shall be deter-  
4 mined as if such provision or plan (as in effect as  
5 of such date) had remained in effect on and after  
6 October 1, 1995; and

7 “(2) any reference in section 1902(a)(5) or  
8 1902(a)(55) to a State plan approved under part A  
9 of title IV shall be deemed a reference to a State  
10 program funded under such part (as in effect on and  
11 after October 1, 1995).

12 “(b) In the case of a waiver of a provision of part  
13 A of title IV in effect with respect to a State as of June  
14 1, 1995, if the waiver affects eligibility of individuals for  
15 medical assistance under this title, such waiver may, at  
16 the option of the State, continue to be applied in relation  
17 to this title after the date the waiver would otherwise ex-  
18 pire.”.

19 (b) PLAN AMENDMENT.—Section 1902(a) (42 U.S.C.  
20 1396a(a)) is amended—

21 (1) by striking “and” at the end of paragraph  
22 (61);

23 (2) by striking the period at the end of para-  
24 graph (62) and inserting “; and”; and

1           (3) by inserting after paragraph (62) the fol-  
2           lowing new paragraph:

3           “(63) provide for continuing to administer eligi-  
4           bility standards with respect to individuals who are  
5           (or seek to be) eligible for medical assistance based  
6           on the application of section 1931.”.

7           (c) CONFORMING AMENDMENTS.—(1) Section  
8           1902(c) (42 U.S.C. 1396a(c)) is amended by striking  
9           “if—” and all that follows and inserting the following: “if  
10          the State requires individuals described in subsection  
11          (l)(1) to apply for assistance under the State program  
12          funded under part A of title IV as a condition of applying  
13          for or receiving medical assistance under this title.”.

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

16          (d) EFFECTIVE DATE.—The amendments made by  
17          this section shall apply to medical assistance furnished for  
18          calendar quarters beginning on or after October 1, 1995.

19       **SEC. 105. REDUCTION IN PERSONNEL.**

20          (a) IN GENERAL.—The Secretary of Health and  
21          Human Services shall take such actions as may be nec-  
22          essary, including reduction in force actions, consistent  
23          with sections 3502 and 3595 of title 5, United States  
24          Code, to ensure that at least 30 percent of the personnel

1 in positions that relate to a covered activity are separated  
2 from service.

3 (b) DEFINITION OF COVERED ACTIVITY.—For pur-  
4 poses of this section, the term covered activity means an  
5 activity authorized to be carried out under part A or F  
6 of the Social Security Act (42 U.S.C. 601 et seq. and 682  
7 et seq.) as such parts were in effect prior to the date of  
8 the enactment of this Act but does not include any posi-  
9 tion in an Office of Inspector General that relates to the  
10 auditing or investigation of a covered activity.

11 **SEC. 106. CONFORMING AMENDMENTS TO THE SOCIAL SE-**  
12 **CURITY ACT.**

13 (a) AMENDMENTS TO TITLE II.—

14 (1) Section 205(c)(2)(C)(vi) (42 U.S.C.  
15 405(c)(2)(C)(vi)), as so redesignated by section  
16 321(a)(9)(B) of the Social Security Independence  
17 and Program Improvements Act of 1994, is amend-  
18 ed—

19 (A) by inserting “an agency administering  
20 a program funded under part A of title IV or”  
21 before “an agency operating”; and

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

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

4           (b) AMENDMENT TO PART B OF TITLE IV.—Section  
5           422(b)(2) (42 U.S.C. 622(b)(2)) is amended by striking  
6           “under the State plan approved” and inserting “under the  
7           State program funded.”.

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

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

12          (2) Section 452(a)(10)(C) (42 U.S.C.  
13          652(a)(10)(C)) is amended—

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

17                (B) by striking “such aid” and inserting  
18                “such assistance”; and

19                (C) by striking “402(a)(26) or”.

20          (3) Section 452(a)(10)(F) (42 U.S.C.  
21          652(a)(10)(F)) is amended—

22                (A) by striking “aid under a State plan ap-  
23                proved” and inserting “assistance under a State  
24                program funded”; and

1 (B) by striking “in accordance with the  
2 standards referred to in section  
3 402(a)(26)(B)(ii)” and inserting “by the  
4 State”.

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

10 (5) Section 452(d)(3)(B)(i) (42 U.S.C.  
11 652(d)(3)(B)(i)) is amended by striking “1115(c)”  
12 and inserting “1115(b)”.

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

20 (7) Section 452(g)(2)(A) (42 U.S.C.  
21 652(g)(2)(A)) is amended in the matter following  
22 clause (iii) by striking “aid was being paid under the  
23 State’s plan approved under part A or E” and in-  
24 serting “assistance was being provided under the

1 State program funded under part A or aid was being  
2 paid under the State’s plan approved under part E”.

3 (8) Section 452(g)(2) (42 U.S.C. 652(g)(2)) is  
4 amended in the matter following subparagraph  
5 (B)—

6 (A) by striking “who is a dependent child  
7 by reason of the death of a parent” and insert-  
8 ing “with respect to whom assistance is being  
9 provided under the State program funded under  
10 part A”;

11 (B) by inserting “by the State agency ad-  
12 ministering the State plan approved under this  
13 part” after “found”; and

14 (C) by striking “under section 402(a)(26)”  
15 and inserting “with the State in establishing  
16 paternity”.

17 (9) Section 452(h) (42 U.S.C. 652(h)) is  
18 amended by striking “under section 402(a)(26)”.

19 (10) Section 453(c)(3) (42 U.S.C. 653(c)(3)) is  
20 amended by striking “aid” and inserting “assistance  
21 under a State program funded”.

22 (11) Section 454 (42 U.S.C. 654)) is amend-  
23 ed—

24 (A) in paragraph (5)(A)—

1 (i) by striking “under section  
2 402(a)(26)”; and

3 (ii) by striking “except that this para-  
4 graph shall not apply to such payments for  
5 any month following the first month in  
6 which the amount collected is sufficient to  
7 make such family ineligible for assistance  
8 under the State plan approved under part  
9 A;”; and

10 (B) in paragraph (6)(D), by striking “aid  
11 under a State plan approved” and inserting  
12 “assistance under a State program funded”.

13 (12) Section 456 (42 U.S.C. 656) is amended—

14 (A) in subsection (a)(1), by striking  
15 “under section 402(a)(26)”; and

16 (B) by striking subsection (b) and insert-  
17 ing the following:

18 “(b) A debt which is a support obligation enforceable  
19 under this title is not released by a discharge in bank-  
20 ruptcy under title 11, United States Code.”.

21 (13) Section 466(a)(3)(B) (42 U.S.C.  
22 666(a)(3)(B)) is amended by striking “402(a)(26)  
23 or”.

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

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

6           (A) by striking “aid under plans approved”  
7 and inserting “assistance under State programs  
8 funded”; and

9           (B) by striking “such aid” and inserting  
10 “such assistance”.

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

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

13           (A) by striking “would be” and inserting  
14 “would have been”; and

15           (B) by inserting “(as such plan was in ef-  
16 fect on June 1, 1995)” after “part A”.

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

21           (3) Section 472(a) (42 U.S.C. 672(a)) is  
22 amended—

23           (A) in the matter preceding paragraph

24           (1)—

1 (i) by striking “would meet” and in-  
2 serting “would have met”;

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

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

8 (B) in paragraph (4)—

9 (i) in subparagraph (A)—

10 (I) by inserting “would have”  
11 after “(A)”; and

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

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

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

20 “(h)(1) For purposes of title XIX, any child with re-  
21 spect to whom foster care maintenance payments are  
22 made under this section shall be deemed to be a dependent  
23 child as defined in section 406 (as in effect as of June  
24 1, 1995) and shall be deemed to be a recipient of aid to  
25 families with dependent children under part A of this title

1 (as so in effect). For purposes of title XX, any child with  
2 respect to whom foster care maintenance payments are  
3 made under this section shall be deemed to be a minor  
4 child in a needy family under a State program funded  
5 under part A and shall be deemed to be a recipient of  
6 assistance under such part.

7 “(2) For purposes of paragraph (1), a child whose  
8 costs in a foster family home or child care institution are  
9 covered by the foster care maintenance payments being  
10 made with respect to the child’s minor parent, as provided  
11 in section 475(4)(B), shall be considered a child with re-  
12 spect to whom foster care maintenance payments are  
13 made under this section.”.

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

16 (A) in subparagraph (A)(i)—

17 (i) by inserting “(as such sections  
18 were in effect on June 1, 1995)” after  
19 “407”;

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

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

24 (B) in subparagraph (B)(i)—

1 (i) by inserting “would have” after  
2 “(B)(i)”; and

3 (ii) by inserting “(as in effect on June  
4 1, 1995)” after “section 402”; and

5 (C) in subparagraph (B)(ii)(II), by insert-  
6 ing “(as in effect on June 1, 1995)” after  
7 “406(a)”.

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

10 “(b)(1) For purposes of title XIX, any child who is  
11 described in paragraph (3) shall be deemed to be a de-  
12 pendent child as defined in section 406 (as in effect as  
13 of June 1, 1995) and shall be deemed to be a recipient  
14 of aid to families with dependent children under part A  
15 of this title (as so in effect) in the State where such child  
16 resides.

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

22 “(3) A child described in this paragraph is any  
23 child—

24 “(A)(i) who is a child described in subsection  
25 (a)(2), and

1           “(ii) with respect to whom an adoption assist-  
2           ance agreement is in effect under this section  
3           (whether or nor adoption assistance payments are  
4           provided under the agreement or are being made  
5           under this section), including any such child who has  
6           been placed for adoption in accordance with applica-  
7           ble State and local law (whether or not an interlocu-  
8           tory or other judicial decree of adoption has been is-  
9           sued), or

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

12           “(4) For purposes of paragraphs (1) and (2), a child  
13           whose costs in a foster family home or child-care institu-  
14           tion are covered by the foster care maintenance payments  
15           being made with respect to the child’s minor parent, as  
16           provided in section 475(4)(B), shall be considered a child  
17           with respect to whom foster care maintenance payments  
18           are being made under section 472.”.

19           (7) Section 474 (42 U.S.C. 674) is amended by  
20           adding at the end the following new subsection:

21           “(d) Notwithstanding any other provision of this  
22           part, a State may not receive payment under this section  
23           with respect to an individual receiving assistance under  
24           this part as a result of such individual’s eligibility under  
25           the State plan approved under part A (as in effect on June

1 1, 1995) unless such individual would also be eligible to  
2 receive assistance under the State program operated under  
3 part A as such plan is in effect on and after October 1,  
4 1995.”.

5 (e) AMENDMENT TO TITLE X.—Section 1002(a)(7)  
6 (42 U.S.C. 1202(a)(7)) is amended by striking “aid to  
7 families with dependent children under the State plan ap-  
8 proved under section 402 of this Act” and inserting “as-  
9 sistance under a State program funded under part A of  
10 title IV”.

11 (f) AMENDMENTS TO TITLE XI.—

12 (1) Section 1109 (42 U.S.C. 1309) is amended  
13 by striking “or part A of title IV,”.

14 (2) Section 1115 (42 U.S.C. 1315) is amend-  
15 ed—

16 (A) in subsection (a)(2)—

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

18 (ii) by striking “403,”;

19 (iii) by striking the period at the end  
20 and inserting “, and”; and

21 (iv) by adding at the end the following  
22 new subparagraph:

23 “(B) costs of such project which would not oth-  
24 erwise be a permissible use of funds under part A  
25 of title IV and which are not included as part of the

1 costs of projects under section 1110, shall to the ex-  
2 tent and for the period prescribed by the Secretary,  
3 be regarded as a permissible use of funds under  
4 such part.”; and

5 (B) in subsection (c)(3), by striking  
6 “under the program of aid to families with de-  
7 pendent children” and inserting “part A of  
8 such title”.

9 (3) Section 1116 (42 U.S.C. 1316) is amend-  
10 ed—

11 (A) in each of subsections (a)(1), (b), and  
12 (d), by striking “or part A of title IV,”; and

13 (B) in subsection (a)(3), by striking  
14 “404,”.

15 (4) Section 1118 (42 U.S.C. 1318) is amend-  
16 ed—

17 (A) by striking “403(a),”;

18 (B) by striking “and part A of title IV,”;

19 and

20 (C) by striking “, and shall, in the case of  
21 American Samoa, mean 75 per centum with re-  
22 spect to part A of title IV”.

23 (5) Section 1119 (42 U.S.C. 1319) is amend-  
24 ed—

25 (A) by striking “or part A of title IV”; and

1 (B) by striking “403(a),”.

2 (6) Section 1133(a) (42 U.S.C. 1320b-3(a)) is  
3 amended by striking “or part A of title IV,”.

4 (7) Section 1136 (42 U.S.C. 1320b-6) is re-  
5 pealed.

6 (8) Section 1137 (42 U.S.C. 1320b-7) is  
7 amended—

8 (A) in subsection (b), by striking para-  
9 graph (1) and inserting the following:

10 “(1) any State program funded under part A of  
11 title IV of this Act;” and

12 (B) in subsection (d)(1)(B)—

13 (i) by striking “In this subsection—”  
14 and all that follows through “(ii) in” and  
15 inserting “In this subsection, in”;

16 (ii) by redesignating subclauses (I),  
17 (II), and (III) as clauses (i), (ii), and (iii);  
18 and

19 (iii) by moving such redesignated ma-  
20 terial 2 ems to the left.

21 (9) Section 1108 (42 U.S.C. 1308) is amend-  
22 ed—

23 (A) in subsection (a)—

24 (i) in the matter preceding paragraph

25 (1)—

1 (I) by inserting “(or paid, in the  
2 case of part A of title IV); and

3 (II) by striking “or, in the case  
4 of” and all that follows through “sec-  
5 tion 403(k)”;

6 (ii) in paragraph (1)—

7 (I) in subparagraph (F), by strik-  
8 ing “or”;

9 (II) in subparagraph (G), by  
10 striking “the fiscal year 1989 and  
11 each fiscal year thereafter;” and in-  
12 sserting “each of the fiscal years 1989  
13 through 1995, or”; and

14 (III) by inserting after subpara-  
15 graph (G), the following new subpara-  
16 graph:

17 “(H) \$92,250,000 with respect to fiscal  
18 year 1996 and each fiscal year thereafter;”;

19 (iii) in paragraph (2)—

20 (I) in subparagraph (F), by strik-  
21 ing “or”;

22 (II) in subparagraph (G), by  
23 striking “the fiscal year 1989 and  
24 each fiscal year thereafter;” and in-

1                   serting “each of the fiscal years 1989  
2                   through 1995, or”; and

3                   (III) by inserting after subpara-  
4                   graph (G), the following new subpara-  
5                   graph:

6                   “(H) \$3,150,000 with respect to fiscal  
7                   year 1996 and each fiscal year thereafter;” and

8                   (iv) in paragraph (3)—

9                   (I) in subparagraph (F), by strik-  
10                  ing “or”;

11                  (II) in subparagraph (G), by  
12                  striking “the fiscal year 1989 and  
13                  each fiscal year thereafter.” and in-  
14                  serting “each of the fiscal years 1989  
15                  through 1995, or”; and

16                  (III) by inserting after subpara-  
17                  graph (G), the following new subpara-  
18                  graph:

19                  “(H) \$4,275,000 with respect to fiscal  
20                  year 1996 and each fiscal year thereafter.”; and

21                  (B) in subsection (d), by striking “(exclu-  
22                  sive of any amounts” and all that follows  
23                  through “section 403(k) applies”).

24                  (g) AMENDMENT TO TITLE XIV.—Section  
25                  1402(a)(7) (42 U.S.C. 1352(a)(7)) is amended by striking

1 “aid to families with dependent children under the State  
2 plan approved under section 402 of this Act” and insert-  
3 ing “assistance under a State program funded under part  
4 A of title IV”.

5 (h) AMENDMENT TO TITLE XVI AS IN EFFECT WITH  
6 RESPECT TO THE TERRITORIES.—Section 1602(a)(11),  
7 as in effect without regard to the amendment made by  
8 section 301 of the Social Security Amendments of 1972  
9 (42 U.S.C. 1382 note), is amended by striking “aid under  
10 the State plan approved” and inserting “assistance under  
11 a State program funded”.

12 (i) AMENDMENT TO TITLE XVI AS IN EFFECT WITH  
13 RESPECT TO THE STATES.—Section 1611(c)(5)(A) (42  
14 U.S.C. 1382(c)(5)(A)) is amended to read as follows: “(A)  
15 a State program funded under part A of title IV,”.

16 **SEC. 107. CONFORMING AMENDMENTS TO THE FOOD**  
17 **STAMP ACT OF 1977 AND RELATED PROVI-**  
18 **SIONS.**

19 (a) Section 5 of the Food Stamp Act of 1977 (7  
20 U.S.C. 2014) is amended—

21 (1) in the second sentence of subsection (a), by  
22 striking “plan approved” and all that follows  
23 through “title IV of the Social Security Act” and in-  
24 serting “program funded under part A of title IV of  
25 the Social Security Act (42 U.S.C. 601 et seq.) that

1 the Secretary determines complies with standards  
2 established by the Secretary that ensure that the  
3 standards under the State program are comparable  
4 to or more restrictive than those in effect on June  
5 1, 1995”;

6 (2) in subsection (d)(5)—

7 (A) by striking “assistance to families with  
8 dependent children” and inserting “assistance  
9 under a State program funded”; and

10 (B) by striking paragraph (13) and redesi-  
11 gnating paragraphs (14), (15), and (16) as  
12 paragraphs (13), (14), and (15), respectively;

13 (3) in subsection (j), by striking “plan approved  
14 under part A of title IV of such Act (42 U.S.C. 601  
15 et seq.)” and inserting “program funded under part  
16 A of title IV of the Act (42 U.S.C. 601 et seq.) that  
17 the Secretary determines complies with standards  
18 established by the Secretary that ensure that the  
19 standards under the State program are comparable  
20 to or more restrictive than those in effect on June  
21 1, 1995”.

22 (b) Section 6 of such Act (7 U.S.C. 2015) is amend-  
23 ed—

1           (1) in subsection (c)(5), by striking “the State  
2           plan approved” and inserting “the State program  
3           funded”;

4           (2) in subsection (e)—

5                 (A) by striking “aid to families with de-  
6                 pendent children” and inserting “benefits under  
7                 a State program funded”; and

8                 (B) by inserting before the semicolon the  
9                 following: “that the Secretary determines com-  
10                plies with standards established by the Sec-  
11                retary that ensure that the standards under the  
12                State program are comparable to or more re-  
13                strictive than those in effect on June 1, 1995”;  
14                and

15           (3) by adding at the end the following new sub-  
16           section:

17           “(i) Notwithstanding any other provision of this Act,  
18           a household may not receive benefits under this Act as  
19           a result of the household’s eligibility under a State pro-  
20           gram funded under part A of title IV of the Social Secu-  
21           rity Act (42 U.S.C. 601 et seq.), unless the Secretary de-  
22           termines that any household with income above 130 per-  
23           cent of the poverty guidelines is not eligible for the pro-  
24           gram.”.

1 (c) Section 16(g)(4) of such Act (7 U.S.C.  
2 2025(g)(4)) is amended by striking “State plans under the  
3 Aid to Families with Dependent Children Program under”  
4 and inserting “State programs funded under part A of”.

5 (d) Section 17 of such Act (7 U.S.C. 2026) is amend-  
6 ed—

7 (1) in the first sentence of subsection (b)(1)(A),  
8 by striking “to aid to families with dependent chil-  
9 dren under part A of title IV of the Social Security  
10 Act” and inserting “or are receiving assistance  
11 under a State program funded under part A of title  
12 IV of the Social Security Act (42 U.S.C. 601 et  
13 seq.)”; and

14 (2) in subsection (b)(3), by adding at the end  
15 the following new subparagraph:

16 “(I) The Secretary may not grant a waiver  
17 under this paragraph on or after October 1, 1995.  
18 Any reference in this paragraph to a provision of  
19 title IV of the Social Security Act shall be deemed  
20 to be a reference to such provision as in effect on  
21 September 30, 1995.”;

22 (e) Section 20 of such Act (7 U.S.C. 2029) is amend-  
23 ed—

1           (1) in subsection (a)(2)(B) by striking “operat-  
2           ing—” and all that follows through “(ii) any other”  
3           and inserting “operating any”; and

4           (2) in subsection (b)—

5           (A) in paragraph (1)—

6           (i) by striking “(b)(1) A household”  
7           and inserting “(b) A household”; and

8           (ii) in subparagraph (B), by striking  
9           “training program” and inserting “activ-  
10           ity”;

11          (B) by striking paragraph (2); and

12          (C) by redesignating subparagraphs (A)  
13          through (F) as paragraphs (1) through (6), re-  
14          spectively.

15          (f) Section 5(h)(1) of the Agriculture and Consumer  
16          Protection Act of 1973 (Public Law 93–186; 7 U.S.C.  
17          612c note) is amended by striking “the program for aid  
18          to families with dependent children” and inserting “the  
19          State program funded”.

20          (g) Section 9 of the National School Lunch Act (42  
21          U.S.C. 1758) is amended—

22          (1) in subsection (b)—

23          (A) in paragraph (2)(C)(ii)(II)—

1 (i) by striking “program for aid to  
2 families with dependent children” and in-  
3 serting “State program funded”; and

4 (ii) by inserting before the period at  
5 the end the following: “that the Secretary  
6 determines complies with standards estab-  
7 lished by the Secretary that ensure that  
8 the standards under the State program are  
9 comparable to or more restrictive than  
10 those in effect on June 1, 1995”; and

11 (B) in paragraph (6)—

12 (i) in subparagraph (A)(ii)—

13 (I) by striking “an AFDC assist-  
14 ance unit (under the aid to families  
15 with dependent children program au-  
16 thorized” and inserting “a family  
17 (under the State program funded”;  
18 and

19 (II) by striking “, in a State”  
20 and all that follows through  
21 “9902(2))” and inserting “that the  
22 Secretary determines complies with  
23 standards established by the Secretary  
24 that ensure that the standards under  
25 the State program are comparable to

1 or more restrictive than those in effect  
2 on June 1, 1995”; and

3 (ii) in subparagraph (B), by striking  
4 “aid to families with dependent children”  
5 and inserting “assistance under the State  
6 program funded under part A of title IV  
7 of the Social Security Act (42 U.S.C. 601  
8 et seq.) that the Secretary determines com-  
9 plies with standards established by the  
10 Secretary that ensure that the standards  
11 under the State program are comparable  
12 to or more restrictive than those in effect  
13 on June 1, 1995”; and

14 (2) in subsection (d)(2)(C)—

15 (A) by striking “program for aid to fami-  
16 lies with dependent children” and inserting  
17 “State program funded”; and

18 (B) by inserting before the period at the  
19 end the following: “that the Secretary deter-  
20 mines complies with standards established by  
21 the Secretary that ensure that the standards  
22 under the State program are comparable to or  
23 more restrictive than those in effect on June 1,  
24 1995”.

1 (h) Section 17 of the Child Nutrition Act of 1966  
2 (42 U.S.C. 1786) is amended—

3 (1) in subsection (d)(2)(A)(ii)(II)—

4 (A) by striking “program for aid to fami-  
5 lies with dependent children established” and  
6 inserting “State program funded”; and

7 (B) by inserting before the semicolon the  
8 following: “that the Secretary determines com-  
9 plies with standards established by the Sec-  
10 retary that ensure that the standards under the  
11 State program are comparable to or more re-  
12 strictive than those in effect on June 1, 1995”;

13 (2) in subsection (e)(4)(A), by striking “pro-  
14 gram for aid to families with dependent children”  
15 and inserting “State program funded”; and

16 (3) in subsection (f)(1)(C)(iii), by striking “aid  
17 to families with dependent children,” and inserting  
18 “State program funded under part A of title IV of  
19 the Social Security Act (42 U.S.C. 601 et seq.) and  
20 with the”.

21 **SEC. 108. CONFORMING AMENDMENTS TO OTHER LAWS.**

22 (a) Subsection (b) of section 508 of the Unemploy-  
23 ment Compensation Amendments of 1976 (Public Law  
24 94-566; 90 Stat. 2689) is amended to read as follows:

1       “(b) PROVISION FOR REIMBURSEMENT OF EX-  
2 PENSES.—For purposes of section 455 of the Social Secu-  
3 rity Act, expenses incurred to reimburse State employment  
4 offices for furnishing information requested of such of-  
5 fices—

6           “(1) pursuant to the third sentence of section  
7 3(a) of the Act entitled ‘An Act to provide for the  
8 establishment of a national employment system and  
9 for cooperation with the States in the promotion of  
10 such system, and for other purposes’, approved June  
11 6, 1933 (29 U.S.C. 49b(a)), or

12           “(2) by a State or local agency charged with  
13 the duty of carrying a State plan for child support  
14 approved under part D of title IV of the Social Se-  
15 curity Act,

16 shall be considered to constitute expenses incurred in the  
17 administration of such State plan.”.

18       (b) Section 9121 of the Omnibus Budget Reconcili-  
19 ation Act of 1987 (42 U.S.C. 602 note) is repealed.

20       (c) Section 9122 of the Omnibus Budget Reconcili-  
21 ation Act of 1987 (42 U.S.C. 602 note) is repealed.

22       (d) Section 221 of the Housing and Urban-Rural Re-  
23 covery Act of 1983 (42 U.S.C. 602 note), relating to treat-  
24 ment under AFDC of certain rental payments for federally  
25 assisted housing, is repealed.

1 (e) Section 159 of the Tax Equity and Fiscal Respon-  
2 sibility Act of 1982 (42 U.S.C. 602 note) is repealed.

3 (f) Section 202(d) of the Social Security Amendments  
4 of 1967 (81 Stat. 882; 42 U.S.C. 602 note) is repealed.

5 (g) Section 233 of the Social Security Act Amend-  
6 ments of 1994 (42 U.S.C. 602 note) is repealed.

7 (h) Section 903 of the Stewart B. McKinney Home-  
8 less Assistance Amendments Act of 1988 (42 U.S.C.  
9 11381 note), relating to demonstration projects to reduce  
10 number of AFDC families in welfare hotels, is amended—

11 (1) in subsection (a), by striking “aid to fami-  
12 lies with dependent children under a State plan ap-  
13 proved” and inserting “assistance under a State pro-  
14 gram funded”; and

15 (2) in subsection (c), by striking “aid to fami-  
16 lies with dependent children in the State under a  
17 State plan approved” and inserting “assistance in  
18 the State under a State program funded”.

19 (i) The Higher Education Act of 1965 (20 U.S.C.  
20 1001 et seq.) is amended—

21 (1) in section 404C(c)(3) (20 U.S.C. 1070a-  
22 23(c)(3)), by striking “(Aid to Families with De-  
23 pendent Children)”; and

24 (2) in section 480(b)(2) (20 U.S.C.  
25 1087vv(b)(2)), by striking “aid to families with de-

1       pendent children under a State plan approved” and  
2       inserting “assistance under a State program fund-  
3       ed”.

4       (j) The Carl D. Perkins Vocational and Applied Tech-  
5       nology Education Act (20 U.S.C. 2301 et seq.) is amend-  
6       ed—

7             (1) in section 231(d)(3)(A)(ii) (20 U.S.C.  
8             2341(d)(3)(A)(ii)), by striking “the program for aid  
9             to dependent children” and inserting “the State pro-  
10            gram funded”;

11            (2) in section 232(b)(2)(B) (20 U.S.C.  
12            2341a(b)(2)(B)), by striking “the program for aid to  
13            families with dependent children” and inserting “the  
14            State program funded”; and

15            (3) in section 521(14)(B)(iii) (20 U.S.C.  
16            2471(14)(B)(iii)), by striking “the program for aid  
17            to families with dependent children” and inserting  
18            “the State program funded”.

19       (k) The Elementary and Secondary Education Act of  
20       1965 (20 U.S.C. 2701 et seq.) is amended—

21             (1) in section 1113(a)(5) (20 U.S.C.  
22             6313(a)(5)), by striking “Aid to Families with De-  
23             pendent Children Program” and inserting “State  
24             program funded under part A of title IV of the So-  
25             cial Security Act”;

1           (2) in section 1124(c)(5) (20 U.S.C.  
2           6333(c)(5)), by striking “the program of aid to fam-  
3           ilies with dependent children under a State plan ap-  
4           proved under” and inserting “a State program fund-  
5           ed under part A of”; and

6           (3) in section 5203(b)(2) (20 U.S.C.  
7           7233(b)(2))—

8                   (A) in subparagraph (A)(xi), by striking  
9                   “Aid to Families with Dependent Children ben-  
10                   efits” and inserting “assistance under a State  
11                   program funded under part A of title IV of the  
12                   Social Security Act”; and

13                   (B) in subparagraph (B)(viii), by striking  
14                   “Aid to Families with Dependent Children” and  
15                   inserting “assistance under the State program  
16                   funded under part A of title IV of the Social  
17                   Security Act”.

18           (l) Chapter VII of title I of Public Law 99–88 (25  
19 U.S.C. 13d–1) is amended to read as follows: “*Provided*  
20 *further*, That general assistance payments made by the  
21 Bureau of Indian Affairs shall be made—

22                   “(1) after April 29, 1985, and before October  
23                   1, 1995, on the basis of Aid to Families with De-  
24                   pendent Children (AFDC) standards of need; and

1           “(2) on and after October 1, 1995, on the basis  
2 of standards of need established under the State  
3 program funded under part A of title IV of the So-  
4 cial Security Act,  
5 except that where a State ratably reduces its AFDC or  
6 State program payments, the Bureau shall reduce general  
7 assistance payments in such State by the same percentage  
8 as the State has reduced the AFDC or State program pay-  
9 ment.”.

10           (m) The Internal Revenue Code of 1986 (26 U.S.C.  
11 et seq.) is amended—

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

20           (2) in section 3304(a)(16) (26 U.S.C.  
21 3304(a)(16)), by striking “eligibility for aid or serv-  
22 ices,” and all that follows through “children ap-  
23 proved” and inserting “eligibility for assistance, or  
24 the amount of such assistance, under a State pro-  
25 gram funded”;

1           (3) in section 6103(l)(7)(D)(i) (26 U.S.C.  
2           6103(l)(7)(D)(i)), by striking “aid to families with  
3           dependent children provided under a State plan ap-  
4           proved” and inserting “a State program funded”;

5           (4) in section 6334(a)(11)(A) (26 U.S.C.  
6           6334(a)(11)(A)), by striking “(relating to aid to  
7           families with dependent children)” and

8           (5) in section 7523(b)(3)(C) (26 U.S.C.  
9           7523(b)(3)(C)), by striking “aid to families with de-  
10          pendent children” and inserting “assistance under a  
11          State program funded under part A of title IV of the  
12          Social Security Act”.

13          (n) Section 3(b) of the Wagner-Peyser Act (29  
14          U.S.C. 49b(b)) is amended by striking “State plan ap-  
15          proved under part A of title IV” and inserting “State pro-  
16          gram funded under part A of title IV”.

17          (o) The Job Training Partnership Act (29 U.S.C.  
18          1501 et seq.) is amended—

19               (1) in section 4(29)(A)(i) (29 U.S.C.  
20               1503(29)(A)(i)), by striking “(42 U.S.C. 601 et  
21               seq.)”;

22               (2) in section 106(b)(6)(C) (29 U.S.C.  
23               1516(b)(6)(C)), by striking “State aid to families  
24               with dependent children records,” and inserting

1 “records collected under the State program funded  
2 under part A of title IV of the Social Security Act,”;

3 (3) in section 121(b)(2) (29 U.S.C.  
4 1531(b)(2))—

5 (A) by striking “the JOBS program” and  
6 inserting “the work activities required under  
7 title IV of the Social Security Act”; and

8 (B) by striking the second sentence;

9 (4) in section 123(c) (29 U.S.C. 1533(c))—

10 (A) in paragraph (1)(E), by repealing  
11 clause (vi); and

12 (B) in paragraph (2)(D), by repealing  
13 clause (v);

14 (5) in section 203(b)(3) (29 U.S.C.  
15 1603(b)(3)), by striking “, including recipients  
16 under the JOBS program”;

17 (6) in subparagraphs (A) and (B) of section  
18 204(a)(1) (29 U.S.C. 1604(a)(1) (A) and (B)), by  
19 striking “(such as the JOBS program)” each place  
20 it appears;

21 (7) in section 205(a) (29 U.S.C. 1605(a)), by  
22 striking paragraph (4) and inserting the following:

23 “(4) the portions of title IV of the Social Secu-  
24 rity Act relating to work activities;”;

25 (8) in section 253 (29 U.S.C. 1632)—

1 (A) in subsection (b)(2), by repealing sub-  
2 paragraph (C); and

3 (B) in paragraphs (1)(B) and (2)(B) of  
4 subsection (c), by striking “the JOBS program  
5 or” each place it appears;

6 (9) in section 264 (29 U.S.C. 1644)—

7 (A) in subparagraphs (A) and (B) of sub-  
8 section (b)(1), by striking “(such as the JOBS  
9 program)” each place it appears; and

10 (B) in subparagraphs (A) and (B) of sub-  
11 section (d)(3), by striking “and the JOBS pro-  
12 gram” each place it appears;

13 (10) in section 265(b) (29 U.S.C. 1645(b)), by  
14 striking paragraph (6) and inserting the following:

15 “(6) the portion of title IV of the Social Secu-  
16 rity Act relating to work activities;”;

17 (11) in the second sentence of section 429(e)  
18 (29 U.S.C. 1699(e)), by striking “and shall be in an  
19 amount that does not exceed the maximum amount  
20 that may be provided by the State pursuant to sec-  
21 tion 402(g)(1)(C) of the Social Security Act (42  
22 U.S.C. 602(g)(1)(C))”;

23 (12) in section 454(c) (29 U.S.C. 1734(c)), by  
24 striking “JOBS and”;

1 (13) in section 455(b) (29 U.S.C. 1735(b)), by  
2 striking “the JOBS program,”;

3 (14) in section 501(1) (29 U.S.C. 1791(1)), by  
4 striking “aid to families with dependent children  
5 under part A of title IV of the Social Security Act  
6 (42 U.S.C. 601 et seq.)” and inserting “assistance  
7 under the State program funded under part A of  
8 title IV of the Social Security Act”;

9 (15) in section 506(1)(A) (29 U.S.C.  
10 1791e(1)(A)), by striking “aid to families with de-  
11 pendent children” and inserting “assistance under  
12 the State program funded”;

13 (16) in section 508(a)(2)(A) (29 U.S.C.  
14 1791g(a)(2)(A)), by striking “aid to families with  
15 dependent children” and inserting “assistance under  
16 the State program funded”; and

17 (17) in section 701(b)(2)(A) (29 U.S.C.  
18 1792(b)(2)(A))—

19 (A) in clause (v), by striking the semicolon  
20 and inserting “; and”; and

21 (B) by striking clause (vi).

22 (p) Section 3803(c)(2)(C)(iv) of title 31, United  
23 States Code, is amended to read as follows:

1           “(iv) assistance under a State pro-  
2           gram funded under part A of title IV of  
3           the Social Security Act”.

4           (q) Section 2605(b)(2)(A)(i) of the Low-Income  
5 Home Energy Assistance Act of 1981 (42 U.S.C.  
6 8624(b)(2)(A)(i)) is amended to read as follows:

7           “(i) assistance under the State pro-  
8           gram funded under part A of title IV of  
9           the Social Security Act;”.

10          (r) Section 303(f)(2) of the Family Support Act of  
11 1988 (42 U.S.C. 602 note) is amended—

12           (1) by striking “(A)”; and

13           (2) by striking subparagraphs (B) and (C).

14          (s) The Balanced Budget and Emergency Deficit  
15 Control Act of 1985 (2 U.S.C. 900 et seq.) is amended—

16           (1) in section 255(h) (2 U.S.C. 905(h), by  
17 striking “Aid to families with dependent children  
18 (75-0412-0-1-609);” and inserting “Block grants  
19 to States for temporary assistance for needy fami-  
20 lies;”; and

21           (2) in section 256 (2 U.S.C. 906)—

22           (A) by striking subsection (k); and

23           (B) by redesignating subsection (l) as sub-  
24 section (k).

1 (t) The Immigration and Nationality Act (8 U.S.C.  
2 1101 et seq.) is amended—

3 (1) in section 210(f) (8 U.S.C. 1160(f)), by  
4 striking “aid under a State plan approved under”  
5 each place it appears and inserting “assistance  
6 under a State program funded under”;

7 (2) in section 245A(h) (8 U.S.C. 1255a(h))—

8 (A) in paragraph (1)(A)(i), by striking  
9 “program of aid to families with dependent chil-  
10 dren” and inserting “State program of assist-  
11 ance”; and

12 (B) in paragraph (2)(B), by striking “aid  
13 to families with dependent children” and insert-  
14 ing “assistance under a State program funded  
15 under part A of title IV of the Social Security  
16 Act”; and

17 (3) in section 412(e)(4) (8 U.S.C. 1522(e)(4)),  
18 by striking “State plan approved” and inserting  
19 “State program funded”.

20 (u) Section 640(a)(4)(B)(i) of the Head Start Act  
21 (42 U.S.C. 9835(a)(4)(B)(i)) is amended by striking “pro-  
22 gram of aid to families with dependent children under a  
23 State plan approved” and inserting “State program of as-  
24 sistance funded”.

1 (v) Section 9 of the Act of April 19, 1950 (64 Stat.  
2 47, chapter 92; 25 U.S.C. 639) is repealed.

3 (w) Subparagraph (E) of section 213(d)(6) of the  
4 School-To-Work Opportunities Act of 1994 (20 U.S.C.  
5 6143(d)(6)) is amended to read as follows:

6 “(E) part A of title IV of the Social Secu-  
7 rity Act (42 U.S.C. 601 et seq.) relating to  
8 work activities;”.

9 **SEC. 109. SECRETARIAL SUBMISSION OF LEGISLATIVE PRO-**  
10 **POSAL FOR TECHNICAL AND CONFORMING**  
11 **AMENDMENTS.**

12 Not later than 90 days after the date of the enact-  
13 ment of this Act, the Secretary of Health and Human  
14 Services, in consultation, as appropriate, with the heads  
15 of other Federal agencies, shall submit to the appropriate  
16 committees of Congress a legislative proposal providing for  
17 such technical and conforming amendments in the law as  
18 are required by the provisions of this Act.

19 **SEC. 110. EFFECTIVE DATE; TRANSITION RULE.**

20 (a) IN GENERAL.—Except as otherwise provided in  
21 this title, this title and the amendments made by this title  
22 shall take effect on October 1, 1995.

23 (b) TRANSITION RULE.—

24 (1) STATE OPTION TO CONTINUE AFDC PRO-  
25 GRAM.—

1 (A) 6-MONTH EXTENSION.—A State may  
2 continue a State program under parts A and F  
3 of title IV of the Social Security Act, as in ef-  
4 fect on September 30, 1995 (for purposes of  
5 this paragraph, the “State AFDC program”)  
6 until March 31, 1996.

7 (B) REDUCTION OF FISCAL YEAR 1996  
8 GRANT.—In the case of any State opting to  
9 continue the State AFDC program pursuant to  
10 subparagraph (A), the State family assistance  
11 grant paid to such State under section 403(a)  
12 of the Social Security Act (as added by section  
13 101 and as in effect on and after October 1,  
14 1995) for fiscal year 1996 (after the termi-  
15 nation of the State AFDC program) shall be re-  
16 duced by an amount equal to the total Federal  
17 payment to such State under section 403 of the  
18 Social Security Act (as in effect on September  
19 30, 1995) for such fiscal year.

20 (2) CLAIMS, ACTIONS, AND PROCEEDINGS.—

21 The amendments made by this title shall not apply  
22 with respect to—

23 (A) powers, duties, functions, rights,  
24 claims, penalties, or obligations applicable to  
25 aid, assistance, or services provided before the

1 effective date of this title under the provisions  
2 amended; and

3 (B) administrative actions and proceedings  
4 commenced before such date, or authorized be-  
5 fore such date to be commenced, under such  
6 provisions.

7 (c) SUNSET.—The amendment made by section  
8 101(b) shall be effective only during the 5-year period be-  
9 ginning on October 1, 1995.

10 **TITLE II—SUPPLEMENTAL**  
11 **SECURITY INCOME**  
12 **Subtitle A—Eligibility Restrictions**

13 **SEC. 201. DENIAL OF SUPPLEMENTAL SECURITY INCOME**  
14 **BENEFITS BY REASON OF DISABILITY TO**  
15 **DRUG ADDICTS AND ALCOHOLICS.**

16 (a) IN GENERAL.—Section 1614(a)(3) (42 U.S.C.  
17 1382c(a)(3)) is amended by adding at the end the follow-  
18 ing:

19 “(I) Notwithstanding subparagraph (A), an individ-  
20 ual shall not be considered to be disabled for purposes of  
21 this title if alcoholism or drug addiction would (but for  
22 this subparagraph) be a contributing factor material to  
23 the Commissioner’s determination that the individual is  
24 disabled.”.

25 (b) REPRESENTATIVE PAYEE REQUIREMENTS.—

1           (1) Section 1631(a)(2)(A)(ii)(II) (42 U.S.C.  
2           1383(a)(2)(A)(ii)(II)) is amended to read as follows:

3           “(II) In the case of an individual eligible for benefits  
4 under this title by reason of disability, if such individual  
5 also has an alcoholism or drug addiction condition (as de-  
6 termined by the Commissioner of Social Security), the  
7 payment of such benefits to a representative payee shall  
8 be deemed to serve the interest of the individual. In any  
9 case in which such payment is so deemed under this  
10 subclause to serve the interest of an individual, the Com-  
11 missioner shall include, in the individual’s notification of  
12 such eligibility, a notice that such alcoholism or drug ad-  
13 diction condition accompanies the disability upon which  
14 such eligibility is based and that the Commissioner is  
15 therefore required to pay the individual’s benefits to a rep-  
16 resentative payee.”.

17           (2) Section 1631(a)(2)(B)(vii) (42 U.S.C.  
18           1383(a)(2)(B)(vii)) is amended by striking “eligible  
19 for benefits” and all that follows through “is dis-  
20 abled” and inserting “described in subparagraph  
21 (A)(ii)(II)”.

22           (3) Section 1631(a)(2)(B)(ix)(II) (42 U.S.C.  
23           1383(a)(2)(B)(ix)(II)) is amended by striking all  
24 that follows “15 years, or” and inserting “described  
25 in subparagraph (A)(ii)(II)”.

1           (4) Section 1631(a)(2)(D)(i)(II) (42 U.S.C.  
2           1383(a)(2)(D)(i)(II)) is amended by striking “eligi-  
3           ble for benefits” and all that follows through “is dis-  
4           abled” and inserting “described in subparagraph  
5           (A)(ii)(II)”.

6           (c) CONFORMING AMENDMENTS.—

7           (1) Section 1611(e) (42 U.S.C. 1382(e)) is  
8           amended by striking paragraph (3).

9           (2) Section 1634 (42 U.S.C. 1383c) is amended  
10          by striking subsection (e).

11          (3) Section 201(c)(1) of the Social Security  
12          Independence and Program Improvements Act of  
13          1994 (42 U.S.C. 425 note) is amended—

14               (A) by striking “—” and all that follows  
15               through “(A)” the 1st place it appears;

16               (B) by striking “and” the 3rd place it ap-  
17               pears;

18               (C) by striking subparagraph (B);

19               (D) by striking “either subparagraph (A)  
20               or subparagraph (B)” and inserting “the pre-  
21               ceding sentence”; and

22               (E) by striking “subparagraph (A) or (B)”  
23               and inserting “the preceding sentence”.

1 **SEC. 202. LIMITED ELIGIBILITY OF NONCITIZENS FOR SSI**  
2 **BENEFITS.**

3 Paragraph (1) of section 1614(a) (42 U.S.C.  
4 1382c(a)) is amended—

5 (1) in subparagraph (B)(i), by striking “either”  
6 and all that follows through “, or” and inserting  
7 “(I) a citizen; (II) a noncitizen who is granted asy-  
8 lum under section 208 of the Immigration and Na-  
9 tionality Act or whose deportation has been withheld  
10 under section 243(h) of such Act for a period of not  
11 more than 5 years after the date of arrival into the  
12 United States; (III) a noncitizen who is admitted to  
13 the United States as a refugee under section 207 of  
14 such Act for not more than such 5-year period; (IV)  
15 a noncitizen, lawfully present in any State (or any  
16 territory or possession of the United States), who is  
17 a veteran (as defined in section 101 of title 38,  
18 United States Code) with a discharge characterized  
19 as an honorable discharge and not on account of  
20 alienage or who is the spouse or unmarried depend-  
21 ent child of such veteran; or (V) a noncitizen who  
22 has worked sufficient calendar quarters of coverage  
23 to be a fully insured individual for benefits under  
24 title II, or”;

25 (2) by adding at the end the following new  
26 flush sentence:

1 “For purposes of subparagraph (B)(i)(IV), the determina-  
2 tion of whether a noncitizen is lawfully present in the  
3 United States shall be made in accordance with regula-  
4 tions of the Attorney General. A noncitizen shall not be  
5 considered to be lawfully present in the United States for  
6 purposes of this title merely because the noncitizen may  
7 be considered to be permanently residing in the United  
8 States under color of law for purposes of any particular  
9 program.”.

10 **SEC. 203. DENIAL OF SSI BENEFITS FOR 10 YEARS TO INDI-**  
11 **VIDUALS FOUND TO HAVE FRAUDULENTLY**  
12 **MISREPRESENTED RESIDENCE IN ORDER TO**  
13 **OBTAIN BENEFITS SIMULTANEOUSLY IN 2 OR**  
14 **MORE STATES.**

15 Section 1614(a) (42 U.S.C. 1382c(a)) is amended by  
16 adding at the end the following new paragraph:

17 “(5) An individual shall not be considered an eligible  
18 individual for purposes of this title during the 10-year pe-  
19 riod beginning on the date the individual is convicted in  
20 Federal or State court of having made a fraudulent state-  
21 ment or representation with respect to the place of resi-  
22 dence of the individual in order to receive assistance simul-  
23 taneously from 2 or more States under programs that are  
24 funded under part A of title IV, title XIX, or the Food  
25 Stamp Act of 1977, or benefits in 2 or more States under

1 the supplemental security income program under title  
2 XVI.”.

3 **SEC. 204. DENIAL OF SSI BENEFITS FOR FUGITIVE FELONS**  
4 **AND PROBATION AND PAROLE VIOLATORS.**

5 (a) IN GENERAL.—Section 1611(e) (42 U.S.C.  
6 1382(e)), as amended by section 201(c)(1), is amended  
7 by inserting after paragraph (2) the following new para-  
8 graph:

9 “(3) A person shall not be an eligible individual or  
10 eligible spouse for purposes of this title with respect to  
11 any month if during such month the person is—

12 “(A) fleeing to avoid prosecution, or custody or  
13 confinement after conviction, under the laws of the  
14 place from which the person flees, for a crime, or an  
15 attempt to commit a crime, which is a felony under  
16 the laws of the place from which the person flees, or  
17 which, in the case of the State of New Jersey, is a  
18 high misdemeanor under the laws of such State; or

19 “(B) violating a condition of probation or pa-  
20 role imposed under Federal or State law.”.

21 (b) EXCHANGE OF INFORMATION WITH LAW EN-  
22 FORCEMENT AGENCIES.—Section 1631(e) (42 U.S.C.  
23 1383(e)) is amended by inserting after paragraph (3) the  
24 following new paragraph:

1       “(4) Notwithstanding any other provision of law, the  
2 Commissioner shall furnish any Federal, State, or local  
3 law enforcement officer, upon the request of the officer,  
4 with the current address of any recipient of benefits under  
5 this title, if the officer furnishes the agency with the name  
6 of the recipient and notifies the agency that—

7               “(A) the recipient—

8                       “(i) is fleeing to avoid prosecution, or cus-  
9                       tody or confinement after conviction, under the  
10                      laws of the place from which the person flees,  
11                      for a crime, or an attempt to commit a crime,  
12                      which is a felony under the laws of the place  
13                      from which the person flees, or which, in the  
14                      case of the State of New Jersey, is a high mis-  
15                      demeanor under the laws of such State;

16                     “(ii) is violating a condition of probation or  
17                     parole imposed under Federal or State law; or

18                     “(iii) has information that is necessary for  
19                     the officer to conduct the officer’s official du-  
20                     ties; and

21               “(B) the location or apprehension of the recipi-  
22               ent is within the officer’s official duties.”.

23 **SEC. 205. EFFECTIVE DATES; APPLICATION TO CURRENT**  
24 **RECIPIENTS.**

25               (a) SECTIONS 201 AND 202.—

1           (1) IN GENERAL.—Except as provided in para-  
2           graphs (2) and (3), the amendments made by sec-  
3           tions 201 and 202 shall apply to applicants for bene-  
4           fits for months beginning on or after the date of the  
5           enactment of this Act, without regard to whether  
6           regulations have been issued to implement such  
7           amendments.

8           (2) APPLICATION TO CURRENT RECIPIENTS.—

9           (A) APPLICATION AND NOTICE.—Notwith-  
10           standing any other provision of law, in the case  
11           of an individual who is receiving supplemental  
12           security income benefits under title XVI of the  
13           Social Security Act as of the date of the enact-  
14           ment of this Act and whose eligibility for such  
15           benefits would terminate by reason of the  
16           amendments made by section 201 or 202, such  
17           amendments shall apply with respect to the  
18           benefits of such individual for months beginning  
19           on or after January 1, 1997, and the Commis-  
20           sioner of Social Security shall so notify the indi-  
21           vidual not later than 90 days after the date of  
22           the enactment of this Act.

23           (B) REAPPLICATION.—

24           (i) IN GENERAL.—Not later than 120  
25           days after the date of the enactment of

1           this Act, each individual notified pursuant  
2           to subparagraph (A) who desires to re-  
3           apply for benefits under title XVI of the  
4           Social Security Act, as amended by this  
5           title, shall reapply to the Commissioner of  
6           Social Security.

7                   (ii) DETERMINATION OF ELIGI-  
8                   BILITY.—Not later than 1 year after the  
9                   date of the enactment of this Act, the  
10                  Commissioner of Social Security shall de-  
11                  termine the eligibility of each individual  
12                  who reapplies for benefits under clause (i)  
13                  pursuant to the procedures of such title.

14                  (3) ADDITIONAL APPLICATION OF PAYEE REP-  
15                  RESENTATIVE REQUIREMENTS.—The amendments  
16                  made by section 201(b) shall also apply—

17                   (A) in the case of any individual who is re-  
18                   ceiving supplemental security income benefits  
19                   under title XVI of the Social Security Act as of  
20                   the date of the enactment of this Act, on and  
21                   after the date of such individual's first continu-  
22                   ing disability review occurring after such date  
23                   of enactment, and

24                   (B) in the case of any individual who re-  
25                   ceives supplemental security income benefits

1 under title XVI of the Social Security Act and  
2 has attained age 65, in such manner as deter-  
3 mined appropriate by the Commissioner of So-  
4 cial Security.

5 (b) OTHER AMENDMENTS.—The amendments made  
6 by sections 203 and 204 shall take effect on the date of  
7 the enactment of this Act.

8 **Subtitle B—Benefits for Disabled**  
9 **Children**

10 **SEC. 211. DEFINITION AND ELIGIBILITY RULES.**

11 (a) DEFINITION OF CHILDHOOD DISABILITY.—Sec-  
12 tion 1614(a)(3) (42 U.S.C. 1382c(a)(3)), as amended by  
13 section 201(a), is amended—

14 (1) in subparagraph (A), by striking “An indi-  
15 vidual” and inserting “Except as provided in sub-  
16 paragraph (C), an individual”;

17 (2) in subparagraph (A), by striking “(or, in  
18 the case of an individual under the age of 18, if he  
19 suffers from any medically determinable physical or  
20 mental impairment of comparable severity)”;

21 (3) by redesignating subparagraphs (C) through  
22 (I) as subparagraphs (D) through (J), respectively;

23 (4) by inserting after subparagraph (B) the fol-  
24 lowing new subparagraph:

1       “(C) An individual under the age of 18 shall be con-  
2 sidered disabled for the purposes of this title if that indi-  
3 vidual has a medically determinable physical or mental im-  
4 pairment, which results in marked and severe functional  
5 limitations, and which can be expected to result in death  
6 or which has lasted or can be expected to last for a contin-  
7 uous period of not less than 12 months.”; and

8           (5) in subparagraph (F), as redesignated by  
9 paragraph (3), by striking “(D)” and inserting  
10 “(E)”.

11       (b) CHANGES TO CHILDHOOD SSI REGULATIONS.—

12           (1) MODIFICATION TO MEDICAL CRITERIA FOR  
13 EVALUATION OF MENTAL AND EMOTIONAL DIS-  
14 ORDERS.—The Commissioner of Social Security  
15 shall modify sections 112.00C.2. and  
16 112.02B.2.c.(2) of appendix 1 to subpart P of part  
17 404 of title 20, Code of Federal Regulations, to  
18 eliminate references to maladaptive behavior in the  
19 domain of personal/behavioral function.

20           (2) DISCONTINUANCE OF INDIVIDUALIZED  
21 FUNCTIONAL ASSESSMENT.—The Commissioner of  
22 Social Security shall discontinue the individualized  
23 functional assessment for children set forth in sec-  
24 tions 416.924d and 416.924e of title 20, Code of  
25 Federal Regulations.

1 (c) EFFECTIVE DATE; REGULATIONS; APPLICATION  
2 TO CURRENT RECIPIENTS.—

3 (1) IN GENERAL.—The amendments made by  
4 subsections (a) and (b) shall apply to applicants for  
5 benefits for months beginning on or after the date  
6 of the enactment of this Act, without regard to  
7 whether regulations have been issued to implement  
8 such amendments.

9 (2) REGULATIONS.—The Commissioner of So-  
10 cial Security shall issue such regulations as the  
11 Commissioner determines to be necessary to imple-  
12 ment the amendments made by subsections (a) and  
13 (b) not later than 60 days after the date of the en-  
14 actment of this Act.

15 (3) APPLICATION TO CURRENT RECIPIENTS.—

16 (A) ELIGIBILITY DETERMINATIONS.—Not  
17 later than 1 year after the date of the enact-  
18 ment of this Act, the Commissioner of Social  
19 Security shall redetermine the eligibility of any  
20 individual under age 18 who is receiving supple-  
21 mental security income benefits based on a dis-  
22 ability under title XVI of the Social Security  
23 Act as of the date of the enactment of this Act  
24 and whose eligibility for such benefits may ter-  
25minate by reason of the amendments made by

1 subsection (a) or (b). With respect to any rede-  
2 termination under this subparagraph—

3 (i) section 1614(a)(4) of the Social  
4 Security Act (42 U.S.C. 1382c(a)(4)) shall  
5 not apply;

6 (ii) the Commissioner of Social Secu-  
7 rity shall apply the eligibility criteria for  
8 new applicants for benefits under title XVI  
9 of such Act;

10 (iii) the Commissioner shall give such  
11 redetermination priority over all continuing  
12 eligibility reviews and other reviews under  
13 such title; and

14 (iv) such redetermination shall be  
15 counted as a review or redetermination  
16 otherwise required to be made under sec-  
17 tion 208 of the Social Security Independ-  
18 ence and Program Improvements Act of  
19 1994 or any other provision of title XVI of  
20 the Social Security Act.

21 (B) GRANDFATHER PROVISION.—The  
22 amendments made by subsections (a) and (b),  
23 and the redetermination under subparagraph  
24 (A), shall only apply with respect to the benefits  
25 of an individual described in subparagraph (A)

1 for months beginning on or after January 1,  
2 1997.

3 (C) NOTICE.—Not later than 90 days after  
4 the date of the enactment of this Act, the Com-  
5 missioner of Social Security shall notify an indi-  
6 vidual described in subparagraph (A) of the  
7 provisions of this paragraph.

8 **SEC. 212. ELIGIBILITY REDETERMINATIONS AND CONTINU-**  
9 **ING DISABILITY REVIEWS.**

10 (a) CONTINUING DISABILITY REVIEWS RELATING TO  
11 CERTAIN CHILDREN.—Section 1614(a)(3)(H) (42 U.S.C.  
12 1382c(a)(3)(H)), as redesignated by section 211(a)(3), is  
13 amended—

14 (1) by inserting “(i)” after “(H)”; and

15 (2) by adding at the end the following new  
16 clause:

17 “(ii)(I) Not less frequently than once every 3 years,  
18 the Commissioner shall review in accordance with para-  
19 graph (4) the continued eligibility for benefits under this  
20 title of each individual who has not attained 18 years of  
21 age and is eligible for such benefits by reason of an im-  
22 pairment (or combination of impairments) which may im-  
23 prove (or, which is unlikely to improve, at the option of  
24 the Commissioner).

1       “(II) A parent or guardian of a recipient whose case  
2 is reviewed under this clause shall present, at the time  
3 of review, evidence demonstrating that the recipient is,  
4 and has been, receiving treatment, to the extent consid-  
5 ered medically necessary and available, of the condition  
6 which was the basis for providing benefits under this  
7 title.”.

8       (b) DISABILITY ELIGIBILITY REDETERMINATIONS  
9 REQUIRED FOR SSI RECIPIENTS WHO ATTAIN 18 YEARS  
10 OF AGE.—

11           (1) IN GENERAL.—Section 1614(a)(3)(H) (42  
12 U.S.C. 1382c(a)(3)(H)), as amended by subsection  
13 (a), is amended by adding at the end the following  
14 new clause:

15       “(iii) If an individual is eligible for benefits under this  
16 title by reason of disability for the month preceding the  
17 month in which the individual attains the age of 18 years,  
18 the Commissioner shall redetermine such eligibility—

19           “(I) during the 1-year period beginning on the  
20 individual’s 18th birthday; and

21           “(II) by applying the criteria used in determin-  
22 ing the initial eligibility for applicants who have at-  
23 tained the age of 18 years.

24 With respect to a redetermination under this clause, para-  
25 graph (4) shall not apply and such redetermination shall

1 be considered a substitute for a review or redetermination  
2 otherwise required under any other provision of this sub-  
3 paragraph during that 1-year period.”.

4 (2) CONFORMING REPEAL.—Section 207 of the  
5 Social Security Independence and Program Improve-  
6 ments Act of 1994 (42 U.S.C. 1382 note; 108 Stat.  
7 1516) is hereby repealed.

8 (c) CONTINUING DISABILITY REVIEW REQUIRED FOR  
9 LOW BIRTH WEIGHT BABIES.—Section 1614(a)(3)(H)  
10 (42 U.S.C. 1382c(a)(3)(H)), as amended by subsections  
11 (a) and (b), is amended by adding at the end the following  
12 new clause:

13 “(iv)(I) Not later than 12 months after the birth of  
14 an individual, the Commissioner shall review in accordance  
15 with paragraph (4) the continuing eligibility for benefits  
16 under this title by reason of disability of such individual  
17 whose low birth weight is a contributing factor material  
18 to the Commissioner’s determination that the individual  
19 is disabled.

20 “(II) A review under subclause (I) shall be considered  
21 a substitute for a review otherwise required under any  
22 other provision of this subparagraph during that 12-  
23 month period.

24 “(III) A parent or guardian of a recipient whose case  
25 is reviewed under this clause shall present, at the time

1 of review, evidence demonstrating that the recipient is,  
2 and has been, receiving treatment, to the extent consid-  
3 ered medically necessary and available, of the condition  
4 which was the basis for providing benefits under this  
5 title.”.

6 (d) EFFECTIVE DATE.—The amendments made by  
7 this section shall apply to benefits for months beginning  
8 on or after the date of the enactment of this Act, without  
9 regard to whether regulations have been issued to imple-  
10 ment such amendments.

11 **SEC. 213. ADDITIONAL ACCOUNTABILITY REQUIREMENTS.**

12 (a) TIGHTENING OF REPRESENTATIVE PAYEE RE-  
13 QUIREMENTS.—

14 (1) CLARIFICATION OF ROLE.—Section  
15 1631(a)(2)(B)(ii) (42 U.S.C. 1383(a)(2)(B)(ii)) is  
16 amended by striking “and” at the end of subclause  
17 (II), by striking the period at the end of subclause  
18 (IV) and inserting “; and”, and by adding after  
19 subclause (IV) the following new subclause:

20 “(V) advise such person through the notice of  
21 award of benefits, and at such other times as the  
22 Commissioner of Social Security deems appropriate,  
23 of specific examples of appropriate expenditures of  
24 benefits under this title and the proper role of a rep-  
25 resentative payee.”.

1           (2) DOCUMENTATION OF EXPENDITURES RE-  
2           QUIRED.—

3           (A) IN GENERAL.—Subparagraph (C)(i) of  
4           section 1631(a)(2) (42 U.S.C. 1383(a)(2)) is  
5           amended to read as follows:

6           “(C)(i) In any case where payment is made to a rep-  
7           resentative payee of an individual or spouse, the Commis-  
8           sioner of Social Security shall—

9           “(I) require such representative payee to docu-  
10          ment expenditures and keep contemporaneous  
11          records of transactions made using such payment;  
12          and

13          “(II) implement statistically valid procedures  
14          for reviewing a sample of such contemporaneous  
15          records in order to identify instances in which such  
16          representative payee is not properly using such pay-  
17          ment.”.

18          (B) CONFORMING AMENDMENT WITH RE-  
19          SPECT TO PARENT PAYEES.—Clause (ii) of sec-  
20          tion 1631(a)(2)(C) (42 U.S.C. 1383(a)(2)(C))  
21          is amended by striking “Clause (i)” and insert-  
22          ing “Subclauses (II) and (III) of clause (i)”.

23          (3) EFFECTIVE DATE.—The amendments made  
24          by this subsection shall apply to benefits paid after  
25          the date of the enactment of this Act.

1 (b) DEDICATED SAVINGS ACCOUNTS.—

2 (1) IN GENERAL.—Section 1631(a)(2)(B) (42  
3 U.S.C. 1383(a)(2)(B)) is amended by adding at the  
4 end the following new clause:

5 “(xiv) Notwithstanding clause (x), the Commissioner  
6 of Social Security may, at the request of the representative  
7 payee, pay any lump sum payment for the benefit of a  
8 child into a dedicated savings account that could only be  
9 used to purchase for such child—

10 “(I) education and job skills training;

11 “(II) special equipment or housing modifica-  
12 tions or both specifically related to, and required by  
13 the nature of, the child’s disability; and

14 “(III) appropriate therapy and rehabilitation.”.

15 (2) DISREGARD OF TRUST FUNDS.—Section  
16 1613(a) (42 U.S.C. 1382b) is amended—

17 (A) by striking “and” at the end of para-  
18 graph (9),

19 (B) by striking the period at the end of  
20 paragraph (10) the first place it appears and  
21 inserting a semicolon,

22 (C) by redesignating paragraph (10) the  
23 second place it appears as paragraph (11) and  
24 striking the period at the end of such para-  
25 graph and inserting “; and”, and

1 (D) by inserting after paragraph (11), as  
2 so redesignated, the following new paragraph:

3 “(12) all amounts deposited in, or interest cred-  
4 ited to, a dedicated savings account described in sec-  
5 tion 1631(a)(2)(B)(xiv).”.

6 (3) EFFECTIVE DATE.—The amendments made  
7 by this subsection shall apply to payments made  
8 after the date of the enactment of this Act.

9 **Subtitle C—Studies Regarding Sup-**  
10 **plemental Security Income Pro-**  
11 **gram**

12 **SEC. 221. ANNUAL REPORT ON THE SUPPLEMENTAL SECU-**  
13 **RITY INCOME PROGRAM.**

14 Title XVI is amended by adding at the end the follow-  
15 ing new section:

16 **“SEC. 1636. ANNUAL REPORT ON PROGRAM.**

17 “(a) DESCRIPTION OF REPORT.—Not later than May  
18 30 of each year, the Commissioner of Social Security shall  
19 prepare and deliver a report annually to the President and  
20 the Congress regarding the program under this title, in-  
21 cluding—

22 “(1) a comprehensive description of the pro-  
23 gram;

24 “(2) historical and current data on allowances  
25 and denials, including number of applications and

1 allowance rates at initial determinations, reconsider-  
2 ations, administrative law judge hearings, council of  
3 appeals hearings, and Federal court appeal hearings;

4 “(3) historical and current data on characteris-  
5 tics of recipients and program costs, by recipient  
6 group (aged, blind, work disabled adults, and chil-  
7 dren);

8 “(4) projections of future number of recipients  
9 and program costs, through at least 25 years;

10 “(5) number of redeterminations and continu-  
11 ing disability reviews, and the outcomes of such  
12 redeterminations and reviews;

13 “(6) data on the utilization of work incentives;

14 “(7) detailed information on administrative and  
15 other program operation costs;

16 “(8) summaries of relevant research undertaken  
17 by the Social Security Administration, or by other  
18 researchers;

19 “(9) State supplementation program operations;

20 “(10) a historical summary of statutory  
21 changes to this title; and

22 “(11) such other information as the Commis-  
23 sioner deems useful.

24 “(b) VIEWS OF MEMBERS OF THE SOCIAL SECURITY  
25 ADVISORY COUNCIL.—Each member of the Social Secu-

1 rity Advisory Council shall be permitted to provide an indi-  
2 vidual report, or a joint report if agreed, of views of the  
3 program under this title, to be included in the annual re-  
4 port under this section.”.

5 **SEC. 222. IMPROVEMENTS TO DISABILITY EVALUATION.**

6 (a) REQUEST FOR COMMENTS.—

7 (1) IN GENERAL.—Not later than 60 days after  
8 the date of the enactment of this Act, the Commis-  
9 sioner of Social Security shall issue a request for  
10 comments in the Federal Register regarding im-  
11 provements to the disability evaluation and deter-  
12 mination procedures for individuals under age 18 to  
13 ensure the comprehensive assessment of such indi-  
14 viduals, including—

15 (A) additions to conditions which should be  
16 presumptively disabling at birth or ages 0  
17 through 3 years;

18 (B) specific changes in individual listings  
19 in the Listing of Impairments set forth in ap-  
20 pendix 1 of subpart P of part 404 of title 20,  
21 Code of Federal Regulations;

22 (C) improvements in regulations regarding  
23 determinations based on regulations providing  
24 for medical and functional equivalence to such

1 Listing of Impairments, and consideration of  
2 multiple impairments; and

3 (D) any other changes to the disability de-  
4 termination procedures.

5 (2) REVIEW AND REGULATORY ACTION.—The  
6 Commissioner of Social Security shall promptly re-  
7 view such comments and issue any regulations im-  
8 plementing any necessary changes not later than 18  
9 months after the date of the enactment of this Act.

10 **SEC. 223. STUDY OF DISABILITY DETERMINATION PROC-**  
11 **ESS.**

12 (a) IN GENERAL.—Not later than 90 days after the  
13 date of the enactment of this Act, and from funds other-  
14 wise appropriated, the Commissioner of Social Security  
15 shall make arrangements with the National Academy of  
16 Sciences, or other independent entity, to conduct a study  
17 of the disability determination process under titles II and  
18 XVI of the Social Security Act. This study shall be under-  
19 taken in consultation with professionals representing ap-  
20 propriate disciplines.

21 (b) STUDY COMPONENTS.—The study described in  
22 subsection (a) shall include—

23 (1) an initial phase examining the appropriate-  
24 ness of, and making recommendations regarding—

1 (A) the definitions of disability in effect on  
2 the date of the enactment of this Act and the  
3 advantages and disadvantages of alternative  
4 definitions; and

5 (B) the operation of the disability deter-  
6 mination process, including the appropriate  
7 method of performing comprehensive assess-  
8 ments of individuals under age 18 with physical  
9 and mental impairments;

10 (2) a second phase, which may be concurrent  
11 with the initial phase, examining the validity, reli-  
12 ability, and consistency with current scientific knowl-  
13 edge of the standards and individual listings in the  
14 Listing of Impairments set forth in appendix 1 of  
15 subpart P of part 404 of title 20, Code of Federal  
16 Regulations, and of related evaluation procedures as  
17 promulgated by the Commissioner of Social Security;  
18 and

19 (3) such other issues as the applicable entity  
20 considers appropriate.

21 (c) REPORTS AND REGULATIONS.—

22 (1) REPORTS.—The Commissioner of Social Se-  
23 curity shall request the applicable entity, to submit  
24 an interim report and a final report of the findings  
25 and recommendations resulting from the study de-

1 scribed in this section to the President and the Con-  
2 gress not later than 18 months and 24 months, re-  
3 spectively, from the date of the contract for such  
4 study, and such additional reports as the Commis-  
5 sioner deems appropriate after consultation with the  
6 applicable entity.

7 (2) REGULATIONS.—The Commissioner of So-  
8 cial Security shall review both the interim and final  
9 reports, and shall issue regulations implementing  
10 any necessary changes following each report.

11 **SEC. 224. STUDY BY GENERAL ACCOUNTING OFFICE.**

12 Not later than January 1, 1998, the Comptroller  
13 General of the United States shall study and report on  
14 the impact of the amendments made by, and the provi-  
15 sions of, this title on the supplemental security income  
16 program under title XVI of the Social Security Act.

17 **Subtitle D—National Commission**  
18 **on the Future of Disability**

19 **SEC. 231. ESTABLISHMENT.**

20 There is established a commission to be known as the  
21 National Commission on the Future of Disability (referred  
22 to in this subtitle as the “Commission”), the expenses of  
23 which shall be paid from funds otherwise appropriated for  
24 the Social Security Administration.

1 **SEC. 232. DUTIES OF THE COMMISSION.**

2 (a) IN GENERAL.—The Commission shall develop  
3 and carry out a comprehensive study of all matters related  
4 to the nature, purpose, and adequacy of all Federal pro-  
5 grams serving individuals with disabilities. In particular,  
6 the Commission shall study the disability insurance pro-  
7 gram under title II of the Social Security Act and the sup-  
8 plemental security income program under title XVI of  
9 such Act.

10 (b) MATTERS STUDIED.—The Commission shall pre-  
11 pare an inventory of Federal programs serving individuals  
12 with disabilities, and shall examine—

13 (1) trends and projections regarding the size  
14 and characteristics of the population of individuals  
15 with disabilities, and the implications of such analy-  
16 ses for program planning;

17 (2) the feasibility and design of performance  
18 standards for the Nation's disability programs;

19 (3) the adequacy of Federal efforts in rehabili-  
20 tation research and training, and opportunities to  
21 improve the lives of individuals with disabilities  
22 through all manners of scientific and engineering re-  
23 search; and

24 (4) the adequacy of policy research available to  
25 the Federal Government, and what actions might be

1       undertaken to improve the quality and scope of such  
2       research.

3       (c) RECOMMENDATIONS.—The Commission shall  
4       submit to the appropriate committees of the Congress and  
5       to the President recommendations and, as appropriate,  
6       proposals for legislation, regarding—

7           (1) which (if any) Federal disability programs  
8       should be eliminated or augmented;

9           (2) what new Federal disability programs (if  
10      any) should be established;

11          (3) the suitability of the organization and loca-  
12      tion of disability programs within the Federal Gov-  
13      ernment;

14          (4) other actions the Federal Government  
15      should take to prevent disabilities and disadvantages  
16      associated with disabilities; and

17          (5) such other matters as the Commission con-  
18      siders appropriate.

19   **SEC. 233. MEMBERSHIP.**

20      (a) NUMBER AND APPOINTMENT.—

21          (1) IN GENERAL.—The Commission shall be  
22      composed of 15 members, of whom—

23           (A) five shall be appointed by the Presi-  
24          dent, of whom not more than 3 shall be of the  
25          same major political party;

1 (B) three shall be appointed by the Major-  
2 ity Leader of the Senate;

3 (C) two shall be appointed by the Minority  
4 Leader of the Senate;

5 (D) three shall be appointed by the Speak-  
6 er of the House of Representatives; and

7 (E) two shall be appointed by the Minority  
8 Leader of the House of Representatives.

9 (2) REPRESENTATION.—The Commission mem-  
10 bers shall be chosen based on their education, train-  
11 ing, or experience. In appointing individuals as  
12 members of the Commission, the President and the  
13 Majority and Minority Leaders of the Senate and  
14 the Speaker and Minority Leader of the House of  
15 Representatives shall seek to ensure that the mem-  
16 bership of the Commission reflects the diversity of  
17 individuals with disabilities in the United States.

18 (b) COMPTROLLER GENERAL.—The Comptroller  
19 General shall serve on the Commission as an ex officio  
20 member of the Commission to advise and oversee the  
21 methodology and approach of the study of the Commis-  
22 sion.

23 (c) PROHIBITION AGAINST OFFICER OR EM-  
24 PLOYEE.—No officer or employee of any government shall  
25 be appointed under subsection (a).

1 (d) DEADLINE FOR APPOINTMENT; TERM OF AP-  
2 POINTMENT.—Members of the Commission shall be ap-  
3 pointed not later than 60 days after the date of the enact-  
4 ment of this Act. The members shall serve on the Commis-  
5 sion for the life of the Commission.

6 (e) MEETINGS.—The Commission shall locate its  
7 headquarters in the District of Columbia, and shall meet  
8 at the call of the Chairperson, but not less than 4 times  
9 each year during the life of the Commission.

10 (f) QUORUM.—Ten members of the Commission shall  
11 constitute a quorum, but a lesser number may hold hear-  
12 ings.

13 (g) CHAIRPERSON AND VICE CHAIRPERSON.—Not  
14 later than 15 days after the members of the Commission  
15 are appointed, such members shall designate a Chair-  
16 person and Vice Chairperson from among the members of  
17 the Commission.

18 (h) CONTINUATION OF MEMBERSHIP.—If a member  
19 of the Commission becomes an officer or employee of any  
20 government after appointment to the Commission, the in-  
21 dividual may continue as a member until a successor mem-  
22 ber is appointed.

23 (i) VACANCIES.—A vacancy on the Commission shall  
24 be filled in the manner in which the original appointment

1 was made not later than 30 days after the Commission  
2 is given notice of the vacancy.

3 (j) COMPENSATION.—Members of the Commission  
4 shall receive no additional pay, allowances, or benefits by  
5 reason of their service on the Commission.

6 (k) TRAVEL EXPENSES.—Each member of the Com-  
7 mission shall receive travel expenses, including per diem  
8 in lieu of subsistence, in accordance with sections 5702  
9 and 5703 of title 5, United States Code.

10 **SEC. 234. STAFF AND SUPPORT SERVICES.**

11 (a) DIRECTOR.—

12 (1) APPOINTMENT.—Upon consultation with  
13 the members of the Commission, the Chairperson  
14 shall appoint a Director of the Commission.

15 (2) COMPENSATION.—The Director shall be  
16 paid the rate of basic pay for level V of the Execu-  
17 tive Schedule.

18 (b) STAFF.—With the approval of the Commission,  
19 the Director may appoint such personnel as the Director  
20 considers appropriate.

21 (c) APPLICABILITY OF CIVIL SERVICE LAWS.—The  
22 staff of the Commission shall be appointed without regard  
23 to the provisions of title 5, United States Code, governing  
24 appointments in the competitive service, and shall be paid  
25 without regard to the provisions of chapter 51 and sub-

1 chapter III of chapter 53 of such title relating to classi-  
2 fication and General Schedule pay rates.

3 (d) EXPERTS AND CONSULTANTS.—With the ap-  
4 proval of the Commission, the Director may procure tem-  
5 porary and intermittent services under section 3109(b) of  
6 title 5, United States Code.

7 (e) STAFF OF FEDERAL AGENCIES.—Upon the re-  
8 quest of the Commission, the head of any Federal agency  
9 may detail, on a reimbursable basis, any of the personnel  
10 of such agency to the Commission to assist in carrying  
11 out the duties of the Commission under this subtitle.

12 (f) OTHER RESOURCES.—The Commission shall have  
13 reasonable access to materials, resources, statistical data,  
14 and other information from the Library of Congress and  
15 agencies and elected representatives of the executive and  
16 legislative branches of the Federal Government. The  
17 Chairperson of the Commission shall make requests for  
18 such access in writing when necessary.

19 (g) PHYSICAL FACILITIES.—The Administrator of  
20 the General Services Administration shall locate suitable  
21 office space for the operation of the Commission. The fa-  
22 cilities shall serve as the headquarters of the Commission  
23 and shall include all necessary equipment and incidentals  
24 required for proper functioning of the Commission.

1 **SEC. 235. POWERS OF COMMISSION.**

2 (a) HEARINGS.—The Commission may conduct pub-  
3 lic hearings or forums at the discretion of the Commission,  
4 at any time and place the Commission is able to secure  
5 facilities and witnesses, for the purpose of carrying out  
6 the duties of the Commission under this subtitle.

7 (b) DELEGATION OF AUTHORITY.—Any member or  
8 agent of the Commission may, if authorized by the Com-  
9 mission, take any action the Commission is authorized to  
10 take by this section.

11 (c) INFORMATION.—The Commission may secure di-  
12 rectly from any Federal agency information necessary to  
13 enable the Commission to carry out its duties under this  
14 subtitle. Upon request of the Chairperson or Vice Chair-  
15 person of the Commission, the head of a Federal agency  
16 shall furnish the information to the Commission to the ex-  
17 tent permitted by law.

