Lewis (CA)	Norwood	Skelton
Lewis (GA)	Nussle	Slaughter
Lewis (KY)	Obey	Smith (MI)
Lightfoot	Ortiz	Smith (NJ)
Linder	Orton	Smith (TX)
Lipinski	Oxley	Smith (WA)
Livingston	Parker	Solomon
LoBiondo	Paxon	Souder
Longley	Peterson (MN)	Spence
Lowey	Petri	Spratt
Lucas	Pickett	Stearns
Luther	Pomeroy	Stenholm
Maloney	Porter	Stockman
Manton	Portman	Studds
Manzullo	Poshard	Stump
Markey	Pryce	Stupak
Martini	Quillen	Talent
Mascara	Quinn	Tanner
Matsui	Radanovich	Tate
McCarthy	Rahall	Tauzin
McCollum	Ramstad	Taylor (NC)
McCrery	Reed	Tejeda
McHale	Regula	Thomas
McHugh	Richardson	Thornberry
McInnis	Riggs	Thornton
McIntosh	Rivers	Thurman
McKeon	Roberts	Tiahrt
McKinney	Roemer	Torkildsen
McNulty	Rogers	Torricelli
Meehan	Rohrabacher	Traficant
Metcalf	Ros-Lehtinen	Upton
Meyers	Rose	Vento
Mica	Royce	Volkmer
Millender-McDonald	Sabo	Vucanovich
	Salmon	Walker
Miller (FL)	Sanford	Walsh
Minge	Sawyer	Wamp
Moakley	Saxton	Ward
Molinari	Scarborough	Watts (OK)
Mollohan	Schaefer	Waxman
Montgomery	Schumer	Weldon (FL)
Moorhead	Scott	Weldon (PA)
Moran	Seastrand	Weller
Morella	Sensenbrenner	White
Murtha	Shadegg	Whitfield
Myers	Shaw	Wicker
Myrick	Shays	Wilson
Neal	Shuster	Wise
Nethercutt	Sisisky	Wolf
Neumann	Skaggs	Zeliff
Ney	Skeen	Zimmer

NAYS—54

Becerra	Hinchey	Roukema
Beilenson	Jackson (IL)	Roybal-Allard
Clay	Jefferson	Rush
Clyburn	Johnson (SD)	Sanders
Coleman	Kennedy (RI)	Schroeder
Collins (IL)	Lofgren	Stark
Conyers	McDermott	Stokes
Coyne	Meek	Thompson
DeFazio	Menendez	Torres
Dellums	Mink	Towns
Fattah	Nadler	Velazquez
Filner	Olver	Visclosky
Flake	Owens	Waters
Foglietta	Pallone	Watt (NC)
Frank (MA)	Pastor	Williams
Gibbons	Payne (NJ)	Woolsey
Gutierrez	Pelosi	Wynn
Hilliard	Rangel	Yates

NOT VOTING—21

Collins (MI)	Martinez	Pombo
de la Garza	McDade	Roth
Engel	Miller (CA)	Schiff
Forbes	Oberstar	Serrano
Hall (OH)	Packard	Taylor (MS)
Hunter	Payne (VA)	Young (AK)
Lincoln	Peterson (FL)	Young (FL)

□ 1045

Messrs. SOLOMON, CUMMINGS, and BONIOR changed their vote from ''nay'' to ''yea.''

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

WELFARE AND MEDICAID REFORM ACT OF 1996

The SPEAKER pro tempore [Mr. KOLBE]. Pursuant to House Resolution 482 and rule XXIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 3734.

□ 1047

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 3734) to provide for reconciliation pursuant to section 201(a)(1) of the concurrent resolution on the budget for fiscal year 1997, with Ms. GREENE of Utah in the chair.

The Clerk read the title of the bill.

POINT OF ORDER

Mr. ORTON. Madam Chairman, I rise to make a point of order against consideration of H.R. 3724.

The CHAIRMAN. The gentleman will state his point of order.

Mr. ORTON. Madam Chairman, section 425 of the Congressional Budget Act prohibits us from considering legislation which would create an unfunded mandate upon the States. The Congressional Budget Office has ruled that H.R. 3734 falls $12.9 billion short in funding necessary to fund the work requirements of the bill. Also the National Governors Association has stated: We are concerned that the bill restricts State flexibility and will create additional unfunded costs.

This bill clearly creates an unfunded mandate, violates section 425 of the Congressional Budget Act, and I would further point out that section 426 of the Congressional Budget Act prohibits this House from considering a rule which would waive section 425. So that in any event we would have a vote and a determination as to whether or not a bill does in fact create an unfunded mandate.

The CHAIRMAN. The Chair would respond to the gentleman's point of order as follows. Points of order against consideration of the bill H.R. 3734 were waived by unanimous consent on July 17, 1996. Further, a point of order against consideration of House Resolution 482 would not be timely after adoption of that resolution.

The gentleman's points are not in order.

Mr. ORTON. I thank the Chairman. I think it is clear to the House and the country that in fact we are violating the first bill we passed in this Congress with the adoption of this bill.

The CHAIRMAN. When the Committee of the Whole rose on Wednesday, July 17, 1996, all time for general debate pursuant to the previous order of the House had expired.

Pursuant to House Resolution 482, there will be 2 additional hours of general debate. The gentleman from Ohio [Mr. KASICH] and the gentleman from Minnesota [Mr. SABO] will each control 1 hour.

Mr. SABO. Madam Chairman, I ask unanimous consent that the gentleman from Texas [Mr. ARCHER] be allowed to control the time for the gentleman from Ohio [Mr. KASICH] temporarily and be allowed to yield time.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Texas [Mr. ARCHER].

Mr. ARCHER. Madam Chairman, I yield myself such time as I may consume.

Madam Chairman, since 1965, roughly 30 years ago, government in this country has spent $5.5 trillion on welfare programs, more than has been spent on all of the wars fought in this century. Yet people are poorer and more dependent than ever. Despite our best efforts, despite the expenditure of these massive amounts of money, we have lost the war on poverty.

Madam Chairman, today, we stand on the threshold of a new effort, an effort that can win the war.

With the vote we take today, we recognize that the Great Society's welfare programs have not helped people. They have destroyed people. They have not kept families together. They have torn them apart.

These policies haven't turned urban areas of America into shining cities on a hill. They have made them into war zones where law-abiding citizens are afraid to go out at night.

They have led to the creation of two Americas. One marked by hope and opportunity. The other by despair and decay.

In short, the welfare state has created a world in which children have no dreams for tomorrow and parents have abandoned their hopes for today.

The people trapped in welfare, the mothers, the children, the fathers, are our fellow citizens, one and all. We have a moral obligation to them, as Americans, to lend a helping hand.

For the people on welfare aren't abusing welfare, as much as welfare is abusing them.

We are on the threshold of improving America by fixing our failed welfare state. We're improving America for the children on welfare, for the parents on welfare, and for ourselves.

Our reforms are based on five pillars. The pillars represent the values that made America great.

One—we think people on welfare should work for their benefits. A welfare worker I spoke with told me the biggest beneficiaries of work aren't the moms or the dads. Yes, they benefit. But she said it's the children who watch their parents get up each morning, go to a job, and return home at night who are the big winners. These children get better grades in school, have fewer problems with crime, and are less likely to end up on welfare because the values and virtues of work, not idleness, are instilled in them at a young age.

Two—Time limit benefits. Welfare should be a temporary helping hand, not a way of life.

Three—Provide no welfare for felons and noncitizens. America always has been and always will be the land of opportunity for immigrants. But it's not right to ask hardworking, taxpaying Americans to support noncitizens who come here and then go on welfare.

Four—Return power and control of welfare to the states and communities where help can best be delivered. We must remove Washington's control over welfare. This city built the failed welfare state. It's time to get Washington out of the welfare business.

Five—Reward personal responsibility and fight illegitimacy. We shouldn't have a welfare system that promotes illegitimacy and discourages marriage. It's time to change signals and return to old-fashioned values.

Madam Chairman, today's vote will be historic.

It represents the biggest, most helpful change to social policy in America since the 1930s.

This vote recognizes that America is a caring country, that Americans are a giving people, and that welfare recipients are capable of success if we would only let them try.

Our colleague, J.C. WATTS, has a wonderful way of expressing it. He says America's welfare recipients are eagles waiting to soar.

Madam Chairman, I think it's time we removed the heavy hand of the Federal Government from their wings. We must let our fellow citizens on welfare reach new heights as they climb the economic ladder of life.

That's what this bill does. It helps people to help themselves. It restores hope and it provides opportunity. It's strong welfare reform and it's what the American people have wanted for years.

Madam Chairman, there is no good reason why this bill should not be passed by the Congress and signed into law. The American people expect nothing less, and families on welfare deserve much, much more than the sad status quo.

For the sake of all Americans, I hope the President will let this bill become law.

Madam Chairman, I reserve the balance of my time.

Mr. SABO. Madam Chairman, I yield 2 minutes to the gentleman from California [Mr. MATSUI].

Mr. MATSUI. Madam Chairman, yesterday we heard the chairman of the Budget Committee say that this debate was really about Judeo-Christian ethics. That is why I was somewhat disappointed last night when I read Congress Daily. In the Congress Daily we talked about welfare reform and we talked about what this debate was really all about. The chairman of the subcommittee that has jurisdiction over welfare was quoted as stating from a political point of view, the President of the United States is in a box.

Madam Chairman, that is what this debate is all about—to jeopardize 9 million children who will be affected by this bill just to put the President of the United States in a box.

What kind of people would draft legislation for political purposes to affect so many children of America? This bill is weak on work and tough on America's children.

□ 1100

The Congressional Budget Office, their own agency, hired by the Republican House and Senate, has said that the 1.7 million jobs that the Republicans say will be created by a woman going off welfare is an illusion. It is deceptive, it is not going to happen, because they do not provide the resources for it. Their own agency has said they will not obtain those 1.7 million jobs. So this is not a jobs bill. This is not a bill to get people off of welfare into work.

But the worst part of this bill is what it will do to children. Because of those time limits and because of the fact that the Republican bill prohibits the States from using Federal funds for vouchers or any kind of assistance after a woman meets those time limits, she will then become destitute, she will become homeless, her children will probably have to go into foster care, even though she might be a good mother.

This is what this is all about. It is about politics to hurt America's children. I urge a ''no'' vote on this legislation.

Mr. ARCHER. Madam Chairman, I yield 2½ minutes to the gentlewoman from Connecticut [Mrs. JOHNSON], the chairman of the Subcommittee on Oversight of the Committee on Ways and Means, the chairman of the Committee on Standards of Official Conduct, a person who is so greatly respected on our committee and has given such great service to this House, the country, in all of those roles.

Mrs. JOHNSON of Connecticut. Madam Chairman, I rise in strong support of this bill, and I could not disagree more with the preceding speaker. We have to change the future. Welfare cannot be a way of life for either women or children. It is not a satisfactory way of life. There is no hope, there is no opportunity when you are on welfare.

Now, remember, under this bill at the end of 5 years you get Medicaid, nutrition assistance, housing assistance, energy assistance, all those programs that provide services, on a means-tested basis. In addition, 20 percent of the whole caseload can be carried forward. So we are not talking about a draconian system; we are talking about reform and creating hope and opportunity in our welfare system for both the women and children on welfare.

This bill, let me show you, will allow States, for instance, to be free of the rigid law that now governs income disregards.

The woman is on welfare and starts earning money, and we right away start reducing benefits. Under this reform bill States will have complete freedom to design a fairer system. They may choose to keep her benefits up, and, as her salary goes up, to then decline her benefits. States have the power to help her get a good start in those 5 years. They have the power to educate and train, but to combine that with work experience. Under this program, women on welfare could immediately go to work for half a day in new day care centers, use State day care subsidies to give informed leadership to those centers as skilled master teachers. Let welfare mothers, who are good care providers, be the soldiers in those day care centers and then in the afternoon go on education and training centers while other welfare recipients staff the day care centers. It will cut the cost of day care and it will allow the money to be used powerfully in the transition period. This gives opportunity to States to create the kind of humane and supportive system women need to literally change their lives.

In addition, the terrible decline in the cities is in part the result of nonpayment of rent. Part of the problem of our cities is that if a welfare recipient fails to pay their rent, it takes at least 6 months to solve the problem and sometimes much more than that. Under this new system, States can say you miss a month's rent? Fine, we will pay it directly now until you get on your feet. So we can prevent the degradation of our housing stock in the cities just by requiring personal responsibility on the part of welfare recipients and providing States the flexibility to create a more realistic support system, under the umbrella of Federal concern, compassion and support.

Mr. SABO. Madam Chairman, I yield myself such time as I may consume.

Madam Chairman, if I might inquire of the chairman of the Committee on Ways and Means, we are curious if there is a final version of the bill and if there is a final summary of the last minute changes?

Mr. ARCHER. Madam Chairman, will the gentleman yield?

Mr. SABO. I yield to the gentleman from Texas.

Mr. ARCHER. Madam Chairman, the Committee on Rules had the statutory language of the bill. That was made a part of the rule we voted on.

Mr. SABO. Is there a summary of the last minute changes that were made?

Mr. ARCHER. Not to my knowledge, although the gentleman is aware that this bill did not come out of the Committee on Ways and Means; it came out of his committee, the Committee on the Budget.

Mr. SABO. Well, it has been substantially changed since it came through the Committee on the Budget. Many of us are curious what the final form of the bill is.

Madam Chairman, I yield 2 minutes to the gentlewoman from California [Ms. WOOLSEY].

(Ms. WOOLSEY asked and was given permission to revise and extend her remarks.)

Ms. WOOLSEY. Madam Chairman, we all agree that welfare does not work, the welfare system does not work for the taxpayers, and it does not work for the families who are on welfare, and we all agree that the welfare system must be overhauled. It must be overhauled so that it helps recipients get jobs and stay off welfare permanently. But that is the easy part.

The challenge and responsibility we face as legislators, however, is finding the answers to, what if's. What if a mother on welfare cannot find a job? What if she is not earning enough to take care of her family? What if her benefits are cut off and she is unable to provide her children with food, with clothes, and with health care?

Madam Chairman, this bill does not even attempt to answer these, what if's. In fact, the majority has gone out of its way to prevent States from meeting the basic needs of children, children whose parents are unable to get a job.

This bill says to poor children, do not get hungry, do not get sick, and, for Pete's sake, do not get cold, because your time is up, and we do not think you are important enough to provide you with the basics that you need to survive.

Madam Chairman, no other Member of this body knows better than I do that this is the wrong way to fix welfare. As a single mother with three small children, working, many years ago, I could not have stayed in the work force if I did not have the safety net of health care, child care, and food that the welfare system provided for my family.

So I urge my colleagues, do not take this vote lightly. Your vote today will have consequences, consequences for children long after election day, and it will be too late to answer the, what if's tomorrow.

Mr. ARCHER. Madam Chairman, I yield 2 minutes to the gentleman from California [Mr. HERGER], a respected member of the Committee on Ways and Means.

Mr. HERGER. Madam Chairman, over the last three decades the American taxpayer has spent $5 trillion on our welfare system. Working Americans may be asking themselves, what have we gained from all that spending? Do we have less poverty in the United States? No; are welfare recipients spending less time on welfare? No; after spending $5 trillion on welfare, have we solved the problems of poverty and dependency on Federal dollars? Is it extreme to think that maybe there is a better way of running our welfare system? Madam Chairwoman, the Republican welfare reform proposal will allow welfare to work better for all Americans. Our welfare reform makes welfare a way out—not a way of life. It promotes work over a continual cycle of welfare. It returns power and money to the States and encourages personal responsibility. Madam, Chairwoman, this reform proposal also denies welfare for noncitizens and includes a provision I developed with a sheriff in my district to deny imprisoned criminals welfare and create an incentive for local law enforcement officials to help stop this abuse. Currently, an estimated 5 to 10 percent of inmates in local and State jails are illegally receiving welfare checks. Without this welfare reform, the American taxpayer will allegedly give prisoners $270 million over the next 7 years in welfare payments.

Madam Chairwoman, our current welfare system is inefficient, unfair, and damaging to those it is supposed to help. The American people deserve a better welfare program that is unaccepting to those abusing the system and compassionate to those in real need.

I urge my colleagues to vote for this welfare reform.

Mr. SABO. Madam Chairman, I yield 2 minutes to the distinguished gentleman from New York [Mr. RANGEL].

(Mr. RANGEL asked and was given permission to revise and extend his remarks.)

Mr. RANGEL. Madam Chairman, we have gotten off the subject now of substantive legislation, and we are now dealing with Presidential politics.

Well, let us do it. The welfare bill now has become like a tennis ball in a political volley, and the question is, Does it make more sense to force the President to keep his commitment to change welfare as we know it, or really do we want to get the President in the position that he has to veto the bill?

Well, we have tried so many times on the Republican side to find out just what is it that the President hates. Obviously, it was the tremendous cuts that were recommended by the other side as relates to Medicaid. So what was the solution? Continue to make certain it was one package, until it becomes politically expedient to change that and to put another poison pill, and several other poison pills, so you can go home and say the President has vetoed the welfare bill once again.

Who really suffers? It is really the voters, or it is our children? This obsession in saying that the Federal Government cannot take care of them has no responsibility to our children, but that the Governors should be trusted. And then to have the Christian coalition to come up and embrace this in a Christian way.

Well, thank God we have the National Council of Catholic Bishops that say the program stinks. Thank God we have the Jewish Council Against Poverty that says it is no good. Thank God we have the Protestant Council that says it is no good. It may be good politics, but it is bad for the children of our Nation.

The whole concept that we are saying 5 years, but the Governors can say 2: We are relinquishing our responsibility to the children of the United States of America, and it is a bad day in the congressional history.

Mr. ARCHER. Madam Chairman, I yield 2 minutes to the very respected gentleman from Louisiana [Mr. MCCRERY], a member of the Committee on Ways and Means.

Mr. MCCRERY. Madam Chairman, I thank the gentleman for yielding me time.

Madam Chairman, I want to talk for just a while about the basis for reform. I think it is worthwhile to examine the current welfare system and its results over the last few years.

This chart shows very graphically, this line right here is the poverty rate in the United States. Beginning in 1950, you can see it drops until about 1965 or so.

Well, it just happens to be that 1965 was the beginning of the Great Society programs, and the avalanche of welfare spending in this country; as it has been said, $5 trillion over the last 30 years.

What happens in 1965? It flattens out, the poverty rate, and then even goes up. So nothing has happened on the poverty rate. It has even gone up a little bit since 1965, since we have spent $5 trillion.

This blue line right here is spending on welfare. Look, it is going off the chart in 1995. We are not getting the results, folks, that were advertised with all the taxpayer spending that we have done.

It is the current system that is trapping children in poverty. It is the current system that is cruel to children. And if you do not recognize that, you have not been paying attention.

Now is the time, not next year, not 5 or 10 years from now, now is the time finally to do something about this terrible welfare system that we have got. The status quo stinks. Admit it. Let us do something about it and quit talking about it.

We sent the President two welfare bills. We are going to send him another one. We keep modifying it. This one is patterned after the bipartisan Governors' proposal. I have met with the President to talk about welfare reform, and this is very, very close. This bill is very, very close to what the President says he wants.

Let us pass it, send it to him, and I hope he signs it.

Mr. SABO. Madam Chairman, I yield 2½ minutes to the distinguished gentleman from Tennessee [Mr. FORD].

Mr. FORD. Madam Chairman, let me thank my colleague for yielding me time.

Madam Chairman, much of today's welfare news is good. There are fewer welfare and food stamp recipients today than when President Clinton took office. The poverty rate is down and teen pregnancy rates are lower in most States. Teen birth rates have dropped as well. Child support collections have grown and welfare reform is alive and well in States, thanks to 38 waivers approved by the Clinton administration.

□ 1115

That is all good news for the President and even better news for American families.

Unfortunately, Madam Chairman, we have not made much progress on national welfare reform. Partisan politics seems to have gotten in the way, and that is a shame. President Clinton has twice sent Congress welfare reform proposals. He has sent clear signals about the kind of reform he will sign into law. He wants a bill that requires work, promotes responsibility, and protects children. He would impose tough time limits and work requirements, provide more funding for child care, require teen parents to live at home and stay in school, and crack down on child support enforcement. And that is real welfare reform.

He vetoed the Republican plan, H.R. 4, because it was not real welfare reform. He rejected H.R. 4 because it was weak on work, it did little to move people from welfare to work, it did not guarantee child care, it gutted the earned income tax credit, it was tough on children, it made unacceptable deep cuts that undermined child welfare, school lunch, and aid to disabled children. It was a step backward in an effort to get health care coverage to all Americans and it eliminated the guaranteed medical coverage that single parents need to move from welfare to entry-level jobs.

Thanks to the National Governors' Association, today we will try again to send another welfare package to the President. I remain skeptical about what my Republican colleagues want as a bipartisan effort in a Republican bill. Admittedly, this new Republican plan corrects some of the worst mistakes of the vetoed bill, confirming that the President was right to say ''no'' to the last Republican plan, but it looks to me like the Republicans want to make certain that this bill is also unacceptable to the President.

I want one point to clear, Madam Chairman. I support welfare reform. So does our President. But we also want to make sure that needy children are not the victims of excessive election-year posturing. Real welfare reform should give children a safety net on which to rely, and it makes certain children are not punished for the mistakes of their parents.

Mr. ARCHER. Madam Chairman, I yield 3 minutes to the gentleman from Texas [Mr. DELAY], the whip of the House.

Mr. DELAY. Madam Chairman, I thank the chairman for yielding me this time, and I rise in support of this legislation. I really commend the chairman of the Committee on Ways and Means and the Committee on the Budget for their efforts in producing this legislation.

Madam Chairman, as my colleagues ponder their vote on this important issue, I would just urge them to consider this question: Does the current welfare system help people realize the American dream? If the answer is no, we should vote for this reform legislation.

I believe that the current welfare system has destroyed the American dream for too many people, and this bill represents an important part of our agenda to restore the American dream. It also represents a core philosophical principle; that a hand-up is better than a hand-out.

The American people have rightfully demanded that we fix this welfare system. They instinctively understand that the current welfare system undermines incentives to work, encourages the expansion of the underclass, breaks up families, and promotes welfare as a way of life. And they understand that the current system is a perversion of basic American values that value work, that promote personal responsibility, and that foster freedom.

This reform legislation values work. It requires that every able-bodied welfare recipient work for their benefits within 2 years. It promotes personal responsibility. It cracks down on deadbeat dads, giving States the tools to track down men who leave or abandon their families and leave their children to fend for themselves. And it fosters freedom.

Scripture says if you give a man a fish, he can eat for a day; but if you teach a man to fish, he can eat for the rest of his life.

Our reform plan gives welfare recipients the incentives to gain their freedom, to gain control of their lives and to become productive members of society.

Madam Chairman, some on the left call our efforts mean and extreme. Well, I say that defending the status quo is extreme. Continuing the current system that has destroyed families and promoted dependency is mean. The legislation, this legislation, is a commonsense effort to restore the basic American values of work, personal responsibility and freedom to our Federal welfare system. It is a necessary step to restore the American dream for those who are currently in the welfare system.

I urge my colleagues to have the courage to change this system. Stand with the American people and vote for this commonsense reform plan.

Mr. SABO. Madam Chairman, I yield 2 minutes to the gentleman from Virginia [Mr. PAYNE].

Mr. PAYNE of Virginia. Madam Chairman, I thank my colleague for yielding me this time.

Madam Chairman, Republicans and Democrats agree that the current welfare system does not work. Instead of requiring work, it punishes those who go to work; instead of instilling personal responsibility, it encourages dependence on the Government; and instead of encouraging marriage and family stability, it penalizes two-parent families and rewards teenage pregnancies.

We all agree that welfare must be dramtically reformed, and that welfare should only offer transitional assistance leading to work, not a way of life. Where we disagree, however, is whether the Republican bill will make transition to work a reality or whether it is just empty rhetoric.

Real welfare reform must be about replacing a welfare check with a paycheck. Real welfare reform gets people into the work force as quickly as possible. In order to do that, real welfare reform provides enough money for the work requirements to be effective.

The Congressional Budget Office has concluded that the Republican bill will not work because most States will fail to meet the work requirements. It will be less expensive for the States to accept the penalties for failing to meet the participation rates than it will be to meet the costs of the work programs.

Creating a system that is prone to failure from the outset is not real welfare reform.

The Castle-Tanner bipartisan bill provides $3 billion in supplemental funds for States to meet the costs of work programs for welfare recipients. This is money in the bank, not just an authorization backed by a hope that someday we might actually find this money.

The Castle-Tanner bipartisan bill provides real welfare reform and I urge my colleagues to support this plan.

Mr. SHAW. Madam Chairman, I yield 2 minutes to the gentleman from New Jersey [Mr. ZIMMER], a distinguished member of the Committee on Ways and Means.

Mr. ZIMMER. Madam Chairman, I thank the gentleman from Florida for yielding me this time, and I commend him for his tenacious and principled support for true welfare reform.

Madam Chairman, welfare as we know it has unmercifully condemned generation after generation of Americans to a life without hope and without access to the American dream. This bill will foster independence by breaking the chains that bind families to the welfare state.

The current system, which fosters poverty, despair, hopelessness, and illegitimacy will be replaced with a program that generates hope, optimism, and self-esteem. People will be accountable for their own lives. Mothers and fathers will be responsible for the children they bring into this world.

What this bill proposes is very straightforward: No more money for nothing. It tells the poor that we will help you get on your feet but we owe it to you as well as to ourselves, to require that you work for your benefits, and that after a specified period of time you get a real job.

You see, work is not punishment. Work is the foundation of the American dream. It gives us self-respect and gives our children respect for us and for themselves.

I urge those who have rejected reform in the past to reconsider for the sake of our future. I urge this House to

pass this legislation. I urge the President to sign this legislation.

Mr. SABO. Madam Chairman, I yield 2 minutes to the distinguished gentlewoman from North Carolina [Mrs. CLAYTON].

Mrs. CLAYTON. Madam Chairman, I thank the gentleman for yielding me this time.

Madam Chairman, in a ideal world we would not be forced to save money while sacrificing even some of our children. In an ideal world we would provide something to wear, something to eat, and a place to sleep for all of our children, even those who happen to be born in circumstances not of their own creation or their own will. In an ideal world we would not set time limits and spending caps and impose budget savings requirements on the most vulnerable people of our society, our children.

I realize, however, we do not live in an ideal world. I too believe we must reform our welfare system because the current welfare system surely is not working. However, the proposed welfare system by the Republicans is doomed not to work either. In fact, I offer to say that it will not work for millions of children and for millions of mothers that we want to be self-sufficient and who desire to work.

I intend to vote for Castle-Tanner because it treats our children better than the bill before us treats them. It honors people's will. The bill before us is short on reform, weak on work, and tough on our children. Millions of children will be abandoned.

I admonish my colleagues, as they consider the decision they will make in the context of the decisions we make all the time, and the ones we have made. Last week this House refused to fund teenage pregnancy prevention programs by $30 million, yet now we are talking about teenage pregnancy as if we wanted to prevent it. We are now willing to punish them, however, if indeed they happen to have a child.

We should have stepping stones for our children and not have them as stumbling blocks. Recently the education funding was slashed. Where is the development in our children? This House has voted numerous times to cut nutrition programs.

We should not abandon our children. The proposal before us does not honor the principle of work, responsibility and caring for children.

Mr. SHAW. Madam Chairman, I yield myself such time as I may consume to advise the last speaker who said that our bill is tough on children that the bill she referred to, which will be the Gephardt substitute, mimics exactly what is in the bill that she is criticizing as far as the children's program are concerned.

I would also tell the gentlewoman that in the bill there is some $6 billion of cuts in EITC, which is what the President criticized the Republicans for as calling that a tax increase. It is not in our bill, it is in her bill.

Madam Chairman, I yield 2 minutes to the gentlewoman from Washington [Ms. DUNN], a distinguished member of the Committee on Ways and Means.

Ms. DUNN of Washington. Madam Chairman, I am involved in this debate on welfare because I believe that the current welfare system and what it does to children, and families is a crime. The system is cruel, it is broken, and it needs to be fixed.

For the third time today, Madam Chairman, we are going to vote to send to the President a welfare bill so he can keep his promise that he made in his campaign to reform welfare. It is a clean bill and it protects children.

It is based on three principles: One, that welfare should not be a way of life; that these poor children, some of whom never have a working role model in their lives, will not be put in that position ever, ever again. It is also based on the second principle of returning flexibility to the States; and, third, it is based on the principle that if Government is going to provide incentives in our lives, that the incentive in welfare should be to encourage personal responsibility in our citizens.

Today I want to focus on one thing that is probably the most important thing in this whole debate, and that is the children. Back home in Washington State women tell me, ''Jennifer, my child support is the sole difference between making ends meet and going on welfare.'' On behalf of these women, we have a responsibility to make sure that deadbeat parents pay their child support to their own flesh and blood children.

□ 1130

Today in this Nation, Madam Chairman, $34 billion is owed by parents who have left their children's home to custodial parents. Thirty percent of these people leave the State in order to avoid that responsibility. I think it is outrageous. The tools this bill provides give us the way to track those deadbeat parents down.

I know what it is like to raise children as a single parent. I have done that. I worried about money, and I worried about child care. I worried about how you fit a full-time job around the responsibilities of my own children's needs. It is hard enough in my case, Madam Chairman, where I did receive support. I cannot imagine what it would be like when a parent did not receive that support.

It is the mothers and the children that we have included in these provisions. As far as I am concerned, Madam Chairman, the President needs to sign this bill for the sake of our children.

Mr. SABO. Madam Chairman, I yield 30 seconds to the gentlewoman from North Carolina [Mrs. CLAYTON].

Mrs. CLAYTON. Madam Chairman, I want to respond to the distinguished chair of the Committee on Ways and Means. The bill that he said that I am supporting, I am delighted to be supporting, Castle-Tanner, really indeed allows States to provide for vouchers, wherein his bill does not.

Castle-Tanner also provides Medicaid coverage for children, where his bill indeed does not. Castle-Tanner also has a no caps on assistance in the event of an economic turndown. The bill he has makes no provisions for that, or very limited, in their contingency fund.

Mr. SABO. Madam Chairman, I yield 2 minutes to the gentleman from Maryland [Mr. CARDIN].

Mr. CARDIN. Madam Chairman, I along with many of my colleagues on both sides of the aisle have been working for almost 4 years to dramatically reform our Nation's welfare system. The current system has failed. A new system is needed. The Federal Government in partnership with our States needs to provide temporary compassionate assistance to those who have genuine need, making it clear that people who receive welfare must become employed as soon as possible in a private sector job. We must move people off of welfare to work.

My concern is that the Republican bill will move people off of welfare, but in far too many cases our children will end up on the streets.

The Republican bill is woefully inadequate in providing resources to our States. It is inadequate in financing safe, affordable day care for welfare parents. It does not adequately deal with one of the principal problems in our welfare system; that is, preventing out-of-wedlock births, particularly among our teenagers.

Quite frankly, the failure of the Republican bill is because it was developed in a partisan political manner, rather than in an open legislative format. We have not even really had a chance to review this bill because it was developed by the Republicans in a closed meeting, rather than using an open forum so that we could debate some of these issues and could work out some of these issues.

The Castle-Tanner bill substitute is the only bill that has been worked out in a bipartisan manner in an open forum. I urge my colleagues to support the Castle-Tanner substitute. It is far better than the Republican bill and although I believe it can be improved, I urge my colleagues to vote for the substitute and against the underlying bill.

Then let us work together, Democrats and Republicans, to dramatically change our welfare system. It can be done this year. If our objective is to get a welfare bill enacted, I urge my colleagues to follow that action. If our objective is to get the President to veto another bill, then I understand what the Republicans are doing.

Mr. SHAW. Madam Chairman, I yield 2 minutes to the distinguished gentleman from the State of Georgia [Mr. COLLINS, a valued member of the Committee on Ways and Means.

Mr. COLLINS of Georgia. Madam Chairman, I thank the chairman for yielding the time to me.

Madam Chairman, we have previously debated and passed legislative proposals that will change the welfare

system. And although President Clinton vetoed those measures, he has proposed welfare legislation of his own.

So today, we have two different approaches to welfare reform. We must clearly understand that the real debate is about whether we are going to just piecemeal reform the broken welfare system, or if we are going to entirely change welfare as we know it.

We all agree the welfare system is a failure. It is an open-ended Federal entitlement that encourages people to believe that receiving a welfare check, free health care, and other free services without working is their right. By the end of the decade, American workers will have spent over $6 trillion on welfare programs. After 30 years under the current system, our poverty rate remains unchanged and we have millions of people trapped, dependent upon broken welfare programs.

Americans are tired of paying for a welfare system that just doesn't work. And although Presidential candidate Clinton once stated that he intended to change welfare as we know it, his proposal will only make limited reforms to a system that fails those who receive welfare and those working people who pay the bill.

In sharp contrast to the President's patchwork plan, the Republican majority's proposal changes the welfare system as we know it. The Republican plan will remove the one-size-fits-all entitlement system. This measure will transfer the management authority from the bureaucratic Federal level to the States. Local authorities will finally have the ability to design a welfare program that best meets the needs of the poor in their region. Welfare programs will be administered on a local level through a State/Federal financial partnership. The responsibility for administering welfare programs will be where it needs to be: closer to those who know what works, closer to those who need the assistance, and closer to the workers who pay the bill.

Working Americans support the Personal Responsibility and Work Opportunity Act because it will comprehensively change the welfare system as we know it.

Mr. SABO. Madam Chairman, I yield 2 minutes and 30 seconds to the distinguished gentleman from California [Mr. WAXMAN].

Mr. WAXMAN. Madam Chairman, I rise in opposition to the Republican welfare bill. This legislation masquerades as reform, but it is not that. It is instead a giant step back into poverty for millions of American children.

But it is more. This bill will have a devastating impact on the health care system in many urban areas and in many States in this Nation because of its mean-spirited and shortsighted provisions to deny Medicaid funds for necessary medical care for legal immigrants.

Whatever the view Members may have as to whether we should provide cash support to legal immigrants who end up in need of assistance, there can be no justification to deny health care services to persons who are legally in this country. Cutting Medicaid funds is not going to keep people from getting sick. It is not going to keep them from needing health care services. All this bill will accomplish is to keep them from going for care when they need it and causing them to be sicker and more costly cases when the situation becomes so bad they end up in an emergency room.

Local hospitals and local governments are going to be left holding the bag for these costs. The sad fact is, they cannot afford it. There should not be a Member from California in this House that supports this policy. It will have devastating consequences for Los Angeles, and it will have devastating consequences for the State of California.

The $12 billion reduction in Medicaid expenditures resulting from these provisions is fully one-fifth of the expenditures my Republican colleagues were trying to cut from Medicaid with their block grant proposal. Trying to achieve a big chunk of those so-called savings through the back door of the welfare bill by taking away any access to Medicaid for legal immigrants is wrong. It will hurt urban hospitals. It will hurt innocent people. It is the wrong thing to do.

Mr. SABO. Madam Chairman, will the gentleman yield?

Mr. WAXMAN. I yield to the gentleman from Minnesota.

Mr. SABO. Madam Chairman, is what the gentleman is saying that this bill will mean a significant transfer from Federal resources to obligations on the local property tax?

Mr. WAXMAN. Absolutely.

Mr. SABO. Madam Chairman, I thank the gentleman for his answer.

Mr. SHAW. Madam Chairman, I yield 2 minutes to the distinguished gentleman from Pennsylvania [Mr. ENGLISH], a valued member of the Subcommittee on Human Resources of the Committee on Ways and Means.

Mr. ENGLISH of Pennsylvania. Madam Chairman, today we will vote on fundamental welfare reform legislation, a mainstream proposal that working families across the Nation have been demanding for years. Three decades and $5 trillion ago, this Nation declared war on poverty. What was the outcome? All we have to show are casualties. Children killing children, boys and girls growing up without fathers, and welfare recipients spending an average of 13 years out of work because work does not pay as well as Uncle Sam.

Madam Chairman, generations have been trapped in this soul-destroying system, prisoners of the lost war on poverty. I have to ask this House: How many more of our children must we lose to poverty and violence before we say, enough is enough? We have the opportunity today to change America by fixing the failed welfare state and restoring the American dream for an abandoned underclass.

Under this bill, welfare will be converted into a work program. Every person receiving welfare must work within 2 years or cash benefits will end. Under our bill, lifetime welfare benefits will be limited to 5 years but up to 20 percent of families can be exempted for hardship. States are required to have 50 percent of welfare families working by 2002.

Our bill will end welfare payments for noncitizens; those we welcome to our country as guests should not abuse the hospitality of hard-working Americans. American families are spending $8 billion every year on welfare for noncitizens. That is not fair.

Our bill will stop the destructive practice of giving Social Security cash benefits to drug addicts and alcoholics, blighting their lives at great public expense.

Madam Chairman, we in Washington need to learn from past mistakes. We must create a welfare system that ties welfare rights to responsible behavior.

I urge all of my colleagues to put aside petty partisan politics. Support this bill and allow this Congress to leave an enduring legacy of social reform.

Mr. SABO. Madam Chairman, I yield 2 minutes to the distinguished gentlewoman from Florida [Mrs. MEEK].

(Mrs. MEEK of Florida asked and was given permission to revise and extend her remarks.)

Mrs. MEEK of Florida. Madam Chairman, I thank my ranking member for yielding the time to me.

I say over and over again, this is a flawed bill. It is not hard to see it. They are wrapping it in politics to try and save the fact that there is no substance in this bill that is going to save the children of this country.

Everything I have heard from the majority side makes me know they have never, ever experienced welfare. Now they are beginning to try to reform it. I want to reform it. I know it needs to be reformed. But it does not have to be reformed on the backs of the children of this country. It does not have to be reformed on food stamps. And they are having a similar idea that people who get food stamps, AFDC, do not know how to choose their food. That is not correct. The same Members who feel that way are the ones who drafted this bill.

This bill is going to deny 300,000 children of legal immigrants from getting food stamps. Do they want to cut children off from food? They have said they have a family-friendly atmosphere in the Republican Party. This does not meet the test of family-friendly.

Until yesterday they have changed back and forth so much, it is hard. I have not seen this new language. But yesterday their bill prohibited benefits and vouchers. Now they have switched over and now they are making that, they are putting that in, but they are not requiring it. They are not fooling

me, because they are making it permissive. They cannot do it or they may do it. Why not say, as our bills do, that they will be required to provide vouchers to these children who will go off Medicaid?

My colleagues have exceeded the limits of care and sympathy and compassion which this Congress is supposed to give to the American people. They are not fooling the American people by saying this is a good welfare bill. We all want to reform welfare. Why can we not get together, both Republicans and Democrats, put our heads together and reform this without having a one-sided view toward Medicare and toward welfare?

I say to my colleagues, turn this bill back. I do not blame the President of the United States. Every time we send him a bad bill, he should veto it, no matter how many times.

Mr. SHAW. Madam Chairman, I yield 1 minute to the gentlewoman from Washington [Ms. DUNN].

Ms. DUNN of Washington. Madam Chairman, I thank the gentleman for yielding the time to me.

I am very alarmed at the misinformation I have heard last evening and today coming out on the issue of child care. I want to set something straight. In the Republican bill, the bill that we are debating and voting on today, in fact, we have been told by the people who make these estimates that we need, in child care, $16 billion to perform the duties that are outlined in the bill. We have, in fact, in the Republican bill provided $23 billion.

Madam Chairman, I just want to say in my book of mathematics, that leaves $7 billion aside that can be helped to ease working mothers off AFDC into the working world.

□ 1145

In addition, Madam Chairman, that is $4.5 billion more than is in the current child care portion of the welfare bill. It is also very important, as it is also $2 billion more than the President has in his own legislation.

Mr. SHAW. Madam Chairman, I yield 2 minutes to the distinguished gentleman from Nevada [Mr. ENSIGN], a member of the Committee on Ways and Means.

Mr. ENSIGN. Madam Chairman, I think we have to ask ourselves a couple of fundamental questions. First of all, has the current welfare system worked? Has it helped children? Is it compassionate, especially to those children? Should we continue to give cash payments to prisoners and drug addicts?

The answers to these questions are obvious. Out-of-wedlock births have skyrocketed since our welfare system began. Crime rates have skyrocketed. This is federally funded child abuse.

Madam Chairman, we tell the teenage mom, ''If you have a child out of wedlock, move away from your parents, we'll get you an apartment. By the way, don't work, don't save, and if you want a little extra money, have another child out of wedlock.'' This is truly federally funded child abuse.

Our bill does something remarkable. It reforms welfare in a compassionate way. It has $2 billion more, as the previous speaker talked about, for child care than the President does so that in the transition from welfare to work we can help families do that.

We also provide transitional health care, which is one of the biggest incentives to staying on welfare, the lack of health care coverage.

We also stopped cash payments to noncitizens and prisoners. There is a fundamental disagreement between that side of the aisle and this side of the aisle on whether we should continue cash payments to noncitizens. We believe, I believe strongly, that it should be reserved for U.S. citizens.

We also fundamentally believe that we to have a limit, a time limit on the amount of time that somebody can receive welfare benefits. There is no greater incentive than to know that at the end of a certain period of time they are going to have to get a job, they better get their life together, they better get out there, take advantage of the job training we provide, get their life together so that they can get off of welfare so that they can take care of their own family and have that personal responsibility.

Lastly, from somebody who grew up with a deadbeat dad, I am applauding this bill for the strong child support enforcement provisions that it has so we can go after those deadbeat parents who are abandoning their children and not taking full responsibility.

I thank the chairman of the subcommittee for writing a great bill.

Mr. SABO. Madam Chairman, I yield myself 1 minute to say I find it very unfortunate when we compare legal immigrants in this country with prisoners and put them in the same category.

In fact I find it sort of personal. My parents were both immigrants to this country. I remember when my mother became a citizen. I also hear this discussion of nothing has ever been given or done in conjunction with legal immigrants. My father was a homesteader. That was how he and many other immigrants got started in this country, and they worked hard and did well.

But regardless of how one feels on this question, to rhetorically combine legal immigrants with prisoners I think is totally unfortunate.

Madam Chairman, I yield 2 minutes to the gentleman from Maryland [Mr. HOYER].

(Mr. HOYER asked and was given permission to revise and extend his remarks.)

Mr. HOYER. Madam Chairman, there is a consensus on this floor that our welfare system undermines the core values Americans believe in: responsibility, work, opportunity, and family. Too many people who do not want to be on welfare cannot escape it. Too many people who want to be on welfare are allowed to coast at the taxpayers' expenses.

We agree that we must create a different kind of social safety net which will uphold the values our current system undermines. It must require work, it must demand responsibility, and it must protect children.

Today the House will consider two alternative welfare reform proposals. One, offered by the House Republican leadership, I suggest, is not reform at all, although it has much in it with which we agree and Castle-Tanner agree. It lacks the funds for serious work requirements. CBO says so, not us. And under this bill children can be denied all support, even in an emergency, when their families are cut off welfare due to time limits.

When the American people demanded an end to welfare, this is not what they had in mind.

The so-called welfare reform bill offered today by the Republican leadership makes a mockery, in my opinion, of the American values of work and family. It does have progress in it. But it is not bipartisan, and that is what the American public wanted. They wanted us to come together in-bipartisan manner and reform welfare. Governor CASTLE, now a Congressman, and the gentleman from Tennessee [Mr. TANNER] have done exactly that. Their bill brings together and reinforces family values, while meeting our responsibilities to our people and reinforcing our expectations on their personal responsibility.

I urge my colleagues to come together in a bipartisan fashion, as most of the Members on this side of the aisle will do. Democrats will support a bipartisan effort to accomplish this objective. All of us should do the same.

America's welfare system is at odds with the core values Americans believe in: Responsibility, work, opportunity, and family. Too many people who don't want to be on welfare can't escape it. Too many people who want to be on welfare are allowed to coast at the taxpayers' expense. In both cases, this broken system weakens families, undermines personal responsibility, destroys self-respect and initiative, and fails to move able-bodied people from welfare to work.

A complete overhaul of the welfare system is long overdue. We must create a different kind of social safety net which will uphold the values our current system destroys. It must require work. It must demand responsibility. And it must protect children, to break the generational cycle of poverty.

Today, the House will consider two alternative welfare reform proposals. First, offered by the House Republican leadership, is not reform at all. It lacks the funds for serious work requirements. It shreds the safety net for chidlren. The Nation's Governors adopted a resolution expressing their concern about restrictions on States' flexibility and unfunded costs in the Job Program, a shortfall of $13 billion which will knock the teeth out of the much-touted work requirements in the Republican bill.

The second alternative, the bipartisan Tanner-Castle welfare reform proposal, will truly reform our broken system. It, and it alone, requires all recipients to start work—real work, in real jobs—within 2 years. It provides funding to make those requirements real. It establishes a 5-year lifetime limit for welfare benefits, with a State option to create a shorter limit. It requires teen parents to live at home or in a supervised setting, and teaches responsibility by requiring school or training attendance as a condition of receiving assistance. It includes tough child support enforcement provisions to make sure deadbeat parents live up to their responsibility to support their children.

Unlike the Republican leadership proposal, the Tanner-Castle bill is tough on work without being tough on kids. It includes additional funding above the leadership bill for child care, to make sure children aren't left on the streets when their parents go to work. Under the Republican leadership bill children could be denied all support, even in an emergency, when their families are cut off welfare because of a time limit. The bipartisan bill provides vouchers to meet the needs of children if their parents exceed the welfare time limit. While the Republican leadership bill would deny Medicaid coverage for children in families who exceed a time limit, the bipartisan bill ensures that no child loses medical care because of welfare reform.

The so-called welfare reform bill offered today by the Republican leadership makes a mockery of the American values of work and family. It contains a hollow promise of work requirements which the Nation's Governors and the Congressional Budget Office both concede States can never achieve. It strips poor children of food assistance and medical care. I do not believe that when the American people demanded an end to welfare as we know it, this is what they had in mind.

The bipartisan Tanner-Castle bill supports those American values we all share. It demands work and personal responsibility without shredding the social safety net and abandoning children. I urge my colleagues to reject the Republican leadership bill, and support the bipartisan Tanner-Castle proposal.

Mr. SHAW. Madam Chairman, I yield myself such time as I may consume.

Madam Chairman, I would like to respond very quickly to what the gentleman from Minnesota [Mr. SABO] said. Nobody in this House is criticizing or putting anything saying that people coming into this country to experience the American dream are in the class of felons. That is ridiculous. That argument falls on deaf ears. It has no relevancy.

But I would like to share this with him. When his parents or grandparents came into this country, they made a pledge not to become a public charge, and I would bet next week's paycheck that they did not become a public charge. They came for a better way of life, and they went to work. They made something of themselves, and they had a child or a grandchild that came to the U.S. Congress.

I would also like to say, when we are talking about aliens, aliens over 65 are five times more likely to go on SSI than citizens over 65. Alien SSI applications have increased 370 percent from 1982 to 1992. We have got to stop making welfare available for citizens of other countries. It is that simple.

Madam Chairman, I yield 2 minutes to the gentleman from Nebraska [Mr. CHRISTENSEN], a valuable member of the Committee on Ways and Means.

Mr. CHRISTENSEN. Madam Chairman, welfare reform is an issue, like the previous speaker said, that we can agree on, that we can come together on in a bipartisan fashion and that we can work together on. I think all agree that the welfare system has caused people to rely on the Government instead of themselves. I think Senator JOHN ASHCROFT said it best last week when he talked about the system, that it has deprived hope, it has diminished opportunity, and it has destroyed lives.

But there are questions that we have to ask. After spending billions of dollars, has the Government solved the problems of poverty and of dependency? How many more families are we going to allow to be trapped in the current system before we get a bill out of this House? How many more children must we sacrifice to poverty before we say enough is enough?

As my colleagues know, we have heard many people say, and I think the statement is accurate, the fact is we cannot have a moral environment to raise children in America when we have 12-year-olds having babies, 15-year-olds killing each other, 17-year-olds dying of AIDS, and 18-year-olds who are graduating with diplomas that they cannot read. If we are to restore our moral health in this country, we must change the system that fosters that environment.

As Franklin Delano Roosevelt said in the late 1930's, giving permanent aid to anyone destroys them. Our bill gives people a chance. It puts a hand out so they can help themselves.

It is time that we worked together in a bipartisan fashion to end welfare as we know it.

Mr. SABO. Madam Chairman, I yield 2 minutes to the distinguished gentleman from Washington [Mr. MCDERMOTT].

(Mr. MCDERMOTT asked and was given permission to revise and extend his remarks.)

Mr. MCDERMOTT. Madam Chairman, the gentlewoman from Florida put her finger on the fundamental problem here, and that is that the Republican bill will not guarantee support to children if all else fails.

Now, my brother runs the public assistance program in the State of Washington. I know the facts. In the State of Washington there are 100,000 adults on welfare, 125,000 people, unduplicated count, on unemployment. That is 225,000 people on average every month in the year 1995. If they all showed up for a job on tomorrow, there would be jobs.

Last year they created 44,000 new jobs in the State of Washington. That means 181,000 adults in the State of Washington, that DRI, McGraw-Hill, the economic forecaster says is the fifth most rapidly growing State in this country, could not get jobs, 181,000 people.

Now the Labor Department has recently said that the unemployment rate is as low as it ever is. Tomorrow Mr. Greenspan is going to meet with the Federal Reserve to talk about raising the interest rates so that we can slow the economy so we do not have inflation. Now, we cannot slow the economy and stop job creation when we have 181,000 people in 1995 in the State of Washington who could not get a job and say to their children, ''Hey, folks, kids, I'm sorry. Your Ma went down for a job, but there was none, and you can't eat.'' That is what the Republican bill says. They will not give a voucher if they have done everything, and there is no way.

I think the President, who cares about the kids in this country, is going to take a long careful look at what comes out of this body because, if we are not careful of how we deal with the weakest and the most vulnerable in our society, we are not a civil society.

Mr. SHAW. Madam Chairman, I yield 2 minutes to the distinguished gentleman from Texas, Mr. SAM JOHNSON, from the Committee on Ways and Means.

(Mr. SAM JOHNSON of Texas asked and was given permission to revise and extend his remarks.)

Mr. SAM JOHNSON of Texas. Madam Chairman, I have to disagree with the gentleman that just spoke. It is a shame, but I tell my colleagues that. The Government has been spending billions of dollars, and I would just like to know, has the Government solved our problems of poverty and dependency? I think not. How many more families are going to be trapped in the current system while we spin our wheels here in Washington, DC. talking about it? Do my colleagues not think that State and local governments, churches and communities can do a better job of caring and providing for our Nation's welfare recipients? Of course they can.

As my colleagues know, how many more of our Nation's cities are we going to surrender to poverty and violence before we here in Washington decide to act? Why does Washington continue to promote a welfare system that encourages illegitimacy and discourages parents? Should not Washington encourage work? I think so.

I tell my colleagues what this bill is about: compassion, hope and opportunity. It is about people coming together and taking charge of a system that has failed them and every mother and child on welfare.

Do we trust Washington, or do we trust the local charities, the churches, community centers, and local government officials? I trust and believe the American people at home will have the answer. Can we not do better than the welfare system that we have in place right now?

This strong welfare reform bill ends welfare as we know it. It gives power back to the States, power back to the communities, power back to the people at local communities to solve their own problem. It is a must that we act today to pass this legislation.

Mr. SABO. Madam Chairman, I yield 2 minutes to the distinguished gentlewoman from California [Ms. WATERS].

□ 1200

Ms. WATERS. Madam Chairman, both of these welfare reform bills before us are little more than poll-driven political responses to a real problem. This is not true welfare reform. Instead we are placing a foot on the necks of poor children and families and calling it reform. Every Member of Congress understands the difference between an AFDC entitlement and not having one. We all understand the difference between block grants and Federal involvement in this problem.

In desperation, I appeal to each Member's spiritual sense. I challenge those who claim moral values. To the Christian Coalition supporters, I challenge you today, the Bible is replete with examples of how we are obligated to treat the poor. Witness Proverbs 14:31: He who oppresses a poor man insults his maker, but he who is kind to the needy honors him.

Proverbs 29:7: A righteous man knows the rights of the poor; a wicked man does not understand such knowledge.

Ecclesiastes 4:1: Defraud not the poor of his living, and make not the needy eyes to wait long.

Ecclesiastes 4:4: Reject not the supplication of the afflicted; neither turn away thy face from a poor man.

Proverbs 21:13: Who so stoppeth his ears at the cry of the poor, he also shall cry himself, but shall not be heard.

And Deuteronomy 15:7–8: Thou shalt not harden thine heart, nor shut thine hand from thy poor brother; but thou shalt open thine hand wide unto him, and shalt surely lend him sufficient for his need.

Mr. SHAW. Madam Chairman, I yield 1 minute to the distinguished gentleman from Tennessee [Mr. WAMP].

(Mr. WAMP asked and was given permission to revise and extend his remarks.)

Mr. WAMP. Madam Chairman, one of the most wonderful lessons for the young people of this country is that great things can be done in our society when it does not matter who gets the credit. The Republicans should be commended for taking Medicaid off of their welfare bill because the President, our President, came here in January and asked us for a clean welfare bill and said he would sign it into law. We should not worry if he gets the credit for doing that.

This is the clean bill that he asked for; it is. We disconnected Medicaid so he would sign it, not so he would veto it. We should pass it today and give him this clean bill. It does not matter if he gets the credit. The Democrats should not care if the Republicans get the credit, because it is these children that are trapped in dependency and poverty that are going to get the benefit and the reward.

We are doing the people's business. We should support the conference report when it comes back, and we should support the President so he can sign this bill into law and do the people's business.

Mr. SABO. Madam Chairman, I yield 2 minutes to the distinguished gentleman from California [Mr. FAZIO].

Mr. FAZIO of California. Madam Chairman, I rise in strong support of the bipartisan welfare reform bill offered by MIKE CASTLE and JOHN TANNER.

The Castle-Tanner bipartisan bill is a much better bill than the alternative presented by the other party. It requires work, and provides the support needed to make the commitment to work a reality and not just rhetoric.

The bipartisan bill contains many provisions which represent a moderate, more balanced approach to welfare reform while still achieving over $50 billion in savings.

It includes stronger protections for children and families under the block grant and assures the maintenance of a national nutrition safety net so that families will not go hungry and children will have the nutrition they need to grow and learn.

The bipartisan welfare reform bill improves past efforts made by this House in significant ways while continuing to promote personal responsibility as its central theme.

Indeed, this approach requires all welfare recipients to sign an individual responsibility contract which outlines a plan for the recipient to become self-sufficient as quickly as possible.

And the bipartisan bill holds deadbeat parents responsible for their children through strong child support enforcement measures.

Castle-Tanner also ensures greater State flexibility by giving the States the option of providing vouchers for the needs of the child, or emergency assistance to families that have reached the time limits but have been unable to find a job.

This bill also provides a more substantial contingency fund to assist States with high unemployment or increases in child poverty. If the fund is exhausted during hard times, the bill creates an uncapped contingency fund for real emergencies.

My colleagues, this bill provides greater resources to ensure that welfare reform will succeed, it improves State flexibility, and it guarantees fiscal and personal responsibility. Above all, it protects innocent children.

We have an historic opportunity to pass a meaningful, bipartisan, welfare reform bill that the President will sign. Let's not squander this chance. I urge you to vote ''yes'' on the bipartisan substitute.

Mr. SHAW. Madam Chairman, I yield myself such time as I may consume.

Madam Chairman, I would ask the gentleman from California if he is aware that the bill that he has endorsed imposes a tax increase which the President characterized as a tax increase on the working poor by slashing EITC?

Mr. FAZIO of California. Madam Chairman, will the gentleman yield?

Mr. SHAW. I yield to the gentleman from California.

Mr. FAZIO of California. Madam Chairman, I would say to the gentleman from Florida, certainly this side of the aisle has been totally opposed to the Republican plans to slash the EITC and the budget.

Mr. SHAW. Reclaiming my time, Madam Chairman. I would advise the gentleman from California that his bill does precisely that. Our bill does not.

Madam Chairman, I yield 2 minutes to the gentleman from Ohio [Mr. TRAFICANT].

(Mr. TRAFICANT asked and was given permission to revise and extend his remarks.)

Mr. TRAFICANT. Madam Chairman, I support the bill. While Congress has tried with good intentions, the Congress of the United States has failed. What began as a hand up is now a handout. Generation after generation are literally trapped at the bottom of the ladder without a good view of what America has to offer. The welfare system is not only broken, it is token. It has become a social placebo with a failing track record.

I ask all who are in here today to deny the following. I say the welfare system currently promotes dependency and illegitimacy, discourages thrift, discourages work, separates, separates and destroys families, isolates children, and from an early age, stifles their ambition, no less.

There is one other element here, folks, in this formula. Our current welfare system penalizes hardworking Americans who pay for this failing train that keeps rolling down the track at us, hurting us.

This is not about Republican and Democrat. There should be more consensus today. This is about a welfare system that is bad for America. Let me submit that the Founders are rolling over in their graves looking at the great Constitution and saying, my God, how could this great instrument somehow be so misused, misapplied, that there are now Americans without hope, Americans without goals, and Americans without ambition? Shame, Congress. Come together on this issue. Pass this bill.

Mr. SABO. Madam Chairman, I yield myself 30 seconds.

Madam Chairman, I would indicate to the gentleman from Florida [Mr. SHAW] that all the EITC changes in Castle-Tanner rely on compliance. None of them change the phase-out rates as proposed originally by the House Republican plan. Those are not

included in Castle-Tanner. Fortunately, you have pulled those provisions out of your bill but they are scheduled to reappear in your budget resolution in reconciliation bill No. 3, and then some further additional cuts in EITC even beyond what you did in this bill originally.

Madam Chairman, I yield 2 minutes to the gentleman from Massachusetts [Mr. OLVER].

(Mr. OLVER asked and was given permission to revise and extend his remarks.)

Mr. OLVER. Madam Chairman, I thank the gentleman for yielding time to me.

Madam Chairman, along with every Member of this Chamber, I believe that the current welfare system needs to be reformed. Over the course of this debate, which has continued now for more than a year, each and every one of us has voted to end welfare as we know it. Some of us want to move people to work while protecting the well-being of our children. Others want to squeeze as much money as possible from the system even if the action is punitive, unworkable, and threatens children. That is the crucial difference between the Republican bill and the bipartisan bill that we have before us today.

Madam Chairman, H.R. 3734, the Republican bill, offers little protection for poor children. H.R. 3734, the Republican bill, prohibits vouchers for children of parents who have reached the time limit on welfare but cannot find jobs. H.R. 3734 slashes food stamps, the ultimate social safety net, assuring that more of our own children, our own poor children, will go hungry in a country whose farmers are so magnificently productive that they can feed half of the world.

H.R. 3734 ends the guarantee of child protection and child abuse services, and worst of all, it ends the guarantee of health coverage for millions of poor women and children. We all want to see welfare reformed, Madam Chairman, but we should not jeopardize the health and well-being of children who are really totally without responsibility for the conditions that they are forced to grow up in.

I urge a ''no'' vote on the Republican bill, Madam Chairman.

Mr. SHAW. Madam Chairman, I yield myself such time as I may consume.

Madam Chairman, I would invite the gentleman from Minnesota to read on page 7, subtitle B, the earned income tax credit of the gentleman's bill. It provides and it has been scored that that is a $6 billion statement. The gentleman stands there and tells us that we are going to somehow put this into our bill. It is not in our bill, it is in the gentleman's bill.

It is a tax increase. It is the gentleman's problem, and he is going to have to deal with it. We took it out of our bill because we did not want a tax increase on the working poor. He left it in his bill because obviously he wanted to take $6 billion out of the pockets of working Americans.

Madam Chairman, I yield 2 minutes to the gentlewoman from Washington [Ms. DUNN].

Ms. DUNN of Washington. Madam Chairman, I thank the gentleman for yielding time to me.

Madam Chairman, Democrats have been arguing today that noncitizens are less likely to receive welfare than citizens, but the leading scholar in this area, whose name is George Borjas of the Kennedy School, says just the opposite.

We have a chart here that I would like Members to look at. These numbers are percentages of households receiving welfare programs. The first line says ''Aid to Families with Dependent Children,'' our AFDC program. 4.4 percent of immigrant households receive this kind of aid, as opposed to 2.9 percent of folks who are citizens of the United States, and the chart continues.

In short, Madam Chairman, I just want to say that there is simply no question that some Members are today on this floor spreading misinformation. Welfare for noncitizens has gotten out of hand. We have an opportunity through this legislation to change that.

Madam Chairman, I would say, too, that America is a generous country. We welcome legal immigrants into this Nation, as long as they are here because they want to take advantage of a nation of opportunity. But we can no longer ask our citizens who work for a living to support people who are not citizens of the United States.

Mr. SABO. Madam Chairman, I yield 1½ minutes to the gentleman from Michigan [Mr. LEVIN].

Mr. LEVIN. Madam Chairman, the Republican bill is weak on work. It does not provide the resources, according to CBO. I want to say something, though, to my friend, the gentleman from Florida [Mr. SHAW], on the tax subject. Look, we forced you to drop your tax increases on the working poor. They were in your bill and you know it. We forced them out. Every bit of the EIT change in Castle-Tanner relates to compliance.

Mr. SHAW. Madam Chairman, will the gentleman yield?

Mr. LEVIN. I yield to the gentleman from Florida.

Mr. SHAW. You forced it out, and where did it go? It went to your bill.

Mr. LEVIN. Madam Chairman, I take my time back. The gentleman is 100 percent wrong. You had a phasing down of the amount of money people could earn and still be eligible for the EITC. You had changes in terms of calculation of Social Security and its impact on EITC. We do not change the substance of the EITC law as it affects the working poor.

We forced you not to do that, so do not use that sham argument. We say there should be compliance. We say the law should be followed. That is where all of our money is, and it is disgraceful that you do not have it in, and that you for months and months wanted to hit the working poor. Shame on you for using that argument.

Mr. SHAW. Madam Chairman, I yield myself such time as I may consume. I want to respond to my good friend, a valued Member and a good friend of mine, and someone who has really worked hard, trying to work on welfare reform.

Madam Chairman, I can tell the gentleman from Michigan, he is wrong. He has the increase in his bill. We do not have the increase in our bill. The gentleman gets up there and says shame on us for having it in there and then taking it out. That is absolutely ridiculous.

□ 1215

Mr. LEVIN. Madam Chairman, will the gentleman yield?

Mr. SHAW. I yield to the gentleman from Michigan.

Mr. LEVIN. Madam Chairman, compliance is not an increase.

Mr. SHAW. Modification is. I would tell the gentleman, read section 1023 of your bill.

Mr. LEVIN. I have read it.

Mr. SHAW. Modification of Adjusted Gross Income Definition for the Earned Income Tax Credit. You take working poor out by a modification of the definition.

Mr. LEVIN. That is simply not true.

Mr. SHAW. Madam Chairman, I reserve the balance of my time.

Mr. SABO. Madam Chairman, I yield 2 minutes to the gentleman from North Dakota [Mr. POMEROY].

Mr. POMEROY. Madam Chairman, the plan of the majority to reform the welfare system is weak on work and tough on kids. In my comments, I will talk about the work requirement.

We must reform the welfare system. This reform is in fact overdue. The heart of the reform has to be time-limiting benefits and instilling a tough work requirement. There is broad agreement in the Chamber on that point. But the key distinction between the proposals before us this afternoon is that the bipartisan plan has a work requirement which will succeed and the majority's plan cannot.

This is a very complex issue. There is nothing all that tough about understanding what it takes to make a work requirement succeed. Individuals presently receiving welfare benefits and not in a workplace must have the training required to achieve vocational skills before they will be employable and can stand on their own as constructive members in the workplace. Folks without jobs just will not be able to get jobs if they do not have job skills and employers. We cannot expect employers to hire folks that offer nothing in terms of what they need in the workplace.

The nonpartisan Congressional Budget Office has assessed the two plans on this critical point. They say the work requirement in the bipartisan plan can

succeed but the work requirement in the majority's proposal falls $9 to $12 billion short of what it takes to make a work requirement succeed.

That is the choice. The bipartisan plan, which time-limits benefits and gets today's recipients off welfare into the workplace as constructive members of our society, versus the majority's proposal which, while it claims to have a work requirement, by the Congressional Budget Office's own evaluation it falls short of what it takes to create a work requirement which has any chance of getting people off of the welfare rolls and into the workplace.

Vote ''yes'' on Castle-Tanner and no on the majority proposal.

Mr. SABO. Madam Chairman, I yield 2 minutes to the gentlewoman from Connecticut [Mrs. KENNELLY].

Mrs. KENNELLY. Madam Chairman, there are differing opinions on to how to reform welfare. But one area that we all agree on is the need to improve our child support laws. In fact, this might be the single area where we have had consistent bipartisan cooperation.

However, a last-minute change was inserted into the bill's child support title that weakens assurances of fair child support awards.

The majority's welfare bill now guts a provision in current law that requires States to review child support orders every 3 years for AFDC families.

I should first point out that this change will cost the Federal Government $63 million over the next 6 years. Child support paid on behalf of families on AFDC helps offset the cost of welfare. Therefore, regular updates in child support orders mean fewer dollars being spent on AFDC. The change in the bill ignores this fact and lets noncustodial parents off the hook, while sticking Federal taxpayers with the bill.

I am also concerned this change in modifying child support orders might hurt families leaving AFDC. If we want families to leave welfare and become self-sufficient then we should ensure that they have the child support they are owed.

I urge my colleagues to think twice before watering down child support enforcement, while preaching getting tough on young mothers. Let's all agree that we need tough child support enforcement that says both parents should be involved in providing for their children.

Mr. SHAW. Madam Chairman, I yield 3 minutes to the distinguished gentleman from Louisiana [Mr. HAYES], a member of the Committee on Ways and Means.

(Mr. HAYES asked and was given permission to revise and extend his remarks.)

Mr. HAYES. Madam Chairman, it was the mid-1960's, and I remember the day very well when as a student in a Louisiana public high school and part of a debate squad, we were talking about Lyndon Johnson's effort at a Great Society with an alleged war on poverty. Three decades later, that same high school is in the midst of a war with drugs, teen pregnancy, and guns. Poverty has not changed. Over the course of that 30 years, America has spent $5 trillion, an amount ironically close to the total national debt, on a fake war on poverty.

So what happens to real veterans of real wars? Oh, I represent many of them. I represent a young man who was in a real war in Vietnam, who has got to find a way through his impaired health to get someone to drive him almost 100 miles to go to a real military installation to have a real druggist give him an honest, legitimate prescription.

Unfortunately, within my congressional district there are crack addicts that cannot be evicted from Federal public housing because their neighbors cannot find a legal way to throw them out to prevent their own kids from being sold crack, and that person has a Federal welfare check delivered to their doorstep.

I represent a group of Americans who in that three decades now knows that today they must work and work and work until May 7 of each year just to pay Government taxes. Then they get to earn money for their own family. Within the course of that work they recognize that there is almost $200 billion a year, most of which is thrown away on the dole to families who put work behind the rewards of a Federal handout. In 17 States, the equivalent of welfare for starting welfare recipients is above $10 an hour. In 40 States, including my Louisiana, a starting welfare recipient is above $8 an hour, which is better than in many counties a starting teacher or a starting police officer.

There are the kind of things where America looks and says: We don't want to change welfare as you folks in Washington know it, we want to change welfare as we know it in our neighborhoods, where senior citizens are terrified to leave at night because the monies that are diverted in a failed system for three decades prevent our own safety, our own sanctity, and the educational future of our own children.

Mr. SABO. Madam Chairman, I yield 2 minutes to the gentleman from Rhode Island [Mr. KENNEDY]

Mr. KENNEDY of Rhode Island. Madam Chairman, do you not love all this talk about how we are going to get money from these poor people to give money to other constituents who are more deserving? Yet this same Republican majority who is talking about cutting $53 billion from welfare has no problem giving a tax cut of $245 billion over 7 years, better than half of which goes to individuals and families with incomes of $100,000 or more.

It seems to me that our Republican friends are against welfare for the poor but they have no problem with welfare for the rich. I do not want to hear my Republican colleagues talk about local control, because I worked in a State legislature and I know what block granting is all about. This mantra of States rights, let the States decides, let the States manage it, in my State of Rhode Island, that is a prescription for disaster. I will tell Members why. Because without the assistance that comes through entitlement programs, the money goes to the States. So the money goes to the State bureaucrats; it does not go to the women and children and the poor people who need the assistance.

Once again under States rights, just as it stood 30 years ago, States rights means justice will depend on geography. If you are a poor person in Rhode Island, you will not be treated the same as if you are a poor person in a State like Tennessee, which has got a much better economy than we have in Rhode Island.

