

104TH CONGRESS
1ST SESSION

S. 736

To amend title IV of the Social Security Act by reforming the aid to families with dependent children program, and for other purposes.

IN THE SENATE OF THE UNITED STATES

APRIL 27 (legislative day, APRIL 24), 1995

Mr. HARKIN (for himself and Mr. BOND) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend title IV of the Social Security Act by reforming the aid to families with dependent children program, and for other purposes.

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 “Welfare to Self-Sufficiency Act of 1995”.

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

- Sec. 1. Short title; table of contents.
- Sec. 2. Findings.
- Sec. 3. Purpose.
- Sec. 4. Policy.
- Sec. 5. Amendments to Social Security Act.

TITLE I—FAMILY INVESTMENT PROGRAM AND OTHER WELFARE REFORM

- Sec. 101. State plan required to include family investment program.
- Sec. 102. Family investment program.
- Sec. 103. Family investment agreement and limited benefit plan.
- Sec. 104. Coordination between departments.
- Sec. 105. JOBS program.

TITLE II—INCREASING WORK AND SELF-SUFFICIENCY

Subtitle A—Work Incentives

- Sec. 201. Increase in work expense disregard.
- Sec. 202. Increase in earned income incentive.
- Sec. 203. Work transition period.
- Sec. 204. Optional State disregard of dependent child's income.
- Sec. 205. Transitional child care program.
- Sec. 206. Increase in motor vehicle limit.
- Sec. 207. Retrospective budgeting procedures.

Subtitle B—Incentives to Save

- Sec. 211. Increase in asset limits.
- Sec. 212. Disregard of income and resources designated for education, training, and employability.
- Sec. 213. Disregard of interest income.

Subtitle C—Microenterprise Development and Other Projects to Create Jobs

- Sec. 221. Disregard of income and resources related to self-employment.
- Sec. 222. Inclusion of microenterprise training and activities in the JOBS program.
- Sec. 223. Wage supplementation demonstration projects.
- Sec. 224. Projects to expand the number of job opportunities available to certain low-income individuals.

TITLE III—IMPROVING STATE FLEXIBILITY

- Sec. 301. Equivalent treatment of stepparent income and parent income.
- Sec. 302. AFDC-up program.
- Sec. 303. Increased payments to States.
- Sec. 304. Optional assessment, monitoring, and evaluation.
- Sec. 305. Optional timely preventive health care for children.

TITLE IV—COMBATING TEENAGE PREGNANCY

- Sec. 401. Supervised living arrangements for minors.
- Sec. 402. Optional requirement of teenage parents to stay in school.
- Sec. 403. Additional authorization of Public Health Service Act title X family planning grants to combat teenage pregnancy.

TITLE V—IMPROVING CHILD SUPPORT COLLECTION

Subtitle A—Improvements in the Collection of Child Support

- Sec. 501. Transmission and assignment of certain child support orders to the IRS.
- Sec. 502. Collection of child support by Internal Revenue Service.

- Sec. 503. Optional publication of delinquent child support obligors.
- Sec. 504. Optional State law authorizing suspension of licenses.
- Sec. 505. Optional community service requirement for delinquent child support obligors.
- Sec. 506. Optional State laws concerning modification of child support orders.

Subtitle B—Improvements in Paternity Establishment

- Sec. 511. Optional State laws concerning paternity establishment.
- Sec. 512. Optional outreach for voluntary paternity establishment.
- Sec. 513. Penalty for failure to establish paternity promptly.
- Sec. 514. Incentives to parents to establish paternity.

TITLE VI—SAVINGS PROVISIONS

- Sec. 601. Block grants to States to replace certain Federal administrative payments.
- Sec. 602. Extension of deeming of income and resources under AFDC, SSI, medicaid, and food stamp programs.
- Sec. 603. Requirements for sponsor's affidavits of support.
- Sec. 604. Extending requirement for affidavits of support to family-related and diversity immigrants.
- Sec. 605. Limitation on expenditures for emergency assistance.

TITLE VII—EFFECTIVE DATE

- Sec. 701. Effective date.

1 **SEC. 2. FINDINGS.**

2 The Congress finds the following:

3 (1) The welfare system is failing recipients and
4 taxpayers and must be reformed.

5 (2) The aid to families with dependent children
6 program under title IV of the Social Security Act
7 (hereafter in this section referred to as "AFDC")
8 remains largely unchanged from its predecessor pro-
9 gram which was created in 1935, while society has
10 changed dramatically during the same period.

11 (3) The number of female-headed households
12 with children under the age of 18 increased by 146
13 percent from 1970 to 1990, and there are now more

1 children living in single-parent homes than at any
2 time in the Nation's history.

3 (4) Expenditures for AFDC increased 13 per-
4 cent (in inflation adjusted dollars) over a 12-year pe-
5 riod, from \$19,600,000,000 in 1980 to
6 \$22,200,000,000 in 1992.

7 (5) The number of families on AFDC has in-
8 creased 33 percent over a 12-year period, from
9 3,600,000 families in 1980 to 4,800,000 families in
10 1992.

11 (6) There were 2,000,000 more children receiv-
12 ing welfare in 1992 than there were in 1980 and 1
13 in 5 American children currently live in poverty.

14 (7) Many States are enacting sweeping changes
15 to welfare programs in an effort to curb expendi-
16 tures and reduce the number of dependent families.

17 (8) Iowa has replaced AFDC with a new "Fam-
18 ily Investment Program" which requires all families
19 on welfare to enter into a social contract with the
20 State which establishes a specific time-line when wel-
21 fare benefits will end and outlines the steps that in-
22 dividual families will take to move off welfare and
23 into work and self-sufficiency.

1 (9) Welfare reform legislation must recognize
2 the individuality of each family and enact programs
3 that are consistent with this principle.

4 (10) Welfare reform legislation must also recog-
5 nize the importance of a holistic approach which
6 treats the family as a single unit and not as the sum
7 of its parts.

8 (11) Health care reform is essential to welfare
9 reform because many families remain on public as-
10 sistance simply because they cannot afford to lose
11 benefits under the medicaid program under title
12 XIX of the Social Security Act for themselves, and,
13 more importantly, for their children.

14 (12) In recent years, there has been a dramatic
15 increase in the number of births to unmarried teen-
16 agers. Between 1986 and 1991, births to teenagers
17 increased by 11.9 percent, from 50.2 to 62.1 births
18 per 1,000 females.

19 (13) Parents, including noncustodial parents,
20 have a responsibility to provide financial support for
21 their children and failure to provide child support in-
22 creases the need for AFDC payments.

23 (14) In 1991, the United States Commission on
24 Interstate Child Support reported that the collection
25 of child support fell far short of court awards, with

1 11,000,000 children being awarded \$15,000,000,000
2 in child support payments while approximately
3 \$5,000,000,000 in child support payments remained
4 unpaid.

5 **SEC. 3. PURPOSE.**

6 It is the purpose of this Act to—

7 (1) increase accountability in the aid to families
8 with dependent children program by requiring indi-
9 viduals to negotiate and sign binding agreements
10 which outline the steps a family will take to move off
11 of welfare and into self-sufficient employment;

12 (2) focus efforts to increase work by welfare re-
13 cipients and to ensure that these efforts will lead to
14 the economic self-sufficiency of the family;

15 (3) increase flexibility by providing States with
16 policy options to create a welfare program designed
17 to meet the unique needs of the citizens of each
18 State;

19 (4) combat the increase in teenage pregnancy
20 by providing States with expanded options to effec-
21 tively deal with this serious problem; and

22 (5) improve the collection of child support by
23 reforming the system and provide States with policy
24 options to improve child support collection.

1 **SEC. 4. POLICY.**

2 It is the policy of the United States that all programs,
3 projects, and activities receiving assistance under this Act
4 shall be carried out in a manner consistent with the follow-
5 ing principles:

6 (1) Welfare recipients are required to accept
7 immediate responsibility for their families from the
8 first visit to the welfare office by negotiating and
9 signing a binding agreement that outlines the steps
10 the family will take to become self-sufficient.

11 (2) Failure to sign such an agreement shall re-
12 sult in the reduction and eventual elimination of
13 cash welfare benefits.

14 (3) Welfare programs are to provide temporary
15 cash assistance for needy families with children and
16 must provide the support and skills that parents
17 need to obtain full-time employment in private sector
18 jobs that will ensure the economic self sufficiency of
19 the family.

20 (4) States must have more flexibility to design
21 welfare program to effectively respond to the needs
22 of welfare recipients in each individual state.

23 (5) Actions must be taken to combat the dra-
24 matic increase in births among unmarried teenagers.

1 (6) Children have a right to receive financial
2 support from their parents and no parent shall es-
3 cape responsibility from providing such support.

4 **SEC. 5. AMENDMENTS TO SOCIAL SECURITY ACT.**

5 Except as otherwise specifically provided, whenever in
6 this Act an amendment is expressed in terms of an amend-
7 ment to or repeal of a section or other provision, the ref-
8 erence shall be considered to be made to that section or
9 other provision of the Social Security Act.

10 **TITLE I—FAMILY INVESTMENT**
11 **PROGRAM AND OTHER WEL-**
12 **FARE REFORM**

13 **SEC. 101. STATE PLAN REQUIRED TO INCLUDE FAMILY IN-**
14 **VESTMENT PROGRAM.**

15 Section 402(a) (42 U.S.C. 602(a)) is amended by in-
16 serting after paragraph (28) the following new paragraph:

17 “(29) except in the case of a State receiving a
18 waiver from the Secretary, provide that the State
19 has in effect a family investment program described
20 in subsection (j);”.

21 **SEC. 102. FAMILY INVESTMENT PROGRAM.**

22 Section 402 (42 U.S.C. 602) is amended by adding
23 at the end the following new subsection:

24 “(j) For purposes of subsection (a)(29)—

1 “(1) The term ‘family investment program’
2 means a program under which the State agency—

3 “(A) negotiates a family investment agree-
4 ment (as defined in section 406(i)) with at least
5 the implementation percentage (as specified in
6 paragraph (5)(B)) of individuals described in
7 paragraph (2), and

8 “(B) offers individuals described in para-
9 graph (2) the opportunity to enter into a lim-
10 ited benefit agreement (as defined in section
11 406(j)) in lieu of such family investment agree-
12 ment.

13 “(2) An individual described in this paragraph
14 is any recipient of aid to families with dependent
15 children other than—

16 “(A) a dependent child;

17 “(B) a parent of a child who is less than
18 6 months of age, but if both parents are living
19 in the child’s home, only one parent shall be ex-
20 empt from entering into the agreement;

21 “(C) an individual who is employed for 30
22 or more hours per week;

23 “(D) an individual who is of advanced age;

1 “(E) for an initial deferment period to be
2 determined by the State, an individual who is ill
3 or incapacitated; and

4 “(F) for an initial deferment period to be
5 determined by the State, an individual who is
6 needed in the home because of the illness or in-
7 capacity of another member of the household.

8 “(3) The State agency shall ensure that—

9 “(A) any correspondence with an individ-
10 ual described in paragraph (2) relating to the
11 family investment program (including the initial
12 notice of the requirement to enter into a family
13 investment agreement) shall be in a format
14 which is designed to be easily understandable to
15 such individual;

16 “(B) the correspondence described in sub-
17 paragraph (A) shall be designed to be under-
18 standable to individuals who are not English
19 language speakers; and

20 “(C) employees of the State agency are
21 readily available to assist individuals in com-
22 pleting any documents required for participa-
23 tion in the family investment program.

24 “(4) The State agency shall establish a dispute
25 resolution procedure for disputes related to partici-

1 pation in the family investment agreement that pro-
2 vides the opportunity for a hearing consistent with
3 the hearing requirement under section 482(h).

4 “(5)(A) A State shall be treated as operating a
5 family investment program in accordance with para-
6 graph (1) for fiscal years 1996 through 2003 if the
7 State agency enters into family investment agree-
8 ments with at least the implementation percentage
9 of the applicable population.

10 “(B) For purposes of subparagraph (A), the
11 implementation percentage is equal to—

12 “(i) 20 percent in fiscal year 1996;

13 “(ii) 25 percent in fiscal year 1997;

14 “(iii) 30 percent in fiscal year 1998;

15 “(iv) 35 percent in fiscal year 1999;

16 “(v) 40 percent in fiscal year 2000;

17 “(vi) 60 percent in fiscal year 2001;

18 “(vii) 70 percent in fiscal year 2002; and

19 “(viii) 90 percent in fiscal year 2003.

20 “(C) For purposes of subparagraph (A), the ap-
21 plicable population is the average total number of in-
22 dividuals in the State during the fiscal year who are
23 described in paragraph (2).

24 “(6)(A) If a State reports that the State has
25 failed to achieve the implementation percentage re-

1 required by paragraph (1) for the fiscal year, the Sec-
 2 retary may make recommendations for changes in
 3 the State family investment program. The State may
 4 elect to follow such recommendations, and shall dem-
 5 onstrate to the Secretary how the State will achieve
 6 the required implementation percentage.

7 “(B) Notwithstanding subparagraph (A), if a
 8 State fails to achieve the implementation percentage
 9 required by paragraph (5) for 2 consecutive fiscal
 10 years, the Secretary may—

11 “(i) require the State to make changes in
 12 the family investment program; and

13 “(ii) reduce by 5 percent the amount oth-
 14 erwise payable to the State under paragraph
 15 (1) or (2) (whichever applies to the State) of
 16 section 403(a).”.