18 (d) GIFTS, BEQUESTS, AND DEVICES.—The Commis-  
19 sion may accept, use, and dispose of gifts, bequests, or  
20 devises of services or property, both real and personal, for  
21 the purpose of aiding or facilitating the work of the Com-  
22 mission. Gifts, bequests, or devises of money and proceeds  
23 from sales of other property received as gifts, bequests,  
24 or devises shall be deposited in the Treasury and shall be  
25 available for disbursement upon order of the Commission.

1 (e) **MAILS.**—The Commission may use the United  
2 States mails in the same manner and under the same con-  
3 ditions as other Federal agencies.

4 **SEC. 236. REPORTS.**

5 (a) **INTERIM REPORT.**—Not later than 1 year prior  
6 to the date on which the Commission terminates pursuant  
7 to section 237, the Commission shall submit an interim  
8 report to the President and to the Congress. The interim  
9 report shall contain a detailed statement of the findings  
10 and conclusions of the Commission, together with the  
11 Commission's recommendations for legislative and admin-  
12 istrative action, based on the activities of the Commission.

13 (b) **FINAL REPORT.**—Not later than the date on  
14 which the Commission terminates, the Commission shall  
15 submit to the Congress and to the President a final report  
16 containing—

17 (1) a detailed statement of final findings, con-  
18 clusions, and recommendations; and

19 (2) an assessment of the extent to which rec-  
20 ommendations of the Commission included in the in-  
21 terim report under subsection (a) have been imple-  
22 mented.

23 (c) **PRINTING AND PUBLIC DISTRIBUTION.**—Upon  
24 receipt of each report of the Commission under this sec-  
25 tion, the President shall—

- 1 (1) order the report to be printed; and  
2 (2) make the report available to the public upon  
3 request.

4 **SEC. 237. TERMINATION.**

5 The Commission shall terminate on the date that is  
6 2 years after the date on which the members of the Com-  
7 mission have met and designated a Chairperson and Vice  
8 Chairperson.

9 **Subtitle E—State Supplementation**  
10 **Programs**

11 **SEC. 241. REPEAL OF MAINTENANCE OF EFFORT REQUIRE-**  
12 **MENTS APPLICABLE TO OPTIONAL STATE**  
13 **PROGRAMS FOR SUPPLEMENTATION OF SSI**  
14 **BENEFITS.**

15 (a) IN GENERAL.—Section 1618 (42 U.S.C. 1382g)  
16 is repealed.

17 (b) EFFECTIVE DATE.—The repeal made by sub-  
18 section (a) shall apply with respect to calendar quarters  
19 beginning after September 30, 1995.

20 **TITLE III—FOOD STAMP**  
21 **PROGRAM**

22 **Subtitle A—Food Stamp Reform**

23 **SEC. 301. CERTIFICATION PERIOD.**

24 Section 3(c) of the Food Stamp Act of 1977 (7  
25 U.S.C. 2012(c)) is amended by striking “Except as pro-

1 vided” and all that follows and inserting the following:  
2 “The certification period shall not exceed 12 months, ex-  
3 cept that the certification period may be up to 24 months  
4 if all adult household members are elderly, disabled, or  
5 primarily self-employed. A State agency shall have at least  
6 1 personal contact with each certified household every 12  
7 months.”.

8 **SEC. 302. TREATMENT OF CHILDREN LIVING AT HOME.**

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

13 **SEC. 303. OPTIONAL ADDITIONAL CRITERIA FOR SEPARATE**  
14 **HOUSEHOLD DETERMINATIONS.**

15 (a) **IN GENERAL.**—Section 3(i) of the Food Stamp  
16 Act of 1977 (7 U.S.C. 2012(i)) is amended by inserting  
17 after the third sentence the following: “Notwithstanding  
18 the preceding sentences, a State may establish criteria  
19 that prescribe when individuals who live together, and who  
20 would be allowed to participate as separate households  
21 under the preceding sentences, shall be considered a single  
22 household, without regard to the common purchase of food  
23 and preparation of meals.”.

24 (b) **CONFORMING AMENDMENT.**—The second sen-  
25 tence of section 5(a) of the Act (7 U.S.C. 2014(a)) is

1 amended by striking “the third sentence of section 3(i)”  
2 and inserting “the fourth sentence of section 3(i)”.

3 **SEC. 304. ADJUSTMENT OF THRIFTY FOOD PLAN.**

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

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

8 “(1) make”;

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

11 “(2) make”;

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

14 “(3) make”; and

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

18 “(4) on October 1, 1995, and each October 1  
19 thereafter, adjust the cost of the diet to reflect the  
20 cost of the diet, in the preceding June, and round  
21 the result to the nearest lower dollar increment for  
22 each household size, except that on October 1, 1995,  
23 the Secretary may not reduce the cost of the diet in  
24 effect on September 30, 1995.”.

1 **SEC. 305. DEFINITION OF HOMELESS INDIVIDUAL.**

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

5 **SEC. 306. STATE OPTIONS IN REGULATIONS.**

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

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

11 **SEC. 307. EARNINGS OF STUDENTS.**

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

15 **SEC. 308. ENERGY ASSISTANCE.**

16 (a) IN GENERAL.—Section 5(d) of the Food Stamp  
17 Act of 1977 (7 U.S.C. 2014(d)) is amended—

18 (1) by striking paragraph (11); and

19 (2) by redesignating paragraphs (12) through  
20 (15) as paragraphs (11) through (14), respectively.

21 (b) CONFORMING AMENDMENTS.—

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

24 (A) in paragraph (1)—

25 (i) in subparagraph (A), by striking  
26 “plan for aid to families with dependent

1 children approved” and inserting “program  
2 funded”; and

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

6 (B) in paragraph (2)—

7 (i) by striking subparagraph (C); and

8 (ii) by redesignating subparagraphs  
9 (D) through (H) as subparagraphs (C)  
10 through (G), respectively;

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

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

14 “(A) ENERGY ASSISTANCE PAYMENTS.—

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

20 “(B) ENERGY ASSISTANCE EXPENSES.—

21 For purposes of subsection (e)(7), an expense  
22 paid on behalf of a household under a Federal  
23 or State law to provide energy assistance shall  
24 be considered an out-of-pocket expense incurred  
25 and paid by the household.”.

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

4                   (A) by striking “(f)(1) Notwithstanding”  
5                   and inserting “(f) Notwithstanding”;

6                   (B) in paragraph (1), by striking “food  
7                   stamps,”; and

8                   (C) by striking paragraph (2).

9           **SEC. 309. DEDUCTIONS FROM INCOME.**

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

13                   “(e) DEDUCTIONS FROM INCOME.—

14                           “(1) STANDARD DEDUCTION.—

15                                   “(A) IN GENERAL.—The Secretary shall  
16                                   allow a standard deduction for each household  
17                                   in the 48 contiguous States and the District of  
18                                   Columbia, Alaska, Hawaii, Guam, and the Vir-  
19                                   gin Islands of the United States of—

20   “(i) for fiscal year 1995, \$134, \$229,  
21   \$189, \$269, and \$118, respectively;

22   “(ii) for fiscal year 1996, \$132, \$225,  
23   \$186, \$265, and \$116, respectively;

24   “(iii) for fiscal year 1997, \$130,  
25   \$222, \$183, \$261, and \$114, respectively;

1           “(iv) for fiscal year 1998, \$128, \$218,  
2           \$180, \$257, and \$112, respectively;

3           “(v) for fiscal year 1999, \$126, \$215,  
4           \$177, \$252, and \$111, respectively; and

5           “(vi) for fiscal year 2000, \$124, \$211,  
6           \$174, \$248, and \$109, respectively.

7           “(B) ADJUSTMENT FOR INFLATION.—On  
8           October 1, 2000, and each October 1 thereafter,  
9           the Secretary shall adjust the standard deduc-  
10          tion to the nearest lower dollar increment to re-  
11          flect changes in the Consumer Price Index for  
12          all urban consumers published by the Bureau of  
13          Labor Statistics, for items other than food, for  
14          the 12-month period ending the preceding June  
15          30.

16          “(2) EARNED INCOME DEDUCTION.—

17                 “(A) IN GENERAL.—Except as provided in  
18                 subparagraph (B), a household with earned in-  
19                 come shall be allowed a deduction of 20 percent  
20                 of all earned income (other than income ex-  
21                 cluded by subsection (d)), to compensate for  
22                 taxes, other mandatory deductions from salary,  
23                 and work expenses.

24                 “(B) EXCEPTION.—The deduction de-  
25                 scribed in subparagraph (A) shall not be al-

1           lowed with respect to determining an  
2           overissuance due to the failure of a household  
3           to report earned income in a timely manner.

4           “(3) DEPENDENT CARE DEDUCTION.—

5                   “(A) IN GENERAL.—A household shall be  
6           entitled, with respect to expenses (other than  
7           excluded expenses described in subparagraph  
8           (B)) for dependent care, to a dependent care  
9           deduction, the maximum allowable level of  
10          which shall be \$200 per month for each depend-  
11          ent child under 2 years of age and \$175 per  
12          month for each other dependent, for the actual  
13          cost of payments necessary for the care of a de-  
14          pendent if the care enables a household member  
15          to accept or continue employment, or training  
16          or education that is preparatory for employ-  
17          ment.

18                   “(B) EXCLUDED EXPENSES.—The ex-  
19          cluded expenses referred to in subparagraph  
20          (A) are—

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

23                           “(ii) amounts made available and ex-  
24                           cluded for the expenses referred to in sub-

1 paragraph (A) under subsection (d)(3);  
2 and

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

5 “(4) DEDUCTION FOR CHILD SUPPORT PAY-  
6 MENTS.—

7 “(A) IN GENERAL.—A household shall be  
8 entitled to a deduction for child support pay-  
9 ments made by a household member to or for  
10 an individual who is not a member of the  
11 household if the household member is legally  
12 obligated to make the payments.

13 “(B) METHODS FOR DETERMINING  
14 AMOUNT.—The Secretary may prescribe by reg-  
15 ulation the methods, including calculation on a  
16 retrospective basis, that a State agency shall  
17 use to determine the amount of the deduction  
18 for child support payments.

19 “(5) HOMELESS SHELTER DEDUCTION.—A  
20 State agency may develop a standard homeless shel-  
21 ter deduction, which shall not exceed \$139 per  
22 month, for such expenses as may reasonably be ex-  
23 pected to be incurred by households in which all  
24 members are homeless individuals but are not receiv-  
25 ing free shelter throughout the month. A State agen-

1 cy that develops the deduction may use the deduc-  
2 tion in determining eligibility and allotments for the  
3 households, except that the State agency may pro-  
4 hibit the use of the deduction for households with  
5 extremely low shelter costs.

6 “(6) EXCESS MEDICAL EXPENSE DEDUCTION.—

7 “(A) IN GENERAL.—A household contain-  
8 ing an elderly or disabled member shall be enti-  
9 tled, with respect to expenses other than ex-  
10 penses paid on behalf of the household by a  
11 third party, to an excess medical expense de-  
12 duction for the portion of the actual costs of al-  
13 lowable medical expenses, incurred by the elder-  
14 ly or disabled member, exclusive of special diets,  
15 that exceeds \$35 per month.

16 “(B) METHOD OF CLAIMING DEDUC-  
17 TION.—

18 “(i) IN GENERAL.—A State agency  
19 shall offer an eligible household under sub-  
20 paragraph (A) a method of claiming a de-  
21 duction for recurring medical expenses that  
22 are initially verified under the excess medi-  
23 cal expense deduction in lieu of submitting  
24 information or verification on actual ex-  
25 penses on a monthly basis.

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

3                   “(I) be designed to minimize the  
4                   burden for the eligible elderly or dis-  
5                   abled household member choosing to  
6                   deduct the recurrent medical expenses  
7                   of the member pursuant to the meth-  
8                   od;

9                   “(II) rely on reasonable estimates  
10                  of the expected medical expenses of  
11                  the member for the certification pe-  
12                  riod (including changes that can be  
13                  reasonably anticipated based on avail-  
14                  able information about the medical  
15                  condition of the member, public or  
16                  private medical insurance coverage,  
17                  and the current verified medical ex-  
18                  penses incurred by the member); and

19                  “(III) not require further report-  
20                  ing or verification of a change in med-  
21                  ical expenses if such a change has  
22                  been anticipated for the certification  
23                  period.

24           “(7) EXCESS SHELTER EXPENSE DEDUC-  
25           TION.—

1           “(A) IN GENERAL.—A household shall be  
2 entitled, with respect to expenses other than ex-  
3 penses paid on behalf of the household by a  
4 third party, to an excess shelter expense deduc-  
5 tion to the extent that the monthly amount ex-  
6 pended by a household for shelter exceeds an  
7 amount equal to 50 percent of monthly house-  
8 hold income after all other applicable deduc-  
9 tions have been allowed.

10           “(B) MAXIMUM AMOUNT OF DEDUC-  
11 TION.—

12           “(i) PRIOR TO SEPTEMBER 30, 1995.—  
13 In the case of a household that does not  
14 contain an elderly or disabled individual,  
15 during the 15-month period ending Sep-  
16 tember 30, 1995, the excess shelter ex-  
17 pense deduction shall not exceed—

18           “(I) in the 48 contiguous States  
19 and the District of Columbia, \$231  
20 per month; and

21           “(II) in Alaska, Hawaii, Guam,  
22 and the Virgin Islands of the United  
23 States, \$402, \$330, \$280, and \$171  
24 per month, respectively.

1           “(ii) AFTER SEPTEMBER 30, 1995.—In  
2 the case of a household that does not con-  
3 tain an elderly or disabled individual, dur-  
4 ing the 15-month period ending December  
5 31, 1996, the excess shelter expense deduc-  
6 tion shall not exceed—

7           “(I) in the 48 contiguous States  
8 and the District of Columbia, \$247  
9 per month; and

10           “(II) in Alaska, Hawaii, Guam,  
11 and the Virgin Islands of the United  
12 States, \$429, \$353, \$300, and \$182  
13 per month, respectively.

14           “(C) STANDARD UTILITY ALLOWANCE.—

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

23           “(ii) RESTRICTIONS ON HEATING AND  
24 COOLING EXPENSES.—An allowance for a

1 heating or cooling expense may not be used  
2 in the case of a household that—

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

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

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

19 “(iii) MANDATORY ALLOWANCE.—

20 “(I) IN GENERAL.—A State  
21 agency may make the use of a stand-  
22 ard utility allowance mandatory for all  
23 households with qualifying utility  
24 costs if—

1           “(aa) the State agency has  
2 developed 1 or more standards  
3 that include the cost of heating  
4 and cooling and 1 or more stand-  
5 ards that do not include the cost  
6 of heating and cooling; and

7           “(bb) the Secretary finds  
8 that the standards will not result  
9 in an increased cost to the Sec-  
10 retary.

11           “(II) HOUSEHOLD ELECTION.—  
12 A State agency that has not made the  
13 use of a standard utility allowance  
14 mandatory under subclause (I) shall  
15 allow a household to switch, at the  
16 end of a certification period, between  
17 the standard utility allowance and a  
18 deduction based on the actual utility  
19 costs of the household.

20           “(iv) AVAILABILITY OF ALLOWANCE  
21 TO RECIPIENTS OF ENERGY ASSISTANCE.—

22           “(I) IN GENERAL.—Subject to  
23 subclause (II), if a State agency elects  
24 to use a standard utility allowance  
25 that reflects heating or cooling costs,

1 the standard utility allowance shall be  
2 made available to households receiving  
3 a payment, or on behalf of which a  
4 payment is made, under the Low-In-  
5 come Home Energy Assistance Act of  
6 1981 (42 U.S.C. 8621 et seq.) or  
7 other similar energy assistance pro-  
8 gram, if the household still incurs out-  
9 of-pocket heating or cooling expenses  
10 in excess of any assistance paid on be-  
11 half of the household to an energy  
12 provider.

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

19 “(III) STATES NOT ELECTING TO  
20 USE SEPARATE ALLOWANCE.—A State  
21 agency that does not elect to use a  
22 separate allowance but makes a single  
23 standard utility allowance available to  
24 households incurring heating or cool-  
25 ing expenses (other than a household

1 described in subclause (I) or (II) of  
2 subparagraph (C)(ii) may not be re-  
3 quired to reduce the allowance due to  
4 the provision (directly or indirectly) of  
5 assistance under the Low-Income  
6 Home Energy Assistance Act of 1981  
7 (42 U.S.C. 8621 et seq.).

8 “(IV) PRORATION OF ASSIST-  
9 ANCE.—For the purpose of the food  
10 stamp program, assistance provided  
11 under the Low-Income Home Energy  
12 Assistance Act of 1981 (42 U.S.C.  
13 8621 et seq.) shall be considered to be  
14 prorated over the entire heating or  
15 cooling season for which the assist-  
16 ance was provided.”.

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

21 **SEC. 310. AMOUNT OF VEHICLE ASSET LIMITATION.**

22 The first sentence of section 5(g)(2) of the Food  
23 Stamp Act of 1977 (7 U.S.C. 2014(g)(2)) is amended by  
24 striking “through September 30, 1995” and all that fol-

1 lows through “such date and on” and inserting “and shall  
2 be adjusted on October 1, 1996, and”.

3 **SEC. 311. BENEFITS FOR ALIENS.**

4 Section 5(i) of the Food Stamp Act of 1977 (7 U.S.C.  
5 2014(i)) is amended—

6 (1) in the first sentence of paragraph (1)—

7 (A) by inserting “or who executed such an  
8 affidavit or similar agreement to enable the in-  
9 dividual to lawfully remain in the United  
10 States,” after “respect to such individual,”; and

11 (B) by striking “for a period” and all that  
12 follows through the period at the end and in-  
13 serting “until the end of the period ending on  
14 the later of the date agreed to in the affidavit  
15 or agreement or the date that is 5 years after  
16 the date on which the individual was first law-  
17 fully admitted into the United States following  
18 the execution of the affidavit or agreement.”;

19 and

20 (2) in paragraph (2)—

21 (A) in subparagraph (C)(i), by striking “of  
22 three years after entry into the United States”  
23 and inserting “determined under paragraph  
24 (1)”;

1 (B) in subparagraph (D), by striking “of  
2 three years after such alien’s entry into the  
3 United States” and inserting “determined  
4 under paragraph (1)”.

5 **SEC. 312. DISQUALIFICATION.**

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

11 “(d) CONDITIONS OF PARTICIPATION.—

12 “(1) WORK REQUIREMENTS.—

13 “(A) IN GENERAL.—No physically and  
14 mentally fit individual over the age of 15 and  
15 under the age of 60 shall be eligible to partici-  
16 pate in the food stamp program if the individ-  
17 ual—

18 “(i) refuses, at the time of application  
19 and every 12 months thereafter, to register  
20 for employment in a manner prescribed by  
21 the Secretary;

22 “(ii) refuses without good cause to  
23 participate in an employment and training  
24 program under paragraph (4), to the ex-  
25 tent required by the State agency;

1           “(iii) refuses without good cause to  
2 accept an offer of employment, at a site or  
3 plant not subject to a strike or lockout at  
4 the time of the refusal, at a wage not less  
5 than the higher of—

6                   “(I) the applicable Federal or  
7 State minimum wage; or

8                   “(II) 80 percent of the wage that  
9 would have governed had the mini-  
10 mum hourly rate under section  
11 6(a)(1) of the Fair Labor Standards  
12 Act of 1938 (29 U.S.C. 206(a)(1))  
13 been applicable to the offer of employ-  
14 ment;

15           “(iv) refuses without good cause to  
16 provide a State agency with sufficient in-  
17 formation to allow the State agency to de-  
18 termine the employment status or the job  
19 availability of the individual;

20           “(v) voluntarily and without good  
21 cause—

22                   “(I) quits a job; or

23                   “(II) reduces work effort and,  
24 after the reduction, the individual is

1 working less than 30 hours per week;

2 or

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

4 “(B) HOUSEHOLD INELIGIBILITY.—If an  
5 individual who is the head of a household be-  
6 comes ineligible to participate in the food stamp  
7 program under subparagraph (A), the house-  
8 hold shall, at the option of the State agency,  
9 become ineligible to participate in the food  
10 stamp program for a period, determined by the  
11 State agency, that does not exceed the lesser  
12 of—

13 “(i) the duration of the ineligibility of  
14 the individual determined under subpara-  
15 graph (C); or

16 “(ii) 180 days.

17 “(C) DURATION OF INELIGIBILITY.—

18 “(i) FIRST VIOLATION.—The first  
19 time that an individual becomes ineligible  
20 to participate in the food stamp program  
21 under subparagraph (A), the individual  
22 shall remain ineligible until the later of—

23 “(I) the date the individual be-  
24 comes eligible under subparagraph  
25 (A);

1           “(II) the date that is 1 month  
2           after the date the individual became  
3           ineligible; or

4           “(III) a date determined by the  
5           State agency that is not later than 3  
6           months after the date the individual  
7           became ineligible.

8           “(ii) SECOND VIOLATION.—The sec-  
9           ond time that an individual becomes ineli-  
10          gible to participate in the food stamp pro-  
11          gram under subparagraph (A), the individ-  
12          ual shall remain ineligible until the later  
13          of—

14           “(I) the date the individual be-  
15           comes eligible under subparagraph  
16           (A);

17           “(II) the date that is 3 months  
18           after the date the individual became  
19           ineligible; or

20           “(III) a date determined by the  
21           State agency that is not later than 6  
22           months after the date the individual  
23           became ineligible.

24           “(iii) THIRD OR SUBSEQUENT VIOLA-  
25          TION.—The third or subsequent time that

1 an individual becomes ineligible to partici-  
2 pate in the food stamp program under sub-  
3 paragraph (A), the individual shall remain  
4 ineligible until the later of—

5 “(I) the date the individual be-  
6 comes eligible under subparagraph  
7 (A);

8 “(II) the date that is 6 months  
9 after the date the individual became  
10 ineligible;

11 “(III) a date determined by the  
12 State agency; or

13 “(IV) at the option of the State  
14 agency, permanently.

15 “(D) ADMINISTRATION.—

16 “(i) GOOD CAUSE.—The Secretary  
17 shall determine the meaning of good cause  
18 for the purpose of this paragraph.

19 “(ii) VOLUNTARY QUIT.—The Sec-  
20 retary shall determine the meaning of vol-  
21 untarily quitting and reducing work effort  
22 for the purpose of this paragraph.

23 “(iii) DETERMINATION BY STATE  
24 AGENCY.—

1           “(I) IN GENERAL.—Subject to  
2           subclause (II) and clauses (i) and (ii),  
3           a State agency shall determine—

4                   “(aa) the meaning of any  
5                   term in subparagraph (A);

6                   “(bb) the procedures for de-  
7                   termining whether an individual  
8                   is in compliance with a require-  
9                   ment under subparagraph (A);  
10                  and

11                  “(cc) whether an individual  
12                  is in compliance with a require-  
13                  ment under subparagraph (A).

14           “(II) NOT LESS RESTRICTIVE.—  
15           A State agency may not determine a  
16           meaning, procedure, or determination  
17           under subclause (I) to be less restric-  
18           tive than a comparable meaning, pro-  
19           cedure, or determination under a  
20           State program funded under part A of  
21           title IV of the Social Security Act (42  
22           U.S.C. 601 et seq.).

23                   “(iv) STRIKE AGAINST THE GOVERN-  
24                   MENT.—For the purpose of subparagraph  
25                   (A)(v), an employee of the Federal Govern-

1           ment, a State, or a political subdivision of  
2           a State, who is dismissed for participating  
3           in a strike against the Federal Govern-  
4           ment, the State, or the political subdivision  
5           of the State shall be considered to have  
6           voluntarily quit without good cause.

7           “(v) SELECTING A HEAD OF HOUSE-  
8           HOLD.—

9                   “(I) IN GENERAL.—For the pur-  
10                  pose of this paragraph, the State  
11                  agency shall allow the household to se-  
12                  lect any adult parent of a child in the  
13                  household as the head of the house-  
14                  hold if all adult household members  
15                  making application under the food  
16                  stamp program agree to the selection.

17                  “(II) TIME FOR MAKING DES-  
18                  IGNATION.—A household may des-  
19                  ignate the head of the household  
20                  under subclause (I) each time the  
21                  household is certified for participation  
22                  in the food stamp program, but may  
23                  not change the designation during a  
24                  certification period unless there is a

1 change in the composition of the  
2 household.

3 “(vi) CHANGE IN HEAD OF HOUSE-  
4 HOLD.—If the head of a household leaves  
5 the household during a period in which the  
6 household is ineligible to participate in the  
7 food stamp program under subparagraph  
8 (B)—

9 “(I) the household shall, if other-  
10 wise eligible, become eligible to par-  
11 ticipate in the food stamp program;  
12 and

13 “(II) if the head of the household  
14 becomes the head of another house-  
15 hold, the household that becomes  
16 headed by the individual shall become  
17 ineligible to participate in the food  
18 stamp program for the remaining pe-  
19 riod of ineligibility.”.

20 (b) CONFORMING AMENDMENT.—

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

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

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

8           **SEC. 313. CARETAKER EXEMPTION.**

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

16          **SEC. 314. EMPLOYMENT AND TRAINING.**

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

19                  (1) in subparagraph (A)—

20                          (A) by striking “Not later than April 1,  
21                          1987, each” and inserting “Each”;

22                          (B) by inserting “work,” after “skills,  
23                          training,”; and

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

25                          “Each component of an employment and train-

1 ing program carried out under this paragraph  
2 shall be delivered through the statewide  
3 workforce development system established in  
4 section 711 of the Work Opportunity Act of  
5 1995, unless the component is not available lo-  
6 cally through the statewide workforce develop-  
7 ment system.”;

8 (2) in subparagraph (B)—

9 (A) in the matter preceding clause (i), by  
10 striking the colon at the end and inserting the  
11 following: “, except that the State agency shall  
12 retain the option to apply employment require-  
13 ments prescribed under this subparagraph to a  
14 program applicant at the time of application.”;

15 (B) in clause (i), by striking “with terms  
16 and conditions” and all that follows through  
17 “time of application”; and

18 (C) in clause (iv)—

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

20 and

21 (ii) by redesignating subclauses (III)

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

23 tively;

24 (3) in subparagraph (D)—

1 (A) in clause (i), by striking “to which the  
2 application” and all that follows through “30  
3 days or less”;

4 (B) in clause (ii), by striking “but with re-  
5 spect” and all that follows through “child  
6 care”; and

7 (C) in clause (iii), by striking “, on the  
8 basis of” and all that follows through “clause  
9 (ii)” and inserting “the exemption continues to  
10 be valid”;

11 (4) in subparagraph (E), by striking the third  
12 sentence;

13 (5) in subparagraph (G)—

14 (A) by striking “(G)(i) The State” and in-  
15 serting “(G) The State”; and

16 (B) by striking clause (ii);

17 (6) in subparagraph (H), by striking “(H)(i)  
18 The Secretary” and all that follows through “(ii)  
19 Federal funds” and inserting “(H) Federal funds”;

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

1           (8)(A) by striking subparagraphs (K) and (L)  
2           and inserting the following:

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

17          (B) by redesignating subparagraphs (M) and  
18          (N) as subparagraphs (L) and (M), respectively; and

19          (9) in subparagraph (L) (as redesignated by  
20          paragraph (8)(B))—

21                 (A) by striking “(L)(i) The Secretary” and  
22                 inserting “(L) The Secretary”; and

23                 (B) by striking clause (ii).

24          (b) EFFECTIVE DATE.—The amendment made by  
25          subsection (a)(1)(C) shall take effect—

1 (1) in a State described in section 815(b)(1), on  
2 July 1, 1997; and

3 (2) in any other State, on July 1, 1998.

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

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

10 “(1) IN GENERAL.—

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

16 “(i) for fiscal year 1996, \$77,000,000;

17 “(ii) for fiscal year 1997,  
18 \$80,000,000;

19 “(iii) for fiscal year 1998,  
20 \$83,000,000;

21 “(iv) for fiscal year 1999,  
22 \$86,000,000;

23 “(v) for fiscal year 2000,  
24 \$89,000,000;

1           “(vi) for fiscal year 2001,  
2           \$92,000,000; and

3           “(vii) for fiscal year 2002,  
4           \$95,000,000.

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

11          “(C) REALLOCATION.—

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

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

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

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

4 (d) REPORTS.—Section 16(h) of the Act (7 U.S.C.  
5 2025(h)) is amended—

6 (1) in paragraph (5)—

7 (A) by striking “(5)(A) The Secretary”  
8 and inserting “(5) The Secretary”; and

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

10 (2) by striking paragraph (6).

11 **SEC. 315. COMPARABLE TREATMENT FOR DISQUALIFICA-**  
12 **TION.**

13 (a) IN GENERAL.—Section 6 of the Food Stamp Act  
14 of 1977 (7 U.S.C. 2015) is amended—

15 (1) by redesignating subsection (i) (as added by  
16 section 106) as subsection (o); and

17 (2) by inserting after subsection (h) the follow-  
18 ing:

19 “(i) COMPARABLE TREATMENT FOR DISQUALIFICA-  
20 TION.—

21 “(1) IN GENERAL.—If a disqualification is im-  
22 posed on a member of a household for a failure of  
23 the member to perform an action required under a  
24 Federal, State, or local law relating to a welfare or  
25 public assistance program, the State agency may im-

1 pose the same disqualification on the member of the  
2 household under the food stamp program.

3 “(2) APPLICATION AFTER DISQUALIFICATION  
4 PERIOD.—A member of a household disqualified  
5 under paragraph (1) may, after the disqualification  
6 period has expired, apply for benefits under this Act  
7 and shall be treated as a new applicant, except that  
8 a prior disqualification under subsection (d) shall be  
9 considered in determining eligibility.”.

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

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

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

15 “(26) the guidelines the State agency uses in  
16 carrying out section 6(i);”.

17 (c) CONFORMING AMENDMENT.—Section 6(d)(2)(A)  
18 of the Act (7 U.S.C. 2015(d)(2)(A)) is amended by strik-  
19 ing “that is comparable to a requirement of paragraph  
20 (1)”.

21 **SEC. 316. COOPERATION WITH CHILD SUPPORT AGENCIES.**

22 Section 6 of the Food Stamp Act of 1977 (7 U.S.C.  
23 2015) (as amended by section 315) is further amended  
24 by inserting after subsection (i) the following:

1       “(j) CUSTODIAL PARENT’S COOPERATION WITH  
2 CHILD SUPPORT AGENCIES.—

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

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

16           “(B) in obtaining support for—

17               “(i) the child; or

18               “(ii) the individual and the child.

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

1 cumstances under which cooperation may be against  
2 the best interests of the child.

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

7 “(k) NON-CUSTODIAL PARENT’S COOPERATION  
8 WITH CHILD SUPPORT AGENCIES.—

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

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

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

21 “(2) REFUSAL TO COOPERATE.—

22 “(A) GUIDELINES.—The Secretary, in con-  
23 sultation with the Secretary of Health and  
24 Human Services, shall develop guidelines on

1           what constitutes a refusal to cooperate under  
2           paragraph (1).

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

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

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

18 **SEC. 317. DISQUALIFICATION FOR CHILD SUPPORT AR-**  
19 **REARS.**

20          Section 6 of the Food Stamp Act of 1977 (7 U.S.C.  
21          2015) (as amended by section 316) is further amended  
22          by inserting after subsection (k) the following:

23          “(l) DISQUALIFICATION FOR CHILD SUPPORT AR-  
24          REARS.—

1           “(1) IN GENERAL.—At the option of a State  
2 agency, except as provided in paragraph (2), no indi-  
3 vidual shall be eligible to participate in the food  
4 stamp program as a member of any household dur-  
5 ing any month that the individual is delinquent in  
6 any payment due under a court order for the sup-  
7 port of a child of the individual.

8           “(2) EXCEPTIONS.—Paragraph (1) shall not  
9 apply if—

10           “(A) a court is allowing the individual to  
11 delay payment; or

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

18 **SEC. 318. PERMANENT DISQUALIFICATION FOR PARTICI-**  
19 **PATING IN 2 OR MORE STATES.**

20           Section 6 of the Food Stamp Act of 1977 (7 U.S.C.  
21 2015) (as amended by section 317) is further amended  
22 by inserting after subsection (l) the following:

23           “(m) PERMANENT DISQUALIFICATION FOR PARTICI-  
24 PATING IN 2 OR MORE STATES.—An individual shall be  
25 permanently ineligible to participate in the food stamp

1 program as a member of any household if the individual  
2 is found by a State agency to have made, or is convicted  
3 in Federal or State court of having made, a fraudulent  
4 statement or representation with respect to the place of  
5 residence of the individual in order to receive benefits si-  
6 multaneously from 2 or more States under the food stamp  
7 program.”.

8 **SEC. 319. WORK REQUIREMENT.**

9 (a) IN GENERAL.—Section 6 of the Food Stamp Act  
10 of 1977 (7 U.S.C. 2015) (as amended by section 318) is  
11 further amended by inserting after subsection (m) the fol-  
12 lowing:

13 “(n) WORK REQUIREMENT.—

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

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

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

20 “(C) a program of employment or training  
21 operated or supervised by a State or political  
22 subdivision of a State that meets standards ap-  
23 proved by the Governor of the State, including  
24 a program under section 6(d)(4) other than a  
25 job search program or a job search training

1 program under clause (i) or (ii) of section  
2 6(d)(4)(B).

3 “(2) WORK REQUIREMENT.—No individual  
4 shall be eligible to participate in the food stamp pro-  
5 gram as a member of any household if, during the  
6 preceding 12-month period, the individual received  
7 food stamp benefits for not less than 6 months dur-  
8 ing which the individual did not—

9 “(A) work 20 hours or more per week,  
10 averaged monthly; or

11 “(B) participate in and comply with the re-  
12 quirements of a work program for 20 hours or  
13 more per week, as determined by the State  
14 agency.

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

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

18 “(B) medically certified as physically or  
19 mentally unfit for employment;

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

22 or

23 “(D) otherwise exempt under section  
24 6(d)(2).

25 “(4) WAIVER.—

1           “(A) IN GENERAL.—On the request of a  
2           State agency, the Secretary may waive the ap-  
3           plicability of paragraph (2) to any group of in-  
4           dividuals in the State if the Secretary makes a  
5           determination that the area in which the indi-  
6           viduals reside—

7                   “(i) has an unemployment rate of over  
8                   8 percent; or

9                   “(ii) does not have a sufficient num-  
10                  ber of jobs to provide employment for the  
11                  individuals.

12           “(B) REPORT.—The Secretary shall report  
13           the basis for a waiver under subparagraph (A)  
14           to the Committee on Agriculture of the House  
15           of Representatives and the Committee on Agri-  
16           culture, Nutrition, and Forestry of the Sen-  
17           ate.”.

18           (b) TRANSITION PROVISION.—Prior to October 1,  
19           1996, the term “preceding 12-month period” in section  
20           6(n)(2) of the Food Stamp Act of 1977 (as amended by  
21           subsection (a)) means the preceding period that begins on  
22           October 1, 1995.

23           **SEC. 320. ELECTRONIC BENEFIT TRANSFERS.**

24           Section 7 of the Food Stamp Act of 1977 (7 U.S.C.  
25           2016) is amended by adding at the end the following:

1 “(j) ELECTRONIC BENEFIT TRANSFERS.—

2 “(1) APPLICABLE LAW.—

3 “(A) IN GENERAL.—Disclosures, protec-  
4 tions, responsibilities, and remedies established  
5 by the Federal Reserve Board under section  
6 904 of the Electronic Fund Transfer Act (15  
7 U.S.C. 1693b) shall not apply to benefits under  
8 this Act delivered through any electronic benefit  
9 transfer system.

10 “(B) DEFINITION OF ELECTRONIC BENE-  
11 FIT TRANSFER SYSTEM.—In this paragraph,  
12 the term ‘electronic benefit transfer system’  
13 means a system under which a governmental  
14 entity distributes benefits under this Act or  
15 other benefits or payments by establishing ac-  
16 counts to be accessed by recipients of the bene-  
17 fits electronically, including through the use of  
18 an automated teller machine, a point-of-sale  
19 terminal, or an intelligent benefit card.

20 “(2) CHARGING FOR ELECTRONIC BENEFIT  
21 TRANSFER CARD REPLACEMENT.—

22 “(A) IN GENERAL.—A State agency may  
23 charge an individual for the cost of replacing a  
24 lost or stolen electronic benefit transfer card.

1           “(B) REDUCING ALLOTMENT.—A State  
2 agency may collect a charge imposed under sub-  
3 paragraph (A) by reducing the monthly allot-  
4 ment of the household of which the individual  
5 is a member.

6           “(3) OPTIONAL PHOTOGRAPHIC IDENTIFICA-  
7 TION.—

8           “(A) IN GENERAL.—A State agency may  
9 require that an electronic benefit card contain  
10 a photograph of 1 or more members of a house-  
11 hold.

12           “(B) OTHER AUTHORIZED USERS.—If a  
13 State agency requires a photograph on an elec-  
14 tronic benefit card under subparagraph (A), the  
15 State agency shall establish procedures to en-  
16 sure that any other appropriate member of the  
17 household or any authorized representative of  
18 the household may utilize the card.”.

19 **SEC. 321. MINIMUM BENEFIT.**

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

1 **SEC. 322. BENEFITS ON RECERTIFICATION.**

2 Section 8(c)(2)(B) of the Food Stamp Act of 1977  
3 (7 U.S.C. 2017(c)(2)(B)) is amended by striking “of more  
4 than one month”.

5 **SEC. 323. OPTIONAL COMBINED ALLOTMENT FOR EXPE-**  
6 **DITED HOUSEHOLDS.**

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

10 “(3) OPTIONAL COMBINED ALLOTMENT FOR  
11 EXPEDITED HOUSEHOLDS.—A State agency may  
12 provide to an eligible household applying after the  
13 15th day of a month, in lieu of the initial allotment  
14 of the household and the regular allotment of the  
15 household for the following month, an allotment that  
16 is the aggregate of the initial allotment and the first  
17 regular allotment, which shall be provided in accord-  
18 ance with section 11(e)(3) in the case of a household  
19 that is not entitled to expedited service or in accord-  
20 ance with paragraphs (3) and (9) of section 11(e) in  
21 the case of a household that is entitled to expedited  
22 service.”.

1 **SEC. 324. FAILURE TO COMPLY WITH OTHER WELFARE AND**  
2 **PUBLIC ASSISTANCE PROGRAMS.**

3 Section 8 of the Food Stamp Act of 1977 (7 U.S.C.  
4 2017) is amended by striking subsection (d) and inserting  
5 the following:

6 “(d) REDUCTION OF PUBLIC ASSISTANCE BENE-  
7 FITS.—

8 “(1) IN GENERAL.—If the benefits of a house-  
9 hold are reduced under a Federal, State, or local law  
10 relating to a welfare or public assistance program  
11 for the failure to perform an action required under  
12 the law or program, for the duration of the reduc-  
13 tion—

14 “(A) the household may not receive an in-  
15 creased allotment as the result of a decrease in  
16 the income of the household to the extent that  
17 the decrease is the result of the reduction; and

18 “(B) the State agency may reduce the al-  
19 lotment of the household by not more than 25  
20 percent.

21 “(2) OPTIONAL METHOD.—In carrying out  
22 paragraph (1), a State agency may consider, for the  
23 duration of a reduction referred to under paragraph  
24 (1), the benefits of the household under a welfare or  
25 public assistance program before the reduction as in-  
26 come of the household after the reduction.”.

1 **SEC. 325. ALLOTMENTS FOR HOUSEHOLDS RESIDING IN IN-**  
2 **STITUTIONS.**

3 Section 8 of the Food Stamp Act of 1977 (7 U.S.C.  
4 2017) is amended by adding at the end the following:

5 “(f) ALLOTMENTS FOR HOUSEHOLDS RESIDING IN  
6 INSTITUTIONS.—

7 “(1) IN GENERAL.—In the case of an individual  
8 who resides in a homeless shelter, or in an institu-  
9 tion or center for the purpose of a drug or alcoholic  
10 treatment program, described in the last sentence of  
11 section 3(i), a State agency may provide an allot-  
12 ment for the individual to—

13 “(A) the institution as an authorized rep-  
14 resentative for the individual for a period that  
15 is less than 1 month; and

16 “(B) the individual, if the individual leaves  
17 the institution.

18 “(2) DIRECT PAYMENT.—A State agency may  
19 require an individual referred to in paragraph (1) to  
20 designate the shelter, institution, or center in which  
21 the individual resides as the authorized representa-  
22 tive of the individual for the purpose of receiving an  
23 allotment.”.

24 **SEC. 326. OPERATION OF FOOD STAMP OFFICES.**

25 Section 11 of the Food Stamp Act of 1977 (7 U.S.C.  
26 2020) is amended—

1 (1) in subsection (e)—

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

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

14 “(B) In carrying out subparagraph (A), a State  
15 agency—

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

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

23 “(iii) shall consider an application filed on  
24 the date the applicant submits an application

1 that contains the name, address, and signature  
2 of the applicant; and

3 “(iv) may establish operating procedures  
4 that vary for local food stamp offices to reflect  
5 regional and local differences within the  
6 State;”;

7 (B) in paragraph (3) (as amended by sec-  
8 tion 309(b))—

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

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

15 (C) by striking paragraph (14) and insert-  
16 ing the following:

17 “(14) the standards and procedures used by the  
18 State agency under section 6(d)(1)(D) to determine  
19 whether an individual is eligible to participate under  
20 section 6(d)(1)(A);”;

21 (D) by striking paragraph (25) and insert-  
22 ing the following:

23 “(25) a description of the work supplementation  
24 or support program, if any, carried out by the State  
25 agency under section 16(b);”;

1 (2) in subsection (i)—

2 (A) by striking “(i) Notwithstanding” and  
3 all that follows through “(2)” and inserting the  
4 following:

5 “(i) APPLICATION AND DENIAL PROCEDURES.—

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

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

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

16 **SEC. 327. STATE EMPLOYEE AND TRAINING STANDARDS.**

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

19 (1) by striking “(A)”; and

20 (2) by striking subparagraphs (B) through (E).

21 **SEC. 328. EXCHANGE OF LAW ENFORCEMENT INFORMA-**  
22 **TION.**

23 Section 11(e) of the Food Stamp Act of 1977 (7  
24 U.S.C. 2020(e)) (as amended by section 315(b)) is further  
25 amended—

1 (1) in paragraph (8)—

2 (A) by striking “that (A) such” and insert-  
3 ing the following: “that—

4 “(A) the”;

5 (B) by striking “law, (B) notwithstanding”  
6 and inserting the following: “law;

7 “(B) notwithstanding”;

8 (C) by striking “Act, and (C) such” and  
9 inserting the following: “Act;

10 “(C) the”; and

11 (D) by adding at the end the following:

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

20 “(i) the member—

21 “(I) is fleeing to avoid prosecu-  
22 tion, or custody or confinement after  
23 conviction, for a crime (or attempt to  
24 commit a crime) that, under the law  
25 of the place the member is fleeing, is

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

6 “(II) has information that is nec-  
7 essary for the officer to conduct the  
8 official duties of the officer;

9 “(ii) the location or apprehension of  
10 the member is an official duty of the offi-  
11 cer; and

12 “(iii) the request is being made in the  
13 proper exercise of the official duties of the  
14 officer; and

15 “(E) the safeguards shall not prevent com-  
16 pliance with paragraph (27);”; and

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

18 “(27) that the State agency shall furnish the  
19 Immigration and Naturalization Service with the  
20 name of, address of, and identifying information on  
21 any individual the State agency knows is unlawfully  
22 in the United States; and”.

23 **SEC. 329. EXPEDITED COUPON SERVICE.**

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

1 (1) in subparagraph (A)—

2 (A) by striking “five days” and inserting  
3 “7 business days”; and

4 (B) by inserting “and” at the end;

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

6 (3) by redesignating subparagraph (D) as sub-  
7 paragraph (B); and

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

10 **SEC. 330. FAIR HEARINGS.**

11 Section 11 of the Food Stamp Act of 1977 (7 U.S.C.  
12 2020) is amended by adding at the end the following:

13 “(p) WITHDRAWING FAIR HEARING REQUESTS.—A  
14 household may withdraw, orally or in writing, a request  
15 by the household for a fair hearing under subsection  
16 (e)(10). If the withdrawal request is an oral request, the  
17 State agency shall provide a written notice to the house-  
18 hold confirming the request and providing the household  
19 with an opportunity to request a hearing.”.

20 **SEC. 331. INCOME AND ELIGIBILITY VERIFICATION SYS-**  
21 **TEM.**

22 Section 11 of the Food Stamp Act of 1977 (7 U.S.C.  
23 2020) (as amended by section 330) is further amended  
24 by adding at the end the following:

1       “(q) STATE VERIFICATION OPTION.—Notwithstand-  
 2 ing any other provision of law, a State agency shall not  
 3 be required to use an income and eligibility verification  
 4 system established under section 1137 of the Social Secu-  
 5 rity Act (42 U.S.C. 1320b-7).”.

6 **SEC. 332. COLLECTION OF OVERISSUANCES.**

7       (a) IN GENERAL.—Section 13 of the Food Stamp Act  
 8 of 1977 (7 U.S.C. 2022) is amended—

9           (1) by striking subsection (b) and inserting the  
 10 following:

11       “(b) COLLECTION OF OVERISSUANCES.—

12           “(1) IN GENERAL.—Except as otherwise pro-  
 13 vided in this subsection, a State agency shall collect  
 14 any overissuance of coupons issued to a household  
 15 by—

16           “(A) reducing the allotment of the house-  
 17 hold;

18           “(B) withholding unemployment compensa-  
 19 tion from a member of the household under  
 20 subsection (c);

21           “(C) recovering from Federal pay or a  
 22 Federal income tax refund under subsection  
 23 (d); or

24           “(D) any other means.

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

6           “(3) HARDSHIPS.—A State agency may not use  
7 an allotment reduction under paragraph (1)(A) as a  
8 means of collecting an overissuance from a house-  
9 hold if the allotment reduction would cause a hard-  
10 ship on the household, as determined by the State  
11 agency.

12           “(4) MAXIMUM REDUCTION ABSENT FRAUD.—  
13 If a household received an overissuance of coupons  
14 without any member of the household being found  
15 ineligible to participate in the program under section  
16 6(b)(1) and a State agency elects to reduce the allot-  
17 ment of the household under paragraph (1)(A), the  
18 State agency shall reduce the monthly allotment of  
19 the household under paragraph (1)(A) by the great-  
20 er of—

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

23                   “(B) \$10.

24           “(5) PROCEDURES.—A State agency shall col-  
25 lect an overissuance of coupons issued to a house-

1 hold under paragraph (1) in accordance with re-  
 2 quirements established by the State agency for pro-  
 3 viding notice, electing a means of payment, and es-  
 4 tablishing a time schedule for payment.”; and

5 (2) in subsection (d)—

6 (A) by striking “as determined under sub-  
 7 section (b) and except for claims arising from  
 8 an error of the State agency,” and inserting “,  
 9 as determined under subsection (b)(1),”; and

10 (B) by inserting before the period at the  
 11 end the following: “or a Federal income tax re-  
 12 fund as authorized by section 3720A of title 31,  
 13 United States Code”.

14 (b) CONFORMING AMENDMENT.—Section 11(e)(8) of  
 15 the Act (7 U.S.C. 2020(e)(8)) is amended—

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

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

22 **SEC. 333. TERMINATION OF FEDERAL MATCH FOR OP-**  
 23 **TIONAL INFORMATION ACTIVITIES.**

24 (a) IN GENERAL.—Section 16(a) of the Food Stamp  
 25 Act of 1977 (7 U.S.C. 2025(a)) is amended—

1 (1) by striking paragraph (4); and

2 (2) by redesignating paragraphs (5) through  
3 (8) as paragraphs (4) through (7), respectively.

4 (b) CONFORMING AMENDMENT.—Section 16(g) of  
5 the Act (7 U.S.C. 2025(g)) is amended by striking “an  
6 amount equal to” and all that follows through “1991, of”  
7 and inserting “the amount provided under subsection  
8 (a)(5) for”.

9 **SEC. 334. STANDARDS FOR ADMINISTRATION.**

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

13 (b) CONFORMING AMENDMENTS.—

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

19 (2) Section 16(c)(1)(B) of the Act (7 U.S.C.  
20 2025(c)(1)(B)) is amended by striking “pursuant to  
21 subsection (b)”.

1 **SEC. 335. WORK SUPPLEMENTATION OR SUPPORT PRO-**  
2 **GRAM.**

3 Section 16 of the Food Stamp Act of 1977 (7 U.S.C.  
4 2025) (as amended by section 334(a)) is further amended  
5 by inserting after subsection (a) the following:

6 “(b) WORK SUPPLEMENTATION OR SUPPORT PRO-  
7 GRAM.—

8 “(1) DEFINITION.—In this subsection, the term  
9 ‘work supplementation or support program’ means a  
10 program in which, as determined by the Secretary,  
11 public assistance (including any benefits provided  
12 under a program established by the State and the  
13 food stamp program) is provided to an employer to  
14 be used for hiring and employing a new employee  
15 who is a public assistance recipient.

16 “(2) PROGRAM.—A State agency may elect to  
17 use amounts equal to the allotment that would oth-  
18 erwise be allotted to a household under the food  
19 stamp program, but for the operation of this sub-  
20 section, for the purpose of subsidizing or supporting  
21 jobs under a work supplementation or support pro-  
22 gram established by the State.

23 “(3) PROCEDURE.—If a State agency makes an  
24 election under paragraph (2) and identifies each  
25 household that participates in the food stamp pro-  
26 gram that contains an individual who is participat-

1 ing in the work supplementation or support pro-  
2 gram—

3 “(A) the Secretary shall pay to the State  
4 agency an amount equal to the value of the al-  
5 lotment that the household would be eligible to  
6 receive but for the operation of this subsection;

7 “(B) the State agency shall expend the  
8 amount paid under subparagraph (A) in accord-  
9 ance with the work supplementation or support  
10 program in lieu of providing the allotment that  
11 the household would receive but for the oper-  
12 ation of this subsection;

13 “(C) for purposes of—

14 “(i) sections 5 and 8(a), the amount  
15 received under this subsection shall be ex-  
16 cluded from household income and re-  
17 sources; and

18 “(ii) section 8(b), the amount received  
19 under this subsection shall be considered to  
20 be the value of an allotment provided to  
21 the household; and

22 “(D) the household shall not receive an al-  
23 lotment from the State agency for the period  
24 during which the member continues to partici-

1           pate in the work supplementation or support  
2           program.

3           “(4) OTHER WORK REQUIREMENTS.—No indi-  
4           vidual shall be excused, by reason of the fact that  
5           a State has a work supplementation or support pro-  
6           gram, from any work requirement under section  
7           6(d), except during the periods in which the individ-  
8           ual is employed under the work supplementation or  
9           support program.

10           “(5) MAXIMUM LENGTH OF PARTICIPATION.—A  
11           work supplementation or support program may not  
12           allow the participation of any individual for longer  
13           than 6 months, unless the Secretary approves a  
14           longer period.”.

15 **SEC. 336. WAIVER AUTHORITY.**

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

18           (1) by striking “benefits to eligible households,  
19           including” and inserting the following: “benefits to  
20           eligible households. The Secretary may waive the re-  
21           quirements of this Act to the extent necessary to  
22           conduct a pilot or experimental project, including a  
23           project designed to test innovative welfare reform,  
24           promote work, and allow conformity with other Fed-  
25           eral, State, and local government assistance pro-

1 grams, except that a project involving the payment  
2 of benefits in the form of cash shall maintain the av-  
3 erage value of allotments for affected households as  
4 a group. Pilot or experimental projects may in-  
5 clude”; and

6 (2) by striking “The Secretary may waive” and  
7 all that follows through “sections 5 and 8 of this  
8 Act.”.

9 **SEC. 337. AUTHORIZATION OF PILOT PROJECTS.**

10 The last sentence of section 17(b)(1)(A) of the Food  
11 Stamp Act of 1977 (7 U.S.C. 2026(b)(1)(A)) is amended  
12 by striking “1995” and inserting “2002”.

13 **SEC. 338. RESPONSE TO WAIVERS.**

14 Section 17(b)(1) of the Food Stamp Act of 1977 (7  
15 U.S.C. 2026(b)(1)) is amended by adding at the end the  
16 following:

17 “(C) RESPONSE TO WAIVERS.—

18 “(i) RESPONSE.—Not later than 60  
19 days after the date of receiving a request  
20 for a waiver under subparagraph (A), the  
21 Secretary shall provide a response that—

22 “(I) approves the waiver request;

23 “(II) denies the waiver request  
24 and explains any modification needed  
25 for approval of the waiver request;

1                   “(III) denies the waiver request  
2                   and explains the grounds for the de-  
3                   nial; or

4                   “(IV) requests clarification of the  
5                   waiver request.

6                   “(ii) FAILURE TO RESPOND.—If the  
7                   Secretary does not provide a response  
8                   under clause (i) not later than 60 days  
9                   after receiving a request for a waiver, the  
10                  waiver shall be considered approved.

11                  “(iii) NOTICE OF DENIAL.—On denial  
12                  of a waiver request under clause (i)(III),  
13                  the Secretary shall provide a copy of the  
14                  waiver request and the grounds for the de-  
15                  nial to the Committee on Agriculture of  
16                  the House of Representatives and the  
17                  Committee on Agriculture, Nutrition, and  
18                  Forestry of the Senate.”.

19 **SEC. 339. PRIVATE SECTOR EMPLOYMENT INITIATIVES.**

20                  Section 17 of the Food Stamp Act of 1977 (7 U.S.C.  
21                  2026) is amended by adding at the end the following:

22                  “(m) PRIVATE SECTOR EMPLOYMENT INITIA-  
23                  TIVES.—

24                  “(1) ELECTION TO PARTICIPATE.—

1           “(A) IN GENERAL.—Subject to the other  
2 provisions of this subsection, a State may elect  
3 to carry out a private sector employment initia-  
4 tive program under this subsection.

5           “(B) REQUIREMENT.—A State shall be eli-  
6 gible to carry out a private sector employment  
7 initiative under this subsection only if not less  
8 than 50 percent of the households that received  
9 food stamp benefits during the summer of 1993  
10 also received benefits under a State program  
11 funded under part A of title IV of the Social  
12 Security Act (42 U.S.C. 601 et seq.) during the  
13 summer of 1993.

14           “(2) PROCEDURE.—A State that has elected to  
15 carry out a private sector employment initiative  
16 under paragraph (1) may use amounts equal to the  
17 food stamp allotments that would otherwise be allot-  
18 ted to a household under the food stamp program,  
19 but for the operation of this subsection, to provide  
20 cash benefits in lieu of the food stamp allotments to  
21 the household if the household is eligible under para-  
22 graph (3).

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

1           “(A) has worked in unsubsidized employ-  
2           ment in the private sector for not less than the  
3           preceding 90 days;

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

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

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

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

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

24          “(4) EVALUATION.—A State that operates a  
25          program under this subsection for 2 years shall pro-

1       vide to the Secretary a written evaluation of the im-  
2       pact of cash assistance under this subsection. The  
3       State agency shall determine the content of the eval-  
4       uation.”.

5       **SEC. 340. REAUTHORIZATION OF APPROPRIATIONS.**

6       The first sentence of section 18(a)(1) of the Food  
7       Stamp Act of 1977 (7 U.S.C. 2027(a)(1)) is amended by  
8       striking “1995” and inserting “2002”.

9       **SEC. 341. REAUTHORIZATION OF PUERTO RICO NUTRITION**  
10       **ASSISTANCE PROGRAM.**

11       The first sentence of section 19(a)(1)(A) of the Food  
12       Stamp Act of 1977 (7 U.S.C. 2028(a)(1)(A)) is amended  
13       by striking “\$974,000,000” and all that follows through  
14       “fiscal year 1995” and inserting the following:  
15       “\$1,143,000,000 for each of fiscal years 1995 and 1996,  
16       \$1,182,000,000 for fiscal year 1997, \$1,223,000,000 for  
17       fiscal year 1998, \$1,266,000,000 for fiscal year 1999,  
18       \$1,310,000,000 for fiscal year 2000, \$1,343,000,000 for  
19       fiscal year 2001, and \$1,376,000,000 for fiscal year  
20       2002”

21       **SEC. 342. SIMPLIFIED FOOD STAMP PROGRAM.**

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

1 **“SEC. 24. SIMPLIFIED FOOD STAMP PROGRAM.**

2 “(a) ELECTION.—Subject to subsection (c), a State  
3 agency may elect to carry out a Simplified Food Stamp  
4 Program (referred to in this section as a ‘Program’) under  
5 this section.

6 “(b) OPERATION OF PROGRAM.—

7 “(1) IN GENERAL.—If a State agency elects to  
8 carry out a Program, within the State or a political  
9 subdivision of the State—

10 “(A) a household in which all members re-  
11 ceive assistance under a State program funded  
12 under part A of title IV of the Social Security  
13 Act (42 U.S.C. 601 et seq.) shall automatically  
14 be eligible to participate in the Program; and

15 “(B) subject to subsection (e), benefits  
16 under the Program shall be determined under  
17 rules and procedures established by the State  
18 under—

19 “(i) a State program funded under  
20 part A of title IV of the Social Security  
21 Act (42 U.S.C. 601 et seq.);

22 “(ii) the food stamp program (other  
23 than section 25); or

24 “(iii) a combination of a State pro-  
25 gram funded under part A of title IV of

1           the Social Security Act (42 U.S.C. 601 et  
2           seq.) and the food stamp program.

3           “(2) SHELTER STANDARD.—The State agency  
4           may elect to apply 1 shelter standard to a household  
5           that receives a housing subsidy and another shelter  
6           standard to a household that does not receive the  
7           subsidy.

8           “(c) APPROVAL OF PROGRAM.—

9           “(1) STATE PLAN.—A State agency may not  
10          operate a Program unless the Secretary approves a  
11          State plan for the operation of the Program under  
12          paragraph (2).

13          “(2) APPROVAL OF PLAN.—

14                 “(A) IN GENERAL.—The Secretary shall  
15                 approve any State plan to carry out a Program  
16                 if the Secretary determines that the plan—

17                         “(i) complies with this section; and

18                         “(ii) would not increase Federal costs  
19                         incurred under this Act.

20                 “(B) DEFINITION OF FEDERAL COSTS.—In  
21                 this section, the term ‘Federal costs’ does not  
22                 include any Federal costs incurred under sec-  
23                 tion 17.

24          “(d) INCREASED FEDERAL COSTS.—

25                 “(1) DETERMINATION.—

1           “(A) IN GENERAL.—The Secretary shall  
2 determine whether a Program being carried out  
3 by a State agency is increasing Federal costs  
4 under this Act.

5           “(B) NO EXCLUDED HOUSEHOLDS.—In  
6 making a determination under subparagraph  
7 (A), the Secretary shall not require the State  
8 agency to collect or report any information on  
9 households not included in the Program.

10           “(C) ALTERNATIVE ACCOUNTING PERI-  
11 ODS.—The Secretary may approve the request  
12 of a State agency to apply alternative account-  
13 ing periods to determine if Federal costs do not  
14 exceed the Federal costs had the State agency  
15 not elected to carry out the Program.

16           “(2) NOTIFICATION.—If the Secretary deter-  
17 mines that the Program has increased Federal costs  
18 under this Act for any fiscal year, the Secretary  
19 shall notify the State agency not later than January  
20 1 of the immediately succeeding fiscal year.

21           “(3) RETURN OF FUNDS.—

22           “(A) IN GENERAL.—If the Secretary deter-  
23 mines that the Program has increased Federal  
24 costs under this Act for a 2-year period, includ-  
25 ing a fiscal year for which notice was given

1 under paragraph (2) and an immediately suc-  
2 ceeding fiscal year, the State agency shall pay  
3 to the Treasury of the United States the  
4 amount of the increased costs.

5 “(B) ENFORCEMENT.—If the State agency  
6 does not pay an amount due under subpara-  
7 graph (A) on a date that is not later than 90  
8 days after the date of the determination, the  
9 Secretary shall reduce amounts otherwise due  
10 to the State agency for administrative costs  
11 under section 16(a).

12 “(e) RULES AND PROCEDURES.—

13 “(1) IN GENERAL.—Except as provided by  
14 paragraph (2), a State may apply—

15 “(A) the rules and procedures established  
16 by the State under—

17 “(i) the State program funded under  
18 part A of title IV of the Social Security  
19 Act (42 U.S.C. 601 et seq.); or

20 “(ii) the food stamp program; or

21 “(B) the rules and procedures of 1 of the  
22 programs to certain matters and the rules and  
23 procedures of the other program to all remain-  
24 ing matters.

1           “(2) STANDARDIZED DEDUCTIONS.—The State  
2           may standardize the deductions provided under sec-  
3           tion 5(e). In developing the standardized deduction,  
4           the State shall give consideration to the work ex-  
5           penses, dependent care costs, and shelter costs of  
6           participating households.

7           “(3) REQUIREMENTS.—In operating a Pro-  
8           gram, the State shall comply with—

9                   “(A) subsections (a) through (g) of section  
10                  7;

11                   “(B) section 8(a), except that the income  
12                  of a household may be determined under a  
13                  State program funded under part A of title IV  
14                  of the Social Security Act (42 U.S.C. 601 et  
15                  seq.);

16                   “(C) subsections (b) and (d) of section 8;

17                   “(D) subsections (a), (c), (d), and (n) of  
18                  section 11;

19                   “(E) paragraph (3) of section 11(e), to the  
20                  extent that the paragraph requires that an eli-  
21                  gible household be certified and receive an allot-  
22                  ment for the period of application not later  
23                  than 30 days after filing an application;

24                   “(F) paragraphs (8), (9), (12), (17), (19),  
25                  (21), and (27) of section 11(e);

1           “(G) section 11(e)(10) or a comparable re-  
2           quirement established by the State under a  
3           State program funded under part A of title IV  
4           of the Social Security Act (42 U.S.C. 601 et  
5           seq.); and

6           “(H) section 16.”.

7           (b) STATE PLAN PROVISIONS.—Section 11(e) of the  
8           Act (7 U.S.C. 2020(e)) (as amended by sections 315(b)  
9           and 328) is further amended by adding at the end the  
10          following:

11           “(28) the plans of the State agency for operat-  
12          ing, at the election of the State, a program under  
13          section 24, including—

14           “(A) the rules and procedures to be fol-  
15          lowed by the State to determine food stamp  
16          benefits;

17           “(B) how the State will address the needs  
18          of households that experience high shelter costs  
19          in relation to the incomes of the households;  
20          and

21           “(C) a description of the method by which  
22          the State will carry out a quality control system  
23          under section 16(c).”.

24          (c) CONFORMING AMENDMENTS.—

1 (1) Section 8 of the Act (7 U.S.C. 2017) (as  
2 amended by section 325) is further amended—

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

4 (B) by redesignating subsection (f) as sub-  
5 section (e).

6 (2) Section 17 of the Act (7 U.S.C. 2026) (as  
7 amended by section 339) is further amended—

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

9 (B) by redesignating subsections (j)  
10 through (m) as subsections (i) through (l), re-  
11 spectively.

12 **SEC. 343. OPTIONAL STATE FOOD ASSISTANCE BLOCK**  
13 **GRANT.**

14 (a) IN GENERAL.—The Food Stamp Act of 1977 (7  
15 U.S.C. 2011 et seq.) (as amended by section 342) is fur-  
16 ther amended by adding at the end the following:

17 **“SEC. 25. OPTIONAL STATE FOOD ASSISTANCE BLOCK**  
18 **GRANT.**

19 “(a) ESTABLISHMENT.—The Secretary shall estab-  
20 lish a program to make grants to States in accordance  
21 with this section to provide—

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

1           “(2) at the option of a State, wage subsidies  
2           and payments in return for work for needy individ-  
3           uals under the program;

4           “(3) funds to operate an employment and train-  
5           ing program under section (g)(2) for needy individ-  
6           uals under the program; and

7           “(4) funds for administrative costs incurred in  
8           providing the assistance.

9           “(b) ELECTION.—

10           “(1) IN GENERAL.—The chief executive officer  
11           of a State may elect to participate in the program  
12           established under subsection (a).

13           “(2) ELECTION IRREVOCABLE.—A State that  
14           elects to participate in the program established  
15           under subsection (a) may not subsequently elect to  
16           participate in the food stamp program in accordance  
17           with any other section of this Act.

18           “(3) PROGRAM EXCLUSIVE.—A State that is  
19           participating in the program established under sub-  
20           section (a) shall not be subject to any requirement,  
21           or receive any benefit, under this Act except as pro-  
22           vided in this section.

23           “(c) LEAD AGENCY.—

24           “(1) DESIGNATION.—The chief executive officer  
25           of a State desiring to receive a grant under this sec-

1       tion shall designate, in an application submitted to  
2       the Secretary under subsection (d)(1), an appro-  
3       priate State agency that complies with paragraph  
4       (2) to act as the lead agency for the State.

5           “(2) DUTIES.—

6           “(A) IN GENERAL.—The lead agency  
7       shall—

8           “(i) administer, either directly,  
9           through other State agencies, or through  
10          local agencies, the assistance received  
11          under this section by the State;

12          “(ii) develop the State plan to be sub-  
13          mitted to the Secretary under subsection  
14          (d)(1);

15          “(iii) in conjunction with the develop-  
16          ment of the State plan, hold at least 1  
17          hearing in the State to provide to the pub-  
18          lic an opportunity to comment on the pro-  
19          gram under the State plan; and

20          “(iv) coordinate the provision of food  
21          assistance under this section with other  
22          Federal, State, and local programs.

23          “(B) DEVELOPMENT OF PLAN.—In the de-  
24          velopment of the State plan described in sub-  
25          paragraph (A)(ii), the lead agency shall consult

1 with appropriate representatives of units of  
2 local government on issues relating to the State  
3 plan.

4 “(d) APPLICATION AND PLAN.—

5 “(1) APPLICATION.—To be eligible to receive  
6 assistance under this section, a State shall prepare  
7 and submit to the Secretary an application at such  
8 time, in such manner, and containing such informa-  
9 tion as the Secretary shall by regulation require, in-  
10 cluding—

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

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

15 “(C) an assurance that the State will com-  
16 ply with the requirements of the State plan  
17 under paragraph (3).

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

21 “(3) REQUIREMENTS OF PLAN.—

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

24 “(B) USE OF BLOCK GRANT FUNDS.—The  
25 State plan shall provide that the State shall use

1 the amounts provided to the State for each fis-  
2 cal year under this section—

3 “(i) to provide food assistance to  
4 needy individuals and families residing in  
5 the State;

6 “(ii) at the option of a State, to pro-  
7 vide wage subsidies and payments in re-  
8 turn for work under the program, includ-  
9 ing cash payments to needy individuals  
10 and families related to work effort;

11 “(iii) to operate an employment and  
12 training program under section (g)(2) for  
13 needy individuals under the program; and

14 “(iv) to pay administrative costs in-  
15 curred in providing the assistance.

16 “(C) GROUPS SERVED.—The State plan  
17 shall describe how the program will serve spe-  
18 cific groups of individuals and families and how  
19 the treatment will differ from treatment under  
20 the food stamp program under the other sec-  
21 tions of this Act of the individuals and families,  
22 including—

23 “(i) elderly individuals and families;

24 “(ii) migrants or seasonal farm-  
25 workers;

1           “(iii) homeless individuals and fami-  
2           lies;

3           “(iv) individuals and families who live  
4           under the supervision of institutions (other  
5           than incarcerated individuals);

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

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

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

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

21          “(F) OTHER ASSISTANCE.—

22                 “(i) COORDINATION.—The State plan  
23                 may coordinate assistance received under  
24                 this section with assistance provided under  
25                 the State program funded under part A of

1 title IV of the Social Security Act (42  
2 U.S.C. 601 et seq.).

3 “(ii) PENALTIES.—If an individual or  
4 family is penalized for violating part A of  
5 title IV of the Act, the State plan may re-  
6 duce the amount of assistance provided  
7 under this section or otherwise penalize the  
8 individual or family.

9 “(G) ASSESSMENT OF NEEDS.—The State  
10 plan shall assess the food and nutrition needs  
11 of needy persons residing in the State.

12 “(H) ELIGIBILITY LIMITATIONS.—The  
13 State plan shall describe the income and re-  
14 source eligibility limitations that are established  
15 for the receipt of assistance under this section.

16 “(I) RECEIVING BENEFITS IN MORE THAN  
17 1 JURISDICTION.—The State plan shall estab-  
18 lish a system to verify and otherwise ensure  
19 that no individual or family shall receive bene-  
20 fits under this section in more than 1 jurisdic-  
21 tion within the State.

22 “(J) PRIVACY.—The State plan shall pro-  
23 vide for safeguarding and restricting the use  
24 and disclosure of information about any individ-

1           ual or family receiving assistance under this  
2           section.

3           “(K) OTHER INFORMATION.—The State  
4           plan shall contain such other information as  
5           may be required by the Secretary.

6           “(4) APPROVAL OF APPLICATION AND PLAN.—  
7           The Secretary shall approve an application and  
8           State plan that satisfies the requirements of this  
9           section.

10          “(e) LIMITATIONS ON STATE ALLOTMENTS.—

11           “(1) NO INDIVIDUAL OR FAMILY ENTITLEMENT  
12          TO ASSISTANCE.—Nothing in this section—

13           “(A) entitles any individual or family to  
14           assistance under this section; or

15           “(B) limits the right of a State to impose  
16           additional limitations or conditions on assist-  
17           ance under this section.

18          “(2) CONSTRUCTION OF FACILITIES.—No funds  
19          made available under this section shall be expended  
20          for the purchase or improvement of land, or for the  
21          purchase, construction, or permanent improvement  
22          of any building or facility.

23          “(f) BENEFITS FOR ALIENS.—

24           “(1) ELIGIBILITY.—No individual shall be eligi-  
25          ble to receive benefits under a State plan approved

1 under subsection (d)(4) if the individual is not eligi-  
2 ble to participate in the food stamp program under  
3 section 6(f).

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

7 “(g) EMPLOYMENT AND TRAINING.—

8 “(1) WORK REQUIREMENTS.—No individual or  
9 member of a family shall be eligible to receive bene-  
10 fits under a State plan funded under this section if  
11 the individual is not eligible to participate in the  
12 food stamp program under subsection (d) or (n) of  
13 section 6.

14 “(2) WORK PROGRAMS.—Each State shall im-  
15 plement an employment and training program under  
16 section 6(d)(4) for needy individuals under the pro-  
17 gram.

18 “(h) ENFORCEMENT.—

19 “(1) REVIEW OF COMPLIANCE WITH STATE  
20 PLAN.—The Secretary shall review and monitor  
21 State compliance with this section and the State  
22 plan approved under subsection (d)(4).

23 “(2) NONCOMPLIANCE.—

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

4                   “(i) there has been a failure by the  
5 State to comply substantially with any pro-  
6 vision or requirement set forth in the State  
7 plan approved under subsection (d)(4); or

8                   “(ii) in the operation of any program  
9 or activity for which assistance is provided  
10 under this section, there is a failure by the  
11 State to comply substantially with any pro-  
12 vision of this section;

13 the Secretary shall notify the State of the find-  
14 ing and that no further payments will be made  
15 to the State under this section (or, in the case  
16 of noncompliance in the operation of a program  
17 or activity, that no further payments to the  
18 State will be made with respect to the program  
19 or activity) until the Secretary is satisfied that  
20 there is no longer any failure to comply or that  
21 the noncompliance will be promptly corrected.

22           “(B) OTHER SANCTIONS.—In the case of a  
23 finding of noncompliance made pursuant to  
24 subparagraph (A), the Secretary may, in addi-  
25 tion to, or in lieu of, imposing the sanctions de-

1           scribed in subparagraph (A), impose other ap-  
2           propriate sanctions, including recoupment of  
3           money improperly expended for purposes pro-  
4           hibited or not authorized by this section and  
5           disqualification from the receipt of financial as-  
6           sistance under this section.

7           “(C) NOTICE.—The notice required under  
8           subparagraph (A) shall include a specific identi-  
9           fication of any additional sanction being im-  
10          posed under subparagraph (B).

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

13               “(A) receiving, processing, and determin-  
14               ing the validity of complaints concerning any  
15               failure of a State to comply with the State plan  
16               or any requirement of this section; and

17               “(B) imposing sanctions under this sec-  
18               tion.

19          “(4) INCOME AND ELIGIBILITY VERIFICATION  
20          SYSTEM.—The Secretary may withhold not more  
21          than 5 percent of the amount allotted to a State  
22          under subsection (l)(2) if the State does not use an  
23          income and eligibility verification system established  
24          under section 1137 of the Social Security Act (42  
25          U.S.C. 1320b-7).

1       “(i) PAYMENTS.—

2               “(1) IN GENERAL.—For each fiscal year, the  
3       Secretary shall pay to a State that has an applica-  
4       tion approved by the Secretary under subsection  
5       (d)(4) an amount that is equal to the allotment of  
6       the State under subsection (l)(2) for the fiscal year.

7               “(2) METHOD OF PAYMENT.—The Secretary  
8       shall make payments to a State for a fiscal year  
9       under this section by issuing 1 or more letters of  
10      credit for the fiscal year, with necessary adjustments  
11      on account of overpayments or underpayments, as  
12      determined by the Secretary.

13              “(3) SPENDING OF FUNDS BY STATE.—

14                      “(A) IN GENERAL.—Except as provided in  
15                      subparagraph (B), payments to a State from an  
16                      allotment under subsection (l)(2) for a fiscal  
17                      year may be expended by the State only in the  
18                      fiscal year.

19                      “(B) CARRYOVER.—The State may reserve  
20                      up to 10 percent of an allotment under sub-  
21                      section (l)(2) for a fiscal year to provide assist-  
22                      ance under this section in subsequent fiscal  
23                      years, except that the reserved funds may not  
24                      exceed 30 percent of the total allotment re-  
25                      ceived under this section for a fiscal year.

1           “(4) FOOD ASSISTANCE AND ADMINISTRATIVE  
2 EXPENDITURES.—In each fiscal year, of the Federal  
3 funds expended by a State under this section—

4           “(A) not less than 75 percent shall be for  
5 food assistance; and

6           “(B) not more than 6 percent shall be for  
7 administrative expenses.

8           “(5) PROVISION OF FOOD ASSISTANCE.—A  
9 State may provide food assistance under this section  
10 in any manner determined appropriate by the State  
11 to provide food assistance to needy individuals and  
12 families in the State, such as electronic benefits  
13 transfer limited to food purchases, coupons limited  
14 to food purchases, or direct provision of commod-  
15 ities.

16           “(6) DEFINITION OF FOOD ASSISTANCE.—In  
17 this section, the term ‘food assistance’ means assist-  
18 ance that may be used only to obtain food, as de-  
19 fined in section 3(g).

20           “(j) AUDITS.—

21           “(1) REQUIREMENT.—After the close of each  
22 fiscal year, a State shall arrange for an audit of the  
23 expenditures of the State during the program period  
24 from amounts received under this section.

1           “(2) INDEPENDENT AUDITOR.—An audit under  
2 this section shall be conducted by an entity that is  
3 independent of any agency administering activities  
4 that receive assistance under this section and be in  
5 accordance with generally accepted auditing prin-  
6 ciples.

7           “(3) PAYMENT ACCURACY.—Each annual audit  
8 under this section shall include an audit of payment  
9 accuracy under this section that shall be based on a  
10 statistically valid sample of the caseload in the  
11 State.

12           “(4) SUBMISSION.—Not later than 30 days  
13 after the completion of an audit under this section,  
14 the State shall submit a copy of the audit to the leg-  
15 islature of the State and to the Secretary.

16           “(5) REPAYMENT OF AMOUNTS.—Each State  
17 shall repay to the United States any amounts deter-  
18 mined through an audit under this section to have  
19 not been expended in accordance with this section or  
20 to have not been expended in accordance with the  
21 State plan, or the Secretary may offset the amounts  
22 against any other amount paid to the State under  
23 this section.

24           “(k) NONDISCRIMINATION.—

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

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

12           “(l) ALLOTMENTS.—

13           “(1) DEFINITION OF STATE.—In this section,  
14 the term ‘State’ means each of the 50 States, the  
15 District of Columbia, Guam, and the Virgin Islands  
16 of the United States.

17           “(2) STATE ALLOTMENT.—

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

1           “(i) the greater of, as determined by  
2 the Secretary—

3           “(I) the total dollar value of all  
4 benefits issued under the food stamp  
5 program established under this Act by  
6 the State during fiscal year 1994; or

7           “(II) the average per fiscal year  
8 of the total dollar value of all benefits  
9 issued under the food stamp program  
10 by the State during each of fiscal  
11 years 1992 through 1994; and

12           “(ii) the greater of, as determined by  
13 the Secretary—

14           “(I) the total amount received by  
15 the State for administrative costs and  
16 the employment and training program  
17 under subsections (a) and (h), respec-  
18 tively, of section 16 of this Act for fis-  
19 cal year 1994; or

20           “(II) the average per fiscal year  
21 of the total amount received by the  
22 State for administrative costs and the  
23 employment and training program  
24 under subsections (a) and (h), respec-  
25 tively, of section 16 of this Act for

1                   each of fiscal years 1992 through  
2                   1994.