Finally, my last point is that what this bill does to legal residents is shameful. To cut assistance to people who already pay taxes and in fact taxpaying, legal residents who do not enjoy many of the exemptions that regular citizens enjoy because they have not attained citizenship. They will be denied the same benefits as citizens. This to me represents no more than the same immigrant bashing that this majority has continued all 2 years it has been in the majority.

Mr. SHAW. Madam Chairman, I yield 1 minute to the gentleman from Maryland [Mr. GILCHREST].

Mr. GILCHREST. Madam Chairman, I thank the gentleman for yielding me this time.

Madam Chairman, I think to a large extent the debate has covered most of the material on why it is important to change the welfare system as we know it today. I do not think there is one person in this Congress that would say the welfare system is working. It has perpetuated the paralysis of poverty far too long.

There are some minor disagreements about how we ought to move forward. But at least we as a Congress want to move forward to make a fair assessment, to provide a program so that people have a sense of opportunity for the wonders that this Nation has to offer.

This program that the gentleman from Florida [Mr. SHAW] is offering before this Congress does some amazing things. He discovers, in my judgment, the mystery of human initiative, and that is a sense of responsibility and a sense of dignity for all Americans.

This is a fair bill, it is fundamentally sound. It will offer opportunity for individuals, whether they are on welfare now or may be on welfare in the future.

Madam Chairman, I urge my colleagues to vote for Mr. SHAW's bill.

Mr. SABO. Madam Chairman, I yield 2 minutes to the distinguished gentleman from Wisconsin [Mr. OBEY].

Mr. OBEY. Madam Chairman, the existing welfare system is broken, it needs radical overhaul. There is no doubt about that. But in doing it, I ask

every Member of this House to please put the politics aside. Taxpayers are tired of people who will not work taking a bite out of their tax dollars. They want us to be tough, but they do not want us to be mean.

They do not want us to say to a worker who is laid off because his company moved out of town or out of the country, ''Tough luck, Charlie, you're on your own, baby.'' They do not want us to say to a sick or hungry kid, ''Sorry, kid, God gave you the wrong set of parents. You're on your own.'' They do not want us to pass a political document that will never become law, that is just designed to define the differences between Bill Clinton and Bob Dole one more time. They want us to work it out. They want us to get it done.

That is what Castle-Tanner does. It is a bipartisan package. It does work it out. It is tough, but it is not mean. A friend of mine in the legislature used to say, ''You know, the problem with politics is that all too often it gives the poor and the rich the same amount of ice, but the poor get theirs in the wintertime.''

That is the difference between the Castle-Tanner bill and the committee bill. Vote for Castle-Tanner. It is a tough, good welfare reform bill that gets the job done without being mean.

Mr. SHAW. Madam Chairman, I yield such time as he may consume to the gentleman from Minnesota [Mr. RAMSTAD].

(Mr. RAMSTAD asked and was given permission to revise and expend his remarks.)

Mr. RAMSTAD. I thank the gentleman for yielding me this time.

Madam Chairman, I rise in strong support of the Personal Responsibility and Work Opportunity Act.

Madam Chairman, in 1992, Presidential candidate Bill Clinton pledged to ''end welfare as we know it.'' Today 4 years later, welfare recipients and taxpayers are still waiting for President Clinton to make good on his promise.

The President could keep his word by signing the welfare reform waiver proposals on his desk from Wisconsin and Minnesota, as well as the comprehensive Federal welfare reform bill before us today which would empower States to proceed with innovative changes.

To hasten approval of badly needed welfare reform, we in this Congress took a bold step toward meeting the President halfway when we separated welfare reform from the Medicaid reform bill that had threatened to doom both reforms.

The time for action is long overdue. Our Nation's welfare system is in dire need of reform. America has spent $5.4 trillion on social welfare programs since the beginning of the ''War on Poverty'' in the 1960's. Yet, the poverty rate has not decreased and the number of families on welfare has skyrocketed from 1.9 million in 1970 to 5 million today. The sad history of welfare is one of three generations of people who have become trapped in a cycle of dependency. Since 1993 alone, the number of single women who are heads of households in poverty has increased by 175,000 women.

Frustrated by inaction at the Federal level, individual States have moved forward with their own reform proposals. Minnesota and Wisconsin, for example, have put together comprehensive welfare reform plans to move welfare recipients from welfare to work. A Minnesota Department of Human Services pilot project—the Minnesota Family Investment Plan [MFIP]—has resulted in reduced caseloads for the Aid to Families with Dependent Children [AFDC] program in the seven counties in which it operates. Minnesota would like to expand MFIP throughout the State as well as implement a number of additional pioneering measures recently passed by the State legislature.

Wisconsin would like to implement ''Wisconsin Works,'' the welfare plan praised by President Clinton during his May 18 Saturday radio address as a ''sweeping welfare reform plan, one of [the] boldest yet attempted in America * * * We should get it done.''

Unfortunately, since the President has twice vetoed welfare reform passed by Congress that would allow States to change the welfare system in ways which meet the needs of their residents, States must still go through an arduous special waiver process to enact their reform plans.

But the President has yet to approve the waiver requests of Minnesota and Wisconsin. Minnesota submitted its waiver requests last March 28. According to the Minnesota Department of Human Services, it is critical these waivers be approved before the end of this month. And while the President said he would make the final decision on the Wisconsin waiver request by mid-July, he has yet to do so. I remain hopeful the President has truly had a change of heart and will approve both States' requests.

It should be pointed out that the Clinton administration has granted several waivers to allow other States to implement similar proposals. But why should we approach this in a piecemeal, one-waiver-at-a-time fashion and waste valuable time and taxpayer dollars—time and money which could be better spent helping families and children escape the web of welfare dependency?

How much longer can we continue to wait for the President to ''end welfare as we know it?'' How much longer will the President defend the welfare status quo and deny people in need and American taxpayers the opportunity for true reform?

I believe the time is right to move beyond the piecemeal waiver process, put partisan politics aside and pass the comprehensive welfare reform legislation before us today.

Madam Chairman, it's time to change the failed welfare system's vicious cycle of dependency.

When this legislation is placed before the President again soon, we will find out if he has, indeed, really changed his position or if he will continue to fight to preserve the status quo. I hope the President will take the opportunity to support the Minnesota and Wisconsin plans—as well as proposals for the 48 other States—and sign the bill. Without national welfare reform for all 50 States, the cycle of poverty is destined to continue indefinitely.

□ 1230

Mr. SHAW. Madam Chairman, I yield myself 5 minutes.

(Mr. SHAW asked and was given permission to revise and extend his remarks.)

Mr. SHAW. Madam Chairman, today I think is a defining day in the history of this Congress. We are going straight at probably one of the biggest problems that we have in this country and something that I can only describe as a national disgrace.

I respect every Member of this body, and I respect the great diversity all across this country. I respect the Governors of this country, and I respect the 50 States.

But I would say to all of my colleagues, let us recognize that we have a failed welfare system in this country. Let us realize that at one time or another, every sitting Member of this Congress who has been here through the 104th Congress has at one time voted against the existing welfare system.

What brings us together is that we all agree that the existing welfare system is not worth defending. We must change. We have got stagnation of population. We have tremendous problems out there that have been caused by a welfare system that the Congress procrastinated with, did nothing about, did not change. Now we are bringing forth change.

Last year there was a Democrat substitute which took the vote of every Member on the minority side, and then there was a Republican bill that prevailed and went on to the President, and he vetoed it. It went to the President again and he vetoed it.

What we are giving to the President today is another chance, another chance to deliver upon his promise to change welfare as we know it today.

That is tremendously important. Those of you who vote for the Castle-Tanner substitute which will be put forth by Mr. GEPHARDT at a later time today, you are saying you will have faith in the States and you are willing to send the programs back to the States and let them run it, and you are going to give them great latitude in designing it.

I have great respect for the authors of that bill and what is in that bill. But can we do better? Yes, we can do better. We can do better by passing the bill that the Republicans have put forth, that has come to us from the Committee on Ways and Means.

Why is that a better bill? One, it does not slash the earned income tax credit. I would like to read a provision from the Executive Office of the President in talking about the Republican bill when the Republicans were cutting EITC.

He says the bill would still raise taxes on millions of working families by cutting the earned income tax credit. This is a letter written on July 16 to the gentleman from New York [Mr. SOLOMON]. At a later time I may put it into the RECORD.

Now, when is a tax increase not a tax increase? To hear some of the Members come to the floor, they say it is not a tax increase when it is in the Democrat bill, but it is when it is in the Republican bill.

Mr. Chairman, we took it out. We were criticized for it. We went back and looked at it and said, ''You are right,'' and we took it out and we are not going to put it back in. But it is in the substitute, in the one we are going to be asked to vote on later this evening.

That is an important distinction for many of the Members on the Democrat side of the aisle. I respect that. I respect it so much that we took it out of our bill.

What else have we done? The President said that Medicaid was a poison pill. We took it out of our bill.

This is not an exercise in politics. This is a rescue mission by the Members of Congress to smash a corrupt system that has led to poverty across this country, has perpetuated it, and led to stagnation of people, an unforgivable sin, a stagnation of people within our inner cities all across this country who are paid to do nothing with there lives, paid not to get married, paid not to work, paid to have children, who then themselves turn around and go into the welfare system.

This is a rescue mission. I respect every Member for wanting to change that system, but I would say that the best way to go is with the Republican bill. Vote against the substitute that will be offered by Mr. GEPHARDT.

If you truly believe that noncitizens who are growing on our welfare rolls at a tremendous speed, if you believe they should still receive welfare, fine, vote for the Gephardt substitute. If you believe that welfare should truly not be time-limited, fine, vote for the substitute. But vote for something. That is what is very important.

This I think is an historic moment. I think that the President will end up signing the bill that we will send him. It makes a lot of sense. It is a good bill.

Mr. LEVIN. Madam Chairman, I yield myself 10 seconds.

To the gentleman from Florida [Mr. SHAW], what we force Republicans to take out in the EITC change relating to rates, Democrats do not put back in period. That is a fib.

Madam Chairman, I yield 2 minutes to the gentleman from California [Mr. BECERRA].

(Mr. BECERRA asked and was given permission to revise and extend his remarks.)

Mr. BECERRA. Madam Chairman, I thank the gentleman for yielding me time.

Let me begin by trying to dispel some myths and correct something that the chairman of the Subcommittee on Human Resources of the Committee on Ways and Means has just said. Legal immigrants are not over utilizing welfare, AFDC, for example. In fact, they use it as a lower rate than does the citizen population.

What we find is a skew in the numbers because of the refugee population, which by definition comes without anything because they are escaping persecution. We have in the law a requirement that we try to aid them as they try to transition from a place they had to escape without bringing anything with them.

We hear people say that we have to deny immigrants, legal immigrants, not undocumented, access to services for which they pay with their taxes, because in every respect they do what a citizen does. They must contribute in their taxes.

We are saying here in this bill, ''Let's deny them services because they are coming in this country to get welfare.'' Absolutely not true. A respected, well-known research center, conservative research center which the Republican majority often uses, the Cato Institute, told us immigrants contribute about $285 billion to the economy, pay $70 billion in taxes, and net, in other words, in excess, they contribute $25 billion more than they use in services from the government.

Now, why do we hear all this talk? Because they cannot vote, they cannot hurt people who attack them, and they are an easy target, especially when we call them non-citizens. On behalf of my parents who were immigrants, on behalf of the over 1 million active and now veteran legal immigrants who served this country in time of war, and on behalf of the two Congressional Medal of Honor winners who served this country, both legal immigrants, that I can talk of, I say they do not come here to take, they come to give.

The proof is in the pudding, and we should not attack a group just because it happens to be politically tenable to go after them, because they cannot go after us. It is unfortunate it is done. Let us have some decent debate on this and get meaningful welfare reform, but let us not attack folks trying to make this country better than what it is.

Mr. SHAW. Madam Chairman, I yield myself such time as I may consume.

Madam Chairman, I would say to the gentleman in the well, we exempt veterans who are non-citizens.

Madam Chairman, I yield the balance of my time back to the gentleman from Ohio [Mr. KASICH] and ask unanimous consent that he be allowed to control the remainder of the time.

The CHAIRMAN. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. KASICH. Madam Chairman, I yield 2 minutes to the very distinguished gentleman from Florida [Mr. STEARNS].

(Mr. STEARNS asked and was given permission to revise and extend his remarks.)

Mr. STEARNS. Madam Chairman, I thank the distinguished chairman for yielding me time.

Madam Chairman, Margaret Thatcher once said, ''Pennies do not come from heaven, they have to be earned here on earth.''

For years we have asked the question, does increased social spending equate with a better childhood? Since 1960, the $5 trillion spent on social programs has increased at a rate above inflation. The simple answer, however, is that children are still suffering because the system is flawed.

I would like to give, Madam Chairman, another quote. ''Work banishes those three great evils: Boredom, vice, and poverty.'' That came from the great philosopher, Voltaire. There is nothing wrong with work.

Our plan increases funding for welfare. Now, we are going to hear on that side of the aisle that there are huge cuts that affect children, huge cuts that affect the underprivileged. But as Margaret Thatcher said and the philosopher Voltaire said, work does not hurt anyone.

Yet, even notwithstanding that fact, if we look at this graph, we will see welfare spending will increase 31 percent. Spending will increase $137 billion under the House welfare reform plan. Clearly when we hear the President say there is not enough money, there is going to be plenty, ample amounts of money for their program.

I would say to my colleagues on this side of the aisle, it is time we force the President to end this double talk on welfare and keep his promise to end welfare as we know it, correcting the inequalities that are in the system. This bill does it. The Republican bill does it, and it enforces the things that President Clinton talked about in his 1992 campaign.

So, by signing our bill, he has nothing to lose. Continuing to pour more money into the welfare system is not the answer.

Mr. LEVIN. Madam Chairman, I yield 1 minute to the distinguished gentlewoman from New York [Mrs. MALONEY].

(Mrs. MALONEY asked and was given permission to revise and extend her remarks.)

Mrs. MALONEY. Madam Chairman, the American people do not want to hurt children. The Republican bill is so removed from reality, it punishes children and penalizes working families. The bill would hurt millions of innocent children by making deep cuts in benefits, especially during economic downturns, by limiting the contingency fund to only $2 billion. The Tanner-Castle substitute has an uncapped contingency fund for use during these troubling times.

When we completely eliminate the Federal guarantee, those of us who have worked in city and State legislatures know that given the financial pressures, the poor will often fall through the cracks.

This Republican bill just tells defenseless children, tough luck. This bill will not put people to work. CBO says that it needs $10 billion more for the program, for their work program. It will put families with children out on the street. That is not welfare reform, it is a blueprint for disaster.

Say yes to welfare reform, and no to this cruel and senseless bill.

Mr. KASICH. Madam Chairman, I yield 2 minutes to the gentlewoman from North Carolina [Mrs. MYRICK].

Mrs. MYRICK. Madam Chairman, back home in Charlotte, we have many successes in moving people off of welfare—because we have created programs that work best for the folks in our community.

As mayor of Charlotte, I worked closely with many people who found themselves needing the helping hand of welfare assistance.

Many people on welfare are young, single mothers. In working with them, I learned what kind of help they need to become self-sufficient.

Our bill will offer them exactly that form of help.

It will restore power and flexibility to the States, confirming our commitment to send power, money, and influence back home—and finally get Washington bureaucrats out of the picture so we can design our own programs at home.

It will help young mothers obtain jobs so they can feel good about themselves, and their kids can be proud of them.

Child care is one of their major concerns. Our bill has specific provisions for child care assistance. I was a working mom and I know that it is difficult to go out in search of a better life when you have your kids to care for.

It will also ensure that children receive nutritious meals at school through the school breakfast and lunch programs, as well as the special milk program.

Our bill will offer protections, as well as assistance, by assuring that certain vulnerable people—such a pregnant women and people certified as physically or mentally unable to work—are exempt from the work requirement.

In short, our bill makes sure that the needy are helped—and that those that can—help themselves.

Mr. SABO. Madam Chairman, I yield 2 minutes to the distinguished gentlewoman from New York [Mrs. LOWEY].

Mrs. LOWEY. Madam Chairman, I rise today in opposition to the Republican welfare bill and in support of the bipartisan alternative, the Castle-Tanner bill. We all agree that reform of our failed welfare system is long overdue. The system is failing both the taxpayers who fund it and the individuals that it is supposed to help.

Welfare must be reformed to better reflect and reinforce our shared American values of work and responsibility, but, unfortunately, the Republican welfare bill does not reflect our values. It is just too tough on children and too weak on work.

The American people want welfare reform to move Americans into the work force, not to punish children. This bill fails this fundamental test.

□ 1245

In reforming the welfare system, our focus must be on moving people into real jobs. Unfortunately, this bill will not move welfare recipients into the work force. It does not create a real incentive for the States to move people off welfare and on to jobs, and it does not improve access to education and training so that people have the skills they need to get a job.

Quite simply, this bill imposes time limits without giving recipients the skills and education they need to find jobs before the time limits kick in. That is cruel and unfair. Real welfare reform should move recipients off the dole and on to jobs, not off the dole and on to the streets.

The other major flaws in the Republican bill: The legislation prohibits Federal assistance from going to children if their parents reach the bill's time limit. That is wrong. We must not punish children for the failures of their parents.

By contrast, the bipartisan Castle-Tanner bill requires States to provide help to children if their parents reach the time limit. Castle-Tanner also preserves the nutritional safety net for our children instead of giving States the option to block grant food stamps.

The Republican bill is also bad for New York. The Republican bill shifts Medicaid costs from the Federal Government to State and local governments, and we are going to lose $1.8 billion in Medicaid costs.

Mr. KASICH. Madam Chairman, I yield 2 minutes to the distinguished gentleman from New York, the young Mr. LAZIO.

Mr. LAZIO of New York. Madam Chairman, I want to take a moment to express my deepest sorrow over the tragedy of TWA flight 800, which went down just last night off the shore of my own home on Long Island. Our thoughts and our prayers are with the families of the victims as they deal with their loss, and our gratitude goes to the rescuers throughout the country who are helping to recover important evidence.

Today almost 1.5 million people in my home State of New York are receiving some sort of public assistance. That is a big number. And far too often that is exactly how these people are treated, as numbers to be fed into a broken welfare system, processed and pushed out again.

The current system is inefficient, unfair and damaging to those it is supposed to help. Is this how we are supposed to show compassion? I think we can do better. This reform will replace our failed welfare system with one based on individual responsibility, accountability and hope for future generations.

By destroying the work ethic and encouraging fathers to leave home, our current system results in broken families, a disintegration of moral standards and devastated communities.

In contrast, these reforms would strengthen families, require able-bodied recipients to work, attack fraud and abuse, and crack down on deadbeat parents. Most importantly, it provides hope for children by giving them the tools to break the cruel cycle of dependency. We will give them the incentive and tools to break out of the welfare trap that holds them down and limits their potential. By honoring work we allow people to assume responsibilities for themselves.

By providing more funding, more funding for child care, we will provide them with the opportunity to provide a better life for their children and end the cycle of dependency that has resulted in families raising a fourth generation on public assistance.

As a result of a welfare system that discourages two-parent families, today's illegitimacy rate among welfare families has continued to rise. This plan seeks to reverse this trend by increasing efforts to establish paternity and by demanding deadbeat fathers pay child support. Under the plan all mothers will be encouraged to identify the father of their children or face the risk of reduced benefits.

Most importantly, this reform gives hope to our children, the most defenseless victims of our current system. The system fosters dependency, crime, violence and despair, yet somehow we expect children born and raised under these circumstances to be able to break the cycle of dependency. That is simply not fair.

Madam Chairman, I am proud to support this bill. It moves us in the right direction.

Mr. SABO. Madam Chairman, I yield 2 minutes to the distinguished gentleman from New York [Mr. OWENS].

(Mr. OWENS asked and was given permission to revise and extend his remarks.)

Mr. OWENS. Madam Chairman, welfare reform is very much in order. The business of policymakers is reform. As legislators, the constant improvement of Government functions and programs is our job. Reform is a permanent, ongoing process. There is not a single Government program in existence that cannot use some reform. But reform should not be driven by manufactured hysteria and scapegoating. Welfare reform should not become the oppression and persecution of the poor.

At the heart of the welfare program is the aid to families with dependent children. Children are the primary recipients. The survival and development of children is what aid to families with dependent children is all about. Children are our Nation's greatest resource, and the AFDC program is about the salvation of those children.

Welfare reform can be accomplished without the kind of extremism and the persecution of the poor which is involved in the Republican reform bill.

Put the problem in perspective. We are talking about 1 percent, approximately 1 percent, of the total Federal budget. There are many other subsidy programs we should be looking at which would cost us far more. The farm subsidy program, farmers home loan mortgages, and the subsidies to farmers not to grow grain or plant or plow

fields; those are very expensive subsidies.

We give aid to people who are in earthquake zones, we give aid to people who are victims of hurricanes and floods. We have numerous places where we subsidize people.

There are also other areas where there is definite waste in Government that we should take a hard look at.

The CIA found they had $3 billion they did not know they had in a slush fund. The Federal Reserve Board has $3 billion for rainy days, and they have not had a rainy day in 79 years. So we have a lot of places to look for waste and improving Government and reforming Government. We do not have to persecute the poor in order to get rid of waste.

AFDC is a program for children. It has been badly administered. It is not administered by poor people. we can improve the administration of it. We can find ways to improve it in many ways, but we should not persecute the poor. We should not persecute children in the process. This is about developing children, and we should be about the business of developing children.

Mr. KASICH. Madam Chairman. I yield 2 minutes to the distinguished gentleman from the State of Arizona [Mr. KOLBE].

Mr. KOLBE. Madam Chairman, I thank the gentleman for yielding me this time.

Madam Chairman, we are able to come to the floor today and offer the American people a meaningful welfare reform proposal because of the work done by my colleagues Representatives CASTLE and TANNER. I have remained committed to changing the welfare system as we know it and worked with Representatives CASTLE and TANNER to continue the welfare debate. Their efforts continued the discussions between the majority and minority in the House, the administration, and the Governors to find a workable welfare compromise. I am pleased that the Republican majority have incorporated many of the suggestions included in the Castle-Tanner proposal. Therefore, I will join my fellow colleagues in support of H.R. 3734 as offered by the Republican majority.

Madam Chairman, this bill answers the American people's demands to reform the current welfare program and addresses many of the concerns of the bipartisan Castle-Tanner group, the Governors and the administration. Over the past 18 months, this Congress has set out to truly reform the welfare program, and twice our efforts have been stopped by two Presidential vetoes.

Madam Chairman, the American people recognize that the current welfare system is a failure. It traps welfare recipients in a cycle of dependency, and undermines the values of work and family that form the foundation of communities. The welfare state has created a world where children have no hope for tomorrow. Welfare cannot be a way of life for women and children. This bill provides women with the support to become working members of our society through the job training and child support programs.

This bill restores power and flexibility to the States through the cash welfare and child care block grants. States will be given maximum flexibility to reform welfare, to develop income-support programs, and move families into the work force.

We all agree the program must be changed, however some of my colleagues are saying the changes we are making is going to cut welfare programs, and that is simply untrue.

Madam Chairman, over the last 6 years the Federal Government has spent over $441 billion on welfare programs. Through the next 6 years, through 2002 our welfare bill proposes to spend $578 billion. It is not cutting spending in the welfare bill that will be sent to the President, it increases it by $137 billion. This is not a cut to welfare. We should support this bill.

This bill ends the long-term dependency of the welfare program and encourages self-sufficiency through imposing tougher work requirements. This bill guarantees that welfare becomes a helping hand and not a lifetime handout by imposing a 5-year lifetime limit for collecting AFDC. This bill is a common-sense effort to restore the basic values of work and restore the American dream for those currently in the welfare system.

This bill restores power and flexibility to the States, confirming our commitment to give the decisionmaking, money, and influence back to the States and get Washington bureaucrats out of your pockets. Through the cash welfare and child care block grants States will be given the maximum flexibility to reform welfare, develop income-support programs, and move families into the work force.

Washington's answers have not ended the war on poverty. We have found that the best welfare solutions come from those closet to the problems—not from bureaucrats in Washington. It is time to get the Washington bureaucrats out of the welfare system.

We all agree the program must be changed, however, some of my colleagues are saying these changes will cut funding to welfare programs—this is completely untrue.

Madame Chairman, over the last 6 years the Federal Government has spent $441.3 billion on welfare programs, including aid to families with dependent children [AFDC], child care, child support enforcement, food stamps, and child support.

Over the next 6 years, through 2002, our welfare bill will spend $578.3 billion. Our bill is not cutting spending in the welfare bill that will be sent to the President. In actuality, over the next 6 years, even after reform, welfare spending will increase by $137 billion. Let me say this again, the Federal Government will spend an additional $137 billion on welfare over the next 6 years. This is not a funding cut to the welfare program.

Madame Chairman, we are presenting to the President a meaningful welfare plan that incorporates changes requested by the governors and the bipartisan Castle-Tanner group. It is bipartisan effort and I urge my colleague to join me in supporting this welfare proposal and I encourage President Clinton to move beyond his words of support and sign our bill.

Mr. SABO. Madam Chairman, how much time is remaining on both sides?

The CHAIRMAN. The gentleman from Minnesota [Mr. SABO] has 11½ minutes remaining, and the gentleman from Ohio [Mr. KASICH] has 7 minutes remaining.

Mr. SABO. Madam Chairman, I yield 2 minutes to the gentlewoman from Connecticut [Ms. DELAURO].

Ms. DELAURO. Madam Chairman, today is a sad day for those of us who support real welfare reform. The Republican bill fails to meet the goal of moving people from the welfare dole to the working rolls. It fails to protect children from the ravages of stark poverty. This bill is tough on kids and weak on work.

The American people want welfare reform that replaces dependency with the dignity that is earned from working for a living. At the same time the American people want us to protect innocent children who have no means to take care of themselves, and this bill moves in the opposite direction on both counts.

The Republicans' Congressional Budget Office says that the Gingrich welfare plan underfunds the work program by $10 billion, by $10 billion, making it impossible to take people from welfare to work. It builds in the failure of getting people to work.

Under this bill's food stamp block grant plan more than 1 million children in this country could be forced into poverty. One million. It is outrageous. This bill is an unforgivable assault on our Nation's values and what we are about.

Fortunately, today, we have a viable and a fair substitute, a bipartisan plan, Tanner-Castle, I repeat bipartisan, that puts people to work without throwing more kids into poverty. It has strong work requirements and the needed funds to make them work. It reforms AFDC and ends the cycle of dependency for welfare recipients and their families. It emphasizes the dignity of work over the punishment of children.

We have precedent here. Last year the Republican leadership tried to drop 2 million children from the school lunch program. Now they are targeting kids again. It is wrong, and I call on my colleagues to reject it.

We must not miss the opportunity today, it is an historic moment, to deliver real welfare reform that this country needs. Let us stand together for a bipartisan commonsense approach. Reject this failed agenda and support Tanner-Castle.

Mr. KASICH. Madam Chairman, I yield 2 minutes to the distinguished gentleman from the State of Connecticut [Mr. SHAYS], a member of the Committee on the Budget.

Mr. SHAYS. Madam Chairman, I thank my colleague for yielding me this time.

Madam Chairman, this new Republican majority has three primary objectives: One is to balance our Federal

budget and to get our financial house in order; the second is to save our trust funds for future generations; and the third, and that is the one most involved with this effort today, we are trying to transform our caretaking social and corporate and welfare state into a caring opportunity society.

There is nothing caring about our present welfare system. When I see my own communities, I see young children having babies, I see young children selling drugs, I see young children killing each other. In my communities there is nothing humane or caring about the system that we have. I see 24-year-olds who have never had a job, not because a job does not exist, because maybe it is a dead-end job, in their view. If I had ever said that to my dad, my dad would have doubled the amount of time I took that job.

And 30-year-old grandparents. We basically have three generations of people on welfare. We have helped subsidize and create the very system we are trying to eliminate.

Madam Chairman, I believe that child care and job training should be designed by the States, not the Federal Government. I believe child care and job training should be designed by local governments, not the Federal Government. I want to move power and money and influence out of this place and back to local communities, who know how to spend the money.

Madam Chairman, I want to add to what the gentleman from Arizona [Mr. KOLBE] said: $441 billion for welfare up to $578 billion, an increase of $137 billion. Hardly a cut. We need to change the system, and this bill does it.

I would conclude by saying that in the final analysis, it is not what we do for our children but what we have taught them to do for themselves that will help make them be successful human beings. We need to teach them how to grow the seeds, how to grow the seeds, not just hand them the food.

This is a caring bill, and the sooner we pass it, the better.

Mr. SABO. Madam Chairman, I yield 2 minutes to the distinguished gentleman from Michigan [Mr. DINGELL].

(Mr. DINGELL asked and was given permission to revise and extend his remarks.)

Mr. DINGELL. Madam Chairman, we must reform welfare. But as we work to reform welfare it is important to remember that we do not need to provide welfare assistance solely for altruistic reasons.

We provide welfare assistance and financial assistance to those in need because it is in the best interest of our society to do so as we fit them for return to work and to membership in this society and in the productive units of this society.

□ 1300

Madam Chairman, work works. One of the highest priorities must be giving States and their residents the tools to find and keep good-paying jobs. No Federal, State, or local government funds should be given to individuals without expecting something from those individuals in return. The purpose of welfare is to give financial lift to help people out of difficult times. Yet it must also provide them with the tools, training, education to support their families and to become productive parts of our work force.

The Castle-Tanner bipartisan reform welfare program, of which I am proud cosponsor, provides the States with tools to reduce welfare rolls through education and training of recipients. I support this proposal for this reason, because it is the only version of welfare reform being considered today which will help Michiganians off welfare by providing the skills to achieve good jobs.

Madam Chairman, we must care for the kids. Twenty-one percent of our children through no fault of their own are living in poverty. The Castle-Tanner bipartisan welfare reform will improve our welfare system so that abused children are protected. Neglected children get care, and hungry children will be fed. It will provide families with the support they need to care for their children while they move to become useful working components of our society. Without a guarantee for our children for food, shelter, and medical care, we will have a failure in this bill.

The Republican bill fails by comparison. It does not take care of children. It does not take care of the hungry. It does not provide means for getting people back to work.

I urge support of Castle-Tanner.

Mr. SABO. Madam Chairman, I yield 2 minutes to the distinguished gentlewoman from Texas [Ms. JACKSON-LEE].

(Ms. JACKSON-LEE of Texas asked and was given permission to revise and extend her remarks.)

Ms. JACKSON-LEE of Texas. Madam Chairman, I thank the gentleman for yielding the time.

I think that I really know America. I know an America that rose to help the victims in Oklahoma City. I know an America that rushed to the Midwest when floods overtook that community. I know an America that extended themselves to help those in hurricane-ridden Florida. And I know an America who stood on June 1, 100,000 strong and stood for our children.

The Castle-Tanner bill is what we call real welfare reform. It fares well for Americans. We do not need a bill that cuts Americans who need some $60 billion, as the Republican bill does. We need a bill that has Americans who work hard and pay taxes joining us in saying that is fair. If you have a cutoff, then require the States to provide a bridge for those who may not yet be able to be independent after a 5- or 2-year cutoff. Provide vouchers. If you cut Medicaid, allow families with children to still carry Medicaid. Excess shelter provision is needed, and the Castle-Tanner has that.

Although we are in a climate of bashing hard-working immigrants, of which many of us came to this Nation in so many shapes and sizes, they pay taxes. They work. This provision in the Castle-Tanner bill allows for legal immigrants who have fallen on hard times, who cannot find work, to be able to be provided for.

Yes, the Castle-Tanner bill does not increase the taxes of working poor, people who have made the decision that I would rather stand up and be counted in the work force but yet still need food stamps in order to carry the day for their children.

I do not know about my colleagues, but the bill to pass today for real welfare reform that fares America well is the bill that supports our children. Why can we not do this in a bipartisan manner and stop the accusations? I am going to stand for the children of America and not cast aside those who are least able to serve.

Please support the Castle-Tanner legislation.

Mr. KASICH. Madam Chairman, I yield 1½ minutes to the distinguished gentleman from Arizona [Mr. HAYWORTH].

Mr. HAYWORTH. Madam Chairman, I thank the chairman of the Committee on the Budget, my colleague from Ohio, for this time.

Madam Chairman, she is called by an unlikely nickname, Pee Wee. Pee Wee Mestas of Holbrook, AZ, operates the Wayside Drive-in and offers a true spirit of compassion that goes beyond bromides to putting her philosophy and, yes, her faith in action. For, you see, Madam Chairman, Pee Wee Mestas, the operator of the Wayside Drive-in in Holbrook tries to do a gigantic job, not only providing for her family but trying to introduce the concept of work to young ladies in her hometown who have had children out of wedlock.

Recently Pee Wee shared with me her frustration, for inevitably, Pee Wee says, when she offers jobs to these young ladies, they come and they work for a couple of weeks. But then invariably, and this is the sad fact, then invariably they say: Pee Wee, listen, I appreciate the opportunity to have this job, but, you see, the government will pay me more to stay home and do nothing.

Madam Chairman, I respectfully submit that the issue is not about the care of children, for all of us in this Chamber truly care for children. The issue is teaching those mothers, those parents who have failed to take responsibility, they need responsibility, they need work. That is genuine compassion. Vote for the majority plan.

Mr. SABO. Madam Chairman, I yield the balance of my time to the distinguished gentleman from Massachusetts [Mr. NEAL] who has worked very hard on the issue of welfare reform.

The CHAIRMAN. The gentleman from Massachusetts [Mr. NEAL] is recognized for 5½ minutes.

(Mr. NEAL of Massachusetts asked and was given permission to revise and extend his remarks.)

Mr. NEAL of Massachusetts. Madam Chairman, there is a great verse from the old folksong that goes like this: When will we ever learn?

Two years ago, one side in this institution learned that they would be unsuccessful in imposing their will on the other side when it came to the health care debate. And for the better part of 18 months, the majority in this House has failed to successfully pass welfare reform.

The truth is, today, and Members will never hear them give any credit to this gentleman, but Bill Clinton forever changed the culture of the welfare debate in this country when he said we would end welfare as we currently know it.

There is but one piece of legislation in front of this House today that commands the respect of Democrats and Republicans alike. That is the Castle-Tanner legislation. That is legislation based upon the hard-won experience of the former Governor of Delaware and the distinguished gentleman from Tennessee, because they worked diligently to come up with a piece of legislation that Republicans and Democrats alike could support.

No Member of this institution supports or defends the status quo when it comes to the current welfare system in America. We reject the notion that one out of three children being born out of wedlock in the long run ensures the social viability of this Nation. But as Al Smith used to say, let us take a look at the facts.

Members will never hear it from the majority in this House, but today there are 1.3 million fewer welfare recipients across this Nation. Bill Clinton has granted 67 experiments in 40 States. Seventy-five percent of the welfare recipients in this country today are in work programs across this Nation.

But let us not lose sight of this fact. I reject the suggestion of the previous speaker on the Republican side, when he said that this debate was not about children. There are 12.8 million AFDC recipients in America today; 8.8 million of those AFDC recipients are children.

Despite the mistakes of parents who may well have been involved in antisocial behavior or, through no fault of their own, receiving welfare benefits, we ask ourselves today, what do we do about those 8.8 million children? Is there anybody of the Jewish faith or the Protestant faith or the Catholic faith today or other faiths in this institution that would reject the instruction of those religious creeds and say that we have an obligation to those children to move them through this difficult time in their lives? Their only mistake was to be born into circumstances over which they had no control.

But what is ironic about much of this debate today is that we have an opportunity in this Chamber to reject the status quo, to do it as Democrats and Republicans alike and, indeed, everybody would acknowledge how far the Democratic Party has moved during the last 18 months on this issue.

Do my colleagues know what else is extraordinary? As the Democratic Party has moved to the center in this debate, the Republican Party has moved more to the right. The goal of welfare reform has been elusive because there is an element on the other side that does not want to change in policy. They want a campaign issue for November. And the nominee of the Republican Party really had very little interest in coming to terms with a welfare bill that he knew that the President of the United States would sign.

We have a chance in the next hours of this day to create a welfare bill that Republicans and Democrats can go home and point to as a tangible achievement and to remind the American people that the system really does work when there is an element of goodwill that governs our lives.

The choice is relatively simple today. Will we vote for a piece of legislation that protects 8.8 million American children, or will we be caught up in a political issue for the fall?

I would remind all that, again, it was Bill Clinton who changed the culture of the welfare debate in this country and has said repeatedly, if a good, sound welfare bill is put on his desk, he will sign that legislation. Do Members know what else is interesting? He has already stated he will sign the Castle-Tanner bill if put on his desk.

We can accomplish that in the next few hours. Vote for Castle-Tanner and to welfare say farewell.

Mr. KASICH. Madam Chairman, I yield myself the balance of my time.

The CHAIRMAN. The gentleman from Ohio [Mr. KASICH] is recognized for 3½ minutes.

Mr. KASICH. Madam Chairman, I want to compliment the previous speaker. I think he did a pretty good job down here putting out his point of view, some of which I would agree with and some of which I would not. But I think he did a nice job with his remarks. I do want to say that when we look at what is happening in the House of Representatives, I said it this morning and have been saying it now for many months, the kind of change that we have seen in this House of Representatives is absolutely breathtaking.

We have had a welfare system that did not have time limits, did not have good work requirements, did not have good incentives for people to go to work, did not have good training requirements.

The American people are very smart. They knew we did not have a system that worked. I think the American people, because I am one of them, kind of grew up with the philosophy of Judeo-Christianity. We help people who need help and to teach people how to help themselves. That is the bottom line.

Somebody may have something, may fall on hard times, we are there at the doorstep. But it gets old after awhile when those very same people who needed the help decide for whatever reason not to help themselves.

What does this bill do? It says, look, you have got to go to work; you have got to get trained. You cannot be on welfare forever. If you are down and out, if you are down on your luck, if you need some help, if your kids are sick, if you are sick, we are going to help you.

But at some point, in fairness to all those people, frankly, who are in this building today, who get up and go to work and pay their taxes, this is what they want. They want the time limits. They want the training requirements. They want the work requirements, and they want people to go to work.

□ 1315

And for those who can never go to work because they are just not capable, we are going to take care of them, but for the vast majority of Americans who want to work, we are going to fundamentally change the system.

For those that wonder about this Congress, as my colleagues know, the President did make a campaign speech a couple years ago saying he was going to change welfare as we know it. He has vetoed two bills, third time is the charm, but he vetoed the two bills that we sent to him since this Republican Congress took control.

Now, this is not braggadocio or partisanship. Frankly, it is the facts. The facts are the reason why we are debating fundamental welfare reform is because this Congress kept its word. The reason why people who go to work are going to feel better about the newly created welfare program is because we kept our word, and it is significant. The substitute that is being offered is a pretty positive substitute. Does not go far enough; it is too much, too much give, too much compromise, too much of the old system. But the compromise legislation ends the entitlement. It has work requirements. It has some form of time limits.

Can my colleagues imagine, the Republicans and Democrats today in the House of Representatives are debating the most fundamental change in welfare since the program was created, and we are doing it because we want to help those people who are poor, we want to help those people who are disadvantaged get to work, and at the same time we are sticking up for the taxpayers in this country who go to work, who are willing to share their income with those who are less fortunate but who only ask that at some point in time those who are less fortunate get out and help themselves.

I think this is a win-win today. I would defeat the substitute, I would pass the bill. Let us have real welfare reform, and I think at the end of the day the President signs it and this Congress will go down in history as the Congress that stood up for working people in America.

Mr. NADLER. Madam Chairman, I rise in strong opposition to H.R. 3734, the Republican Welfare Reform Act being considered today on the House floor.

This welfare reform bill is a direct assault on America's children, and on America's future. Most of the provisions of this bill would have their primary impact on low-income children. This bill would cut $61.1 billion from vital family survival programs, denying benefits to millions of children who are in desperate need.

This bill eliminates AFDC as an entitlement program, and creates a block grant to the States, denying the assurance of basic necessities to poor families and children when they are in need.

The child care assistance provided in this bill is insufficient. How do the authors of this legislation expect low-income families to get off welfare if they can't even afford a safe, decent, place for their children to be cared for while they work? According to the CBO, this bill falls $800 million short of the costs of providing child care assistance to individuals required to work.

Furthermore, the CBO has estimated that this bill would fall $12.9 billion short of the funding necessary to meet the work program requirements in the bill. If we are to move families effectively toward financial independence, we must—before we remove a vital safety net—provide the training necessary to perform jobs that will provide financial independence.

Madam Chairman, the magnitude of cuts to and elimination of programs that provide children and families important protections is unprecedented. Not only does this bill take away the assurance of emergency assistance for the very poor, but it also reduces drastically funding for child nutrition programs and food stamps. More than half of all food stamp recipients are children, and this bill slashes food stamp spending by $28.4 billion over 6 years, putting many children in jeopardy of not receiving the nutrition they need.

Madam Chairman, this bill is counter to the so-called family values about which there has been much discussion during the 104th Congress. If this really were a bill to promote and foster independence, it would focus on creating jobs and providing training, educational opportunities, and child care assistance. But instead, this legislation's focus is on removing basic assistance from children in dire need.

Madam Chairman, I urge my colleagues to vote against this very damaging bill.

Mr. SMITH of New Jersey. Madam Chairman, I would first like to commend Mr. SHAW and Mr. ARCHER, along with the other members of their respective committees, for once again forging legislation which will truly end welfare as we know it.

Although we had previously passed welfare reform legislation on two separate occasions, Mr. Clinton, in failing to keep his promise to the American people twice vetoed our welfare bills. Madam Chairman, I am hopeful that once this monumental legislation is again passed and presented to the President, he will sign the bill this time, if for no other reason than it will be politically expedient for him to do so.

As you are aware Madam Chairman, this welfare proposal includes a general rule which prohibits States from providing cash assistance under the family assistance block grant to a child born to a recipient of cash welfare benefits or who received cash benefits anytime during the pregnancy. This has been referred to as the ''family cap'' provision. However, the bill does permit States to opt out of this prohibition if a State passes legislation specifically exempting the State program funded under the family assistance block grant from application of the prohibition. I worked hard for this relief option and I am hopeful that most States will utilize it.

For those States, however, that do not opt out, Madam Chairman, and in particular for the children of these States, I am pleased that the bill includes my amendment that permits States to provide vouchers for children born to families receiving assistance. I worked diligently to have this amendment included in our original welfare reform bill (H.R. 1214 and H.R. 4), where it was passed overwhelmingly during consideration of that bill—352 to 80.

I admit the original family cap-child exclusion had surface appeal to many Americans who are fed up with people being on the dole. Americans want the abuse of the system to end.

However, the voucher-exception provision to the family cap will help the weakest and most vulnerable people in our society—children. I am sure everyone agrees that we must not punish children for the sins of their parents.

My voucher-exception amendment now included in this legislation enables us to accomplish the goal of the family cap provision—i.e., discouraging out-of-wedlock pregnancies—without driving children further into poverty or forcing their mothers to have an abortion. My provision maintains the restriction on cash benefits, but allows vouchers to be used to pay for particular goods and services specified by the State as suitable for the care of the child involved.

This means that State's will be able to provide for the most essential needs of the children: clothing, shoes, diapers, powders, bedding, laundry detergents, and travel to the doctor.

Over the years numerous studies have shown that money—or more precisely the lack of it—heavily influences a woman's decision to abort her child. Without my amendment, we would be saying to mothers, ''the State will not help you feed your child, but we will—as they do in many States—pay for you to destroy your child.''

A major study by the Alan Guttmacher Institute, a research organization associated with Planned Parenthood, which performs or refers for 230,000 abortions a year found that 68 percent of women having abortions said they did so because ''they could not afford to have a child now.'' Among 21 percent of the total sample, this was the most important reason for the abortion; no other factor was cited more frequently as most important.

The voucher-exception provision permits states to provide compassionate care for children—care which offers help to women who do not want to have abortions, or who may otherwise feel trapped by a State program that limits their ability to care for another child.

Mr. PORTMAN. Madam Chairman, I rise in support of real welfare reform—something that is long, long overdue.

The current welfare system is broken. It needs a major overhaul. No one can doubt the fact the war on poverty has failed—no one. We have spent over $5.4 trillion on welfare in the last generation, but, in the long term, the current system has more often harmed the very people it was designed to help.

Madam Chairman, the welfare reform issue has been thoroughly and, I believe, thoughtfully studies and debated by this Congress. Remember, this marks the third time this session that this Congress will pass a welfare reform bill and sent it to the President.

This new proposal is a fundamental change in the direction of our welfare system. It is the product of many, many hours of hearings and many sensible compromises. We are not, as some might have you believe, turning our backs on welfare recipients, nor should we. This bill continues to protect the children that are the most vulnerable people affected by our broken welfare system. It will continue to protect and to strengthen the role of families. But, it also protects our taxpayers. We're telling our taxpayers that, for now on, welfare will be a helping hand, not a handout.

The new plan contains the major provisions I have worked for—work requirements, flexibility to allow States to address their own unique needs, and a 5-year time limit for those on welfare. My home State of Ohio has developed creative and innovative solutions closer to the real needs of people on welfare.

I applaud Subcommittee Chairman SHAW, Chairman ARCHER, and Chairman KASICH for their leadership and urge my colleagues to support this bill. I think this bill is long overdue and urge the President to sign it.

Ms. JACKSON-LEE of Texas. Madam Chairman, I rise today to speak out against a great injustice—an injustice that is being committed against our Nation's children—defenseless, nonvoting, children. I am referring of course to H.R. 3734, the Welfare Budget Reconciliation Act for fiscal year 1997.

We speak so often in this House about family values and protecting children. At the same time however, my colleagues on the other side of the aisle, have presented a welfare reform bill that will effectively eliminate the Federal guarantee of assistance for poor children in this country for the first time in 60 years and will push millions more children into poverty.

This partisan bill is anti-family and anti-child. The Republican bill continues to be weak on work and hard on families. Without adequate funding for education, training, child care and employment, most of our Nation's poor will be unable to avoid or escape the welfare trap. Even before the adoption of amendments increasing work in committee, the Congressional Budget Office [CBO] estimated that the Republican proposal is some $9 billion short of what would be needed in fiscal years 1999 through 2002 to provide adequate money for the States to carry out the work program. Furthermore, the increase in the minimum work hours requirement, without a commensurate increase in child care funding, will make it almost impossible for States to provide child care for families making the transition from welfare to work. True welfare reform can never be achieved and welfare dependency will never be broken, unless we provide adequate education, training, child care, and jobs that pay a living wage.

I am also concerned about block grants in the bill which would eliminate any assurance of Federal funding for the prevention of child abuse. Child protection systems across the Nation are overwhelmed by the crisis facing families and their children. Federal, State and local efforts to prevent abuse have done little

to alleviate the problem. In its April, 1995 report on child abuse and neglect fatalities, the U.S. Advisory Board on Child Abuse and Neglect reported that almost 2,000 infants and young children die from abuse and neglect at the hands of parents and caretakers each year. The vast majority of these children were under age 5 when they died and 45 percent were under the age of 1. It is critically important that child protection agencies increase their efforts to help children earlier in their lives. This bill does not go far enough to protect the Nation's children.

Similarly, the proposed cuts in the Summer Food Program will seriously jeopardize the program's continued viability—threatening the health and well-being of the 2 million low-income children who rely on the program.

More children will be hurt by the bill's denial of benefits to legal immigrants. The Republican bill would cut benefits for immigrants by about $19 billion and only 6 percent of these savings would come from denying benefits to illegal immigrants. Low-income legal immigrants would be denied aid provided under major programs such as SSI, Medicaid and food stamps. They would also be denied assistance under smaller programs such as meals-on-wheels to the homebound elderly and prenatal care for pregnant women. Under this bill, nearly half a million current elderly and disabled beneficiaries who are legal immigrants would be terminated from the SSI program. Similarly, the Congressional Budget Office estimates that by 2002, approximately 140,000 low-income legal immigrant children who would be eligible for Medicaid under current law would be denied it under this legislation. Most of these children are likely to have no other health insurance. I cannot believe we would pass legislation that would result in even one more child being denied health care that could prevent disease and illness.

This bill also changes the guidelines under which nonimmigrant children qualify for benefits under the SSI program. As a result, the CBO estimates that by 2002, some 315,000 low-income disabled children who would qualify for benefits under current law would be denied SSI. This represents 22 percent of the children that would qualify under current law. The bill would reduce the total benefits the program provides to disabled children by more than $7 billion over 6 years.

Madam Chairman, mandatory welfare-to-work programs can get parents off welfare and into jobs, but only if the program is well designed and is given the resources to be successful. The GOP bill is punitive and wrong-headed. It will not put people to work, it will put them on the street. Any restructuring of the welfare system must move people away from dependency toward self-sufficiency. Facilitating the transition off welfare requires job training, guaranteed child care and health insurance at an affordable price.

We cannot expect to reduce our welfare rolls if we do not provide the women of this Nation the opportunity to better themselves and their families through job training and education, if we do not provide them with good quality child care and most importantly if we do not provide them with a job.

Together, welfare programs make up the safety net that poor children and their families rely on in times of need. We must not allow the safety net to be shredded. We must keep our promises to the children of this Nation. We must ensure that in times of need they receive the health care, food, and general services they need to survive. I urge my colleagues to oppose this dangerous legislation and to live up to our moral responsibility to help the poor help themselves. Therefore, I support the Castle-Tanner welfare reform legislation which remedies many of these problems and fairly moves people from welfare to work.

Mr. BUYER. Madam Chairman, in passing real welfare reform, thus ending welfare as millions know it, Congress is giving more hope, more opportunity, and more responsibility to families across America.

Our current welfare system destroys lives by providing permanent aid to anyone. It creates poverty, dependence, hopelessness—repeated generation after generation in the same families. Some people are saddened that President Clinton vetoed real welfare reform not once but twice. I am more than saddened—I am angry. By keeping in place the same failed welfare policies of the past, the President has retained the status quo and denied the American Dream to millions of families. This is wrong. Government at the very least should not continue programs that hurt families and especially children. Welfare should be a helping hand in times of trouble, not a hand-out that becomes a way of life. I urge the President to not offer his veto a third time, but to provide his signature for the first time.

The current welfare system subsidizes illegitimacy, destroys families, and promotes waste, fraud, and abuse. It is not a morally healthy environment when you have 12-year-olds having babies, 15-year-olds killing each other, 17-year-olds dying of AIDS and 18-year-olds graduating with diplomas they cannot read. Welfare as we now know it is a system that keeps over a third of poor Americans locked in a seemingly endless cycle of destitution that has not stemmed a steady and growing epidemic of people living in poverty—14.5 percent of Americans in 1994.

The debate surrounding welfare should not be centered around cost—although the costs have been enormous over the years—but rather about principles such as purpose, dignity, and hope. Currently welfare consists of 80 Federal programs which provide cash payments, food, housing, and medical benefits. When created, it was thought that providing these handouts would allow individuals time in which to make the necessary changes in their lives to become a productive and self-sufficient member of society.

It is important to note that among industrialized nations at the start of this decade, the United States had the most murders, the worst schools, the most abortions, the highest infant mortality, the most illegitimacy, the most one-parent families, the most children in jail, and the most children on government aid.

Many of our successes in fighting welfare have begun in communities and neighborhoods. There are a number of alternatives to Washington bureaucracy. Habitat for Humanity is one such example. While the Department of Housing and Urban Development [HUD] requires absolutely nothing from tenants, Habitat requires recipients to learn the responsibility of home ownership and requires them to build a home for someone else before they help build their own home. One works to foster responsibility while the other fosters only more dependence. HUD requires only taxpayer dollars while Habitat for Humanity requires hard work and commitment from the individual, the family and community volunteers and donations. One works, the other does not work.

The 104th Congress has passed two dramatic welfare reform plans, only to see them end at the desk of President Clinton and his veto pen. The overriding messages of this bill are compassion, work, and responsibility. Our welfare reform plan includes:

Deadbeat dads: This bill assures that children receive the support necessary by establishing State tracking procedures, promoting automation of child support procedures in every State, takes measures to establish paternity, and toughens child support collections.

Work requirement: In 1979, 14 percent of welfare beneficiaries were working at paid jobs. By 1990, the number had dropped by one-half to 7 percent. Today, fewer than 7 percent of AFDC recipients work. Approximately 4.7 million families currently are on AFDC and over 90 percent will spend more than 2 years on welfare, and 77 percent will spend more than 5 years on welfare. This bill provides tough work requirements and enforces those work requirements. Able-bodied food stamp recipients between the age of 18 and 50 years with no dependents are required to either work 20 hours per week in a job or participate in a State work or training program within 120 days for receipt of benefits. It also gives incentives to reward States who are successful in moving families off welfare and into work. Work offers the best opportunity for long-term prosperity.

Congress also worked with the Nation's Governors to assure single parents will be able to balance work with caring for their young children. At the Governors' requests, exceptions can be made at the State level to the lifetime 5-year benefits limit if a hardship exists. States must have 50 percent of welfare families working by 2002 or face losing Federal funds.

Child care: This bill provides for child care to allow parents to receive proper training and education in pursuit of employment.

Child nutrition: Child nutrition programs are streamlined to reduce costs without making cuts in school lunch, school breakfast or WIC programs.

Food stamp program: Food stamps remain a Federal program but it requires able-bodied single adults to spend at least 20 hours a week in work-related activity or lose food-stamp benefits. In addition, it allows States to use one set of eligibility rules for families seeking cash welfare and food stamps.

Supplemental security income: Denies SSI to prisoners, people who fraudulently receive SSI while in prison, people who receive SSI from two or more States, fugitive felons, and probation and parole violators.

Provisions for noncitizens: Present law requires that when aliens come to the United States to live they must sign an affidavit that states they will not become dependent on the State, in other words they will get a job and become productive members of society. Unfortunately, many come to the United States, never become U.S. citizens, and receive assistance from taxpayers. This bill ends, 1 year after enactment, Medicaid and food stamps for most noncitizens now on the welfare rolls until they become citizens.

This welfare reform plan is the first step to allow millions an opportunity at the American

Dream. Washington has finally come to the realization what our States and local communities have long known that dollars alone won't solve this problem.

In changing welfare we must also change people's habits. If beneficiaries believe, as many currently do, that all they need to do is sign-up for benefits and wait for the check, then they have no incentive to find work. In contrast, if able bodies individuals know they only have 2 years to find a job, they will have to change their behavior and seek training that will lead to a job. By passing this bill we are extending our hand and offering real assistance, not just a handout but an opportunity for a new and better life. We are offering a way out of a system which has trapped adults and children for the past three decades.

This welfare reform bill moves toward individual responsibility, work ethic, learning, and commitment. It allows individuals in their own communities to reach out and help their neighbors. It helps children, encourages families to stay together, puts people back to work and strengthens America's moral fiber. It returns the program to its original intent—a temporary helping hand for those most in need. In the end, it provides opportunities that do not currently exist for welfare beneficiaries to seek the American Dream with a sense of purpose, dignity, and hope.

Mr. COYNE. Madam Chairman, in 1935 the Social Security Act became law. It established a commitment by the Federal Government to provide a guaranteed safety net for people who need assistance in making ends meet. The Republican welfare reform legislation currently being considered by the House of Representatives ends this 60-year commitment to poor families and leaves their economic fate to the vagaries of State politics. Further, this bill makes substantial cuts in the earned income tax credit [EITC], puts millions of children in jeopardy of losing their access to health care, and gives the States millions of Federal taxpayer dollars and provides inadequate Federal oversight to ensure that they will spend these funds wisely. For these reasons, I cannot support this legislation.

The bill before us today will end the Federal guarantee of economic assistance for families in need. This means that individual States will determine who will be eligible for assistance and how to provide for these families with limited Federal dollars. Under this system, if you are poor and happen to live in New York, you may be eligible to receive welfare assistance, while if you are poor and happen to live in Mississippi, you may not be eligible to receive any assistance at all. This is hardly an equitable means of distributing Federal dollars. Eliminating the Federal commitment to the Nation's poor is something that I simply cannot support. Families in need of assistance should have somewhere to turn, regardless of the State in which they live.

Under this legislation, many children who currently have access to health care services through the Medicaid Program may lose this critically important access. It is estimated that as many as 1 million children may lose their health care coverage under this legislation. This legislation will allow States to deny health care coverage to children who are currently receiving cash assistance but who will become ineligible for assistance under this bill. Not only will this legislation make many children ineligible for economic assistance, it will hit them twice by making them ineligible for health care services as well. At a time when the number of uninsured children is rising, it is unconscionable that we are considering legislation that will increase the number of uninsured children.

It is ironic that the Republican majority has chosen to make the working poor pay for the costs of this bill through cuts to the EITC. This bill actually raises taxes on approximately 4.3 million working families earning between $17,000 and $29,000 per year by phrasing out the EITC more quickly. Instead of placing the burden of funding their welfare proposal on those who can best afford it, the Republican majority has chosen to place this burden squarely on the shoulders of those who can least afford it.

During the Ways and Means Committee's consideration of this bill, the Democratic minority was assured that the cuts in the earned income tax credit would be balanced by a nonrefundable $500 per child tax credit. However, because this child tax credit is nonrefundable, millions of working poor families will not be eligible to receive the child credit because they do not earn enough income. Many families who are hurt by the cuts in the EITC will be ineligible to receive the child tax credit. Not surprisingly, the bill before us does not contain the $500 per child tax credit but retains the devastating cuts to the EITC.

This legislation sends a mixed message to welfare recipients. Under current law, States are prohibited from counting families' EITC payments in the calculation of their welfare eligibility and benefits. The legislation under consideration today will permit States to use EITC payments in these calculations. Individuals who are trying to make ends meet through paid work but who just don't make enough money to get by, face punishment by the State for their efforts. I offered an amendment during the Ways and Means Committee's markup of this legislation that would have required States to continue the current policy of disregarding EITC payments in welfare determinations, but it was defeated by the Republican majority. The EITC was established and has enjoyed bipartisan support because it rewards work—exactly what this bill is trying to accomplish—and so I do not understand why my Republican colleagues insist on allowing States to punish families who are genuinely trying to make work pay.

I believe that individuals who can work and who can find a job should do so. I also believe that families who play by the rules should not be penalized for their inability to find work. This legislation does exactly that. By refusing to acknowledge that not everyone who currently receives welfare will be able to find a job that will provide a living wage, the Republican majority is setting up its welfare reform proposal to fail. It will fail because it will harm innocent children as well as their parents. The welfare reform bill before the House of Representatives contains provisions that will push more children into poverty—some estimate as many as 1.5 million—with little hope of ever getting out. The bill explicitly leaves open the possibility that children will suffer for the deeds of their parents and allows States to use children as pawns in influencing the behavior of their parents.

The Republican majority, during markup of this legislation in the Ways and Means Committee, repeatedly refused to soften provisions in the bill that will undoubtedly hurt the children of individuals who cannot find work within the bill's arbitrary time limit. Under this legislation, States are prohibited from using Federal block grant funds to provide vouchers for the children whose parents who are cut off from cash assistance because of the time limit. This means that children will be punished because their parents cannot find work. I cannot support legislation with these effects on millions of our Nation's most vulnerable citizens.

This bill grants States millions of Federal dollars and gives the Federal Government sorely inadequate oversight in return. Under this legislation, States must outline for the Department of Health and Human Services how they plan to meet the bill's requirements. However, the bill provides no organization, department or entity with the authority to ensure that States do what they say they are going to do. It will be exceedingly easy for States to submit fair and equitable plans to move individuals from welfare to work, yet fail to do so in practice. The Federal Government, although it will supply funding for the States' assistance programs, will have no recourse to protect beneficiaries from the failure of the States to act fairly.

The Republican majority is again placing before the House of Representatives legislation that is part of a partisan political agenda. They know as well as I do that President Clinton's welfare reform efforts have already yielded substantial results. They know that the President has granted 67 welfare waivers to 40 States to allow them to experiment with different types of welfare-to-work strategies. They know that welfare rolls are down by nearly 10 percent since President Bush left office—that represents nearly 1.3 million fewer individuals receiving welfare checks each month. They know that teen pregnancy rates are down in 30 of the 41 States that report such rates. In the face of these statistics, I do not understand the Republican majority's uncalled-for attempt to bring radical and punitive change to the Nation's 60-year-old safety net for the poor.

The bill before us today ends the Federal guarantee of assistance to poor families. It punishes children for the deeds of their parents and will almost surely force millions more children into poverty and deprive them of health care.

Welfare reform does not need to be punitive. It does not need to end the responsibility of the Federal Government for the economic well-being of its citizens. The Republican majority's brand of welfare reform does little to address existing barriers to economic self sufficiency: inadequate education and training opportunities, unaffordable health care, inadequate child care and a dearth of viable job opportunities. Instead, the Republican majority has chosen again to continue its agenda of pursuing policies that injure our Nation's most defenseless citizens while doing little to reduce the pernicious effects of poverty.

Mr. REED. Madam Chairman, I believe it is vital that we pass a meaningful welfare reform bill. Meaningful welfare reform should move individuals to work and instill individual responsibility, while ensuring that children are protected.

The Republican bill debated today, just like the one vetoed by the President last year, does not pass these essential tests. In fact, the Republican bill fails to provide sufficient

funding to move welfare recipients to work; does not provide adequate resources for States and individuals in the event of a severe recession; and unduly and unnecessarily harms children. The Republican bill can be summed up as weak on work and tough on children.

I support the Castle-Tanner alternative which is a tough, balanced, and bipartisan welfare reform bill that can be signed into law if the Republicans would let it reach the President's desk. Castle-Tanner contains the funding States need to put people to work according to the Congressional Budget Office. In addition, Castle-Tanner contains time limits for welfare benefits, guarantees protections for children, requires State accountability in operating welfare programs, and improves the response to economic downturns.

In my State of Rhode Island, a coalition of State officials, business leaders, and anti-poverty groups are currently working out the final details of a compromise welfare reform package. Unlike the Republican bill which would jeopardize this Rhode Island welfare reform effort, Castle-Tanner compliments it by providing the necessary resources and flexibility to move Rhode Island welfare recipients into work.

I urge my colleagues to support the Castle-Tanner substitute. Castle-Tanner is the only bill offered today that will provide the funding, flexibility, and protections necessary to create a reformed welfare system that promotes work. Castle-Tanner is responsible and meaningful welfare reform and it is a better bill for both Rhode Island and America.

Mr. DURBIN. Madam Chairman, I rise in support of welfare reform.

The current welfare system is in desperate need of reform. For public aid recipients trapped in the system, for those who exploit the welfare system, and for the taxpayers who foot the bills, an overhaul of welfare in America is a high priority.

The fundamental problem with our current system is that for many people welfare becomes more than a helping hand; it becomes a way of life. For some who enroll in the primary welfare program, Aid to Families with Dependent Children [AFDC], welfare becomes a trap they cannot escape. Some are afraid to lose the health benefits they receive through Medicaid. Others are unable to secure child care to enable them to go to work. We must eliminate these barriers and chart a clear path for welfare recipients to go after a paycheck instead of a welfare check. Welfare should be viewed as temporary assistance, not a lifestyle.

I believe welfare benefits should be cut off for recipients who are unwilling to pursue work, education or training. I also believe we must strengthen child support enforcement. Billions of dollars in child support payments go uncollected each year. By establishing paternity at birth and pursuing deadbeat parents, we can reduce the number of families that are impoverished by the failure of non-custodial parents to fulfill their financial obligations.

Today the House of Representatives is considering two proposals—the Gingrich bill and a bipartisan proposal offered by Representatives CASTLE and TANNER. The bipartisan Castle-Tanner welfare reform bill is dramatically better than the Gingrich bill.

The bipartisan bill will move people form welfare to work. It provides sufficient funding for work programs, and provides needed child care assistance for mothers who will be required to work and for working poor families.

The bipartisan bill protects children. It requires States to provide vouchers for the children of families who are removed from welfare before they reach the 5-year time limit, and it gives States the option of providing vouchers for children of families who exceed the 5-year limit. It allows families to continue their Medicaid coverage if they lose welfare benefits because of a time limit. And it continues the eligibility of the children of legal immigrants for SSI and food stamps.

In contrast, the Gingrich welfare bill is weak on work and tough on children. It cuts resources for programs that move people from welfare to work, potentially leaving States with a $9 billion deficit over 6 years. It discourages work by reducing the Earned Income Tax Credit, which has the effect of raising taxes on more than 4 million poor working families. It makes deep cuts in food stamps, endangering the nutrition of millions of children and elderly Americans. It denies food assistance to more than 300,000 children simply because they or their parents are immigrants. It does not ensure Medicaid eligibility when States change their welfare rules, endangering the health of millions of poor families. And it fails to ensure that child support orders are updated regularly to reflect the growing income of the non-custodial parent.

I still have significant problems with parts of the Castle-Tanner bill, particularly provisions relating to legal immigrants. Legal immigrants play by the rules and contribute to the progress of our country, just as all of our ancestors have done. I support effective requirements on the sponsors of legal immigrants who apply for benefits, but I do not believe that people who live legally in our country should be treated unfairly.

I am supporting Castle-Tanner in the hope that bipartisan welfare reform will become a reality this year. But before I support sending a measure to the President, I hope that the House-Senate conference committee addresses the serious flaws in the House effort.

Mr. RICHARDSON. Madam Chairman, I oppose this closed rule which prohibits this House from taking a vote on issues critical to Native American tribes.

Yesterday, I testified before the committee on two amendments important for the safety and futures of American Indian children. My amendments would have restored the current set-aside level for tribes under the Child Care Block Grant and made tribes eligible for Title IV–E adoption and foster care assistance funds.

I am disappointed that the Congress will not have an opportunity to vote on these important issues.

Because of my particular concern about the Title IV–E adoption assistance and foster care program, I will be introducing legislation to make Indian children eligible for this assistance. I strongly believe this is an issue that this Congress on obligation to vote on whether it is a part of welfare reform or a free standing bill.

Mr. HORN. Madam Chairman, after the billions of taxpayer dollars spent to end poverty, why do the welfare rolls continue to grow?

Why can't we do better than the welfare system we have in place right now?

How many more families will be trapped in the current welfare system before Congress and the President finally act?

Isn't it time that the President lived up to his campaign promise to ''end welfare as we know it?''

And, isn't it time for Congress to act?

These are the questions that America wants answered. I urge my colleagues to provide those answers by voting for welfare reform today.

Mr. COSTELLO. Madam Chairman, I rise in opposition to the welfare reform plan presented to this House today. This plan is another mean-spirited attack on the most vulnerable citizens in our society, who have been asked to endure huge cuts in programs to pay for tax cuts for the very wealthy. In the interest of scoring political points, the leadership of this House has offered to send the President a bill that begs to be vetoed. This bill should not go forward.

I fully believe our welfare reform system is in dire need of reform. For too long, it has fostered dependence and not provided the resources or incentive for work. However, I cannot in good conscience support a bill that as a policy turns its back on poor and needy children. This bill eliminates the Federal safety net of Medicaid and food stamps for many kids, and cuts millions of dollars by denying Supplemental Security Income [SSI] assistance to the poor and disabled. And, by mandating that individuals work without providing adequate employment resources and child assistance, this bill threatens the health and safety of thousands of children who now rely on their parents care. This legislation is now responsible reform, and the real losers under this bill are the 1 million children who will be pushed into poverty under this so-called reform.

I urge my colleagues to support the Castle-Tanner substitute, which represents a modest compromise that will protect children while reforming our welfare system. The Castle-Tanner proposal guarantees protections for children and provides the support necessary for individuals to move into work. Castle-Tanner is serious about moving individuals from welfare to work. It imposes work requirements within 2 years of receiving assistance and ends subsidies after 5 years. It does not however, end food or medical assistance to children whose parents no longer qualify. Further, the Castle-Tanner substitute holds fathers responsible for their children through strong child support enforcement.

Castle-Tanner provides States with broad flexibility to develop successful welfare programs based on the needs of local communities. However, unlike the Republican bill, the Castle-Tanner compromise does not allow States to shirk their responsibilities to provide for their citizens. Under Castle-Tanner, States must continue to spend a reasonable and responsible amount of State dollars on assistance programs. Successful welfare reform must be a thoughtful joint partnership between the States and the Federal Government.

Madam Chairman, we have a responsibility to pass meaningful reform in this House. We cannot abuse this responsibility by passing legislation that will hurt thousands of children. I urge my colleagues to defeat the Republican bill and pass the bipartisan Castle-Tanner substitute, so that we can achieve meaningful, lasting welfare reform that President Clinton can sign into law.

