

105TH CONGRESS
1ST SESSION

H. R. 1726

To establish as an element of the national security of the United States the importance of providing for the health, safety, and education of children in the United States.

IN THE HOUSE OF REPRESENTATIVES

MAY 22, 1997

Ms. FURSE (for herself, Mrs. CLAYTON, Ms. DEGETTE, Ms. HOOLEY of Oregon, Ms. JACKSON-LEE of Texas, Ms. LOFGREN, Mrs. LOWEY, Ms. MCKINNEY, Mrs. MALONEY of New York, Ms. MILLENDER-MCDONALD, Mrs. MINK of Hawaii, Ms. NORTON, Ms. SLAUGHTER, Ms. WATERS, and Ms. WOOLSEY) introduced the following bill; which was referred to the Committee on Commerce, and in addition to the Committees on Ways and Means, Education and the Workforce, the Judiciary, Transportation and Infrastructure, Banking and Financial Services, and the Budget, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To establish as an element of the national security of the United States the importance of providing for the health, safety, and education of children in the United States.

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 AND TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Children’s National Security Act”.

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

Sec. 1. Short title and table of contents.

TITLE I—HEALTHY FUTURE

- Sec. 101. Medicaid presumptive eligibility for low-income children.
 Sec. 102. Amendment to Public Health Service Act.
 Sec. 103. Diabetes research.
 Sec. 104. Extension of Bone Marrow Program; provision regarding bone marrow registry and children of mixed ancestry.
 Sec. 105. Genetic information nondiscrimination in health insurance.
 Sec. 106. Eating disorders information and education.
 Sec. 107. Medicare special reimbursement rule for primary care combined residency programs.
 Sec. 108. Grandparent and family caregiver support.

TITLE II—CARING FOR FAMILIES

- Sec. 201. Intergenerational foster care housing demonstration.
 Sec. 202. Middle class child care affordability.
 Sec. 203. Leave for adopted and foster children.
 Sec. 204. States required to have standby guardianship law as a condition of eligibility for Federal funds for foster care and adoption assistance.
 Sec. 205. Omnibus foster care improvement.
 Sec. 206. Working families child care.

TITLE III—FAMILY SAFETY

- Sec. 301. Prevention of date rape.
 Sec. 302. Child Abuse Accountability Act.
 Sec. 303. Protection from sexual predators.
 Sec. 304. Child safety locks for firearms.
 Sec. 305. Safe and sober streets.
 Sec. 306. Minimum sentence for a person who operates a motor vehicle while alcohol-impaired.
 Sec. 307. Handgun safety.

TITLE IV—ECONOMIC SECURITY

- Sec. 401. Family investment package.
 Sec. 402. Single Parent Protection Act.
 Sec. 403. Work for Real Wages Act.

TITLE V—EDUCATING OUR CHILDREN

PART 1—PROGRAM AUTHORIZED

- Sec. 501. Findings and purposes.
 Sec. 502. Definitions.
 Sec. 503. Funds appropriated.
 Sec. 504. Allocation of funds.

1 respect to health care items and services covered under
2 the State plan available to a child during a presumptive
3 eligibility period.

4 “(b) For purposes of this section:

5 “(1) The term ‘child’ means an individual
6 under 19 years of age.

7 “(2) The term ‘presumptive eligibility period’
8 means, with respect to a child, the period that—

9 “(A) begins with the date on which a
10 qualified entity determines, on the basis of pre-
11 liminary information, that the family income of
12 the child does not exceed the applicable income
13 level of eligibility under the State plan, and

14 “(B) ends with (and includes) the earlier
15 of—

16 “(i) the day on which a determination
17 is made with respect to the eligibility of
18 the child for medical assistance under the
19 State plan, or

20 “(ii) in the case of a child on whose
21 behalf an application is not filed by the
22 last day of the month following the month
23 during which the entity makes the deter-
24 mination referred to in subparagraph (A),
25 such last day.

1 “(3)(A) Subject to subparagraph (B), the term
2 ‘qualified entity’ means any entity that—

3 “(i)(I) is eligible for payments under a
4 State plan approved under this title and pro-
5 vides items and services described in subsection
6 (a) or (II) is authorized to determine eligibility
7 of a child to participate in a Head Start pro-
8 gram under the Head Start Act (42 U.S.C.
9 9821 et seq.), eligibility of a child to receive
10 child care services for which financial assistance
11 is provided under the Child Care and Develop-
12 ment Block Grant Act of 1990 (42 U.S.C. 9858
13 et seq.), eligibility of an infant or child to re-
14 ceive assistance under the special supplemental
15 nutrition program for women, infants, and chil-
16 dren (WIC) under section 17 of the Child Nu-
17 trition Act of 1966 (42 U.S.C. 1786); and

18 “(ii) is determined by the State agency to
19 be capable of making determinations of the type
20 described in paragraph (1)(A).

21 “(B) The Secretary may issue regulations fur-
22 ther limiting those entities that may become quali-
23 fied entities in order to prevent fraud and abuse and
24 for other reasons.

1 “(C) Nothing in this section shall be construed
2 as preventing a State from limiting the classes of en-
3 tities that may become qualified entities, consistent
4 with any limitations imposed under subparagraph
5 (B).

6 “(c)(1) The State agency shall provide qualified enti-
7 ties with—

8 “(A) such forms as are necessary for an appli-
9 cation to be made on behalf of a child for medical
10 assistance under the State plan, and

11 “(B) information on how to assist parents,
12 guardians, and other persons in completing and fil-
13 ing such forms.

14 “(2) A qualified entity that determines under sub-
15 section (b)(1)(A) that a child is presumptively eligible for
16 medical assistance under a State plan shall—

17 “(A) notify the State agency of the determina-
18 tion within 5 working days after the date on which
19 determination is made, and

20 “(B) inform the parent or custodian of the
21 child at the time the determination is made that an
22 application for medical assistance under the State
23 plan is required to be made by not later than the
24 last day of the month following the month during
25 which the determination is made.

1 “(3) In the case of a child who is determined by a
2 qualified entity to be presumptively eligible for medical as-
3 sistance under a State plan, the parent, guardian, or other
4 person shall make application on behalf of the child for
5 medical assistance under such plan by not later than the
6 last day of the month following the month during which
7 the determination is made, which application may be the
8 application used for the receipt of medical assistance by
9 individuals described in section 1902(l)(1).

10 “(d) Notwithstanding any other provision of this title,
11 medical assistance for items and services described in sub-
12 section (a) that—

13 “(1) are furnished to a child—

14 “(A) during a presumptive eligibility pe-
15 riod,

16 “(B) by a entity that is eligible for pay-
17 ments under the State plan; and

18 “(2) are included in the care and services cov-
19 ered by a State plan;

20 shall be treated as medical assistance provided by such
21 plan for purposes of section 1903.”.

22 (b) CONFORMING AMENDMENTS.—(1) Section
23 1902(a)(47) of such Act (42 U.S.C. 1396a(a)(47)) is
24 amended by inserting before the semicolon at the end the
25 following: “and provide for making medical assistance for

1 items and services described in subsection (a) of section
2 1920A available to children during a presumptive eligi-
3 bility period in accordance with such section”.

4 (2) Section 1903(u)(1)(D)(v) of such Act (42 U.S.C.
5 1396b(u)(1)(D)(v)) is amended by inserting before the pe-
6 riod at the end the following: “or for items and services
7 described in subsection (a) of section 1920A provided to
8 a child during a presumptive eligibility period under such
9 section”.

10 (c) EFFECTIVE DATE.—The amendments made by
11 this section shall take effect on the date of the enactment
12 of this Act.

13 **SEC. 102. AMENDMENT TO PUBLIC HEALTH SERVICE ACT.**

14 (a) IN GENERAL.—Title XXVII of the Public Health
15 Service Act, as added by section 111(a) of the Health In-
16 surance Portability and Accountability Act of 1996, is
17 amended by inserting after section 2741 the following new
18 section:

19 **“SEC. 2741A. GUARANTEED AVAILABILITY OF INDIVIDUAL**
20 **HEALTH INSURANCE COVERAGE TO UNIN-**
21 **SURED CHILDREN.**

22 “(a) GUARANTEED AVAILABILITY.—

23 “(1) IN GENERAL.—Subject to the succeeding
24 subsections of this section, each health insurance is-
25 suer that offers health insurance coverage (as de-

1 fined in section 2791(b)(1)) in the individual market
2 in a State, in the case of an eligible child (as defined
3 in subsection (b)) desiring to enroll in individual
4 health insurance coverage—

5 “(A) may not decline to offer such cov-
6 erage to, or deny enrollment of, such child;

7 “(B) either (i) does not impose any pre-
8 existing condition exclusion (as defined in sec-
9 tion 2701(b)(1)(A)) with respect to such cov-
10 erage, or (ii) imposes such a preexisting condi-
11 tion exclusion only to the extent such an exclu-
12 sion may be imposed under section 2701(a) in
13 the case of an individual who is not a late en-
14 rollee; and

15 “(C) shall provide that the premium for
16 the coverage is determined in a manner so that
17 the ratio of the premium for such eligible chil-
18 dren to the premium for eligible individuals de-
19 scribed in section 2741(b) does not exceed the
20 ratio of the actuarial value of such coverage
21 (calculated based on a standardized population
22 and a set of standardized utilization and cost
23 factors) for children to such actuarial value for
24 such coverage for such eligible individuals.

1 “(2) SUBSTITUTION BY STATE OF ACCEPTABLE
2 ALTERNATIVE MECHANISM.—The requirement of
3 paragraph (1) shall not apply to health insurance
4 coverage offered in the individual market in a State
5 in which the State is implementing an acceptable al-
6 ternative mechanism under section 2744.

7 “(b) ELIGIBLE CHILD DEFINED.—In this part, the
8 term ‘eligible child’ means an individual born after Sep-
9 tember 30, 1983, who has not attained 16 years of age
10 and—

11 “(1) who is a citizen or national of the United
12 States, an alien lawfully admitted for permanent res-
13 idence, or an alien otherwise permanently residing in
14 the United States under color of law;

15 “(2) who is not eligible for coverage under (A)
16 a group health plan, (B) part A or part B of title
17 XVIII of the Social Security Act, or (C) a State plan
18 under title XIX of such Act (or any successor pro-
19 gram), and does not have other health insurance
20 coverage; and

21 “(3) with respect to whom the most recent cov-
22 erage (if any, within the 1-year period ending on the
23 date coverage is sought under this section) was not
24 terminated based on a factor described in paragraph

1 (1) or (2) of section 2712(b) (relating to nonpay-
2 ment of premiums or fraud).

3 For purposes of paragraph (2)(A), the term ‘group health
4 plan’ does not include COBRA continuation coverage.

5 “(c) INCORPORATION OF CERTAIN PROVISIONS.—

6 “(1) IN GENERAL.—Subject to paragraph (2),
7 the provisions of subsections (c), (d), (e) and (f)
8 (other than paragraph (1)) of section 2741 and sec-
9 tion 2744 shall apply in relation to eligible children
10 under subsection (a) in the same manner as they
11 apply in relation to eligible individuals under section
12 2741(a).

13 “(2) SPECIAL RULES FOR ACCEPTABLE ALTER-
14 NATIVE MECHANISMS.—With respect to applying
15 section 2744 under paragraph (1)—

16 “(A) the requirement in subsection
17 (a)(1)(B) shall be applied instead of the re-
18 quirement of section 2744(a)(1)(B);

19 “(B) the requirement in subsection
20 (a)(1)(C) shall be applied instead of the re-
21 quirement of section 2744(a)(1)(D); and

22 “(C) any deadline specified in such section
23 shall be 6 months after the deadline otherwise
24 specified.”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 subsection (a) shall take effect as if included in the enact-
3 ment of section 2741 of the Public Health Service Act
4 under section 111(a) of the Health Insurance Portability
5 and Accountability Act of 1996.

6 **SEC. 103. DIABETES RESEARCH.**

7 (a) FINDINGS.—The Congress finds as follows:

8 (1) Diabetes is a serious health problem in
9 America.

10 (2) More than 14,000,000 Americans suffer
11 from diabetes.

12 (3) Diabetes is the fourth leading cause of
13 death in America, taking the lives of 162,000 people
14 annually.

15 (4) Diabetes disproportionately affects minority
16 populations, especially African-Americans, His-
17 panics, and Native Americans.

18 (5) Diabetes is the leading cause of new blind-
19 ness, affecting up to 39,000 Americans each year.

20 (6) Diabetes is the leading cause of kidney fail-
21 ure requiring dialysis or transplantation, affecting
22 up to 13,000 Americans each year.

23 (7) Diabetes is the leading cause of nontrau-
24 matic amputations, affecting 54,000 Americans each
25 year.

1 (8) The cost of treating diabetes and its com-
2 plications are staggering for our Nation.

3 (9) Diabetes accounted for health expenditures
4 of \$105,000,000,000 in 1992.

5 (10) Diabetes accounts for over 14 percent of
6 our Nation's health care costs.

7 (11) Federal funds invested in diabetes re-
8 search over the last two decades has led to signifi-
9 cant advances and, according to leading scientists
10 and endocrinologists, has brought us to the thresh-
11 old of revolutionary discoveries which hold the poten-
12 tial to dramatically reduce the economic and social
13 burden of this disease.

14 (12) The National Institute of Diabetes and Di-
15 gestive and Kidney Diseases supports, in addition to
16 many other areas of research, genetic research, islet
17 cell transplantation research, and prevention and
18 treatment clinical trials focusing on diabetes. Other
19 research institutes within the National Institutes of
20 Health conduct diabetes-related research focusing on
21 its numerous complications, such as heart disease,
22 eye and kidney problems, amputations, and diabetic
23 neuropathy.

24 (b) NATIONAL INSTITUTES OF HEALTH; INCREASED
25 FUNDING REGARDING DIABETES.—With respect to the

1 conduct and support of diabetes-related research by the
2 National Institutes of Health—

3 (1) in addition to any other authorization of ap-
4 propriations that is available for such purpose for
5 the fiscal year involved, there are authorized to be
6 appropriated for such purpose such sums as may be
7 necessary for each of the fiscal years 1996 through
8 2000; and

9 (2) of the amounts appropriated under para-
10 graph (1) for such purpose for a fiscal year, the Di-
11 rector of the National Institutes of Health shall re-
12 serve—

13 (A) not less than \$155,000,000 for such
14 purpose for the National Institute of Diabetes
15 and Digestive and Kidney Diseases; and

16 (B) not less than \$160,000,000 for such
17 purpose for the other national research insti-
18 tutes.

19 **SEC. 104. EXTENSION OF BONE MARROW PROGRAM; PROVI-**
20 **SION REGARDING BONE MARROW REGISTRY**
21 **AND CHILDREN OF MIXED ANCESTRY.**

22 (a) PROVISION REGARDING CHILDREN OF MIXED
23 ANCESTRY.—Section 379(b)(3) of the Public Health Serv-
24 ice Act (42 U.S.C. 274k(b)(3)) is amended by inserting

1 “, including children of mixed ancestry,” after “racial and
2 ethnic minority groups”.

3 (b) EXTENSION OF BONE MARROW PROGRAM.—Sec-
4 tion 379(j) of the Public Health Service Act (42 U.S.C.
5 274k(j)) is amended—

6 (1) by striking “1991 and” and inserting
7 “1991,”; and

8 (2) by inserting before the period the following:
9 “, \$16,500,000 for fiscal year 1998, and such sums
10 as may be necessary for each of the fiscal years
11 1999 and 2000”.

12 **SEC. 105. GENETIC INFORMATION NONDISCRIMINATION IN**
13 **HEALTH INSURANCE**

14 (a) AMENDMENTS TO EMPLOYEE RETIREMENT IN-
15 COME SECURITY ACT OF 1974.—

16 (1) IN GENERAL.—Subpart B of part 7 of sub-
17 title B of title I of the Employee Retirement Income
18 Security Act of 1974 is amended by inserting after
19 section 712 the following new section:

20 **“SEC. 713. PROHIBITION OF HEALTH INSURANCE DISCRIMI-**
21 **NATION ON THE BASIS OF GENETIC INFOR-**
22 **MATION.**

23 “(a) IN GENERAL.—In the case of benefits consisting
24 of medical care provided under a group health plan or in
25 the case of group health insurance coverage offered by a

1 health insurance issuer in connection with a group health
2 plan, the plan or issuer may not deny, cancel, or refuse
3 to renew such benefits or such coverage, or vary the pre-
4 miums, terms, or conditions for such benefits or such cov-
5 erage, for any participant or beneficiary under the plan—

6 “(1) on the basis of genetic information; or

7 “(2) on the basis that the participant or bene-
8 ficiary has requested or received genetic services.

9 “(b) LIMITATION ON COLLECTION AND DISCLOSURE
10 OF INFORMATION.—

11 “(1) IN GENERAL.—A group health plan, or a
12 health insurance issuer offering group health insur-
13 ance coverage in connection with a group health
14 plan, may not request or require a participant or
15 beneficiary (or an applicant for coverage as a partic-
16 ipant or beneficiary) to disclose to the plan or issuer
17 genetic information about the participant, bene-
18 ficiary, or applicant.

19 “(2) REQUIREMENT OF PRIOR AUTHORIZA-
20 TION.—A group health plan, or a health insurance
21 issuer offering health insurance coverage in connec-
22 tion with a group health plan, may not disclose ge-
23 netic information about a participant or beneficiary
24 (or an applicant for coverage as a participant or
25 beneficiary) without the prior written authorization

1 of the participant, beneficiary, or applicant or of the
2 legal representative thereof. Such authorization is
3 required for each disclosure and shall include an
4 identification of the person to whom the disclosure
5 would be made.

6 “(c) DEFINITIONS.—For purposes of this section—

7 “(1) GENETIC INFORMATION.—The term ‘ge-
8 netic information’ means information about genes,
9 gene products, or inherited characteristics that may
10 derive from an individual or a family member of the
11 individual.

12 “(2) GENETIC SERVICES.—The term ‘genetic
13 services’ means health services provided to obtain,
14 assess, and interpret genetic information for diag-
15 nostic and therapeutic purposes, and for genetic
16 education and counselling.

17 “(3) FAMILY MEMBER.—The term ‘family
18 member’ means, with respect to an individual, an-
19 other individual related by blood to that individual,
20 or a spouse or adopted child of the individual.”.

21 (2) DAMAGES.—Section 502(c) of such Act (29
22 U.S.C. 1132(c)) is amended by adding at the end
23 the following new paragraph:

24 “(7) Any group health plan (as defined in section
25 733(a)) and any health insurance issuer (as defined in sec-

1 tion 733(b)(2)) who fails to meet the requirements of sec-
2 tion 713 with respect to any participant, beneficiary, or
3 applicant referred to in such section may in the court's
4 discretion be liable to such participant, beneficiary, or ap-
5 plicant for compensatory, consequential, and punitive
6 damages.”.

7 (3) CLERICAL AMENDMENT.—The table of con-
8 tents in section 1 of such Act is amended by insert-
9 ing after the item relating to section 712 the follow-
10 ing new item:

“Sec. 713. Prohibition of health insurance discrimination on the basis of genetic
information.”.

11 (4) EFFECTIVE DATE.—The amendments made
12 by this subsection shall apply with respect to group
13 health plans for plan years beginning after 1 year
14 after the date of the enactment of this Act.

15 (b) AMENDMENTS TO THE PUBLIC HEALTH SERVICE
16 ACT.—

17 (1) AMENDMENT RELATING TO THE GROUP
18 MARKET.—

19 (A) IN GENERAL.—Subpart 2 of part A of
20 title XXVII of the Public Health Service Act is
21 amended by inserting after section 2705 the fol-
22 lowing new section:

1 **“SEC. 2706. PROHIBITION OF HEALTH INSURANCE DIS-**
2 **CRIMINATION ON THE BASIS OF GENETIC IN-**
3 **FORMATION.**

4 “(a) IN GENERAL.—In the case of benefits consisting
5 of medical care provided under a group health plan or in
6 the case of group health insurance coverage offered by a
7 health insurance issuer in connection with a group health
8 plan, the plan or issuer may not deny, cancel, or refuse
9 to renew such benefits or such coverage, or vary the pre-
10 miums, terms, or conditions for such benefits or such cov-
11 erage, for any participant or beneficiary under the plan—

12 “(1) on the basis of genetic information; or

13 “(2) on the basis that the participant or bene-
14 ficiary has requested or received genetic services.

15 “(b) LIMITATION ON COLLECTION AND DISCLOSURE
16 OF INFORMATION.—

17 “(1) IN GENERAL.—A group health plan, or a
18 health insurance issuer offering group health insur-
19 ance coverage in connection with a group health
20 plan, may not request or require a participant or
21 beneficiary (or an applicant for coverage as a partic-
22 ipant or beneficiary) to disclose to the plan or issuer
23 genetic information about the participant, bene-
24 ficiary, or applicant.

25 “(2) REQUIREMENT OF PRIOR AUTHORIZA-
26 TION.—A group health plan, or a health insurance

1 issuer offering health insurance coverage in connec-
2 tion with a group health plan, may not disclose ge-
3 netic information about a participant or beneficiary
4 (or an applicant for coverage as a participant or
5 beneficiary) without the prior written authorization
6 of the participant, beneficiary, or applicant or of the
7 legal representative thereof. Such authorization is
8 required for each disclosure and shall include an
9 identification of the person to whom the disclosure
10 would be made.

11 “(c) DEFINITIONS.—For purposes of this section—

12 “(1) GENETIC INFORMATION.—The term ‘ge-
13 netic information’ means information about genes,
14 gene products, or inherited characteristics that may
15 derive from an individual or a family member of the
16 individual.

17 “(2) GENETIC SERVICES.—The term ‘genetic
18 services’ means health services provided to obtain,
19 assess, and interpret genetic information for diag-
20 nostic and therapeutic purposes, and for genetic
21 education and counselling.

22 “(3) FAMILY MEMBER.—The term ‘family
23 member’ means, with respect to an individual, an-
24 other individual related by blood to that individual,
25 or a spouse or adopted child of the individual.”.