3                   “(B) INSUFFICIENT FUNDS.—If the Sec-  
4                   retary finds that the total amount of allotments  
5                   to which States would otherwise be entitled for  
6                   a fiscal year under subparagraph (A) will ex-  
7                   ceed the amount of funds that will be made  
8                   available to provide the allotments for the fiscal  
9                   year, the Secretary shall reduce the allotments  
10                  made to States under this subsection, on a pro  
11                  rata basis, to the extent necessary to allot  
12                  under this subsection a total amount that is  
13                  equal to the funds that will be made available.”.

14                  (b) RESEARCH ON OPTIONAL STATE FOOD ASSIST-  
15                  ANCE BLOCK GRANT.—Section 17 of the Food Stamp Act  
16                  of 1977 (7 U.S.C. 2026) (as amended by section 339 and  
17                  342(c)(2)) is further amended by adding at the end the  
18                  following:

19                  “(m) RESEARCH ON OPTIONAL STATE FOOD ASSIST-  
20                  ANCE BLOCK GRANT.—The Secretary may conduct re-  
21                  search on the effects and costs of a State program carried  
22                  out under section 25.”.

1 **SEC. 344. EFFECTIVE DATE.**

2 Except as otherwise provided in this subtitle, this  
3 subtitle and the amendments made by this subtitle shall  
4 become effective on October 1, 1995.

5 **Subtitle B—Anti-Fraud and**  
6 **Trafficking**

7 **SEC. 351. EXPANDED DEFINITION OF COUPON.**

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

14 **SEC. 352. DOUBLED PENALTIES FOR VIOLATING FOOD**  
15 **STAMP PROGRAM REQUIREMENTS.**

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

18 (1) in clause (i), by striking “six months upon”  
19 and inserting “1 year on”; and

20 (2) in clause (ii), by striking “1 year upon” and  
21 inserting “2 years on”.

22 **SEC. 353. AUTHORITY TO ESTABLISH AUTHORIZATION PE-**  
23 **RIODS.**

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

1           “(3) AUTHORIZATION PERIODS.—The Secretary  
2 is authorized to issue regulations establishing spe-  
3 cific time periods during which authorization to ac-  
4 cept and redeem coupons under the food stamp pro-  
5 gram shall be valid.”.

6 **SEC. 354. SPECIFIC PERIOD FOR PROHIBITING PARTICIPA-**  
7                           **TION OF STORES BASED ON LACK OF BUSI-**  
8                           **NESS INTEGRITY.**

9           Section 9(a) of the Food Stamp Act of 1977 (7  
10 U.S.C. 2018(a)) (as amended by section 353) is further  
11 amended by adding at the end the following:

12           “(4) PERIODS FOR PARTICIPATION OF STORES  
13 AND CONCERNS.—The Secretary may issue regula-  
14 tions establishing specific time periods during which  
15 a retail food store or wholesale food concern that has  
16 an application for approval to accept and redeem  
17 coupons denied, or that has an approval withdrawn,  
18 on the basis of business integrity and reputation  
19 cannot submit a new application for approval. The  
20 periods shall reflect the severity of business integrity  
21 infractions that are the basis of the denials or with-  
22 draws.”.

1 **SEC. 355. INFORMATION FOR VERIFYING ELIGIBILITY FOR**  
2 **AUTHORIZATION.**

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

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

8 (2) by inserting after the first sentence the fol-  
9 lowing: “The regulations may require retail food  
10 stores and wholesale food concerns to provide writ-  
11 ten authorization for the Secretary to verify all rel-  
12 evant tax filings with appropriate agencies and to  
13 obtain corroborating documentation from other  
14 sources so that the accuracy of information provided  
15 by the stores and concerns may be verified.”.

16 **SEC. 356. WAITING PERIOD FOR STORES THAT INITIALLY**  
17 **FAIL TO MEET AUTHORIZATION CRITERIA.**

18 Section 9(d) of the Food Stamp Act of 1977 (7  
19 U.S.C. 2018(d)) is amended by adding at the end the fol-  
20 lowing: “A retail food store or wholesale food concern that  
21 has an application for approval to accept and redeem cou-  
22 pons denied because the store or concern does not meet  
23 criteria for approval established by the Secretary by regu-  
24 lation may not submit a new application for 6 months  
25 after the date of the denial.”.

1 **SEC. 357. BASES FOR SUSPENSIONS AND DISQUALIFICA-**  
2 **TIONS.**

3 Section 12 of the Food Stamp Act of 1977 (7 U.S.C.  
4 2021) is amended—

5 (1) by striking the section heading;

6 (2) by striking “SEC. 12 (a) Any” and inserting  
7 the following:

8 **“SEC. 12. CIVIL MONEY PENALTIES AND DISQUALIFICATION**  
9 **OF RETAIL FOOD STORES AND WHOLESALE**  
10 **FOOD CONCERNS.**

11 “(a) DISQUALIFICATION.—

12 “(1) IN GENERAL.—Any”; and

13 (3) in subsection (a), by adding at the end the  
14 following:

15 “(2) BASIS.—Regulations issued pursuant to  
16 this Act shall provide criteria for the finding of a  
17 violation, and the suspension or disqualification of a  
18 retail food store or wholesale food concern, on the  
19 basis of evidence that may include facts established  
20 through on-site investigations, inconsistent redemp-  
21 tion data, or evidence obtained through transaction  
22 reports under electronic benefits transfer systems.”.

23 **SEC. 358. DISQUALIFICATION OF STORES PENDING JUDI-**  
24 **CIAL AND ADMINISTRATIVE REVIEW.**

25 (a) AUTHORITY.—Section 12(a) of the Food Stamp  
26 Act of 1977 (7 U.S.C. 2021(a)) (as amended by section

1 357) is further amended by adding at the end the follow-  
2 ing:

3           “(3) DISQUALIFICATION PENDING REVIEW.—  
4       The regulations may establish criteria under which  
5       the authorization of a retail food store or wholesale  
6       food concern to accept and redeem coupons may be  
7       suspended at the time the store or concern is ini-  
8       tially found to have committed a violation of a re-  
9       quirement of the food stamp program that would re-  
10      sult in a permanent disqualification. The suspension  
11      may coincide with the period of a review under sec-  
12      tion 14. The Secretary shall not be liable for the  
13      value of any sales lost during a suspension or dis-  
14      qualification period.”.

15       (b) REVIEW.—Section 14(a) of the Act (7 U.S.C.  
16 2023(a)) is amended—

17           (1) in the first sentence, by striking “disquali-  
18       fied or subjected” and inserting “suspended, dis-  
19       qualified, or subjected”;

20           (2) in the fifth sentence, by inserting before the  
21       period at the end the following: “, except that, in the  
22       case of the suspension of a retail food store or  
23       wholesale food concern under section 12(a)(3), the  
24       suspension shall remain in effect pending any judi-  
25       cial or administrative review of the proposed dis-

1 qualification action, and the period of suspension  
2 shall be considered a part of any period of disquali-  
3 fication that is imposed''; and

4 (3) by striking the last sentence.

5 **SEC. 359. DISQUALIFICATION OF RETAILERS WHO ARE DIS-**  
6 **QUALIFIED UNDER THE WIC PROGRAM.**

7 Section 12 of the Food Stamp Act of 1977 (7 U.S.C.  
8 2021) is amended by adding at the end the following:

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

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

19 “(2) TERMS.—A disqualification under para-  
20 graph (1)—

21 “(A) shall be for the same period as the  
22 disqualification from the program referred to in  
23 paragraph (1);

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

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

6 **SEC. 360. PERMANENT DEBARMENT OF RETAILERS WHO IN-**  
7           **TENTIONALLY SUBMIT FALSIFIED APPLICA-**  
8           **TIONS.**

9           Section 12 of the Food Stamp Act of 1977 (7 U.S.C.  
10          2021) (as amended by section 359) is further amended  
11          by adding at the end the following:

12          “(h) FALSIFIED APPLICATIONS.—

13                 “(1) IN GENERAL.—The Secretary shall issue  
14                 regulations providing for the permanent disqualifica-  
15                 tion of a retail food store, or wholesale food concern,  
16                 that knowingly submits an application for approval  
17                 to accept and redeem coupons that contains false in-  
18                 formation about a substantive matter that was, or  
19                 could have been, a basis for approving the applica-  
20                 tion.

21                 “(2) REVIEW.—A disqualification under para-  
22                 graph (1) shall be subject to judicial and administra-  
23                 tive review under section 14, except that the dis-  
24                 qualification shall remain in effect pending the re-  
25                 view.”.

1 **SEC. 361. EXPANDED CRIMINAL FORFEITURE FOR VIOLA-**  
2 **TIONS.**

3 (a) FORFEITURE OF ITEMS EXCHANGED IN FOOD  
4 STAMP TRAFFICKING.—The first sentence of section  
5 15(g) of the Food Stamp Act of 1977 (7 U.S.C. 2024(g))  
6 is amended by striking “or intended to be furnished”.

7 (b) CRIMINAL FORFEITURE.—Section 15 of the Act  
8 (7 U.S.C. 2024) is amended by adding at the end the  
9 following:

10 “(h) CRIMINAL FORFEITURE.—

11 “(A) IN GENERAL.—Any person convicted  
12 of violating subsection (b) or (c) involving food  
13 stamp benefits having an aggregate value of not  
14 less than \$5,000, shall forfeit to the United  
15 States—

16 “(i) any food stamp benefits and any  
17 property constituting, or derived from, or  
18 traceable to any proceeds the person ob-  
19 tained directly or indirectly as a result of  
20 the violation; and

21 “(ii) any food stamp benefits and any  
22 property of the person used, or intended to  
23 be used, in any manner or part, to commit,  
24 or to facilitate the commission of the viola-  
25 tion.

1           “(B) SENTENCE.—In imposing a sentence  
2           on a person under subparagraph (A), a court  
3           shall order that the person forfeit to the United  
4           States all property described in this subsection.

5           “(C) PROCEDURES.—Any food stamp ben-  
6           efits or property subject to forfeiture under this  
7           subsection, any seizure or disposition of the  
8           benefits or property, and any administrative or  
9           judicial proceeding relating to the benefits or  
10          property, shall be governed by subsections (b),  
11          (c), (e), and (g) through (p) of section 413 of  
12          the Comprehensive Drug Abuse Prevention and  
13          Control Act of 1970 (21 U.S.C. 853), if not in-  
14          consistent with this subsection.

15          “(3) EXCLUDED PROPERTY.—This subsection  
16          shall not apply to property referred to in subsection  
17          (g).”.

18 **SEC. 362. EFFECTIVE DATE.**

19          This subtitle and the amendments made by this sub-  
20          title shall become effective on October 1, 1995.

1       **TITLE IV—CHILD NUTRITION**  
2                                   **PROGRAMS**  
3       **Subtitle A—Reimbursement Rates**

4       **SEC. 401. TERMINATION OF ADDITIONAL PAYMENT FOR**  
5                                   **LUNCHESES SERVED IN HIGH FREE AND RE-**  
6                                   **DUCEED PRICE PARTICIPATION SCHOOLS.**

7           (a) IN GENERAL.—Section 4(b)(2) of the National  
8 School Lunch Act (42 U.S.C. 1753(b)(2)) is amended by  
9 striking “except that” and all that follows through “2  
10 cents more”.

11          (b) EFFECTIVE DATE.—The amendment made by  
12 subsection (a) shall become effective on July 1, 1996.

13       **SEC. 402. VALUE OF FOOD ASSISTANCE.**

14          (a) IN GENERAL.—Section 6(e)(1) of the National  
15 School Lunch Act (42 U.S.C. 1755(e)(1)) is amended by  
16 striking subparagraph (B) and inserting the following:

17                                   “(B) ADJUSTMENTS.—

18                                   “(i) IN GENERAL.—The value of food  
19 assistance for each meal shall be adjusted  
20 each July 1 by the annual percentage  
21 change in a 3-month average value of the  
22 Price Index for Foods Used in Schools and  
23 Institutions for March, April, and May  
24 each year.

1           “(ii) ADJUSTMENTS.—Except as oth-  
2           erwise provided in this subparagraph, in  
3           the case of each school year, the Secretary  
4           shall—

5                   “(I) base the adjustment made  
6                   under clause (i) on the amount of the  
7                   unrounded adjustment for the preced-  
8                   ing school year;

9                   “(II) adjust the resulting amount  
10                  in accordance with clause (i); and

11                  “(III) round the result to the  
12                  nearest lower cent increment.

13           “(iii) ADJUSTMENT ON JANUARY 1,  
14           1996.—On January 1, 1996, the Secretary  
15           shall adjust the value of food assistance for  
16           the remainder of the school year by round-  
17           ing the previously established value of food  
18           assistance to the nearest lower cent incre-  
19           ment.

20           “(iv) ADJUSTMENT FOR 1996–97  
21           SCHOOL YEAR.—In the case of the school  
22           year beginning July 1, 1996, the value of  
23           food assistance shall be the same as the  
24           value of food assistance in effect on June  
25           30, 1996.

1                   “(v) ADJUSTMENT FOR 1997–98  
2 SCHOOL YEAR.—In the case of the school  
3 year beginning July 1, 1997, the Secretary  
4 shall—

5                   “(I) base the adjustment made  
6 under clause (i) on the amount of the  
7 unrounded adjustment for the value of  
8 food assistance for the school year be-  
9 ginning July 1, 1995;

10                   “(II) adjust the resulting amount  
11 to reflect the annual percentage  
12 change in a 3-month average value of  
13 the Price Index for Foods Used in  
14 Schools and Institutions for March,  
15 April, and May for the most recent  
16 12-month period for which the data  
17 are available; and

18                   “(III) round the result to the  
19 nearest lower cent increment.”.

20           (b) EFFECTIVE DATE.—The amendments made by  
21 subsection (a) shall become effective on January 1, 1996.

22 **SEC. 403. LUNCHES, BREAKFASTS, AND SUPPLEMENTS.**

23           (a) IN GENERAL.—Section 11(a)(3)(B) of the Na-  
24 tional School Lunch Act (42 U.S.C. 1759a(a)(3)(B)) is  
25 amended—

1           (1) by designating the second and third sen-  
2           tences as subparagraphs (C) and (D), respectively;  
3           and

4           (2) by striking subparagraph (D) (as so des-  
5           ignated) and inserting the following:

6                   “(D) ROUNDING.—Except as otherwise  
7                   provided in this paragraph, in the case of each  
8                   school year, the Secretary shall—

9                           “(i) base the adjustment made under  
10                           this paragraph on the amount of the  
11                           unrounded adjustment for the preceding  
12                           school year;

13                           “(ii) adjust the resulting amount in  
14                           accordance with subparagraphs (B) and  
15                           (C); and

16                           “(iii) round the result to the nearest  
17                           lower cent increment.

18                   “(E) ADJUSTMENT ON JANUARY 1, 1996.—  
19                   On January 1, 1996, the Secretary shall adjust  
20                   the rates and factor for the remainder of the  
21                   school year by rounding the previously estab-  
22                   lished rates and factor to the nearest lower cent  
23                   increment.

24                   “(F) ADJUSTMENT FOR 24-MONTH PERIOD  
25                   BEGINNING JULY 1, 1996.—In the case of the

1 24-month period beginning July 1, 1996, the  
2 national average payment rates for paid  
3 lunches, paid breakfasts, and paid supplements  
4 shall be the same as the national average pay-  
5 ment rate for paid lunches, paid breakfasts, and  
6 paid supplements, respectively, for the school  
7 year beginning July 1, 1995, rounded to the  
8 nearest lower cent increment.

9 “(G) ADJUSTMENT FOR SCHOOL YEAR BE-  
10 GINNING JULY 1, 1998.—In the case of the  
11 school year beginning July 1, 1998, the Sec-  
12 retary shall—

13 “(i) base the adjustments made under  
14 this paragraph for—

15 “(I) paid lunches and paid break-  
16 fasts on the amount of the unrounded  
17 adjustment for paid lunches for the  
18 school year beginning July 1, 1995;  
19 and

20 “(II) paid supplements on the  
21 amount of the unrounded adjustment  
22 for paid supplements for the school  
23 year beginning July 1, 1995;

24 “(ii) adjust each resulting amount in  
25 accordance with subparagraph (C); and

1                   “(iii) round each result to the nearest  
2                   lower cent increment.”.

3           (b) EFFECTIVE DATE.—The amendments made by  
4 subsection (a) shall become effective on January 1, 1996.

5 **SEC. 404. SUMMER FOOD SERVICE PROGRAM FOR CHIL-**  
6 **DREN.**

7           (a) IN GENERAL.—Section 13(b) of the National  
8 School Lunch Act (42 U.S.C. 1761(b)) is amended—

9                   (1) by striking “(b)(1)” and all that follows  
10                   through the end of paragraph (1) and inserting the  
11                   following:

12           “(b) SERVICE INSTITUTIONS.—

13                   “(1) PAYMENTS.—

14                           “(A) IN GENERAL.—Except as otherwise  
15                           provided in this paragraph, payments to service  
16                           institutions shall equal the full cost of food  
17                           service operations (which cost shall include the  
18                           costs of obtaining, preparing, and serving food,  
19                           but shall not include administrative costs).

20                           “(B) MAXIMUM AMOUNTS.—Subject to  
21                           subparagraph (C), payments to any institution  
22                           under subparagraph (A) shall not exceed—

23                                   “(i) \$2 for each lunch and supper  
24                                   served;

1                   “(ii) \$1.20 for each breakfast served;

2                   and

3                   “(iii) 50 cents for each meal supple-  
4                   ment served.

5                   “(C) ADJUSTMENTS.—Amounts specified  
6                   in subparagraph (B) shall be adjusted each  
7                   January 1 to the nearest lower cent increment  
8                   in accordance with the changes for the 12-  
9                   month period ending the preceding November  
10                  30 in the series for food away from home of the  
11                  Consumer Price Index for All Urban Consum-  
12                  ers published by the Bureau of Labor Statistics  
13                  of the Department of Labor. Each adjustment  
14                  shall be based on the unrounded adjustment for  
15                  the prior 12-month period.”;

16                  (2) in the second sentence of paragraph (3), by  
17                  striking “levels determined” and all that follows  
18                  through “this subsection” and inserting “level deter-  
19                  mined by the Secretary”; and

20                  (3) by striking paragraph (4).

21                  (b) EFFECTIVE DATE.—The amendments made by  
22                  subsection (a) shall become effective on January 1, 1996.

1 **SEC. 405. SPECIAL MILK PROGRAM.**

2 (a) IN GENERAL.—Section 3(a) of the Child Nutri-  
3 tion Act of 1966 (42 U.S.C. 1772(a)) is amended by strik-  
4 ing paragraph (8) and inserting the following:

5 “(8) ADJUSTMENTS.—

6 “(A) IN GENERAL.—Except as otherwise  
7 provided in this paragraph, in the case of each  
8 school year, the Secretary shall—

9 “(i) base the adjustment made under  
10 paragraph (7) on the amount of the  
11 unrounded adjustment for the preceding  
12 school year;

13 “(ii) adjust the resulting amount in  
14 accordance with paragraph (7); and

15 “(iii) round the result to the nearest  
16 lower cent increment.

17 “(B) ADJUSTMENT ON JANUARY 1, 1996.—  
18 On January 1, 1996, the Secretary shall adjust  
19 the minimum rate for the remainder of the  
20 school year by rounding the previously estab-  
21 lished minimum rate to the nearest lower cent  
22 increment.

23 “(C) ADJUSTMENT FOR 1996–97 SCHOOL  
24 YEAR.—In the case of the school year beginning  
25 July 1, 1996, the minimum rate shall be the

1 same as the minimum rate in effect on June  
2 30, 1996.

3 “(D) ADJUSTMENT FOR 1997–98 SCHOOL  
4 YEAR.—In the case of the school year beginning  
5 July 1, 1997, the Secretary shall—

6 “(i) base the adjustment made under  
7 paragraph (7) on the amount of the  
8 unrounded adjustment for the minimum  
9 rate for the school year beginning July 1,  
10 1995;

11 “(ii) adjust the resulting amount to  
12 reflect changes in the Producer Price  
13 Index for Fresh Processed Milk published  
14 by the Bureau of Labor Statistics of the  
15 Department of Labor for the most recent  
16 12-month period for which the data are  
17 available; and

18 “(iii) round the result to the nearest  
19 lower cent increment.”.

20 (b) EFFECTIVE DATE.—The amendment made by  
21 subsection (a) shall become effective on January 1, 1996.

22 **SEC. 406. FREE AND REDUCED PRICE BREAKFASTS.**

23 (a) IN GENERAL.—Section 4(b) of the Child Nutri-  
24 tion Act of 1966 (42 U.S.C. 1773(b)) is amended—

1 (1) in the second sentence of paragraph (1)(B),  
2 by striking “, adjusted to the nearest one-fourth  
3 cent” and inserting “(as adjusted pursuant to sec-  
4 tion 11(a) of the National School Lunch Act (42  
5 U.S.C. 1759a(a))”; and

6 (2) in paragraph (2)(B)(ii)—

7 (A) by striking “nearest one-fourth cent”  
8 and inserting “nearest lower cent increment for  
9 the applicable school year”; and

10 (B) by inserting before the period at the  
11 end the following: “, and the adjustment re-  
12 quired by this clause shall be based on the  
13 unrounded adjustment for the preceding school  
14 year”.

15 (b) EFFECTIVE DATE.—The amendments made by  
16 subsection (a) shall become effective on July 1, 1996.

17 **SEC. 407. CONFORMING REIMBURSEMENT FOR PAID**  
18 **BREAKFASTS AND LUNCHES.**

19 (a) IN GENERAL.—The last sentence of section  
20 4(b)(1)(B) of the Child Nutrition Act of 1966 (42 U.S.C.  
21 1773(b)(1)(B)) is amended by striking “8.25 cents” and  
22 all that follows through “Act)” and inserting “the same  
23 as the national average lunch payment for paid meals es-  
24 tablished under section 4(b) of the National School Lunch  
25 Act (42 U.S.C. 1753(b))”.

1 (b) EFFECTIVE DATE.—The amendment made by  
2 subsection (a) shall become effective on January 1, 1996.

### 3 **Subtitle B—Grant Programs**

#### 4 **SEC. 411. SCHOOL BREAKFAST STARTUP GRANTS.**

5 Section 4 of the Child Nutrition Act of 1966 (42  
6 U.S.C. 1773) is amended by striking subsection (g).

#### 7 **SEC. 412. NUTRITION EDUCATION AND TRAINING PRO-** 8 **GRAMS.**

9 Section 19(i)(2)(A) of the Child Nutrition Act of  
10 1966 (42 U.S.C. 1788(i)(2)(A)) is amended by striking  
11 “\$10,000,000” and inserting “\$7,000,000”.

#### 12 **SEC. 413. EFFECTIVE DATE.**

13 The amendments made by this subtitle shall become  
14 effective on October 1, 1996.

### 15 **Subtitle C—Other Amendments**

#### 16 **SEC. 421. FREE AND REDUCED PRICE POLICY STATEMENT.**

17 (a) SCHOOL LUNCH PROGRAM.—Section 9(b)(2) of  
18 the National School Lunch Act (42 U.S.C. 1758(b)(2))  
19 is amended by adding at the end the following:

20 “(D) FREE AND REDUCED PRICE POLICY  
21 STATEMENT.—After the initial submission, a  
22 school shall not be required to submit a free  
23 and reduced price policy statement to a State  
24 educational agency under this Act unless there  
25 is a substantive change in the free and reduced

1 price policy of the school. A routine change in  
2 the policy of a school, such as an annual adjust-  
3 ment of the income eligibility guidelines for free  
4 and reduced price meals, shall not be sufficient  
5 cause for requiring the school to submit a policy  
6 statement.”.

7 (b) SCHOOL BREAKFAST PROGRAM.—Section 4(b)(1)  
8 of the Child Nutrition Act of 1966 (42 U.S.C. 1773(b)(1))  
9 is amended by adding at the end the following:

10 “(E) FREE AND REDUCED PRICE POLICY  
11 STATEMENT.—After the initial submission, a  
12 school shall not be required to submit a free  
13 and reduced price policy statement to a State  
14 educational agency under this Act unless there  
15 is a substantive change in the free and reduced  
16 price policy of the school. A routine change in  
17 the policy of a school, such as an annual adjust-  
18 ment of the income eligibility guidelines for free  
19 and reduced price meals, shall not be sufficient  
20 cause for requiring the school to submit a policy  
21 statement.”.

1 **SEC. 422. SUMMER FOOD SERVICE PROGRAM FOR CHIL-**  
2 **DREN.**

3 (a) PERMITTING OFFER VERSUS SERVE.—Section  
4 13(f) of the National School Lunch Act (42 U.S.C.  
5 1761(f)) is amended—

6 (1) by striking “(f) Service” and inserting the  
7 following:

8 “(f) NUTRITIONAL STANDARDS.—

9 “(1) IN GENERAL.—Service”; and

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

11 “(2) OFFER VERSUS SERVE.—A school food au-  
12 thority participating as a service institution may  
13 permit a child attending a site on school premises  
14 operated directly by the authority to refuse not more  
15 than 1 item of a meal that the child does not intend  
16 to consume. A refusal of an offered food item shall  
17 not affect the amount of payments made under this  
18 section to a school for the meal.”.

19 (b) REMOVING MANDATORY NOTICE TO INSTITU-  
20 TIONS.—Section 13(n)(2) of the Act is amended by strik-  
21 ing “and its plans and schedule” and inserting “except  
22 that the Secretary may not require a State to submit a  
23 plan or schedule”.

24 **SEC. 423. CHILD AND ADULT CARE FOOD PROGRAM.**

25 (a) PAYMENTS TO SPONSOR EMPLOYEES.—Para-  
26 graph (2) of the last sentence of section 17(a) of the Na-

1 tional School Lunch Act (42 U.S.C. 1766(a)) is amend-  
2 ed—

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

5 (2) by striking the period at the end of sub-  
6 paragraph (C) and inserting “; and”; and

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

8 “(D) in the case of a family or group day  
9 care home sponsoring organization that employs  
10 more than 1 employee, the organization does  
11 not base payments to an employee of the orga-  
12 nization on the number of family or group day  
13 care homes recruited, managed, or monitored.”.

14 (b) IMPROVED TARGETING OF DAY CARE HOME RE-  
15 IMBURSEMENTS.—

16 (1) RESTRUCTURED DAY CARE HOME REIM-  
17 BURSEMENTS.—Section 17(f)(3) of the Act is  
18 amended by striking “(3)(A) Institutions” and all  
19 that follows through the end of subparagraph (A)  
20 and inserting the following:

21 “(3) REIMBURSEMENT OF FAMILY OR GROUP  
22 DAY CARE HOME SPONSORING ORGANIZATIONS.—

23 “(A) REIMBURSEMENT FACTOR.—

24 “(i) IN GENERAL.—An institution  
25 that participates in the program under this

1 section as a family or group day care home  
2 sponsoring organization shall be provided,  
3 for payment to a home sponsored by the  
4 organization, reimbursement factors in ac-  
5 cordance with this subparagraph for the  
6 cost of obtaining and preparing food and  
7 prescribed labor costs involved in providing  
8 meals under this section.

9 “(ii) TIER I FAMILY OR GROUP DAY  
10 CARE HOMES.—

11 “(I) DEFINITION.—In this para-  
12 graph, the term ‘tier I family or group  
13 day care home’ means—

14 “(aa) a family or group day  
15 care home that is located in a ge-  
16 ographic area, as defined by the  
17 Secretary based on census data,  
18 in which at least 50 percent of  
19 the children residing in the area  
20 are members of households whose  
21 incomes meet the income eligi-  
22 bility guidelines for free or re-  
23 duced price meals under section  
24 9;

1           “(bb) a family or group day  
2 care home that is located in an  
3 area served by a school enrolling  
4 elementary students in which at  
5 least 50 percent of the total num-  
6 ber of children enrolled are cer-  
7 tified eligible to receive free or  
8 reduced price school meals under  
9 this Act or the Child Nutrition  
10 Act of 1966 (42 U.S.C. 1771 et  
11 seq.); or

12           “(cc) a family or group day  
13 care home that is operated by a  
14 provider whose household meets  
15 the income eligibility guidelines  
16 for free or reduced price meals  
17 under section 9 and whose in-  
18 come is verified by the sponsor-  
19 ing organization of the home  
20 under regulations established by  
21 the Secretary.

22           “(II) REIMBURSEMENT.—Except  
23 as provided in subclause (III), a tier  
24 I family or group day care home shall  
25 be provided reimbursement factors

1 under this clause without a require-  
2 ment for documentation of the costs  
3 described in clause (i), except that re-  
4 imbursement shall not be provided  
5 under this subclause for meals or sup-  
6 plements served to the children of a  
7 person acting as a family or group  
8 day care home provider unless the  
9 children meet the income eligibility  
10 guidelines for free or reduced price  
11 meals under section 9.

12 “(III) FACTORS.—Except as pro-  
13 vided in subclause (IV), the reim-  
14 bursement factors applied to a home  
15 referred to in subclause (II) shall be  
16 the factors in effect on the date of en-  
17 actment of this subclause.

18 “(IV) ADJUSTMENTS.—The re-  
19 imbursement factors under this sub-  
20 paragraph shall be adjusted on Au-  
21 gust 1, 1996, July 1, 1997, and each  
22 July 1 thereafter, to reflect changes in  
23 the Consumer Price Index for food at  
24 home for the most recent 12-month  
25 period for which the data are avail-

1           able. The reimbursement factors  
2           under this subparagraph shall be  
3           rounded to the nearest lower cent in-  
4           crement and based on the unrounded  
5           adjustment in effect on June 30 of  
6           the preceding school year.

7           “(iii) TIER II FAMILY OR GROUP DAY  
8           CARE HOMES.—

9                   “(I) IN GENERAL.—

10                           “(aa) FACTORS.—Except as  
11                           provided in subclause (II), with  
12                           respect to meals or supplements  
13                           served under this clause by a  
14                           family or group day care home  
15                           that does not meet the criteria  
16                           set forth in clause (ii)(I), the re-  
17                           imbursement factors shall be \$1  
18                           for lunches and suppers, 30 cents  
19                           for breakfasts, and 15 cents for  
20                           supplements.

21                           “(bb) ADJUSTMENTS.—The  
22                           factors shall be adjusted on July  
23                           1, 1997, and each July 1 there-  
24                           after, to reflect changes in the  
25                           Consumer Price Index for food at

1 home for the most recent 12-  
2 month period for which the data  
3 are available. The reimbursement  
4 factors under this item shall be  
5 rounded down to the nearest  
6 lower cent increment and based  
7 on the unrounded adjustment for  
8 the preceding 12-month period.

9 “(cc) REIMBURSEMENT.—A  
10 family or group day care home  
11 shall be provided reimbursement  
12 factors under this subclause with-  
13 out a requirement for docu-  
14 mentation of the costs described  
15 in clause (i), except that reim-  
16 bursement shall not be provided  
17 under this subclause for meals or  
18 supplements served to the chil-  
19 dren of a person acting as a fam-  
20 ily or group day care home pro-  
21 vider unless the children meet the  
22 income eligibility guidelines for  
23 free or reduced price meals under  
24 section 9.

1           “(II) OTHER FACTORS.—A fam-  
2 ily or group day care home that does  
3 not meet the criteria set forth in  
4 clause (ii)(I) may elect to be provided  
5 reimbursement factors determined in  
6 accordance with the following require-  
7 ments:

8           “(aa) CHILDREN ELIGIBLE  
9 FOR FREE OR REDUCED PRICE  
10 MEALS.—In the case of meals or  
11 supplements served under this  
12 subsection to children who are  
13 members of households whose in-  
14 comes meet the income eligibility  
15 guidelines for free or reduced  
16 price meals under section 9, the  
17 family or group day care home  
18 shall be provided reimbursement  
19 factors set by the Secretary in  
20 accordance with clause (ii)(III).

21           “(bb) INELIGIBLE CHIL-  
22 DREN.—In the case of meals or  
23 supplements served under this  
24 subsection to children who are  
25 members of households whose in-

1 comes do not meet the income  
2 eligibility guidelines, the family  
3 or group day care home shall be  
4 provided reimbursement factors  
5 in accordance with subclause (I).

6 “(III) INFORMATION AND DE-  
7 TERMINATIONS.—

8 “(aa) IN GENERAL.—If a  
9 family or group day care home  
10 elects to claim the factors de-  
11 scribed in subclause (II), the  
12 family or group day care home  
13 sponsoring organization serving  
14 the home shall collect the nec-  
15 essary income information, as de-  
16 termined by the Secretary, from  
17 any parent or other caretaker to  
18 make the determinations speci-  
19 fied in subclause (II) and shall  
20 make the determinations in ac-  
21 cordance with rules prescribed by  
22 the Secretary.

23 “(bb) CATEGORICAL ELIGI-  
24 BILITY.—In making a determina-  
25 tion under item (aa), a family or

1 group day care home sponsoring  
2 organization may consider a child  
3 participating in or subsidized  
4 under, or a child with a parent  
5 participating in or subsidized  
6 under, a federally or State sup-  
7 ported child care or other benefit  
8 program with an income eligi-  
9 bility limit that does not exceed  
10 the eligibility standard for free or  
11 reduced price meals under section  
12 9 to be a child who is a member  
13 of a household whose income  
14 meets the income eligibility  
15 guidelines under section 9.

16 “(cc) FACTORS FOR CHIL-  
17 DREN ONLY.—A family or group  
18 day care home may elect to re-  
19 ceive the reimbursement factors  
20 prescribed under clause (ii)(III)  
21 solely for the children participat-  
22 ing in a program referred to in  
23 item (bb) if the home elects not  
24 to have income statements col-

1 lected from parents or other care-  
2 takers.

3 “(IV) SIMPLIFIED MEAL COUNT-  
4 ING AND REPORTING PROCEDURES.—

5 The Secretary shall prescribe sim-  
6 plified meal counting and reporting  
7 procedures for use by a family or  
8 group day care home that elects to  
9 claim the factors under subclause (II)  
10 and by a family or group day care  
11 home sponsoring organization that  
12 sponsors the home. The procedures  
13 the Secretary prescribes may include  
14 1 or more of the following:

15 “(aa) Setting an annual per-  
16 centage for each home of the  
17 number of meals served that are  
18 to be reimbursed in accordance  
19 with the reimbursement factors  
20 prescribed under clause (ii)(III)  
21 and an annual percentage of the  
22 number of meals served that are  
23 to be reimbursed in accordance  
24 with the reimbursement factors  
25 prescribed under subclause (I),

1 based on the family income of  
2 children enrolled in the home in a  
3 specified month or other period.

4 “(bb) Placing a home into 1  
5 of 2 or more reimbursement cat-  
6 egories annually based on the  
7 percentage of children in the  
8 home whose households have in-  
9 comes that meet the income eligi-  
10 bility guidelines under section 9,  
11 with each such reimbursement  
12 category carrying a set of reim-  
13 bursement factors such as the  
14 factors prescribed under clause  
15 (ii)(III) or subclause (I) or fac-  
16 tors established within the range  
17 of factors prescribed under clause  
18 (ii)(III) and subclause (I).

19 “(cc) Such other simplified  
20 procedures as the Secretary may  
21 prescribe.

22 “(V) MINIMUM VERIFICATION  
23 REQUIREMENTS.—The Secretary may  
24 establish any necessary minimum ver-  
25 ification requirements.”.

1           (2) GRANTS TO STATES TO PROVIDE ASSIST-  
2 ANCE TO FAMILY OR GROUP DAY CARE HOMES.—  
3 Section 17(f)(3) of the Act is amended by adding at  
4 the end the following:

5           “(D) GRANTS TO STATES TO PROVIDE AS-  
6 SISTANCE TO FAMILY OR GROUP DAY CARE  
7 HOMES.—

8           “(i) IN GENERAL.—

9           “(I) RESERVATION.—From  
10 amounts made available to carry out  
11 this section, the Secretary shall re-  
12 serve \$5,000,000 of the amount made  
13 available for fiscal year 1996.

14           “(II) PURPOSE.—The Secretary  
15 shall use the funds made available  
16 under subclause (I) to provide grants  
17 to States for the purpose of provid-  
18 ing—

19           “(aa) assistance, including  
20 grants, to family and day care  
21 home sponsoring organizations  
22 and other appropriate organiza-  
23 tions, in securing and providing  
24 training, materials, automated  
25 data processing assistance, and

1 other assistance for the staff of  
2 the sponsoring organizations; and

3 “(bb) training and other as-  
4 sistance to family and group day  
5 care homes in the implementation  
6 of the amendments to subpara-  
7 graph (A) made by section  
8 423(b)(1) of the Work Oppor-  
9 tunity Act of 1995.

10 “(ii) ALLOCATION.—The Secretary  
11 shall allocate from the funds reserved  
12 under clause (i)(I)—

13 “(I) \$30,000 in base funding to  
14 each State; and

15 “(II) any remaining amount  
16 among the States, based on the num-  
17 ber of family day care homes partici-  
18 pating in the program in a State dur-  
19 ing fiscal year 1994 as a percentage  
20 of the number of all family day care  
21 homes participating in the program  
22 during fiscal year 1994.

23 “(iii) RETENTION OF FUNDS.—Of the  
24 amount of funds made available to a State  
25 for fiscal year 1996 under clause (i), the

1 State may retain not to exceed 30 percent  
2 of the amount to carry out this subpara-  
3 graph.

4 “(iv) ADDITIONAL PAYMENTS.—Any  
5 payments received under this subpara-  
6 graph shall be in addition to payments  
7 that a State receives under subparagraph  
8 (A) (as amended by section 423(b)(1) of  
9 the Work Opportunity Act of 1995).”.

10 (3) PROVISION OF DATA.—Section 17(f)(3) of  
11 the Act (as amended by paragraph (2)) is further  
12 amended by adding at the end the following:

13 “(E) PROVISION OF DATA TO FAMILY OR  
14 GROUP DAY CARE HOME SPONSORING ORGANI-  
15 ZATIONS.—

16 “(i) CENSUS DATA.—The Secretary  
17 shall provide to each State agency admin-  
18 istering a child and adult care food pro-  
19 gram under this section data from the  
20 most recent decennial census survey or  
21 other appropriate census survey for which  
22 the data are available showing which areas  
23 in the State meet the requirements of sub-  
24 paragraph (A)(ii)(I)(aa). The State agency  
25 shall provide the data to family or group

1 day care home sponsoring organizations lo-  
2 cated in the State.

3 “(ii) SCHOOL DATA.—

4 “(I) IN GENERAL.—A State  
5 agency administering the school lunch  
6 program under this Act or the school  
7 breakfast program under the Child  
8 Nutrition Act of 1966 (42 U.S.C.  
9 1771 et seq.) shall provide data for  
10 each elementary school in the State,  
11 or shall direct each school within the  
12 State to provide data for the school,  
13 to approved family or group day care  
14 home sponsoring organizations that  
15 request the data, on the percentage of  
16 enrolled children who are eligible for  
17 free or reduced price meals.

18 “(II) USE OF DATA FROM PRE-  
19 CEDING SCHOOL YEAR.—In determin-  
20 ing for a fiscal year or other annual  
21 period whether a home qualifies as a  
22 tier I family or group day care home  
23 under subparagraph (A)(ii)(I), the  
24 State agency administering the pro-  
25 gram under this section, and a family

1 or group day care home sponsoring  
2 organization, shall use the most cur-  
3 rent available data at the time of the  
4 determination.

5 “(iii) DURATION OF DETERMINA-  
6 TION.—For purposes of this section, a de-  
7 termination that a family or group day  
8 care home is located in an area that quali-  
9 fies the home as a tier I family or group  
10 day care home (as the term is defined in  
11 subparagraph (A)(ii)(I)), shall be in effect  
12 for 3 years (unless the determination is  
13 made on the basis of census data, in which  
14 case the determination shall remain in ef-  
15 fect until more recent census data are  
16 available) unless the State agency deter-  
17 mines that the area in which the home is  
18 located no longer qualifies the home as a  
19 tier I family or group day care home.”.

20 (4) CONFORMING AMENDMENTS.—Section 17(c)  
21 of the Act is amended by inserting “except as pro-  
22 vided in subsection (f)(3),” after “For purposes of  
23 this section,” each place it appears in paragraphs  
24 (1), (2), and (3).

1 (c) DISALLOWING MEAL CLAIMS.—The fourth sen-  
2 tence of section 17(f)(4) of the Act is amended by insert-  
3 ing “(including institutions that are not family or group  
4 day care home sponsoring organizations)” after “institu-  
5 tions”.

6 (d) ELIMINATION OF STATE PAPERWORK AND OUT-  
7 REACH BURDEN.—Section 17 of the Act is amended by  
8 striking subsection (k) and inserting the following:

9 “(k) TRAINING AND TECHNICAL ASSISTANCE.—A  
10 State participating in the program established under this  
11 section shall provide sufficient training, technical assist-  
12 ance, and monitoring to facilitate effective operation of the  
13 program. The Secretary shall assist the State in develop-  
14 ing plans to fulfill the requirements of this subsection.”.

15 (e) EFFECTIVE DATE.—

16 (1) IN GENERAL.—Except as provided in para-  
17 graph (2), the amendments made by this section  
18 shall become effective on the date of enactment of  
19 this Act.

20 (2) IMPROVED TARGETING OF DAY CARE HOME  
21 REIMBURSEMENTS.—The amendments made by  
22 paragraphs (1), (3), and (4) of subsection (b) shall  
23 become effective on August 1, 1996.

1 **SEC. 424. REDUCING REQUIRED REPORTS TO STATE AGEN-**  
2 **CIES AND SCHOOLS.**

3 Section 19 of the National School Lunch Act (42  
4 U.S.C. 1769a) is amended by striking subsection (c) and  
5 inserting the following:

6 “(c) REPORT.—Not later than 1 year after the date  
7 of enactment of the Work Opportunity Act of 1995, the  
8 Secretary shall—

9 “(1) review all reporting requirements under  
10 this Act and the Child Nutrition Act of 1966 (42  
11 U.S.C. 1771 et seq.) that are in effect, as of the  
12 date of enactment of the Work Opportunity Act of  
13 1995, for agencies and schools referred to in sub-  
14 section (a); and

15 “(2) provide a report to the Committee on Eco-  
16 nomic and Educational Opportunities of the House  
17 of Representatives and the Committee on Agri-  
18 culture, Nutrition, and Forestry of the Senate  
19 that—

20 “(A) describes the reporting requirements  
21 described in paragraph (1) that are required by  
22 law;

23 “(B) makes recommendations concerning  
24 the elimination of any requirement described in  
25 subparagraph (A) because the contribution of  
26 the requirement to program effectiveness is not

1 sufficient to warrant the paperwork burden that  
2 is placed on agencies and schools referred to in  
3 subsection (a); and

4 “(C) provides a justification for reporting  
5 requirements described in paragraph (1) that  
6 are required solely by regulation.”.

## 7 **Subtitle D—Reauthorization**

### 8 **SEC. 431. COMMODITY DISTRIBUTION PROGRAM; COMMOD-** 9 **ITY SUPPLEMENTAL FOOD PROGRAM.**

10 (a) REAUTHORIZATION.—The first sentence of sec-  
11 tion 4(a) of the Agriculture and Consumer Protection Act  
12 of 1973 (Public Law 93–86; 7 U.S.C. 612c note) is  
13 amended by striking “1995” and inserting “2002”.

14 (b) ADMINISTRATIVE FUNDING.—Section 5(a)(2) of  
15 the Act (Public Law 93–86; 7 U.S.C. 612c note) is amend-  
16 ed by striking “1995” and inserting “2002”.

### 17 **SEC. 432. EMERGENCY FOOD ASSISTANCE PROGRAM.**

18 (a) REAUTHORIZATION.—The first sentence of sec-  
19 tion 204(a)(1) of the Emergency Food Assistance Act of  
20 1983 (Public Law 98–8; 7 U.S.C. 612c note) is amended  
21 by striking “1995” and inserting “2002”.

22 (b) PROGRAM TERMINATION.—Section 212 of the  
23 Act (Public Law 98–8; 7 U.S.C. 612c note) is amended  
24 by striking “1995” and inserting “2002”.

1 (c) REQUIRED PURCHASES OF COMMODITIES.—Sec-  
2 tion 214 of the Act (Public Law 98–8; 7 U.S.C. 612c note)  
3 is amended—

4 (1) in the first sentence of subsection (a), by  
5 striking “1995” and inserting “2002”; and

6 (2) in subsection (e), by striking “1995” each  
7 place it appears and inserting “2002”.

8 (d) EXTENSION.—Section 13962 of the Omnibus  
9 Budget Reconciliation Act of 1993 (Public Law 103–66;  
10 107 Stat. 680) is amended by striking “1994, 1995, and  
11 1996” each place it appears and inserting “1994 through  
12 2002”.

13 **SEC. 433. SOUP KITCHENS PROGRAM.**

14 Section 110 of the Hunger Prevention Act of 1988  
15 (Public Law 100–435; 7 U.S.C. 612c note) is amended—

16 (1) in the first sentence of subsection (a), by  
17 striking “1995” and inserting “2002”; and

18 (2) in subsection (c)(2)—

19 (A) in the paragraph heading, by striking  
20 “1995” and inserting “2002”; and

21 (B) by striking “1995” each place it ap-  
22 pears and inserting “2002”.

1 **SEC. 434. NATIONAL COMMODITY PROCESSING.**

2 The first sentence of section 1114(a)(2)(A) of the Ag-  
3 riculture and Food Act of 1981 (7 U.S.C. 1431e(2)(A))  
4 is amended by striking “1995” and inserting “2002”.

5 **SEC. 435. COMMODITY SUPPLEMENTAL FOOD PROGRAM.**

6 Section 5(d)(2) of the Agriculture and  
7 Consumer Protection Act of 1973 (Public Law 93-  
8 86; 7 U.S.C. 612c note) is amended by striking  
9 “1995” and inserting “2002”.

10 **TITLE V—NONCITIZENS**

11 **SEC. 501. STATE OPTION TO PROHIBIT ASSISTANCE FOR**  
12 **CERTAIN ALIENS.**

13 A State may, at its option, prohibit the use of any  
14 grant funds received under part A of title IV of the Social  
15 Security Act or section 25 of the Food Stamp Act of 1977  
16 for the provision of assistance under the State programs  
17 funded under such part or section for an individual who  
18 is not a citizen or national of the United States.

19 **SEC. 502. DEEMED INCOME REQUIREMENT FOR FEDERAL**  
20 **AND FEDERALLY FUNDED PROGRAMS.**

21 (a) DEEMING REQUIREMENT FOR FEDERAL AND  
22 FEDERALLY FUNDED PROGRAMS.—For purposes of de-  
23 termining the eligibility of an individual (whether a citizen  
24 or national of the United States or an alien) for assist-  
25 ance, and the amount of assistance, under any Federal  
26 program of assistance provided or funded, in whole or in

1 part, by the Federal Government for which eligibility for  
2 benefits is based on need, the income and resources de-  
3 scribed in subsection (b) shall, notwithstanding any other  
4 provision of law, be deemed to be the income and resources  
5 of such individual.

6 (b) DEEMED INCOME AND RESOURCES.—The income  
7 and resources described in this subsection include the fol-  
8 lowing:

9 (1) The income and resources of any person  
10 who, as a sponsor of such individual's entry into the  
11 United States (or in order to enable such individual  
12 lawfully to remain in the United States), executed  
13 an affidavit of support or similar agreement with re-  
14 spect to such individual.

15 (2) The income and resources of such sponsor's  
16 spouse.

17 (c) LENGTH OF DEEMED INCOME PERIOD.—The re-  
18 quirement of subsection (a) shall apply for the period for  
19 which the sponsor has agreed, in such affidavit or agree-  
20 ment, to provide support for such individual, or for a pe-  
21 riod of 5 years beginning on the date such individual was  
22 first lawfully in the United States after the execution of  
23 such affidavit or agreement, whichever period is longer.

24 (d) DEEMED INCOME AUTHORITY TO STATE AND  
25 LOCAL AGENCIES.—

1           (1) IN GENERAL.—For purposes of determining  
2           the eligibility of an individual (whether a citizen or  
3           national of the United States or an alien) for assist-  
4           ance, and the amount of assistance, under any State  
5           or local program of assistance authorized under Fed-  
6           eral law for which eligibility is based on need, or any  
7           need-based program of assistance authorized under  
8           Federal law and administered by a State or local  
9           government other than a program described in sub-  
10          section (a), the State or local government may, not-  
11          withstanding any other provision of law, require that  
12          the income and resources described in subsection (b)  
13          be deemed to be the income and resources of such  
14          individual.

15          (2) LENGTH OF DEEMING PERIOD.—A State or  
16          local government may impose a requirement de-  
17          scribed in paragraph (1) for the period described in  
18          subsection (c).

19          (e) APPLICABILITY OF SECTION.—

20          (1) INDIVIDUALS.—The provisions of this sec-  
21          tion shall not apply to the eligibility of any individ-  
22          ual who is described in subclause (II), (III), (IV), or  
23          (V) of section 1614(a)(1)(B)(i) of the Social Secu-  
24          rity Act (42 U.S.C. 1382c(a)(1)(B)(i)).

1           (2) PROGRAMS.—The provisions of this section  
2 shall not apply to eligibility for—

3           (A) emergency medical services under title  
4 XIX of the Social Security Act (42 U.S.C. 1396  
5 et seq.);

6           (B) short-term emergency disaster relief;

7           (C) assistance or benefits under the Na-  
8 tional School Lunch Act;

9           (D) assistance or benefits under the Child  
10 Nutrition Act of 1966; and

11           (E) public health assistance for immuniza-  
12 tions with respect to immunizable diseases and  
13 for testing and treatment for communicable dis-  
14 eases if the Secretary of Health and Human  
15 Services determines that such testing and treat-  
16 ment is necessary.

17 (f) CONFORMING AMENDMENTS.—

18           (1) Section 1621 of the Social Security Act (42  
19 U.S.C. 1382j) is repealed.

20           (2) Section 1614(f)(3) of such Act (42 U.S.C.  
21 1382c(f)(3)) is amended by striking “section 1621”  
22 and inserting “section 502 of the Work Opportunity  
23 Act of 1995”.

1 **SEC. 503. LIMITED ELIGIBILITY OF NONCITIZENS FOR SSI**  
2 **BENEFITS.**

3 (a) IN GENERAL.—Paragraph (1) of section 1614(a)  
4 of the Social Security Act (42 U.S.C. 1382c(a)) is amend-  
5 ed—

6 (1) in subparagraph (B)(i), by striking “either”  
7 and all that follows through “, or” and inserting  
8 “(I) a citizen; (II) a noncitizen who is granted asy-  
9 lum under section 208 of the Immigration and Na-  
10 tionality Act or whose deportation has been withheld  
11 under section 243(h) of such Act for a period of not  
12 more than 5 years after the date of arrival into the  
13 United States; (III) a noncitizen who is admitted to  
14 the United States as a refugee under section 207  
15 of such Act for not more than such 5-year period;  
16 (IV) a noncitizen, lawfully present in any State (or  
17 any territory or possession of the United States),  
18 who is a veteran (as defined in section 101 of title  
19 38, United States Code) with a discharge character-  
20 ized as an honorable discharge and not on account  
21 of alienage or who is the spouse or unmarried de-  
22 pendent child of such veteran; or (V) a noncitizen  
23 who has worked sufficient calendar quarters of cov-  
24 erage to be a fully insured individual for benefits  
25 under title II, or”; and

1           (2) by adding at the end the following new  
2 flush sentence:

3 “For purposes of subparagraph (B)(i)(IV), the determina-  
4 tion of whether a noncitizen is lawfully present in the  
5 United States shall be made in accordance with regula-  
6 tions of the Attorney General. A noncitizen shall not be  
7 considered to be lawfully present in the United States for  
8 purposes of this title merely because the noncitizen may  
9 be considered to be permanently residing in the United  
10 States under color of law for purposes of any particular  
11 program.”.

12           (b) EFFECTIVE DATE.—

13           (1) IN GENERAL.—Except as provided in para-  
14 graph (2), the amendments made by subsection (a)  
15 shall apply to applicants for benefits for months be-  
16 ginning on or after the date of the enactment of this  
17 Act, without regard to whether regulations have  
18 been issued to implement such amendments.

19           (2) APPLICATION TO CURRENT RECIPIENTS.—

20           (A) APPLICATION AND NOTICE.—Notwith-  
21 standing any other provision of law, in the case  
22 of an individual who is receiving supplemental  
23 security income benefits under title XVI of the  
24 Social Security Act as of the date of the enact-  
25 ment of this Act and whose eligibility for such

1 benefits would terminate by reason of the  
2 amendments made by subsection (a), such  
3 amendments shall apply with respect to the  
4 benefits of such individual for months beginning  
5 on or after January 1, 1997, and the Commis-  
6 sioner of Social Security shall so notify the indi-  
7 vidual not later than 90 days after the date of  
8 the enactment of this Act.

9 (B) REAPPLICATION.—

10 (i) IN GENERAL.—Not later than 120  
11 days after the date of the enactment of  
12 this Act, each individual notified pursuant  
13 to subparagraph (A) who desires to re-  
14 apply for benefits under title XVI of the  
15 Social Security Act shall reapply to the  
16 Commissioner of Social Security.

17 (ii) DETERMINATION OF ELIGI-  
18 BILITY.—Not later than 1 year after the  
19 date of the enactment of this Act, the  
20 Commissioner of Social Security shall de-  
21 termine the eligibility of each individual  
22 who reapplies for benefits under clause (i)  
23 pursuant to the procedures of such title  
24 XVI.

1           **TITLE VI—CHILD CARE**

2   **SEC. 601. SHORT TITLE.**

3           This title may be cited as the “Child Care and Devel-  
4   opment Block Grant Amendments Act of 1995”.

5   **SEC. 602. AMENDMENTS TO THE CHILD CARE AND DEVEL-**  
6                           **OPMENT BLOCK GRANT ACT OF 1990.**

7           (a) **AUTHORIZATION OF APPROPRIATIONS.**—Section  
8   658B of the Child Care and Development Block Grant Act  
9   of 1990 (42 U.S.C. 9858) is amended to read as follows:

10 **“SEC. 658B. AUTHORIZATION OF APPROPRIATIONS.**

11           “There are authorized to be appropriated to carry out  
12   this subchapter \$1,000,000,000 for fiscal year 1996, and  
13   such sums as may be necessary for each of the fiscal years  
14   1997 through 2000.”.

15           (b) **LEAD AGENCY.**—Section 658D(b) of the Child  
16   Care and Development Block Grant Act of 1990 (42  
17   U.S.C. 9858b(b)) is amended—

18                   (1) in paragraph (1)—

19                           (A) in subparagraph (A), by striking  
20                   “State” and inserting “governmental or non-  
21                   governmental”; and

22                           (B) in subparagraph (C), by inserting  
23                   “with sufficient time and Statewide distribution  
24                   of the notice of such hearing,” after “hearing in  
25                   the State”; and

1           (2) in paragraph (2), by striking the second  
2 sentence.

3           (c) APPLICATION AND PLAN.—Section 658E of the  
4 Child Care and Development Block Grant Act of 1990 (42  
5 U.S.C. 9858c) is amended—

6           (1) in subsection (b), by striking “imple-  
7 mented—” and all that follows through “plans.” and  
8 inserting “implemented during a 2-year period.”;

9           (2) in subsection (c)—

10           (A) in paragraph (2)—

11           (i) in subparagraph (A)—

12           (I) in clause (iii) by striking the  
13 semicolon and inserting a period; and

14           (II) by striking “except” and all  
15 that follows through “1992.”; and

16           (ii) in subparagraph (E)—

17           (I) by striking clause (ii) and in-  
18 serting the following new clause:

19           “(ii) the State will implement mecha-  
20 nisms to ensure that appropriate payment  
21 mechanisms exist so that proper payments  
22 under this subchapter will be made to pro-  
23 viders within the State and to permit the  
24 State to furnish information to such pro-  
25 viders.”; and

- 1 (II) by adding at the end thereof  
2 the following new sentence: “In lieu of  
3 any licensing and regulatory require-  
4 ments applicable under State and  
5 local law, the Secretary, in consulta-  
6 tion with Indian tribes and tribal or-  
7 ganizations, shall develop minimum  
8 child care standards (that appro-  
9 priately reflect tribal needs and avail-  
10 able resources) that shall be applica-  
11 ble to Indian tribes and tribal organi-  
12 zation receiving assistance under this  
13 subchapter.”; and
- 14 (iii) by striking subparagraphs (H)  
15 and (I); and
- 16 (B) in paragraph (3)—
- 17 (i) in subparagraph (C)—
- 18 (I) in the subparagraph heading,  
19 by striking “AND TO INCREASE” and  
20 all that follows through “CARE SERV-  
21 ICES”;
- 22 (II) by striking “25 percent” and  
23 inserting “15 percent”; and

1 (III) by striking “and to provide  
2 before-” and all that follows through  
3 “658H”); and

4 (ii) by adding at the end thereof the  
5 following new subparagraph:

6 “(D) LIMITATION ON ADMINISTRATIVE  
7 COSTS.—Not more than 5 percent of the aggre-  
8 gate amount of payments received under this  
9 subchapter by a State in each fiscal year may  
10 be expended for administrative costs incurred  
11 by such State to carry out all its functions and  
12 duties under this subchapter.”.

13 (d) SLIDING FEE SCALE.—

14 (1) IN GENERAL.—Section 658E(c)(5) of the  
15 Child Care and Development Block Grant Act of  
16 1990 (42 U.S.C. 9858c(c)(5)) is amended by insert-  
17 ing before the period the following: “and that en-  
18 sures a representative distribution of funding among  
19 the working poor and recipients of Federal welfare  
20 assistance”.

21 (2) ELIGIBILITY.—Section 658P(4)(B) of the  
22 Child Care and Development Block Grant Act of  
23 1990 (42 U.S.C. 9858n(4)(B)) is amended by strik-  
24 ing “75 percent” and inserting “100 percent”.

1 (e) QUALITY.—Section 658G of the Child Care and  
2 Development Block Grant Act of 1990 (42 U.S.C. 9858e)  
3 is amended—

4 (1) in the matter preceding paragraph (1)—

5 (A) by striking “A State” and inserting  
6 “(a) IN GENERAL.—A State”;

7 (B) by striking “not less than 20 percent  
8 of”; and

9 (C) by striking “one or more of the follow-  
10 ing” and inserting “carrying out the resource  
11 and referral activities described in subsection  
12 (b), and for one or more of the activities de-  
13 scribed in subsection (c).”;

14 (2) in paragraph (1), by inserting before the pe-  
15 riod the following: “, including providing comprehen-  
16 sive consumer education to parents and the public,  
17 referrals that honor parental choice, and activities  
18 designed to improve the quality and availability of  
19 child care”;

20 (3) by striking “(1) RESOURCE AND REFERRAL  
21 PROGRAMS.—Operating” and inserting the follow-  
22 ing:

23 “(b) RESOURCE AND REFERRAL PROGRAMS.—The  
24 activities described in this subsection are operating”;

1           (4) by redesignating paragraphs (2) through  
2           (5) as paragraphs (1) through (4), respectively;

3           (5) by inserting before paragraph (1) (as so re-  
4           designated) the following:

5           “(c) OTHER ACTIVITIES.—The activities described in  
6           this section are the following:”; and

7           (6) by adding at the end thereof the following:

8           “(5) BEFORE- AND AFTER-SCHOOL ACTIVI-  
9           TIES.—Increasing the availability of before- and  
10          after-school care.

11          “(6) INFANT CARE.—Increasing the availability  
12          of child care for infants under the age of 18 months.

13          “(7) NONTRADITIONAL WORK HOURS.—Increas-  
14          ing the availability of child care between the hours  
15          of 5:00 p.m. and 8:00 a.m.

16          “(d) NONDISCRIMINATION.—With respect to child  
17          care providers that comply with applicable State law but  
18          which are otherwise not required to be licensed by the  
19          State, the State, in carrying out this section, may not dis-  
20          criminate against such a provider if such provider desires  
21          to participate in resource and referral activities carried out  
22          under subsection (b).”.

23          (f) REPEAL.—Section 658H of the Child Care and  
24          Development Block Grant Act of 1990 (42 U.S.C. 9858f)  
25          is repealed.

1 (g) ENFORCEMENT.—Section 658I(b)(2) of the Child  
2 Care and Development Block Grant Act of 1990 (42  
3 U.S.C. 9858g(b)(2)) is amended—

4 (1) in the matter following clause (ii) of sub-  
5 paragraph (A), by striking “finding and that” and  
6 all that follows through the period and inserting  
7 “finding and may impose additional program re-  
8 quirements on the State, including a requirement  
9 that the State reimburse the Secretary for any funds  
10 that were improperly expended for purposes prohib-  
11 ited or not authorized by this subchapter, that the  
12 Secretary deduct from the administrative portion of  
13 the State allotment for the following fiscal year an  
14 amount that is less than or equal to any improperly  
15 expended funds, or a combination of such options.”;  
16 and

17 (2) by striking subparagraphs (B) and (C).

18 (h) REPORTS.—Section 658K of the Child Care and  
19 Development Block Grant Act of 1990 (42 U.S.C. 9858i)  
20 is amended—

21 (1) in the section heading, by striking “AN-  
22 NUAL REPORT” and inserting “REPORTS”; and

23 (2) in subsection (a)—

24 (A) in the subsection heading, by striking  
25 “ANNUAL REPORT” and inserting “REPORTS”;

1 (B) by striking “December 31, 1992, and  
2 annually thereafter” and inserting “December  
3 31, 1996, and every 2 years thereafter”;

4 (C) in paragraph (2)—

5 (i) in subparagraph (A), by inserting  
6 before the semicolon “and the types of  
7 child care programs under which such as-  
8 sistance is provided”;

9 (ii) by striking subparagraph (B); and

10 (iii) by redesignating subparagraphs  
11 (C) and (D) as subparagraphs (B) and  
12 (C), respectively;

13 (D) by striking paragraph (4);

14 (E) by redesignating paragraphs (5) and  
15 (6) as paragraphs (4) and (5), respectively;

16 (F) in paragraph (4), as so redesignated,  
17 by striking “and” at the end thereof;

18 (G) in paragraph (5), as so redesignated,  
19 by adding “and” at the end thereof; and

20 (H) by inserting after paragraph (5), as so  
21 redesignated, the following new paragraph:

22 “(6) describing the extent and manner to which  
23 the resource and referral activities are being carried  
24 out by the State;”.

1 (i) REPORT BY SECRETARY.—Section 658L of the  
2 Child Care and Development Block Grant Act of 1990 (42  
3 U.S.C. 9858j) is amended—

4 (1) by striking “1993” and inserting “1997”;

5 (2) by striking “annually” and inserting “bi-an-  
6 nually”; and

7 (3) by striking “Education and Labor” and in-  
8 serting “Economic and Educational Opportunities”.

9 (j) ALLOTMENTS.—Section 658O of the Child Care  
10 and Development Block Grant Act of 1990 (42 U.S.C.  
11 9858m) is amended—

12 (1) in subsection (c), by adding at the end  
13 thereof the following new paragraph:

14 “(6) CONSTRUCTION OR RENOVATION OF FA-  
15 CILITIES.—

16 “(A) REQUEST FOR USE OF FUNDS.—An  
17 Indian tribe or tribal organization may submit  
18 to the Secretary a request to use amounts pro-  
19 vided under this subsection for construction or  
20 renovation purposes.

21 “(B) DETERMINATION.—With respect to a  
22 request submitted under subparagraph (A), and  
23 except as provided in subparagraph (C), upon a  
24 determination by the Secretary that adequate  
25 facilities are not otherwise available to an In-

1           dian tribe or tribal organization to enable such  
2           tribe or organization to carry out child care  
3           programs in accordance with this subchapter,  
4           and that the lack of such facilities will inhibit  
5           the operation of such programs in the future,  
6           the Secretary may permit the tribe or organiza-  
7           tion to use assistance provided under this sub-  
8           section to make payments for the construction  
9           or renovation of facilities that will be used to  
10          carry out such programs.

11           “(C) LIMITATION.—The Secretary may not  
12          permit an Indian tribe or tribal organization to  
13          use amounts provided under this subsection for  
14          construction or renovation if such use will re-  
15          sult in a decrease in the level of child care serv-  
16          ices provided by the tribe or organization as  
17          compared to the level of such services provided  
18          by the tribe or organization in the fiscal year  
19          preceding the year for which the determination  
20          under subparagraph (A) is being made.

21           “(D) UNIFORM PROCEDURES.—The Sec-  
22          retary shall develop and implement uniform  
23          procedures for the solicitation and consideration  
24          of requests under this paragraph.”; and

25          (2) in subsection (e)—

1 (A) in paragraph (1), by striking “Any”  
2 and inserting “Except as provided in paragraph  
3 (4), any”; and

4 (B) by adding at the end thereof the fol-  
5 lowing new paragraph:

6 “(4) INDIAN TRIBES OR TRIBAL ORGANIZA-  
7 TIONS.—Any portion of a grant or contract made to  
8 an Indian tribe or tribal organization under sub-  
9 section (c) that the Secretary determines is not  
10 being used in a manner consistent with the provision  
11 of this subchapter in the period for with the grant  
12 or contract is made available, shall be reallocated by  
13 the Secretary to other tribes or organization that  
14 have submitted applications under subsection (c) in  
15 proportion to the original allocations to such tribes  
16 or organization.”.

17 (k) DEFINITIONS.—Section 658P of the Child Care  
18 and Development Block Grant Act of 1990 (42 U.S.C.  
19 9858n) is amended—

20 (1) in paragraph (2), in the first sentence by  
21 inserting “or as a deposit for child care services if  
22 such a deposit is required of other children being  
23 cared for by the provider” after “child care serv-  
24 ices”; and

25 (2) in paragraph (5)(B)—

1 (A) by inserting “great grandchild, sibling  
2 (if the provider lives in a separate residence),”  
3 after “grandchild,”;

4 (B) by striking “is registered and”; and

5 (C) by striking “State” and inserting “ap-  
6 plicable”.

7 (I) AUTHORITY TO TRANSFER FUNDS.—The Child  
8 Care and Development Block Grant Act of 1990 (42  
9 U.S.C. 9858 et seq.) is amended by inserting after section  
10 658S the following new section:

11 **“SEC. 658T. TRANSFER OF FUNDS.**

12 “(a) AUTHORITY.—Of the aggregate amount of pay-  
13 ments received under this subchapter by a State in each  
14 fiscal year, the State may transfer not more than 30 per-  
15 cent for use by the State to carry out the State program  
16 funded under part A of title IV of the Social Security Act  
17 (42 U.S.C. 601 et seq.).

18 “(b) REQUIREMENTS APPLICABLE TO FUNDS  
19 TRANSFERRED.—Funds transferred under subsection (a)  
20 to carry out the State program specified in such sub-  
21 section shall not be subject to the requirements of this  
22 subchapter, but shall be subject to the same requirements  
23 that apply to Federal funds provided directly under such  
24 program.”.

1 **SEC. 603. REPEALS AND TECHNICAL AND CONFORMING**  
2 **AMENDMENTS.**

3 (a) STATE DEPENDENT CARE DEVELOPMENT  
4 GRANTS ACT.—The State Dependent Care Development  
5 Grants Act (42 U.S.C. 9871 et seq.) is repealed.

6 (b) CHILD DEVELOPMENT ASSOCIATE SCHOLARSHIP  
7 ASSISTANCE ACT OF 1985.—The Child Development As-  
8 sociate Scholarship Assistance Act of 1985 (42 U.S.C.  
9 10901 et seq.) is repealed.

10 (c) ADDITIONAL CONFORMING AMENDMENTS.—

11 (1) RECOMMENDED LEGISLATION.—After con-  
12 sultation with the appropriate committees of the  
13 Congress and the Director of the Office of Manage-  
14 ment and Budget, the Secretary of Health and  
15 Human Services shall prepare and submit to the  
16 Congress a legislative proposal in the form of an im-  
17 plementing bill containing technical and conforming  
18 amendments to reflect the amendments and repeals  
19 made by this title.

20 (2) SUBMISSION TO CONGRESS.—Not later than  
21 6 months after the date of enactment of this title,  
22 the Secretary of Health and Human Services shall  
23 submit the implementing bill referred to under para-  
24 graph (1).

1 **TITLE VII—WORKFORCE DEVEL-**  
2 **OPMENT AND WORKFORCE**  
3 **PREPARATION ACTIVITIES**

4 **Subtitle A—General Provisions**

5 **SEC. 701. SHORT TITLE.**

6 This title may be cited as the “Workforce Develop-  
7 ment Act of 1995”.

8 **SEC. 702. FINDINGS AND PURPOSES.**

9 (a) FINDINGS.—Congress finds that—

10 (1) increasing international competition, techno-  
11 logical advances, and structural changes in the Unit-  
12 ed States economy present new challenges to private  
13 businesses and public policymakers in creating a  
14 skilled workforce with the ability to adapt to change  
15 and technological progress;

16 (2) despite more than 60 years of federally  
17 funded employment training programs, the Federal  
18 Government has no single, coherent policy guiding  
19 employment training efforts;

20 (3) according to the General Accounting Office,  
21 there are over 100 federally funded employment  
22 training programs, which are administered by 15  
23 different Federal agencies and cost more than  
24 \$20,000,000,000 annually;

1           (4) many of the programs fail to collect enough  
2 performance data to determine the relative effective-  
3 ness of each of the programs or the effectiveness of  
4 the programs as a whole;

5           (5) because of the fragmentation, duplication,  
6 and lack of accountability that currently exist within  
7 and among Federal employment training programs  
8 it is often difficult for workers, jobseekers, and busi-  
9 nesses to easily access the services they need;

10          (6) high quality, innovative vocational education  
11 programs provide youth with skills and knowledge on  
12 which to build successful careers and, in providing  
13 the skills and knowledge, vocational education serves  
14 as the foundation of a successful workforce develop-  
15 ment system;

16          (7) in recent years, several States and commu-  
17 nities have begun to develop promising new initia-  
18 tives such as—

19               (A) school-to-work programs to better inte-  
20 grate youth employment and education pro-  
21 grams; and

22               (B) one-stop systems to make workforce  
23 development activities more accessible to work-  
24 ers, jobseekers, and businesses; and

1           (8) Federal, State, and local governments have  
2 failed to adequately allow for private sector leader-  
3 ship in designing workforce development activities  
4 that are responsive to local labor market needs.

5           (b) PURPOSES.—The purposes of this title are—

6           (1) to make the United States more competitive  
7 in the world economy by eliminating the fragmenta-  
8 tion in Federal employment training efforts and cre-  
9 ating coherent, integrated statewide workforce devel-  
10 opment systems designed to develop more fully the  
11 academic, occupational, and literacy skills of all seg-  
12 ments of the workforce;

13           (2) to ensure that all segments of the workforce  
14 will obtain the skills necessary to earn wages suffi-  
15 cient to maintain the highest quality of living in the  
16 world; and

17           (3) to promote the economic development of  
18 each State by developing a skilled workforce that is  
19 responsive to the labor market needs of the busi-  
20 nesses of each State.

21 **SEC. 703. DEFINITIONS.**

22 As used in this title and title VIII:

23           (1) ADULT EDUCATION.—

1 (A) IN GENERAL.—The term “adult edu-  
2 cation” means services or instruction below the  
3 college level for adults who—

4 (i) lack sufficient education or literacy  
5 skills to enable the adults to function effec-  
6 tively in society; or

7 (ii) do not have a certificate of grad-  
8 uation from a school providing secondary  
9 education (as determined under State law)  
10 and who have not achieved an equivalent  
11 level of education.

12 (B) ADULT.—As used in subparagraph  
13 (A), the term “adult” means an individual who  
14 is age 16 or older, or beyond the age of compul-  
15 sory school attendance under State law, and  
16 who is not enrolled in secondary school.

17 (2) AREA VOCATIONAL EDUCATION SCHOOL.—  
18 The term “area vocational education school”  
19 means—

20 (A) a specialized secondary school used ex-  
21 clusively or principally for the provision of voca-  
22 tional education to individuals who are available  
23 for study in preparation for entering the labor  
24 market;

1           (B) the department of a secondary school  
2 exclusively or principally used for providing vo-  
3 cational education in not fewer than 5 different  
4 occupational fields to individuals who are avail-  
5 able for study in preparation for entering the  
6 labor market;

7           (C) a technical institute or vocational  
8 school used exclusively or principally for the  
9 provision of vocational education to individuals  
10 who have completed or left secondary school  
11 and who are available for study in preparation  
12 for entering the labor market, if the institute or  
13 school admits as regular students both individ-  
14 uals who have completed secondary school and  
15 individuals who have left secondary school; or

16           (D) the department or division of a junior  
17 college, community college, or university that  
18 provides vocational education in not fewer than  
19 5 different occupational fields leading to imme-  
20 diate employment but not necessarily leading to  
21 a baccalaureate degree, if the department or di-  
22 vision admits as regular students both individ-  
23 uals who have completed secondary school and  
24 individuals who have left secondary school.

1           (3) AT-RISK YOUTH.—The term “at-risk youth”  
2 means an individual who—

3           (A) is not less than age 15 and not more  
4 than age 24; and

5           (B)(i) is determined under guidelines de-  
6 veloped by the Governing Board to be low-in-  
7 come, using the most recent available data pro-  
8 vided by the Bureau of the Census, prior to the  
9 determination; or

10           (ii) is a dependent of a family that is de-  
11 termined under guidelines developed by the  
12 Governing Board to be low-income, using such  
13 data.

14           (4) CHIEF ELECTED OFFICIAL.—The term  
15 “chief elected official” means the chief elected officer  
16 of a unit of general local government in a substate  
17 area.

18           (5) COMMUNITY-BASED ORGANIZATION.—The  
19 term “community-based organization” means a pri-  
20 vate nonprofit organization of demonstrated effec-  
21 tiveness that is representative of a community or a  
22 significant segment of a community and that pro-  
23 vides workforce development activities.

24           (6) COVERED ACTIVITY.—The term “covered  
25 activity” means an activity authorized to be carried

1 out under a provision described in section 781(b) (as  
2 such provision was in effect on the day before the  
3 date of enactment of this Act).

4 (7) DISLOCATED WORKER.—The term “dis-  
5 located worker” means an individual who—

6 (A) has been terminated from employment  
7 and is eligible for unemployment compensation;

8 (B) has received a notice of termination of  
9 employment as a result of any permanent clo-  
10 sure, or any layoff of 50 or more people, at a  
11 plant, facility, or enterprise;

12 (C) is long-term unemployed;

13 (D) was self-employed (including a farmer  
14 and a rancher) but is unemployed due to local  
15 economic conditions;

16 (E) is a displaced homemaker; or

17 (F) has become unemployed as a result of  
18 a Federal action that limits the use of, or re-  
19 stricts access to, a marine natural resource.

20 (8) DISPLACED HOMEMAKER.—The term “dis-  
21 placed homemaker” means an individual who was a  
22 full-time homemaker for a substantial number of  
23 years, as determined under guidelines developed by  
24 the Governing Board, and who no longer receives fi-

1 nancial support previously provided by a spouse or  
2 by public assistance.

3 (9) ECONOMIC DEVELOPMENT ACTIVITIES.—  
4 The term “economic development activities” means  
5 the activities described in section 716(e).

6 (10) EDUCATIONAL SERVICE AGENCY.—The  
7 term “educational service agency” means a regional  
8 public multiservice agency authorized by State stat-  
9 ute to develop and manage a service or program,  
10 and provide the service or program to a local edu-  
11 cational agency.

12 (11) ELEMENTARY SCHOOL; LOCAL EDU-  
13 CATIONAL AGENCY; SECONDARY SCHOOL.—The  
14 terms “elementary school”, “local educational agen-  
15 cy” and “secondary school” have the meanings given  
16 the terms in section 14101 of the Elementary and  
17 Secondary Education Act of 1965 (20 U.S.C. 8801).

18 (12) FEDERAL PARTNERSHIP.—The term  
19 “Federal Partnership” means the Workforce Devel-  
20 opment Partnership established in section 771.

21 (13) FLEXIBLE WORKFORCE ACTIVITIES.—The  
22 term “flexible workforce activities” means the activi-  
23 ties described in section 716(d).

1           (14) GOVERNING BOARD.—The term “Govern-  
2           ing Board” means the Governing Board of the Fed-  
3           eral Partnership.

4           (15) INDIVIDUAL WITH A DISABILITY.—

5           (A) IN GENERAL.—The term “individual  
6           with a disability” means an individual with any  
7           disability (as defined in section 3 of the Ameri-  
8           cans with Disabilities Act of 1990 (42 U.S.C.  
9           12102)).

10          (B) INDIVIDUALS WITH DISABILITIES.—

11          The term “individuals with disabilities” means  
12          more than 1 individual with a disability.

13          (16) LOCAL ENTITY.—The term “local entity”  
14          means a public or private entity responsible for local  
15          workforce development activities or workforce prepa-  
16          ration activities for at-risk youth.

17          (17) LOCAL PARTNERSHIP.—The term “local  
18          partnership” means a partnership referred to in sec-  
19          tion 728(a).