Mrs. COLLINS of Illinois. Madam Chairman, welfare as we know it today, had its roots in

American society almost 75 years ago. It is challenging to observe what the public and private sectors are doing to support children and families in the transition from welfare to work to self-sufficiency. Congress has the important role of providing a national view and in assuring that national priorities are addressed at the State and local levels of service administration and delivery. Many families need help to transition from public assistance, known as welfare, to self-sufficiency. We, as the national representatives of our society, must help build bridges and extend ladders to support parents and families as they move from welfare to work to self-sufficiency.

Work, responsibility, empowerment, and self-sufficiency should be the hallmarks of this welfare reform debate. The Republican philosophy is simply to get people off the public payrolls, with no attention to or concern about what these families will do when they face the challenges that may be inevitable for many of them. The best plan is one which must not come about at the expense of the children, and which will help people make the difficult transition from welfare to work. That's the real test of welfare reform.

There are five basic principles that must be considered in any welfare reform effort: Welfare reform must protect children. Their well-being must be our top priority; parents must take responsibility for their families, personally, emotionally, and financially; it is critically important to empower young people to reduce teen pregnancy and out-of-wedlock childbirth; quality child care is an issue that must be addressed and provided; and there must be access to quality health care.

We, as Federal legislators, must assure that the children are protected. They must not be required to pay for either the mistakes of their parents nor for the failures of our educational or private, corporate system that has left too many parents without adequate life and work skills to be self-sufficient. Reform ought not be just a race to save money by kicking needy families off welfare. Instead, our emphasis must be on enabling and empowering, not punishing parents and families—a true profamily agenda. Workable welfare reform legislation has to have not only real requirements for work, but also for job training, counseling, and personal as well as financial support.

One positive approach is based on a simple compact: Job training, job contracts, child care and child support enforcement to transition people to work; plus time limits on cash assistance to ensure parents' self-sufficiency so that welfare is not a way of life. Most people will find jobs in the private sector, but for those who do not, we should take the money which would have been spent on welfare checks and use it to find a subsidized job, preferably within the private sector. Merely passing the problem back to the States with reduced resources is not the answer. Job skill for real work is the answer.

CHILD SUPPORT COLLECTIONS

It is my belief that both parents should be required to support their children. Child support enforcement is an integral part of real welfare reform. For example, we have to develop and implement a multipronged approach to increasing child support collections. Therefore, paternity should be required to be established in the hospital, at the birth of the child, if at all possible, and without penalizing the mothers. I'd like to see a Federal law requiring uniform State laws which will prevent parents from evading their responsibilities by crossing State lines. This would require centralized registries and new hire reporting procedures or a national employment registry, which could be the IRS.

There are over 19 States that are using professional license suspension or revocation as a method to enforce child support payments. The threat of taking away driving, professional, and other work-related licenses works. The Congressional Budget Office has estimated that the Federal Government could save over $146 million in welfare payments in the first 5 years as a result of a nationwide license revocation or suspension program. Therefore, it is reasonable to predict that just one major child support enforcement proposal would help boost child support collections to $20 billion by the year 2000.

TEEN PREGNANCY AND POVERTY

The link between teen births and poverty is clear: 80 percent of the children born to teenage parents who dropped out of high school and did not marry are poor. That contrasts to only 8 percent of children born to married high school graduates over 20. Simply denying AFDC benefits to a teenage mother, as the original Republican plan proposed, won't do anything to move her family toward self-sufficiency. It's mean-spirited and makes the children pay the price. This approach will lead to more dependency, not less. One solution is possible when there is a stable functional home environment: Require teen mothers to live at home with their parents, identify their child's father, finish high school, learn parenting skills and work. Welfare reform efforts must be flexible.

CHILD CARE

There are welfare reform experiments in place that have been testing various ways we can use requirements to move from welfare to self-sufficiency. All of them stress work and responsibility. When we talk about empowering families to move from welfare to self-sufficiency we must also talk about child care. Child care support is particularly critical for low-income parents because it is such a significant part of a low-income family's budget. On average, poor working families pay more than a quarter of their income on child care.

The child care development block grant signed into law by President Bush with bipartisan support has made a significant contribution to low-income working families. In 1993, 65 percent of the children served were in families with incomes at or below the poverty line. Real welfare reform requires more child care, not less. The original Republican plan would reduce Federal funding for child care by $1.6 billion, or 15 percent over 5 years, and yet it kicks mothers off welfare after 2 years. This is hypocritical. That would mean 320,000 fewer children would be served by the year 2000. That means working families would be pitted against welfare recipients for scarce child care assistance. That's not the way to reform welfare and move families to self-sufficiency.

Recent studies have shown that children from low-income families are more likely to be in low-quality centers. The child care development and block grants have been instrumental in raising the standards for child care programs. We need to focus not only on safe, nurturing environments for children while their parents work and go to school, but also on the quality of the developmental and educational environment for the children's benefit; and, we must continue to expand child care opportunities to help working parents stay out of the welfare system, and for parents on welfare to transition off.

In summary: Work, responsibility, and empowerment are the keys to helping people make the transition from welfare to self-sufficiency. Budget cutting is not welfare reform. Supporting parents to develop self-sufficiency is. Putting people to work is. With continue advocacy, we can make the changes that are necessary. We can establish and maintain the bridges from welfare to self-sufficiency for families. I have recently learned a startling statistic prepared by The Brookings Institution. A chart showing change in adjusted real personal income demonstrated that the top levels of income increased from 30 to 40 percent over the last two decades. The middle incomes saw a modest increase in adjusted real personal income; however, the lowest levels of income saw a dramatic decline of down to a 30-percent decrease. From a plus 40-percent increase for the very wealthy to a 30-percent decrease for the very poor, and the Dole-Gingrich Republicans want to decrease welfare.

I cannot help but wonder whether the Dole-Gingrich Republicans even know who the welfare recipients are. Well, let me put a face on them. They are the single mom who dropped out of high school as a pregnant teenager, who was abused by adults as a child and abused by her spouse or partner as an adult. She receives a pittance in Aid to Families with Dependent Children [AFDC] and an allotment for food stamps. She can't get a midlevel paying job because she has no skills. Even if she could get a low paying job—where the competition is tough—there aren't any health care benefits; and after she pays for babysitting and transportation she is hard pressed to pay the rent. And heaven forbid if the kids get sick—she can't afford medical care.

Will the Dole-Gingrich Republicans give her a job? Will they help support jobs training programs so she can develop some employable skill? Not in this original bill. That mom and her kids make up the largest population of welfare recipients. The next large population group that the Federal Government subsidizes with welfare are the disabled—and the eligibility is that they cannot hold a job. Will the Dole-Gingrich Republicans employ that person with disabilities? Or will they support training programs or funding to assist an employer with providing any adaptive or assistive equipment that would make most persons with disabilities employable. Their record of little compassion and understanding for the least fortunate doesn't indicate that they will.

Madam Chairman, I stand for responsible government, for responsible parents, and for a responsible and responsive private sector. We all must join together to achieve reform of a system that can benefit all sectors by enabling all families to be proud and self-sufficient.

While I do not agree with several of the provisions of the Castle-Tanner substitute it is better than the Republican bill.

Ms. BROWN of Florida. Madam Chairman, I rise in opposition to the Republican welfare reform proposal. Instead of solving the welfare problems in this country, this bill creates new ones. By relying on block grants to distribute

money to States, the neediest and most vulnerable people of this country could be left out in the cold.

Sending money in the form of block grants is a virtual guarantee that rapid growth States like Florida will either have to make up for the loss of money on their own—or deny assistance to the neediest families in their jurisdiction. We need to balance this country's budget in a way that holds everyone responsible—not just the poor and the needy.

By cutting the earned-income tax credit, the Republicans are simply punishing low-income working families. And by getting rid of job training programs, the Republicans are eliminating the chance that welfare recipients will have the necessary skills to get a job.

The Republican proposal is a mean-spirited attempt to punish those who are already suffering.

Ms. ESHOO. Madam Chairman, I rise in opposition to this bill and in strong support of the Tanner-Castle substitute for welfare reform.

The Tanner-Castle proposal is sounder policy for our country and reforms a broken system by focusing on two critical elements: It protects children and it promotes and assures work.

The Tanner-Castle proposal differs from H.R. 3734 in several other important areas: It provides $3 billion in mandatory resources for work programs; it requires vouchers for the needs of children during the 5-year time limit for benefits; enough mandatory funding is provided for child care for all welfare recipients; local governments are allowed greater participation in the process of setting up programs in their areas that meet the needs of their citizens; it includes an open ended contingency fund for States to access in the event of an economic recession; it requires a greater annual commitment by the States for welfare programs; it provides food stamp benefits for the children of legal immigrants.

These are not differences that negate the reforms of the welfare system that my Republican colleagues are seeking. The provisions I have listed ensure that when we make these reforms we are improving the current system while maintaining a safety net for those who need it. Change for the sake of change is not good enough unless there is a regard for the impact it will have.

Madam Chairman, the Tanner-Castle legislation meets the test that those who are in the system are given the assistance they need to move from welfare to work. H.R. 3734 does not.

Our country must have a sound, workable, and fair welfare reform policy. H.R. 3734 is tough on kids and weak on work. More than 1 million children could be pushed into poverty and in 70 percent of these families, one of the parents is working. The bill makes it less likely that child support orders will be updated regularly—actually weakening current law on deadbeat parents—while increasing Federal costs. I urge my colleagues to support the Tanner-Castle substitute and oppose the underlying bill.

Mrs. VUCANOVICH. Madam Chairman, in the board game called life, there is no welfare square that keeps your game piece there indefinitely. Instead, there is hope, opportunity to go to college, to go to work, to get married and have a family, to be a success and win the game. We teach these values to our children through the games that they play, yet our Government over the years has changed the values for our children to live by.

Today on the House floor we are not playing a game. Today we are taking a step, hopefully with the President's support, to restore our American values and reform the welfare system so that welfare is no longer a way of life. We can offer our citizens and children a chance—a chance to work, a chance to go to school, and a chance to be a success and win the real game of life.

H.R. 3734 promotes work and helps mothers on welfare by providing the job training and child care they need to achieve this goal. This bill says no more handouts to prisoners and noncitizens who have imposed on our system, and reduced opportunities for those who truly deserve assistance.

In addition, this bill restores power and flexibility of the welfare program to the States. You and I both know that Washington bureaucrats do not know what is best for Nevadans—most of them have not even been to the Silver State to learn what Nevadans need and what challenges must be faced. The best solutions can come from those who know us best, our own State government. To help our States, the bill provides appropriate funding and additional funding opportunities for those States, like Nevada, with growing populations.

Lastly, and I find most importantly, the bill encourages responsibility of families to reduce illegitimacy rates and to have parents take financial responsibility for their children. Today's illegitimacy rate among welfare families is almost 50 percent and is expected to rise. This bill takes bold steps to establish paternity and to make fathers pay child support. These are tough provisions, and it is about time that the Federal Government helps States track down parents who are unwilling to take care of their own family members. You see, Madam Chairman, this is not a game—the 104th Congress means business.

H.R. 3734 helps our future by helping our children. Our children will be our leaders someday and we must instill in them the values we grew up with. Responsibility for family, hope to go to college or have a good job, dreams to be a success—they are not not just squares on a board game, but are attainable goals in the real game of life. H.R. 3437 is a first step in making these goals become a reality, and I encourage my colleagues to support this legislation, and urge the President's to sign this essential bill for our children.

Mr. RICHARDSON. Madam Chairman, I am committed to reforming our failing welfare system. Our Nation needs a welfare reform that gives people back the dignity and control that comes from work and independence.

Our current system pays cash assistance when people lack adequate means to provide for their families rather than providing them with the means to support themselves.

My voting record reflects what I want to see in a welfare reform bill.

I believe that welfare should be a temporary program that provides a safety net for people who fall on hard times. I have voted for a program that limits persons to a 5-year lifetime limit for welfare assistance.

I believe that able-bodied adults with no children should not be eligible for food stamp benefits if they are not working at least part time.

I also believe that welfare recipients must be aggressively looking for a job. I have voted for legislation which terminates a persons benefits if they refused to work, to accept a job, or refused to look for work. If a job is not available, welfare recipients should be put in community service jobs.

Central to the welfare debate are our children. I believe that people should not have children until they are able to support them. I support provisions which reduce benefits for teen parents who fail to maintain minimum performance in school and denies teen parents assistance unless they are living with a parent or responsible adult.

Additionally, I believe that parents—both parents—have responsibilities to support their children. I have voted for legislation which withholds paychecks for parents who do not pay child support.

At the same time we are holding parents responsible for their children, we should not punish a child whose parents fail. We have a moral obligation to provide that no child goes hungry, is denied needed medical care, or is left with inadequate supervision.

Welfare reform must include child care moneys for people entering the work force with small children.

I also believe a welfare reform plan should give people access to the training they need, but expect them to work in return. I am disappointed that H.R. 3734 has no provisions to move people into the work force.

Madam Chairman, I am ready to make welfare reform a reality. Welfare reform must be tough on work, but fair to children.

Mr. CLAY. Madam Chairman, I rise to oppose this partisan and politically motivated welfare bill that would push 1 million more children into poverty.

Were it not for the fact that many have exploited this issue for raw political purposes, perhaps we could reform a welfare system badly in need of revision.

Were it not for the fact that those promoting an agenda of slashing domestic assistance programs to finance unfair economic priorities, perhaps real welfare reform could be achieved. Were it not for the fact that the Republican majority in this House is willing to exploit the condition of our Nation's poor in a desperate attempt to resuscitate their extreme and failed agenda, perhaps a proposal could be framed that fostered realistic work requirements and compassionate safety nets.

Rather than exhausting my time objecting to the most reprehensible provisions of this Republican plan, let me focus on some of the things that must be contained in any welfare reform bill I can support in good conscience:

First, welfare reform must contain realistic work requirements, not harsh punitive measures devised to appeal to a crazed, cynical, public scapegoating of the poor. Most welfare recipients want what is best for themselves and their families. They want fulfilling jobs that pay a livable wage. But when those clamoring for workfare oppose adequate resources for job training, and education, their sincerity is called into question. When those championing workfare in place of welfare show no concern that jobs are available which pay decent wages, welfare reform is an empty vessel.

Second, welfare reform must ensure that parents seeking to stay off welfare are able to leave their children in safe and healthy child care settings. Without adequate child care funding, welfare reform is a bizarre notion.

Third, welfare reform must ensure that the poor are protected against hunger and illness.

There must be an adequate contingency funding to shelter the poor against recessions. Adequate food stamps must be available for poor families so they don't starve, and, Medicaid must be preserved to protect welfare recipients from the range of health risks that threaten the medical well-being of the poor and the elderly.

Welfare reform must preserve critical Federal efforts to protect children from abuse and neglect. It must not be used as a vehicle for reckless experimentation with those protections.

Madam Chairman, we have a solemn responsibility to address the Nation's problems with logical, compassionate legislation. The Republican welfare bill before us has little to do with logic, compassion or the reform of welfare.

I urge my colleagues to reject this misnamed, misdirected bill that espouses unrealistic, inhumane expectations. The architects of this flawed plan are willing to inflict suffering and misery on children. Their bill speaks volumes about the warped morality of those who would let children and the elderly starve.

Madam Chairman, the mere consideration of this trashy legislation evidence that this Congress and the American people who insist on this perversion of decency have lost all sense of purpose. This assault on the poor is driven by dishonesty and deception. It constitutes a reckless abandonment of humane values.

I urge its defeat.

Mr. BEREUTER. Madam Chairman, this Member is pleased to support welfare reform legislation currently before the House for consideration.

This Member has been a long-time supporter of efforts to reform our current welfare system to ensure that only those who are unable to provide their own basic needs receive assistance.

Enactment of a strong welfare reform measure that places an emphasis on work as its centerpiece is long overdue. The Congressional Budget Office has estimated that 1.3 million families now on welfare will be working in fiscal year 2002 as a result of the enactment of this legislation which converts welfare into a work program.

President Clinton promised to end welfare as we know it during his 1992 Presidential campaign. The President should be true to his initial instincts and campaign promise and sign this much needed welfare reform measure. The President's prior two vetoes of welfare reform legislation represented another broken promise to the American people for they were consistent with what the President requested. This Member is hopeful that speedy action will be taken to enact this welfare reform bill. It provides a compassionate solution for a failed welfare system.

However, this Member is concerned that once again, the President by his rhetoric in the past week, is laying the groundwork to reverse his course, violate his own statements, and again veto strong welfare reform legislation. It seems that Marian Wright Edelman will oppose any welfare reform bill that is worthy of reform. It would seem that as long as Marian Wright Edelman is opposed to this welfare reform bill, Mrs. Clinton will oppose it, and the President will veto this legislation and every welfare reform bill that is worthy of being called a reform bill.

For millions of poor Americans trapped in a system of despair, this measure offers them hope to escape the welfare cycle. It does that by replacing our current welfare bureaucracy with reforms based on the dignity and necessity of work for the able-bodied, and on the strength of families. States are also granted maximum flexibility to help needy individuals achieve self-reliance.

In addition, this important legislation ensures that absent parents are not allowed to walk away from their moral and financial responsibility to care for their children. Deadbeat parents currently compound the Nation's welfare problems, causing millions of children to live in poverty.

Madam Chairman, this Member urges his colleagues to support this strong welfare reform measure which ensures that the system of something for nothing is ended, and to require that welfare recipients meet reasonable and responsible standards.

Mr. KLECZKA. Madam Chairman, I rise in support of the welfare proposal put forth by the majority today.

I commend my colleagues on their decision to remove the poison pill of Medicaid from this bill.

And I commend my colleagues for the substantial steps they have taken to address the President's concerns, and the concerns of my Democratic colleagues.

This new bill ensures the continuation of health care coverage for those no longer eligible for AFDC. It deletes the unwarranted reductions to the earned income tax credit that were included in the original bill. And, it adds in $3 billion in work program funding.

No piece of legislation is perfect; this one is no exception. We know full well that we will revisit this issue repeatedly as problems arise.

I would have preferred to see more Federal funding for job placement and training, for child care, and for protection during recessions.

I would have preferred to increase State flexibility by giving States the option to use Federal funds to provide vouchers for children whose parents hit the time limits, rather than removing the protection of those vouchers by including a mandate against them.

I have fought, unsuccessfully, for stronger nondisplacement language so that America's workers can be assured that their jobs won't be put in jeopardy. This omission still concerns me.

However, this legislation is a solid start.

It gives our States the tools and the flexibility they need to enact meaningful, constructive reform.

A reform based upon personal responsibility, and personal achievement. A reform that moves people into the work force—permanently.

Congress must put aside partisan differences and pass this plan—to reform and revitalize our welfare system.

Ms. PELOSI. Madam Chairman, we can all agree that the welfare status quo is unacceptable. But the Republican welfare reform proposal will make the problems of poverty and dependence much worse because it refuses to make work the cornerstone of welfare reform.

Real welfare reform is about work. Opportunities for work, jobs that pay a living wage, job training opportunities to provide skills necessary to earn a living wage are long-term solutions for a permanent and productive reform in our welfare system.

Real welfare reform must emphasize the importance of work. Real welfare reform must also aid rather than punish children. Fourteen million children live in poverty in the United States. Passage of this legislation would add millions more to that statistic. This welfare bill is punitive and unrealistic.

Abolishing the safety net for children, imposing family caps, denying legal immigrants benefits, imposing arbitrary time limits, and failing to provide adequate child care, health care, education, job training, and work opportunities for people in need will thrust millions more into poverty.

This bill cuts almost $60 billion from the poor in this country. These cuts will affect children whose parents are on welfare. These cuts will trap countless women in abusive relationships, with nowhere to turn—without a realistic way to gain independence, gain work, and provide for their children.

Welfare reform must be about education, job training, and work. We must keep families together, rather than ripping them apart. We cannot simply reduce the deficit at the cost of our poorest Americans. This proposal has little wisdom, conscience, or heart.

Some of my colleagues will vote for this bill and then wash their hands of welfare reform, saying they have done their job. But the job of welfare reform is more complex and dire. People living in poverty are not cardboard cutouts—they do not have the same stories, they do not need the same services. This bill treats everyone alike—with unrealistic time limits and no real, lasting, and effective plan to move welfare recipients to work at a living wage.

The denial of benefits to legal immigrants in this legislation will do great harm to children and have a devastative impact on the health care system in our country. Only 3.9 percent of immigrants, who come to the United States to join their families or to work, rely on public assistance, compared to 4.2 percent of native-born citizens. According to the Urban Institute, immigrants pay $25 billion more annually than they receive in benefits. Yet the myth persists that welfare benefits are the primary purpose for immigration to the United States. Instead of appreciating legal immigrants for their significant contributions to this, their adopted country, this bill blatantly punishes them, especially young children and the elderly. It bans SSI and food stamps for virtually all legal immigrants. It tosses aside people who pay taxes, serve our country, and play by the rules. This lacks compassion and common sense.

If we want to achieve real welfare reform, we need to offer some long-term solutions to help people move up and out from the cycle of poverty.

The current welfare system is not adequate, but this bill makes it far worse. I urge my colleagues to oppose the Republican bill and work together for meaningful reform that puts people to work and pulls them out of poverty for good.

Mr. SERRANO. Madam Chairman, I rise in emphatic opposition to the Republicans' welfare reform bill. I am tempted to simply repeat the remarks I made last year, on the so-called Personal Responsibility Act, since the flaws in this bill are remarkably similar. But I do have a few new things to say.

It is clear to all thinking people that our current welfare system fails the people it is meant to help, and every Member of this House, Democrat as well as Republican, has voted for

some form of welfare reform in the last 2 years. But the Republicans' approach will make the situation of the poor—and of the charities that help them and the cities that contain them—much worse.

The clearest sign that this bill is totally misguided is that it saves so much money. Everyone knows it takes more spending, not less, to give poor mothers the tools they need to get and keep jobs and to escape poverty. They need education, training, job-search assistance, day care and health care for their children, and jobs—and that means jobs that don't displace others.

Cost is the main reason Congress has been slow to face welfare reform in the past. But this bill cuts the programs that sustain our neediest families. It slashes the safety net for the poorest children and families.

And, Madam Chairman, it is incomprehensible to me that we have now reached a point where not one of the proposals before the House today preserves the entitlement—the guarantee that some modest assistance will be there for those families whose desperate circumstances make them eligible. What recourse will these wretched families have?

A very, very big problem with this bill is how it treats our children. No child chooses to be born into a poor family, but an eighth of the country's children now receive some support from the welfare system, and the Republican bill will push more than 1 million additional children into poverty.

But, Madam Chairman, I want to concentrate on provisions related to immigrants and public assistance. The immigrant provisions in this bill—and, sadly, in the otherwise superior Castle-Tanner substitute—are a disgrace, and an absolute bar to my supporting either bill.

The United States is a nation of immigrants. That is a cliche precisely because it is true. We all have roots beyond the borders of the United States; we all have ancestors, as near as our parents or as remote as our many-times-great grandparents, who, willingly or not, came to America.

We know that immigrants don't come for public assistance; they come to join family members and to provide a better life for their children. They work, they pay taxes, they participate in their schools and churches and communities, and they play by the rules. Why should they be targeted by this bill? Why should fully half the savings in this bill be achieved on the backs of legal immigrants who are in trouble or who wish to better themselves?

I can think of only one reason. For the past several years, this country has seen a rising tide of antiimmigrant feeling, whipped up by public officials who find naming scapegoats easier than dealing with the real problems facing their constituents. If the economy turns down, why, it must be immigrants. If schools are crowded, immigrants must be the reason. Crime? Immigrants. Deficits? Immigrants. Strange languages on the subway? Immigrants.

The assault is broad and comprehensive. it may begin with legitimate concerns over control of our Nation's borders, but it quickly moves to encompass those immigrants who have done everything we have asked of them—and more—to qualify for the rights to live here, work and pay taxes, and become Americans.

The antiterrorism bill has already made long-term immigrants with deep roots in America suddenly subject to detention and deportation for long-ago, mostly minor brushes with the law.

The immigration bill—supposed to deal with control of our borders and enforcement of our employment eligibility laws—included provisions to deny citizens and legal residents the right to reunite their families in America.

Both the immigration bill and this bill would go way beyond enforcing sponsors' obligations to support the immigrants they bring to this country. Instead, they would make it impossible for our society to meet its moral obligations to help people in trouble. It would also deny immigrants the ability to better themselves through education and training.

Funds for bilingual education are slashed, even as some Members of this House would impose English-only policies on government. Bilingual ballots and voting assistance are under attack, when even life-long English speakers think they need law degrees to understand some of the propositions that appear on our ballots.

Madam Chairman, one thing that disturbs me very much is that this assault seems to be related to changes in the ethnicity of many recent immigrants. This suggests that ethnic discrimination is likely to rise. If immigrants are singled out as the class of people who are not worthy of, or entitled to, assistance available to citizens, those who look or sound foreign are at risk of extra scrutiny. You may recall reports that, after proposition 187 passed in California, Hispanics' rights to buy a pizza were questioned. People who look like you, Madam Chairman, are unlikely to be asked, but increasingly, people who look like me are being questioned about our immigration status. This is illegal, undemocratic, unfair, but increasingly real.

Madam Chairman, I could go on, but I will close by urging all of my colleagues to reject the Republicans' ugly, mean-spirited welfare reform bill. It is simply too far off course. We need to return to basic principles and start all over again if welfare reform is to result in a welfare system that is compassionate, workable, and, above all, fair.

Mr. JOHNSON of South Dakota. Madam Chairman, I rise today in reluctant support of H.R. 3734 so that we may move forward with needed welfare reform in this country. While I preferred the bipartisan approach taken in the amendment by Mr. CASTLE and Mr. TANNER, which gives States more flexibility to develop and implement workfare programs, it is paramount that we no longer accept the status quo. The provisions in H.R. 3734 are much improved compared to H.R. 4 of last year, which I could not support and was also vetoed by the President. It is too late in the congressional session to start over, and my vote for H.R. 3734 is a vote to keep the debate and the possibility of a bipartisan agreement on welfare reform alive.

The welfare reform bill which passed the House today was an improvement over H.R. 4 because it does the following: First, deletes the elimination of Medicaid changes that threatened access to medical care for the most vulnerable in our country; second, deletes the block granting of the child nutrition program; third, adds resources for child care above the level in previous bills; fourth, includes a work performance bonus that gives States an incentive to move people from welfare to work; and fifth, preserves funding for foster care and adoption assistance programs.

There are several things that I believe must and will be improved via Senate and conference committee action on this legislation. Among these, I believe we simply must further ensure that children who happen to have been born into difficult circumstances do not go hungry. Punishing innocent children is not a solution nor should it even be an option. We must require States to protect children if their parents are removed from the welfare rolls.

As this bill moves to conference, it is my judgment that we must address the concerns raised recently by the National Governors Association regarding the restrictions on State flexibility and unfunded costs in the work requirements of H.R. 3734. The Congressional Budget Office has concluded that most States would fail to meet the work requirements and that most would simply accept the penalties rather than implement the requirements for work. The most important reform we can enact in the welfare system is to move people to self-sufficiency. We must not fail in that regard and therefore I am hopeful that this bill is improved in conference to ensure adequate resources to States to implement solid work requirements.

We must ensure that no families lose health care coverage when States change AFDC rules. Even though the Medicaid reconciliation provisions have been removed, we need to guarantee that families do not lose health care coverage even if they are removed from welfare rolls.

Madam Chairman, our Nation demands that we reform our welfare system. This legislation moves a long way toward needed reform, but it can still be better. I offer my reluctant support and hope that the Senate and the conference committee address my concerns and make this bill the best that it can possibly be.

The CHAIRMAN. All time for debate pursuant to House Resolution 482 has expired.

Pursuant to the rule, an amendment in the nature of a substitute consisting of the text of H.R. 3829, modified by the amendment printed in part 1 of House Report 104–686 is adopted. The bill, as amended, shall be considered as an original bill for the purpose for further amendment and is considered read.

The text of the amendment in the nature of a substitute, as modified, is as follows:

H.R. 3829

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

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Welfare Reform Reconciliation Act of 1996''.

SEC. 2. TABLE OF TITLES.

The table of titles of this Act is as follows:

Title I—Committee on Agriculture
Title II—Committee on Commerce
Title III—Committee on Economic and Educational Opportunities
Title IV—Committee on Ways and Means

TITLE I—COMMITTEE ON AGRICULTURE

SEC. 1001. SHORT TITLE.

This title may be cited as the ''Food Stamp Reform and Commodity Distribution Act of 1996''.

SEC. 1002. TABLE OF CONTENTS.

The table of contents of this title is as follows:

Sec. 1001. Short title.
Sec. 1002. Table of contents.
Subtitle A—Food Stamp Program
Sec. 1011. Definition of certification period.
Sec. 1012. Definition of coupon.
Sec. 1013. Treatment of children living at home.
Sec. 1014. Optional additional criteria for separate household determinations.
Sec. 1015. Adjustment of thrifty food plan.
Sec. 1016. Definition of homeless individual.
Sec. 1017. State option for eligibility standards.
Sec. 1018. Earnings of students.
Sec. 1019. Energy assistance.
Sec. 1020. Deductions from income.
Sec. 1021. Vehicle allowance.
Sec. 1022. Vendor payments for transitional housing counted as income.
Sec. 1023. Doubled penalties for violating food stamp program requirements.
Sec. 1024. Disqualification of convicted individuals.
Sec. 1025. Disqualification.
Sec. 1026. Caretaker exemption.
Sec. 1027. Employment and training.
Sec. 1028. Comparable treatment for disqualification.
Sec. 1029. Disqualification for receipt of multiple food stamp benefits.
Sec. 1030. Disqualification of fleeing felons.
Sec. 1031. Cooperation with child support agencies.
Sec. 1032. Disqualification relating to child support arrears.
Sec. 1033. Work requirement.
Sec. 1034. Encourage electronic benefit transfer systems.
Sec. 1035. Value of minimum allotment.
Sec. 1036. Benefits on recertification.
Sec. 1037. Optional combined allotment for expedited households.
Sec. 1038. Failure to comply with other means-tested public assistance programs.
Sec. 1039. Allotments for households residing in centers.
Sec. 1040. Condition precedent for approval of retail food stores and wholesale food concerns.
Sec. 1041. Authority to establish authorization periods.
Sec. 1042. Information for verifying eligibility for authorization.
Sec. 1043. Waiting period for stores that fail to meet authorization criteria.
Sec. 1044. Operation of food stamp offices.
Sec. 1045. State employee and training standards.
Sec. 1046. Exchange of law enforcement information.
Sec. 1047. Expedited coupon service.
Sec. 1048. Withdrawing fair hearing requests.
Sec. 1049. Income, eligibility, and immigration status verification systems.
Sec. 1050. Disqualification of retailers who intentionally submit falsified applications.
Sec. 1051. Disqualification of retailers who are disqualified under the WIC program.
Sec. 1052. Collection of overissuances.
Sec. 1053. Authority to suspend stores violating program requirements pending administrative and judicial review.
Sec. 1054. Expanded criminal forfeiture for violations.
Sec. 1055. Limitation of Federal match.
Sec. 1056. Standards for administration.
Sec. 1057. Work supplementation or support program.
Sec. 1058. Waiver authority.
Sec. 1059. Response to waivers.
Sec. 1060. Employment initiatives program.
Sec. 1061. Reauthorization.
Sec. 1062. Simplified food stamp program.
Sec. 1063. State food assistance block grant.
Sec. 1064. A study of the use of food stamps to purchase vitamins and minerals.
Sec. 1065. Investigations.
Sec. 1066. Food stamp eligibility.
Sec. 1067. Report by the Secretary.
Sec. 1068. Deficit reduction.
Subtitle B—Commodity Distribution Programs
Sec. 1071. Emergency food assistance program.
Sec. 1072. Food bank demonstration project.
Sec. 1073. Hunger prevention programs.
Sec. 1074. Report on entitlement commodity processing.
Subtitle C—Electronic Benefit Transfer Systems
Sec. 1091. Provisions to encourage electronic benefit transfer systems.

Subtitle A—Food Stamp Program

SEC. 1011. DEFINITION OF CERTIFICATION PERIOD.

Section 3(c) of the Food Stamp Act of 1977 (7 U.S.C. 2012(c)) is amended by striking ''Except as provided'' and all that follows and inserting the following: ''The certification period shall not exceed 12 months, except that the certification period may be up to 24 months if all adult household members are elderly or disabled. A State agency shall have at least 1 contact with each certified household every 12 months.''.

SEC. 1012. DEFINITION OF COUPON.

Section 3(d) of the Food Stamp Act of 1977 (7 U.S.C. 2012(d)) is amended by striking ''or type of certificate'' and inserting ''type of certificate, authorization card, cash or check issued in lieu of a coupon, or an access device, including an electronic benefit transfer card or personal identification number,''.

SEC. 1013. TREATMENT OF CHILDREN LIVING AT HOME.

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

SEC. 1014. OPTIONAL ADDITIONAL CRITERIA FOR SEPARATE HOUSEHOLD DETERMINATIONS.

Section 3(i) of the Food Stamp Act of 1977 (7 U.S.C. 2012(i)) is amended by inserting after the third sentence the following: ''Notwithstanding the preceding sentences, a State may establish criteria that prescribe when individuals who live together, and who would be allowed to participate as separate households under the preceding sentences, shall be considered a single household, without regard to the common purchase of food and preparation of meals.''.

SEC. 1015. ADJUSTMENT OF THRIFTY FOOD PLAN.

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

(1) by striking ''shall (1) make'' and inserting the following: ''shall—

''(1) make'';

(2) by striking ''scale, (2) make'' and inserting ''scale;

''(2) make'';

(3) by striking ''Alaska, (3) make'' and inserting the following: ''Alaska;

''(3) make''; and

(4) by striking ''Columbia, (4) through'' and all that follows through the end of the subsection and inserting the following: ''Columbia; and

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

SEC. 1016. DEFINITION OF HOMELESS INDIVIDUAL.

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

SEC. 1017. STATE OPTION FOR ELIGIBILITY STANDARDS.

Section 5(b) of the Food Stamp Act of 1977 (7 U.S.C. 2014(d)) is amended by striking ''(b) The Secretary'' and inserting the following:

''(b) ELIGIBILITY STANDARDS.—Except as otherwise provided in this Act, the Secretary''.

SEC. 1018. EARNINGS OF STUDENTS.

Section 5(d)(7) of the Food Stamp Act of 1977 (7 U.S.C. 2014(d)(7)) is amended by striking ''21'' and inserting ''19''.

SEC. 1019. ENERGY ASSISTANCE.

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

(b) CONFORMING AMENDMENTS.—

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

(A) in paragraph (1)—

(i) in subparagraph (A), by striking ''plan for aid to families with dependent children approved'' and inserting ''program funded''; and

(ii) in subparagraph (B), by striking '', not including energy or utility-cost assistance,'';

(B) in paragraph (2), by striking subparagraph (C) and inserting the following:

''(C) a payment or allowance described in subsection (d)(11);''; and

(C) by adding at the end the following:

''(4) THIRD PARTY ENERGY ASSISTANCE PAYMENTS.—

''(A) ENERGY ASSISTANCE PAYMENTS.—For purposes of subsection (d)(1), a payment made under a Federal or State law to provide energy assistance to a household shall be considered money payable directly to the household.

''(B) ENERGY ASSISTANCE EXPENSES.—For purposes of subsection (e)(7), an expense paid on behalf of a household under a Federal or State law to provide energy assistance shall be considered an out-of-pocket expense incurred and paid by the household.''.

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

(A) by striking ''(f)(1) Notwithstanding'' and inserting ''(f) Notwithstanding'';

(B) in paragraph (1), by striking ''food stamps,''; and

(C) by striking paragraph (2).

SEC. 1020. DEDUCTIONS FROM INCOME.

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

''(e) DEDUCTIONS FROM INCOME.—

''(1) STANDARD DEDUCTION.—The Secretary shall allow a standard deduction for each household in the 48 contiguous States and the District of Columbia, Alaska, Hawaii, Guam, and the Virgin Islands of the United States of $134, $229, $189, $269, and $118, respectively.

''(2) EARNED INCOME DEDUCTION.—

''(A) DEFINITION OF EARNED INCOME.—In this paragraph, the term 'earned income' does not include income excluded by subsection (d) or any portion of income earned

under a work supplementation or support program, as defined under section 16(b), that is attributable to public assistance.

''(B) DEDUCTION.—Except as provided in subparagraph (C), a household with earned income shall be allowed a deduction of 20 percent of all earned income to compensate for taxes, other mandatory deductions from salary, and work expenses.

''(C) EXCEPTION.—The deduction described in subparagraph (B) shall not be allowed with respect to determining an overissuance due to the failure of a household to report earned income in a timely manner.

''(3) DEPENDENT CARE DEDUCTION.—

''(A) IN GENERAL.—A household shall be entitled, with respect to expenses (other than excluded expenses described in subparagraph (B)) for dependent care, to a dependent care deduction, the maximum allowable level of which shall be $200 per month for each dependent child under 2 years of age and $175 per month for each other dependent, for the actual cost of payments necessary for the care of a dependent if the care enables a household member to accept or continue employment, or training or education that is preparatory for employment.

''(B) EXCLUDED EXPENSES.—The excluded expenses referred to in subparagraph (A) are—

''(i) expenses paid on behalf of the household by a third party;

''(ii) amounts made available and excluded for the expenses referred to in subparagraph (A) under subsection (d)(3); and

''(iii) expenses that are paid under section 6(d)(4).

''(4) DEDUCTION FOR CHILD SUPPORT PAYMENTS.—

''(A) IN GENERAL.—A household shall be entitled to a deduction for child support payments made by a household member to or for an individual who is not a member of the household if the household member is legally obligated to make the payments.

''(B) METHODS FOR DETERMINING AMOUNT.—The Secretary may prescribe by regulation the methods, including calculation on a retrospective basis, that a State agency shall use to determine the amount of the deduction for child support payments.

''(5) HOMELESS SHELTER ALLOWANCE.—A State agency may develop a standard homeless shelter allowance, which shall not exceed $143 per month, for such expenses as may reasonably be expected to be incurred by households in which all members are homeless individuals but are not receiving free shelter throughout the month. A State agency that develops the allowance may use the allowance in determining eligibility and allotments for the households, except that the State agency may prohibit the use of the allowance for households with extremely low shelter costs.

''(6) EXCESS MEDICAL EXPENSE DEDUCTION.—

''(A) IN GENERAL.—A household containing an elderly or disabled member shall be entitled, with respect to expenses other than expenses paid on behalf of the household by a third party, to an excess medical expense deduction for the portion of the actual costs of allowable medical expenses, incurred by the elderly or disabled member, exclusive of special diets, that exceeds $35 per month.

''(B) METHOD OF CLAIMING DEDUCTION.—

''(i) IN GENERAL.—A State agency shall offer an eligible household under subparagraph (A) a method of claiming a deduction for recurring medical expenses that are initially verified under the excess medical expense deduction in lieu of submitting information or verification on actual expenses on a monthly basis.

''(ii) METHOD.—The method described in clause (i) shall—

''(I) be designed to minimize the burden for the eligible elderly or disabled household member choosing to deduct the recurrent medical expenses of the member pursuant to the method;

''(II) rely on reasonable estimates of the expected medical expenses of the member for the certification period (including changes that can be reasonably anticipated based on available information about the medical condition of the member, public or private medical insurance coverage, and the current verified medical expenses incurred by the member); and

''(III) not require further reporting or verification of a change in medical expenses if such a change has been anticipated for the certification period.

''(7) EXCESS SHELTER EXPENSE DEDUCTION.—

''(A) IN GENERAL.—A household shall be entitled, with respect to expenses other than expenses paid on behalf of the household by a third party, to an excess shelter expense deduction to the extent that the monthly amount expended by a household for shelter exceeds an amount equal to 50 percent of monthly household income after all other applicable deductions have been allowed.

''(B) MAXIMUM AMOUNT OF DEDUCTION.—In the case of a household that does not contain an elderly or disabled individual, the excess shelter expense deduction shall not exceed—

''(i) in the 48 contiguous States and the District of Columbia, $247 per month; and

''(ii) in Alaska, Hawaii, Guam, and the Virgin Islands of the United States, $429, $353, $300, and $182 per month, respectively.

''(C) STANDARD UTILITY ALLOWANCE.—

''(i) IN GENERAL.—In computing the excess shelter expense deduction, a State agency may use a standard utility allowance in accordance with regulations promulgated by the Secretary, except that a State agency may use an allowance that does not fluctuate within a year to reflect seasonal variations.

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

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

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

''(III) shares the expense with, and lives with, another individual not participating in the food stamp program, another household participating in the food stamp program, or both, unless the allowance is prorated between the household and the other individual, household, or both.

''(iii) MANDATORY ALLOWANCE.—

''(I) IN GENERAL.—A State agency may make the use of a standard utility allowance mandatory for all households with qualifying utility costs if—

''(aa) the State agency has developed 1 or more standards that include the cost of heating and cooling and 1 or more standards that do not include the cost of heating and cooling; and

''(bb) the Secretary finds that the standards will not result in an increased cost to the Secretary.

''(II) HOUSEHOLD ELECTION.—A State agency that has not made the use of a standard utility allowance mandatory under subclause (I) shall allow a household to switch, at the end of a certification period, between the standard utility allowance and a deduction based on the actual utility costs of the household.

''(iv) AVAILABILITY OF ALLOWANCE TO RECIPIENTS OF ENERGY ASSISTANCE.—

''(I) IN GENERAL.—Subject to subclause (II), if a State agency elects to use a standard utility allowance that reflects heating or cooling costs, the standard utility allowance shall be made available to households receiving a payment, or on behalf of which a payment is made, under the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8621 et seq.) or other similar energy assistance program, if the household still incurs out-of-pocket heating or cooling expenses in excess of any assistance paid on behalf of the household to an energy provider.

''(II) SEPARATE ALLOWANCE.—A State agency may use a separate standard utility allowance for households on behalf of which a payment described in subclause (I) is made, but may not be required to do so.

''(III) STATES NOT ELECTING TO USE SEPARATE ALLOWANCE.—A State agency that does not elect to use a separate allowance but makes a single standard utility allowance available to households incurring heating or cooling expenses (other than a household described in subclause (I) or (II) of subparagraph (C)(ii)) may not be required to reduce the allowance due to the provision (directly or indirectly) of assistance under the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8621 et seq.).

''(IV) PRORATION OF ASSISTANCE.—For the purpose of the food stamp program, assistance provided under the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8621 et seq.) shall be considered to be prorated over the entire heating or cooling season for which the assistance was provided.''.

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

SEC. 1021. VEHICLE ALLOWANCE.

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

''(2) INCLUDED ASSETS.—

''(A) IN GENERAL.—Subject to the other provisions of this paragraph, the Secretary shall, in prescribing inclusions in, and exclusions from, financial resources, follow the regulations in force as of June 1, 1982 (other than those relating to licensed vehicles and inaccessible resources).

''(B) ADDITIONAL INCLUDED ASSETS.—The Secretary shall include in financial resources—

''(i) any boat, snowmobile, or airplane used for recreational purposes;

''(ii) any vacation home;

''(iii) any mobile home used primarily for vacation purposes;

''(iv) subject to subparagraph (C), any licensed vehicle that is used for household transportation or to obtain or continue employment to the extent that the fair market value of the vehicle exceeds $4,600; and

''(v) any savings or retirement account (including an individual account), regardless of whether there is a penalty for early withdrawal.

''(C) EXCLUDED VEHICLES.—A vehicle (and any other property, real or personal, to the extent the property is directly related to the maintenance or use of the vehicle) shall not be included in financial resources under this paragraph if the vehicle is—

''(i) used to produce earned income;

''(ii) necessary for the transportation of a physically disabled household member; or

''(iii) depended on by a household to carry fuel for heating or water for home use and provides the primary source of fuel or water, respectively, for the household.''.

SEC. 1022. VENDOR PAYMENTS FOR TRANSITIONAL HOUSING COUNTED AS INCOME.

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

(1) by striking subparagraph (F); and

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

SEC. 1023. DOUBLED PENALTIES FOR VIOLATING FOOD STAMP PROGRAM REQUIREMENTS.

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

(1) in clause (i), by striking ''six months'' and inserting ''1 year''; and

(2) in clause (ii), by striking ''1 year'' and inserting ''2 years''.

SEC. 1024. DISQUALIFICATION OF CONVICTED INDIVIDUALS.

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

(1) in subclause (II), by striking ''or'' at the end;

(2) in subclause (III), by striking the period at the end and inserting ''; or''; and

(3) by inserting after subclause (III) the following:

''(IV) a conviction of an offense under subsection (b) or (c) of section 15 involving an item covered by subsection (b) or (c) of section 15 having a value of $500 or more.''.

SEC. 1025. DISQUALIFICATION.

(a) IN GENERAL.—Section 6(d) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)) is amended by striking ''(d)(1) Unless otherwise exempted by the provisions'' and all that follows through the end of paragraph (1) and inserting the following:

''(d) CONDITIONS OF PARTICIPATION.—

''(1) WORK REQUIREMENTS.—

''(A) IN GENERAL.—No physically and mentally fit individual over the age of 15 and under the age of 60 shall be eligible to participate in the food stamp program if the individual—

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

''(ii) refuses without good cause to participate in an employment and training program under paragraph (4), to the extent required by the State agency;

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

''(I) the applicable Federal or State minimum wage; or

''(II) 80 percent of the wage that would have governed had the minimum hourly rate under section 6(a)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)) been applicable to the offer of employment;

''(iv) refuses without good cause to provide a State agency with sufficient information to allow the State agency to determine the employment status or the job availability of the individual;

''(v) voluntarily and without good cause—

''(I) quits a job; or

''(II) reduces work effort and, after the reduction, the individual is working less than 30 hours per week; or

''(vi) fails to comply with section 20.

''(B) HOUSEHOLD INELIGIBILITY.—If an individual who is the head of a household becomes ineligible to participate in the food stamp program under subparagraph (A), the household shall, at the option of the State agency, become ineligible to participate in the food stamp program for a period, determined by the State agency, that does not exceed the lesser of—

''(i) the duration of the ineligibility of the individual determined under subparagraph (C); or

''(ii) 180 days.

''(C) DURATION OF INELIGIBILITY.—

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

''(I) the date the individual becomes eligible under subparagraph (A);

''(II) the date that is 1 month after the date the individual became ineligible; or

''(III) a date determined by the State agency that is not later than 3 months after the date the individual became ineligible.

''(ii) SECOND VIOLATION.—The second time that an individual becomes ineligible to participate in the food stamp program under subparagraph (A), the individual shall remain ineligible until the later of—

''(I) the date the individual becomes eligible under subparagraph (A);

''(II) the date that is 3 months after the date the individual became ineligible; or

''(III) a date determined by the State agency that is not later than 6 months after the date the individual became ineligible.

''(iii) THIRD OR SUBSEQUENT VIOLATION.—The third or subsequent time that an individual becomes ineligible to participate in the food stamp program under subparagraph (A), the individual shall remain ineligible until the later of—

''(I) the date the individual becomes eligible under subparagraph (A);

''(II) the date that is 6 months after the date the individual became ineligible;

''(III) a date determined by the State agency; or

''(IV) at the option of the State agency, permanently.

''(D) ADMINISTRATION.—

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

''(ii) VOLUNTARY QUIT.—The Secretary shall determine the meaning of voluntarily quitting and reducing work effort for the purpose of this paragraph.

''(iii) DETERMINATION BY STATE AGENCY.—

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

''(aa) the meaning of any term in subparagraph (A);

''(bb) the procedures for determining whether an individual is in compliance with a requirement under subparagraph (A); and

''(cc) whether an individual is in compliance with a requirement under subparagraph (A).

''(II) NOT LESS RESTRICTIVE.—A State agency may not determine a meaning, procedure, or determination under subclause (I) to be less restrictive than a comparable meaning, procedure, or determination under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.).

''(iv) STRIKE AGAINST THE GOVERNMENT.—For the purpose of subparagraph (A)(v), an employee of the Federal Government, a State, or a political subdivision of a State, who is dismissed for participating in a strike against the Federal Government, the State, or the political subdivision of the State shall be considered to have voluntarily quit without good cause.

''(v) SELECTING A HEAD OF HOUSEHOLD.—

''(I) IN GENERAL.—For the purpose of this paragraph, the State agency shall allow the household to select any adult parent of a child in the household as the head of the household if all adult household members making application under the food stamp program agree to the selection.

''(II) TIME FOR MAKING DESIGNATION.—A household may designate the head of the household under subclause (I) each time the household is certified for participation in the food stamp program, but may not change the designation during a certification period unless there is a change in the composition of the household.

''(vi) CHANGE IN HEAD OF HOUSEHOLD.—If the head of a household leaves the household during a period in which the household is ineligible to participate in the food stamp program under subparagraph (B)—

''(I) the household shall, if otherwise eligible, become eligible to participate in the food stamp program; and

''(II) if the head of the household becomes the head of another household, the household that becomes headed by the individual shall become ineligible to participate in the food stamp program for the remaining period of ineligibility.''.

(b) CONFORMING AMENDMENT.—

(1) The second sentence of section 17(b)(2) of the Act (7 U.S.C. 2026(b)(2)) is amended by striking ''6(d)(1)(i)'' and inserting ''6(d)(1)(A)(i)''.

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

''(f) DISQUALIFICATION.—An individual or a household may become ineligible under section 6(d)(1) to participate in the food stamp program for failing to comply with this section.''.

SEC. 1026. CARETAKER EXEMPTION.

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

SEC. 1027. EMPLOYMENT AND TRAINING.

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

(1) in subparagraph (A)—

(A) by striking ''Not later than April 1, 1987, each'' and inserting ''Each'';

(B) by inserting ''work,'' after ''skills, training,''; and

(C) by adding at the end the following: ''Each component of an employment and training program carried out under this paragraph shall be delivered through a statewide workforce development system, unless the component is not available locally through the statewide workforce development system.'';

(2) in subparagraph (B)—

(A) in the matter preceding clause (i), by striking the colon at the end and inserting the following: '', except that the State agency shall retain the option to apply employment requirements prescribed under this subparagraph to a program applicant at the time of application:'';

(B) in clause (i), by striking ''with terms and conditions'' and all that follows through ''time of application''; and

(C) in clause (iv)—

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

(ii) by redesignating subclauses (III) and (IV) as subclauses (I) and (II), respectively;

(3) in subparagraph (D)—

(A) in clause (i), by striking ''to which the application'' and all that follows through ''30 days or less'';

(B) in clause (ii), by striking ''but with respect'' and all that follows through ''child care''; and

(C) in clause (iii), by striking '', on the basis of'' and all that follows through ''clause (ii)'' and inserting ''the exemption continues to be valid'';

(4) in subparagraph (E), by striking the third sentence;

(5) in subparagraph (G)—

(A) by striking ''(G)(i) The State'' and inserting ''(G) The State''; and

(B) by striking clause (ii);

(6) in subparagraph (H), by striking ''(H)(i) The Secretary'' and all that follows through ''(ii) Federal funds'' and inserting ''(H) Federal funds'';

(7) in subparagraph (I)(i)(II), by striking '', or was in operation,'' and all that follows through ''Social Security Act'' and inserting the following: ''), except that no such payment or reimbursement shall exceed the applicable local market rate'';

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

''(K) LIMITATION ON FUNDING.—Notwithstanding any other provision of this paragraph, the amount of funds a State agency uses to carry out this paragraph (including under subparagraph (I)) for participants who are receiving benefits under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) shall not exceed the amount of funds the State agency used in fiscal year 1995 to carry out this paragraph for participants who were receiving benefits in fiscal year 1995 under a State program funded under part A of title IV of the Act (42 U.S.C. 601 et seq.).''; and

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

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

(A) by striking ''(L)(i) The Secretary'' and inserting ''(L) The Secretary''; and

(B) by striking clause (ii).

(b) FUNDING.—Section 16(h) of the Act (7 U.S.C. 2025(h)) is amended by striking ''(h)(1)(A) The Secretary'' and all that follows through the end of paragraph (1) and inserting the following:

''(h) FUNDING OF EMPLOYMENT AND TRAINING PROGRAMS.—

''(1) IN GENERAL.—

''(A) AMOUNTS.—To carry out employment and training programs, the Secretary shall reserve for allocation to State agencies from funds made available for each fiscal year under section 18(a)(1) the amount of—

''(i) for fiscal year 1996, $75,000,000;

''(ii) for fiscal year 1997, $79,000,000;

''(iii) for fiscal year 1998, $81,000,000;

''(iv) for fiscal year 1999, $84,000,000;

''(v) for fiscal year 2000, $86,000,000;

''(vi) for fiscal year 2001, $88,000,000; and

''(vii) for fiscal year 2002, $90,000,000.

''(B) ALLOCATION.—The Secretary shall allocate the amounts reserved under subparagraph (A) among the State agencies using a reasonable formula (as determined by the Secretary) that gives consideration to the population in each State affected by section 6(o).

''(C) REALLOCATION.—

''(i) NOTIFICATION.—A State agency shall promptly notify the Secretary if the State agency determines that the State agency will not expend all of the funds allocated to the State agency under subparagraph (B).

''(ii) REALLOCATION.—On notification under clause (i), the Secretary shall reallocate the funds that the State agency will not expend as the Secretary considers appropriate and equitable.

''(D) MINIMUM ALLOCATION.—Notwithstanding subparagraphs (A) through (C), the Secretary shall ensure that each State agency operating an employment and training program shall receive not less than $50,000 in each fiscal year.''.

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

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

(1) in paragraph (5)—

(A) by striking ''(5)(A) The Secretary'' and inserting ''(5) The Secretary''; and

(B) by striking subparagraph (B); and

(2) by striking paragraph (6).

SEC. 1028. COMPARABLE TREATMENT FOR DISQUALIFICATION.

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

''(i) COMPARABLE TREATMENT FOR DISQUALIFICATION.—

''(1) IN GENERAL.—If a disqualification is imposed on a member of a household for a failure of the member to perform an action required under a Federal, State, or local law relating to a means-tested public assistance program, the State agency may impose the same disqualification on the member of the household under the food stamp program.

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

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

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

(1) in paragraph (24), by striking ''and'' at the end;

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

(3) by adding at the end the following:

''(26) the guidelines the State agency uses in carrying out section 6(i); and''.

(c) CONFORMING AMENDMENT.—Section 6(d)(2)(A) of the Act (7 U.S.C. 2015(d)(2)(A)) is amended by striking ''that is comparable to a requirement of paragraph (1)''.

SEC. 1029. DISQUALIFICATION FOR RECEIPT OF MULTIPLE FOOD STAMP BENEFITS.

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

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

SEC. 1030. DISQUALIFICATION OF FLEEING FELONS.

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

''(k) DISQUALIFICATION OF FLEEING FELONS.—No member of a household who is otherwise eligible to participate in the food stamp program shall be eligible to participate in the program as a member of that or any other household during any period during which the individual is—

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

''(2) violating a condition of probation or parole imposed under a Federal or State law.''.

SEC. 1031. COOPERATION WITH CHILD SUPPORT AGENCIES.

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

''(l) CUSTODIAL PARENT'S COOPERATION WITH CHILD SUPPORT AGENCIES.—

''(1) IN GENERAL.—At the option of a State agency, subject to paragraphs (2) and (3), no natural or adoptive parent or other individual (collectively referred to in this subsection as 'the individual') who is living with and exercising parental control over a child under the age of 18 who has an absent parent shall be eligible to participate in the food stamp program unless the individual cooperates with the State agency administering the program established under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.)—

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

''(B) in obtaining support for—

''(i) the child; or

''(ii) the individual and the child.

''(2) GOOD CAUSE FOR NONCOOPERATION.—Paragraph (1) shall not apply to the individual if good cause is found for refusing to cooperate, as determined by the State agency in accordance with standards prescribed by the Secretary in consultation with the Secretary of Health and Human Services. The standards shall take into consideration circumstances under which cooperation may be against the best interests of the child.

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

''(m) NONCUSTODIAL PARENT'S COOPERATION WITH CHILD SUPPORT AGENCIES.—

''(1) IN GENERAL.—At the option of a State agency, subject to paragraphs (2) and (3), a putative or identified noncustodial parent of a child under the age of 18 (referred to in this subsection as 'the individual') shall not be eligible to participate in the food stamp program if the individual refuses to cooperate with the State agency administering the program established under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.)—

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

''(B) in providing support for the child.

''(2) REFUSAL TO COOPERATE.—

''(A) GUIDELINES.—The Secretary, in consultation with the Secretary of Health and Human Services, shall develop guidelines on what constitutes a refusal to cooperate under paragraph (1).

''(B) PROCEDURES.—The State agency shall develop procedures, using guidelines developed under subparagraph (A), for determining whether an individual is refusing to cooperate under paragraph (1).

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

''(4) PRIVACY.—The State agency shall provide safeguards to restrict the use of information collected by a State agency administering the program established under part D of title IV of the Social Security Act (42

U.S.C. 651 et seq.) to purposes for which the information is collected.''.

SEC. 1032. DISQUALIFICATION RELATING TO CHILD SUPPORT ARREARS.

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

''(n) DISQUALIFICATION FOR CHILD SUPPORT ARREARS.—

''(1) IN GENERAL.—At the option of the State agency, no individual shall be eligible to participate in the food stamp program as a member of any household during any month that the individual is delinquent in any payment due under a court order for the support of a child of the individual.

''(2) EXCEPTIONS.—Paragraph (1) shall not apply if—

''(A) a court is allowing the individual to delay payment; or

''(B) the individual is complying with a payment plan approved by a court or the State agency designated under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.) to provide support for the child of the individual.''.

SEC. 1033. WORK REQUIREMENT.

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

''(o) WORK REQUIREMENT.—

''(1) DEFINITION OF WORK PROGRAM.—In this subsection, the term 'work program' means—

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

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

''(C) a program of employment and training operated or supervised by a State or political subdivision of a State that meets standards approved by the Governor of the State, including a program under section 6(d)(4), other than a job search program or a job search training program.

''(2) WORK REQUIREMENT.—Subject to the other provisions of this subsection, no individual shall be eligible to participate in the food stamp program as a member of any household if, during the preceding 12-month period, the individual received food stamp benefits for not less than 4 months during which the individual did not—

''(A) work 20 hours or more per week, averaged monthly; or

''(B) participate in and comply with the requirements of a work program for 20 hours or more per week, as determined by the State agency; or

''(C) participate in a program under section 20 or a comparable program established by a State or political subdivision of a State.

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

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

''(B) medically certified as physically or mentally unfit for employment;

''(C) a parent or other member of a household with responsibility for a dependent child;

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

''(E) a pregnant woman.

''(4) WAIVER.—

''(A) IN GENERAL.—On the request of a State agency, the Secretary may waive the applicability of paragraph (2) to any group of individuals in the State if the Secretary makes a determination that the area in which the individuals reside—

''(i) has an unemployment rate of over 10 percent; or

''(ii) does not have a sufficient number of jobs to provide employment for the individuals.

''(B) REPORT.—The Secretary shall report the basis for a waiver under subparagraph (A) to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

''(5) SUBSEQUENT ELIGIBILITY.—

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

''(i) works 80 or more hours;

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

''(iii) participates in a program under section 20 or a comparable program established by a State or political subdivision of a State.

''(B) LIMITATION.—During the subsequent 12-month period, the individual shall be eligible to participate in the food stamp program for not more than 4 months during which the individual does not—

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

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

''(iii) participate in a program under section 20 or a comparable program established by a State or political subdivision of a State.''.

(b) TRANSITION PROVISION.—Prior to 1 year after the date of enactment of this Act, the term ''preceding 12-month period'' in section 6(o) of the Food Stamp Act of 1977, as amended by subsection (a), means the preceding period that begins on the date of enactment of this Act.

SEC. 1034. ENCOURAGE ELECTRONIC BENEFIT TRANSFER SYSTEMS.

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

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

''(1) ELECTRONIC BENEFIT TRANSFERS.—

''(A) IMPLEMENTATION.—Each State agency shall implement an electronic benefit transfer system in which household benefits determined under section 8(a) or 26 are issued from and stored in a central databank before October 1, 2002, unless the Secretary provides a waiver for a State agency that faces unusual barriers to implementing an electronic benefit transfer system.

''(B) TIMELY IMPLEMENTATION.—State agencies are encouraged to implement an electronic benefit transfer system under subparagraph (A) as soon as practicable.

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

''(D) OPERATION.—An electronic benefit transfer system should take into account generally accepted standard operating rules based on—

''(i) commercial electronic funds transfer technology;

''(ii) the need to permit interstate operation and law enforcement monitoring; and

''(iii) the need to permit monitoring and investigations by authorized law enforcement agencies.'';

(2) in paragraph (2)—

(A) by striking ''effective no later than April 1, 1992,'';

(B) in subparagraph (A)—

(i) by striking '', in any 1 year,''; and

(ii) by striking ''on-line'';

(C) by striking subparagraph (D) and inserting the following:

''(D)(i) measures to maximize the security of a system using the most recent technology available that the State agency considers appropriate and cost effective and which may include personal identification numbers, photographic identification on electronic benefit transfer cards, and other measures to protect against fraud and abuse; and

''(ii) effective not later than 2 years after the effective date of this clause, to the extent practicable, measures that permit a system to differentiate items of food that may be acquired with an allotment from items of food that may not be acquired with an allotment.'';

(D) in subparagraph (G), by striking ''and'' at the end;

(E) in subparagraph (H), by striking the period at the end and inserting ''; and''; and

(F) by adding at the end the following:

''(I) procurement standards.''; and

(3) by adding at the end the following:

''(7) REPLACEMENT OF BENEFITS.—Regulations issued by the Secretary regarding the replacement of benefits and liability for replacement of benefits under an electronic benefit transfer system shall be similar to the regulations in effect for a paper food stamp issuance system.

''(8) REPLACEMENT CARD FEE.—A State agency may collect a charge for replacement of an electronic benefit transfer card by reducing the monthly allotment of the household receiving the replacement card.

''(9) OPTIONAL PHOTOGRAPHIC IDENTIFICATION.—

''(A) IN GENERAL.—A State agency may require that an electronic benefit card contain a photograph of 1 or more members of a household.

''(B) OTHER AUTHORIZED USERS.—If a State agency requires a photograph on an electronic benefit card under subparagraph (A), the State agency shall establish procedures to ensure that any other appropriate member of the household or any authorized representative of the household may utilize the card.

''(10) APPLICATION OF ANTI-TYING RESTRICTIONS TO ELECTRONIC BENEFIT TRANSFER SYSTEMS.—

''(A) IN GENERAL.—A company shall not sell or provide electronic benefit transfer services, or fix or vary the consideration for such services, on the condition or requirement that the customer—

''(i) obtain some additional point-of-sale service from the company or any affiliate of the company; or

''(ii) not obtain some additional point-of-sale service from a competitor of the company or competitor of any affiliate of the company.

''(B) DEFINITIONS.—In this paragraph—

''(i) AFFILIATE.—The term 'affiliate' shall have the same meaning as in section 2(k) of the Bank Holding Company Act.

''(ii) COMPANY.—The term 'company' shall have the same meaning as in section 106(a) of the Bank Holding Company Act Amendments of 1970, but shall not include a bank, bank holding company, or any subsidiary of a bank holding company.

''(iii) ELECTRONIC BENEFIT TRANSFER SERVICE.—The term 'electronic benefit transfer service' means the processing of electronic transfers of household benefits determined under section 8(a) or 26 where the benefits are—

''(I) issued from and stored in a central databank;

''(II) electronically accessed by household members at the point of sale; and

''(III) provided by a Federal or state government.

''(iv) POINT-OF-SALE SERVICE.—The term 'point-of-sale service' means any product or service related to the electronic authorization and processing of payments for merchandise at a retail food store, including but

not limited to credit or debit card services, automated teller machines, point-of-sale terminals, or access to on-line systems.

''(C) CONSULTATION WITH THE FEDERAL RESERVE BOARD.—Before promulgating regulations or interpretations of regulations to carry out this paragraph, the Secretary shall consult with the Board of Governors of the Federal Reserve System.''.

(b) SENSE OF CONGRESS.—It is the sense of Congress that a State that operates an electronic benefit transfer system under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.) should operate the system in a manner that is compatible with electronic benefit transfer systems operated by other States.

SEC. 1035. VALUE OF MINIMUM ALLOTMENT.

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

SEC. 1036. BENEFITS ON RECERTIFICATION.

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

SEC. 1037. OPTIONAL COMBINED ALLOTMENT FOR EXPEDITED HOUSEHOLDS.

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

''(3) OPTIONAL COMBINED ALLOTMENT FOR EXPEDITED HOUSEHOLDS.—A State agency may provide to an eligible household applying after the 15th day of a month, in lieu of the initial allotment of the household and the regular allotment of the household for the following month, an allotment that is equal to the total amount of the initial allotment and the first regular allotment. The allotment shall be provided in accordance with section 11(e)(3) in the case of a household that is not entitled to expedited service and in accordance with paragraphs (3) and (9) of section 11(e) in the case of a household that is entitled to expedited service.''.

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

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

''(d) REDUCTION OF PUBLIC ASSISTANCE BENEFITS.—

''(1) IN GENERAL.—If the benefits of a household are reduced under a Federal, State, or local law relating to a means-tested public assistance program for the failure of a member of the household to perform an action required under the law or program, for the duration of the reduction—

''(A) the household may not receive an increased allotment as the result of a decrease in the income of the household to the extent that the decrease is the result of the reduction; and

''(B) the State agency may reduce the allotment of the household by not more than 25 percent.

''(2) RULES AND PROCEDURES.—If the allotment of a household is reduced under this subsection for a failure to perform an action required under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), the State agency may use the rules and procedures that apply under part A of title IV of the Act to reduce the allotment under the food stamp program.''.

SEC. 1039. ALLOTMENTS FOR HOUSEHOLDS RESIDING IN CENTERS.

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

''(f) ALLOTMENTS FOR HOUSEHOLDS RESIDING IN CENTERS.—

''(1) IN GENERAL.—In the case of an individual who resides in a center for the purpose of a drug or alcoholic treatment program described in the last sentence of section 3(i), a State agency may provide an allotment for the individual to—

''(A) the center as an authorized representative of the individual for a period that is less than 1 month; and

''(B) the individual, if the individual leaves the center.

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

SEC. 1040. CONDITION PRECEDENT FOR APPROVAL OF RETAIL FOOD STORES AND WHOLESALE FOOD CONCERNS.

Section 9(a)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2018(a)(1)) is amended by adding at the end the following: ''No retail food store or wholesale food concern of a type determined by the Secretary, based on factors that include size, location, and type of items sold, shall be approved to be authorized or reauthorized for participation in the food stamp program unless an authorized employee of the Department of Agriculture, a designee of the Secretary, or, if practicable, an official of the State or local government designated by the Secretary has visited the store or concern for the purpose of determining whether the store or concern should be approved or reauthorized, as appropriate.''.

SEC. 1041. AUTHORITY TO ESTABLISH AUTHORIZATION PERIODS.

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

''(3) AUTHORIZATION PERIODS.—The Secretary shall establish specific time periods during which authorization to accept and redeem coupons, or to redeem benefits through an electronic benefit transfer system, shall be valid under the food stamp program.''.

SEC. 1042. INFORMATION FOR VERIFYING ELIGIBILITY FOR AUTHORIZATION.

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

(1) in the first sentence, by inserting '', which may include relevant income and sales tax filing documents,'' after ''submit information''; and

(2) by inserting after the first sentence the following: ''The regulations may require retail food stores and wholesale food concerns to provide written authorization for the Secretary to verify all relevant tax filings with appropriate agencies and to obtain corroborating documentation from other sources so that the accuracy of information provided by the stores and concerns may be verified.''.

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

Section 9(d) of the Food Stamp Act of 1977 (7 U.S.C. 2018(d)) is amended by adding at the end the following: ''A retail food store or wholesale food concern that is denied approval to accept and redeem coupons because the store or concern does not meet criteria for approval established by the Secretary may not, for at least 6 months, submit a new application to participate in the program. The Secretary may establish a longer time period under the preceding sentence, including permanent disqualification, that reflects the severity of the basis of the denial.''.

SEC. 1044. OPERATION OF FOOD STAMP OFFICES.