1 (B) EFFECTIVE DATE.—The amendment
2 made by this paragraph shall apply with respect
3 to group health plans for plan years beginning
4 after 1 year after the date of the enactment of
5 this Act.

6 (2) AMENDMENT RELATING TO THE INDIVID-
7 UAL MARKET.—

8 (A) IN GENERAL.—Subpart 3 of part B of
9 title XXVII of such Act is amended by inserting
10 after section 2751 the following new section:

11 **“SEC. 2752. PROHIBITION OF HEALTH INSURANCE DIS-**
12 **CRIMINATION ON THE BASIS OF GENETIC IN-**
13 **FORMATION.**

14 “The provisions of section 2705 shall apply to health
15 insurance coverage offered by a health insurance issuer
16 in the individual market in the same manner as it applies
17 to health insurance coverage offered by a health insurance
18 issuer in connection with a group health plan in the small
19 or large group market.”.

20 (B) EFFECTIVE DATE.—The amendment
21 made by this paragraph shall apply with respect
22 to health insurance coverage offered, sold, is-
23 sued, renewed, in effect, or operated in the indi-
24 vidual market after 1 year after the date of the
25 enactment of this Act.

1 (3) ACTION FOR DAMAGES.—Section 2761 of
2 such Act (29 U.S.C. 300gg–61) is amended by add-
3 ing at the end the following new subsection:

4 “(c) ACTION FOR DAMAGES

5 “(1) IN GENERAL.—In any case in which a
6 group health plan or a health insurance issuer fails
7 to meet the applicable requirements of section 2706
8 or 2752 with respect to any individual who is a plan
9 participant or beneficiary in such a plan, a covered
10 individual, or an applicant for coverage, such indi-
11 vidual may bring a civil action under this section. In
12 any such action, such plan or issuer may in the
13 court’s discretion be liable to such individual for
14 compensatory, consequential, and punitive damages.

15 “(2) ADDITIONAL PROVISIONS.—For purposes
16 of this subsection, the provisions of subsections (d),
17 (e), (f), (g), (h), and (j) of section 502 of the Em-
18 ployee Retirement Income Security Act of 1974 shall
19 apply in connection with such action, the plaintiff in
20 such action, and the Secretary of Health and
21 Human Services in the same manner and to the
22 same extent as such provisions apply in connection
23 with actions under such section 502, plaintiffs in
24 such actions, and the Secretary of Labor.”.

1 (c) AMENDMENTS TO TITLE XVIII OF THE SOCIAL
2 SECURITY ACT RELATING TO MEDIGAP.—

3 (1) IN GENERAL.—Section 1882(s)(2) of the
4 Social Security Act (42 U.S.C. 1395ss(s)) is amend-
5 ed by adding at the end the following new subpara-
6 graph:

7 “(D)(i) An issuer of a medicare supplemental policy
8 (as defined in section 1882(g)) may not deny or condition
9 the issuance or effectiveness of the policy, and may not
10 discriminate in the pricing of the policy of an eligible indi-
11 vidual—

12 “(I) on the basis of genetic information; or

13 “(II) on the basis that the individual or a fam-
14 ily member of the individual has requested or re-
15 ceived genetic services.

16 “(ii) For purposes of this subparagraph—

17 “(I) The term ‘genetic information’ means in-
18 formation about genes, gene products, or inherited
19 characteristics that may derive from an individual or
20 a family member of the individual.

21 “(II) The term ‘genetic services’ means health
22 services provided to obtain, assess, and interpret ge-
23 netic information for diagnostic and therapeutic pur-
24 poses, and for genetic education and counselling.

1 “(III) The term ‘family member’ means, with
2 respect to an individual, another individual related
3 by blood to that individual, or a spouse or adopted
4 child of the individual.”.

5 (2) ACTION FOR DAMAGES.—Section 1882(s) of
6 such Act is amended further by adding at the end
7 the following new paragraph:

8 “(4)(A) In any case in which a medicare supple-
9 mental policy fails to meet the applicable requirements of
10 paragraph (2)(D) respect to any individual who is a cov-
11 ered individual or an applicant for coverage, such individ-
12 ual may bring a civil action under this paragraph. In any
13 such action, issuer of such policy may in the court’s discre-
14 tion be liable to such individual for compensatory, con-
15 sequential, and punitive damages.

16 “(B) For purposes of this paragraph, the provisions
17 of subsections (d), (e), (f), (g), (h), and (j) of section 502
18 of the Employee Retirement Income Security Act of 1974
19 shall apply in connection with such action, the plaintiff
20 in such action, and the Secretary of Health and Human
21 Services in the same manner and to the same extent as
22 such provisions apply in connection with actions under
23 such section 502, plaintiffs in such actions, and the Sec-
24 retary of Labor.”.

1 (3) EFFECTIVE DATE.—The amendments made
 2 by this subsection shall apply with respect to medi-
 3 care supplemental policies offered, sold, issued, re-
 4 newed, in effect, or operated in the individual mar-
 5 ket after 1 year after the date of the enactment of
 6 this Act.

7 (d) AMENDMENTS OF INTERNAL REVENUE CODE OF
 8 1986.—

9 (1) IN GENERAL.—Chapter 100 of the Internal
 10 Revenue Code of 1986 (relating to group health plan
 11 portability, access, and renewability requirements) is
 12 amended by adding at the end the following new
 13 subchapter:

14 **“Subchapter B—Prohibition of Discrimina-**
 15 **tion By Group Health Plans on Basis of**
 16 **Genetic Information**

“Sec. 9811. Prohibition of discrimination by group health plans
 on basis of genetic information.

17 **“SEC. 9811. PROHIBITION OF DISCRIMINATION BY GROUP**
 18 **HEALTH PLANS ON BASIS OF GENETIC IN-**
 19 **FORMATION.**

20 “(a) IN GENERAL.—In the case of benefits consisting
 21 of medical care provided under a group health plan or in
 22 the case of group health insurance coverage offered by a
 23 health insurance issuer in connection with a group health
 24 plan, the plan or issuer may not deny, cancel, or refuse

1 to renew such benefits or such coverage, or vary the pre-
2 miums, terms, or conditions for such benefits or such cov-
3 erage, for any participant or beneficiary under the plan—

4 “(1) on the basis of genetic information; or

5 “(2) on the basis that the participant or bene-
6 ficiary has requested or received genetic services.

7 “(b) LIMITATION ON COLLECTION AND DISCLOSURE
8 OF INFORMATION.—

9 “(1) IN GENERAL.—A group health plan, or a
10 health insurance issuer offering group health insur-
11 ance coverage in connection with a group health
12 plan, may not request or require a participant or
13 beneficiary (or an applicant for coverage as a partic-
14 ipant or beneficiary) to disclose to the plan or issuer
15 genetic information about the participant, bene-
16 ficiary, or applicant.

17 “(2) REQUIREMENT OF PRIOR AUTHORIZA-
18 TION.—A group health plan, or a health insurance
19 issuer offering health insurance coverage in connec-
20 tion with a group health plan, may not disclose ge-
21 netic information about a participant or beneficiary
22 (or an applicant for coverage as a participant or
23 beneficiary) without the prior written authorization
24 of the participant, beneficiary, or applicant or of the
25 legal representative thereof. Such authorization is

1 required for each disclosure and shall include an
2 identification of the person to whom the disclosure
3 would be made.

4 “(c) DEFINITIONS.—For purposes of this section—

5 “(1) GENETIC INFORMATION.—The term ‘ge-
6 netic information’ means information about genes,
7 gene products, or inherited characteristics that may
8 derive from an individual or a family member of the
9 individual.

10 “(2) GENETIC SERVICES.—The term ‘genetic
11 services’ means health services provided to obtain,
12 assess, and interpret genetic information for diag-
13 nostic and therapeutic purposes, and for genetic
14 education and counselling.

15 “(3) FAMILY MEMBER.—The term ‘family
16 member’ means, with respect to an individual, an-
17 other individual related by blood to that individual,
18 or a spouse or adopted child of the individual.”.

19 (2) TECHNICAL AND CONFORMING AMEND-
20 MENTS.—

21 (A) Paragraph (1) of section 4980D(f) of
22 such Code (relating to failure to meet certain
23 group health plan requirements) is amended by
24 adding at the end the following new sentence:

25 “For purposes of applying this section with re-

1 spect to the requirements of subchapter B of
 2 chapter 100, the term ‘group health plan’ in-
 3 cludes a health insurance issuer (within the
 4 meaning of section 9811).”

5 (B) Chapter 100 of such Code is amended
 6 by striking the chapter heading and inserting
 7 the following:

8 **“CHAPTER 100—REQUIREMENTS RELAT-**
 9 **ING TO GROUP HEALTH PLANS, ETC.**

“Subchapter A. Group health plan portability, access, and renew-
 ability requirements.

“Subchapter B. Prohibition of discrimination by group health
 plans on basis of genetic information.

10 **“Subchapter A—Group Health Plan Port-**
 11 **ability, Access, and Renewability Re-**
 12 **quirements”.**

13 (C) The table of chapters for such Code is
 14 amended by striking the item relating to chap-
 15 ter 100 and inserting the following new item:

Chapter 100. Requirements relating to group health plans, etc.”

16 (D) Subsection (a) of section 4980D of
 17 such Code is amended by striking “(relating to
 18 group health plan portability, access, and re-
 19 newability requirements)” and inserting “(relat-
 20 ing to group health plans, etc., requirements)”.

21 (3) EFFECTIVE DATE.—The amendments made
 22 by this subsection shall apply with respect to group

1 health plans for plan years beginning after 1 year
2 after the date of the enactment of this Act.

3 **SEC. 106. EATING DISORDERS INFORMATION AND EDU-**
4 **CATION.**

5 (a) FINDINGS.—The Congress finds the following:

6 (1) Eating disorders include anorexia nervosa,
7 bulimia nervosa, and binge eating disorder, as well
8 as eating disorders not otherwise defined or yet iden-
9 tified.

10 (2) Eating disorders primarily affect women
11 and girls, to the point that dieting and body dis-
12 satisfaction is considered normative behavior even
13 among those considered average or underweight.

14 (3) Many girls begin dieting at a young age and
15 in large numbers, as revealed in one study where 80
16 percent of girls reported they had already been on
17 a diet to lose weight before age 13.

18 (4) Dieting at an early age can interfere with
19 normal physiological development and can lead to se-
20 rious eating disorders, which can result in cardiac
21 impairments, depression, substance abuse,
22 osteoporosis, infertility, amneorrhea, anemia, and
23 other medical conditions.

24 (5) Eating disorders can lead to death, with the
25 National Institute of Mental Health reporting that 1

1 in 10 people with anorexia nervosa die of starvation,
2 cardiac arrest, or other medical complications.

3 (6) There are effective treatments for some eat-
4 ing disorders, although medical authorities are un-
5 certain to what extent these disorders are caused by
6 physiological factors, by psychosocial factors, or by
7 both.

8 (b) PUBLIC INFORMATION AND EDUCATION ON EAT-
9 ING DISORDERS.—Subpart 3 of part B of title V of the
10 Public Health Service Act (42 U.S.C. 290bb–31 et seq.)
11 is amended by adding at the end the following section:

12 “EATING DISORDERS

13 “SEC. 520C. (a) INFORMATION AND EDUCATION.—
14 The Secretary, acting through the Director of the Center
15 for Mental Health Services, shall carry out a program to
16 provide information and education to the public on the
17 prevention and treatment of eating disorders.

18 “(b) TOLL-FREE TELEPHONE COMMUNICATIONS.—
19 In carrying out subsection (a), the Secretary shall provide
20 for the operation of toll-free telephone communications to
21 provide information to the public on eating disorders, in-
22 cluding referrals for services for the prevention and treat-
23 ment of such disorders. Such communications shall be
24 available on a 24-hour, 7-day basis.

25 “(c) AUTHORIZATION OF APPROPRIATIONS.—For the
26 purpose of carrying out this section, there are authorized

1 to be appropriated \$2,000,000 for fiscal year 1998, and
2 such sums as may be necessary for each of the fiscal years
3 1999 and 2000.”.

4 **SEC. 107. MEDICARE SPECIAL REIMBURSEMENT RULE FOR**
5 **PRIMARY CARE COMBINED RESIDENCY PRO-**
6 **GRAMS.**

7 (a) IN GENERAL.—Section 1886(h)(5)(G) of the So-
8 cial Security Act (42 U.S.C. 1395ww(h)(5)(G)) is amend-
9 ed—

10 (1) in clause (i), by striking “and (iii)” and in-
11 serting “, (iii), and (iv)”;

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

13 “(iv) SPECIAL RULE FOR PRIMARY
14 CARE COMBINED RESIDENCY PROGRAMS.—

15 (I) In the case of a resident enrolled in a
16 combined medical residency training pro-
17 gram in which all of the individual pro-
18 grams (that are combined) are for training
19 a primary care resident (as defined in sub-
20 paragraph (H)), the period of board eligi-
21 bility shall be the minimum number of
22 years of formal training required to satisfy
23 the requirements for initial board eligibility
24 in the longest of the individual programs
25 plus one additional year.

1 “(II) A resident enrolled in a com-
2 bined medical residency training program
3 that includes an obstetrics and gynecology
4 program qualifies for the period of board
5 eligibility under subclause (I) if the other
6 programs such resident combines with such
7 obstetrics and gynecology program are for
8 training a primary care resident.”.

9 (b) EFFECTIVE DATE.—The amendments made by
10 subsection (a) apply to combined medical residency pro-
11 grams in effect on or after July 1, 1996.

12 **SEC. 108. GRANDPARENT AND FAMILY CAREGIVER SUP-**
13 **PORT.**

14 (a) WORK REQUIREMENTS NOT TO APPLY TO FAMI-
15 LIES HEADED BY AN ADULT NONPARENTAL RELATIVE
16 CAREGIVER.—

17 (1) WORK PARTICIPATION RATES TO BE DE-
18 TERMINED WITHOUT REGARD TO FAMILIES HEADED
19 BY AN ADULT NONPARENTAL RELATIVE
20 CAREGIVER.—Section 407(b) of the Social Security
21 Act (42 U.S.C. 607(b)), as added by section 103(a)
22 of the Personal Responsibility and Work Oppor-
23 tunity Reconciliation Act of 1996, is amended by
24 adding at the end the following:

1 “(6) DISREGARD OF FAMILIES HEADED BY AN
2 ADULT NONPARENTAL RELATIVE CAREGIVER.—In
3 determining the participation rates under this sub-
4 section, a State shall disregard any exempt family.”.

5 (2) ADULT NONPARENTAL RELATIVE
6 CAREGIVER HEAD OF FAMILY EXEMPTED FROM PEN-
7 ALTIES FOR REFUSAL TO WORK.—Section 407(e) of
8 the Social Security Act (42 U.S.C. 607(e)), as added
9 by section 103(a) of the Personal Responsibility and
10 Work Opportunity Reconciliation Act of 1996, is
11 amended by adding at the end the following:

12 “(3) EXCEPTION FOR ADULT NONPARENTAL
13 RELATIVE CAREGIVER HEAD OF FAMILY.—Para-
14 graph (1) shall not apply to any exempt adult.”.

15 (3) PROHIBITION AGAINST IMPOSITION OF
16 WORK REQUIREMENTS.—Section 408(a) of the So-
17 cial Security Act (42 U.S.C. 608(a)), as added by
18 section 103(a) of the Personal Responsibility and
19 Work Opportunity Reconciliation Act of 1996, is
20 amended by adding at the end the following:

21 “(12) PROHIBITION AGAINST IMPOSITION OF
22 WORK REQUIREMENTS ON FAMILIES HEADED BY AN
23 ADULT NONPARENTAL RELATIVE CAREGIVER.—A
24 State to which a grant is made under this part shall
25 not use any part of the grant to require an exempt

1 adult to work, or to otherwise penalize an exempt
2 adult or an exempt family for the refusal of an ex-
3 empt adult to work.

4 (4) PENALTY FOR IMPOSITION OF WORK RE-
5 QUIREMENTS.—Section 409(a) of the Social Security
6 Act (42 U.S.C. 609(a)), as added by section 103(a)
7 of the Personal Responsibility and Work Oppor-
8 tunity Reconciliation Act of 1996, is amended by re-
9 designating paragraph (12) as paragraph (13) and
10 inserting after paragraph (11) the following:

11 “(12) PENALTY FOR IMPOSITION OF WORK RE-
12 QUIREMENTS ON FAMILIES HEADED BY AN ADULT
13 NONPARENTAL RELATIVE CAREGIVER.—If the Sec-
14 retary determines that a State to which a grant is
15 made under section 403 for a fiscal year has violated
16 section 408(a)(12) during the fiscal year, the Sec-
17 retary shall reduce the grant payable to the State
18 under section 403(a)(1) for the immediately succeed-
19 ing fiscal year by 5 percent.”.

20 (b) TIME LIMITS NOT TO APPLY TO ADULT NON-
21 PARENTAL RELATIVE CAREGIVER HEADS OF FAMILIES.—

22 (1) INAPPLICABILITY OF TIME LIMIT PROVI-
23 SIONS.—

24 (A) 2-YEAR WORK PROVISION.—Section
25 402(a)(1)(A)(ii) of the Social Security Act (42

1 U.S.C. 602(a)(1)(A)(ii)), as added by section
2 103(a) of the Personal Responsibility and Work
3 Opportunity Reconciliation Act of 1996, is
4 amended by inserting “, except as provided in
5 section 407(e)(3)” before the period.

6 (B) 5-YEAR LIMIT.—

7 (i) IN GENERAL.—Section 408(a)(7)
8 of the Social Security Act (42 U.S.C.
9 608(a)(7)), as added by section 103(a) of
10 the Personal Responsibility and Work Op-
11 portunity Reconciliation Act of 1996, is
12 amended by redesignating subparagraphs
13 (E) and (F) as subparagraphs (F) and
14 (G), respectively, and by inserting after
15 subparagraph (D) the following:

16 “(E) DISREGARD OF MONTHS OF ASSIST-
17 ANCE RECEIVED BY FAMILY HEAD WHO IS AN
18 ADULT NONPARENTAL RELATIVE CAREGIVER.—
19 In determining the number of months for which
20 an adult has received assistance under the
21 State program funded under this part, the
22 State shall disregard any month during which
23 the adult is an exempt adult.”.

24 (ii) CONFORMING AMENDMENT.—Sec-
25 tion 408(a)(1)(B) of the Social Security

1 Act (42 U.S.C. 608(a)(1)(B)), as added by
2 section 103(a) of the Personal Responsibil-
3 ity and Work Opportunity Reconciliation
4 Act of 1996, is amended by striking “or
5 (D)” and inserting “, (D), or (E)”.

6 (2) PROHIBITION AGAINST IMPOSITION OF TIME
7 LIMITS.—Section 408(a) of the Social Security Act
8 (42 U.S.C. 608(a)), as added by section 103(a) of
9 the Personal Responsibility and Work Opportunity
10 Reconciliation Act of 1996 and as amended by sub-
11 section (a)(3) of this section, is amended by adding
12 at the end the following:

13 “(13) PROHIBITION AGAINST IMPOSITION OF
14 TIME LIMITS ON FAMILIES HEADED BY AN ADULT
15 NONPARENTAL RELATIVE CAREGIVER.—A State to
16 which a grant is made under this part shall not use
17 any part of the grant to impose a limit on the dura-
18 tion of assistance to an exempt adult or an exempt
19 family under any Federal, State, or local program,
20 or to otherwise penalize an exempt adult or an ex-
21 empt family by reason of such status.

22 (3) PENALTY FOR IMPOSITION OF TIME LIM-
23 ITS.—Section 409(a) of the Social Security Act (42
24 U.S.C. 609(a)), as added by section 103(a) of the
25 Personal Responsibility and Work Opportunity Rec-

1 conciliation Act of 1996 and as amended by sub-
2 section (a)(4) of this section, is amended by redesignig-
3 nating paragraph (13) as paragraph (14) and insert-
4 ing after paragraph (12) the following:

5 “(13) PENALTY FOR IMPOSITION OF TIME LIM-
6 ITS ON FAMILIES HEADED BY AN ADULT NONPAREN-
7 TAL RELATIVE CAREGIVER.—If the Secretary deter-
8 mines that a State to which a grant is made under
9 section 403 for a fiscal year has violated section
10 408(a)(13) during the fiscal year, the Secretary
11 shall reduce the grant payable to the State under
12 section 403(a)(1) for the immediately succeeding fis-
13 cal year by 5 percent.”.

14 (c) GRANTS TO STATES FOR ASSISTANCE PROVIDED
15 FOR ADULT NONPARENTAL RELATIVE CAREGIVERS.—
16 Section 403(a) of the Social Security Act (42 U.S.C.
17 607(b)), as added by section 103(a) of the Personal Re-
18 sponsibility and Work Opportunity Reconciliation Act of
19 1996, is amended by adding at the end the following:

20 “(5) GRANTS FOR SUPPORT PROVIDED FOR
21 ADULT NONPARENTAL RELATIVE CAREGIVERS.—

22 “(A) IN GENERAL.—Each eligible State
23 shall be entitled to receive from the Secretary
24 a grant for each fiscal year in an amount equal
25 to the total amount expended by the State dur-

1 ing the immediately preceding fiscal year under
2 the State program funded under this part for
3 assistance to any exempt family or exempt
4 adult for any month for which the family or the
5 adult, in the absence of section 408(a)(7)(E),
6 would not be eligible for such assistance.

7 “(B) APPROPRIATION.—Out of any money
8 in the Treasury of the United States not other-
9 wise appropriated, there are appropriated for
10 grants under this paragraph such sums as may
11 be necessary for each fiscal year.”.

12 (d) DEFINITIONS.—Section 419 of the Social Secu-
13 rity Act (42 U.S.C. 607(b)), as added by section 103(a)
14 of the Personal Responsibility and Work Opportunity Rec-
15 onciliation Act of 1996, is amended by redesignating para-
16 graphs (2) through (5) as paragraphs (4) through (7), re-
17 spectively, and by inserting after paragraph (1) the follow-
18 ing:

19 “(2) EXEMPT ADULT.—The term ‘exempt
20 adult’ means an adult who is—

21 “(A) living with and caring for a minor
22 child who is related to (but not a biological
23 child of) the adult; and

24 “(B) the head of a family that—

1 “(i) does not include a parent of any
2 such minor child; and

3 “(ii) does not include a biological child
4 of the adult.