17 **SEC. 103. FAMILY INVESTMENT AGREEMENT AND LIMITED**
 18 **BENEFIT PLAN.**

19 (a) FAMILY INVESTMENT AGREEMENT.—Section 406
 20 (42 U.S.C. 606) is amended by adding at the end the fol-
 21 lowing new subsection:

22 “(i) The term ‘family investment agreement’ means
 23 a social contract between the State and each family receiv-
 24 ing aid to families with dependent children which—

1 “(1) outlines the steps a family will take to ob-
2 tain self-sufficiency;

3 “(2) specifies a negotiated time-limited period
4 of eligibility for receipt of aid to families with de-
5 pendent children that is consistent with unique fam-
6 ily circumstances and is based on a reasonable plan
7 to facilitate the transition of the family to self-suffi-
8 ciency;

9 “(3)(A) contains a requirement that each indi-
10 vidual entering into the agreement (except those de-
11 termined to need child care assistance but for whom
12 the State does not guarantee such assistance in ac-
13 cordance with section 402(g)), participate in at least
14 one of the following activities providing such individ-
15 ual with a significant level of commitment up to the
16 level required for full-time employment:

17 “(i) Full-time or part-time employment.

18 “(ii) Job-search activities.

19 “(iii) Participation in a job opportunities
20 and basic skills training program which meets
21 the requirements of part F.

22 “(iv) Participation in education or training
23 programs.

24 “(v) Unpaid community service (subject to
25 the provisions of subparagraph (B)), only as

1 part of a plan to improve the employability of
2 the individual and leading to the eventual self-
3 sufficiency of the family.

4 “(vi) Placement in a community work ex-
5 perience program in accordance with section
6 482(f).

7 “(vii) High school completion activities (or
8 the equivalent) for a parent under the age of
9 20; and

10 “(B)(i) provides that an individual who partici-
11 pates in unpaid community service under subpara-
12 graph (A)(v) shall not be required to perform such
13 unpaid community service for a greater number of
14 hours per month than the maximum number of
15 hours an individual may be required to work in any
16 month under the community work experience pro-
17 gram as determined under section 482(f)(1)(B)(i);

18 “(ii) requires any sponsor of unpaid community
19 service to comply with the rules described in sub-
20 sections (b), (c), (d), and (g) of section 484; and

21 “(iii) provides that an individual’s participation
22 in unpaid community service may not exceed 3
23 months;

24 “(4) provides each individual entering into the
25 agreement with the supplemental services required

1 to obtain self-sufficiency and comply with the terms
2 of the family investment agreement, including health
3 care, transportation, child care, education, and
4 training;

5 “(5) if the State agency and the individual en-
6 tering into the agreement agree, provides that the
7 individual participate in—

8 “(A) a substance abuse treatment pro-
9 gram, or other social service program that the
10 State agency determines necessary to increase
11 the employability of such individual;

12 “(B) programs and support services to
13 strengthen parenting skills and assure family
14 stability; and

15 “(C) programs that lead to improved
16 school readiness for preschool children and on-
17 grade performance for school age children;

18 “(6) provides that the State agency shall pro-
19 vide the family with reasonable support and case
20 management in the creation, monitoring, and adap-
21 tation of a family investment agreement to respond
22 to changes in family circumstances and factors out-
23 side family control;

24 “(7) provides that the State agency shall re-
25 negotiate the family investment agreement—

1 “(A) during the period of the agreement,
2 to reflect substantial changes in family cir-
3 cumstances or needs; and

4 “(B) at the conclusion of the original
5 agreement, if each individual entering into the
6 agreement has made a good faith effort to com-
7 ply with the agreement but were unable to
8 reach self-sufficiency because of factors outside
9 of the control of the individual;

10 “(8) provides that the family will automatically
11 enter into a limited benefit plan (as described in
12 subsection (j)) if an individual who has entered into
13 the family investment agreement fails to comply with
14 the agreement; and

15 “(9) provides that the agreement shall be in-
16 valid if the State agency fails to comply with the
17 agreement.

18 (b) LIMITED BENEFIT PLAN.—Section 406 (42
19 U.S.C. 606), as amended by subsection (a), is amended
20 by adding at the end the following new subsection:

21 “(j) The term ‘limited benefit plan’ means a plan
22 which, notwithstanding any other provision of this title,
23 provides that—

24 “(1)(A) during the first 3-month period in
25 which a family receives aid under the plan, the fam-

1 ily shall receive benefits as normally determined
2 under this title;

3 “(B) during the second 3-month period in
4 which the family receives aid under the plan, the
5 needs of the caretaker relative, any other relative
6 with whom a dependent child is living, and any other
7 individual living in the same home as such relative
8 and the dependent child whose needs are taken into
9 account in making the determination under section
10 402(a)(7), shall not be taken into account in making
11 the determination with respect to the family for pur-
12 poses of subsection (a)(7) and in the case of a fam-
13 ily which is eligible by reason of section 407, both
14 parents shall not be taken into account into making
15 such a determination; and

16 “(C) after the expiration of a 6-month period
17 beginning on the date on which the family enters
18 into the limited benefit plan, the family shall be in-
19 eligible for benefits under this title and may not re-
20 apply for such benefits within a 6-month period be-
21 ginning on the date of such expiration;

22 “(2) during the duration of a limited benefit
23 plan, a third-party counselor shall inquire as to the
24 well being of the dependent children; and

1 “(3) within a 45-day period beginning on the
2 date that the family automatically enters a limited
3 benefit plan by reason of the family investment
4 agreement provision described in subsection (i)(8) or
5 elects to enter a limited benefit plan under section
6 402(j)(1)(B), the family shall have the option to void
7 the limited benefit plan by regaining compliance with
8 the negotiated family investment agreement or if no
9 agreement has been negotiated, negotiate an agree-
10 ment.”.

11 **SEC. 104. COORDINATION BETWEEN DEPARTMENTS.**

12 (a) IN GENERAL.—The Secretary of Health and
13 Human Services, the Secretary of Labor, and the Sec-
14 retary of Education shall ensure appropriate coordination
15 in the planning, development, and operation of the pro-
16 grams described in subsection (b) in order to—

17 (1) improve the quality and effectiveness of
18 services provided by the Department of Health and
19 Human Services, the Department of Labor, and the
20 Department of Education;

21 (2) reduce the overlap of such programs; and

22 (3) reduce the administrative costs of such pro-
23 grams.

24 (b) PROGRAMS DESCRIBED.—The programs de-
25 scribed in this subsection are as follows:

1 (1) The family investment program under sec-
2 tion 402(j) of the Social Security Act (42 U.S.C.
3 602(j)).

4 (2) The JOBS program under part F of title
5 IV of the Social Security Act (42 U.S.C. 681 et
6 seq.).

7 (3) Job training programs.

8 (4) Child care programs.

9 (5) Educational programs.

10 (6) Any other program administered by the De-
11 partment of Health and Human Services, the De-
12 partment of Labor, or the Department of Education
13 which has the effect of promoting self-sufficiency
14 among recipients of aid to families with dependent
15 children under title IV of the Social Security Act (42
16 U.S.C. 601 et seq.).

17 **SEC. 105. JOBS PROGRAM.**

18 (a) REQUIREMENT OF JOBS PARTICIPATION OF
19 PREGNANT INDIVIDUALS.—Section 402(a)(19)(C) (42
20 U.S.C. 602(a)(19)(C)) is amended—

21 (1) by inserting “or” at the end of clause (v);

22 (2) by striking clause (vi); and

23 (3) by redesignating clause (vii) as clause (vi).

24 (b) NO LIMITATION ON LENGTH OF JOB SEARCH
25 PROGRAM.—Section 482(g)(2) (42 U.S.C. 682(g)(2)) is

1 amended by striking “402(a)(19)(D) applies” through the
2 end of subparagraph (B) and inserting “402(a)(19)(D)
3 applies.”.

4 (c) PROTECTION OF EXISTING WORKERS.—

5 (1) NONDISPLACEMENT.—Section 484(c) (42
6 U.S.C. 684(c)) is amended by—

7 (A) by striking “or” at the end of para-
8 graph (2);

9 (B) by striking the period at the end of
10 paragraph (3) and inserting “; or”; and

11 (C) by inserting after paragraph (3) the
12 following new paragraph:

13 “(4) the employment or assignment of a partici-
14 pant or the filling of a position if such participant
15 will perform any services or duties, or engage in ac-
16 tivities, that—

17 “(A) will supplant the hiring of employed
18 workers;

19 “(B) are services, duties, or activities with
20 respect to which an individual has recall rights
21 pursuant to a collective bargaining agreement
22 or applicable personnel procedures; or

23 “(C) had been performed by or were as-
24 signed to any employee who—

1 “(i) is subject to a reduction in force;

2 or

3 “(ii) has recall rights pursuant to a
4 collective bargaining agreement or applica-
5 ble personnel procedures.”.

6 (2) CONCURRENCE OF LOCAL LABOR ORGANIZA-
7 TION.—Section 484 (42 U.S.C. 684) is amended by
8 adding at the end the following new subsection:

9 “(g) No work assignment under the program shall
10 be made until the State agency has obtained from an em-
11 ployer with whom a participant is placed, the written con-
12 currence of any local labor organization representing em-
13 ployees of the employer who are engaged in the same or
14 substantially similar work as that proposed to be carried
15 out.”.

16 (d) GRIEVANCE PROCEDURE.—Section 484(d)(1) (42
17 U.S.C. 684(d)(1)) is amended to read as follows:

18 “(d)(1)(A) The State shall establish and maintain a
19 grievance procedure for resolving complaints by regular
20 employees or such employees’ representatives that the
21 work assignment of an individual under the program vio-
22 lates any of the prohibitions described in subsection (c).

23 “(B) Except for a grievance that alleges fraud or
24 criminal activity, a grievance shall be made not later than

1 1 year after the date of the alleged occurrence of the event
2 that is the subject of the grievance.

3 “(C)(i) A hearing conducted under this paragraph on
4 any grievance shall be conducted not later than 30 days
5 after the filing of such grievance.

6 “(ii) A decision on any such grievance shall be made
7 not later than 60 days after the filing of such grievance.

8 “(D)(i)(I) In the event of a decision on a grievance
9 that is adverse to the party who filed such grievance, or
10 60 days after the filing of such grievance if no decision
11 has been reached, such party shall be permitted to submit
12 such grievance to binding arbitration before a qualified ar-
13 bitrator who is jointly selected and independent of the in-
14 terested parties.

15 “(II) If the parties cannot agree on an arbitrator, the
16 Governor shall appoint an arbitrator from a list of quali-
17 fied arbitrators within 15 days after receiving a request
18 for such appointment from one of the parties to the griev-
19 ance.

20 “(ii) An arbitration proceeding shall be held not later
21 than 45 days after the request for such arbitration pro-
22 ceeding, or, if the arbitrator is appointed by the Governor
23 in accordance with clause (i)(II), not later than 30 days
24 after the appointment of such arbitrator.

1 “(iii) A decision concerning a grievance shall be made
2 not later than 30 days after the date such arbitration pro-
3 ceeding begins.

4 “(iv)(I) Except as provided in subclause (II), the cost
5 of an arbitration proceeding shall be divided evenly be-
6 tween the parties to the arbitration.

7 “(II) If a regular employee or such employee’s rep-
8 resentative prevails under a binding arbitration proceed-
9 ing, the State agency shall pay the total cost of such pro-
10 ceeding and the attorneys’ fees of such employee or rep-
11 resentative.

12 “(E) Remedies for a grievance filed under this para-
13 graph include—

14 “(i) prohibition of the work assignment in the
15 program under this part; and

16 “(ii)(I) reinstatement of the displaced employee
17 to the position held by such employee prior to dis-
18 placement;

19 “(II) payment of lost wages and benefits of the
20 displaced employee;

21 “(III) reestablishment of other relevant terms,
22 conditions, and privileges of employment of the dis-
23 placed employee; and

24 “(IV) such equitable relief as is necessary to
25 make the displaced employee whole.

1 “(F) Suits to enforce arbitration awards under this
 2 paragraph may be brought in any district court of the
 3 United States having jurisdiction of the parties, without
 4 regard to the amount in controversy and without regard
 5 to the citizenship of the parties.”.

6 **TITLE II—INCREASING WORK**
 7 **AND SELF-SUFFICIENCY**
 8 **Subtitle A—Work Incentives**

9 **SEC. 201. INCREASE IN WORK EXPENSE DISREGARD.**

10 Section 402(a)(8)(A)(ii) (42 U.S.C. 602(a)(8)(A)(ii))
 11 is amended by inserting “, or at the option of the State
 12 (on a statewide basis or in a defined area of the State),
 13 the greater of the first \$90, or up to the first 20 percent
 14 of the total of such earned income for such month” after
 15 “such month”.

16 **SEC. 202. INCREASE IN EARNED INCOME INCENTIVE.**

17 (a) IN GENERAL.—Section 402(a)(8)(A)(iv) (42
 18 U.S.C. 602(a)(8)(A)(iv)) is amended—

19 (1) by striking “(II)”; and

20 (2) by inserting “, or (II) at the option of the
 21 State (on a statewide basis or in a defined area of
 22 the State), up to one-half of the total of such earned
 23 income not disregarded under any other clause of
 24 this subparagraph if such amount is greater than

1 the amount disregarded under subclause (I)” before
2 the semicolon at the end.

3 (b) NO TIME LIMITATION.—Section 402(a)(8)(B)
4 (42 U.S.C. 602(a)(8)(B)) is amended to read as follows:

5 “(B) provide that (with respect to any month)
6 the State agency shall not disregard under clause
7 (ii), (iii), or (iv) of subparagraph (A) any earned in-
8 come of any one of the individuals specified in sub-
9 paragraph (A)(ii) if such individual—

10 “(i) terminated the individual’s employ-
11 ment or reduced the individual’s earned income
12 without good cause within such period (of not
13 less than 30 days) preceding such month as
14 may be prescribed by the Secretary;

15 “(ii) refused without good cause, within
16 such period preceding such month as may be
17 prescribed by the Secretary, to accept employ-
18 ment in which the individual is able to engage
19 which is offered through the public employment
20 offices of the State, or is otherwise offered by
21 an employer if the offer of such employer is de-
22 termined by the State or local agency admin-
23 istering the State plan, after notification by the
24 employer, to be a bona fide offer of employ-
25 ment; or

1 “(iii) failed without good cause to make a
2 timely report (as prescribed by the State plan
3 pursuant to paragraph (14)) to the State agen-
4 cy of earned income received in such month;
5 and”.