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

(1) in subsection (e)—

(A) by striking paragraph (2) and inserting the following:

''(2)(A) that the State agency shall establish procedures governing the operation of food stamp offices that the State agency determines best serve households in the State, including households with special needs, such as households with elderly or disabled members, households in rural areas with low-income members, homeless individuals, households residing on reservations, and households in areas in which a substantial number of members of low-income households speak a language other than English;

''(B) that in carrying out subparagraph (A), a State agency—

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

''(ii) shall develop an application containing the information necessary to comply with this Act;

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

''(iv) shall consider an application that contains the name, address, and signature of the applicant to be filed on the date the applicant submits the application;

''(v) shall require that an adult representative of each applicant household certify in writing, under penalty of perjury, that—

''(I) the information contained in the application is true; and

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

''(vi) shall provide a method of certifying and issuing coupons to eligible homeless individuals, to ensure that participation in the food stamp program is limited to eligible households; and

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

''(C) that nothing in this Act shall prohibit the use of signatures provided and maintained electronically, storage of records using automated retrieval systems only, or any other feature of a State agency's application system that does not rely exclusively on the collection and retention of paper applications or other records;

''(D) that the signature of any adult under this paragraph shall be considered sufficient to comply with any provision of Federal law requiring a household member to sign an application or statement;'';

(B) in paragraph (3), as amended by section 1020(b)—

(i) by striking ''shall—'' and all that follows through ''provide each'' and inserting ''shall provide each''; and

(ii) by striking ''(B) assist'' and all that follows through ''representative of the State agency;'';

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

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

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

(2) in subsection (i)—

(A) by striking ''(i) Notwithstanding'' and all that follows through ''(2)'' and inserting the following:

''(i) APPLICATION AND DENIAL PROCEDURES.—

''(1) APPLICATION PROCEDURES.—Notwithstanding any other provision of law,''; and

(B) by striking ''; (3) households'' and all that follows through ''title IV of the Social Security Act. No'' and inserting a period and the following:

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

SEC. 1045. STATE EMPLOYEE AND TRAINING STANDARDS.

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

(1) by striking ''that (A) the'' and inserting ''that—

''(A) the'';

(2) by striking ''Act; (B) the'' and inserting ''Act; and

''(B) the'';

(3) in subparagraph (B), by striking ''United States Civil Service Commission'' and inserting ''Office of Personnel Management''; and

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

SEC. 1046. EXCHANGE OF LAW ENFORCEMENT INFORMATION.

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

(1) by striking ''that (A) such'' and inserting the following: ''that—

''(A) the'';

(2) by striking ''law, (B) notwithstanding'' and inserting the following: ''law;

''(B) notwithstanding'';

(3) by striking ''Act, and (C) such'' and inserting the following: ''Act;

''(C) the''; and

(4) by adding at the end the following:

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

''(i) the member—

''(I) is fleeing to avoid prosecution, or custody or confinement after conviction, for a crime (or attempt to commit a crime) that, under the law of the place the member is fleeing, is a felony (or, in the case of New Jersey, a high misdemeanor), or is violating a condition of probation or parole imposed under Federal or State law; or

''(II) has information that is necessary for the officer to conduct an official duty related to subclause (I);

''(ii) locating or apprehending the member is an official duty; and

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

''(E) the safeguards shall not prevent compliance with paragraph (16);''.

SEC. 1047. EXPEDITED COUPON SERVICE.

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

(1) in subparagraph (A)—

(A) by striking ''five days'' and inserting ''7 days''; and

(B) by inserting ''and'' at the end;

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

(3) by redesignating subparagraph (D) as subparagraph (B); and

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

SEC. 1048. WITHDRAWING FAIR HEARING REQUESTS.

Section 11(e)(10) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(10)) is amended by inserting before the semicolon at the end a period and the following: ''At the option of a State, at any time prior to a fair hearing determination under this paragraph, a household may withdraw, orally or in writing, a request by the household for the fair hearing. If the withdrawal request is an oral request, the State agency shall provide a written notice to the household confirming the withdrawal request and providing the household with an opportunity to request a hearing''.

SEC. 1049. INCOME, ELIGIBILITY, AND IMMIGRATION STATUS VERIFICATION SYSTEMS.

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

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

(A) by striking ''that information is'' and inserting ''at the option of the State agency, that information may be''; and

(B) by striking ''shall be requested'' and inserting ''may be requested''; and

(2) by adding at the end the following:

''(p) STATE VERIFICATION OPTION.—Notwithstanding any other provision of law, in carrying out the food stamp program, a State agency shall not be required to use an income and eligibility or an immigration status verification system established under section 1137 of the Social Security Act (42 U.S.C. 1320b–7).''.

SEC. 1050. DISQUALIFICATION OF RETAILERS WHO INTENTIONALLY SUBMIT FALSIFIED APPLICATIONS.

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

(1) in paragraph (2), by striking ''and'' at the end;

(2) in paragraph (3), by striking the period at the end and inserting ''; and''; and

(3) by adding at the end the following:

''(4) for a reasonable period of time to be determined by the Secretary, including permanent disqualification, on the knowing submission of an application for the approval or reauthorization to accept and redeem coupons that contains false information about a substantive matter that was a part of the application.''.

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

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

''(g) DISQUALIFICATION OF RETAILERS WHO ARE DISQUALIFIED UNDER THE WIC PROGRAM.—

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

''(2) TERMS.—A disqualification under paragraph (1)—

''(A) shall be for the same length of time as the disqualification from the program referred to in paragraph (1);

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

''(C) notwithstanding section 14, shall not be subject to judicial or administrative review.''.

SEC. 1052. COLLECTION OF OVERISSUANCES.

(a) COLLECTION OF OVERISSUANCES.—Section 13 of the Food Stamp Act of 1977 (7 U.S.C. 2022) is amended—

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

''(b) COLLECTION OF OVERISSUANCES.—

''(1) IN GENERAL.—Except as otherwise provided in this subsection, a State agency shall collect any overissuance of coupons issued to a household by—

''(A) reducing the allotment of the household;

''(B) withholding amounts from unemployment compensation from a member of the household under subsection (c);

''(C) recovering from Federal pay or a Federal income tax refund under subsection (d); or

''(D) any other means.

''(2) COST EFFECTIVENESS.—Paragraph (1) shall not apply if the State agency demonstrates to the satisfaction of the Secretary that all of the means referred to in paragraph (1) are not cost effective.

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

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

''(B) $10.

''(4) PROCEDURES.—A State agency shall collect an overissuance of coupons issued to a household under paragraph (1) in accordance with the requirements established by the State agency for providing notice, electing a means of payment, and establishing a time schedule for payment.''; and

(2) in subsection (d)—

(A) by striking ''as determined under subsection (b) and except for claims arising from an error of the State agency,'' and inserting '', as determined under subsection (b)(1),''; and

(B) by inserting before the period at the end the following: ''or a Federal income tax refund as authorized by section 3720A of title 31, United States Code''.

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

(1) by striking ''and excluding claims'' and all that follows through ''such section''; and

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

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

SEC. 1053. AUTHORITY TO SUSPEND STORES VIOLATING PROGRAM REQUIREMENTS PENDING ADMINISTRATIVE AND JUDICIAL REVIEW.

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

(1) by redesignating the first through seventeenth sentences as paragraphs (1) through (17), respectively; and

(2) by adding at the end the following:

''(18) SUSPENSION OF STORES PENDING REVIEW.—Notwithstanding any other provision of this subsection, any permanent disqualification of a retail food store or wholesale food concern under paragraph (3) or (4) of section 12(b) shall be effective from the date of receipt of the notice of disqualification. If the disqualification is reversed through administrative or judicial review, the Secretary shall not be liable for the value of any sales lost during the disqualification period.''.

SEC. 1054. EXPANDED CRIMINAL FORFEITURE FOR VIOLATIONS.

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

(b) CRIMINAL FORFEITURE.—Section 15 of the Act (7 U.S.C. 2024) is amended by adding at the end the following:

''(h) CRIMINAL FORFEITURE.—

''(1) IN GENERAL.—In imposing a sentence on a person convicted of an offense in violation of subsection (b) or (c), a court shall order, in addition to any other sentence imposed under this subsection, that the person forfeit to the United States all property described in paragraph (2).

''(2) PROPERTY SUBJECT TO FORFEITURE.—All property, real and personal, used in a transaction or attempted transaction, to commit, or to facilitate the commission of, a violation (other than a misdemeanor) of subsection (b) or (c), or proceeds traceable to a violation of subsection (b) or (c), shall be subject to forfeiture to the United States under paragraph (1).

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

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

''(A) first, to reimburse the Department of Justice for the costs incurred by the Department to initiate and complete the forfeiture proceeding;

''(B) second, to reimburse the Department of Agriculture Office of Inspector General for any costs the Office incurred in the law enforcement effort resulting in the forfeiture;

''(C) third, to reimburse any Federal or State law enforcement agency for any costs incurred in the law enforcement effort resulting in the forfeiture; and

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

SEC. 1055. LIMITATION OF FEDERAL MATCH.

Section 16(a)(4) of the Food Stamp Act of 1977 (7 U.S.C. 2025(a)(4)) is amended by inserting after the comma at the end the following: ''but not including recruitment activities,''.

SEC. 1056. STANDARDS FOR ADMINISTRATION.

(a) IN GENERAL.—Section 16 of the Food Stamp Act of 1977 (7 U.S.C. 2025) is amended by striking subsection (b).

(b) CONFORMING AMENDMENTS.—

(1) The first sentence of section 11(g) of the Act (7 U.S.C. 2020(g)) is amended by striking ''the Secretary's standards for the efficient and effective administration of the program established under section 16(b)(1) or''.

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

SEC. 1057. WORK SUPPLEMENTATION OR SUPPORT PROGRAM.

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

''(b) WORK SUPPLEMENTATION OR SUPPORT PROGRAM.—

''(1) DEFINITION OF WORK SUPPLEMENTATION OR SUPPORT PROGRAM.—In this subsection, the term 'work supplementation or support program' means a program under which, as determined by the Secretary, public assistance (including any benefits provided under a program established by the State and the food stamp program) is provided to an employer to be used for hiring and employing a public assistance recipient who was not employed by the employer at the time the public assistance recipient entered the program.

''(2) PROGRAM.—A State agency may elect to use an amount equal to the allotment that would otherwise be issued to a household under the food stamp program, but for the operation of this subsection, for the purpose of subsidizing or supporting a job under a work supplementation or support program established by the State.

''(3) PROCEDURE.—If a State agency makes an election under paragraph (2) and identifies each household that participates in the food stamp program that contains an individual who is participating in the work supplementation or support program—

''(A) the Secretary shall pay to the State agency an amount equal to the value of the allotment that the household would be eligible to receive but for the operation of this subsection;

''(B) the State agency shall expend the amount received under subparagraph (A) in accordance with the work supplementation or support program in lieu of providing the allotment that the household would receive but for the operation of this subsection;

''(C) for purposes of—

''(i) sections 5 and 8(a), the amount received under this subsection shall be excluded from household income and resources; and

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

''(D) the household shall not receive an allotment from the State agency for the period during which the member continues to participate in the work supplementation or support program.

''(4) OTHER WORK REQUIREMENTS.—No individual shall be excused, by reason of the fact that a State has a work supplementation or support program, from any work requirement under section 6(d), except during the periods in which the individual is employed under the work supplementation or support program.

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

''(6) DISPLACEMENT.—A work supplementation or support program shall not displace the employment of individuals who are not supplemented or supported.''.

SEC. 1058. WAIVER AUTHORITY.

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

(1) by redesignating subparagraph (B) as subparagraph (C); and

(2) in subparagraph (A)—

(A) by striking the second sentence; and

(B) by striking ''benefits to eligible households, including'' and inserting the following: ''benefits to eligible households, and may waive any requirement of this Act to the extent necessary for the project to be conducted.

''(B) PROJECT REQUIREMENTS.—

''(i) PROGRAM GOAL.—The Secretary may not conduct a project under subparagraph (A) unless the project is consistent with the goal of the food stamp program of providing food assistance to raise levels of nutrition among low-income individuals.

''(ii) PERMISSIBLE PROJECTS.—The Secretary may conduct a project under subparagraph (A) to—

''(I) improve program administration;

''(II) increase the self-sufficiency of food stamp recipients;

''(III) test innovative welfare reform strategies; and

''(IV) allow greater conformity with the rules of other programs than would be allowed but for this paragraph.

''(iii) IMPERMISSIBLE PROJECTS.—The Secretary may not conduct a project under subparagraph (A) that—

''(I) involves the payment of the value of an allotment in the form of cash, unless the project was approved prior to the date of enactment of this subparagraph;

''(II) substantially transfers funds made available under this Act to services or benefits provided primarily through another public assistance program; or

''(III) is not limited to a specific time period.

''(iv) ADDITIONAL INCLUDED PROJECTS.—Pilot or experimental projects may include''.

SEC. 1059. RESPONSE TO WAIVERS.

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

''(D) RESPONSE TO WAIVERS.—

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

''(I) approves the waiver request;

''(II) denies the waiver request and explains any modification needed for approval of the waiver request;

''(III) denies the waiver request and explains the grounds for the denial; or

''(IV) requests clarification of the waiver request.

''(ii) FAILURE TO RESPOND.—If the Secretary does not provide a response in accordance with clause (i), the waiver shall be considered approved, unless the approval is specifically prohibited by this Act.

''(iii) NOTICE OF DENIAL.—On denial of a waiver request under clause (i)(III), the Secretary shall provide a copy of the waiver request and a description of the reasons for the denial to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.''.

SEC. 1060. EMPLOYMENT INITIATIVES PROGRAM.

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

''(d) EMPLOYMENT INITIATIVES PROGRAM.—

''(1) ELECTION TO PARTICIPATE.—

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

''(B) REQUIREMENT.—A State shall be eligible to carry out an employment initiatives program under this subsection only if not less than 50 percent of the households that received food stamp benefits during the summer of 1993 also received benefits under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) during the summer of 1993.

''(2) PROCEDURE.—

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

''(B) PAYMENT.—The Secretary shall pay to each State that has elected to carry out an employment initiatives program under paragraph (1) an amount equal to the value of the allotment that each household would be eligible to receive under this Act but for the operation of this subsection.

''(C) OTHER PROVISIONS.—For purposes of the food stamp program (other than this subsection)—

''(i) cash assistance under this subsection shall be considered to be an allotment; and

''(ii) each household receiving cash benefits under this subsection shall not receive any other food stamp benefit for the period for which the cash assistance is provided.

''(D) ADDITIONAL PAYMENTS.—Each State that has elected to carry out an employment

initiatives program under paragraph (1) shall—

''(i) increase the cash benefits provided to each household under this subsection to compensate for any State or local sales tax that may be collected on purchases of food by any household receiving cash benefits under this subsection, unless the Secretary determines on the basis of information provided by the State that the increase is unnecessary on the basis of the limited nature of the items subject to the State or local sales tax; and

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

''(3) ELIGIBILITY.—A household shall be eligible to receive cash benefits under paragraph (2) if an adult member of the household—

''(A) has worked in unsubsidized employment for not less than the preceding 90 days;

''(B) has earned not less than $350 per month from the employment referred to in subparagraph (A) for not less than the preceding 90 days;

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

''(ii) was receiving benefits under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) at the time the member first received cash benefits under this subsection and is no longer eligible for the State program because of earned income;

''(D) is continuing to earn not less than $350 per month from the employment referred to in subparagraph (A); and

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

''(4) EVALUATION.—A State that operates a program under this subsection for 2 years shall provide to the Secretary a written evaluation of the impact of cash assistance under this subsection. The State agency, with the concurrence of the Secretary, shall determine the content of the evaluation.''.

SEC. 1061. REAUTHORIZATION.

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

SEC. 1062. SIMPLIFIED FOOD STAMP PROGRAM.

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

''SEC. 26. SIMPLIFIED FOOD STAMP PROGRAM.

''(a) DEFINITION OF FEDERAL COSTS.—In this section, the term 'Federal costs' does not include any Federal costs incurred under section 17.

''(b) ELECTION.—Subject to subsection (d), a State may elect to carry out a Simplified Food Stamp Program (referred to in this section as a 'Program'), statewide or in a political subdivision of the State, in accordance with this section.

''(c) OPERATION OF PROGRAM.—If a State elects to carry out a Program, within the State or a political subdivision of the State—

''(1) a household in which all members receive assistance under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) shall automatically be eligible to participate in the Program; and

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

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

''(B) the food stamp program (other than section 27); or

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

''(d) APPROVAL OF PROGRAM.—

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

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

''(A) complies with this section; and

''(B) contains sufficient documentation that the plan will not increase Federal costs for any fiscal year.

''(e) INCREASED FEDERAL COSTS.—

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

''(A) participation;

''(B) the income of participants in the food stamp program that is not attributable to public assistance; and

''(C) the thrifty food plan under section 3(o).

''(2) NOTIFICATION.—If the Secretary determines that the Program has increased Federal costs under this Act for any fiscal year or any portion of any fiscal year, the Secretary shall notify the State not later than 30 days after the Secretary makes the determination under paragraph (1).

''(3) ENFORCEMENT.—

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

''(B) TERMINATION.—If the State does not submit a plan under subparagraph (A) or carry out a plan approved by the Secretary, the Secretary shall terminate the approval of the State agency operating the Program and the State agency shall be ineligible to operate a future Program.

''(f) RULES AND PROCEDURES.—

''(1) IN GENERAL.—In operating a Program, a State or political subdivision of a State may follow the rules and procedures established by the State or political subdivision under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) or under the food stamp program.

''(2) STANDARDIZED DEDUCTIONS.—In operating a Program, a State or political subdivision of a State may standardize the deductions provided under section 5(e). In developing the standardized deduction, the State shall consider the work expenses, dependent care costs, and shelter costs of participating households.

''(3) REQUIREMENTS.—In operating a Program, a State or political subdivision shall comply with the requirements of—

''(A) subsections (a) through (g) of section 7;

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

''(C) subsection (b) and (d) of section 8;

''(D) subsections (a), (c), (d), and (n) of section 11;

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

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

''(G) section 16.

''(4) LIMITATION ON ELIGIBILITY.—Notwithstanding any other provision of this section, a household may not receive benefits under this section as a result of the eligibility of the household under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), unless the Secretary determines that any household with income above 130 percent of the poverty guidelines is not eligible for the program.''.

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

''(25) if a State elects to carry out a Simplified Food Stamp Program under section 26, the plans of the State agency for operating the program, including—

''(A) the rules and procedures to be followed by the State agency to determine food stamp benefits;

''(B) how the State agency will address the needs of households that experience high shelter costs in relation to the incomes of the households; and

''(C) a description of the method by which the State agency will carry out a quality control system under section 16(c).''.

(c) CONFORMING AMENDMENTS.—

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

(A) by striking subsection (e); and

(B) by redesignating subsection (f) as subsection (e).

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

(A) by striking subsection (i); and

(B) by redesignating subsections (j) through (l) as subsections (i) through (k), respectively.

SEC. 1063. STATE FOOD ASSISTANCE BLOCK GRANT.

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

''SEC. 27. STATE FOOD ASSISTANCE BLOCK GRANT.

''(a) DEFINITIONS.—In this section:

''(1) FOOD ASSISTANCE.—The term 'food assistance' means assistance that may be used only to obtain food, as defined in section 3(g).

''(2) STATE.—The term 'State' means each of the 50 States, the District of Columbia, Guam, and the Virgin Islands of the United States.

''(b) ESTABLISHMENT.—The Secretary shall establish a program to make grants to States in accordance with this section to provide—

''(1) food assistance to needy individuals and families residing in the State; and

''(2) funds for administrative costs incurred in providing the assistance.

''(c) ELECTION.—

''(1) IN GENERAL.—A State may annually elect to participate in the program established under subsection (b) if the State—

''(A) has fully implemented an electronic benefit transfer system that operates in the entire State;

''(B) has a payment error rate under section 16(c) that is not more than 6 percent as announced most recently by the Secretary; or

''(C) has a payment error rate in excess of 6 percent and agrees to contribute non-Federal funds for the fiscal year of the grant, for

benefits and administration of the State's food assistance program, the amount determined under paragraph (2).

''(2) STATE MANDATORY CONTRIBUTIONS.—

''(A) IN GENERAL.—In the case of a State that elects to participate in the program under paragraph (1)(C), the State shall agree to contribute, for a fiscal year, an amount equal to—

''(i) the benefits issued in the State; multiplied by

''(ii) the payment error rate of the State; minus

''(B)(i) the benefits issued in the State; multiplied by

''(ii) 6 percent.

''(B) DETERMINATION.—Notwithstanding sections 13 and 14, the calculation of the contribution shall be based solely on the determination of the Secretary of the payment error rate.

''(C) DATA.—For purposes of implementing subparagraph (A) for a fiscal year, the Secretary shall use the data for the most recent fiscal year available.

''(3) ELECTION LIMITATION.—

''(A) RE-ENTERING FOOD STAMP PROGRAM.—A State that elects to participate in the program under paragraph (1) may in a subsequent year decline to elect to participate in the program and instead participate in the food stamp program in accordance with the other sections of this Act.

''(B) LIMITATION.—Subsequent to re-entering the food stamp program under subparagraph (A), the State shall only be eligible to participate in the food stamp program in accordance with the other sections of this Act and shall not be eligible to elect to participate in the program established under subsection (b).

''(4) PROGRAM EXCLUSIVE.—

''(A) IN GENERAL.—A State that is participating in the program established under subsection (b) shall not be subject to, or receive any benefit under, this Act except as provided in this section.

''(B) CONTRACT WITH FEDERAL GOVERNMENT.—Nothing in this section shall prohibit a State from contracting with the Federal Government for the provision of services or materials necessary to carry out a program under this section.

''(d) LEAD AGENCY.—A State desiring to receive a grant under this section shall designate, in an application submitted to the Secretary under subsection (e)(1), an appropriate State agency responsible for the administration of the program under this section as the lead agency.

''(e) APPLICATION AND PLAN.—

''(1) APPLICATION.—To be eligible to receive assistance under this section, a State shall prepare and submit to the Secretary an application at such time, in such manner, and containing such information as the Secretary shall by regulation require, including—

''(A) an assurance that the State will comply with the requirements of this section;

''(B) a State plan that meets the requirements of paragraph (3); and

''(C) an assurance that the State will comply with the requirements of the State plan under paragraph (3).

''(2) ANNUAL PLAN.—The State plan contained in the application under paragraph (1) shall be submitted for approval annually.

''(3) REQUIREMENTS OF PLAN.—

''(A) LEAD AGENCY.—The State plan shall identify the lead agency.

''(B) USE OF BLOCK GRANT FUNDS.—The State plan shall provide that the State shall use the amounts provided to the State for each fiscal year under this section—

''(i) to provide food assistance to needy individuals and families residing in the State, other than residents of institutions who are ineligible for food stamps under section 3(i); and

''(ii) to pay administrative costs incurred in providing the assistance.

''(C) GROUPS SERVED.—The State plan shall describe how and to what extent the program will serve specific groups of individuals and families and how the treatment will differ from treatment under the food stamp program under the other sections of this Act of the individuals and families, including—

''(i) elderly individuals and families;

''(ii) migrants or seasonal farmworkers;

''(iii) homeless individuals and families;

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

''(v) individuals and families with earnings; and

''(vi) members of Indian tribes or tribal organizations.

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

''(E) NOTICE AND HEARINGS.—The State plan shall provide that an individual or family who applies for, or receives, assistance under this section shall be provided with notice of, and an opportunity for a hearing on, any action under this section that adversely affects the individual or family.

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

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

''(H) DISQUALIFICATION OF FLEEING FELONS.—The State plan shall provide for the disqualification of any individual who would be disqualified from participating in the food stamp program under section 6(k).

''(I) RECEIVING BENEFITS IN MORE THAN 1 JURISDICTION.—The State plan shall establish a system for the exchange of information with other States to verify the identity and receipt of benefits by recipients.

''(J) PRIVACY.—The State plan shall provide for safeguarding and restricting the use and disclosure of information about any individual or family receiving assistance under this section.

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

''(4) APPROVAL OF APPLICATION AND PLAN.—The Secretary shall approve an application and State plan that satisfies the requirements of this section.

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

''(1) entitles any individual or family to assistance under this section; or

''(2) limits the right of a State to impose additional limitations or conditions on assistance under this section.

''(g) BENEFITS FOR ALIENS.—

''(1) ELIGIBILITY.—No individual who is an alien shall be eligible to receive benefits under a State plan approved under subsection (e)(4) if the individual is not eligible to participate in the food stamp program due to the alien status of the individual.

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

''(h) EMPLOYMENT AND TRAINING.—

''(1) WORK REQUIREMENTS.—No individual or household shall be eligible to receive benefits under a State plan funded under this section if the individual or household is not eligible to participate in the food stamp program under subsection (d) or (o) of section 6.

''(2) WORK PROGRAMS.—Each State shall implement an employment and training program in accordance with the terms and conditions of section 6(d)(4) for individuals under the program and shall be eligible to receive funding under section 16(h).

''(i) ENFORCEMENT.—

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

''(2) NONCOMPLIANCE.—

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

''(i) there has been a failure by the State to comply substantially with any provision or requirement set forth in the State plan approved under subsection (e)(4); or

''(ii) in the operation of any program or activity for which assistance is provided under this section, there is a failure by the State to comply substantially with any provision of this section;

the Secretary shall notify the State of the finding and that no further grants will be made to the State under this section (or, in the case of noncompliance in the operation of a program or activity, that no further grants to the State will be made with respect to the program or activity) until the Secretary is satisfied that there is no longer any failure to comply or that the noncompliance will be promptly corrected.

''(B) OTHER PENALTIES.—In the case of a finding of noncompliance made pursuant to subparagraph (A), the Secretary may, in addition to, or in lieu of, imposing the penalties described in subparagraph (A), impose other appropriate penalties, including recoupment of money improperly expended for purposes prohibited or not authorized by this section and disqualification from the receipt of financial assistance under this section.

''(C) NOTICE.—The notice required under subparagraph (A) shall include a specific identification of any additional penalty being imposed under subparagraph (B).

''(3) ISSUANCE OF REGULATIONS.—The Secretary shall establish by regulation procedures for—

''(A) receiving, processing, and determining the validity of complaints made to the Secretary concerning any failure of a State to comply with the State plan or any requirement of this section; and

''(B) imposing penalties under this section.

''(j) GRANT.—

''(1) IN GENERAL.—For each fiscal year, the Secretary shall pay to a State that has an application approved by the Secretary under subsection (e)(4) an amount that is equal to the grant of the State under subsection (m) for the fiscal year.

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

''(3) SPENDING OF GRANTS BY STATE.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), a grant to a State determined under subsection (m)(1) for a fiscal year may be expended by the State only in the fiscal year.

''(B) CARRYOVER.—The State may reserve up to 10 percent of a grant determined under subsection (m)(1) for a fiscal year to provide assistance under this section in subsequent fiscal years, except that the reserved funds may not exceed 30 percent of the total grant received under this section for a fiscal year.

''(4) FOOD ASSISTANCE AND ADMINISTRATIVE EXPENDITURES.—In each fiscal year, not more than 6 percent of the Federal and State funds required to be expended by a State under

this section shall be used for administrative expenses.

''(5) PROVISION OF FOOD ASSISTANCE.—A State may provide food assistance under this section in any manner determined appropriate by the State, such as electronic benefit transfer limited to food purchases, coupons limited to food purchases, or direct provision of commodities.

''(k) QUALITY CONTROL.—Each State participating in the program established under this section shall maintain a system in accordance with, and shall be subject to section 16(c), including sanctions and eligibility for incentive payment under section 16(c), adjusted for State specific characteristics under regulations issued by the Secretary.

''(l) NONDISCRIMINATION.—

''(1) IN GENERAL.—The Secretary shall not provide financial assistance for any program, project, or activity under this section if any person with responsibilities for the operation of the program, project, or activity discriminates with respect to the program, project, or activity because of race, religion, color, national origin, sex, or disability.

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

''(m) GRANT CALCULATION.—

''(1) STATE GRANT.—

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

''(i) the greater of, as determined by the Secretary—

''(I) the total dollar value of all benefits issued under the food stamp program established under this Act by the State during fiscal year 1994; or

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

''(ii) the greater of, as determined by the Secretary—

''(I) the total amount received by the State for administrative costs under section 16(a) (not including any adjustment under section 16(c)) for fiscal year 1994; or

''(II) the average per fiscal year of the total amount received by the State for administrative costs under section 16(a) (not including any adjustment under section 16(c)) for each of fiscal years 1992 through 1994.

''(B) INSUFFICIENT FUNDS.—If the Secretary finds that the total amount of grants to which States would otherwise be entitled for a fiscal year under subparagraph (A) will exceed the amount of funds that will be made available to provide the grants for the fiscal year, the Secretary shall reduce the grants made to States under this subsection, on a pro rata basis, to the extent necessary.

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

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

''(6) BLOCK GRANT STATES.—Each State electing to operate a program under section 27 shall—

''(A) receive the greater of—

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

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

''(B) be eligible to receive funds under paragraph (2), within the limitations in section 6(d)(4)(K).''.

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

''(l) RESEARCH ON OPTIONAL STATE FOOD ASSISTANCE BLOCK GRANT.—The Secretary may conduct research on the effects and costs of a State program carried out under section 27.''.

SEC. 1064. A STUDY OF THE USE OF FOOD STAMPS TO PURCHASE VITAMINS AND MINERALS.

The Secretary of Agriculture shall, in consultation with the National Academy of Sciences and the Center for Disease Control and Prevention, conduct a study of the use of food stamps to purchase vitamins and minerals. The study shall include an analysis of scientific findings on the efficacy of and need for vitamins and minerals, including the adequacy of vitamin and mineral intake in low income populations, as shown by existing research and surveys, and the potential value of nutritional supplements in filling nutrient gaps that may exist in the population as a whole or in vulnerable subgroups in the U.S. population; the impact of nutritional improvements (including vitamin or mineral supplementation) on health status and health care costs for women of childbearing age, pregnant or lactating women, and the elderly; the cost of vitamin and mineral supplements commercially available; the purchasing habits of low income populations with regard to vitamins and minerals; the impact on the food purchases of low income households; and the economic impact on agricultural commodities. The Secretary shall report the results of the study to the Committee on Agriculture of the U.S. House of Representatives not later than December 15, 1996.''.

SEC. 1065. INVESTIGATIONS.

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

''Regulations issued pursuant to this Act shall provide criteria for the finding of violations and the suspension or disqualification of a retail food store or wholesale food concern on the basis of evidence which may include, but is not limited to, facts established through on-site investigations, inconsistent redemption data or evidence obtained through transaction reports under electronic benefit transfer systems.''.

SEC. 1066. FOOD STAMP ELIGIBILITY.

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

''The State agency shall, at its option, consider either all income and financial resources of the individual rendered ineligible to participate in the food stamp program under this subsection, or such income, less a pro rata share, and the financial resources of the ineligible individual, to determine the eligibility and the value of the allotment of the household of which such individual is a member.''.

SEC. 1067. REPORT BY THE SECRETARY.

The Secretary of Agriculture may report to the Committee on Agriculture of the House of Representatives, not later than January 1, 2000, on the effect of the food stamp reforms in the Welfare and Medicaid Reform Act of 1996 and the ability of State and local governments to deal with people in poverty. The report must answer the question: ''Did people become more personally responsible and were work opportunities provided such that poverty in America is better managed?''.

SEC. 1068. DEFICIT REDUCTION.

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

Subtitle B—Commodity Distribution Programs

SEC. 1071. EMERGENCY FOOD ASSISTANCE PROGRAM.

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

''SEC. 201A. DEFINITIONS.

''In this Act:

''(1) ADDITIONAL COMMODITIES.—The term 'additional commodities' means commodities made available under section 214 in addition to the commodities made available under sections 202 and 203D.

''(2) AVERAGE MONTHLY NUMBER OF UNEMPLOYED PERSONS.—The term 'average monthly number of unemployed persons' means the average monthly number of unemployed persons in each State in the most recent fiscal year for which information concerning the number of unemployed persons is available, as determined by the Bureau of Labor Statistics of the Department of Labor.

''(3) ELIGIBLE RECIPIENT AGENCY.—The term 'eligible recipient agency' means a public or nonprofit organization—

''(A) that administers—

''(i) an emergency feeding organization;

''(ii) a charitable institution (including a hospital and a retirement home, but excluding a penal institution) to the extent that the institution serves needy persons;

''(iii) a summer camp for children, or a child nutrition program providing food service;

''(iv) a nutrition project operating under the Older Americans Act of 1965 (42 U.S.C. 3001 et seq.), including a project that operates a congregate nutrition site and a project that provides home-delivered meals; or

''(v) a disaster relief program;

''(B) that has been designated by the appropriate State agency, or by the Secretary; and

''(C) that has been approved by the Secretary for participation in the program established under this Act.

''(4) EMERGENCY FEEDING ORGANIZATION.—The term 'emergency feeding organization' means a public or nonprofit organization that administers activities and projects (including the activities and projects of a charitable institution, a food bank, a food pantry, a hunger relief center, a soup kitchen, or a similar public or private nonprofit eligible recipient agency) providing nutrition assistance to relieve situations of emergency and distress through the provision of food to needy persons, including low-income and unemployed persons.

''(5) FOOD BANK.—The term 'food bank' means a public or charitable institution that maintains an established operation involving the provision of food or edible commodities, or the products of food or edible commodities, to food pantries, soup kitchens, hunger relief centers, or other food or feeding centers that, as an integral part of their normal activities, provide meals or food to feed needy persons on a regular basis.

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

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

''(8) SOUP KITCHEN.—The term 'soup kitchen' means a public or charitable institution that, as an integral part of the normal activities of the institution, maintains an established feeding operation to provide food to needy homeless persons on a regular basis.

''(9) TOTAL VALUE OF ADDITIONAL COMMODITIES.—The term 'total value of additional commodities' means the actual cost of all additional commodities made available under section 214 that are paid by the Secretary (including the distribution and processing costs incurred by the Secretary).

''(10) VALUE OF ADDITIONAL COMMODITIES ALLOCATED TO EACH STATE.—The term 'value of additional commodities allocated to each State' means the actual cost of additional commodities made available under section 214 and allocated to each State that are paid by the Secretary (including the distribution and processing costs incurred by the Secretary).''.

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

''SEC. 202A. STATE PLAN.

''(a) IN GENERAL.—To receive commodities under this Act, a State shall submit a plan of operation and administration every 4 years to the Secretary for approval. The plan may be amended at any time, with the approval of the Secretary.

''(b) REQUIREMENTS.—Each plan shall—

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

''(2) set forth a plan of operation and administration to expeditiously distribute commodities under this Act;

''(3) set forth the standards of eligibility for recipient agencies; and

''(4) set forth the standards of eligibility for individual or household recipients of commodities, which shall require—

''(A) individuals or households to be comprised of needy persons; and

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

''(c) STATE ADVISORY BOARD.—The Secretary shall encourage each State receiving commodities under this Act to establish a State advisory board consisting of representatives of all interested entities, both public and private, in the distribution of commodities received under this Act in the State.''.

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

(1) in the first sentence by striking ''for State and local'' and all that follows through ''under this title'' and inserting ''to pay for the direct and indirect administrative costs of the State related to the processing, transporting, and distributing to eligible recipient agencies of commodities provided by the Secretary under this Act and commodities secured from other sources''; and

(2) by striking the fourth sentence.

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

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

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

(3) in subsection (b), as redesignated by paragraph (2)—

(A) in the first sentence, by striking ''subsection (f) or subsection (j) if applicable,'' and inserting ''subsection (a)''; and

(B) in the second sentence, by striking ''subsection (f)'' and inserting ''subsection (a)'';

(4) by striking subsection (c), as redesignated by paragraph (2), and inserting the following:

''(c) ADMINISTRATION.—

''(1) IN GENERAL.—Commodities made available for each fiscal year under this section shall be delivered at reasonable intervals to States based on the grants calculated under subsection (a), or reallocated under subsection (b), before December 31 of the following fiscal year.

''(2) ENTITLEMENT.—Each State shall be entitled to receive the value of additional commodities determined under subsection (a).''; and

(5) in subsection (d), as redesignated by paragraph (2), by striking ''or reduce'' and all that follows through ''each fiscal year''.

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

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

(2) in section 204(a), by striking ''title'' each place it appears and inserting ''Act'';

(3) in the first sentence of section 210(e), by striking ''(except as otherwise provided for in section 214(j))''; and

(4) by striking section 212.

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

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

''SEC. 28. AVAILABILITY OF COMMODITIES FOR THE EMERGENCY FOOD ASSISTANCE PROGRAM.

''(a) PURCHASE OF COMMODITIES.—From amounts appropriated under this Act, for each of fiscal years 1997 through 2002, the Secretary shall purchase $300,000,000 of a variety of nutritious and useful commodities of the types that the Secretary has the authority to acquire through the Commodity Credit Corporation or under section 32 of the Act entitled 'An Act to amend the Agricultural Adjustment Act, and for other purposes', approved August 24, 1935 (7 U.S.C. 612c), and distribute the commodities to States for distribution in accordance with section 214 of the Emergency Food Assistance Act of 1983 (Public Law 98–8; 7 U.S.C. 612c note).

''(b) BASIS FOR COMMODITY PURCHASES.—In purchasing commodities under subsection (a), the Secretary shall, to the extent practicable and appropriate, make purchases based on—

''(1) agricultural market conditions;

''(2) preferences and needs of States and distributing agencies; and

''(3) preferences of recipients.''.

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

SEC. 1072. FOOD BANK DEMONSTRATION PROJECT.

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

SEC. 1073. HUNGER PREVENTION PROGRAMS.

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

(1) by striking section 110;

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

(3) by striking section 502.

SEC. 1074. REPORT ON ENTITLEMENT COMMODITY PROCESSING.

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

Subtitle C—Electronic Benefit Transfer Systems

SEC. 1091. PROVISIONS TO ENCOURAGE ELECTRONIC BENEFIT TRANSFER SYSTEMS.

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

(1) by striking ''(d) In the event'' and inserting ''(d) APPLICABILITY TO SERVICE PROVIDERS OTHER THAN CERTAIN FINANCIAL INSTITUTIONS.—

''(1) IN GENERAL.—In the event''; and

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

''(2) STATE AND LOCAL GOVERNMENT ELECTRONIC BENEFIT TRANSFER PROGRAMS.—

''(A) EXEMPTION GENERALLY.—The disclosures, protections, responsibilities, and remedies established under this title, and any regulation prescribed or order issued by the Board in accordance with this title, shall not apply to any electronic benefit transfer program established under State or local law or administered by a State or local government.

''(B) EXCEPTION FOR DIRECT DEPOSIT INTO RECIPIENT'S ACCOUNT.—Subparagraph (A) shall not apply with respect to any electronic funds transfer under an electronic benefit transfer program for deposits directly into a consumer account held by the recipient of the benefit.

''(C) RULE OF CONSTRUCTION.—No provision of this paragraph may be construed as—

''(i) affecting or altering the protections otherwise applicable with respect to benefits established by Federal, State, or local law; or

''(ii) otherwise superseding the application of any State or local law.

''(D) ELECTRONIC BENEFIT TRANSFER PROGRAM DEFINED.—For purposes of this paragraph, the term 'electronic benefit transfer program'—

''(i) means a program under which a government agency distributes needs-tested benefits by establishing accounts to be accessed by recipients electronically, such as through automated teller machines, or point-of-sale terminals; and

''(ii) does not include employment-related payments, including salaries and pension, retirement, or unemployment benefits established by Federal, State, or local governments.''.

TITLE II—COMMITTEE ON COMMERCE

SEC. 2000. TABLE OF CONTENTS.

The table of contents of this title is as follows:

Sec. 2000. Table of contents.
Subtitle A—Involvement of Commerce Committee in Federal Government Position Reductions
Sec. 2001. Involvement of Commerce Committee in Federal government position reductions.
Subtitle B—Restricting Public Benefits for Aliens
CHAPTER 1—ELIGIBILITY FOR FEDERAL BENEFITS
Sec. 2101. Aliens who are not qualified aliens ineligible for Federal public benefits.
Sec. 2102. Five-year limited eligibility of qualified aliens for Federal means-tested public benefit.
Sec. 2103. Notification.
CHAPTER 2—GENERAL PROVISIONS
Sec. 2111. Definitions.
Sec. 2112. Verification of eligibility for Federal public benefits.
Subtitle C—Energy Assistance
Sec. 2201. Energy assistance.
Subtitle D—Abstinence Education
Sec. 2301. Abstinence education.

Subtitle A—Involvement of Commerce Committee in Federal Government Position Reductions

SEC. 2001. INVOLVEMENT OF COMMERCE COMMITTEE IN FEDERAL GOVERNMENT POSITION REDUCTIONS.

In any provision of law that provides for consultation with (or a report to) a relevant committee of Congress respecting reductions in Federal Government positions, a reference to the Committee on Commerce of the House of Representatives shall be deemed to have been made in relation to matters within the jurisdiction of such Committee.

Subtitle B—Restricting Public Benefits for Aliens

CHAPTER 1—ELIGIBILITY FOR FEDERAL BENEFITS

SEC. 2101. ALIENS WHO ARE NOT QUALIFIED ALIENS INELIGIBLE FOR FEDERAL PUBLIC BENEFITS.

(a) IN GENERAL.—Notwithstanding any other provision of law and except as provided in subsection (b), an alien who is not a qualified alien (as defined in section 2111) is not eligible for any Federal public benefit (as defined in subsection (c)).

(b) EXCEPTIONS.—Subsection (a) shall not apply with respect to the following Federal public benefits:

(1) Emergency medical services under title XIX of the Social Security Act.

(2)(A) Public health assistance for immunizations.

(B) Public health assistance for testing and treatment of a serious communicable disease if the Secretary of Health and Human Services determines that it is necessary to prevent the spread of such disease.

(c) FEDERAL PUBLIC BENEFIT DEFINED.—

(1) Except as provided in paragraph (2), for purposes of this part, the term ''Federal public benefit'' means—

(A) any grant, contract, loan, professional license, or commercial license provided by an agency of the United States or by appropriated funds of the United States; and

(B) any retirement, welfare, health, disability, or any other similar benefit for which payments or assistance are provided to an individual, household, or family eligibility unit by an agency of the United States or by appropriated funds of the United States,

but only if such grant, contract, loan, or license under subparagraph (A) or program providing benefits under subparagraph (B) is under the jurisdiction of the Committee on Commerce of the House of Representatives.

(2) Such term shall not apply—

(A) to any contract, professional license, or commercial license for a nonimmigrant whose visa for entry is related to such employment in the United States; or

(B) with respect to benefits for an alien who as a work authorized nonimmigrant or as an alien lawfully admitted for permanent residence under the Immigration and Nationality Act qualified for such benefits and for whom the United States under reciprocal treaty agreements is required to pay benefits, as determined by the Attorney General, after consultation with the Secretary of State.

SEC. 2102. FIVE-YEAR LIMITED ELIGIBILITY OF QUALIFIED ALIENS FOR FEDERAL MEANS-TESTED PUBLIC BENEFIT.

(a) IN GENERAL.—Notwithstanding any other provision of law and except as provided in subsection (b), an alien who is a qualified alien (as defined in section 2111) and who enters the United States on or after the date of the enactment of this Act is not eligible for any Federal means-tested public benefit (as defined in subsection (c)) for a period of five years beginning on the date of the alien's entry into the United States with a status within the meaning of the term ''qualified alien''.

(b) EXCEPTIONS.—The limitation under subsection (a) shall not apply to the following aliens:

(1) EXCEPTION FOR REFUGEES AND ASYLEES.—

(A) An alien who is admitted to the United States as a refugee under section 207 of the Immigration and Nationality Act.

(B) An alien who is granted asylum under section 208 of such Act.

(C) An alien whose deportation is being withheld under section 243(h) of such Act.

(2) VETERAN AND ACTIVE DUTY EXCEPTION.—An alien who is lawfully residing in any State and is—

(A) a veteran (as defined in section 101 of title 38, United States Code) with a discharge characterized as an honorable discharge and not on account of alienage,

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

(C) the spouse or unmarried dependent child of an individual described in subparagraph (A) or (B).

(c) FEDERAL MEANS-TESTED PUBLIC BENEFIT DEFINED.—

(1) Except as provided in paragraph (2), for purposes of this part, the term ''Federal means-tested public benefit'' means a Federal public benefit described in section 2101(c) in which the eligibility of an individual, household, or family eligibility unit for benefits, or the amount of such benefits, or both are determined on the basis of income, resources, or financial need of the individual, household, or unit.

(2) Such term does not include the following:

(A) Emergency medical services under title XIX of the Social Security Act.

(B)(i) Public health assistance for immunizations.

(ii) Public health assistance for testing and treatment of a serious communicable disease if the Secretary of Health and Human Services determines that it is necessary to prevent the spread of such disease.

SEC. 2103. NOTIFICATION.

Each Federal agency that administers a program to which section 2101 or 2102 applies shall, directly or through the States, post information and provide general notification to the public and to program recipients of the changes regarding eligibility for any such program pursuant to this subpart.

CHAPTER 2—GENERAL PROVISIONS

SEC. 2111. DEFINITIONS.

(a) IN GENERAL.—Except as otherwise provided in this part, the terms used in this part have the same meaning given such terms in section 101(a) of the Immigration and Nationality Act.

(b) QUALIFIED ALIEN.—For purposes of this part, the term ''qualified alien'' means an alien who, at the time the alien applies for, receives, or attempts to receive a Federal public benefit, is—

(1) an alien who is lawfully admitted for permanent residence under the Immigration and Nationality Act,

(2) an alien who is granted asylum under section 208 of such Act,

(3) a refugee who is admitted to the United States under section 207 of such Act,

(4) an alien who is paroled into the United States under section 212(d)(5) of such Act for a period of at least 1 year,

(5) an alien whose deportation is being withheld under section 243(h) of such Act, or

(6) an alien who is granted conditional entry pursuant to section 203(a)(7) of such Act as in effect prior to April 1, 1980.

SEC. 2112. VERIFICATION OF ELIGIBILITY FOR FEDERAL PUBLIC BENEFITS.

(a) IN GENERAL.—Not later than 18 months after the date of the enactment of this Act, the Attorney General of the United States, after consultation with the Secretary of Health and Human Services, shall promulgate regulations requiring verification that a person applying for a Federal public benefit (as defined in section 2101(c)), to which the limitation under section 2101 applies, is a qualified alien and is eligible to receive such benefit. Such regulations shall, to the extent feasible, require that information requested and exchanged be similar in form and manner to information requested and exchanged under section 1137 of the Social Security Act.

(b) STATE COMPLIANCE.—Not later than 24 months after the date the regulations described in subsection (a) are adopted, a State that administers a program that provides a Federal public benefit shall have in effect a verification system that complies with the regulations.

(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out the purpose of this section.

Subtitle C—Energy Assistance

SEC. 2201. ENERGY ASSISTANCE.

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

(1) by striking ''(f)(1) Notwithstanding'' and inserting ''(f) Notwithstanding''; and

(2) by striking paragraph (2).

Subtitle D—Abstinence Education

SEC. 2301. ABSTINENCE EDUCATION.

(a) INCREASES IN FUNDING.—Section 501(a) of the Social Security Act (42 U.S.C. 701(a)) is amended in the matter preceding paragraph (1) by striking ''Fiscal year 1990 and each fiscal year thereafter'' and inserting ''Fiscal years 1990 through 1995 and $761,000,000 for fiscal year 1996 and each fiscal year thereafter''.

(b) ABSTINENCE EDUCATION.—Section 501(a)(1) of such Act (42 U.S.C. 701(a)(1)) is amended—

(1) in subparagraph (C), by striking ''and'' at the end;

(2) in subparagraph (D), by adding ''and'' at the end; and

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

''(E) to provide abstinence education, and at the option of the State, where appropriate, mentoring, counseling, and adult supervision to promote abstinence from sexual activity, with a focus on those groups which are most likely to bear children out-of-wedlock.''.

(c) ABSTINENCE EDUCATION DEFINED.—Section 501(b) of such Act (42 U.S.C. 701(b)) is amended by adding at the end the following new paragraph:

''(5) ABSTINENCE EDUCATION.—For purposes of this subsection, the term 'abstinence education' means an educational or motivational program which—

''(A) has as its exclusive purpose, teaching the social, psychological, and health gains to be realized by abstaining from sexual activity;

''(B) teaches abstinence from sexual activity outside marriage as the expected standard for all school age children;

''(C) teaches that abstinence from sexual activity is the only certain way to avoid out-of-wedlock pregnancy, sexually transmitted diseases, and other associated health problems;

''(D) teaches that a mutually faithful monogamous relationship in context of marriage is the expected standard of human sexual activity;

''(E) teaches that sexual activity outside of the context of marriage is likely to have harmful psychological and physical effects;

''(F) teaches that bearing children out-of-wedlock is likely to have harmful consequences for the child, the child's parents, and society;

''(G) teaches young people how to reject sexual advances and how alcohol and drug use increases vulnerability to sexual advances; and

''(H) teaches the importance of attaining self-sufficiency before engaging in sexual activity.''.

(d) SET-ASIDE.—

(1) IN GENERAL.—Section 502(c) of such Act (42 U.S.C. 702(c)) is amended in the matter preceding paragraph (1) by striking ''From'' and inserting ''Except as provided in subsection (e), from''.

(2) SET-ASIDE.—Section 502 of such Act (42 U.S.C. 702) is amended by adding at the end the following new subsection:

''(e) Of the amounts appropriated under section 501(a) for any fiscal year, the Secretary shall set aside $75,000,000 for abstinence education in accordance with section 501(a)(1)(E).''.

TITLE III—COMMITTEE ON ECONOMIC AND EDUCATIONAL OPPORTUNITIES

SEC. 3001. SHORT TITLE.

This title may be cited as the ''Personal Responsibility and Work Opportunity Act of 1996''.

SEC. 3002. TABLE OF CONTENTS.

The table of contents of this title is as follows:

Sec. 3001. Short title.
Sec. 3002. Table of contents.

Subtitle A—Child Care

Sec. 3101. Short title and references.
Sec. 3102. Goals.
Sec. 3103. Authorization of appropriations and entitlement authority.
Sec. 3104. Lead agency.
Sec. 3105. Application and plan.
Sec. 3106. Limitation on State allotments.
Sec. 3107. Activities to improve the quality of child care.
Sec. 3108. Repeal of early childhood development and before- and after-school care requirement.
Sec. 3109. Administration and enforcement.
Sec. 3110. Payments.
Sec. 3111. Annual report and audits.
Sec. 3112. Report by the Secretary.
Sec. 3113. Allotments.
Sec. 3114. Definitions.
Sec. 3115. Repeals.
Sec. 3116. Effective date.

Subtitle B—Child Nutrition Programs

CHAPTER 1—NATIONAL SCHOOL LUNCH ACT

Sec. 3201. State disbursement to schools.
Sec. 3202. Nutritional and other program requirements.
Sec. 3203. Free and reduced price policy statement.
Sec. 3204. Special assistance.
Sec. 3205. Miscellaneous provisions and definitions.
Sec. 3206. Summer food service program for children.
Sec. 3207. Commodity distribution.
Sec. 3208. Child care food program.
Sec. 3209. Pilot projects.
Sec. 3210. Reduction of paperwork.
Sec. 3211. Information on income eligibility.
Sec. 3212. Nutrition guidance for child nutrition programs.
Sec. 3213. Information clearinghouse.

CHAPTER 2—CHILD NUTRITION ACT OF 1966

Sec. 3221. Special milk program.
Sec. 3222. Free and reduced price policy statement.
Sec. 3223. School breakfast program authorization.
Sec. 3224. State administrative expenses.
Sec. 3225. Regulations.
Sec. 3226. Prohibitions.
Sec. 3227. Miscellaneous provisions and definitions.
Sec. 3228. Accounts and records.
Sec. 3229. Special supplemental nutrition program for women, infants, and children.
Sec. 3230. Cash grants for nutrition education.
Sec. 3231. Nutrition education and training.

CHAPTER 3—MISCELLANEOUS PROVISIONS

Sec. 3241. Coordination of school lunch, school breakfast, and summer food service programs.

Subtitle C—Related Provisions

Sec. 3301. Requirement that data relating to the incidence of poverty in the United States be published at least every 2 years.
Sec. 3302. Sense of the Congress.
Sec. 3303. Legislative accountability.

Subtitle A—Child Care

SEC. 3101. SHORT TITLE AND REFERENCES.

(a) SHORT TITLE.—This subtitle may be cited as the ''Child Care and Development Block Grant Amendments of 1996''.

(b) REFERENCES.—Except as otherwise expressly provided, whenever in this subtitle an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858 et seq.).

SEC. 3102. GOALS.

Section 658A (42 U.S.C. 9801 note) is amended—

(1) in the section heading by inserting ''AND GOALS'' after ''TITLE'';

(2) by inserting ''(a) SHORT TITLE.—'' before ''This''; and

(3) by adding at the end the following:

''(b) GOALS.—The goals of this subchapter are—

''(1) to allow each State maximum flexibility in developing child care programs and policies that best suit the needs of children and parents within such State;

''(2) to promote parental choice to empower working parents to make their own decisions on the child care that best suits their family's needs;

''(3) to encourage States to provide consumer education information to help parents make informed choices about child care;

''(4) to assist States to provide child care to parents trying to achieve independence from public assistance; and

''(5) to assist States in implementing the health, safety, licensing, and registration standards established in State regulations.''.

SEC. 3103. AUTHORIZATION OF APPROPRIATIONS AND ENTITLEMENT AUTHORITY.

(a) IN GENERAL.—Section 658B (42 U.S.C. 9858) is amended to read as follows:

''SEC. 658B. AUTHORIZATION OF APPROPRIATIONS.

''There is authorized to be appropriated to carry out this subchapter $1,000,000,000 for each of the fiscal years 1996 through 2002.''.

(b) SOCIAL SECURITY ACT.—Part A of title IV of the Social Security Act (42 U.S.C. 601–617) is amended by adding at the end the following new section:

''SEC. 418. FUNDING FOR CHILD CARE.

''(a) GENERAL CHILD CARE ENTITLEMENT.—

''(1) GENERAL ENTITLEMENT.—Subject to the amount appropriated under paragraph (3), each State shall, for the purpose of providing child care assistance, be entitled to payments under a grant under this subsection for a fiscal year in an amount equal to—

''(A) the sum of the total amount required to be paid to the State under section 403 for fiscal year 1994 or 1995 (whichever is greater) with respect to amounts expended for child care under section—

''(i) 402(g) of this Act (as such section was in effect before October 1, 1995); and

''(ii) 402(i) of this Act (as so in effect); or

''(B) the average of the total amounts required to be paid to the State for fiscal years 1992 through 1994 under the sections referred to in subparagraph (A);

whichever is greater.

''(2) REMAINDER.—

''(A) GRANTS.—The Secretary shall use any amounts appropriated for a fiscal year under paragraph (3), and remaining after the reservation described in paragraph (4) and after grants are awarded under paragraph (1), to make grants to States under this paragraph.

''(B) AMOUNT.—Subject to subparagraph (C), the amount of a grant awarded to a State for a fiscal year under this paragraph shall be based on the formula used for determining the amount of Federal payments to the State under section 403(n) (as such section was in effect before October 1, 1995).

''(C) MATCHING REQUIREMENT.—The Secretary shall pay to each eligible State in a fiscal year an amount, under a grant under subparagraph (A), equal to the Federal medical assistance percentage for such State for fiscal year 1995 (as defined in section 1905(b)) of so much of the expenditures by the State for child care in such year as exceed the State set-aside for such State under paragraph (1)(A) for such year and the amount of State expenditures in fiscal year 1994 or 1995 (whichever is greater) that equal the non-Federal share for the programs described in subparagraph (A) of paragraph (1).

''(D) REDISTRIBUTION.—

''(i) IN GENERAL.—With respect to any fiscal year, if the Secretary determines (in accordance with clause (ii)) that amounts under any grant awarded to a State under this paragraph for such fiscal year will not be used by such State during such fiscal year for carrying out the purpose for which the grant is made, the Secretary shall make such amounts available in the subsequent fiscal year for carrying out such purpose to 1 or more States which apply for such funds to the extent the Secretary determines that such States will be able to use such additional amounts for carrying out such purpose. Such available amounts shall be redistributed to a State pursuant to section 402(i) (as such section was in effect before October 1, 1995) by substituting 'the number of children residing in all States applying for such funds' for 'the number of children residing in the United States in the second preceding fiscal year'.

''(ii) TIME OF DETERMINATION AND DISTRIBUTION.—The determination of the Secretary under clause (i) for a fiscal year shall be made not later than the end of the first quarter of the subsequent fiscal year. The redistribution of amounts under clause (i) shall be made as close as practicable to the date on which such determination is made. Any amount made available to a State from an appropriation for a fiscal year in accordance with this subparagraph shall, for purposes of this part, be regarded as part of such State's payment (as determined under this subsection) for the fiscal year in which the redistribution is made.

''(3) APPROPRIATION.—For grants under this section, there are appropriated—

''(A) $1,967,000,000 for fiscal year 1997;

''(B) $2,067,000,000 for fiscal year 1998;

''(C) $2,167,000,000 for fiscal year 1999;

''(D) $2,367,000,000 for fiscal year 2000;

''(E) $2,567,000,000 for fiscal year 2001; and

''(F) $2,717,000,000 for fiscal year 2002.

''(4) INDIAN TRIBES.—The Secretary shall reserve not more than 1 percent of the aggregate amount appropriated to carry out this section in each fiscal year for payments to Indian tribes and tribal organizations.

''(b) USE OF FUNDS.—

''(1) IN GENERAL.—Amounts received by a State under this section shall only be used to provide child care assistance. Amounts received by a State under a grant under subsection (a)(1) shall be available for use by the State without fiscal year limitation.

''(2) USE FOR CERTAIN POPULATIONS.—A State shall ensure that not less than 70 percent of the total amount of funds received by the State in a fiscal year under this section are used to provide child care assistance to families who are receiving assistance under a State program under this part, families who are attempting through work activities to transition off of such assistance program, and families who are at risk of becoming dependent on such assistance program.

''(c) APPLICATION OF CHILD CARE AND DEVELOPMENT BLOCK GRANT ACT of 1990.—Notwithstanding any other provision of law, amounts provided to a State under this section shall be transferred to the lead agency under the Child Care and Development Block Grant Act of 1990, integrated by the State into the programs established by the State under such Act, and be subject to requirements and limitations of such Act.

''(d) DEFINITION.—As used in this section, the term 'State' means each of the 50 States or the District of Columbia.''.

SEC. 3104. LEAD AGENCY.

Section 658D(b) (42 U.S.C. 9858b(b)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (A), by striking ''State'' the first place that such appears and inserting ''governmental or nongovernmental''; and

(B) in subparagraph (C), by inserting ''with sufficient time and Statewide distribution of the notice of such hearing,'' after ''hearing in the State''; and

(2) in paragraph (2), by striking the second sentence.

SEC. 3105. APPLICATION AND PLAN.

Section 658E (42 U.S.C. 9858c) is amended—

(1) in subsection (b)—

(A) by striking ''implemented—'' and all that follows through ''(2)'' and inserting ''implemented''; and

(B) by striking ''for subsequent State plans'';

(2) in subsection (c)—

(A) in paragraph (2)—

(i) in subparagraph (A)—

(I) in clause (i) by striking '', other than through assistance provided under paragraph (3)(C),''; and

(II) by striking ''except'' and all that follows through ''1992'', and inserting ''and provide a detailed description of the procedures the State will implement to carry out the requirements of this subparagraph'';

(ii) in subparagraph (B)—

(I) by striking ''Provide assurances'' and inserting ''Certify''; and

(II) by inserting before the period at the end ''and provide a detailed description of such procedures'';

(iii) in subparagraph (C)—

(I) by striking ''Provide assurances'' and inserting ''Certify''; and

(II) by inserting before the period at the end ''and provide a detailed description of how such record is maintained and is made available'';

(iv) by amending subparagraph (D) to read as follows:

''(D) CONSUMER EDUCATION INFORMATION.—Certify that the State will collect and disseminate to parents of eligible children and the general public, consumer education information that will promote informed child care choices.'';

(v) in subparagraph (E), to read as follows:

''(E) COMPLIANCE WITH STATE LICENSING REQUIREMENTS.—

''(i) IN GENERAL.—Certify that the State has in effect licensing requirements applicable to child care services provided within the State, and provide a detailed description of such requirements and of how such requirements are effectively enforced. Nothing in the preceding sentence shall be construed to require that licensing requirements be applied to specific types of providers of child care services.

''(ii) INDIAN TRIBES AND TRIBAL ORGANIZATIONS.—In lieu of any licensing and regulatory requirements applicable under State and local law, the Secretary, in consultation with Indian tribes and tribal organizations, shall develop minimum child care standards (that appropriately reflect tribal needs and available resources) that shall be applicable to Indian tribes and tribal organization receiving assistance under this subchapter.'';

(vi) in subparagraph (G) by striking ''Provide assurances'' and inserting ''Certify''; and

(vii) by striking subparagraphs (H), (I), and (J) and inserting the following:

''(H) MEETING THE NEEDS OF CERTAIN POPULATIONS.—Demonstrate the manner in which the State will meet the specific child care needs of families who are receiving assistance under a State program under part A of title IV of the Social Security Act, families who are attempting through work activities to transition off of such assistance program, and families that are at risk of becoming dependent on such assistance program.'';

(B) in paragraph (3)—

(i) in subparagraph (A), by striking ''(B) and (C)'' and inserting ''(B) through (D)'';

(ii) in subparagraph (B)—

(I) by striking ''.—Subject to the reservation contained in subparagraph (C), the'' and inserting ''AND RELATED ACTIVITIES.—The'';

(II) in clause (i) by striking ''; and'' at the end and inserting a period;

(III) by striking ''for—'' and all that follows through ''section 658E(c)(2)(A)'' and inserting ''for child care services on sliding fee scale basis, activities that improve the quality or availability of such services, and any other activity that the State deems appropriate to realize any of the goals specified in paragraphs (2) through (5) of section 658A(b)''; and

(IV) by striking clause (ii);

(iii) by amending subparagraph (C) to read as follows:

''(C) LIMITATION ON ADMINISTRATIVE COSTS.—Not more than 5 percent of the aggregate amount of funds available to the State to carry out this subchapter by a State in each fiscal year may be expended for administrative costs incurred by such State to carry out all of its functions and duties under this subchapter. As used in the preceding sentence, the term 'administrative costs' shall not include the costs of providing direct services.''; and

(iv) by adding at the end thereof the following:

''(D) ASSISTANCE FOR CERTAIN FAMILIES.—A State shall ensure that a substantial portion of the amounts available (after the State has complied with the requirement of section 418(b)(2) of the Social Security Act with respect to each of the fiscal years 1997 through 2002) to the State to carry out activities under this subchapter in each fiscal year is used to provide assistance to low-income working families other than families described in paragraph (2)(H).''; and

(C) in paragraph (4)(A)—

(i) by striking ''provide assurances'' and inserting ''certify'';

(ii) in the first sentence by inserting ''and shall provide a summary of the facts relied on by the State to determine that such rates are sufficient to ensure such access'' before the period; and

(iii) by striking the last sentence.

SEC. 3106. LIMITATION ON STATE ALLOTMENTS.

Section 658F(b)(1) (42 U.S.C. 9858d(b)(1)) is amended by striking ''No'' and inserting ''Except as provided for in section 658O(c)(6), no''.

SEC. 3107. ACTIVITIES TO IMPROVE THE QUALITY OF CHILD CARE.

Section 658G (42 U.S.C. 9858e) is amended to read as follows:

''SEC. 658G. ACTIVITIES TO IMPROVE THE QUALITY OF CHILD CARE.

''A State that receives funds to carry out this subchapter for a fiscal year, shall use not less than 4 percent of the amount of such funds for activities that are designed to provide comprehensive consumer education to parents and the public, activities that increase parental choice, and activities designed to improve the quality and availability of child care (such as resource and referral services).''.

SEC. 3108. REPEAL OF EARLY CHILDHOOD DEVELOPMENT AND BEFORE- AND AFTER-SCHOOL CARE REQUIREMENT.

Section 658H (42 U.S.C. 9858f) is repealed.

SEC. 3109. ADMINISTRATION AND ENFORCEMENT.

Section 658I(b) (42 U.S.C. 9858g(b)) is amended—

(1) in paragraph (1), by striking '', and shall have'' and all that follows through ''(2)''; and

(2) in the matter following clause (ii) of paragraph (2)(A), by striking ''finding and that'' and all that follows through the period and inserting ''finding and shall require that the State reimburse the Secretary for any funds that were improperly expended for purposes prohibited or not authorized by this subchapter, that the Secretary deduct from the administrative portion of the State allotment for the following fiscal year an amount that is less than or equal to any improperly expended funds, or a combination of such options.''.

SEC. 3110. PAYMENTS.

Section 658J(c) (42 U.S.C. 9858h(c)) is amended by striking ''expended'' and inserting ''obligated''.

SEC. 3111. ANNUAL REPORT AND AUDITS.

Section 658K (42 U.S.C. 9858i) is amended—

(1) in the section heading by striking ''ANNUAL REPORT'' and inserting ''REPORTS'';

(2) in subsection (a), to read as follows:

''(a) REPORTS.—

''(1) COLLECTION OF INFORMATION BY STATES.—

''(A) IN GENERAL.—A State that receives funds to carry out this subchapter shall collect the information described in subparagraph (B) on a monthly basis.

''(B) REQUIRED INFORMATION.—The information required under this subparagraph shall include, with respect to a family unit receiving assistance under this subchapter information concerning—

''(i) family income;

''(ii) county of residence;

''(iii) the gender, race, and age of children receiving such assistance;

''(iv) whether the family includes only 1 parent;

''(v) the sources of family income, including the amount obtained from (and separately identified)—

''(I) employment, including self-employment;

''(II) cash or other assistance under part A of title IV of the Social Security Act;

''(III) housing assistance;

''(IV) assistance under the Food Stamp Act of 1977; and

''(V) other assistance programs;

''(vi) the number of months the family has received benefits;

''(vii) the type of child care in which the child was enrolled (such as family child care, home care, or center-based child care);

''(viii) whether the child care provider involved was a relative;

''(ix) the cost of child care for such families; and

''(x) the average hours per week of such care;

during the period for which such information is required to be submitted.

''(C) SUBMISSION TO SECRETARY.—A State described in subparagraph (A) shall, on a quarterly basis, submit the information required to be collected under subparagraph (B) to the Secretary.

''(D) SAMPLING.—The Secretary may disapprove the information collected by a State under this paragraph if the State uses sampling methods to collect such information.

''(2) BIANNUAL REPORTS.—Not later than December 31, 1997, and every 6 months thereafter, a State described in paragraph (1)(A) shall prepare and submit to the Secretary a report that includes aggregate data concerning—

''(A) the number of child care providers that received funding under this subchapter as separately identified based on the types of providers listed in section 658P(5);

''(B) the monthly cost of child care services, and the portion of such cost that is paid for with assistance provided under this subchapter, listed by the type of child care services provided;

''(C) the number of payments made by the State through vouchers, contracts, cash, and disregards under public benefit programs, listed by the type of child care services provided;

''(D) the manner in which consumer education information was provided to parents and the number of parents to whom such information was provided; and

''(E) the total number (without duplication) of children and families served under this subchapter;

during the period for which such report is required to be submitted.''; and

(2) in subsection (b)—

(A) in paragraph (1) by striking ''a application'' and inserting ''an application'';

(B) in paragraph (2) by striking ''any agency administering activities that receive'' and inserting ''the State that receives''; and

(C) in paragraph (4) by striking ''entitles'' and inserting ''entitled''.

SEC. 3112. REPORT BY THE SECRETARY.

Section 658L (42 U.S.C. 9858j) is amended—

(1) by striking ''1993'' and inserting ''1997'';

(2) by striking ''annually'' and inserting ''biennially''; and

(3) by striking ''Education and Labor'' and inserting ''Economic and Educational Opportunities''.

SEC. 3113. ALLOTMENTS.

Section 658O (42 U.S.C. 9858m) is amended—

(1) in subsection (a)—

(A) in paragraph (1)

(i) by striking ''POSSESSIONS'' and inserting ''POSSESSIONS'';

(ii) by inserting ''and'' after ''States,''; and

(iii) by striking '', and the Trust Territory of the Pacific Islands''; and

(B) in paragraph (2), by striking ''3 percent'' and inserting ''1 percent'';

(2) in subsection (c)—

(A) in paragraph (5) by striking ''our'' and inserting ''out''; and

(B) by adding at the end thereof the following new paragraph:

''(6) CONSTRUCTION OR RENOVATION OF FACILITIES.—

''(A) REQUEST FOR USE OF FUNDS.—An Indian tribe or tribal organization may submit to the Secretary a request to use amounts provided under this subsection for construction or renovation purposes.