5 “(3) EXEMPT FAMILY.—The term ‘exempt fam-
6 ily’ means a family which—

7 “(A) is headed by an adult who is living
8 with and caring for a minor child who is related
9 to (but not a biological child of) the adult;

10 “(B) does not include a parent of any such
11 minor child; and

12 “(C) does not include a biological child of
13 the adult.”.

14 (e) EFFECTIVE DATE.—The amendments made by
15 this section shall take effect as if included in the enact-
16 ment of the Personal Responsibility and Work Oppor-
17 tunity Reconciliation Act of 1996.

18 **TITLE II—CARING FOR FAMILIES**

19 **SEC. 201. INTERGENERATIONAL FOSTER CARE HOUSING** 20 **DEMONSTRATION.**

21 (a) IN GENERAL.—The Secretary of Housing and
22 Urban Development and the Secretary of Health and
23 Human Services shall jointly carry out a program to dem-
24 onstrate the effectiveness of providing assistance to pri-
25 vate nonprofit organizations for development of

1 intergenerational foster care housing and for providing
2 foster care services in such housing.

3 (b) GRANTS.—

4 (1) IN GENERAL.—Under the demonstration
5 program under this section, the Secretaries shall
6 make grants in fiscal year 1998 to the private non-
7 profit organizations selected under subsection (c)
8 using amounts made available pursuant to sub-
9 section (h). In making the grants, the Secretaries
10 shall designate the portion of the grant amounts for
11 each grantee that are housing grant amounts and
12 the portion that are foster care grant amounts.

13 (2) LIMITATION ON AMOUNT.—Of the total
14 amount made available under subsection (h) for
15 grants under this section, not less than 10 percent
16 and not more than 35 percent may be used for a
17 grant for any single grantee.

18 (c) SELECTION OF GRANTEES.—The Secretaries
19 shall jointly select 5 private nonprofit organizations to re-
20 ceive grants under the demonstration program under this
21 section. The organizations shall be selected on the basis
22 of their capacity to provide intergenerational foster care
23 housing, as evidenced by such plans and applications as
24 the Secretaries may require.

25 (d) USE OF AMOUNTS.—

1 (1) HOUSING GRANT AMOUNTS.—Grant
2 amounts provided to a grantee from housing grant
3 amounts under subsection (h)(1) may be used by the
4 grantee only for activities relating to the acquisition,
5 construction, or rehabilitation of housing that will be
6 used as intergenerational foster care housing, includ-
7 ing costs of planning, design, financing, and equip-
8 ment.

9 (2) FOSTER CARE GRANT AMOUNTS.—Grant
10 amounts provided to a grantee from foster care
11 grant amounts under subsection (h)(2) may be used
12 only for activities to provide foster care services in
13 connection with intergenerational foster care hous-
14 ing, including counseling for foster care children and
15 resident elderly volunteers, training and education
16 for staff, resident foster care parents, and resident
17 elderly volunteers, adoption services, and living ex-
18 penses for foster care children.

19 (e) INTERGENERATIONAL FOSTER CARE HOUSING.—
20 For purposes of this section, intergenerational foster care
21 housing is housing that is used, for a period of not less
22 than 10 years beginning upon the provision of assistance
23 for the housing with grant amounts under this section—

24 (1) to provide a foster family home for children,
25 which—

1 (A) is licensed by the State in which it is
2 situated or has been approved, by the agency of
3 such State having responsibility for licensing
4 homes of such type, as meeting the standards
5 established for such licensing;

6 (B) is staffed by professional foster par-
7 ents; and

8 (C) provides housing for foster children in
9 a setting permitting the such children to reside
10 together with any of their siblings who are also
11 foster care children and the professional foster
12 parents until a permanent home is found;

13 (D) provides food, clothing, shelter, daily
14 supervision, and other essential needs for foster
15 children; and

16 (E) provides ongoing education and train-
17 ing for staff, resident elderly volunteers, other
18 volunteers engaged in providing foster care
19 services, and resident foster parents;

20 (2) includes dwelling units that—

21 (A) are made available for occupancy only
22 by elderly persons (and their spouses) who are
23 low-income families and have agreed to volun-
24 teer in providing companionship and foster care

1 services for foster care children residing in or
2 served by the housing; and

3 (B) are rented to such elderly families at
4 rates that are affordable to such families; and

5 (3) has appropriate design features, which may
6 include community space, that permit the use of the
7 housing for the purposes under subparagraphs (A)
8 and (B) and facilitate the interaction of the elderly
9 persons and foster children residing in the housing.

10 (f) REPORTS.—For each of fiscal years 1998, 1999,
11 and 2000, each grantee under the demonstration program
12 under this section shall submit to the Secretaries a report
13 for such fiscal year regarding the use of grant amounts
14 received by the grantee and the operation of the
15 intergenerational foster care housing assisted with the
16 grant amounts. Not later than December 31, 2000, the
17 Secretaries shall jointly prepare and submit to the Con-
18 gress a report describing the use of grant amounts pro-
19 vided under this section and analyzing the effectiveness
20 of the program and the housing assisted under the pro-
21 gram.

22 (g) DEFINITIONS.—For purposes of this section the
23 following definitions shall apply:

24 (1) ELDERLY PERSON.—The term “elderly per-
25 son” means a person who is at least 62 years of age.

1 (2) GRANTEE.—The term “grantee” means a
2 private nonprofit organization that receives a grant
3 under this section pursuant to selection under sub-
4 section (c).

5 (3) LOW-INCOME FAMILY.—The term “low-in-
6 come family” means a family or individual whose in-
7 come does not exceed 80 percent of the area median
8 income.

9 (4) PRIVATE NONPROFIT ORGANIZATION.—The
10 term “private nonprofit organization” means a pri-
11 vate organization that—

12 (A) is organized under State or local laws;

13 (B) has no part of its net earnings inuring
14 to the benefit of any member, shareholder,
15 founder, contributor, or individual;

16 (C) complies with standards of financial
17 accountability acceptable to the Secretaries.

18 (5) SECRETARIES.—The term “Secretaries”
19 means the Secretary of Housing and Urban Develop-
20 ment and the Secretary of Health and Human Serv-
21 ices.

22 (h) AUTHORIZATION OF APPROPRIATIONS.—There
23 are authorized to be appropriated for grants under the
24 demonstration program under this section \$40,000,000

1 for fiscal year 1998. Of any amounts appropriated for
2 such grants—

3 (1) 75 percent shall be housing grant amounts,
4 which shall be used only as provided in subsection
5 (d)(1); and

6 (2) 25 percent shall be foster care grant
7 amounts, which shall be used only as provided in
8 subsection (d)(2).

9 (i) REQUIREMENTS.—The Secretaries shall jointly
10 issue any requirements necessary to carry out the dem-
11 onstration program under this section.

12 **SEC. 202. MIDDLE CLASS CHILD CARE AFFORDABILITY.**

13 (a) INCREASE OF CERTAIN LIMITATIONS APPLICA-
14 BLE TO CHILD CARE CREDIT.—

15 (1) INCREASE OF AMOUNT OF EMPLOYMENT-
16 RELATED EXPENSES TAKEN INTO ACCOUNT.—Sub-
17 section (c) of section 21 of the Internal Revenue
18 Code of 1986 (relating to expenses for household
19 and dependent care services necessary for gainful
20 employment) is amended—

21 (A) in paragraph (1), by striking “\$2,400”
22 and inserting “\$3,600”, and

23 (B) in paragraph (2), by striking “\$4,800”
24 and inserting “\$5,400”.

1 (2) INCREASE OF AMOUNT AT WHICH PHASE-
2 DOWN OF PERCENTAGE BEGINS.—Paragraph (2) of
3 section 21(a) of such Code is amended by striking
4 “\$10,000” and inserting “\$20,000”.

5 (3) EFFECTIVE DATE.—The amendments made
6 by this subsection shall apply to taxable years begin-
7 ning after December 31, 1997.

8 (b) OFFSET PROVISIONS REGARDING FOREIGN
9 SALES CORPORATIONS.—

10 (1) ELIMINATION OF EXCLUSION.—Section 921
11 of the Internal Revenue Code of 1986 (relating to
12 exempt foreign trade income excluded from gross in-
13 come) is amended by adding at the end the following
14 new subsection:

15 “(e) TERMINATION.—This section shall not apply to
16 any taxable year beginning after December 31, 1995.”

17 (2) ELIMINATION OF SPECIAL DIVIDENDS RE-
18 CEIVED DEDUCTION.—Section 245 of such Code (re-
19 lating to dividends received from certain foreign cor-
20 porations) is amended by striking subsection (e).

21 (3) EFFECTIVE DATES.—

22 (A) EXCLUSION.—The amendment made
23 by paragraph (1) shall apply to taxable years
24 beginning after December 31, 1997.

1 (B) DIVIDENDS RECEIVED DEDUCTION.—

2 The amendment made by paragraph (2) shall
3 apply to dividends distributed out of earnings
4 and profits attributable to taxable years begin-
5 ning after December 31, 1997.

6 **SEC. 203. LEAVE FOR ADOPTED AND FOSTER CHILDREN.**

7 If an employer provides to an employee who is a par-
8 ent leave, in addition to the leave required by the Family
9 and Medical Leave Act of 1993, for the birth of a child,
10 such employer shall provide the same leave to an employee
11 who is a parent for an adopted child or a foster child.
12 For purposes of enforcement such additional leave shall
13 be considered leave required to be provided under section
14 102 of such Act.

15 **SEC. 204. STATES REQUIRED TO HAVE STANDBY GUARD-**
16 **IANSHIP LAW AS A CONDITION OF ELIGI-**
17 **BILITY FOR FEDERAL FUNDS FOR FOSTER**
18 **CARE AND ADOPTION ASSISTANCE.**

19 (a) IN GENERAL.—Part E of title IV of the Social
20 Security Act (42 U.S.C. 670–679) is amended by inserting
21 after section 477 the following:

22 **“SEC. 478. STANDBY GUARDIANSHIP LAWS AND PROCE-**
23 **DURES.**

24 “To be eligible for payments under this part, a State
25 must have in effect laws and procedures that permit any

1 parent who is chronically ill or near death, without surren-
2 dering parental rights, to designate a standby guardian
3 for the parent’s minor children, whose authority would
4 take effect upon—

5 “(1) the death of the parent;

6 “(2) the mental incapacity of the parent; or

7 “(3) the physical debilitation and consent of the
8 parent.”.

9 (b) **EFFECTIVE DATE.**—The amendment made by
10 subsection (a) shall take effect at the end of the first cal-
11 endar quarter that begins 60 or more months after the
12 date of the enactment of this Act, and shall apply to pay-
13 ments under part E of title IV of the Social Security Act
14 for the quarter and payments made under such part for
15 any succeeding quarter.

16 **SEC. 205. OMNIBUS FOSTER CARE IMPROVEMENT.**

17 (a) **REQUIREMENT THAT STATES ADMINISTER**
18 **QUALIFYING EXAMINATIONS TO ALL STATE EMPLOYEES**
19 **WITH NEW AUTHORITY TO MAKE DECISIONS REGARD-**
20 **ING CHILD WELFARE SERVICES.**—Section 474 of the So-
21 cial Security Act (42 U.S.C. 674) is amended by adding
22 at the end the following:

23 “(d) The Secretary may not make a payment to a
24 State under subsection (a) for any calendar quarter begin-
25 ning after the 18-month period that begins with the date

1 of the enactment of this subsection, unless the State has
2 in effect procedures to ensure that, before the State pro-
3 vides to a prospective child welfare decisionmaker the au-
4 thority to make decisions regarding child welfare services,
5 the individual must take and pass an examination, admin-
6 istered by the State, that tests knowledge of such subjects
7 as child development, family dynamics, dysfunctional be-
8 havior, substance abuse, child abuse, and community ad-
9 vocacy. As used in the preceding sentence, the term ‘pro-
10 spective child welfare decisionmaker’ means an individual
11 who, on the date of the enactment of this subsection, does
12 not have any authority to make a decision regarding child
13 welfare services.”.

14 (b) PROCEDURES TO EXPEDITE THE PERMANENT
15 PLACEMENT OF FOSTER CHILDREN.—

16 (1) IN GENERAL.—Section 474 of the Social
17 Security Act (42 U.S.C. 674), as amended by sub-
18 section (a) of this section, is amended by adding at
19 the end the following:

20 “(e) The Secretary may not make a payment to a
21 State for a calendar quarter under subsection (a) unless
22 the State has in effect procedures requiring the State
23 agency, at the time a child is removed from a home and
24 placed in foster care under the supervision of the State,
25 to locate any parent of the child who is not living at the

1 home, and evaluate the ability of the parent to provide
2 a suitable home for the child.”.

3 (2) APPLICABILITY.—The amendment made by
4 paragraph (1) of this subsection shall not apply with
5 respect to any child who, on the date of the enact-
6 ment of this Act, is in foster care under the super-
7 vision of a State (as defined in section 1101(a)(1)
8 of the Social Security Act for purposes of title IV of
9 such Act).

10 (c) PLACEMENT OF FOSTER CHILDREN IN PERMA-
11 NENT KINSHIP CARE ARRANGEMENTS.

12 (1) STATE OPTION TO DEEM KINSHIP PLACE-
13 MENT AS ADOPTION.—Section 473(a) of the Social
14 Security Act (42 U.S.C. 673(a)) is amended by add-
15 ing at the end the following:

16 “(7) If a State places a child (who has been in foster
17 care under the supervision of the State) with a blood rel-
18 ative of the child or of a half-sibling of the child, and
19 transfers legal custody of the child to the relative, pursu-
20 ant to a written agreement, entered into between the State
21 and the relative, that contains provisions of the type de-
22 scribed in section 475(3), then, at the option of the State,
23 for purposes of this part—

24 “(A) the placement is deemed an adoption;

1 “(B) the initiation of the proceeding to so place
2 the child is deemed an adoption proceeding;

3 “(C) the relative is deemed the adoptive parent
4 of the child;

5 “(D) the agreement is deemed an adoption as-
6 sistance agreement;

7 “(E) the payments made under the agreement
8 are deemed to be adoption assistance payments; and

9 “(F) any reasonable and necessary court costs,
10 attorneys fees, and other expenses which are directly
11 related to the placement or the transfer of legal cus-
12 tody and are not in violation of State or Federal law
13 are deemed nonrecurring adoption expenses.”.

14 (2) CONSIDERATION OF KINSHIP PLACEMENT
15 OPTION AT DISPOSITIONAL HEARING.—Section
16 475(5)(C) of such Act (42 U.S.C. 675(5)(C)) is
17 amended by inserting “should be placed with a rel-
18 ative of the child as provided in section 473(a)(7),”
19 before “should be placed for adoption”.

20 (d) FEDERAL FUNDS FOR FOSTER CARE AND ADOP-
21 TION ASSISTANCE AVAILABLE ONLY TO STATES THAT
22 REQUIRE STATE AGENCIES, IN CONSIDERING APPLICA-
23 TIONS TO ADOPT CERTAIN FOSTER CHILDREN, TO GIVE
24 PREFERENCE TO APPLICATIONS OF A FOSTER PARENT
25 OR CARETAKER RELATIVE OF THE CHILD.—Section 474

1 of the Social Security Act (42 U.S.C. 674), as amended
2 by subsections (a) and (b) of this section, is amended by
3 adding at the end the following:

4 “(f) Notwithstanding any other provision of this sec-
5 tion, the Secretary may not make any payment to a State
6 under this section, for any calendar quarter ending after
7 the 5-year period that begins with the date of the enact-
8 ment of this subsection, unless the State has in effect laws
9 and procedures requiring a State agency to complete the
10 processing of an application to adopt a child who is in
11 foster care under the responsibility of the State that has
12 been submitted by a foster parent or caretaker relative of
13 the child, before completing the processing of any other
14 application to adopt the child if—

15 “(1) a court has approved a permanent plan for
16 adoption of the child, or the child has been freed for
17 adoption; and

18 “(2) the agency with authority to place the
19 child for adoption determines that—

20 “(A) the child has substantial emotional
21 ties to the foster parent or caretaker relative, as
22 the case may be; and

23 “(B) removal of the child from the foster
24 parent or caretaker relative, as the case may be,

1 would be seriously detrimental to the well-being
2 of the child.”.

3 (e) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to payments under part E of title
5 IV of the Social Security Act for quarters beginning after
6 the date of the enactment of this Act.

7 **SEC. 206. WORKING FAMILIES CHILD CARE.**

8 (a) FINDINGS.—Congress makes the following find-
9 ings:

10 (1) Availability and affordability of quality child
11 care is a major obstacle for working parents who
12 struggle to remain self-sufficient.

13 (A) Compared to all other income groups,
14 the working poor are the least likely to receive
15 assistance with their child care costs.

16 (B) Low-income families spend 24 percent
17 of their household income on child care, where-
18 as middle-income families spend 6 percent of
19 their household income on child care.

20 (C) 38 States have waiting lists for child
21 care for the working poor. Among those States,
22 Georgia has 41,000 individuals on its waiting
23 list, Texas has 36,000 individuals on its waiting
24 list, and Illinois and Alabama each have 20,000
25 individuals on their waiting lists.

1 (D) One survey of low-income families on
2 a waiting list for subsidized child care found
3 that of those families paying for child care out
4 of their own funds, 71 percent faced serious
5 debt or bankruptcy.

6 (E) Half of the States and the District of
7 Columbia, even before the enactment of the
8 Personal Responsibility and Work Opportunity
9 Reconciliation Act of 1996 (Public Law 104–
10 193, 110 Stat. 2105) during the 104th Con-
11 gress, increased the proportion of child care
12 slots or dollars going to families on welfare,
13 rather than to working poor families.

14 (2) The Congressional Budget Office estimates
15 that there will be \$1,400,000,000 less expenditures
16 of child care funds for working poor families as a re-
17 sult of the States implementing the work require-
18 ments imposed under the Personal Responsibility
19 and Work Opportunity Reconciliation Act of 1996
20 (Public Law 104–193, 110 Stat. 2105).

21 (3) Important types of child care are not avail-
22 able in certain States including infant care, school-
23 age care, care for children with disabilities and spe-
24 cial health care needs, and child care for parents
25 with unconventional or shifting work hours.

1 (A) A 1995 State study by the Comptroller
2 General of the United States found a shortage
3 of child care for infants and children with spe-
4 cial needs in inner cities, and a shortage of all
5 types of child care in rural areas.

6 (B) Only one-third of the schools in low-in-
7 come neighborhoods offer school-age child care,
8 compared with 52 percent of schools in more
9 affluent areas offering such care.

10 (C) Eighth-graders who are left home
11 alone for 11 or more hours a week report sig-
12 nificantly greater use of cigarettes, alcohol, and
13 marijuana than eighth-graders who are not left
14 home alone.

15 (D) Existing child care arrangements do
16 not accommodate the work schedules of many
17 working women. According to a 1995 statistic
18 published by the Department of Labor,
19 14,300,000 workers, nearly 1 in 5 full-time
20 workers work nonstandard hours, and more
21 than 1 in 3 of those workers are women.

22 (E) Only 10 percent of child care centers
23 and 6 percent of family day care providers offer
24 child care on weekends. Yet one-third of work-
25 ing mothers with annual incomes below the pov-

1 erty level and one-quarter of mothers with an-
2 nual incomes above the poverty level but below
3 \$25,000 work on weekends.

4 (F) Less than 30 percent of Head Start
5 programs operate on a full-time, full-year basis.

6 (b) AUTHORIZATION OF APPROPRIATIONS FOR
7 CHILD CARE FOR LOW-INCOME WORKING FAMILIES AND
8 FOR CHILD CARE SUPPLY SHORTAGES.—Section 658B of
9 the Child Care Development Block Grant Act of 1990 (42
10 U.S.C. 9858) is amended—

11 (1) by inserting “(excluding subparagraphs (E)
12 and (F) of section 658E(c)(3))” after “subchapter”,

13 (2) by inserting “(a)” before “There”, and

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

15 “(b) There is authorized to be appropriated to pro-
16 vide child care services under this chapter to satisfy the
17 requirement specified in section 658E(c)(3)(E)
18 \$1,400,000,000 for each of the fiscal years 1997 through
19 2002.

20 “(c) There is authorized to be appropriated to carry
21 out child care activities under this chapter to satisfy the
22 requirement specified in section 658E(c)(3)(F)
23 \$500,000,000 for each of the fiscal years 1997 through
24 2002.”.

1 (c) EXPENDITURES FOR CHILD SERVICES CARE FOR
2 LOW-INCOME WORKING FAMILIES AND FOR CHILD CARE
3 SUPPLY SHORTAGES.—

4 (1) REQUIRED STATE EXPENDITURES.—Section
5 658E(c)(3) of the Child Care Development Block
6 Grant Act of 1990 (42 U.S.C. 9858e(c)(3)) is
7 amended by adding at the end the following:

8 “(E) CHILD CARE FOR CERTAIN LOW-IN-
9 COME WORKING FAMILIES.—A State shall en-
10 sure that 100 percent of amounts paid to the
11 State out of funds appropriated under section
12 658B(b) with respect to each of the fiscal years
13 1997 through 2002 shall be used to provide
14 child care services for families who have left the
15 State program of assistance under part A of
16 title IV of the Social Security Act because of
17 employment, families that are at risk of becom-
18 ing dependent on such assistance program, and
19 low-income working families described in section
20 subparagraph (D).

21 “(F) CHILD CARE SUPPLY SHORTAGES.—

22 “(i) IN GENERAL.—A State shall en-
23 sure that 100 percent of amounts paid to
24 the State out of funds appropriated under
25 section 658B(c) with respect to each of the

1 fiscal years 1997 through 2002 shall be
2 used to carry out child care activities de-
3 scribed in clause (ii) in geographic areas
4 within the State that have a shortage, as
5 determined by the State, in consultation
6 with localities, of child care services.