20          (18) OLDER WORKER.—The term “older work-  
21          er” means an individual who is age 55 or older and  
22          who is determined under guidelines developed by the  
23          Governing Board to be low-income, using the most  
24          recent available data provided by the Bureau of the  
25          Census, prior to the determination.

1           (19) OUTLYING AREA.—The term “outlying  
2 area” means the United States Virgin Islands,  
3 Guam, American Samoa, the Commonwealth of the  
4 Northern Mariana Islands, the Republic of the Mar-  
5 shall Islands, the Federated States of Micronesia,  
6 and the Republic of Palau.

7           (20) PARTICIPANT.—The term “participant”  
8 means an individual participating in workforce devel-  
9 opment activities or workforce preparation activities  
10 for at-risk youth, provided through a statewide sys-  
11 tem.

12           (21) POSTSECONDARY EDUCATIONAL INSTITU-  
13 TION.—The term “postsecondary educational institu-  
14 tion” means an institution of higher education, as  
15 defined in section 481(a) of the Higher Education  
16 Act of 1965 (20 U.S.C. 1088(a)), that offers—

17                   (A) a 2-year program of instruction lead-  
18                   ing to an associate’s degree or a certificate of  
19                   mastery; or

20                   (B) a 4-year program of instruction lead-  
21                   ing to a bachelor’s degree.

22           (22) RAPID RESPONSE ASSISTANCE.—The term  
23 “rapid response assistance” means workforce em-  
24 ployment assistance provided in the case of a perma-  
25 nent closure, or layoff of 50 or more people, at a

1 plant, facility, or enterprise, including the establish-  
2 ment of on-site contact with employers and employee  
3 representatives immediately after the State is noti-  
4 fied of a current or projected permanent closure, or  
5 layoff of 50 or more people.

6 (23) SCHOOL-TO-WORK ACTIVITIES.—The term  
7 “school-to-work activities” means activities for youth  
8 that—

9 (A) integrate school-based learning and  
10 work-based learning;

11 (B) integrate academic and occupational  
12 learning;

13 (C) establish effective linkages between  
14 secondary education and postsecondary edu-  
15 cation;

16 (D) provide each youth participant with  
17 the opportunity to complete a career major; and

18 (E) provide assistance in the form of con-  
19 necting activities that link each youth partici-  
20 pant with an employer in an industry or occu-  
21 pation relating to the career major of the youth  
22 participant.

23 (24) STATE.—The term “State” means each of  
24 the several States of the United States, the District  
25 of Columbia, and the Commonwealth of Puerto Rico.

1           (25) STATE BENCHMARKS.—The term “State  
2 benchmarks”, used with respect to a State, means—

3           (A) the quantifiable indicators established  
4 under section 731(c) and identified in the re-  
5 port submitted under section 731(a); and

6           (B) such other quantifiable indicators of  
7 the statewide progress of the State toward  
8 meeting the State goals as the State may iden-  
9 tify in the report submitted under section  
10 731(a).

11           (26) STATE EDUCATIONAL AGENCY.—The term  
12 “State educational agency” means the State board  
13 of education or other agency or officer primarily re-  
14 sponsible for the State supervision of public elemen-  
15 tary or secondary schools, or, if there is no such offi-  
16 cer or agency, an officer or agency designated by the  
17 chief Governor or by State law.

18           (27) STATE GOALS.—The term “State goals”,  
19 used with respect to a State, means—

20           (A) the goals specified in section 731(b);

21           and

22           (B) such other major goals of the state-  
23 wide system of the State as the State may iden-  
24 tify in the report submitted under section  
25 731(a).

1           (28) STATEWIDE SYSTEM.—The term “state-  
2           wide system” means a statewide workforce develop-  
3           ment system, referred to in section 711, that is de-  
4           signed to integrate workforce employment activities,  
5           workforce education activities, flexible workforce ac-  
6           tivities, economic development activities (in a State  
7           that is eligible to carry out such activities), voca-  
8           tional rehabilitation program activities, and  
9           workforce preparation activities for at-risk youth in  
10          the State in order to enhance and develop more fully  
11          the academic, occupational, and literacy skills of all  
12          segments of the population of the State and assist  
13          participants in obtaining meaningful unsubsidized  
14          employment.

15          (29) SUBSTATE AREA.—The term “substate  
16          area” means a geographic area designated by a Gov-  
17          ernor that reflects, to the extent feasible, a local  
18          labor market in a State.

19          (30) TECH-PREP PROGRAM.—The term “tech-  
20          prep program” means a program of study that—

21                  (A) combines at least 2 years of secondary  
22                  education (as determined under State law) and  
23                  2 years of postsecondary education in a  
24                  nonduplicative sequence;

1 (B) integrates academic and vocational in-  
2 struction and utilizes worksite learning where  
3 appropriate;

4 (C) provides technical preparation in an  
5 area such as engineering technology, applied  
6 science, a mechanical, industrial, or practical  
7 art or trade, agriculture, a health occupation,  
8 or business;

9 (D) builds student competence in mathe-  
10 matics, science, communications, and workplace  
11 skills, through applied academics and integrated  
12 instruction in a coherent sequence of courses;

13 (E) leads to an associate degree or a cer-  
14 tificate in a specific career field; and

15 (F) leads to placement in appropriate em-  
16 ployment or further education.

17 (31) VOCATIONAL EDUCATION.—The term “vo-  
18 cational education” means organized educational  
19 programs that—

20 (A) offer a sequence of courses that pro-  
21 vide individuals with the academic knowledge  
22 and skills the individuals need to prepare for  
23 further education and careers in current or  
24 emerging employment sectors; and

1           (B) include competency-based applied  
2           learning that contributes to the academic  
3           knowledge, higher-order reasoning and problem-  
4           solving skills, work attitudes, general employ-  
5           ability skills, and occupational-specific skills, of  
6           an individual.

7           (32) VOCATIONAL REHABILITATION PRO-  
8           GRAM.—The term “vocational rehabilitation pro-  
9           gram” means a program assisted under title I of the  
10          Rehabilitation Act of 1973 (29 U.S.C. 720 et seq.).

11          (33) WELFARE ASSISTANCE.—The term “wel-  
12          fare assistance” means—

13                (A) assistance provided under part A of  
14                title IV of the Social Security Act; and

15                (B) assistance provided under the Food  
16                Stamp Act of 1977 (7 U.S.C. 2011 et seq.).

17          (34) WELFARE RECIPIENT.—The term “welfare  
18          recipient” means—

19                (A) an individual who receives assistance  
20                under part A of title IV of the Social Security  
21                Act; and

22                (B) an individual who—

23                       (i) is not an individual described in  
24                       subparagraph (A); and

1 (ii) receives assistance under the Food  
2 Stamp Act of 1977.

3 (35) WORKFORCE DEVELOPMENT ACTIVI-  
4 TIES.—The term “workforce development activities”  
5 means workforce education activities, workforce em-  
6 ployment activities, flexible workforce activities, and  
7 economic development activities (within a State that  
8 is eligible to carry out such activities).

9 (36) WORKFORCE EDUCATION ACTIVITIES.—  
10 The term “workforce education activities” means the  
11 activities described in section 716(b).

12 (37) WORKFORCE EMPLOYMENT ACTIVITIES.—  
13 The term “workforce employment activities” means  
14 the activities described in paragraphs (2) through  
15 (8) of section 716(a), including activities described  
16 in section 716(a)(6) provided through a voucher de-  
17 scribed in section 716(a)(9).

18 (38) WORKFORCE PREPARATION ACTIVITIES  
19 FOR AT-RISK YOUTH.—The term “workforce prepa-  
20 ration activities for at-risk youth” means the activi-  
21 ties described in section 759(b), carried out for at-  
22 risk youth.

1    **Subtitle B—Statewide Workforce**  
2            **Development Systems**

3            **CHAPTER 1—PROVISIONS FOR STATES**  
4                    **AND OTHER ENTITIES**

5    **SEC. 711. STATEWIDE WORKFORCE DEVELOPMENT SYS-**  
6                    **TEMS ESTABLISHED.**

7            For program year 1998 and each subsequent pro-  
8 gram year, the Governing Board shall make allotments  
9 under section 712 to States to assist the States in paying  
10 for the cost of establishing and carrying out activities  
11 through statewide workforce development systems, in ac-  
12 cordance with this subtitle.

13    **SEC. 712. STATE ALLOTMENTS.**

14            (a) IN GENERAL.—The Governing Board shall allot  
15 to each State with a State plan approved under section  
16 714 an amount equal to the total of the amounts made  
17 available under subparagraphs (A), (B), (C), and (D) of  
18 subsection (b)(2), adjusted in accordance with subsection  
19 (c).

20            (b) ALLOTMENTS BASED ON POPULATIONS.—

21                    (1) DEFINITIONS.—As used in this subsection:

22                            (A) ADULT RECIPIENT OF ASSISTANCE.—

23                                    The term “adult recipient of assistance” means  
24                                    a recipient of assistance under a State program  
25                                    funded under part A of title IV of the Social

1 Security Act (42 U.S.C. 601 et seq.) who is not  
2 a minor child (as defined in section 402(c)(1)  
3 of such Act).

4 (B) INDIVIDUAL IN POVERTY.—The term  
5 “individual in poverty” means an individual  
6 who—

7 (i) is not less than age 18;

8 (ii) is not more than age 64; and

9 (iii) is a member of a family (of 1 or  
10 more members) with an income at or below  
11 the poverty line.

12 (C) POVERTY LINE.—The term “poverty  
13 line” means the poverty line (as defined by the  
14 Office of Management and Budget, and revised  
15 annually in accordance with section 673(2) of  
16 the Community Services Block Grant Act (42  
17 U.S.C. 9902(2)) applicable to a family of the  
18 size involved, using the most recent available  
19 data provided by the Bureau of the Census,  
20 prior to the program year for which the allot-  
21 ment is made, and applying the definition of  
22 poverty used by the Bureau of the Census in  
23 compiling the 1990 decennial census.

1           (2) CALCULATION.—Except as provided in sub-  
2 section (c), from the amount reserved under section  
3 734(b)(1), the Governing Board—

4           (A) using funds equal to 60 percent of  
5 such reserved amount, shall make available to  
6 each State an amount that bears the same rela-  
7 tionship to such funds as the total number of  
8 individuals who are not less than 15 and not  
9 more than 65 (as determined by the Governing  
10 Board using the most recent available data pro-  
11 vided by the Bureau of the Census, prior to the  
12 program year for which the allotment is made)  
13 in the State bears to the total number of such  
14 individuals in all States;

15           (B) using funds equal to 10 percent of  
16 such reserved amount, shall make available to  
17 each State an amount that bears the same rela-  
18 tionship to such funds as the total number of  
19 individuals in poverty in the State bears to the  
20 total number of individuals in poverty in all  
21 States;

22           (C) using funds equal to 10 percent of  
23 such reserved amount, shall make available to  
24 each State an amount that bears the same rela-  
25 tionship to such funds as the average number

1 of unemployed individuals (as determined by  
2 the Secretary of Labor for the most recent 24-  
3 month period for which data are available, prior  
4 to the program year for which the allotment is  
5 made) in the State bears to the average number  
6 of unemployed individuals (as so determined) in  
7 all States; and

8 (D) using funds equal to 20 percent of  
9 such reserved amount, shall make available to  
10 each State an amount that bears the same rela-  
11 tionship to such funds as the average monthly  
12 number of adult recipients of assistance (as de-  
13 termined by the Secretary of Health and  
14 Human Services for the most recent 12-month  
15 period for which data are available, prior to the  
16 program year for which the allotment is made)  
17 in the State bears to the average monthly num-  
18 ber of adult recipients of assistance (as so de-  
19 termined) in all States.

20 (c) ADJUSTMENTS.—

21 (1) DEFINITION.—As used in this subsection,  
22 the term “national average per capita payment”,  
23 used with respect to a program year, means the  
24 amount obtained by dividing—

1 (A) the total amount allotted to all States  
2 under this section for the program year; by

3 (B) the total number of individuals who  
4 are not less than 15 and not more than 65 (as  
5 determined by the Governing Board using the  
6 most recent available data provided by the Bu-  
7 reau of the Census, prior to the program year  
8 for which the allotment is made) in all States.

9 (2) MINIMUM ALLOTMENT.—Except as provided  
10 in paragraph (3), no State with a State plan ap-  
11 proved under section 714 for a program year shall  
12 receive an allotment under this section for the pro-  
13 gram year in an amount that is less than 0.5 per-  
14 cent of the amount reserved under section 734(b)(1)  
15 for the program year.

16 (3) LIMITATION.—No State that receives an in-  
17 crease in an allotment under this section for a pro-  
18 gram year as a result of the application of para-  
19 graph (2) shall receive an allotment under this sec-  
20 tion for the program year in an amount that is more  
21 than the product obtained by multiplying—

22 (A) the total number of individuals who  
23 are not less than 15 and not more than 65 (as  
24 determined by the Governing Board using the  
25 most recent available data provided by the Bu-

1           reau of the Census, prior to the program year  
2           for which the allotment is made) in the State;  
3           and

4                   (B) the product obtained by multiplying—  
5                           (i) 1.3; and  
6                           (ii) the national average per capita  
7                   payment for the program year.

8   **SEC. 713. STATE APPORTIONMENT BY ACTIVITY.**

9           (a) ACTIVITIES.—From the sum of the funds made  
10          available to a State through an allotment received under  
11          section 712 and the funds made available under section  
12          901(c)(1)(A) of the Social Security Act (42 U.S.C.  
13          1101(c)(1)(A)) to carry out this title for a program year—

14                   (1) a portion equal to 25 percent of such sum  
15                   (which portion shall include the amount allotted to  
16                   the State from funds made available under section  
17                   901(c)(1)(A) of the Social Security Act) shall be  
18                   made available for workforce employment activities;

19                   (2) a portion equal to 25 percent of such sum  
20                   shall be made available for workforce education ac-  
21                   tivities; and

22                   (3) a portion (referred to in this title as the  
23                   “flex account”) equal to 50 percent of such sum  
24                   shall be made available for flexible workforce activi-  
25                   ties.

1 (b) RECIPIENTS.—In making an allotment under sec-  
2 tion 712 to a State, the Governing Board shall make a  
3 payment—

4 (1) to the Governor of the State for the portion  
5 described in subsection (a)(1), and such part of the  
6 flex account as the Governor may be eligible to re-  
7 ceive, as determined under the State plan of the  
8 State submitted under section 714; and

9 (2) to the State educational agency of the State  
10 for the portion described in subsection (a)(2), and  
11 such part of the flex account as the State edu-  
12 cational agency may be eligible to receive, as deter-  
13 mined under the State plan of the State submitted  
14 under section 714.

15 **SEC. 714. STATE PLANS.**

16 (a) IN GENERAL.—For a State to be eligible to re-  
17 ceive an allotment under section 712, the Governor of the  
18 State shall submit to the Governing Board, and obtain ap-  
19 proval of, a single comprehensive State workforce develop-  
20 ment plan (referred to in this section as a “State plan”),  
21 outlining a 3-year strategy for the statewide system of the  
22 State.

23 (b) PARTS.—

24 (1) IN GENERAL.—The State plan shall contain  
25 3 parts.

1           (2) STRATEGIC PLAN AND FLEXIBLE  
2           WORKFORCE ACTIVITIES.—The first part of the  
3           State plan shall describe a strategic plan for the  
4           statewide system, including the flexible workforce ac-  
5           tivities, and, if appropriate, economic development  
6           activities, that are designed to meet the State goals  
7           and reach the State benchmarks and are to be car-  
8           ried out with the allotment. The Governor shall de-  
9           velop the first part of the State plan, using proce-  
10          dures that are consistent with the procedures de-  
11          scribed in subsection (d).

12          (3) WORKFORCE EMPLOYMENT ACTIVITIES.—  
13          The second part of the State plan shall describe the  
14          workforce employment activities that are designed to  
15          meet the State goals and reach the State bench-  
16          marks and are to be carried out with the allotment.  
17          The Governor shall develop the second part of the  
18          State plan.

19          (4) WORKFORCE EDUCATION ACTIVITIES.—The  
20          third part of the State plan shall describe the  
21          workforce education activities that are designed to  
22          meet the State goals and reach the State bench-  
23          marks and are to be carried out with the allotment.  
24          The State educational agency of the State shall de-  
25          velop the third part of the State plan.

1 (c) CONTENTS OF THE PLAN.—The State plan shall  
2 include—

3 (1) with respect to the strategic plan for the  
4 statewide system—

5 (A) information describing how the State  
6 will identify the current and future workforce  
7 development needs of the industry sectors most  
8 important to the economic competitiveness of  
9 the State;

10 (B) information describing how the State  
11 will identify the current and future workforce  
12 development needs of all segments of the popu-  
13 lation of the State;

14 (C) information identifying the State goals  
15 and State benchmarks and how the goals and  
16 benchmarks will make the statewide system rel-  
17 evant and responsive to labor market and edu-  
18 cation needs at the local level;

19 (D) information describing how the State  
20 will coordinate workforce development activities  
21 to meet the State goals and reach the State  
22 benchmarks;

23 (E) information describing the allocation  
24 within the State of the funds made available  
25 through the flex account for the State, and how

1 the flexible workforce activities, including  
2 school-to-work activities, to be carried out with  
3 such funds will be carried out to meet the State  
4 goals and reach the State benchmarks;

5 (F) information identifying how the State  
6 will obtain the active and continuous participa-  
7 tion of business, industry, and labor in the de-  
8 velopment and continuous improvement of the  
9 statewide system;

10 (G) information identifying how any funds  
11 that a State receives under this subtitle will be  
12 leveraged with other public and private re-  
13 sources to maximize the effectiveness of such  
14 resources for all workforce development activi-  
15 ties, and expand the participation of business,  
16 industry, labor, and individuals in the statewide  
17 system;

18 (H) information describing how the State  
19 will eliminate duplication in the administration  
20 and delivery of services under this title;

21 (I) information describing the process the  
22 State will use to independently evaluate and  
23 continuously improve the performance of the  
24 statewide system, on a yearly basis, including  
25 the development of specific performance indica-

1           tors to measure progress toward meeting the  
2           State goals;

3           (J) an assurance that the funds made  
4           available under this subtitle will supplement  
5           and not supplant other public funds expended  
6           to provide workforce development activities;

7           (K) information identifying the steps that  
8           the State will take over the 3 years covered by  
9           the plan to establish common data collection  
10          and reporting requirements for workforce devel-  
11          opment activities and vocational rehabilitation  
12          program activities;

13          (L) with respect to economic development  
14          activities, information—

15               (i) describing the activities to be car-  
16               ried out with the funds made available  
17               under this subtitle;

18               (ii) describing how the activities will  
19               lead directly to increased earnings of  
20               nonmanagerial employees in the State; and

21               (iii) describing whether the labor or-  
22               ganization, if any, representing the  
23               nonmanagerial employees supports the ac-  
24               tivities;

1 (M) the description referred to in sub-  
2 section (d)(1); and

3 (N)(i) information demonstrating the sup-  
4 port of individuals and entities described in  
5 subsection (d)(1) for the plan; or

6 (ii) in a case in which the Governor is un-  
7 able to obtain the support of such individuals  
8 and entities as provided in subsection (d)(2),  
9 the comments referred to in subsection  
10 (d)(2)(B),

11 (2) with respect to workforce employment ac-  
12 tivities, information—

13 (A)(i) identifying and designating substate  
14 areas, including urban and rural areas, to  
15 which funds received through the allotment will  
16 be distributed, which areas shall, to the extent  
17 feasible, reflect local labor market areas; or

18 (ii) stating that the State will be treated as  
19 a substate area for purposes of the application  
20 of this subtitle, if the State receives an increase  
21 in an allotment under section 712 for a pro-  
22 gram year as a result of the application of sec-  
23 tion 712(c)(2); and

24 (B) describing the basic features of one-  
25 stop delivery of core services described in sec-

1           tion 716(a)(2) in the State, including informa-  
2           tion regarding—

3                   (i) the strategy of the State for devel-  
4                   oping fully operational one-stop delivery of  
5                   core services described in section  
6                   716(a)(2);

7                   (ii) the time frame for achieving the  
8                   strategy;

9                   (iii) the estimated cost for achieving  
10                  the strategy;

11                  (iv) the steps that the State will take  
12                  over the 3 years covered by the plan to  
13                  provide individuals with access to one-stop  
14                  delivery of core services described in sec-  
15                  tion 716(a)(2);

16                  (v) the steps that the State will take  
17                  over the 3 years covered by the plan to  
18                  provide information through the one-stop  
19                  delivery to individuals on the quality of  
20                  workforce employment activities, workforce  
21                  education activities, and vocational reha-  
22                  bilitation program activities, provided  
23                  through the statewide system;

24                  (vi) the steps that the State will take  
25                  over the 3 years covered by the plan to link

1 services provided through the one-stop de-  
2 livery with services provided through State  
3 welfare agencies; and

4 (vii) in a case in which the State  
5 chooses to use vouchers to deliver  
6 workforce employment activities, the steps  
7 that the State will take over the 3 years  
8 covered by the plan to comply with the re-  
9 quirements in section 716(a)(9) and the  
10 information required in such section;

11 (C) identifying performance indicators that  
12 relate to the State goals, and to the State  
13 benchmarks, concerning workforce employment  
14 activities;

15 (D) describing the workforce employment  
16 activities to be carried out with funds received  
17 through the allotment;

18 (E) describing the steps that the State will  
19 take over the 3 years covered by the plan to es-  
20 tablish a statewide comprehensive labor market  
21 information system described in section 773(c)  
22 that will be utilized by all the providers of one-  
23 stop delivery of core services described in sec-  
24 tion 716(a)(2), providers of other workforce em-

1           ployment activities, and providers of workforce  
2           education activities, in the State;

3           (F) describing the steps that the State will  
4           take over the 3 years covered by the plan to es-  
5           tablish a job placement accountability system  
6           described in section 731(d); and

7           (G)(i) describing the steps that the State  
8           will take to segregate the amount allotted to the  
9           State from funds made available under section  
10          901(c)(1)(A) of the Social Security Act (42  
11          U.S.C. 1101(c)(1)(A)) from the remainder of  
12          the portion described in section 713(a)(1); and

13          (ii) describing how the State will use the  
14          amount allotted to the State from funds made  
15          available under such section 901(c)(1)(A) to  
16          carry out—

17               (I) the required activities described in  
18               clauses (ii) through (v) of section  
19               716(a)(2)(B) and section 773; and

20               (II) any permissive activities carried  
21               out by the State that consist of—

22                       (aa) the evaluation of programs  
23                       provided through the statewide system  
24                       of the State;

1 (bb) the provision of services  
2 through the statewide system for  
3 workers who have received notice of  
4 permanent or impending layoff, or  
5 workers in occupations that are expe-  
6 riencing limited demand due to tech-  
7 nological change, the impact of im-  
8 ports, or plant closures; or

9 (cc) the administration of the  
10 work test for the State unemployment  
11 compensation system and provision of  
12 job finding and placement services for  
13 unemployment insurance claimants;  
14 and

15 (3) with respect to workforce education activi-  
16 ties, information—

17 (A) describing how funds received through  
18 the allotment will be allocated among—

19 (i) secondary school vocational edu-  
20 cation, or postsecondary and adult voca-  
21 tional education, or both; and

22 (ii) adult education;

23 (B) identifying performance indicators that  
24 relate to the State goals, and to the State

1 benchmarks, concerning workforce education  
2 activities;

3 (C) describing the workforce education ac-  
4 tivities that will be carried out with funds re-  
5 ceived through the allotment;

6 (D) describing how the State will address  
7 the adult education needs of the State;

8 (E) describing how the State will  
9 disaggregate data relating to at-risk youth in  
10 order to adequately measure the progress of at-  
11 risk youth toward accomplishing the results  
12 measured by the State goals, and the State  
13 benchmarks;

14 (F) describing how the State will ade-  
15 quately address the needs of both at-risk youth  
16 who are in school, and out-of-school youth, in  
17 alternative education programs that teach to  
18 the same challenging academic, occupational,  
19 and skill proficiencies as are provided for in-  
20 school youth;

21 (G) describing how the workforce edu-  
22 cation activities described in the State plan and  
23 the State allocation of funds received through  
24 the allotment for such activities are an integral

1 part of comprehensive efforts of the State to  
2 improve education for all students and adults;

3 (H) describing how the State will annually  
4 evaluate the effectiveness of the State plan with  
5 respect to workforce education activities;

6 (I) describing how the State will address  
7 the professional development needs of the State  
8 with respect to workforce education activities;

9 (J) describing how the State will provide  
10 local educational agencies in the State with  
11 technical assistance; and

12 (K) describing how the State will assess  
13 the progress of the State in implementing stu-  
14 dent performance measures.

15 (d) PROCEDURE FOR DEVELOPMENT OF PART OF  
16 PLAN RELATING TO STRATEGIC PLAN.—

17 (1) DESCRIPTION OF DEVELOPMENT.—The  
18 part of the State plan relating to the strategic plan  
19 shall include a description of the manner in which—

20 (A) the Governor;

21 (B) the State educational agency;

22 (C) representatives of business and indus-  
23 try, including representatives of key industry  
24 sectors, and of small- and medium-size and  
25 large employers, in the State;

1 (D) representatives of labor and workers;

2 (E) local elected officials from throughout  
3 the State;

4 (F) the State agency officials responsible  
5 for vocational education;

6 (G) the State agency officials responsible  
7 for postsecondary education;

8 (H) the State agency officials responsible  
9 for adult education;

10 (I) the State agency officials responsible  
11 for vocational rehabilitation;

12 (J) such other State agency officials, in-  
13 cluding officials responsible for economic devel-  
14 opment and employment, as the Governor may  
15 designate;

16 (K) representatives of elected officials of  
17 tribal governments;

18 (L) the representative of the Veterans'  
19 Employment Training Service assigned to the  
20 State under section 4103 of title 38, United  
21 States Code; and

22 (M) other appropriate officials, including  
23 members of the State workforce development  
24 board described in section 715, if the State has  
25 established such a board;

1 collaborated in the development of such part of the  
2 plan.

3 (2) FAILURE TO OBTAIN SUPPORT.—If, after a  
4 reasonable effort, the Governor is unable to obtain  
5 the support of the individuals and entities described  
6 in paragraph (1) for the strategic plan the Governor  
7 shall—

8 (A) provide such individuals and entities  
9 with copies of the strategic plan;

10 (B) allow such individuals and entities to  
11 submit to the Governor, not later than the end  
12 of the 30-day period beginning on the date on  
13 which the Governor provides such individuals  
14 and entities with copies of such plan under sub-  
15 paragraph (A), comments on such plan; and

16 (C) include any such comments in such  
17 plan.

18 (e) APPROVAL.—The Governing Board shall approve  
19 a State plan if the Governing Board—

20 (1) determines that the plan contains the infor-  
21 mation described in subsection (c);

22 (2) determines that the State has prepared the  
23 plan in accordance with the requirements of this sec-  
24 tion, including the requirements relating to develop-  
25 ment of any part of the plan; and

1           (3) has negotiated State benchmarks with the  
2 State in accordance with section 731(c).

3           (f) NO ENTITLEMENT TO A SERVICE.—Nothing in  
4 this title shall be construed to provide any individual with  
5 an entitlement to a service provided under this title.

6 **SEC. 715. STATE WORKFORCE DEVELOPMENT BOARDS.**

7           (a) ESTABLISHMENT.—A Governor of a State that  
8 receives an allotment under section 712 may establish a  
9 State workforce development board—

10           (1) on which a majority of the members are  
11 representatives of business and industry;

12           (2) on which not less than 25 percent of the  
13 members shall be representatives of labor, workers,  
14 and community-based organizations;

15           (3) that shall include representatives of veter-  
16 ans;

17           (4) that shall include a representative of the  
18 State educational agency and a representative from  
19 the State agency responsible for vocational rehabili-  
20 tation;

21           (5) that may include any other individual or en-  
22 tity that participates in the collaboration described  
23 in section 714(d)(1); and

24           (6) that may include any other individual or en-  
25 tity the Governor may designate.

1 (b) CHAIRPERSON.—The State workforce develop-  
2 ment board shall select a chairperson from among the  
3 members of the board who are representatives of business  
4 and industry.

5 (c) FUNCTIONS.—The functions of the State  
6 workforce development board shall include—

7 (1) advising the Governor on the development  
8 of the statewide system, the State plan described in  
9 section 714, and the State goals and State bench-  
10 marks;

11 (2) assisting in the development of specific per-  
12 formance indicators to measure progress toward  
13 meeting the State goals and reaching the State  
14 benchmarks and providing guidance on how such  
15 progress may be improved;

16 (3) serving as a link between business, industry,  
17 labor, and the statewide system;

18 (4) assisting the Governor in preparing the an-  
19 nual report to the Governing Board regarding  
20 progress in reaching the State benchmarks, as de-  
21 scribed in section 731(a);

22 (5) receiving and commenting on the State plan  
23 developed under section 101 of the Rehabilitation  
24 Act of 1973 (29 U.S.C. 721);

1           (6) assisting the Governor in developing the  
2 statewide comprehensive labor market information  
3 system described in section 773(c) to provide infor-  
4 mation that will be utilized by all the providers of  
5 one-stop delivery of core services described in section  
6 716(a)(2), providers of other workforce employment  
7 activities, and providers of workforce education ac-  
8 tivities, in the State; and

9           (7) assisting in the monitoring and continuous  
10 improvement of the performance of the statewide  
11 system, including evaluation of the effectiveness of  
12 workforce development activities funded under this  
13 title.

14 **SEC. 716. USE OF FUNDS.**

15 (a) WORKFORCE EMPLOYMENT ACTIVITIES.—

16           (1) IN GENERAL.—Funds made available to a  
17 State under this subtitle to carry out workforce em-  
18 ployment activities through a statewide system—

19                   (A) shall be used to carry out the activities  
20 described in paragraphs (2), (3), and (4); and

21                   (B) may be used to carry out the activities  
22 described in paragraphs (5), (6), (7), and (8),  
23 including providing activities described in para-  
24 graph (6) through vouchers described in para-  
25 graph (9).

1 (2) ONE-STOP DELIVERY OF CORE SERVICES.—

2 (A) ACCESS.—The State shall use a por-  
3 tion of the funds described in paragraph (1) to  
4 establish a means of providing access to the  
5 statewide system through core services de-  
6 scribed in subparagraph (B) available—

7 (i) through multiple, connected access  
8 points, linked electronically or otherwise;

9 (ii) through a network that assures  
10 participants that such core services will be  
11 available regardless of where the partici-  
12 pants initially enter the statewide system;

13 (iii) at not less than 1 physical loca-  
14 tion in each substate area of the State; or

15 (iv) through some combination of the  
16 options described in clauses (i), (ii), and  
17 (iii).

18 (B) CORE SERVICES.—The core services  
19 referred to in subparagraph (A) shall, at a min-  
20 imum, include—

21 (i) outreach, intake, and orientation  
22 to the information and other services avail-  
23 able through one-stop delivery of core serv-  
24 ices described in this subparagraph;

- 1           (ii) initial assessment of skill levels,  
2 aptitudes, abilities, and supportive service  
3 needs;
- 4           (iii) job search and placement assist-  
5 ance and, where appropriate, career coun-  
6 seling;
- 7           (iv) customized screening and referral  
8 of qualified applicants to employment;
- 9           (v) provision of accurate information  
10 relating to local labor market conditions,  
11 including employment profiles of growth  
12 industries and occupations within a sub-  
13 state area, the educational and skills re-  
14 quirements of jobs in the industries and  
15 occupations, and the earnings potential of  
16 the jobs;
- 17           (vi) provision of accurate information  
18 relating to the quality and availability of  
19 other workforce employment activities,  
20 workforce education activities, and voca-  
21 tional rehabilitation program activities;
- 22           (vii) provision of information regard-  
23 ing how the substate area is performing on  
24 the State benchmarks;

1 (viii) provision of initial eligibility in-  
2 formation on forms of public financial as-  
3 sistance that may be available in order to  
4 enable persons to participate in workforce  
5 employment activities, workforce education  
6 activities, or vocational rehabilitation pro-  
7 gram activities; and

8 (ix) referral to other appropriate  
9 workforce employment activities, workforce  
10 education activities, and vocational reha-  
11 bilitation employment activities.

12 (3) LABOR MARKET INFORMATION SYSTEM.—

13 The State shall use a portion of the funds described  
14 in paragraph (1) to establish a statewide comprehen-  
15 sive labor market information system described in  
16 section 773(c).

17 (4) JOB PLACEMENT ACCOUNTABILITY SYS-

18 TEM.—The State shall use a portion of the funds de-  
19 scribed in paragraph (1) to establish a job placement  
20 accountability system described in section 731(d).

21 (5) PERMISSIBLE ONE-STOP DELIVERY ACTIVI-

22 TIES.—The State may provide, through one-stop de-  
23 livery—

24 (A) co-location of services related to  
25 workforce development activities, such as unem-

1           employment insurance, vocational rehabilitation  
2           program activities, welfare assistance, veterans'  
3           employment services, or other public assistance;

4           (B) intensive services for participants who  
5           are unable to obtain employment through the  
6           core services described in paragraph (2)(B), as  
7           determined by the State; and

8           (C) dissemination to employers of informa-  
9           tion on activities carried out through the state-  
10          wide system.

11          (6) OTHER PERMISSIBLE ACTIVITIES.—The  
12          State may use a portion of the funds described in  
13          paragraph (1) to provide services through the state-  
14          wide system that may include—

15               (A) on-the-job training;

16               (B) occupational skills training;

17               (C) entrepreneurial training;

18               (D) training to develop work habits to help  
19          individuals obtain and retain employment;

20               (E) customized training conducted with a  
21          commitment by an employer or group of em-  
22          ployers to employ an individual after successful  
23          completion of the training;

24               (F) rapid response assistance for dis-  
25          located workers;

1 (G) skill upgrading and retraining for per-  
2 sons not in the workforce;

3 (H) preemployment and work maturity  
4 skills training for youth;

5 (I) connecting activities that organize con-  
6 sortia of small- and medium-size businesses to  
7 provide work-based learning opportunities for  
8 youth participants in school-to-work programs;

9 (J) programs for adults that combine  
10 workplace training with related instruction;

11 (K) services to assist individuals in attain-  
12 ing certificates of mastery with respect to in-  
13 dustry-based skill standards;

14 (L) case management services;

15 (M) supportive services, such as transpor-  
16 tation and financial assistance, that enable indi-  
17 viduals to participate in the statewide system;

18 (N) followup services for participants who  
19 are placed in unsubsidized employment; and

20 (O) workfare.

21 (7) STAFF DEVELOPMENT AND TRAINING.—

22 The State may use a portion of the funds described  
23 in paragraph (1) for the development and training  
24 of staff of providers of one-stop delivery of core serv-  
25 ices described in paragraph (2), including develop-

1       ment and training relating to principles of quality  
2       management.

3           (8) INCENTIVE GRANT AWARDS.—The State  
4       may use a portion of the funds described in para-  
5       graph (1) to award incentive grants to substate  
6       areas that reach or exceed the State benchmarks es-  
7       tablished under section 731(c), with an emphasis on  
8       benchmarks established under section 731(c)(3). A  
9       substate area that receives such a grant may use the  
10      funds made available through the grant to carry out  
11      any workforce development activities authorized  
12      under this title.

13           (9) VOUCHERS.—

14           (A) IN GENERAL.—A State may deliver  
15      some or all of the workforce employment activi-  
16      ties described in paragraph (6) that are pro-  
17      vided under this subtitle through a system of  
18      vouchers administered through the one-stop de-  
19      livery of core services described in paragraph  
20      (2) in the State.

21           (B) ELIGIBILITY REQUIREMENTS.—

22           (i) IN GENERAL.—A State that choos-  
23      es to deliver the activities described in sub-  
24      paragraph (A) through vouchers shall indi-  
25      cate in the State plan described in section

1           714 the criteria that will be used to deter-  
2           mine—

3                   (I) which workforce employment  
4                   activities described in paragraph (6)  
5                   will be delivered through the voucher  
6                   system;

7                   (II) eligibility requirements for  
8                   participants to receive the vouchers  
9                   and the amount of funds that partici-  
10                  pants will be able to access through  
11                  the voucher system; and

12                  (III) which employment, training,  
13                  and education providers are eligible to  
14                  receive payment through the vouchers.

15                  (ii) CONSIDERATIONS.—In establish-  
16                  ing State criteria for service providers eli-  
17                  gible to receive payment through the  
18                  vouchers under clause (i)(III), the State  
19                  shall take into account industry-recognized  
20                  skills standards promoted by the National  
21                  Skills Standards Board.

22                  (C) ACCOUNTABILITY REQUIREMENTS.—A  
23                  State that chooses to deliver the activities de-  
24                  scribed in paragraph (6) through vouchers shall  
25                  indicate in the State plan—

1 (i) information concerning how the  
2 State will utilize the statewide comprehen-  
3 sive labor market information system de-  
4 scribed in section 773(c) and the job place-  
5 ment accountability system established  
6 under section 731(d) to provide timely and  
7 accurate information to participants about  
8 the performance of eligible employment,  
9 training, and education providers;

10 (ii) other information about the per-  
11 formance of eligible providers of services  
12 that the State believes is necessary for par-  
13 ticipants receiving the vouchers to make  
14 informed career choices; and

15 (iii) the timeframe in which the infor-  
16 mation developed under clauses (i) and (ii)  
17 will be widely available through the one-  
18 stop delivery of core services described in  
19 paragraph (2) in the State.

20 (b) WORKFORCE EDUCATION ACTIVITIES.—The  
21 State educational agency shall use the funds made avail-  
22 able to the State educational agency under this subtitle  
23 for workforce education activities to carry out, through the  
24 statewide system, activities that include—

1           (1) integrating academic and vocational edu-  
2 cation;

3           (2) linking secondary education (as determined  
4 under State law) and postsecondary education, in-  
5 cluding implementing tech-prep programs;

6           (3) providing career guidance and counseling  
7 for students at the earliest possible age, including  
8 the provision of career awareness, exploration, and  
9 guidance information to students and their parents  
10 that is, to the extent possible, in a language and  
11 form that the students and their parents under-  
12 stand;

13           (4) providing literacy and basic education serv-  
14 ices for adults and out-of-school youth, including  
15 adults and out-of-school youth in correctional insti-  
16 tutions;

17           (5) providing programs for adults and out-of-  
18 school youth to complete their secondary education;

19           (6) expanding, improving, and modernizing  
20 quality vocational education programs; and

21           (7) improving access to quality vocational edu-  
22 cation programs for at-risk youth.

23           (c) FISCAL REQUIREMENTS FOR WORKFORCE EDU-  
24 CATION ACTIVITIES.—

1           (1) SUPPLEMENT NOT SUPPLANT.—Funds  
2           made available under this subtitle for workforce edu-  
3           cation activities shall supplement, and may not sup-  
4           plant, other public funds expended to carry out  
5           workforce education activities.

6           (2) MAINTENANCE OF EFFORT.—

7           (A) DETERMINATION.—No payments shall  
8           be made under this subtitle for any program  
9           year to a State for workforce education activi-  
10          ties unless the Governing Board determines  
11          that the fiscal effort per student or the aggre-  
12          gate expenditures of such State for workforce  
13          education for the program year preceding the  
14          program year for which the determination is  
15          made, equaled or exceeded such effort or ex-  
16          penditures for workforce education for the sec-  
17          ond program year preceding the fiscal year for  
18          which the determination is made.

19          (B) WAIVER.—The Governing Board may  
20          waive the requirements of this section (with re-  
21          spect to not more than 5 percent of expendi-  
22          tures by any State educational agency) for 1  
23          program year only, on making a determination  
24          that such waiver would be equitable due to ex-  
25          ceptional or uncontrollable circumstances affect-

1           ing the ability of the applicant to meet such re-  
2           quirements, such as a natural disaster or an  
3           unforeseen and precipitous decline in financial  
4           resources. No level of funding permitted under  
5           such a waiver may be used as the basis for  
6           computing the fiscal effort or aggregate expend-  
7           itures required under this section for years sub-  
8           sequent to the year covered by such waiver. The  
9           fiscal effort or aggregate expenditures for the  
10          subsequent years shall be computed on the  
11          basis of the level of funding that would, but for  
12          such waiver, have been required.

13          (d) FLEXIBLE WORKFORCE ACTIVITIES.—

14           (1) CORE FLEXIBLE WORKFORCE ACTIVITIES.—

15          The State shall use a portion of the funds made  
16          available to the State under this subtitle through the  
17          flex account to carry out school-to-work activities  
18          through the statewide system, except that any State  
19          that received a grant under subtitle B of title II of  
20          the School-to-Work Opportunities Act of 1994 (20  
21          U.S.C. 6141 et seq.) shall use such portion to sup-  
22          port the continued development of the statewide  
23          School-to-Work Opportunities system of the State  
24          through the continuation of activities that are car-  
25          ried out in accordance with the terms of such grant.

1           (2) PERMISSIBLE FLEXIBLE WORKFORCE AC-  
2           TIVITIES.—The State may use a portion of the funds  
3           made available to the State under this subtitle  
4           through the flex account—

5                   (A) to carry out workforce employment ac-  
6                   tivities through the statewide system; and

7                   (B) to carry out workforce education ac-  
8                   tivities through the statewide system.

9           (e) ECONOMIC DEVELOPMENT ACTIVITIES.—In the  
10          case of a State that meets the requirements of section  
11          728(c), the State may use a portion of the funds made  
12          available to the State under this subtitle through the flex  
13          account to supplement other funds provided by the State  
14          or private sector—

15                   (1) to provide customized assessments of the  
16                   skills of workers and an analysis of the skill needs  
17                   of employers;

18                   (2) to assist consortia of small- and medium-  
19                   size employers in upgrading the skills of their  
20                   workforces;

21                   (3) to provide productivity and quality improve-  
22                   ment training programs for the workforces of small-  
23                   and medium-size employers;

1           (4) to provide recognition and use of voluntary  
2 industry-developed skills standards by employers,  
3 schools, and training institutions;

4           (5) to carry out training activities in companies  
5 that are developing modernization plans in conjunc-  
6 tion with State industrial extension service offices;  
7 and

8           (6) to provide on-site, industry-specific training  
9 programs supportive of industrial and economic de-  
10 velopment;

11 through the statewide system.

12       (f) LIMITATIONS.—

13           (1) WAGES.—No funds provided under this  
14 subtitle shall be used to pay the wages of incumbent  
15 workers during their participation in economic devel-  
16 opment activities provided through the statewide sys-  
17 tem.

18           (2) RELOCATION.—No funds provided under  
19 this subtitle shall be used or proposed for use to en-  
20 courage or induce the relocation, of a business or  
21 part of a business, that results in a loss of employ-  
22 ment for any employee of such business at the origi-  
23 nal location.

24           (3) TRAINING AND ASSESSMENTS FOLLOWING  
25 RELOCATION.—No funds provided under this sub-

1 title shall be used for customized or skill training,  
2 on-the-job training, or company specific assessments  
3 of job applicants or workers, for any business or  
4 part of a business, that has relocated, until 120 days  
5 after the date on which such business commences  
6 operations at the new location, if the relocation of  
7 such business or part of a business, results in a loss  
8 of employment for any worker of such business at  
9 the original location.

10 (g) LIMITATIONS ON PARTICIPANTS.—

11 (1) DIPLOMA OR EQUIVALENT.—

12 (A) IN GENERAL.—No individual may par-  
13 ticipate in workforce employment activities de-  
14 scribed in subparagraph (A), (B), (C), (E), (G),  
15 (J), or (K) of section 716(a)(6) until the indi-  
16 vidual has obtained a secondary school diploma  
17 or its recognized equivalent, or is enrolled in a  
18 program or course of study to obtain a second-  
19 ary school diploma or its recognized equivalent.

20 (B) EXCEPTION.—Nothing in subpara-  
21 graph (A) shall prevent participation in  
22 workforce employment activities described  
23 under subparagraph (A), (B), (C), (E), (G),  
24 (J), or (K) of section 716(a)(6) by individuals  
25 who, after testing and in the judgment of medi-

1 cal, psychiatric, academic, or other appropriate  
2 professionals, lack the requisite capacity to  
3 complete successfully a course of study that  
4 would lead to a secondary school diploma or its  
5 recognized equivalent.

6 (2) SERVICES.—

7 (A) REFERRAL.—If an individual who has  
8 not obtained a secondary school diploma or its  
9 recognized equivalent applies to participate in  
10 workforce employment activities described  
11 under subparagraph (A), (B), (C), (E), (G),  
12 (J), or (K) of section 716(a)(6), such individual  
13 shall be referred to State approved adult edu-  
14 cation services that provide instruction designed  
15 to help such individual obtain a secondary  
16 school diploma or its recognized equivalent.

17 (B) STATE PROVISION OF SERVICES.—Not-  
18 withstanding any other provision of this title, a  
19 State may use funds made available under sec-  
20 tion 713(a)(1) to provide State approved adult  
21 education services that provide instruction de-  
22 signed to help individuals obtain a secondary  
23 school diploma or its recognized equivalent, to  
24 individuals who—

- 1 (i) are seeking to participate in  
2 workforce employment activities described  
3 under subparagraph (A), (B), (C), (E),  
4 (G), (J), or (K) of section 716(a)(6); and  
5 (ii) are otherwise unable to obtain  
6 such services.

7 **SEC. 717. INDIAN WORKFORCE DEVELOPMENT ACTIVITIES.**

8 (a) PURPOSE.—

9 (1) IN GENERAL.—The purpose of this section  
10 is to support workforce development activities for In-  
11 dian and Native Hawaiian individuals in order—

12 (A) to develop more fully the academic, oc-  
13 cupational, and literacy skills of such individ-  
14 uals;

15 (B) to make such individuals more com-  
16 petitive in the workforce; and

17 (C) to promote the economic and social de-  
18 velopment of Indian and Native Hawaiian com-  
19 munities in accordance with the goals and val-  
20 ues of such communities.

21 (2) INDIAN POLICY.—All programs assisted  
22 under this section shall be administered in a manner  
23 consistent with the principles of the Indian Self-De-  
24 termination and Education Assistance Act (25  
25 U.S.C. 450 et seq.) and the government-to-govern-

1       ment relationship between the Federal Government  
2       and Indian tribal governments.

3       (b) DEFINITIONS.—As used in this section:

4           (1) ALASKA NATIVE.—The term “Alaska Na-  
5       tive” means a Native as such term is defined in sec-  
6       tion 3(b) of the Alaska Native Claims Settlement  
7       Act (43 U.S.C. 1602(b)).

8           (2) INDIAN, INDIAN TRIBE, AND TRIBAL ORGA-  
9       NIZATION.—The terms “Indian”, “Indian tribe”,  
10      and “tribal organization” have the same meanings  
11      given such terms in subsections (d), (e) and (l), re-  
12      spectively, of section 4 of the Indian Self-Determina-  
13      tion and Education Assistance Act (25 U.S.C.  
14      450b).

15          (3) INSTITUTION OF HIGHER EDUCATION.—The  
16      term “institution of higher education” has the  
17      meaning given the term in section 1201(a) of the  
18      Higher Education Act of 1965 (20 U.S.C. 1141(a)).

19          (4) NATIVE HAWAIIAN AND NATIVE HAWAIIAN  
20      ORGANIZATION.—The terms “Native Hawaiian” and  
21      “Native Hawaiian organization” have the same  
22      meanings given such terms in paragraphs (1) and  
23      (3), respectively, of section 9212 of the Native Ha-  
24      waiian Education Act (20 U.S.C. 7912).

1           (5) TRIBALLY CONTROLLED COMMUNITY COL-  
2           LEGE.—The term “tribally controlled community  
3           college” has the same meaning given such term in  
4           section 2(a)(4) of the Tribally Controlled Commu-  
5           nity College Assistance Act of 1978 (25 U.S.C.  
6           1801(a)(4)).

7           (6) TRIBALLY CONTROLLED POSTSECONDARY  
8           VOCATIONAL INSTITUTION.—The term “tribally con-  
9           trolled postsecondary vocational institution” means  
10          an institution of higher education that—

11                 (A) is formally controlled, or has been for-  
12                 mally sanctioned or chartered, by the governing  
13                 body of an Indian tribe or Indian tribes;

14                 (B) offers a technical degree or certificate  
15                 granting program;

16                 (C) is governed by a board of directors or  
17                 trustees, a majority of whom are Indians;

18                 (D) demonstrates adherence to stated  
19                 goals, a philosophy, or a plan of operation, that  
20                 fosters individual Indian economic and self-suf-  
21                 ficiency opportunity, including programs that  
22                 are appropriate to stated tribal goals of devel-  
23                 oping individual entrepreneurships and self-sus-  
24                 taining economic infrastructures on reserva-  
25                 tions;

1 (E) has been in operation for at least 3  
2 years;

3 (F) holds accreditation with or is a can-  
4 didate for accreditation by a nationally recog-  
5 nized accrediting authority for postsecondary  
6 vocational education; and

7 (G) enrolls the full-time equivalent of not  
8 fewer than 100 students, of whom a majority  
9 are Indians.

10 (c) PROGRAM AUTHORIZED.—

11 (1) ASSISTANCE AUTHORIZED.—From amounts  
12 made available under section 734(b)(2), the Govern-  
13 ing Board shall make grants to, or enter into con-  
14 tracts or cooperative agreements with, Indian tribes  
15 and tribal organizations, Alaska Native entities, trib-  
16 ally controlled community colleges, tribally controlled  
17 postsecondary vocational institutions, Indian-con-  
18 trolled organizations serving Indians or Alaska Na-  
19 tives, and Native Hawaiian organizations to carry  
20 out the authorized activities described in subsection  
21 (d).

22 (2) FORMULA.—The Governing Board shall  
23 make grants to, or enter into contracts and coopera-  
24 tive agreements with, entities as described in para-  
25 graph (1) to carry out the activities described in

1 paragraphs (2) and (3) of subsection (d) on the  
2 basis of a formula developed by the Governing  
3 Board in consultation with entities described in  
4 paragraph (1).

5 (d) AUTHORIZED ACTIVITIES.—

6 (1) IN GENERAL.—Funds made available under  
7 this section shall be used to carry out the activities  
8 described in paragraphs (2) and (3) that—

9 (A) are consistent with this section; and

10 (B) are necessary to meet the needs of In-  
11 dians and Native Hawaiians preparing to enter,  
12 reenter, or retain unsubsidized employment.

13 (2) WORKFORCE DEVELOPMENT ACTIVITIES  
14 AND SUPPLEMENTAL SERVICES.—

15 (A) IN GENERAL.—Funds made available  
16 under this section shall be used for—

17 (i) comprehensive workforce develop-  
18 ment activities for Indians and Native Ha-  
19 waiians;

20 (ii) supplemental services for Indian  
21 or Native Hawaiian youth on or near In-  
22 dian reservations in Oklahoma, Alaska, or  
23 Hawaii; and

24 (iii) supplemental services to recipi-  
25 ents of public assistance on or near Indian

1           reservations or former reservation areas in  
2           Oklahoma or in Alaska.

3           (B) SPECIAL RULE.—Notwithstanding any  
4           other provision of this section, individuals who  
5           were eligible to participate in programs under  
6           section 401 of the Job Training Partnership  
7           Act (29 U.S.C. 1671) (as such section was in  
8           effect on the day before the date of enactment  
9           of this Act) shall be eligible to participate in an  
10          activity assisted under subparagraph (A)(i).

11          (3) VOCATIONAL EDUCATION, ADULT EDU-  
12          CATION, AND LITERACY SERVICES.—Funds made  
13          available under this section shall be used for—

14               (A) workforce education activities con-  
15               ducted by entities described in subsection  
16               (c)(1); and

17               (B) the support of tribally controlled post-  
18               secondary vocational institutions in order to en-  
19               sure continuing and expanded educational op-  
20               portunities for Indian students.

21          (e) PROGRAM PLAN.—In order to receive a grant or  
22          enter into a contract or cooperative agreement under this  
23          section an entity described in subsection (c)(1) shall sub-  
24          mit to the Governing Board a plan that describes a 3-  
25          year strategy for meeting the needs of Indian and Native

1 Hawaiian individuals, as appropriate, in the area served  
2 by such entity. Such plan shall—

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

5 (2) identify the population to be served;

6 (3) identify the education and employment  
7 needs of the population to be served and the manner  
8 in which the services to be provided will strengthen  
9 the ability of the individuals served to obtain or re-  
10 tain unsubsidized employment;

11 (4) describe the services to be provided and the  
12 manner in which such services are to be integrated  
13 with other appropriate services; and

14 (5) describe the goals and benchmarks to be  
15 used to assess the performance of entities in carry-  
16 ing out the activities assisted under this section.

17 (f) FURTHER CONSOLIDATION OF FUNDS.—Each en-  
18 tity receiving assistance under this section may consolidate  
19 such assistance with assistance received from related pro-  
20 grams in accordance with the provisions of the Indian Em-  
21 ployment, Training and Related Services Demonstration  
22 Act of 1992 (25 U.S.C. 3401 et seq.).

23 (g) NONDUPLICATIVE AND NONEXCLUSIVE SERV-  
24 ICES.—Nothing in this section shall be construed—

1 (1) to limit the eligibility of any entity de-  
2 scribed in subsection (c)(1) to participate in any  
3 program offered by a State or local entity under this  
4 title; or

5 (2) to preclude or discourage any agreement,  
6 between any entity described in subsection (c)(1)  
7 and any State or local entity, to facilitate the provi-  
8 sion of services by such entity or to the population  
9 served by such entity.

10 (h) PARTNERSHIP PROVISIONS.—

11 (1) OFFICE ESTABLISHED.—The Governing  
12 Board shall establish an office within the Federal  
13 Partnership to administer the activities assisted  
14 under this section.

15 (2) CONSULTATION REQUIRED.—

16 (A) IN GENERAL.—The Governing Board,  
17 through the office established under paragraph  
18 (1), shall develop regulations and policies for  
19 activities assisted under this section in consulta-  
20 tion with tribal organizations and Native Ha-  
21 waiian organizations. Such regulations and poli-  
22 cies shall take into account the special cir-  
23 cumstances under which such activities operate.

24 (B) ADMINISTRATIVE SUPPORT.—The  
25 Governing Board shall provide such administra-

1           tive support to the office established under  
2           paragraph (1) as the Governing Board deter-  
3           mines to be necessary to carry out the consulta-  
4           tion required by subparagraph (A).

5           (3) TECHNICAL ASSISTANCE.—The Governing  
6           Board, through the office established under para-  
7           graph (1), is authorized to provide technical assist-  
8           ance to entities described in subsection (c)(1) that  
9           receive assistance under this section to enable such  
10          entities to improve the workforce development activi-  
11          ties provided by such entities.

12 **SEC. 718. GRANTS TO OUTLYING AREAS.**

13          (a) GENERAL AUTHORITY.—Using funds made avail-  
14          able under section 734(b)(3), the Governing Board shall  
15          make grants to outlying areas to carry out workforce de-  
16          velopment activities.

17          (b) APPLICATION.—The Governing Board shall issue  
18          regulations specifying the provisions of this title that shall  
19          apply to outlying areas that receive funds under this sub-  
20          title.

21                   **CHAPTER 2—LOCAL PROVISIONS**

22 **SEC. 721. LOCAL APPORTIONMENT BY ACTIVITY.**

23          (a) WORKFORCE EMPLOYMENT ACTIVITIES.—

24                  (1) IN GENERAL.—The sum of the funds made  
25          available to a State for any program year under

1 paragraphs (1) and (3) of section 713(a) for  
2 workforce employment activities shall be made avail-  
3 able to the Governor of such State for use in accord-  
4 ance with paragraph (2).

5 (2) DISTRIBUTION.—Of the sum described in  
6 paragraph (1), for a program year—

7 (A) 25 percent shall be reserved by the  
8 Governor to carry out workforce employment  
9 activities through the statewide system; and

10 (B) 75 percent shall be distributed by the  
11 Governor to local entities to carry out workforce  
12 employment activities through the statewide  
13 system, based on—

14 (i) such factors as the relative dis-  
15 tribution among substate areas of individ-  
16 uals who are not less than 15 and not  
17 more than 65, individuals in poverty, un-  
18 employed individuals, and adult recipients  
19 of assistance, as determined using the defi-  
20 nitions specified and the determinations  
21 described in section 712(b); and

22 (ii) such additional factors as the Gov-  
23 ernor (in consultation with local partner-  
24 ships described in section 728(a) or, where  
25 established, local workforce development

1 boards described in section 728(b)), deter-  
2 mines to be necessary.

3 (b) WORKFORCE EDUCATION ACTIVITIES.—

4 (1) IN GENERAL.—The sum of the funds made  
5 available to a State for any program year under  
6 paragraphs (2) and (3) of section 713(a) for  
7 workforce education activities shall be avail-  
8 able to the State educational agency serving such  
9 State for use in accordance with paragraph (2).

10 (2) DISTRIBUTION.—Of the sum described in  
11 paragraph (1), for a program year—

12 (A) 20 percent shall be reserved by the  
13 State educational agency to carry out statewide  
14 workforce education activities through the  
15 statewide system, of which not more than 5  
16 percent of such 20 percent may be used for ad-  
17 ministrative expenses; and

18 (B) 80 percent shall be distributed by the  
19 State educational agency to entities eligible for  
20 financial assistance under section 722, 723, or  
21 724, to carry out workforce education activities  
22 through the statewide system.

23 (3) STATE DETERMINATIONS.—From the  
24 amount available to a State educational agency  
25 under paragraph (2)(B) for a program year, such

1 agency shall determine the percentage of such  
2 amount that will be distributed in accordance with  
3 sections 722, 723, and 724 for such year for  
4 workforce education activities in such State in each  
5 of the following areas:

6 (A) Secondary school vocational education,  
7 or postsecondary and adult vocational edu-  
8 cation, or both; and

9 (B) Adult education.

10 (c) SPECIAL RULE.—Nothing in this subtitle shall be  
11 construed to prohibit any individual or agency in a State  
12 (other than the State educational agency) that is admin-  
13 istering workforce education activities on the day preced-  
14 ing the date of enactment of this Act from continuing to  
15 administer such activities under this subtitle.

16 **SEC. 722. DISTRIBUTION FOR SECONDARY SCHOOL VOCA-**  
17 **TIONAL EDUCATION.**

18 (a) ALLOCATION.—Except as otherwise provided in  
19 this section and section 725, each State educational agen-  
20 cy shall distribute the portion of the funds made available  
21 for any program year (from funds made available for the  
22 corresponding fiscal year, as determined under section  
23 734(c)) by such agency for secondary school vocational  
24 education under section 721(b)(3)(A) to local educational  
25 agencies within the State as follows:

1           (1) SEVENTY PERCENT.—From 70 percent of  
2 such portion, each local educational agency shall be  
3 allocated an amount that bears the same relation-  
4 ship to such 70 percent as the amount such local  
5 educational agency was allocated under section 1124  
6 of the Elementary and Secondary Education Act of  
7 1965 (20 U.S.C. 6333) for the preceding fiscal year  
8 bears to the total amount received under such sec-  
9 tion by all local educational agencies in the State for  
10 such year.

11           (2) TWENTY PERCENT.—From 20 percent of  
12 such portion, each local educational agency shall be  
13 allocated an amount that bears the same relation-  
14 ship to such 20 percent as the number of students  
15 with disabilities who have individualized education  
16 programs under section 614(a)(5) of the Individuals  
17 with Disabilities Education Act (20 U.S.C.  
18 1414(a)(5)) served by such local educational agency  
19 for the preceding fiscal year bears to the total num-  
20 ber of such students served by all local educational  
21 agencies in the State for such year.

22           (3) TEN PERCENT.—From 10 percent of such  
23 portion, each local educational agency shall be allo-  
24 cated an amount that bears the same relationship to  
25 such 10 percent as the number of students enrolled

1 in schools and adults enrolled in training programs  
2 under the jurisdiction of such local educational agen-  
3 cy for the preceding fiscal year bears to the number  
4 of students enrolled in schools and adults enrolled in  
5 training programs under the jurisdiction of all local  
6 educational agencies in the State for such year.

7 (b) MINIMUM ALLOCATION.—

8 (1) IN GENERAL.—Except as provided in para-  
9 graph (2), no local educational agency shall receive  
10 an allocation under subsection (a) unless the amount  
11 allocated to such agency under subsection (a) is not  
12 less than \$15,000. A local educational agency may  
13 enter into a consortium with other local educational  
14 agencies for purposes of meeting the minimum allo-  
15 cation requirement of this paragraph.

16 (2) WAIVER.—The State educational agency  
17 may waive the application of paragraph (1) in any  
18 case in which the local educational agency—

19 (A) is located in a rural, sparsely-popu-  
20 lated area; and

21 (B) demonstrates that such agency is un-  
22 able to enter into a consortium for purposes of  
23 providing services under this section.

24 (3) REDISTRIBUTION.—Any amounts that are  
25 not allocated by reason of paragraph (1) or (2) shall

1 be redistributed to local educational agencies that  
2 meet the requirements of paragraph (1) or (2) in ac-  
3 cordance with the provisions of this section.

4 (c) LIMITED JURISDICTION AGENCIES.—

5 (1) IN GENERAL.—In applying the provisions of  
6 subsection (a), no State educational agency receiving  
7 assistance under this subtitle shall allocate funds to  
8 a local educational agency that serves only elemen-  
9 tary schools, but shall distribute such funds to the  
10 local educational agency or regional educational  
11 agency that provides secondary school services to  
12 secondary school students in the same attendance  
13 area.

14 (2) SPECIAL RULE.—The amount to be allo-  
15 cated under paragraph (1) to a local educational  
16 agency that has jurisdiction only over secondary  
17 schools shall be determined based on the number of  
18 students that entered such secondary schools in the  
19 previous year from the elementary schools involved.

20 (d) ALLOCATIONS TO AREA VOCATIONAL EDUCATION  
21 SCHOOLS AND EDUCATIONAL SERVICE AGENCIES.—

22 (1) IN GENERAL.—Each State educational  
23 agency shall distribute the portion of funds made  
24 available for any program year by such agency for  
25 secondary school vocational education under section

1 721(b)(3)(A) to the appropriate area vocational edu-  
2 cation school or educational service agency in any  
3 case in which—

4 (A) the area vocational education school or  
5 educational service agency, and the local edu-  
6 cational agency concerned—

7 (i) have formed or will form a consor-  
8 tium for the purpose of receiving funds  
9 under this section; or

10 (ii) have entered into or will enter into  
11 a cooperative arrangement for such pur-  
12 pose; and

13 (B)(i) the area vocational education school  
14 or educational service agency serves an approxi-  
15 mately equal or greater proportion of students  
16 who are individuals with disabilities or are low-  
17 income than the proportion of such students at-  
18 tending the secondary schools under the juris-  
19 diction of all of the local educational agencies  
20 sending students to the area vocational edu-  
21 cation school or the educational service agency;  
22 or

23 (ii) the area vocational education school,  
24 educational service agency, or local educational  
25 agency demonstrates that the vocational edu-

1            cation school or educational service agency is  
2            unable to meet the criterion described in clause  
3            (i) due to the lack of interest by students de-  
4            scribed in clause (i) in attending vocational edu-  
5            cation programs in that area vocational edu-  
6            cation school or educational service agency.

7            (2) ALLOCATION BASIS.—If an area vocational  
8            education school or educational service agency meets  
9            the requirements of paragraph (1), then—

10            (A) the amount that will otherwise be dis-  
11            tributed to the local educational agency under  
12            this section shall be allocated to the area voca-  
13            tional education school, the educational service  
14            agency, and the local educational agency, based  
15            on each school's or agency's relative share of  
16            students described in paragraph (1)(B)(i) who  
17            are attending vocational education programs  
18            (based, if practicable, on the average enrollment  
19            for the prior 3 years); or

20            (B) such amount may be allocated on the  
21            basis of an agreement between the local edu-  
22            cational agency and the area vocational edu-  
23            cation school or educational service agency.

24            (3) STATE DETERMINATION.—

1 (A) IN GENERAL.—For the purposes of  
2 this subsection, the State educational agency  
3 may determine the number of students who are  
4 low-income on the basis of—

5 (i) eligibility for—

6 (I) free or reduced-price meals  
7 under the National School Lunch Act  
8 (7 U.S.C. 1751 et seq.);

9 (II) assistance under a State pro-  
10 gram funded under part A of title IV  
11 of the Social Security Act (42 U.S.C.  
12 601 et seq.);

13 (III) benefits under the Food  
14 Stamp Act of 1977 (7 U.S.C. 2011 et  
15 seq.); or

16 (IV) services under title I of the  
17 Elementary and Secondary Education  
18 Act of 1965 (20 U.S.C. 6301 et seq.);  
19 and

20 (ii) another index of economic status,  
21 including an estimate of such index, if the  
22 State educational agency demonstrates to  
23 the satisfaction of the Governing Board  
24 that such index is a more representative  
25 means of determining such number.

1           (B) DATA.—If a State educational agency  
2           elects to use more than 1 factor described in  
3           subparagraph (A) for purposes of making the  
4           determination described in such subparagraph,  
5           the State educational agency shall ensure that  
6           the data used is not duplicative.

7           (4) APPEALS PROCEDURE.—The State edu-  
8           cational agency shall establish an appeals procedure  
9           for resolution of any dispute arising between a local  
10          educational agency and an area vocational education  
11          school or an educational service agency with respect  
12          to the allocation procedures described in this section,  
13          including the decision of a local educational agency  
14          to leave a consortium.

15          (5) SPECIAL RULE.—Notwithstanding the pro-  
16          visions of paragraphs (1), (2), (3), and (4), any local  
17          educational agency receiving an allocation that is not  
18          sufficient to conduct a secondary school vocational  
19          education program of sufficient size, scope, and  
20          quality to be effective may—

21                (A) form a consortium or enter into a co-  
22                operative agreement with an area vocational  
23                education school or educational service agency  
24                offering secondary school vocational education  
25                programs of sufficient size, scope, and quality

1 to be effective and that are accessible to stu-  
2 dents who are individuals with disabilities or  
3 are low-income, and are served by such local  
4 educational agency; and

5 (B) transfer such allocation to the area vo-  
6 cational education school or educational service  
7 agency.

8 (e) SPECIAL RULE.—Each State educational agency  
9 distributing funds under this section shall treat a second-  
10 ary school funded by the Bureau of Indian Affairs within  
11 the State as if such school were a local educational agency  
12 within the State for the purpose of receiving a distribution  
13 under this section.

14 **SEC. 723. DISTRIBUTION FOR POSTSECONDARY AND ADULT**  
15 **VOCATIONAL EDUCATION.**

16 (a) ALLOCATION.—

17 (1) IN GENERAL.—Except as provided in sub-  
18 section (b) and section 725, each State educational  
19 agency, using the portion of the funds made avail-  
20 able for any program year by such agency for post-  
21 secondary and adult vocational education under sec-  
22 tion 721(b)(3)(A)—

23 (A) shall reserve funds to carry out sub-  
24 section (d); and

1 (B) shall distribute the remainder to eligi-  
2 ble institutions or consortia of the institutions  
3 within the State.

4 (2) FORMULA.—Each such eligible institution  
5 or consortium shall receive an amount for the pro-  
6 gram year (from funds made available for the cor-  
7 responding fiscal year, as determined under section  
8 734(c)) from such remainder bears the same rela-  
9 tionship to such remainder as the number of individ-  
10 uals who are Pell Grant recipients or recipients of  
11 assistance from the Bureau of Indian Affairs and  
12 are enrolled in programs offered by such institution  
13 or consortium for the preceding fiscal year bears to  
14 the number of all such individuals who are enrolled  
15 in any such program within the State for such pre-  
16 ceding year.

17 (3) CONSORTIUM REQUIREMENTS.—In order  
18 for a consortium of eligible institutions described in  
19 paragraph (1) to receive assistance pursuant to such  
20 paragraph such consortium shall operate joint  
21 projects that—

22 (A) provide services to all postsecondary  
23 institutions participating in the consortium; and

24 (B) are of sufficient size, scope, and qual-  
25 ity to be effective.

1 (b) WAIVER FOR MORE EQUITABLE DISTRIBUTION.—The Governing Board may waive the application  
2 TION.—The Governing Board may waive the application  
3 of subsection (a) in the case of any State educational  
4 agency that submits to the Governing Board an applica-  
5 tion for such a waiver that—

6 (1) demonstrates that the formula described in  
7 subsection (a) does not result in a distribution of  
8 funds to the institutions or consortia within the  
9 State that have the highest numbers of low-income  
10 individuals and that an alternative formula will re-  
11 sult in such a distribution; and

12 (2) includes a proposal for an alternative for-  
13 mula that may include criteria relating to the num-  
14 ber of individuals attending the institutions or con-  
15 sortia within the State who—

16 (A) receive need-based postsecondary fi-  
17 nancial aid provided from public funds;

18 (B) are members of families receiving as-  
19 sistance under a State program funded under  
20 part A of title IV of the Social Security Act (42  
21 U.S.C. 601 et seq.);

22 (C) are enrolled in postsecondary edu-  
23 cational institutions that—

24 (i) are funded by the State;

25 (ii) do not charge tuition; and

- 1 (iii) serve only low-income students;  
2 (D) are enrolled in programs serving low-  
3 income adults; or  
4 (E) are Pell Grant recipients.

5 (c) MINIMUM AMOUNT.—

6 (1) IN GENERAL.—No distribution of funds  
7 provided to any institution or consortium for a pro-  
8 gram year under this section shall be for an amount  
9 that is less than \$50,000.

10 (2) REDISTRIBUTION.—Any amounts that are  
11 not distributed by reason of paragraph (1) shall be  
12 redistributed to eligible institutions or consortia in  
13 accordance with the provisions of this section.

14 (d) SPECIAL RULE FOR CRIMINAL OFFENDERS.—  
15 Each State educational agency shall distribute the funds  
16 reserved under subsection (a)(1)(A) to 1 or more State  
17 corrections agencies to enable the State corrections agen-  
18 cies to administer vocational education programs for juve-  
19 nile and adult criminal offenders in correctional institu-  
20 tions in the State, including correctional institutions oper-  
21 ated by local authorities.

22 (e) DEFINITION.—For the purposes of this section—

23 (1) the term “eligible institution” means an in-  
24 stitution of higher education, a local educational  
25 agency serving adults, or an area vocational edu-

1 cation school serving adults that offers or will offer  
2 a program that seeks to receive financial assistance  
3 under this section;

4 (2) the term “institution of higher education”,  
5 notwithstanding section 427(b)(2) of the Higher  
6 Education Amendments of 1992 (20 U.S.C. 1085  
7 note), has the meaning given the term in section  
8 435(b) of the Higher Education Act of 1965 as such  
9 section was in effect on July 22, 1992;

10 (3) the term “low-income”, used with respect to  
11 a person, means a person who is determined under  
12 guidelines developed by the Governing Board to be  
13 low-income, using the most recent available data  
14 provided by the Bureau of the Census, prior to the  
15 determination; and

16 (4) the term “Pell Grant recipient” means a re-  
17 cipient of financial aid under subpart 1 of part A of  
18 title IV of the Higher Education Act of 1965 (20  
19 U.S.C. 1070a et seq.).

20 **SEC. 724. DISTRIBUTION FOR ADULT EDUCATION.**

21 (a) IN GENERAL.—Except as provided in subsection  
22 (b)(3), from the amount made available by a State edu-  
23 cational agency for adult education under section  
24 721(b)(3)(B) for a program year, such agency shall award  
25 grants, on a competitive basis, to local educational agen-

1 cies, correctional education agencies, community-based or-  
2 ganizations of demonstrated effectiveness, volunteer lit-  
3 eracy organizations, public or private nonprofit agencies,  
4 postsecondary educational institutions, public housing au-  
5 thorities, and other nonprofit institutions that have the  
6 ability to provide literacy services to adults and families,  
7 or consortia of agencies, organizations, or institutions de-  
8 scribed in this subsection, to enable such agencies, organi-  
9 zations, institutions, and consortia to establish or expand  
10 adult education programs.

11 (b) GRANT REQUIREMENTS.—

12 (1) ACCESS.—Each State educational agency  
13 making funds available for any program year for  
14 adult education under section 721(b)(3)(B) shall en-  
15 sure that the entities described in subsection (a) will  
16 be provided direct and equitable access to all Fed-  
17 eral funds provided under this section.

18 (2) CONSIDERATIONS.—In awarding grants  
19 under this section, the State educational agency  
20 shall consider—

21 (A) the past effectiveness of applicants in  
22 providing services (especially with respect to re-  
23 cruitment and retention of educationally dis-  
24 advantaged adults and the learning gains dem-  
25 onstrated by such adults);

1 (B) the degree to which an applicant will  
2 coordinate and utilize other literacy and social  
3 services available in the community; and

4 (C) the commitment of the applicant to  
5 serve individuals in the community who are  
6 most in need of literacy services.

7 (3) CONSORTIA.—A State educational agency  
8 may award a grant under subsection (a) to a consor-  
9 tium that includes an entity described in subsection  
10 (a) and a for-profit agency, organization, or institu-  
11 tion, if such agency, organization, or institution—

12 (A) can make a significant contribution to  
13 carrying out the purposes of this title; and

14 (B) enters into a contract with the entity  
15 described in subsection (a) for the purpose of  
16 establishing or expanding adult education pro-  
17 grams.

18 (c) LOCAL ADMINISTRATIVE COSTS LIMITS.—

19 (1) IN GENERAL.—Except as provided in para-  
20 graph (2), of the funds provided under this section  
21 by a State educational agency to an agency, organi-  
22 zation, institution, or consortium described in sub-  
23 section (a), at least 95 percent shall be expended for  
24 provision of adult education instructional activities.

25 The remainder shall be used for planning, adminis-

1 tration, personnel development, and interagency co-  
2 ordination.

3 (2) SPECIAL RULE.—In cases where the cost  
4 limits described in paragraph (1) will be too restric-  
5 tive to allow for adequate planning, administration,  
6 personnel development, and interagency coordination  
7 supported under this section, the State educational  
8 agency shall negotiate with the agency, organization,  
9 institution, or consortium described in subsection (a)  
10 in order to determine an adequate level of funds to  
11 be used for noninstructional purposes.

12 **SEC. 725. SPECIAL RULE FOR MINIMAL ALLOCATION.**

13 (a) GENERAL AUTHORITY.—For any program year  
14 for which a minimal amount is made available by a State  
15 educational agency for distribution under section 722 or  
16 723 such agency may, notwithstanding the provisions of  
17 section 722 or 723, respectively, in order to make a more  
18 equitable distribution of funds for programs serving the  
19 highest numbers of low-income individuals (as defined in  
20 section 723(e)), distribute such minimal amount—

21 (1) on a competitive basis; or

22 (2) through any alternative method determined  
23 by the State educational agency.

24 (b) MINIMAL AMOUNT.—For purposes of this section,  
25 the term “minimal amount” means not more than 15 per-

1 cent of the total amount made available by the State edu-  
2 cational agency under section 721(b)(3)(A) for section  
3 722 or 723, respectively, for such program year.

4 **SEC. 726. REDISTRIBUTION.**

5 (a) IN GENERAL.—In any program year that an en-  
6 tity receiving financial assistance under section 722 or 723  
7 does not expend all of the amounts distributed to such  
8 entity for such year under section 722 or 723, respectively,  
9 such entity shall return any unexpended amounts to the  
10 State educational agency for distribution under section  
11 722 or 723, respectively.

12 (b) REDISTRIBUTION OF AMOUNTS RETURNED LATE  
13 IN A PROGRAM YEAR.—In any program year in which  
14 amounts are returned to the State educational agency  
15 under subsection (a) for programs described in section 722  
16 or 723 and the State educational agency is unable to redis-  
17 tribute such amounts according to section 722 or 723, re-  
18 spectively, in time for such amounts to be expended in  
19 such program year, the State educational agency shall re-  
20 tain such amounts for distribution in combination with  
21 amounts provided under such section for the following pro-  
22 gram year.

23 **SEC. 727. LOCAL APPLICATION FOR WORKFORCE EDU-**  
24 **CATION ACTIVITIES.**

25 (a) IN GENERAL.—

1           (1) IN GENERAL.—Each eligible entity desiring  
2           financial assistance under this subtitle for workforce  
3           education activities shall submit an application to  
4           the State educational agency at such time, in such  
5           manner and accompanied by such information as  
6           such agency (in consultation with such other edu-  
7           cational entities as the State educational agency de-  
8           termines to be appropriate) may require. Such appli-  
9           cation shall cover the same period of time as the pe-  
10          riod of time applicable to the State workforce devel-  
11          opment plan.

12           (2) DEFINITION.—For the purpose of this sec-  
13          tion the term “eligible entity” means an entity eligi-  
14          ble for financial assistance under section 722, 723,  
15          or 724 from a State educational agency.

16          (b) CONTENTS.—Each application described in sub-  
17          section (a) shall, at a minimum—

18           (1) describe how the workforce education activi-  
19          ties required under section 716(b), and other  
20          workforce education activities, will be carried out  
21          with funds received under this subtitle;

22           (2) describe how the activities to be carried out  
23          relate to meeting the State goals, and reaching the  
24          State benchmarks, concerning workforce education  
25          activities;

1           (3) describe how the activities to be carried out  
2           are an integral part of the comprehensive efforts of  
3           the eligible entity to improve education for all stu-  
4           dents and adults;

5           (4) describe the process that will be used to  
6           independently and continuously improve the per-  
7           formance of the eligible entity; and

8           (5) describe how the eligible entity will coordi-  
9           nate the activities of the entity with the activities of  
10          the local workforce development board, if any, in the  
11          substate area.