6 **SEC. 203. WORK TRANSITION PERIOD.**

7 (a) IN GENERAL.—Section 402(a)(8)(A) (42 U.S.C.
8 602(a)(8)(A)) is amended—

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

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

13 “(ix) at the option of the State (on a state-
14 wide basis or in a defined area of the State),
15 may disregard up to the first 4 months of
16 earned income due to new employment of any
17 child or relative receiving aid to families with
18 dependent children, or of any other individual
19 (living in the same home as such relative and
20 child) whose needs are taken into account in
21 making such a determination not disregarded
22 under any other clause of this subparagraph,
23 if—

1 “(I) such individual earned less than
2 \$1,200 in the 12-month period preceding
3 the new employment; and

4 “(II) such individual timely reports
5 the earnings to the State agency; and”.

6 (b) AFDC QUALITY CONTROL.—Section 408(c)(3)
7 (42 U.S.C. 608(c)(3)) is amended—

8 (1) by striking “or” at the end of subparagraph
9 (D);

10 (2) by striking the period at the end of sub-
11 paragraph (E) and inserting “; or”; and

12 (3) by adding at the end the following new sub-
13 paragraph:

14 “(F) the State’s reliance on the best infor-
15 mation available in determining eligibility for
16 the earned income disregard described in sec-
17 tion 402(a)(8)(A)(ix).”.

18 **SEC. 204. OPTIONAL STATE DISREGARD OF DEPENDENT**
19 **CHILD’S INCOME.**

20 Section 402(a)(8) (42 U.S.C. 602(a)(8)), as amended
21 by section 203(a), is amended—

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

23 (2) by striking the semicolon at the end of
24 clause (ix) and inserting “; and”; and

1 (3) by inserting after clause (ix) the following
2 new clause:

3 “(x) at the option of the State (on a state-
4 wide basis or in a defined area of the State),
5 may disregard all or any part of the earned in-
6 come of a dependent child; and”.

7 **SEC. 205. TRANSITIONAL CHILD CARE PROGRAM.**

8 (a) PERMANENT EXTENSION OF PROGRAM.—

9 (1) IN GENERAL.—Paragraph (2) of section
10 304(b) of the Family Support Act of 1988 (42
11 U.S.C. 602 note) is repealed.

12 (2) CONFORMING AMENDMENT.—Section
13 304(b)(1) of the Family Support Act of 1988 (42
14 U.S.C. 602 note) is amended by striking “(1)”.

15 (b) EXTENSION OF TRANSITIONAL CHILD CARE.—
16 Section 402(g)(1)(A)(iii) (42 U.S.C. 602(g)(1)(A)(iii)) is
17 amended by inserting “(or, at the option of the State, for
18 a period of 24 months)” after “12 months”.

19 **SEC. 206. INCREASE IN MOTOR VEHICLE LIMIT.**

20 Section 402(a)(7)(B) (42 U.S.C. 602(a)(7)(B)) is
21 amended—

22 (1) in clause (i), by striking “and so much of
23 the family member’s ownership interest in one auto-
24 mobile as does not exceed such amount as the Sec-
25 retary may prescribe”;

1 (2) by striking “or” before “(iv)”; and

2 (3) by striking “; and” at the end of clause (iv)
3 and inserting “, or (v) the greater of so much of the
4 family member’s ownership interest in 1 automobile
5 as does not exceed (I) such amount as the Secretary
6 may prescribe, or (II) at the option of the State (on
7 a statewide basis or in a defined area of the State),
8 an amount not to exceed \$3,000, adjusted on Octo-
9 ber 1 of each year (beginning in 1995) to equal the
10 amount determined under this subclause for the pre-
11 vious fiscal year plus the product of such amount
12 and the increase in the Consumer Price Index for
13 used vehicles during such fiscal year; and”.

14 **SEC. 207. RETROSPECTIVE BUDGETING PROCEDURES.**

15 Section 402(a)(13) (42 U.S.C. 602(a)(13)) is amend-
16 ed—

17 (1) by striking “subparagraph (B)” in subpara-
18 graph (A) and inserting “subparagraphs (B) and
19 (C)”;

20 (2) by striking “and” at the end of subpara-
21 graph (A);

22 (3) by adding “and” at the end of subpara-
23 graph (B); and

24 (4) by adding at the end the following new sub-
25 paragraph:

1 “(C) in the case of the termination of a
2 source of income of an individual whose income
3 is taken into account in making a determination
4 under paragraph (7), the State agency shall
5 consider the loss of income in making a deter-
6 mination regarding the amount of aid, begin-
7 ning in the first month such loss of income oc-
8 curs, but only if the termination is timely re-
9 ported and, in the case of earned income, the
10 individual shows good cause for the termination
11 of employment;”.

12 **Subtitle B—Incentives to Save**

13 **SEC. 211. INCREASE IN ASSET LIMITS.**

14 Section 402(a)(7)(B) (42 U.S.C. 602(a)(7)(B)) is
15 amended in the matter preceding clause (i) by inserting
16 “(or, at the option of the State (on a statewide basis or
17 in a defined area of the State), exceeds an amount pre-
18 scribed by the State not to exceed \$2,000 for applicant
19 families and \$5,000 for recipient families)” after “may de-
20 termine”.

1 **SEC. 212. DISREGARD OF INCOME AND RESOURCES DES-**
2 **IGNATED FOR EDUCATION, TRAINING, AND**
3 **EMPLOYABILITY.**

4 (a) DISREGARD AS RESOURCE.—Section
5 402(a)(7)(B) (42 U.S.C. 602(a)(7)(B)), as amended by
6 section 206, is amended—

7 (1) by striking “or” before “(v)”;

8 (2) by inserting “, or (vi) at the option of the
9 State (on a statewide basis or in a defined area of
10 the State), in the case of a family receiving aid
11 under the State plan (and a family not receiving
12 such aid but which received such aid in at least 1
13 of the preceding 4 months or became ineligible for
14 such aid during the preceding 12 months because of
15 excessive earnings), any amount not to exceed
16 \$10,000 in a qualified asset account (as such term
17 is defined in section 406(k)) of such family, reduced
18 by the amount (if any) excluded from the resources
19 of the family pursuant to paragraph (46)(A)(i)” be-
20 fore “; and”.

21 (b) DISREGARD AS INCOME.—

22 (1) NONRECURRING LUMP SUM EXEMPT FROM
23 LUMP-SUM RULE.—Section 402(a)(17) (42 U.S.C.
24 602(a)(17)) is amended by adding before the semi-
25 colon at the end the following: “; at the option of
26 the State (on a statewide basis or in a defined area

1 of the State), that this paragraph shall not apply to
2 earned or unearned income received in a month on
3 a nonrecurring basis to the extent that such income
4 is placed in a qualified asset account (as defined in
5 section 406(k)) the total amounts in which, after
6 such placement, does not exceed \$10,000”.

7 (2) TREATMENT AS INCOME.—Section
8 402(a)(7) (42 U.S.C. 602(a)(7)) is amended—

9 (A) by striking “and” at the end of sub-
10 paragraph (B);

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

13 (C) by adding at the end the following new
14 subparagraph:

15 “(D) shall treat as income any distribu-
16 tions from a qualified asset account (as defined
17 in section 406(k)(1)) which do not meet the
18 definition of a qualified distribution under sec-
19 tion 406(k)(2);”.

20 (c) QUALIFIED ASSET ACCOUNTS.—Section 406 (42
21 U.S.C. 606), as amended by section 103, is amended by
22 adding at the end the following new subsection:

23 “(k)(1) The term ‘qualified asset account’ means a
24 mechanism approved by the State (such as individual re-
25 tirement accounts, escrow accounts, or savings bonds) that

1 allows savings of a family receiving aid to families with
2 dependent children to be used for qualified distributions.

3 “(2) The term ‘qualified distributions’ means dis-
4 tributions for expenses directly related to 1 or more of
5 the following purposes:

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

8 “(B) The improvement of the employability (in-
9 cluding self-employment) of a member of the family
10 (such as through the purchase of an automobile).

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

12 “(D) A change of the family residence.”.

13 **SEC. 213. DISREGARD OF INTEREST INCOME.**

14 Section 402(a)(8)(A) (42 U.S.C. 602(a)(8)(A)), as
15 amended by sections 203(a) and 204, is amended—

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

17 and

18 (2) by inserting after clause (x) the following
19 new clause:

20 “(xi) at the option of the State (on a state-
21 wide basis or in a defined area of the State),
22 may disregard all interest income of any child
23 or relative applying for or receiving aid to fami-
24 lies with dependent children, or of any other in-
25 dividual (living in the same home as such rel-

1 ative and child) whose needs are taken into ac-
2 count in making such a determination; and”.

3 **Subtitle C—Microenterprise Devel-**
4 **opment and Other Projects to**
5 **Create Jobs**

6 **SEC. 221. DISREGARD OF INCOME AND RESOURCES RELAT-**
7 **ED TO SELF-EMPLOYMENT.**

8 (a) STATE PLAN REQUIREMENTS.—Section 402(a)
9 (42 U.S.C. 602(a)) is amended—

10 (1) by striking “and” at the end of paragraph
11 (44);

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

14 (3) by inserting after paragraph (45) the fol-
15 lowing new paragraph:

16 “(46) at the option of the State (on a statewide
17 basis or in a defined area of the State), provide that
18 the State agency for a period not to exceed 2
19 years—

20 “(A)(i) shall not include as a resource of
21 the family of which a child referred to in para-
22 graph (7)(A) is a member, for purposes of
23 paragraph (7)(B), the lesser of—

24 “(I) the first \$10,000 of the net
25 worth (assets reduced by liabilities with re-

1 spect thereto) of all microenterprises (as
2 defined in section 406(*l*)(1)) owned, in
3 whole or in part, by the child or by a rel-
4 ative or other individual referred to in
5 paragraph (7)(A), or

6 “(II) such net worth attributable to
7 such ownership; and

8 “(ii) shall take into consideration as
9 earned income of the family of which the child
10 is a member, only the net profits (as defined in
11 section 406(*l*)(2)) of such microenterprises; and

12 “(B) shall ensure that caseworkers are
13 able to properly advise recipients of aid under
14 the State plan of the option of microenterprise
15 as a legitimate route toward self-sufficiency,
16 and that caseworkers encourage recipients of
17 such aid who are interested in starting a
18 microenterprise to participate in a program de-
19 signed to assist them in such effort.”.

20 (b) DEFINITIONS.—Section 406 (42 U.S.C. 606), as
21 amended by sections 103 and 212(c), is amended by add-
22 ing at the end the following new subsection:

23 “(*l*)(1) The term ‘microenterprise’ means a commer-
24 cial enterprise which has 5 or fewer employees, 1 or more
25 of whom owns the enterprise.

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

4 “(A) payments of principal or interest on a loan
5 to the microenterprise;

6 “(B) transportation expenses;

7 “(C) inventory costs;

8 “(D) expenditures to purchase capital equip-
9 ment;

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

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

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

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

16 and

17 “(ii) the losses incurred by the business
18 that are not reimbursed by the insurer solely by
19 reason of the existence of a deductible with re-
20 spect to the insurance policy;

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

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

1 **SEC. 222. INCLUSION OF MICROENTERPRISE TRAINING**
2 **AND ACTIVITIES IN THE JOBS PROGRAM.**

3 (a) IN GENERAL.—Section 482(d)(1) (42 U.S.C.
4 682(d)(1)) is amended by adding at the end the following
5 new subparagraph:

6 “(C) The services and activities referred to in sub-
7 paragraph (A)—

8 “(i) in the case of a State in which at least 3
9 percent of the adult recipients of aid under the State
10 plan approved under part A (as of the close of the
11 immediately preceding fiscal year) elect to partici-
12 pate in microenterprise activities, shall include pro-
13 grams described in paragraph (4); or

14 “(ii) in the case of a State in which less than
15 3 percent of the adult recipients of such aid (as of
16 such time) elect to participate in microenterprise ac-
17 tivities, may include programs described in para-
18 graph (4).”.

19 (b) MICROENTERPRISE PROGRAMS.—Section 482(d)
20 (42 U.S.C. 682(d)) is amended by adding at the end the
21 following new paragraph:

22 “(4) The programs described in this paragraph are
23 programs of public and private organizations, agencies,
24 and other entities (including nonprofit and for-profit enti-
25 ties) to enable such entities to facilitate economic develop-
26 ment by—

1 “(A) providing technical assistance, advice, and
2 business support services (including assistance, ad-
3 vice, and support relating to business planning, fi-
4 nancing, marketing, and other microenterprise devel-
5 opment activities) to owners of microenterprises and
6 persons developing microenterprises; and

7 “(B) providing general support (such as peer
8 support and self-esteem programs) to owners of
9 microenterprises and persons developing
10 microenterprises.”.

11 **SEC. 223. WAGE SUPPLEMENTATION DEMONSTRATION**
12 **PROJECTS.**

13 (a) IN GENERAL.—The Secretary of Health and
14 Human Services (hereafter in this section referred to as
15 the “Secretary”) shall establish demonstration projects for
16 the purpose of developing a wage supplementation pro-
17 gram under which—

18 (1) certain individuals eligible for aid to fami-
19 lies with dependent children under title IV of the So-
20 cial Security Act (42 U.S.C. 601 et seq.) would be
21 given an incentive to work; and

22 (2) the State would use funds available to pay
23 benefits described in paragraph (1) and food stamp
24 benefits under the Food Stamp Act of 1977 (7

1 U.S.C. 2011 et seq.) to make monthly incentive pay-
2 ments (in lieu of such benefits) to such individuals.
3 Each such program shall meet the requirements of sub-
4 section (b).