7 “(ii) CHILD CARE ACTIVITIES DE-
8 SCRIBED.—The child care activities de-
9 scribed in this clause include the following:

10 “(I) Infant care programs.

11 “(II) Before- and after-school
12 child care programs.

13 “(III) Resource and referral pro-
14 grams.

15 “(IV) Nontraditional work hours
16 child care programs.

17 “(V) Extending the hours of pre-
18 kindergarten programs to provide full-
19 day services.

20 “(VI) Any other child care pro-
21 grams that the Secretary determines
22 are appropriate.”.

23 (2) CONFORMING AMENDMENT.—Section
24 658E(c)(3)(A) of the Child Care Development Block

1 Grant Act of 1990 (42 U.S.C. 9858c(e)(3)(A)) is
2 amended by striking “(D)” and inserting “(F)”.

3 (d) REPORT ON ACCESS TO CHILD CARE BY LOW-
4 INCOME WORKING FAMILIES.—

5 (1) STATE REPORTING REQUIREMENT.—Section
6 658K(a)(2) of the Child Care Development Block
7 Grant Act of 1990 (42 U.S.C. 9858i(a)(2)) is
8 amended—

9 (A) in subparagraph (D), by striking
10 “and” at the end; and

11 (B) by inserting after subparagraph (E),
12 the following:

13 “(F) the total number of families described
14 in section 658B(b) that were eligible for but did
15 not receive assistance under this subchapter or
16 under section 418 of the Social Security Act
17 and a description of the obstacles to providing
18 such assistance; and

19 “(G) the total number of families described
20 in section 658B(b) that received assistance pro-
21 vided under this subchapter or under section
22 418 of the Social Security Act and a description
23 of the manner in which that assistance was pro-
24 vided;”.

1 (2) SECRETARIAL REPORTING REQUIREMENT.—
2 Section 658L of the Child Care Development Block
3 Grant Act of 1990 (42 U.S.C. 9858j) is amended by
4 inserting “, with particular emphasis on access of
5 low-income working families,” after “public”.

6 **TITLE III—FAMILY SAFETY**

7 **SEC. 301. PREVENTION OF DATE RAPE.**

8 (a) DRUG RESCHEDULING.—The Attorney General
9 shall schedule Gamma y-hydroxybutyrate in schedule I of
10 the Controlled Substances Act (21 U.S.C. 812) and shall
11 schedule Ketamine in schedule II of such Act.

12 (b) EDUCATION AND DRUG ABUSE PREVENTION.—
13 The Attorney General shall establish programs throughout
14 the United States and disseminate materials to provide
15 young people in high school and college with education
16 about the use of controlled substances in the furtherance
17 of rape and sexual assault and shall assist law enforce-
18 ment personnel in the prevention of abuse of controlled
19 substances for such purpose.

20 **SEC. 302. CHILD ABUSE ACCOUNTABILITY ACT.**

21 (a) CREATION OR ASSIGNMENT OF RIGHTS TO BENE-
22 FITS UNDER QUALIFIED CHILD ABUSE ORDERS.—Sec-
23 tion 206(d)(3)(A) of the Employee Retirement Income Se-
24 curity Act of 1974 (29 U.S.C. 1056(d)(3)(A)) is amend-
25 ed—

1 (1) by inserting “or a child abuse order” after
2 “a domestic relations order”;

3 (2) by inserting “or a qualified child abuse
4 order” after “a qualified domestic relations order”;
5 and

6 (3) by inserting “or any qualified child abuse
7 order” after “any qualified domestic relations
8 order”.

9 (b) QUALIFIED CHILD ABUSE ORDERS.—Section
10 206(d)(3)(B) of such Act (29 U.S.C. 1056(d)(3)(B)) is
11 amended—

12 (1) in clause (i), by striking “the term” and in-
13 serting “The term”, and by striking “, and” at the
14 end and inserting a period;

15 (2) in clause (ii), by striking “the term” and in-
16 serting “The term”; and

17 (3) by adding at the end the following new
18 clauses:

19 “(iii) The term ‘qualified child abuse order’
20 means a child abuse order—

21 “(I) which creates or recognizes the
22 existence of an alternate payee’s right to,
23 or assigns to an alternate payee the right
24 to, receive all or a portion of the benefits

1 payable with respect to a participant under
2 a plan, and

3 “(II) with respect to which the re-
4 quirements of subparagraphs (C) and (D)
5 are met.

6 “(iv) The term ‘child abuse order’ means
7 any court order or other similar process for the
8 enforcement of a judgment rendered against a
9 participant or beneficiary under a plan for
10 physically, sexually, or emotionally abusing a
11 child. For purposes of this clause—

12 “(I) The term ‘judgment rendered for
13 physically, sexually, or emotionally abusing
14 a child’ means any legal claim perfected
15 through a final enforceable judgment,
16 which claim is based in whole or in part
17 upon the physical, sexual, or emotional
18 abuse of a child, whether or not that abuse
19 is accompanied by other actionable wrong-
20 doing, such as sexual exploitation or gross
21 negligence.

22 “(II) The term ‘child’ means an indi-
23 vidual under 18 years of age.”.

24 (c) EXEMPTION FROM PREEMPTION.—Section
25 514(b)(7) of such Act (29 U.S.C. 1144(b)(7)) is amended

1 by inserting “or qualified child abuse orders (within the
2 meaning of section 206(d)(3)(B)(iii))” before the period.

3 (d) CONFORMING AMENDMENTS TO ERISA.—Sec-
4 tion 206(d)(3) of such Act (29 U.S.C. 1056(d)(3)) is
5 amended—

6 (1) in subparagraph (C), by inserting “or child
7 abuse order” after “A domestic relations order”;

8 (2) in subparagraph (D), by inserting “or child
9 abuse order” after “A domestic relations order”;

10 (3) in subparagraph (E)(i), by inserting “or
11 child abuse order” after “A domestic relations
12 order”;

13 (4) in subparagraph (G)(i), by inserting “or
14 child abuse order” after “any domestic relations
15 order”, by inserting “or child abuse orders” in sub-
16 clause (I) after “domestic relations orders”, and by
17 inserting “or a qualified child abuse order” in sub-
18 clause (II) after “a qualified domestic relations
19 order”;

20 (5) in subparagraph (G)(ii), by inserting “and
21 child abuse orders” after “domestic relations or-
22 ders”, by inserting “or child abuse order” after “do-
23 mestic relations order” each place it appears in sub-
24 clauses (II) and (III);

1 (6) in subparagraph (H)(i), by inserting “or
2 whether a child abuse order is a qualified child
3 abuse order” after “whether a domestic relations
4 order is a qualified domestic relations order”, and by
5 inserting “or a qualified child abuse order” after “to
6 be a qualified domestic relations order”;

7 (7) in subparagraph (H)(ii), by inserting “or a
8 qualified child abuse order” after “a qualified do-
9 mestic relations order”;

10 (8) in subparagraph (H)(iii), by inserting “or a
11 qualified child abuse order” after “a qualified do-
12 mestic relations order” each place it appears in sub-
13 clauses (I) and (II);

14 (9) in subparagraph (H)(iv), by inserting “or a
15 qualified child abuse order” after “a qualified do-
16 mestic relations order”;

17 (10) in subparagraph (H)(v), by inserting “or
18 child abuse order” after “the domestic relations
19 order”;

20 (11) in subparagraph (I)(i), by inserting “or
21 child abuse order” after “a domestic relations
22 order”, and by inserting “or qualified child abuse
23 order” after “a qualified domestic relations order”;

1 (12) in subparagraph (J), by inserting “or a
2 qualified child abuse order” after “a qualified do-
3 mestic relations order”;

4 (13) in subparagraph (K), by inserting “or
5 child abuse order” after “a domestic relations
6 order”; and

7 (14) in subparagraph (M), by inserting “or a
8 qualified child abuse order” after “a qualified do-
9 mestic relations order”.

10 (e) CREATION OR ASSIGNMENT OF RIGHTS TO BENE-
11 FITS UNDER QUALIFIED CHILD ABUSE ORDERS.—Sub-
12 paragraph (B) of section 401(a)(13) of the Internal Reve-
13 nue Code of 1986 (relating to assignment of benefits) is
14 amended—

15 (1) by inserting “OR CHILD ABUSE ORDERS”
16 after “DOMESTIC RELATIONS ORDERS” in the
17 heading;

18 (2) by inserting “or a child abuse order” after
19 “a domestic relations order”; and

20 (3) by inserting “or a qualified child abuse
21 order” after “a qualified domestic relations order”.

22 (f) QUALIFIED CHILD ABUSE ORDERS.—Paragraph
23 (1) of section 414(p) of such Code (defining qualified do-
24 mestic relations order) is amended—

1 (1) in the heading, by inserting “AND QUALI-
2 FIED CHILD ABUSE ORDER” after “ORDER”; and

3 (2) by adding at the end the following new sub-
4 paragraphs:

5 “(C) QUALIFIED CHILD ABUSE ORDER.—

6 The term ‘qualified child abuse order’ means a
7 child abuse order—

8 “(i) which creates or recognizes the
9 existence of an alternate payee’s right to,
10 or assigns to an alternate payee the right
11 to, receive all or a portion of the benefits
12 payable with respect to a participant under
13 a plan, and

14 “(ii) with respect to which the re-
15 quirements of paragraphs (2) and (3) are
16 met.

17 “(D) CHILD ABUSE ORDER.—

18 “(i) IN GENERAL.—The term ‘child
19 abuse order’ means any court order or
20 other similar process for the enforcement
21 of a judgment rendered against a partici-
22 pant or beneficiary under a plan for phys-
23 ically, sexually, or emotionally abusing a
24 child.

1 “(ii) DEFINITIONS.—For purposes of
2 this subparagraph—

3 “(I) The term ‘judgment ren-
4 dered for physically, sexually, or emo-
5 tionally abusing a child’ means any
6 legal claim perfected through a final
7 enforceable judgment, which claim is
8 based in whole or in part upon the
9 physical, sexual, or emotional abuse of
10 a child, whether or not that abuse is
11 accompanied by other actionable
12 wrongdoing, such as sexual exploi-
13 tation or gross negligence.

14 “(II) The term ‘child’ means an
15 individual under 18 years of age.”.

16 (g) CONFORMING AMENDMENTS TO IRC OF 1986.—

17 Subsection (p) of section 414 of such Code is amended—

18 (1) in paragraph (2), by inserting “or child
19 abuse order” after “A domestic relations order”;

20 (2) in paragraph (3), by inserting “or child
21 abuse order” after “A domestic relations order”;

22 (3) in paragraph (4)(A), by inserting “or child
23 abuse order” after “a domestic relations order”;

24 (4) in paragraph (6)(A), by inserting “or child
25 abuse order” after “any domestic relations order”,

1 by inserting “or child abuse orders” in clause (i)
2 after “domestic relations orders”, and by inserting
3 “or a qualified child abuse order” in clause (ii) after
4 “a qualified domestic relations order”;

5 (5) in paragraph (6)(B), by inserting “and
6 child abuse orders” after “domestic relations or-
7 ders”;

8 (6) in paragraph (7)(A), by inserting “or
9 whether a child abuse order is a qualified child
10 abuse order” after “whether a domestic relations
11 order is a qualified domestic relations order”, and by
12 inserting “or a qualified child abuse order” after “to
13 be a qualified domestic relations order”;

14 (7) in paragraph (7)(B), by inserting “OR
15 QUALIFIED CHILD SUPPORT ORDER” in the heading
16 after “QUALIFIED DOMESTIC RELATIONS ORDER”,
17 and by inserting “or a qualified child abuse order”
18 after “a qualified domestic relations order”;

19 (8) in paragraph (7)(C), by inserting “or a
20 qualified child abuse order” after “a qualified do-
21 mestic relations order” each place it appears in
22 clauses (i) and (ii);

23 (9) in paragraph (7)(D), by inserting “or a
24 qualified child abuse order” after “a qualified do-
25 mestic relations order”;

1 (10) in paragraph (7)(E), by inserting “or child
2 abuse order” after “the domestic relations order”;

3 (11) in paragraph (8), by inserting “or child
4 abuse order” after “a domestic relations order”;

5 (12) in paragraph (9), by inserting “or a quali-
6 fied child abuse order” after “a qualified domestic
7 relations order”;

8 (13) in paragraph (10), by inserting “or a
9 qualified child abuse order” after “a qualified do-
10 mestic relations order”; and

11 (14) in paragraph (11), by inserting “or a
12 qualified child abuse order” after “pursuant to a
13 qualified domestic relations order”, and by inserting
14 “or a child abuse order” after “pursuant to a do-
15 mestic relations order”.

16 (h) TAX TREATMENT OF DISTRIBUTIONS PURSUANT
17 TO QUALIFIED CHILD ABUSE ORDERS.—

18 (1) ALTERNATE PAYEE MUST INCLUDE BENE-
19 FITS IN GROSS INCOME.—Paragraph (1) of section
20 402(e) of such Code (relating to alternate payee
21 under qualified domestic relations order treated as
22 distributee) is amended by inserting “or a qualified
23 child abuse order (as defined in section 414(p))”
24 after “a qualified domestic relations order (as de-
25 fined in section 414(p))” each place it appears.

1 (2) ALLOCATION OF INVESTMENT IN THE CON-
2 TRACT.—Paragraph (10) of section 72(m) of such
3 Code (relating to determination of investment in the
4 contract in the case of qualified domestic relations
5 orders) is amended—

6 (A) in the heading, by inserting “AND
7 QUALIFIED CHILD ABUSE ORDERS” after
8 “QUALIFIED DOMESTIC RELATIONS ORDERS”;
9 and

10 (B) by inserting “or a qualified child abuse
11 order (as defined in section 414(p))” after “a
12 qualified domestic relations order (as defined in
13 section 414(p))”.

14 (3) CLARIFICATION OF ELIGIBILITY OF PARTIC-
15 IPANT FOR LUMP SUM TREATMENT.—

16 (A) Subparagraph (H) of section 402(d)(4)
17 of such Code (relating to balance to credit of
18 employee not to include amounts payable under
19 qualified domestic relations order) is amend-
20 ed—

21 (i) in the heading, by inserting “OR
22 QUALIFIED CHILD ABUSE ORDER” after
23 “QUALIFIED DOMESTIC RELATIONS
24 ORDER”; and

1 (ii) by inserting “or a qualified child
2 abuse order (within the meaning of section
3 414(p))” after “a qualified domestic rela-
4 tions order (within the meaning of section
5 414(p))”.

6 (B) Subparagraph (J) of section 402(d)(4)
7 of such Code is amended by inserting “, or
8 under a qualified child abuse order (within the
9 meaning of section 414(p)) of the balance to
10 the credit of an alternate payee,” after “former
11 spouse of the employee”.

12 (i) EFFECTIVE DATE.—The amendments made by
13 this section shall take effect on January 1, 1998, except
14 that, in the case of a child abuse order entered before such
15 date, the plan administrator—

16 (1) shall treat such order as a qualified child
17 abuse order if such administrator is paying benefits
18 pursuant to such order on such date, and

19 (2) may treat any other such order entered be-
20 fore such date as a qualified child abuse order even
21 if such order does not meet the requirements of such
22 amendments.

23 **SEC. 303. PROTECTION FROM SEXUAL PREDATORS.**

24 (a) FINDINGS.—Congress finds that—

1 (1) rape and sexual assaults continue to be seri-
2 ous threats to the safety of communities across
3 America;

4 (2) sexual offenders are much more likely than
5 any other category of criminals to repeat their
6 crimes again and again, even after serving time in
7 prison;

8 (3) the average rape sentence is just 10½
9 years, and the average time served is half of that,
10 approximately 5 years; and

11 (4) repeat sexual offenders frequently strike in
12 more than one State and, while States have primary
13 responsibility for the prosecution of sexual offenders,
14 the option of Federal prosecution provides a needed
15 additional tool to safeguard communities victimized
16 by these individuals.

17 (b) SENSE OF CONGRESS.—It is the sense of Con-
18 gress that—

19 (1) States should more seriously consider the
20 relatively high recidivism rate of sexual offenders
21 when deciding whether to plea bargain with a first-
22 time sexual offender and whether to grant parole to
23 sexual offenders; and

24 (2) States should review their treatment and
25 parole supervision programs for sexual offenders to

1 assure that these programs are fulfilling their goals,
2 and, if they are not, these programs should be im-
3 mediately replaced or abandoned.

4 (c) AMENDMENTS TO TITLE 18.—Section 2241 of
5 title 18, United States Code, is amended by adding at the
6 end the following:

7 “(e) PUNISHMENT FOR SEXUAL PREDATORS.—(1)
8 Whoever, in a circumstance described in paragraph (2) of
9 this subsection—

10 “(A) violates this section; or

11 “(B) engages in conduct that would violate this
12 section, if the conduct had occurred in the special
13 maritime and territorial jurisdiction of the United
14 States, and—

15 “(i) that conduct is in interstate or foreign
16 commerce;

17 “(ii) the person engaging in that conduct
18 crossed a State line with intent to engage in the
19 conduct; or

20 “(iii) the person engaging in that conduct
21 thereafter engages in conduct that is a violation
22 of section 1073(1) with respect to an offense
23 that consists of the conduct so engaged in;

24 shall be imprisoned for life.

1 “(2) The circumstance referred to in paragraph (1)
2 of this subsection is that the defendant has previously
3 been convicted of another State or Federal offense for con-
4 duct which—

5 “(A) is an offense under this section or section
6 2242 of this title; or

7 “(B) would have been an offense under either
8 of such sections if the offense had occurred in the
9 special maritime or territorial jurisdiction of the
10 United States.”.

11 (d) AMENDMENTS TO VIOLENT CRIME CONTROL AND
12 LAW ENFORCEMENT ACT OF 1994.—Section 2012 of the
13 Violent Crime Control and Law Enforcement Act of 1994
14 (42 U.S.C. 13702) is amended by adding at the end the
15 following:

16 “(c) ADDITIONAL REQUIREMENT.—A State is not eli-
17 gible for a grant under this section unless such State has
18 provided assurances to the Attorney General that such
19 State has in effect laws which allow the court to impose
20 a sentence of life in prison without parole on a defendant
21 in a criminal case who is convicted of a State offense for
22 conduct that—

23 “(1) is an offense under section 2241 or 2242
24 of title 18, United States Code; or

1 “(2) would have been an offense under either of
2 such sections if the offense had occurred in the spe-
3 cial maritime or territorial jurisdiction of the United
4 States;
5 after having previously been convicted of another State or
6 Federal offense for conduct that was an offense described
7 in paragraph (1) or (2).”.

8 (e) STUDY OF PERSISTENT SEXUAL PREDATORS.—
9 The National Institute of Justice, either directly or
10 through grant, shall carry out a study of persistent sexual
11 predators. Not later than one year after the date of the
12 enactment of this Act, such Institute shall report to Con-
13 gress and the President the results of such study. Such
14 report shall include—

15 (1) a synthesis of current research in psychol-
16 ogy, sociology, law, criminal justice, and other fields
17 regarding persistent sexual offenders, including—

18 (A) common characteristics of such offend-
19 ers;

20 (B) recidivism rates for such offenders;

21 (C) treatment techniques and their effec-
22 tiveness;

23 (D) responses of offenders to treatment
24 and deterrence; and

- 1 (E) the possibility of early intervention to
2 prevent people from becoming sexual predators;
3 and
4 (2) an agenda for future research in this area.

5 **SEC. 304. CHILD SAFETY LOCKS FOR FIREARMS.**

6 (a) CIVIL PROHIBITIONS.—

7 (1) PROHIBITION AGAINST TRANSFER OF FIRE-
8 ARM WITHOUT LOCKING DEVICE ATTACHED.—

9 (A) PROHIBITION.—Effective 12 months
10 after the date of the enactment of this Act, it
11 shall be unlawful for any person, in or affecting
12 commerce, to transfer a firearm in the United
13 States, unless a locking device is attached to, or
14 is an integral part of, the firearm.

15 (B) PENALTIES.—

16 (i) PRIVATE TRANSFERS.—The Sec-
17 retary shall impose a civil fine of \$5,000
18 on any person, other than a licensed dealer
19 or licensed manufacturer, who violates sub-
20 paragraph (A).

21 (ii) TRANSFERS BY FEDERALLY LI-
22 CENSED FIREARMS DEALERS.—The Sec-
23 retary shall impose a civil fine of \$10,000
24 on any licensed dealer who violates sub-
25 paragraph (A), and shall suspend or re-

1 voke any license issued under chapter 44
2 of title 18, United States Code, to the
3 dealer.

4 (iii) TRANSFERS BY FEDERALLY LI-
5 CENSED FIREARMS MANUFACTURERS.—
6 The Secretary shall impose a civil fine of
7 \$25,000 on any licensed manufacturer who
8 violates subparagraph (A), and shall sus-
9 pend or revoke any license issued under
10 chapter 44 of title 18, United States Code,
11 to the manufacturer.

12 (2) PROHIBITION AGAINST MANUFACTURE OF
13 HANDGUN WITHOUT LOCKING DEVICE ATTACHED.—

14 (A) PROHIBITION.—Effective 18 months
15 after the date of the enactment of this Act, it
16 shall be unlawful for any person, in or affecting
17 commerce, to manufacture a handgun in the
18 United States, unless a locking device that
19 meets the minimum quality standards pre-
20 scribed under subsection (e) is attached to, or
21 is an integral part of, the firearm.

22 (B) PENALTIES.—The Secretary shall im-
23 pose a civil fine of \$25,000 on any person who
24 violates subparagraph (A), and shall suspend or
25 revoke any license issued under chapter 44 of

1 title 18, United States Code, to the manufac-
2 turer.