12 **SEC. 728. LOCAL PARTNERSHIPS, AGREEMENTS, AND**  
13 **WORKFORCE DEVELOPMENT BOARDS.**

14          (a) LOCAL AGREEMENTS.—

15           (1) IN GENERAL.—After a Governor submits  
16          the State plan described in section 714 to the Gov-  
17          erning Board, the Governor shall negotiate and  
18          enter into a local agreement regarding the workforce  
19          employment activities, school-to-work activities, and  
20          economic development activities (within a State that  
21          is eligible to carry out such activities, as described  
22          in subsection (c)) to be carried out in each substate  
23          area in the State with local partnerships (or, where  
24          established, local workforce development boards de-  
25          scribed in subsection (b)).

1 (2) LOCAL PARTNERSHIPS.—

2 (A) IN GENERAL.—A local partnership re-  
3 ferred to in paragraph (1) shall be established  
4 by the local chief elected official, in accordance  
5 with subparagraphs (B) and (C), and shall con-  
6 sist of individuals representing business, indus-  
7 try, and labor, local secondary schools, local  
8 postsecondary education institutions, local adult  
9 education providers, local elected officials, reha-  
10 bilitation agencies and organizations, and com-  
11 munity-based organizations, within the appro-  
12 priate substate area.

13 (B) MULTIPLE JURISDICTIONS.—In any  
14 case in which there are 2 or more units of gen-  
15 eral local government in the substate area in-  
16 volved, the chief elected official of each such  
17 unit shall appoint members of the local partner-  
18 ship in accordance with an agreement entered  
19 into by such chief elected officials. In the ab-  
20 sence of such an agreement, such appointments  
21 shall be made by the Governor of the State in-  
22 volved from the individuals nominated or rec-  
23 ommended by the chief elected officials.

24 (C) SELECTION OF BUSINESS AND INDUS-  
25 TRY REPRESENTATIVES.—Individuals represent-

1           ing business and industry in the local partner-  
2           ship shall be appointed by the chief elected offi-  
3           cial from nominations submitted by business or-  
4           ganizations in the substate area involved. Such  
5           individuals shall reasonably represent the indus-  
6           trial and demographic composition of the busi-  
7           ness community. Where possible, at least 50  
8           percent of such business and industry rep-  
9           resentatives shall be representatives of small  
10          business.

11           (3) BUSINESS AND INDUSTRY INVOLVEMENT.—

12          The business and industry representatives shall have  
13          a lead role in the design, management, and evalua-  
14          tion of the activities to be carried out in the substate  
15          area under the local agreement.

16           (4) CONTENTS.—

17           (A) STATE GOALS AND STATE BENCH-  
18          MARKS.—Such an agreement shall include a de-  
19          scription of the manner in which funds allo-  
20          cated to a substate area under this subtitle will  
21          be spent to meet the State goals and reach the  
22          State benchmarks in a manner that reflects  
23          local labor market conditions.

1           (B) COLLABORATION.—The agreement  
2 shall also include information that demonstrates  
3 the manner in which—

4                   (i) the Governor; and

5                   (ii) the local partnership (or, where  
6 established, the local workforce develop-  
7 ment board);

8 collaborated in reaching the agreement.

9           (5) FAILURE TO REACH AGREEMENT.—If, after  
10 a reasonable effort, the Governor is unable to enter  
11 into an agreement with the local partnership (or,  
12 where established, the local workforce development  
13 board), the Governor shall notify the partnership or  
14 board, as appropriate, and provide the partnership  
15 or board, as appropriate, with the opportunity to  
16 comment, not later than 30 days after the date of  
17 the notification, on the manner in which funds allo-  
18 cated to such substate area will be spent to meet the  
19 State goals and reach the State benchmarks.

20           (6) EXCEPTION.—A State that indicates in the  
21 State plan described in section 714 that the State  
22 will be treated as a substate area for purposes of the  
23 application of this subtitle shall not be subject to  
24 this subsection.

25           (b) LOCAL WORKFORCE DEVELOPMENT BOARDS.—

1           (1) IN GENERAL.—Each State may facilitate  
2 the establishment of local workforce development  
3 boards in each substate area to set policy and pro-  
4 vide oversight over the workforce development activi-  
5 ties in the substate area.

6           (2) MEMBERSHIP.—

7           (A) STATE CRITERIA.—The Governor shall  
8 establish criteria for use by local chief elected  
9 officials in each substate area in the selection of  
10 members of the local workforce development  
11 boards, in accordance with the requirements of  
12 subparagraph (B).

13           (B) REPRESENTATION REQUIREMENT.—  
14 Such criteria shall require, at a minimum, that  
15 a local workforce development board consist  
16 of—

17           (i) representatives of business and in-  
18 dustry in the substate area, who shall con-  
19 stitute a majority of the board;

20           (ii) representatives of labor, workers,  
21 and community-based organizations, who  
22 shall constitute not less than 25 percent of  
23 the members of the board;

1 (iii) representatives of local secondary  
2 schools, postsecondary education institu-  
3 tions, and adult education providers;

4 (iv) representatives of veterans; and

5 (v) 1 or more individuals with disabil-  
6 ities, or their representatives.

7 (C) CHAIR.—Each local workforce develop-  
8 ment board shall select a chairperson from  
9 among the members of the board who are rep-  
10 resentatives of business and industry.

11 (3) CONFLICT OF INTEREST.—No member of a  
12 local workforce development board shall vote on a  
13 matter relating to the provision of services by the  
14 member (or any organization that the member di-  
15 rectly represents) or vote on a matter that would  
16 provide direct financial benefit to such member or  
17 the immediate family of such member or engage in  
18 any other activity determined by the Governor to  
19 constitute a conflict of interest.

20 (4) FUNCTIONS.—The functions of the local  
21 workforce development board shall include—

22 (A) submitting to the Governor a single  
23 comprehensive 3-year strategic plan for  
24 workforce development activities in the substate  
25 area that includes information—

1 (i) identifying the workforce develop-  
2 ment needs of local industries, students,  
3 jobseekers, and workers;

4 (ii) identifying the workforce develop-  
5 ment activities to be carried out in the  
6 substate area with funds received through  
7 the allotment made to the State under sec-  
8 tion 712, to meet the State goals and  
9 reach the State benchmarks; and

10 (iii) identifying how the local  
11 workforce development board will obtain  
12 the active and continuous participation of  
13 business, industry, and labor in the devel-  
14 opment and continuous improvement of the  
15 workforce development activities carried  
16 out in the substate area;

17 (B) entering into local agreements with the  
18 Governor as described in subsection (a);

19 (C) overseeing the operations of the one-  
20 stop delivery of core services described in sec-  
21 tion 716(a)(2) in the substate area, including  
22 the responsibility to—

23 (i) designate local entities to operate  
24 the one-stop delivery in the substate area,

1 consistent with the criteria referred to in  
2 section 716(a)(2); and

3 (ii) develop and approve the budgets  
4 and annual operating plans of the provid-  
5 ers of the one-stop delivery; and

6 (D) submitting annual reports to the Gov-  
7 ernor on the progress being made in the sub-  
8 state area toward meeting the State goals and  
9 reaching the State benchmarks.

10 (5) CONSULTATION.—A local workforce devel-  
11 opment board that serves a substate area shall con-  
12 duct the functions described in paragraph (4) in  
13 consultation with the chief elected officials in the  
14 substate area.

15 (c) ECONOMIC DEVELOPMENT ACTIVITIES.—A State  
16 shall be eligible to use the funds made available through  
17 the flex account for flexible workforce activities to carry  
18 out economic development activities if—

19 (1) the boards described in section 715 and  
20 subsection (b) are established in the State; or

21 (2) in the case of a State that indicates in the  
22 State plan described in section 714 that the State  
23 will be treated as a substate area for purposes of the  
24 application of this subtitle, the board described in  
25 section 715 is established in the State.

1           **CHAPTER 3—ADMINISTRATION**

2   **SEC. 731. ACCOUNTABILITY.**

3       (a) REPORT.—

4           (1) IN GENERAL.—Each State that receives an  
5       allotment under section 712 shall annually prepare  
6       and submit to the Governing Board a report that  
7       states how the State is performing on State bench-  
8       marks specified in this section, which relate to  
9       workforce development activities carried out through  
10      the statewide system of the State. In preparing the  
11      report, the State may include information on such  
12      additional benchmarks as the State may establish to  
13      meet the State goals.

14          (2) CONSOLIDATED REPORT.—In lieu of sub-  
15      mitting separate reports under paragraph (1) and  
16      section 409(a) of the Social Security Act, the State  
17      may prepare a consolidated report. Any consolidated  
18      report prepared under this paragraph shall contain  
19      the information described in paragraph (1) and sub-  
20      sections (a) through (h) of section 409 of the Social  
21      Security Act. The State shall submit any consoli-  
22      dated report prepared under this paragraph to the  
23      Governing Board, the Secretary of Agriculture, and  
24      the Secretary of Health and Human Services, on the

1 dates specified in section 409(a) of the Social Secu-  
2 rity Act.

3 (b) GOALS.—

4 (1) MEANINGFUL EMPLOYMENT.—Each state-  
5 wide system supported by an allotment under section  
6 712 shall be designed to meet the goal of assisting  
7 participants in obtaining meaningful unsubsidized  
8 employment opportunities in the State.

9 (2) EDUCATION.—Each statewide system sup-  
10 ported by an allotment under section 712 shall be  
11 designed to meet the goal of enhancing and develop-  
12 ing more fully the academic, occupational, and lit-  
13 eracy skills of all segments of the population of the  
14 State.

15 (c) BENCHMARKS.—

16 (1) MEANINGFUL EMPLOYMENT.—To be eligi-  
17 ble to receive an allotment under section 712, a  
18 State shall develop, in accordance with paragraph  
19 (5), and identify in the State plan of the State, pro-  
20 posed quantifiable benchmarks to measure the state-  
21 wide progress of the State toward meeting the goal  
22 described in subsection (b)(1), which shall include,  
23 at a minimum, measures of—

24 (A) placement in unsubsidized employment  
25 of participants;

1 (B) retention of the participants in such  
2 employment (12 months after completion of the  
3 participation); and

4 (C) increased earnings for the participants.

5 (2) EDUCATION.—To be eligible to receive an  
6 allotment under section 712, a State shall develop,  
7 in accordance with paragraph (5), and identify in  
8 the State plan of the State, proposed quantifiable  
9 benchmarks to measure the statewide progress of  
10 the State toward meeting the goal described in sub-  
11 section (b)(2), which shall include, at a minimum,  
12 measures of—

13 (A) student mastery of academic knowl-  
14 edge and work readiness skills;

15 (B) student mastery of occupational and  
16 industry-recognized skills according to skill pro-  
17 ficiencies for students in career preparation  
18 programs;

19 (C) placement in, retention in, and comple-  
20 tion of secondary education (as determined  
21 under State law) and postsecondary education,  
22 and placement and retention in employment  
23 and in military service; and

24 (D) mastery of the literacy, knowledge,  
25 and skills adults need to be productive and re-

1           sponsible citizens and to become more actively  
2           involved in the education of their children.

3           (3) POPULATIONS.—To be eligible to receive an  
4           allotment under section 712, a State shall develop,  
5           in accordance with paragraph (5), and identify in  
6           the State plan of the State, proposed quantifiable  
7           benchmarks to measure progress toward meeting the  
8           goals described in subsection (b) for populations in-  
9           cluding, at a minimum—

10                   (A) welfare recipients (including a bench-  
11                   mark for welfare recipients described in section  
12                   3(34)(B));

13                   (B) individuals with disabilities;

14                   (C) older workers;

15                   (D) at-risk youth; and

16                   (E) dislocated workers.

17           (4) SPECIAL RULE.—If a State has developed  
18           performance indicators, attainment levels, or assess-  
19           ments for skills according to challenging academic,  
20           occupational, or industry-recognized skill proficien-  
21           cies, the State shall use such performance indicators,  
22           attainment levels, or assessments in measuring the  
23           progress of all students in attaining the skills.

24           (5) NEGOTIATIONS.—

1 (A) INITIAL DETERMINATION.—On receipt  
2 of a State plan submitted under section 714,  
3 the Governing Board shall, not later than 30  
4 days after the date of the receipt, determine—

5 (i) how the proposed State bench-  
6 marks identified by the State in the State  
7 plan compare to the model benchmarks es-  
8 tablished by the Governing Board under  
9 section 771(b)(4)(B)(ii);

10 (ii) how the proposed State bench-  
11 marks compare with State benchmarks  
12 proposed by other States in their State  
13 plans; and

14 (iii) whether the proposed State  
15 benchmarks, taken as a whole, are suffi-  
16 cient—

17 (I) to enable the State to meet  
18 the State goals; and

19 (II) to make the State eligible for  
20 an incentive grant under section  
21 732(a).

22 (B) NOTIFICATION.—The Governing  
23 Board shall immediately notify the State of the  
24 determinations referred to in subparagraph (A).  
25 If the Governing Board determines that the

1 proposed State benchmarks are not sufficient to  
2 make the State eligible for an incentive grant  
3 under section 732(a), the Governing Board  
4 shall provide the State with guidance on the  
5 steps the State may take to allow the State to  
6 become eligible for the grant.

7 (C) REVISION.—Not later than 30 days  
8 after the date of receipt of the notification re-  
9 ferred to in subparagraph (B), the State may  
10 revise some or all of the State benchmarks  
11 identified in the State plan in order to become  
12 eligible for the incentive grant or provide rea-  
13 sons why the State benchmarks should be suffi-  
14 cient to make the State eligible for the incentive  
15 grant.

16 (D) FINAL DETERMINATION.—After re-  
17 viewing any revised State benchmarks or infor-  
18 mation submitted by the State in accordance  
19 with subparagraph (C), the Governing Board  
20 shall issue a final determination on the eligi-  
21 bility of the State for the incentive grant.

22 (6) INCENTIVE GRANTS.—Each State that sets  
23 high benchmarks under paragraph (1), (2), or (3)  
24 and reaches or exceeds the benchmarks, as deter-

1 mined by the Governing Board, shall be eligible to  
2 receive an incentive grant under section 732(a).

3 (7) SANCTIONS.—A State that has failed to  
4 demonstrate sufficient progress toward reaching the  
5 State benchmarks established under this subsection  
6 for the 3 years covered by a State plan described in  
7 section 714, as determined by the Governing Board,  
8 may be subject to sanctions under section 732(b).

9 (d) JOB PLACEMENT ACCOUNTABILITY SYSTEM.—

10 (1) IN GENERAL.—Each State that receives an  
11 allotment under section 712 shall establish a job  
12 placement accountability system, which will provide  
13 a uniform set of data to track the progress of the  
14 State toward reaching the State benchmarks.

15 (2) DATA.—

16 (A) IN GENERAL.—In order to maintain  
17 data relating to the measures described in sub-  
18 section (c)(1), each such State shall establish a  
19 job placement accountability system using quar-  
20 terly wage records available through the unem-  
21 ployment insurance system. The State agency  
22 or entity within the State responsible for labor  
23 market information, as designated in section  
24 773(c)(1)(B), in conjunction with the Commis-  
25 sioner of Labor Statistics, shall maintain the

1 job placement accountability system and match  
2 information on participants served by the state-  
3 wide systems of the State and other States with  
4 quarterly employment and earnings records.

5 (B) REIMBURSEMENT.—Each local entity  
6 that carries out workforce employment activities  
7 or workforce education activities and that re-  
8 ceives funds under this subtitle shall provide in-  
9 formation regarding the social security numbers  
10 of the participants served by the entity and  
11 such other information as the State may re-  
12 quire to the State agency or entity within the  
13 State responsible for labor market information,  
14 as designated in section 773(c)(1)(B).

15 (C) CONFIDENTIALITY.—The State agency  
16 or entity within the State responsible for labor  
17 market information, as designated in section  
18 773(c)(1)(B), shall protect the confidentiality of  
19 information obtained through the job placement  
20 accountability system through the use of recog-  
21 nized security procedures.

22 (e) INDIVIDUAL ACCOUNTABILITY.—Each State that  
23 receives an allotment under section 712 shall devise and  
24 implement procedures to provide, in a timely manner, in-  
25 formation on participants in activities carried out through

1 the statewide system who are participating as a condition  
2 of receiving welfare assistance. The procedures shall re-  
3 quire that the State provide the information to the State  
4 and local agencies carrying out the programs through  
5 which the welfare assistance is provided, in a manner that  
6 ensures that the agencies can monitor compliance with the  
7 conditions regarding the receipt of the welfare assistance.

8 **SEC. 732. INCENTIVES AND SANCTIONS.**

9 (a) INCENTIVES.—

10 (1) IN GENERAL.—The Governing Board may  
11 award incentive grants of not more than  
12 \$15,000,000 per program year to a State that—

13 (A) reaches or exceeds State benchmarks  
14 established under section 731(c), with an em-  
15 phasis on the benchmarks established under  
16 section 731(c)(3), in accordance with section  
17 731(c)(6); or

18 (B) demonstrates to the Governing Board  
19 that the State has made substantial reductions  
20 in the number of adult recipients of assistance,  
21 as defined in section 712(b)(1)(A), resulting  
22 from increased placement of such adult recipi-  
23 ents of assistance.

24 (2) USE OF FUNDS.—A State that receives such  
25 a grant may use the funds made available through

1 the grant to carry out any workforce development  
2 activities authorized under this title.

3 (b) SANCTIONS.—

4 (1) FAILURE TO DEMONSTRATE SUFFICIENT  
5 PROGRESS.—If the Governing Board determines,  
6 after notice and an opportunity for a hearing, that  
7 a State has failed to demonstrate sufficient progress  
8 toward reaching the State benchmarks established  
9 under section 731(c) for the 3 years covered by a  
10 State plan described in section 714, the Governing  
11 Board may reduce the allotment of the State under  
12 section 712 by not more than 10 percent per pro-  
13 gram year for not more than 3 years. The Governing  
14 Board may determine that the failure of the State  
15 to demonstrate such progress is attributable to the  
16 workforce employment activities, workforce edu-  
17 cation activities, or flexible workforce activities, of  
18 the State, and reduce only the portion of the allot-  
19 ment for such activities.

20 (2) EXPENDITURE CONTRARY TO TITLE.—If  
21 the Governor of a State determines that a local en-  
22 tity that carries out workforce employment activities  
23 in a substate area of the State has expended funds  
24 made available under this title in a manner contrary  
25 to the purposes of this title, and such expenditures

1 do not constitute fraudulent activity, the Governor  
2 may deduct an amount equal to the funds from a  
3 subsequent program year allocation to the substate  
4 area.

5 (c) FUNDS RESULTING FROM REDUCED ALLOT-  
6 MENTS.—The Governing Board may use an amount re-  
7 tained as a result of a reduction in an allotment made  
8 under subsection (b)(1) to award an incentive grant under  
9 subsection (a).

10 **SEC. 733. UNEMPLOYMENT TRUST FUND.**

11 (a) IN GENERAL.—Section 901(c) of the Social Secu-  
12 rity Act (42 U.S.C. 1101(c)) is amended—

13 (1) in paragraph (1)—

14 (A) in subparagraph (A), by striking  
15 clause (ii) and inserting the following:

16 “(ii) the establishment and mainte-  
17 nance of statewide workforce development  
18 systems, to the extent the systems are used  
19 to carry out activities described in section  
20 773, or in any of clauses (ii) through (v)  
21 of section 716(a)(2)(B), of the Workforce  
22 Development Act of 1995, and”;

23 (B) in subparagraph (B)—

24 (i) in the matter preceding clause (i),  
25 by striking “Department of Labor” and in-

1           serting “Department of Labor or the  
2           Workforce Development Partnership, as  
3           appropriate,”; and

4                   (ii) by striking clause (iii) and insert-  
5           ing the following:

6                   “(iii) the Workforce Development Act  
7           of 1995,”; and

8           (2) in the first sentence of paragraph (4), by  
9           striking “the total cost” and all that follows through  
10          “the President determines” and inserting “the total  
11          cost of administering the statewide workforce devel-  
12          opment systems, to the extent the systems are used  
13          to carry out activities described in section 773, or in  
14          any of clauses (ii) through (v) of section  
15          716(a)(2)(B), of the Workforce Development Act of  
16          1995, and of the necessary expenses of the  
17          Workforce Development Partnership for the per-  
18          formance of the functions of the partnership under  
19          such Act, as the President determines”.

20          (b) EFFECTIVE DATE.—The amendments made by  
21          subsection (a) shall take effect July 1, 1998.

22   **SEC. 734. AUTHORIZATION OF APPROPRIATIONS.**

23          (a) IN GENERAL.—There are authorized to be appro-  
24          priated to carry out this title (other than subtitle C)

1 \$6,127,000,000 for each of fiscal years 1998 through  
2 2001.

3 (b) RESERVATIONS.—Of the amount appropriated  
4 under subsection (a)—

5 (1) 92.7 percent shall be reserved for making  
6 allotments under section 712;

7 (2) 1.25 percent shall be reserved for carrying  
8 out section 717;

9 (3) 0.2 percent shall be reserved for carrying  
10 out section 718;

11 (4) 4.3 percent shall be reserved for making in-  
12 centive grants under section 732(a) and for the ad-  
13 ministration of this title;

14 (5) 0.15 percent shall be reserved for carrying  
15 out sections 772 and 774; and

16 (6) 1.4 percent shall be reserved for carrying  
17 out section 773.

18 (c) PROGRAM YEAR.—

19 (1) IN GENERAL.—Appropriations for any fiscal  
20 year for programs and activities under this title shall  
21 be available for obligation only on the basis of a pro-  
22 gram year. The program year shall begin on July 1  
23 in the fiscal year for which the appropriation is  
24 made.

1           (2) ADMINISTRATION.—Funds obligated for any  
2 program year may be expended by each recipient  
3 during the program year and the 2 succeeding pro-  
4 gram years and no amount shall be deobligated on  
5 account of a rate of expenditure that is consistent  
6 with the provisions of the State plan specified in sec-  
7 tion 714 that relate to workforce employment activi-  
8 ties.

9 **SEC. 735. EFFECTIVE DATE.**

10       This subtitle shall take effect July 1, 1998.

11 **Subtitle C—Job Corps and Other**  
12 **Workforce Preparation Activi-**  
13 **ties for At-Risk Youth**

14 **CHAPTER 1—GENERAL JOB CORPS**  
15 **PROVISIONS**

16 **SEC. 741. PURPOSES.**

17       The purposes of this subtitle are—

18           (1) to maintain a Job Corps for at-risk youth  
19 as part of statewide systems;

20           (2) to set forth standards and procedures for  
21 selecting individuals as enrollees in the Job Corps;

22           (3) to authorize the establishment of residential  
23 and nonresidential Job Corps centers in which en-  
24 rollees will participate in intensive programs of  
25 workforce development activities;

1 (4) to prescribe various other powers, duties,  
2 and responsibilities incident to the operation and  
3 continuing development of the Job Corps; and

4 (5) to assist at-risk youth who need and can  
5 benefit from an unusually intensive program, oper-  
6 ated in a group setting, to become more responsible,  
7 employable, and productive citizens.

8 **SEC. 742. DEFINITIONS.**

9 As used in this subtitle:

10 (1) ENROLLEE.—The term “enrollee” means  
11 an individual enrolled in the Job Corps.

12 (2) GOVERNOR.—The term “Governor” means  
13 the chief executive officer of a State.

14 (3) JOB CORPS.—The term “Job Corps” means  
15 the corps described in section 743.

16 (4) JOB CORPS CENTER.—The term “Job Corps  
17 center” means a center described in section 743.

18 **SEC. 743. GENERAL AUTHORITY.**

19 If a State receives an allotment under section 759,  
20 and a center located in the State received assistance under  
21 part B of title IV of the Job Training Partnership Act  
22 for fiscal year 1996 and was not closed in accordance with  
23 section 755, the State shall use a portion of the funds  
24 made available through the allotment to maintain the cen-  
25 ter, and carry out activities described in this subtitle for

1 individuals enrolled in a Job Corps and assigned to the  
2 center.

3 **SEC. 744. INDIVIDUALS ELIGIBLE FOR THE JOB CORPS.**

4 To be eligible to become an enrollee, an individual  
5 shall be an at-risk youth.

6 **SEC. 745. SCREENING AND SELECTION OF APPLICANTS.**

7 (a) STANDARDS AND PROCEDURES.—

8 (1) IN GENERAL.—The State shall prescribe  
9 specific standards and procedures for the screening  
10 and selection of applicants for the Job Corps.

11 (2) IMPLEMENTATION.—To the extent prac-  
12 ticable, the standards and procedures shall be imple-  
13 mented through arrangements with—

14 (A) one-stop career centers;

15 (B) agencies and organizations such as  
16 community action agencies, professional groups,  
17 and labor organizations; and

18 (C) agencies and individuals that have con-  
19 tact with youth over substantial periods of time  
20 and are able to offer reliable information about  
21 the needs and problems of the youth.

22 (3) CONSULTATION.—The standards and proce-  
23 dures shall provide for necessary consultation with  
24 individuals and organizations, including court, pro-

1        bation, parole, law enforcement, education, welfare,  
2        and medical authorities and advisers.

3        (b) SPECIAL LIMITATIONS.—No individual shall be  
4        selected as an enrollee unless the individual or organiza-  
5        tion implementing the standards and procedures deter-  
6        mines that—

7            (1) there is a reasonable expectation that the  
8        individual can participate successfully in group situ-  
9        ations and activities, is not likely to engage in be-  
10       havior that would prevent other enrollees from re-  
11       ceiving the benefit of the program or be incompatible  
12       with the maintenance of sound discipline and satis-  
13       factory relationships between the Job Corps center  
14       to which the individual might be assigned and sur-  
15       rounding communities; and

16            (2) the individual manifests a basic understand-  
17       ing of both the rules to which the individual will be  
18       subject and of the consequences of failure to observe  
19       the rules.

20        **SEC. 746. ENROLLMENT AND ASSIGNMENT.**

21        (a) RELATIONSHIP BETWEEN ENROLLMENT AND  
22       MILITARY OBLIGATIONS.—Enrollment in the Job Corps  
23       shall not relieve any individual of obligations under the  
24       Military Selective Service Act (50 U.S.C. App. 451 et  
25       seq.).

1 (b) ASSIGNMENT.—

2 (1) IN GENERAL.—Except as provided in para-  
3 graph (2), the State shall assign an enrollee to the  
4 Job Corps center within the State that is closest to  
5 the residence of the enrollee.

6 (2) AGREEMENTS WITH OTHER STATES.—The  
7 State may enter into agreements with 1 or more  
8 States to enroll individuals from the States in the  
9 Job Corps and assign the enrollees to Job Corps  
10 centers in the State.

11 **SEC. 747. JOB CORPS CENTERS.**

12 (a) DEVELOPMENT.—The State shall enter into an  
13 agreement with a Federal, State, or local agency, which  
14 may be a State board or agency that operates or wishes  
15 to develop an area vocational education school facility or  
16 residential vocational school, or with a private organiza-  
17 tion, for the establishment and operation of a Job Corps  
18 center.

19 (b) CHARACTER AND ACTIVITIES.—Job Corps cen-  
20 ters may be residential or nonresidential in character, and  
21 shall be designed and operated so as to provide enrollees,  
22 in a well-supervised setting, with access to activities de-  
23 scribed in section 748.

24 (c) CIVILIAN CONSERVATION CENTERS.—The Job  
25 Corps centers may include Civilian Conservation Centers,

1 located primarily in rural areas, which shall provide, in  
2 addition to other training and assistance, programs of  
3 work experience to conserve, develop, or manage public  
4 natural resources or public recreational areas or to develop  
5 community projects in the public interest.

6 (d) JOB CORPS OPERATORS.—To be eligible to re-  
7 ceive funds under this chapter, an entity who entered into  
8 a contract with the Secretary of Labor that is in effect  
9 on the effective date of this section to carry out activities  
10 through a center under part B of title IV of the Job Train-  
11 ing Partnership Act (as in effect on the day before the  
12 effective date of this section), shall enter into a contract  
13 with the State in which the center is located that contains  
14 provisions substantially similar to the provisions of the  
15 contract with the Secretary of Labor, as determined by  
16 the State.

17 **SEC. 748. PROGRAM ACTIVITIES.**

18 (a) ACTIVITIES PROVIDED THROUGH JOB CORPS  
19 CENTERS.—Each Job Corps center shall provide enrollees  
20 assigned to the center with access to activities described  
21 in section 716(a)(2)(B), and such other workforce develop-  
22 ment activities as may be appropriate to meet the needs  
23 of the enrollees, including providing work-based learning  
24 throughout the enrollment of the enrollees and assisting

1 the enrollees in obtaining meaningful unsubsidized em-  
2 ployment on completion of their enrollment.

3 (b) ARRANGEMENTS.—The State shall arrange for  
4 enrollees assigned to Job Corps centers in the State to  
5 receive workforce development activities through the state-  
6 wide system, including workforce development activities  
7 provided through local public or private educational agen-  
8 cies, vocational educational institutions, or technical insti-  
9 tutes.

10 (c) JOB PLACEMENT ACCOUNTABILITY.—Each Job  
11 Corps center located in a State shall be connected to the  
12 job placement accountability system of the State described  
13 in section 731(d).

14 **SEC. 749. SUPPORT.**

15 The State shall provide enrollees assigned to Job  
16 Corps centers in the State with such personal allowances  
17 as the State may determine to be necessary or appropriate  
18 to meet the needs of the enrollees.

19 **SEC. 750. OPERATING PLAN.**

20 To be eligible to operate a Job Corps center and re-  
21 ceive assistance under section 759 for program year 1998  
22 or any subsequent program year, an entity shall prepare  
23 and submit, to the Governor of the State in which the cen-  
24 ter is located, and obtain the approval of the Governor

1 for, an operating plan that shall include, at a minimum,  
2 information indicating—

3 (1) in quantifiable terms, the extent to which  
4 the center will contribute to the achievement of the  
5 proposed State goals and State benchmarks identi-  
6 fied in the State plan for the State submitted under  
7 section 714;

8 (2) the extent to which workforce employment  
9 activities and workforce education activities delivered  
10 through the Job Corps center are directly linked to  
11 the workforce development needs of the industry sec-  
12 tors most important to the economic competitiveness  
13 of the State; and

14 (3) an implementation strategy to ensure that  
15 all enrollees assigned to the Job Corps center will  
16 have access to services through the one-stop delivery  
17 of core services described in section 716(a)(2) by the  
18 State.

19 **SEC. 751. STANDARDS OF CONDUCT.**

20 (a) **PROVISION AND ENFORCEMENT.**—The State  
21 shall provide, and directors of Job Corps center shall  
22 stringently enforce, standards of conduct within the cen-  
23 ters. Such standards of conduct shall include provisions  
24 forbidding violence, drug abuse, and other criminal activ-  
25 ity.

1 (b) DISCIPLINARY MEASURES.—To promote the  
2 proper moral and disciplinary conditions in the Job Corps,  
3 the directors of Job Corps centers shall take appropriate  
4 disciplinary measures against enrollees. If such a director  
5 determines that an enrollee has committed a violation of  
6 the standards of conduct, the director shall dismiss the  
7 enrollee from the Corps if the director determines that the  
8 retention of the enrollee in the Corps will jeopardize the  
9 enforcement of such standards or diminish the opportuni-  
10 ties of other enrollees. If the director determines that an  
11 enrollee has engaged in an incident involving violence,  
12 drug abuse, or other criminal activity, the director shall  
13 immediately dismiss the enrollee from the Corps.

14 (c) APPEAL.—A disciplinary measure taken by a di-  
15 rector under this section shall be subject to expeditious  
16 appeal in accordance with procedures established by the  
17 State.

18 **SEC. 752. COMMUNITY PARTICIPATION.**

19 The State shall encourage and cooperate in activities  
20 to establish a mutually beneficial relationship between Job  
21 Corps centers in the State and nearby communities. The  
22 activities may include the use of any local workforce devel-  
23 opment boards established in the State under section  
24 728(b) to provide a mechanism for joint discussion of com-

1 mon problems and for planning programs of mutual inter-  
2 est.

3 **SEC. 753. COUNSELING AND PLACEMENT.**

4 The State shall ensure that enrollees assigned to Job  
5 Corps centers in the State receive counseling and job  
6 placement services, which shall be provided, to the maxi-  
7 mum extent practicable, through the delivery of core serv-  
8 ices described in section 716(a)(2).

9 **SEC. 754. LEASES AND SALES OF CENTERS.**

10 (a) LEASES.—

11 (1) IN GENERAL.—The Secretary of Labor shall  
12 offer to enter into a lease with each State that has  
13 an approved State plan submitted under section 714  
14 and in which 1 or more Job Corps centers are lo-  
15 cated.

16 (2) NOMINAL CONSIDERATION.—Under the  
17 terms of the lease, the Secretary of Labor shall lease  
18 the Job Corps centers in the State to the State in  
19 return for nominal consideration.

20 (3) INDEMNITY AGREEMENT.—To be eligible to  
21 lease such a center, a State shall enter into an  
22 agreement to hold harmless and indemnify the Unit-  
23 ed States from any liability or claim for damages or  
24 injury to any person or property arising out of the  
25 lease.

1 (b) SALES.—Notwithstanding the Federal Property  
2 and Administrative Services Act of 1949 (40 U.S.C. 471  
3 et seq.), the Secretary of Labor shall offer each State de-  
4 scribed in subsection (a)(1) the opportunity to purchase  
5 the Job Corps centers in the State in return for nominal  
6 consideration.

7 **SEC. 755. CLOSURE OF JOB CORPS CENTERS.**

8 (a) NATIONAL JOB CORPS AUDIT.—Not later than  
9 March 31, 1997, the Governing Board shall conduct an  
10 audit of the activities carried out under part B of title  
11 IV of the Job Training Partnership Act (29 U.S.C. 1691  
12 et seq.), and submit to the appropriate committees of Con-  
13 gress a report containing the results of the audit, includ-  
14 ing information indicating—

15 (1) the amount of funds expended for fiscal  
16 year 1996 to carry out activities under such part,  
17 for each State and for the United States;

18 (2) for each Job Corps center funded under  
19 such part (referred to in this subtitle as a “Job  
20 Corps center”), the amount of funds expended for  
21 fiscal year 1996 under such part to carry out activi-  
22 ties related to the direct operation of the center, in-  
23 cluding funds expended for student training, out-  
24 reach or intake activities, meals and lodging, student

1 allowances, medical care, placement or settlement  
2 activities, and administration;

3 (3) for each Job Corps center, the amount of  
4 funds expended for fiscal year 1996 under such part  
5 through contracts to carry out activities not related  
6 to the direct operation of the center, including funds  
7 expended for student travel, national outreach,  
8 screening, and placement services, national voca-  
9 tional training, and national and regional adminis-  
10 trative costs;

11 (4) for each Job Corps center, the amount of  
12 funds expended for fiscal year 1996 under such part  
13 for facility construction, rehabilitation, and acquisi-  
14 tion expenses; and

15 (5) the amount of funds required to be ex-  
16 pended under such part to complete each new or  
17 proposed Job Corps center, and to rehabilitate and  
18 repair each existing Job Corps center, as of the date  
19 of the submission of the report.

20 (b) RECOMMENDATIONS OF GOVERNING BOARD.—

21 (1) RECOMMENDATIONS.—The Governing  
22 Board shall, based on the results of the audit de-  
23 scribed in subsection (a), make recommendations to  
24 the Secretary of Labor, including identifying 25 Job  
25 Corps centers to be closed by September 30, 1997.

1 (2) CONSIDERATIONS.—

2 (A) IN GENERAL.—In determining whether  
3 to recommend that the Secretary of Labor close  
4 a Job Corps center, the Governing Board shall  
5 consider whether the center—

6 (i) has consistently received low per-  
7 formance measurement ratings under the  
8 Department of Labor or the Office of In-  
9 spector General Job Corps rating system;

10 (ii) is among the centers that have ex-  
11 perience the highest number of serious in-  
12 cidents of violence or criminal activity in  
13 the past 5 years;

14 (iii) is among the centers that require  
15 the largest funding for renovation or re-  
16 pair, as specified in the Department of  
17 Labor Job Corps Construction/Rehabilita-  
18 tion Funding Needs Survey, or for reha-  
19 bilitation or repair, as reflected in the por-  
20 tion of the audit described in subsection  
21 (a)(5);

22 (iv) is among the centers for which  
23 the highest relative or absolute fiscal year  
24 1996 expenditures were made, for any of  
25 the categories of expenditures described in

1 paragraph (2), (3), or (4) of subsection  
2 (a), as reflected in the audit described in  
3 subsection (a);

4 (v) is among the centers with the least  
5 State and local support; or

6 (vi) is among the centers with the low-  
7 est rating on such additional criteria as the  
8 Governing Board may determine to be ap-  
9 propriate.

10 (B) COVERAGE OF STATES AND RE-  
11 GIONS.—Notwithstanding subparagraph (A),  
12 the Governing Board shall not recommend that  
13 the Secretary of Labor close the only Job Corps  
14 center in a State or a region of the United  
15 States.

16 (C) ALLOWANCE FOR NEW JOB CORPS  
17 CENTERS.—Notwithstanding any other provi-  
18 sion of this section, if the planning or construc-  
19 tion of a Job Corps center that received Federal  
20 funding for fiscal year 1994 or 1995 has not  
21 been completed by the date of enactment of this  
22 Act—

23 (i) the appropriate entity may com-  
24 plete the planning or construction and  
25 begin operation of the center; and

1                   (ii) the Governing Board shall not  
2                   evaluate the center under this title sooner  
3                   than 3 years after the first date of oper-  
4                   ation of the center.

5                   (3) REPORT.—Not later than June 30, 1997,  
6                   the Governing Board shall submit a report to the  
7                   Secretary of Labor, which shall contain a detailed  
8                   statement of the findings and conclusions of the  
9                   Governing Board resulting from the audit described  
10                  in subsection (a) together with the recommendations  
11                  described in paragraph (1).

12                  (c) CLOSURE.—The Secretary of Labor shall, after  
13                  reviewing the report submitted under subsection (b)(3),  
14                  close 25 Job Corps centers by September 30, 1997.

15   **SEC. 756. INTERIM OPERATING PLANS FOR JOB CORPS**  
16   **CENTERS.**

17                  Part B of title IV of the Job Training Partnership  
18                  Act (29 U.S.C. 1691 et seq.) is amended by inserting after  
19                  section 439 the following section:

20   **“SEC. 439A. OPERATING PLAN.**

21                  “(a) SUBMISSION OF PLAN.—To be eligible to oper-  
22                  ate a Job Corps center and receive assistance under this  
23                  part for fiscal year 1997, an entity shall prepare and sub-  
24                  mit to the Secretary and the Governor of the State in  
25                  which the center is located, and obtain the approval of

1 the Secretary for, an operating plan that shall include, at  
2 a minimum, information indicating—

3 “(1) in quantifiable terms, the extent to which  
4 the center will contribute to the achievement of the  
5 proposed State goals and State benchmarks identi-  
6 fied in the interim plan for the State submitted  
7 under section 762 of the Workforce Development  
8 Act of 1995;

9 “(2) the extent to which workforce employment  
10 activities and workforce education activities delivered  
11 through the Job Corps center are directly linked to  
12 the workforce development needs of the industry sec-  
13 tors most important to the economic competitiveness  
14 of the State; and

15 “(3) an implementation strategy to ensure that  
16 all enrollees assigned to the Job Corps center will  
17 have access to services through the one-stop delivery  
18 of core services described in section 716(a)(2) by the  
19 State as identified in the interim plan.

20 “(b) SUBMISSION OF COMMENTS.—Not later than 30  
21 days after receiving an operating plan described in sub-  
22 section (a), the Governor of the State in which the center  
23 is located may submit comments on the plan to the Sec-  
24 retary.

1       “(c) APPROVAL.—The Secretary shall not approve an  
2 operating plan described in subsection (a) for a center if  
3 the Secretary determines that the activities proposed to  
4 be carried out through the center are not sufficiently inte-  
5 grated with the activities carried out through the state-  
6 wide system of the State in which the center is located.”.

7 **SEC. 757. EFFECTIVE DATE.**

8       (a) IN GENERAL.—Except as provided in subsection  
9 (b), this chapter shall take effect on July 1, 1998.

10       (b) INTERIM PROVISIONS.—Sections 754 and 755,  
11 and the amendment made by section 756, shall take effect  
12 on the date of enactment of this Act.

13 **CHAPTER 2—OTHER WORKFORCE PREPA-**  
14 **RATION ACTIVITIES FOR AT-RISK**  
15 **YOUTH**

16 **SEC. 759. WORKFORCE PREPARATION ACTIVITIES FOR AT-**  
17 **RISK YOUTH.**

18       (a) IN GENERAL.—For program year 1998 and each  
19 subsequent program year, the Governing Board shall  
20 make allotments under subsection (c) to States to assist  
21 the States in paying for the cost of carrying out workforce  
22 preparation activities for at-risk youth, as described in this  
23 section.

24       (b) STATE USE OF FUNDS.—

1           (1) CORE ACTIVITIES.—The State shall use a  
2           portion of the funds made available to the State  
3           through an allotment received under subsection (c)  
4           to establish and operate Job Corps centers as de-  
5           scribed in chapter 1, if a center located in the State  
6           received assistance under part B of title IV of the  
7           Job Training Partnership Act for fiscal year 1996  
8           and was not closed in accordance with section 755.

9           (2) PERMISSIBLE ACTIVITIES.—The State may  
10          use a portion of the funds described in paragraph  
11          (1) to—

12                 (A) make grants to eligible entities, as de-  
13                 scribed in subsection (e), to assist the entities  
14                 in carrying out innovative programs to assist  
15                 out-of-school at-risk youth in participating in  
16                 school-to-work activities;

17                 (B) make grants to eligible entities, as de-  
18                 scribed in subsection (e), to assist the entities  
19                 in providing work-based learning as a compo-  
20                 nent of school-to-work activities, including sum-  
21                 mer jobs linked to year-round school-to-work  
22                 programs; and

23                 (C) carry out other workforce development  
24                 activities specifically for at-risk youth.

25          (c) ALLOTMENTS.—

1           (1) IN GENERAL.—The Governing Board shall  
2 allot to each State an amount equal to the total of—

3           (A) the amount made available to the  
4 State under paragraph (2); and

5           (B) the amounts made available to the  
6 State under subparagraphs (C), (D), and (E) of  
7 paragraph (3).

8           (2) ALLOTMENTS BASED ON FISCAL YEAR 1996  
9 APPROPRIATIONS.—Using a portion of the funds ap-  
10 propriated under subsection (g) for a fiscal year, the  
11 Governing Board shall make available to each State  
12 the amount that Job Corps centers in the State ex-  
13 pended for fiscal year 1996 under part B of title IV  
14 of the Job Training Partnership Act to carry out ac-  
15 tivities related to the direct operation of the centers,  
16 as determined under section 755(a)(2).

17           (3) ALLOTMENTS BASED ON POPULATIONS.—

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

20           (i) INDIVIDUAL IN POVERTY.—The  
21 term “individual in poverty” means an in-  
22 dividual who—

23                   (I) is not less than age 18;

24                   (II) is not more than age 64; and

1 (III) is a member of a family (of  
2 1 or more members) with an income  
3 at or below the poverty line.

4 (ii) POVERTY LINE.—The term “pov-  
5 erty line” means the poverty line (as de-  
6 fined by the Office of Management and  
7 Budget, and revised annually in accord-  
8 ance with section 673(2) of the Community  
9 Services Block Grant Act (42 U.S.C.  
10 9902(2)) applicable to a family of the size  
11 involved, using the most recent available  
12 data provided by the Bureau of the Cen-  
13 sus, prior to the program year for which  
14 the allotment is made, and applying the  
15 definition of poverty used by the Bureau of  
16 the Census in compiling the 1990 decen-  
17 nial census.

18 (B) TOTAL ALLOTMENTS.—The Governing  
19 Board shall use the remainder of the funds that  
20 are appropriated under subsection (g) for a fis-  
21 cal year, and that are not made available under  
22 paragraph (2), to make amounts available  
23 under this paragraph.

24 (C) UNEMPLOYED INDIVIDUALS.—From  
25 funds equal to 33⅓ percent of such remainder,

1 the Governing Board shall make available to  
2 each State an amount that bears the same rela-  
3 tionship to such funds as the average number  
4 of unemployed individuals (as determined by  
5 the Secretary of Labor for the most recent 24-  
6 month period for which data are available, prior  
7 to the program year for which the allotment is  
8 made) in the State bears to the average number  
9 of unemployed individuals (as so determined) in  
10 the United States.

11 (D) INDIVIDUALS IN POVERTY.—From  
12 funds equal to  $33\frac{1}{3}$  percent of such remainder,  
13 the Governing Board shall make available to  
14 each State an amount that bears the same rela-  
15 tionship to such funds as the total number of  
16 individuals in poverty in the State bears to the  
17 total number of individuals in poverty in the  
18 United States.

19 (E) AT-RISK YOUTH.—From funds equal  
20 to  $33\frac{1}{3}$  percent of such remainder, the Govern-  
21 ing Board shall make available to each State an  
22 amount that bears the same relationship to  
23 such funds as the total number of at-risk youth  
24 in the State bears to the total number of at-risk  
25 youth in the United States.

1 (d) STATE PLAN.—

2 (1) INFORMATION.—To be eligible to receive an  
3 allotment under subsection (c), a State shall include,  
4 in the State plan to be submitted under section 714,  
5 information describing the allocation within the  
6 State of the funds made available through the allot-  
7 ment, and how the programs and activities described  
8 in subsection (b)(2) will be carried out to meet the  
9 State goals and reach the State benchmarks.

10 (2) LIMITATION.—The Governing Board may  
11 not require a State to include the information de-  
12 scribed in paragraph (1) in the State plan to be sub-  
13 mitted under section 714 to be eligible to receive an  
14 allotment under section 712.

15 (e) APPLICATION.—To be eligible to receive a grant  
16 under subparagraph (A) or (B) of subsection (b)(2) from  
17 a State, an entity shall prepare and submit to the Gov-  
18 ernor of the State an application at such time, in such  
19 manner, and containing such information as the Governor  
20 may require.

21 (f) WITHIN STATE DISTRIBUTION.—Of the funds al-  
22 lotted to a State under subsection (c)(3) for workforce  
23 preparation activities for at-risk youth for a program  
24 year—

1           (1) 15 percent shall be reserved by the Gov-  
2           ernor to carry out such activities through the state-  
3           wide system; and

4           (2) 85 percent shall be distributed to local enti-  
5           ties to carry out such activities through the state-  
6           wide system.

7           (g) AUTHORIZATION OF APPROPRIATIONS.—There  
8           are authorized to be appropriated to carry out this sub-  
9           title, \$2,100,000,000 for each of fiscal years 1998 through  
10          2001.

11          (h) EFFECTIVE DATE.—This chapter shall take ef-  
12          fect on July 1, 1998.

## 13          **Subtitle D—Transition Provisions**

### 14          **SEC. 761. WAIVERS.**

15          (a) WAIVER AUTHORITY.—

16               (1) IN GENERAL.—Notwithstanding any other  
17               provision of Federal law, and except as provided in  
18               subsection (d), the Secretary may waive any require-  
19               ment under any provision of law relating to a cov-  
20               ered activity, or of any regulation issued under such  
21               a provision, for—

22                       (A) a State that requests such a waiver  
23                       and submits an application as described in sub-  
24                       section (b); or

1 (B) a local entity that requests such a  
2 waiver and complies with the requirements of  
3 subsection (c);

4 in order to assist the State or local entity in plan-  
5 ning or developing a statewide system or workforce  
6 development activities to be carried out through the  
7 statewide system.

8 (2) TERM.—

9 (A) IN GENERAL.—Except as provided in  
10 subparagraph (B), each waiver approved pursu-  
11 ant to this section shall be for a period begin-  
12 ning on the date of the approval and ending on  
13 June 30, 1998.

14 (B) FAILURE TO SUBMIT INTERIM PLAN.—  
15 If a State receives a waiver under this section  
16 and fails to submit an interim plan under sec-  
17 tion 762 by June 30, 1997, the waiver shall be  
18 deemed to terminate on September 30, 1997. If  
19 a local entity receives a waiver under this sec-  
20 tion, and the State in which the local entity is  
21 located fails to submit an interim plan under  
22 section 762 by June 30, 1997, the waiver shall  
23 be deemed to terminate on September 30, 1997.

24 (b) STATE REQUEST FOR WAIVER.—

1           (1) IN GENERAL.—A State may submit to the  
2 Secretary a request for a waiver of 1 or more re-  
3 quirements referred to in subsection (a). The request  
4 may include a request for different waivers with re-  
5 spect to different areas within the State.

6           (2) APPLICATION.—To be eligible to receive a  
7 waiver described in subsection (a), a State shall sub-  
8 mit an application to the Secretary at such time, in  
9 such manner, and containing such information as  
10 the Secretary may require, including information—

11           (A) identifying the requirement to be  
12 waived and the goal that the State (or the local  
13 agency applying to the State under subsection  
14 (c)) intends to achieve through the waiver;

15           (B) identifying, and describing the actions  
16 that the State will take to remove, similar State  
17 requirements;

18           (C) describing the activities to which the  
19 waiver will apply, including information on how  
20 the activities may be continued, or related to  
21 activities carried out, under the statewide sys-  
22 tem of the State;

23           (D) describing the number and type of per-  
24 sons to be affected by such waiver; and

1 (E) providing evidence of support for the  
2 waiver request by the State agencies or officials  
3 with jurisdiction over the requirement to be  
4 waived.

5 (c) LOCAL ENTITY REQUEST FOR WAIVER.—

6 (1) IN GENERAL.—A local entity that seeks a  
7 waiver of such a requirement shall submit to the  
8 State a request for the waiver and an application  
9 containing sufficient information to enable the State  
10 to comply with the requirements of subsection  
11 (b)(2). The State shall determine whether to submit  
12 a request and an application for a waiver to the Sec-  
13 retary, as provided in subsection (b).

14 (2) TIME LIMIT.—

15 (A) IN GENERAL.—The State shall make a  
16 determination concerning whether to submit the  
17 request and application for a waiver as de-  
18 scribed in paragraph (1) not later than 30 days  
19 after the date on which the State receives the  
20 application from the local entity.

21 (B) DIRECT SUBMISSION.—

22 (i) IN GENERAL.—If the State does  
23 not make a determination to submit or  
24 does not submit the request and applica-  
25 tion within the 30-day time period speci-

1           fied in subparagraph (A), the local entity  
2           may submit the request and application to  
3           the Secretary.

4           (ii) REQUIREMENTS.—In submitting  
5           such a request, the local entity shall obtain  
6           the agreement of the State involved to  
7           comply with the requirements of this sec-  
8           tion that would otherwise apply to a State  
9           submitting a request for a waiver. In re-  
10          viewing an application submitted by a local  
11          entity, the Secretary shall comply with the  
12          requirements of this section that would  
13          otherwise apply to the Secretary with re-  
14          spect to review of such an application sub-  
15          mitted by a State.

16          (d) WAIVERS NOT AUTHORIZED.—The Secretary  
17          may not waive any requirement of any provision referred  
18          to in subsection (a), or of any regulation issued under such  
19          provision, relating to—

20               (1) the allocation of funds to States, local enti-  
21               ties, or individuals;

22               (2) public health or safety, civil rights, occupa-  
23               tional safety and health, environmental protection,  
24               displacement of employees, or fraud and abuse;

1           (3) the eligibility of an individual for participa-  
2           tion in a covered activity, except in a case in which  
3           the State or local entity can demonstrate that the  
4           individuals who would have been eligible to partici-  
5           pate in such activity without the waiver will partici-  
6           pate in a similar covered activity; or

7           (4) a required supplementation of funds by the  
8           State or a prohibition against the State supplanting  
9           such funds.

10          (e) ACTIVITIES.—Subject to subsection (d), the Sec-  
11          retary may approve a request for a waiver described in  
12          subsection (a) that would enable a State or local entity  
13          to—

14                (1) use the assistance that would otherwise  
15                have been used to carry out 2 or more covered ac-  
16                tivities (if the State or local entity were not using  
17                the assistance as described in this section)—

18                    (A) to address the high priority needs of  
19                    unemployed persons and at-risk youth in the  
20                    appropriate State or community for workforce  
21                    employment activities or workforce education  
22                    activities;

23                    (B) to improve efficiencies in the delivery  
24                    of the covered activities; or

1 (C) in the case of overlapping or duplica-  
2 tive activities—

3 (i) by combining the covered activities  
4 and funding the combined activities; or

5 (ii) by eliminating 1 of the covered ac-  
6 tivities and increasing the funding to the  
7 remaining covered activity; and

8 (2) use the assistance that would otherwise  
9 have been used for administrative expenses relating  
10 to a covered activity (if the State or local entity were  
11 not using the assistance as described in this section)  
12 to pay for the cost of developing an interim State  
13 plan described in section 762 or a State plan de-  
14 scribed in section 714.

15 (f) APPROVAL OR DISAPPROVAL.—The Secretary  
16 shall approve or disapprove any request submitted pursu-  
17 ant to subsection (b) or (c), not later than 45 days after  
18 the date of the submission and shall issue a decision that  
19 shall include the reasons for approving or disapproving the  
20 request.

21 (g) FAILURE TO ACT.—If the Secretary fails to ap-  
22 prove or disapprove the request within the 45-day period  
23 described in subsection (f), the request shall be deemed  
24 to be approved on the day after such period ends. If the  
25 Secretary subsequently determines that the waiver relates

1 to a matter described in subsection (d) and issues a deci-  
2 sion that includes the reasons for the determination, the  
3 waiver shall be deemed to terminate on the date of issu-  
4 ance of the decision.

5 (h) DEFINITION.—As used in this section:

6 (1) LOCAL ENTITY.—The term “local entity”  
7 means—

8 (A) a local educational agency, with re-  
9 spect to any act by a local agency or organiza-  
10 tion relating to a covered activity that is a  
11 workforce education activity; and

12 (B) the local public or private agency or  
13 organization responsible for carrying out the  
14 covered activity at issue, with respect to any act  
15 by a local agency or organization relating to  
16 any other covered activity.

17 (2) SECRETARY.—The term “Secretary”  
18 means—

19 (A) the Secretary of Labor, with respect to  
20 any act relating to a covered activity carried out  
21 by the Secretary of Labor;

22 (B) the Secretary of Education, with re-  
23 spect to any act relating to a covered activity  
24 carried out by the Secretary of Education; and

1 (C) the Secretary of Health and Human  
2 Services, with respect to any act relating to a  
3 covered activity carried out by the Secretary of  
4 Health and Human Services.

5 (3) STATE.—The term “State” means—

6 (A) a State educational agency, with re-  
7 spect to any act by a State entity relating to a  
8 covered activity that is a workforce education  
9 activity; and

10 (B) the Governor, with respect to any act  
11 by a State entity relating to any other covered  
12 activity.

13 (i) CONFORMING AMENDMENTS.—

14 (1) Section 501 of the School-to-Work Opportu-  
15 nities Act of 1994 (20 U.S.C. 6211) is amended—

16 (A) in subsection (a), by striking “sections  
17 502 and 503” and inserting “section 502”;

18 (B) in subsection (b)(2)(B)(ii)—

19 (i) by striking “section 502(a)(1)(C)  
20 or 503(a)(1)(C), as appropriate,” and in-  
21 serting “section 502(a)(1)(C)”; and

22 (ii) by striking “section 502 or 503,  
23 as appropriate,” and inserting “section  
24 502”;

1 (C) in subsection (c), by striking “section  
2 502 or 503” and inserting “section 502”; and

3 (D) by striking “Secretaries” each place  
4 the term appears and inserting “Secretary of  
5 Education”.

6 (2) Section 502(b) of such Act (20 U.S.C.  
7 6212(b)) is amended—

8 (A) in paragraph (4), by striking the semi-  
9 colon and inserting “; and”;

10 (B) in paragraph (5), by striking “; and”  
11 and inserting a period; and

12 (C) by striking paragraph (6).

13 (3) Section 503 of such Act (20 U.S.C. 6213)  
14 is repealed.

15 (4) Section 504 of such Act (20 U.S.C. 6214)  
16 is amended—

17 (A) in subsection (a)(2)(B), by striking  
18 clauses (i) and (ii) and inserting the following  
19 clauses:

20 “(i) the provisions of law listed in  
21 paragraphs (2) through (5) of section  
22 502(b);

23 “(ii) the Job Training Partnership  
24 Act (29 U.S.C. 1501 et seq.); and

1           “(iii) the Carl D. Perkins Vocational  
2           and Applied Technology Education Act (20  
3           U.S.C. 2301 et seq.)”; and

4           (B) in subsection (b), by striking “para-  
5           graphs (1) through (3), and paragraphs (5) and  
6           (6), of section 503(b)” and inserting “para-  
7           graphs (2) through (4) and paragraphs (6) and  
8           (7) of section 505(b)”.

9           (5) Section 505(b) of such Act (20 U.S.C.  
10          6215(b)) is amended to read as follows:

11          “(b) USE OF FUNDS.—A State may use, under the  
12          requirements of this Act, Federal funds that are made  
13          available to the State and combined under subsection (a)  
14          to carry out school-to-work activities, except that the pro-  
15          visions relating to—

16                 “(1) the matters specified in section 502(c);

17                 “(2) basic purposes or goals;

18                 “(3) maintenance of effort;

19                 “(4) distribution of funds;

20                 “(5) eligibility of an individual for participation;

21                 “(6) public health or safety, labor standards,  
22          civil rights, occupational safety and health, or envi-  
23          ronmental protection; or

24                 “(7) prohibitions or restrictions relating to the  
25          construction of buildings or facilities;

1 that relate to the program through which the funds de-  
2 scribed in subsection (a)(2)(B) were made available, shall  
3 remain in effect with respect to the use of such funds.”.

4 **SEC. 762. INTERIM STATE PLANS.**

5 (a) IN GENERAL.—For a State or local entity in a  
6 State to use a waiver received under section 761 through  
7 June 30, 1998, and for a State to be eligible to submit  
8 a State plan described in section 714 for program year  
9 1998, the Governor of the State shall submit an interim  
10 State plan to the Governing Board. The Governor shall  
11 submit the plan not later than June 30, 1997.

12 (b) REQUIREMENTS.—The interim State plan shall  
13 comply with the requirements applicable to State plans de-  
14 scribed in section 714.

15 (c) PROGRAM YEAR.—In submitting the interim  
16 State plan, the Governor shall indicate whether the plan  
17 is submitted—

18 (1) for review and approval for program year  
19 1997; or

20 (2) solely for review.

21 (d) REVIEW.—In reviewing an interim State plan, the  
22 Governing Board may—

23 (1) in the case of a plan submitted for review  
24 and approval for program year 1997—

1 (A) approve the plan and permit the State  
2 to use a waiver as described in section 761 to  
3 carry out the plan; or

4 (B) disapprove the plan, and provide to the  
5 State reasons for the disapproval and technical  
6 assistance for developing an approvable plan to  
7 be submitted under section 714 for program  
8 year 1998; and

9 (2) in the case of a plan submitted solely for re-  
10 view, review the plan and provide to the State tech-  
11 nical assistance for developing an approvable plan to  
12 be submitted under section 714 for program year  
13 1998.

14 (e) EFFECT OF DISAPPROVAL.—Disapproval of an  
15 interim plan shall not affect the ability of a State to use  
16 a waiver as described in section 761 through June 30,  
17 1998.

18 **SEC. 763. APPLICATIONS AND PLANS UNDER COVERED**  
19 **ACTS.**

20 Notwithstanding any other provision of law, no State  
21 or local entity shall be required to comply with any provi-  
22 sion of a covered Act that would otherwise require the en-  
23 tity to submit an application or a plan to a Federal agency  
24 during fiscal year 1996 or 1997 for funding of a covered  
25 activity. In determining whether to provide funding to the

1 State or local entity for the covered activity, the Secretary  
2 of Education, the Secretary of Labor, or the Secretary of  
3 Health and Human Services, as appropriate, shall con-  
4 sider the last application or plan, as appropriate, submit-  
5 ted by the entity for funding of the covered activity.

6 **SEC. 764. INTERIM ADMINISTRATION OF SCHOOL-TO-WORK**  
7 **PROGRAMS.**

8 (a) IN GENERAL.—Any provision of the School-to-  
9 Work Opportunities Act of 1994 (20 U.S.C. 6101 et seq.)  
10 that grants authority to the Secretary of Labor or the Sec-  
11 retary of Education shall be considered to grant the au-  
12 thority to the Governing Board.

13 (b) EFFECTIVE DATE.—Subsection (a) shall take ef-  
14 fect on October 1, 1996.

15 **SEC. 765. INTERIM AUTHORIZATIONS OF APPROPRIATIONS.**

16 (a) OLDER AMERICAN COMMUNITY SERVICE EM-  
17 PLOYMENT ACT.—Section 508(a)(1) of the Older Amer-  
18 ican Community Service Employment Act (42 U.S.C.  
19 3056f(a)(1)) is amended by striking “for fiscal years  
20 1993, 1994, and 1995” and inserting “for each of fiscal  
21 years 1993 through 1998”.

22 (b) CARL D. PERKINS VOCATIONAL AND APPLIED  
23 TECHNOLOGY EDUCATION ACT.—

24 (1) IN GENERAL.—Section 3(a) of the Carl D.  
25 Perkins Vocational and Applied Technology Edu-

1 cation Act (20 U.S.C. 2302(a)) is amended by strik-  
2 ing “for each of the fiscal years” and all that follows  
3 through “1995” and inserting “for each of fiscal  
4 years 1992 through 1998”.

5 (2) RESEARCH.—Section 404(d) of such Act  
6 (20 U.S.C. 2404(d)) is amended by striking “for  
7 each of the fiscal years” and all that follows through  
8 “1995” and inserting “for each of fiscal years 1992  
9 through 1998”.

10 (c) ADULT EDUCATION ACT.—

11 (1) IN GENERAL.—Section 313(a) of the Adult  
12 Education Act (20 U.S.C. 1201b(a)) is amended by  
13 striking “for each of the fiscal years” and all that  
14 follows through “1995” and inserting “for each of  
15 fiscal years 1993 through 1998”.

16 (2) STATE LITERACY RESOURCE CENTERS.—  
17 Section 356(k) of such Act (20 U.S.C. 1208aa(k))  
18 is amended by striking “for each of the fiscal years  
19 1994 and 1995” and inserting “for each of fiscal  
20 years 1994 through 1998”.

21 (3) BUSINESS, INDUSTRY, LABOR, AND EDU-  
22 CATION PARTNERSHIPS FOR WORKPLACE LIT-  
23 ERACY.—Section 371(e)(1) of such Act (20 U.S.C.  
24 1211(e)(1)) is amended by striking “for each of the  
25 fiscal years” and all that follows through “1995”

1 and inserting “for each of fiscal years 1993 through  
2 1998”.

3 (4) NATIONAL INSTITUTE FOR LITERACY.—Sec-  
4 tion 384(n)(1) of such Act (20 U.S.C. 1213c(n)(1))  
5 is amended by striking “for each of the fiscal years”  
6 and all that follows through “1996” and inserting  
7 “for each of fiscal years 1992 through 1998”.

## 8 **Subtitle E—National Activities**

### 9 **SEC. 771. FEDERAL PARTNERSHIP.**

10 (a) ESTABLISHMENT.—There is established a  
11 Workforce Development Partnership that shall administer  
12 the activities established under this title. The Federal  
13 Partnership shall be a Government corporation, as defined  
14 in section 103 of title 5, United States Code. The principal  
15 office of the Federal Partnership shall be located in the  
16 District of Columbia.

17 (b) GOVERNING BOARD.—

18 (1) COMPOSITION.—There shall be in the Fed-  
19 eral Partnership a Governing Board that shall be  
20 composed of 13 individuals, including—

21 (A) 7 individuals who are representative of  
22 business and industry in the United States, ap-  
23 pointed by the President by and with the advice  
24 and consent of the Senate;

1 (B) 2 individuals who are representative of  
2 labor and workers in the United States, ap-  
3 pointed by the President by and with the advice  
4 and consent of the Senate;

5 (C) 2 individuals who are representative of  
6 education providers, 1 of whom is a State or  
7 local adult education provider and 1 of whom is  
8 a State or local vocational education provider,  
9 appointed by the President by and with the ad-  
10 vice and consent of the Senate; and

11 (D) 2 Governors, representing different po-  
12 litical parties, appointed by the President by  
13 and with the advice and consent of the Senate.

14 (2) TERMS.—Each member of the Governing  
15 Board shall serve for a term of 3 years, except that,  
16 as designated by the President—

17 (A) 5 of the members first appointed to  
18 the Governing Board shall serve for a term of  
19 2 years;

20 (B) 4 of the members first appointed to  
21 the Governing Board shall serve for a term of  
22 3 years; and

23 (C) 4 of the members first appointed to  
24 the Governing Board shall serve for a term of  
25 4 years.

1           (3) VACANCIES.—Any vacancy in the Governing  
2 Board shall not affect the powers of the Governing  
3 Board, but shall be filled in the same manner as the  
4 original appointment. Any member appointed to fill  
5 such a vacancy shall serve for the remainder of the  
6 term for which the predecessor of such member was  
7 appointed.

8           (4) DUTIES AND POWERS.—

9           (A) POWERS.—The powers of the Federal  
10 Partnership shall be vested in the Governing  
11 Board.

12           (B) DUTIES.—The Governing Board  
13 shall—

14                   (i) oversee the development and imple-  
15 mentation of the nationwide integrated  
16 labor market information system described  
17 in section 773, and the job placement ac-  
18 countability system described in section  
19 731(d);

20                   (ii) establish model benchmarks for  
21 each of the benchmarks referred to in  
22 paragraph (1), (2), or (3) of section  
23 731(c), at achievable levels based on exist-  
24 ing (as of the date of the establishment of

1 the benchmarks) workforce development ef-  
2 forts in the States;

3 (iii) negotiate State benchmarks with  
4 States in accordance with section  
5 731(c)(5);

6 (iv) review and approve plans under  
7 section 714, and make allotments under  
8 section 712;

9 (v) receive and review reports de-  
10 scribed in section 731(a);

11 (vi) prepare and submit to the appro-  
12 priate committees of Congress an annual  
13 report on the absolute and relative per-  
14 formance of States toward reaching the  
15 State benchmarks;

16 (vii) award annual incentive grants  
17 under section 732(a);

18 (viii) initiate sanctions described in  
19 section 732(b);

20 (ix) disseminate information to States  
21 on the best practices used by States to es-  
22 tablish and carry out activities through  
23 statewide systems, including model pro-  
24 grams to provide structured work and  
25 learning experiences for welfare recipients;

1 (x) perform the duties specified for  
2 the Governing Board in subtitles C and D;

3 (xi) review all federally funded pro-  
4 grams providing workforce development ac-  
5 tivities, other than programs carried out  
6 under this title, and submit recommenda-  
7 tions to Congress on how the federally  
8 funded programs could be integrated into  
9 the statewide systems of the States, includ-  
10 ing recommendations on the development  
11 of common terminology for activities and  
12 services provided through the programs;

13 (xii) review and approve the transition  
14 workplans developed by the Secretary of  
15 Labor and the Secretary of Education in  
16 accordance with sections 775 and 776; and

17 (xiii) oversee all activities of the Fed-  
18 eral Partnership.

19 (C) FINAL DETERMINATIONS.—Notwith-  
20 standing any other provision of this title, the  
21 Secretary of Labor and the Secretary of Edu-  
22 cation shall jointly make the final determina-  
23 tions with respect to the approval of State  
24 plans, and the disbursement of funds, under  
25 this title.

1           (5) CHAIRPERSON.—The position of Chair-  
2           person of the Governing Board shall rotate annually  
3           among the appointed members described in para-  
4           graph (1)(A).

5           (6) MEETINGS.—The Governing Board shall  
6           meet at the call of the Chairperson but not less  
7           often than 4 times during each calendar year. Five  
8           members of the Governing Board shall constitute a  
9           quorum. All decisions of the Governing Board with  
10          respect to the exercise of the duties and powers of  
11          the Governing Board shall be made by a majority  
12          vote of the members of the Governing Board.

13          (7) COMPENSATION AND TRAVEL EXPENSES.—

14                (A) COMPENSATION.—Each member of the  
15                Governing Board who is not an officer or em-  
16                ployee of the Federal Government shall be com-  
17                pensated at a rate to be fixed by the President  
18                but not to exceed the daily equivalent of the  
19                maximum rate authorized for a position above  
20                GS-15 of the General Schedule under section  
21                5108 of title 5, United States Code, for each  
22                day (including travel time) during which such  
23                member is engaged in the performance of the  
24                duties of the Governing Board. All members of  
25                the Governing Board who are officers or em-

1 employees of the United States shall serve without  
2 compensation in addition to compensation re-  
3 ceived for their services as officers or employees  
4 of the United States.

5 (B) EXPENSES.—While away from their  
6 homes or regular places of business on the busi-  
7 ness of the Governing Board, members of such  
8 Governing Board shall be allowed travel ex-  
9 penses, including per diem in lieu of subsist-  
10 ence, at rates authorized for employees of agen-  
11 cies under subchapter I of chapter 57 of title 5,  
12 United States Code, for persons employed inter-  
13 mittently in the Government service.

14 (8) DATE OF APPOINTMENT.—The Governing  
15 Board shall be appointed not later than September  
16 30, 1996.

17 (c) DIRECTOR.—

18 (1) IN GENERAL.—There shall be in the Fed-  
19 eral Partnership a Director, who shall be appointed  
20 by the President, by and with the advice and consent  
21 of the Senate.

22 (2) COMPENSATION.—The Director shall be  
23 compensated at the rate provided for level IV of the  
24 Executive Schedule under section 5315 of title 5,  
25 United States Code.

1 (3) DUTIES.—The Director shall—

2 (A) make recommendations to the Govern-  
3 ing Board regarding the activities described in  
4 subsection (b)(4)(B); and

5 (B) carry out the general administration  
6 and enforcement of this title.

7 (4) DATE OF APPOINTMENT.—The Director  
8 shall be appointed not later than September 30,  
9 1996.

10 (d) DETAIL OF GOVERNMENT EMPLOYEES.—Any  
11 Federal Government employee may be detailed to the Fed-  
12 eral Partnership without reimbursement, and such detail  
13 shall be without interruption or loss of civil service or  
14 privilege. The Secretary of Education, the Secretary of  
15 Labor, and the Secretary of Health and Human Services  
16 shall detail a sufficient number of employees to the Fed-  
17 eral Partnership for the period beginning October 1, 1996  
18 and ending June 30, 1998 to enable the Federal Partner-  
19 ship to carry out the functions of the Federal Partnership  
20 during such period.

21 (e) INSPECTOR GENERAL.—There shall be an Office  
22 of the Inspector General in the Federal Partnership. The  
23 Office shall be headed by an Inspector General appointed  
24 in accordance with the Inspector General Act of 1978 (5

1 U.S.C. App.). The Inspector General shall carry out the  
2 duties prescribed in such Act.

3 (f) AUTHORIZATION OF APPROPRIATIONS.—There is  
4 authorized to be appropriated for fiscal years 1996 and  
5 1997 \$500,000 to the Governing Board for the adminis-  
6 tration of this title.

7 (g) CONFORMING AMENDMENT.—Section 11 of the  
8 Inspector General Act of 1978 (5 U.S.C. App.) is amend-  
9 ed—

10 (1) in paragraph (1), by inserting “the Govern-  
11 ing Board of the Workforce Development Partner-  
12 ship;” after “the Attorney General;”; and

13 (2) in paragraph (2), by inserting “the  
14 Workforce Development Partnership;” after “Treas-  
15 ury;”.

16 **SEC. 772. NATIONAL ASSESSMENT OF VOCATIONAL EDU-**  
17 **CATION PROGRAMS.**

18 (a) IN GENERAL.—The Assistant Secretary for Edu-  
19 cational Research and Improvement (referred to in this  
20 section as the “Assistant Secretary”) shall conduct a na-  
21 tional assessment of vocational education programs as-  
22 sisted under this title, through studies and analyses con-  
23 ducted independently through competitive awards.

24 (b) INDEPENDENT ADVISORY PANEL.—The Assist-  
25 ant Secretary shall appoint an independent advisory panel,

1 consisting of vocational education administrators, edu-  
2 cators, researchers, and representatives of business, indus-  
3 try, labor, and other relevant groups, to advise the Assist-  
4 ant Secretary on the implementation of such assessment,  
5 including the issues to be addressed and the methodology  
6 of the studies involved, and the findings and recommenda-  
7 tions resulting from the assessment. The panel, in the dis-  
8 cretion of the panel, may submit to Congress an independ-  
9 ent analysis of the findings and recommendations result-  
10 ing from the assessment. The Federal Advisory Committee  
11 Act (5 U.S.C. App.) shall not apply to the panel estab-  
12 lished under this subsection.

13 (c) CONTENTS.—The assessment required under sub-  
14 section (a) shall include descriptions and evaluations of—

15 (1) the effect of this title on State and tribal  
16 administration of vocational education programs and  
17 on local vocational education practices, including the  
18 capacity of State, tribal, and local vocational edu-  
19 cation systems to address the purposes of this title;

20 (2) expenditures at the Federal, State, tribal,  
21 and local levels to address program improvement in  
22 vocational education, including the impact of Federal  
23 allocation requirements (such as within-State dis-  
24 tribution formulas) on the delivery of services;

1           (3) preparation and qualifications of teachers of  
2 vocational and academic curricula in vocational edu-  
3 cation programs, as well as shortages of such teach-  
4 ers;

5           (4) participation in vocational education pro-  
6 grams;

7           (5) academic and employment outcomes of vo-  
8 cational education, including analyses of—

9               (A) the effect of educational reform on vo-  
10 cational education;

11              (B) the extent and success of integration  
12 of academic and vocational curricula;

13              (C) the success of the school-to-work tran-  
14 sition; and

15              (D) the degree to which vocational training  
16 is relevant to subsequent employment;

17           (6) employer involvement in, and satisfaction  
18 with, vocational education programs;

19           (7) the effect of benchmarks, performance  
20 measures, and other measures of accountability on  
21 the delivery of vocational education services; and

22           (8) the degree to which minority students are  
23 involved in vocational student organizations.

24           (d) CONSULTATION.—

1           (1) IN GENERAL.—The Secretary of Education  
2 shall consult with the Committee on Economic and  
3 Educational Opportunities of the House of Rep-  
4 resentatives and the Committee on Labor and  
5 Human Resources of the Senate in the design and  
6 implementation of the assessment required under  
7 subsection (a).

8           (2) REPORTS.—The Secretary of Education  
9 shall submit to Congress—

10           (A) an interim report regarding the assess-  
11 ment on or before January 1, 2000; and

12           (B) a final report, summarizing all studies  
13 and analyses that relate to the assessment and  
14 that are completed after the assessment, on or  
15 before July 1, 2000.

16           (3) PROHIBITION.—Notwithstanding any other  
17 provision of law or regulation, the reports required  
18 by this subsection shall not be subject to any review  
19 outside of the Office of Educational Research and  
20 Improvement before their transmittal to Congress,  
21 but the President, the Secretary, and the independ-  
22 ent advisory panel established under subsection (b)  
23 may make such additional recommendations to Con-  
24 gress with respect to the assessment as the Presi-

1       dent, Secretary, or panel determine to be appro-  
2       priate.

3       (e) EFFECTIVE DATE.—This section shall take effect  
4       on July 1, 1998.