''(B) DETERMINATION.—With respect to a request submitted under subparagraph (A), and except as provided in subparagraph (C), upon a determination by the Secretary that adequate facilities are not otherwise available to an Indian tribe or tribal organization to enable such tribe or organization to carry out child care programs in accordance with this subchapter, and that the lack of such facilities will inhibit the operation of such programs in the future, the Secretary may permit the tribe or organization to use assistance provided under this subsection to make payments for the construction or renovation of facilities that will be used to carry out such programs.

''(C) LIMITATION.—The Secretary may not permit an Indian tribe or tribal organization to use amounts provided under this subsection for construction or renovation if such use will result in a decrease in the level of child care services provided by the tribe or organization as compared to the level of such services provided by the tribe or organization in the fiscal year preceding the year for which the determination under subparagraph (A) is being made.

''(D) UNIFORM PROCEDURES.—The Secretary shall develop and implement uniform procedures for the solicitation and consideration of requests under this paragraph.''; and

(3) in subsection (e), by adding at the end thereof the following new paragraph:

''(4) INDIAN TRIBES OR TRIBAL ORGANIZATIONS.—Any portion of a grant or contract made to an Indian tribe or tribal organization under subsection (c) that the Secretary determines is not being used in a manner consistent with the provision of this subchapter in the period for which the grant or contract is made available, shall be allotted by the Secretary to other tribes or organizations that have submitted applications under subsection (c) in accordance with their respective needs.''.

SEC. 3114. DEFINITIONS.

Section 658P (42 U.S.C. 9858n) is amended—

(1) in paragraph (2), in the first sentence by inserting ''or as a deposit for child care services if such a deposit is required of other children being cared for by the provider'' after ''child care services''; and

(2) by striking paragraph (3);

(3) in paragraph (4)(B), by striking ''75 percent'' and inserting ''85 percent'';

(4) in paragraph (5)(B)—

(A) by inserting ''great grandchild, sibling (if such provider lives in a separate residence),'' after ''grandchild,'';

(B) by striking ''is registered and''; and

(C) by striking ''State'' and inserting ''applicable''.

(5) by striking paragraph (10);

(6) in paragraph (13)—

(A) by inserting ''or'' after ''Samoa,''; and

(B) by striking '', and the Trust Territory of the Pacific Islands'';

(7) in paragraph (14)—

(A) by striking ''The term'' and inserting the following:

''(A) IN GENERAL.—The term''; and

(B) by adding at the end thereof the following new subparagraph:

''(B) OTHER ORGANIZATIONS.—Such term includes a Native Hawaiian Organization, as defined in section 4009(4) of the Augustus F. Hawkins-Robert T. Stafford Elementary and Secondary School Improvement Amendments of 1988 (20 U.S.C. 4909(4)) and a private nonprofit organization established for the purpose of serving youth who are Indians or Native Hawaiians.''.

SEC. 3115. REPEALS.

(a) CHILD DEVELOPMENT ASSOCIATE SCHOLARSHIP ASSISTANCE ACT OF 1985.—Title VI of the Human Services Reauthorization Act of 1986 (42 U.S.C. 10901–10905) is repealed.

(b) STATE DEPENDENT CARE DEVELOPMENT GRANTS ACT.—Subchapter E of chapter 8 of subtitle A of title VI of the Omnibus Budget Reconciliation Act of 1981 (42 U.S.C. 9871–9877) is repealed.

(c) PROGRAMS OF NATIONAL SIGNIFICANCE.—Title X of the Elementary and Secondary Education Act of 1965, as amended by Public Law 103–382 (108 Stat. 3809 et seq.), is amended—

(1) in section 10413(a) by striking paragraph (4),

(2) in section 10963(b)(2) by striking subparagraph (G), and

(3) in section 10974(a)(6) by striking subparagraph (G).

(d) NATIVE HAWAIIAN FAMILY-BASED EDUCATION CENTERS.—Section 9205 of the Native Hawaiian Education Act (Public Law 103–382; 108 Stat. 3794) is repealed.

(e) CERTAIN CHILD CARE PROGRAMS UNDER THE SOCIAL SECURITY ACT.—

(1) AFDC AND TRANSITIONAL CHILD CARE PROGRAMS.—Section 402 of the Social Security Act (42 U.S.C. 602) is amended by striking subsection (g).

(2) AT-RISK CHILD CARE PROGRAM.—

(A) AUTHORIZATION.—Section 402 of the Social Security Act (42 U.S.C. 602) is amended by striking subsection (i).

(B) FUNDING PROVISIONS.—Section 403 of the Social Security Act (42 U.S.C. 603) is amended by striking subsection (n).

SEC. 3116. EFFECTIVE DATE.

(a) IN GENERAL.—Except as provided in subsection (b), this subtitle and the amendments made by this subtitle shall take effect on October 1, 1996.

(b) EXCEPTION.—The amendment made by section 3303(a) shall take effect on the date of enactment of this Act.

Subtitle B—Child Nutrition Programs

CHAPTER 1—NATIONAL SCHOOL LUNCH ACT

SEC. 3201. STATE DISBURSEMENT TO SCHOOLS.

(a) IN GENERAL.—Section 8 of the National School Lunch Act (42 U.S.C. 1757) is amended—

(1) in the third sentence, by striking ''Nothing'' and all that follows through ''educational agency to'' and inserting ''The State educational agency may'';

(2) by striking the fourth and fifth sentences;

(3) by redesignating the first through sixth sentences, as amended by paragraph (1), as subsections (a) through (f), respectively;

(4) in subsection (b), as redesignated by paragraph (3), by striking ''the preceding sentence'' and inserting ''subsection (a)''; and

(5) in subsection (d), as redesignated by paragraph (3), by striking ''Such food costs'' and inserting ''Use of funds paid to States''.

(b) DEFINITION OF CHILD.—Section 12(d) of the Act (42 U.S.C. 1760(d)) is amended by adding at the end the following:

''(9) 'child' includes an individual, regardless of age, who—

''(A) is determined by a State educational agency, in accordance with regulations prescribed by the Secretary, to have 1 or more mental or physical disabilities; and

''(B) is attending any institution, as defined in section 17(a), or any nonresidential public or nonprofit private school of high school grade or under, for the purpose of participating in a school program established for individuals with mental or physical disabilities.

No institution that is not otherwise eligible to participate in the program under section 17 shall be considered eligible because of this paragraph.''.

SEC. 3202. NUTRITIONAL AND OTHER PROGRAM REQUIREMENTS.

(a) NUTRITIONAL STANDARDS.—Section 9(a) of the National School Lunch Act (42 U.S.C. 1758(a)) is amended—

(1) in paragraph (2)—

(A) by striking ''(2)(A) Lunches'' and inserting ''(2) Lunches'';

(B) by striking subparagraph (B); and

(C) by redesignating clauses (i) and (ii) as subparagraphs (A) and (B), respectively;

(2) by striking paragraph (3); and

(3) by redesignating paragraph (4) as paragraph (3).

(b) ELIGIBILITY GUIDELINES.—Section 9(b) of the Act is amended—

(1) in paragraph (2)—

(A) by striking subparagraph (A); and

(B) by redesignating subparagraphs (B) and (C) as subparagraphs (A) and (B), respectively;

(2) in paragraph (5), by striking the third sentence; and

(3) in paragraph (6), by striking ''paragraph (2)(C)'' and inserting ''paragraph (2)(B)''.

(c) UTILIZATION OF AGRICULTURAL COMMODITIES.—Section 9(c) of the Act is amended by striking the second, fourth, and sixth sentences.

(d) CONFORMING AMENDMENT.—The last sentence of section 9(d)(1) of the Act is amended by striking ''subsection (b)(2)(C)'' and inserting ''subsection (b)(2)(B)''.

(e) NUTRITIONAL INFORMATION.—Section 9(f) of the Act is amended—

(1) by striking paragraph (1);

(2) by striking ''(2)'';

(3) by redesignating subparagraphs (A) through (D) as paragraphs (1) through (4), respectively;

(4) by striking paragraph (1), as redesignated by paragraph (3), and inserting the following:

''(1) NUTRITIONAL REQUIREMENTS.—Except as provided in paragraph (2), not later than the first day of the 1996–1997 school year, schools that are participating in the school lunch or school breakfast program shall serve lunches and breakfasts under the program that—

''(A) are consistent with the goals of the most recent Dietary Guidelines for Americans published under section 301 of the National Nutrition Monitoring and Related Research Act of 1990 (7 U.S.C. 5341); and

''(B) provide, on the average over each week, at least—

''(i) with respect to school lunches, ⅓ of the daily recommended dietary allowance established by the Food and Nutrition Board of the National Research Council of the National Academy of Sciences; and

''(ii) with respect to school breakfasts, ¼ of the daily recommended dietary allowance established by the Food and Nutrition Board of the National Research Council of the National Academy of Sciences.'';

(5) in paragraph (3), as redesignated by paragraph (3)—

(A) by redesignating clauses (i) and (ii) as subparagraphs (A) and (B), respectively; and

(B) in subparagraph (A), as so redesignated, by redesignating subclauses (I) and (II) as clauses (i) and (ii), respectively; and

(6) in paragraph (4), as redesignated by paragraph (3)—

(A) by redesignating clauses (i) and (ii) as subparagraphs (A) and (B), respectively;

(B) in subparagraph (A) (as redesignated by subparagraph (A)), by redesignating subclauses (I) and (II) as clauses (i) and (ii), respectively; and

(C) in subparagraph (A)(ii) (as redesignated by subparagraph (B)), by striking ''subparagraph (C)'' and inserting ''paragraph (3)''.

(f) USE OF RESOURCES.—Section 9 of the Act is amended by striking subsection (h).

SEC. 3203. FREE AND REDUCED PRICE POLICY STATEMENT.

Section 9(b)(2) of the National School Lunch Act (42 U.S.C. 1758(b)(2)), as amended by section 3202(b)(1), is further amended by adding at the end the following:

''(C) FREE AND REDUCED PRICE POLICY STATEMENT.—After the initial submission, a school shall not be required to submit a free and reduced price policy statement to a State educational agency under this Act unless there is a substantive change in the free and reduced price policy of the school. A routine change in the policy of a school, such as an annual adjustment of the income eligibility guidelines for free and reduced price meals, shall not be sufficient cause for requiring the school to submit a policy statement.''.

SEC. 3204. SPECIAL ASSISTANCE.

(a) EXTENSION OF PAYMENT PERIOD.—Section 11(a)(1)(D)(i) of the National School Lunch Act (42 U.S.C. 1759a(a)(1)(D)(i)) is amended by striking '', on the date of enactment of this subparagraph,''.

(b) APPLICABILITY OF OTHER PROVISIONS.—Section 11 of the Act is amended—

(1) by striking subsection (d);

(2) in subsection (e)(2)—

(A) by striking ''The'' and inserting ''On request of the Secretary, the''; and

(B) by striking ''each month''; and

(3) by redesignating subsections (e) and (f), as so amended, as subsections (d) and (e), respectively.

SEC. 3205. MISCELLANEOUS PROVISIONS AND DEFINITIONS.

(a) ACCOUNTS AND RECORDS.—Section 12(a) of the National School Lunch Act (42 U.S.C. 1760(a)) is amended by striking ''at all times be available'' and inserting ''be available at any reasonable time''.

(b) RESTRICTION ON REQUIREMENTS.—Section 12(c) of the Act is amended by striking ''neither the Secretary nor the State shall'' and inserting ''the Secretary shall not''.

(c) DEFINITIONS.—Section 12(d) of the Act, as amended by section 3201(b), is further amended—

(1) in paragraph (1), by striking ''the Trust Territory of the Pacific Islands'' and inserting ''the Commonwealth of the Northern Mariana Islands'';

(2) by striking paragraphs (3) and (4); and

(3) by redesignating paragraphs (1), (2), and (5) through (9) as paragraphs (6), (7), (3), (4), (2), (5), and (1), respectively, and rearranging the paragraphs so as to appear in numerical order.

(d) ADJUSTMENTS TO NATIONAL AVERAGE PAYMENT RATES.—Section 12(f) of the Act is amended by striking ''the Trust Territory of the Pacific Islands,''.

(e) EXPEDITED RULEMAKING.—Section 12(k) of the Act is amended—

(1) by striking paragraphs (1), (2), and (5); and

(2) by redesignating paragraphs (3) and (4) as paragraphs (1) and (2), respectively.

(f) WAIVER.—Section 12(l) of the Act is amended—

(1) in paragraph (2)(A)—

(A) in clause (iii), by adding ''and'' at the end;

(B) in clause (iv), by striking the semicolon at the end and inserting a period; and

(C) by striking clauses (v) through (vii);

(2) in paragraph (3)—

(A) by striking ''(A)''; and

(B) by striking subparagraphs (B) through (D);

(3) in paragraph (4)—

(A) in the matter preceding subparagraph (A), by striking ''of any requirement relating'' and inserting ''that increases Federal costs or that relates'';

(B) by striking subparagraph (D);

(C) by redesignating subparagraphs (E) through (N) as subparagraphs (D) through (M), respectively; and

(D) in subparagraph (L), as redesignated by subparagraph (C), by striking ''and'' at the end and inserting ''or''; and

(4) in paragraph (6)—

(A) by striking ''(A)(i)'' and all that follows through ''(B)''; and

(B) by redesignating clauses (i) through (iv) as subparagraphs (A) through (D), respectively.

(g) FOOD AND NUTRITION PROJECTS.—Section 12 of the Act is amended by striking subsection (m).

SEC. 3206. SUMMER FOOD SERVICE PROGRAM FOR CHILDREN.

(a) ESTABLISHMENT OF PROGRAM.—Section 13(a) of the National School Lunch Act (42 U.S.C. 1761(a)) is amended—

(1) in paragraph (1)—

(A) in the first sentence, by striking ''initiate, maintain, and expand'' and inserting ''initiate and maintain''; and

(B) in subparagraph (E) of the second sentence, by striking ''the Trust Territory of the Pacific Islands,''; and

(2) in paragraph (7)(A), by striking ''Except as provided in subparagraph (C), private'' and inserting ''Private''.

(b) SERVICE INSTITUTIONS.—Section 13(b) of the Act is amended by striking ''(b)(1)'' and all that follows through the end of paragraph (1) and inserting the following:

''(b) SERVICE INSTITUTIONS.—

''(1) PAYMENTS.—

''(A) IN GENERAL.—Except as otherwise provided in this paragraph, payments to service institutions shall equal the full cost of food service operations (which cost shall include the costs of obtaining, preparing, and serving food, but shall not include administrative costs).

''(B) MAXIMUM AMOUNTS.—Subject to subparagraph (C), payments to any institution under subparagraph (A) shall not exceed—

''(i) $1.82 for each lunch and supper served;

''(ii) $1.13 for each breakfast served; and

''(iii) 46 cents for each meal supplement served.

''(C) ADJUSTMENTS.—Amounts specified in subparagraph (B) shall be adjusted on January 1, 1997, and each January 1 thereafter, to the nearest lower cent increment in accordance with the changes for the 12-month period ending the preceding November 30 in the series for food away from home of the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics of the Department of Labor. Each adjustment shall be based on the unrounded adjustment for the prior 12-month period.''.

(c) ADMINISTRATION OF SERVICE INSTITUTIONS.—Section 13(b)(2) of the Act is amended—

(1) in the first sentence, by striking ''four meals'' and inserting ''3 meals, or 2 meals and 1 supplement,''; and

(2) by striking the second sentence.

(d) REIMBURSEMENTS.—Section 13(c)(2) of the Act is amended—

(1) by striking subparagraph (A);

(2) in subparagraph (B)—

(A) in the first sentence—

(i) by striking '', and such higher education institutions,''; and

(ii) by striking ''without application'' and inserting ''upon showing residence in areas in which poor economic conditions exist or on the basis of income eligibility statements for children enrolled in the program''; and

(B) by adding at the end the following: ''The higher education institutions referred

to in the preceding sentence shall be eligible to participate in the program under this paragraph without application.'';

(3) in subparagraph (C)(ii), by striking ''severe need''; and

(4) by redesignating subparagraphs (B) through (E), as so amended, as subparagraphs (A) through (D), respectively.

(e) ADVANCE PROGRAM PAYMENTS.—Section 13(e)(1) of the Act is amended—

(1) by striking ''institution: *Provided*, That (A) the'' and inserting ''institution. The'';

(2) by inserting ''(excluding a school)'' after ''any service institution''; and

(3) by striking ''responsibilities, and (B) no'' and inserting ''responsibilities. No''.

(f) FOOD REQUIREMENTS.—Section 13(f) of the Act is amended—

(1) by redesignating the first through seventh sentences as paragraphs (1) through (7), respectively;

(2) by striking paragraph (3), as redesignated by paragraph (1);

(3) in paragraph (4), as redesignated by paragraph (1), by striking ''the first sentence'' and inserting ''paragraph (1)'';

(4) in paragraph (6), as redesignated by paragraph (1), by striking ''that bacteria levels'' and all that follows through the period at the end and inserting ''conformance with standards set by local health authorities.''; and

(5) by redesignating paragraphs (4) through (7), as redesignated by paragraph (1), as paragraphs (3) through (6), respectively.

(g) PERMITTING OFFER VERSUS SERVE.—Section 13(f) of the Act, as amended by subsection (f), is further amended by adding at the end the following:

''(7) OFFER VERSUS SERVE.—A school food authority participating as a service institution may permit a child attending a site on school premises operated directly by the authority to refuse not more than 1 item of a meal that the child does not intend to consume. A refusal of an offered food item shall not affect the amount of payments made under this section to a school for the meal.''.

(h) FOOD SERVICE MANAGEMENT COMPANIES.—Section 13(l) of the Act is amended—

(1) by striking paragraph (4);

(2) in paragraph (5), by striking the first sentence; and

(3) by redesignating paragraph (5), as so amended, as paragraph (4).

(i) RECORDS.—The second sentence of section 13(m) of the Act is amended by striking ''at all times be available'' and inserting ''be available at any reasonable time''.

(j) REMOVING MANDATORY NOTICE TO INSTITUTIONS.—Section 13(n)(2) of the Act is amended by striking '', and its plans and schedule for informing service institutions of the availability of the program''.

(k) PLAN.—Section 13(n) of the Act is amended—

(1) in paragraph (2), by striking '', including the State's methods of assessing need'';

(2) by striking paragraph (3);

(3) in paragraph (4), by striking ''and schedule''; and

(4) by redesignating paragraphs (4) through (7), as so amended, as paragraphs (3) through (6), respectively.

(l) MONITORING AND TRAINING.—Section 13(q) of the Act is amended—

(1) by striking paragraphs (2) and (4);

(2) in paragraph (3), by striking ''paragraphs (1) and (2) of this subsection'' and inserting ''paragraph (1)''; and

(3) by redesignating paragraph (3), as so amended, as paragraph (2).

(m) EXPIRED PROGRAM.—Section 13 of the Act is amended—

(1) by striking subsection (p); and

(2) by redesignating subsections (q) and (r), as so amended, as subsections (p) and (q), respectively.

(n) EFFECTIVE DATE.—The amendments made by subsection (b) shall become effective on January 1, 1997.

SEC. 3207. COMMODITY DISTRIBUTION.

(a) CEREAL AND SHORTENING IN COMMODITY DONATIONS.—Section 14(b) of the National School Lunch Act (42 U.S.C. 1762a(b)) is amended—

(1) by striking paragraph (1); and

(2) by redesignating paragraphs (2) and (3) as paragraphs (1) and (2), respectively.

(b) IMPACT STUDY AND PURCHASING PROCEDURES.—Section 14(d) of the Act is amended by striking the second and third sentences.

(c) CASH COMPENSATION FOR PILOT PROJECT SCHOOLS.—Section 14(g) of the Act is amended by striking paragraph (3).

(d) STATE ADVISORY COUNCIL.—Section 14 is amended—

(1) by striking subsection (e); and

(2) by redesignating subsections (f) and (g), as so amended, as subsections (e) and (f), respectively.

SEC. 3208. CHILD CARE FOOD PROGRAM.

(a) ESTABLISHMENT OF PROGRAM.—Section 17 of the National School Lunch Act (42 U.S.C. 1766) is amended—

(1) in the section heading, by striking ''AND ADULT''; and

(2) in the first sentence of subsection (a), by striking ''initiate, maintain, and expand'' and inserting ''initiate and maintain''.

(b) PAYMENTS TO SPONSOR EMPLOYEES.—Paragraph (2) of the last sentence of section 17(a) of the Act (42 U.S.C. 1766(a)) is amended—

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

(2) by striking the period at the end of subparagraph (C) and inserting ''; and''; and

(3) by adding at the end the following:

''(D) in the case of a family or group day care home sponsoring organization that employs more than 1 employee, the organization does not base payments to an employee of the organization on the number of family or group day care homes recruited.''.

(c) TECHNICAL ASSISTANCE.—The last sentence of section 17(d)(1) of the Act is amended by striking '', and shall provide technical assistance'' and all that follows through ''its application''.

(d) REIMBURSEMENT OF CHILD CARE INSTITUTIONS.—Section 17(f)(2)(B) of the Act (42 U.S.C. 1766(f)(2)(B)) is amended by striking ''two meals and two supplements or three meals and one supplement'' and inserting ''two meals and one supplement''.

(e) IMPROVED TARGETING OF DAY CARE HOME REIMBURSEMENTS.—

(1) RESTRUCTURED DAY CARE HOME REIMBURSEMENTS.—Section 17(f)(3) of the Act is amended by striking ''(3)(A) Institutions'' and all that follows through the end of subparagraph (A) and inserting the following:

''(3) REIMBURSEMENT OF FAMILY OR GROUP DAY CARE HOME SPONSORING ORGANIZATIONS.—

''(A) REIMBURSEMENT FACTOR.—

''(i) IN GENERAL.—An institution that participates in the program under this section as a family or group day care home sponsoring organization shall be provided, for payment to a home sponsored by the organization, reimbursement factors in accordance with this subparagraph for the cost of obtaining and preparing food and prescribed labor costs involved in providing meals under this section.

''(ii) TIER I FAMILY OR GROUP DAY CARE HOMES.—

''(I) DEFINITION.—In this paragraph, the term 'tier I family or group day care home' means—

''(aa) a family or group day care home that is located in a geographic area, as defined by the Secretary based on census data, in which at least 50 percent of the children residing in the area are members of households whose incomes meet the income eligibility guidelines for free or reduced price meals under section 9;

''(bb) a family or group day care home that is located in an area served by a school enrolling elementary students in which at least 50 percent of the total number of children enrolled are certified eligible to receive free or reduced price school meals under this Act or the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.); or

''(cc) a family or group day care home that is operated by a provider whose household meets the income eligibility guidelines for free or reduced price meals under section 9 and whose income is verified by the sponsoring organization of the home under regulations established by the Secretary.

''(II) REIMBURSEMENT.—Except as provided in subclause (III), a tier I family or group day care home shall be provided reimbursement factors under this clause without a requirement for documentation of the costs described in clause (i), except that reimbursement shall not be provided under this subclause for meals or supplements served to the children of a person acting as a family or group day care home provider unless the children meet the income eligibility guidelines for free or reduced price meals under section 9.

''(III) FACTORS.—Except as provided in subclause (IV), the reimbursement factors applied to a home referred to in subclause (II) shall be the factors in effect on July 1, 1996.

''(IV) ADJUSTMENTS.—The reimbursement factors under this subparagraph shall be adjusted on July 1, 1997, and each July 1 thereafter, to reflect changes in the Consumer Price Index for food at home for the most recent 12-month period for which the data are available. The reimbursement factors under this subparagraph shall be rounded to the nearest lower cent increment and based on the unrounded adjustment in effect on June 30 of the preceding school year.

''(iii) TIER II FAMILY OR GROUP DAY CARE HOMES.—

''(I) IN GENERAL.—

''(aa) FACTORS.—Except as provided in subclause (II), with respect to meals or supplements served under this clause by a family or group day care home that does not meet the criteria set forth in clause (ii)(I), the reimbursement factors shall be 90 cents for lunches and suppers, 25 cents for breakfasts, and 10 cents for supplements.

''(bb) ADJUSTMENTS.—The factors shall be adjusted on July 1, 1997, and each July 1 thereafter, to reflect changes in the Consumer Price Index for food at home for the most recent 12-month period for which the data are available. The reimbursement factors under this item shall be rounded down to the nearest lower cent increment and based on the unrounded adjustment for the preceding 12-month period.

''(cc) REIMBURSEMENT.—A family or group day care home shall be provided reimbursement factors under this subclause without a requirement for documentation of the costs described in clause (i), except that reimbursement shall not be provided under this subclause for meals or supplements served to the children of a person acting as a family or group day care home provider unless the children meet the income eligibility guidelines for free or reduced price meals under section 9.

''(II) OTHER FACTORS.—A family or group day care home that does not meet the criteria set forth in clause (ii)(I) may elect to be provided reimbursement factors determined in accordance with the following requirements:

''(aa) CHILDREN ELIGIBLE FOR FREE OR REDUCED PRICE MEALS.—In the case of meals or

supplements served under this subsection to children who are members of households whose incomes meet the income eligibility guidelines for free or reduced price meals under section 9, the family or group day care home shall be provided reimbursement factors set by the Secretary in accordance with clause (ii)(III).

''(bb) INELIGIBLE CHILDREN.—In the case of meals or supplements served under this subsection to children who are members of households whose incomes do not meet the income eligibility guidelines, the family or group day care home shall be provided reimbursement factors in accordance with subclause (I).

''(III) INFORMATION AND DETERMINATIONS.—

''(aa) IN GENERAL.—If a family or group day care home elects to claim the factors described in subclause (II), the family or group day care home sponsoring organization serving the home shall collect the necessary income information, as determined by the Secretary, from any parent or other caretaker to make the determinations specified in subclause (II) and shall make the determinations in accordance with rules prescribed by the Secretary.

''(bb) CATEGORICAL ELIGIBILITY.—In making a determination under item (aa), a family or group day care home sponsoring organization may consider a child participating in or subsidized under, or a child with a parent participating in or subsidized under, a federally or State supported child care or other benefit program with an income eligibility limit that does not exceed the eligibility standard for free or reduced price meals under section 9 to be a child who is a member of a household whose income meets the income eligibility guidelines under section 9.

''(cc) FACTORS FOR CHILDREN ONLY.—A family or group day care home may elect to receive the reimbursement factors prescribed under clause (ii)(III) solely for the children participating in a program referred to in item (bb) if the home elects not to have income statements collected from parents or other caretakers.

''(IV) SIMPLIFIED MEAL COUNTING AND REPORTING PROCEDURES.—The Secretary shall prescribe simplified meal counting and reporting procedures for use by a family or group day care home that elects to claim the factors under subclause (II) and by a family or group day care home sponsoring organization that sponsors the home. The procedures the Secretary prescribes may include 1 or more of the following:

''(aa) Setting an annual percentage for each home of the number of meals served that are to be reimbursed in accordance with the reimbursement factors prescribed under clause (ii)(III) and an annual percentage of the number of meals served that are to be reimbursed in accordance with the reimbursement factors prescribed under subclause (I), based on the family income of children enrolled in the home in a specified month or other period.

''(bb) Placing a home into 1 of 2 or more reimbursement categories annually based on the percentage of children in the home whose households have incomes that meet the income eligibility guidelines under section 9, with each such reimbursement category carrying a set of reimbursement factors such as the factors prescribed under clause (ii)(III) or subclause (I) or factors established within the range of factors prescribed under clause (ii)(III) and subclause (I).

''(cc) Such other simplified procedures as the Secretary may prescribe.

''(V) MINIMUM VERIFICATION REQUIREMENTS.—The Secretary may establish any necessary minimum verification requirements.''.

(2) GRANTS TO STATES TO PROVIDE ASSISTANCE TO FAMILY OR GROUP DAY CARE HOMES.—Section 17(f)(3) of the Act is amended by adding at the end the following:

''(D) GRANTS TO STATES TO PROVIDE ASSISTANCE TO FAMILY OR GROUP DAY CARE HOMES.—

''(i) IN GENERAL.—

''(I) RESERVATION.—From amounts made available to carry out this section, the Secretary shall reserve $5,000,000 of the amount made available for fiscal year 1997.

''(II) PURPOSE.—The Secretary shall use the funds made available under subclause (I) to provide grants to States for the purpose of providing—

''(aa) assistance, including grants, to family and day care home sponsoring organizations and other appropriate organizations, in securing and providing training, materials, automated data processing assistance, and other assistance for the staff of the sponsoring organizations; and

''(bb) training and other assistance to family and group day care homes in the implementation of the amendment to subparagraph (A) made by section 3208(e)(1) of the Personal Responsibility and Work Opportunity Act of 1996.

''(ii) ALLOCATION.—The Secretary shall allocate from the funds reserved under clause (i)(I)—

''(I) $30,000 in base funding to each State; and

''(II) any remaining amount among the States, based on the number of family day care homes participating in the program in a State during fiscal year 1995 as a percentage of the number of all family day care homes participating in the program during fiscal year 1995.

''(iii) RETENTION OF FUNDS.—Of the amount of funds made available to a State for fiscal year 1997 under clause (i), the State may retain not to exceed 30 percent of the amount to carry out this subparagraph.

''(iv) ADDITIONAL PAYMENTS.—Any payments received under this subparagraph shall be in addition to payments that a State receives under subparagraph (A).''.

(3) PROVISION OF DATA.—Section 17(f)(3) of the Act, as amended by paragraph (2), is further amended by adding at the end the following:

''(E) PROVISION OF DATA TO FAMILY OR GROUP DAY CARE HOME SPONSORING ORGANIZATIONS.—

''(i) CENSUS DATA.—The Secretary shall provide to each State agency administering a child care food program under this section data from the most recent decennial census survey or other appropriate census survey for which the data are available showing which areas in the State meet the requirements of subparagraph (A)(ii)(I)(aa). The State agency shall provide the data to family or group day care home sponsoring organizations located in the State.

''(ii) SCHOOL DATA.—

''(I) IN GENERAL.—A State agency administering the school lunch program under this Act or the school breakfast program under the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.) shall provide to approved family or group day care home sponsoring organizations a list of schools serving elementary school children in the State in which not less than ½ of the children enrolled are certified to receive free or reduced price meals. The State agency shall collect the data necessary to create the list annually and provide the list on a timely basis to any approved family or group day care home sponsoring organization that requests the list.

''(II) USE OF DATA FROM PRECEDING SCHOOL YEAR.—In determining for a fiscal year or other annual period whether a home qualifies as a tier I family or group day care home under subparagraph (A)(ii)(I), the State agency administering the program under this section, and a family or group day care home sponsoring organization, shall use the most current available data at the time of the determination.

''(iii) DURATION OF DETERMINATION.—For purposes of this section, a determination that a family or group day care home is located in an area that qualifies the home as a tier I family or group day care home (as the term is defined in subparagraph (A)(ii)(I)), shall be in effect for 3 years (unless the determination is made on the basis of census data, in which case the determination shall remain in effect until more recent census data are available) unless the State agency determines that the area in which the home is located no longer qualifies the home as a tier I family or group day care home.''.

(4) CONFORMING AMENDMENTS.—Section 17(c) of the Act is amended by inserting ''except as provided in subsection (f)(3),'' after ''For purposes of this section,'' each place it appears in paragraphs (1), (2), and (3).

(f) REIMBURSEMENT.—Section 17(f) of the Act is amended—

(1) in paragraph (3)—

(A) in subparagraph (B), by striking the third and fourth sentences; and

(B) in subparagraph (C)—

(i) by striking ''(i)'' and

(ii) by striking clause (ii); and

(2) in paragraph (4), by striking ''shall'' and inserting ''may'' in the first sentence.

(g) NUTRITIONAL REQUIREMENTS.—Section 17(g)(1) of the Act is amended—

(1) in subparagraph (A), by striking the second sentence; and

(2) in subparagraph (B), by striking the second sentence.

(h) ELIMINATION OF STATE PAPERWORK AND OUTREACH BURDEN.—Section 17 of the Act is amended by striking subsection (k) and inserting the following:

''(k) TRAINING AND TECHNICAL ASSISTANCE.—A State participating in the program established under this section shall provide sufficient training, technical assistance, and monitoring to facilitate effective operation of the program. The Secretary shall assist the State in developing plans to fulfill the requirements of this subsection.''.

(i) RECORDS.—The second sentence of section 17(m) of the Act is amended by striking ''at all times'' and inserting ''at any reasonable time''.

(j) MODIFICATION OF ADULT CARE FOOD PROGRAM.—Section 17(o) of the Act is amended—

(1) in the first sentence of paragraph (1)—

(A) by striking ''adult day care centers'' and inserting ''day care centers for chronically impaired disabled persons''; and

(B) by striking ''to persons 60 years of age or older or''; and

(2) in paragraph (2)—

(A) in subparagraph (A)—

(i) by striking ''adult day care center'' and inserting ''day care center for chronically impaired disabled persons''; and

(ii) in clause (i)—

(I) by striking ''adult'';

(II) by striking ''adults'' and inserting ''persons''; and

(III) by striking ''or persons 60 years of age or older''; and

(B) in subparagraph (B), by striking ''adult day care services'' and inserting ''day care services for chronically impaired disabled persons''.

(k) UNNEEDED PROVISION.—Section 17 of the Act is amended by striking subsection (q).

(l) CONFORMING AMENDMENTS.—

(1) Section 17B(f) of the Act (42 U.S.C. 1766b(f)) is amended—

(A) in the subsection heading, by striking ''AND ADULT''; and

(B) in paragraph (1), by striking ''and adult''.

(2) Section 18(e)(3)(B) of the Act (42 U.S.C. 1769(e)(3)(B)) is amended by striking ''and adult''.

(3) Section 25(b)(1)(C) of the Act (42 U.S.C. 1769f(b)(1)(C)) is amended by striking ''and adult''.

(4) Section 3(1) of the Healthy Meals for Healthy Americans Act of 1994 (Public Law 103–448) is amended by striking ''and adult''.

(m) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall become effective on the date of enactment of this Act.

(2) IMPROVED TARGETING OF DAY CARE HOME REIMBURSEMENTS.—The amendments made by paragraphs (1) and (4) of subsection (e) shall become effective on July 1, 1997.

(3) REGULATIONS.—

(A) INTERIM REGULATIONS.—Not later than January 1, 1997, the Secretary shall issue interim regulations to implement—

(i) the amendments made by paragraphs (1), (3), and (4) of subsection (e); and

(ii) section 17(f)(3)(C) of the National School Lunch Act (42 U.S.C. 1766(f)(3)(C)).

(B) FINAL REGULATIONS.—Not later than July 1, 1997, the Secretary shall issue final regulations to implement the provisions of law referred to in subparagraph (A).

(n) STUDY OF IMPACT OF AMENDMENTS ON PROGRAM PARTICIPATION AND FAMILY DAY CARE LICENSING.—

(1) IN GENERAL.—The Secretary of Agriculture, in conjunction with the Secretary of Health and Human Services, shall study the impact of the amendments made by this section on—

(A) the number of family day care homes participating in the child care food program established under section 17 of the National School Lunch Act (42 U.S.C. 1766);

(B) the number of day care home sponsoring organizations participating in the program;

(C) the number of day care homes that are licensed, certified, registered, or approved by each State in accordance with regulations issued by the Secretary;

(D) the rate of growth of the numbers referred to in subparagraphs (A) through (C);

(E) the nutritional adequacy and quality of meals served in family day care homes that—

(i) received reimbursement under the program prior to the amendments made by this section but do not receive reimbursement after the amendments made by this section; or

(ii) received full reimbursement under the program prior to the amendments made by this section but do not receive full reimbursement after the amendments made by this section; and

(F) the proportion of low-income children participating in the program prior to the amendments made by this section and the proportion of low-income children participating in the program after the amendments made by this section.

(2) REQUIRED DATA.—Each State agency participating in the child care food program under section 17 of the National School Lunch Act (42 U.S.C. 1766) shall submit to the Secretary data on—

(A) the number of family day care homes participating in the program on June 30, 1997, and June 30, 1998;

(B) the number of family day care homes licensed, certified, registered, or approved for service on June 30, 1997, and June 30, 1998; and

(C) such other data as the Secretary may require to carry out this subsection.

(3) SUBMISSION OF REPORT.—Not later than 2 years after the effective date of this section, the Secretary shall submit the study required under this subsection to the Committee on Economic and Educational Opportunities of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

SEC. 3209. PILOT PROJECTS.

(a) UNIVERSAL FREE PILOT.—Section 18(d) of the National School Lunch Act (42 U.S.C. 1769(d)) is amended—

(1) by striking paragraph (3); and

(2) by redesignating paragraphs (4) and (5) as paragraphs (3) and (4), respectively.

(b) DEMO PROJECT OUTSIDE SCHOOL HOURS.—Section 18(e) of the Act is amended—

(1) in paragraph (1)—

(A) in subparagraph (A)—

(i) by striking ''(A)''; and

(ii) by striking ''shall'' and inserting ''may''; and

(B) by striking subparagraph (B); and

(2) by striking paragraph (5) and inserting the following:

''(5) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subsection such sums as are necessary for each of fiscal years 1997 and 1998.''.

(c) ELIMINATING PROJECTS.—Section 18 of the Act is amended—

(1) by striking subsections (a) and (g) through (i); and

(2) by redesignating subsections (b) through (f), as so amended, as subsections (a) through (e), respectively.

(d) CONFORMING AMENDMENT.—Section 17B(d)(1)(A) of the Act (42 U.S.C. 1766b(d)(1)(A)) is amended by striking ''18(c)'' and inserting ''18(b)''.

SEC. 3210. REDUCTION OF PAPERWORK.

Section 19 of the National School Lunch Act (42 U.S.C. 1769a) is repealed.

SEC. 3211. INFORMATION ON INCOME ELIGIBILITY.

Section 23 of the National School Lunch Act (42 U.S.C. 1769d) is repealed.

SEC. 3212. NUTRITION GUIDANCE FOR CHILD NUTRITION PROGRAMS.

Section 24 of the National School Lunch Act (42 U.S.C. 1769e) is repealed.

SEC. 3213. INFORMATION CLEARINGHOUSE.

Section 26 of the National School Lunch Act (42 U.S.C. 1769g) is repealed.

CHAPTER 2—CHILD NUTRITION ACT OF 1966

SEC. 3221. SPECIAL MILK PROGRAM.

Section 3(a)(3) of the Child Nutrition Act of 1966 (42 U.S.C. 1772(a)(3)) is amended by striking ''the Trust Territory of the Pacific Islands'' and inserting ''the Commonwealth of the Northern Mariana Islands''.

SEC. 3222. FREE AND REDUCED PRICE POLICY STATEMENT.

Section 4(b)(1) of the Child Nutrition Act of 1966 (42 U.S.C. 1773(b)(1)) is amended by adding at the end the following:

''(E) FREE AND REDUCED PRICE POLICY STATEMENT.—After the initial submission, a school shall not be required to submit a free and reduced price policy statement to a State educational agency under this Act unless there is a substantive change in the free and reduced price policy of the school. A routine change in the policy of a school, such as an annual adjustment of the income eligibility guidelines for free and reduced price meals, shall not be sufficient cause for requiring the school to submit a policy statement.''.

SEC. 3223. SCHOOL BREAKFAST PROGRAM AUTHORIZATION.

(a) TRAINING AND TECHNICAL ASSISTANCE IN FOOD PREPARATION.—Section 4(e)(1) of the Child Nutrition Act of 1966 (42 U.S.C. 1773(e)(1)) is amended—

(1) in subparagraph (A), by striking ''(A)''; and

(2) by striking subparagraph (B).

(b) EXPANSION OF PROGRAM; STARTUP AND EXPANSION COSTS.—

(1) IN GENERAL.—Section 4 of the Act is amended by striking subsections (f) and (g).

(2) EFFECTIVE DATE.—The amendments made by paragraph (1) shall become effective on October 1, 1996.

SEC. 3224. STATE ADMINISTRATIVE EXPENSES.

(a) USE OF FUNDS FOR COMMODITY DISTRIBUTION ADMINISTRATION; STUDIES.—Section 7 of the Child Nutrition Act of 1966 (42 U.S.C. 1776) is amended—

(1) by striking subsections (e) and (h); and

(2) by redesignating subsections (f), (g), and (i) as subsections (e), (f), and (g), respectively.

(b) APPROVAL OF CHANGES.—Section 7(e) of the Act, as so redesignated, is amended—

(1) by striking ''each year an annual plan'' and inserting ''the initial fiscal year a plan''; and

(2) by adding at the end the following: ''After submitting the initial plan, a State shall only be required to submit to the Secretary for approval a substantive change in the plan.''.

SEC. 3225. REGULATIONS.

Section 10(b) of the Child Nutrition Act of 1966 (42 U.S.C. 1779(b)) is amended—

(1) in paragraph (1), by striking ''(1)''; and

(2) by striking paragraphs (2) through (4).

SEC. 3226. PROHIBITIONS.

Section 11(a) of the Child Nutrition Act of 1966 (42 U.S.C. 1780(a)) is amended by striking ''neither the Secretary nor the State shall'' and inserting ''the Secretary shall not''.

SEC. 3227. MISCELLANEOUS PROVISIONS AND DEFINITIONS.

Section 15 of the Child Nutrition Act of 1966 (42 U.S.C. 1784) is amended—

(1) in paragraph (1), by striking ''the Trust Territory of the Pacific Islands'' and inserting ''the Commonwealth of the Northern Mariana Islands''; and

(2) in the first sentence of paragraph (3)—

(A) in subparagraph (A), by inserting ''and'' at the end; and

(B) by striking '', and (C)'' and all that follows through ''Governor of Puerto Rico''.

SEC. 3228. ACCOUNTS AND RECORDS.

The second sentence of section 16(a) of the Child Nutrition Act of 1966 (42 U.S.C. 1785(a)) is amended by striking ''at all times be available'' and inserting ''be available at any reasonable time''.

SEC. 3229. SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN.

(a) DEFINITIONS.—Section 17(b) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(b)) is amended—

(1) in paragraph (15)(B)(iii), by inserting ''of not more than 365 days'' after ''accommodation''; and

(2) in paragraph (16)—

(A) in subparagraph (A), by adding ''and'' at the end; and

(B) in subparagraph (B), by striking ''; and'' and inserting a period; and

(C) by striking subparagraph (C).

(b) SECRETARY'S PROMOTION OF WIC.—Section 17(c) of the Act is amended by striking paragraph (5).

(c) ELIGIBLE PARTICIPANTS.—Section 17(d) of the Act is amended by striking paragraph (4).

(d) NUTRITION EDUCATION AND DRUG ABUSE EDUCATION.—Section 17(e) of the Act is amended—

(1) in the first sentence of paragraph (1), by striking ''shall ensure'' and all that follows through ''is provided'' and inserting ''shall provide nutrition education and may provide drug abuse education'';

(2) in paragraph (2), by striking the third sentence;

(3) in paragraph (4)—

(A) in the matter preceding subparagraph (A), by striking ''shall'';

(B) by striking subparagraph (A);

(C) by redesignating subparagraphs (B) and (C) as subparagraphs (A) and (B), respectively;

(D) in subparagraphs (A) and (B) (as redesignated), by inserting ''shall'' before ''provide'' each place it appears;

(E) in subparagraph (A) (as redesignated), by striking ''and'' at the end;

(F) in subparagraph (B) (as redesignated), by striking the period and inserting ''; and''; and

(G) by adding at the end the following:

''(C) may provide a local agency with materials describing other programs for which participants in the program may be eligible.'';

(4) in paragraph (5), by striking ''The State'' and all that follows through ''local agency shall'' and inserting ''Each local agency shall''; and

(5) by striking paragraph (6).

(e) STATE PLAN.—Section 17(f) of the Act is amended—

(1) in paragraph (1)—

(A) in subparagraph (A)—

(i) by striking ''annually to the Secretary, by a date specified by the Secretary, a'' and inserting ''to the Secretary, by a date specified by the Secretary, an initial''; and

(ii) by adding at the end the following: ''After submitting the initial plan, a State shall only be required to submit to the Secretary for approval a substantive change in the plan.'';

(B) in subparagraph (C)—

(i) by striking clause (iii) and inserting the following:

''(iii) a plan to coordinate operations under the program with other services or programs that may benefit participants in, and applicants for, the program;'';

(ii) in clause (vi), by inserting after ''in the State'' the following: ''(including a plan to improve access to the program for participants and prospective applicants who are employed, or who reside in rural areas)'';

(iii) in clause (vii), by striking ''to provide program benefits'' and all that follows through ''emphasis on'' and inserting ''for'';

(iv) by striking clauses (ix), (x), and (xii);

(v) in clause (xiii), by striking ''may require'' and inserting ''may reasonably require''; and

(vi) by redesignating clauses (xi) and (xiii), as so amended, as clauses (ix) and (x), respectively;

(C) by striking subparagraph (D); and

(D) by redesignating subparagraph (E) as subparagraph (D);

(2) by striking paragraphs (2), (6), (8), and (22);

(3) in the second sentence of paragraph (5), by striking ''at all times be available'' and inserting ''be available at any reasonable time'';

(4) in paragraph (9)(B), by striking the second sentence;

(5) in the first sentence of paragraph (11), by striking '', including standards that will ensure sufficient State agency staff'';

(6) in paragraph (12), by striking the third sentence;

(7) in paragraph (14), by striking ''shall'' and inserting ''may'';

(8) in paragraph (17), by striking ''and to accommodate'' and all that follows through ''facilities'';

(9) in paragraph (19), by striking ''shall'' and inserting ''may''; and

(10) by redesignating paragraphs (3), (4), (5), (7), (9) through (19), (20), (21), (23), and (24), as so amended, as paragraphs (2), (3), (4), (5), (6) through (16), (17), (18), (19), and (20), respectively.

(f) INFORMATION.—Section 17(g) of the Act is amended—

(1) in paragraph (5), by striking ''the report required under subsection (d)(4)'' and inserting ''reports on program participant characteristics''; and

(2) by striking paragraph (6).

(g) PROCUREMENT OF INFANT FORMULA.—

(1) IN GENERAL.—Section 17(h) of the Act is amended—

(A) in paragraph (4)(E), by striking ''and, on'' and all that follows through ''(d)(4)'';

(B) in paragraph (8)—

(i) by striking subparagraphs (A), (C), and (M);

(ii) in subparagraph (G)—

(I) in clause (i), by striking ''(i)''; and

(II) by striking clauses (ii) through (ix);

(iii) in subparagraph (I), by striking ''Secretary—'' and all that follows through ''(v) may'' and inserting ''Secretary may'';

(iv) by redesignating subparagraphs (B) and (D) through (L) as subparagraphs (A) and (B) through (J), respectively;

(v) in subparagraph (A)(i), as so redesignated, by striking ''subparagraphs (C), (D), and (E)(iii), in carrying out subparagraph (A),'' and inserting ''subparagraphs (B) and (C)(iii),'';

(vi) in subparagraph (B)(i), as so redesignated, by striking ''subparagraph (B)'' each place it appears and inserting ''subparagraph (A)''; and

(vii) in subparagraph (C)(iii), as so redesignated, by striking ''subparagraph (B)'' and inserting ''subparagraph (A)''; and

(C) in paragraph (10)(B)—

(i) in clause (i), by striking the semicolon and inserting ''; and'';

(ii) in clause (ii), by striking ''; and'' and inserting a period; and

(iii) by striking clause (iii).

(2) APPLICATION.—The amendments made by paragraph (1) shall not apply to a contract for the procurement of infant formula under section 17(h)(8) of the Act that is in effect on the effective date of this subsection.

(h) NATIONAL ADVISORY COUNCIL ON MATERNAL, INFANT, AND FETAL NUTRITION.—Section 17(k)(3) of the Act is amended by striking ''Secretary shall designate'' and inserting ''Council shall elect''.

(i) COMPLETED STUDY; COMMUNITY COLLEGE DEMONSTRATION; GRANTS FOR INFORMATION AND DATA SYSTEM.—Section 17 of the Act is amended by striking subsections (n), (o), and (p).

(j) DISQUALIFICATION OF VENDORS WHO ARE DISQUALIFIED UNDER THE FOOD STAMP PROGRAM.—Section 17 of the Act, as so amended, is further amended by adding at the end the following:

''(n) DISQUALIFICATION OF VENDORS WHO ARE DISQUALIFIED UNDER THE FOOD STAMP PROGRAM.—

''(1) IN GENERAL.—The Secretary shall issue regulations providing criteria for the disqualification under this section of an approved vendor that is disqualified from accepting benefits under the food stamp program established under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.).

''(2) TERMS.—A disqualification under paragraph (1)—

''(A) shall be for the same period as the disqualification from the program referred to in paragraph (1);

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

''(C) shall not be subject to judicial or administrative review.''.

SEC. 3230. CASH GRANTS FOR NUTRITION EDUCATION.

Section 18 of the Child Nutrition Act of 1966 (42 U.S.C. 1787) is repealed.

SEC. 3231. NUTRITION EDUCATION AND TRAINING.

(a) FINDINGS.—Section 19 of the Child Nutrition Act of 1966 (42 U.S.C. 1788) is amended—

(1) in subsection (a), by striking ''that—'' and all that follows through the period at the end and inserting ''that effective dissemination of scientifically valid information to children participating or eligible to participate in the school lunch and related child nutrition programs should be encouraged.''; and

(2) in subsection (b), by striking ''encourage'' and all that follows through ''establishing'' and inserting ''establish''.

(b) USE OF FUNDS.—Section 19(f) of the Act is amended—

(1) in paragraph (1)—

(A) by striking subparagraph (B); and

(B) in subparagraph (A)—

(i) by striking ''(A)'';

(ii) by striking clauses (ix) through (xix);

(iii) by redesignating clauses (i) through (viii) and (xx) as subparagraphs (A) through (H) and (I), respectively;

(iv) in subparagraph (I), as so redesignated, by striking the period at the end and inserting ''; and''; and

(v) by adding at the end the following:

''(J) other appropriate related activities, as determined by the State.'';

(2) by striking paragraphs (2) and (4); and

(3) by redesignating paragraph (3) as paragraph (2).

(c) ACCOUNTS, RECORDS, AND REPORTS.—The second sentence of section 19(g)(1) of the Act is amended by striking ''at all times be available'' and inserting ''be available at any reasonable time''.

(d) STATE COORDINATORS FOR NUTRITION; STATE PLAN.—Section 19(h) of the Act is amended—

(1) in the second sentence of paragraph (1)—

(A) by striking ''as provided in paragraph (2) of this subsection''; and

(B) by striking ''as provided in paragraph (3) of this subsection'';

(2) in paragraph (2), by striking the second and third sentences; and

(3) by striking paragraph (3).

(e) AUTHORIZATION OF APPROPRIATIONS.—Section 19(i) of the Act is amended—

(1) in the first sentence of paragraph (2)(A), by striking ''and each succeeding fiscal year'';

(2) by redesignating paragraphs (3) and (4) as paragraphs (4) and (5), respectively; and

(3) by inserting after paragraph (2) the following:

''(3) FISCAL YEARS 1997 THROUGH 2002.—

''(A) IN GENERAL.—There are authorized to be appropriated to carry out this section $10,000,000 for each of fiscal years 1997 through 2002.

''(B) GRANTS.—

''(i) IN GENERAL.—Grants to each State from the amounts made available under subparagraph (A) shall be based on a rate of 50 cents for each child enrolled in schools or institutions within the State, except that no State shall receive an amount less than $75,000 per fiscal year.

''(ii) INSUFFICIENT FUNDS.—If the amount made available for any fiscal year is insufficient to pay the amount to which each State is entitled under clause (i), the amount of each grant shall be ratably reduced.''.

(f) ASSESSMENT.—Section 19 of the Act is amended by striking subsection (j).

(g) EFFECTIVE DATE.—The amendments made by subsection (e) shall become effective on October 1, 1996.

CHAPTER 3—MISCELLANEOUS PROVISIONS

SEC. 3241. COORDINATION OF SCHOOL LUNCH, SCHOOL BREAKFAST, AND SUMMER FOOD SERVICE PROGRAMS.

(a) COORDINATION.—

(1) IN GENERAL.—The Secretary of Agriculture shall develop proposed changes to the regulations under the school lunch program under the National School Lunch Act, the summer food service program under section 13 of that Act, and the school breakfast program under section 4 of the Child Nutrition Act of 1966, for the purpose of simplifying and coordinating those programs into a comprehensive meal program.

(2) CONSULTATION.—In developing proposed changes to the regulations under paragraph (1), the Secretary of Agriculture shall consult with local, State, and regional administrators of the programs described in such paragraph.

(b) REPORT.—Not later than November 1, 1997, the Secretary of Agriculture shall submit to the Committee on Agriculture, Nutrition, and Forestry of the Senate and the Committee on Economic and Educational Opportunities of the House of Representatives a report containing the proposed changes developed under subsection (a).

Subtitle C—Related Provisions

Sec. 3301. REQUIREMENT THAT DATA RELATING TO THE INCIDENCE OF POVERTY IN THE UNITED STATES BE PUBLISHED AT LEAST EVERY 2 YEARS.

(a) IN GENERAL.—The Secretary shall, to the extent feasible, produce and publish for each State, county, and local unit of general purpose government for which data have been compiled in the then most recent census of population under section 141(a) of title 13, United States Code, and for each school district, data relating to the incidence of poverty. Such data may be produced by means of sampling, estimation, or any other method that the Secretary determines will produce current, comprehensive, and reliable data.

(b) CONTENT; FREQUENCY.—Data under this section—

(1) shall include—

(A) for each school district, the number of children age 5 to 17, inclusive, in families below the poverty level; and

(B) for each State and county referred to in subsection (a), the number of individuals age 65 or older below the poverty level; and

(2) shall be published—

(A) for each State, county, and local unit of general purpose government referred to in subsection (a), in 1997 and at least every second year thereafter; and

(B) for each school district, in 1999 and at least every second year thereafter.

(c) AUTHORITY TO AGGREGATE.—

(1) IN GENERAL.—If reliable data could not otherwise be produced, the Secretary may, for purposes of subsection (b)(1)(A), aggregate school districts, but only to the extent necessary to achieve reliability.

(2) INFORMATION RELATING TO USE OF AUTHORITY.—Any data produced under this subsection shall be appropriately identified and shall be accompanied by a detailed explanation as to how and why aggregation was used (including the measures taken to minimize any such aggregation).

(d) REPORT TO BE SUBMITTED WHENEVER DATA IS NOT TIMELY PUBLISHED.—If the Secretary is unable to produce and publish the data required under this section for any State, county, local unit of general purpose government, or school district in any year specified in subsection (b)(2), a report shall be submitted by the Secretary to the President of the Senate and the Speaker of the House of Representatives, not later than 90 days before the start of the following year, enumerating each government or school district excluded and giving the reasons for the exclusion.

(e) CRITERIA RELATING TO POVERTY.—In carrying out this section, the Secretary shall use the same criteria relating to poverty as were used in the then most recent census of population under section 141(a) of title 13, United States Code (subject to such periodic adjustments as may be necessary to compensate for inflation and other similar factors).

(f) CONSULTATION.—The Secretary shall consult with the Secretary of Education in carrying out the requirements of this section relating to school districts.

(g) DEFINITION.—For the purpose of this section, the term ''Secretary'' means the Secretary of Health and Human Services.

(h) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $1,500,000 for each of fiscal years 1997 through 2000.

SEC. 3302. SENSE OF THE CONGRESS.

It is the sense of the Congress that this title, and the amendments made by this title, should not result in an increase in the number of children who are hungry, homeless, poor, or medically uninsured.

SEC. 3303. LEGISLATIVE ACCOUNTABILITY.

In the event that this title, or the amendments made by this title, results in an increase in the number of children in the United States who are hungry, homeless, poor, or medically uninsured by the end of the fiscal year 1997, the Congress—

(1) shall revisit the provisions of this title, or the amendments made by this title, which caused such increase; and

(2) shall, as soon as practicable thereafter, pass legislation that stops the continuation of such increase.

TITLE IV—COMMITTEE ON WAYS AND MEANS

SEC. 4001. SHORT TITLE.

This title may be cited as the ''Personal Responsibility and Work Opportunity Act of 1996''.

SEC. 4002. TABLE OF CONTENTS.

The table of contents of this title is as follows:

Sec. 4001. Short title.
Sec. 4002. Table of contents.

Subtitle A—Block Grants for Temporary Assistance for Needy Families

Sec. 4101. Findings.
Sec. 4102. Reference to Social Security Act.
Sec. 4103. Block grants to States.
Sec. 4104. Services provided by charitable, religious, or private organizations.
Sec. 4105. Census data on grandparents as primary caregivers for their grandchildren.
Sec. 4106. Report on data processing.
Sec. 4107. Study on alternative outcomes measures.
Sec. 4108. Conforming amendments to the Social Security Act.
Sec. 4109. Conforming amendments to the Food Stamp Act of 1977 and related provisions.
Sec. 4110. Conforming amendments to other laws.
Sec. 4111. Development of prototype of counterfeit-resistant social security card required.
Sec. 4112. Disclosure of receipt of Federal funds.
Sec. 4113. Modifications to the job opportunities for certain low-income individuals program.
Sec. 4114. Secretarial submission of legislative proposal for technical and conforming amendments.
Sec. 4115. Conforming amendments to medicaid program.
Sec. 4116. Effective date; transition rule.

Subtitle B—Supplemental Security Income

Sec. 4200. Reference to Social Security Act.

CHAPTER 1—ELIGIBILITY RESTRICTIONS

Sec. 4201. Denial of SSI benefits for 10 years to individuals found to have fraudulently misrepresented residence in order to obtain benefits simultaneously in 2 or more States.
Sec. 4202. Denial of SSI benefits for fugitive felons and probation and parole violators.
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CHAPTER 2—BENEFITS FOR DISABLED CHILDREN

Sec. 4211. Definition and eligibility rules.
Sec. 4212. Eligibility redeterminations and continuing disability reviews.
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Sec. 4232. Study of disability determination process.
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Sec. 4243. Membership.
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Sec. 4302. Distribution of child support collections.
Sec. 4303. Privacy safeguards.
Sec. 4304. Rights to notification of hearings.

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Subtitle A—Block Grants for Temporary Assistance for Needy Families

SEC. 4101. FINDINGS.

The Congress makes the following findings:

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

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

(3) Promotion of responsible fatherhood and motherhood is integral to successful child rearing and the well-being of children.

(4) In 1992, only 54 percent of single-parent families with children had a child support order established and, of that 54 percent, only about one-half received the full amount due. Of the cases enforced through the public child support enforcement system, only 18 percent of the caseload has a collection.

(5) The number of individuals receiving aid to families with dependent children (in this section referred to as ''AFDC'') has more than tripled since 1965. More than two-thirds of these recipients are children. Eighty-nine percent of children receiving AFDC benefits now live in homes in which no father is present.

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

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

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

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

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

(ii) While the number of children receiving AFDC benefits increased nearly threefold between 1965 and 1992, the total number of children in the United States aged 0 to 18 has declined by 5.5 percent.

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

(C) The increase in the number of children receiving public assistance is closely related to the increase in births to unmarried women. Between 1970 and 1991, the percentage of live births to unmarried women increased nearly threefold, from 10.7 percent to 29.5 percent.

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

(A) It is estimated that the rate of nonmarital teen pregnancy rose 23 percent from 54 pregnancies per 1,000 unmarried teenagers in 1976 to 66.7 pregnancies in 1991. The overall

rate of nonmarital pregnancy rose 14 percent from 90.8 pregnancies per 1,000 unmarried women in 1980 to 103 in both 1991 and 1992. In contrast, the overall pregnancy rate for married couples decreased 7.3 percent between 1980 and 1991, from 126.9 pregnancies per 1,000 married women in 1980 to 117.6 pregnancies in 1991.

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

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

(A) Young women 17 and under who give birth outside of marriage are more likely to go on public assistance and to spend more years on welfare once enrolled. These combined effects of ''younger and longer'' increase total AFDC costs per household by 25 percent to 30 percent for 17-year-olds.

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

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

(D) Children born out-of-wedlock were more likely to have lower cognitive scores, lower educational aspirations, and a greater likelihood of becoming teenage parents themselves.

(E) Being born out-of-wedlock significantly reduces the chances of the child growing up to have an intact marriage.

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

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

(A) Only 9 percent of married-couple families with children under 18 years of age have income below the national poverty level. In contrast, 46 percent of female-headed households with children under 18 years of age are below the national poverty level.

(B) Among single-parent families, nearly ½ of the mothers who never married received AFDC while only ⅕ of divorced mothers received AFDC.

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

(D) Mothers under 20 years of age are at the greatest risk of bearing low-birth-weight babies.

(E) The younger the single parent mother, the less likely she is to finish high school.

(F) Young women who have children before finishing high school are more likely to receive welfare assistance for a longer period of time.

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

(H) The absence of a father in the life of a child has a negative effect on school performance and peer adjustment.

(I) Children of teenage single parents have lower cognitive scores, lower educational aspirations, and a greater likelihood of becoming teenage parents themselves.

(J) Children of single-parent homes are 3 times more likely to fail and repeat a year in grade school than are children from intact 2-parent families.

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

(L) Neighborhoods with larger percentages of youth aged 12 through 20 and areas with higher percentages of single-parent households have higher rates of violent crime.

(M) Of those youth held for criminal offenses within the State juvenile justice system, only 29.8 percent lived primarily in a home with both parents. In contrast to these incarcerated youth, 73.9 percent of the 62,800,000 children in the Nation's resident population were living with both parents.

(9) Therefore, in light of this demonstration of the crisis in our Nation, it is the sense of the Congress that prevention of out-of-wedlock pregnancy and reduction in out-of-wedlock birth are very important Government interests and the policy contained in part A of title IV of the Social Security Act (as amended by section 4103(a) of this Act) is intended to address the crisis.

SEC. 4102. REFERENCE TO SOCIAL SECURITY ACT.

Except as otherwise specifically provided, wherever in this subtitle an amendment is expressed in terms of an amendment to or repeal of a section or other provision, the reference shall be considered to be made to that section or other provision of the Social Security Act.

SEC. 4103. BLOCK GRANTS TO STATES.

(a) IN GENERAL.—Part A of title IV (42 U.S.C. 601 et seq.) is amended—

(1) by striking all that precedes section 418 (as added by section 4803(b)(2) of this Act) and inserting the following:

"PART A—BLOCK GRANTS TO STATES FOR TEMPORARY ASSISTANCE FOR NEEDY FAMILIES

"SEC. 401. PURPOSE.

''(a) IN GENERAL.—The purpose of this part is to increase the flexibility of States in operating a program designed to—

''(1) provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives;

''(2) end the dependence of needy parents on government benefits by promoting job preparation, work, and marriage;

''(3) prevent and reduce the incidence of out-of-wedlock pregnancies and establish annual numerical goals for preventing and reducing the incidence of these pregnancies; and

''(4) encourage the formation and maintenance of two-parent families.

''(b) NO INDIVIDUAL ENTITLEMENT.—This part shall not be interpreted to entitle any individual or family to assistance under any State program funded under this part.

"SEC. 402. ELIGIBLE STATES; STATE PLAN.

''(a) IN GENERAL.—As used in this part, the term 'eligible State' means, with respect to a fiscal year, a State that, during the 2-year period immediately preceding the fiscal year, has submitted to the Secretary a plan that the Secretary has found includes the following:

''(1) OUTLINE OF FAMILY ASSISTANCE PROGRAM.—

''(A) GENERAL PROVISIONS.—A written document that outlines how the State intends to do the following:

''(i) Conduct a program, designed to serve all political subdivisions in the State (not necessarily in a uniform manner), that provides assistance to needy families with (or expecting) children and provides parents with job preparation, work, and support services to enable them to leave the program and become self-sufficient.

''(ii) Require a parent or caretaker receiving assistance under the program to engage in work (as defined by the State) once the State determines the parent or caretaker is ready to engage in work, or once the parent or caretaker has received assistance under the program for 24 months (whether or not consecutive), whichever is earlier.

''(iii) Ensure that parents and caretakers receiving assistance under the program engage in work activities in accordance with section 407.

''(iv) Take such reasonable steps as the State deems necessary to restrict the use and disclosure of information about individuals and families receiving assistance under the program attributable to funds provided by the Federal Government.

''(B) SPECIAL PROVISIONS.—

''(i) The document shall indicate whether the State intends to treat families moving into the State from another State differently than other families under the program, and if so, how the State intends to treat such families under the program.

''(ii) The document shall indicate whether the State intends to provide assistance under the program to individuals who are not citizens of the United States, and if so, shall include an overview of such assistance.

''(iii) The document shall set forth objective criteria for the delivery of benefits and the determination of eligibility and for fair and equitable treatment, including an explanation of how the State will provide opportunities for recipients who have been adversely affected to be heard in a State administrative or appeal process.

''(2) CERTIFICATION THAT THE STATE WILL OPERATE A CHILD SUPPORT ENFORCEMENT PROGRAM.—A certification by the chief executive officer of the State that, during the fiscal year, the State will operate a child support enforcement program under the State plan approved under part D.

''(3) CERTIFICATION THAT THE STATE WILL OPERATE A CHILD PROTECTION PROGRAM.—A certification by the chief executive officer of the State that, during the fiscal year, the State will operate a child protection program under the State plan approved under part B.

''(4) CERTIFICATION OF THE ADMINISTRATION OF THE PROGRAM.—A certification by the chief executive officer of the State specifying which State agency or agencies will administer and supervise the program referred to in paragraph (1) for the fiscal year, which shall include assurances that local governments and private sector organizations—

''(A) have been consulted regarding the plan and design of welfare services in the State so that services are provided in a manner appropriate to local populations; and

''(B) have had at least 45 days to submit comments on the plan and the design of such services.

''(5) CERTIFICATION THAT THE STATE WILL PROVIDE INDIANS WITH EQUITABLE ACCESS TO ASSISTANCE.—A certification by the chief executive officer of the State that, during the fiscal year, the State will provide each Indian who is a member of an Indian tribe in the State that does not have a tribal family assistance plan approved under section 412 with equitable access to assistance under the State program funded under this part attributable to funds provided by the Federal Government.

''(b) PUBLIC AVAILABILITY OF STATE PLAN SUMMARY.—The State shall make available to the public a summary of any plan submitted by the State under this section.

"SEC. 403. GRANTS TO STATES.

''(a) GRANTS.—

''(1) FAMILY ASSISTANCE GRANT.—

''(A) IN GENERAL.—Each eligible State shall be entitled to receive from the Secretary, for each of fiscal years 1996, 1997, 1998, 1999, 2000, and 2001 a grant in an amount equal to the State family assistance grant.

''(B) STATE FAMILY ASSISTANCE GRANT DEFINED.—As used in this part, the term 'State family assistance grant' means the greatest of—

''(i) ⅓ of the total amount required to be paid to the State under former section 403 (as in effect on September 30, 1995) for fiscal years 1992, 1993, and 1994 (other than with respect to amounts expended by the State for child care under subsection (g) or (i) of former section 402 (as so in effect));

''(ii)(I) the total amount required to be paid to the State under former section 403 for fiscal year 1994 (other than with respect to amounts expended by the State for child care under subsection (g) or (i) of former section 402 (as so in effect)); plus

''(II) an amount equal to 85 percent of the amount (if any) by which the total amount required to be paid to the State under former section 403(a)(5) for emergency assistance for fiscal year 1995 exceeds the total amount required to be paid to the State under former section 403(a)(5) for fiscal year 1994, if, during fiscal year 1994 or 1995, the Secretary approved under former section 402 an amendment to the former State plan to allow the provision of emergency assistance in the context of family preservation; or

''(iii) ⅔ of the total amount required to be paid to the State under former section 403 (as in effect on September 30, 1995) for the 1st 3 quarters of fiscal year 1995 (other than with respect to amounts expended by the State under the State plan approved under part F (as so in effect) or for child care under subsection (g) or (i) of former section 402 (as so in effect)), plus the total amount required to be paid to the State for fiscal year 1995 under former section 403(l) (as so in effect).

''(C) TOTAL AMOUNT REQUIRED TO BE PAID TO THE STATE UNDER FORMER SECTION 403 DEFINED.—As used in this part, the term 'total amount required to be paid to the State under former section 403' means, with respect to a fiscal year—

''(i) in the case of a State to which section 1108 does not apply, the sum of—

''(I) the Federal share of maintenance assistance expenditures for the fiscal year, before reduction pursuant to subparagraph (B) or (C) of section 403(b)(2) (as in effect on September 30, 1995), as reported by the State on ACF Form 231;

''(II) the Federal share of administrative expenditures (including administrative expenditures for the development of management information systems) for the fiscal year, as reported by the State on ACF Form 231;

''(III) the Federal share of emergency assistance expenditures for the fiscal year, as reported by the State on ACF Form 231;

''(IV) the Federal share of expenditures for the fiscal year with respect to child care pursuant to subsections (g) and (i) of former section 402 (as in effect on September 30, 1995), as reported by the State on ACF Form 231; and

''(V) the aggregate amount required to be paid to the State for the fiscal year with respect to the State program operated under part F (as in effect on September 30, 1995), as determined by the Secretary, including additional obligations or reductions in obligations made after the close of the fiscal year; and

''(ii) in the case of a State to which section 1108 applies, the lesser of—

''(I) the sum described in clause (i); or

''(II) the total amount certified by the Secretary under former section 403 (as in effect during the fiscal year) with respect to the territory.