3 (3) PROHIBITION AGAINST TRANSFER OF FIRE-
4 ARM BY LICENSEE WITHOUT NOTICE AND WARN-
5 ING.—

6 (A) PROHIBITION.—Effective 60 days after
7 the date of the enactment of this Act, it shall
8 be unlawful for any licensed importer, licensed
9 manufacturer, or licensed dealer to transfer a
10 handgun that is not accompanied by the follow-
11 ing, which shall be printed in $\frac{3}{4}$ -inch type:

12 “THE USE OF A LOCKING BOX OR LOCKING
13 DEVICE PLACED ON THE TRIGGER GUARD OF A
14 FIREARM IS ONLY ONE ASPECT OF RESPON-
15 SIBLE FIREARM STORAGE. FIREARMS AND
16 THEIR AMMUNITION SHOULD BE STORED AND
17 SECURED IN A LOCATION THAT IS INACCES-
18 SIBLE TO CHILDREN.

19 “IF MISUSED, HANDGUNS CAN RESULT IN
20 UNINTENTIONAL INJURY OR LOSS OF LIFE.
21 TRIGGER LOCKS LOWER THE RISK OF UNIN-
22 TENTIONAL DISCHARGE, HOWEVER TRIGGER
23 LOCKS DO NOT TOTALLY ELIMINATE THE RISK.

24 “FAILURE TO PROPERLY LOCK AND STORE
25 YOUR FIREARM MAY RESULT IN CIVIL OR CRIMI-

1 NAL LIABILITY UNDER STATE LAW. FEDERAL
2 LAW PROHIBITS THE POSSESSION OF A HAND-
3 GUN BY A MINOR IN MOST CIRCUMSTANCES.”.

4 (B) PENALTIES.—

5 (i) TRANSFERS BY FEDERALLY LI-
6 CENSED FIREARMS DEALERS OR IMPORT-
7 ERS.—The Secretary shall impose a civil
8 fine of \$10,000 on any licensed dealer or
9 licensed importer who violates subpara-
10 graph (A), and shall suspend or revoke any
11 license issued under chapter 44 of title 18,
12 United States Code, to the dealer or im-
13 porter.

14 (ii) TRANSFERS BY FEDERALLY LI-
15 CENSED FIREARMS MANUFACTURERS.—
16 The Secretary shall impose a civil fine of
17 \$5,000 on any licensed manufacturer who
18 violates subparagraph (A), and shall sus-
19 pend or revoke any license issued under
20 chapter 44 of title 18, United States Code,
21 to the manufacturer.

22 (4) INAPPLICABILITY TO GOVERNMENTAL ENTI-
23 TIES.—Paragraphs (1), (2), and (3) shall not apply
24 to conduct of, or authorized by, the United States or
25 any department or agency thereof, or any State or

1 any department, agency, or political subdivision
2 thereof.

3 (5) JUDICIAL REVIEW.—Not later than 60 days
4 after an individual receives notice from the Secretary
5 of a decision to impose a fine on, or suspend or re-
6 voke a license of, the individual under this sub-
7 section, the individual may bring an action against
8 the Secretary in any United States district court for
9 de novo review of the decision.

10 (b) CRIMINAL PROHIBITION AGAINST ADULT LEAV-
11 ING FIREARM AND AMMUNITION WITH AN UNSUPER-
12 VISED MINOR.—

13 (1) PROHIBITION.—Section 922 of title 18,
14 United States Code, is amended by inserting after
15 subsection (x) the following:

16 “(y)(1) It shall be unlawful for an adult to leave a
17 loaded firearm, or an unloaded firearm and ammunition
18 for the firearm, with a minor, unless the possession of the
19 firearm by the minor is supervised by an adult who is not
20 prohibited by Federal, State, or local law from possessing
21 a firearm.

22 “(2) As used in paragraph (1):

23 “(A) The term ‘adult’ means an individual who
24 has attained 18 years of age.

1 “(B) The term ‘minor’ means an individual who
2 has not attained 18 years of age.”.

3 (2) PENALTIES.—Section 924(a) of such title is
4 amended by adding at the end the following:

5 “(7) Whoever knowingly violates section 922(y) shall,
6 notwithstanding section 3571, be fined not more than
7 \$10,000, imprisoned not more than 1 year, or both.”.

8 (c) STUDIES.—

9 (1) STANDARDS FOR LOCKING DEVICES.—

10 (A) IN GENERAL.—The National Institute
11 of Justice and the Consumer Product Safety
12 Commission shall each conduct a study to de-
13 termine the feasibility of developing minimum
14 quality standards for locking devices.

15 (B) REPORT.—Not later than 90 days
16 after the date of the enactment of this Act, the
17 National Institute of Justice and the Consumer
18 Product Safety Commission shall each submit
19 to the Attorney General and the Secretary of
20 the Treasury a report that includes the results
21 of the study required of the entity by subpara-
22 graph (A) and any recommendations for legisla-
23 tive or regulatory action.

24 (2) RESULTS OF THIS SECTION.—

1 (A) IN GENERAL.—The Director of the
2 Centers for Disease Control shall conduct a
3 study on the results of this section.

4 (B) REPORT.—Not later than 18 months
5 after the date of the enactment of this Act, the
6 Director of the Centers for Disease Control and
7 Prevention shall submit to the Attorney General
8 and the Secretary of the Treasury a report that
9 contains the findings of the study required by
10 subparagraph (A).

11 (d) EDUCATIONAL PROGRAMS.—For public service
12 announcements and counter advertisements designed to
13 educate the public on the proper storage of firearms, not
14 more than \$1,000,000 are authorized to be appropriated
15 for fiscal year 1998 to each of the Attorney General and
16 the Secretary of Health and Human Services, who shall
17 coordinate their expenditure of the sums appropriated
18 pursuant to this subsection, and the sums are authorized
19 to remain available until expended.

20 (e) REGULATIONS GOVERNING MANUFACTURE OF
21 LOCKING DEVICES.—Within 6 months after the date of
22 the enactment of this Act, the Secretary shall issue final
23 regulations which prescribe minimum quality standards
24 for locking devices.

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

1 (1) LOCKING DEVICE.—The term “locking de-
2 vice” means a device that—

3 (A) when installed and secured (with a
4 key, electronic code, or electro-mechanically op-
5 erated combination lock) on the trigger guard
6 of a firearm, and while activated, prevents the
7 firearm from being discharged; or

8 (B) is incorporated into the design of, and
9 is an integral part of, a handgun, and while ac-
10 tivated, prevents the handgun from being dis-
11 charged.

12 (2) OTHER TERMS.—The terms “State”, “fire-
13 arm”, “handgun”, “dealer”, “licensed dealer”,
14 “manufacturer”, “licensed manufacturer”, “im-
15 porter”, “licensed importer”, and “Secretary” shall
16 have the meanings given such terms in section
17 921(a) of title 18, United States Code.

18 **SEC. 305. SAFE AND SOBER STREETS.**

19 (a) STANDARD TO PROHIBIT OPERATION OF MOTOR
20 VEHICLES BY INTOXICATED INDIVIDUALS.—Chapter 1 of
21 title 23, United States Code, is amended by adding at the
22 end the following:

1 **“§ 162. National standard to prohibit the operation of**
2 **motor vehicles by intoxicated individuals**

3 “(a) WITHHOLDING OF APPORTIONMENTS FOR NON-
4 COMPLIANCE.—

5 “(1) FISCAL YEAR 2001.—The Secretary shall
6 withhold 5 percent of the amount required to be ap-
7 portioned to any State under each of sections
8 104(b)(1), 104(b)(3), and 104(b)(5)(B) on October
9 1, 2000, if the State does not meet the requirement
10 of paragraph (3) on such date.

11 “(2) THEREAFTER.—The Secretary shall with-
12 hold 10 percent (including any amounts withheld
13 under paragraph (1)) of the amount required to be
14 apportioned to any State under each of sections
15 104(b)(1), 104(b)(3), and 104(b)(5)(B) on October
16 1, 2001, and on October 1 of each fiscal year there-
17 after, if the State does not meet the requirement of
18 paragraph (3) on such date.

19 “(3) REQUIREMENT.—A State meets the re-
20 quirement of this paragraph if the State has enacted
21 and is enforcing a law that considers an individual
22 who has an alcohol concentration of 0.08 percent or
23 greater while operating a motor vehicle in the State
24 to be driving while intoxicated or driving under the
25 influence of alcohol.

1 “(b) PERIOD OF AVAILABILITY; EFFECT OF COMPLI-
2 ANCE AND NONCOMPLIANCE.—

3 “(1) PERIOD OF AVAILABILITY OF WITHHELD
4 FUNDS.—

5 “(A) FUNDS WITHHELD ON OR BEFORE
6 SEPTEMBER 30, 2002.—Any funds withheld
7 under subsection (a) from apportionment to any
8 State on or before September 30, 2002, shall
9 remain available until the end of the third fiscal
10 year following the fiscal year for which such
11 funds are authorized to be appropriated.

12 “(B) FUNDS WITHHELD AFTER SEPTEMBER
13 SEPTEMBER 30, 2002.—No funds withheld under this
14 section from apportionment to any State after
15 September 30, 2002, shall be available for ap-
16 portionment to such State.

17 “(2) APPORTIONMENT OF WITHHELD FUNDS
18 AFTER COMPLIANCE.—If, before the last day of the
19 period for which funds withheld under subsection (a)
20 from apportionment are to remain available for ap-
21 portionment to a State under paragraph (1), the
22 State meets the requirement of subsection (a)(3),
23 the Secretary shall, on the first day on which the
24 State meets such requirement, apportion to the

1 State the funds withheld under subsection (a) that
2 remain available for apportionment to the State.

3 “(3) PERIOD OF AVAILABILITY OF SUBSE-
4 QUENTLY APPORTIONED FUNDS.—Any funds appor-
5 tioned pursuant to paragraph (2) shall remain avail-
6 able for expenditure until the end of the third fiscal
7 year following the fiscal year in which such funds
8 are so apportioned. Sums not obligated at the end
9 of such period shall lapse or, in the case of funds
10 apportioned under section 104(b)(5)(B), shall lapse
11 and be made available by the Secretary for projects
12 in accordance with section 118.

13 “(4) EFFECT OF NONCOMPLIANCE.—If, at the
14 end of the period for which funds withheld under
15 subsection (a) from apportionment are available for
16 apportionment to a State under paragraph (1), the
17 State does not meet the requirement of subsection
18 (a)(3), such funds shall lapse or, in the case of
19 funds withheld from apportionment under section
20 104(b)(5)(B), such funds shall lapse and be made
21 available by the Secretary for projects in accordance
22 with section 118.”.

23 (b) CLERICAL AMENDMENT.—The table of sections
24 at the beginning of such chapter is amended by adding
25 at the end the following:

“162. National standard to prohibit the operation of motor vehicles by intoxicated individuals.”.

1 **SEC. 306. MINIMUM SENTENCE FOR A PERSON WHO OPER-**
 2 **ATES A MOTOR VEHICLE WHILE ALCOHOL-IM-**
 3 **PAIRED.**

4 (a) IN GENERAL.—Chapter 1 of title 23, United
 5 States Code, is amended by adding at the end the follow-
 6 ing:

7 **“§ 162. National minimum sentence for a person who**
 8 **operates a motor vehicle while alcohol-**
 9 **impaired**

10 “(a) WITHHOLDING OF APPORTIONMENTS FOR NON-
 11 COMPLIANCE.—

12 “(1) FISCAL YEAR 2001.—The Secretary shall
 13 withhold 5 percent of the amount required to be ap-
 14 portioned to any State under each of sections
 15 104(b)(1), 104(b)(3), and 104(b)(5)(B) on October
 16 1, 2000, if the State does not meet the requirement
 17 of paragraph (3) on such date.

18 “(2) THEREAFTER.—The Secretary shall with-
 19 hold 10 percent (including any amounts withheld
 20 under paragraph (1)) of the amount required to be
 21 apportioned to any State under each of sections
 22 104(b)(1), 104(b)(3), and 104(b)(5)(B) on October
 23 1, 2001, and on October 1 of each fiscal year there-

1 after, if the State does not meet the requirement of
2 paragraph (3) on such date.

3 “(3) REQUIREMENT.—A State meets the re-
4 quirement of this paragraph if the State has enacted
5 and is enforcing a law which provides for a mini-
6 mum sentence consistent with the following:

7 “(A) In the case of the first conviction of
8 a person of operating a motor vehicle while
9 under the influence of alcohol, revocation of the
10 person’s driver’s license for 6 months.

11 “(B) In the case of the second conviction
12 of a person of operating a motor vehicle while
13 alcohol-impaired, revocation of the person’s
14 driver’s license for 1 year.

15 “(C) In the case of the third or subsequent
16 conviction of a person of operating a motor ve-
17 hicle while alcohol-impaired, permanent revoca-
18 tion of the person’s driver’s license.

19 A revocation pursuant to this paragraph shall not be
20 subject to any exception or condition, including an
21 exception or condition to avoid hardship to any indi-
22 vidual.

23 “(b) PERIOD OF AVAILABILITY; EFFECT OF COMPLI-
24 ANCE AND NONCOMPLIANCE.—

1 “(1) PERIOD OF AVAILABILITY OF WITHHELD
2 FUNDS.—

3 “(A) FUNDS WITHHELD ON OR BEFORE
4 SEPTEMBER 30, 2002.—Any funds withheld
5 under subsection (a) from apportionment to any
6 State on or before September 30, 2002, shall
7 remain available until the end of the third fiscal
8 year following the fiscal year for which such
9 funds are authorized to be appropriated.

10 “(B) FUNDS WITHHELD AFTER SEPTEMBER
11 BER 30, 2002.—No funds withheld under this
12 section from apportionment to any State after
13 September 30, 2002, shall be available for ap-
14 portionment to such State.

15 “(2) APPORTIONMENT OF WITHHELD FUNDS
16 AFTER COMPLIANCE.—If, before the last day of the
17 period for which funds withheld under subsection (a)
18 from apportionment are to remain available for ap-
19 portionment to a State under paragraph (1), the
20 State meets the requirement of subsection (a)(3),
21 the Secretary shall, on the first day on which the
22 State meets such requirement, apportion to the
23 State the funds withheld under subsection (a) that
24 remain available for apportionment to the State.

1 “(3) PERIOD OF AVAILABILITY OF SUBSE-
2 QUENTLY APPORTIONED FUNDS.—Any funds appor-
3 tioned pursuant to paragraph (2) shall remain avail-
4 able for expenditure until the end of the third fiscal
5 year following the fiscal year in which such funds
6 are so apportioned. Sums not obligated at the end
7 of such period shall lapse or, in the case of funds
8 apportioned under section 104(b)(5)(B), shall lapse
9 and be made available by the Secretary for projects
10 in accordance with section 118.

11 “(4) EFFECT OF NONCOMPLIANCE.—If, at the
12 end of the period for which funds withheld under
13 subsection (a) from apportionment are available for
14 apportionment to a State under paragraph (1), the
15 State does not meet the requirement of subsection
16 (a)(3), such funds shall lapse or, in the case of
17 funds withheld from apportionment under section
18 104(b)(5)(B), such funds shall lapse and be made
19 available by the Secretary for projects in accordance
20 with section 118.”.

21 (b) CLERICAL AMENDMENT.—The table of sections at
22 the beginning of such chapter is amended by adding at
23 the end the following:

“162. National minimum sentence for a person who operates a motor vehicle
while under the influence of alcohol.”.

1 **SEC. 307. HANDGUN SAFETY.**

2 (a) **DEFINITION OF LOCKING DEVICE.**—Section
3 921(a) of title 18, United States Code, is amended by add-
4 ing at the end the following:

5 “(34) The term ‘locking device’ means—

6 “(A) a device that, if installed on a firearm
7 and secured by means of a key or a mechani-
8 cally, electronically, or electromechanically oper-
9 ated combination lock, prevents the firearm
10 from being discharged without first deactivating
11 or removing the device by means of a
12 key or mechanically, electronically, or
13 electromechanically operated combination lock;
14 or

15 “(B) a locking mechanism incorporated
16 into the design of a firearm that prevents dis-
17 charge of the firearm by any person who does
18 not have access to the key or other device de-
19 signed to unlock the mechanism and thereby
20 allow discharge of the firearm.”.

21 (b) **UNLAWFUL ACTS.**—Section 922 of title 18,
22 United States Code, is amended by inserting after sub-
23 section (x) the following:

24 “(y) **LOCKING DEVICES AND WARNINGS.**—

25 “(1) **IN GENERAL.**—Except as provided in para-
26 graph (2), beginning 90 days after the date of enact-

1 ment of the Child Safety Lock Act of 1997, it shall
2 be unlawful for any licensed manufacturer, licensed
3 importer, or licensed dealer to sell, deliver, or trans-
4 fer any handgun—

5 “(A) to any person, unless the transferee is
6 provided with a locking device for that hand-
7 gun; or

8 “(B) to any person, unless the handgun is
9 accompanied by the following warning, which
10 shall appear in conspicuous and legible type in
11 capital letters, and which shall be printed on a
12 label affixed to the gun and on a separate sheet
13 of paper included within the packaging enclos-
14 ing the handgun:

15 “‘THE USE OF A LOCKING DEVICE OR
16 SAFETY LOCK IS ONLY ONE ASPECT OF
17 RESPONSIBLE FIREARM STORAGE.
18 FIREARMS SHOULD BE STORED UN-
19 LOADED AND LOCKED IN A LOCATION
20 THAT IS BOTH SEPARATE FROM THEIR
21 AMMUNITION AND INACCESSIBLE TO
22 CHILDREN.

23 ‘FAILURE TO PROPERLY LOCK AND
24 STORE YOUR FIREARM MAY RESULT IN
25 CIVIL OR CRIMINAL LIABILITY UNDER

1 STATE LAW. IN ADDITION, FEDERAL
2 LAW PROHIBITS THE POSSESSION OF A
3 HANDGUN BY A MINOR IN MOST CIR-
4 CUMSTANCES.’

5 “(2) EXCEPTIONS.—Paragraph (1) does not
6 apply to—

7 “(A) the—

8 “(i) manufacture for, transfer to, or
9 possession by, the United States or a State
10 or a department or agency of the United
11 States, or a State or a department, agency,
12 or political subdivision of a State, of a
13 handgun; or

14 “(iii) the transfer to, or possession by,
15 a law enforcement officer employed by an
16 entity referred to in clause (i) of a hand-
17 gun for law enforcement purposes (whether
18 on or off-duty); or

19 “(B) the transfer to, or possession by, a
20 rail police officer employed by a rail carrier and
21 certified or commissioned as a police officer
22 under the laws of a State of a handgun for pur-
23 poses of law enforcement (whether on or off-
24 duty).”.

1 (c) CIVIL PENALTIES.—Section 924 of title 18,
2 United States Code, is amended—

3 (1) in subsection (a)(1), by striking “or (f)”
4 and inserting “(f), or (p)”; and

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

6 “(p) PENALTIES RELATING TO LOCKING DEVICES
7 AND WARNINGS.—

8 “(1) IN GENERAL.—

9 “(A) SUSPENSION OR REVOCATION OF LI-
10 CENSE; CIVIL PENALTIES.—With respect to
11 each violation of subparagraph (A) or (B) of
12 section 922(y)(1) by a license, the Secretary
13 may, after notice and opportunity for hearing—

14 “(i) suspend or revoke any license is-
15 sued to the licensee under this chapter; or

16 “(ii) subject the licensee to a civil
17 penalty in an amount equal to not more
18 than \$10,000.

19 “(B) REVIEW.—An action of the Secretary
20 under this paragraph may be reviewed only as
21 provided in section 923(f).

22 “(2) ADMINISTRATIVE REMEDIES.—the suspen-
23 sion or revocation of a license or the imposition of
24 a civil penalty under paragraph (1) does not pre-

1 clude any administrative remedy that is otherwise
2 available to the Secretary.”.

3 **TITLE IV—ECONOMIC SECURITY**

4 **SEC. 401. FAMILY INVESTMENT PACKAGE.**

5 (a) REFUNDABLE CREDIT AND INCREASE OF
6 AMOUNT OF EMPLOYMENT-RELATED EXPENSES TAKEN
7 INTO ACCOUNT AND AMOUNT AT WHICH PHASE-DOWN
8 OF PERCENTAGE BEGINS.—Subpart C of part IV of sub-
9 chapter A of chapter 1 of the Internal Revenue Code of
10 1986 (relating to refundable credits) is amended by insert-
11 ing after section 34 the following new section:

12 **“SEC. 34A. EXPENSES FOR HOUSEHOLD AND DEPENDENT**
13 **CARE SERVICES NECESSARY FOR GAINFUL**
14 **EMPLOYMENT.**

15 “(a) ALLOWANCE OF CREDIT.—

16 “(1) IN GENERAL.—In the case of an individual
17 who maintains a household which includes as a
18 member one or more qualifying individuals (as de-
19 fined in subsection (b)(1)), there shall be allowed as
20 a credit against the tax imposed by this chapter for
21 the taxable year an amount equal to the applicable
22 percentage of the employment-related expenses (as
23 defined in subsection (b)(2)) paid by such individual
24 during the taxable year.

1 “(2) APPLICABLE PERCENTAGE DEFINED.—For
2 purposes of paragraph (1), the term ‘applicable per-
3 centage’ means 30 percent reduced (but not below
4 20 percent) by 1 percentage point for each \$2,000
5 (or fraction thereof) by which the taxpayer’s ad-
6 justed gross income for the taxable year exceeds
7 \$20,000.

8 “(b) DEFINITIONS OF QUALIFYING INDIVIDUAL AND
9 EMPLOYMENT-RELATED EXPENSES.—For purposes of
10 this section—

11 “(1) QUALIFYING INDIVIDUAL.—The term
12 ‘qualifying individual’ means—

13 “(A) a dependent of the taxpayer who is
14 under the age of 13 and with respect to whom
15 the taxpayer is entitled to a deduction under
16 section 151(c),

17 “(B) a dependent of the taxpayer who is
18 physically or mentally incapable of caring for
19 himself, or

20 “(C) the spouse of the taxpayer, if he is
21 physically or mentally incapable of caring for
22 himself.