5       **SEC. 773. LABOR MARKET INFORMATION.**

6       (a) FEDERAL RESPONSIBILITIES.—The Governing  
7       Board, in accordance with the provisions of this section,  
8       shall oversee the development, maintenance, and continu-  
9       ous improvement of a nationwide integrated labor market  
10      information system that shall include—

11           (1) statistical data from cooperative statistical  
12           survey and projection programs and data from ad-  
13           ministrative reporting systems, that, taken together,  
14           shall enumerate, estimate, and project the supply  
15           and demand for labor at the substate, State, and na-  
16           tional levels in a timely manner, including data on—

17                   (A) the demography, socioeconomic charac-  
18                   teristics, and current employment status of the  
19                   substate, State, and national populations (as of  
20                   the date of the collection of the data), including  
21                   self-employed, part-time, and seasonal workers;

22                   (B) job vacancies, education and training  
23                   requirements, skills, wages, benefits, working  
24                   conditions, and industrial distribution, of occu-  
25                   pations, as well as current and projected em-

1           employment opportunities and trends by industry  
2           and occupation;

3           (C) the educational attainment, training,  
4           skills, skill levels, and occupations of the popu-  
5           lations;

6           (D) information maintained in a longitu-  
7           dinal manner on the quarterly earnings, estab-  
8           lishment and industry affiliation, and geo-  
9           graphic location of employment for all individ-  
10          uals for whom the information is collected by  
11          the States; and

12          (E) the incidence, industrial and geo-  
13          graphical location, and number of workers dis-  
14          placed by permanent layoffs and plant closings;

15          (2) State and substate area employment and  
16          consumer information (which shall be current, com-  
17          prehensive, automated, accessible, easy to under-  
18          stand, and in a form useful for facilitating imme-  
19          diate employment, entry into education and training  
20          programs, and career exploration) on—

21                 (A) job openings, locations, hiring require-  
22                 ments, and application procedures, including  
23                 profiles of industries in the local labor market  
24                 that describe the nature of work performed, em-

1           employment requirements, and patterns in wages  
2           and benefits;

3           (B) jobseekers, including the education,  
4           training, and employment experience of the job-  
5           seekers; and

6           (C) the cost and effectiveness of providers  
7           of workforce employment activities, workforce  
8           education activities, and flexible workforce ac-  
9           tivities, including the percentage of program  
10          completion, acquisition of skills to meet indus-  
11          try-recognized skill standards, continued edu-  
12          cation, job placement, and earnings, by partici-  
13          pants, and other information that may be use-  
14          ful in facilitating informed choices among pro-  
15          viders by participants;

16          (3) technical standards for labor market infor-  
17          mation that will—

18                (A) ensure compatibility of the information  
19                and the ability to aggregate the information  
20                from substate areas to State and national lev-  
21                els;

22                (B) support standardization and aggrega-  
23                tion of the data from administrative reporting  
24                systems;

25                (C) include—

1 (i) classification and coding systems  
2 for industries, occupations, skills, pro-  
3 grams, and courses;

4 (ii) nationally standardized definitions  
5 of labor market terms, including terms re-  
6 lated to State benchmarks established pur-  
7 suant to section 731(c);

8 (iii) quality control mechanisms for  
9 the collection and analysis of labor market  
10 information; and

11 (iv) common schedules for collection  
12 and dissemination of labor market infor-  
13 mation; and

14 (D) eliminate gaps and duplication in sta-  
15 tistical undertakings, with a high priority given  
16 to the systemization of wage surveys;

17 (4) an analysis of data and information de-  
18 scribed in paragraphs (1) and (2) for uses such as—

19 (A) national, State, and substate area eco-  
20 nomic policymaking;

21 (B) planning and evaluation of workforce  
22 development activities;

23 (C) the implementation of Federal policies,  
24 including the allocation of Federal funds to  
25 States and substate areas; and

1 (D) research on labor market dynamics;

2 (5) dissemination mechanisms for data and  
3 analysis, including mechanisms that may be stand-  
4 ardized among the States; and

5 (6) programs of technical assistance for States  
6 and substate areas in the development, maintenance,  
7 utilization, and continuous improvement of the data,  
8 information, standards, analysis, and dissemination  
9 mechanisms, described in paragraphs (1) through  
10 (5).

11 (b) JOINT FEDERAL-STATE RESPONSIBILITIES.—

12 (1) IN GENERAL.—The nationwide integrated  
13 labor market information system shall be planned,  
14 administered, overseen, and evaluated through a co-  
15 operative governance structure involving the Federal  
16 Government and the States receiving financial as-  
17 sistance under this title.

18 (2) ANNUAL PLAN.—The Governing Board  
19 shall, with the assistance of the Bureau of Labor  
20 Statistics and other Federal agencies, where appro-  
21 priate, prepare an annual plan that shall be the  
22 mechanism for achieving the cooperative Federal-  
23 State governance structure for the nationwide inte-  
24 grated labor market information system. The plan  
25 shall—

1 (A) establish goals for the development  
2 and improvement of a nationwide integrated  
3 labor market information system based on in-  
4 formation needs for achieving economic growth  
5 and productivity, accountability, fund allocation  
6 equity, and an understanding of labor market  
7 characteristics and dynamics;

8 (B) describe the elements of the system,  
9 including—

10 (i) standards, definitions, formats, col-  
11 lection methodologies, and other necessary  
12 system elements, for use in collecting the  
13 data and information described in para-  
14 graphs (1) and (2) of subsection (a); and

15 (ii) assurances that—

16 (I) data will be sufficiently timely  
17 and detailed for uses including the  
18 uses described in subsection (a)(4);

19 (II) administrative records will be  
20 standardized to facilitate the aggrega-  
21 tion of data from substate areas to  
22 State and national levels and to sup-  
23 port the creation of new statistical se-  
24 ries from program records; and

1 (III) paperwork and reporting re-  
2 quirements on employers and individ-  
3 uals will be reduced;

4 (C) recommend needed improvements in  
5 administrative reporting systems to be used for  
6 the nationwide integrated labor market infor-  
7 mation system;

8 (D) describe the current spending on inte-  
9 grated labor market information activities from  
10 all sources, assess the adequacy of the funds  
11 spent, and identify the specific budget needs of  
12 the Federal Government and States with re-  
13 spect to implementing and improving the na-  
14 tionwide integrated labor market information  
15 system;

16 (E) develop a budget for the nationwide in-  
17 tegrated labor market information system  
18 that—

19 (i) accounts for all funds described in  
20 subparagraph (D) and any new funds  
21 made available pursuant to this title; and

22 (ii) describes the relative allotments to  
23 be made for—

1 (I) operating the cooperative sta-  
2 tistical programs pursuant to sub-  
3 section (a)(1);

4 (II) developing and providing em-  
5 ployment and consumer information  
6 pursuant to subsection (a)(2);

7 (III) ensuring that technical  
8 standards are met pursuant to sub-  
9 section (a)(3); and

10 (IV) providing the analysis, dis-  
11 semination mechanisms, and technical  
12 assistance under paragraphs (4), (5),  
13 and (6) of subsection (a), and match-  
14 ing data;

15 (F) describe the involvement of States in  
16 developing the plan by holding formal consulta-  
17 tions conducted in cooperation with representa-  
18 tives of the Governors of each State or the  
19 State workforce development board described in  
20 section 715, where appropriate, pursuant to a  
21 process established by the Governing Board;  
22 and

23 (G) provide for technical assistance to the  
24 States for the development of statewide com-  
25 prehensive labor market information systems

1 described in subsection (c), including assistance  
2 with the development of easy-to-use software  
3 and hardware, or uniform information displays.

4 For purposes of applying Office of Management and  
5 Budget Circular A-11 to determine persons eligible  
6 to participate in deliberations relating to budget is-  
7 sues for the development of the plan, the representa-  
8 tives of the Governors of each State and the State  
9 workforce development board described in subpara-  
10 graph (F) shall be considered to be employees of the  
11 Department of Labor.

12 (c) STATE RESPONSIBILITIES.—

13 (1) DESIGNATION OF STATE AGENCY.—In order  
14 to receive Federal financial assistance under this  
15 title, the Governor of a State shall—

16 (A) establish an interagency process for  
17 the oversight of a statewide comprehensive  
18 labor market information system and for the  
19 participation of the State in the cooperative  
20 Federal-State governance structure for the na-  
21 tionwide integrated labor market information  
22 system; and

23 (B) designate a single State agency or en-  
24 tity within the State to be responsible for the

1 management of the statewide comprehensive  
2 labor market information system.

3 (2) DUTIES.—In order to receive Federal finan-  
4 cial assistance under this title, the State agency or  
5 entity within the State designated under paragraph  
6 (1)(B) shall—

7 (A) consult with employers and local  
8 workforce development boards described in sec-  
9 tion 728(b), where appropriate, about the labor  
10 market relevance of the data to be collected and  
11 displayed through the statewide comprehensive  
12 labor market information system;

13 (B) develop, maintain, and continuously  
14 improve the statewide comprehensive labor mar-  
15 ket information system, which shall—

16 (i) include all of the elements de-  
17 scribed in paragraphs (1), (2), (3), (4),  
18 (5), and (6) of subsection (a); and

19 (ii) provide the consumer information  
20 described in clauses (v) and (vi) of section  
21 716(a)(2)(B) in a manner that shall be re-  
22 sponsive to the needs of business, industry,  
23 workers, and jobseekers;

24 (C) ensure the performance of contract  
25 and grant responsibilities for data collection,

1 analysis, and dissemination, through the state-  
2 wide comprehensive labor market information  
3 system;

4 (D) conduct such other data collection,  
5 analysis, and dissemination activities to ensure  
6 that State and substate area labor market in-  
7 formation is comprehensive;

8 (E) actively seek the participation of other  
9 State and local agencies, with particular atten-  
10 tion to State education, economic development,  
11 human services, and welfare agencies, in data  
12 collection, analysis, and dissemination activities  
13 in order to ensure complementarity and com-  
14 patibility among data;

15 (F) participate in the development of the  
16 national annual plan described in subsection  
17 (b)(2); and

18 (G) ensure that the matches required for  
19 the job placement accountability system by sec-  
20 tion 731(d)(2)(A) are made for the State and  
21 for other States.

22 (3) RULE OF CONSTRUCTION.—Nothing in this  
23 title shall be construed as limiting the ability of a  
24 State agency to conduct additional data collection,  
25 analysis, and dissemination activities with State

1 funds or with Federal funds from sources other than  
2 this title.

3 (d) EFFECTIVE DATE.—This section shall take effect  
4 on July 1, 1998.

5 **SEC. 774. NATIONAL CENTER FOR RESEARCH IN EDU-**  
6 **CATION AND WORKFORCE DEVELOPMENT.**

7 (a) GRANTS AUTHORIZED.—From amounts made  
8 available under section 734(b)(5), the Governing Board is  
9 authorized to award a grant, on a competitive basis, to  
10 an institution of higher education, public or private non-  
11 profit organization or agency, or a consortium of such in-  
12 stitutions, organizations, or agencies, to enable such insti-  
13 tution, organization, agency, or consortium to establish a  
14 national center to carry out the activities described in sub-  
15 section (b).

16 (b) AUTHORIZED ACTIVITIES.—Grant funds made  
17 available under this section shall be used by the national  
18 center assisted under subsection (a)—

19 (1) to increase the effectiveness and improve  
20 the implementation of workforce development pro-  
21 grams, including conducting research and develop-  
22 ment and providing technical assistance with respect  
23 to—

24 (A) combining academic and vocational  
25 education;

1 (B) connecting classroom instruction with  
2 work-based learning;

3 (C) creating a continuum of educational  
4 programs that provide multiple exit points for  
5 employment, which may include changes or de-  
6 velopment of instructional materials or curricu-  
7 lum;

8 (D) establishing high quality support serv-  
9 ices for all students to ensure access to  
10 workforce development programs, educational  
11 success, and job placement assistance;

12 (E) developing new models for remediation  
13 of basic academic skills, which models shall in-  
14 corporate appropriate instructional methods,  
15 rather than using rote and didactic methods;

16 (F) identifying ways to establish links  
17 among educational and job training programs  
18 at the State and local levels;

19 (G) developing new models for career guid-  
20 ance, career information, and counseling serv-  
21 ices;

22 (H) identifying economic and labor market  
23 changes that will affect workforce needs;

1 (I) conducting preparation of teachers and  
2 professionals who work with programs funded  
3 under this title; and

4 (J) obtaining information on practices in  
5 other countries that may be adapted for use in  
6 the United States;

7 (2) to provide assistance to States and local re-  
8 cipients of assistance under this title in developing  
9 and using systems of performance measures and  
10 standards for improvement of programs and serv-  
11 ices; and

12 (3) to maintain a clearinghouse that will pro-  
13 vide data and information to Federal, State, and  
14 local organizations and agencies about the condition  
15 of statewide systems and programs funded under  
16 this title, which data and information shall be dis-  
17 seminated in a form that is useful to practitioners  
18 and policymakers.

19 (c) OTHER ACTIVITIES.—The Governing Board may  
20 request that the national center assisted under subsection  
21 (a) conduct activities not described in subsection (b), or  
22 study topics not described in subsection (b), as the Gov-  
23 erning Board determines to be necessary to carry out this  
24 title.

1           (d) IDENTIFICATION OF CURRENT NEEDS.—The na-  
2 tional center assisted under subsection (a) shall identify  
3 current needs (as of the date of the identification) for re-  
4 search and technical assistance through a variety of  
5 sources including a panel of Federal, State, and local level  
6 practitioners.

7           (e) SUMMARY REPORT.—The national center assisted  
8 under subsection (a) shall annually prepare and submit  
9 to the Governing Board and Congress a report summariz-  
10 ing the research findings obtained, and the results of de-  
11 velopment and technical assistance activities carried out,  
12 under this section.

13           (f) DEFINITION.—As used in this section, the term  
14 “institution of higher education” has the meaning given  
15 the term in section 1201(a) of the Higher Education Act  
16 of 1965 (20 U.S.C. 1141(a)).

17           (g) EFFECTIVE DATE.—This section shall take effect  
18 on July 1, 1998.

19 **SEC. 775. TRANSFERS TO FEDERAL PARTNERSHIP.**

20           (a) DEFINITIONS.—For purposes of this section, un-  
21 less otherwise provided or indicated by the context—

22               (1) the term “Federal agency” has the meaning  
23               given to the term “agency” by section 551(1) of title  
24               5, United States Code;

1           (2) the term “function” means any duty, obli-  
2           gation, power, authority, responsibility, right, privi-  
3           lege, activity, or program; and

4           (3) the term “office” includes any office, ad-  
5           ministration, agency, institute, unit, organizational  
6           entity, or component thereof.

7           (b) TRANSFER OF FUNCTIONS.—

8           (1) IN GENERAL.—There are transferred to the  
9           Federal Partnership, in accordance with subsection  
10          (c), all functions that the Secretary of Labor or the  
11          Secretary of Education exercised before the effective  
12          date of this section (including all related functions  
13          of any officer or employee of the Department of  
14          Labor or the Department of Education) that relate  
15          to a covered activity and that are minimally nec-  
16          essary to carry out the functions of the Federal  
17          Partnership. The authority of a transferred em-  
18          ployee to carry out a function that relates to a cov-  
19          ered activity shall terminate on July 1, 1998.

20          (2) OFFICE OF INSPECTOR GENERAL.—There  
21          are transferred to the Federal Partnership, in ac-  
22          cordance with subsection (c), all functions that the  
23          Secretary of Labor or the Secretary of Education,  
24          acting through the Office of Inspector General of the  
25          Department of Labor or of the Department of Edu-

1 cation, exercised before the effective date of this sec-  
2 tion (including all related functions of any officer or  
3 employee of the Department of Labor or the Depart-  
4 ment of Education) that relate to the auditing or in-  
5 vestigation of a covered activity and that are mini-  
6 mally necessary to carry out the functions of the  
7 Federal Partnership. The authority of a transferred  
8 employee to carry out a function that relates to the  
9 auditing or investigation of a covered activity shall  
10 terminate on July 1, 1998.

11 (c) DETERMINATIONS OF FUNCTIONS BY THE GOV-  
12 ERNING BOARD.—

13 (1) TRANSITION WORKPLAN.—

14 (A) IN GENERAL.—Not later than the date  
15 of appointment of the Governing Board, the  
16 Secretary of Labor and the Secretary of Edu-  
17 cation shall prepare and submit to the Govern-  
18 ing Board a proposed workplan that specifies  
19 the steps that the Secretaries will take, during  
20 the period ending on July 1, 1998, to carry out  
21 the transfers described in subsection (b).

22 (B) CONTENTS.—The proposed workplan  
23 shall include, at a minimum—

24 (i) an analysis of the functions that  
25 officers and employees of the Department

1 of Labor and the Department of Education  
2 carry out (as of the date of the submission  
3 of the workplan) that relate to a covered  
4 activity or to the auditing or investigation  
5 of a covered activity;

6 (ii) information on the levels of per-  
7 sonnel and funding used to carry out the  
8 functions (as of such date);

9 (iii) information on the proposed orga-  
10 nizational structure for the Federal Part-  
11 nership;

12 (iv) a determination of the functions  
13 described in clause (i) that are minimally  
14 necessary to carry out the functions of the  
15 Federal Partnership; and

16 (v) information on the levels of per-  
17 sonnel and funding that are minimally nec-  
18 essary to carry out the functions of the  
19 Federal Partnership.

20 (2) REVIEW.—Not later than 30 days after the  
21 date of submission of the workplan, the Governing  
22 Board shall—

23 (A) review the workplan;

24 (B) approve the workplan or prepare a re-  
25 vised workplan that contains the analysis and

1 information described in paragraph (1)(B), in-  
2 cluding a determination of the functions de-  
3 scribed in paragraph (1)(B)(iv), which shall be  
4 transferred under subsection (b); and

5 (C) submit the approved or revised  
6 workplan to the appropriate committees of Con-  
7 gress.

8 (d) PERSONNEL PROVISIONS.—

9 (1) APPOINTMENTS.—The Director may ap-  
10 point and fix the compensation of such officers and  
11 employees, including investigators, attorneys, and  
12 administrative law judges, as may be necessary to  
13 carry out the functions of the Federal Partnership.  
14 Except as otherwise provided by law, such officers  
15 and employees shall be appointed in accordance with  
16 the civil service laws and their compensation fixed in  
17 accordance with title 5, United States Code.

18 (2) EXPERTS AND CONSULTANTS.—The Direc-  
19 tor may obtain the services of experts and consult-  
20 ants in accordance with section 3109 of title 5,  
21 United States Code, and compensate such experts  
22 and consultants for each day (including travel time)  
23 at rates not in excess of the rate of pay for level IV  
24 of the Executive Schedule under section 5315 of  
25 such title. The Director may pay experts and con-

1       sultants who are serving away from their homes or  
2       regular place of business travel expenses and per  
3       diem in lieu of subsistence at rates authorized by  
4       sections 5702 and 5703 of such title for persons in  
5       Government service employed intermittently.

6       (e) DELEGATION AND ASSIGNMENT.—Except where  
7       otherwise expressly prohibited by law or otherwise pro-  
8       vided by this section, the Governing Board may delegate  
9       any function transferred or granted to such Federal Part-  
10      nership after the effective date of this section to such offi-  
11      cers and employees of the Federal Partnership as the Gov-  
12      erning Board may designate, and may authorize successive  
13      redelegations of such functions as may be necessary or ap-  
14      propriate. No delegation of functions by the Governing  
15      Board under this subsection or under any other provision  
16      of this section shall relieve such Governing Board of re-  
17      sponsibility for the administration of such functions.

18      (f) REORGANIZATION.—The Governing Board may  
19      allocate or reallocate any function transferred or granted  
20      to such Federal Partnership after the effective date of this  
21      section among the officers of the Federal Partnership, and  
22      establish, consolidate, alter, or discontinue such organiza-  
23      tional entities in the Federal Partnership as may be nec-  
24      essary or appropriate.

1 (g) RULES.—The Governing Board is authorized to  
2 prescribe, in accordance with the provisions of chapters  
3 5 and 6 of title 5, United States Code, such rules and  
4 regulations as the Governing Board determines to be nec-  
5 essary or appropriate to administer and manage the func-  
6 tions of the Federal Partnership.

7 (h) TRANSFER AND ALLOCATIONS OF APPROPRIA-  
8 TIONS AND PERSONNEL.—

9 (1) IN GENERAL.—Except as otherwise pro-  
10 vided in this section, the personnel employed in con-  
11 nection with, and the assets, liabilities, contracts,  
12 property, records, and unexpended balances of ap-  
13 propriations, authorizations, allocations, and other  
14 funds employed, used, held, arising from, available  
15 to, or to be made available in connection with the  
16 functions transferred by this section, subject to sec-  
17 tion 1531 of title 31, United States Code, shall be  
18 transferred to the Federal Partnership. Unexpended  
19 funds transferred pursuant to this subsection shall  
20 be used only to carry out the functions of the Fed-  
21 eral Partnership.

22 (2) EXISTING FACILITIES AND OTHER FEDERAL  
23 RESOURCES.—Pursuant to paragraph (1), the Sec-  
24 retary of Labor and the Secretary of Education shall  
25 supply such office facilities, office supplies, support

1 services, and related expenses as may be minimally  
2 necessary to carry out the functions of the Govern-  
3 ing Board. None of the funds made available under  
4 this title may be used for the construction of office  
5 facilities for the Federal Partnership.

6 (i) INCIDENTAL TRANSFERS.—The Director of the  
7 Office of Management and Budget, at such time or times  
8 as the Director shall provide, may make such determina-  
9 tions as may be necessary with regard to the functions  
10 transferred by this section, and to make such additional  
11 incidental dispositions of personnel, assets, liabilities,  
12 grants, contracts, property, records, and unexpended bal-  
13 ances of appropriations, authorizations, allocations, and  
14 other funds held, used, arising from, available to, or to  
15 be made available in connection with such functions, as  
16 may be necessary to carry out the provisions of this sec-  
17 tion. The Director of the Office of Management and Budg-  
18 et shall provide for the termination of the affairs of all  
19 entities terminated by this section and for such further  
20 measures and dispositions as may be necessary to effec-  
21 tuate the objectives of this section.

22 (j) EFFECT ON PERSONNEL.—

23 (1) TERMINATION OF CERTAIN POSITIONS.—  
24 Positions whose incumbents are appointed by the  
25 President, by and with the advice and consent of the

1 Senate, the functions of which are transferred by  
2 this section, shall terminate on the effective date of  
3 this section.

4 (2) ACTIONS.—

5 (A) IN GENERAL.—The Secretary of Labor  
6 and the Secretary of Education shall take such  
7 actions as may be necessary, including reduc-  
8 tion in force actions, consistent with sections  
9 3502 and 3595 of title 5, United States Code,  
10 to ensure that the positions of personnel that  
11 relate to a covered activity and are not trans-  
12 ferred under subsection (b)(1) are separated  
13 from service.

14 (B) SCOPE.—The Secretary of Labor and  
15 the Secretary of Education shall take the ac-  
16 tions described in subparagraph (A) with re-  
17 spect to not less than  $\frac{1}{3}$  of the positions of per-  
18 sonnel that relate to a covered activity.

19 (C) DEFINITION.—As used in this para-  
20 graph, the term “positions of personnel that re-  
21 late to a covered activity” shall not include any  
22 position in an Office of Inspector General that  
23 relates to the auditing or investigation of a cov-  
24 ered activity.

25 (k) SAVINGS PROVISIONS.—

1           (1) SUITS NOT AFFECTED.—The provisions of  
2           this section shall not affect suits commenced before  
3           the effective date of this section, and in all such  
4           suits, proceedings shall be had, appeals taken, and  
5           judgments rendered in the same manner and with  
6           the same effect as if this section had not been en-  
7           acted.

8           (2) NONABATEMENT OF ACTIONS.—No suit, ac-  
9           tion, or other proceeding commenced by or against  
10          the Department of Labor or the Department of  
11          Education, or by or against any individual in the of-  
12          ficial capacity of such individual as an officer of the  
13          Department of Labor or the Department of Edu-  
14          cation, shall abate by reason of the enactment of  
15          this section.

16          (l) TRANSITION.—The Governing Board may uti-  
17          lize—

18               (1) the services of officers, employees, and other  
19               personnel of the Department of Labor or the De-  
20               partment of Education with respect to functions  
21               transferred to the Federal Partnership by this sec-  
22               tion; and

23               (2) funds appropriated to such functions;  
24               for such period of time as may reasonably be needed to  
25               facilitate the orderly implementation of this section.

1 (m) REFERENCES.—A reference in any other Federal  
2 law, Executive order, rule, regulation, or delegation of au-  
3 thority, or any document of or relating to—

4 (1) the Secretary of Labor or the Secretary of  
5 Education with regard to functions transferred  
6 under subsection (b), shall be deemed to refer to the  
7 Governing Board; and

8 (2) the Department of Labor or the Depart-  
9 ment of Education with regard to functions trans-  
10 ferred under subsection (b), shall be deemed to refer  
11 to the Federal Partnership.

12 (n) ADDITIONAL CONFORMING AMENDMENTS.—

13 (1) RECOMMENDED LEGISLATION.—After con-  
14 sultation with the appropriate committees of Con-  
15 gress and the Director of the Office of Management  
16 and Budget, the Governing Board shall prepare and  
17 submit to Congress recommended legislation con-  
18 taining technical and conforming amendments to re-  
19 flect the changes made by this section.

20 (2) SUBMISSION TO CONGRESS.—Not later than  
21 March 31, 1997, the Governing Board shall submit  
22 the recommended legislation referred to in para-  
23 graph (1).

24 (o) EFFECTIVE DATE.—

1           (1) IN GENERAL.—Except as provided in para-  
2           graphs (2) and (3), this section shall take effect on  
3           June 30, 1998.

4           (2) REGULATIONS AND CONFORMING AMEND-  
5           MENTS.—Subsections (g) and (n) shall take effect  
6           on September 30, 1996.

7           (3) WORKPLAN.—Subsection (c) shall take ef-  
8           fect on the date of enactment of this Act.

9   **SEC. 776. TRANSFERS TO OTHER FEDERAL AGENCIES AND**  
10           **OFFICES.**

11          (a) TRANSFER.—There are transferred to the appro-  
12          priate receiving agency, in accordance with subsection (b),  
13          all functions that the Secretary of Labor, acting through  
14          the Employment and Training Administration, or the Sec-  
15          retary of Education, acting through the Office of Voca-  
16          tional and Adult Education, exercised before the effective  
17          date of this section (including all related functions of any  
18          officer or employee of the Employment and Training Ad-  
19          ministration or the Office of Vocational and Adult Edu-  
20          cation) that do not relate to a covered activity.

21          (b) DETERMINATIONS OF FUNCTIONS AND APPRO-  
22          PRIATE RECEIVING AGENCIES.—

23                  (1) TRANSITION WORKPLAN.—

24                          (A) IN GENERAL.—Not later than 90 days  
25                          after the date of appointment of the Governing

1 Board, the Secretary of Labor and the Sec-  
2 retary of Education shall prepare and submit to  
3 the Governing Board a proposed workplan that  
4 specifies the steps that the Secretaries will take,  
5 during the period ending on July 1, 1998, to  
6 carry out the transfer described in subsection  
7 (a).

8 (B) CONTENTS.—The proposed workplan  
9 shall include, at a minimum—

10 (i) a determination of the functions  
11 that officers and employees of the Employ-  
12 ment and Training Administration and the  
13 Office of Vocational and Adult Education  
14 carry out (as of the date of the submission  
15 of the workplan) that do not relate to a  
16 covered activity; and

17 (ii) a determination of the appropriate  
18 receiving agencies for the functions, based  
19 on factors including increased efficiency  
20 and elimination of duplication of functions.

21 (2) REVIEW.—Not later than 30 days after the  
22 date of submission of the workplan, the Governing  
23 Board shall—

24 (A) review the workplan;

1 (B) approve the workplan or prepare a re-  
2 vised workplan that contains—

3 (i) a determination of the functions  
4 described in paragraph (1)(B)(i), which  
5 shall be transferred under subsection (a);  
6 and

7 (ii) a determination of the appropriate  
8 receiving agencies described in paragraph  
9 (1)(B)(ii), based on the factors described  
10 in such paragraph, to which the functions  
11 shall be transferred under subsection (a);  
12 and

13 (C) submit the approved or revised  
14 workplan to the appropriate committees of Con-  
15 gress.

16 (3) REPORT.—Not later than July 1, 1998, the  
17 Secretary of Education and the Secretary of Labor  
18 shall submit to the appropriate committees of Con-  
19 gress information on the transfers required by this  
20 section.

21 (c) APPLICATION OF AUTHORITIES.—

22 (1) IN GENERAL.—

23 (A) APPLICATION.—Subsection (a), and  
24 subsections (d) through (n), of section 775  
25 (other than subsections (g), (h)(2), (j)(2), and

1 (n)) shall apply to transfers under this section,  
2 in the same manner and to the same extent as  
3 the subsections apply to transfers under section  
4 775.

5 (B) REGULATIONS AND CONFORMING  
6 AMENDMENTS.—Subsections (g) and (n) of sec-  
7 tion 775 shall apply to transfers under this sec-  
8 tion, in the same manner and to the same ex-  
9 tent as the subsections apply to transfers under  
10 section 775.

11 (2) REFERENCES.—For purposes of the appli-  
12 cation of the subsections described in paragraph (1)  
13 (other than subsections (h)(2) and (j)(2) of section  
14 775) to transfers under this section—

15 (A) references to the Federal Partnership  
16 shall be deemed to be references to the appro-  
17 priate receiving agency, as determined in the  
18 approved or revised workplan referred to in  
19 subsection (b)(2);

20 (B) references to the Director or Govern-  
21 ing Board shall be deemed to be references to  
22 the head of the appropriate receiving agency;  
23 and

1 (C) references to transfers in subsections  
2 (e) and (f) of section 775 shall be deemed to in-  
3 clude transfers under this section.

4 (3) ADMINISTRATION.—Unexpended funds  
5 transferred pursuant to this section shall be used  
6 only for the purposes for which the funds were origi-  
7 nally authorized and appropriated.

8 (4) CONTINUING EFFECT OF LEGAL DOCU-  
9 MENTS.—All orders, determinations, rules, regula-  
10 tions, permits, agreements, grants, contracts, certifi-  
11 cates, licenses, registrations, privileges, and other  
12 administrative actions—

13 (A) that have been issued, made, granted,  
14 or allowed to become effective by the President,  
15 any Federal agency or official of a Federal  
16 agency, or by a court of competent jurisdiction,  
17 in the performance of functions that are trans-  
18 ferred under this section; and

19 (B) that are in effect on the effective date  
20 of this section or were final before the effective  
21 date of this section and are to become effective  
22 on or after the effective date of this section;  
23 shall continue in effect according to their terms until  
24 modified, terminated, superseded, set aside, or re-  
25 voked in accordance with law by the President, the

1 appropriate receiving agency or other authorized of-  
2 ficial, a court of competent jurisdiction, or by oper-  
3 ation of law.

4 (5) PROCEEDINGS NOT AFFECTED.—

5 (A) IN GENERAL.—The provisions of this  
6 section shall not affect any proceedings, includ-  
7 ing notices of proposed rulemaking, or any ap-  
8 plication for any license, permit, certificate, or  
9 financial assistance pending before the Depart-  
10 ment of Labor or the Department of Education  
11 on the date this section takes effect, with re-  
12 spect to functions transferred by this section.

13 (B) CONTINUATION.—Such proceedings  
14 and applications shall be continued. Orders  
15 shall be issued in such proceedings, appeals  
16 shall be taken from the orders, and payments  
17 shall be made pursuant to such orders, as if  
18 this section had not been enacted, and orders  
19 issued in any such proceedings shall continue in  
20 effect until modified, terminated, superseded, or  
21 revoked by a duly authorized official, by a court  
22 of competent jurisdiction, or by operation of  
23 law.

24 (C) CONSTRUCTION.—Nothing in this  
25 paragraph shall be deemed to prohibit the dis-

1           continuance or modification of any such pro-  
2           ceeding under the same terms and conditions  
3           and to the same extent that such proceeding  
4           could have been discontinued or modified if this  
5           section had not been enacted.

6           (6) ADMINISTRATIVE ACTIONS RELATING TO  
7           PROMULGATION OF REGULATIONS.—Any administra-  
8           tive action relating to the preparation or promulga-  
9           tion of a regulation by the Department of Labor or  
10          the Department of Education relating to a function  
11          transferred under this section may be continued by  
12          the appropriate receiving agency with the same ef-  
13          fect as if this section had not been enacted.

14          (d) CONSTRUCTION.—Nothing in this section shall be  
15          construed to require the transfer of any function described  
16          in subsection (b)(1)(B)(i) to the Federal Partnership.

17          (e) EFFECTIVE DATE.—

18                (1) IN GENERAL.—Except as provided in para-  
19                graph (2), this section shall take effect on June 30,  
20                1998.

21                (2) REGULATIONS AND CONFORMING AMEND-  
22                MENTS.—Subsection (c)(1)(B) shall take effect on  
23                September 30, 1996.

24                (3) WORKPLAN.—Subsection (b) shall take ef-  
25                fect on the date of enactment of this Act.

1 **SEC. 777. ELIMINATION OF CERTAIN OFFICES.**

2 (a) TERMINATION.—The Office of Vocational and  
3 Adult Education and the Employment and Training Ad-  
4 ministration shall terminate on July 1, 1998.

5 (b) OFFICE OF VOCATIONAL AND ADULT EDU-  
6 CATION.—

7 (1) TITLE 5, UNITED STATES CODE.—Section  
8 5315 of title 5, United States Code, is amended by  
9 striking “Assistant Secretaries of Education (10)”  
10 and inserting “Assistant Secretaries of Education  
11 (9)”.

12 (2) DEPARTMENT OF EDUCATION ORGANIZA-  
13 TION ACT.—

14 (A) Section 202 of the Department of  
15 Education Organization Act (20 U.S.C. 3412)  
16 is amended—

17 (i) in subsection (b)(1)—

18 (I) by striking subparagraph (C);

19 and

20 (II) by redesignating subpara-  
21 graphs (D) through (F) as subpara-  
22 graphs (C) through (E), respectively;

23 (ii) by striking subsection (h); and

24 (iii) by redesignating subsection (i) as  
25 subsection (h).

1 (B) Section 206 of such Act (20 U.S.C.  
2 3416) is repealed.

3 (C) Section 402(c)(1) of the Improving  
4 America's Schools Act of 1994 (20 U.S.C.  
5 9001(c)(1)) is amended by striking "established  
6 under" and all that follows and inserting a  
7 semicolon.

8 (3) GOALS 2000: EDUCATE AMERICA ACT.—Sec-  
9 tion 931(h)(3)(A) of the Goals 2000: Educate Amer-  
10 ica Act (20 U.S.C. 6031(h)(3)(A)) is amended—

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

12 (B) by redesignating clauses (iv) and (v)  
13 as clauses (iii) and (iv), respectively.

14 (c) EMPLOYMENT AND TRAINING ADMINISTRA-  
15 TION.—

16 (1) TITLE 5, UNITED STATES CODE.—Section  
17 5315 of title 5, United States Code, is amended by  
18 striking "Assistant Secretaries of Labor (10)" and  
19 inserting "Assistant Secretaries of Labor (9)".

20 (2) VETERANS' BENEFITS AND PROGRAMS IM-  
21 PROVEMENT ACT OF 1988.—Section 402(d)(3) of the  
22 Veterans' Benefits and Programs Improvement Act  
23 of 1988 (29 U.S.C. 1721 note) is amended by strik-  
24 ing "and under any other program administered by

1 the Employment and Training Administration of the  
2 Department of Labor”.

3 (3) TITLE 38, UNITED STATES CODE.—Section  
4 4110(d) of title 38, United States Code, is amend-  
5 ed—

6 (A) by striking paragraph (7); and

7 (B) by redesignating paragraphs (8)  
8 through (12) as paragraphs (7) through (11),  
9 respectively.

10 (4) NATIONAL AND COMMUNITY SERVICE ACT  
11 OF 1990.—The last sentence of section 162(b) of the  
12 National and Community Service Act of 1990 (42  
13 U.S.C. 12622(b)) is amended by striking “or the Of-  
14 fice of Job Training”.

15 (d) UNITED STATES EMPLOYMENT SERVICE.—

16 (1) TITLE 5, UNITED STATES CODE.—Section  
17 3327 of title 5, United States Code, is amended—

18 (A) in subsection (a), by striking “the em-  
19 ployment offices of the United States Employ-  
20 ment Service” and inserting “Governors”; and

21 (B) in subsection (b), by striking “of the  
22 United States Employment Service”.

23 (2) TITLE 10, UNITED STATES CODE.—

1 (A) Section 1143a(d) of title 10, United  
2 States Code, is amended by striking paragraph  
3 (3).

4 (B) Section 2410k(b) of title 10, United  
5 States Code, is amended by striking “, and  
6 where appropriate the Interstate Job Bank (es-  
7 tablished by the United States Employment  
8 Service),”.

9 (3) INTERNAL REVENUE CODE OF 1986.—Sec-  
10 tion 51 of the Internal Revenue Code of 1986 is  
11 amended by striking subsection (g).

12 (4) NATIONAL DEFENSE AUTHORIZATION ACT  
13 FOR FISCAL YEAR 1993.—Section 4468 of the Na-  
14 tional Defense Authorization Act for Fiscal Year  
15 1993 (29 U.S.C. 1662d–1 note) is repealed.

16 (5) TITLE 38, UNITED STATES CODE.—Section  
17 4110(d) of title 38, United States Code (as amended  
18 by subsection (c)(3)), is further amended—

19 (A) by striking paragraph (10); and

20 (B) by redesignating paragraph (11) as  
21 paragraph (10).

22 (6) TITLE 39, UNITED STATES CODE.—

23 (A) Section 3202(a)(1) of title 39, United  
24 States Code is amended—

1 (i) in subparagraph (D), by striking  
2 the semicolon and inserting “; and”;

3 (ii) by striking subparagraph (E); and

4 (iii) by redesignating subparagraph  
5 (F) as subparagraph (E).

6 (B) Section 3203(b) of title 39, United  
7 States Code, is amended by striking “(1)(E),  
8 (2), and (3)” and inserting “(2) and (3)”.

9 (C) Section 3206(b) of title 39, United  
10 States Code, is amended by striking “(1)(F)”  
11 and inserting “(1)(E)”.

12 (7) NATIONAL AND COMMUNITY SERVICE ACT  
13 OF 1990.—Section 162(b) of the National and Com-  
14 munity Service Act of 1990 (42 U.S.C. 12622(b))  
15 (as amended by subsection (c)(4)) is further amend-  
16 ed by striking the last sentence.

17 (e) REORGANIZATION PLANS.—Except with respect  
18 to functions transferred under section 776, the authority  
19 granted to the Employment and Training Administration,  
20 the Office of Vocational and Adult Education, or any unit  
21 of the Employment and Training Administration or the  
22 Office of Vocational and Adult Education by any reorga-  
23 nization plan shall terminate on July 1, 1998.

1 **Subtitle F—Repeals of Employment**  
2 **and Training and Vocational**  
3 **and Adult Education Programs**

4 **SEC. 781. REPEALS.**

5 (a) IMMEDIATE REPEALS.—The following provisions  
6 are repealed:

7 (1) Section 204 of the Immigration Reform and  
8 Control Act of 1986 (8 U.S.C. 1255a note).

9 (2) Title II of Public Law 95–250 (92 Stat.  
10 172).

11 (3) The Displaced Homemakers Self-Sufficiency  
12 Assistance Act (29 U.S.C. 2301 et seq.).

13 (4) Section 211 of the Appalachian Regional  
14 Development Act of 1965 (40 U.S.C. App. 211).

15 (5) Subtitle C of title VII of the Stewart B.  
16 McKinney Homeless Assistance Act (42 U.S.C.  
17 11441 et seq.).

18 (6) Section 5322 of title 49, United States  
19 Code.

20 (7) Subchapter I of chapter 421 of title 49,  
21 United States Code.

22 (b) SUBSEQUENT REPEALS.—The following provi-  
23 sions are repealed:

24 (1) Sections 235 and 236 of the Trade Act of  
25 1974 (19 U.S.C. 2295 and 2296), and paragraphs

1 (1) and (2) of section 250(d) of such Act (19 U.S.C.  
2 2331(d)).

3 (2) The Adult Education Act (20 U.S.C. 1201  
4 et seq.).

5 (3) The Carl D. Perkins Vocational and Applied  
6 Technology Education Act (20 U.S.C. 2301 et seq.).

7 (4) The School-to-Work Opportunities Act of  
8 1994 (20 U.S.C. 6101 et seq.).

9 (5) The Wagner-Peyser Act (29 U.S.C. 49 et  
10 seq.).

11 (6) The Job Training Partnership Act (29  
12 U.S.C. 1501 et seq.).

13 (7) Title V of the Older Americans Act of 1965  
14 (42 U.S.C. 3056 et seq.).

15 (8) Title VII of the Stewart B. McKinney  
16 Homeless Assistance Act (42 U.S.C. 11421 et seq.),  
17 other than subtitle C of such title.

18 (c) EFFECTIVE DATES.—

19 (1) IMMEDIATE REPEALS.—The repeals made  
20 by subsection (a) shall take effect on the date of en-  
21 actment of this Act.

22 (2) SUBSEQUENT REPEALS.—The repeals made  
23 by subsection (b) shall take effect on July 1, 1998.

24 **SEC. 782. CONFORMING AMENDMENTS.**

25 (a) IMMEDIATE REPEALS.—

1           (1) REFERENCES TO SECTION 204 OF THE IM-  
2           MIGRATION REFORM AND CONTROL ACT OF 1986.—  
3           The table of contents for the Immigration Reform  
4           and Control Act of 1986 is amended by striking the  
5           item relating to section 204 of such Act.

6           (2) REFERENCES TO TITLE II OF PUBLIC LAW  
7           95-250.—Section 103 of Public Law 95-250 (16  
8           U.S.C. 79l) is amended—

9                   (A) by striking the second sentence of sub-  
10                  section (a); and

11                  (B) by striking the second sentence of sub-  
12                  section (b).

13           (3) REFERENCES TO SUBTITLE C OF TITLE VII  
14           OF THE STEWART B. MCKINNEY HOMELESS ASSIST-  
15           ANCE ACT.—

16                   (A) Section 762(a) of the Stewart B.  
17                  McKinney Homeless Assistance Act (42 U.S.C.  
18                  11472(a)) is amended—

19                           (i) by striking “each of the following  
20                           programs” and inserting “the emergency  
21                           community services homeless grant pro-  
22                           gram established in section 751”; and

23                           (ii) by striking “tribes:” and all that  
24                           follows and inserting “tribes.”.

1           (B) The table of contents of such Act is  
2 amended by striking the items relating to sub-  
3 title C of title VII of such Act.

4           (4) REFERENCES TO TITLE 49, UNITED STATES  
5 CODE.—

6           (A) Sections 5313(b)(1) and 5314(a)(1) of  
7 title 49, United States Code, are amended by  
8 striking “5317, and 5322” and inserting “and  
9 5317”.

10           (B) The table of contents for chapter 53 of  
11 title 49, United States Code, is amended by  
12 striking the item relating to section 5322.

13           (b) SUBSEQUENT REPEALS.—

14           (1) RECOMMENDED LEGISLATION.—After con-  
15 sultation with the appropriate committees of Con-  
16 gress and the Director of the Office of Management  
17 and Budget, the Governing Board shall prepare and  
18 submit to Congress recommended legislation con-  
19 taining technical and conforming amendments to re-  
20 flect the changes made by section 781(b).

21           (2) SUBMISSION TO CONGRESS.—Not later than  
22 March 31, 1997, the Governing Board shall submit  
23 the recommended legislation referred to under para-  
24 graph (1).

1 **Subtitle C—Job Corps and Other**  
2 **Workforce Preparation Activi-**  
3 **ties for At-Risk Youth**

4 **CHAPTER 1—GENERAL JOB CORPS**  
5 **PROVISIONS**

6 **SEC. 741. PURPOSES.**

7 The purposes of this subtitle are—

8 (1) to maintain a Job Corps for at-risk youth  
9 as part of statewide systems;

10 (2) to set forth standards and procedures for  
11 selecting individuals as enrollees in the Job Corps;

12 (3) to authorize the establishment of residential  
13 and nonresidential Job Corps centers in which en-  
14 rollees will participate in intensive programs of  
15 workforce development activities;

16 (4) to prescribe various other powers, duties,  
17 and responsibilities incident to the operation and  
18 continuing development of the Job Corps; and

19 (5) to assist at-risk youth who need and can  
20 benefit from an unusually intensive program, oper-  
21 ated in a group setting, to become more responsible,  
22 employable, and productive citizens.

23 **SEC. 742. DEFINITIONS.**

24 As used in this subtitle:

1 **TITLE VIII—WORKFORCE DEVEL-**  
2 **OPMENT-RELATED ACTIVI-**  
3 **TIES**

4 **Subtitle A—Amendments to the**  
5 **Rehabilitation Act of 1973**

6 **SEC. 801. REFERENCES.**

7 Except as otherwise expressly provided in this sub-  
8 title, whenever in this subtitle an amendment or repeal  
9 is expressed in terms of an amendment to, or repeal of,  
10 a section or other provision, the reference shall be consid-  
11 ered to be made to a section or other provision of the Re-  
12 habilitation Act of 1973 (29 U.S.C. 701 et seq.).

13 **SEC. 802. FINDINGS AND PURPOSES.**

14 Section 2 (29 U.S.C. 701) is amended—

15 (1) in subsection (a)(4), by striking “the provi-  
16 sion of individualized training, independent living  
17 services, educational and support services,” and in-  
18 sserting “implementation of a statewide workforce de-  
19 velopment system that provides meaningful and ef-  
20 fective participation for individuals with disabilities  
21 in workforce development activities and activities  
22 carried out through the vocational rehabilitation pro-  
23 gram established under title I, and through the pro-  
24 vision of independent living services, support serv-  
25 ices,”; and

1           (2) in subsection (b)(1)(A), by inserting “state-  
2           wide workforce development systems that include, as  
3           integral components,” after “(A)”.

4   **SEC. 803. CONSOLIDATED REHABILITATION PLAN.**

5           (a) IN GENERAL.—Section 6 (29 U.S.C. 705) is re-  
6           pealed.

7           (b) CONFORMING AMENDMENT.—The table of con-  
8           tents for the Act is amended by striking the item relating  
9           to section 6.

10   **SEC. 804. DEFINITIONS.**

11           Section 7 (29 U.S.C. 706) is amended by adding at  
12           the end the following new paragraphs:

13           “(36) The term ‘statewide workforce development  
14           system’ means a statewide system, as defined in section  
15           703 of the Workforce Development Act of 1995.

16           “(37) The term ‘workforce development activities’  
17           has the meaning given the term in section 703 of the  
18           Workforce Development Act of 1995.

19           “(38) The term ‘workforce employment activities’  
20           means the activities described in paragraphs (2) through  
21           (8) of section 716(a) of the Workforce Development Act  
22           of 1995, including activities described in section 716(a)(6)  
23           of such Act provided through a voucher described in sec-  
24           tion 716(a)(9) of such Act.”.

1 **SEC. 805. ADMINISTRATION.**

2 Section 12(a)(1) (29 U.S.C. 711(a)(1)) is amended  
3 by inserting “, including providing assistance to achieve  
4 the meaningful and effective participation by individuals  
5 with disabilities in the activities carried out through a  
6 statewide workforce development system” before the semi-  
7 colon.

8 **SEC. 806. REPORTS.**

9 Section 13 (29 U.S.C. 712) is amended in the fourth  
10 sentence by striking “The data elements” and all that fol-  
11 lows through “age,” and inserting the following: “The in-  
12 formation shall include all information that is required to  
13 be submitted in the report described in section 731(a) of  
14 the Workforce Development Act of 1995 and that pertains  
15 to the employment of individuals with disabilities, includ-  
16 ing information on age,”.

17 **SEC. 807. EVALUATION.**

18 Section 14(a) (29 U.S.C. 713(a)) is amended in the  
19 third sentence by striking “to the extent feasible,” and  
20 all that follows through the end of the sentence and insert-  
21 ing the following: “to the maximum extent appropriate,  
22 be consistent with the State benchmarks established under  
23 paragraphs (1) and (2) of section 731(c) of the Workforce  
24 Development Act of 1995. For purposes of this section,  
25 the Secretary may modify or supplement such benchmarks  
26 after consultation with the Governing Board established

1 under section 771(b) of the Workforce Development Act  
2 of 1995, to the extent necessary to address unique consid-  
3 erations applicable to the participation of individuals with  
4 disabilities in the vocational rehabilitation program estab-  
5 lished under title I and activities carried out under other  
6 provisions of this Act.”.

7 **SEC. 808. DECLARATION OF POLICY.**

8 Section 100(a) (29 U.S.C. 720(a)) is amended—

9 (1) in paragraph (1)—

10 (A) in subparagraph (E), by striking “;  
11 and” and inserting a semicolon;

12 (B) in subparagraph (F)—

13 (i) by inserting “workforce develop-  
14 ment activities and” before “vocational re-  
15 habilitation services”; and

16 (ii) by striking the period and insert-  
17 ing “; and”; and

18 (C) by adding at the end the following sub-  
19 paragraph:

20 “(G) linkages between the vocational rehabilita-  
21 tion program established under this title and other  
22 components of the statewide workforce development  
23 system are critical to ensure effective and meaning-  
24 ful participation by individuals with disabilities in  
25 workforce development activities.”; and

1 (2) in paragraph (2)—

2 (A) by striking “a comprehensive” and in-  
3 serting “statewide comprehensive”; and

4 (B) by striking “program of vocational re-  
5 habilitation that is designed” and inserting  
6 “programs of vocational rehabilitation, each of  
7 which is—

8 “(A) an integral component of a statewide  
9 workforce development system; and

10 “(B) designed”.

11 **SEC. 809. STATE PLANS.**

12 (a) IN GENERAL.—Section 101(a) (29 U.S.C.  
13 721(a)) is amended—

14 (1) in the first sentence, by striking “, or shall  
15 submit” and all that follows through “et seq.)” and  
16 inserting “, and shall submit the State plan on the  
17 same dates as the State submits the State plan de-  
18 scribed in section 714 of the Workforce Development  
19 Act of 1995 to the Governing Board established  
20 under section 771(b) of such Act”;

21 (2) by inserting after the first sentence the fol-  
22 lowing: “The State shall also submit the State plan  
23 for vocational rehabilitation services for review and  
24 comment to any State workforce development board  
25 established for the State under section 715 of the

1 Workforce Development Act of 1995, which shall  
2 submit the comments on the State plan to the des-  
3 ignated State unit.”;

4 (3) by striking paragraphs (10), (12), (13),  
5 (15), (17), (19), (23), (27), (28), (30), (34), and  
6 (35);

7 (4) in paragraph (20), by striking “(20)” and  
8 inserting “(B)”;

9 (5) by redesignating paragraphs (3), (4), (5),  
10 (6), (7), (8), (9), (14), (16), (18), (21), (22), (24),  
11 (25), (26), (29), (31), (32), (33), and (36) as para-  
12 graphs (4), (5), (6), (7), (8), (9), (10), (12), (13),  
13 (14), (15), (16), (17), (18), (19), (20), (21), (22),  
14 (23), and (24), respectively;

15 (6) in paragraph (1)(B)—

16 (A) by redesignating clauses (i), (ii), and  
17 (iii) as clauses (ii), (iii), and (iv), respectively;  
18 and

19 (B) by inserting before clause (ii) (as re-  
20 designated in subparagraph (A)) the following:  
21 “(i) a State entity primarily responsible for im-  
22 plementing workforce employment activities  
23 through the statewide workforce development  
24 system of the State.”;

25 (7) in paragraph (2)—

1 (A) in the matter preceding subparagraph  
2 (A), by striking “(1)(B)(i)” and inserting  
3 “(1)(B)(ii)”; and

4 (B) in subparagraph (B)(ii), by striking  
5 “(1)(B)(ii)” and inserting “(1)(B)(iii)”;

6 (8) by inserting after paragraph (2) the follow-  
7 ing paragraph:

8 “(3) provide a plan for expanding and improving vo-  
9 cational rehabilitation services for individuals with disabil-  
10 ities on a statewide basis, including—

11 “(A) a statement of values and goals;

12 “(B) evidence of ongoing efforts to use outcome  
13 measures to make decisions about the effectiveness  
14 and future direction of the vocational rehabilitation  
15 program established under this title in the State;  
16 and

17 “(C) information on specific strategies for  
18 strengthening the program as an integral component  
19 of the statewide workforce development system es-  
20 tablished in the State, including specific innovative,  
21 state-of-the-art approaches for achieving sustained  
22 success in improving and expanding vocational reha-  
23 bilitation services provided through the program, for  
24 all individuals with disabilities who seek employ-  
25 ment, through plans, policies, and procedures that

1 link the program with other components of the sys-  
2 tem, including plans, policies, and procedures relat-  
3 ing to—

4 “(i) entering into cooperative agreements,  
5 between the designated State unit and appro-  
6 priate entities responsible for carrying out the  
7 other components of the statewide workforce  
8 development system, which agreements may  
9 provide for—

10 “(I) provision of intercomponent staff  
11 training and technical assistance regarding  
12 the availability and benefits of, and eligi-  
13 bility standards for, vocational rehabilita-  
14 tion services, and regarding the provision  
15 of equal, effective, and meaningful partici-  
16 pation by individuals with disabilities in  
17 workforce employment activities in the  
18 State through program accessibility, use of  
19 nondiscriminatory policies and procedures,  
20 and provision of reasonable accommoda-  
21 tions, auxiliary aids and services, and reha-  
22 bilitation technology, for individuals with  
23 disabilities;

24 “(II) use of information and financial  
25 management systems that link all compo-

1 nents of the statewide workforce develop-  
2 ment system, that link the components to  
3 other electronic networks, and that relate  
4 to such subjects as labor market informa-  
5 tion, and information on job vacancies,  
6 skill qualifications, career planning, and  
7 workforce development activities;

8 “(III) use of customer service features  
9 such as common intake and referral proce-  
10 dures, customer data bases, resource infor-  
11 mation, and human service hotlines;

12 “(IV) establishment of cooperative ef-  
13 forts with employers to facilitate job place-  
14 ment and to develop and sustain working  
15 relationships with employers, trade associa-  
16 tions, and labor organizations;

17 “(V) identification of staff roles and  
18 responsibilities and available resources for  
19 each entity that carries out a component of  
20 the statewide workforce development sys-  
21 tem with regard to paying for necessary  
22 services (consistent with State law); and

23 “(VI) specification of procedures for  
24 resolving disputes among such entities; and

1           “(ii) providing for the replication of such  
2 cooperative agreements at the local level be-  
3 tween individual offices of the designated State  
4 unit and local entities carrying out activities  
5 through the statewide workforce development  
6 system;”;

7           (9) in paragraph (6) (as redesignated in para-  
8 graph (5))—

9           (A) by striking subparagraph (A) and in-  
10 sserting the following:

11           “(A) contain the plans, policies, and methods to  
12 be followed in carrying out the State plan and in the  
13 administration and supervision of the plan, includ-  
14 ing—

15           “(i)(I) the results of a comprehensive,  
16 statewide assessment of the rehabilitation needs  
17 of individuals with disabilities (including indi-  
18 viduals with severe disabilities, individuals with  
19 disabilities who are minorities, and individuals  
20 with disabilities who have been unserved, or un-  
21 derserved, by the vocational rehabilitation sys-  
22 tem) who are residing within the State; and

23           “(II) the response of the State to the as-  
24 sessment;

1           “(ii) a description of the method to be used  
2 to expand and improve services to individuals  
3 with the most severe disabilities, including indi-  
4 viduals served under part C of title VI;

5           “(iii) with regard to community rehabilita-  
6 tion programs—

7                 “(I) a description of the method to be  
8 used (such as a cooperative agreement) to  
9 utilize the programs to the maximum ex-  
10 tent feasible; and

11                 “(II) a description of the needs of the  
12 programs, including the community reha-  
13 bilitation programs funded under the Act  
14 entitled “An Act to Create a Committee on  
15 Purchases of Blind-made Products, and for  
16 other purposes”, approved June 25, 1938  
17 (commonly known as the Wagner-O’Day  
18 Act; 41 U.S.C. 46 et seq.) and such pro-  
19 grams funded by State use contracting  
20 programs; and

21           “(iv) an explanation of the methods by  
22 which the State will provide vocational rehabili-  
23 tation services to all individuals with disabilities  
24 within the State who are eligible for such serv-  
25 ices, and, in the event that vocational rehabili-

1           tation services cannot be provided to all such  
2           eligible individuals with disabilities who apply  
3           for such services, information—

4                   “(I) showing and providing the jus-  
5                   tification for the order to be followed in se-  
6                   lecting individuals to whom vocational re-  
7                   habilitation services will be provided (which  
8                   order of selection for the provision of voca-  
9                   tional rehabilitation services shall be deter-  
10                  mined on the basis of serving first the indi-  
11                  viduals with the most severe disabilities in  
12                  accordance with criteria established by the  
13                  State, and shall be consistent with prior-  
14                  ities in such order of selection so deter-  
15                  mined, and outcome and service goals for  
16                  serving individuals with disabilities, estab-  
17                  lished in regulations prescribed by the  
18                  Commissioner);

19                   “(II) showing the outcomes and serv-  
20                   ice goals, and the time within which the  
21                   outcomes and service goals may be  
22                   achieved, for the rehabilitation of individ-  
23                   uals receiving such services; and

24                   “(III) describing how individuals with  
25                   disabilities who will not receive such serv-

1           ices if such order is in effect will be re-  
2           ferred to other components of the state-  
3           wide workforce development system for ac-  
4           cess to services offered by the compo-  
5           nents;” and

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

8           “(C) with regard to the statewide assessment of  
9           rehabilitation needs described in subparagraph  
10          (A)(i)—

11           “(i) provide that the State agency will  
12           make reports at such time, in such manner, and  
13           containing such information, as the Commis-  
14           sioner may require to carry out the functions of  
15           the Commissioner under this title, and comply  
16           with such provisions as are necessary to assure  
17           the correctness and verification of such reports;  
18           and

19           “(ii) provide that reports made under  
20           clause (i) will include information regarding in-  
21           dividuals with disabilities and, if an order of se-  
22           lection described in subparagraph (A)(iv)(I) is  
23           in effect in the State, will separately include in-  
24           formation regarding individuals with the most  
25           severe disabilities, on—

1           “(I) the number of such individuals  
2           who are evaluated and the number reha-  
3           bilitated;

4           “(II) the costs of administration,  
5           counseling, provision of direct services, de-  
6           velopment of community rehabilitation pro-  
7           grams, and other functions carried out  
8           under this Act; and

9           “(III) the utilization by such individ-  
10          uals of other programs pursuant to para-  
11          graph (11); and

12         “(D) describe—

13           “(i) how a broad range of rehabilitation  
14           technology services will be provided at each  
15           stage of the rehabilitation process;

16           “(ii) how a broad range of such rehabilita-  
17           tion technology services will be provided on a  
18           statewide basis; and

19           “(iii) the training that will be provided to  
20           vocational rehabilitation counselors, client as-  
21           sistance personnel, personnel of the providers of  
22           one-stop delivery of core services described in  
23           section 716(a)(2) of the Workforce Develop-  
24           ment Act of 1995, and other related services  
25           personnel;”;

1           (10) in subparagraph (A) of paragraph (8) (as  
2 redesignated in paragraph (5))—

3           (A) in clause (i)(II), by striking “, based  
4 on projections” and all that follows through  
5 “relevant factors”; and

6           (B) by striking clauses (iii) and (iv) and  
7 inserting the following clauses:

8           “(iii) a description of the ways in which the sys-  
9 tem for evaluating the performance of rehabilitation  
10 counselors, coordinators, and other personnel used in  
11 the State facilitates the accomplishment of the pur-  
12 pose and policy of this title, including the policy of  
13 serving, among others, individuals with the most se-  
14 vere disabilities;

15           “(iv) provide satisfactory assurances that the  
16 system described in clause (iii) in no way impedes  
17 such accomplishment; and”;

18           (11) in paragraph (9) (as redesignated in para-  
19 graph (5)) by striking “required—” and all that fol-  
20 lows through “(B) prior” and inserting “required  
21 prior”;

22           (12) in paragraph (10) (as redesignated in  
23 paragraph (5))—

1 (A) in subparagraph (B), by striking  
2 “written rehabilitation program” and inserting  
3 “employment plan”; and

4 (B) in subparagraph (C), by striking “plan  
5 in accordance with such program” and inserting  
6 “State plan in accordance with the employment  
7 plan”;

8 (13) in paragraph (11)—

9 (A) in subparagraph (A), by striking  
10 “State’s public” and all that follows and insert-  
11 ing “State programs that are not part of the  
12 statewide workforce development system of the  
13 State;”; and

14 (B) in subparagraph (C)—

15 (i) by striking “if appropriate—” and  
16 all that follows through “entering into”  
17 and inserting “if appropriate, entering  
18 into”;

19 (ii) by redesignating subclauses (I),  
20 (II), and (III) as clauses (i), (ii), and (iii),  
21 respectively; and

22 (iii) by indenting the clauses and  
23 aligning the margins of the clauses with  
24 the margins of clause (ii) of subparagraph

1 (A) of paragraph (8) (as redesignated in  
2 paragraph (5));

3 (14) in paragraph (14) (as redesignated in  
4 paragraph (5))—

5 (A) by striking “(14)” and inserting  
6 “(14)(A)”; and

7 (B) by inserting before the semicolon the  
8 following “, and, in the case of the designated  
9 State unit, will take actions to take such views  
10 into account that include providing timely no-  
11 tice, holding public hearings, preparing a sum-  
12 mary of hearing comments, and documenting  
13 and disseminating information relating to the  
14 manner in which the comments will affect serv-  
15 ices; and”;

16 (15) in paragraph (16) (as redesignated in  
17 paragraph (5)), by striking “referrals to other Fed-  
18 eral and State programs” and inserting “referrals  
19 within the statewide workforce development system  
20 of the State to programs”; and

21 (16) in paragraph (17) (as redesignated in  
22 paragraph (5))—

23 (A) in subparagraph (B), by striking  
24 “written rehabilitation program” and inserting  
25 “employment plan”; and

1 (B) in subparagraph (C)—

2 (i) in clause (ii), by striking “; and”  
3 and inserting a semicolon;

4 (ii) in clause (iii), by striking the  
5 semicolon and inserting “; and”; and

6 (iii) by adding at the end the follow-  
7 ing clause:

8 “(iv) the manner in which students who  
9 are individuals with disabilities and who are not  
10 in special education programs can access and  
11 receive vocational rehabilitation services, where  
12 appropriate;”.

13 (b) CONFORMING AMENDMENTS.—

14 (1) Section 7 (29 U.S.C. 706) is amended—

15 (A) in paragraph (3)(B)(ii), by striking  
16 “101(a)(1)(B)(i)” and inserting  
17 “101(a)(1)(B)(ii)”; and

18 (B) in paragraph (22)(A)(i)(II), by strik-  
19 ing “101(a)(5)(A)” each place it appears and  
20 inserting “101(a)(6)(A)(iv)”.

21 (2) Section 12(d) (29 U.S.C. 711(d)) is amend-  
22 ed by striking “101(a)(5)(A)” and inserting  
23 “101(a)(6)(A)(iv)”.

24 (3) Section 101(a) (29 U.S.C. 721(a)) is  
25 amended—

1 (A) in paragraph (1)(A), by striking  
2 “paragraph (4) of this subsection” and insert-  
3 ing “paragraph (5)”;

4 (B) in paragraph (2)—

5 (i) in the matter preceding subpara-  
6 graph (A), by striking “paragraph  
7 (1)(B)(i)” and inserting “paragraph  
8 (1)(B)(ii)”;

9 (ii) in subparagraph (B)(i), by strik-  
10 ing “paragraph (1)(B)(ii)” and inserting  
11 “paragraph (1)(B)(iii)”;

12 (C) in paragraph (17) (as redesignated in  
13 subsection (a)(5)), by striking “paragraph  
14 (11)(C)(ii)” and inserting “paragraph (11)(C)”;

15 (D) in paragraph (22) (as redesignated in  
16 subsection (a)(5)), by striking “paragraph  
17 (36)” and inserting “paragraph (24)”;

18 (E) in subparagraph (C) of paragraph (24)  
19 (as redesignated in subsection (a)(5)), by strik-  
20 ing “101(a)(1)(A)(i)” and inserting “paragraph  
21 (1)(A)(i)”.

22 (4) Section 102 (29 U.S.C. 722) is amended—

23 (A) in subsection (a)(3), by striking  
24 “101(a)(24)” and inserting “101(a)(17)”;

25 (B) in subsection (d)(2)(C)(ii)—

1 (i) in subclause (II), by striking  
2 “101(a)(36)” and inserting “101(a)(24)”;  
3 and

4 (ii) in subclause (III), by striking  
5 “101(a)(36)(C)(ii)” and inserting  
6 “101(a)(24)(C)(ii)”.

7 (5) Section 105(a)(1) (29 U.S.C. 725(a)(1)) is  
8 amended by striking “101(a)(36)” and inserting  
9 “101(a)(24)”.

10 (6) Section 107(a) (29 U.S.C. 727(a)) is  
11 amended—

12 (A) in paragraph (2)(F), by striking  
13 “101(a)(32)” and inserting “101(a)(22)”;

14 (B) in paragraph (3)(A), by striking  
15 “101(a)(5)(A)” and inserting  
16 “101(a)(6)(A)(iv)”; and

17 (C) in paragraph (4), by striking  
18 “101(a)(35)” and inserting “101(a)(8)(A)(iii)”.

19 (7) Section 111(a) (29 U.S.C. 731(a)) is  
20 amended—

21 (A) in paragraph (1), by striking “and de-  
22 velopment and implementation” and all that fol-  
23 lows through “referred to in section  
24 101(a)(34)(B)”;

1 (B) in paragraph (2)(A), by striking “and  
2 such payments shall not be made in an amount  
3 which would result in a violation of the provi-  
4 sions of the State plan required by section  
5 101(a)(17)”.

6 (8) Section 124(a)(1)(A) (29 U.S.C.  
7 744(a)(1)(A)) is amended by striking “(not includ-  
8 ing sums used in accordance with section  
9 101(a)(34)(B))”.

10 (9) Section 315(b)(2) (29 U.S.C. 777e(b)(2)) is  
11 amended by striking “101(a)(22)” and inserting  
12 “101(a)(16)”.

13 (10) Section 635(b)(2) (29 U.S.C. 795n(b)(2))  
14 is amended by striking “101(a)(5)” and inserting  
15 “101(a)(6)(A)(i)(I)”.

16 (11) Section 802(h)(2)(B)(ii) (29 U.S.C.  
17 797a(h)(2)(B)(ii)) is amended by striking  
18 “101(a)(5)(A)” and inserting “101(a)(6)(A)(iv)”.

19 (12) Section 102(e)(23)(A) of the Technology-  
20 Related Assistance for Individuals With Disabilities  
21 Act of 1988 (29 U.S.C. 2212(e)(23)(A)) is amended  
22 by striking “section 101(a)(36) of the Rehabilitation  
23 Act of 1973 (29 U.S.C. 721(a)(36))” and inserting  
24 “section 101(a)(24) of the Rehabilitation Act of  
25 1973 (29 U.S.C. 721(a)(24))”.

1 **SEC. 810. INDIVIDUALIZED EMPLOYMENT PLANS.**

2 (a) IN GENERAL.—Section 102 (29 U.S.C. 722) is  
3 amended—

4 (1) by striking the section heading and insert-  
5 ing the following:

6 **“SEC. 102. INDIVIDUALIZED EMPLOYMENT PLANS.”;**

7 (2) in subsection (a)(6), by striking “written re-  
8 habilitation program” and inserting “employment  
9 plan”;

10 (3) in subsection (b)—

11 (A) in paragraph (1)(A)—

12 (i) in clause (i), by striking “written  
13 rehabilitation program” and inserting “em-  
14 ployment plan”; and

15 (ii) in clause (ii), by striking “pro-  
16 gram” and inserting “plan”;

17 (B) in paragraph (1)(B)—

18 (i) in the matter preceding clause (i),  
19 by striking “written rehabilitation pro-  
20 gram” and inserting “employment plan”;

21 (ii) in clause (iv)—

22 (I) by striking subclause (I) and  
23 inserting the following:

24 “(I) include a statement of the specific voca-  
25 tional rehabilitation services to be provided (includ-  
26 ing, if appropriate, rehabilitation technology services

1 and training in how to use such services) that in-  
2 cludes specification of the public or private entity  
3 that will provide each such vocational rehabilitation  
4 service and the projected dates for the initiation and  
5 the anticipated duration of each such service; and”;

6 (II) by striking subclause (II);

7 and

8 (III) by redesignating subclause

9 (III) as subclause (II); and

10 (iii) in clause (xi)(I), by striking “pro-  
11 gram” and inserting “plan”;

12 (C) in paragraph (1)(C), by striking “writ-  
13 ten rehabilitation program and amendments to  
14 the program” and inserting “employment plan  
15 and amendments to the plan”; and

16 (D) in paragraph (2)—

17 (i) by striking “program” each place  
18 the term appears and inserting “plan”;

19 and

20 (ii) by striking “written rehabilita-  
21 tion” each place the term appears and in-  
22 serting “employment”;

23 (4) in subsection (c)—

1 (A) in paragraph (1), by striking “written  
2 rehabilitation program” and inserting “employ-  
3 ment plan”; and

4 (B) by striking “written program” each  
5 place the term appears and inserting “plan”;  
6 and

7 (5) in subsection (d)—

8 (A) in paragraph (5), by striking “written  
9 rehabilitation program” and inserting “employ-  
10 ment plan”; and

11 (B) in paragraph (6)(A), by striking the  
12 second sentence.

13 (b) CONFORMING AMENDMENTS.—

14 (1) The table of contents for the Act is amend-  
15 ed by striking the item relating to section 102 and  
16 inserting the following:

“Sec. 102. Individualized employment plans.”.

17 (2) Paragraphs (22)(B) and (27)(B), and sub-  
18 paragraphs (B) and (C) of paragraph (34) of section  
19 7 (29 U.S.C. 706), section 12(e)(1) (29 U.S.C.  
20 711(e)(1)), section 501(e) (29 U.S.C. 791(e)), sub-  
21 paragraphs (C), (D), and (E) of section 635(b)(6)  
22 (29 U.S.C. 795n(b)(6) (C), (D), and (E)), section  
23 802(g)(8)(B) (29 U.S.C. 797a(g)(8)(B)), and sec-  
24 tion 803(c)(2)(D) (29 U.S.C. 797b(c)(2)(D)) are  
25 amended by striking “written rehabilitation pro-

1       gram” each place the term appears and inserting  
2       “employment plan”.

3           (3)    Section    7(22)(B)(i)   (29    U.S.C.  
4       706(22)(B)(i)) is amended by striking “rehabilita-  
5       tion program” and inserting “employment plan”.

6           (4)    Section    107(a)(3)(D)   (29    U.S.C.  
7       727(a)(3)(D)) is amended by striking “written reha-  
8       bilitation programs” and inserting “employment  
9       plans”.

10          (5)    Section    101(b)(7)(A)(ii)(II) of the Tech-  
11       nology-Related Assistance for Individuals With Dis-  
12       abilities    Act    of    1988    (29    U.S.C.  
13       2211(b)(7)(A)(ii)(II)) is amended by striking “writ-  
14       ten rehabilitation program” and inserting “employ-  
15       ment plan”.

16   **SEC. 811. SCOPE OF VOCATIONAL REHABILITATION SERV-**  
17                   **ICES.**

18       Section 103 (29 U.S.C. 723) is amended—

19           (1) in subsection (a)(4)—

20                   (A) in subparagraph (B), by striking “sur-  
21                   gery or”;

22                   (B) in subparagraph (D), by striking the  
23                   comma at the end and inserting “, and”;

24                   (C) by striking subparagraph (E); and

1 (D) by redesignating subparagraph (F) as  
2 subparagraph (E); and

3 (2) in subsection (b)(1), by striking “the most  
4 severe”.

5 **SEC. 812. STATE REHABILITATION ADVISORY COUNCIL.**

6 (a) IN GENERAL.—Section 105 (29 U.S.C. 725) is  
7 amended—

8 (1) in subsection (b)(1)(A)(vi), by inserting be-  
9 fore the semicolon the following: “who, to the extent  
10 feasible, are members of any State workforce devel-  
11 opment board established for the State under section  
12 715 of the Workforce Development Act of 1995”;  
13 and

14 (2) in subsection (c)—

15 (A) by redesignating paragraphs (3)  
16 through (7) as paragraphs (4) through (8), re-  
17 spectively;

18 (B) by inserting after paragraph (2) the  
19 following new paragraph:

20 “(3) advise the designated State agency and the  
21 designated State unit regarding strategies for ensur-  
22 ing that the vocational rehabilitation program estab-  
23 lished under this title becomes an integral part of  
24 the statewide workforce development system of the  
25 State;” and

1 (C) in paragraph (6) (as redesignated in  
2 subparagraph (A))—

3 (i) by striking “6024), and” and in-  
4 sserting “6024),”; and

5 (ii) by striking the semicolon at the  
6 end and inserting the following: “, and any  
7 State workforce development board estab-  
8 lished for the State under section 715 of  
9 the Workforce Development Act of 1995;”.

10 (b) CONFORMING AMENDMENT.—Subparagraph  
11 (B)(iv), and clauses (ii)(I) and (iii)(I) of subparagraph  
12 (C), of paragraph (24) (as redesignated in section  
13 409(a)(5)) of section 101(a) (29 U.S.C. 721(a)) are  
14 amended by striking “105(c)(3)” and inserting  
15 “105(c)(4)”.

16 **SEC. 813. EVALUATION STANDARDS AND PERFORMANCE**  
17 **INDICATORS.**

18 Section 106(a)(1) (29 U.S.C. 726(a)(1)) is amend-  
19 ed—

20 (1) by striking “1994” and inserting “1996”;  
21 and

22 (2) by striking the period and inserting the fol-  
23 lowing: “that shall, to the maximum extent appro-  
24 priate, be consistent with the State benchmarks es-  
25 tablished under paragraphs (1) and (2) of section

1 731(c) of the Workforce Development Act of 1995.  
 2 For purposes of this section, the Commissioner may  
 3 modify or supplement such benchmarks, after con-  
 4 sultation with the Governing Board established  
 5 under section 771(b) of the Workforce Development  
 6 Act of 1995, to the extent necessary to address  
 7 unique considerations applicable to the participation  
 8 of individuals with disabilities in the vocational reha-  
 9 bilitation program.”.

10 **SEC. 814. REPEALS.**

11 (a) IN GENERAL.—Title I (29 U.S.C. 720 et seq.)  
 12 is amended—

13 (1) by repealing part C; and

14 (2) by redesignating parts D and E as parts C  
 15 and D, respectively.

16 (b) CONFORMING AMENDMENTS.—The table of con-  
 17 tents for the Act is amended—

18 (1) by striking the items relating to part C of  
 19 title I; and

20 (2) by striking the items relating to parts D  
 21 and E of title I and inserting the following:

“PART C—AMERICAN INDIAN VOCATIONAL REHABILITATION SERVICES

“Sec. 130. Vocational rehabilitation services grants.

“PART D—VOCATIONAL REHABILITATION SERVICES CLIENT INFORMATION

“Sec. 140. Review of data collection and reporting system.

“Sec. 141. Exchange of data.”.

1 **SEC. 815. EFFECTIVE DATE.**

2 (a) IN GENERAL.—Except as provided in subsection  
3 (b), the amendments made by this subtitle shall take effect  
4 on the date of enactment of this Act.

5 (b) STATEWIDE SYSTEM REQUIREMENTS.—The  
6 changes made in the Rehabilitation Act of 1973 (29  
7 U.S.C. 701 et seq.) by the amendments made by this sub-  
8 title that relate to State benchmarks, or other components  
9 of a statewide system, shall take effect—

10 (1) in a State that submits and obtains ap-  
11 proval of an interim plan under section 762 for pro-  
12 gram year 1997, on July 1, 1997; and

13 (2) in any other State, on July 1, 1998.

14 **Subtitle B—Amendments to**  
15 **Immigration and Nationality Act**

16 **SEC. 821. PROHIBITION ON USE OF FUNDS FOR CERTAIN**  
17 **EMPLOYMENT ACTIVITIES.**

18 Section 412(c)(1) of the Immigration and Nationality  
19 Act is amended by adding at the end the following new  
20 subparagraph:

21 “(D) Funds available under this paragraph may not  
22 be provided to States for workforce employment activities  
23 authorized and funded under the Workforce Development  
24 Act of 1995.”.

1       **TITLE IX—CHILD SUPPORT**

2       **SEC. 900. REFERENCE TO SOCIAL SECURITY ACT.**

3       Except as otherwise specifically provided, whenever in  
4 this title an amendment is expressed in terms of an  
5 amendment to or repeal of a section or other provision,  
6 the reference shall be considered to be made to that sec-  
7 tion or other provision of the Social Security Act.

8       **Subtitle A—Eligibility for Services;**  
9       **Distribution of Payments**

10       **SEC. 901. STATE OBLIGATION TO PROVIDE CHILD SUPPORT**  
11                                   **ENFORCEMENT SERVICES.**

12       (a) STATE PLAN REQUIREMENTS.—Section 454 (42  
13 U.S.C. 654) is amended—

14               (1) by striking paragraph (4) and inserting the  
15 following new paragraph:

16                       “(4) provide that the State will—

17                               “(A) provide services relating to the estab-  
18 lishment of paternity or the establishment,  
19 modification, or enforcement of child support  
20 obligations, as appropriate, under the plan with  
21 respect to—

22                                       “(i) each child for whom (I) assist-  
23 ance is provided under the State program  
24 funded under part A of this title, (II) ben-  
25 efits or services are provided under the

1 State program funded under part E of this  
2 title, or (III) medical assistance is provided  
3 under the State plan approved under title  
4 XIX, unless the State agency administer-  
5 ing the plan determines (in accordance  
6 with paragraph (29)) that it is against the  
7 best interests of the child to do so; and

8 “(ii) any other child, if an individual  
9 applies for such services with respect to  
10 the child; and

11 “(B) enforce any support obligation estab-  
12 lished with respect to—

13 “(i) a child with respect to whom the  
14 State provides services under the plan; or

15 “(ii) the custodial parent of such a  
16 child.”; and

17 (2) in paragraph (6)—

18 (A) by striking “provide that” and insert-  
19 ing “provide that—”;

20 (B) by striking subparagraph (A) and in-  
21 serting the following new subparagraph:

22 “(A) services under the plan shall be made  
23 available to nonresidents on the same terms as  
24 to residents;”;

1 (C) in subparagraph (B), by inserting “on  
2 individuals not receiving assistance under any  
3 State program funded under part A” after  
4 “such services shall be imposed”;

5 (D) in each of subparagraphs (B), (C),  
6 (D), and (E)—

7 (i) by indenting the subparagraph in  
8 the same manner as, and aligning the left  
9 margin of the subparagraph with the left  
10 margin of, the matter inserted by subpara-  
11 graph (B) of this paragraph; and

12 (ii) by striking the final comma and  
13 inserting a semicolon; and

14 (E) in subparagraph (E), by indenting  
15 each of clauses (i) and (ii) 2 additional ems.