''(D) INFORMATION TO BE USED IN DETERMINING AMOUNTS.—

''(i) FOR FISCAL YEARS 1992 AND 1993.—

''(I) In determining the amounts described in subclauses (I) through (IV) of subparagraph (C)(i) for any State for each of fiscal years 1992 and 1993, the Secretary shall use information available as of April 28, 1995.

''(II) In determining the amount described in subparagraph (C)(i)(V) for any State for each of fiscal years 1992 and 1993, the Secretary shall use information available as of January 6, 1995.

''(ii) FOR FISCAL YEAR 1994.—In determining the amounts described in subparagraph (C)(i) for any State for fiscal year 1994, the Secretary shall use information available as of April 28, 1995.

''(iii) FOR FISCAL YEAR 1995.—

''(I) In determining the amount described in subparagraph (B)(ii)(II) for any State for fiscal year 1995, the Secretary shall use the information which was reported by the States and estimates made by the States with respect to emergency assistance expenditures and was available as of August 11, 1995.

''(II) In determining the amounts described in subclauses (I) through (III) of subparagraph (C)(i) for any State for fiscal year 1995, the Secretary shall use information available as of October 2, 1995.

''(III) In determining the amount described in subparagraph (C)(i)(IV) for any State for fiscal year 1995, the Secretary shall use information available as of February 28, 1996.

''(IV) In determining the amount described in subparagraph (C)(i)(V) for any State for fiscal year 1995, the Secretary shall use information available as of October 5, 1995.

''(E) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for fiscal years 1996, 1997, 1998, 1999, 2000, and 2001 such sums as are necessary for grants under this paragraph.

''(2) GRANT TO REWARD STATES THAT REDUCE OUT-OF-WEDLOCK BIRTHS.—

''(A) IN GENERAL.—Each eligible State shall be entitled to receive from the Secretary for fiscal year 1998 or any succeeding fiscal year, a grant in an amount equal to the State family assistance grant multiplied by—

''(i) 5 percent if—

''(I) the illegitimacy ratio of the State for the fiscal year is at least 1 percentage point lower than the illegitimacy ratio of the State for fiscal year 1995; and

''(II) the rate of induced pregnancy terminations in the State for the fiscal year is less than the rate of induced pregnancy terminations in the State for fiscal year 1995; or

''(ii) 10 percent if—

''(I) the illegitimacy ratio of the State for the fiscal year is at least 2 percentage points lower than the illegitimacy ratio of the State for fiscal year 1995; and

''(II) the rate of induced pregnancy terminations in the State for the fiscal year is less than the rate of induced pregnancy terminations in the State for fiscal year 1995.

''(B) ILLEGITIMACY RATIO.—As used in this paragraph, the term 'illegitimacy ratio' means, with respect to a State and a fiscal year—

''(i) the number of out-of-wedlock births that occurred in the State during the most recent fiscal year for which such information is available; divided by

''(ii) the number of births that occurred in the State during the most recent fiscal year for which such information is available.

''(C) DISREGARD OF CHANGES IN DATA DUE TO CHANGED REPORTING METHODS.—For purposes of subparagraph (A), the Secretary shall disregard—

''(i) any difference between the illegitimacy ratio of a State for a fiscal year and the illegitimacy ratio of the State for fiscal year 1995 which is attributable to a change in State methods of reporting data used to calculate the illegitimacy ratio; and

''(ii) any difference between the rate of induced pregnancy terminations in a State for a fiscal year and such rate for fiscal year 1995 which is attributable to a change in State methods of reporting data used to calculate such rate.

''(D) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for fiscal year 1998 and for each succeeding fiscal year such sums as are necessary for grants under this paragraph.

''(3) SUPPLEMENTAL GRANT FOR POPULATION INCREASES IN CERTAIN STATES.—

''(A) IN GENERAL.—Each qualifying State shall, subject to subparagraph (F), be entitled to receive from the Secretary—

''(i) for fiscal year 1997 a grant in an amount equal to 2.5 percent of the total amount required to be paid to the State under former section 403 (as in effect during fiscal year 1994) for fiscal year 1994; and

''(ii) for each of fiscal years 1998, 1999, and 2000, a grant in an amount equal to the sum of—

''(I) the amount (if any) required to be paid to the State under this paragraph for the immediately preceding fiscal year; and

''(II) 2.5 percent of the sum of—

''(aa) the total amount required to be paid to the State under former section 403 (as in effect during fiscal year 1994) for fiscal year 1994; and

''(bb) the amount (if any) required to be paid to the State under this paragraph for the fiscal year preceding the fiscal year for which the grant is to be made.

''(B) PRESERVATION OF GRANT WITHOUT INCREASES FOR STATES FAILING TO REMAIN QUALIFYING STATES.—Each State that is not a qualifying State for a fiscal year specified in subparagraph (A)(ii) but was a qualifying State for a prior fiscal year shall, subject to subparagraph (F), be entitled to receive from the Secretary for the specified fiscal year, a grant in an amount equal to the amount required to be paid to the State under this paragraph for the most recent fiscal year for which the State was a qualifying State.

''(C) QUALIFYING STATE.—

''(i) IN GENERAL.—For purposes of this paragraph, a State is a qualifying State for a fiscal year if—

''(I) the level of welfare spending per poor person by the State for the immediately preceding fiscal year is less than the national average level of State welfare spending per poor person for such preceding fiscal year; and

''(II) the population growth rate of the State (as determined by the Bureau of the Census) for the most recent fiscal year for which information is available exceeds the average population growth rate for all States (as so determined) for such most recent fiscal year.

''(ii) STATE MUST QUALIFY IN FISCAL YEAR 1997.—Notwithstanding clause (i), a State shall not be a qualifying State for any fiscal year after 1997 by reason of clause (i) if the State is not a qualifying State for fiscal year 1997 by reason of clause (i).

''(iii) CERTAIN STATES DEEMED QUALIFYING STATES.—For purposes of this paragraph, a State is deemed to be a qualifying State for fiscal years 1997, 1998, 1999, and 2000 if—

''(I) the level of welfare spending per poor person by the State for fiscal year 1996 is less than 35 percent of the national average level of State welfare spending per poor person for fiscal year 1996; or

''(II) the population of the State increased by more than 10 percent from April 1, 1990 to July 1, 1994, according to the population estimates in publication CB94–204 of the Bureau of the Census.

''(D) DEFINITIONS.—As used in this paragraph:

''(i) LEVEL OF WELFARE SPENDING PER POOR PERSON.—The term 'level of State welfare spending per poor person' means, with respect to a State and a fiscal year—

''(I) the sum of—

''(aa) the total amount required to be paid to the State under former section 403 (as in effect during fiscal year 1994) for fiscal year 1994; and

''(bb) the amount (if any) paid to the State under this paragraph for the immediately preceding fiscal year; divided by

''(II) the number of individuals, according to the 1990 decennial census, who were residents of the State and whose income was below the poverty line.

''(ii) NATIONAL AVERAGE LEVEL OF STATE WELFARE SPENDING PER POOR PERSON.—The term 'national average level of State welfare spending per poor person' means, with respect to a fiscal year, an amount equal to—

''(I) the total amount required to be paid to the States under former section 403 (as in effect during fiscal year 1994) for fiscal year 1994; divided by

''(II) the number of individuals, according to the 1990 decennial census, who were residents of any State and whose income was below the poverty line.

''(iii) STATE.—The term 'State' means each of the 50 States of the United States and the District of Columbia.

''(E) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for fiscal years 1997, 1998, 1999, and 2000 such sums as are necessary for grants under this paragraph, in a total amount not to exceed $800,000,000.

''(F) GRANTS REDUCED PRO RATA IF INSUFFICIENT APPROPRIATIONS.—If the amount appropriated pursuant to this paragraph for a fiscal year is less than the total amount of payments otherwise required to be made under this paragraph for the fiscal year, then the amount otherwise payable to any State for the fiscal year under this paragraph shall be reduced by a percentage equal to the amount so appropriated divided by such total amount.

''(G) BUDGET SCORING.—Notwithstanding section 257(b)(2) of the Balanced Budget and Emergency Deficit Control Act of 1985, the baseline shall assume that no grant shall be made under this paragraph after fiscal year 2000.

''(4) BONUS TO REWARD HIGH PERFORMANCE STATES.—

''(A) IN GENERAL.—The Secretary shall make a grant pursuant to this paragraph to each State for each bonus year for which the State is a high performing State.

''(B) AMOUNT OF GRANT.—

''(i) IN GENERAL.—Subject to clause (ii) of this subparagraph, the Secretary shall determine the amount of the grant payable under this paragraph to a high performing State for a bonus year, which shall be based on the score assigned to the State under subparagraph (D)(i) for the fiscal year that immediately precedes the bonus year.

''(ii) LIMITATION.—The amount payable to a State under this paragraph for a bonus year shall not exceed 5 percent of the State family assistance grant.

''(C) FORMULA FOR MEASURING STATE PERFORMANCE.—Not later than 1 year after the date of the enactment of the Personal Responsibility and Work Opportunity Act of 1996, the Secretary, in consultation with the National Governors' Association and the American Public Welfare Association, shall develop a formula for measuring State performance in operating the State program funded under this part so as to achieve the goals set forth in section 401(a).

''(D) SCORING OF STATE PERFORMANCE; SETTING OF PERFORMANCE THRESHOLDS.—For each bonus year, the Secretary shall—

''(i) use the formula developed under subparagraph (C) to assign a score to each eligible State for the fiscal year that immediately precedes the bonus year; and

''(ii) prescribe a performance threshold in such a manner so as to ensure that—

''(I) the average annual total amount of grants to be made under this paragraph for each bonus year equals $100,000,000; and

''(II) the total amount of grants to be made under this paragraph for all bonus years equals $500,000,000.

''(E) DEFINITIONS.—As used in this paragraph:

''(i) BONUS YEAR.—The term 'bonus year' means fiscal years 1999, 2000, 2001, 2002, and 2003.

''(ii) HIGH PERFORMING STATE.—The term 'high performing State' means, with respect a bonus year, an eligible State whose score assigned pursuant to subparagraph (D)(i) for the fiscal year immediately preceding the bonus year equals or exceeds the performance threshold prescribed under subparagraph (D)(ii) for such preceding fiscal year.

''(F) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for fiscal years 1999 through 2003 $500,000,000 for grants under this paragraph.

''(5) SUPPLEMENTAL GRANT FOR OPERATION OF WORK PROGRAM.—

''(A) APPLICATION REQUIREMENTS.—An eligible State may submit to the Secretary an application for additional funds to meet the requirements of section 407 with respect to a fiscal year if the Secretary determines that—

''(i) the total expenditures of the State to meet such requirements for the fiscal year exceed the total expenditures of the State during fiscal year 1994 to carry out part F (as in effect on September 30, 1994);

''(ii) the work programs of the State under this section are coordinated with the job training programs established by title II of the Job Training Partnership Act, or (if such title is repealed by an Act that becomes law during the 104th Congress) the Act that repeals such title; and

''(iii) the State needs additional funds to meet such requirements or certifies that it intends to exceed such requirements.

''(B) GRANTS.—The Secretary may make a grant to any eligible State which submits an application in accordance with subparagraph (A) for a fiscal year in an amount equal to the Federal medical assistance percentage of the amount (if any) by which the total expenditures of the State to meet or exceed the requirements of section 407 for the fiscal year exceeds the total expenditures of the State during fiscal year 1994 to carry out part F (as in effect on September 30, 1994).

''(C) REGULATIONS.—The Secretary shall issue regulations providing for the equitable distribution of funds under this paragraph.

''(D) AUTHORIZATION OF APPROPRIATIONS.—

''(i) IN GENERAL.—There are authorized to be appropriated for grants under this paragraph $3,000,000,000 for fiscal year 1999.

''(ii) AVAILABILITY.—Amounts appropriated pursuant to clause (i) are authorized to remain available until expended.

''(b) CONTINGENCY FUND.—

''(1) ESTABLISHMENT.—There is hereby established in the Treasury of the United States a fund which shall be known as the 'Contingency Fund for State Welfare Programs' (in this section referred to as the 'Fund').

''(2) DEPOSITS INTO FUND.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for fiscal years 1997, 1998, 1999, 2000, and 2001 such sums as are necessary for payment to the Fund in a total amount not to exceed $2,000,000,000.

''(3) GRANTS.—

''(A) PROVISIONAL PAYMENTS.—If an eligible State submits to the Secretary a request for funds under this paragraph during an eligible month, the Secretary shall, subject to this paragraph, pay to the State, from amounts appropriated pursuant to paragraph (2), an amount equal to the amount of funds so requested.

''(B) PAYMENT PRIORITY.—The Secretary shall make payments under subparagraph (A) in the order in which the Secretary receives requests for such payments.

''(C) LIMITATIONS.—

''(i) MONTHLY PAYMENT TO A STATE.—The total amount paid to a single State under subparagraph (A) during a month shall not exceed 1/12 of 20 percent of the State family assistance grant.

''(ii) PAYMENTS TO ALL STATES.—The total amount paid to all States under subparagraph (A) during fiscal years 1997 through 2001 shall not exceed the total amount appropriated pursuant to paragraph (2).

''(4) ANNUAL RECONCILIATION.—Notwithstanding paragraph (3), at the end of each fiscal year, each State shall remit to the Secretary an amount equal to the amount (if any) by which the total amount paid to the State under paragraph (3) during the fiscal year exceeds—

''(A) the Federal medical assistance percentage for the State for the fiscal year (as defined in section 1905(b), as in effect on September 30, 1995) of the amount (if any) by which the expenditures under the State program funded under this part for the fiscal year exceed historic State expenditures (as defined in section 409(a)(7)(B)(iii)); multiplied by

''(B) 1/12 times the number of months during the fiscal year for which the Secretary makes a payment to the State under this subsection.

''(5) ELIGIBLE MONTH.—As used in paragraph (3)(A), the term 'eligible month' means, with respect to a State, a month in the 2-month period that begins with any month for which the State is a needy State.

''(6) NEEDY STATE.—For purposes of paragraph (5), a State is a needy State for a month if—

''(A) the average rate of—

''(i) total unemployment in such State (seasonally adjusted) for the period consisting of the most recent 3 months for which data for all States are published equals or exceeds 6.5 percent; and

''(ii) total unemployment in such State (seasonally adjusted) for the 3-month period equals or exceeds 110 percent of such average rate for either (or both) of the corresponding 3-month periods ending in the 2 preceding calendar years; or

''(B) as determined by the Secretary of Agriculture (in the discretion of the Secretary of Agriculture), the monthly average number of individuals (as of the last day of each month) participating in the food stamp program in the State in the then most recently concluded 3-month period for which data are available exceeds by not less than 10 percent the lesser of—

''(i) the monthly average number of individuals (as of the last day of each month) in the State that would have participated in the food stamp program in the corresponding 3-month period in fiscal year 1994 if the amendments made by subtitles D and J of

the Personal Responsibility and Work Opportunity Act of 1996 had been in effect throughout fiscal year 1994; or

''(ii) the monthly average number of individuals (as of the last day of each month) in the State that would have participated in the food stamp program in the corresponding 3-month period in fiscal year 1995 if the amendments made by subtitles D and J of the Personal Responsibility and Work Opportunity Act of 1996 had been in effect throughout fiscal year 1995.

''(7) OTHER TERMS DEFINED.—As used in this subsection:

''(A) STATE.—The term 'State' means each of the 50 States of the United States and the District of Columbia.

''(B) SECRETARY.—The term 'Secretary' means the Secretary of the Treasury.

''(8) ANNUAL REPORTS.—The Secretary shall annually report to the Congress on the status of the Fund.

''(9) BUDGET SCORING.—Notwithstanding section 257(b)(2) of the Balanced Budget and Emergency Deficit Control Act of 1985, the baseline shall assume that no grant shall be made under this subsection after fiscal year 2001.

''SEC. 404. USE OF GRANTS.

''(a) GENERAL RULES.—Subject to this part, a State to which a grant is made under section 403 may use the grant—

''(1) in any manner that is reasonably calculated to accomplish the purpose of this part, including to provide low income households with assistance in meeting home heating and cooling costs; or

''(2) in any manner that the State was authorized to use amounts received under part A or F, as such parts were in effect on September 30, 1995.

''(b) LIMITATION ON USE OF GRANT FOR ADMINISTRATIVE PURPOSES.—

''(1) LIMITATION.—A State to which a grant is made under section 403 shall not expend more than 15 percent of the grant for administrative purposes.

''(2) EXCEPTION.—Paragraph (1) shall not apply to the use of a grant for information technology and computerization needed for tracking or monitoring required by or under this part.

''(c) AUTHORITY TO TREAT INTERSTATE IMMIGRANTS UNDER RULES OF FORMER STATE.—A State operating a program funded under this part may apply to a family the rules (including benefit amounts) of the program funded under this part of another State if the family has moved to the State from the other State and has resided in the State for less than 12 months.

''(d) AUTHORITY TO USE PORTION OF GRANT FOR OTHER PURPOSES.—

''(1) IN GENERAL.—A State may use not more than 30 percent of the amount of the grant made to the State under section 403 for a fiscal year to carry out a State program pursuant to any or all of the following provisions of law:

''(A) Part B or E of this title.

''(B) Title XX of this Act.

''(C) The Child Care and Development Block Grant Act of 1990.

''(2) APPLICABLE RULES.—Any amount paid to the State under this part that is used to carry out a State program pursuant to a provision of law specified or described in paragraph (1) shall not be subject to the requirements of this part, but shall be subject to the requirements that apply to Federal funds provided directly under the provision of law to carry out the program.

''(e) AUTHORITY TO RESERVE CERTAIN AMOUNTS FOR ASSISTANCE.—A State may reserve amounts paid to the State under this part for any fiscal year for the purpose of providing, without fiscal year limitation, assistance under the State program funded under this part.

''(f) AUTHORITY TO OPERATE EMPLOYMENT PLACEMENT PROGRAM.—A State to which a grant is made under section 403 may use the grant to make payments (or provide job placement vouchers) to State-approved public and private job placement agencies that provide employment placement services to individuals who receive assistance under the State program funded under this part.

''(g) IMPLEMENTATION OF ELECTRONIC BENEFIT TRANSFER SYSTEM.—A State to which a grant is made under section 403 is encouraged to implement an electronic benefit transfer system for providing assistance under the State program funded under this part, and may use the grant for such purpose.

''SEC. 405. ADMINISTRATIVE PROVISIONS.

''(a) QUARTERLY.—The Secretary shall pay each grant payable to a State under section 403 in quarterly installments.

''(b) NOTIFICATION.—Not later than 3 months before the payment of any such quarterly installment to a State, the Secretary shall notify the State of the amount of any reduction determined under section 412(a)(1)(B) with respect to the State.

''(c) COMPUTATION AND CERTIFICATION OF PAYMENTS TO STATES.—

''(1) COMPUTATION.—The Secretary shall estimate the amount to be paid to each eligible State for each quarter under this part, such estimate to be based on a report filed by the State containing an estimate by the State of the total sum to be expended by the State in the quarter under the State program funded under this part and such other information as the Secretary may find necessary.

''(2) CERTIFICATION.—The Secretary of Health and Human Services shall certify to the Secretary of the Treasury the amount estimated under paragraph (1) with respect to a State, reduced or increased to the extent of any overpayment or underpayment which the Secretary of Health and Human Services determines was made under this part to the State for any prior quarter and with respect to which adjustment has not been made under this paragraph.

''(d) PAYMENT METHOD.—Upon receipt of a certification under subsection (c)(2) with respect to a State, the Secretary of the Treasury shall, through the Fiscal Service of the Department of the Treasury and before audit or settlement by the General Accounting Office, pay to the State, at the time or times fixed by the Secretary of Health and Human Services, the amount so certified.

''(e) COLLECTION OF STATE OVERPAYMENTS TO FAMILIES FROM FEDERAL TAX REFUNDS.—

''(1) IN GENERAL.—Upon receiving notice from the Secretary of Health and Human Services that a State agency administering a program funded under this part has notified the Secretary that a named individual has been overpaid under the State program funded under this part, the Secretary of the Treasury shall determine whether any amounts as refunds of Federal taxes paid are payable to such individual, regardless of whether the individual filed a tax return as a married or unmarried individual. If the Secretary of the Treasury finds that any such amount is so payable, the Secretary shall withhold from such refunds an amount equal to the overpayment sought to be collected by the State and pay such amount to the State agency.

''(2) REGULATIONS.—The Secretary of the Treasury shall issue regulations, after review by the Secretary of Health and Human services, that provide—

''(A) that a State may only submit under paragraph (1) requests for collection of overpayments with respect to individuals—

''(i) who are no longer receiving assistance under the State program funded under this part;

''(ii) with respect to whom the State has already taken appropriate action under State law against the income or resources of the individuals or families involved to collect the past-due legally enforceable debt; and

''(iii) to whom the State agency has given notice of its intent to request withholding by the Secretary of the Treasury from the income tax refunds of such individuals;

''(B) that the Secretary of the Treasury will give a timely and appropriate notice to any other person filing a joint return with the individual whose refund is subject to withholding under paragraph (1); and

''(C) the procedures that the State and the Secretary of the Treasury will follow in carrying out this subsection which, to the maximum extent feasible and consistent with the provisions of this subsection, will be the same as those issued pursuant to section 464(b) applicable to collection of past-due child support.

''SEC. 406. FEDERAL LOANS FOR STATE WELFARE PROGRAMS.

''(a) LOAN AUTHORITY.—

''(1) IN GENERAL.—The Secretary shall make loans to any loan-eligible State, for a period to maturity of not more than 3 years.

''(2) LOAN-ELIGIBLE STATE.—As used in paragraph (1), the term 'loan-eligible State' means a State against which a penalty has not been imposed under section 409(a)(1).

''(b) RATE OF INTEREST.—The Secretary shall charge and collect interest on any loan made under this section at a rate equal to the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the period to maturity of the loan.

''(c) USE OF LOAN.—A State shall use a loan made to the State under this section only for any purpose for which grant amounts received by the State under section 403(a) may be used, including—

''(1) welfare anti-fraud activities; and

''(2) the provision of assistance under the State program to Indian families that have moved from the service area of an Indian tribe with a tribal family assistance plan approved under section 412.

''(d) LIMITATION ON TOTAL AMOUNT OF LOANS TO A STATE.—The cumulative dollar amount of all loans made to a State under this section during fiscal years 1997 through 2001 shall not exceed 10 percent of the State family assistance grant.

''(e) LIMITATION ON TOTAL AMOUNT OF OUTSTANDING LOANS.—The total dollar amount of loans outstanding under this section may not exceed $1,700,000,000.

''(f) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated such sums as may be necessary for the cost of loans under this section.

''SEC. 407. MANDATORY WORK REQUIREMENTS.

''(a) PARTICIPATION RATE REQUIREMENTS.—

''(1) ALL FAMILIES.—A State to which a grant is made under section 403 for a fiscal year shall achieve the minimum participation rate specified in the following table for the fiscal year with respect to all families receiving assistance under the State program funded under this part:

''If the fiscal year is:	The minimum participation rate is:
1997	25
1998	30
1999	35
2000	40
2001	45
2002 or thereafter	50.

''(2) 2-PARENT FAMILIES.—A State to which a grant is made under section 403 for a fiscal year shall achieve the minimum participation rate specified in the following table for the fiscal year with respect to 2-parent families receiving assistance under the State program funded under this part:

''If the fiscal year is:	The minimum participation rate is:
1996	50
1997	75
1998	75
1999 or thereafter	90.

''(b) CALCULATION OF PARTICIPATION RATES.—

''(1) ALL FAMILIES.—

''(A) AVERAGE MONTHLY RATE.—For purposes of subsection (a)(1), the participation rate for all families of a State for a fiscal year is the average of the participation rates for all families of the State for each month in the fiscal year.

''(B) MONTHLY PARTICIPATION RATES.—The participation rate of a State for all families of the State for a month, expressed as a percentage, is—

''(i) the number of families receiving assistance under the State program funded under this part that include an adult who is engaged in work for the month; divided by

''(ii) the amount by which—

''(I) the number of families receiving such assistance during the month that include an adult receiving such assistance; exceeds

''(II) the number of families receiving such assistance that are subject in such month to a penalty described in subsection (e)(1) but have not been subject to such penalty for more than 3 months within the preceding 12-month period (whether or not consecutive).

''(2) 2-PARENT FAMILIES.—

''(A) AVERAGE MONTHLY RATE.—For purposes of subsection (a)(2), the participation rate for 2-parent families of a State for a fiscal year is the average of the participation rates for 2-parent families of the State for each month in the fiscal year.

''(B) MONTHLY PARTICIPATION RATES.—The participation rate of a State for 2-parent families of the State for a month shall be calculated by use of the formula set forth in paragraph (1)(B), except that in the formula the term 'number of 2-parent families' shall be substituted for the term 'number of families' each place such latter term appears.

''(3) PRO RATA REDUCTION OF PARTICIPATION RATE DUE TO CASELOAD REDUCTIONS NOT REQUIRED BY FEDERAL LAW.—

''(A) IN GENERAL.—The Secretary shall prescribe regulations for reducing the minimum participation rate otherwise required by this section for a fiscal year by the number of percentage points equal to the number of percentage points (if any) by which—

''(i) the average monthly number of families receiving assistance during the fiscal year under the State program funded under this part is less than

''(ii) the average monthly number of families that received aid under the State plan approved under part A (as in effect on September 30, 1995) during fiscal year 1995.

The minimum participation rate shall not be reduced to the extent that the Secretary determines that the reduction in the number of families receiving such assistance is required by Federal law.

''(B) ELIGIBILITY CHANGES NOT COUNTED.—The regulations described in subparagraph (A) shall not take into account families that are diverted from a State program funded under this part as a result of differences in eligibility criteria under a State program funded under this part and eligibility criteria under the State program operated under the State plan approved under part A (as such plan and such part were in effect on September 30, 1995). Such regulations shall place the burden on the Secretary to prove that such families were diverted as a direct result of differences in such eligibility criteria.

''(4) STATE OPTION TO INCLUDE INDIVIDUALS RECEIVING ASSISTANCE UNDER A TRIBAL FAMILY ASSISTANCE PLAN.—For purposes of paragraphs (1)(B) and (2)(B), a State may, at its option, include families receiving assistance under a tribal family assistance plan approved under section 412.

''(5) STATE OPTION FOR PARTICIPATION REQUIREMENT EXEMPTIONS.—For any fiscal year, a State may, at its option, not require an individual who is a single custodial parent caring for a child who has not attained 12 months of age to engage in work and may disregard such an individual in determining the participation rates under subsection (a).

''(c) ENGAGED IN WORK.—

''(1) ALL FAMILIES.—For purposes of subsection (b)(1)(B)(i), a recipient is engaged in work for a month in a fiscal year if the recipient is participating in work activities for at least the minimum average number of hours per week specified in the following table during the month, not fewer than 20 hours per week of which are attributable to an activity described in paragraph (1), (2), (3), (4), (5), (6), (7), or (8) of subsection (d):

''If the month is in fiscal year:	The minimum average number of hours per week is:
1996	20
1997	20
1998	20
1999	25
2000 or thereafter	30.

''(2) 2-PARENT FAMILIES.—For purposes of subsection (b)(2)(B)(i), an adult is engaged in work for a month in a fiscal year if the adult is making progress in work activities for at least 35 hours per week during the month, not fewer than 30 hours per week of which are attributable to an activity described in paragraph (1), (2), (3), (4), (5), (6), (7), or (8) of subsection (d).

''(3) LIMITATION ON NUMBER OF WEEKS FOR WHICH JOB SEARCH COUNTS AS WORK.—Notwithstanding paragraphs (1) and (2), an individual shall not be considered to be engaged in work by virtue of participation in an activity described in subsection (d)(6), after the individual has participated in such an activity for 8 weeks in a fiscal year, or if the participation is for a week that is in a fiscal year and that immediately follows 4 consecutive weeks of such participation in the fiscal year. An individual shall be considered to be participating in such an activity for a week if the individual participates in such an activity at any time during the week.

''(4) LIMITATION ON VOCATIONAL EDUCATION ACTIVITIES COUNTED AS WORK.—For purposes of determining monthly participation rates under paragraphs (1)(B)(i) and (2)(B)(i) of subsection (b), not more than 20 percent of adults in all families and in 2-parent families determined to be engaged in work in the State for a month may meet the work activity requirement through participation in vocational educational training.

''(5) SINGLE PARENT WITH CHILD UNDER AGE 6 DEEMED TO BE MEETING WORK PARTICIPATION REQUIREMENTS IF PARENT IS ENGAGED IN WORK FOR 20 HOURS PER WEEK.—For purposes of determining monthly participation rates under subsection (b)(1)(B)(i), a recipient in a 1-parent family who is the parent of a child who has not attained 6 years of age is deemed to be engaged in work for a month if the recipient is engaged in work for an average of at least 20 hours per week during the month.

''(6) TEEN HEAD OF HOUSEHOLD WHO MAINTAINS SATISFACTORY SCHOOL ATTENDANCE DEEMED TO BE MEETING WORK PARTICIPATION REQUIREMENTS.—For purposes of determining monthly participation rates under subsection (b)(1)(B)(i), a recipient who is a single head of household and has not attained 20 years of age is deemed to be engaged in work for a month in a fiscal year if the recipient—

''(A) maintains satisfactory attendance at secondary school or the equivalent during the month; or

''(B) participates in education directly related to employment for at least the minimum average number of hours per week specified in the table set forth in paragraph (1).

''(d) WORK ACTIVITIES DEFINED.—As used in this section, the term 'work activities' means—

''(1) unsubsidized employment;

''(2) subsidized private sector employment;

''(3) subsidized public sector employment;

''(4) work experience (including work associated with the refurbishing of publicly assisted housing) if sufficient private sector employment is not available;

''(5) on-the-job training;

''(6) job search and job readiness assistance;

''(7) community service programs;

''(8) vocational educational training (not to exceed 12 months with respect to any individual);

''(9) job skills training directly related to employment;

''(10) education directly related to employment, in the case of a recipient who has not received a high school diploma or a certificate of high school equivalency; and

''(11) satisfactory attendance at secondary school, in the case of a recipient who has not completed secondary school.

''(e) PENALTIES AGAINST INDIVIDUALS.—

''(1) IN GENERAL.—Except as provided in paragraph (2), if an adult in a family receiving assistance under the State program funded under this part refuses to engage in work required in accordance with this section, the State shall—

''(A) reduce the amount of assistance otherwise payable to the family pro rata (or more, at the option of the State) with respect to any period during a month in which the adult so refuses; or

''(B) terminate such assistance,

subject to such good cause and other exceptions as the State may establish.

''(2) EXCEPTION.—Notwithstanding paragraph (1), a State may not reduce or terminate assistance under the State program funded under this part based on a refusal of an adult to work if the adult is a single custodial parent caring for a child who has not attained 11 years of age, and the adult proves that the adult has a demonstrated inability (as determined by the State) to obtain needed child care, for 1 or more of the following reasons:

''(A) Unavailability of appropriate child care within a reasonable distance from the individual's home or work site.

''(B) Unavailability or unsuitability of informal child care by a relative or under other arrangements.

''(C) Unavailability of appropriate and affordable formal child care arrangements.

''(f) NONDISPLACEMENT IN WORK ACTIVITIES.—

''(1) IN GENERAL.—Subject to paragraph (2), an adult in a family receiving assistance under a State program funded under this part attributable to funds provided by the Federal Government may fill a vacant employment position in order to engage in a work activity described in subsection (d).

''(2) NO FILLING OF CERTAIN VACANCIES.—No adult in a work activity described in subsection (d) which is funded, in whole or in

part, by funds provided by the Federal Government shall be employed or assigned—

''(A) when any other individual is on layoff from the same or any substantially equivalent job; or

''(B) if the employer has terminated the employment of any regular employee or otherwise caused an involuntary reduction of its workforce in order to fill the vacancy so created with an adult described in paragraph (1).

''(3) NO PREEMPTION.—Nothing in this subsection shall preempt or supersede any provision of State or local law that provides greater protection for employees from displacement.

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

''(h) SENSE OF THE CONGRESS THAT STATES SHOULD IMPOSE CERTAIN REQUIREMENTS ON NONCUSTODIAL, NONSUPPORTING MINOR PARENTS.—It is the sense of the Congress that the States should require noncustodial, nonsupporting parents who have not attained 18 years of age to fulfill community work obligations and attend appropriate parenting or money management classes after school.

''(i) REVIEW OF IMPLEMENTATION OF STATE WORK PROGRAMS.—During fiscal year 1999, the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate shall hold hearings and engage in other appropriate activities to review the implementation of this section by the States, and shall invite the Governors of the States to testify before them regarding such implementation. Based on such hearings, such Committees may introduce such legislation as may be appropriate to remedy any problems with the State programs operated pursuant to this section.

In section 404(d) of the Social Security Act, as proposed to be added by section 4103(a)(1), strike paragraph (2) and insert the following:

''(2) LIMITATION ON AMOUNT TRANSFERABLE TO TITLE XX PROGRAMS.—Notwithstanding paragraph (1), not more than ⅓ of the total amount paid to a State under this part for a fiscal year that is used to carry out State programs pursuant to provisions of law specified in paragraph (1) may be used to carry out State programs pursuant to title XX.

''(3) APPLICABLE RULES.—

''(A) IN GENERAL.—Except as provided in subparagraph (B) of this paragraph, any amount paid to a State under this part that is used to carry out a State program pursuant to a provision of law specified in paragraph (1) shall not be subject to the requirements of this part, but shall be subject to the requirements that apply to Federal funds provided directly under the provision of law to carry out the program.

''(B) EXCEPTION RELATING TO TITLE XX PROGRAMS.—All amounts paid to a State under this part that are used to carry out State programs pursuant to title XX shall be used only for programs and services to children or their families.

At the end of section 408(a)(8) of the Social Security Act, as proposed to be added by section 4103(a)(2), add the following:

''(E) RULE OF INTERPRETATION.—This part shall not be interpreted to prohibit any State from expending State funds not originating with the Federal Government on benefits for children or families that have become ineligible for assistance under the State program funded under this part by reason of subparagraph (A).

In section 409(a)(7)(B) of the Social Security Act, as proposed to be added by section 4103(a)(1), strike clause (ii) and insert the following:

''(ii) APPLICABLE PERCENTAGE.—The term 'applicable percentage' means for fiscal years 1997 through 2001, 80 percent (or, if the State meets the requirements of section 407(a) for the fiscal year, 75 percent) reduced (if appropriate) in accordance with subparagraph (C)(ii).

In section 1931(a) of the Social Security Act, as proposed to be inserted by section 4115(a)(2)—

(1) in paragraph (1), strike ''through (4)'' and insert ''through (5)'',

(2) in paragraph (3), strike ''and'' at the end,

(3) in paragraph (4), strike the period at the end and insert ''; and'', and

(4) insert after paragraph (4) the following:

''(5) a State may terminate medical assistance under this title for an individual because the individual fails to meet any requirement imposed pursuant to section 407 if the individual was eligible for the medical assistance—

''(A) on the basis of receipt of assistance under a State program funded under part A of title IV, or

''(B) pursuant to paragraph (1), on the basis that the individual meets the requirements for receipt of aid or assistance under the State plan under part A of title IV (as in effect on July 16, 1996).

In paragraph (31)(B) of section 454 of the Social Security Act, as proposed to be added by section 4347(3)—

(1) strike ''and shall'' and insert ''shall''; and

(2) insert '', and shall permit the country office of the State agency administering the State program under this part which collected such amounts to retain an amount equal to 5 percent of the amount applied to the payment of such penalties'' before the period.

''SEC. 408. PROHIBITIONS; REQUIREMENTS.

''(a) IN GENERAL.—

''(1) NO ASSISTANCE FOR FAMILIES WITHOUT A MINOR CHILD.—A State to which a grant is made under section 403 shall not use any part of the grant to provide assistance to a family, unless the family includes—

''(A) a minor child who resides with a custodial parent or other adult caretaker relative of the child; or

''(B) a pregnant individual.

''(2) NO ADDITIONAL CASH ASSISTANCE FOR CHILDREN BORN TO FAMILIES RECEIVING ASSISTANCE.—

''(A) GENERAL RULE.—A State to which a grant is made under section 403 shall not use any part of the grant to provide cash benefits for a minor child who is born to—

''(i) a recipient of assistance under the program operated under this part; or

''(ii) a person who received such assistance at any time during the 10-month period ending with the birth of the child.

''(B) EXCEPTION FOR CHILDREN BORN INTO FAMILIES WITH NO OTHER CHILDREN.—Subparagraph (A) shall not apply to a minor child who is born into a family that does not include any other children.

''(C) EXCEPTION FOR VOUCHERS.—Subparagraph (A) shall not apply to vouchers which are provided in lieu of cash benefits and which may be used only to pay for particular goods and services specified by the State as suitable for the care of the child involved.

''(D) EXCEPTION FOR RAPE OR INCEST.—Subparagraph (A) shall not apply with respect to a child who is born as a result of rape or incest.

''(E) STATE ELECTION TO OPT OUT.—Subparagraph (A) shall not apply to a State if State law specifically exempts the State program funded under this part from the application of subparagraph (A).

''(F) SUBSTITUTION OF FAMILY CAPS IN EFFECT UNDER WAIVERS.—Subparagraph (A) shall not apply to a State—

''(i) if, as of the date of the enactment of this part, there is in effect a waiver approved by the Secretary under section 1115 which permits the State to deny aid under the State plan approved under part A of this title (as in effect without regard to the amendments made by subtitle A of the Personal Responsibility and Work Opportunity Act of 1996) to a family by reason of the birth of a child to a family member otherwise eligible for such aid; and

''(ii) for so long as the State continues to implement such policy under the State program funded under this part, under rules prescribed by the State.

''(3) REDUCTION OR ELIMINATION OF ASSISTANCE FOR NONCOOPERATION IN ESTABLISHING PATERNITY OR OBTAINING CHILD SUPPORT.—If the agency responsible for administering the State plan approved under part D determines that an individual is not cooperating with the State in establishing paternity or in establishing, modifying, or enforcing a support order with respect to a child of the individual, and the individual does not qualify for any good cause or other exception established by the State pursuant to section 454(29), then the State—

''(A) shall deduct from the assistance that would otherwise be provided to the family of the individual under the State program funded under this part the share of such assistance attributable to the individual; and

''(B) may deny the family any assistance under the State program.

''(4) NO ASSISTANCE FOR FAMILIES NOT ASSIGNING CERTAIN SUPPORT RIGHTS TO THE STATE.—

''(A) IN GENERAL.—A State to which a grant is made under section 403 shall require, as a condition of providing assistance to a family under the State program funded under this part, that a member of the family assign to the State any rights the family member may have (on behalf of the family member or of any other person for whom the family member has applied for or is receiving such assistance) to support from any other person, not exceeding the total amount of assistance so provided to the family, which accrue (or have accrued) before the date the family leaves the program, which assignment, on and after the date the family leaves the program, shall not apply with respect to any support (other than support collected pursuant to section 464) which accrued before the family received such assistance and which the State has not collected by—

''(i) September 30, 2000, if the assignment is executed on or after October 1, 1997, and before October 1, 2000; or

''(ii) the date the family leaves the program, if the assignment is executed on or after October 1, 2000.

''(B) LIMITATION.—A State to which a grant is made under section 403 shall not require, as a condition of providing assistance to any family under the State program funded under this part, that a member of the family assign to the State any rights to support described in subparagraph (A) which accrue after the date the family leaves the program.

''(5) NO ASSISTANCE FOR TEENAGE PARENTS WHO DO NOT ATTEND HIGH SCHOOL OR OTHER EQUIVALENT TRAINING PROGRAM.—A State to which a grant is made under section 403 shall not use any part of the grant to provide assistance to an individual who has not attained 18 years of age, is not married, has a minor child at least 12 weeks of age in his or her care, and has not successfully completed a high-school education (or its equivalent), if the individual does not participate in—

''(A) educational activities directed toward the attainment of a high school diploma or its equivalent; or

''(B) an alternative educational or training program that has been approved by the State.

''(6) NO ASSISTANCE FOR TEENAGE PARENTS NOT LIVING IN ADULT-SUPERVISED SETTINGS.—

''(A) IN GENERAL.—

''(i) REQUIREMENT.—Except as provided in subparagraph (B), a State to which a grant is made under section 403 shall not use any part of the grant to provide assistance to an individual described in clause (ii) of this subparagraph if the individual and the minor child referred to in clause (ii)(II) do not reside in a place of residence maintained by a parent, legal guardian, or other adult relative of the individual as such parent's, guardian's, or adult relative's own home.

''(ii) INDIVIDUAL DESCRIBED.— For purposes of clause (i), an individual described in this clause is an individual who—

''(I) has not attained 18 years of age; and

''(II) is not married, and has a minor child in his or her care.

''(B) EXCEPTION.—

''(i) PROVISION OF, OR ASSISTANCE IN LOCATING, ADULT-SUPERVISED LIVING ARRANGEMENT.—In the case of an individual who is described in clause (ii), the State agency referred to in section 402(a)(4) shall provide, or assist the individual in locating, a second chance home, maternity home, or other appropriate adult-supervised supportive living arrangement, taking into consideration the needs and concerns of the individual, unless the State agency determines that the individual's current living arrangement is appropriate, and thereafter shall require that the individual and the minor child referred to in subparagraph (A)(ii)(II) reside in such living arrangement as a condition of the continued receipt of assistance under the State program funded under this part attributable to funds provided by the Federal Government (or in an alternative appropriate arrangement, should circumstances change and the current arrangement cease to be appropriate).

''(ii) INDIVIDUAL DESCRIBED.—For purposes of clause (i), an individual is described in this clause if the individual is described in subparagraph (A)(ii), and—

''(I) the individual has no parent, legal guardian or other appropriate adult relative described in subclause (II) of his or her own who is living or whose whereabouts are known;

''(II) no living parent, legal guardian, or other appropriate adult relative, who would otherwise meet applicable State criteria to act as the individual's legal guardian, of such individual allows the individual to live in the home of such parent, guardian, or relative;

''(III) the State agency determines that—

''(aa) the individual or the minor child referred to in subparagraph (A)(ii)(II) is being or has been subjected to serious physical or emotional harm, sexual abuse, or exploitation in the residence of the individual's own parent or legal guardian; or

''(bb) substantial evidence exists of an act or failure to act that presents an imminent or serious harm if the individual and the minor child lived in the same residence with the individual's own parent or legal guardian; or

''(IV) the State agency otherwise determines that it is in the best interest of the minor child to waive the requirement of subparagraph (A) with respect to the individual or the minor child.

''(iii) SECOND-CHANCE HOME.—For purposes of this subparagraph, the term 'second-chance home' means an entity that provides individuals described in clause (ii) with a supportive and supervised living arrangement in which such individuals are required to learn parenting skills, including child development, family budgeting, health and nutrition, and other skills to promote their long-term economic independence and the well-being of their children.

''(7) NO MEDICAL SERVICES.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), a State to which a grant is made under section 403 shall not use any part of the grant to provide medical services.

''(B) EXCEPTION FOR FAMILY PLANNING SERVICES.—As used in subparagraph (A), the term 'medical services' does not include family planning services.

''(8) NO ASSISTANCE FOR MORE THAN 5 YEARS.—

''(A) IN GENERAL.—Except as provided in subparagraphs (B) and (C), a State to which a grant is made under section 403 shall not use any part of the grant to provide assistance to a family that includes an adult who has received assistance under any State program funded under this part attributable to funds provided by the Federal Government, for 60 months (whether or not consecutive) after the date the State program funded under this part commences.

''(B) MINOR CHILD EXCEPTION.—In determining the number of months for which an individual who is a parent or pregnant has received assistance under the State program funded under this part, the State shall disregard any month for which such assistance was provided with respect to the individual and during which the individual was—

''(i) a minor child; and

''(ii) not the head of a household or married to the head of a household.

''(C) HARDSHIP EXCEPTION.—

''(i) IN GENERAL.—The State may exempt a family from the application of subparagraph (A) by reason of hardship or if the family includes an individual who has been battered or subjected to extreme cruelty.

''(ii) LIMITATION.—The number of families with respect to which an exemption made by a State under clause (i) is in effect for a fiscal year shall not exceed 20 percent of the average monthly number of families to which assistance is provided under the State program funded under this part.

''(iii) BATTERED OR SUBJECT TO EXTREME CRUELTY DEFINED.—For purposes of clause (i), an individual has been battered or subjected to extreme cruelty if the individual has been subjected to—

''(I) physical acts that resulted in, or threatened to result in, physical injury to the individual;

''(II) sexual abuse;

''(III) sexual activity involving a dependent child;

''(IV) being forced as the caretaker relative of a dependent child to engage in nonconsensual sexual acts or activities;

''(V) threats of, or attempts at, physical or sexual abuse;

''(VI) mental abuse; or

''(VII) neglect or deprivation of medical care.

''(D) RULE OF INTERPRETATION.—Subparagraph (A) shall not be interpreted to require any State to provide assistance to any individual for any period of time under the State program funded under this part.

''(9) DENIAL OF ASSISTANCE FOR 10 YEARS TO A PERSON FOUND TO HAVE FRAUDULENTLY MISREPRESENTED RESIDENCE IN ORDER TO OBTAIN ASSISTANCE IN 2 OR MORE STATES.—A State to which a grant is made under section 403 shall not use any part of the grant to provide cash assistance to an individual during the 10-year period that begins on the date the individual is convicted in Federal or State court of having made a fraudulent statement or representation with respect to the place of residence of the individual in order to receive assistance simultaneously from 2 or more States under programs that are funded under this title, title XIX, or the Food Stamp Act of 1977, or benefits in 2 or more States under the supplemental security income program under title XVI. The preceding sentence shall not apply with respect to a conviction of an individual, for any month beginning after the President of the United States grants a pardon with respect to the conduct which was the subject of the conviction.

''(10) DENIAL OF ASSISTANCE FOR FUGITIVE FELONS AND PROBATION AND PAROLE VIOLATORS.—

''(A) IN GENERAL.—A State to which a grant is made under section 403 shall not use any part of the grant to provide assistance to any individual who is—

''(i) fleeing to avoid prosecution, or custody or confinement after conviction, under the laws of the place from which the individual flees, for a crime, or an attempt to commit a crime, which is a felony under the laws of the place from which the individual flees, or which, in the case of the State of New Jersey, is a high misdemeanor under the laws of such State; or

''(ii) violating a condition of probation or parole imposed under Federal or State law.

The preceding sentence shall not apply with respect to conduct of an individual, for any month beginning after the President of the United States grants a pardon with respect to the conduct.

''(B) EXCHANGE OF INFORMATION WITH LAW ENFORCEMENT AGENCIES.—If a State to which a grant is made under section 403 establishes safeguards against the use or disclosure of information about applicants or recipients of assistance under the State program funded under this part, the safeguards shall not prevent the State agency administering the program from furnishing a Federal, State, or local law enforcement officer, upon the request of the officer, with the current address of any recipient if the officer furnishes the agency with the name of the recipient and notifies the agency that—

''(i) the recipient—

''(I) is described in subparagraph (A); or

''(II) has information that is necessary for the officer to conduct the official duties of the officer; and

''(ii) the location or apprehension of the recipient is within such official duties.

''(11) DENIAL OF ASSISTANCE FOR MINOR CHILDREN WHO ARE ABSENT FROM THE HOME FOR A SIGNIFICANT PERIOD.—

''(A) IN GENERAL.—A State to which a grant is made under section 403 shall not use any part of the grant to provide assistance for a minor child who has been, or is expected by a parent (or other caretaker relative) of the child to be, absent from the home for a period of 45 consecutive days or, at the option of the State, such period of not less than 30 and not more than 180 consecutive days as the State may provide for in the State plan submitted pursuant to section 402.

''(B) STATE AUTHORITY TO ESTABLISH GOOD CAUSE EXCEPTIONS.—The State may establish such good cause exceptions to subparagraph (A) as the State considers appropriate if such exceptions are provided for in the State plan submitted pursuant to section 402.

''(C) DENIAL OF ASSISTANCE FOR RELATIVE WHO FAILS TO NOTIFY STATE AGENCY OF ABSENCE OF CHILD.—A State to which a grant is made under section 403 shall not use any part of the grant to provide assistance for an individual who is a parent (or other caretaker relative) of a minor child and who fails to notify the agency administering the State program funded under this part of the absence of the minor child from the home for

the period specified in or provided for pursuant to subparagraph (A), by the end of the 5-day period that begins with the date that it becomes clear to the parent (or relative) that the minor child will be absent for such period so specified or provided for.

''(12) INCOME SECURITY PAYMENTS NOT TO BE DISREGARDED IN DETERMINING THE AMOUNT OF ASSISTANCE TO BE PROVIDED TO A FAMILY.—If a State to which a grant is made under section 403 uses any part of the grant to provide assistance for any individual who is receiving benefits, or on behalf of whom benefits are paid, under a State plan for old-age assistance approved under section 2, under section 202, 205(j)(1), 223, or 228, under a State program funded under part E that provides cash payments for foster care, or under the supplemental security income program under title XVI, then the State may disregard the payment in determining the amount of assistance to be provided under the State program funded under this part, from funds provided by the Federal Government, to the family of which the individual is a member.

''(13) MEDICAL ASSISTANCE REQUIRED TO BE PROVIDED FOR 1 YEAR FOR FAMILIES BECOMING INELIGIBLE FOR CASH ASSISTANCE UNDER THIS PART DUE TO INCREASED EARNINGS FROM EMPLOYMENT.—A State to which a grant is made under section 403 shall take such action as may be necessary to ensure that, if an individual or family becomes ineligible to receive cash assistance under the State program funded under this part as a result of increased earnings from employment, having received such assistance in at least 3 of the 6 months immediately preceding the month in which such ineligibility begins, the individual (or in the case of a family, each individual in the family) shall be eligible for medical assistance under the State's plan approved under title XIX during the immediately succeeding 12-month period for so long as family income (as defined by the State), excluding any refund of Federal income taxes made by reason of section 32 of the Internal Revenue Code of 1986 (relating to earned income tax credit) and any payment made by an employer under section 3507 of such Code (relating to advance payment of earned income credit), is less than the poverty line, and that the family will be appropriately notified of such eligibility.

''(14) MEDICAL ASSISTANCE REQUIRED TO BE PROVIDED FOR 4 MONTHS FOR FAMILIES BECOMING INELIGIBLE FOR CASH ASSISTANCE UNDER THIS PART DUE TO COLLECTION OF CHILD SUPPORT.—A State to which a grant is made under section 403 shall take such action as may be necessary to ensure that, if any individual or family becomes ineligible to receive cash assistance under the State program funded under this part as a result of the collection or increased collection of child or spousal support under part D, having received such assistance in at least 3 of the 6 months immediately preceding the month in which such ineligibility begins, the individual (or, in the case of a family, each individual in the family) shall be eligible for medical assistance under the State's plan approved under title XIX during the 4-month period beginning with the month in which such ineligibility begins.

''(15) MEDICAL ASSISTANCE REQUIRED TO BE PROVIDED FOR CERTAIN INDIVIDUALS.—A State to which a grant is made under section 403 shall take such action as may be necessary to ensure that, under section 1931, individuals who would be eligible for cash assistance under the State plan approved under this part (as in effect as of July 16, 1996) if such State plan were still in effect are eligible for medical assistance under the State's plan approved under title XIX.

''(b) INDIVIDUAL RESPONSIBILITY PLANS.—

''(1) ASSESSMENT.—The State agency responsible for administering the State program funded under this part shall make an initial assessment of the skills, prior work experience, and employability of each recipient of assistance under the program who—

''(A) has attained 18 years of age; or

''(B) has not completed high school or obtained a certificate of high school equivalency, and is not attending secondary school.

''(2) CONTENTS OF PLANS.—

''(A) IN GENERAL.—On the basis of the assessment made under subsection (a) with respect to an individual, the State agency, in consultation with the individual, may develop an individual responsibility plan for the individual, which—

''(i) sets forth an employment goal for the individual and a plan for moving the individual immediately into private sector employment;

''(ii) sets forth the obligations of the individual, which may include a requirement that the individual attend school, maintain certain grades and attendance, keep school age children of the individual in school, immunize children, attend parenting and money management classes, or do other things that will help the individual become and remain employed in the private sector;

''(iii) to the greatest extent possible is designed to move the individual into whatever private sector employment the individual is capable of handling as quickly as possible, and to increase the responsibility and amount of work the individual is to handle over time;

''(iv) describes the services the State will provide the individual so that the individual will be able to obtain and keep employment in the private sector, and describe the job counseling and other services that will be provided by the State; and

''(v) may require the individual to undergo appropriate substance abuse treatment.

''(B) TIMING.—The State agency may comply with paragraph (1) with respect to an individual—

''(i) within 90 days (or, at the option of the State, 180 days) after the effective date of this part, in the case of an individual who, as of such effective date, is a recipient of aid under the State plan approved under part A (as in effect immediately before such effective date); or

''(ii) within 30 days (or, at the option of the State, 90 days) after the individual is determined to be eligible for such assistance, in the case of any other individual.

''(3) PENALTY FOR NONCOMPLIANCE BY INDIVIDUAL.—In addition to any other penalties required under the State program funded under this part, the State may reduce, by such amount as the State considers appropriate, the amount of assistance otherwise payable under the State program to a family that includes an individual who fails without good cause to comply with an individual responsibility plan signed by the individual.

''(4) STATE DISCRETION.—The exercise of the authority of this subsection shall be within the sole discretion of the State.

''(c) ALIENS.—For special rules relating to the treatment of aliens, see section 4402 of the Personal Responsibility and Work Opportunity Act of 1996.

''SEC. 409. PENALTIES.

''(a) IN GENERAL.—Subject to this section:

''(1) USE OF GRANT IN VIOLATION OF THIS PART.—

''(A) GENERAL PENALTY.—If an audit conducted under chapter 75 of title 31, United States Code, finds that an amount paid to a State under section 403 for a fiscal year has been used in violation of this part, the Secretary shall reduce the grant payable to the State under section 403(a)(1) for the immediately succeeding fiscal year quarter by the amount so used.

''(B) ENHANCED PENALTY FOR INTENTIONAL VIOLATIONS.—If the State does not prove to the satisfaction of the Secretary that the State did not intend to use the amount in violation of this part, the Secretary shall further reduce the grant payable to the State under section 403(a)(1) for the immediately succeeding fiscal year quarter by an amount equal to 5 percent of the State family assistance grant.

''(2) FAILURE TO SUBMIT REQUIRED REPORT.—

''(A) IN GENERAL.—If the Secretary determines that a State has not, within 1 month after the end of a fiscal quarter, submitted the report required by section 411(a) for the quarter, the Secretary shall reduce the grant payable to the State under section 403(a)(1) for the immediately succeeding fiscal year by an amount equal to 4 percent of the State family assistance grant.

''(B) RESCISSION OF PENALTY.—The Secretary shall rescind a penalty imposed on a State under subparagraph (A) with respect to a report if the State submits the report before the end of the fiscal quarter that immediately succeeds the fiscal quarter for which the report was required.

''(3) FAILURE TO SATISFY MINIMUM PARTICIPATION RATES.—

''(A) IN GENERAL.—If the Secretary determines that a State to which a grant is made under section 403 for a fiscal year has failed to comply with section 407(a) for the fiscal year, the Secretary shall reduce the grant payable to the State under section 403(a)(1) for the immediately succeeding fiscal year by an amount equal to not more than 5 percent of the State family assistance grant.

''(B) PENALTY BASED ON SEVERITY OF FAILURE.—The Secretary shall impose reductions under subparagraph (A) based on the degree of noncompliance, and may reduce the penalty if the State experiences an economic downturn that leads to significantly greater unemployment.

''(4) FAILURE TO PARTICIPATE IN THE INCOME AND ELIGIBILITY VERIFICATION SYSTEM.—If the Secretary determines that a State program funded under this part is not participating during a fiscal year in the income and eligibility verification system required by section 1137, the Secretary shall reduce the grant payable to the State under section 403(a)(1) for the immediately succeeding fiscal year by an amount equal to not more than 2 percent of the State family assistance grant.

''(5) FAILURE TO COMPLY WITH PATERNITY ESTABLISHMENT AND CHILD SUPPORT ENFORCEMENT REQUIREMENTS UNDER PART D.—Notwithstanding any other provision of this Act, if the Secretary determines that the State agency that administers a program funded under this part does not enforce the penalties requested by the agency administering part D against recipients of assistance under the State program who fail to cooperate in establishing paternity or in establishing, modifying, or enforcing a child support order in accordance with such part and who do not qualify for any good cause or other exception established by the State under section 454(29), the Secretary shall reduce the grant payable to the State under section 403(a)(1) for the immediately succeeding fiscal year (without regard to this section) by not more than 5 percent.

''(6) FAILURE TO TIMELY REPAY A FEDERAL LOAN FUND FOR STATE WELFARE PROGRAMS.—If the Secretary determines that a State has failed to repay any amount borrowed from the Federal Loan Fund for State Welfare Programs established under section 406 within the period of maturity applicable to the loan, plus any interest owed on the loan, the Secretary shall reduce the grant payable to

the State under section 403(a)(1) for the immediately succeeding fiscal year quarter (without regard to this section) by the outstanding loan amount, plus the interest owed on the outstanding amount. The Secretary shall not forgive any outstanding loan amount or interest owed on the outstanding amount.

''(7) FAILURE OF ANY STATE TO MAINTAIN CERTAIN LEVEL OF HISTORIC EFFORT.—

''(A) IN GENERAL.—The Secretary shall reduce the grant payable to the State under section 403(a)(1) for fiscal year 1998, 1999, 2000, 2001, or 2002 by the amount (if any) by which qualified State expenditures for the then immediately preceding fiscal year are less than the applicable percentage of historic State expenditures with respect to such preceding fiscal year.

''(B) DEFINITIONS.—As used in this paragraph:

''(i) QUALIFIED STATE EXPENDITURES.—

''(I) IN GENERAL.—The term 'qualified State expenditures' means, with respect to a State and a fiscal year, the total expenditures by the State during the fiscal year, under all State programs, for any of the following with respect to eligible families:

''(aa) Cash assistance.

''(bb) Child care assistance.

''(cc) Educational activities designed to increase self-sufficiency, job training, and work, excluding any expenditure for public education in the State except expenditures which involve the provision of services or assistance to a member of an eligible family which is not generally available to persons who are not members of an eligible family.

''(dd) Administrative costs in connection with the matters described in items (aa), (bb), (cc), and (ee), but only to the extent that such costs do not exceed 15 percent of the total amount of qualified State expenditures for the fiscal year.

''(ee) Any other use of funds allowable under section 404(a)(1).

''(II) EXCLUSION OF TRANSFERS FROM OTHER STATE AND LOCAL PROGRAMS.—Such term does not include expenditures under any State or local program during a fiscal year, except to the extent that—

''(aa) the expenditures exceed the amount expended under the State or local program in the fiscal year most recently ending before the date of the enactment of this part; or

''(bb) the State is entitled to a payment under former section 403 (as in effect immediately before such date of enactment) with respect to the expenditures.

''(III) ELIGIBLE FAMILIES.—As used in subclause (I), the term 'eligible families' means families eligible for assistance under the State program funded under this part, and families that would be eligible for such assistance but for the application of section 408(a)(8) of this Act or section 4402 of the Personal Responsibility and Work Opportunity Act of 1996.

''(ii) APPLICABLE PERCENTAGE.—The term 'applicable percentage' means for fiscal years 1997 through 2001, 75 percent reduced (if appropriate) in accordance with subparagraph (C)(ii).

''(iii) HISTORIC STATE EXPENDITURES.—The term 'historic State expenditures' means, with respect to a State, the lesser of—

''(I) the expenditures by the State under parts A and F (as in effect during fiscal year 1994) for fiscal year 1994; or

''(II) the amount which bears the same ratio to the amount described in subclause (I) as—

''(aa) the State family assistance grant, plus the total amount required to be paid to the State under former section 403 for fiscal year 1994 with respect to amounts expended by the State for child care under subsection (g) or (i) of section 402 (as in effect during fiscal year 1994); bears to

''(bb) the total amount required to be paid to the State under former section 403 (as in effect during fiscal year 1994) for fiscal year 1994.

Such term does not include any expenditures under the State plan approved under part A (as so in effect) on behalf of individuals covered by a tribal family assistance plan approved under section 412, as determined by the Secretary.

''(iv) EXPENDITURES BY THE STATE.—The term 'expenditures by the State' does not include—

''(I) any expenditures from amounts made available by the Federal Government;

''(II) State funds expended for the medicaid program under title XIX; or

''(III) any State funds which are used to match Federal funds or are expended as a condition of receiving Federal funds under Federal programs other than under this part.

''(C) APPLICABLE PERCENTAGE REDUCED FOR HIGH PERFORMANCE STATES.—

''(i) DETERMINATION OF HIGH PERFORMANCE STATES.—The Secretary shall use the formula developed under section 403(a)(4)(C) to assign a score to each eligible State that represents the performance of the State program funded under this part for each fiscal year, and shall prescribe a performance threshold which the Secretary shall use to determine whether to reduce the applicable percentage with respect to any eligible State for a fiscal year.

''(ii) REDUCTION PROPORTIONAL TO PERFORMANCE.—The Secretary shall reduce the applicable percentage for a fiscal year with respect to each eligible State by an amount which is directly proportional to the amount (if any) by which the score assigned to the State under clause (i) for the immediately preceding fiscal year exceeds the performance threshold prescribed under clause (i) for such preceding fiscal year, subject to clause (iii).

''(iii) LIMITATION ON REDUCTION.—The applicable percentage for a fiscal year with respect to a State may not be reduced by more than 8 percentage points under this subparagraph.

''(8) SUBSTANTIAL NONCOMPLIANCE OF STATE CHILD SUPPORT ENFORCEMENT PROGRAM WITH REQUIREMENTS OF PART D.—

''(A) IN GENERAL.—If a State program operated under part D is found as a result of a review conducted under section 452(a)(4) not to have complied substantially with the requirements of such part for any quarter, and the Secretary determines that the program is not complying substantially with such requirements at the time the finding is made, the Secretary shall reduce the grant payable to the State under section 403(a)(1) for the quarter and each subsequent quarter that ends before the 1st quarter throughout which the program is found to be in substantial compliance with such requirements by—

''(i) not less than 1 nor more than 2 percent;

''(ii) not less than 2 nor more than 3 percent, if the finding is the 2nd consecutive such finding made as a result of such a review; or

''(iii) not less than 3 nor more than 5 percent, if the finding is the 3rd or a subsequent consecutive such finding made as a result of such a review.

''(B) DISREGARD OF NONCOMPLIANCE WHICH IS OF A TECHNICAL NATURE.—For purposes of subparagraph (A) and section 452(a)(4), a State which is not in full compliance with the requirements of this part shall be determined to be in substantial compliance with such requirements only if the Secretary determines that any noncompliance with such requirements is of a technical nature which does not adversely affect the performance of the State's program operated under part D.

''(9) FAILURE OF STATE RECEIVING AMOUNTS FROM CONTINGENCY FUND TO MAINTAIN 100 PERCENT OF HISTORIC EFFORT.—If, at the end of any fiscal year during which amounts from the Contingency Fund for State Welfare Programs have been paid to a State, the Secretary finds that the expenditures under the State program funded under this part for the fiscal year are less than 100 percent of historic State expenditures (as defined in paragraph (8)(B)(iii) of this subsection), the Secretary shall reduce the grant payable to the State under section 403(a)(1) for the immediately succeeding fiscal year by the total of the amounts so paid to the State.

''(10) FAILURE TO EXPEND ADDITIONAL STATE FUNDS TO REPLACE GRANT REDUCTIONS.—If the grant payable to a State under section 403(a)(1) for a fiscal year is reduced by reason of this subsection, the State shall, during the immediately succeeding fiscal year, expend under the State program funded under this part an amount equal to the total amount of such reductions.

''(11) FAILURE TO PROVIDE MEDICAL ASSISTANCE TO FAMILIES BECOMING INELIGIBLE FOR CASH ASSISTANCE UNDER THIS PART DUE TO INCREASED EARNINGS FROM EMPLOYMENT OR COLLECTION OF CHILD SUPPORT.—

''(A) IN GENERAL.—If the Secretary determines that a State program funded under this part is not in compliance with paragraph (13) or (14) of section 408(a) for a quarter, the Secretary shall reduce the grant payable to the State under section 403(a)(1) for the immediately succeeding fiscal year by an amount equal to not more than 5 percent of the State family assistance grant.

''(B) PENALTY BASED ON SEVERITY OF FAILURE.—The Secretary shall impose reductions under subparagraph (A) based on the degree of noncompliance.

''(b) REASONABLE CAUSE EXCEPTION.—

''(1) IN GENERAL.—The Secretary may not impose a penalty on a State under subsection (a) with respect to a requirement if the Secretary determines that the State has reasonable cause for failing to comply with the requirement.

''(2) EXCEPTION.—Paragraph (1) of this subsection shall not apply to any penalty under paragraph (7), (8), or (11) of subsection (a).

''(c) CORRECTIVE COMPLIANCE PLAN.—

''(1) IN GENERAL.—

''(A) NOTIFICATION OF VIOLATION.—Before imposing a penalty against a State under subsection (a) with respect to a violation of this part, the Secretary shall notify the State of the violation and allow the State the opportunity to enter into a corrective compliance plan in accordance with this subsection which outlines how the State will correct the violation and how the State will insure continuing compliance with this part.

''(B) 60-DAY PERIOD TO PROPOSE A CORRECTIVE COMPLIANCE PLAN.—During the 60-day period that begins on the date the State receives a notice provided under subparagraph (A) with respect to a violation, the State may submit to the Federal Government a corrective compliance plan to correct the violation.

''(C) CONSULTATION ABOUT MODIFICATIONS.—During the 60-day period that begins with the date the Secretary receives a corrective compliance plan submitted by a State in accordance with subparagraph (B), the Secretary may consult with the State on modifications to the plan.

''(D) ACCEPTANCE OF PLAN.— A corrective compliance plan submitted by a State in accordance with subparagraph (B) is deemed to be accepted by the Secretary if the Secretary does not accept or reject the plan during 60-

day period that begins on the date the plan is submitted.

''(2) EFFECT OF CORRECTING VIOLATION.—The Secretary may not impose any penalty under subsection (a) with respect to any violation covered by a State corrective compliance plan accepted by the Secretary if the State corrects the violation pursuant to the plan.

''(3) EFFECT OF FAILING TO CORRECT VIOLATION.—The Secretary shall assess some or all of a penalty imposed on a State under subsection (a) with respect to a violation if the State does not, in a timely manner, correct the violation pursuant to a State corrective compliance plan accepted by the Secretary.

''(4) INAPPLICABILITY TO FAILURE TO TIMELY REPAY A FEDERAL LOAN FUND FOR A STATE WELFARE PROGRAM.—This subsection shall not apply to the imposition of a penalty against a State under subsection (a)(6).

''(d) LIMITATION ON AMOUNT OF PENALTY.—

''(1) IN GENERAL.—In imposing the penalties described in subsection (a), the Secretary shall not reduce any quarterly payment to a State by more than 25 percent.

''(2) CARRYFORWARD OF UNRECOVERED PENALTIES.—To the extent that paragraph (1) of this subsection prevents the Secretary from recovering during a fiscal year the full amount of penalties imposed on a State under subsection (a) of this section for a prior fiscal year, the Secretary shall apply any remaining amount of such penalties to the grant payable to the State under section 403(a)(1) for the immediately succeeding fiscal year.

''SEC. 410. APPEAL OF ADVERSE DECISION.

''(a) IN GENERAL.—Within 5 days after the date the Secretary takes any adverse action under this part with respect to a State, the Secretary shall notify the chief executive officer of the State of the adverse action, including any action with respect to the State plan submitted under section 402 or the imposition of a penalty under section 409.

''(b) ADMINISTRATIVE REVIEW.—

''(1) IN GENERAL.—Within 60 days after the date a State receives notice under subsection (a) of an adverse action, the State may appeal the action, in whole or in part, to the Departmental Appeals Board established in the Department of Health and Human Services (in this section referred to as the 'Board') by filing an appeal with the Board.