23 “(2) EMPLOYMENT-RELATED EXPENSES.—

24 “(A) IN GENERAL.—The term ‘employ-
25 ment-related expenses’ means amounts paid for

1 the following expenses, but only if such ex-
2 penses are incurred to enable the taxpayer to be
3 gainfully employed for any period for which
4 there are 1 or more qualifying individuals with
5 respect to the taxpayer:

6 “(i) expenses for household services,
7 and

8 “(ii) expenses for the care of a quali-
9 fying individual.

10 Such term shall not include any amount paid
11 for services outside the taxpayer’s household at
12 a camp where the qualifying individual stays
13 overnight.

14 “(B) EXCEPTION.—Employment-related
15 expenses described in subparagraph (A) which
16 are incurred for services outside the taxpayer’s
17 household shall be taken into account only if in-
18 curred for the care of—

19 “(i) a qualifying individual described
20 in paragraph (1)(A), or

21 “(ii) a qualifying individual (not de-
22 scribed in paragraph (1)(A)) who regularly
23 spends at least 8 hours each day in the
24 taxpayer’s household.

1 “(C) DEPENDENT CARE CENTERS.—Em-
2 ployment-related expenses described in subpara-
3 graph (A) which are incurred for services pro-
4 vided outside the taxpayer’s household by a de-
5 pendent care center (as defined in subpara-
6 graph (D)) shall be taken into account only if—

7 “(i) such center complies with all ap-
8 plicable laws and regulations of a State or
9 unit of local government, and

10 “(ii) the requirements of subpara-
11 graph (B) are met.

12 “(D) DEPENDENT CARE CENTER DE-
13 FINED.—For purposes of this paragraph, the
14 term ‘dependent care center’ means any facility
15 which—

16 “(i) provides care for more than six
17 individuals (other than individuals who re-
18 side at the facility), and

19 “(ii) receives a fee, payment, or grant
20 for providing services for any of the indi-
21 viduals (regardless of whether such facility
22 is operated for profit).

23 “(e) DOLLAR LIMIT ON AMOUNT CREDITABLE.—The
24 amount of the employment-related expenses incurred dur-

1 ing any taxable year which may be taken into account
2 under subsection (a) shall not exceed—

3 “(1) \$3,600 if there is 1 qualifying individual
4 with respect to the taxpayer for such taxable year,
5 or

6 “(2) \$5,400 if there are 2 or more qualifying
7 individuals with respect to the taxpayer for such tax-
8 able year.

9 The amount determined under paragraph (1) or (2)
10 (whichever is applicable) shall be reduced by the aggregate
11 amount excludable from gross income under section 129
12 for the taxable year.

13 “(d) EARNED INCOME LIMITATION.—

14 “(1) IN GENERAL.—Except as otherwise pro-
15 vided in this subsection, the amount of the employ-
16 ment-related expenses incurred during any taxable
17 year which may be taken into account under sub-
18 section (a) shall not exceed—

19 “(A) in the case of an individual who is
20 not married at the close of such year, such indi-
21 vidual’s earned income for such year, or

22 “(B) in the case of an individual who is
23 married at the close of such year, the lesser of
24 such individual’s earned income or the earned
25 income of his spouse for such year.

1 “(2) SPECIAL RULE FOR SPOUSE WHO IS A
2 STUDENT OR INCAPABLE OF CARING FOR HIM-
3 SELF.—In the case of a spouse who is a student or
4 a qualifying individual described in subsection
5 (b)(1)(C), for purposes of paragraph (1), such
6 spouse shall be deemed for each month during which
7 such spouse is a full-time student at an educational
8 institution, or is such a qualifying individual, to be
9 gainfully employed and to have earned income of not
10 less than—

11 “(A) \$200 if subsection (c)(1) applies for
12 the taxable year, or

13 “(B) \$400 if subsection (c)(2) applies for
14 the taxable year.

15 In the case of any husband and wife, this paragraph
16 shall apply with respect to only one spouse for any
17 one month.

18 “(e) SPECIAL RULES.—For purposes of this sec-
19 tion—

20 “(1) MAINTAINING HOUSEHOLD.—An individ-
21 ual shall be treated as maintaining a household for
22 any period only if over half the cost of maintaining
23 the household for such period is furnished by such
24 individual (or, if such individual is married during

1 such period, is furnished by such individual and his
2 spouse).

3 “(2) MARRIED COUPLES MUST FILE JOINT RE-
4 TURN.—If the taxpayer is married at the close of
5 the taxable year, the credit shall be allowed under
6 subsection (a) only if the taxpayer and his spouse
7 file a joint return for the taxable year.

8 “(3) MARITAL STATUS.—An individual legally
9 separated from his spouse under a decree of divorce
10 or of separate maintenance shall not be considered
11 as married.

12 “(4) CERTAIN MARRIED INDIVIDUALS LIVING
13 APART.—If—

14 “(A) an individual who is married and who
15 files a separate return—

16 “(i) maintains as his home a house-
17 hold which constitutes for more than one-
18 half of the taxable year the principal place
19 of abode of a qualifying individual, and

20 “(ii) furnishes over half of the cost of
21 maintaining such household during the
22 taxable year, and

23 “(B) during the last 6 months of such tax-
24 able year such individual’s spouse is not a mem-
25 ber of such household,

1 such individual shall not be considered as married.

2 “(5) SPECIAL DEPENDENCY TEST IN CASE OF
3 DIVORCED PARENTS, ETC.—If—

4 “(A) paragraph (2) or (4) of section
5 152(e) applies to any child with respect to any
6 calendar year, and

7 “(B) such child is under the age of 13 or
8 is physically or mentally incapable of caring for
9 himself,

10 in the case of any taxable year beginning in such
11 calendar year, such child shall be treated as a quali-
12 fying individual described in subparagraph (A) or
13 (B) of subsection (b)(1) (whichever is appropriate)
14 with respect to the custodial parent (within the
15 meaning of section 152(e)(1)), and shall not be
16 treated as a qualifying individual with respect to the
17 noncustodial parent.

18 “(6) PAYMENTS TO RELATED INDIVIDUALS.—
19 No credit shall be allowed under subsection (a) for
20 any amount paid by the taxpayer to an individual—

21 “(A) with respect to whom, for the taxable
22 year, a deduction under section 151(c) (relating
23 to deduction for personal exemptions for de-
24 pendents) is allowable either to the taxpayer or
25 his spouse, or

1 “(B) who is a child of the taxpayer (within
2 the meaning of section 151(c)(3)) who has not
3 attained the age of 19 at the close of the tax-
4 able year.

5 For purposes of this paragraph, the term ‘taxable
6 year’ means the taxable year of the taxpayer in
7 which the service is performed.

8 “(7) STUDENT.—The term ‘student’ means an
9 individual who during each of 5 calendar months
10 during the taxable year is a full-time student at an
11 educational organization.

12 “(8) EDUCATIONAL ORGANIZATION.—The term
13 ‘educational organization’ means an educational or-
14 ganization described in section 170(b)(1)(A)(ii).

15 “(9) IDENTIFYING INFORMATION REQUIRED
16 WITH RESPECT TO SERVICE PROVIDER.—No credit
17 shall be allowed under subsection (a) for any amount
18 paid to any person unless—

19 “(A) the name, address, and taxpayer
20 identification number of such person are in-
21 cluded on the return claiming the credit, or

22 “(B) if such person is an organization de-
23 scribed in section 501(c)(3) and exempt from
24 tax under section 501(a), the name and address

1 of such person are included on the return
2 claiming the credit.

3 In the case of a failure to provide the information
4 required under the preceding sentence, the preceding
5 sentence shall not apply if it is shown that the tax-
6 payer exercised due diligence in attempting to pro-
7 vide the information so required.

8 “(f) REGULATIONS.—The Secretary shall prescribe
9 such regulations as may be necessary to carry out the pur-
10 poses of this section.”

11 (b) CONFORMING AMENDMENTS RELATED TO EX-
12 PENSES FOR HOUSEHOLD AND DEPENDENT CARE EX-
13 PENSES.—

14 (1) IN GENERAL.—

15 (A) REPEAL OF SECTION 21.—Subpart A
16 of part IV of subchapter A chapter 1 of such
17 Code (relating to nonrefundable personal cred-
18 its) is amended by striking section 21.

19 (B) ADDITIONAL CONFORMING AMEND-
20 MENTS.—Each of the following provisions of
21 such Code is amended by striking “section 21”
22 and inserting “section 34A”:

23 (i) Section 129(a)(2)(C).

24 (ii) Section 129(b)(2).

25 (iii) Section 129(e)(1).

1 (iv) Section 213(e).

2 (2) CLERICAL AMENDMENTS.—

3 (A) The table of sections for subpart C of
4 part IV of subchapter A of chapter 1 of such
5 Code is amended by inserting after the item re-
6 lating to section 34 the following new item:

“Sec. 34A. Expenses for household and dependent care services
necessary for gainful employment.”

7 (B) The table of sections for subpart A of
8 part IV of subchapter A chapter 1 of such Code
9 is amended by striking the item relating to sec-
10 tion 21.

11 (c) EFFECTIVE DATE.—The amendments made by
12 subsections (a) and (b) shall apply to taxable years begin-
13 ning after December 31, 1996.

14 (d) ALLOWANCE OF CREDIT FOR EMPLOYER EX-
15 PENSES FOR CHILD CARE ASSISTANCE.—Subpart D of
16 part IV of subchapter A of chapter 1 of the Internal Reve-
17 nue Code of 1986 (relating to business related credits) is
18 amended by adding at the end the following new section:
19 **“SEC. 45D. EMPLOYER-PROVIDED CHILD CARE CREDIT.**

20 “(a) IN GENERAL.—For purposes of section 38, the
21 employer-provided child care credit determined under this
22 section for the taxable year is an amount equal to 50 per-
23 cent of the qualified child care expenditures of the tax-
24 payer for such taxable year.

1 “(b) DOLLAR LIMITATION.—The credit allowable
2 under subsection (a) for any taxable year shall not exceed
3 \$150,000.

4 “(c) DEFINITIONS.—For purposes of this section—

5 “(1) QUALIFIED CHILD CARE EXPENDITURE.—

6 The term ‘qualified child care expenditure’ means
7 any amount paid or incurred—

8 “(A) to acquire, construct, rehabilitate, or
9 expand property—

10 “(i) which is to be used as part of a
11 qualified child care facility of the taxpayer,

12 “(ii) with respect to which a deduction
13 for depreciation (or amortization in lieu of
14 depreciation) is allowable, and

15 “(iii) which does not constitute part of
16 the principal residence (within the meaning
17 of section 1034) of the taxpayer or any
18 employee of the taxpayer,

19 “(B) for the operating costs of a qualified
20 child care facility of the taxpayer, including
21 costs related to the training of employees, to
22 scholarship programs, and to the providing of
23 increased compensation to employees with high-
24 er levels of child care training,

1 “(C) under a contract with a qualified
2 child care facility to provide child care services
3 to employees of the taxpayer, or

4 “(D) under a contract to provide child care
5 resource and referral services to employees of
6 the taxpayer.

7 “(2) QUALIFIED CHILD CARE FACILITY.—

8 “(A) IN GENERAL.—The term ‘qualified
9 child care facility’ means a facility—

10 “(i) the principal use of which is to
11 provide child care assistance, and

12 “(ii) which meets the requirements of
13 all applicable laws and regulations of the
14 State or local government in which it is lo-
15 cated, including, but not limited to, the li-
16 censing of the facility as a child care facil-
17 ity.

18 Clause (i) shall not apply to a facility which is
19 the principal residence (within the meaning of
20 section 1034) of the operator of the facility.

21 “(B) SPECIAL RULES WITH RESPECT TO A
22 TAXPAYER.—A facility shall not be treated as a
23 qualified child care facility with respect to a
24 taxpayer unless—

1 “(i) enrollment in the facility is open
2 to employees of the taxpayer during the
3 taxable year,

4 “(ii) the facility is not the principal
5 trade or business of the taxpayer unless at
6 least 30 percent of the enrollees of such fa-
7 cility are dependents of employees of the
8 taxpayer, and

9 “(iii) the use of such facility (or the
10 eligibility to use such facility) does not dis-
11 criminate in favor of employees of the tax-
12 payer who are highly compensated employ-
13 ees (within the meaning of section 414(q)).

14 “(d) RECAPTURE OF ACQUISITION AND CONSTRUC-
15 TION CREDIT.—

16 “(1) IN GENERAL.—If, as of the close of any
17 taxable year, there is a recapture event with respect
18 to any qualified child care facility of the taxpayer,
19 then the tax of the taxpayer under this chapter for
20 such taxable year shall be increased by an amount
21 equal to the product of—

22 “(A) the applicable recapture percentage,
23 and

24 “(B) the aggregate decrease in the credits
25 allowed under section 38 for all prior taxable

1 years which would have resulted if the qualified
 2 child care expenditures of the taxpayer de-
 3 scribed in subsection (c)(1)(A) with respect to
 4 such facility had been zero.

5 “(2) APPLICABLE RECAPTURE PERCENTAGE.—

6 “(A) IN GENERAL.—For purposes of this
 7 subsection, the applicable recapture percentage
 8 shall be determined from the following table:

“If the recapture event occurs in:	The applicable recapture percentage is:
Years 1–3	100
Year 4	85
Year 5	70
Year 6	55
Year 7	40
Year 8	25
Years 9 and 10	10
Years 11 and thereafter	0.

9 “(B) YEARS.—For purposes of subpara-
 10 graph (A), year 1 shall begin on the first day
 11 of the taxable year in which the qualified child
 12 care facility is placed in service by the taxpayer.

13 “(3) RECAPTURE EVENT DEFINED.—For pur-
 14 poses of this subsection, the term ‘recapture event’
 15 means—

16 “(A) CESSATION OF OPERATION.—The
 17 cessation of the operation of the facility as a
 18 qualified child care facility.

19 “(B) CHANGE IN OWNERSHIP.—

1 “(i) IN GENERAL.—Except as pro-
2 vided in clause (ii), the disposition of a
3 taxpayer’s interest in a qualified child care
4 facility with respect to which the credit de-
5 scribed in subsection (a) was allowable.

6 “(ii) AGREEMENT TO ASSUME RECAP-
7 TURE LIABILITY.—Clause (i) shall not
8 apply if the person acquiring such interest
9 in the facility agrees in writing to assume
10 the recapture liability of the person dispos-
11 ing of such interest in effect immediately
12 before such disposition. In the event of
13 such an assumption, the person acquiring
14 the interest in the facility shall be treated
15 as the taxpayer for purposes of assessing
16 any recapture liability (computed as if
17 there had been no change in ownership).

18 “(4) SPECIAL RULES.—

19 “(A) TAX BENEFIT RULE.—The tax for
20 the taxable year shall be increased under para-
21 graph (1) only with respect to credits allowed
22 by reason of this section which were used to re-
23 duce tax liability. In the case of credits not so
24 used to reduce tax liability, the carryforwards

1 and carrybacks under section 39 shall be appro-
2 priately adjusted.

3 “(B) NO CREDITS AGAINST TAX.—Any in-
4 crease in tax under this subsection shall not be
5 treated as a tax imposed by this chapter for
6 purposes of determining the amount of any
7 credit under subpart A, B, or D of this part.

8 “(C) NO RECAPTURE BY REASON OF CAS-
9 UALTY LOSS.—The increase in tax under this
10 subsection shall not apply to a cessation of op-
11 eration of the facility as a qualified child care
12 facility by reason of a casualty loss to the ex-
13 tent such loss is restored by reconstruction or
14 replacement within a reasonable period estab-
15 lished by the Secretary.

16 “(e) SPECIAL RULES.—For purposes of this sec-
17 tion—

18 “(1) AGGREGATION RULES.—All persons which
19 are treated as a single employer under subsections
20 (a) and (b) of section 52 shall be treated as a single
21 taxpayer.

22 “(2) PASS-THRU IN THE CASE OF ESTATES AND
23 TRUSTS.—Under regulations prescribed by the Sec-
24 retary, rules similar to the rules of subsection (d) of
25 section 52 shall apply.

1 “(3) ALLOCATION IN THE CASE OF PARTNER-
2 SHIPS.—In the case of partnerships, the credit shall
3 be allocated among partners under regulations pre-
4 scribed by the Secretary.

5 “(f) NO DOUBLE BENEFIT.—

6 “(1) REDUCTION IN BASIS.—For purposes of
7 this subtitle—

8 “(A) IN GENERAL.—If a credit is deter-
9 mined under this section with respect to any
10 property by reason of expenditures described in
11 subsection (c)(1)(A), the basis of such property
12 shall be reduced by the amount of the credit so
13 determined.

14 “(B) CERTAIN DISPOSITIONS.—If during
15 any taxable year there is a recapture amount
16 determined with respect to any property the
17 basis of which was reduced under subparagraph
18 (A), the basis of such property (immediately be-
19 fore the event resulting in such recapture) shall
20 be increased by an amount equal to such recap-
21 ture amount. For purposes of the preceding
22 sentence, the term ‘recapture amount’ means
23 any increase in tax (or adjustment in
24 carrybacks or carryovers) determined under
25 subsection (d).

1 “(2) OTHER DEDUCTIONS AND CREDITS.—No
2 deduction or credit shall be allowed under any other
3 provision of this chapter with respect to the amount
4 of the credit determined under this section.

5 “(g) TERMINATION.—This section shall not apply to
6 taxable years beginning after December 31, 1999.”

7 (e) CONFORMING AMENDMENTS RELATED TO EM-
8 PLOYER EXPENSES FOR CHILD CARE ASSISTANCE.—

9 (1) Section 38(b) of the Internal Revenue Code
10 of 1986 is amended—

11 (A) by striking out “plus” at the end of
12 paragraph (11),

13 (B) by striking out the period at the end
14 of paragraph (12), and inserting a comma and
15 “plus”, and

16 (C) by adding at the end the following new
17 paragraph:

18 “(13) the employer-provided child care credit
19 determined under section 45D.”

20 (2) The table of sections for subpart D of part
21 IV of subchapter A of chapter 1 is amended by add-
22 ing at the end the following new item:

 “Sec. 45D. Employer-provided child care credit.”

23 (c) EFFECTIVE DATE.—The amendments made by
24 this section shall apply to taxable years beginning after
25 December 31, 1996.

1 (f) ASSISTANCE FOR LOW-INCOME WORKING FAMI-
2 LIES.—Section 658B of the Child Care Development
3 Block Grant Act of 1990 (42 U.S.C. 9858) is amended
4 to read as follows:

5 **“SEC. 658B. FUNDING OF GRANTS.**

6 “(a) AUTHORIZATION OF APPROPRIATIONS.—Except
7 as provided in subsection (b), there is authorized to be
8 appropriated to carry out this subchapter \$2,000,000,000
9 for each of fiscal years 1997 through 2002.

10 “(b) APPROPRIATION.—The Secretary shall pay,
11 from funds in the Treasury not otherwise appropriated,
12 \$1,400,000,000 for fiscal years 1997 through 2002,
13 through the awarding of grants to States under this sub-
14 chapter for the purpose of providing child care services
15 for families who have left the State program of assistance
16 under part A of title IV of the Social Security Act because
17 of employment, families that are at risk of becoming de-
18 pendent on such assistance program, and low-income
19 working families described in section 658E(c)(3)(D).
20 Funds shall be paid under this subsection to the States
21 in the same manner, and subject to the same requirements
22 and limitations, as funds are paid to the States under sec-
23 tion 418 of the Social Security Act (42 U.S.C. 618).”.

24 (g) GRANTS FOR CHILD CARE SUPPLY SHORT-
25 AGES.—Section 658E(c)(3) of the Child Care Develop-

1 ment Block Grant Act of 1990 (42 U.S.C. 9858c(c)(3))
2 is amended by adding at the end the following:

3 “(E) CHILD CARE SUPPLY SHORTAGES.—

4 “(i) IN GENERAL.—A State shall en-
5 sure that 100 percent of amounts paid to
6 the State out of funds appropriated under
7 section 658B(a)(2) with respect to each of
8 the fiscal years 1997 through 2002 shall
9 be used to carry out child care activities
10 described in clause (ii) in geographic areas
11 within the State that have a shortage, as
12 determined by the State, in consultation
13 with localities, of child care services.

14 “(ii) CHILD CARE ACTIVITIES DE-
15 SCRIBED.—The child care activities de-
16 scribed in this clause include the following:

17 “(I) Infant care programs.

18 “(II) Before- and after-school
19 child care programs.

20 “(III) Resource and referral pro-
21 grams.

22 “(IV) Nontraditional work hours
23 child care programs.

1 “(V) Extending the hours of pre-
2 kindergarten programs to provide full-
3 day services.

4 “(VI) Any other child care pro-
5 grams that the Secretary determines
6 are appropriate.”.

7 (h) AUTHORIZATION OF APPROPRIATIONS FOR LOW-
8 INCOME WORKING FAMILIES.—

9 (1) IN GENERAL.—Section 658B(a) of the
10 Child Care Development Block Grant Act of 1990
11 (42 U.S.C. 9858(a)), as amended by subsection (f),
12 is amended—

13 (A) by striking “Except as provided in”
14 and inserting the following:

15 “(1) IN GENERAL.—Except as provided in para-
16 graph (2) and”; and

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

18 “(2) CHILD CARE SUPPLY SHORTAGES.—There
19 is authorized to be appropriated to carry out section
20 658E(c)(3)(E), \$500,000,000 for each of fiscal
21 years 1997 through 2002.”.

22 (2) CONFORMING AMENDMENT.—Section
23 658(c)(3)(A) of the Child Care Development Block
24 Grant Act of 1990 (42 U.S.C. 9858e(c)(3)(A)) is
25 amended by striking “(D)” and inserting “(E)”.

1 (i) REPORT ON ACCESS TO CHILD CARE BY LOW-
2 INCOME WORKING FAMILIES.—

3 (1) IN GENERAL.—Section 658K(a)(2) of the
4 Child Care Development Block Grant Act of 1990
5 (42 U.S.C. 9858i(a)(2)) is amended—

6 (A) in subparagraph (D), by striking
7 “and” at the end; and

8 (B) by inserting after subparagraph (E),
9 the following:

10 “(F) the total number of families described
11 in section 658B(b) that were eligible for but did
12 not receive assistance under this subchapter or
13 under section 418 of the Social Security Act
14 and a description of the obstacles to providing
15 such assistance; and

16 “(G) the total number of families described
17 in section 658B(b) that received assistance pro-
18 vided under this subchapter or under section
19 418 of the Social Security Act and a description
20 of the manner in which that assistance was pro-
21 vided;”.