5 (b) WAGE SUPPLEMENTATION DEMONSTRATION
6 PROJECT.—

7 (1) IN GENERAL.—A demonstration project
8 conducted under this section shall provide the follow-
9 ing:

10 (A) INCENTIVES TO WORK.—The project
11 shall—

12 (i) require as a condition of participa-
13 tion in the project that an eligible individ-
14 ual be employed by a participating em-
15 ployer;

16 (ii) provide that the State shall make
17 monthly incentive payments to any eligible
18 individual for each month of employment
19 in an amount equal to the benefits de-
20 scribed in subsection (a)(2) which would
21 otherwise be payable to the individual, de-
22 termined as of the first day of the first full
23 month of employment of such individual by
24 a participating employer; and

1 (iii) provide that such payments be in
2 lieu of such benefits.

3 (B) PERIOD OF PARTICIPATION.—A
4 project shall not permit an eligible individual to
5 participate in the demonstration project for a
6 period in excess of the lesser of—

7 (i) an aggregate period of 48 months,
8 or

9 (ii) a period consisting of the number
10 of months in which such individual was
11 employed by a participating employer.

12 (C) INCOME IN EXCESS OF LIMIT.—The
13 project shall set a limit (to be determined by
14 the State) on the monthly income (including
15 payments under subparagraph (A)(ii)) of the
16 family of an eligible individual and shall permit
17 the State to—

18 (i) reduce payments under subpara-
19 graph (A)(ii) in excess of the limit; or

20 (ii) determine an individual ineligible
21 for participation in the project if such in-
22 come is in excess of the limit.

23 (2) SPECIAL RULES FOR TREATMENT UNDER
24 FEDERAL PROGRAMS.—Notwithstanding any other
25 provision of law, the following special rules shall

1 apply to an eligible individual participating in the
2 project:

3 (A) WAGES AS EARNED INCOME.—Wages
4 paid to an eligible individual by a participating
5 employer (but not payments under the project)
6 shall be considered earned income.

7 (B) TREATED AS ELIGIBLES.—Except for
8 purposes of determining eligibility for benefits
9 for which payments under the project are in
10 lieu of, an eligible individual participating in the
11 project shall be treated as eligible—

12 (i) for aid to families with dependent
13 children under part A of title IV of the So-
14 cial Security Act (42 U.S.C. 601 et seq.);
15 and

16 (ii) for food stamp benefits under the
17 Food Stamp Act of 1977 (7 U.S.C. 2011
18 et seq.) if such individual was otherwise el-
19 igible for food stamp benefits, determined
20 as of the first day of the first full month
21 of the employment of such individual by an
22 employer.

23 (C) ADDITIONAL CHILD SUPPORT
24 AMOUNTS.—An eligible individual who partici-
25 pates in the demonstration project shall remain

1 eligible for the project notwithstanding the re-
2 ceipt of any amounts paid to the family of the
3 individual under section 457(b)(4)(B) of the
4 Social Security Act (42 U.S.C. 657(b)(4)(B)).

5 (D) HOUSING.—Any wages paid to an eli-
6 gible individual by a participating employer dur-
7 ing the period of time that an eligible individual
8 participates in the demonstration project shall
9 not be taken into account in determining—

10 (i) the monthly rent under section
11 3(a) of the United States Housing Act of
12 1937 for any family residing in a dwelling
13 unit assisted under such Act; and

14 (ii) the monthly assistance payment
15 for any family under section 8(o)(2) of
16 such Act.

17 (3) ELIGIBLE INDIVIDUAL AND PARTICIPATING
18 EMPLOYER.—

19 (A) ELIGIBLE INDIVIDUAL.—For purposes
20 of this section, an individual is an eligible indi-
21 vidual if the individual is in a category of indi-
22 viduals which the State determines should be el-
23 igible to participate in the demonstration
24 project, and who would, at the time of place-
25 ment in the job involved, be eligible for aid to

1 families with dependent children under an ap-
2 proved State plan under title IV of the Social
3 Security Act (42 U.S.C. 601 et seq.).

4 (B) PARTICIPATING EMPLOYER.—

5 (i) IN GENERAL.—For purposes of
6 this section, an employer is a participating
7 employer, with respect to an eligible indi-
8 vidual, if the employer provides the State
9 with a written agreement certifying—

10 (I) that the employment of the
11 eligible individual complies with the
12 rules described in subsections (b), (c),
13 (d), and (g) of section 484 of the So-
14 cial Security Act (42 U.S.C. 684);

15 (II) that the gross wages (as de-
16 fined in section 209 of the Social Se-
17 curity Act (42 U.S.C. 609) deter-
18 mined without regard to any dollar
19 limitation) paid to such eligible indi-
20 vidual by the employer during any
21 month will not be less than the prod-
22 uct of—

23 (aa) the greater of the Fed-
24 eral minimum wage or the appli-
25 cable State minimum wage, and

1 (bb) the number of hours
2 worked by such individual;

3 (III) that the employer will not
4 receive any wage subsidy under any
5 other provision of Federal law, includ-
6 ing part F of title IV of the Social Se-
7 curity Act with respect to the employ-
8 ment of such eligible individual; and

9 (IV) that the eligible individual
10 receives the same employer-provided
11 benefits (other than health care bene-
12 fits) that other employees of the em-
13 ployer receive.

14 (ii) CONTINUING CERTIFICATION RE-
15 QUIREMENT.—A participating employer
16 shall be required to submit a monthly re-
17 port to the State (in a form and in such
18 manner as the State requires) certifying
19 that the employer has complied with the
20 requirements of subclauses (I), (II), (III),
21 and (IV) of clause (i) with respect to an el-
22 igible individual during the period such in-
23 dividual participates under the project.

24 (c) DURATION.—A demonstration project under this
25 Act shall be conducted for not more than 5 years (includ-

1 ing any time necessary for final evaluation and reporting).
2 The Secretary may terminate a project if the Secretary
3 determines that the State conducting the project is not
4 in substantial compliance with the terms of the application
5 approved by the Secretary under this section.

6 (d) APPLICATIONS.—

7 (1) IN GENERAL.—Each State desiring to con-
8 duct a demonstration project under this section shall
9 prepare and submit to the Secretary an application,
10 at such time, in such manner, and containing such
11 information as the Secretary may require, including
12 an explanation of a plan for evaluating the project.

13 (2) APPROVAL OF APPLICATIONS.—A State that
14 submits an application under paragraph (1) may
15 begin a demonstration project under this section—

16 (A) upon approval of such application by
17 the Secretary; or

18 (B) at the end of the 60-day period begin-
19 ning on the date such application is submitted,
20 unless the Secretary denies the application dur-
21 ing such period.

22 (3) NOTICE AND COMMENT.—A State shall
23 issue a public notice on the date the State submits
24 an application under paragraph (1) that contains a
25 general description of the proposed demonstration

1 project. Any interested party may comment on the
2 proposed demonstration project to the State or the
3 Secretary during the 30-day period beginning on the
4 date the public notice is issued.

5 (e) EVALUATIONS.—Each State conducting a dem-
6 onstration project under this section shall submit to the
7 Secretary an annual and final evaluation that determines
8 the success of the State’s demonstration project under this
9 section in moving people from welfare dependency to self-
10 sufficiency.

11 (f) FUNDING FOR DEMONSTRATION PROJECTS.—For
12 each State that conducts a demonstration project under
13 this section—

14 (1) the portion of the monthly payments that
15 the State makes to a participant in the project
16 under subsection (b)(1)(A)(ii) that is attributable to
17 aid to families with dependent children under part A
18 of title IV of the Social Security Act (42 U.S.C. 601
19 et seq.) shall be considered expenditures under the
20 State plan for such aid;

21 (2) the expenses incurred by the State in the
22 administration of the demonstration project shall be
23 considered expenditures by the State for administra-
24 tive costs in operating a program under part F of

1 title IV of the Social Security Act (42 U.S.C. 601
2 et seq.); and

3 (3) the portion of the monthly payments that
4 the State makes to a participant in the project that
5 is attributable to the cash value of food stamp bene-
6 fits under the Food Stamp Act of 1977 (7 U.S.C.
7 2011 et seq.) shall be considered to be expenditures
8 for food stamp benefits under such Act.

9 (g) MAINTENANCE OF EFFORT.—Any funds available
10 for the activities covered by a demonstration project con-
11 ducted under this section shall supplement, and shall not
12 supplant, funds that are expended for similar purposes
13 under any State, regional, or local program.

14 **SEC. 224. PROJECTS TO EXPAND THE NUMBER OF JOB OP-**
15 **PORTUNITIES AVAILABLE TO CERTAIN LOW-**
16 **INCOME INDIVIDUALS.**

17 (a) IN GENERAL.—Section 505 of the Family Sup-
18 port Act (42 U.S.C. 1315 note) is amended—

19 (1) in the section heading, by striking “**DEM-**
20 **ONSTRATION**”;

21 (2) in subsection (a)—

22 (A) by striking “in each of the fiscal years
23 1990, 1991, and 1992,”; and

24 (B) by striking “not less than 5 nor more
25 than 10”;

1 (3) in subsections (a), (b), (d), and (g), by
2 striking “demonstration” each place such term ap-
3 pears;

4 (4) by striking subsections (e) and (f), and re-
5 designating subsection (g) as subsection (f); and

6 (5) in subsection (f), as redesignated, by strik-
7 ing “\$6,500,000 for each of fiscal years 1990, 1991,
8 1992, 1993, 1994, 1995, and 1996” and inserting
9 “\$25,000,000 for fiscal year 1996 and each subse-
10 quent fiscal year”.

11 (b) EFFECTIVE DATE.—The amendments made by
12 subsection (a) shall take effect on the date of the enact-
13 ment of this Act.

14 **TITLE III—IMPROVING STATE** 15 **FLEXIBILITY**

16 **SEC. 301. EQUIVALENT TREATMENT OF STEPPARENT IN-** 17 **COME AND PARENT INCOME.**

18 Section 402(a)(31) (42 U.S.C. 602(a)(31)) is amend-
19 ed—

20 (1) in subparagraph (A), by inserting “, or at
21 the option of the State (on a statewide basis or in
22 a defined area of the State), the greater of \$90, or
23 the first 20 percent of such total” before the comma
24 at the end;

1 (2) by striking “and” at the end of subpara-
2 graph (C); and

3 (3) by striking the semicolon at the end of sub-
4 paragraph (D) and inserting “, (E) an amount equal
5 to the expenditure for care in such month for a child
6 of the stepparent who is living in the same home as
7 the stepparent, not receiving aid to families for de-
8 pendent children, and requiring care for such month
9 to the extent that such amount (for each such child)
10 does not exceed \$175 (or such lesser amount as the
11 Secretary may prescribe in the case of an individual
12 not engaged in full-time employment, or not em-
13 ployed throughout the month), or, in the case such
14 child is under age 2, \$200, and (F) at the option of
15 the State (on a statewide basis or in a defined area
16 of the State), up to one-half of the total of such
17 earned income not disregarded under any other sub-
18 paragraph of this paragraph;”.

19 **SEC. 302. AFDC-UP PROGRAM.**

20 (a) PERMANENT EXTENSION OF PROGRAM.—Sub-
21 section (h) of section 401 of the Family Support Act (42
22 U.S.C. 602 note) is repealed.

23 (b) WORK REQUIREMENTS FOR UNEMPLOYED PAR-
24 ENTS.—

1 (1) ELIMINATION OF REQUIRED PARTICIPATION
2 OF ONE PARENT IN WORK COMPONENT OF JOBS
3 PROGRAM.—Section 403(l) (42 U.S.C. 603(l)) is
4 amended by striking paragraph (4).

5 (2) REQUIRED PARTICIPATION OF BOTH PAR-
6 ENTS.—Section 407(b)(2)(A) (42 U.S.C.
7 607(b)(2)(A)) is amended to read as follows:

8 “(2)(A)(i) In carrying out the program under this
9 section, a State may condition continued eligibility for aid
10 to families with dependent children by reason of the unem-
11 ployment of either parent, on the participation of both
12 parents in a program established by the State agency
13 which shall include job search activities, counseling, and
14 training services when the State agency determines that
15 such participation is required, except as provided in clause
16 (ii).

17 “(ii) A parent shall not be subject to the requirement
18 under subparagraph (A), if such parent is employed at
19 least 30 hours per week, is needed in the home to care
20 for a child under 6 months of age, or if the State agency
21 determines the existence of other good cause.”.

22 (c) UNEMPLOYED PARENT HOUSEHOLDS.—

23 (1) ELIMINATION OF PRINCIPAL EARNER RE-
24 QUIREMENT.—

1 (A) IN GENERAL.—Section 407 (42 U.S.C.
2 607) is amended—

3 (i) by striking “of the parent who is
4 the principal earner” in subsection (a) and
5 inserting “of either parent in a home in
6 which both parents of such child are liv-
7 ing”;

8 (ii) by striking “the parent who is the
9 principal earner” in subsection
10 (b)(2)(B)(ii)(II) and inserting “either par-
11 ent”;

12 (iii) by striking “; and” at the end of
13 paragraph (3) of subsection (d) and insert-
14 ing a period; and

15 (iv) by striking paragraph (4) of sub-
16 section (d).

17 (B) CONFORMING AMENDMENT.—Section
18 402(a)(19)(D) (42 U.S.C. 602(a)(19)(D)) is
19 amended by striking “the parent who is the
20 principal earner” and inserting “either parent”.

21 (2) MODIFICATION OF OTHER REQUIRE-
22 MENTS.—Subparagraph (A) of section 407(b)(1) (42
23 U.S.C. 607(b)(1)) is amended to read as follows:

24 “(A) subject to paragraph (2), shall require the
25 payment of aid to families with dependent children

1 with respect to a dependent child as defined in sub-
2 section (a) when—

3 “(i) for at least 30 days—

4 “(I) prior to the receipt of aid, either
5 parent has been employed for less than a
6 monthly cap specified by the State plan
7 (not to exceed 100 hours), and at the time
8 of the application for aid, both parents are
9 employed for less than such monthly cap;
10 or

11 “(II) after the application for aid, one
12 or both parents are employed for less than
13 the monthly cap established under
14 subclause (I),

15 “(ii) either such parent has not without
16 good cause, within such period (of not less than
17 30 days) as may be prescribed by the Secretary,
18 refused a bona fide offer of employment or
19 training for employment, and

20 “(iii) notwithstanding the number of hours
21 either such parent is working after the initial
22 determination of eligibility, such family remains
23 otherwise eligible for payment under this sec-
24 tion; and”.