16 (b) CONTINUATION OF SERVICES FOR FAMILIES  
17 CEASING TO RECEIVE ASSISTANCE UNDER THE STATE  
18 PROGRAM FUNDED UNDER PART A.—Section 454 (42  
19 U.S.C. 654) is amended—

20 (1) by striking “and” at the end of paragraph  
21 (23);

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

24 (3) by adding after paragraph (24) the follow-  
25 ing new paragraph:

1           “(25) provide that when a family with respect  
2           to which services are provided under the plan ceases  
3           to receive assistance under the State program fund-  
4           ed under part A, the State shall provide appropriate  
5           notice to the family and continue to provide such  
6           services, subject to the same conditions and on the  
7           same basis as in the case of individuals to whom  
8           services are furnished under this section, except that  
9           an application or other request to continue services  
10          shall not be required of such a family and paragraph  
11          (6)(B) shall not apply to the family.”.

12          (c) CONFORMING AMENDMENTS.—

13           (1) Section 452(b) (42 U.S.C. 652(b)) is  
14           amended by striking “454(6)” and inserting  
15           “454(4)”.

16           (2) Section 452(g)(2)(A) (42 U.S.C.  
17           652(g)(2)(A)) is amended by striking “454(6)” each  
18           place it appears and inserting “454(4)(A)(ii)”.

19           (3) Section 466(a)(3)(B) (42 U.S.C.  
20           666(a)(3)(B)) is amended by striking “in the case of  
21           overdue support which a State has agreed to collect  
22           under section 454(6)” and inserting “in any other  
23           case”.

1           (4) Section 466(e) (42 U.S.C. 666(e)) is  
2           amended by striking “paragraph (4) or (6) of sec-  
3           tion 454” and inserting “section 454(4)”.

4 **SEC. 902. DISTRIBUTION OF CHILD SUPPORT COLLEC-**  
5 **TIONS.**

6           (a) IN GENERAL.—Section 457 (42 U.S.C. 657) is  
7           amended to read as follows:

8 **“SEC. 457. DISTRIBUTION OF COLLECTED SUPPORT.**

9           “(a) IN GENERAL.—An amount collected on behalf  
10          of a family as support by a State pursuant to a plan ap-  
11          proved under this part shall be distributed as follows:

12                 “(1) FAMILIES RECEIVING ASSISTANCE.—In the  
13                 case of a family receiving assistance from the State,  
14                 the State shall—

15                         “(A) retain, or distribute to the family, the  
16                         State share of the amount so collected; and

17                         “(B) pay to the Federal Government the  
18                         Federal share of the amount so collected.

19                 “(2) FAMILIES THAT FORMERLY RECEIVED AS-  
20                 SISTANCE.—In the case of a family that formerly re-  
21                 ceived assistance from the State:

22                         “(A) CURRENT SUPPORT PAYMENTS.—The  
23                         State shall, with regard to amounts collected  
24                         which represent amounts owed for the current

1 month, distribute the amounts so collected to  
2 the family.

3 “(B) PAYMENT OF ARREARAGES.—The  
4 State shall, with regard to amounts collected  
5 which exceed amounts owed for the current  
6 month, distribute the amounts so collected as  
7 follows:

8 “(i) DISTRIBUTION TO THE FAMILY  
9 TO SATISFY ARREARAGES THAT ACCRUED  
10 AFTER THE FAMILY RECEIVED ASSIST-  
11 ANCE.—The State shall distribute the  
12 amount so collected to the family to the ex-  
13 tent necessary to satisfy any support ar-  
14 rearages with respect to the family that ac-  
15 crued after the family stopped receiving as-  
16 sistance from the State.

17 “(ii) DISTRIBUTION TO THE FAMILY  
18 TO SATISFY ARREARAGES THAT ACCRUED  
19 BEFORE OR WHILE THE FAMILY RECEIVED  
20 ASSISTANCE TO THE EXTENT PAYMENTS  
21 EXCEED ASSISTANCE RECEIVED.—In the  
22 case of arrearages of support obligations  
23 with respect to the family that were as-  
24 signed to the State making the collection,  
25 as a condition of receiving assistance from

1           the State, and which accrued before or  
2           while the family received such assistance,  
3           the State may retain all or a part of the  
4           State share and if the State does so retain,  
5           shall retain and pay to the Federal Gov-  
6           ernment the Federal share of amounts so  
7           collected, to the extent the amount so re-  
8           tained does not exceed the amount of as-  
9           sistance provided to the family by the  
10          State.

11           “(iii) DISTRIBUTION OF THE REMAIN-  
12          DER TO THE FAMILY.—To the extent that  
13          neither clause (i) nor clause (ii) applies to  
14          the amount so collected, the State shall  
15          distribute the amount to the family.

16           “(3) FAMILIES THAT NEVER RECEIVED ASSIST-  
17          ANCE.—In the case of any other family, the State  
18          shall distribute the amount so collected to the fam-  
19          ily.

20           “(b) TRANSITION RULE.—Any rights to support obli-  
21          gations which were assigned to a State as a condition of  
22          receiving assistance from the State under part A before  
23          the effective date of the Work Opportunity Act of 1995  
24          shall remain assigned after such date.

25           “(c) DEFINITIONS.—As used in subsection (a):

1           “(1) ASSISTANCE.—The term ‘assistance from  
2 the State’ means—

3           “(A) assistance under the State program  
4 funded under part A or under the State plan  
5 approved under part A of this title (as in effect  
6 before October 1, 1995); or

7           “(B) benefits under the State plan ap-  
8 proved under part B or E of this title.

9           “(2) FEDERAL SHARE.—The term ‘Federal  
10 share’ means, with respect to an amount collected by  
11 the State to satisfy a support obligation owed to a  
12 family for a time period—

13           “(A) the greatest Federal medical assist-  
14 ance percentage in effect for the State for fiscal  
15 year 1995 or any succeeding fiscal year; or

16           “(B) if support is not owed to the family  
17 for any month for which the family received aid  
18 to families with dependent children under the  
19 State plan approved under part A of this title  
20 (as in effect before October 1, 1995), the Fed-  
21 eral reimbursement percentage for the fiscal  
22 year in which the time period occurs.

23           “(3) FEDERAL MEDICAL ASSISTANCE PERCENT-  
24 AGE.—The term ‘Federal medical assistance per-  
25 centage’ means—

1           “(A) the Federal medical assistance per-  
2           centage (as defined in section 1905(b)) in the  
3           case of any State for which subparagraph (B)  
4           does not apply; or

5           “(B) the Federal medical assistance per-  
6           centage (as defined in section 1118), in the case  
7           of Puerto Rico, the Virgin Islands, Guam, and  
8           American Samoa.

9           “(4) FEDERAL REIMBURSEMENT PERCENT-  
10          AGE.—The term ‘Federal reimbursement percentage’  
11          means, with respect to a fiscal year—

12           “(A) the total amount paid to the State  
13           under section 403 for the fiscal year; divided by

14           “(B) the total amount expended by the  
15           State to carry out the State program under  
16           part A during the fiscal year.

17           “(5) STATE SHARE.—The term ‘State share’  
18          means 100 percent minus the Federal share.”.

19          (b) CLERICAL AMENDMENTS.—Section 454 (42  
20 U.S.C. 654) is amended—

21           (1) in paragraph (11)—

22           (A) by striking “(11)” and inserting  
23           “(11)(A)”; and

24           (B) by inserting after the semicolon “and”;  
25          and

1           (2) by redesignating paragraph (12) as sub-  
2 paragraph (B) of paragraph (11).

3           (c) EFFECTIVE DATE.—

4           (1) GENERAL RULE.—Except as provided in  
5 paragraphs (2) and (3), the amendment made by  
6 subsection (a) shall become effective on October 1,  
7 1999.

8           (2) EARLIER EFFECTIVE DATE FOR RULES RE-  
9 LATING TO DISTRIBUTION OF SUPPORT COLLECTED  
10 FOR FAMILIES RECEIVING ASSISTANCE.—Section  
11 457(a)(1) of the Social Security Act, as added by  
12 the amendment made by subsection (a), shall be-  
13 come effective on October 1, 1995.

14           (3) SPECIAL RULE.—A State may elect to have  
15 the amendment made by subsection (a) become ef-  
16 fective on a date earlier than October 1, 1999, which  
17 date shall coincide with the operation of the single  
18 statewide automated data processing and informa-  
19 tion retrieval system required by section 454A of the  
20 Social Security Act (as added by section 944(a)(2))  
21 and the State disbursement unit required by section  
22 454B of the Social Security Act (as added by section  
23 912(b)), and the existence of State requirements for  
24 assignment of support as a condition of eligibility for

1 assistance under part A of the Social Security Act  
2 (as added by title I).

3 (4) CLERICAL AMENDMENTS.—The amend-  
4 ments made by subsection (b) shall become effective  
5 on October 1, 1995.

6 **SEC. 903. RIGHTS TO NOTIFICATION AND HEARINGS.**

7 (a) IN GENERAL.—Section 454 (42 U.S.C. 654), as  
8 amended by section 902(b), is amended by inserting after  
9 paragraph (11) the following new paragraph:

10 “(12) establish procedures to provide that—

11 “(A) individuals who are applying for or  
12 receiving services under this part, or are parties  
13 to cases in which services are being provided  
14 under this part—

15 “(i) receive notice of all proceedings in  
16 which support obligations might be estab-  
17 lished or modified; and

18 “(ii) receive a copy of any order estab-  
19 lishing or modifying a child support obliga-  
20 tion, or (in the case of a petition for modi-  
21 fication) a notice of determination that  
22 there should be no change in the amount  
23 of the child support award, within 14 days  
24 after issuance of such order or determina-  
25 tion; and

1           “(B) individuals applying for or receiving  
2 services under this part have access to a fair  
3 hearing or other formal complaint procedure  
4 that meets standards established by the Sec-  
5 retary and ensures prompt consideration and  
6 resolution of complaints (but the resort to such  
7 procedure shall not stay the enforcement of any  
8 support order);”.

9           (b) EFFECTIVE DATE.—The amendment made by  
10 subsection (a) shall become effective on October 1, 1997.

11 **SEC. 904. PRIVACY SAFEGUARDS.**

12           (a) STATE PLAN REQUIREMENT.—Section 454 (42  
13 U.S.C. 654), as amended by section 901(b), is amended—

14           (1) by striking “and” at the end of paragraph  
15 (24);

16           (2) by striking the period at the end of para-  
17 graph (25) and inserting “; and”; and

18           (3) by adding after paragraph (25) the follow-  
19 ing new paragraph:

20           “(26) will have in effect safeguards, applicable  
21 to all confidential information handled by the State  
22 agency, that are designed to protect the privacy  
23 rights of the parties, including—

24           “(A) safeguards against unauthorized use  
25 or disclosure of information relating to proceed-

1           ings or actions to establish paternity, or to es-  
2           tablish or enforce support;

3           “(B) prohibitions against the release of in-  
4           formation on the whereabouts of 1 party to an-  
5           other party against whom a protective order  
6           with respect to the former party has been en-  
7           tered; and

8           “(C) prohibitions against the release of in-  
9           formation on the whereabouts of 1 party to an-  
10          other party if the State has reason to believe  
11          that the release of the information may result  
12          in physical or emotional harm to the former  
13          party.”.

14          (b) EFFECTIVE DATE.—The amendment made by  
15          subsection (a) shall become effective on October 1, 1997.

16                   **Subtitle B—Locate and Case**  
17                   **Tracking**

18          **SEC. 911. STATE CASE REGISTRY.**

19          Section 454A, as added by section 944(a)(2), is  
20          amended by adding at the end the following new sub-  
21          sections:

22           “(e) STATE CASE REGISTRY.—

23           “(1) CONTENTS.—The automated system re-  
24          quired by this section shall include a registry (which

1 shall be known as the ‘State case registry’) that con-  
2 tains records with respect to—

3 “(A) each case in which services are being  
4 provided by the State agency under the State  
5 plan approved under this part; and

6 “(B) each support order established or  
7 modified in the State on or after October 1,  
8 1998.

9 “(2) LINKING OF LOCAL REGISTRIES.—The  
10 State case registry may be established by linking  
11 local case registries of support orders through an  
12 automated information network, subject to this sec-  
13 tion.

14 “(3) USE OF STANDARDIZED DATA ELE-  
15 MENTS.—Such records shall use standardized data  
16 elements for both parents (such as names, social se-  
17 curity numbers and other uniform identification  
18 numbers, dates of birth, and case identification  
19 numbers), and contain such other information (such  
20 as on-case status) as the Secretary may require.

21 “(4) PAYMENT RECORDS.—Each case record in  
22 the State case registry with respect to which services  
23 are being provided under the State plan approved  
24 under this part and with respect to which a support

1 order has been established shall include a record  
2 of—

3 “(A) the amount of monthly (or other peri-  
4 odic) support owed under the order, and other  
5 amounts (including arrearages, interest or late  
6 payment penalties, and fees) due or overdue  
7 under the order;

8 “(B) any amount described in subpara-  
9 graph (A) that has been collected;

10 “(C) the distribution of such collected  
11 amounts;

12 “(D) the birth date of any child for whom  
13 the order requires the provision of support; and

14 “(E) the amount of any lien imposed with  
15 respect to the order pursuant to section  
16 466(a)(4).

17 “(5) UPDATING AND MONITORING.—The State  
18 agency operating the automated system required by  
19 this section shall promptly establish and maintain,  
20 and regularly monitor, case records in the State case  
21 registry with respect to which services are being pro-  
22 vided under the State plan approved under this part,  
23 on the basis of—

1           “(A) information on administrative actions  
2           and administrative and judicial proceedings and  
3           orders relating to paternity and support;

4           “(B) information obtained from compari-  
5           son with Federal, State, or local sources of in-  
6           formation;

7           “(C) information on support collections  
8           and distributions; and

9           “(D) any other relevant information.

10          “(f) INFORMATION COMPARISONS AND OTHER DIS-  
11        CLOSURES OF INFORMATION.—The State shall use the  
12        automated system required by this section to extract infor-  
13        mation from (at such times, and in such standardized for-  
14        mat or formats, as may be required by the Secretary), to  
15        share and compare information with, and to receive infor-  
16        mation from, other data bases and information compari-  
17        son services, in order to obtain (or provide) information  
18        necessary to enable the State agency (or the Secretary or  
19        other State or Federal agencies) to carry out this part,  
20        subject to section 6103 of the Internal Revenue Code of  
21        1986. Such information comparison activities shall include  
22        the following:

23               “(1) FEDERAL CASE REGISTRY OF CHILD SUP-  
24        PORT ORDERS.—Furnishing to the Federal Case  
25        Registry of Child Support Orders established under

1 section 453(h) (and update as necessary, with infor-  
2 mation including notice of expiration of orders) the  
3 minimum amount of information on child support  
4 cases recorded in the State case registry that is nec-  
5 essary to operate the registry (as specified by the  
6 Secretary in regulations).

7 “(2) FEDERAL PARENT LOCATOR SERVICE.—  
8 Exchanging information with the Federal Parent  
9 Locator Service for the purposes specified in section  
10 453.

11 “(3) TEMPORARY FAMILY ASSISTANCE AND  
12 MEDICAID AGENCIES.—Exchanging information with  
13 State agencies (of the State and of other States) ad-  
14 ministering programs funded under part A, pro-  
15 grams operated under State plans under title XIX,  
16 and other programs designated by the Secretary, as  
17 necessary to perform State agency responsibilities  
18 under this part and under such programs.

19 “(4) INTRASTATE AND INTERSTATE INFORMA-  
20 TION COMPARISONS.—Exchanging information with  
21 other agencies of the State, agencies of other States,  
22 and interstate information networks, as necessary  
23 and appropriate to carry out (or assist other States  
24 to carry out) the purposes of this part.”.

1 **SEC. 912. COLLECTION AND DISBURSEMENT OF SUPPORT**  
2 **PAYMENTS.**

3 (a) STATE PLAN REQUIREMENT.—Section 454 (42  
4 U.S.C. 654), as amended by sections 901(b) and 904(a),  
5 is amended—

6 (1) by striking “and” at the end of paragraph  
7 (25);

8 (2) by striking the period at the end of para-  
9 graph (26) and inserting “; and”; and

10 (3) by adding after paragraph (26) the follow-  
11 ing new paragraph:

12 “(27) provide that, on and after October 1,  
13 1998, the State agency will—

14 “(A) operate a State disbursement unit in  
15 accordance with section 454B; and

16 “(B) have sufficient State staff (consisting  
17 of State employees), and (at State option) con-  
18 tractors reporting directly to the State agency,  
19 to—

20 “(i) monitor and enforce support col-  
21 lections through the unit (including carry-  
22 ing out the automated data processing re-  
23 sponsibilities described in section 454A(g));  
24 and

25 “(ii) take the actions described in sec-  
26 tion 466(c)(1) in appropriate cases.”.

1 (b) ESTABLISHMENT OF STATE DISBURSEMENT  
2 UNIT.—Part D of title IV (42 U.S.C. 651–669), as  
3 amended by section 944(a)(2), is amended by inserting  
4 after section 454A the following new section:

5 **“SEC. 454B. COLLECTION AND DISBURSEMENT OF SUP-**  
6 **PORT PAYMENTS.**

7 “(a) STATE DISBURSEMENT UNIT.—

8 “(1) IN GENERAL.—In order for a State to  
9 meet the requirements of this section, the State  
10 agency must establish and operate a unit (which  
11 shall be known as the ‘State disbursement unit’) for  
12 the collection and disbursement of payments under  
13 support orders in all cases being enforced by the  
14 State pursuant to section 454(4).

15 “(2) OPERATION.—The State disbursement  
16 unit shall be operated—

17 “(A) directly by the State agency (or 2 or  
18 more State agencies under a regional coopera-  
19 tive agreement), or (to the extent appropriate)  
20 by a contractor responsible directly to the State  
21 agency; and

22 “(B) in coordination with the automated  
23 system established by the State pursuant to  
24 section 454A.

1           “(3) LINKING OF LOCAL DISBURSEMENT  
2           UNITS.—The State disbursement unit may be estab-  
3           lished by linking local disbursement units through  
4           an automated information network, subject to this  
5           section. The Secretary must agree that the system  
6           will not cost more nor take more time to establish  
7           or operate than a centralized system. In addition,  
8           employers shall be given 1 location to which income  
9           withholding is sent.

10          “(b) REQUIRED PROCEDURES.—The State disburse-  
11          ment unit shall use automated procedures, electronic proc-  
12          esses, and computer-driven technology to the maximum  
13          extent feasible, efficient, and economical, for the collection  
14          and disbursement of support payments, including proce-  
15          dures—

16               “(1) for receipt of payments from parents, em-  
17               ployers, and other States, and for disbursements to  
18               custodial parents and other obligees, the State agen-  
19               cy, and the agencies of other States;

20               “(2) for accurate identification of payments;

21               “(3) to ensure prompt disbursement of the cus-  
22               todial parent’s share of any payment; and

23               “(4) to furnish to any parent, upon request,  
24               timely information on the current status of support

1 payments under an order requiring payments to be  
2 made by or to the parent.

3 “(c) TIMING OF DISBURSEMENTS.—

4 “(1) IN GENERAL.—Except as provided in para-  
5 graph (2), the State disbursement unit shall distrib-  
6 ute all amounts payable under section 457(a) within  
7 2 business days after receipt from the employer or  
8 other source of periodic income, if sufficient infor-  
9 mation identifying the payee is provided.

10 “(2) PERMISSIVE RETENTION OF ARREAR-  
11 AGES.—The State disbursement unit may delay the  
12 distribution of collections toward arrearages until  
13 the resolution of any timely appeal with respect to  
14 such arrearages.

15 “(d) BUSINESS DAY DEFINED.—As used in this sec-  
16 tion, the term ‘business day’ means a day on which State  
17 offices are open for regular business.”.

18 (c) USE OF AUTOMATED SYSTEM.—Section 454A, as  
19 added by section 944(a)(2) and as amended by section  
20 911, is amended by adding at the end the following new  
21 subsection:

22 “(g) COLLECTION AND DISTRIBUTION OF SUPPORT  
23 PAYMENTS.—

24 “(1) IN GENERAL.—The State shall use the  
25 automated system required by this section, to the

1 maximum extent feasible, to assist and facilitate the  
2 collection and disbursement of support payments  
3 through the State disbursement unit operated under  
4 section 454B, through the performance of functions,  
5 including, at a minimum—

6 “(A) transmission of orders and notices to  
7 employers (and other debtors) for the withhold-  
8 ing of wages and other income—

9 “(i) within 2 business days after re-  
10 ceipt from a court, another State, an em-  
11 ployer, the Federal Parent Locator Service,  
12 or another source recognized by the State  
13 of notice of, and the income source subject  
14 to, such withholding; and

15 “(ii) using uniform formats prescribed  
16 by the Secretary;

17 “(B) ongoing monitoring to promptly iden-  
18 tify failures to make timely payment of support;  
19 and

20 “(C) automatic use of enforcement proce-  
21 dures (including procedures authorized pursu-  
22 ant to section 466(c)) where payments are not  
23 timely made.

24 “(2) BUSINESS DAY DEFINED.—As used in  
25 paragraph (1), the term ‘business day’ means a day

1 on which State offices are open for regular busi-  
2 ness.”.

3 (d) EFFECTIVE DATE.—The amendments made by  
4 this section shall become effective on October 1, 1998.

5 **SEC. 913. STATE DIRECTORY OF NEW HIRES.**

6 (a) STATE PLAN REQUIREMENT.—Section 454 (42  
7 U.S.C. 654), as amended by sections 901(b), 904(a) and  
8 912(a), is amended—

9 (1) by striking “and” at the end of paragraph  
10 (26);

11 (2) by striking the period at the end of para-  
12 graph (27) and inserting “; and”; and

13 (3) by adding after paragraph (27) the follow-  
14 ing new paragraph:

15 “(28) provide that, on and after October 1,  
16 1997, the State will operate a State Directory of  
17 New Hires in accordance with section 453A.”.

18 (b) STATE DIRECTORY OF NEW HIRES.—Part D of  
19 title IV (42 U.S.C. 651–669) is amended by inserting  
20 after section 453 the following new section:

21 **“SEC. 453A. STATE DIRECTORY OF NEW HIRES.**

22 “(a) ESTABLISHMENT.—

23 “(1) IN GENERAL.—Not later than October 1,  
24 1997, each State shall establish an automated direc-  
25 tory (to be known as the ‘State Directory of New

1       Hires’) which shall contain information supplied in  
2       accordance with subsection (b) by employers on each  
3       newly hired employee.

4           “(2) DEFINITIONS.—As used in this section:

5           “(A) EMPLOYEE.—The term ‘employee’—

6           “(i) means an individual who is an  
7           employee within the meaning of chapter 24  
8           of the Internal Revenue Code of 1986; and

9           “(ii) does not include an employee of  
10          a Federal or State agency performing in-  
11          telligence or counterintelligence functions,  
12          if the head of such agency has determined  
13          that reporting pursuant to paragraph (1)  
14          with respect to the employee could endan-  
15          ger the safety of the employee or com-  
16          promise an ongoing investigation or intel-  
17          ligence mission.

18          “(B) EMPLOYER.—The term ‘employer’ in-  
19          cludes—

20           “(i) any governmental entity, and

21           “(ii) any labor organization.

22          “(C) LABOR ORGANIZATION.—The term  
23          ‘labor organization’ shall have the meaning  
24          given such term in section 2(5) of the National  
25          Labor Relations Act, and includes any entity

1 (also known as a 'hiring hall') which is used by  
2 the organization and an employer to carry out  
3 requirements described in section 8(f)(3) of  
4 such Act of an agreement between the organiza-  
5 tion and the employer.

6 “(b) EMPLOYER INFORMATION.—

7 “(1) REPORTING REQUIREMENT.—

8 “(A) IN GENERAL.—Except as provided in  
9 subparagraphs (B) and (C), each employer shall  
10 furnish to the Directory of New Hires of the  
11 State in which a newly hired employee works, a  
12 report that contains the name, address, and so-  
13 cial security number of the employee, and the  
14 name of, and identifying number assigned  
15 under section 6109 of the Internal Revenue  
16 Code of 1986 to, the employer.

17 “(B) MULTISTATE EMPLOYERS.—An em-  
18 ployer that has employees who are employed in  
19 2 or more States and that transmits reports  
20 magnetically or electronically may comply with  
21 subparagraph (A) by designating 1 State in  
22 which such employer has employees to which it  
23 will transmit the report described in subpara-  
24 graph (A), and transmitting such report to such  
25 State. Any employer that transmits reports pur-

1           suant to this subparagraph shall notify the Sec-  
2           retary in writing as to which State such em-  
3           ployer designates for the purpose of sending re-  
4           ports.

5           “(C) FEDERAL GOVERNMENT EMPLOY-  
6           ERS.—Any department, agency, or instrumen-  
7           tality of the United States shall comply with  
8           subparagraph (A) by transmitting the report  
9           described in subparagraph (A) to the National  
10          Directory of New Hires established pursuant to  
11          section 453.

12          “(2) TIMING OF REPORT.—The report required  
13          by paragraph (1) with respect to an employee shall  
14          be made not later than the later of—

15                 “(A) 30 days after the date the employer  
16                 hires the employee; or

17                 “(B) in the case of an employer that re-  
18                 ports by magnetic or electronic means, the 1st  
19                 business day of the week following the date on  
20                 which the employee 1st receives wages or other  
21                 compensation from the employer.

22          “(c) REPORTING FORMAT AND METHOD.—Each re-  
23          port required by subsection (b) shall be made on a  
24          W-4 form and may be transmitted by 1st class mail, mag-  
25          netically, or electronically.

1       “(d) CIVIL MONEY PENALTIES ON NONCOMPLYING  
2 EMPLOYERS.—An employer that fails to comply with sub-  
3 section (b) with respect to an employee shall be subject  
4 to a State civil money penalty which shall be less than—

5           “(1) \$25; or

6           “(2) \$500 if, under State law, the failure is the  
7 result of a conspiracy between the employer and the  
8 employee to not supply the required report or to  
9 supply a false or incomplete report.

10       “(e) ENTRY OF EMPLOYER INFORMATION.—Infor-  
11 mation shall be entered into the data base maintained by  
12 the State Directory of New Hires within 5 business days  
13 of receipt from an employer pursuant to subsection (b).

14       “(f) INFORMATION COMPARISONS.—

15           “(1) IN GENERAL.—Not later than October 1,  
16 1998, an agency designated by the State shall, di-  
17 rectly or by contract, conduct automated compari-  
18 sons of the social security numbers reported by em-  
19 ployers pursuant to subsection (b) and the social se-  
20 curity numbers appearing in the records of the State  
21 case registry for cases being enforced under the  
22 State plan.

23           “(2) NOTICE OF MATCH.—When an information  
24 comparison conducted under paragraph (1) reveals a  
25 match with respect to the social security number of

1 an individual required to provide support under a  
2 support order, the State Directory of New Hires  
3 shall provide the agency administering the State  
4 plan approved under this part of the appropriate  
5 State with the name, address, and social security  
6 number of the employee to whom the social security  
7 number is assigned, and the name of, and identify-  
8 ing number assigned under section 6109 of the In-  
9 ternal Revenue Code of 1986 to, the employer.

10 “(g) TRANSMISSION OF INFORMATION.—

11 “(1) TRANSMISSION OF WAGE WITHHOLDING  
12 NOTICES TO EMPLOYERS.—Within 2 business days  
13 after the date information regarding a newly hired  
14 employee is entered into the State Directory of New  
15 Hires, the State agency enforcing the employee’s  
16 child support obligation shall transmit a notice to  
17 the employer of the employee directing the employer  
18 to withhold from the wages of the employee an  
19 amount equal to the monthly (or other periodic)  
20 child support obligation of the employee, unless the  
21 employee’s wages are not subject to withholding pur-  
22 suant to section 466(b)(3).

23 “(2) TRANSMISSIONS TO THE NATIONAL DIREC-  
24 TORY OF NEW HIRES.—

1           “(A) NEW HIRE INFORMATION.—Within 2  
2           business days after the date information re-  
3           garding a newly hired employee is entered into  
4           the State Directory of New Hires, the State Di-  
5           rectory of New Hires shall furnish the informa-  
6           tion to the National Directory of New Hires.

7           “(B) WAGE AND UNEMPLOYMENT COM-  
8           PENSATION INFORMATION.—The State Direc-  
9           tory of New Hires shall, on a quarterly basis,  
10          furnish to the National Directory of New Hires  
11          extracts of the reports required under section  
12          303(a)(6) to be made to the Secretary of Labor  
13          concerning the wages and unemployment com-  
14          pensation paid to individuals, by such dates, in  
15          such format, and containing such information  
16          as the Secretary of Health and Human Services  
17          shall specify in regulations.

18          “(3) BUSINESS DAY DEFINED.—As used in this  
19          subsection, the term ‘business day’ means a day on  
20          which State offices are open for regular business.

21          “(h) OTHER USES OF NEW HIRE INFORMATION.—

22                 “(1) LOCATION OF CHILD SUPPORT OBLI-  
23                 GORS.—The agency administering the State plan ap-  
24                 proved under this part shall use information received  
25                 pursuant to subsection (f)(2) to locate individuals

1 for purposes of establishing paternity and establish-  
2 ing, modifying, and enforcing child support obliga-  
3 tions.

4 “(2) VERIFICATION OF ELIGIBILITY FOR CER-  
5 TAIN PROGRAMS.—A State agency responsible for  
6 administering a program specified in section 1137(b)  
7 shall have access to information reported by employ-  
8 ers pursuant to subsection (b) of this section for  
9 purposes of verifying eligibility for the program.

10 “(3) ADMINISTRATION OF EMPLOYMENT SECUC-  
11 RITY AND WORKERS’ COMPENSATION.—State agen-  
12 cies operating employment security and workers’  
13 compensation programs shall have access to informa-  
14 tion reported by employers pursuant to subsection  
15 (b) for the purposes of administering such pro-  
16 grams.”.

17 (c) QUARTERLY WAGE REPORTING.—Section  
18 1137(a)(3) (42 U.S.C. 1320b–7(a)(3)) is amended—

19 (1) by inserting “(including State and local gov-  
20 ernmental entities)” after “employers”; and

21 (2) by inserting “, and except that no report  
22 shall be filed with respect to an employee of a State  
23 agency performing intelligence or counterintelligence  
24 functions, if the head of such agency has determined  
25 that filing such a report could endanger the safety

1 of the employee or compromise an ongoing investiga-  
2 tion or intelligence mission” after “paragraph (2)”.

3 **SEC. 914. AMENDMENTS CONCERNING INCOME WITHHOLD-**  
4 **ING.**

5 (a) MANDATORY INCOME WITHHOLDING.—

6 (1) IN GENERAL.—Section 466(a)(1) (42  
7 U.S.C. 666(a)(1)) is amended to read as follows:

8 “(1)(A) Procedures described in subsection (b)  
9 for the withholding from income of amounts payable  
10 as support in cases subject to enforcement under the  
11 State plan.

12 “(B) Procedures under which the wages of a  
13 person with a support obligation imposed by a sup-  
14 port order issued (or modified) in the State before  
15 October 1, 1996, if not otherwise subject to with-  
16 holding under subsection (b), shall become subject to  
17 withholding as provided in subsection (b) if arrear-  
18 ages occur, without the need for a judicial or admin-  
19 istrative hearing.”.

20 (2) CONFORMING AMENDMENTS.—

21 (A) Section 466(b) (42 U.S.C. 666(b)) is  
22 amended in the matter preceding paragraph  
23 (1), by striking “subsection (a)(1)” and insert-  
24 ing “subsection (a)(1)(A)”.

1           (B) Section 466(b)(4) (42 U.S.C.  
2           666(b)(4)) is amended to read as follows:

3           “(4)(A) Such withholding must be carried out  
4           in full compliance with all procedural due process re-  
5           quirements of the State, and the State must send  
6           notice to each absent parent to whom paragraph (1)  
7           applies—

8           “(i) that the withholding has commenced;  
9           and

10           “(ii) of the procedures to follow if the ab-  
11           sent parent desires to contest such withholding  
12           on the grounds that the withholding or the  
13           amount withheld is improper due to a mistake  
14           of fact.

15           “(B) The notice under subparagraph (A) shall  
16           include the information provided to the employer  
17           under paragraph (6)(A).”.

18           (C) Section 466(b)(5) (42 U.S.C.  
19           666(b)(5)) is amended by striking all that fol-  
20           lows “administered by” and inserting “the  
21           State through the State disbursement unit es-  
22           tablished pursuant to section 454B, in accord-  
23           ance with the requirements of section 454B.”.

24           (D) Section 466(b)(6)(A) (42 U.S.C.  
25           666(b)(6)(A)) is amended—

1 (i) in clause (i), by striking “to the  
2 appropriate agency” and all that follows  
3 and inserting “to the State disbursement  
4 unit within 2 business days after the date  
5 the amount would (but for this subsection)  
6 have been paid or credited to the employee,  
7 for distribution in accordance with this  
8 part.”;

9 (ii) in clause (ii), by inserting “be in  
10 a standard format prescribed by the Sec-  
11 retary, and” after “shall”; and

12 (iii) by adding at the end the follow-  
13 ing new clause:

14 “(iii) As used in this subparagraph, the term  
15 ‘business day’ means a day on which State offices  
16 are open for regular business.”.

17 (E) Section 466(b)(6)(D) (42 U.S.C.  
18 666(b)(6)(D)) is amended by striking “any em-  
19 ployer” and all that follows and inserting “any  
20 employer who—

21 “(i) discharges from employment, refuses  
22 to employ, or takes disciplinary action against  
23 any absent parent subject to wage withholding  
24 required by this subsection because of the exist-  
25 ence of such withholding and the obligations or

1 additional obligations which it imposes upon the  
2 employer; or

3 “(ii) fails to withhold support from wages,  
4 or to pay such amounts to the State disburse-  
5 ment unit in accordance with this subsection.”.

6 (F) Section 466(b) (42 U.S.C. 666(b)) is  
7 amended by adding at the end the following  
8 new paragraph:

9 “(11) Procedures under which the agency ad-  
10 ministering the State plan approved under this part  
11 may execute a withholding order through electronic  
12 means and without advance notice to the obligor.”.

13 (b) CONFORMING AMENDMENT.—Section 466(c) (42  
14 U.S.C. 666(c)) is repealed.

15 **SEC. 915. LOCATOR INFORMATION FROM INTERSTATE NET-**  
16 **WORKS.**

17 Section 466(a) (42 U.S.C. 666(a)) is amended by  
18 adding at the end the following new paragraph:

19 “(12) Procedures to ensure that all Federal and  
20 State agencies conducting activities under this part  
21 have access to any system used by the State to lo-  
22 cate an individual for purposes relating to motor ve-  
23 hicles or law enforcement.”.

1 **SEC. 916. EXPANSION OF THE FEDERAL PARENT LOCATOR**  
2 **SERVICE.**

3 (a) EXPANDED AUTHORITY TO LOCATE INDIVID-  
4 UALS AND ASSETS.—Section 453 (42 U.S.C. 653) is  
5 amended—

6 (1) in subsection (a), by striking all that follows  
7 “subsection (c))” and inserting “, for the purpose of  
8 establishing parentage, establishing, setting the  
9 amount of, modifying, or enforcing child support ob-  
10 ligations, or enforcing child visitation orders—

11 “(1) information on, or facilitating the discov-  
12 ery of, the location of any individual—

13 “(A) who is under an obligation to pay  
14 child support or provide child visitation rights;

15 “(B) against whom such an obligation is  
16 sought;

17 “(C) to whom such an obligation is owed,  
18 including the individual’s social security number (or  
19 numbers), most recent address, and the name, ad-  
20 dress, and employer identification number of the in-  
21 dividual’s employer;

22 “(2) information on the individual’s wages (or  
23 other income) from, and benefits of, employment (in-  
24 cluding rights to or enrollment in group health care  
25 coverage); and

1           “(3) information on the type, status, location,  
2           and amount of any assets of, or debts owed by or  
3           to, any such individual.”; and

4           (2) in subsection (b), in the matter preceding  
5           paragraph (1), by striking “social security” and all  
6           that follows through “absent parent” and inserting  
7           “information described in subsection (a)”.

8           (b) AUTHORIZED PERSON FOR INFORMATION RE-  
9           GARDING VISITATION RIGHTS.—Section 453(c) (42  
10          U.S.C. 653(c)) is amended—

11           (1) in paragraph (1), by striking “support” and  
12           inserting “support or to seek to enforce orders pro-  
13           viding child visitation rights”;

14           (2) in paragraph (2), by striking “, or any  
15           agent of such court; and” and inserting “or to issue  
16           an order against a resident parent for visitation  
17           rights, or any agent of such court;”;

18           (3) by striking the period at the end of para-  
19           graph (3) and inserting “; and”; and

20           (4) by adding at the end the following new  
21           paragraph:

22           “(4) the absent parent, only with regard to a  
23           court order against a resident parent for child visita-  
24           tion rights.”.

1 (c) REIMBURSEMENT FOR INFORMATION FROM FED-  
2 ERAL AGENCIES.—Section 453(e)(2) (42 U.S.C.  
3 653(e)(2)) is amended in the 4th sentence by inserting  
4 “in an amount which the Secretary determines to be rea-  
5 sonable payment for the information exchange (which  
6 amount shall not include payment for the costs of obtain-  
7 ing, compiling, or maintaining the information)” before  
8 the period.

9 (d) REIMBURSEMENT FOR REPORTS BY STATE  
10 AGENCIES.—Section 453 (42 U.S.C. 653) is amended by  
11 adding at the end the following new subsection:

12 “(g) The Secretary may reimburse Federal and State  
13 agencies for the costs incurred by such entities in furnish-  
14 ing information requested by the Secretary under this sec-  
15 tion in an amount which the Secretary determines to be  
16 reasonable payment for the information exchange (which  
17 amount shall not include payment for the costs of obtain-  
18 ing, compiling, or maintaining the information).”.

19 (e) TECHNICAL AMENDMENTS.—

20 (1) Sections 452(a)(9), 453(a), 453(b), 463(a),  
21 463(e), and 463(f) (42 U.S.C. 652(a)(9), 653(a),  
22 653(b), 663(a), 663(e), and 663(f)) are each amend-  
23 ed by inserting “Federal” before “Parent” each  
24 place such term appears.

1           (2) Section 453 (42 U.S.C. 653) is amended in  
2           the heading by adding “FEDERAL” before “PAR-  
3           ENT”.

4           (f) NEW COMPONENTS.—Section 453 (42 U.S.C.  
5           653), as amended by subsection (d) of this section, is  
6           amended by adding at the end the following new sub-  
7           section:

8           “(h)(1) Not later than October 1, 1998, in order to  
9           assist States in administering programs under State plans  
10          approved under this part and programs funded under part  
11          A, and for the other purposes specified in this section, the  
12          Secretary shall establish and maintain in the Federal Par-  
13          ent Locator Service an automated registry (which shall be  
14          known as the ‘Federal Case Registry of Child Support Or-  
15          ders’), which shall contain abstracts of support orders and  
16          other information described in paragraph (2) with respect  
17          to each case in each State case registry maintained pursu-  
18          ant to section 454A(e), as furnished (and regularly up-  
19          dated), pursuant to section 454A(f), by State agencies ad-  
20          ministering programs under this part.

21          “(2) The information referred to in paragraph (1)  
22          with respect to a case shall be such information as the  
23          Secretary may specify in regulations (including the names,  
24          social security numbers or other uniform identification  
25          numbers, and State case identification numbers) to iden-

1 tify the individuals who owe or are owed support (or with  
2 respect to or on behalf of whom support obligations are  
3 sought to be established), and the State or States which  
4 have the case.

5       “(i)(1) In order to assist States in administering pro-  
6 grams under State plans approved under this part and  
7 programs funded under part A, and for the other purposes  
8 specified in this section, the Secretary shall, not later than  
9 October 1, 1996, establish and maintain in the Federal  
10 Parent Locator Service an automated directory to be  
11 known as the National Directory of New Hires, which  
12 shall contain the information supplied pursuant to section  
13 453A(g)(2).

14       “(2) Information shall be entered into the data base  
15 maintained by the National Directory of New Hires within  
16 2 business days of receipt pursuant to section 453A(g)(2).

17       “(3) The Secretary of the Treasury shall have access  
18 to the information in the National Directory of New Hires  
19 for purposes of administering section 32 of the Internal  
20 Revenue Code of 1986, or the advance payment of the  
21 earned income tax credit under section 3507 of such Code,  
22 and verifying a claim with respect to employment in a tax  
23 return.

24       “(4) The Secretary shall maintain within the Na-  
25 tional Directory of New Hires a list of multistate employ-

1 ers that report information regarding newly hired employ-  
2 ees pursuant to section 453A(b)(1)(B), and the State  
3 which each such employer has designated to receive such  
4 information.

5 “(j)(1)(A) The Secretary shall transmit information  
6 on individuals and employers maintained under this sec-  
7 tion to the Social Security Administration to the extent  
8 necessary for verification in accordance with subparagraph  
9 (B).

10 “(B) The Social Security Administration shall verify  
11 the accuracy of, correct, or supply to the extent possible,  
12 and report to the Secretary, the following information sup-  
13 plied by the Secretary pursuant to subparagraph (A):

14 “(i) The name, social security number, and  
15 birth date of each such individual.

16 “(ii) The employer identification number of  
17 each such employer.

18 “(2) For the purpose of locating individuals in a pa-  
19 ternity establishment case or a case involving the estab-  
20 lishment, modification, or enforcement of a support order,  
21 the Secretary shall—

22 “(A) compare information in the National Di-  
23 rectory of New Hires against information in the sup-  
24 port case abstracts in the Federal Case Registry of

1 Child Support Orders not less often than every 2  
2 business days; and

3 “(B) within 2 such days after such a compari-  
4 son reveals a match with respect to an individual, re-  
5 port the information to the State agency responsible  
6 for the case.

7 “(3) To the extent and with the frequency that the  
8 Secretary determines to be effective in assisting States to  
9 carry out their responsibilities under programs operated  
10 under this part and programs funded under part A, the  
11 Secretary shall—

12 “(A) compare the information in each compo-  
13 nent of the Federal Parent Locator Service main-  
14 tained under this section against the information in  
15 each other such component (other than the compari-  
16 son required by paragraph (2)), and report instances  
17 in which such a comparison reveals a match with re-  
18 spect to an individual to State agencies operating  
19 such programs; and

20 “(B) disclose information in such registries to  
21 such State agencies.

22 “(4) The National Directory of New Hires shall pro-  
23 vide the Commissioner of Social Security with all informa-  
24 tion in the National Directory, which shall be used to de-  
25 termine the accuracy of payments under the supplemental

1 security income program under title XVI and in connec-  
2 tion with benefits under title II.

3 “(5) The Secretary may provide access to information  
4 reported by employers pursuant to section 453A(b) for re-  
5 search purposes found by the Secretary to be likely to con-  
6 tribute to achieving the purposes of part A or this part,  
7 but without personal identifiers.

8 “(k)(1) The Secretary shall reimburse the Commis-  
9 sioner of Social Security, at a rate negotiated between the  
10 Secretary and the Commissioner, for the costs incurred  
11 by the Commissioner in performing the verification serv-  
12 ices described in subsection (j).

13 “(2) The Secretary shall reimburse costs incurred by  
14 State directories of new hires in furnishing information  
15 as required by subsection (j)(3), at rates which the Sec-  
16 retary determines to be reasonable (which rates shall not  
17 include payment for the costs of obtaining, compiling, or  
18 maintaining such information).

19 “(3) A State or Federal agency that receives informa-  
20 tion from the Secretary pursuant to this section shall re-  
21 imburse the Secretary for costs incurred by the Secretary  
22 in furnishing the information, at rates which the Secretary  
23 determines to be reasonable (which rates shall include pay-  
24 ment for the costs of obtaining, verifying, maintaining,  
25 and comparing the information).

1       “(l) Information in the Federal Parent Locator Serv-  
2 ice, and information resulting from comparisons using  
3 such information, shall not be used or disclosed except as  
4 expressly provided in this section, subject to section 6103  
5 of the Internal Revenue Code of 1986.

6       “(m) The Secretary shall establish and implement  
7 safeguards with respect to the entities established under  
8 this section designed to—

9               “(1) ensure the accuracy and completeness of  
10 information in the Federal Parent Locator Service;  
11 and

12               “(2) restrict access to confidential information  
13 in the Federal Parent Locator Service to authorized  
14 persons, and restrict use of such information to au-  
15 thorized purposes.

16       “(n) Each department, agency, and instrumentality  
17 of the United States shall on a quarterly basis report to  
18 the Federal Parent Locator Service the name and social  
19 security number of each employee and the wages paid to  
20 the employee during the previous quarter, except that no  
21 report shall be filed with respect to an employee of a de-  
22 partment, agency, or instrumentality performing intel-  
23 ligence or counterintelligence functions, if the head of such  
24 department, agency, or instrumentality has determined  
25 that filing such a report could endanger the safety of the

1 employee or compromise an ongoing investigation or intel-  
2 ligence mission.”.

3 (f) CONFORMING AMENDMENTS.—

4 (1) TO PART D OF TITLE IV OF THE SOCIAL SE-  
5 CURITY ACT.—Section 454(8)(B) (42 U.S.C.  
6 654(8)(B)) is amended to read as follows:

7 “(B) the Federal Parent Locator Service  
8 established under section 453;”.

9 (2) TO FEDERAL UNEMPLOYMENT TAX ACT.—  
10 Section 3304(a)(16) of the Internal Revenue Code of  
11 1986 is amended—

12 (A) by striking “Secretary of Health, Edu-  
13 cation, and Welfare” each place such term ap-  
14 pears and inserting “Secretary of Health and  
15 Human Services”;

16 (B) in subparagraph (B), by striking  
17 “such information” and all that follows and in-  
18 serting “information furnished under subpara-  
19 graph (A) or (B) is used only for the purposes  
20 authorized under such subparagraph;”;

21 (C) by striking “and” at the end of sub-  
22 paragraph (A);

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

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

3 “(B) wage and unemployment compensa-  
4 tion information contained in the records of  
5 such agency shall be furnished to the Secretary  
6 of Health and Human Services (in accordance  
7 with regulations promulgated by such Sec-  
8 retary) as necessary for the purposes of the Na-  
9 tional Directory of New Hires established under  
10 section 453(i) of the Social Security Act, and”.

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

15 “(h)(1) The State agency charged with the adminis-  
16 tration of the State law shall, on a reimbursable basis—

17 “(A) disclose quarterly, to the Secretary of  
18 Health and Human Services wage and claim infor-  
19 mation, as required pursuant to section 453(i)(1),  
20 contained in the records of such agency;

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

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

7           “(2) Whenever the Secretary of Labor, after reason-  
8 able notice and opportunity for hearing to the State agen-  
9 cy charged with the administration of the State law, finds  
10 that there is a failure to comply substantially with the re-  
11 quirements of paragraph (1), the Secretary of Labor shall  
12 notify such State agency that further payments will not  
13 be made to the State until the Secretary of Labor is satis-  
14 fied that there is no longer any such failure. Until the  
15 Secretary of Labor is so satisfied, the Secretary shall  
16 make no future certification to the Secretary of the Treas-  
17 ury with respect to the State.

18           “(3) For purposes of this subsection—

19           “(A) the term ‘wage information’ means infor-  
20 mation regarding wages paid to an individual, the  
21 social security account number of such individual,  
22 and the name, address, State, and the Federal em-  
23 ployer identification number of the employer paying  
24 such wages to such individual; and

1           “(B) the term ‘claim information’ means infor-  
2           mation regarding whether an individual is receiving,  
3           has received, or has made application for, unemploy-  
4           ment compensation, the amount of any such com-  
5           pensation being received (or to be received by such  
6           individual), and the individual’s current (or most re-  
7           cent) home address.”.

8   **SEC. 917. COLLECTION AND USE OF SOCIAL SECURITY**  
9                   **NUMBERS FOR USE IN CHILD SUPPORT EN-**  
10                   **FORCEMENT.**

11           (a) STATE LAW REQUIREMENT.—Section 466(a) (42  
12   U.S.C. 666(a)), as amended by section 915, is amended  
13   by adding at the end the following new paragraph:

14           “(13) Procedures requiring that the social secu-  
15           rity number of—

16                   “(A) any applicant for a professional li-  
17                   cense, commercial driver’s license, occupational  
18                   license, or marriage license be recorded on the  
19                   application;

20                   “(B) any individual who is subject to a di-  
21                   vorce decree, support order, or paternity deter-  
22                   mination or acknowledgment be placed in the  
23                   records relating to the matter; and

1           “(C) any individual who has died be placed  
2           in the records relating to the death and be re-  
3           corded on the death certificate.”.

4           (b)       CONFORMING        AMENDMENTS.—Section  
5 205(c)(2)(C) (42 U.S.C. 405(c)(2)(C)), as amended by  
6 section 321(a)(9) of the Social Security Independence and  
7 Program Improvements Act of 1994, is amended—

8           (1) in clause (i), by striking “may require” and  
9           inserting “shall require”;

10          (2) in clause (ii), by inserting after the 1st sen-  
11          tence the following: “In the administration of any  
12          law involving the issuance of a marriage certificate  
13          or license, each State shall require each party named  
14          in the certificate or license to furnish to the State  
15          (or political subdivision thereof), or any State agen-  
16          cy having administrative responsibility for the law  
17          involved, the social security number of the party.”;

18          (3) in clause (vi), by striking “may” and insert-  
19          ing “shall”; and

20          (4) by adding at the end the following new  
21          clauses:

22                       “(x) An agency of a State (or a politi-  
23                       cal subdivision thereof) charged with the  
24                       administration of any law concerning the  
25                       issuance or renewal of a license, certificate,

1 permit, or other authorization to engage in  
2 a profession, an occupation, or a commer-  
3 cial activity shall require all applicants for  
4 issuance or renewal of the license, certifi-  
5 cate, permit, or other authorization to pro-  
6 vide the applicant's social security number  
7 to the agency for the purpose of admin-  
8 istering such laws, and for the purpose of  
9 responding to requests for information  
10 from an agency operating pursuant to part  
11 D of title IV.

12 “(xi) All divorce decrees, support or-  
13 ders, and paternity determinations issued,  
14 and all paternity acknowledgments made,  
15 in each State shall include the social secu-  
16 rity number of each party to the decree,  
17 order, determination, or acknowledgement  
18 in the records relating to the matter.”.

## 19 **Subtitle C—Streamlining and** 20 **Uniformity of Procedures**

### 21 **SEC. 921. ADOPTION OF UNIFORM STATE LAWS.**

22 Section 466 (42 U.S.C. 666) is amended by adding  
23 at the end the following new subsection:

24 “(f)(1) In order to satisfy section 454(20)(A) on or  
25 after January 1, 1997, each State must have in effect the

1 Uniform Interstate Family Support Act, as approved by  
2 the National Conference of Commissioners on Uniform  
3 State Laws in August 1992 (with the modifications and  
4 additions specified in this subsection), and the procedures  
5 required to implement such Act.

6 “(2) The State law enacted pursuant to paragraph  
7 (1) may be applied to any case involving an order which  
8 is established or modified in a State and which is sought  
9 to be modified or enforced in another State.

10 “(3) The State law enacted pursuant to paragraph  
11 (1) of this subsection shall contain the following provision  
12 in lieu of section 611(a)(1) of the Uniform Interstate  
13 Family Support Act:

14 “(1) the following requirements are met:

15 “(i) the child, the individual obligee, and  
16 the obligor—

17 “(I) do not reside in the issuing  
18 State; and

19 “(II) either reside in this State or  
20 are subject to the jurisdiction of this State  
21 pursuant to section 201; and

22 “(ii) in any case where another State is  
23 exercising or seeks to exercise jurisdiction to  
24 modify the order, the conditions of section 204

1           are met to the same extent as required for pro-  
2           ceedings to establish orders; or’.

3           “(4) The State law enacted pursuant to paragraph  
4 (1) shall provide that, in any proceeding subject to the  
5 law, process may be served (and proved) upon persons in  
6 the State by any means acceptable in any State which is  
7 the initiating or responding State in the proceeding.”.

8 **SEC. 922. IMPROVEMENTS TO FULL FAITH AND CREDIT**  
9                                   **FOR CHILD SUPPORT ORDERS.**

10          Section 1738B of title 28, United States Code, is  
11 amended—

12           (1) in subsection (a)(2), by striking “subsection  
13 (e)” and inserting “subsections (e), (f), and (i)”;

14           (2) in subsection (b), by inserting after the 2nd  
15 undesignated paragraph the following:

16           “ ‘child’s home State’ means the State in which  
17 a child lived with a parent or a person acting as par-  
18 ent for at least 6 consecutive months immediately  
19 preceding the time of filing of a petition or com-  
20 parable pleading for support and, if a child is less  
21 than 6 months old, the State in which the child lived  
22 from birth with any of them. A period of temporary  
23 absence of any of them is counted as part of the 6-  
24 month period.”;

1           (3) in subsection (c), by inserting “by a court  
2 of a State” before “is made”;

3           (4) in subsection (c)(1), by inserting “and sub-  
4 sections (e), (f), and (g)” after “located”;

5           (5) in subsection (d)—

6                 (A) by inserting “individual” before “con-  
7 testant”; and

8                 (B) by striking “subsection (e)” and in-  
9 serting “subsections (e) and (f)”;

10          (6) in subsection (e), by striking “make a modi-  
11 fication of a child support order with respect to a  
12 child that is made” and inserting “modify a child  
13 support order issued”;

14          (7) in subsection (e)(1), by inserting “pursuant  
15 to subsection (i)” before the semicolon;

16          (8) in subsection (e)(2)—

17                 (A) by inserting “individual” before “con-  
18 testant” each place such term appears; and

19                 (B) by striking “to that court’s making the  
20 modification and assuming” and inserting “with  
21 the State of continuing, exclusive jurisdiction  
22 for a court of another State to modify the order  
23 and assume”;

24          (9) by redesignating subsections (f) and (g) as  
25 subsections (g) and (h), respectively;

1           (10) by inserting after subsection (e) the follow-  
2           ing new subsection:

3           “(f) RECOGNITION OF CHILD SUPPORT ORDERS.—

4           If 1 or more child support orders have been issued in this  
5           or another State with regard to an obligor and a child,  
6           a court shall apply the following rules in determining  
7           which order to recognize for purposes of continuing, exclu-  
8           sive jurisdiction and enforcement:

9           “(1) If only 1 court has issued a child support  
10          order, the order of that court must be recognized.

11          “(2) If 2 or more courts have issued child sup-  
12          port orders for the same obligor and child, and only  
13          1 of the courts would have continuing, exclusive ju-  
14          risdiction under this section, the order of that court  
15          must be recognized.

16          “(3) If 2 or more courts have issued child sup-  
17          port orders for the same obligor and child, and more  
18          than 1 of the courts would have continuing, exclusive  
19          jurisdiction under this section, an order issued by a  
20          court in the current home State of the child must  
21          be recognized, but if an order has not been issued  
22          in the current home State of the child, the order  
23          most recently issued must be recognized.

24          “(4) If 2 or more courts have issued child sup-  
25          port orders for the same obligor and child, and none

1 of the courts would have continuing, exclusive juris-  
2 diction under this section, a court may issue a child  
3 support order, which must be recognized.

4 “(5) The court that has issued an order recog-  
5 nized under this subsection is the court having con-  
6 tinuing, exclusive jurisdiction.”;

7 (11) in subsection (g) (as so redesignated)—

8 (A) by striking “PRIOR” and inserting  
9 “MODIFIED”; and

10 (B) by striking “subsection (e)” and in-  
11 serting “subsections (e) and (f)”;

12 (12) in subsection (h) (as so redesignated)—

13 (A) in paragraph (2), by inserting “includ-  
14 ing the duration of current payments and other  
15 obligations of support” before the comma; and

16 (B) in paragraph (3), by inserting “arrear  
17 under” after “enforce”; and

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

20 “(i) REGISTRATION FOR MODIFICATION.—If there is  
21 no individual contestant or child residing in the issuing  
22 State, the party or support enforcement agency seeking  
23 to modify, or to modify and enforce, a child support order  
24 issued in another State shall register that order in a State

1 with jurisdiction over the nonmovant for the purpose of  
2 modification.”.

3 **SEC. 923. ADMINISTRATIVE ENFORCEMENT IN INTERSTATE**  
4 **CASES.**

5 Section 466(a) (42 U.S.C. 666(a)), as amended by  
6 sections 915 and 917(a), is amended by adding at the end  
7 the following new paragraph:

8 “(14) Procedures under which—

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

12 “(ii) the term ‘business day’ means a day  
13 on which State offices are open for regular  
14 business;

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

19 “(i) shall include such information as  
20 will enable the State to which the request  
21 is transmitted to compare the information  
22 about the case to the information in the  
23 data bases of the State; and

24 “(ii) shall constitute a certification by  
25 the requesting State—

1           “(I) of the amount of support  
2           under the order the payment of which  
3           is in arrears; and

4           “(II) that the requesting State  
5           has complied with all procedural due  
6           process requirements applicable to the  
7           case;

8           “(C) if the State provides assistance to an-  
9           other State pursuant to this paragraph with re-  
10          spect to a case, neither State shall consider the  
11          case to be transferred to the caseload of such  
12          other State; and

13          “(D) the State shall maintain records of—

14               “(i) the number of such requests for  
15               assistance received by the State;

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

19               “(iii) the amount of such collected  
20               support.”.

21 **SEC. 924. USE OF FORMS IN INTERSTATE ENFORCEMENT.**

22       (a) PROMULGATION.—Section 452(a) (42 U.S.C.  
23 652(a)) is amended—

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

25           (9);

1           (2) by striking the period at the end of para-  
2 graph (10) and inserting “; and”; and

3           (3) by adding at the end the following new  
4 paragraph:

5           “(11) not later than 60 days after the date of  
6 the enactment of the Work Opportunity Act of 1995,  
7 establish an advisory committee, which shall include  
8 State directors of programs under this part, and not  
9 later than June 30, 1996, after consultation with  
10 the advisory committee, promulgate forms to be used  
11 by States in interstate cases for—

12                   “(A) collection of child support through in-  
13 come withholding;

14                   “(B) imposition of liens; and

15                   “(C) administrative subpoenas.”.

16       (b) USE BY STATES.—Section 454(9) (42 U.S.C.  
17 654(9)) is amended—

18           (1) by striking “and” at the end of subpara-  
19 graph (C);

20           (2) by inserting “and” at the end of subpara-  
21 graph (D); and

22           (3) by adding at the end the following new sub-  
23 paragraph:

24                   “(E) no later than October 1, 1996, in  
25 using the forms promulgated pursuant to sec-

1           tion 452(a)(11) for income withholding, imposi-  
2           tion of liens, and issuance of administrative  
3           subpoenas in interstate child support cases;”.

4 **SEC. 925. STATE LAWS PROVIDING EXPEDITED PROCE-**  
5 **DURES.**

6           (a) STATE LAW REQUIREMENTS.—Section 466 (42  
7 U.S.C. 666), as amended by section 914, is amended—

8           (1) in subsection (a)(2), by striking the 1st sen-  
9           tence and inserting the following: “Expedited admin-  
10          istrative and judicial procedures (including the pro-  
11          cedures specified in subsection (c)) for establishing  
12          paternity and for establishing, modifying, and en-  
13          forcing support obligations.”; and

14          (2) by inserting after subsection (b) the follow-  
15          ing new subsection:

16          “(c) The procedures specified in this subsection are  
17          the following:

18               “(1) Procedures which give the State agency  
19               the authority to take the following actions relating  
20               to establishment or enforcement of support orders,  
21               without the necessity of obtaining an order from any  
22               other judicial or administrative tribunal, and to rec-  
23               ognize and enforce the authority of State agencies of  
24               other States) to take the following actions:

1           “(A) To order genetic testing for the pur-  
2           pose of paternity establishment as provided in  
3           section 466(a)(5).

4           “(B) To subpoena any financial or other  
5           information needed to establish, modify, or en-  
6           force a support order, and to impose penalties  
7           for failure to respond to such a subpoena.

8           “(C) To require all entities in the State  
9           (including for-profit, nonprofit, and govern-  
10          mental employers) to provide promptly, in re-  
11          sponse to a request by the State agency of that  
12          or any other State administering a program  
13          under this part, information on the employ-  
14          ment, compensation, and benefits of any indi-  
15          vidual employed by such entity as an employee  
16          or contractor, and to sanction failure to respond  
17          to any such request.

18          “(D) To obtain access, subject to safe-  
19          guards on privacy and information security, to  
20          the following records (including automated ac-  
21          cess, in the case of records maintained in auto-  
22          mated data bases):

23                  “(i) Records of other State and local  
24                  government agencies, including—

- 1           “(I) vital statistics (including  
2 records of marriage, birth, and di-  
3 vorce);
- 4           “(II) State and local tax and rev-  
5 enue records (including information  
6 on residence address, employer, in-  
7 come and assets);
- 8           “(III) records concerning real  
9 and titled personal property;
- 10          “(IV) records of occupational and  
11 professional licenses, and records con-  
12 cerning the ownership and control of  
13 corporations, partnerships, and other  
14 business entities;
- 15          “(V) employment security  
16 records;
- 17          “(VI) records of agencies admin-  
18 istering public assistance programs;
- 19          “(VII) records of the motor vehi-  
20 cle department; and
- 21          “(VIII) corrections records.
- 22          “(ii) Certain records held by private  
23 entities, including—

1           “(I) customer records of public  
2           utilities and cable television compa-  
3           nies; and

4           “(II) information (including in-  
5           formation on assets and liabilities) on  
6           individuals who owe or are owed sup-  
7           port (or against or with respect to  
8           whom a support obligation is sought)  
9           held by financial institutions (subject  
10          to limitations on liability of such enti-  
11          ties arising from affording such ac-  
12          cess).

13          “(E) In cases where support is subject to  
14          an assignment in order to comply with a re-  
15          quirement imposed pursuant to part A or sec-  
16          tion 1912, or to a requirement to pay through  
17          the State disbursement unit established pursu-  
18          ant to section 454B, upon providing notice to  
19          obligor and obligee, to direct the obligor or  
20          other payor to change the payee to the appro-  
21          priate government entity.

22          “(F) To order income withholding in ac-  
23          cordance with subsections (a)(1) and (b) of sec-  
24          tion 466.

1           “(G) In cases in which there is a support  
2 arrearage, to secure assets to satisfy the arrear-  
3 age by—

4                   “(i) intercepting or seizing periodic or  
5 lump-sum payments from—

6                           “(I) a State or local agency, in-  
7 cluding unemployment compensation,  
8 workers’ compensation, and other ben-  
9 efits; and

10                           “(II) judgments, settlements, and  
11 lotteries;

12                           “(ii) attaching and seizing assets of  
13 the obligor held in financial institutions;

14                           “(iii) attaching public and private re-  
15 tirement funds; and

16                           “(iv) imposing liens in accordance  
17 with subsection (a)(4) and, in appropriate  
18 cases, to force sale of property and dis-  
19 tribution of proceeds.

20           “(H) For the purpose of securing overdue  
21 support, to increase the amount of monthly  
22 support payments to include amounts for ar-  
23 rearages, subject to such conditions or limita-  
24 tions as the State may provide.

1 Such procedures shall be subject to due process safe-  
2 guards, including (as appropriate) requirements for  
3 notice, opportunity to contest the action, and oppor-  
4 tunity for an appeal on the record to an independent  
5 administrative or judicial tribunal.

6 “(2) The expedited procedures required under  
7 subsection (a)(2) shall include the following rules  
8 and authority, applicable with respect to all proceed-  
9 ings to establish paternity or to establish, modify, or  
10 enforce support orders:

11 “(A) Procedures under which—

12 “(i) each party to any paternity or  
13 child support proceeding is required (sub-  
14 ject to privacy safeguards) to file with the  
15 tribunal and the State case registry upon  
16 entry of an order, and to update as appro-  
17 priate, information on location and identity  
18 of the party, including social security num-  
19 ber, residential and mailing addresses, tele-  
20 phone number, driver’s license number,  
21 and name, address, and name and tele-  
22 phone number of employer; and

23 “(ii) in any subsequent child support  
24 enforcement action between the parties,  
25 upon sufficient showing that diligent effort

1 has been made to ascertain the location of  
2 such a party, the tribunal may deem State  
3 due process requirements for notice and  
4 service of process to be met with respect to  
5 the party, upon delivery of written notice  
6 to the most recent residential or employer  
7 address filed with the tribunal pursuant to  
8 clause (i).

9 “(B) Procedures under which—

10 “(i) the State agency and any admin-  
11 istrative or judicial tribunal with authority  
12 to hear child support and paternity cases  
13 exerts statewide jurisdiction over the par-  
14 ties; and

15 “(ii) in a State in which orders are is-  
16 sued by courts or administrative tribunals,  
17 a case may be transferred between local ju-  
18 risdictions in the State without need for  
19 any additional filing by the petitioner, or  
20 service of process upon the respondent, to  
21 retain jurisdiction over the parties.”.

22 (b) AUTOMATION OF STATE AGENCY FUNCTIONS.—

23 Section 454A, as added by section 944(a)(2) and as  
24 amended by sections 911 and 912(c), is amended by add-  
25 ing at the end the following new subsection:

1       “(h) EXPEDITED ADMINISTRATIVE PROCEDURES.—  
2 The automated system required by this section shall be  
3 used, to the maximum extent feasible, to implement the  
4 expedited administrative procedures required by section  
5 466(c).”.

## 6                               **Subtitle D—Paternity** 7                               **Establishment**

8 **SEC. 931. STATE LAWS CONCERNING PATERNITY ESTAB-**  
9                               **LISHMENT.**

10       (a) STATE LAWS REQUIRED.—Section 466(a)(5) (42  
11 U.S.C. 666(a)(5)) is amended to read as follows:

12               “(5)(A)(i) Procedures which permit the estab-  
13 lishment of the paternity of a child at any time be-  
14 fore the child attains 21 years of age.

15               “(ii) As of August 16, 1984, clause (i) shall  
16 also apply to a child for whom paternity has not  
17 been established or for whom a paternity action was  
18 brought but dismissed because a statute of limita-  
19 tions of less than 21 years was then in effect in the  
20 State.

21               “(B)(i) Procedures under which the State is re-  
22 quired, in a contested paternity case, unless other-  
23 wise barred by State law, to require the child and  
24 all other parties (other than individuals found under  
25 section 454(29) to have good cause for refusing to

1 cooperate) to submit to genetic tests upon the re-  
2 quest of any such party if the request is supported  
3 by a sworn statement by the party—

4 “(I) alleging paternity, and setting forth  
5 facts establishing a reasonable possibility of the  
6 requisite sexual contact between the parties; or

7 “(II) denying paternity, and setting forth  
8 facts establishing a reasonable possibility of the  
9 nonexistence of sexual contact between the par-  
10 ties.

11 “(ii) Procedures which require the State agency  
12 in any case in which the agency orders genetic test-  
13 ing—

14 “(I) to pay costs of such tests, subject to  
15 recoupment (where the State so elects) from the  
16 alleged father if paternity is established; and

17 “(II) to obtain additional testing in any  
18 case where an original test result is contested,  
19 upon request and advance payment by the con-  
20 testant.

21 “(C)(i) Procedures for a simple civil process for  
22 voluntarily acknowledging paternity under which the  
23 State must provide that, before a mother and a pu-  
24 tative father can sign an acknowledgment of pater-  
25 nity, the mother and the putative father must be

1 given notice, orally and in writing, of the alter-  
2 natives to, the legal consequences of, and the rights  
3 (including, if 1 parent is a minor, any rights af-  
4 farded due to minority status) and responsibilities  
5 that arise from, signing the acknowledgment.

6 “(ii) Such procedures must include a hospital-  
7 based program for the voluntary acknowledgment of  
8 paternity focusing on the period immediately before  
9 or after the birth of a child.

10 “(iii)(I) Such procedures must require the State  
11 agency responsible for maintaining birth records to  
12 offer voluntary paternity establishment services.

13 “(II)(aa) The Secretary shall prescribe regula-  
14 tions governing voluntary paternity establishment  
15 services offered by hospitals and birth record agen-  
16 cies.

17 “(bb) The Secretary shall prescribe regulations  
18 specifying the types of other entities that may offer  
19 voluntary paternity establishment services, and gov-  
20 erning the provision of such services, which shall in-  
21 clude a requirement that such an entity must use  
22 the same notice provisions used by, use the same  
23 materials used by, provide the personnel providing  
24 such services with the same training provided by,  
25 and evaluate the provision of such services in the

1 same manner as the provision of such services is  
2 evaluated by, voluntary paternity establishment pro-  
3 grams of hospitals and birth record agencies.

4 “(iv) Such procedures must require the State to  
5 develop and use an affidavit for the voluntary ac-  
6 knowledgment of paternity which includes the mini-  
7 mum requirements of the affidavit developed by the  
8 Secretary under section 452(a)(7) for the voluntary  
9 acknowledgment of paternity, and to give full faith  
10 and credit to such an affidavit signed in any other  
11 State according to its procedures.

12 “(D)(i) Procedures under which the name of  
13 the father shall be included on the record of birth  
14 of the child only if the father and mother have  
15 signed an acknowledgment of paternity and under  
16 which a signed acknowledgment of paternity is con-  
17 sidered a legal finding of paternity, subject to the  
18 right of any signatory to rescind the acknowledg-  
19 ment within 60 days.

20 “(ii) Procedures under which, after the 60-day  
21 period referred to in clause (i), a signed acknowledg-  
22 ment of paternity may be challenged in court only  
23 on the basis of fraud, duress, or material mistake of  
24 fact, with the burden of proof upon the challenger,  
25 and under which the legal responsibilities (including

1 child support obligations) of any signatory arising  
2 from the acknowledgment may not be suspended  
3 during the challenge, except for good cause shown.

4 “(E) Procedures under which judicial or admin-  
5 istrative proceedings are not required or permitted  
6 to ratify an unchallenged acknowledgment of pater-  
7 nity.

8 “(F) Procedures—

9 “(i) requiring the admission into evidence,  
10 for purposes of establishing paternity, of the re-  
11 sults of any genetic test that is—

12 “(I) of a type generally acknowledged  
13 as reliable by accreditation bodies des-  
14 ignated by the Secretary; and

15 “(II) performed by a laboratory ap-  
16 proved by such an accreditation body;

17 “(ii) requiring an objection to genetic test-  
18 ing results to be made in writing not later than  
19 a specified number of days before any hearing  
20 at which the results may be introduced into evi-  
21 dence (or, at State option, not later than a  
22 specified number of days after receipt of the re-  
23 sults); and

24 “(iii) making the test results admissible as  
25 evidence of paternity without the need for foun-

1            dation testimony or other proof of authenticity  
2            or accuracy, unless objection is made.

3            “(G) Procedures which create a rebuttable or,  
4            at the option of the State, conclusive presumption of  
5            paternity upon genetic testing results indicating a  
6            threshold probability that the alleged father is the  
7            father of the child.

8            “(H) Procedures requiring a default order to be  
9            entered in a paternity case upon a showing of service  
10           of process on the defendant and any additional  
11           showing required by State law.

12           “(I) Procedures providing that the parties to an  
13           action to establish paternity are not entitled to a  
14           trial by jury.

15           “(J) Procedures which require that a temporary  
16           order be issued, upon motion by a party, requiring  
17           the provision of child support pending an adminis-  
18           trative or judicial determination of parentage, where  
19           there is clear and convincing evidence of paternity  
20           (on the basis of genetic tests or other evidence).

21           “(K) Procedures under which bills for preg-  
22           nancy, childbirth, and genetic testing are admissible  
23           as evidence without requiring third-party foundation  
24           testimony, and shall constitute prima facie evidence

1 of amounts incurred for such services or for testing  
2 on behalf of the child.

3 “(L) Procedures ensuring that the putative fa-  
4 ther has a reasonable opportunity to initiate a pater-  
5 nity action.

6 “(M) Procedures under which voluntary ac-  
7 knowledgments and adjudications of paternity by ju-  
8 dicial or administrative processes are filed with the  
9 State registry of birth records for comparison with  
10 information in the State case registry.”.

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

17 (c) TECHNICAL AMENDMENT.—Section 468 (42  
18 U.S.C. 668) is amended by striking “a simple civil process  
19 for voluntarily acknowledging paternity and”.

20 **SEC. 932. OUTREACH FOR VOLUNTARY PATERNITY ESTAB-**  
21 **LISHMENT.**

22 Section 454(23) (42 U.S.C. 654(23)) is amended by  
23 inserting “and will publicize the availability and encourage  
24 the use of procedures for voluntary establishment of pater-

1 nity and child support by means the State deems appro-  
2 priate” before the semicolon.

3 **SEC. 933. COOPERATION BY APPLICANTS FOR AND RECIPI-**  
4 **ENTS OF TEMPORARY FAMILY ASSISTANCE.**

5 Section 454 (42 U.S.C. 654), as amended by sections  
6 901(b), 904(a), 912(a), and 913(a), is amended—

7 (1) by striking “and” at the end of paragraph  
8 (27);

9 (2) by striking the period at the end of para-  
10 graph (28) and inserting “; and”; and

11 (3) by inserting after paragraph (28) the fol-  
12 lowing new paragraph:

13 “(29) provide that the State agency responsible  
14 for administering the State plan—

15 “(A) shall make the determination (and re-  
16 determination at appropriate intervals) as to  
17 whether an individual who has applied for or is  
18 receiving assistance under the State program  
19 funded under part A or the State program  
20 under title XIX is cooperating in good faith  
21 with the State in establishing the paternity of,  
22 or in establishing, modifying, or enforcing a  
23 support order for, any child of the individual by  
24 providing the State agency with the name of,  
25 and such other information as the State agency

1 may require with respect to, the noncustodial  
2 parent of the child, subject to such good cause  
3 and other exceptions as the State shall establish  
4 and taking into account the best interests of the  
5 child;

6 “(B) shall require the individual to supply  
7 additional necessary information and appear at  
8 interviews, hearings, and legal proceedings;

9 “(C) shall require the individual and the  
10 child to submit to genetic tests pursuant to ju-  
11 dicial or administrative order; and

12 “(D) shall promptly notify the individual  
13 and the State agency administering the State  
14 program funded under part A and the State  
15 agency administering the State program under  
16 title XIX of each such determination, and if  
17 noncooperation is determined, the basis there-  
18 fore.”.

19 **Subtitle E—Program**  
20 **Administration and Funding**

21 **SEC. 941. PERFORMANCE-BASED INCENTIVES AND PEN-**  
22 **ALTIES.**

23 (a) INCENTIVE PAYMENTS.—

24 (1) IN GENERAL.—Section 458 (42 U.S.C. 658)  
25 is amended—

1 (A) in subsection (a), by striking “aid to  
2 families” and all through the end period, and  
3 inserting “assistance under a program funded  
4 under part A, and regardless of the economic  
5 circumstances of their parents, the Secretary  
6 shall, from the support collected which would  
7 otherwise represent the reimbursement to the  
8 Federal government under section 457, pay to  
9 each State for each fiscal year, on a quarterly  
10 basis (as described in subsection (e)) beginning  
11 with the quarter commencing October 1, 1999,  
12 an incentive payment in an amount determined  
13 under subsections (b) and (c).”;

14 (B) by striking subsections (b) and (c) and  
15 inserting the following:

16 “(b)(1) Not later than 60 days after the date of the  
17 enactment of the Work Opportunity Act of 1995, the Sec-  
18 retary shall establish a committee which shall include  
19 State directors of programs under this part and which  
20 shall develop for the Secretary’s approval a formula for  
21 the distribution of incentive payments to the States.

22 “(2) The formula developed and approved under  
23 paragraph (1)—

24 “(A) shall result in a percentage of the collec-  
25 tions described in subsection (a) being distributed to

1 each State based on the State's comparative per-  
2 formance in the following areas and any other areas  
3 approved by the Secretary under this subsection:

4 “(i) The IV-D paternity establishment per-  
5 centage, as defined in section 452(g)(2).

6 “(ii) The percentage of cases with a sup-  
7 port order with respect to which services are  
8 being provided under the State plan approved  
9 under this part.