''(2) PROCEDURAL RULES.—The Board shall consider an appeal filed by a State under paragraph (1) on the basis of such documentation as the State may submit and as the Board may require to support the final decision of the Board. In deciding whether to uphold an adverse action or any portion of such an action, the Board shall conduct a thorough review of the issues and take into account all relevant evidence. The Board shall make a final determination with respect to an appeal filed under paragraph (1) not less than 60 days after the date the appeal is filed.

''(c) JUDICIAL REVIEW OF ADVERSE DECISION.—

''(1) IN GENERAL.—Within 90 days after the date of a final decision by the Board under this section with respect to an adverse action taken against a State, the State may obtain judicial review of the final decision (and the findings incorporated into the final decision) by filing an action in—

''(A) the district court of the United States for the judicial district in which the principal or headquarters office of the State agency is located; or

''(B) the United States District Court for the District of Columbia.

''(2) PROCEDURAL RULES.—The district court in which an action is filed under paragraph (1) shall review the final decision of the Board on the record established in the administrative proceeding, in accordance with the standards of review prescribed by subparagraphs (A) through (E) of section 706(2) of title 5, United States Code. The review shall be on the basis of the documents and supporting data submitted to the Board.

''SEC. 411. DATA COLLECTION AND REPORTING.

''(a) QUARTERLY REPORTS BY STATES.—

''(1) GENERAL REPORTING REQUIREMENT.—

''(A) CONTENTS OF REPORT.—Each eligible State shall collect on a monthly basis, and report to the Secretary on a quarterly basis, the following disaggregated case record information on the families receiving assistance under the State program funded under this part:

''(i) The county of residence of the family.

''(ii) Whether a child receiving such assistance or an adult in the family is disabled.

''(iii) The ages of the members of such families.

''(iv) The number of individuals in the family, and the relation of each family member to the youngest child in the family.

''(v) The employment status and earnings of the employed adult in the family.

''(vi) The marital status of the adults in the family, including whether such adults have never married, are widowed, or are divorced.

''(vii) The race and educational status of each adult in the family.

''(viii) The race and educational status of each child in the family.

''(ix) Whether the family received subsidized housing, medical assistance under the State plan approved under title XIX, food stamps, or subsidized child care, and if the latter 2, the amount received.

''(x) The number of months that the family has received each type of assistance under the program.

''(xi) If the adults participated in, and the number of hours per week of participation in, the following activities:

''(I) Education.

''(II) Subsidized private sector employment.

''(III) Unsubsidized employment.

''(IV) Public sector employment, work experience, or community service.

''(V) Job search.

''(VI) Job skills training or on-the-job training.

''(VII) Vocational education.

''(xii) Information necessary to calculate participation rates under section 407.

''(xiii) The type and amount of assistance received under the program, including the amount of and reason for any reduction of assistance (including sanctions).

''(xiv) Any amount of unearned income received by any member of the family.

''(xv) The citizenship of the members of the family.

''(xvi) From a sample of closed cases, whether the family left the program, and if so, whether the family left due to—

''(I) employment;

''(II) marriage;

''(III) the prohibition set forth in section 408(a)(8);

''(IV) sanction; or

''(V) State policy.

''(B) USE OF ESTIMATES.—

''(i) AUTHORITY.—A State may comply with subparagraph (A) by submitting an estimate which is obtained through the use of scientifically acceptable sampling methods approved by the Secretary.

''(ii) SAMPLING AND OTHER METHODS.—The Secretary shall provide the States with such case sampling plans and data collection procedures as the Secretary deems necessary to produce statistically valid estimates of the performance of State programs funded under this part. The Secretary may develop and implement procedures for verifying the quality of data submitted by the States.

''(2) REPORT ON USE OF FEDERAL FUNDS TO COVER ADMINISTRATIVE COSTS AND OVERHEAD.—The report required by paragraph (1) for a fiscal quarter shall include a statement of the percentage of the funds paid to the State under this part for the quarter that are used to cover administrative costs or overhead.

''(3) REPORT ON STATE EXPENDITURES ON PROGRAMS FOR NEEDY FAMILIES.—The report required by paragraph (1) for a fiscal quarter shall include a statement of the total amount expended by the State during the quarter on programs for needy families.

''(4) REPORT ON NONCUSTODIAL PARENTS PARTICIPATING IN WORK ACTIVITIES.—The report required by paragraph (1) for a fiscal quarter shall include the number of noncustodial parents in the State who participated in work activities (as defined in section 407(d)) during the quarter.

''(5) REPORT ON TRANSITIONAL SERVICES.—The report required by paragraph (1) for a fiscal quarter shall include the total amount expended by the State during the quarter to provide transitional services to a family that has ceased to receive assistance under this part because of employment, along with a description of such services.

''(6) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to define the data elements with respect to which reports are required by this subsection.

''(b) ANNUAL REPORTS TO THE CONGRESS BY THE SECRETARY.—Not later than 6 months after the end of fiscal year 1997, and each fiscal year thereafter, the Secretary shall transmit to the Congress a report describing—

''(1) whether the States are meeting—

''(A) the participation rates described in section 407(a); and

''(B) the objectives of—

''(i) increasing employment and earnings of needy families, and child support collections; and

''(ii) decreasing out-of-wedlock pregnancies and child poverty;

''(2) the demographic and financial characteristics of families applying for assistance, families receiving assistance, and families that become ineligible to receive assistance;

''(3) the characteristics of each State program funded under this part; and

''(4) the trends in employment and earnings of needy families with minor children living at home.

''SEC. 412. DIRECT FUNDING AND ADMINISTRATION BY INDIAN TRIBES.

''(a) GRANTS FOR INDIAN TRIBES.—

''(1) TRIBAL FAMILY ASSISTANCE GRANT.—

''(A) IN GENERAL.—For each of fiscal years 1997, 1998, 1999, and 2000, the Secretary shall pay to each Indian tribe that has an approved tribal family assistance plan a tribal family assistance grant for the fiscal year in an amount equal to the amount determined under subparagraph (B), and shall reduce the grant payable under section 403(a)(1) to any State in which lies the service area or areas of the Indian tribe by that portion of the amount so determined that is attributable to expenditures by the State.

''(B) AMOUNT DETERMINED.—

''(i) IN GENERAL.—The amount determined under this subparagraph is an amount equal to the total amount of the Federal payments to a State or States under section 403 (as in effect during such fiscal year) for fiscal year 1994 attributable to expenditures (other than child care expenditures) by the State or States under parts A and F (as so in effect) for fiscal year 1994 for Indian families residing in the service area or areas identified by

the Indian tribe pursuant to subsection (b)(1)(C) of this section.

''(ii) USE OF STATE SUBMITTED DATA.—

''(I) IN GENERAL.—The Secretary shall use State submitted data to make each determination under clause (i).

''(II) DISAGREEMENT WITH DETERMINATION.—If an Indian tribe or tribal organization disagrees with State submitted data described under subclause (I), the Indian tribe or tribal organization may submit to the Secretary such additional information as may be relevant to making the determination under clause (i) and the Secretary may consider such information before making such determination.

''(2) GRANTS FOR INDIAN TRIBES THAT RECEIVED JOBS FUNDS.—

''(A) IN GENERAL.—The Secretary shall pay to each eligible Indian tribe for each of fiscal years 1996, 1997, 1998, 1999, 2000, and 2001 a grant in an amount equal to the amount received by the Indian tribe in fiscal year 1994 under section 482(i) (as in effect during fiscal year 1994).

''(B) ELIGIBLE INDIAN TRIBE.—For purposes of subparagraph (A), the term 'eligible Indian tribe' means an Indian tribe or Alaska Native organization that conducted a job opportunities and basic skills training program in fiscal year 1995 under section 482(i) (as in effect during fiscal year 1995).

''(C) USE OF GRANT.—Each Indian tribe to which a grant is made under this paragraph shall use the grant for the purpose of operating a program to make work activities available to members of the Indian tribe.

''(D) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated $7,638,474 for each fiscal year specified in subparagraph (A) for grants under subparagraph (A).

''(b) 3-YEAR TRIBAL FAMILY ASSISTANCE PLAN.—

''(1) IN GENERAL.—Any Indian tribe that desires to receive a tribal family assistance grant shall submit to the Secretary a 3-year tribal family assistance plan that—

''(A) outlines the Indian tribe's approach to providing welfare-related services for the 3-year period, consistent with this section;

''(B) specifies whether the welfare-related services provided under the plan will be provided by the Indian tribe or through agreements, contracts, or compacts with intertribal consortia, States, or other entities;

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

''(D) provides that a family receiving assistance under the plan may not receive duplicative assistance from other State or tribal programs funded under this part;

''(E) identifies the employment opportunities in or near the service area or areas of the Indian tribe and the manner in which the Indian tribe will cooperate and participate in enhancing such opportunities for recipients of assistance under the plan consistent with any applicable State standards; and

''(F) applies the fiscal accountability provisions of section 5(f)(1) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450c(f)(1)), relating to the submission of a single-agency audit report required by chapter 75 of title 31, United States Code.

''(2) APPROVAL.—The Secretary shall approve each tribal family assistance plan submitted in accordance with paragraph (1).

''(3) CONSORTIUM OF TRIBES.—Nothing in this section shall preclude the development and submission of a single tribal family assistance plan by the participating Indian tribes of an intertribal consortium.

''(c) MINIMUM WORK PARTICIPATION REQUIREMENTS AND TIME LIMITS.—The Secretary, with the participation of Indian tribes, shall establish for each Indian tribe receiving a grant under this section minimum work participation requirements, appropriate time limits for receipt of welfare-related services under the grant, and penalties against individuals—

''(1) consistent with the purposes of this section;

''(2) consistent with the economic conditions and resources available to each tribe; and

''(3) similar to comparable provisions in section 407(d).

''(d) EMERGENCY ASSISTANCE.—Nothing in this section shall preclude an Indian tribe from seeking emergency assistance from any Federal loan program or emergency fund.

''(e) ACCOUNTABILITY.—Nothing in this section shall be construed to limit the ability of the Secretary to maintain program funding accountability consistent with—

''(1) generally accepted accounting principles; and

''(2) the requirements of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450 et seq.).

''(f) PENALTIES.—

''(1) Subsections (a)(1), (a)(6), and (b) of section 409, shall apply to an Indian tribe with an approved tribal assistance plan in the same manner as such subsections apply to a State.

''(2) Section 409(a)(3) shall apply to an Indian tribe with an approved tribal assistance plan by substituting 'meet minimum work participation requirements established under section 412(c)' for 'comply with section 407(a)'.

''(g) DATA COLLECTION AND REPORTING.—Section 411 shall apply to an Indian tribe with an approved tribal family assistance plan.

''(h) SPECIAL RULE FOR INDIAN TRIBES IN ALASKA.—

''(1) IN GENERAL.—Notwithstanding any other provision of this section, and except as provided in paragraph (2), an Indian tribe in the State of Alaska that receives a tribal family assistance grant under this section shall use the grant to operate a program in accordance with requirements comparable to the requirements applicable to the program of the State of Alaska funded under this part. Comparability of programs shall be established on the basis of program criteria developed by the Secretary in consultation with the State of Alaska and such Indian tribes.

''(2) WAIVER.—An Indian tribe described in paragraph (1) may apply to the appropriate State authority to receive a waiver of the requirement of paragraph (1).

''SEC. 413. RESEARCH, EVALUATIONS, AND NATIONAL STUDIES.

''(a) RESEARCH.—The Secretary shall conduct research on the benefits, effects, and costs of operating different State programs funded under this part, including time limits relating to eligibility for assistance. The research shall include studies on the effects of different programs and the operation of such programs on welfare dependency, illegitimacy, teen pregnancy, employment rates, child well-being, and any other area the Secretary deems appropriate. The Secretary shall also conduct research on the costs and benefits of State activities under section 409.

''(b) DEVELOPMENT AND EVALUATION OF INNOVATIVE APPROACHES TO REDUCING WELFARE DEPENDENCY AND INCREASING CHILD WELL-BEING.—

''(1) IN GENERAL.—The Secretary may assist States in developing, and shall evaluate, innovative approaches for reducing welfare dependency and increasing the well-being of minor children living at home with respect to recipients of assistance under programs funded under this part. The Secretary may provide funds for training and technical assistance to carry out the approaches developed pursuant to this paragraph.

''(2) EVALUATIONS.—In performing the evaluations under paragraph (1), the Secretary shall, to the maximum extent feasible, use random assignment as an evaluation methodology.

''(c) DISSEMINATION OF INFORMATION.—The Secretary shall develop innovative methods of disseminating information on any research, evaluations, and studies conducted under this section, including the facilitation of the sharing of information and best practices among States and localities through the use of computers and other technologies.

''(d) ANNUAL RANKING OF STATES AND REVIEW OF MOST AND LEAST SUCCESSFUL WORK PROGRAMS.—

''(1) ANNUAL RANKING OF STATES.—The Secretary shall rank annually the States to which grants are paid under section 403 in the order of their success in placing recipients of assistance under the State program funded under this part into long-term private sector jobs, reducing the overall welfare caseload, and, when a practicable method for calculating this information becomes available, diverting individuals from formally applying to the State program and receiving assistance. In ranking States under this subsection, the Secretary shall take into account the average number of minor children living at home in families in the State that have incomes below the poverty line and the amount of funding provided each State for such families.

''(2) ANNUAL REVIEW OF MOST AND LEAST SUCCESSFUL WORK PROGRAMS.—The Secretary shall review the programs of the 3 States most recently ranked highest under paragraph (1) and the 3 States most recently ranked lowest under paragraph (1) that provide parents with work experience, assistance in finding employment, and other work preparation activities and support services to enable the families of such parents to leave the program and become self-sufficient.

''(e) ANNUAL RANKING OF STATES AND REVIEW OF ISSUES RELATING TO OUT-OF-WEDLOCK BIRTHS.—

''(1) ANNUAL RANKING OF STATES.—

''(A) IN GENERAL.—The Secretary shall annually rank States to which grants are made under section 403 based on the following ranking factors:

''(i) ABSOLUTE OUT-OF-WEDLOCK RATIOS.—The ratio represented by—

''(I) the total number of out-of-wedlock births in families receiving assistance under the State program under this part in the State for the most recent fiscal year for which information is available; over

''(II) the total number of births in families receiving assistance under the State program under this part in the State for such year.

''(ii) NET CHANGES IN THE OUT-OF-WEDLOCK RATIO.—The difference between the ratio described in subparagraph (A)(i) with respect to a State for the most recent fiscal year for which such information is available and the ratio with respect to the State for the immediately preceding year.

''(2) ANNUAL REVIEW.—The Secretary shall review the programs of the 5 States most recently ranked highest under paragraph (1) and the 5 States most recently ranked the lowest under paragraph (1).

''(f) STATE-INITIATED EVALUATIONS.—A State shall be eligible to receive funding to evaluate the State program funded under this part if—

''(1) the State submits a proposal to the Secretary for the evaluation;

''(2) the Secretary determines that the design and approach of the evaluation is rigorous and is likely to yield information that is

credible and will be useful to other States, and

''(3) unless otherwise waived by the Secretary, the State contributes to the cost of the evaluation, from non-Federal sources, an amount equal to at least 10 percent of the cost of the evaluation.

''(g) REPORT ON CIRCUMSTANCES OF CERTAIN CHILDREN AND FAMILIES.—

''(1) IN GENERAL.—Beginning 3 years after the date of the enactment of this Act, the Secretary of Health and Human Services shall prepare and submit to the Committees on Ways and Means and on Economic and Educational Opportunities of the House of Representatives and to the Committees on Finance and on Labor and Resources of the Senate annual reports that examine in detail the matters described in paragraph (2) with respect to each of the following groups for the period after such enactment:

''(A) Individuals who were children in families that have become ineligible for assistance under a State program funded under this part by reason of having reached a time limit on the provision of such assistance.

''(B) Families that include a child who is ineligible for assistance under a State program funded under this part by reason of section 408(a)(2).

''(C) Children born after such date of enactment to parents who, at the time of such birth, had not attained 20 years of age.

''(D) Individuals who, after such date of enactment, became parents before attaining 20 years of age.

''(2) MATTERS DESCRIBED.—The matters described in this paragraph are the following:

''(A) The percentage of each group that has dropped out of secondary school (or the equivalent), and the percentage of each group at each level of educational attainment.

''(B) The percentage of each group that is employed.

''(C) The percentage of each group that has been convicted of a crime or has been adjudicated as a delinquent.

''(D) The rate at which the members of each group are born, or have children, out-of-wedlock, and the percentage of each group that is married.

''(E) The percentage of each group that continues to participate in State programs funded under this part.

''(F) The percentage of each group that has health insurance provided by a private entity (broken down by whether the insurance is provided through an employer or otherwise), the percentage that has health insurance provided by an agency of government, and the percentage that does not have health insurance.

''(G) The average income of the families of the members of each group.

''(H) Such other matters as the Secretary deems appropriate.

''(h) FUNDING OF STUDIES AND DEMONSTRATIONS.—

''(1) IN GENERAL.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated $15,000,000 for each fiscal year specified in section 403(a)(1) for the purpose of paying—

''(A) the cost of conducting the research described in subsection (a);

''(B) the cost of developing and evaluating innovative approaches for reducing welfare dependency and increasing the well-being of minor children under subsection (b);

''(C) the Federal share of any State-initiated study approved under subsection (f); and

''(D) an amount determined by the Secretary to be necessary to operate and evaluate demonstration projects, relating to this part, that are in effect or approved under section 1115 as of September 30, 1995, and are continued after such date.

''(2) ALLOCATION.—Of the amount appropriated under paragraph (1) for a fiscal year—

''(A) 50 percent shall be allocated for the purposes described in subparagraphs (A) and (B) of paragraph (1), and

''(B) 50 percent shall be allocated for the purposes described in subparagraphs (C) and (D) of paragraph (1).

''(3) DEMONSTRATIONS OF INNOVATIVE STRATEGIES.—The Secretary may implement and evaluate demonstrations of innovative and promising strategies which—

''(A) provide one-time capital funds to establish, expand, or replicate programs;

''(B) test performance-based grant-to-loan financing in which programs meeting performance targets receive grants while programs not meeting such targets repay funding on a prorated basis; and

''(C) test strategies in multiple States and types of communities.

''SEC. 414. STUDY BY THE CENSUS BUREAU.

''(a) IN GENERAL.—The Bureau of the Census shall expand the Survey of Income and Program Participation as necessary to obtain such information as will enable interested persons to evaluate the impact of the amendments made by subtitle A of the Personal Responsibility and Work Opportunity Act of 1996 on a random national sample of recipients of assistance under State programs funded under this part and (as appropriate) other low income families, and in doing so, shall pay particular attention to the issues of out-of-wedlock birth, welfare dependency, the beginning and end of welfare spells, and the causes of repeat welfare spells.

''(b) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated $10,000,000 for each of fiscal years 1996, 1997, 1998, 1999, 2000, 2001, and 2002 for payment to the Bureau of the Census to carry out subsection (a).

''SEC. 415. WAIVERS.

''(a) CONTINUATION OF WAIVERS.—

''(1) WAIVERS IN EFFECT ON DATE OF ENACTMENT OF WELFARE REFORM.—Except as provided in paragraph (3), if any waiver granted to a State under section 1115 or otherwise which relates to the provision of assistance under a State plan under this part (as in effect on September 30, 1995) is in effect as of the date of the enactment of the Personal Responsibility and Work Opportunity Act of 1996, the amendments made by such Act (other than by section 4103(d) of such Act) shall not apply with respect to the State before the expiration (determined without regard to any extensions) of the waiver to the extent such amendments are inconsistent with the waiver.

''(2) WAIVERS GRANTED SUBSEQUENTLY.—Except as provided in paragraph (3), if any waiver granted to a State under section 1115 or otherwise which relates to the provision of assistance under a State plan under this part (as in effect on September 30, 1995) is submitted to the Secretary before the date of the enactment of the Personal Responsibility and Work Opportunity Act of 1996 and approved by the Secretary on or before July 1, 1997, and the State demonstrates to the satisfaction of the Secretary that the waiver will not result in Federal expenditures under title IV of this Act (as in effect without regard to the amendments made by the Personal Responsibility and Work Opportunity Act of 1996) that are greater than would occur in the absence of the waiver, the amendments made by the Personal Responsibility and Work Opportunity Act of 1996 (other than by section 4103(d) of such Act) shall not apply with respect to the State before the expiration (determined without regard to any extensions) of the waiver to the extent the amendments made by the Personal Responsibility and Work Opportunity Act of 1996 are inconsistent with the waiver.

''(3) FINANCING LIMITATION.—Notwithstanding any other provision of law, beginning with fiscal year 1996, a State operating under a waiver described in paragraph (1) shall be entitled to payment under section 403 for the fiscal year, in lieu of any other payment provided for in the waiver.

''(b) STATE OPTION TO TERMINATE WAIVER.—

''(1) IN GENERAL.—A State may terminate a waiver described in subsection (a) before the expiration of the waiver.

''(2) REPORT.—A State which terminates a waiver under paragraph (1) shall submit a report to the Secretary summarizing the waiver and any available information concerning the result or effect of the waiver.

''(3) HOLD HARMLESS PROVISION.—

''(A) IN GENERAL.—Notwithstanding any other provision of law, a State that, not later than the date described in subparagraph (B), submits a written request to terminate a waiver described in subsection (a) shall be held harmless for accrued cost neutrality liabilities incurred under the waiver.

''(B) DATE DESCRIBED.—The date described in this subparagraph is 90 days following the adjournment of the first regular session of the State legislature that begins after the date of the enactment of the Personal Responsibility and Work Opportunity Act of 1996.

''(c) SECRETARIAL ENCOURAGEMENT OF CURRENT WAIVERS.—The Secretary shall encourage any State operating a waiver described in subsection (a) to continue the waiver and to evaluate, using random sampling and other characteristics of accepted scientific evaluations, the result or effect of the waiver.

''(d) CONTINUATION OF INDIVIDUAL WAIVERS.—A State may elect to continue 1 or more individual waivers described in subsection (a).

''SEC. 416. ASSISTANT SECRETARY FOR FAMILY SUPPORT.

''The programs under this part and part D shall be administered by an Assistant Secretary for Family Support within the Department of Health and Human Services, who shall be appointed by the President, by and with the advice and consent of the Senate, and who shall be in addition to any other Assistant Secretary of Health and Human Services provided for by law.

''SEC. 417. LIMITATION ON FEDERAL AUTHORITY.

''No officer or employee of the Federal Government may regulate the conduct of States under this part or enforce any provision of this part, except to the extent expressly provided in this part.''; and

(2) by inserting after such section 418 the following:

''SEC. 419. DEFINITIONS.

''As used in this part:

''(1) ADULT.—The term 'adult' means an individual who is not a minor child.

''(2) MINOR CHILD.—The term 'minor child' means an individual who—

''(A) has not attained 18 years of age; or

''(B) has not attained 19 years of age and is a full-time student in a secondary school (or in the equivalent level of vocational or technical training).

''(3) FISCAL YEAR.—The term 'fiscal year' means any 12-month period ending on September 30 of a calendar year.

''(4) INDIAN, INDIAN TRIBE, AND TRIBAL ORGANIZATION.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), the terms 'Indian', 'Indian tribe', and 'tribal organization' have the meaning given such terms by section 4 of the

Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b).

''(B) SPECIAL RULE FOR INDIAN TRIBES IN ALASKA.—The term 'Indian tribe' means, with respect to the State of Alaska, only the Metlakatla Indian Community of the Annette Islands Reserve and the following Alaska Native regional nonprofit corporations:

''(i) Arctic Slope Native Association.

''(ii) Kawerak, Inc.

''(iii) Maniilaq Association.

''(iv) Association of Village Council Presidents.

''(v) Tanana Chiefs Conference.

''(vi) Cook Inlet Tribal Council.

''(vii) Bristol Bay Native Association.

''(viii) Aleutian and Pribilof Island Association.

''(ix) Chugachmuit.

''(x) Tlingit Haida Central Council.

''(xi) Kodiak Area Native Association.

''(xii) Copper River Native Association.

''(5) STATE.—Except as otherwise specifically provided, the term 'State' means the 50 States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, and American Samoa.''.

(b) GRANTS TO OUTLYING AREAS.—Section 1108 (42 U.S.C. 1308) is amended—

(1) by redesignating subsection (c) as subsection (g);

(2) by striking all that precedes subsection (c) and inserting the following:

''SEC. 1108. ADDITIONAL GRANTS TO PUERTO RICO, THE VIRGIN ISLANDS, GUAM, AND AMERICAN SAMOA; LIMITATION ON TOTAL PAYMENTS.

''(a) LIMITATION ON TOTAL PAYMENTS TO EACH TERRITORY.—Notwithstanding any other provision of this Act, the total amount certified by the Secretary of Health and Human Services under titles I, X, XIV, and XVI, under parts A, B, and E of title IV, and under subsection (b) of this section, for payment to any territory for a fiscal year shall not exceed the ceiling amount for the territory for the fiscal year.

''(b) ENTITLEMENT TO MATCHING GRANT.—

''(1) IN GENERAL.—Each territory shall be entitled to receive from the Secretary for each fiscal year a grant in an amount equal to 75 percent of the amount (if any) by which—

''(A) the total expenditures of the territory during the fiscal year under the territory programs funded under parts A, B, and E of title IV; exceeds

''(B) the sum of—

''(i) the total amount required to be paid to the territory (other than with respect to child care) under former section 403 (as in effect on September 30, 1995) for fiscal year 1995, which shall be determined by applying subparagraphs (C) and (D) of section 403(a)(1) to the territory;

''(ii) the total amount required to be paid to the territory under former section 434 (as so in effect) for fiscal year 1995; and

''(iii) the total amount expended by the territory during fiscal year 1995 pursuant to parts A, B, and F of title IV (as so in effect), other than for child care.

''(2) USE OF GRANT.—Any territory to which a grant is made under paragraph (1) may expend the amount under any program operated or funded under any provision of law specified in subsection (a).

''(c) DEFINITIONS.—As used in this section:

''(1) TERRITORY.—The term 'territory' means Puerto Rico, the Virgin Islands, Guam, and American Samoa.

''(2) CEILING AMOUNT.—The term 'ceiling amount' means, with respect to a territory and a fiscal year, the mandatory ceiling amount with respect to the territory plus the discretionary ceiling amount with respect to the territory, reduced for the fiscal year in accordance with subsection (f).

''(3) MANDATORY CEILING AMOUNT.—The term 'mandatory ceiling amount' means—

''(A) $105,538,000 with respect to for Puerto Rico;

''(B) $4,902,000 with respect to Guam;

''(C) $3,742,000 with respect to the Virgin Islands; and

''(D) $1,122,000 with respect to American Samoa.

''(4) DISCRETIONARY CEILING AMOUNT.—The term 'discretionary ceiling amount' means, with respect to a territory and a fiscal year, the total amount appropriated pursuant to subsection (d)(3) for the fiscal year for payment to the territory.

''(5) TOTAL AMOUNT EXPENDED BY THE TERRITORY.—The term 'total amount expended by the territory'—

''(A) does not include expenditures during the fiscal year from amounts made available by the Federal Government; and

''(B) when used with respect to fiscal year 1995, also does not include—

''(i) expenditures during fiscal year 1995 under subsection (g) or (i) of section 402 (as in effect on September 30, 1995); or

''(ii) any expenditures during fiscal year 1995 for which the territory (but for section 1108, as in effect on September 30, 1995) would have received reimbursement from the Federal Government.

''(d) DISCRETIONARY GRANTS.—

''(1) IN GENERAL.—The Secretary shall make a grant to each territory for any fiscal year in the amount appropriated pursuant to paragraph (3) for the fiscal year for payment to the territory.

''(2) USE OF GRANT.—Any territory to which a grant is made under paragraph (1) may expend the amount under any program operated or funded under any provision of law specified in subsection (a).

''(3) LIMITATION ON AUTHORIZATION OF APPROPRIATIONS.—For grants under paragraph (1), there are authorized to be appropriated to the Secretary for each fiscal year—

''(A) $7,951,000 for payment to Puerto Rico;

''(B) $345,000 for payment to Guam;

''(C) $275,000 for payment to the Virgin Islands; and

''(D) $190,000 for payment to American Samoa.

''(e) AUTHORITY TO TRANSFER FUNDS AMONG PROGRAMS.—Notwithstanding any other provision of this Act, any territory to which an amount is paid under any provision of law specified in subsection (a) may use part or all of the amount to carry out any program operated by the territory, or funded, under any other such provision of law.

''(f) MAINTENANCE OF EFFORT.—The ceiling amount with respect to a territory shall be reduced for a fiscal year by an amount equal to the amount (if any) by which—

''(1) the total amount expended by the territory under all programs of the territory operated pursuant to the provisions of law specified in subsection (a) (as such provisions were in effect for fiscal year 1995) for fiscal year 1995; exceeds

''(2) the total amount expended by the territory under all programs of the territory that are funded under the provisions of law specified in subsection (a) for the fiscal year that immediately precedes the fiscal year referred to in the matter preceding paragraph (1).''; and

(3) by striking subsections (d) and (e).

(c) REPEAL OF PROVISIONS REQUIRING REDUCTION OF MEDICAID PAYMENTS TO STATES THAT REDUCE WELFARE PAYMENT LEVELS.—

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

(2) Section 1902 (42 U.S.C. 1396a) is amended by striking subsection (c).

(d) ELIMINATION OF CHILD CARE PROGRAMS UNDER THE SOCIAL SECURITY ACT.—

(1) AFDC AND TRANSITIONAL CHILD CARE PROGRAMS.—Section 402 (42 U.S.C. 602) is amended by striking subsection (g).

(2) AT-RISK CHILD CARE PROGRAM.—

(A) AUTHORIZATION.—Section 402 (42 U.S.C. 602) is amended by striking subsection (i).

(B) FUNDING PROVISIONS.—Section 403 (42 U.S.C. 603) is amended by striking subsection (n).

SEC. 4104. SERVICES PROVIDED BY CHARITABLE, RELIGIOUS, OR PRIVATE ORGANIZATIONS.

(a) IN GENERAL.—

(1) STATE OPTIONS.—A State may—

(A) administer and provide services under the programs described in subparagraphs (A) and (B)(i) of paragraph (2) through contracts with charitable, religious, or private organizations; and

(B) provide beneficiaries of assistance under the programs described in subparagraphs (A) and (B)(ii) of paragraph (2) with certificates, vouchers, or other forms of disbursement which are redeemable with such organizations.

(2) PROGRAMS DESCRIBED.—The programs described in this paragraph are the following programs:

(A) A State program funded under part A of title IV of the Social Security Act (as amended by section 4103(a) of this Act).

(B) Any other program established or modified under subtitle A, B, or F of this title, that—

(i) permits contracts with organizations; or

(ii) permits certificates, vouchers, or other forms of disbursement to be provided to beneficiaries, as a means of providing assistance.

(b) RELIGIOUS ORGANIZATIONS.—The purpose of this section is to allow States to contract with religious organizations, or to allow religious organizations to accept certificates, vouchers, or other forms of disbursement under any program described in subsection (a)(2), on the same basis as any other nongovernmental provider without impairing the religious character of such organizations, and without diminishing the religious freedom of beneficiaries of assistance funded under such program.

(c) NONDISCRIMINATION AGAINST RELIGIOUS ORGANIZATIONS.—In the event a State exercises its authority under subsection (a), religious organizations are eligible, on the same basis as any other private organization, as contractors to provide assistance, or to accept certificates, vouchers, or other forms of disbursement, under any program described in subsection (a)(2) so long as the programs are implemented consistent with the Establishment Clause of the United States Constitution. Except as provided in subsection (k), neither the Federal Government nor a State receiving funds under such programs shall discriminate against an organization which is or applies to be a contractor to provide assistance, or which accepts certificates, vouchers, or other forms of disbursement, on the basis that the organization has a religious character.

(d) RELIGIOUS CHARACTER AND FREEDOM.—

(1) RELIGIOUS ORGANIZATIONS.—A religious organization with a contract described in subsection (a)(1)(A), or which accepts certificates, vouchers, or other forms of disbursement under subsection (a)(1)(B), shall retain its independence from Federal, State, and local governments, including such organization's control over the definition, development, practice, and expression of its religious beliefs.

(2) ADDITIONAL SAFEGUARDS.—Neither the Federal Government nor a State shall require a religious organization to—

(A) alter its form of internal governance; or

(B) remove religious art, icons, scripture, or other symbols;

in order to be eligible to contract to provide assistance, or to accept certificates, vouchers, or other forms of disbursement, funded under a program described in subsection (a)(2).

(e) RIGHTS OF BENEFICIARIES OF ASSISTANCE.—

(1) IN GENERAL.—If an individual described in paragraph (2) has an objection to the religious character of the organization or institution from which the individual receives, or would receive, assistance funded under any program described in subsection (a)(2), the State in which the individual resides shall provide such individual (if otherwise eligible for such assistance) within a reasonable period of time after the date of such objection with assistance from an alternative provider that is accessible to the individual and the value of which is not less than the value of the assistance which the individual would have received from such organization.

(2) INDIVIDUAL DESCRIBED.—An individual described in this paragraph is an individual who receives, applies for, or requests to apply for, assistance under a program described in subsection (a)(2).

(f) EMPLOYMENT PRACTICES.—A religious organization's exemption provided under section 702 of the Civil Rights Act of 1964 (42 U.S.C. 2000e–1a) regarding employment practices shall not be affected by its participation in, or receipt of funds from, programs described in subsection (a)(2).

(g) NONDISCRIMINATION AGAINST BENEFICIARIES.—Except as otherwise provided in law, a religious organization shall not discriminate against an individual in regard to rendering assistance funded under any program described in subsection (a)(2) on the basis of religion, a religious belief, or refusal to actively participate in a religious practice.

(h) FISCAL ACCOUNTABILITY.—

(1) IN GENERAL.—Except as provided in paragraph (2), any religious organization contracting to provide assistance funded under any program described in subsection (a)(2) shall be subject to the same regulations as other contractors to account in accord with generally accepted auditing principles for the use of such funds provided under such programs.

(2) LIMITED AUDIT.—If such organization segregates Federal funds provided under such programs into separate accounts, then only the financial assistance provided with such funds shall be subject to audit.

(i) COMPLIANCE.—Any party which seeks to enforce its rights under this section may assert a civil action for injunctive relief exclusively in an appropriate State court against the entity or agency that allegedly commits such violation.

(j) LIMITATIONS ON USE OF FUNDS FOR CERTAIN PURPOSES.—No funds provided directly to institutions or organizations to provide services and administer programs under subsection (a)(1)(A) shall be expended for sectarian worship, instruction, or proselytization.

(k) PREEMPTION.—Nothing in this section shall be construed to preempt any provision of a State constitution or State statute that prohibits or restricts the expenditure of State funds in or by religious organizations.

SEC. 4105. CENSUS DATA ON GRANDPARENTS AS PRIMARY CAREGIVERS FOR THEIR GRANDCHILDREN.

(a) IN GENERAL.—Not later than 90 days after the date of the enactment of this Act, the Secretary of Commerce, in carrying out section 141 of title 13, United States Code, shall expand the data collection efforts of the Bureau of the Census (in this section referred to as the ''Bureau'') to enable the Bureau to collect statistically significant data, in connection with its decennial census and its mid-decade census, concerning the growing trend of grandparents who are the primary caregivers for their grandchildren.

(b) EXPANDED CENSUS QUESTION.—In carrying out subsection (a), the Secretary of Commerce shall expand the Bureau's census question that details households which include both grandparents and their grandchildren. The expanded question shall be formulated to distinguish between the following households:

(1) A household in which a grandparent temporarily provides a home for a grandchild for a period of weeks or months during periods of parental distress.

(2) A household in which a grandparent provides a home for a grandchild and serves as the primary caregiver for the grandchild.

SEC. 4106. REPORT ON DATA PROCESSING.

(a) IN GENERAL.—Within 6 months after the date of the enactment of this Act, the Secretary of Health and Human Services shall prepare and submit to the Congress a report on—

(1) the status of the automated data processing systems operated by the States to assist management in the administration of State programs under part A of title IV of the Social Security Act (whether in effect before or after October 1, 1995); and

(2) what would be required to establish a system capable of—

(A) tracking participants in public programs over time; and

(B) checking case records of the States to determine whether individuals are participating in public programs of 2 or more States.

(b) PREFERRED CONTENTS.—The report required by subsection (a) should include—

(1) a plan for building on the automated data processing systems of the States to establish a system with the capabilities described in subsection (a)(2); and

(2) an estimate of the amount of time required to establish such a system and of the cost of establishing such a system.

SEC. 4107. STUDY ON ALTERNATIVE OUTCOMES MEASURES.

(a) STUDY.—The Secretary shall, in cooperation with the States, study and analyze outcomes measures for evaluating the success of the States in moving individuals out of the welfare system through employment as an alternative to the minimum participation rates described in section 407 of the Social Security Act. The study shall include a determination as to whether such alternative outcomes measures should be applied on a national or a State-by-State basis and a preliminary assessment of the effects of section 409(a)(7)(C) of such Act.

(b) REPORT.—Not later than September 30, 1998, the Secretary shall submit to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives a report containing the findings of the study required by subsection (a).

SEC. 4108. CONFORMING AMENDMENTS TO THE SOCIAL SECURITY ACT.

(a) AMENDMENTS TO TITLE II.—

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

(A) by inserting ''an agency administering a program funded under part A of title IV or'' before ''an agency operating''; and

(B) by striking ''A or D of title IV of this Act'' and inserting ''D of such title''.

(2) Section 228(d)(1) (42 U.S.C. 428(d)(1)) is amended by inserting ''under a State program funded under'' before ''part A of title IV''.

(b) AMENDMENTS TO PART D OF TITLE IV.—

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

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

(A) by striking ''aid to families with dependent children'' and inserting ''assistance under a State program funded under part A'';

(B) by striking ''such aid'' and inserting ''such assistance''; and

(C) by striking ''under section 402(a)(26) or'' and inserting ''pursuant to section 408(a)(4) or under section''.

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

(A) by striking ''aid under a State plan approved'' and inserting ''assistance under a State program funded''; and

(B) by striking ''in accordance with the standards referred to in section 402(a)(26)(B)(ii)'' and inserting ''by the State''.

(4) Section 452(b) (42 U.S.C. 652(b)) is amended in the first sentence by striking ''aid under the State plan approved under part A'' and inserting ''assistance under the State program funded under part A''.

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

(6) Section 452(g)(2)(A)(ii)(I) (42 U.S.C. 652(g)(2)(A)(ii)(I)) is amended by striking ''aid is being paid under the State's plan approved under part A or E'' and inserting ''assistance is being provided under the State program funded under part A''.

(7) Section 452(g)(2)(A) (42 U.S.C. 652(g)(2)(A)) is amended in the matter following clause (iii) by striking ''aid was being paid under the State's plan approved under part A or E'' and inserting ''assistance was being provided under the State program funded under part A''.

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

(A) by striking ''who is a dependent child'' and inserting ''with respect to whom assistance is being provided under the State program funded under part A'';

(B) by inserting ''by the State'' after ''found''; and

(C) by striking ''to have good cause for refusing to cooperate under section 402(a)(26)'' and inserting ''to qualify for a good cause or other exception to cooperation pursuant to section 454(29)''.

(9) Section 452(h) (42 U.S.C. 652(h)) is amended by striking ''under section 402(a)(26)'' and inserting ''pursuant to section 408(a)(4)''.

(10) Section 453(c)(3) (42 U.S.C. 653(c)(3)) is amended by striking ''aid under part A of this title'' and inserting ''assistance under a State program funded under part A''.

(11) Section 454(5)(A) (42 U.S.C. 654(5)(A))) is amended—

(A) by striking ''under section 402(a)(26)'' and inserting ''pursuant to section 408(a)(4)''; and

(B) by striking ''; except that this paragraph shall not apply to such payments for any month following the first month in which the amount collected is sufficient to make such family ineligible for assistance under the State plan approved under part A;'' and inserting a comma.

(12) Section 454(6)(D) (42 U.S.C. 654(6)(D)) is amended by striking ''aid under a State plan approved'' and inserting ''assistance under a State program funded''.

(13) Section 456(a)(1) (42 U.S.C. 656(a)(1)) is amended by striking ''under section 402(a)(26)''.

(14) Section 466(a)(3)(B) (42 U.S.C. 666(a)(3)(B)) is amended by striking ''402(a)(26)'' and inserting ''408(a)(3)''.

(15) Section 466(b)(2) (42 U.S.C. 666(b)(2)) is amended by striking ''aid'' and inserting ''assistance under a State program funded''.

(16) Section 469(a) (42 U.S.C. 669(a)) is amended—

(A) by striking ''aid under plans approved'' and inserting ''assistance under State programs funded''; and

(B) by striking ''such aid'' and inserting ''such assistance''.

(c) REPEAL OF PART F OF TITLE IV.—Part F of title IV (42 U.S.C. 681–687) is repealed.

(d) AMENDMENT TO TITLE X.—Section 1002(a)(7) (42 U.S.C. 1202(a)(7)) is amended by striking ''aid to families with dependent children under the State plan approved under section 402 of this Act'' and inserting ''assistance under a State program funded under part A of title IV''.

(e) AMENDMENTS TO TITLE XI.—

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

(2) Section 1115 (42 U.S.C. 1315) is amended—

(A) in subsection (a)(2)—

(i) by inserting ''(A)'' after ''(2)'';

(ii) by striking ''403,'';

(iii) by striking the period at the end and inserting '', and''; and

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

''(B) costs of such project which would not otherwise be a permissible use of funds under part A of title IV and which are not included as part of the costs of projects under section 1110, shall to the extent and for the period prescribed by the Secretary, be regarded as a permissible use of funds under such part.''; and

(B) in subsection (c)(3), by striking ''the program of aid to families with dependent children'' and inserting ''part A of such title''.

(3) Section 1116 (42 U.S.C. 1316) is amended—

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

(B) in subsection (a)(3), by striking ''404,''.

(4) Section 1118 (42 U.S.C. 1318) is amended—

(A) by striking ''403(a),'';

(B) by striking ''and part A of title IV,''; and

(C) by striking '', and shall, in the case of American Samoa, mean 75 per centum with respect to part A of title IV''.

(5) Section 1119 (42 U.S.C. 1319) is amended—

(A) by striking ''or part A of title IV''; and

(B) by striking ''403(a),''.

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

(7) Section 1136 (42 U.S.C. 1320b–6) is repealed.

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

(A) in subsection (b), by striking paragraph (1) and inserting the following:

''(1) any State program funded under part A of title IV of this Act;''; and

(B) in subsection (d)(1)(B)—

(i) by striking ''In this subsection—'' and all that follows through ''(ii) in'' and inserting ''In this subsection, in'';

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

(iii) by moving such redesignated material 2 ems to the left.

(f) AMENDMENT TO TITLE XIV.—Section 1402(a)(7) (42 U.S.C. 1352(a)(7)) is amended by striking ''aid to families with dependent children under the State plan approved under section 402 of this Act'' and inserting ''assistance under a State program funded under part A of title IV''.

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

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

(i) AMENDMENT TO TITLE XIX.—Section 1902(j) (42 U.S.C. 1396a(j)) is amended by striking ''1108(c)'' and inserting ''1108(g)''.

SEC. 4109. CONFORMING AMENDMENTS TO THE FOOD STAMP ACT OF 1977 AND RELATED PROVISIONS.

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

(1) in the second sentence of subsection (a), by striking ''plan approved'' and all that follows through ''title IV of the Social Security Act'' and inserting ''program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.)'';

(2) in subsection (d)—

(A) in paragraph (5), by striking ''assistance to families with dependent children'' and inserting ''assistance under a State program funded''; and

(B) by striking paragraph (13) and redesignating paragraphs (14), (15), and (16) as paragraphs (13), (14), and (15), respectively;

(3) in subsection (j), by striking ''plan approved under part A of title IV of such Act (42 U.S.C. 601 et seq.)'' and inserting ''program funded under part A of title IV of the Act (42 U.S.C. 601 et seq.)''; and

(4) by striking subsection (m).

(b) Section 6 of such Act (7 U.S.C. 2015) is amended—

(1) in subsection (c)(5), by striking ''the State plan approved'' and inserting ''the State program funded''; and

(2) in subsection (e)(6), by striking ''aid to families with dependent children'' and inserting ''benefits under a State program funded''.

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

(d) Section 17 of such Act (7 U.S.C. 2026) is amended—

(1) in the first sentence of subsection (b)(1)(A), by striking ''to aid to families with dependent children under part A of title IV of the Social Security Act'' and inserting ''or are receiving assistance under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.)''; and

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

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

(e) Section 20 of such Act (7 U.S.C. 2029) is amended—

(1) in subsection (a)(2)(B) by striking ''operating—'' and all that follows through ''(ii) any other'' and inserting ''operating any''; and

(2) in subsection (b)—

(A) in paragraph (1)—

(i) by striking ''(b)(1) A household'' and inserting ''(b) A household''; and

(ii) in subparagraph (B), by striking ''training program'' and inserting ''activity'';

(B) by striking paragraph (2); and

(C) by redesignating subparagraphs (A) through (F) as paragraphs (1) through (6), respectively.

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

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

(1) in subsection (b)—

(A) in paragraph (2)(C)(ii)(II)—

(i) by striking ''program for aid to families with dependent children'' and inserting ''State program funded''; and

(ii) by inserting before the period at the end the following: ''that the Secretary determines complies with standards established by the Secretary that ensure that the standards under the State program are comparable to or more restrictive than those in effect on June 1, 1995''; and

(B) in paragraph (6)—

(i) in subparagraph (A)(ii)—

(I) by striking ''an AFDC assistance unit (under the aid to families with dependent children program authorized'' and inserting ''a family (under the State program funded''; and

(II) by striking '', in a State'' and all that follows through ''9902(2)))'' and inserting ''that the Secretary determines complies with standards established by the Secretary that ensure that the standards under the State program are comparable to or more restrictive than those in effect on June 1, 1995''; and

(ii) in subparagraph (B), by striking ''aid to families with dependent children'' and inserting ''assistance under the State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) that the Secretary determines complies with standards established by the Secretary that ensure that the standards under the State program are comparable to or more restrictive than those in effect on June 1, 1995''; and

(2) in subsection (d)(2)(C)—

(A) by striking ''program for aid to families with dependent children'' and inserting ''State program funded''; and

(B) by inserting before the period at the end the following: ''that the Secretary determines complies with standards established by the Secretary that ensure that the standards under the State program are comparable to or more restrictive than those in effect on June 1, 1995''.

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

(1) by striking ''program for aid to families with dependent children established'' and inserting ''State program funded''; and

(2) by inserting before the semicolon the following: ''that the Secretary determines complies with standards established by the Secretary that ensure that the standards under the State program are comparable to or more restrictive than those in effect on June 1, 1995''.

SEC. 4110. CONFORMING AMENDMENTS TO OTHER LAWS.

(a) Subsection (b) of section 508 of the Unemployment Compensation Amendments of 1976 (42 U.S.C. 603a; Public Law 94–566; 90 Stat. 2689) is amended to read as follows:

''(b) PROVISION FOR REIMBURSEMENT OF EXPENSES.—For purposes of section 455 of the Social Security Act, expenses incurred to reimburse State employment offices for furnishing information requested of such offices—

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

''(2) by a State or local agency charged with the duty of carrying a State plan for child support approved under part D of title IV of the Social Security Act,

shall be considered to constitute expenses incurred in the administration of such State plan.''.

(b) Section 9121 of the Omnibus Budget Reconciliation Act of 1987 (42 U.S.C. 602 note) is repealed.

(c) Section 9122 of the Omnibus Budget Reconciliation Act of 1987 (42 U.S.C. 602 note) is repealed.

(d) Section 221 of the Housing and Urban-Rural Recovery Act of 1983 (42 U.S.C. 602 note), relating to treatment under AFDC of certain rental payments for federally assisted housing, is repealed.

(e) Section 159 of the Tax Equity and Fiscal Responsibility Act of 1982 (42 U.S.C. 602 note) is repealed.

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

(g) Section 903 of the Stewart B. McKinney Homeless Assistance Amendments Act of 1988 (42 U.S.C. 11381 note), relating to demonstration projects to reduce number of AFDC families in welfare hotels, is amended—

(1) in subsection (a), by striking ''aid to families with dependent children under a State plan approved'' and inserting ''assistance under a State program funded''; and

(2) in subsection (c), by striking ''aid to families with dependent children in the State under a State plan approved'' and inserting ''assistance in the State under a State program funded''.

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

(1) in section 404C(c)(3) (20 U.S.C. 1070a–23(c)(3)), by striking ''(Aid to Families with Dependent Children)''; and

(2) in section 480(b)(2) (20 U.S.C. 1087vv(b)(2)), by striking ''aid to families with dependent children under a State plan approved'' and inserting ''assistance under a State program funded''.

(i) The Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2301 et seq.) is amended—

(1) in section 231(d)(3)(A)(ii) (20 U.S.C. 2341(d)(3)(A)(ii)), by striking ''The program for aid to dependent children'' and inserting ''The State program funded'';

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

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

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

(1) in section 1113(a)(5) (20 U.S.C. 6313(a)(5)), by striking ''Aid to Families with Dependent Children program'' and inserting ''State program funded under part A of title IV of the Social Security Act'';

(2) in section 1124(c)(5) (20 U.S.C. 6333(c)(5)), by striking ''the program of aid to families with dependent children under a State plan approved under'' and inserting ''a State program funded under part A of'';

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

(A) in subparagraph (A)(xi), by striking ''Aid to Families with Dependent Children benefits'' and inserting ''assistance under a State program funded under part A of title IV of the Social Security Act''; and

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

(k) The 4th proviso of chapter VII of title I of Public Law 99–88 (25 U.S.C. 13d–1) is amended to read as follows: ''*Provided further*, That general assistance payments made by the Bureau of Indian Affairs shall be made—

''(1) after April 29, 1985, and before October 1, 1995, on the basis of Aid to Families with Dependent Children (AFDC) standards of need; and

''(2) on and after October 1, 1995, on the basis of standards of need established under the State program funded under part A of title IV of the Social Security Act,

except that where a State ratably reduces its AFDC or State program payments, the Bureau shall reduce general assistance payments in such State by the same percentage as the State has reduced the AFDC or State program payment.''.

(l) The Internal Revenue Code of 1986 (26 U.S.C. 1 et seq.) is amended—

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

(2) in section 3304(a)(16) (26 U.S.C. 3304(a)(16)), by striking ''eligibility for aid or services,'' and all that follows through ''children approved'' and inserting ''eligibility for assistance, or the amount of such assistance, under a State program funded'';

(3) in section 6103(l)(7)(D)(i) (26 U.S.C. 6103(l)(7)(D)(i)), by striking ''aid to families with dependent children provided under a State plan approved'' and inserting ''a State program funded'';

(4) in section 6103(l)(10) (26 U.S.C. 6103(l)(10))—

(A) by striking ''(c) or (d)'' each place it appears and inserting ''(c), (d), or (e)''; and

(B) by adding at the end of subparagraph (B) the following new sentence: ''Any return information disclosed with respect to section 6402(e) shall only be disclosed to officers and employees of the State agency requesting such information.'';

(5) in section 6103(p)(4) (26 U.S.C. 6103(p)(4)), in the matter preceding subparagraph (A)—

(A) by striking ''(5), (10)'' and inserting ''(5)''; and

(B) by striking ''(9), or (12)'' and inserting ''(9), (10), or (12)'';

(6) in section 6334(a)(11)(A) (26 U.S.C. 6334(a)(11)(A)), by striking ''(relating to aid to families with dependent children)'';

(7) in section 6402 (26 U.S.C. 6402)—

(A) in subsection (a), by striking ''(c) and (d)'' and inserting ''(c), (d), and (e)'';

(B) by redesignating subsections (e) through (i) as subsections (f) through (j), respectively; and

(C) by inserting after subsection (d) the following:

''(e) COLLECTION OF OVERPAYMENTS UNDER TITLE IV–A OF THE SOCIAL SECURITY ACT.—The amount of any overpayment to be refunded to the person making the overpayment shall be reduced (after reductions pursuant to subsections (c) and (d), but before a credit against future liability for an internal revenue tax) in accordance with section 405(e) of the Social Security Act (concerning recovery of overpayments to individuals under State plans approved under part A of title IV of such Act).''; and

(8) in section 7523(b)(3)(C) (26 U.S.C. 7523(b)(3)(C)), by striking ''aid to families with dependent children'' and inserting ''assistance under a State program funded under part A of title IV of the Social Security Act''.

(m) Section 3(b) of the Wagner-Peyser Act (29 U.S.C. 49b(b)) is amended by striking ''State plan approved under part A of title IV'' and inserting ''State program funded under part A of title IV''.

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

(1) in section 4(29)(A)(i) (29 U.S.C. 1503(29)(A)(i)), by striking ''(42 U.S.C. 601 et seq.)'';

(2) in section 106(b)(6)(C) (29 U.S.C. 1516(b)(6)(C)), by striking ''State aid to families with dependent children records,'' and inserting ''records collected under the State program funded under part A of title IV of the Social Security Act,'';

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

(A) by striking ''the JOBS program'' and inserting ''the work activities required under title IV of the Social Security Act''; and

(B) by striking the second sentence;

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

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

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

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

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

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

''(4) the portions of title IV of the Social Security Act relating to work activities;'';

(8) in section 253 (29 U.S.C. 1632)—

(A) in subsection (b)(2), by repealing subparagraph (C); and

(B) in paragraphs (1)(B) and (2)(B) of subsection (c), by striking ''the JOBS program or'' each place it appears;

(9) in section 264 (29 U.S.C. 1644)—

(A) in subparagraphs (A) and (B) of subsection (b)(1), by striking ''(such as the JOBS program)'' each place it appears; and

(B) in subparagraphs (A) and (B) of subsection (d)(3), by striking ''and the JOBS program'' each place it appears;

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

''(6) the portion of title IV of the Social Security Act relating to work activities;'';

(11) in the second sentence of section 429(e) (29 U.S.C. 1699(e)), by striking ''and shall be in an amount that does not exceed the maximum amount that may be provided by the State pursuant to section 402(g)(1)(C) of the Social Security Act (42 U.S.C. 602(g)(1)(C))'';

(12) in section 454(c) (29 U.S.C. 1734(c)), by striking ''JOBS and'';

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

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

(15) in section 506(1)(A) (29 U.S.C. 1791e(1)(A)), by striking ''aid to families with dependent children'' and inserting ''assistance under the State program funded'';

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

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

(A) in clause (v), by striking the semicolon and inserting ''; and''; and

(B) by striking clause (vi).

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

''(iv) assistance under a State program funded under part A of title IV of the Social Security Act;''.

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

''(i) assistance under the State program funded under part A of title IV of the Social Security Act;''.

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

(1) by striking ''(A)''; and

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

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

(1) in the first section 255(h) (2 U.S.C. 905(h)), by striking ''Aid to families with dependent children (75–0412–0–1–609);'' and inserting ''Block grants to States for temporary assistance for needy families;''; and

(2) in section 256 (2 U.S.C. 906)—

(A) by striking subsection (k); and

(B) by redesignating subsection (l) as subsection (k).

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

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

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

(A) in paragraph (1)(A)(i), by striking ''program of aid to families with dependent children'' and inserting ''State program of assistance''; and

(B) in paragraph (2)(B), by striking ''aid to families with dependent children'' and inserting ''assistance under a State program funded under part A of title IV of the Social Security Act''; and

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

(t) Section 640(a)(4)(B)(i) of the Head Start Act (42 U.S.C. 9835(a)(4)(B)(i)) is amended by striking ''program of aid to families with dependent children under a State plan approved'' and inserting ''State program of assistance funded''.

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

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

''(E) part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) relating to work activities;''.

(w) Section 552a(a)(8)(B)(iv)(III) of title 5, United States Code, is amended by striking ''section 464 or 1137 of the Social Security Act'' and inserting ''section 404(e), 464, or 1137 of the Social Security Act''.

SEC. 4111. DEVELOPMENT OF PROTOTYPE OF COUNTERFEIT-RESISTANT SOCIAL SECURITY CARD REQUIRED.

(a) DEVELOPMENT.—

(1) IN GENERAL.—The Commissioner of Social Security (in this section referred to as the ''Commissioner'') shall, in accordance with this section, develop a prototype of a counterfeit-resistant social security card. Such prototype card shall—

(A) be made of a durable, tamper-resistant material such as plastic or polyester,

(B) employ technologies that provide security features, such as magnetic stripes, holograms, and integrated circuits, and

(C) be developed so as to provide individuals with reliable proof of citizenship or legal resident alien status.

(2) ASSISTANCE BY ATTORNEY GENERAL.—The Attorney General of the United States shall provide such information and assistance as the Commissioner deems necessary to enable the Commissioner to comply with this section.

(b) STUDY AND REPORT.—

(1) IN GENERAL.—The Commissioner shall conduct a study and issue a report to Congress which examines different methods of improving the social security card application process.

(2) ELEMENTS OF STUDY.—The study shall include an evaluation of the cost and work load implications of issuing a counterfeit-resistant social security card for all individuals over a 3-, 5-, and 10-year period. The study shall also evaluate the feasibility and cost implications of imposing a user fee for replacement cards and cards issued to individuals who apply for such a card prior to the scheduled 3-, 5-, and 10-year phase-in options.

(3) DISTRIBUTION OF REPORT.—The Commissioner shall submit copies of the report described in this subsection along with a facsimile of the prototype card as described in subsection (a) to the Committees on Ways and Means and Judiciary of the House of Representatives and the Committees on Finance and Judiciary of the Senate within 1 year after the date of the enactment of this Act.

SEC. 4112. DISCLOSURE OF RECEIPT OF FEDERAL FUNDS.

(a) IN GENERAL.—Whenever an organization that accepts Federal funds under this title or the amendments made by this title (other than funds provided under title IV, XVI, or XX of the Social Security Act) makes any communication that in any way intends to promote public support or opposition to any policy of a Federal, State, or local government through any broadcasting station, newspaper, magazine, outdoor advertising facility, direct mailing, or any other type of general public advertising, such communication shall state the following: ''This was prepared and paid for by an organization that accepts taxpayer dollars.''.

(b) FAILURE TO COMPLY.—If an organization makes any communication described in subsection (a) and fails to provide the statement required by that subsection, such organization shall be ineligible to receive Federal funds under this title or the amendments made by this title.

(c) DEFINITION.—For purposes of this section, the term ''organization'' means an organization described in section 501(c) of the Internal Revenue Code of 1986.

(d) EFFECTIVE DATES.—This section shall take effect—

(1) with respect to printed communications 1 year after the date of enactment of this Act; and

(2) with respect to any other communication on the date of enactment of this Act.

SEC. 4113. MODIFICATIONS TO THE JOB OPPORTUNITIES FOR CERTAIN LOW-INCOME INDIVIDUALS PROGRAM.

Section 505 of the Family Support Act of 1988 (42 U.S.C. 1315 note) is amended—

(1) in the heading, by striking ''**DEMONSTRATION**'';

(2) by striking ''demonstration'' each place such term appears;

(3) in subsection (a), by striking ''in each of fiscal years'' and all that follows through ''10'' and inserting ''shall enter into agreements with'';

(4) in subsection (b)(3), by striking ''aid to families with dependent children under part A of title IV of the Social Security Act'' and inserting ''assistance under the program funded part A of title IV of the Social Security Act of the State in which the individual resides'';

(5) in subsection (c)—

(A) in paragraph (1)(C), by striking ''aid to families with dependent children under title IV of the Social Security Act'' and inserting ''assistance under a State program funded part A of title IV of the Social Security Act'';

(B) in paragraph (2), by striking ''aid to families with dependent children under title IV of such Act'' and inserting ''assistance under a State program funded part A of title IV of the Social Security Act'';

(6) in subsection (d), by striking ''job opportunities and basic skills training program (as provided for under title IV of the Social Security Act)'' and inserting ''the State program funded under part A of title IV of the Social Security Act''; and

(7) by striking subsections (e) through (g) and inserting the following:

''(e) AUTHORIZATION OF APPROPRIATIONS.—For the purpose of conducting projects under this section, there is authorized to be appropriated an amount not to exceed $25,000,000 for any fiscal year.''.

SEC. 4114. SECRETARIAL SUBMISSION OF LEGISLATIVE PROPOSAL FOR TECHNICAL AND CONFORMING AMENDMENTS.

Not later than 90 days after the date of the enactment of this Act, the Secretary of Health and Human Services and the Commissioner of Social Security, in consultation, as appropriate, with the heads of other Federal agencies, shall submit to the appropriate committees of Congress a legislative proposal proposing such technical and conforming amendments as are necessary to bring the law into conformity with the policy embodied in this subtitle.

SEC. 4115. CONFORMING AMENDMENTS TO MEDICAID PROGRAM.

(a) IN GENERAL.—Title XIX is amended—

(1) in section 1931, by inserting ''subject to section 1931(a),'' in subsection (a) after ''under this title,'' and by redesignating such section as section 1932; and

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

''CONTINUED APPLICATION OF STANDARDS AND METHODOLOGIES UNDER PART A OF TITLE IV FOR CERTAIN INDIVIDUALS

''SEC. 1931. (a) For purposes of applying this title with respect to a State, notwithstanding any other provision of this title—

''(1) except as provided in paragraphs (2) through (4), any reference in this title (or other provision of law in relation to the operation of this title) to a provision of part A of title IV, or a State plan under such part, shall be considered a reference to such provision or plan as in effect as of July 16, 1996, with respect to the State and eligibility for medical assistance under this title shall be determined as if such provision or plan (as in effect as of such date) remained in effect;

''(2) any reference in section 1902(a)(5) or 1902(a)(55) to a State plan approved under part A of title IV shall be deemed a reference to a State program funded under such part;

''(3) a State may provide that any income standard under the State plan referred to in paragraph (1) may be increased over a period (beginning after July 16, 1996) by a percentage that does not exceed the percentage increase in the consumer price index for all urban consumers (all items; U.S. city average) over such period; and

''(4) in applying section 1925, medical assistance is required to be provided under such section only if it is required to be provided under section 408(a)(13).

''(b) In the case of a waiver of a provision of part A of title IV in effect with respect to a State as of July 16, 1996, if the waiver affects eligibility of individuals for medical assistance under this title, such waiver may continue to be applied, at the option of the State, in relation to this title after the date the waiver would otherwise expire.''.

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

(1) by striking ''and'' at the end of paragraph (61),

(2) by striking the period at the end of paragraph (62) and inserting ''; and'', and

(3) by inserting after paragraph (62) the following new paragraph:

''(63) provide for continuing to administer eligibility standards with respect to individuals who are (or seek to be) eligible for medical assistance based on the application of section 1931.''.

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

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

SEC. 4116. EFFECTIVE DATE; TRANSITION RULE.

(a) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as otherwise provided in this subtitle, this subtitle and the amendments made by this subtitle shall take effect on July 1, 1997.

(2) DELAYED EFFECTIVE DATE FOR CERTAIN PROVISIONS.—Notwithstanding any other provision of this section, paragraphs (2), (3), (4), (5), (8), and (10) of section 409(a) and section 411(a) of the Social Security Act (as added by the amendments made by section 4103(a) of this Act) shall not take effect with respect to a State until, and shall apply only with respect to conduct that occurs on or after, the later of—

(A) July 1, 1997; or

(B) the date that is 6 months after the date the Secretary of Health and Human Services receives from the State a plan described in section 402(a) of the Social Security Act (as added by such amendment).

(3) ELIMINATION OF CHILD CARE PROGRAMS.—The amendments made by section 4103(d) shall take effect on October 1, 1996.

(4) DEFINITIONS APPLICABLE TO NEW CHILD CARE ENTITLEMENT.—Sections 403(a)(1)(C), 403(a)(1)(D), and 419(4) of the Social Security Act, as added by the amendments made by section 4103(a) of this Act, shall take effect on October 1, 1996.

(b) TRANSITION RULES.—Effective on the date of the enactment of this Act:

(1) STATE OPTION TO ACCELERATE EFFECTIVE DATE.—

(A) IN GENERAL.—If the Secretary of Health and Human Services receives from a State a plan described in section 402(a) of the Social Security Act (as added by the amendment made by section 4103(a)(1) of this Act), then—

(i) on and after the date of such receipt—

(I) except as provided in clause (ii), this subtitle and the amendments made by this subtitle (other than by section 4103(d) of this Act) shall apply with respect to the State; and

(II) the State shall be considered an eligible State for purposes of part A of title IV of the Social Security Act (as in effect pursuant to the amendments made by such section 4103(a)); and

(ii) during the period that begins on the date of such receipt and ends on June 30, 1997, there shall remain in effect with respect to the State—

(I) section 403(h) of the Social Security Act (as in effect on September 30, 1995); and

(II) all State reporting requirements under parts A and F of title IV of the Social Security Act (as in effect on September 30, 1995), modified by the Secretary as appropriate, taking into account the State program under part A of title IV of the Social Security Act (as in effect pursuant to the amendments made by such section 4103(a)).

(B) LIMITATIONS ON FEDERAL OBLIGATIONS.—

(i) UNDER AFDC PROGRAM.—The total obligations of the Federal Government to a State under part A of title IV of the Social Security Act (as in effect on September 30, 1995) with respect to expenditures in fiscal year 1997 shall not exceed an amount equal to the State family assistance grant.

(ii) UNDER TEMPORARY FAMILY ASSISTANCE PROGRAM.—Notwithstanding section 403(a)(1) of the Social Security Act (as in effect pursuant to the amendments made by section 4103(a) of this Act), the total obligations of the Federal Government to a State under such section 403(a)(1)—

(I) for fiscal year 1996, shall be an amount equal to—

(aa) the State family assistance grant; multiplied by

(bb) 1/366 of the number of days during the period that begins on the date the Secretary of Health and Human Services first receives from the State a plan described in section 402(a) of the Social Security Act (as added by the amendment made by section 4103(a)(1) of this Act) and ends on September 30, 1996; and

(II) for fiscal year 1997, shall be an amount equal to the lesser of—

(aa) the amount (if any) by which the State family assistance grant exceeds the total obligations of the Federal Government to the State under part A of title IV of the Social Security Act (as in effect on September 30, 1995) with respect to expenditures in fiscal year 1997; or

(bb) the State family assistance grant, multiplied by 1/365 of the number of days during the period that begins on October 1, 1996, or the date the Secretary of Health and Human Services first receives from the State a plan described in section 402(a) of the Social Security Act (as added by the amendment made by section 4103(a)(1) of this Act), whichever is later, and ends on September 30, 1997.

(iii) CHILD CARE OBLIGATIONS EXCLUDED IN DETERMINING FEDERAL AFDC OBLIGATIONS.—As used in this subparagraph, the term ''obligations of the Federal Government to the State under part A of title IV of the Social Security Act'' does not include any obligation of the Federal Government with respect to child care expenditures by the State.

(C) SUBMISSION OF STATE PLAN FOR FISCAL YEAR 1996 OR 1997 DEEMED ACCEPTANCE OF GRANT LIMITATIONS AND FORMULA AND TERMINATION OF AFDC ENTITLEMENT.—The submission of a plan by a State pursuant to subparagraph (A) is deemed to constitute—

(i) the State's acceptance of the grant reductions under subparagraph (B) (including the formula for computing the amount of the reduction); and

(ii) the termination of any entitlement of any individual or family to benefits or services under the State AFDC program.

(D) DEFINITIONS.—As used in this paragraph:

(i) STATE AFDC PROGRAM.—The term ''State AFDC program'' means the State program under parts A and F of title IV of the Social Security Act (as in effect on September 30, 1995).

(ii) STATE.—The term ''State'' means the 50 States and the District of Columbia.

(iii) STATE FAMILY ASSISTANCE GRANT.—The term ''State family assistance grant'' means the State family assistance grant (as defined in section 403(a)(1)(B) of the Social Security Act, as added by the amendment made by section 4103(a)(1) of this Act).

(2) CLAIMS, ACTIONS, AND PROCEEDINGS.—The amendments made by this subtitle shall not apply with respect to—

(A) powers, duties, functions, rights, claims, penalties, or obligations applicable to aid, assistance, or services provided before the effective date of this subtitle under the provisions amended; and

(B) administrative actions and proceedings commenced before such date, or authorized before such date to be commenced, under such provisions.