1 **SEC. 303. INCREASED PAYMENTS TO STATES.**

2 (a) CHANGES TO JOBS PAYMENT FORMULA.—

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

5 (A) by striking “and” at the end of clause
6 (i);

7 (B) in clause (ii), in the matter preceding
8 subclause (I), by striking “described in clause
9 (i)” and inserting “described in clause (i) but
10 do not exceed the amount of such expenditures
11 in fiscal year 1995”;

12 (C) by striking the period at the end of
13 clause (ii) and inserting “; and”; and

14 (D) by adding at the end the following new
15 clause:

16 “(iii) with respect to so much of the expendi-
17 tures in a fiscal year that exceed the sum of the
18 amounts described in clauses (i) and (ii)—

19 “(I) 50 percent in the case of expenditures
20 described in clause (ii)(I), and

21 “(II) in the case of expenditures made by
22 a State in operating such a program for a fiscal
23 year (other than for costs described in
24 subclause (I)), the greater of—

25 “(aa) 70 percent, or

1 “(bb) the Federal medical assistance
2 percentage (as defined in section 1118 in
3 the case of any State to which section
4 1108 applies, or as defined in section
5 1905(b) in the case of any other State).”.

6 (2) EFFECTIVE DATE.—The amendments made
7 by paragraph (1) shall apply with respect to pay-
8 ments made on and after October 1, 1995.

9 (b) INCREASE IN JOBS PROGRAM AUTHORIZA-
10 TION.—Section 403(k)(3) (42 U.S.C. 603(k)(3)) is
11 amended—

12 (1) by striking “and” at the end of subpara-
13 graph (E);

14 (2) by striking subparagraph (F); and

15 (3) by inserting after subparagraph (E) the fol-
16 lowing new subparagraphs:

17 “(F) \$1,250,000,000 in the case of fiscal year
18 1996,

19 “(G) \$1,500,000,000 in the case of fiscal year
20 1997,

21 “(H) \$2,000,000,000 in the case of fiscal year
22 1998,

23 “(I) \$2,500,000,000 in the case of fiscal year
24 1999, and

1 “(J) \$3,000,000,000 in the case of fiscal year
2 2000.”.

3 (c) INCREASE IN CHILD CARE PAYMENT FOR-
4 MULA.—

5 (1) INCREASED PERCENTAGE.—Section
6 402(g)(3)(A)(i) (42 U.S.C. 602(g)(3)(A)(i)) is
7 amended to read as follows:

8 “(3)(A)(i) In the case of expenditures in any fiscal
9 year for child care pursuant to paragraph (1)(A) by any
10 State to which section 1108 does not apply, the applicable
11 rate for purposes of section 403(a) shall be—

12 “(I) with respect to so much of such expendi-
13 tures as does not exceed the State’s expenditures in
14 the fiscal year 1995, the Federal medical assistance
15 percentage (as defined in section 1905(b)), and

16 “(II) with respect to so much of such expendi-
17 tures as exceed the amount described in subclause
18 (I), the sum of—

19 “(aa) the Federal medical assistance per-
20 centage (as defined in section 1905(b)), and

21 “(bb) one-half of the difference between
22 100 percent and such Federal medical assist-
23 ance percentage.”

1 (2) EFFECTIVE DATE.—The amendments made
2 by paragraph (1) shall apply with respect to pay-
3 ments made on and after October 1, 1995.

4 **SEC. 304. OPTIONAL ASSESSMENT, MONITORING, AND**
5 **EVALUATION.**

6 Section 402(a) (42 U.S.C. 602(a)), as amended by
7 section 221(a), is amended—

8 (1) by striking “and” at the end of paragraph
9 (45);

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

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

14 “(47) at the option of the State (on a statewide
15 basis or in a defined area of the State), provide that
16 the State agency (in order to increase the percentage
17 of families moving from welfare to self-sufficiency)—

18 “(A) shall conduct an assessment, in con-
19 sultation with State and local elected officials,
20 current recipients of aid to families with de-
21 pendent children, recipients of community-based
22 service systems, and individuals with expertise
23 in business, education, child welfare, juvenile
24 justice, mental health, substance addiction,
25 housing, and labor—

1 “(i) of the barriers which families that
2 receive aid to families with dependent chil-
3 dren face in achieving self-sufficiency, in-
4 cluding noneconomic barriers such as fam-
5 ily functions, parenting capacity, child de-
6 velopment, housing, substance abuse, and
7 mental illness;

8 “(ii) of the capacity within the State
9 to provide employment opportunities to
10 families that receive aid to families with
11 dependent children and to address other
12 barriers such families face to achieving
13 self-sufficiency; and

14 “(iii) of the number and skills of
15 workers needed to develop the family in-
16 vestment program under paragraph (29),
17 monitor progress, and adapt goals to meet
18 new challenges;

19 “(B) shall establish a system to monitor
20 and evaluate both the economic gains related to
21 employment of individuals in households receiv-
22 ing aid to families with dependent children and
23 the social, health, educational, and developmen-
24 tal impact on children in such households that

1 result from efforts to achieve self-sufficiency;
2 and

3 “(C) shall establish a system to determine
4 the number of individuals who achieve self-suffi-
5 ciency through the family investment program
6 under paragraph (29) and the rate of recidi-
7 vism.”.

8 **SEC. 305. OPTIONAL TIMELY PREVENTIVE HEALTH CARE**
9 **FOR CHILDREN.**

10 Section 402(a) (42 U.S.C. 602(a)), as amended by
11 sections 221(a) and 304, is amended—

12 (1) by striking “and” at the end of paragraph
13 (46);

14 (2) by striking the period at the end of para-
15 graph (47) and inserting “; and”; and

16 (3) by inserting after paragraph (47) the fol-
17 lowing new paragraph:

18 “(48) at the option of the State, provide that
19 (unless the State agency provides the Secretary with
20 adequate certification that the care described in sub-
21 paragraph (A)(i)(I) is not accessible in the area in
22 which a family resides)—

23 “(A)(i) the State shall decrease the
24 amount of aid paid to a family under this part
25 (determined without regard to subparagraph

1 (B)) by a percentage amount determined appro-
2 priate by the Secretary beginning in the month
3 following any month in which the State agency
4 has failed to receive—

5 “(I) written verification that each
6 child in the family under 6 years of age
7 has been immunized and has received well-
8 baby and well-child care in accordance with
9 guidelines issued by the Surgeon General
10 of the Public Health Service; or

11 “(II) notice of a medical justification
12 that would exempt the child or children
13 from receiving such care; and

14 “(ii) the State shall end the reduction of
15 payment under clause (i) beginning in the
16 month following the month in which the State
17 agency receives the required verification; and

18 “(B) aid under the plan to a family shall
19 be increased by a bonus payment equal to the
20 percentage amount determined by the Secretary
21 under subparagraph (A) in the month following
22 a month in which the State agency receives ver-
23 ification that each such child has received the
24 immunizations and care described in subpara-
25 graph (A)(i).”.

1 **TITLE IV—COMBATING TEENAGE**
2 **PREGNANCY**

3 **SEC. 401. SUPERVISED LIVING ARRANGEMENTS FOR MI-**
4 **NORS.**

5 Section 402(a)(43) (42 U.S.C. 602(a)(43)) is amend-
6 ed—

7 (1) in subparagraph (A)(i), by inserting “reside
8 in a place of residence maintained by another re-
9 sponsible adult as such adult’s own home,” after
10 “own home,”; and

11 (2) by amending subparagraph (B)(iii) to read
12 as follows:

13 “(iii) the State agency determines
14 that compliance with the requirements of
15 subparagraph (A) would jeopardize the
16 physical or emotional health or safety of
17 the individual or dependent child;”.

18 **SEC. 402. OPTIONAL REQUIREMENT OF TEENAGE PARENTS**
19 **TO STAY IN SCHOOL.**

20 Section 402(a)(19)(E)(i) (42 U.S.C.
21 602(a)(19)(E)(i)) is amended to read as follows:

22 “(i) at the option of the State, in the
23 case of a custodial parent who has not at-
24 tained 20 years of age, does not have a
25 high school diploma (or its equivalent), and

1 is required to participate in the program
2 under part F, the State shall require such
3 parent to participate in an educational ac-
4 tivity; and”.

5 **SEC. 403. ADDITIONAL AUTHORIZATION OF PUBLIC**
6 **HEALTH SERVICE ACT TITLE X FAMILY PLAN-**
7 **NING GRANTS TO COMBAT TEENAGE PREG-**
8 **NANCY.**

9 (a) IN GENERAL.—Section 1001(d) of the Public
10 Health Service Act (42 U.S.C. 300a(d)) is amended by
11 adding at the end the following new sentence: “In addition
12 to any other amounts appropriated under title X, for the
13 purpose of expanding efforts to combat teenage preg-
14 nancy, there are authorized to be appropriated
15 \$100,000,000 for the fiscal year ending September 30,
16 1996, and for each subsequent fiscal year.”.

17 (b) EFFECTIVE DATE.—The amendment made by
18 subsection (a) shall take effect on the date of the enact-
19 ment of this Act.

1 **TITLE V—IMPROVING CHILD**
2 **SUPPORT COLLECTION**
3 **Subtitle A—Improvements in the**
4 **Collection of Child Support**

5 **SEC. 501. TRANSMISSION AND ASSIGNMENT OF CERTAIN**
6 **CHILD SUPPORT ORDERS TO THE IRS.**

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

9 “(12)(A) Procedures which require any State
10 court or administrative agency that issues or modi-
11 fies (or has issued or modified) a child support order
12 (including an order for the payment of past-due sup-
13 port) to transmit a copy of the order to the Internal
14 Revenue Service upon the completion of a 12-month
15 period during which less than 50 percent of the
16 court-ordered child support amount for such period
17 has been paid.

18 “(B) Procedures which—

19 “(i) require any individual with the right
20 to collect child support pursuant to an order is-
21 sued or modified in the State (whether before
22 or after the effective date of this paragraph) to
23 be presumed to have assigned to the Internal
24 Revenue Service the right to collect such sup-
25 port (including any past-due support) pursuant

1 to subparagraph (A), unless the individual af-
 2 firmatively elects to retain such right at any
 3 time; and

4 “(ii) allow any individual who has made
 5 the election referred to in clause (i) to rescind
 6 or revive such election at any time.”.

7 **SEC. 502. COLLECTION OF CHILD SUPPORT BY INTERNAL**
 8 **REVENUE SERVICE.**

9 (a) IN GENERAL.—Chapter 77 of the Internal Reve-
 10 nue Code of 1986 (relating to miscellaneous provisions)
 11 is amended by adding at the end the following new section:

12 **“SEC. 7524. COLLECTION OF CHILD SUPPORT.**

13 “(a) IN GENERAL.—The Secretary shall establish a
 14 program to collect child support (including past-due sup-
 15 port) pursuant to child support orders which are assigned
 16 to the Internal Revenue Service under section 466(a)(12)
 17 of the Social Security Act.

18 “(b) USE OF WAGE WITHHOLDING, ETC.—Such pro-
 19 gram shall provide for the collection of child support re-
 20 quired to be paid for any period through increases in wage
 21 withholding under chapter 24 and estimated tax payments
 22 under section 6654 during such period. Amounts required
 23 to be paid through such withholding and payments shall
 24 be treated as tax for purposes for this subtitle.

25 “(c) ANNUAL RECKONING OF OBLIGATION.—

1 “(1) IN GENERAL.—The entire amount of child
2 support required to be paid by any individual to the
3 Internal Revenue Service during any taxable year
4 shall be paid—

5 “(A) not later than the last date (deter-
6 mined without regard to extensions) prescribed
7 for filing such individual’s return of tax im-
8 posed by chapter 1 for such taxable year, and

9 “(B)(i) if such return is filed not later
10 than such date, with such return, or

11 “(ii) in any case not described in subpara-
12 graph (A), in such manner as the Secretary
13 may by regulations prescribe.

14 “(2) CREDIT FOR PERIODIC PAYMENTS.—The
15 amount required to be paid under paragraph (1)
16 shall be reduced by the aggregate payments of child
17 support made under subsection (b) by such individ-
18 ual through increases in wage withholding and esti-
19 mated tax payments.

20 “(d) FAILURE TO PAY AMOUNT OWING.—If an indi-
21 vidual fails to pay the full amount required to be paid on
22 or before the last date described in subsection (c)(1), the
23 Secretary shall assess and collect the unpaid amount in
24 the same manner, with the same powers, and subject to
25 the same limitations applicable to a tax imposed by sub-

1 title C the collection of which would be jeopardized by
2 delay, except that—

3 “(1) for such purposes, paragraphs (4), (6),
4 and (8) of section 6334(a) (relating to property ex-
5 empt from levy) shall not apply, and

6 “(2) there shall be exempt from levy so much
7 of the salary, wages, or other income of an individ-
8 ual as is being withheld therefrom in garnishment
9 pursuant to a judgment entered by a court of com-
10 petent jurisdiction for the support of the individual’s
11 minor children.

12 “(e) COLLECTIONS DISPERSED TO INDIVIDUAL
13 SPECIFIED IN ORDER.—

14 “(1) IN GENERAL.—Except as provided in para-
15 graph (2), amounts collected under this section pur-
16 suant to any child support order shall be paid to the
17 individual entitled to such amounts under such order
18 as quickly as possible. Any penalties and interest
19 collected with respect to such amounts also shall be
20 paid to such individual.