10 “(iii) The percentage of cases with a sup-  
11 port order in which child support is paid with  
12 respect to which services are being so provided.

13 “(iv) In cases receiving services under the  
14 State plan approved under this part, the  
15 amount of child support collected compared to  
16 the amount of outstanding child support owed.

17 “(v) The cost-effectiveness of the State  
18 program;

19 “(B) shall take into consideration—

20 “(i) the impact that incentives can have on  
21 reducing the need to provide public assistance  
22 and on permanently removing families from  
23 public assistance;

1           “(ii) the need to balance accuracy and fair-  
2           ness with simplicity of understanding and data  
3           gathering;

4           “(iii) the need to reward performance  
5           which improves short- and long-term program  
6           outcomes, especially establishing paternity and  
7           support orders and encouraging the timely pay-  
8           ment of support;

9           “(iv) the Statewide paternity establishment  
10          percentage;

11          “(v) baseline data on current performance  
12          and projected costs of performance increases to  
13          assure that top performing States can actually  
14          achieve the top incentive levels with a reason-  
15          able resource investment;

16          “(vi) performance outcomes which would  
17          warrant an increase in the total incentive pay-  
18          ments made to the States; and

19          “(vii) the use or distribution of any portion  
20          of the total incentive payments in excess of the  
21          total of the payments which may be distributed  
22          under subsection (c);

23          “(C) shall be determined so as to distribute to  
24          the States total incentive payments equal to the total  
25          incentive payments for all States in fiscal year 1994,

1 plus a portion of any increase in the reimbursement  
2 to the Federal Government under section 457 for  
3 fiscal year 1999 or any other increase based on  
4 other performance outcomes approved by the Sec-  
5 retary under this subsection;

6 “(D) shall use a definition of the term ‘State’  
7 which does not include any area within the jurisdic-  
8 tion of an Indian tribal government; and

9 “(E) shall use a definition of the term ‘State-  
10 wide paternity establishment percentage’ to mean  
11 with respect to a State and a fiscal year—

12 “(i) the total number of children in the  
13 State who were born out of wedlock, who have  
14 not attained 1 year of age and for whom pater-  
15 nity is established or acknowledged during the  
16 fiscal year; divided by

17 “(ii) the total number of children born out  
18 of wedlock in the State during the fiscal year.

19 “(c) The total amount of the incentives payment  
20 made by the Secretary to a State in a fiscal year shall  
21 not exceed 90 percent of the total amounts expended by  
22 such State during such year for the operation of the plan  
23 approved under section 454, less payments to the State  
24 pursuant to section 455 for such year.”;

1           (2) in subsection (d), by striking “, and any  
2           amounts” through “shall be excluded”.

3           (b) PAYMENTS TO POLITICAL SUBDIVISIONS.—Sec-  
4           tion 454(22) (42 U.S.C. 654(22)) is amended by inserting  
5           before the semicolon the following: “, but a political sub-  
6           division shall not be entitled to receive, and the State may  
7           retain, any amount in excess of the amount the political  
8           subdivision expends on the State program under this part,  
9           less the amount equal to the percentage of that expendi-  
10          ture paid by the Secretary under section 455”.

11          (c) CALCULATION OF IV–D PATERNITY ESTABLISH-  
12          MENT PERCENTAGE.—

13           (1) Section 452(g)(1) (42 U.S.C. 652(g)(1)) is  
14          amended—

15           (A) in the matter preceding subparagraph  
16           (A) by inserting “its overall performance in  
17           child support enforcement is satisfactory (as de-  
18           fined in section 458(b) and regulations of the  
19           Secretary), and” after “1994,”; and

20           (B) in each of subparagraphs (A) and (B),  
21          by striking “75” and inserting “90”.

22          (2) Section 452(g)(2)(A) (42 U.S.C.  
23          652(g)(2)(A)) is amended in the matter preceding  
24          clause (i)—

1 (A) by striking “paternity establishment  
2 percentage” and inserting “IV-D paternity es-  
3 tablishment percentage”; and

4 (B) by striking “(or all States, as the case  
5 may be)”.

6 (3) Section 452(g)(3) (42 U.S.C. 652(g)(3)) is  
7 amended—

8 (A) by striking subparagraph (A) and re-  
9 designating subparagraphs (B) and (C) as sub-  
10 subparagraphs (A) and (B), respectively;

11 (B) in subparagraph (A) (as so redesign-  
12 nated), by striking “the percentage of children  
13 born out-of-wedlock in a State” and inserting  
14 “the percentage of children in a State who are  
15 born out of wedlock or for whom support has  
16 not been established”; and

17 (C) in subparagraph (B) (as so redesign-  
18 nated)—

19 (i) by inserting “and overall perform-  
20 ance in child support enforcement” after  
21 “paternity establishment percentages”; and

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

24 (d) EFFECTIVE DATES.—

25 (1) INCENTIVE ADJUSTMENTS.—

1           (A) IN GENERAL.—The amendments made  
2           by subsections (a) and (b) shall become effec-  
3           tive on the date of the enactment of this Act,  
4           except to the extent provided in subparagraph  
5           (B).

6           (B) EXCEPTION.—Section 458 of the So-  
7           cial Security Act, as in effect before the date of  
8           the enactment of this section, shall be effective  
9           for purposes of incentive payments to States for  
10          fiscal years before fiscal year 2000.

11          (2) PENALTY REDUCTIONS.—The amendments  
12          made by subsection (c) shall become effective with  
13          respect to calendar quarters beginning on and after  
14          the date of the enactment of this Act.

15 **SEC. 942. FEDERAL AND STATE REVIEWS AND AUDITS.**

16          (a) STATE AGENCY ACTIVITIES.—Section 454 (42  
17 U.S.C. 654) is amended—

18           (1) in paragraph (14), by striking “(14)” and  
19           inserting “(14)(A)”;

20           (2) by redesignating paragraph (15) as sub-  
21           paragraph (B) of paragraph (14); and

22           (3) by inserting after paragraph (14) the fol-  
23           lowing new paragraph:

24           “(15) provide for—

1           “(A) a process for annual reviews of and  
2 reports to the Secretary on the State program  
3 operated under the State plan approved under  
4 this part, including such information as may be  
5 necessary to measure State compliance with  
6 Federal requirements for expedited procedures,  
7 using such standards and procedures as are re-  
8 quired by the Secretary, under which the State  
9 agency will determine the extent to which the  
10 program is operated in compliance with this  
11 part; and

12           “(B) a process of extracting from the auto-  
13 mated data processing system required by para-  
14 graph (16) and transmitting to the Secretary  
15 data and calculations concerning the levels of  
16 accomplishment (and rates of improvement)  
17 with respect to applicable performance indica-  
18 tors (including IV–D paternity establishment  
19 percentages and overall performance in child  
20 support enforcement) to the extent necessary  
21 for purposes of sections 452(g) and 458.”.

22           (b) FEDERAL ACTIVITIES.—Section 452(a)(4) (42  
23 U.S.C. 652(a)(4)) is amended to read as follows:

24           “(4)(A) review data and calculations transmit-  
25 ted by State agencies pursuant to section

1 454(15)(B) on State program accomplishments with  
2 respect to performance indicators for purposes of  
3 subsection (g) of this section and section 458;

4 “(B) review annual reports submitted pursuant  
5 to section 454(15)(A) and, as appropriate, provide  
6 to the State comments, recommendations for addi-  
7 tional or alternative corrective actions, and technical  
8 assistance; and

9 “(C) conduct audits, in accordance with the  
10 Government auditing standards of the Comptroller  
11 General of the United States—

12 “(i) at least once every 3 years (or more  
13 frequently, in the case of a State which fails to  
14 meet the requirements of this part concerning  
15 performance standards and reliability of pro-  
16 gram data) to assess the completeness, reliabil-  
17 ity, and security of the data, and the accuracy  
18 of the reporting systems, used in calculating  
19 performance indicators under subsection (g) of  
20 this section and section 458;

21 “(ii) of the adequacy of financial manage-  
22 ment of the State program operated under the  
23 State plan approved under this part, including  
24 assessments of—

1           “(I) whether Federal and other funds  
2           made available to carry out the State pro-  
3           gram are being appropriately expended,  
4           and are properly and fully accounted for;  
5           and

6           “(II) whether collections and disburse-  
7           ments of support payments are carried out  
8           correctly and are fully accounted for; and

9           “(iii) for such other purposes as the Sec-  
10          retary may find necessary;”.

11          (c) EFFECTIVE DATE.—The amendments made by  
12 this section shall be effective with respect to calendar  
13 quarters beginning 12 months or more after the date of  
14 the enactment of this Act.

15 **SEC. 943. REQUIRED REPORTING PROCEDURES.**

16          (a) ESTABLISHMENT.—Section 452(a)(5) (42 U.S.C.  
17 652(a)(5)) is amended by inserting “, and establish proce-  
18 dures to be followed by States for collecting and reporting  
19 information required to be provided under this part, and  
20 establish uniform definitions (including those necessary to  
21 enable the measurement of State compliance with the re-  
22 quirements of this part relating to expedited processes) to  
23 be applied in following such procedures” before the semi-  
24 colon.

1 (b) STATE PLAN REQUIREMENT.—Section 454 (42  
2 U.S.C. 654), as amended by sections 901(b), 904(a),  
3 912(a), 913(a), and 933, is amended—

4 (1) by striking “and” at the end of paragraph  
5 (28);

6 (2) by striking the period at the end of para-  
7 graph (29) and inserting “; and”; and

8 (3) by adding after paragraph (29) the follow-  
9 ing new paragraph:

10 “(30) provide that the State shall use the defi-  
11 nitions established under section 452(a)(5) in col-  
12 lecting and reporting information as required under  
13 this part.”.

14 **SEC. 944. AUTOMATED DATA PROCESSING REQUIREMENTS.**

15 (a) REVISED REQUIREMENTS.—

16 (1) IN GENERAL.—Section 454(16) (42 U.S.C.  
17 654(16)) is amended—

18 (A) by striking “, at the option of the  
19 State,”;

20 (B) by inserting “and operation by the  
21 State agency” after “for the establishment”;

22 (C) by inserting “meeting the requirements  
23 of section 454A” after “information retrieval  
24 system”;

1 (D) by striking “in the State and localities  
2 thereof, so as (A)” and inserting “so as”;

3 (E) by striking “(i)”; and

4 (F) by striking “(including” and all that  
5 follows and inserting a semicolon.

6 (2) AUTOMATED DATA PROCESSING.—Part D of  
7 title IV (42 U.S.C. 651–669) is amended by insert-  
8 ing after section 454 the following new section:

9 **“SEC. 454A. AUTOMATED DATA PROCESSING.**

10 “(a) IN GENERAL.—In order for a State to meet the  
11 requirements of this section, the State agency administer-  
12 ing the State program under this part shall have in oper-  
13 ation a single statewide automated data processing and  
14 information retrieval system which has the capability to  
15 perform the tasks specified in this section with the fre-  
16 quency and in the manner required by or under this part.

17 “(b) PROGRAM MANAGEMENT.—The automated sys-  
18 tem required by this section shall perform such functions  
19 as the Secretary may specify relating to management of  
20 the State program under this part, including—

21 “(1) controlling and accounting for use of Fed-  
22 eral, State, and local funds in carrying out the pro-  
23 gram; and

1           “(2) maintaining the data necessary to meet  
2           Federal reporting requirements under this part on a  
3           timely basis.

4           “(c) CALCULATION OF PERFORMANCE INDICA-  
5           TORS.—In order to enable the Secretary to determine the  
6           incentive and penalty adjustments required by sections  
7           452(g) and 458, the State agency shall—

8           “(1) use the automated system—

9           “(A) to maintain the requisite data on  
10           State performance with respect to paternity es-  
11           tablishment and child support enforcement in  
12           the State; and

13           “(B) to calculate the IV-D paternity es-  
14           tablishment percentage and overall performance  
15           in child support enforcement for the State for  
16           each fiscal year; and

17           “(2) have in place systems controls to ensure  
18           the completeness and reliability of, and ready access  
19           to, the data described in paragraph (1)(A), and the  
20           accuracy of the calculations described in paragraph  
21           (1)(B).

22           “(d) INFORMATION INTEGRITY AND SECURITY.—The  
23           State agency shall have in effect safeguards on the integ-  
24           rity, accuracy, and completeness of, access to, and use of  
25           data in the automated system required by this section,

1 which shall include the following (in addition to such other  
2 safeguards as the Secretary may specify in regulations):

3 “(1) POLICIES RESTRICTING ACCESS.—Written  
4 policies concerning access to data by State agency  
5 personnel, and sharing of data with other persons,  
6 which—

7 “(A) permit access to and use of data only  
8 to the extent necessary to carry out the State  
9 program under this part; and

10 “(B) specify the data which may be used  
11 for particular program purposes, and the per-  
12 sonnel permitted access to such data.

13 “(2) SYSTEMS CONTROLS.—Systems controls  
14 (such as passwords or blocking of fields) to ensure  
15 strict adherence to the policies described in para-  
16 graph (1).

17 “(3) MONITORING OF ACCESS.—Routine mon-  
18 itoring of access to and use of the automated sys-  
19 tem, through methods such as audit trails and feed-  
20 back mechanisms, to guard against and promptly  
21 identify unauthorized access or use.

22 “(4) TRAINING AND INFORMATION.—Proce-  
23 dures to ensure that all personnel (including State  
24 and local agency staff and contractors) who may  
25 have access to or be required to use confidential pro-

1       gram data are informed of applicable requirements  
2       and penalties (including those in section 6103 of the  
3       Internal Revenue Code of 1986), and are adequately  
4       trained in security procedures.

5               “(5) PENALTIES.—Administrative penalties (up  
6       to and including dismissal from employment) for un-  
7       authorized access to, or disclosure or use of, con-  
8       fidential data.”.

9               (3) REGULATIONS.—The Secretary of Health  
10       and Human Services shall prescribe final regulations  
11       for implementation of section 454A of the Social Se-  
12       curity Act not later than 2 years after the date of  
13       the enactment of this Act.

14              (4) IMPLEMENTATION TIMETABLE.—Section  
15       454(24) (42 U.S.C. 654(24)), as amended by sec-  
16       tions 904(a)(2) and 912(a)(1), is amended to read  
17       as follows:

18              “(24) provide that the State will have in effect  
19       an automated data processing and information re-  
20       trieval system—

21                      “(A) by October 1, 1997, which meets all  
22                      requirements of this part which were enacted on  
23                      or before the date of enactment of the Family  
24                      Support Act of 1988; and

1           “(B) by October 1, 1999, which meets all  
2 requirements of this part enacted on or before  
3 the date of the enactment of the Work Oppor-  
4 tunity Act of 1995, except that such deadline  
5 shall be extended by 1 day for each day (if any)  
6 by which the Secretary fails to meet the dead-  
7 line imposed by section 944(a)(3) of the Work  
8 Opportunity Act of 1995.”.

9           (b) SPECIAL FEDERAL MATCHING RATE FOR DE-  
10 VELOPMENT COSTS OF AUTOMATED SYSTEMS.—

11           (1) IN GENERAL.—Section 455(a) (42 U.S.C.  
12 655(a)) is amended—

13           (A) in paragraph (1)(B)—

14           (i) by striking “90 percent” and in-  
15 sserting “the percent specified in paragraph  
16 (3)”;

17           (ii) by striking “so much of”; and

18           (iii) by striking “which the Secretary”  
19 and all that follows and inserting “, and”;  
20 and

21           (B) by adding at the end the following new  
22 paragraph:

23           “(3)(A) The Secretary shall pay to each State, for  
24 each quarter in fiscal years 1996 and 1997, 90 percent  
25 of so much of the State expenditures described in para-

1 graph (1)(B) as the Secretary finds are for a system meet-  
2 ing the requirements specified in section 454(16) (as in  
3 effect on the day before the date of the enactment of the  
4 Work Opportunity Act of 1995), but limited to the amount  
5 approved for States in the advance planning documents  
6 of such States submitted before May 1, 1995.

7 “(B)(i) The Secretary shall pay to each State, for  
8 each quarter in fiscal years 1997 through 2001, the per-  
9 centage specified in clause (ii) of so much of the State  
10 expenditures described in paragraph (1)(B) as the Sec-  
11 retary finds are for a system meeting the requirements  
12 of sections 454(16) and 454A.

13 “(ii) The percentage specified in this clause is the  
14 greater of—

15 “(I) 80 percent; or

16 “(II) the percentage otherwise applicable to  
17 Federal payments to the State under subparagraph  
18 (A) (as adjusted pursuant to section 458).”.

19 (2) TEMPORARY LIMITATION ON PAYMENTS  
20 UNDER SPECIAL FEDERAL MATCHING RATE.—

21 (A) IN GENERAL.—The Secretary of  
22 Health and Human Services may not pay more  
23 than \$260,000,000 in the aggregate under sec-  
24 tion 455(a)(3) of the Social Security Act for fis-  
25 cal years 1996, 1997, 1998, 1999, and 2000.

1 (B) ALLOCATION OF LIMITATION AMONG  
2 STATES.—The total amount payable to a State  
3 under section 455(a)(3) of such Act for fiscal  
4 years 1996, 1997, 1998, 1999, and 2000 shall  
5 not exceed the limitation determined for the  
6 State by the Secretary of Health and Human  
7 Services in regulations.

8 (C) ALLOCATION FORMULA.—The regula-  
9 tions referred to in subparagraph (B) shall pre-  
10 scribe a formula for allocating the amount spec-  
11 ified in subparagraph (A) among States with  
12 plans approved under part D of title IV of the  
13 Social Security Act, which shall take into ac-  
14 count—

15 (i) the relative size of State caseloads  
16 under such part; and

17 (ii) the level of automation needed to  
18 meet the automated data processing re-  
19 quirements of such part.

20 (c) CONFORMING AMENDMENT.—Section 123(c) of  
21 the Family Support Act of 1988 (102 Stat. 2352; Public  
22 Law 100–485) is repealed.

23 **SEC. 945. TECHNICAL ASSISTANCE.**

24 (a) FOR TRAINING OF FEDERAL AND STATE STAFF,  
25 RESEARCH AND DEMONSTRATION PROGRAMS, AND SPE-

1 CIAL PROJECTS OF REGIONAL OR NATIONAL SIGNIFI-  
2 CANCE.—Section 452 (42 U.S.C. 652) is amended by add-  
3 ing at the end the following new subsection:

4 “(j) Out of any money in the Treasury of the United  
5 States not otherwise appropriated, there is hereby appro-  
6 priated to the Secretary for each fiscal year an amount  
7 equal to 1 percent of the total amount paid to the Federal  
8 Government pursuant to section 457(a) during the imme-  
9 diately preceding fiscal year (as determined on the basis  
10 of the most recent reliable data available to the Secretary  
11 as of the end of the 3rd calendar quarter following the  
12 end of such preceding fiscal year), to cover costs incurred  
13 by the Secretary for—

14 “(1) information dissemination and technical  
15 assistance to States, training of State and Federal  
16 staff, staffing studies, and related activities needed  
17 to improve programs under this part (including tech-  
18 nical assistance concerning State automated systems  
19 required by this part); and

20 “(2) research, demonstration, and special  
21 projects of regional or national significance relating  
22 to the operation of State programs under this  
23 part.”.

24 (b) OPERATION OF FEDERAL PARENT LOCATOR  
25 SERVICE.—Section 453 (42 U.S.C. 653), as amended by

1 section 916(f), is amended by adding at the end the follow-  
2 ing new subsection:

3 “(n) Out of any money in the Treasury of the United  
4 States not otherwise appropriated, there is hereby appro-  
5 priated to the Secretary for each fiscal year an amount  
6 equal to 2 percent of the total amount paid to the Federal  
7 Government pursuant to section 457(a) during the imme-  
8 diately preceding fiscal year (as determined on the basis  
9 of the most recent reliable data available to the Secretary  
10 as of the end of the 3rd calendar quarter following the  
11 end of such preceding fiscal year), to cover costs incurred  
12 by the Secretary for operation of the Federal Parent Loca-  
13 tor Service under this section, to the extent such costs are  
14 not recovered through user fees.”.

15 **SEC. 946. REPORTS AND DATA COLLECTION BY THE SEC-**  
16 **RETARY.**

17 (a) ANNUAL REPORT TO CONGRESS.—

18 (1) Section 452(a)(10)(A) (42 U.S.C.  
19 652(a)(10)(A)) is amended—

20 (A) by striking “this part;” and inserting  
21 “this part, including—”; and

22 (B) by adding at the end the following new  
23 clauses:

24 “(i) the total amount of child support  
25 payments collected as a result of services

1 furnished during the fiscal year to individ-  
2 uals receiving services under this part;

3 “(ii) the cost to the States and to the  
4 Federal Government of so furnishing the  
5 services; and

6 “(iii) the number of cases involving  
7 families—

8 “(I) who became ineligible for as-  
9 sistance under State programs funded  
10 under part A during a month in the  
11 fiscal year; and

12 “(II) with respect to whom a  
13 child support payment was received in  
14 the month;”.

15 (2) Section 452(a)(10)(C) (42 U.S.C.  
16 652(a)(10)(C)) is amended—

17 (A) in the matter preceding clause (i)—

18 (i) by striking “with the data required  
19 under each clause being separately stated  
20 for cases” and inserting “separately stated  
21 for (1) cases”;

22 (ii) by striking “cases where the child  
23 was formerly receiving” and inserting “or  
24 formerly received”;

1 (iii) by inserting “or 1912” after  
2 “471(a)(17)”; and

3 (iv) by inserting “(2)” before “all  
4 other”;

5 (B) in each of clauses (i) and (ii), by strik-  
6 ing “, and the total amount of such obliga-  
7 tions”;

8 (C) in clause (iii), by striking “described  
9 in” and all that follows and inserting “in which  
10 support was collected during the fiscal year;”;

11 (D) by striking clause (iv); and

12 (E) by redesignating clause (v) as clause  
13 (vii), and inserting after clause (iii) the follow-  
14 ing new clauses:

15 “(iv) the total amount of support col-  
16 lected during such fiscal year and distrib-  
17 uted as current support;

18 “(v) the total amount of support col-  
19 lected during such fiscal year and distrib-  
20 uted as arrearages;

21 “(vi) the total amount of support due  
22 and unpaid for all fiscal years; and”.

23 (3) Section 452(a)(10)(G) (42 U.S.C.  
24 652(a)(10)(G)) is amended by striking “on the use  
25 of Federal courts and”.

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

3           (A) in subparagraph (H), by striking  
4 “and”;

5           (B) in subparagraph (I), by striking the  
6 period and inserting “; and”; and

7           (C) by inserting after subparagraph (I) the  
8 following new subparagraph:

9           “(J) compliance, by State, with the stand-  
10 ards established pursuant to subsections (h)  
11 and (i).”.

12           (5) Section 452(a)(10) (42 U.S.C. 652(a)(10))  
13 is amended by striking all that follows subparagraph  
14 (J), as added by paragraph (4).

15           (b) EFFECTIVE DATE.—The amendments made by  
16 subsection (a) shall be effective with respect to fiscal year  
17 1996 and succeeding fiscal years.

## 18           **Subtitle F—Establishment and** 19           **Modification of Support Orders**

### 20           **SEC. 951. NATIONAL CHILD SUPPORT GUIDELINES COMMIS-** 21           **SION.**

22           (a) ESTABLISHMENT.—There is hereby established a  
23 commission to be known as the National Child Support  
24 Guidelines Commission (in this section referred to as the  
25 “Commission”).

1 (b) GENERAL DUTIES.—

2 (1) IN GENERAL.—The Commission shall deter-  
3 mine—

4 (A) whether it is appropriate to develop a  
5 national child support guideline for consider-  
6 ation by the Congress or for adoption by indi-  
7 vidual States; or

8 (B) based on a study of various guideline  
9 models, the benefits and deficiencies of such  
10 models, and any needed improvements.

11 (2) DEVELOPMENT OF MODELS.—If the Com-  
12 mission determines under paragraph (1)(A) that a  
13 national child support guideline is needed or under  
14 paragraph (1)(B) that improvements to guideline  
15 models are needed, the Commission shall develop  
16 such national guideline or improvements.

17 (c) MATTERS FOR CONSIDERATION BY THE COMMIS-  
18 SION.—In making the recommendations concerning guide-  
19 lines required under subsection (b), the Commission shall  
20 consider—

21 (1) the adequacy of State child support guide-  
22 lines established pursuant to section 467;

23 (2) matters generally applicable to all support  
24 orders, including—

1 (A) the feasibility of adopting uniform  
2 terms in all child support orders;

3 (B) how to define income and under what  
4 circumstances income should be imputed; and

5 (C) tax treatment of child support pay-  
6 ments;

7 (3) the appropriate treatment of cases in which  
8 either or both parents have financial obligations to  
9 more than 1 family, including the effect (if any) to  
10 be given to—

11 (A) the income of either parent's spouse;  
12 and

13 (B) the financial responsibilities of either  
14 parent for other children or stepchildren;

15 (4) the appropriate treatment of expenses for  
16 child care (including care of the children of either  
17 parent, and work-related or job-training-related child  
18 care);

19 (5) the appropriate treatment of expenses for  
20 health care (including uninsured health care) and  
21 other extraordinary expenses for children with spe-  
22 cial needs;

23 (6) the appropriate duration of support by 1 or  
24 both parents, including—

1 (A) support (including shared support) for  
2 postsecondary or vocational education; and

3 (B) support for disabled adult children;

4 (7) procedures to automatically adjust child  
5 support orders periodically to address changed eco-  
6 nomic circumstances, including changes in the  
7 Consumer Price Index or either parent's income and  
8 expenses in particular cases;

9 (8) procedures to help noncustodial parents ad-  
10 dress grievances regarding visitation and custody or-  
11 ders to prevent such parents from withholding child  
12 support payments until such grievances are resolved;  
13 and

14 (9) whether, or to what extent, support levels  
15 should be adjusted in cases in which custody is  
16 shared or in which the noncustodial parent has ex-  
17 tended visitation rights.

18 (d) MEMBERSHIP.—

19 (1) NUMBER; APPOINTMENT.—

20 (A) IN GENERAL.—The Commission shall  
21 be composed of 12 individuals appointed not  
22 later than January 15, 1997, of which—

23 (i) 2 shall be appointed by the Chair-  
24 man of the Committee on Finance of the  
25 Senate, and 1 shall be appointed by the

1 ranking minority member of the Commit-  
2 tee;

3 (ii) 2 shall be appointed by the Chair-  
4 man of the Committee on Ways and Means  
5 of the House of Representatives, and 1  
6 shall be appointed by the ranking minority  
7 member of the Committee; and

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

10 (B) QUALIFICATIONS OF MEMBERS.—

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

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

24 (e) COMMISSION POWERS, COMPENSATION, ACCESS  
25 TO INFORMATION, AND SUPERVISION.—The 1st sentence

1 of subparagraph (C), the 1st and 3rd sentences of sub-  
2 paragraph (D), subparagraph (F) (except with respect to  
3 the conduct of medical studies), clauses (ii) and (iii) of  
4 subparagraph (G), and subparagraph (H) of section  
5 1886(e)(6) of the Social Security Act shall apply to the  
6 Commission in the same manner in which such provisions  
7 apply to the Prospective Payment Assessment Commis-  
8 sion.

9 (f) REPORT.—Not later than 2 years after the ap-  
10 pointment of members, the Commission shall submit to  
11 the President, the Committee on Ways and Means of the  
12 House of Representatives, and the Committee on Finance  
13 of the Senate, a recommended national child support  
14 guideline and a final assessment of issues relating to such  
15 a proposed national child support guideline.

16 (g) TERMINATION.—The Commission shall terminate  
17 6 months after the submission of the report described in  
18 subsection (e).

19 **SEC. 952. SIMPLIFIED PROCESS FOR REVIEW AND ADJUST-**  
20 **MENT OF CHILD SUPPORT ORDERS.**

21 Section 466(a)(10) (42 U.S.C. 666(a)(10)) is amend-  
22 ed to read as follows:

23 “(10) Procedures under which the State shall  
24 review and adjust each support order being enforced  
25 under this part upon the request of either parent or

1 the State if there is an assignment. Such procedures  
2 shall provide the following:

3 “(A) The State shall review and, as appro-  
4 priate, adjust the support order every 3 years,  
5 taking into account the best interests of the  
6 child involved.

7 “(B)(i) The State may elect to review and,  
8 if appropriate, adjust an order pursuant to sub-  
9 paragraph (A) by—

10 “(I) reviewing and, if appropriate, ad-  
11 justing the order in accordance with the  
12 guidelines established pursuant to section  
13 467(a) if the amount of the child support  
14 award under the order differs from the  
15 amount that would be awarded in accord-  
16 ance with the guidelines; or

17 “(II) applying a cost-of-living adjust-  
18 ment to the order in accordance with a for-  
19 mula developed by the State and permit ei-  
20 ther party to contest the adjustment, with-  
21 in 30 days after the date of the notice of  
22 the adjustment, by making a request for  
23 review and, if appropriate, adjustment of  
24 the order in accordance with the child sup-

1 port guidelines established pursuant to sec-  
2 tion 467(a).

3 “(ii) Any adjustment under clause (i) shall  
4 be made without a requirement for proof or  
5 showing of a change in circumstances.

6 “(C) The State may use automated meth-  
7 ods (including automated comparisons with  
8 wage or State income tax data) to identify or-  
9 ders eligible for review, conduct the review,  
10 identify orders eligible for adjustment, and  
11 apply the appropriate adjustment to the orders  
12 eligible for adjustment under the threshold es-  
13 tablished by the State.

14 “(D)(i) The State shall, at the request of  
15 either parent subject to such an order or of any  
16 State child support enforcement agency, review  
17 and, if appropriate, adjust the order in accord-  
18 ance with the guidelines established pursuant to  
19 section 467(a) based upon a substantial change  
20 in the circumstances of either parent.

21 “(ii) The State shall provide notice to the  
22 parents subject to such an order informing  
23 them of their right to request the State to re-  
24 view and, if appropriate, adjust the order pur-

1           suant to clause (i). The notice may be included  
2           in the order.”.

3 **SEC. 953. FURNISHING CONSUMER REPORTS FOR CERTAIN**  
4                                   **PURPOSES RELATING TO CHILD SUPPORT.**

5           Section 604 of the Fair Credit Reporting Act (15  
6 U.S.C. 1681b) is amended by adding at the end the follow-  
7 ing new paragraphs:

8                   “(4) In response to a request by the head of a  
9           State or local child support enforcement agency (or  
10          a State or local government official authorized by  
11          the head of such an agency), if the person making  
12          the request certifies to the consumer reporting agen-  
13          cy that—

14                           “(A) the consumer report is needed for the  
15                           purpose of establishing an individual’s capacity  
16                           to make child support payments or determining  
17                           the appropriate level of such payments;

18                           “(B) the paternity of the consumer for the  
19                           child to which the obligation relates has been  
20                           established or acknowledged by the consumer in  
21                           accordance with State laws under which the ob-  
22                           ligation arises (if required by those laws);

23                           “(C) the person has provided at least 10  
24                           days’ prior notice to the consumer whose report  
25                           is requested, by certified or registered mail to

1 the last known address of the consumer, that  
2 the report will be requested; and

3 “(D) the consumer report will be kept con-  
4 fidential, will be used solely for a purpose de-  
5 scribed in subparagraph (A), and will not be  
6 used in connection with any other civil, admin-  
7 istrative, or criminal proceeding, or for any  
8 other purpose.

9 “(5) To an agency administering a State plan  
10 under section 454 of the Social Security Act (42  
11 U.S.C. 654) for use to set an initial or modified  
12 child support award.”.

13 **SEC. 954. NONLIABILITY FOR DEPOSITORY INSTITUTIONS**  
14 **PROVIDING FINANCIAL RECORDS TO STATE**  
15 **CHILD SUPPORT ENFORCEMENT AGENCIES**  
16 **IN CHILD SUPPORT CASES.**

17 (a) IN GENERAL.—Notwithstanding any other provi-  
18 sion of Federal or State law, a depository institution shall  
19 not be liable under any Federal or State law to any person  
20 for disclosing any financial record of an individual to a  
21 State child support enforcement agency attempting to es-  
22 tablish, modify, or enforce a child support obligation of  
23 such individual.

24 (b) PROHIBITION OF DISCLOSURE OF FINANCIAL  
25 RECORD OBTAINED BY STATE CHILD SUPPORT EN-

1   FORCEMENT AGENCY.—A State child support enforcement  
2   agency which obtains a financial record of an individual  
3   from a financial institution pursuant to subsection (a)  
4   may disclose such financial record only for the purpose  
5   of, and to the extent necessary in, establishing, modifying,  
6   or enforcing a child support obligation of such individual.

7       (c) CIVIL DAMAGES FOR UNAUTHORIZED DISCLO-  
8   SURE.—

9           (1) DISCLOSURE BY STATE OFFICER OR EM-  
10   PLOYEE.—If any person knowingly, or by reason of  
11   negligence, discloses a financial record of an individ-  
12   ual in violation of subsection (b), such individual  
13   may bring a civil action for damages against such  
14   person in a district court of the United States.

15           (2) NO LIABILITY FOR GOOD FAITH BUT ERRO-  
16   NEOUS INTERPRETATION.—No liability shall arise  
17   under this subsection with respect to any disclosure  
18   which results from a good faith, but erroneous, in-  
19   terpretation of subsection (b).

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

24                   (A) the greater of—

1 (i) \$1,000 for each act of unauthor-  
2 ized disclosure of a financial record with  
3 respect to which such defendant is found  
4 liable; or

5 (ii) the sum of—

6 (I) the actual damages sustained  
7 by the plaintiff as a result of such un-  
8 authorized disclosure; plus

9 (II) in the case of a willful disclo-  
10 sure or a disclosure which is the re-  
11 sult of gross negligence, punitive dam-  
12 ages; plus

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

15 (d) DEFINITIONS.—For purposes of this section:

16 (1) The term “depository institution” means—

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

20 (B) an institution-affiliated party, as de-  
21 fined in section 3(u) of such Act (12 U.S.C.  
22 1813(v)); and

23 (C) any Federal credit union or State cred-  
24 it union, as defined in section 101 of the Fed-  
25 eral Credit Union Act (12 U.S.C. 1752), includ-

1           ing an institution-affiliated party of such a  
2           credit union, as defined in section 206(r) of  
3           such Act (12 U.S.C. 1786(r)).

4           (2) The term “financial record” has the mean-  
5           ing given such term in section 1101 of the Right to  
6           Financial Privacy Act of 1978 (12 U.S.C. 3401).

7           (3) The term “State child support enforcement  
8           agency” means a State agency which administers a  
9           State program for establishing and enforcing child  
10          support obligations.

## 11           **Subtitle G—Enforcement of** 12           **Support Orders**

### 13   **SEC. 961. INTERNAL REVENUE SERVICE COLLECTION OF** 14           **ARREARAGES.**

15          (a) AMENDMENT TO INTERNAL REVENUE CODE.—  
16          Section 6305(a) of the Internal Revenue Code of 1986 (re-  
17          lating to collection of certain liability) is amended—

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

19               (3);

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

22               (3) by adding at the end the following new  
23               paragraph:

24                       “(5) no additional fee may be assessed for ad-  
25                       justments to an amount previously certified pursu-

1 ant to such section 452(b) with respect to the same  
2 obligor.”; and

3 (4) by striking “Secretary of Health, Edu-  
4 cation, and Welfare” each place it appears and in-  
5 serting “Secretary of Health and Human Services”.

6 (b) EFFECTIVE DATE.—The amendments made by  
7 this section shall become effective October 1, 1997.

8 **SEC. 962. AUTHORITY TO COLLECT SUPPORT FROM FED-**  
9 **ERAL EMPLOYEES.**

10 (a) CONSOLIDATION AND STREAMLINING OF AU-  
11 THORITIES.—Section 459 (42 U.S.C. 659) is amended to  
12 read as follows:

13 **“SEC. 459. CONSENT BY THE UNITED STATES TO INCOME**  
14 **WITHHOLDING, GARNISHMENT, AND SIMILAR**  
15 **PROCEEDINGS FOR ENFORCEMENT OF CHILD**  
16 **SUPPORT AND ALIMONY OBLIGATIONS.**

17 “(a) CONSENT TO SUPPORT ENFORCEMENT.—Not-  
18 withstanding any other provision of law (including section  
19 207 of this Act and section 5301 of title 38, United States  
20 Code), effective January 1, 1975, moneys (the entitlement  
21 to which is based upon remuneration for employment) due  
22 from, or payable by, the United States or the District of  
23 Columbia (including any agency, subdivision, or instru-  
24 mentality thereof) to any individual, including members  
25 of the Armed Forces of the United States, shall be subject,

1 in like manner and to the same extent as if the United  
2 States or the District of Columbia were a private person,  
3 to withholding in accordance with State law enacted pur-  
4 suant to subsections (a)(1) and (b) of section 466 and reg-  
5 ulations of the Secretary under such subsections, and to  
6 any other legal process brought, by a State agency admin-  
7 istering a program under a State plan approved under this  
8 part or by an individual obligee, to enforce the legal obliga-  
9 tion of the individual to provide child support or alimony.

10       “(b) CONSENT TO REQUIREMENTS APPLICABLE TO  
11 PRIVATE PERSON.—With respect to notice to withhold in-  
12 come pursuant to subsection (a)(1) or (b) of section 466,  
13 or any other order or process to enforce support obliga-  
14 tions against an individual (if the order or process con-  
15 tains or is accompanied by sufficient data to permit  
16 prompt identification of the individual and the moneys in-  
17 volved), each governmental entity specified in subsection  
18 (a) shall be subject to the same requirements as would  
19 apply if the entity were a private person, except as other-  
20 wise provided in this section.

21       “(c) DESIGNATION OF AGENT; RESPONSE TO NOTICE  
22 OR PROCESS—

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

1           “(A) designate an agent or agents to re-  
2           ceive orders and accept service of process in  
3           matters relating to child support or alimony;  
4           and

5           “(B) annually publish in the Federal Reg-  
6           ister the designation of the agent or agents,  
7           identified by title or position, mailing address,  
8           and telephone number.

9           “(2) RESPONSE TO NOTICE OR PROCESS.—If an  
10          agent designated pursuant to paragraph (1) of this  
11          subsection receives notice pursuant to State proce-  
12          dures in effect pursuant to subsection (a)(1) or (b)  
13          of section 466, or is effectively served with any  
14          order, process, or interrogatory, with respect to an  
15          individual’s child support or alimony payment obli-  
16          gations, the agent shall—

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

23               “(B) within 30 days (or such longer period  
24               as may be prescribed by applicable State law)  
25               after receipt of a notice pursuant to such State

1 procedures, comply with all applicable provi-  
2 sions of section 466; and

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

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

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

15 “(2) allocation of moneys due or payable to an  
16 individual among claimants under section 466(b)  
17 shall be governed by section 466(b) and the regula-  
18 tions prescribed under such section; and

19 “(3) such moneys as remain after compliance  
20 with paragraphs (1) and (2) shall be available to  
21 satisfy any other such processes on a 1st-come, 1st-  
22 served basis, with any such process being satisfied  
23 out of such moneys as remain after the satisfaction  
24 of all such processes which have been previously  
25 served.

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

7       “(f) RELIEF FROM LIABILITY.—

8             “(1) Neither the United States, nor the govern-  
9 ment of the District of Columbia, nor any disbursing  
10 officer shall be liable with respect to any payment  
11 made from moneys due or payable from the United  
12 States to any individual pursuant to legal process  
13 regular on its face, if the payment is made in ac-  
14 cordance with this section and the regulations issued  
15 to carry out this section.

16            “(2) No Federal employee whose duties include  
17 taking actions necessary to comply with the require-  
18 ments of subsection (a) with regard to any individ-  
19 ual shall be subject under any law to any discipli-  
20 nary action or civil or criminal liability or penalty  
21 for, or on account of, any disclosure of information  
22 made by the employee in connection with the carry-  
23 ing out of such actions.

24       “(g) REGULATIONS.—Authority to promulgate regu-  
25 lations for the implementation of this section shall, insofar

1 as this section applies to moneys due from (or payable  
2 by)—

3 “(1) the United States (other than the legisla-  
4 tive or judicial branches of the Federal Government)  
5 or the government of the District of Columbia, be  
6 vested in the President (or the designee of the Presi-  
7 dent);

8 “(2) the legislative branch of the Federal Gov-  
9 ernment, be vested jointly in the President pro tem-  
10 pore of the Senate and the Speaker of the House of  
11 Representatives (or their designees), and

12 “(3) the judicial branch of the Federal Govern-  
13 ment, be vested in the Chief Justice of the United  
14 States (or the designee of the Chief Justice).

15 “(h) MONEYS SUBJECT TO PROCESS.—

16 “(1) IN GENERAL.—Subject to paragraph (2),  
17 moneys paid or payable to an individual which are  
18 considered to be based upon remuneration for em-  
19 ployment, for purposes of this section—

20 “(A) consist of—

21 “(i) compensation paid or payable for  
22 personal services of the individual, whether  
23 the compensation is denominated as wages,  
24 salary, commission, bonus, pay, allowances,

1 or otherwise (including severance pay, sick  
2 pay, and incentive pay);

3 “(ii) periodic benefits (including a  
4 periodic benefit as defined in section  
5 228(h)(3)) or other payments—

6 “(I) under the insurance system  
7 established by title II;

8 “(II) under any other system or  
9 fund established by the United States  
10 which provides for the payment of  
11 pensions, retirement or retired pay,  
12 annuities, dependents’ or survivors’  
13 benefits, or similar amounts payable  
14 on account of personal services per-  
15 formed by the individual or any other  
16 individual;

17 “(III) as compensation for death  
18 under any Federal program;

19 “(IV) under any Federal pro-  
20 gram established to provide ‘black  
21 lung’ benefits; or

22 “(V) by the Secretary of Veter-  
23 ans Affairs as pension, or as com-  
24 pensation for a service-connected dis-  
25 ability or death (except any compensa-

1           tion paid by the Secretary to a mem-  
2           ber of the Armed Forces who is in re-  
3           ceipt of retired or retainer pay if the  
4           member has waived a portion of the  
5           retired pay of the member in order to  
6           receive the compensation); and

7           “(iii) workers’ compensation benefits  
8           paid under Federal or State law; but

9           “(B) do not include any payment—

10           “(i) by way of reimbursement or oth-  
11           erwise, to defray expenses incurred by the  
12           individual in carrying out duties associated  
13           with the employment of the individual; or

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

21           “(2) CERTAIN AMOUNTS EXCLUDED.—In deter-  
22           mining the amount of any moneys due from, or pay-  
23           able by, the United States to any individual, there  
24           shall be excluded amounts which—

1           “(A) are owed by the individual to the  
2 United States;

3           “(B) are required by law to be, and are,  
4 deducted from the remuneration or other pay-  
5 ment involved, including Federal employment  
6 taxes, and fines and forfeitures ordered by  
7 court-martial;

8           “(C) are properly withheld for Federal,  
9 State, or local income tax purposes, if the with-  
10 holding of the amounts is authorized or re-  
11 quired by law and if amounts withheld are not  
12 greater than would be the case if the individual  
13 claimed all dependents to which he was entitled  
14 (the withholding of additional amounts pursu-  
15 ant to section 3402(i) of the Internal Revenue  
16 Code of 1986 may be permitted only when the  
17 individual presents evidence of a tax obligation  
18 which supports the additional withholding);

19           “(D) are deducted as health insurance pre-  
20 miums;

21           “(E) are deducted as normal retirement  
22 contributions (not including amounts deducted  
23 for supplementary coverage); or

24           “(F) are deducted as normal life insurance  
25 premiums from salary or other remuneration

1           for employment (not including amounts de-  
2           ducted for supplementary coverage).

3           “(i) DEFINITIONS.—As used in this section:

4           “(1) UNITED STATES.—The term ‘United  
5           States’ includes any department, agency, or instru-  
6           mentality of the legislative, judicial, or executive  
7           branch of the Federal Government, the United  
8           States Postal Service, the Postal Rate Commission,  
9           any Federal corporation created by an Act of Con-  
10          gress that is wholly owned by the Federal Govern-  
11          ment, and the governments of the territories and  
12          possessions of the United States.

13          “(2) CHILD SUPPORT.—The term ‘child sup-  
14          port’, when used in reference to the legal obligations  
15          of an individual to provide such support, means peri-  
16          odic payments of funds for the support and mainte-  
17          nance of a child or children with respect to which  
18          the individual has such an obligation, and (subject  
19          to and in accordance with State law) includes pay-  
20          ments to provide for health care, education, recre-  
21          ation, clothing, or to meet other specific needs of  
22          such a child or children, and includes attorney’s  
23          fees, interest, and court costs, when and to the ex-  
24          tent that the same are expressly made recoverable as  
25          such pursuant to a decree, order, or judgment issued

1 in accordance with applicable State law by a court  
2 of competent jurisdiction.

3 “(3) ALIMONY.—The term ‘alimony’, when used  
4 in reference to the legal obligations of an individual  
5 to provide the same, means periodic payments of  
6 funds for the support and maintenance of the spouse  
7 (or former spouse) of the individual, and (subject to  
8 and in accordance with State law) includes separate  
9 maintenance, alimony pendente lite, maintenance,  
10 and spousal support, and includes attorney’s fees,  
11 interest, and court costs when and to the extent that  
12 the same are expressly made recoverable as such  
13 pursuant to a decree, order, or judgment issued in  
14 accordance with applicable State law by a court of  
15 competent jurisdiction. Such term does not include  
16 any payment or transfer of property or its value by  
17 an individual to the spouse or a former spouse of the  
18 individual in compliance with any community prop-  
19 erty settlement, equitable distribution of property, or  
20 other division of property between spouses or former  
21 spouses.

22 “(4) PRIVATE PERSON.—The term ‘private per-  
23 son’ means a person who does not have sovereign or  
24 other special immunity or privilege which causes the  
25 person not to be subject to legal process.

1           “(5) LEGAL PROCESS.—The term ‘legal proc-  
2           ess’ means any writ, order, summons, or other simi-  
3           lar process in the nature of garnishment—

4                   “(A) which is issued by—

5                           “(i) a court of competent jurisdiction  
6                           in any State, territory, or possession of the  
7                           United States;

8                           “(ii) a court of competent jurisdiction  
9                           in any foreign country with which the  
10                          United States has entered into an agree-  
11                          ment which requires the United States to  
12                          honor the process; or

13                          “(iii) an authorized official pursuant  
14                          to an order of such a court of competent  
15                          jurisdiction or pursuant to State or local  
16                          law; and

17                          “(B) which is directed to, and the purpose  
18                          of which is to compel, a governmental entity  
19                          which holds moneys which are otherwise pay-  
20                          able to an individual to make a payment from  
21                          the moneys to another party in order to satisfy  
22                          a legal obligation of the individual to provide  
23                          child support or make alimony payments.”.

24           (b) CONFORMING AMENDMENTS.—

1           (1) TO PART D OF TITLE IV.—Sections 461 and  
2 462 (42 U.S.C. 661 and 662) are repealed.

3           (2) TO TITLE 5, UNITED STATES CODE.—Sec-  
4 tion 5520a of title 5, United States Code, is amend-  
5 ed, in subsections (h)(2) and (i), by striking “sec-  
6 tions 459, 461, and 462 of the Social Security Act  
7 (42 U.S.C. 659, 661, and 662)” and inserting “sec-  
8 tion 459 of the Social Security Act (42 U.S.C.  
9 659)”.

10 (c) MILITARY RETIRED AND RETAINER PAY.—

11           (1) DEFINITION OF COURT.—Section  
12 1408(a)(1) of title 10, United States Code, is  
13 amended—

14           (A) by striking “and” at the end of sub-  
15 paragraph (B);

16           (B) by striking the period at the end of  
17 subparagraph (C) and inserting “; and”; and

18           (C) by adding after subparagraph (C) the  
19 following new subparagraph:

20           “(D) any administrative or judicial tribu-  
21 nal of a State competent to enter orders for  
22 support or maintenance (including a State  
23 agency administering a program under a State  
24 plan approved under part D of title IV of the  
25 Social Security Act), and, for purposes of this

1           subparagraph, the term ‘State’ includes the  
2           District of Columbia, the Commonwealth of  
3           Puerto Rico, the Virgin Islands, Guam, and  
4           American Samoa.”.

5           (2) DEFINITION OF COURT ORDER.—Section  
6           1408(a)(2) of such title is amended by inserting “or  
7           a court order for the payment of child support not  
8           included in or accompanied by such a decree or set-  
9           tlement,” before “which—”.

10          (3) PUBLIC PAYEE.—Section 1408(d) of such  
11          title is amended—

12                (A) in the heading, by inserting “(OR FOR  
13                BENEFIT OF)” before “SPOUSE OR”; and

14                (B) in paragraph (1), in the 1st sentence,  
15                by inserting “(or for the benefit of such spouse  
16                or former spouse to a State disbursement unit  
17                established pursuant to section 454B of the So-  
18                cial Security Act or other public payee des-  
19                ignated by a State, in accordance with part D  
20                of title IV of the Social Security Act, as di-  
21                rected by court order, or as otherwise directed  
22                in accordance with such part D)” before “in an  
23                amount sufficient”.



1 (A) RESIDENTIAL ADDRESS.—Except as  
2 provided in subparagraph (B), the address for  
3 a member of the Armed Forces shown in the lo-  
4 cator service shall be the residential address of  
5 that member.

6 (B) DUTY ADDRESS.—The address for a  
7 member of the Armed Forces shown in the loca-  
8 tor service shall be the duty address of that  
9 member in the case of a member—

10 (i) who is permanently assigned over-  
11 seas, to a vessel, or to a routinely  
12 deployable unit; or

13 (ii) with respect to whom the Sec-  
14 retary concerned makes a determination  
15 that the member's residential address  
16 should not be disclosed due to national se-  
17 curity or safety concerns.

18 (3) UPDATING OF LOCATOR INFORMATION.—  
19 Within 30 days after a member listed in the locator  
20 service establishes a new residential address (or a  
21 new duty address, in the case of a member covered  
22 by paragraph (2)(B)), the Secretary concerned shall  
23 update the locator service to indicate the new ad-  
24 dress of the member.

1           (4) AVAILABILITY OF INFORMATION.—The Sec-  
2           retary of Defense shall make information regarding  
3           the address of a member of the Armed Forces listed  
4           in the locator service available, on request, to the  
5           Federal Parent Locator Service established under  
6           section 453 of the Social Security Act.

7           (b) FACILITATING GRANTING OF LEAVE FOR AT-  
8           TENDANCE AT HEARINGS.—

9           (1) REGULATIONS.—The Secretary of each  
10          military department, and the Secretary of Transpor-  
11          tation with respect to the Coast Guard when it is  
12          not operating as a service in the Navy, shall pre-  
13          scribe regulations to facilitate the granting of leave  
14          to a member of the Armed Forces under the juris-  
15          diction of that Secretary in a case in which—

16                (A) the leave is needed for the member to  
17                attend a hearing described in paragraph (2);

18                (B) the member is not serving in or with  
19                a unit deployed in a contingency operation (as  
20                defined in section 101 of title 10, United States  
21                Code); and

22                (C) the exigencies of military service (as  
23                determined by the Secretary concerned) do not  
24                otherwise require that such leave not be grant-  
25                ed.

1           (2) COVERED HEARINGS.—Paragraph (1) ap-  
2           plies to a hearing that is conducted by a court or  
3           pursuant to an administrative process established  
4           under State law, in connection with a civil action—

5                   (A) to determine whether a member of the  
6           Armed Forces is a natural parent of a child; or

7                   (B) to determine an obligation of a mem-  
8           ber of the Armed Forces to provide child sup-  
9           port.

10          (3) DEFINITIONS.—For purposes of this sub-  
11          section:

12                   (A) The term “court” has the meaning  
13           given that term in section 1408(a) of title 10,  
14           United States Code.

15                   (B) The term “child support” has the  
16           meaning given such term in section 459(i) of  
17           the Social Security Act (42 U.S.C. 659(i)).

18          (c) PAYMENT OF MILITARY RETIRED PAY IN COM-  
19          PLIANCE WITH CHILD SUPPORT ORDERS.—

20           (1) DATE OF CERTIFICATION OF COURT  
21           ORDER.—Section 1408 of title 10, United States  
22           Code, as amended by section 962(c)(4), is amend-  
23           ed—

24                   (A) by redesignating subsections (i) and (j)  
25           as subsections (j) and (k), respectively; and

1 (B) by inserting after subsection (h) the  
2 following new subsection:

3 “(i) CERTIFICATION DATE.—It is not necessary that  
4 the date of a certification of the authenticity or complete-  
5 ness of a copy of a court order for child support received  
6 by the Secretary concerned for the purposes of this section  
7 be recent in relation to the date of receipt by the Sec-  
8 retary.”.

9 (2) PAYMENTS CONSISTENT WITH ASSIGN-  
10 MENTS OF RIGHTS TO STATES.—Section 1408(d)(1)  
11 of such title is amended by inserting after the 1st  
12 sentence the following: “In the case of a spouse or  
13 former spouse who assigns to a State the rights of  
14 the spouse or former spouse to receive support, the  
15 Secretary concerned may make the child support  
16 payments referred to in the preceding sentence to  
17 that State in amounts consistent with that assign-  
18 ment of rights.”.

19 (3) ARREARAGES OWED BY MEMBERS OF THE  
20 UNIFORMED SERVICES.—Section 1408(d) of such  
21 title is amended by adding at the end the following  
22 new paragraph:

23 “(6) In the case of a court order for which effective  
24 service is made on the Secretary concerned on or after  
25 the date of the enactment of this paragraph and which

1 provides for payments from the disposable retired pay of  
2 a member to satisfy the amount of child support set forth  
3 in the order, the authority provided in paragraph (1) to  
4 make payments from the disposable retired pay of a mem-  
5 ber to satisfy the amount of child support set forth in a  
6 court order shall apply to payment of any amount of child  
7 support arrearages set forth in that order as well as to  
8 amounts of child support that currently become due.”.

9           (4) PAYROLL DEDUCTIONS.—The Secretary of  
10 Defense shall begin payroll deductions within 30  
11 days after receiving notice of withholding, or for the  
12 1st pay period that begins after such 30-day period.

13 **SEC. 964. VOIDING OF FRAUDULENT TRANSFERS.**

14 Section 466 (42 U.S.C. 666), as amended by section  
15 921, is amended by adding at the end the following new  
16 subsection:

17       “(g) In order to satisfy section 454(20)(A), each  
18 State must have in effect—

19           “(1)(A) the Uniform Fraudulent Conveyance  
20 Act of 1981;

21           “(B) the Uniform Fraudulent Transfer Act of  
22 1984; or

23           “(C) another law, specifying indicia of fraud  
24 which create a prima facie case that a debtor trans-  
25 ferred income or property to avoid payment to a

1 child support creditor, which the Secretary finds af-  
2 fords comparable rights to child support creditors;  
3 and

4 “(2) procedures under which, in any case in  
5 which the State knows of a transfer by a child sup-  
6 port debtor with respect to which such a prima facie  
7 case is established, the State must—

8 “(A) seek to void such transfer; or

9 “(B) obtain a settlement in the best inter-  
10 ests of the child support creditor.”.

11 **SEC. 965. WORK REQUIREMENT FOR PERSONS OWING**  
12 **CHILD SUPPORT.**

13 Section 466(a) of the Social Security Act (42 U.S.C.  
14 666(a)), as amended by sections 901(a), 915, 917(a), and  
15 923, is amended by adding at the end the following new  
16 paragraph:

17 “(16) Procedures requiring the State, in any  
18 case in which an individual owes support with re-  
19 spect to a child receiving services under this part, to  
20 seek a court order or administrative order that re-  
21 quires the individual to—

22 “(A) pay such support in accordance with  
23 a plan approved by the court; or

24 “(B) if the individual is not working and  
25 is not incapacitated, participate in work activi-

1           ties (including, at State option, work activities  
2           as defined in section 482) as the court deems  
3           appropriate.”.

4 **SEC. 966. DEFINITION OF SUPPORT ORDER.**

5           Section 453 (42 U.S.C. 653) as amended by sections  
6 916 and 945(b), is amended by adding at the end the fol-  
7 lowing new subsection:

8           “(o) As used in this part, the term ‘support order’  
9 means a judgment, decree, or order, whether temporary,  
10 final, or subject to modification, issued by a court or an  
11 administrative agency of competent jurisdiction, for the  
12 support and maintenance of a child, including a child who  
13 has attained the age of majority under the law of the issu-  
14 ing State, or a child and the parent with whom the child  
15 is living, which provides for monetary support, health care,  
16 arrearages, or reimbursement, and which may include re-  
17 lated costs and fees, interest and penalties, income with-  
18 holding, attorneys’ fees, and other relief.”.

19 **SEC. 967. REPORTING ARREARAGES TO CREDIT BUREAUS.**

20           Section 466(a)(7) (42 U.S.C. 666(a)(7)) is amended  
21 to read as follows:

22           “(7)(A) Procedures (subject to safeguards pur-  
23 suant to subparagraph (B)) requiring the State to  
24 report periodically to consumer reporting agencies  
25 (as defined in section 603(f) of the Fair Credit Re-

1 reporting Act (15 U.S.C. 1681a(f)) the name of any  
2 absent parent who is delinquent in the payment of  
3 support, and the amount of overdue support owed by  
4 such parent.

5 “(B) Procedures ensuring that, in carrying out  
6 subparagraph (A), information with respect to an  
7 absent parent is reported—

8 “(i) only after such parent has been af-  
9 firmed all due process required under State law,  
10 including notice and a reasonable opportunity  
11 to contest the accuracy of such information;  
12 and

13 “(ii) only to an entity that has furnished  
14 evidence satisfactory to the State that the en-  
15 tity is a consumer reporting agency.”.

16 **SEC. 968. LIENS.**

17 Section 466(a)(4) (42 U.S.C. 666(a)(4)) is amended  
18 to read as follows:

19 “(4) Procedures under which—

20 “(A) liens arise by operation of law against  
21 real and personal property for amounts of over-  
22 due support owed by an absent parent who re-  
23 sides or owns property in the State; and

24 “(B) the State accords full faith and credit  
25 to liens described in subparagraph (A) arising

1 in another State, without registration of the un-  
2 derlying order.”.

3 **SEC. 969. STATE LAW AUTHORIZING SUSPENSION OF LI-**  
4 **CENSES.**

5 Section 466(a) (42 U.S.C. 666(a)), as amended by  
6 sections 915, 917(a), and 923, is amended by adding at  
7 the end the following new paragraph:

8 “(15) Procedures under which the State has  
9 (and uses in appropriate cases) authority to withhold  
10 or suspend, or to restrict the use of, driver’s li-  
11 censes, professional and occupational licenses, and  
12 recreational licenses of individuals owing overdue  
13 support or failing, after receiving appropriate notice,  
14 to comply with subpoenas or warrants relating to  
15 paternity or child support proceedings.”.

16 **SEC. 970. DENIAL OF PASSPORTS FOR NONPAYMENT OF**  
17 **CHILD SUPPORT.**

18 (a) HHS CERTIFICATION PROCEDURE.—

19 (1) SECRETARIAL RESPONSIBILITY.—Section  
20 452 (42 U.S.C. 652), as amended by section 945, is  
21 amended by adding at the end the following new  
22 subsection:

23 “(k)(1) If the Secretary receives a certification by a  
24 State agency in accordance with the requirements of sec-  
25 tion 454(31) that an individual owes arrearages of child

1 support in an amount exceeding \$5,000, the Secretary  
2 shall transmit such certification to the Secretary of State  
3 for action (with respect to denial, revocation, or limitation  
4 of passports) pursuant to section 470(b) of the Work Op-  
5 portunity Act of 1995.

6 “(2) The Secretary shall not be liable to an individual  
7 for any action with respect to a certification by a State  
8 agency under this section.”.

9 (2) STATE CSE AGENCY RESPONSIBILITY.—Sec-  
10 tion 454 (42 U.S.C. 654), as amended by sections  
11 901(b), 904(a), 912(b), 913(a), 933, and 943(a), is  
12 amended—

13 (A) by striking “and” at the end of para-  
14 graph (29);

15 (B) by striking the period at the end of  
16 paragraph (30) and inserting “; and”; and

17 (C) by adding after paragraph (30) the fol-  
18 lowing new paragraph:

19 “(31) provide that the State agency will have in  
20 effect a procedure (which may be combined with the  
21 procedure for tax refund offset under section 464)  
22 for certifying to the Secretary, for purposes of the  
23 procedure under section 452(k) (concerning denial of  
24 passports), determinations that individuals owe ar-

1 rearages of child support in an amount exceeding  
2 \$5,000, under which procedure—

3 “(A) each individual concerned is afforded  
4 notice of such determination and the con-  
5 sequences thereof, and an opportunity to con-  
6 test the determination; and

7 “(B) the certification by the State agency  
8 is furnished to the Secretary in such format,  
9 and accompanied by such supporting docu-  
10 mentation, as the Secretary may require.”.

11 (b) STATE DEPARTMENT PROCEDURE FOR DENIAL  
12 OF PASSPORTS.—

13 (1) IN GENERAL.—The Secretary of State shall,  
14 upon certification by the Secretary of Health and  
15 Human Services transmitted under section 452(k) of  
16 the Social Security Act, refuse to issue a passport to  
17 such individual, and may revoke, restrict, or limit a  
18 passport issued previously to such individual.

19 (2) LIMIT ON LIABILITY.—The Secretary of  
20 State shall not be liable to an individual for any ac-  
21 tion with respect to a certification by a State agency  
22 under this section.

23 (c) EFFECTIVE DATE.—This section and the amend-  
24 ments made by this section shall become effective October  
25 1, 1996.

1 **SEC. 971. INTERNATIONAL CHILD SUPPORT ENFORCE-**  
2 **MENT.**

3 The Secretary of State is authorized to negotiate re-  
4 ciprocal agreements with foreign nations on behalf of the  
5 States, territories, and possessions of the United States  
6 regarding the international enforcement of child support  
7 obligations and designating the Department of Health and  
8 Human Services as the central authority for such enforce-  
9 ment.

10 **Subtitle H—Medical Support**

11 **SEC. 975. TECHNICAL CORRECTION TO ERISA DEFINITION**  
12 **OF MEDICAL CHILD SUPPORT ORDER.**

13 (a) IN GENERAL.—Section 609(a)(2)(B) of the Em-  
14 ployee Retirement Income Security Act of 1974 (29  
15 U.S.C. 1169(a)(2)(B)) is amended—

16 (1) by striking “issued by a court of competent  
17 jurisdiction”;

18 (2) by striking the period at the end of clause  
19 (ii) and inserting a comma; and

20 (3) by adding, after and below clause (ii), the  
21 following:

22 “if such judgment, decree, or order (I) is issued  
23 by a court of competent jurisdiction or (II) is  
24 issued through an administrative process estab-  
25 lished under State law and has the force and ef-  
26 fect of law under applicable State law.”.

1 (b) EFFECTIVE DATE.—

2 (1) IN GENERAL.—The amendments made by  
3 this section shall take effect on the date of the en-  
4 actment of this Act.

5 (2) PLAN AMENDMENTS NOT REQUIRED UNTIL  
6 JANUARY 1, 1996.—Any amendment to a plan re-  
7 quired to be made by an amendment made by this  
8 section shall not be required to be made before the  
9 1st plan year beginning on or after January 1,  
10 1996, if—

11 (A) during the period after the date before  
12 the date of the enactment of this Act and be-  
13 fore such 1st plan year, the plan is operated in  
14 accordance with the requirements of the amend-  
15 ments made by this section; and

16 (B) such plan amendment applies retro-  
17 actively to the period after the date before the  
18 date of the enactment of this Act and before  
19 such 1st plan year.

20 A plan shall not be treated as failing to be operated  
21 in accordance with the provisions of the plan merely  
22 because it operates in accordance with this para-  
23 graph.

1 **SEC. 976. ENFORCEMENT OF ORDERS FOR HEALTH CARE**  
2 **COVERAGE.**

3 Section 466(a) (42 U.S.C. 666(a)), as amended by  
4 sections 915, 917(a), 923, and 968, is amended by adding  
5 at the end the following new paragraph:

6 “(16) Procedures under which all child support  
7 orders enforced under this part shall include a provi-  
8 sion for the health care coverage of the child, and  
9 in the case in which an absent parent provides such  
10 coverage and changes employment, and the new em-  
11 ployer provides health care coverage, the State agen-  
12 cy shall transfer notice of the provision to the em-  
13 ployer, which notice shall operate to enroll the child  
14 in the absent parent’s health plan, unless the absent  
15 parent contests the notice.”.

16 **Subtitle I—Enhancing Responsibility and Opportunity for**  
17 **Nonresidential Parents**  
18

19 **SEC. 981. GRANTS TO STATES FOR ACCESS AND VISITATION**  
20 **PROGRAMS.**

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

23 **“SEC. 469A. GRANTS TO STATES FOR ACCESS AND VISITA-**  
24 **TION PROGRAMS.**

25 “(a) IN GENERAL.—The Administration for Children  
26 and Families shall make grants under this section to en-

1 able States to establish and administer programs to sup-  
2 port and facilitate absent parents' access to and visitation  
3 of their children, by means of activities including medi-  
4 ation (both voluntary and mandatory), counseling, edu-  
5 cation, development of parenting plans, visitation enforce-  
6 ment (including monitoring, supervision and neutral drop-  
7 off and pickup), and development of guidelines for visita-  
8 tion and alternative custody arrangements.

9       “(b) AMOUNT OF GRANT.—The amount of the grant  
10 to be made to a State under this section for a fiscal year  
11 shall be an amount equal to the lesser of—

12           “(1) 90 percent of State expenditures during  
13 the fiscal year for activities described in subsection  
14 (a); or

15           “(2) the allotment of the State under sub-  
16 section (c) for the fiscal year.

17       “(c) ALLOTMENTS TO STATES.—

18           “(1) IN GENERAL.—The allotment of a State  
19 for a fiscal year is the amount that bears the same  
20 ratio to the amount appropriated for grants under  
21 this section for the fiscal year as the number of chil-  
22 dren in the State living with only 1 biological parent  
23 bears to the total number of such children in all  
24 States.

1           “(2) MINIMUM ALLOTMENT.—The Administra-  
2           tion for Children and Families shall adjust allot-  
3           ments to States under paragraph (1) as necessary to  
4           ensure that no State is allotted less than—

5                   “(A) \$50,000 for fiscal year 1996 or 1997;

6                   or

7                   “(B) \$100,000 for any succeeding fiscal  
8                   year.

9           “(d) NO SUPPLANTATION OF STATE EXPENDITURES  
10          FOR SIMILAR ACTIVITIES.—A State to which a grant is  
11          made under this section may not use the grant to supplant  
12          expenditures by the State for activities specified in sub-  
13          section (a), but shall use the grant to supplement such  
14          expenditures at a level at least equal to the level of such  
15          expenditures for fiscal year 1995.

16          “(e) STATE ADMINISTRATION.—Each State to which  
17          a grant is made under this section—

18                   “(1) may administer State programs funded  
19                   with the grant, directly or through grants to or con-  
20                   tracts with courts, local public agencies, or nonprofit  
21                   private entities;

22                   “(2) shall not be required to operate such pro-  
23                   grams on a statewide basis; and

1           “(3) shall monitor, evaluate, and report on such  
2           programs in accordance with regulations prescribed  
3           by the Secretary.”.

## 4           **Subtitle J—Effect of Enactment**

### 5           **SEC. 991. EFFECTIVE DATES.**

6           (a) IN GENERAL.—Except as otherwise specifically  
7           provided (but subject to subsections (b) and (c))—

8                   (1) the provisions of this title requiring the en-  
9                   actment or amendment of State laws under section  
10                  466 of the Social Security Act, or revision of State  
11                  plans under section 454 of such Act, shall be effec-  
12                  tive with respect to periods beginning on and after  
13                  October 1, 1996; and

14                   (2) all other provisions of this title shall become  
15                  effective upon the date of the enactment of this Act.

16           (b) GRACE PERIOD FOR STATE LAW CHANGES.—The  
17           provisions of this title shall become effective with respect  
18           to a State on the later of—

19                   (1) the date specified in this title, or

20                   (2) the effective date of laws enacted by the leg-  
21                  islature of such State implementing such provisions,  
22                  but in no event later than the 1st day of the 1st calendar  
23                  quarter beginning after the close of the 1st regular session  
24                  of the State legislature that begins after the date of the  
25                  enactment of this Act. For purposes of the previous sen-

1 tence, in the case of a State that has a 2-year legislative  
 2 session, each year of such session shall be deemed to be  
 3 a separate regular session of the State legislature.

4 (c) GRACE PERIOD FOR STATE CONSTITUTIONAL  
 5 AMENDMENT.—A State shall not be found out of compli-  
 6 ance with any requirement enacted by this title if the State  
 7 is unable to so comply without amending the State con-  
 8 stitution until the earlier of—

9 (1) 1 year after the effective date of the nec-  
 10 essary State constitutional amendment; or

11 (2) 5 years after the date of the enactment of  
 12 this title.

## 13 **TITLE X—REFORM OF PUBLIC** 14 **HOUSING**

### 15 **SEC. 1001. CEILING RENTS.**

16 Section 3(a)(2) of the United States Housing Act of  
 17 1937 (42 U.S.C. 1437a(a)(2)) is amended to read as fol-  
 18 lows:

19 “(2) ESTABLISHMENT OF CEILING RENTS.—

20 “(A) IN GENERAL.—A public housing agency  
 21 may provide that each family residing in a public  
 22 housing project shall pay monthly rent in an amount  
 23 established by such agency in accordance with this  
 24 paragraph.

1           “(B) LIMITATIONS ON AMOUNT.—The rental  
2 amount established under subparagraph (A)—

3           “(i) shall reflect the reasonable rental  
4 value of the dwelling unit in which the family  
5 resides, as compared with similar types and  
6 sizes of dwelling units in the market area in  
7 which the public housing project is located;

8           “(ii) shall be greater than or equal to the  
9 monthly cost to operate the housing (including  
10 any replacement reserves at the discretion of  
11 the public housing agency); and

12           “(iii) shall not exceed the amount payable  
13 as rent by such family under paragraph (1).”.

14 **SEC. 1002. DEFINITION OF ADJUSTED INCOME FOR PUBLIC**  
15 **HOUSING.**

16           (a) DEFINITION OF ADJUSTED INCOME.—Section  
17 3(b)(5) of the United States Housing Act of 1937 (42  
18 U.S.C. 1437a(b)(5)) is amended to read as follows:

19           “(5) The term ‘adjusted income’ means the in-  
20 come that remains after excluding—

21           “(A) \$480 for each member of the family  
22 residing in the household (other than the head  
23 of the household or spouse)—

24           “(i) who is under 18 years of age; or

25           “(ii) who is—

1                   “(I) 18 years of age or older; and

2                   “(II) a person with disabilities or  
3                   a full-time student;

4                   “(B) \$400 for an elderly or disabled fam-  
5                   ily;

6                   “(C) the amount by which the aggregate  
7                   of—

8                   “(i) medical expenses for an elderly or  
9                   disabled family; and

10                   “(ii) reasonable attendant care and  
11                   auxiliary apparatus expenses for each fam-  
12                   ily member who is a person with disabili-  
13                   ties, to the extent necessary to enable any  
14                   member of the family (including a member  
15                   who is a person with disabilities) to be em-  
16                   ployed;

17                   exceeds 3 percent of the annual income of the  
18                   family;

19                   “(D) child care expenses, to the extent  
20                   necessary to enable another member of the fam-  
21                   ily to be employed or to further his or her edu-  
22                   cation;

23                   “(E) excessive travel expenses, not to ex-  
24                   ceed \$25 per family per week, for employment-  
25                   or education-related travel, except that this sub-

1 paragraph shall apply only to a family assisted  
2 by an Indian housing authority; and

3 “(F) subject to the requirements of sub-  
4 section (e), for public housing, adjustments to  
5 earned income established by the public housing  
6 agency, not to exceed 20 percent of the earned  
7 income of the family.”.

8 (b) ADJUSTMENTS TO DEFINITION OF EARNED IN-  
9 COME.—Section 3 of the United States Housing Act of  
10 1937 (42 U.S.C. 1437a) is amended—

11 (1) in the first undesignated paragraph imme-  
12 diately following subsection (c)(3) (as added by sec-  
13 tion 515(b) of the Cranston-Gonzalez National Af-  
14 fordable Housing Act), by striking “The earnings  
15 of” and inserting the following:

16 “(d) EXCLUSION OF CERTAIN EARNINGS.—The  
17 earnings of”; and

18 (2) by adding at the end the following new sub-  
19 section:

20 “(e) ADJUSTMENTS TO EARNED INCOME.—If a pub-  
21 lic housing agency establishes any adjustment to income  
22 pursuant to subsection (b)(5)(F), the Secretary—

23 “(1) shall not take into account any reduction  
24 of the per dwelling unit rental income of the public  
25 housing agency resulting from that adjustment in

1 calculating the contributions under section 9 for the  
2 public housing agency for the operation of the public  
3 housing; and

4 “(2) shall not reduce the level of operating sub-  
5 sidies payable to the public housing agency due to  
6 an increase in per dwelling unit rental income that  
7 results from a higher level of income earned by any  
8 residents whose adjusted incomes are calculated tak-  
9 ing into account that adjustment to income, until  
10 the public housing agency has recovered a sum equal  
11 to the cumulative difference between—

12 “(A) the operating subsidies actually re-  
13 ceived by the agency; and

14 “(B) the operating subsidies that the pub-  
15 lic housing agency would have received if para-  
16 graph (1) was not applied.”.

17 (c) REPORT.—Not later than 3 years after the date  
18 of enactment of this Act, the Comptroller General of the  
19 United States shall submit a report to the Congress de-  
20 scribing the fiscal and societal impact of the amendment  
21 made by subsection (b)(2).

22 (d) REPEAL OF CERTAIN PROVISIONS.—

23 (1) MAXIMUM ANNUAL LIMITATION ON RENT  
24 INCREASES RESULTING FROM EMPLOYMENT.—Sec-  
25 tion 957 of the Cranston-Gonzalez National Afford-

1       able Housing Act (42 U.S.C. 12714) is repealed ef-  
2       fective November 28, 1990.

3               (2) ECONOMIC INDEPENDENCE.—Section 923  
4       of the Housing and Community Development Act of  
5       1992 (42 U.S.C. 12714 note) is repealed effective  
6       October 28, 1992.

7       **SEC. 1003. EXEMPTION OF TENANTS FROM LABOR STAND-**  
8               **ARDS.**

9       Section 12 of the United States Housing Act of 1937  
10      (42 U.S.C. 1437j) is amended by adding at the end the  
11      following new subsection:

12           “(c) ADDITIONAL EXEMPTION.—Subsection (a) and  
13      any provision relating to wages (pursuant to subsection  
14      (a)) in any contract for loans, contributions, sale, or lease  
15      pursuant to this Act, shall not apply to any individual who  
16      is receiving assistance under this Act.”.

17      **SEC. 1004. FAILURE TO COMPLY WITH OTHER WELFARE**  
18               **AND PUBLIC ASSISTANCE PROGRAMS.**

19      Title I of the United States Housing Act of 1937 (42  
20      U.S.C. 1437 et seq.) is amended by adding at the end  
21      the following new section:

22      **“SEC. 27. FAILURE TO COMPLY WITH OTHER WELFARE AND**  
23               **PUBLIC ASSISTANCE PROGRAMS.**

24           “(a) IN GENERAL.—If the benefits of a family are  
25      reduced under a Federal, State, or local law relating to

1 welfare or a public assistance program for the failure of  
2 any member of the family to perform an action required  
3 under the law or program, the family may not, for the  
4 duration of the reduction, receive any increased assistance  
5 under this Act as the result of a decrease in the income  
6 of the family to the extent that the decrease in income  
7 is the result of the benefits reduction.

8       “(b) EXCEPTION.—Subsection (a) shall not apply in  
9 any case in which the benefits of a family are reduced be-  
10 cause the welfare or public assistance program to which  
11 the Federal, State, or local law relates limits the period  
12 during which benefits may be provided under the pro-  
13 gram.”.

14 **SEC. 1005. APPLICABILITY TO INDIAN HOUSING.**

15       (a) IN GENERAL.—In accordance with section  
16 201(b)(2) of the United States Housing Act of 1937, the  
17 amendments made by this title shall apply to public hous-  
18 ing developed or operated pursuant to a contract between  
19 the Secretary and an Indian housing authority.

20       (b) DEFINITIONS.—For purposes of this section—

21           (1) the term “Indian housing authority” has  
22       the same meaning as in section 3(b) of the United  
23       States Housing Act of 1937;

1           (2) the term “public housing” has the same  
2           meaning as in section 3(b) of the United States  
3           Housing Act of 1937; and

4           (3) the term “Secretary” means the Secretary  
5           of Housing and Urban Development.

6   **SEC. 1006. IMPLEMENTATION.**

7           The Secretary shall issue such regulations as may be  
8           necessary to carry out this title and the amendments made  
9           by this title.

10   **SEC. 1007. EFFECTIVE DATE.**

11          This title and the amendments made by this title  
12          shall take effect on the date of enactment of this Act.

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