22 (2) SECRETARIAL REPORTING REQUIREMENT.—
23 Section 658L of the Child Care Development Block
24 Grant Act of 1990 (42 U.S.C. 9858j) is amended by

1 inserting “, with particular emphasis on access of
2 low-income working families,” after “public”.

3 (j) EFFECTIVE DATE.—Subsections (f) through (i)
4 and the amendments made by such subsections shall take
5 effect as if included in the enactment of the Personal Re-
6 sponsibility and Work Opportunity Reconciliation Act of
7 1996 (Public Law 104–193, 110 Stat. 2105).

8 **SEC. 402. SINGLE PARENT PROTECTION ACT.**

9 (a) TREATMENT OF UNPAID CHILD SUPPORT.—Sub-
10 part C of part IV of subchapter A of chapter 1 of the
11 Internal Revenue Code of 1986 (relating to refundable
12 credits) is amended by redesignating section 35 as section
13 36 and by inserting after section 34 the following new sec-
14 tion:

15 **“SEC. 35. UNPAID CHILD SUPPORT.**

16 “(a) ALLOWANCE OF CREDIT.—In the case of an eli-
17 gible individual, there shall be allowed as a credit against
18 the tax imposed by this subtitle for the taxable year an
19 amount equal to the unpaid child support of such individ-
20 ual for such year.

21 “(b) DEFINITIONS.—For purposes of this section—

22 “(1) ELIGIBLE INDIVIDUAL.—The term ‘eligible
23 individual’ means any individual—

24 “(A) who is entitled to receive child sup-
25 port payments during the taxable year, and

1 “(B) who, as of the close of such taxable
2 year, has not received all of the child support
3 payments to which such individual is entitled
4 for such year.

5 “(2) UNPAID CHILD SUPPORT.—The term ‘un-
6 paid child support’ means, with respect to an indi-
7 vidual for any taxable year, the excess of—

8 “(A) the aggregate child support payments
9 such individual is entitled to receive during
10 such year, over

11 “(B) the child support payments such indi-
12 vidual received during such year.

13 “(3) CHILD SUPPORT PAYMENT.—

14 “(A) IN GENERAL.—The term ‘child sup-
15 port payment’ means, with respect to any tax-
16 able year—

17 “(i) any periodic payment of a fixed
18 amount, or

19 “(ii) any payment of a medical or
20 educational expense, insurance premium,
21 or other similar item,

22 which is required to be paid to the taxpayer
23 during such taxable year by an individual under
24 a support instrument for the support of any
25 child of such individual.

1 “(B) COORDINATION WITH AFDC.—The
2 term ‘child support payment’ shall not include
3 any payment the right to which has been as-
4 signed to a State under section 402(a)(26) of
5 the Social Security Act.

6 “(c) TAXPAYER REQUIRED TO IDENTIFY INDIVID-
7 UAL REQUIRED TO PAY SUPPORT.—No credit shall be al-
8 lowed under this section for a taxable year unless the tax-
9 payer includes on the return for such year the name and
10 TIN on each individual required to make support pay-
11 ments to the taxpayer during such taxable year.

12 “(d) INCREASE IN TAX OF INDIVIDUAL FAILING TO
13 MAKE REQUIRED SUPPORT PAYMENTS.—

14 “(1) IN GENERAL.—If credit is allowed under
15 this section for any taxable year with respect to un-
16 paid support payments, the tax imposed by this
17 chapter of the individual failing to make such pay-
18 ment (for such individual’s taxable year which be-
19 gins in the calendar year in which the taxable year
20 of the taxpayer begins) shall be increased by the
21 amount of such credit.

22 “(2) NO CREDITS AGAINST TAX, ETC.—Any in-
23 crease in tax under this subsection shall not be
24 treated as a tax imposed by this chapter for pur-
25 poses of determining—

1 “(A) the amount of any other credit under
2 this part, or

3 “(B) the minimum tax under section 55.”

4 (b) CONFORMING AMENDMENTS.—

5 (1) Paragraph (2) of section 1324(b) of title
6 31, United States Code, is amended by inserting be-
7 fore the period “or from section 35 of such Code”.

8 (2) The table of sections for subpart C of part
9 IV of subchapter A of chapter 1 is amended by
10 striking the item relating to section 35 and inserting
11 the following new items:

 “Sec. 35. Unpaid child support.
 “Sec. 36. Overpayments of tax.”

12 (c) EFFECTIVE DATE.—The amendments made by
13 this section shall apply to taxable years beginning after
14 December 31, 1996.

15 **SEC. 403. SINGLE PARENT PROTECTION ACT.**

16 (a) TREATMENT OF UNPAID CHILD SUPPORT.—Sub-
17 part C of part IV of subchapter A of chapter 1 of the
18 Internal Revenue Code of 1986 (relating to refundable
19 credits) is amended by redesignating section 35 as section
20 36 and by inserting after section 34 the following new sec-
21 tion:

22 **“SEC. 35. UNPAID CHILD SUPPORT.**

23 “(a) ALLOWANCE OF CREDIT.—In the case of an eli-
24 gible individual, there shall be allowed as a credit against

1 the tax imposed by this subtitle for the taxable year an
2 amount equal to the unpaid child support of such individ-
3 ual for such year.

4 “(b) DEFINITIONS.—For purposes of this section—

5 “(1) ELIGIBLE INDIVIDUAL.—The term ‘eligible
6 individual’ means any individual—

7 “(A) who is entitled to receive child sup-
8 port payments during the taxable year, and

9 “(B) who, as of the close of such taxable
10 year, has not received all of the child support
11 payments to which such individual is entitled
12 for such year.

13 “(2) UNPAID CHILD SUPPORT.—The term ‘un-
14 paid child support’ means, with respect to an indi-
15 vidual for any taxable year, the excess of—

16 “(A) the aggregate child support payments
17 such individual is entitled to receive during
18 such year, over

19 “(B) the child support payments such indi-
20 vidual received during such year.

21 “(3) CHILD SUPPORT PAYMENT.—

22 “(A) IN GENERAL.—The term ‘child sup-
23 port payment’ means, with respect to any tax-
24 able year—

1 “(i) any periodic payment of a fixed
2 amount, or

3 “(ii) any payment of a medical or
4 educational expense, insurance premium,
5 or other similar item,

6 which is required to be paid to the taxpayer
7 during such taxable year by an individual under
8 a support instrument for the support of any
9 child of such individual.

10 “(B) COORDINATION WITH AFDC.—The
11 term ‘child support payment’ shall not include
12 any payment the right to which has been as-
13 signed to a State under section 402(a)(26) of
14 the Social Security Act.

15 “(c) TAXPAYER REQUIRED TO IDENTIFY INDIVID-
16 UAL REQUIRED TO PAY SUPPORT.—No credit shall be al-
17 lowed under this section for a taxable year unless the tax-
18 payer includes on the return for such year the name and
19 TIN on each individual required to make support pay-
20 ments to the taxpayer during such taxable year.

21 “(d) INCREASE IN TAX OF INDIVIDUAL FAILING TO
22 MAKE REQUIRED SUPPORT PAYMENTS.—

23 “(1) IN GENERAL.—If credit is allowed under
24 this section for any taxable year with respect to un-
25 paid support payments, the tax imposed by this

1 chapter of the individual failing to make such pay-
 2 ment (for such individual's taxable year which be-
 3 gins in the calendar year in which the taxable year
 4 of the taxpayer begins) shall be increased by the
 5 amount of such credit.

6 “(2) NO CREDITS AGAINST TAX, ETC.—Any in-
 7 crease in tax under this subsection shall not be
 8 treated as a tax imposed by this chapter for pur-
 9 poses of determining—

10 “(A) the amount of any other credit under
 11 this part, or

12 “(B) the minimum tax under section 55.”

13 (b) CONFORMING AMENDMENTS.—

14 (1) Paragraph (2) of section 1324(b) of title
 15 31, United States Code, is amended by inserting be-
 16 fore the period “or from section 35 of such Code”.

17 (2) The table of sections for subpart C of part
 18 IV of subchapter A of chapter 1 is amended by
 19 striking the item relating to section 35 and inserting
 20 the following new items:

“Sec. 35. Unpaid child support.

“Sec. 36. Overpayments of tax.”

21 (c) EFFECTIVE DATE.—The amendments made by
 22 this section shall apply to taxable years beginning after
 23 December 31, 1995.

1 **TITLE V—EDUCATING OUR**
2 **CHILDREN**

3 **SEC. 501. FINDINGS AND PURPOSES.**

4 (a) FINDINGS.—The Congress finds as follows:

5 (1) According to the General Accounting Office,
6 one-third of all elementary and secondary schools in
7 the United States, serving 14,000,000 students,
8 need extensive repair or renovation.

9 (2) School infrastructure problems exist across
10 the country, but are most severe in central cities and
11 in schools with high proportions of poor and minor-
12 ity children.

13 (3) Many States and school districts will need
14 to build new schools in order to accommodate in-
15 creasing student enrollments; the Department of
16 Education has predicted that the Nation will need
17 6,000 more schools by the year 2006.

18 (4) Many schools do not have the physical in-
19 frastructure to take advantage of computers and
20 other technology needed to meet the challenges of
21 the next century.

22 (5) While school construction and maintenance
23 are primarily a State and local concern, States and
24 communities have not, on their own, met the in-
25 creasing burden of providing acceptable school facili-

1 ties for all students, and the poorest communities
2 have had the greatest difficulty meeting this need.

3 (6) The Federal Government, by providing in-
4 terest subsidies and similar types of support, can
5 lower the costs of State and local school infrastruc-
6 ture investment, creating an incentive for States and
7 localities to increase their own infrastructure im-
8 provement efforts and helping ensure that all stu-
9 dents are able to attend schools that are equipped
10 for the 21st century.

11 (b) PURPOSE.—The purpose of this title is to provide
12 Federal interest subsidies, or similar assistance, to States
13 and localities to help them bring all public school facilities
14 up to an acceptable standard and build the additional pub-
15 lic schools needed to educate the additional numbers of
16 students who will enroll in the next decade.

17 **SEC. 502. DEFINITIONS.**

18 Except as otherwise provided, as used in this title,
19 the following terms have the following meanings:

20 (1) CHARTER SCHOOL.—The term “charter
21 school” has the meaning given that term in section
22 10306(1) of the Elementary and Secondary Edu-
23 cation Act of 1965 (20 U.S.C. 8066(1)).

24 (2) COMMUNITY SCHOOL.—The term “commu-
25 nity school” means a school, or part of a school, that

1 serves as a center for after-school and summer pro-
2 grams and delivery of education, tutoring, cultural,
3 and recreational services, and as a safe haven for all
4 members of the community by—

5 (A) collaborating with other public and pri-
6 vate nonprofit agencies (including libraries and
7 other educational, human-service, cultural, and
8 recreational entities) and private businesses in
9 the provision of services;

10 (B) providing services such as literacy and
11 reading programs; senior citizen programs; chil-
12 dren’s day-care services; nutrition services; serv-
13 ices for individuals with disabilities; employ-
14 ment counseling, training, and placement; and
15 other educational, health, cultural, and rec-
16 reational services; and

17 (C) providing those services outside the
18 normal school day and school year, such as
19 through safe and drug-free safe havens for
20 learning.

21 (3)(A) CONSTRUCTION.—The term “construc-
22 tion” means—

23 (i) the preparation of drawings and speci-
24 fications for school facilities;

1 (ii) erecting, building, acquiring, remodel-
2 ing, renovating, improving, repairing or extend-
3 ing school facilities;

4 (iii) demolition, in preparation for rebuild-
5 ing school facilities; and

6 (iv) the inspection and supervision of the
7 construction of school facilities.

8 (B) The term “construction” does not include
9 the acquisition of any interest in real property.

10 (4) LOCAL EDUCATIONAL AGENCY.—The term
11 “local educational agency” has the meaning given
12 that term in section 14101(18) (A) and (B) of the
13 Elementary and Secondary Education Act of 1965
14 (20 U.S.C. 8801(18) (A) and (B)).

15 (5) SCHOOL FACILITY.—(A) Term “school facil-
16 ity” means—

17 (i) a public structure suitable for use as a
18 classroom, laboratory, library, media center, or
19 related facility, whose primary purpose is the
20 instruction of public elementary or secondary
21 students; and

22 (ii) initial equipment, machinery, and utili-
23 ties necessary or appropriate for school pur-
24 poses.

1 (B) The term “school facility” does not include
2 an athletic stadium, or any other structure or facil-
3 ity intended primarily for athletic exhibitions, con-
4 tests, games, or events for which admission is
5 charged to the general public.

6 (6) SECRETARY.—The term “Secretary” means
7 the Secretary of Education.

8 (7) STATE.—The term “State” means each of
9 the 50 States and the Commonwealth of Puerto
10 Rico.

11 (8) STATE EDUCATIONAL AGENCY.—The term
12 “State educational agency” has the meaning given
13 that term in section 14101(28) of the Elementary
14 and Secondary Education Act of 1965 (20 U.S.C.
15 8801(28)).

16 **SEC. 503. FUNDS APPROPRIATED.**

17 There are appropriated \$5,000,000,000 for the pur-
18 pose of carrying out this title, which shall be available for
19 obligation by the Secretary of Education from October 1,
20 1997 until September 30, 2001.

21 **SEC. 504. ALLOCATION OF FUNDS.**

22 (a) RESERVATION FOR THE SECRETARY OF THE IN-
23 TERIOR AND THE OUTLYING AREAS.—

24 (1) The Secretary shall reserve up to 2 percent
25 of the funds appropriated by section 503 to—

1 (A) provide assistance to the Secretary of
2 the Interior, which the Secretary of the Interior
3 shall use for the school construction priorities
4 described in section 1125(c) of the Education
5 Amendments of 1978 (25 U.S.C. 2005(e)); and

6 (B) make grants to American Samoa,
7 Guam, the Virgin Islands, and the Common-
8 wealth of the Northern Mariana Islands, in ac-
9 cordance with their respective needs, as deter-
10 mined by the Secretary.

11 (2) Grants provided under paragraph (1)(B)
12 shall be used for activities that the Secretary deter-
13 mines best meet the school infrastructure needs of
14 the areas identified in that paragraph, subject to the
15 terms and conditions, consistent with the purpose of
16 this title, that the Secretary may establish.

17 (b) ALLOCATION OF REMAINING FUNDS.—Of the re-
18 maining funds appropriated by section 503—

19 (1) 50 percent shall be used for formula grants
20 to States under section 511;

21 (2) 35 percent shall be used for direct formula
22 grants to local educational agencies under section
23 526; and

1 and Secondary Education Act of 1965 (20 U.S.C.
2 6334(d)) for the previous fiscal year.

3 (c) REALLOCATIONS.—If a State does not apply for
4 its allocation, applies for less than its full allocation, or
5 fails to submit an approvable application, the Secretary
6 may reallocate all or a portion of the State’s allocation,
7 as the case may be, to the remaining States in the same
8 proportions as the original allocations were made to those
9 States under subsections (a) and (b).

10 **SEC. 512. ELIGIBLE STATE AGENCY.**

11 The Secretary shall award each State’s grant to the
12 State agency, such as a State educational agency, a State
13 school construction agency, or a State bond bank, that the
14 Governor, with the agreement of the chief State school of-
15 ficer, designates as best able to administer the grant.

16 **SEC. 513. ALLOWABLE USE OF FUNDS.**

17 Each State shall use its grant under this part only
18 for one or more of the following activities to subsidize the
19 cost of eligible school construction projects described in
20 section 514:

21 (1) Providing a portion of the interest cost (or
22 of another financing cost approved by the Secretary)
23 on bonds, certificates of participation, purchase or
24 lease arrangements, or other forms of indebtedness

1 issued or entered into by a State or its instrumental-
2 ity for the purpose of financing eligible projects.

3 (2) State-level expenditures approved by the
4 Secretary for credit enhancement for the debt or fi-
5 nancing instruments described in paragraph (1).

6 (3) Making subgrants, or making loans through
7 a State revolving fund, to local educational agencies
8 or (with the agreement of the affected local edu-
9 cational agency) to other qualified public agencies to
10 subsidize—

11 (A) the interest cost (or another financing
12 cost approved by the Secretary) of bonds, cer-
13 tificates of participation, purchase or lease ar-
14 rangements, or other forms of indebtedness is-
15 sued or entered into by a local educational
16 agency or other agency or unit of local govern-
17 ment for the purpose of financing eligible
18 projects; or

19 (B) local expenditures approved by the
20 Secretary for credit enhancement for the debt
21 or financing instruments described in subpara-
22 graph (A).

23 (4) Other State and local expenditures approved
24 by the Secretary that leverage funds for additional
25 school construction.

1 **SEC. 514. ELIGIBLE CONSTRUCTION PROJECTS; PERIOD OF**
2 **INITIATION.**

3 (a) **ELIGIBLE PROJECTS.**—States and their sub-
4 grantees may use funds under this part, in accordance
5 with section 513, to subsidize the cost of—

6 (1) construction of elementary and secondary
7 school facilities in order to ensure the health and
8 safety of all students, which may include the removal
9 of environmental hazards; improvements in air qual-
10 ity, plumbing, lighting, heating and air conditioning,
11 electrical systems, or basic school infrastructure; and
12 building improvements that increase school safety;

13 (2) construction activities needed to meet the
14 requirements of section 504 of the Rehabilitation
15 Act of 1973 (29 U.S.C. 794) or of the Americans
16 with Disabilities Act of 1990 (42 U.S.C. 12101 et
17 seq.);

18 (3) construction activities that increase the en-
19 ergy efficiency of school facilities;

20 (4) construction that facilitates the use of mod-
21 ern educational technologies;

22 (5) construction of new school facilities that are
23 needed to accommodate growth in school enroll-
24 ments; or

1 (6) construction projects needed to facilitate the
2 establishment of charter schools and community
3 schools.

4 (b) PERIOD FOR INITIATION OF PROJECT.—(1) Each
5 State shall use its grant under this part only to subsidize
6 construction projects described in subsection (a) that the
7 State or its localities have chosen to initiate, through the
8 vote of a school board, passage of a bond issue, or similar
9 public decision, made between July 11, 1996 and Septem-
10 ber 30, 2001.

11 (2) If a State determines, after September 30, 2001,
12 that an eligible project for which it has obligated funds
13 under this part will not be carried out, the State may use
14 those funds (or any available portion of those funds) for
15 other eligible projects selected in accordance with this
16 part.

17 (c) REALLOCATION.—If the Secretary determines, by
18 a date before September 30, 2001 selected by the Sec-
19 retary, that a State is not making satisfactory progress
20 in carrying out its plan for the use of the funds allocated
21 to it under this part, the Secretary may reallocate all or
22 part of those funds, including any interest earned by the
23 State on those funds, to one or more other States that
24 are making satisfactory progress.

1 **SEC. 515. SELECTION OF LOCALITIES AND PROJECTS.**

2 (a) PRIORITIES.—In determining which localities and
3 activities to support with grant funds, each State shall
4 give the highest priority to—

5 (1) localities with the greatest needs, as dem-
6 onstrated by inadequate educational facilities, cou-
7 pled with a low level of resources available to meet
8 school construction needs; and

9 (2) localities that will achieve the greatest
10 leveraging effect on school construction from assist-
11 ance under this part.

12 (b) ADDITIONAL CRITERIA.—In addition to the prior-
13 ities required by subsection (a), each State shall consider
14 each of the following in determining the use of its grant
15 funds under this part:

16 (1) The condition of the school facilities in dif-
17 ferent communities in the State.

18 (2) The energy efficiency and the effect on the
19 environment of projects proposed by communities,
20 and the extent to which these projects use cost-effi-
21 cient architectural design.

22 (3) The commitment of communities to finance
23 school construction and renovation projects with as-
24 sistance from the State's grant, as demonstrated by
25 their incurring indebtedness or by similar public or

1 private commitments for the purposes described in
2 section 514(a).

3 (4) The ability of communities to repay bonds
4 or other forms of indebtedness supported with grant
5 funds.

6 (5) The particular needs, if any, of rural com-
7 munities in the State for assistance under this title.

8 (6) The receipt by local educational agencies in
9 the State of grants under part 3, except that a local
10 educational agency is not ineligible for a subgrant
11 under this part solely because it receives such a
12 grant.

13 **SEC. 516. STATE APPLICATIONS.**

14 (a) APPLICATION REQUIRED.—A State that wishes
15 to receive a grant under this part shall submit an applica-
16 tion to the Secretary, in the manner the Secretary may
17 require, not later than two years after the date of enact-
18 ment of this title.

19 (b) DEVELOPMENT OF APPLICATION.—(1) The State
20 agency designated under section 512 shall develop the
21 State's application under this part only after broadly con-
22 sulting with the State board of education, and representa-
23 tives of local school boards, school administrators, the
24 business community, parents, and teachers in the State
25 about the best means of carrying out this part.

1 (2) If the State educational agency is not the State
2 agency designated under section 512, the designated agen-
3 cy shall consult with the State educational agency and ob-
4 tain its approval before submitting the State's application.

5 (c) STATE SURVEY.—(1) Before submitting the
6 State's application, the State agency designated under sec-
7 tion 512, with the involvement of local school officials and
8 experts in building construction and management, shall
9 survey the needs throughout the State (including in local-
10 ities receiving grants under part 3) for construction and
11 renovation of school facilities, including, at a minimum—

12 (A) the overall condition of school facilities in
13 the State, including health and safety problems;

14 (B) the capacity of the schools in the State to
15 house projected enrollments; and

16 (C) the extent to which the schools in the State
17 offer the physical infrastructure needed to provide a
18 high-quality education to all students.

19 (2) A State need not conduct a new survey under
20 paragraph (1) if it has previously completed a survey that
21 meets the requirements of that paragraph and that the
22 Secretary finds is sufficiently recent for the purpose of
23 carrying out this part.