21 “(2) FAMILIES RECEIVING STATE ASSIST-
22 ANCE.—In the case of an individual with respect to
23 whom—

24 “(A) an assignment of child support pay-
25 ments to a State under section 402(a)(26) or

1 471(a)(17) of the Social Security Act is in ef-
2 fect, or

3 “(B) an application for State assistance
4 under section 454(6) is in effect,
5 amounts collected under this section shall be paid to
6 such State pursuant to section 457 of such Act.

7 “(f) COORDINATION WITH UNDERPAYMENT PROVI-
8 SIONS.—If the Secretary is collecting—

9 “(1) unpaid child support pursuant to an as-
10 sessment under this section, and

11 “(2) unpaid tax pursuant to an assessment
12 under section 6203,

13 all amounts collected shall be treated as collected pursuant
14 to the assessment under this section to the extent of the
15 amount of such unpaid child support.

16 “(g) LIMITATION ON JUDICIAL REVIEW.—No court
17 of the United States shall have jurisdiction to hear any
18 action, whether legal or equitable, brought to restrain or
19 review any assessment or collection authorized by this sec-
20 tion, nor shall any such assessment or collection be subject
21 to review by the Secretary in an administrative proceeding.
22 This subsection shall not preclude any legal, equitable, or
23 administrative action against the State by an individual
24 in any State court or before any State agency to determine
25 his liability for any amount assessed against him and col-

1 lected, or to recover any such amount collected from him,
2 under this section.

3 “(h) REGULATIONS.—The Secretary shall prescribe
4 such regulations as may be appropriate to carry out the
5 purposes of this section.”.

6 (b) ESTIMATE OF INCREASED INTERNAL REVENUE
7 FUNDING.—Within 1 year of the date of the enactment
8 of this Act, the Secretary of the Treasury shall submit
9 to the Congress an estimate of the additional cost per fis-
10 cal year for administering the program described in sec-
11 tion 7524 of the Internal Revenue Code of 1986 (as added
12 by this section).

13 (c) CLERICAL AMENDMENT.—The table of sections
14 for chapter 77 of the Internal Revenue Code of 1986 is
15 amended by adding at the end the following new item:

“Sec. 7524. Collection of child support.”

16 **SEC. 503. OPTIONAL PUBLICATION OF DELINQUENT CHILD**
17 **SUPPORT OBLIGORS.**

18 Section 454 (42 U.S.C. 654) is amended—

19 (1) by striking “and” at the end of paragraph
20 (23);

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

23 (3) by inserting after paragraph (24) the fol-
24 lowing new paragraph:

1 “(25) at the option of the State, provide that
2 with respect to any child support order enforced by
3 the State under this part in which no payment has
4 been made during a preceding 3-month period, the
5 State make available for publication on a semiannual
6 basis a listing of all such orders by name of the sup-
7 port obligor, verified city and State address of such
8 obligor, and any other information deemed appro-
9 priate by the State, and publicize the existence of
10 such listing to such support obligors.”.

11 **SEC. 504. OPTIONAL STATE LAW AUTHORIZING SUSPEN-**
12 **SION OF LICENSES.**

13 Section 466(a) (42 U.S.C. 666(a)), as amended by
14 section 501, is amended by inserting after paragraph (12)
15 the following new paragraph:

16 “(13) At the option of the State, procedures
17 under which the State has (and uses in appropriate
18 cases) authority (subject to appropriate due process
19 safeguards) to withhold or suspend, or to restrict the
20 use of driver’s licenses, professional and occupational
21 licenses, and recreational licenses of individuals
22 owing overdue child support or failing, after receiv-
23 ing appropriate notice, to comply with subpoenas or
24 warrants relating to paternity or child support pro-
25 ceedings.”.

1 **SEC. 505. OPTIONAL COMMUNITY SERVICE REQUIREMENT**
2 **FOR DELINQUENT CHILD SUPPORT OBLI-**
3 **GORS.**

4 Section 454 (42 U.S.C. 654), as amended by section
5 503, is amended—

6 (1) by striking “and” at the end of paragraph
7 (24);

8 (2) by striking the period at the end of para-
9 graph (25) and inserting “; and”; and

10 (3) by inserting after paragraph (25) the fol-
11 lowing new paragraph:

12 “(26) at the option of the State, provide that
13 with respect to any child support order enforced by
14 the State under this part in which no payment has
15 been made during a preceding 3-month period, the
16 State require that the support obligor participate in
17 a community service program to be determined by
18 the State.”.

19 **SEC. 506. OPTIONAL STATE LAWS CONCERNING MODIFICA-**
20 **TION OF CHILD SUPPORT ORDERS.**

21 Section 466(a)(10) (42 U.S.C. 666(a)(10)) is amend-
22 ed—

23 (1) by redesignating subparagraph (C) as sub-
24 subparagraph (E) and inserting after subparagraph (B)
25 the following new subparagraphs:

1 “(C)(i) At the option of the State, proce-
2 dures to ensure that, beginning October 1,
3 1999 (or such earlier date as the State may se-
4 lect), the State agency (or, at the option of the
5 State, the local agency) reviews and adjusts, in
6 accordance with guidelines established pursuant
7 to section 467(a), judicial and administrative
8 child support orders under which (subject to
9 clauses (ii) and (iii)) the order—

10 “(I) is to be reviewed not later than
11 36 months after the establishment of the
12 order or the most recent adjustment of (or
13 determination not to adjust) such order;
14 and

15 “(II) at State option may not be re-
16 viewed during a minimum period estab-
17 lished by the State following the establish-
18 ment or most recent review of the order.

19 “(ii) The requirement of clause (i)(I) shall
20 not apply in any case where—

21 “(I) the State has determined, in ac-
22 cordance with regulations of the Secretary,
23 that such a review would not be in the best
24 interests of the child; or

1 “(II) both parents have been informed
2 of the modified support amount that would
3 be imposed under the guidelines and have
4 declined such modification in writing.

5 “(iii) The State shall provide for review of
6 a child support order upon the request of either
7 parent, notwithstanding the requirement of
8 clause (i)(II), whenever, subsequent to the es-
9 tablishment or most recent review—

10 “(I) either parent’s income has
11 changed by more than 20 percent, or

12 “(II) other substantial changes have
13 occurred in either parent’s circumstances.

14 “(D) AMOUNT OF MODIFICATION BASED
15 ON GUIDELINES.—Procedures under which sup-
16 port orders reviewed in accordance with sub-
17 paragraph (C) must be adjusted in accordance
18 with the guidelines established pursuant to sec-
19 tion 467(a), without a requirement for any
20 other change in circumstances (except that the
21 State may refuse to modify an order in any
22 case where the change in the support amount,
23 if so modified, would not exceed a threshold
24 percentage (which may not be greater than 10
25 percent)).”;

1 (2) in subparagraph (E), as redesignated—

2 (A) in the matter preceding clause (i), by
3 striking “this part—” and inserting “this part,
4 in accordance with State due process require-
5 ments—”;

6 (B) in clause (i), by striking “, at least 30
7 days before the commencement of such review”;
8 and

9 (C) in clause (iii), by striking “not less
10 than 30 days” and inserting “a reasonable
11 time”.

12 **Subtitle B—Improvements in**
13 **Paternity Establishment**

14 **SEC. 511. OPTIONAL STATE LAWS CONCERNING PATERNITY**
15 **ESTABLISHMENT.**

16 (a) STATE LAWS REQUIRED.—

17 (1) ESTABLISHMENT PROCESS AVAILABLE
18 FROM BEFORE BIRTH UNTIL AGE 18.—Section
19 466(a)(5)(A) (42 U.S.C. 666(a)(5)(A)) is amend-
20 ed—

21 (A) by moving clause (ii) two ems to the
22 right; and

23 (B) by adding after and below clause (ii)
24 the following new clause:

1 “(iii) At the option of the State, procedures
2 which permit the initiation of proceedings to estab-
3 lish paternity prior to the birth of the child con-
4 cerned.”.

5 (2) PROCEDURES CONCERNING GENETIC TEST-
6 ING.—Section 466(a)(5)(B) (42 U.S.C.
7 666(a)(5)(B)) is amended—

8 (A) by striking “(B)” and inserting
9 “(B)(i)”;

10 (B) in clause (i), as redesignated, by in-
11 serting before the period “, where, at the option
12 of the State, such request is supported by a
13 sworn statement by such party setting forth
14 facts establishing a reasonable possibility of the
15 requisite sexual contact”; and

16 (C) by inserting after and below clause (i),
17 as redesignated, the following new clause:

18 “(ii) At the option of the State, procedures
19 which require the State agency, in any case in which
20 such agency orders genetic testing—

21 “(I) to pay costs of such tests, subject to
22 recoupment (where the State so elects) from the
23 putative father if paternity is established; and

24 “(II) to obtain additional testing in any
25 case where an original test result is disputed,

1 upon request and advance payment by the dis-
2 puting party.”.

3 (3) VOLUNTARY ACKNOWLEDGMENT PROCE-
4 DURE.—Section 466(a)(5)(C) (42 U.S.C.
5 666(a)(5)(C)) is amended to read as follows:

6 “(C) At the option of the State, procedures for
7 a simple civil process for voluntarily acknowledging
8 paternity under which—

9 “(i) the benefits, rights, and responsibil-
10 ities of acknowledging paternity are explained
11 to unwed parents;

12 “(ii) due process safeguards are afforded;
13 and

14 “(iii) hospitals and other health care facili-
15 ties providing inpatient or outpatient maternity
16 and pediatric services are required, as a condi-
17 tion of participation in the State program under
18 title XIX—

19 “(I) to explain to unwed parents the
20 matters specified in clause (i);

21 “(II) to make available the voluntary
22 acknowledgment procedure required under
23 this subparagraph; and

24 “(III) in the case of hospitals provid-
25 ing maternity services—

1 “(aa) to have facilities for obtain-
2 ing blood or other genetic samples
3 from the mother, putative father, and
4 child for genetic testing;

5 “(bb) to inform the mother and
6 putative father of the availability of
7 such testing (at their expense); and

8 “(cc) to obtain such samples
9 upon request of both such individ-
10 uals;”.

11 (4) LEGAL STATUS OF ACKNOWLEDGMENT.—
12 Section 466(a)(5)(D) (42 U.S.C. 666(a)(5)(D)) is
13 amended to read as follows:

14 “(D) At the option of the State, procedures
15 under which—

16 “(i) a voluntary acknowledgment of pater-
17 nity creates, at the State’s option, either—

18 “(I) a conclusive presumption of pa-
19 ternity, or

20 “(II) a rebuttable presumption which
21 becomes a conclusive presumption within
22 one year, unless rebutted or invalidated by
23 an intervening determination which
24 reaches a contrary conclusion;

1 “(ii) notwithstanding clause (i), at the op-
2 tion of the State and upon the request of a
3 party, a determination of paternity based on an
4 acknowledgment may be vacated on the basis of
5 new evidence, the existence of fraud, or the best
6 interests of the child; and

7 “(iii) a voluntary acknowledgment of pater-
8 nity is admissible as evidence of paternity, and
9 as a basis for seeking a support order, without
10 requiring any further proceedings to establish
11 paternity.”.

12 (5) BAR ON ACKNOWLEDGMENT RATIFICATION
13 PROCEEDINGS.—Section 466(a)(5)(E) (42 U.S.C.
14 666(a)(5)(E)) is amended to read as follows:

15 “(E) At the option of the State, procedures
16 under which no judicial or administrative pro-
17 ceedings are required or permitted to ratify an
18 unchallenged acknowledgment of paternity.”.

19 (6) ADMISSIBILITY OF GENETIC TESTING RE-
20 SULTS.—Section 466(a)(5)(F) (42 U.S.C.
21 666(a)(5)(F)) is amended to read as follows:

22 “(F) At the option of the State, procedures re-
23 quiring—

1 “(i) that the State admit into evidence, for
2 purposes of establishing paternity, results of
3 any genetic test that is—

4 “(I) of a type generally acknowledged,
5 by accreditation bodies designated by the
6 Secretary, as reliable evidence of paternity;
7 and

8 “(II) performed by a laboratory ap-
9 proved by such an accreditation body;

10 “(ii) that any objection to genetic testing
11 results must be made in writing not later than
12 a specified number of days before any hearing
13 at which such results may be introduced into
14 evidence (or, at State option, not later than a
15 specified number of days after receipt of such
16 results); and

17 “(iii) that, if no objection is made, the test
18 results are admissible as evidence of paternity
19 without the need for foundation testimony or
20 other proof of authenticity or accuracy.”.

21 (7) ADDITIONAL STATE LAWS REQUIRED.—Sec-
22 tion 466(a)(5) (42 U.S.C. 666(a)(5)) is amended by
23 adding at the end the following new subparagraphs:

1 “(I) At the option of the State, procedures pro-
2 viding that the parties to an action to establish pa-
3 ternity are not entitled to jury trial.

4 “(J) At the option of the State, procedures
5 which require that a temporary order be issued,
6 upon motion by a party, requiring the provision of
7 child support pending an administrative or judicial
8 determination of parentage, where there is clear and
9 convincing evidence of paternity (on the basis of ge-
10 netic tests or other evidence).

11 “(K) At the option of the State, procedures
12 under which bills for pregnancy, childbirth, and ge-
13 netic testing are admissible as evidence without re-
14 quiring third-party foundation testimony, and shall
15 constitute prima facie evidence of amounts incurred
16 for such services and testing on behalf of the child.

17 “(L) At the option of the State, procedures
18 under which the tribunal establishing paternity and
19 support has discretion to waive rights to all or part
20 of amounts owed to the State (but not to the moth-
21 er) for costs related to pregnancy, childbirth, and
22 genetic testing and for public assistance paid to the
23 family where the father cooperates or acknowledges
24 paternity before or after genetic testing.

1 “(M) Procedures ensuring that the putative fa-
2 ther has a reasonable opportunity to initiate a pater-
3 nity action.”.