24 (d) APPLICATION CONTENTS.—Each State applica-
25 tion under this part shall include—

1 (1) an identification of the State agency des-
2 ignated by the Governor under section 512 to receive
3 the State's grant under this part;

4 (2) a summary of the results of the State's sur-
5 vey of its school facility needs, as described in sub-
6 section (c);

7 (3) a description of how the State will imple-
8 ment its program under this part;

9 (4) a description of how the State will allocate
10 its grant funds, including a description of how the
11 State will implement the priorities and criteria de-
12 scribed in section 515;

13 (5)(A) a description of the mechanisms that will
14 be used to finance construction projects supported
15 by grant funds; and

16 (B) a statement of how the State will determine
17 the amount of the Federal subsidy to be applied, in
18 accordance with section 517(a), to each local project
19 that the State will support;

20 (6) a description of how the State will ensure
21 that the requirements of this part are met by sub-
22 grantees under this part;

23 (7) a description of the steps the State will take
24 to ensure that local educational agencies will ade-

1 quately maintain the facilities that are constructed
2 or improved with funds under this part;

3 (8) an assurance that the State will use its
4 grant only to supplement the funds that the State,
5 and the localities receiving subgrants, would spend
6 on school construction and renovation in the absence
7 of a grant under this part, and not to supplant those
8 funds;

9 (9) an assurance that, during the four-year pe-
10 riod beginning with the year the State receives its
11 grant, the combined expenditures for school con-
12 struction by the State and the localities that benefit
13 from the State's program under this part (which, at
14 the State's option, may include private contribu-
15 tions) will be at least 125 percent of those combined
16 expenditures for that purpose for the four preceding
17 years; and

18 (10) other information and assurances that the
19 Secretary may require.

20 (e) WAIVER OF REQUIREMENT TO INCREASE EX-
21 PENDITURES.—The Secretary may waive or modify the re-
22 quirement of subsection (d)(9) for a particular State if
23 the State demonstrates to the Secretary's satisfaction that
24 that requirement is unduly burdensome because the State
25 or its localities have incurred a particularly high level of

1 school construction expenditures during the previous four
2 years.

3 **SEC. 517. AMOUNT OF FEDERAL SUBSIDY.**

4 (a) PROJECTS FUNDED WITH SUBGRANTS.—For
5 each construction project assisted by a State through a
6 subgrant to a locality, the State shall determine the
7 amount of the Federal subsidy under this part, taking into
8 account the number or percentage of children from low-
9 income families residing in the locality, subject to the fol-
10 lowing limits:

11 (1) If the locality will use the subgrant to help
12 meet the costs of repaying bonds issued for a school
13 construction project, the Federal subsidy shall be
14 not more than one-half of the total interest cost of
15 those bonds, determined in accordance with para-
16 graph (4).

17 (2) If the bonds to be subsidized are general ob-
18 ligation bonds issued to finance more than one type
19 of activity (including school construction), the Fed-
20 eral subsidy shall be not more than one-half of the
21 interest cost for that portion of the bonds that will
22 be used for school construction purposes, determined
23 in accordance with paragraph (4).

24 (3) If the locality elects to use its subgrant for
25 an allowable activity not described in paragraph (1)

1 or (2), such as for certificates of participation, pur-
2 chase or lease arrangements, reduction of the
3 amount of principal to be borrowed, or credit en-
4 hancements for individual construction projects, the
5 Federal subsidy shall be not more than one-half of
6 the interest cost, as determined by the State in ac-
7 cordance with paragraph (4), that would have been
8 incurred if bonds had been used to finance the
9 project.

10 (4) The interest cost referred to in paragraphs
11 (1), (2), and (3) shall be—

12 (A) calculated on the basis of net present
13 value; and

14 (B) determined in accordance with an am-
15 ortization schedule and any other criteria and
16 conditions the Secretary considers necessary, in-
17 cluding provisions to ensure comparable treat-
18 ment of different financing mechanisms.

19 (b) STATE-FUNDED PROJECTS.—For a construction
20 project under this part funded directly by the State
21 through the use of State-issued bonds or other financial
22 instruments, the Secretary shall determine the Federal
23 subsidy in accordance with subsection (a).

24 (c) NON-FEDERAL SHARE.—A State, and localities
25 in the State receiving subgrants under this part, may use

1 any non-Federal funds, including State, local, and private-
2 sector funds, for the financing costs that are not covered
3 by the Federal subsidy under subsection (a).

4 **SEC. 518. SEPARATE FUNDS OR ACCOUNTS' PRUDENT IN-**
5 **VESTMENT.**

6 (a) SEPARATE FUNDS OR ACCOUNTS REQUIRED.—
7 Each State that receives a grant, and each recipient of
8 a subgrant under this part, shall deposit the grant or
9 subgrant proceeds in a separate fund or account, from
10 which it shall make bond repayments and pay other ex-
11 penses allowable under this part.

12 (b) PRUDENT INVESTMENT REQUIRED.—Each State
13 that receives a grant, and each recipient of a subgrant
14 under this part, shall—

15 (1) invest the grant or subgrant in a fiscally pru-
16 dent manner, in order to generate amounts needed
17 to make repayments on bonds and other forms of in-
18 debtedness described in section 513; and

19 (2) notwithstanding section 6503 of title 31,
20 United States Code or any other law, use the pro-
21 ceeds of that investment to carry out this part.

22 **SEC. 519. STATE REPORTS.**

23 (a) REPORTS REQUIRED.—

24 (1) Each State receiving a grant under this
25 part shall report to the Secretary on its activities

1 under this part, in the form and manner the Sec-
2 retary may prescribe.

3 (2) If the State educational agency is not the
4 State agency designated under section 512, the
5 State's report shall include the approval of the State
6 educational agency or its comments on the report.

7 (b) CONTENTS.—Each report shall—

8 (1) describe the State's implementation of this
9 part, including how the State has met the require-
10 ments of this part;

11 (2) identify the specific school facilities con-
12 structed, renovated, or modernized with support
13 from the grant, and the mechanisms used to finance
14 those activities;

15 (3) identify the level of Federal subsidy pro-
16 vided to each construction project carried out with
17 support from the State's grant; and

18 (4) include any other information the Secretary
19 may require.

20 (c) FREQUENCY.—(1) Each State shall submit its
21 first report under this section not later than 24 months
22 after it receives its grant under this part.

23 (2) Each State shall submit an annual report for each
24 of the three years after submitting its first report, and

1 subsequently shall submit periodic reports as long as the
2 State or localities in the State are using grant funds.

3 PART 3—DIRECT GRANTS TO LOCAL EDUCATIONAL
4 AGENCIES

5 **SEC. 521. ELIGIBLE LOCAL EDUCATIONAL AGENCIES.**

6 (a) **ELIGIBLE AGENCIES.**—Except as provided in
7 subsection (b), the local educational agencies that are eli-
8 gible to receive formula grants under section 526 and com-
9 petitive grants under section 527 from the Secretary are
10 the 100 local educational agencies with the largest num-
11 bers of children aged 5 through 17 from families living
12 below the poverty level, as determined by the Secretary
13 using the most recent data available from the Department
14 of Commerce that are satisfactory to the Secretary.

15 (b) **CERTAIN JURISDICTIONS INELIGIBLE.**—For the
16 purpose of this part, the local educational agencies for Ha-
17 waii and the Commonwealth of Puerto Rico are not eligi-
18 ble local educational agencies.

19 **SEC. 522. GRANTEES.**

20 For each local educational agency described in section
21 521(a) for which an approvable application is submitted,
22 the Secretary shall make any grant under this part to the
23 local educational agency or to another public agency, on
24 behalf of the local educational agency, if the Secretary de-
25 termines, on the basis of the local educational agency's

1 recommendation, that the other agency is better able to
2 carry out activities under this part.

3 **SEC. 523. ALLOWABLE USE OF FUNDS.**

4 Each grantee under this part shall use its grant only
5 for one or more of the following activities to reduce the
6 cost of financing eligible school construction projects de-
7 scribed in section 524:

8 (1) Providing a portion of the interest cost (or
9 of any other financing cost approved by the Sec-
10 retary) on bonds, certificates of participation, pur-
11 chase or lease arrangements, or other forms of in-
12 debtedness issued or entered into by a local edu-
13 cational agency or other unit or agency of local gov-
14 ernment for the purpose of financing eligible school
15 construction projects.

16 (2) Local expenditures approved by the Sec-
17 retary for credit enhancement for the debt or financ-
18 ing instruments described in paragraph (1).

19 (3) Other local expenditures approved by the
20 Secretary that leverage funds for additional school
21 construction.

22 **SEC. 524. ELIGIBLE CONSTRUCTION PROJECTS; REDIS-**
23 **TRIBUTION.**

24 (a) **ELIGIBLE PROJECTS.**—A grantee under this part
25 may use its grant, in accordance with section 523, to sub-

1 sidize the cost of the activities described in section 514(a)
2 for projects that the local educational agency has chosen
3 to initiate, through the vote of the school board, passage
4 of a bond issue, or similar public decision, made between
5 July 11, 1996 and September 30, 2001.

6 (b) REDISTRIBUTION.—If the Secretary determines,
7 by a date before September 30, 2001 selected by the Sec-
8 retary, that a local educational agency is not making satis-
9 factory progress in carrying out its plan for the use of
10 funds awarded to it under this part, the Secretary may
11 redistribute all or part of those funds, and any interest
12 earned by that agency on those funds, to one or more
13 other local educational agencies that are making satisfac-
14 tory progress.

15 **SEC. 525. LOCAL APPLICATIONS.**

16 (a) APPLICATION REQUIRED.—A local educational
17 agency, or an alternative agency described in section 522
18 (both referred to in this part as the “local agency”), that
19 wishes to receive a grant under this part shall submit an
20 application to the Secretary, in the manner the Secretary
21 may require, not later than two years after the date of
22 enactment of this title.

23 (b) DEVELOPMENT OF APPLICATION.—(1) The local
24 agency shall develop the local application under this part
25 only after broadly consulting with parents, administrators,

1 teachers, the business community, and other members of
2 the local community about the best means of carrying out
3 this part.

4 (2) If the local educational agency is not the appli-
5 cant, the applicant shall consult with the local educational
6 agency, and shall obtain its approval before submitting its
7 application to the Secretary.

8 (c) LOCAL SURVEY.—(1) Before submitting its appli-
9 cation, the local agency, with the involvement of local
10 school officials and experts in building construction and
11 management, shall survey the local need for construction
12 and renovation of school facilities, including, at a mini-
13 mum—

14 (A) the overall condition of school facilities in
15 the local educational agency, including health and
16 safety problems;

17 (B) the capacity of the local educational agen-
18 cy's schools to house projected enrollments; and

19 (C) the extent to which the local educational
20 agency's schools offer the physical infrastructure
21 needed to provide a high-quality education to all stu-
22 dents.

23 (2) A local educational agency need not conduct a
24 new survey under paragraph (1) if it has previously com-
25 pleted a survey that meets the requirements of that para-

1 graph and that the Secretary finds is sufficiently recent
2 for the purpose of carrying out this part.

3 (d) APPLICATION CONTENTS.—Each local applica-
4 tion under this part shall include—

5 (1) an identification of the local agency to re-
6 ceive the grant under this part;

7 (2) a summary of the results of the survey of
8 school facility needs, as described in subsection (c);

9 (3) a description of how the local agency will
10 implement its program under this part;

11 (4) a description of the criteria the local agency
12 has used to determine which construction projects to
13 support with grant funds;

14 (5) a description of the construction projects
15 that will be supported with grant funds;

16 (6) a description of the mechanisms that will be
17 used to finance construction projects supported by
18 grant funds;

19 (7) a requested level of Federal subsidy, with a
20 justification for that level, for each construction
21 project to be supported by the grant, in accordance
22 with section 528(a), including the financial and de-
23 mographic information the Secretary may require;

24 (8) a description of the steps the agency will
25 take to ensure that facilities constructed or improved

1 with funds under this part will be adequately main-
2 tained;

3 (9) an assurance that the agency will use its
4 grant only to supplement the funds that the locality
5 would spend on school construction and renovation
6 in the absence of a grant under this part, and not
7 to supplant those funds;

8 (10) an assurance that, during the four-year
9 period beginning with the year the local educational
10 agency receives its grant, its expenditures for school
11 construction (which, at that agency's option, may in-
12 clude private contributions) will be at least 125 per-
13 cent of its expenditures for that purpose for the four
14 preceding years; and

15 (11) other information and assurances that the
16 Secretary may require.

17 (e) WAIVER OF REQUIREMENT TO INCREASE EX-
18 PENDITURES.—The Secretary may waive or modify the re-
19 quirement of subsection (d)(10) for a local educational
20 agency that demonstrates to the Secretary's satisfaction
21 that that requirement is unduly burdensome because that
22 agency has incurred a particularly high level of school con-
23 struction expenditures during the previous four years.

1 **SEC. 526. FORMULA GRANTS.**

2 (a) ALLOCATIONS.—The Secretary shall allocate the
3 funds available under section 504(b)(2) to the local edu-
4 cational agencies identified under section 521(a) on the
5 basis of their relative allocations under section 1124 of
6 the Elementary and Secondary Education Act of 1965 (20
7 U.S.C. 6333) in the most recent year for which that infor-
8 mation is available to the Secretary.

9 (b) REALLOCATIONS.—If a local educational agency
10 does not apply for its allocation, applies for less than its
11 full allocation, or fails to submit an approvable applica-
12 tion, the Secretary may reallocate all or a portion of its
13 allocation, as the case may be, to the remaining local edu-
14 cational agencies in the same proportions as the original
15 allocations were made to those agencies under subsection
16 (a).

17 **SEC. 527. COMPETITIVE GRANTS.**

18 (a) GRANTS AUTHORIZED.—The Secretary shall use
19 funds available under section 504(b)(3) to make additional
20 grants, on a competitive basis, to recipients of formula
21 grants under section 526.

22 (b) ADDITIONAL APPLICATION MATERIALS.—Any el-
23 igible applicant under section 526 that wishes to receive
24 additional funds under this section shall include in its ap-
25 plication under section 525 the following additional infor-
26 mation:

1 (1) The amount of funds requested under this
2 section, in accordance with ranges or limits that the
3 Secretary may establish based on factors such as rel-
4 ative size of the eligible applicants.

5 (2) A description of the additional construction
6 activities that the applicant would carry out with
7 those funds.

8 (3) Information on the current financial effort
9 the applicant is making for elementary and second-
10 ary education, including support from private
11 sources, relative to its resources.

12 (4) Information on the extent to which the ap-
13 plicant will increase its own (or other public or pri-
14 vate) spending for school construction in the year in
15 which it receives a grant under this section, above
16 the average annual amount for construction activity
17 during the preceding four years.

18 (5) A description of the energy efficiency and
19 the effect on the environment of the projects that
20 the applicant will undertake, both with its grant
21 under this section and its grant under section 526,
22 and of the extent to which those projects will use
23 cost-efficient architectural design.

24 (6) Other information that the Secretary may
25 require.

1 (c) SELECTION OF GRANTEES.—The Secretary shall
2 select grantees under this section on the basis of criteria,
3 consistent with the purpose of this title, that the Secretary
4 may establish, which shall include—

5 (1) the relative need of applicants, as dem-
6 onstrated by inadequate educational facilities and a
7 low level of resources to meet their school construc-
8 tion needs;

9 (2) the commitment of applicants to meet their
10 school construction needs and the leveraging effect
11 that assistance under this part would have, as dem-
12 onstrated by the additional resources that they will
13 provide, from non-Federal sources, to meet those
14 needs, in accordance with subsection (b)(4).

15 **SEC. 528. AMOUNT OF FEDERAL SUBSIDY.**

16 (a) AMOUNT OF FEDERAL SUBSIDY.—For each con-
17 struction project assisted under this part, the Secretary
18 shall determine the amount of the Federal subsidy in ac-
19 cordance with section 517(a).

20 (b) NON-FEDERAL SHARE.—A grantee under this
21 part may use any non-Federal funds, including State,
22 local, and private-sector funds, for the financing costs that
23 are not covered by the Federal subsidy under subsection
24 (a).

1 **SEC. 529. SEPARATE FUNDS OR ACCOUNTS; PRUDENT IN-**
2 **VESTMENT**

3 (a) SEPARATE FUNDS OR ACCOUNTS REQUIRED.—

4 Each grantee under this part shall deposit the grant pro-
5 ceeds in a separate fund or account, from which it shall
6 make bond repayments and pay other expenses allowable
7 under this part.

8 (b) PRUDENT INVESTMENT REQUIRED.—Each
9 grantee under this part shall—

10 (1) invest the grant funds in a fiscally prudent
11 manner, in order to generate amounts needed to
12 make repayments on bonds and other forms of in-
13 debtedness; and

14 (2) Notwithstanding section 6503 of title 31,
15 United States Code or any other law, use the pro-
16 ceeds of that investment to carry out this part.

17 **SEC. 530. LOCAL REPORTS.**

18 (a) REPORTS REQUIRED.—(1) Each grantee under
19 this part shall report to the Secretary on its activities
20 under this part, in the form and manner the Secretary
21 may prescribe.

22 (2) If the local educational agency is not the grantee
23 under this part, the grantee's report shall include the ap-
24 proval of the local educational agency or its comments on
25 the report.

26 (b) CONTENTS.—Each report shall—

1 (1) describe the grantee's implementation of
2 this part, including how it has met the requirements
3 of this part;

4 (2) identify the specific school facilities con-
5 structed, renovated, or modernized with support
6 from the grant, and the mechanisms used to finance
7 those activities; and

8 (3) other information the Secretary may re-
9 quire.

10 (c) FREQUENCY.—(1) Each grantee shall submit its
11 first report under this section not later than 24 months
12 after it receives its grant under this part.

13 (2) Each grantee shall submit an annual report for
14 each of the three years after submitting its first report,
15 and subsequently shall submit periodic reports as long as
16 it is using grant funds.

17 PART 4—GENERAL PROVISIONS

18 **SEC. 531. TECHNICAL EMPLOYEES.**

19 For the purpose of carrying out this title, the Sec-
20 retary, without regard to the provisions of title 5, United
21 States Code, governing appointments in the competitive
22 service, may appoint not more than 10 technical employees
23 who may be paid without regard to the provisions of chap-
24 ter 51 and subchapter IV of chapter 5 of that title relating
25 to classification and General Schedule pay rates.

1 **SEC. 532. WAGE RATES.**

2 (a) **PREVAILING WAGE.**—The Secretary shall ensure
3 that all laborers and mechanics employed by contractors
4 and subcontractors on any project assisted under this title
5 are paid wages at rates not less than those prevailing as
6 determined by the Secretary of Labor in accordance with
7 the Act of March 3, 1931, as amended (40 U.S.C. 276a
8 et seq.). The Secretary of Labor has, with respect to this
9 section, the authority and functions established in Reorga-
10 nization Plan Numbered 14 of 1950 (effective May 24,
11 1950, 64 Stat. 1267) and section 2 of the Act of June
12 13, 1934 (40 U.S.C. 276c).

13 (b) **WAIVER FOR VOLUNTEERS.**—Section 7305 of the
14 Federal Acquisition Streamlining Act of 1994 (40 U.S.C.
15 276d–3) is amended—

16 (1) in paragraph (5), by striking out the “and”
17 at the end thereof;

18 (2) in paragraph (6), by striking out the period
19 at the end thereof and inserting a semi-colon and
20 “and”; and

21 (3) by adding at the end thereof the following
22 new paragraph:

23 “(7) the Partnership to Rehabilitate America’s
24 Schools Act of 1997.”.

1 **SEC. 533. NO LIABILITY OF FEDERAL GOVERNMENT.**

2 (a) NO FEDERAL LIABILITY.—Any financial instru-
3 ments, including but not limited to contracts, bonds, bills,
4 notes, certificates of participation, or purchase or lease ar-
5 rangements, issued by States, localities or instrumental-
6 ities thereof in connection with any assistance provided by
7 the Secretary under this title are obligations of such
8 States, localities or instrumentalities and not obligations
9 of the United States and are not guaranteed by the full
10 faith and credit of the United States.

11 (b) NOTICE REQUIREMENT.—Documents relating to
12 any financial instruments, including but not limited to
13 contracts, bonds, bills, notes, offering statements, certifi-
14 cates of participation, or purchase or lease arrangements,
15 issued by States, localities or instrumentalities thereof in
16 connection with any assistance provided under this title,
17 shall include a prominent statement providing notice that
18 the financial instruments are not obligations of the United
19 States and are not guaranteed by the full faith and credit
20 of the United States.

21 **SEC. 534. CONSULTATION WITH SECRETARY OF THE**
22 **TREASURY.**

23 The Secretary shall consult with the Secretary of the
24 Treasury in carrying out this title.

1 **TITLE VI—BUDGETING**
2 **PROVISIONS**

3 **SEC. 601. INCREASE IN BUDGET FUNCTIONS FOR DOMES-**
4 **TIC PROGRAMS.**

5 The Director of the Congressional Budget Office
6 shall determine, by budget function, the amount of new
7 budget authority and the amount of outlays for fiscal year
8 1998 resulting from the provisions of this Act. The
9 amounts so determined shall be considered for all purposes
10 as increases in the amounts provided in the Concurrent
11 Resolution on the Budget for Fiscal Year 1998 (as adopt-
12 ed) for new budget authority, and the amounts provided
13 in such resolution for outlays, for fiscal year 1998 for
14 those budget functions.

15 **SEC. 602. OFFSETTING REDUCTIONS IN DEFENSE BUDGET**
16 **FUNCTION.**

17 The amount provided in the Concurrent Resolution
18 on the Budget for Fiscal Year 1998 (as adopted) for new
19 budget authority, and the amount provided in such resolu-
20 tion for outlays, for fiscal year 1998 for the national de-
21 fense budget function (function 050) are hereby reduced
22 by the amounts (as determined by Director of the Con-
23 gressional Budget Office) necessary to offset the total in-

- 1 creases in amounts for new budget authority and for out-
- 2 lays under section 601.