4 (b) TECHNICAL AMENDMENT.—Section 468 (42
5 U.S.C. 668) is amended—

6 (1) in the heading, by striking “**SIMPLE CIVIL**
7 **PROCESS FOR VOLUNTARILY ACKNOWLEDGING**
8 **PATERNITY AND**”; and

9 (2) by striking “a simple civil process for volun-
10 tarily acknowledging paternity and”.

11 **SEC. 512. OPTIONAL OUTREACH FOR VOLUNTARY PATER-**
12 **NITY ESTABLISHMENT.**

13 (a) STATE PLAN REQUIREMENT.—Section 454(23)
14 (42 U.S.C. 654(23)) is amended—

15 (1) by inserting “(A)” after “(23)”; and

16 (2) by adding at the end the following new sub-
17 paragraph:

18 “(B) at the option of the State, publicize
19 the availability and encourage the use of proce-
20 dures for voluntary establishment of paternity
21 and child support through a variety of means,
22 which—

23 “(i) include distribution of written
24 materials at health care facilities (includ-

1 ing hospitals and clinics), and other loca-
2 tions such as schools;

3 “(ii) may include prenatal programs
4 to educate expectant couples on individual
5 and joint rights and responsibilities with
6 respect to paternity (and may require all
7 expectant recipients of assistance under
8 part A to participate in such prenatal pro-
9 grams, as an element of cooperation with
10 efforts to establish paternity and child sup-
11 port); and

12 “(iii) include, with respect to each
13 child discharged from a hospital after birth
14 for whom paternity or child support has
15 not been established, reasonable followup
16 efforts (including at least one contact of
17 each parent whose whereabouts are known,
18 except where there is reason to believe
19 such followup efforts would put mother or
20 child at risk), providing—

21 “(I) in the case of a child for
22 whom paternity has not been estab-
23 lished, information on the benefits of
24 and procedures for establishing pater-
25 nity; and

1 “(II) in the case of a child for
2 whom paternity has been established
3 but child support has not been estab-
4 lished, information on the benefits of
5 and procedures for establishing a
6 child support order, and an applica-
7 tion for child support services; and”.

8 (b) ENHANCED FEDERAL MATCHING.—Section
9 455(a)(1)(C) (42 U.S.C. 655(a)(1)(C)) is amended—

10 (1) by inserting “(i)” before “laboratory costs”;

11 and

12 (2) by inserting “, and (ii) costs of outreach
13 programs designed to encourage voluntary acknowl-
14 edgment of paternity” before the semicolon at the
15 end.

16 (c) EFFECTIVE DATES.—(1) The amendments made
17 by subsection (a) shall become effective October 1, 1996.

18 (2) The amendments made by subsection (b) shall be
19 effective with respect to calendar quarters beginning on
20 and after October 1, 1995.

21 **SEC. 513. PENALTY FOR FAILURE TO ESTABLISH PATER-**
22 **NITY PROMPTLY.**

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

24 (1) in subsection (a), by striking “1958—” and
25 inserting “1958 (subject to subsection (i))—” ; and

1 (2) by adding after subsection (h) the following
2 new subsection:

3 “(i)(1) The amounts otherwise payable to a State
4 under subsection (a) for any calendar quarter beginning
5 10 months or more after enactment of this subsection
6 shall be reduced by an amount, determined pursuant to
7 regulations in accordance with paragraph (2), for certain
8 children for whom paternity has not been established.

9 “(2) The Secretary shall promulgate regulations
10 specifying the formula for the reduction required under
11 this subsection, which formula shall provide for a reduc-
12 tion in Federal matching payments to a State under this
13 section by an amount equal to the product of—

14 “(A) the number (after allowing for the toler-
15 ance level established under paragraph (3)) of chil-
16 dren born on or after the date 10 months after en-
17 actment of this provision who are receiving aid
18 under the State plan under part A, whose custodial
19 relatives have, throughout the preceding 12-month
20 period, complied with cooperation requirements for
21 establishing paternity required under the State pro-
22 gram for establishing paternity operated in accord-
23 ance with section 454(13) but for whom paternity
24 has not been established;

1 “(B) the average monthly assistance payment
2 under the State plan under this part; and

3 “(C) the Federal matching rate applicable to
4 such assistance payment.

5 “(3)(A) The tolerance level, for purposes of para-
6 graph (2)(A), shall not be higher than the percentage
7 specified in subparagraph (B) of children in the State de-
8 scribed in paragraph (1), and may decrease over time to
9 make allowance for a State’s inability to establish pater-
10 nity in all cases.

11 “(B) The percentage specified in this paragraph shall
12 be 25 percent for fiscal years 1997 and 1998, 20 percent
13 for fiscal years 1999 and 2000, 15 percent for fiscal years
14 2001 and 2002, and 10 percent for fiscal year 2003 and
15 each succeeding fiscal year.”.

16 **SEC. 514. INCENTIVES TO PARENTS TO ESTABLISH PATER-**
17 **NITY.**

18 (a) **OPTIONAL STATE ACTIVITIES.**—Section 455 (42
19 U.S.C. 655) is amended by adding at the end the following
20 new subsection:

21 “(f)(1) The Secretary, in accordance with regula-
22 tions, may approve proposals by States to amend State
23 plans under this part to provide for incentive payments
24 to families to encourage paternity establishment.

1 “(2) Federal financial participation shall be available
2 in accordance with subsection (a) for expenditures by a
3 State pursuant to a plan amendment approved under
4 paragraph (1).”.

5 (b) DEMONSTRATIONS.—

6 (1) PROJECTS AUTHORIZED.—The Secretary of
7 Health and Human Services shall authorize up to 3
8 States to conduct demonstration projects providing
9 financial incentives to families for establishment of
10 paternity.

11 (2) FEDERAL FUNDING.—

12 (A) IN GENERAL.—Subject to subpara-
13 graph (B), a State participating in a dem-
14 onstration under this subsection shall be enti-
15 tled to Federal payments pursuant to section
16 455(f) of the Social Security Act (42 U.S.C.
17 655(f)) for 90 percent of the payments to fami-
18 lies under such demonstration.

19 (B) FUNDING LIMITATION.—Total Federal
20 expenditures for demonstrations under this sub-
21 section shall not exceed \$1,000,000.

1 **TITLE VI—SAVINGS PROVISIONS**

2 **SEC. 601. BLOCK GRANTS TO STATES TO REPLACE CERTAIN**
3 **FEDERAL ADMINISTRATIVE PAYMENTS.**

4 (a) PURPOSE; AUTHORIZATION OF APPROPRIA-
5 TIONS.—

6 (1) IN GENERAL.—For the purpose of consoli-
7 dating Federal assistance to States for the adminis-
8 tration of the programs described in paragraph (2),
9 there are authorized to be appropriated such sums
10 as may be necessary to carry out the purposes of
11 this section.

12 (2) PROGRAMS DESCRIBED.—The programs de-
13 scribed in this paragraph are the following pro-
14 grams:

15 (A) The medicaid program under title XIX
16 of the Social Security Act (42 U.S.C. 1396 et
17 seq.).

18 (B) The aid to families with dependent
19 children program under part A of title IV of the
20 Social Security Act (42 U.S.C. 601 et seq.).

21 (C) The food stamp program established
22 under section 4 of the Food Stamp Act of 1977
23 (7 U.S.C. 2013).

24 (b) STATES ENTITLED TO PAYMENT.—

1 (1) IN GENERAL.—Each State shall be entitled
2 to payment under this section for fiscal year 1996
3 and each fiscal year thereafter in an amount equal
4 to the Federal administrative payment amount de-
5 termined under subsection (c) to be used for admin-
6 istering the programs described in subsection (a)(2).

7 (2) RULES FOR MAKING PAYMENTS.—The Sec-
8 retary of Health and Human Services, in coopera-
9 tion with the Secretary of Agriculture, shall make
10 payments in accordance with section 6503 of title
11 31, United States Code, to each State in accordance
12 with this subsection.

13 (c) FEDERAL ADMINISTRATIVE PAYMENT
14 AMOUNT.—

15 (1) IN GENERAL.—Subject to paragraph (2),
16 the Federal administrative payment amount deter-
17 mined under this subsection is an amount equal to
18 the sum of—

19 (A) the amount that the State received
20 under section 16(a) of the Food Stamp Act of
21 1977 (7 U.S.C. 2025(a)) for fiscal year 1995,
22 adjusted pursuant to section 16(c)(1)(A) of
23 such Act;

24 (B) the amount that the State received
25 under section 403(a)(3) of the Social Security

1 Act (42 U.S.C. 603(a)(3)) (relating to pay-
2 ments to States for administering the aid to
3 families with dependent children program) for
4 fiscal year 1995; and

5 (C) the amount that the State received
6 under paragraphs (2)(A), (3), (4), and (7) of
7 section 1903(a) of the Social Security Act (42
8 U.S.C. 1396b(a)) (relating to payments to
9 States for administering the medicaid program)
10 for fiscal year 1995.

11 (2) PRO RATA REDUCTION IF INSUFFICIENT
12 AMOUNT APPROPRIATED.—If the amount appro-
13 priated in accordance with subsection (a) for a fiscal
14 year is insufficient to make the payments described
15 in paragraph (1) to all States, the amount to be
16 paid to each State under this subsection shall be re-
17 duced ratably for such fiscal year.

18 (d) AMOUNTS TO BE USED FOR ADMINISTERING
19 PROGRAMS.—

20 (1) EXPENDITURES.—Payments to a State
21 under this section shall be expended by the State in
22 such fiscal year or in the succeeding fiscal year.

23 (2) ALLOCATION AMONG PROGRAMS.—A State
24 shall have the discretion to allocate the amounts re-

1 ceived under this section among the programs de-
2 scribed in subsection (a)(2) in any manner.

3 (e) REPORTS AND AUDITS.—

4 (1) REPORTS.—Each State shall prepare re-
5 ports on its activities carried out with funds made
6 available under this section. Reports shall be pre-
7 pared annually, covering the most recently completed
8 fiscal year, and shall be in such form and contain
9 such information as the State finds necessary to pro-
10 vide an accurate description of such activities, to se-
11 cure a complete record of the purposes for which
12 funds were spent, and to determine the extent to
13 which funds were spent in a manner consistent with
14 the purposes of this section. The State shall make
15 copies of the reports required by this section avail-
16 able for public inspection within the State and shall
17 transmit a copy to the Secretary of Health and
18 Human Services. Copies shall also be provided, upon
19 request, to any interested public agency, and each
20 such agency may provide its views on these reports
21 to the congress.

22 (2) AUDITS.—Each State shall, not less than
23 every 2 years, audit its expenditures from amounts
24 received under this section. Such State audits shall
25 be conducted by an entity independent of any agency

1 administering activities funded under this section, in
2 accordance with generally accepted auditing prin-
3 ciples. Within 30 days following the completion of
4 each audit, the State shall submit a copy of that
5 audit to the legislature of the State and to the Sec-
6 retary of Health and Human Services. Each State
7 shall repay to the United States amounts ultimately
8 found not to have been expended in accordance with
9 this section, or the Secretary may offset such
10 amounts against any other amount to which the
11 State is or may become entitled under this section.

12 (3) AGREEMENT REGARDING INTERGOVERN-
13 MENTAL FINANCING.—The provisions of section
14 6503(h) of title 31, United States Code, shall apply
15 to payments made to a State under this section.

16 (f) STATE DEFINED.—For purposes of this section,
17 the term “State” shall include any State, territory, posses-
18 sion, or Indian tribe that directly received payments under
19 titles IV and XIX of the Social Security Act or the Food
20 Stamp Act of 1977 during the fiscal year preceding the
21 date of the enactment of this Act.

22 (g) CONFORMING AMENDMENTS.—

23 (1) MEDICAID PROGRAM.—Section 1903(a) of
24 the Social Security Act (42 U.S.C. 1396b(a)) is
25 amended—

1 (A) in paragraph (2), by repealing sub-
2 paragraph (A);

3 (B) by repealing paragraphs (3), (4), and
4 (7);

5 (C) by inserting “plus” at the end of para-
6 graph (5);

7 (D) by striking “; plus” at the end of
8 paragraph (6) and inserting a period.

9 (2) AFDC PROGRAM.—Section 403(a) of the
10 Social Security Act (42 U.S.C. 603(a)) is amend-
11 ed—

12 (A) by striking paragraph (3); and

13 (B) by redesignating paragraph (5) as
14 paragraph (3).

15 (3) FOOD STAMP PROGRAM.—Section 16 of the
16 Food Stamp Act of 1977 (7 U.S.C. 2025) is amend-
17 ed—

18 (A) in the first sentence of subsection (a),
19 by striking “pay to each State” and all that fol-
20 lows through “as well as to”; and

21 (B) in subsection (c)(1)(A), by striking
22 “the Secretary shall” and all that follows
23 through “all such administrative costs” and in-
24 serting “the Federal administrative payment
25 amount determined under section 601(c) of the

1 Welfare to Self-Sufficiency Act of 1995 shall be
2 adjusted by increasing the payment amount by 1
3 percentage point to a maximum of 10 percent”.

4 (4) EFFECTIVE DATE.—The amendments made
5 by paragraphs (1), (2), and (3) shall take effect on
6 October 1, 1995.

7 **SEC. 602. EXTENSION OF DEEMING OF INCOME AND RE-**
8 **SOURCES UNDER AFDC, SSI, MEDICAID, AND**
9 **FOOD STAMP PROGRAMS.**

10 (a) IN GENERAL.—Except as provided in subsections
11 (b) and (c), in applying sections 415 and 1621 of the So-
12 cial Security Act and section 5(i) of the Food Stamp Act
13 of 1977, the period in which each respective section other-
14 wise applies with respect to an alien shall be extended
15 through the date (if any) on which the alien becomes a
16 citizen of the United States under chapter 2 of title III
17 of the Immigration and Nationality Act.

18 (b) EXCEPTION.—Subsection (a) shall not apply to
19 an alien if—

20 (1) the alien—

21 (A) is a veteran (as defined in section 101
22 of title 38, United States Code) with a dis-
23 charge characterized as an honorable discharge,

1 (B) is on active duty (other than active
2 duty for training) in the Armed Forces of the
3 United States, or

4 (C) is the spouse or unmarried dependent
5 child of an individual described in subparagraph
6 (A) or (B);

7 (2) the alien is the subject of domestic violence
8 by the alien's spouse and a divorce between the alien
9 and the alien's spouse has been initiated through the
10 filing of an appropriate action in an appropriate
11 court; or

12 (3) there has been paid with respect to the self-
13 employment income or employment of the alien, or
14 of a parent or spouse of the alien, taxes under chap-
15 ter 2 or chapter 21 of the Internal Revenue Code of
16 1986 in each of 20 different calendar quarters.

17 (c) MEDICAID ELIGIBILITY.—

18 (1) IN GENERAL.—Except as provided in para-
19 graph (2), subsection (a) shall apply with respect to
20 determinations of eligibility for benefits under part
21 A of title IV of the Social Security Act or under the
22 supplemental income security program under title
23 XVI of such Act insofar as such determinations pro-
24 vide for eligibility for medical assistance under title
25 XIX of such Act.

1 (2) IMMUNIZATIONS AND EMERGENCY MEDICAL
 2 CONDITIONS.—Subsection (a) shall not apply with
 3 respect to determinations of eligibility for benefits
 4 under part A of title IV of the Social Security Act
 5 or under the supplemental income security program
 6 under title XVI of such Act insofar as such deter-
 7 minations provide for eligibility for immunizations
 8 and care and services necessary for the treatment of
 9 an emergency medical condition (as defined in sec-
 10 tion 1903(v)(3) of such Act (42 U.S.C.
 11 1396b(v)(3))) of the alien under title XIX of such
 12 Act.

13 (d) EFFECTIVE DATE.—This section shall take effect
 14 on October 1, 1995.

15 **SEC. 603. REQUIREMENTS FOR SPONSOR'S AFFIDAVITS OF**
 16 **SUPPORT.**

17 (a) IN GENERAL.—Title II of the Immigration and
 18 Nationality Act is amended by inserting after section 213
 19 the following new section:

20 “REQUIREMENTS FOR SPONSOR'S AFFIDAVIT OF SUPPORT
 21 “SEC. 213A. (a) ENFORCEABILITY.—

22 “(1) IN GENERAL.—No affidavit of support
 23 may be accepted by the Attorney General or by any
 24 consular officer to establish that an alien is not ex-
 25 cludable under section 212(a)(4) unless such affida-
 26 vit is executed as a contract—

1 “(A) which, for not more than 5 years
2 after the date the alien last receives any such
3 cash benefit, is legally enforceable against the
4 sponsor by the Federal Government, by a State,
5 or by any political subdivision of a State, pro-
6 viding cash benefits under a public cash assist-
7 ance program (as defined in subsection (f)(2));
8 and

9 “(B) in which the sponsor agrees to submit
10 to the jurisdiction of any Federal or State court
11 for the purpose of actions brought under sub-
12 section (e)(2).

13 “(2) EXPIRATION OF LIABILITY.—Such con-
14 tract shall only apply with respect to cash benefits
15 described in paragraph (1)(A) provided to an alien
16 before the earliest of the following:

17 “(A) CITIZENSHIP.—The date the alien be-
18 comes a citizen of the United States under
19 chapter 2 of title III.

20 “(B) VETERAN.—The first date the alien
21 is a veteran (as defined in section 101 of title
22 38, United States Code) with a discharge char-
23 acterized as an honorable discharge.

24 “(C) PAYMENT OF SOCIAL SECURITY
25 TAXES.—The first date as of which there has

1 been paid with respect to the self-employment
2 income or employment of the alien, or of a par-
3 ent or spouse of the alien, taxes under chapter
4 2 or chapter 21 of the Internal Revenue Code
5 of 1986 in each of 20 different calendar quar-
6 ters.

7 “(3) NONAPPLICATION DURING CERTAIN PERI-
8 ODS.—Such contract also shall not apply with re-
9 spect to cash benefits described in paragraph (1)(A)
10 provided during any period in which the alien is—

11 “(A) on active duty (other than active duty
12 for training) in the Armed Forces of the United
13 States, or

14 “(B) the spouse or unmarried dependent
15 child of an individual described in paragraph
16 (2)(A) or subparagraph (A) of this paragraph;

17 “(b) FORMS.—Not later than 90 days after the date
18 of the enactment of this section, the Attorney General, in
19 consultation with the Secretary of State and the Secretary
20 of Health and Human Services, shall formulate an affida-
21 vit of support consistent with the provisions of this sec-
22 tion.

23 “(c) NOTIFICATION OF CHANGE OF ADDRESS.—

24 “(1) REQUIREMENT.—The sponsor shall notify
25 the Federal Government and the State in which the

1 sponsored alien is currently resident within 30 days
2 of any change of address of the sponsor during the
3 period specified in subsection (a)(1)(A).

4 “(2) ENFORCEMENT.—Any person subject to
5 the requirement of paragraph (1) who fails to satisfy
6 such requirement shall be subject to a civil penalty
7 of—

8 “(A) not less than \$250 or more than
9 \$2,000, or

10 “(B) if such failure occurs with knowledge
11 that the sponsored alien has received any bene-
12 fit under any means-tested public benefits pro-
13 gram, not less than \$2,000 or more than
14 \$5,000.

15 “(d) REIMBURSEMENT OF GOVERNMENT EX-
16 PENSES.—

17 “(1) REQUEST FOR REIMBURSEMENT.—

18 “(A) IN GENERAL.—Upon notification that
19 a sponsored alien has received any cash benefits
20 described in subsection (a)(1)(A), the appro-
21 priate Federal, State, or local official shall re-
22 quest reimbursement by the sponsor in the
23 amount of such cash benefits.

24 “(B) REGULATIONS.—The Attorney Gen-
25 eral, in consultation with the Secretary of

1 Health and Human Services, shall prescribe
2 such regulations as may be necessary to carry
3 out subparagraph (A).

4 “(2) INITIATION OF ACTION.—If, not later than
5 45 days after requesting reimbursement, the appro-
6 priate Federal, State, or local agency has not re-
7 ceived a response from the sponsor indicating a will-
8 ingness to commence payments, an action may be
9 brought against the sponsor pursuant to the affida-
10 vit of support.

11 “(3) FAILURE TO ABIDE BY REPAYMENT
12 TERMS.—If the sponsor fails to abide by the repay-
13 ment terms established by such agency, the agency
14 may, not later than 60 days after such failure, bring
15 an action against the sponsor pursuant to the affida-
16 vit of support.

17 “(4) LIMITATION ON ACTIONS.—No cause of
18 action may be brought under this subsection later
19 than 5 years after the date the alien last received
20 any cash benefit described in subsection (a)(1)(A).

21 “(f) DEFINITIONS.—For the purposes of this section:

22 “(1) SPONSOR.—The term ‘sponsor’ means an
23 individual who—

1 “(A) is a citizen or national of the United
2 States or an alien who is lawfully admitted to
3 the United States for permanent residence;

4 “(B) is 18 years of age or over; and

5 “(C) is domiciled in any State.

6 “(2) PUBLIC CASH ASSISTANCE PROGRAM.—

7 The term ‘public cash assistance program’ means a
8 program of the Federal Government or of a State or
9 political subdivision of a State that provides direct
10 cash assistance for the purpose of income mainte-
11 nance and in which the eligibility of an individual,
12 household, or family eligibility unit for cash benefits
13 under the program, or the amount of such cash ben-
14 efits, or both are determined on the basis of income,
15 resources, or financial need of the individual, house-
16 hold, or unit. Such term does not include any pro-
17 gram insofar as it provides medical, housing, edu-
18 cation, job training, food, or in-kind assistance or
19 social services.”.

20 (b) CLERICAL AMENDMENT.—The table of contents
21 of such Act is amended by inserting after the item relating
22 to section 213 the following:

“Sec. 213A. Requirements for sponsor’s affidavit of support.”.

23 (c) EFFECTIVE DATE.—Subsection (a) of section
24 213A of the Immigration and Nationality Act, as inserted
25 by subsection (a) of this section, shall apply to affidavits

1 of support executed on or after a date specified by the
2 Attorney General, which date shall be not earlier than 60
3 days (and not later than 90 days) after the date the Attor-
4 ney General formulates the form for such affidavits under
5 subsection (b) of such section 213A.

6 **SEC. 604. EXTENDING REQUIREMENT FOR AFFIDAVITS OF**
7 **SUPPORT TO FAMILY-RELATED AND DIVER-**
8 **SITY IMMIGRANTS.**

9 (A) IN GENERAL.—Section 212(a)(4) of the Immi-
10 gration and Nationality Act (8 U.S.C. 1182(a)(4)) is
11 amended to read as follows:

12 “(4) PUBLIC CHARGE AND AFFIDAVITS OF SUP-
13 PORT.—

14 “(A) PUBLIC CHARGE.—Any alien who, in
15 the opinion of the consular officer at the time
16 of application for a visa, or in the opinion of
17 the Attorney General at the time of application
18 for admission or adjustment of status, is likely
19 at any time to become a public charge is exclud-
20 able.

21 “(B) AFFIDAVITS OF SUPPORT.—Any im-
22 migrant who seeks admission or adjustment of
23 status as any of the following is excludable un-
24 less there has been executed with respect to the

1 immigrant an affidavit of support pursuant to
2 section 213A:

3 “(i) As an immediate relative (under
4 section 201(b)(2)).

5 “(ii) As a family-sponsored immigrant
6 under section 203(a) (or as the spouse or
7 child under section 203(d) of such an im-
8 migrant).

9 “(iii) As the spouse or child (under
10 section 203(d)) of an employment-based
11 immigrant under section 203(b).

12 “(iv) As a diversity immigrant under
13 section 203(c) (or as the spouse or child
14 under section 203(d) of such an immi-
15 grant).”.

16 (b) EFFECTIVE DATE.—The amendment made by
17 subsection (a) shall apply to aliens with respect to whom
18 an immigrant visa is issued (or adjustment of status is
19 granted) after the date specified by the Attorney General
20 under section 603(c).

21 **SEC. 605. LIMITATION ON EXPENDITURES FOR EMERGENCY**
22 **ASSISTANCE.**

23 (a) IN GENERAL.—Section 403(a)(5) (42 U.S.C.
24 602(a)(5)) is amended to read as follows:

1 “(5) in the case of any State, an amount equal
2 to the lesser of—

3 “(A) 50 percent of the total amount ex-
4 pended under the State plan during such quar-
5 ter as emergency assistance to needy families
6 with children; or

7 “(B) the greater of—

8 “(i) the total amount expended under
9 the State plan during the fiscal year that
10 immediately precedes the fiscal year in
11 which the quarter occurs; multiplied by

12 “(I) 4 percent, if the national un-
13 employment rate for the United
14 States (as determined by the Sec-
15 retary of Labor) for the 3rd or 4th
16 quarter of the immediately preceding
17 fiscal year is at least 7 percent; or

18 “(II) 3 percent, otherwise; or

19 “(ii) the total amount expended under
20 the State plan during fiscal year 1995 as
21 emergency assistance to needy families
22 with children.”.

23 (b) AUTHORITY OF STATES TO DEFINE EMERGENCY
24 ASSISTANCE.—Section 406(e)(1) (42 U.S.C. 606(e)(1)) is
25 amended to read as follows:

1 “(e)(1)(A) The term ‘emergency assistance to needy
2 families with children’ means emergency assistance fur-
3 nished by an eligible State with respect to an eligible needy
4 child to avoid destitution of the child or to provide living
5 arrangements in a home for the child.

6 “(B) As used in this paragraph:

7 “(i) The term ‘emergency assistance’ means
8 emergency assistance as provided for in the State
9 plan approved under section 402 of an eligible State,
10 but shall not include care for an eligible needy child
11 or other member of the household in which the child
12 is living to the extent that the child or other member
13 is entitled to such care as medical assistance under
14 the State plan under title XIX.

15 “(ii) The term ‘eligible needy child’ means a
16 needy child—

17 “(I) who has not attained 21 years of age;

18 “(II) who is or (within such period as the
19 Secretary may specify) has been living with any
20 relative specified in subsection (a)(1) in a place
21 of residence maintained by 1 or more of such
22 relatives as the home of the relative or relatives;

23 “(III) who is without available resources;

24 and

1 “(IV) whose requirement for emergency as-
2 sistance did not arise because the child or rel-
3 ative refused without good cause to accept em-
4 ployment or training for employment.

5 “(iii) The term “eligible State” means a State
6 whose State plan approved under section 402 in-
7 cludes provision for emergency assistance.”.

8 **TITLE VII—EFFECTIVE DATE**

9 **SEC. 701. EFFECTIVE DATE.**

10 (a) IN GENERAL.—Except as otherwise specifically
11 provided in this Act, the amendments made by this Act
12 shall take effect on the first day of the first fiscal year
13 beginning after the date of the enactment of this Act.

14 (b) EXCEPTION.—In the case of a State that the Sec-
15 retary of Health and Human Services determines requires
16 State legislation (other than legislation appropriating
17 funds) in order to meet the additional requirements im-
18 posed by the amendments made by this Act, the State
19 shall not be regarded as failing to comply with the require-
20 ments of such amendments before the first day of the first
21 calendar quarter beginning after the close of the first reg-
22 ular session of the State legislature that begins after Octo-
23 ber 1, 1995, if such State legislature did not meet in a
24 regular session after the date of the enactment of this Act
25 and before October 1, 1995. For purposes of this sub-

1 section, in the case of a State that has a 2-year legislative
2 session, each year of the session shall be treated as a sepa-
3 rate regular session of the State legislature.

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S 736 IS—2

S 736 IS—3

S 736 IS—4

S 736 IS—5

S 736 IS—6

S 736 IS—7

S 736 IS—8