(3) CLOSING OUT ACCOUNT FOR THOSE PROGRAMS TERMINATED OR SUBSTANTIALLY MODIFIED BY THIS SUBTITLE.—In closing out accounts, Federal and State officials may use scientifically acceptable statistical sampling techniques. Claims made with respect to State expenditures under a State plan approved under part A of title IV of the Social Security Act (as in effect on September 30, 1995) with respect to assistance or services provided on or before September 30, 1995, shall be treated as claims with respect to expenditures during fiscal year 1995 for purposes of reimbursement even if payment was made by a State on or after October 1, 1995. Each State shall complete the filing of all claims under the State plan (as so in effect) within 2 years after the date of the enactment of this Act. The head of each Federal department shall—

(A) use the single audit procedure to review and resolve any claims in connection with the close out of programs under such State plans; and

(B) reimburse States for any payments made for assistance or services provided during a prior fiscal year from funds for fiscal year 1995, rather than from funds authorized by this subtitle.

(4) CONTINUANCE IN OFFICE OF ASSISTANT SECRETARY FOR FAMILY SUPPORT.—The individual who, on the day before the effective date of this subtitle, is serving as Assistant Secretary for Family Support within the Department of Health and Human Services shall, until a successor is appointed to such position—

(A) continue to serve in such position; and

(B) except as otherwise provided by law—

(i) continue to perform the functions of the Assistant Secretary for Family Support under section 417 of the Social Security Act (as in effect before such effective date); and

(ii) have the powers and duties of the Assistant Secretary for Family Support under section 416 of the Social Security Act (as in effect pursuant to the amendment made by section 4103(a)(1) of this Act).

(c) TERMINATION OF ENTITLEMENT UNDER AFDC PROGRAM.—Effective October 1, 1996, no individual or family shall be entitled to any benefits or services under any State plan approved under part A or F of title IV of the Social Security Act (as in effect on September 30, 1995).

Subtitle B—Supplemental Security Income

SEC. 4200. REFERENCE TO SOCIAL SECURITY ACT.

Except as otherwise specifically provided, wherever in this subtitle an amendment is expressed in terms of an amendment to or repeal of a section or other provision, the reference shall be considered to be made to that section or other provision of the Social Security Act.

CHAPTER 1—ELIGIBILITY RESTRICTIONS

SEC. 4201. DENIAL OF SSI BENEFITS FOR 10 YEARS TO INDIVIDUALS FOUND TO HAVE FRAUDULENTLY MISREPRESENTED RESIDENCE IN ORDER TO OBTAIN BENEFITS SIMULTANEOUSLY IN 2 OR MORE STATES.

(a) IN GENERAL.—Section 1611(e) (42 U.S.C. 1382(e)), as amended by section 105(b)(4) of the Contract with America Advancement Act of 1996, is amended by redesignating paragraph (5) as paragraph (3) and by adding at the end the following new paragraph:

''(4)(A) No person shall be considered an eligible individual or eligible spouse for purposes of this title during the 10-year period

that begins on the date the person is convicted in Federal or State court of having made a fraudulent statement or representation with respect to the place of residence of the person in order to receive assistance simultaneously from 2 or more States under programs that are funded under title IV, title XIX, or the Food Stamp Act of 1977, or benefits in 2 or more States under the supplemental security income program under this title.

''(B) As soon as practicable after the conviction of a person in a Federal or State court as described in subparagraph (A), an official of such court shall notify the Commissioner of such conviction.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date of the enactment of this Act.

SEC. 4202. DENIAL OF SSI BENEFITS FOR FUGITIVE FELONS AND PROBATION AND PAROLE VIOLATORS.

(a) IN GENERAL.—Section 1611(e) (42 U.S.C. 1382(e)), as amended by section 4201(a) of this Act, is amended by adding at the end the following new paragraph:

''(5) No person shall be considered an eligible individual or eligible spouse for purposes of this title with respect to any month if during such month the person is—

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

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

(b) EXCHANGE OF INFORMATION.—Section 1611(e) (42 U.S.C. 1382(e)), as amended by section 4201(a) of this Act and subsection (a) of this section, is amended by adding at the end the following new paragraph:

''(6) Notwithstanding any other provision of law (other than section 6103 of the Internal Revenue Code of 1986), the Commissioner shall furnish any Federal, State, or local law enforcement officer, upon the written request of the officer, with the current address, Social Security number, and photograph (if applicable) of any recipient of benefits under this title, if the officer furnishes the Commissioner with the name of the recipient, and other identifying information as reasonably required by the Commissioner to establish the unique identity of the recipient, and notifies the Commissioner that—

''(A) the recipient—

''(i) is described in subparagraph (A) or (B) of paragraph (5); or

''(ii) has information that is necessary for the officer to conduct the officer's official duties; and

''(B) the location or apprehension of the recipient is within the officer's official duties.''.

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

SEC. 4203. TREATMENT OF PRISONERS.

(a) IMPLEMENTATION OF PROHIBITION AGAINST PAYMENT OF BENEFITS TO PRISONERS.—

(1) IN GENERAL.—Section 1611(e)(1) (42 U.S.C. 1382(e)(1)) is amended by adding at the end the following new subparagraph:

''(I)(i) The Commissioner shall enter into an agreement, with any interested State or local institution described in clause (i) or (ii) of section 202(x)(1)(A) the primary purpose of which is to confine individuals as described in section 202(x)(1)(A), under which—

''(I) the institution shall provide to the Commissioner, on a monthly basis and in a manner specified by the Commissioner, the names, social security account numbers, dates of birth, confinement commencement dates, and, to the extent available to the institution, such other identifying information concerning the inmates of the institution as the Commissioner may require for the purpose of carrying out paragraph (1); and

''(II) the Commissioner shall pay to any such institution, with respect to each inmate of the institution who is eligible for a benefit under this title for the month preceding the first month throughout which such inmate is in such institution and becomes ineligible for such benefit as a result of the application of this subparagraph, $400 if the institution furnishes the information described in subclause (I) to the Commissioner within 30 days after the date such individual becomes an inmate of such institution, or $200 if the institution furnishes such information after 30 days after such date but within 90 days after such date.

''(ii)(I) The provisions of section 552a of title 5, United States Code, shall not apply to any agreement entered into under clause (i) or to information exchanged pursuant to such agreement.

''(II) The Commissioner is authorized to provide, on a reimbursable basis, information obtained pursuant to agreements entered into under clause (i) to any Federal or federally-assisted cash, food, or medical assistance program for eligibility purposes.

''(iii) The dollar amounts specified in clause (i)(II) shall be reduced by 50 percent if the Commissioner is also required to make a payment to the institution with respect to the same individual under an agreement entered into under section 202(x)(3)(B).

''(iv) Payments to institutions required by clause (i)(II) shall be made from funds otherwise available for the payment of benefits under this title and shall be treated as direct spending for purposes of the Balanced Budget and Emergency Deficit Control Act of 1985.''.

(2) CONFORMING OASDI AMENDMENTS.—Section 202(x)(3) (42 U.S.C. 402(x)(3)) is amended—

(A) by inserting ''(A)'' after ''(3)''; and

(B) by adding at the end the following new subparagraph:

''(B)(i) The Commissioner shall enter into an agreement, with any interested State or local institution described in clause (i) or (ii) of paragraph (1)(A) the primary purpose of which is to confine individuals as described in paragraph (1)(A), under which—

''(I) the institution shall provide to the Commissioner, on a monthly basis and in a manner specified by the Commissioner, the names, social security account numbers, dates of birth, confinement commencement dates, and, to the extent available to the institution, such other identifying information concerning the individuals confined in the institution as the Commissioner may require for the purpose of carrying out paragraph (1); and

''(II) the Commissioner shall pay to any such institution, with respect to each individual who is entitled to a benefit under this title for the month preceding the first month throughout which such individual is confined in such institution as described in paragraph (1)(A), $400 if the institution furnishes the information described in subclause (I) to the Commissioner within 30 days after the date such individual's confinement in such institution begins, or $200 if the institution furnishes such information after 30 days after such date but within 90 days after such date.

''(ii)(I) The provisions of section 552a of title 5, United States Code, shall not apply to any agreement entered into under clause (i) or to information exchanged pursuant to such agreement.

''(II) The Commissioner is authorized to provide, on a reimbursable basis, information obtained pursuant to agreements entered into under clause (i) to any Federal or federally-assisted cash, food, or medical assistance program for eligibility purposes.

''(iii) The dollar amounts specified in clause (i)(II) shall be reduced by 50 percent if the Commissioner is also required to make a payment to the institution with respect to the same individual under an agreement entered into under section 1611(e)(1)(I).

''(iv) There shall be transferred from the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund, as appropriate, such sums as may be necessary to enable the Commissioner to make payments to institutions required by clause (i)(II). Sums so transferred shall be treated as direct spending for purposes of the Balanced Budget and Emergency Deficit Control Act of 1985 and excluded from budget totals in accordance with section 13301 of the Budget Enforcement Act of 1990.''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to individuals whose period of confinement in an institution commences on or after the first day of the seventh month beginning after the month in which this Act is enacted.

(b) ELIMINATION OF OASDI REQUIREMENT THAT CONFINEMENT STEM FROM CRIME PUNISHABLE BY IMPRISONMENT FOR MORE THAN 1 YEAR.—

(1) IN GENERAL.—Section 202(x)(1)(A) (42 U.S.C. 402(x)(1)(A)) is amended—

(A) in the matter preceding clause (i), by striking ''during'' and inserting ''throughout'';

(B) in clause (i), by striking ''pursuant'' and all that follows through ''imposed)''; and

(C) in clause (ii)(I), by striking ''an offense punishable by imprisonment for more than 1 year'' and inserting ''a criminal offense''.

(2) EFFECTIVE DATE.—The amendments made by this subsection shall be effective with respect to benefits payable for months beginning more than 180 days after the date of the enactment of this Act.

(c) STUDY OF OTHER POTENTIAL IMPROVEMENTS IN THE COLLECTION OF INFORMATION RESPECTING PUBLIC INMATES.—

(1) STUDY.—The Commissioner of Social Security shall conduct a study of the desirability, feasibility, and cost of—

(A) establishing a system under which Federal, State, and local courts would furnish to the Commissioner such information respecting court orders by which individuals are confined in jails, prisons, or other public penal, correctional, or medical facilities as the Commissioner may require for the purpose of carrying out sections 202(x) and 1611(e)(1) of the Social Security Act; and

(B) requiring that State and local jails, prisons, and other institutions that enter into agreements with the Commissioner under section 202(x)(3)(B) or 1611(e)(1)(I) of the Social Security Act furnish the information required by such agreements to the Commissioner by means of an electronic or other sophisticated data exchange system.

(2) REPORT.—Not later than 1 year after the date of the enactment of this Act, the Commissioner of Social Security shall submit a report on the results of the study conducted pursuant to this subsection to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives.

(d) ADDITIONAL REPORT TO CONGRESS.—Not later than October 1, 1998, the Commissioner of Social Security shall provide to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives a list of the institutions that are and are not providing information to the Commissioner under sections 202(x)(3)(B) and 1611(e)(1)(I) of the Social Security Act (as added by this section).

SEC. 4204. EFFECTIVE DATE OF APPLICATION FOR BENEFITS.

(a) IN GENERAL.—Subparagraphs (A) and (B) of section 1611(c)(7) (42 U.S.C. 1382(c)(7)) are amended to read as follows:

''(A) the first day of the month following the date such application is filed, or

''(B) the first day of the month following the date such individual becomes eligible for such benefits with respect to such application.''.

(b) SPECIAL RULE RELATING TO EMERGENCY ADVANCE PAYMENTS.—Section 1631(a)(4)(A) (42 U.S.C. 1383(a)(4)(A)) is amended—

(1) by inserting ''for the month following the date the application is filed'' after ''is presumptively eligible for such benefits''; and

(2) by inserting '', which shall be repaid through proportionate reductions in such benefits over a period of not more than 6 months'' before the semicolon.

(c) CONFORMING AMENDMENTS.—

(1) Section 1614(b) (42 U.S.C. 1382c(b)) is amended by striking ''at the time the application or request is filed'' and inserting ''on the first day of the month following the date the application or request is filed''.

(2) Section 1631(g)(3) (42 U.S.C. 1382j(g)(3)) is amended by inserting ''following the month'' after ''beginning with the month''.

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to applications for benefits under title XVI of the Social Security Act filed on or after the date of the enactment of this Act, without regard to whether regulations have been issued to implement such amendments.

(2) BENEFITS UNDER TITLE XVI.—For purposes of this subsection, the term ''benefits under title XVI of the Social Security Act'' includes supplementary payments pursuant to an agreement for Federal administration under section 1616(a) of the Social Security Act, and payments pursuant to an agreement entered into under section 212(b) of Public Law 93–66.

CHAPTER 2—BENEFITS FOR DISABLED CHILDREN

SEC. 4211. DEFINITION AND ELIGIBILITY RULES.

(a) DEFINITION OF CHILDHOOD DISABILITY.—Section 1614(a)(3) (42 U.S.C. 1382c(a)(3)), as amended by section 105(b)(1) of the Contract with America Advancement Act of 1996, is amended—

(1) in subparagraph (A), by striking ''An individual'' and inserting ''Except as provided in subparagraph (C), an individual'';

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

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

(4) by inserting after subparagraph (B) the following new subparagraph:

''(C)(i) An individual under the age of 18 shall be considered disabled for the purposes of this title if that individual has a medically determinable physical or mental impairment, which results in marked and severe functional limitations, and which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months.

''(ii) The Commissioner shall ensure that the combined effects of all physical or mental impairments of an individual are taken into account in determining whether an individual is disabled in accordance with clause (i).

''(iii) The Commissioner shall ensure that the regulations prescribed under this subparagraph provide for the evaluation of children who cannot be tested because of their young age.

''(iv) Notwithstanding the preceding provisions of this subparagraph, no individual under the age of 18 who engages in substantial gainful activity (determined in accordance with regulations prescribed pursuant to subparagraph (E)) may be considered to be disabled.''; and

(5) in subparagraph (F), as redesignated by paragraph (3), by striking ''(D)'' and inserting ''(E)''.

(b) CHANGES TO CHILDHOOD SSI REGULATIONS.—

(1) MODIFICATION TO MEDICAL CRITERIA FOR EVALUATION OF MENTAL AND EMOTIONAL DISORDERS.—The Commissioner of Social Security shall modify sections 112.00C.2. and 112.02B.2.c.(2) of appendix 1 to subpart P of part 404 of title 20, Code of Federal Regulations, to eliminate references to maladaptive behavior in the domain of personal/behavorial function.

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

(c) MEDICAL IMPROVEMENT REVIEW STANDARD AS IT APPLIES TO INDIVIDUALS UNDER THE AGE OF 18.—Section 1614(a)(4) (42 U.S.C. 1382(a)(4)) is amended—

(1) by redesignating subclauses (I) and (II) of clauses (i) and (ii) of subparagraph (B) as items (aa) and (bb), respectively;

(2) by redesignating clauses (i) and (ii) of subparagraphs (A) and (B) as subclauses (I) and (II), respectively;

(3) by redesignating subparagraphs (A) through (C) as clauses (i) through (iii), respectively;

(4) by inserting before clause (i) (as redesignated by paragraph (3)) the following new subparagraph:

''(A) in the case of an individual who is age 18 or older—'';

(5) by inserting after and below subparagraph (A)(iii) (as so redesignated) the following new subparagraph:

''(B) in the case of an individual who is under the age of 18—

''(i) substantial evidence which demonstrates that there has been medical improvement in the individual's impairment or combination of impairments, and that such impairment or combination of impairments no longer results in marked and severe functional limitations; or

''(ii) substantial evidence which demonstrates that, as determined on the basis of new or improved diagnostic techniques or evaluations, the individual's impairment or combination of impairments, is not as disabling as it was considered to be at the time of the most recent prior decision that the individual was under a disability or continued to be under a disability, and such impairment or combination of impairments does not result in marked and severe functional limitations; or'';

(6) by redesignating subparagraph (D) as subparagraph (C) and by inserting in such subparagraph ''in the case of any individual,'' before ''substantial evidence''; and

(7) in the first sentence following subparagraph (C) (as redesignated by paragraph (6)), by—

(A) inserting ''(i)'' before ''to restore''; and

(B) inserting '', or (ii) in the case of an individual under the age of 18, to eliminate or improve the individual's impairment or combination of impairments so that it no longer results in marked and severe functional limitations'' immediately before the period.

(d) EFFECTIVE DATES, ETC.—

(1) EFFECTIVE DATES.—

(A) SUBSECTIONS (a) AND (b).—

(i) IN GENERAL.—The provisions of, and amendments made by, subsections (a) and (b) shall apply to any individual who applies for, or whose claim is finally adjudicated with respect to, benefits under title XVI of the Social Security Act on or after the date of the enactment of this Act, without regard to whether regulations have been issued to implement such provisions and amendments.

(ii) DETERMINATION OF FINAL ADJUDICATION.—For purposes of clause (i), no individual's claim with respect to such benefits may be considered to be finally adjudicated before such date of enactment if, on or after such date, there is pending a request for either administrative or judicial review with respect to such claim that has been denied in whole, or there is pending, with respect to such claim, readjudication by the Commissioner of Social Security pursuant to relief in a class action or implementation by the Commissioner of a court remand order.

(B) SUBSECTION (c).—The amendments made by subsection (c) shall apply with respect to benefits under title XVI of the Social Security Act for months beginning on or after the date of the enactment of this Act, without regard to whether regulations have been issued to implement such amendments.

(2) APPLICATION TO CURRENT RECIPIENTS.—

(A) ELIGIBILITY REDETERMINATIONS.—During the period beginning on the date of the enactment of this Act and ending on the date which is 1 year after such date of enactment, the Commissioner of Social Security shall redetermine the eligibility of any individual under age 18 who is eligible for supplemental security income benefits by reason of disability under title XVI of the Social Security Act as of the date of the enactment of this Act and whose eligibility for such benefits may terminate by reason of the provisions of, or amendments made by, subsections (a) and (b). With respect to any redetermination under this subparagraph—

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

(ii) the Commissioner of Social Security shall apply the eligibility criteria for new applicants for benefits under title XVI of such Act;

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

(iv) such redetermination shall be counted as a review or redetermination otherwise required to be made under section 208 of the Social Security Independence and Program Improvements Act of 1994 or any other provision of title XVI of the Social Security Act.

(B) GRANDFATHER PROVISION.—The provisions of, and amendments made by, subsections (a) and (b), and the redetermination under subparagraph (A), shall only apply with respect to the benefits of an individual described in subparagraph (A) for months beginning on or after the date of the redetermination with respect to such individual.

(C) NOTICE.—Not later than January 1, 1997, the Commissioner of Social Security shall notify an individual described in subparagraph (A) of the provisions of this paragraph.

(3) REPORT.—The Commissioner of Social Security shall report to the Congress regarding the progress made in implementing the provisions of, and amendments made by, this section on child disability evaluations not later than 180 days after the date of the enactment of this Act.

(4) REGULATIONS.—Notwithstanding any other provision of law, the Commissioner of Social Security shall submit for review to the committees of jurisdiction in the Congress any final regulation pertaining to the eligibility of individuals under age 18 for benefits under title XVI of the Social Security Act at least 45 days before the effective

date of such regulation. The submission under this paragraph shall include supporting documentation providing a cost analysis, workload impact, and projections as to how the regulation will effect the future number of recipients under such title.

(5) BENEFITS UNDER TITLE XVI.—For purposes of this subsection, the term ''benefits under title XVI of the Social Security Act'' includes supplementary payments pursuant to an agreement for Federal administration under section 1616(a) of the Social Security Act, and payments pursuant to an agreement entered into under section 212(b) of Public Law 93–66.

SEC. 4212. ELIGIBILITY REDETERMINATIONS AND CONTINUING DISABILITY REVIEWS.

(a) CONTINUING DISABILITY REVIEWS RELATING TO CERTAIN CHILDREN.—Section 1614(a)(3)(H) (42 U.S.C. 1382c(a)(3)(H)), as redesignated by section 4211(a)(3) of this Act, is amended—

(1) by inserting ''(i)'' after ''(H)''; and

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

''(ii)(I) Not less frequently than once every 3 years, the Commissioner shall review in accordance with paragraph (4) the continued eligibility for benefits under this title of each individual who has not attained 18 years of age and is eligible for such benefits by reason of an impairment (or combination of impairments) which is likely to improve (or, at the option of the Commissioner, which is unlikely to improve).

''(II) A representative payee of a recipient whose case is reviewed under this clause shall present, at the time of review, evidence demonstrating that the recipient is, and has been, receiving treatment, to the extent considered medically necessary and available, of the condition which was the basis for providing benefits under this title.

''(III) If the representative payee refuses to comply without good cause with the requirements of subclause (II), the Commissioner of Social Security shall, if the Commissioner determines it is in the best interest of the individual, promptly suspend payment of benefits to the representative payee, and provide for payment of benefits to an alternative representative payee of the individual or, if the interest of the individual under this title would be served thereby, to the individual.

''(IV) Subclause (II) shall not apply to the representative payee of any individual with respect to whom the Commissioner determines such application would be inappropriate or unnecessary. In making such determination, the Commissioner shall take into consideration the nature of the individual's impairment (or combination of impairments). Section 1631(c) shall not apply to a finding by the Commissioner that the requirements of subclause (II) should not apply to an individual's representative payee.''.

(b) DISABILITY ELIGIBILITY REDETERMINATIONS REQUIRED FOR SSI RECIPIENTS WHO ATTAIN 18 YEARS OF AGE.—

(1) IN GENERAL.—Section 1614(a)(3)(H) (42 U.S.C. 1382c(a)(3)(H)), as amended by subsection (a) of this section, is amended by adding at the end the following new clause:

''(iii) If an individual is eligible for benefits under this title by reason of disability for the month preceding the month in which the individual attains the age of 18 years, the Commissioner shall redetermine such eligibility—

''(I) during the 1-year period beginning on the individual's 18th birthday; and

''(II) by applying the criteria used in determining the initial eligibility for applicants who are age 18 or older.

With respect to a redetermination under this clause, paragraph (4) shall not apply and such redetermination shall be considered a substitute for a review or redetermination otherwise required under any other provision of this subparagraph during that 1-year period.''.

(2) CONFORMING REPEAL.—Section 207 of the Social Security Independence and Program Improvements Act of 1994 (42 U.S.C. 1382 note; 108 Stat. 1516) is hereby repealed.

(c) CONTINUING DISABILITY REVIEW REQUIRED FOR LOW BIRTH WEIGHT BABIES.—Section 1614(a)(3)(H) (42 U.S.C. 1382c(a)(3)(H)), as amended by subsections (a) and (b) of this section, is amended by adding at the end the following new clause:

''(iv)(I) Not later than 12 months after the birth of an individual, the Commissioner shall review in accordance with paragraph (4) the continuing eligibility for benefits under this title by reason of disability of such individual whose low birth weight is a contributing factor material to the Commissioner's determination that the individual is disabled.

''(II) A review under subclause (I) shall be considered a substitute for a review otherwise required under any other provision of this subparagraph during that 12-month period.

''(III) A representative payee of a recipient whose case is reviewed under this clause shall present, at the time of review, evidence demonstrating that the recipient is, and has been, receiving treatment, to the extent considered medically necessary and available, of the condition which was the basis for providing benefits under this title.

''(IV) If the representative payee refuses to comply without good cause with the requirements of subclause (III), the Commissioner of Social Security shall, if the Commissioner determines it is in the best interest of the individual, promptly suspend payment of benefits to the representative payee, and provide for payment of benefits to an alternative representative payee of the individual or, if the interest of the individual under this title would be served thereby, to the individual.

''(V) Subclause (III) shall not apply to the representative payee of any individual with respect to whom the Commissioner determines such application would be inappropriate or unnecessary. In making such determination, the Commissioner shall take into consideration the nature of the individual's impairment (or combination of impairments). Section 1631(c) shall not apply to a finding by the Commissioner that the requirements of subclause (III) should not apply to an individual's representative payee.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to benefits for months beginning on or after the date of the enactment of this Act, without regard to whether regulations have been issued to implement such amendments.

SEC. 4213. ADDITIONAL ACCOUNTABILITY REQUIREMENTS.

(a) DISPOSAL OF RESOURCES FOR LESS THAN FAIR MARKET VALUE.—

(1) IN GENERAL.—Section 1613(c) (42 U.S.C. 1382b(c)) is amended to read as follows:

''Disposal of Resources for Less Than Fair Market Value

''(c)(1)(A)(i) If an individual who has not attained 18 years of age (or any person acting on such individual's behalf) disposes of resources of the individual for less than fair market value on or after the look-back date specified in clause (ii)(I), the individual is ineligible for benefits under this title for months during the period beginning on the date specified in clause (iii) and equal to the number of months specified in clause (iv).

''(ii)(I) The look-back date specified in this subclause is a date that is 36 months before the date specified in subclause (II).

''(II) The date specified in this subclause is the date on which the individual applies for benefits under this title or, if later, the date on which the disposal of the individual's resources for less than fair market value occurs.

''(iii) The date specified in this clause is the first day of the first month that follows the month in which the individual's resources were disposed of for less than fair market value and that does not occur in any other period of ineligibility under this paragraph.

''(iv) The number of months of ineligibility under this clause for an individual shall be equal to—

''(I) the total, cumulative uncompensated value of all the individual's resources so disposed of on or after the look-back date specified in clause (ii)(I), divided by

''(II) the amount of the maximum monthly benefit payable under section 1611(b) to an eligible individual for the month in which the date specified in clause (ii)(II) occurs.

''(B) An individual shall not be ineligible for benefits under this title by reason of subparagraph (A) if the Commissioner determines that—

''(i) the individual intended to dispose of the resources at fair market value;

''(ii) the resources were transferred exclusively for a purpose other than to qualify for benefits under this title;

''(iii) all resources transferred for less than fair market value have been returned to the individual; or

''(iv) the denial of eligibility would work an undue hardship on the individual (as determined on the basis of criteria established by the Commissioner in regulations).

''(C) For purposes of this paragraph, in the case of a resource held by an individual in common with another person or persons in a joint tenancy, tenancy in common, or similar arrangement, the resource (or the affected portion of such resource) shall be considered to be disposed of by such individual when any action is taken, either by such individual or by any other person, that reduces or eliminates such individual's ownership or control of such resource.

''(D)(i) Notwithstanding subparagraph (A), this subsection shall not apply to a transfer of a resource to a trust if the portion of the trust attributable to such resource is considered a resource available to the individual pursuant to subsection (e)(3) (or would be so considered, but for the application of subsection (e)(4)).

''(ii) In the case of a trust established by an individual (within the meaning of subsection (e)(2)(A)), if from such portion of the trust (if any) that is considered a resource available to the individual pursuant to subsection (e)(3) (or would be so considered but for the application of subsection (e)(2)) or the residue of such portion upon the termination of the trust—

''(I) there is made a payment other than to or for the benefit of the individual, or

''(II) no payment could under any circumstance be made to the individual,

then the payment described in subclause (I) or the foreclosure of payment described in subclause (II) shall be considered a disposal of resources by the individual subject to this subsection, as of the date of such payment or foreclosure, respectively.

''(2)(A) At the time an individual (and the individual's eligible spouse, if any) applies for benefits under this title, and at the time the eligibility of an individual (and such spouse, if any) for such benefits is redetermined, the Commissioner of Social Security shall—

''(i) inform such individual of the provisions of paragraph (1) providing for a period

of ineligibility for benefits under this title for individuals who make certain dispositions of resources for less than fair market value, and inform such individual that information obtained pursuant to clause (ii) will be made available to the State agency administering a State plan approved under title XIX (as provided in subparagraph (B)); and

''(ii) obtain from such individual information which may be used in determining whether or not a period of ineligibility for such benefits would be required by reason of paragraph (1).

''(B) The Commissioner of Social Security shall make the information obtained under subparagraph (A)(ii) available, on request, to any State agency administering a State plan approved under title XIX.

''(3) For purposes of this subsection—

''(A) the term 'trust' includes any legal instrument or device that is similar to a trust; and

''(B) the term 'benefits under this title' includes supplementary payments pursuant to an agreement for Federal administration under section 1616(a), and payments pursuant to an agreement entered into under section 212(b) of Public Law 93–66.''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall be effective with respect to transfers that occur at least 90 days after the date of the enactment of this Act.

(b) TREATMENT OF ASSETS HELD IN TRUST.—

(1) TREATMENT AS RESOURCE.—Section 1613 (42 U.S.C. 1382) is amended by adding at the end the following new subsection:

''Trusts

''(e)(1) In determining the resources of an individual who has not attained 18 years of age, the provisions of paragraph (3) shall apply to a trust established by such individual.

''(2)(A) For purposes of this subsection, an individual shall be considered to have established a trust if any assets of the individual were transferred to the trust.

''(B) In the case of an irrevocable trust to which the assets of an individual and the assets of any other person or persons were transferred, the provisions of this subsection shall apply to the portion of the trust attributable to the assets of the individual.

''(C) This subsection shall apply without regard to—

''(i) the purposes for which the trust is established;

''(ii) whether the trustees have or exercise any discretion under the trust;

''(iii) any restrictions on when or whether distributions may be made from the trust; or

''(iv) any restrictions on the use of distributions from the trust.

''(3)(A) In the case of a revocable trust, the corpus of the trust shall be considered a resource available to the individual.

''(B) In the case of an irrevocable trust, if there are any circumstances under which payment from the trust could be made to or for the benefit of the individual, the portion of the corpus from which payment to or for the benefit of the individual could be made shall be considered a resource available to the individual.

''(4) The Commissioner may waive the application of this subsection with respect to any individual if the Commissioner determines, on the basis of criteria prescribed in regulations, that such application would work an undue hardship on such individual.

''(5) For purposes of this subsection—

''(A) the term 'trust' includes any legal instrument or device that is similar to a trust;

''(B) the term 'corpus' means all property and other interests held by the trust, including accumulated earnings and any other addition to such trust after its establishment (except that such term does not include any such earnings or addition in the month in which such earnings or addition is credited or otherwise transferred to the trust);

''(C) the term 'asset' includes any income or resource of the individual, including—

''(i) any income otherwise excluded by section 1612(b);

''(ii) any resource otherwise excluded by this section; and

''(iii) any other payment or property that the individual is entitled to but does not receive or have access to because of action by—

''(I) such individual;

''(II) a person or entity (including a court) with legal authority to act in place of, or on behalf of, such individual; or

''(III) a person or entity (including a court) acting at the direction of, or upon the request of, such individual; and

''(D) the term 'benefits under this title' includes supplementary payments pursuant to an agreement for Federal administration under section 1616(a), and payments pursuant to an agreement entered into under section 212(b) of Public Law 93–66.''.

(2) TREATMENT AS INCOME.—Section 1612(a)(2) (42 U.S.C. 1382a(a)(2)) is amended—

(A) by striking ''and'' at the end of subparagraph (E);

(B) by striking the period at the end of subparagraph (F) and inserting ''; and''; and

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

''(G) any earnings of, and additions to, the corpus of a trust (as defined in section 1613(f)) established by an individual (within the meaning of section 1613(e)(2)(A)) and of which such individual is a beneficiary (other than a trust to which section 1613(e)(4) applies), except that in the case of an irrevocable trust, there shall exist circumstances under which payment from such earnings or additions could be made to, or for the benefit of, such individual.''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall take effect on the date which is 90 days after the date of the enactment of this Act, and shall apply to trusts established on or after such date.

(c) REQUIREMENT TO ESTABLISH ACCOUNT.—

(1) IN GENERAL.—Section 1631(a)(2) (42 U.S.C. 1383(a)(2)) is amended—

(A) by redesignating subparagraphs (F) and (G) as subparagraphs (G) and (H), respectively; and

(B) by inserting after subparagraph (E) the following new subparagraph:

''(F)(i)(I) Each representative payee of an eligible individual under the age of 18 who is eligible for the payment of benefits described in subclause (II) shall establish on behalf of such individual an account in a financial institution into which such benefits shall be paid, and shall thereafter maintain such account for use in accordance with clause (ii).

''(II) Benefits described in this subclause are past-due monthly benefits under this title (which, for purposes of this subclause, include State supplementary payments made by the Commissioner pursuant to an agreement under section 1616 or section 212(b) of Public Law 93–66) in an amount (after any withholding by the Commissioner for reimbursement to a State for interim assistance under subsection (g)) that exceeds the product of—

''(aa) 6, and

''(bb) the maximum monthly benefit payable under this title to an eligible individual.

''(ii)(I) A representative payee shall use funds in the account established under clause (i) to pay for allowable expenses described in subclause (II).

''(II) An allowable expense described in this subclause is an expense for—

''(aa) education or job skills training;

''(bb) personal needs assistance;

''(cc) special equipment;

''(dd) housing modification;

''(ee) medical treatment;

''(ff) therapy or rehabilitation; or

''(gg) any other item or service that the Commissioner determines to be appropriate;

provided that such expense benefits such individual and, in the case of an expense described in item (bb), (cc), (dd), (ff), or (gg), is related to the impairment (or combination of impairments) of such individual.

''(III) The use of funds from an account established under clause (i) in any manner not authorized by this clause—

''(aa) by a representative payee shall be considered a misapplication of benefits for all purposes of this paragraph, and any representative payee who knowingly misapplies benefits from such an account shall be liable to the Commissioner in an amount equal to the total amount of such benefits; and

''(bb) by an eligible individual who is his or her own payee shall be considered a misapplication of benefits for all purposes of this paragraph and the total amount of such benefits so used shall be considered to be the uncompensated value of a disposed resource and shall be subject to the provisions of section 1613(c).

''(IV) This clause shall continue to apply to funds in the account after the child has reached age 18, regardless of whether benefits are paid directly to the beneficiary or through a representative payee.

''(iii) The representative payee may deposit into the account established pursuant to clause (i)—

''(I) past-due benefits payable to the eligible individual in an amount less than that specified in clause (i)(II), and

''(II) any other funds representing an underpayment under this title to such individual, provided that the amount of such underpayment is equal to or exceeds the maximum monthly benefit payable under this title to an eligible individual.

''(iv) The Commissioner of Social Security shall establish a system for accountability monitoring whereby such representative payee shall report, at such time and in such manner as the Commissioner shall require, on activity respecting funds in the account established pursuant to clause (i).''.

(2) EXCLUSION FROM RESOURCES.—Section 1613(a) (42 U.S.C. 1382b(a)) is amended—

(A) by striking ''and'' at the end of paragraph (10);

(B) by striking the period at the end of paragraph (11) and inserting ''; and''; and

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

''(12) any account, including accrued interest or other earnings thereon, established and maintained in accordance with section 1631(a)(2)(F).''.

(3) EXCLUSION FROM INCOME.—Section 1612(b) (42 U.S.C. 1382a(b)) is amended—

(A) by striking ''and'' at the end of paragraph (19);

(B) by striking the period at the end of paragraph (20) and inserting ''; and''; and

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

''(21) the interest or other earnings on any account established and maintained in accordance with section 1631(a)(2)(F).''.

(4) EFFECTIVE DATE.—The amendments made by this subsection shall apply to payments made after the date of the enactment of this Act.

SEC. 4214. REDUCTION IN CASH BENEFITS PAYABLE TO INSTITUTIONALIZED INDIVIDUALS WHOSE MEDICAL COSTS ARE COVERED BY PRIVATE INSURANCE.

(a) IN GENERAL.—Section 1611(e)(1)(B) (42 U.S.C. 1382(e)(1)(B)) is amended—

(1) by striking ''title XIX, or'' and inserting ''title XIX,''; and

(2) by inserting ''or, in the case of an eligible individual under the age of 18, receiving payments (with respect to such individual) under any health insurance policy issued by a private provider of such insurance'' after ''section 1614(f)(2)(B),''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to benefits for months beginning 90 or more days after the date of the enactment of this Act, without regard to whether regulations have been issued to implement such amendments.

SEC. 4215. REGULATIONS.

Within 3 months after the date of the enactment of this Act, the Commissioner of Social Security shall prescribe such regulations as may be necessary to implement the amendments made by this chapter.

CHAPTER 3—ADDITIONAL ENFORCEMENT PROVISIONS

SEC. 4221. INSTALLMENT PAYMENT OF LARGE PAST-DUE SUPPLEMENTAL SECURITY INCOME BENEFITS.

(a) IN GENERAL.—Section 1631(a) (42 U.S.C. 1383) is amended by adding at the end the following new paragraph:

''(10)(A) If an individual is eligible for past-due monthly benefits under this title in an amount that (after any withholding for reimbursement to a State for interim assistance under subsection (g)) equals or exceeds the product of—

''(i) 12, and

''(ii) the maximum monthly benefit payable under this title to an eligible individual (or, if appropriate, to an eligible individual and eligible spouse),

then the payment of such past-due benefits (after any such reimbursement to a State) shall be made in installments as provided in subparagraph (B).

''(B)(i) The payment of past-due benefits subject to this subparagraph shall be made in not to exceed 3 installments that are made at 6-month intervals.

''(ii) Except as provided in clause (iii), the amount of each of the first and second installments may not exceed an amount equal to the product of clauses (i) and (ii) of subparagraph (A).

''(iii) In the case of an individual who has—

''(I) outstanding debt attributable to—

''(aa) food,

''(bb) clothing,

''(cc) shelter, or

''(dd) medically necessary services, supplies or equipment, or medicine; or

''(II) current expenses or expenses anticipated in the near term attributable to—

''(aa) medically necessary services, supplies or equipment, or medicine, or

''(bb) the purchase of a home, and

such debt or expenses are not subject to reimbursement by a public assistance program, the Secretary under title XVIII, a State plan approved under title XIX, or any private entity legally liable to provide payment pursuant to an insurance policy, pre-paid plan, or other arrangement, the limitation specified in clause (ii) may be exceeded by an amount equal to the total of such debt and expenses.

''(C) This paragraph shall not apply to any individual who, at the time of the Commissioner's determination that such individual is eligible for the payment of past-due monthly benefits under this title—

''(i) is afflicted with a medically determinable impairment that is expected to result in death within 12 months; or

''(ii) is ineligible for benefits under this title and the Commissioner determines that such individual is likely to remain ineligible for the next 12 months.

''(D) For purposes of this paragraph, the term 'benefits under this title' includes supplementary payments pursuant to an agreement for Federal administration under section 1616(a), and payments pursuant to an agreement entered into under section 212(b) of Public Law 93–66.''.

(b) CONFORMING AMENDMENT.—Section 1631(a)(1) (42 U.S.C. 1383(a)(1)) is amended by inserting ''(subject to paragraph (10))'' immediately before ''in such installments''.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section are effective with respect to past-due benefits payable under title XVI of the Social Security Act after the third month following the month in which this Act is enacted.

(2) BENEFITS PAYABLE UNDER TITLE XVI.—For purposes of this subsection, the term ''benefits payable under title XVI of the Social Security Act'' includes supplementary payments pursuant to an agreement for Federal administration under section 1616(a) of the Social Security Act, and payments pursuant to an agreement entered into under section 212(b) of Public Law 93–66.

SEC. 4222. RECOVERY OF SUPPLEMENTAL SECURITY INCOME OVERPAYMENTS FROM SOCIAL SECURITY BENEFITS.

(a) IN GENERAL.—Part A of title XI is amended by adding at the end the following new section:

''RECOVERY OF SSI OVERPAYMENTS FROM SOCIAL SECURITY BENEFITS

''SEC. 1146. (a) IN GENERAL.—Whenever the Commissioner of Social Security determines that more than the correct amount of any payment has been made to any person under the supplemental security income program authorized by title XVI, and the Commissioner is unable to make proper adjustment or recovery of the amount so incorrectly paid as provided in section 1631(b), the Commissioner (notwithstanding section 207) may recover the amount incorrectly paid by decreasing any amount which is payable under the Federal Old-Age and Survivors Insurance program or the Federal Disability Insurance program authorized by title II to that person or that person's estate.

''(b) NO EFFECT ON SSI BENEFIT ELIGIBILITY OR AMOUNT.—Notwithstanding subsections (a) and (b) of section 1611, in any case in which the Commissioner takes action in accordance with subsection (a) to recover an overpayment from any person, neither that person, nor any individual whose eligibility or benefit amount is determined by considering any part of that person's income, shall, as a result of such action—

''(1) become eligible under the program of supplemental security income benefits under title XVI, or

''(2) if such person or individual is already so eligible, become eligible for increased benefits thereunder.

''(c) PROGRAM UNDER TITLE XVI.—For purposes of this section, the term 'supplemental security income program authorized by title XVI' includes supplementary payments pursuant to an agreement for Federal administration under section 1616(a), and payments pursuant to an agreement entered into under section 212(b) of Public Law 93–66.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 204 (42 U.S.C. 404) is amended by adding at the end the following new subsection:

''(g) For payments which are adjusted or withheld to recover an overpayment of supplemental security income benefits paid under title XVI (including State supplementary payments which were paid under an agreement pursuant to section 1616(a) or section 212(b) of Public Law 93-66), see section 1146.''.

(2) Section 1631(b) is amended by adding at the end the following new paragraph:

''(5) For the recovery of overpayments of benefits under this title from benefits payable under title II, see section 1146.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act and shall apply to overpayments outstanding on or after such date.

SEC. 4223. REGULATIONS.

Within 3 months after the date of the enactment of this Act, the Commissioner of Social Security shall prescribe such regulations as may be necessary to implement the amendments made by this chapter.

CHAPTER 4—STATE SUPPLEMENTATION PROGRAMS

SEC. 4225. REPEAL OF MAINTENANCE OF EFFORT REQUIREMENTS APPLICABLE TO OPTIONAL STATE PROGRAMS FOR SUPPLEMENTATION OF SSI BENEFITS.

Section 1618 (42 U.S.C. 1382g) is hereby repealed.

CHAPTER 5—STUDIES REGARDING SUPPLEMENTAL SECURITY INCOME PROGRAM

SEC. 4231. ANNUAL REPORT ON THE SUPPLEMENTAL SECURITY INCOME PROGRAM.

Title XVI (42 U.S.C. 1381 et seq.), as amended by section 4201(c) of this Act, is amended by adding at the end the following new section:

''ANNUAL REPORT ON PROGRAM

''SEC. 1637. (a) Not later than May 30 of each year, the Commissioner of Social Security shall prepare and deliver a report annually to the President and the Congress regarding the program under this title, including—

''(1) a comprehensive description of the program;

''(2) historical and current data on allowances and denials, including number of applications and allowance rates for initial determinations, reconsideration determinations, administrative law judge hearings, appeals council reviews, and Federal court decisions;

''(3) historical and current data on characteristics of recipients and program costs, by recipient group (aged, blind, disabled adults, and disabled children);

''(4) projections of future number of recipients and program costs, through at least 25 years;

''(5) number of redeterminations and continuing disability reviews, and the outcomes of such redeterminations and reviews;

''(6) data on the utilization of work incentives;

''(7) detailed information on administrative and other program operation costs;

''(8) summaries of relevant research undertaken by the Social Security Administration, or by other researchers;

''(9) State supplementation program operations;

''(10) a historical summary of statutory changes to this title; and

''(11) such other information as the Commissioner deems useful.

''(b) Each member of the Social Security Advisory Board shall be permitted to provide an individual report, or a joint report if agreed, of views of the program under this title, to be included in the annual report required under this section.''.

SEC. 4232. STUDY OF DISABILITY DETERMINATION PROCESS.

(a) IN GENERAL.—Not later than 90 days after the date of the enactment of this Act, and from funds otherwise appropriated, the Commissioner of Social Security shall make arrangements with the National Academy of Sciences, or other independent entity, to conduct a study of the disability determination process under titles II and XVI of the

Social Security Act. This study shall be undertaken in consultation with professionals representing appropriate disciplines.

(b) STUDY COMPONENTS.—The study described in subsection (a) shall include—

(1) an initial phase examining the appropriateness of, and making recommendations regarding—

(A) the definitions of disability in effect on the date of the enactment of this Act and the advantages and disadvantages of alternative definitions; and

(B) the operation of the disability determination process, including the appropriate method of performing comprehensive assessments of individuals under age 18 with physical and mental impairments;

(2) a second phase, which may be concurrent with the initial phase, examining the validity, reliability, and consistency with current scientific knowledge of the standards and individual listings in the Listing of Impairments set forth in appendix 1 of subpart P of part 404 of title 20, Code of Federal Regulations, and of related evaluation procedures as promulgated by the Commissioner of Social Security; and

(3) such other issues as the applicable entity considers appropriate.

(c) REPORTS AND REGULATIONS.—

(1) REPORTS.—The Commissioner of Social Security shall request the applicable entity, to submit an interim report and a final report of the findings and recommendations resulting from the study described in this section to the President and the Congress not later than 18 months and 24 months, respectively, from the date of the contract for such study, and such additional reports as the Commissioner deems appropriate after consultation with the applicable entity.

(2) REGULATIONS.—The Commissioner of Social Security shall review both the interim and final reports, and shall issue regulations implementing any necessary changes following each report.

SEC. 4233. STUDY BY GENERAL ACCOUNTING OFFICE.

Not later than January 1, 1999, the Comptroller General of the United States shall study and report on—

(1) the impact of the amendments made by, and the provisions of, this subtitle on the supplemental security income program under title XVI of the Social Security Act; and

(2) extra expenses incurred by families of children receiving benefits under such title that are not covered by other Federal, State, or local programs.

CHAPTER 6—NATIONAL COMMISSION ON THE FUTURE OF DISABILITY

SEC. 4241. ESTABLISHMENT.

There is established a commission to be known as the National Commission on the Future of Disability (referred to in this chapter as the ''Commission'').

SEC. 4242. DUTIES OF THE COMMISSION.

(a) IN GENERAL.—The Commission shall develop and carry out a comprehensive study of all matters related to the nature, purpose, and adequacy of all Federal programs serving individuals with disabilities. In particular, the Commission shall study the disability insurance program under title II of the Social Security Act and the supplemental security income disability program under title XVI of such Act.

(b) MATTERS STUDIED.—The Commission shall prepare an inventory of Federal programs serving individuals with disabilities, and shall examine—

(1) trends and projections regarding the size and characteristics of the population of individuals with disabilities, and the implications of such analyses for program planning;

(2) the feasibility and design of performance standards for the Nation's disability programs;

(3) the adequacy of Federal efforts in rehabilitation research and training, and opportunities to improve the lives of individuals with disabilities through all manners of scientific and engineering research; and

(4) the adequacy of policy research available to the Federal Government, and what actions might be undertaken to improve the quality and scope of such research.

(c) RECOMMENDATIONS.—The Commission shall submit to the appropriate committees of the Congress and to the President recommendations and, as appropriate, proposals for legislation, regarding—

(1) which (if any) Federal disability programs should be eliminated or augmented;

(2) what new Federal disability programs (if any) should be established;

(3) the suitability of the organization and location of disability programs within the Federal Government;

(4) other actions the Federal Government should take to prevent disabilities and disadvantages associated with disabilities; and

(5) such other matters as the Commission considers appropriate.

SEC. 4243. MEMBERSHIP.

(a) NUMBER AND APPOINTMENT.—

(1) IN GENERAL.—The Commission shall be composed of 15 members, of whom—

(A) five shall be appointed by the President, of whom not more than 3 shall be of the same major political party;

(B) three shall be appointed by the Majority Leader of the Senate;

(C) two shall be appointed by the Minority Leader of the Senate;

(D) three shall be appointed by the Speaker of the House of Representatives; and

(E) two shall be appointed by the Minority Leader of the House of Representatives.

(2) REPRESENTATION.—The Commission members shall be chosen based on their education, training, or experience. In appointing individuals as members of the Commission, the President and the Majority and Minority Leaders of the Senate and the Speaker and Minority Leader of the House of Representatives shall seek to ensure that the membership of the Commission reflects the general interests of the business and taxpaying community and the diversity of individuals with disabilities in the United States.

(b) COMPTROLLER GENERAL.—The Comptroller General of the United States shall advise the Commission on the methodology and approach of the study of the Commission.

(c) TERM OF APPOINTMENT.—The members shall serve on the Commission for the life of the Commission.

(d) MEETINGS.—The Commission shall locate its headquarters in the District of Columbia, and shall meet at the call of the Chairperson, but not less than 4 times each year during the life of the Commission.

(e) QUORUM.—Ten members of the Commission shall constitute a quorum, but a lesser number may hold hearings.

(f) CHAIRPERSON AND VICE CHAIRPERSON.—Not later than 15 days after the members of the Commission are appointed, such members shall designate a Chairperson and Vice Chairperson from among the members of the Commission.

(g) CONTINUATION OF MEMBERSHIP.—If a member of the Commission becomes an officer or employee of any government after appointment to the Commission, the individual may continue as a member until a successor member is appointed.

(h) VACANCIES.—A vacancy on the Commission shall be filled in the manner in which the original appointment was made not later than 30 days after the Commission is given notice of the vacancy.

(i) COMPENSATION.—Members of the Commission shall receive no additional pay, allowances, or benefits by reason of their service on the Commission.

(j) TRAVEL EXPENSES.—Each member of the Commission shall receive travel expenses, including per diem in lieu of subsistence, in accordance with sections 5702 and 5703 of title 5, United States Code.

SEC. 4244. STAFF AND SUPPORT SERVICES.

(a) DIRECTOR.—

(1) APPOINTMENT.—Upon consultation with the members of the Commission, the Chairperson shall appoint a Director of the Commission.

(2) COMPENSATION.—The Director shall be paid the rate of basic pay for level V of the Executive Schedule.

(b) STAFF.—With the approval of the Commission, the Director may appoint such personnel as the Director considers appropriate.

(c) APPLICABILITY OF CIVIL SERVICE LAWS.—The staff of the Commission shall be appointed without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and shall be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates.

(d) EXPERTS AND CONSULTANTS.—With the approval of the Commission, the Director may procure temporary and intermittent services under section 3109(b) of title 5, United States Code.

(e) STAFF OF FEDERAL AGENCIES.—Upon the request of the Commission, the head of any Federal agency may detail, on a reimbursable basis, any of the personnel of such agency to the Commission to assist in carrying out the duties of the Commission under this chapter.

(f) OTHER RESOURCES.—The Commission shall have reasonable access to materials, resources, statistical data, and other information from the Library of Congress and agencies and elected representatives of the executive and legislative branches of the Federal Government. The Chairperson of the Commission shall make requests for such access in writing when necessary.

(g) PHYSICAL FACILITIES.—The Administrator of the General Services Administration shall locate suitable office space for the operation of the Commission. The facilities shall serve as the headquarters of the Commission and shall include all necessary equipment and incidentals required for proper functioning of the Commission.

SEC. 4245. POWERS OF COMMISSION.

(a) HEARINGS.—The Commission may conduct public hearings or forums at the discretion of the Commission, at any time and place the Commission is able to secure facilities and witnesses, for the purpose of carrying out the duties of the Commission under this chapter.

(b) DELEGATION OF AUTHORITY.—Any member or agent of the Commission may, if authorized by the Commission, take any action the Commission is authorized to take by this section.

(c) INFORMATION.—The Commission may secure directly from any Federal agency information necessary to enable the Commission to carry out its duties under this chapter. Upon request of the Chairperson or Vice Chairperson of the Commission, the head of a Federal agency shall furnish the information to the Commission to the extent permitted by law.

(d) GIFTS, BEQUESTS, AND DEVISES.—The Commission may accept, use, and dispose of gifts, bequests, or devises of services or property, both real and personal, for the purpose of aiding or facilitating the work of the Commission. Gifts, bequests, or devises of money

and proceeds from sales of other property received as gifts, bequests, or devises shall be deposited in the Treasury and shall be available for disbursement upon order of the Commission.

(e) MAILS.—The Commission may use the United States mails in the same manner and under the same conditions as other Federal agencies.

SEC. 4246. REPORTS.

(a) INTERIM REPORT.—Not later than 1 year prior to the date on which the Commission terminates pursuant to section 4247, the Commission shall submit an interim report to the President and to the Congress. The interim report shall contain a detailed statement of the findings and conclusions of the Commission, together with the Commission's recommendations for legislative and administrative action, based on the activities of the Commission.

(b) FINAL REPORT.—Not later than the date on which the Commission terminates, the Commission shall submit to the Congress and to the President a final report containing—

(1) a detailed statement of final findings, conclusions, and recommendations; and

(2) an assessment of the extent to which recommendations of the Commission included in the interim report under subsection (a) have been implemented.

(c) PRINTING AND PUBLIC DISTRIBUTION.—Upon receipt of each report of the Commission under this section, the President shall—

(1) order the report to be printed; and

(2) make the report available to the public upon request.

SEC. 4247. TERMINATION.

The Commission shall terminate on the date that is 2 years after the date on which the members of the Commission have met and designated a Chairperson and Vice Chairperson.

SEC. 4248. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated such sums as are necessary to carry out the purposes of the Commission.

Subtitle C—Child Support

SEC. 4300. REFERENCE TO SOCIAL SECURITY ACT.

Except as otherwise specifically provided, wherever in this subtitle an amendment is expressed in terms of an amendment to or repeal of a section or other provision, the reference shall be considered to be made to that section or other provision of the Social Security Act.

CHAPTER 1—ELIGIBILITY FOR SERVICES; DISTRIBUTION OF PAYMENTS

SEC. 4301. STATE OBLIGATION TO PROVIDE CHILD SUPPORT ENFORCEMENT SERVICES.

(a) STATE PLAN REQUIREMENTS.—Section 454 (42 U.S.C. 654) is amended—

(1) by striking paragraph (4) and inserting the following new paragraph:

''(4) provide that the State will—

''(A) provide services relating to the establishment of paternity or the establishment, modification, or enforcement of child support obligations, as appropriate, under the plan with respect to—

''(i) each child for whom (I) assistance is provided under the State program funded under part A of this title, (II) benefits or services for foster care maintenance are provided under the State program funded under part E of this title, or (III) medical assistance is provided under the State plan under title XIX, unless, in accordance with paragraph (29), good cause or other exceptions exist;

''(ii) any other child, if an individual applies for such services with respect to the child; and

''(B) enforce any support obligation established with respect to—

''(i) a child with respect to whom the State provides services under the plan; or

''(ii) the custodial parent of such a child;''; and

(2) in paragraph (6)—

(A) by striking ''provide that'' and inserting ''provide that—'';

(B) by striking subparagraph (A) and inserting the following new subparagraph:

''(A) services under the plan shall be made available to residents of other States on the same terms as to residents of the State submitting the plan;'';

(C) in subparagraph (B), by inserting ''on individuals not receiving assistance under any State program funded under part A'' after ''such services shall be imposed'';

(D) in each of subparagraphs (B), (C), (D), and (E)—

(i) by indenting the subparagraph in the same manner as, and aligning the left margin of the subparagraph with the left margin of, the matter inserted by subparagraph (B) of this paragraph; and

(ii) by striking the final comma and inserting a semicolon; and

(E) in subparagraph (E), by indenting each of clauses (i) and (ii) 2 additional ems.

(b) CONTINUATION OF SERVICES FOR FAMILIES CEASING TO RECEIVE ASSISTANCE UNDER THE STATE PROGRAM FUNDED UNDER PART A.—Section 454 (42 U.S.C. 654) is amended—

(1) by striking ''and'' at the end of paragraph (23);

(2) by striking the period at the end of paragraph (24) and inserting ''; and''; and

(3) by adding after paragraph (24) the following new paragraph:

''(25) provide that if a family with respect to which services are provided under the plan ceases to receive assistance under the State program funded under part A, the State shall provide appropriate notice to the family and continue to provide such services, subject to the same conditions and on the same basis as in the case of other individuals to whom services are furnished under the plan, except that an application or other request to continue services shall not be required of such a family and paragraph (6)(B) shall not apply to the family.''.

(c) CONFORMING AMENDMENTS.—

(1) Section 452(b) (42 U.S.C. 652(b)) is amended by striking ''454(6)'' and inserting ''454(4)''.

(2) Section 452(g)(2)(A) (42 U.S.C. 652(g)(2)(A)) is amended by striking ''454(6)'' each place it appears and inserting ''454(4)(A)(ii)''.

(3) Section 466(a)(3)(B) (42 U.S.C. 666(a)(3)(B)) is amended by striking ''in the case of overdue support which a State has agreed to collect under section 454(6)'' and inserting ''in any other case''.

(4) Section 466(e) (42 U.S.C. 666(e)) is amended by striking ''paragraph (4) or (6) of section 454'' and inserting ''section 454(4)''.

SEC. 4302. DISTRIBUTION OF CHILD SUPPORT COLLECTIONS.

(a) IN GENERAL.—Section 457 (42 U.S.C. 657) is amended to read as follows:

''SEC. 457. DISTRIBUTION OF COLLECTED SUPPORT.

''(a) IN GENERAL.—Subject to subsection (e), an amount collected on behalf of a family as support by a State pursuant to a plan approved under this part shall be distributed as follows:

''(1) FAMILIES RECEIVING ASSISTANCE.—In the case of a family receiving assistance from the State, the State shall—

''(A) pay to the Federal Government the Federal share of the amount so collected; and

''(B) retain, or distribute to the family, the State share of the amount so collected.

''(2) FAMILIES THAT FORMERLY RECEIVED ASSISTANCE.—In the case of a family that formerly received assistance from the State:

''(A) CURRENT SUPPORT PAYMENTS.—To the extent that the amount so collected does not exceed the amount required to be paid to the family for the month in which collected, the State shall distribute the amount so collected to the family.

''(B) PAYMENTS OF ARREARAGES.—To the extent that the amount so collected exceeds the amount required to be paid to the family for the month in which collected, the State shall distribute the amount so collected as follows:

''(i) DISTRIBUTION OF ARREARAGES THAT ACCRUED AFTER THE FAMILY CEASED TO RECEIVE ASSISTANCE.—

''(I) PRE-OCTOBER 1997.—Except as provided in subclause (II), the provisions of this section (other than subsection (b)(1)) as in effect and applied on the day before the date of the enactment of section 4302 of the Personal Responsibility and Work Opportunity Act of 1996 shall apply with respect to the distribution of support arrearages that—

''(aa) accrued after the family ceased to receive assistance, and

''(bb) are collected before October 1, 1997.

''(II) POST-SEPTEMBER 1997.—With respect to the amount so collected on or after October 1, 1997 (or before such date, at the option of the State)—

''(aa) IN GENERAL.—The State shall first distribute the amount so collected (other than any amount described in clause (iv)) to the family to the extent necessary to satisfy any support arrearages with respect to the family that accrued after the family ceased to receive assistance from the State.

''(bb) REIMBURSEMENT OF GOVERNMENTS FOR ASSISTANCE PROVIDED TO THE FAMILY.—After the application of division (aa) and clause (ii)(II)(aa) with respect to the amount so collected, the State shall retain the State share of the amount so collected, and pay to the Federal Government the Federal share (as defined in subsection (c)(2)) of the amount so collected, but only to the extent necessary to reimburse amounts paid to the family as assistance by the State.

''(cc) DISTRIBUTION OF THE REMAINDER TO THE FAMILY.—To the extent that neither division (aa) nor division (bb) applies to the amount so collected, the State shall distribute the amount to the family.

''(ii) DISTRIBUTION OF ARREARAGES THAT ACCRUED BEFORE THE FAMILY RECEIVED ASSISTANCE.—

''(I) PRE-OCTOBER 2000.—Except as provided in subclause (II), the provisions of this section (other than subsection (b)(1)) as in effect and applied on the day before the date of the enactment of section 4302 of the Personal Responsibility and Work Opportunity Act of 1996 shall apply with respect to the distribution of support arrearages that—

''(aa) accrued before the family received assistance, and

''(bb) are collected before October 1, 2000.

''(II) POST-SEPTEMBER 2000.—Unless, based on the report required by paragraph (4), the Congress determines otherwise, with respect to the amount so collected on or after October 1, 2000 (or before such date, at the option of the State)—

''(aa) IN GENERAL.—The State shall first distribute the amount so collected (other than any amount described in clause (iv)) to the family to the extent necessary to satisfy any support arrearages with respect to the family that accrued before the family received assistance from the State.

''(bb) REIMBURSEMENT OF GOVERNMENTS FOR ASSISTANCE PROVIDED TO THE FAMILY.—After the application of clause (i)(II)(aa) and division (aa) with respect to the amount so collected, the State shall retain the State share

of the amount so collected, and pay to the Federal Government the Federal share (as defined in subsection (c)(2)) of the amount so collected, but only to the extent necessary to reimburse amounts paid to the family as assistance by the State.

''(cc) DISTRIBUTION OF THE REMAINDER TO THE FAMILY.—To the extent that neither division (aa) nor division (bb) applies to the amount so collected, the State shall distribute the amount to the family.

''(iii) DISTRIBUTION OF ARREARAGES THAT ACCRUED WHILE THE FAMILY RECEIVED ASSISTANCE.—In the case of a family described in this subparagraph, the provisions of paragraph (1) shall apply with respect to the distribution of support arrearages that accrued while the family received assistance.

''(iv) AMOUNTS COLLECTED PURSUANT TO SECTION 464.—Notwithstanding any other provision of this section, any amount of support collected pursuant to section 464 shall be retained by the State to the extent past-due support has been assigned to the State as a condition of receiving assistance from the State, up to the amount necessary to reimburse the State for amounts paid to the family as assistance by the State. The State shall pay to the Federal Government the Federal share of the amounts so retained. To the extent the amount collected pursuant to section 464 exceeds the amount so retained, the State shall distribute the excess to the family.

''(v) ORDERING RULES FOR DISTRIBUTIONS.—For purposes of this subparagraph, unless an earlier effective date is required by this section, effective October 1, 2000, the State shall treat any support arrearages collected, except for amounts collected pursuant to section 464, as accruing in the following order:

''(I) To the period after the family ceased to receive assistance.

''(II) To the period before the family received assistance.

''(III) To the period while the family was receiving assistance.

''(3) FAMILIES THAT NEVER RECEIVED ASSISTANCE.—In the case of any other family, the State shall distribute the amount so collected to the family.

''(4) STUDY AND REPORT.—Not later than October 1, 1998, the Secretary shall report to the Congress the Secretary's findings with respect to—

''(A) whether the distribution of post-assistance arrearages to families has been effective in moving people off of welfare and keeping them off of welfare;

''(B) whether early implementation of a pre-assistance arrearage program by some States has been effective in moving people off of welfare and keeping them off of welfare;

''(C) what the overall impact has been of the amendments made by the Personal Responsibility and Work Opportunity Act of 1996 with respect to child support enforcement in moving people off of welfare and keeping them off of welfare; and

''(D) based on the information and data the Secretary has obtained, what changes, if any, should be made in the policies related to the distribution of child support arrearages.

''(b) CONTINUATION OF ASSIGNMENTS.—Any rights to support obligations, which were assigned to a State as a condition of receiving assistance from the State under part A and which were in effect on the day before the date of the enactment of the Personal Responsibility and Work Opportunity Act of 1996, shall remain assigned after such date.

''(c) DEFINITIONS.—As used in subsection (a):

''(1) ASSISTANCE.—The term 'assistance from the State' means—

''(A) assistance under the State program funded under part A or under the State plan approved under part A of this title (as in effect on the day before the date of the enactment of the Personal Responsibility and Work Opportunity Act of 1996); and

''(B) foster care maintenance payments under the State plan approved under part E of this title.

''(2) FEDERAL SHARE.—The term 'Federal share' means that portion of the amount collected resulting from the application of the Federal medical assistance percentage in effect for the fiscal year in which the amount is collected.

''(3) FEDERAL MEDICAL ASSISTANCE PERCENTAGE.—The term 'Federal medical assistance percentage' means—

''(A) the Federal medical assistance percentage (as defined in section 1118), in the case of Puerto Rico, the Virgin Islands, Guam, and American Samoa; or

''(B) the Federal medical assistance percentage (as defined in section 1905(b), as in effect on September 30, 1996) in the case of any other State.

''(4) STATE SHARE.—The term 'State share' means 100 percent minus the Federal share.

''(d) HOLD HARMLESS PROVISION.—If the amounts collected which could be retained by the State in the fiscal year (to the extent necessary to reimburse the State for amounts paid to families as assistance by the State) are less than the State share of the amounts collected in fiscal year 1995 (determined in accordance with section 457 as in effect on the day before the date of the enactment of the Personal Responsibility and Work Opportunity Act of 1996), the State share for the fiscal year shall be an amount equal to the State share in fiscal year 1995.

''(e) GAP PAYMENTS NOT SUBJECT TO DISTRIBUTION UNDER THIS SECTION.—At State option, this section shall not apply to any amount collected on behalf of a family as support by the State (and paid to the family in addition to the amount of assistance otherwise payable to the family) pursuant to a plan approved under this part if such amount would have been paid to the family by the State under section 402(a)(28), as in effect and applied on the day before the date of the enactment of section 4302 of the Personal Responsibility and Work Opportunity Act of 1996. For purposes of subsection (d), the State share of such amount paid to the family shall be considered amounts which could be retained by the State if such payments were reported by the State as part of the State share of amounts collected in fiscal year 1995.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 464(a)(1) (42 U.S.C. 664(a)(1)) is amended by striking ''section 457(b)(4) or (d)(3)'' and inserting ''section 457''.

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

(A) in paragraph (11)—

(i) by striking ''(11)'' and inserting ''(11)(A)''; and

(ii) by inserting after the semicolon ''and''; and

(B) by redesignating paragraph (12) as subparagraph (B) of paragraph (11).

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall be effective on October 1, 1996, or earlier at the State's option.

(2) CONFORMING AMENDMENTS.—The amendments made by subsection (b)(2) shall become effective on the date of the enactment of this Act.

SEC. 4303. PRIVACY SAFEGUARDS.

(a) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 654), as amended by section 4301(b) of this Act, is amended—

(1) by striking ''and'' at the end of paragraph (24);

(2) by striking the period at the end of paragraph (25) and inserting ''; and''; and

(3) by adding after paragraph (25) the following new paragraph:

''(26) will have in effect safeguards, applicable to all confidential information handled by the State agency, that are designed to protect the privacy rights of the parties, including—

''(A) safeguards against unauthorized use or disclosure of information relating to proceedings or actions to establish paternity, or to establish or enforce support;

''(B) prohibitions against the release of information on the whereabouts of 1 party to another party against whom a protective order with respect to the former party has been entered; and

''(C) prohibitions against the release of information on the whereabouts of 1 party to another party if the State has reason to believe that the release of the information may result in physical or emotional harm to the former party.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall become effective on October 1, 1997.

SEC. 4304. RIGHTS TO NOTIFICATION OF HEARINGS.

(a) IN GENERAL.—Section 454 (42 U.S.C. 654), as amended by section 4302(b)(2) of this Act, is amended by inserting after paragraph (11) the following new paragraph:

''(12) provide for the establishment of procedures to require the State to provide individuals who are applying for or receiving services under the State plan, or who are parties to cases in which services are being provided under the State plan—

''(A) with notice of all proceedings in which support obligations might be established or modified; and

''(B) with a copy of any order establishing or modifying a child support obligation, or (in the case of a petition for modification) a notice of determination that there should be no change in the amount of the child support award, within 14 days after issuance of such order or determination;''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall become effective on October 1, 1997.

CHAPTER 2—LOCATE AND CASE TRACKING

SEC. 4311. STATE CASE REGISTRY.

Section 454A, as added by section 4344(a)(2) of this Act, is amended by adding at the end the following new subsections:

''(e) STATE CASE REGISTRY.—

''(1) CONTENTS.—The automated system required by this section shall include a registry (which shall be known as the 'State case registry') that contains records with respect to—

''(A) each case in which services are being provided by the State agency under the State plan approved under this part; and

''(B) each support order established or modified in the State on or after October 1, 1998.

''(2) LINKING OF LOCAL REGISTRIES.—The State case registry may be established by linking local case registries of support orders through an automated information network, subject to this section.

''(3) USE OF STANDARDIZED DATA ELEMENTS.—Such records shall use standardized data elements for both parents (such as names, social security numbers and other uniform identification numbers, dates of birth, and case identification numbers), and contain such other information (such as on case status) as the Secretary may require.

''(4) PAYMENT RECORDS.—Each case record in the State case registry with respect to which services are being provided under the State plan approved under this part and with

respect to which a support order has been established shall include a record of—

''(A) the amount of monthly (or other periodic) support owed under the order, and other amounts (including arrearages, interest or late payment penalties, and fees) due or overdue under the order;

''(B) any amount described in subparagraph (A) that has been collected;

''(C) the distribution of such collected amounts;

''(D) the birth date of any child for whom the order requires the provision of support; and

''(E) the amount of any lien imposed with respect to the order pursuant to section 466(a)(4).

''(5) UPDATING AND MONITORING.—The State agency operating the automated system required by this section shall promptly establish and update, maintain, and regularly monitor, case records in the State case registry with respect to which services are being provided under the State plan approved under this part, on the basis of—

''(A) information on administrative actions and administrative and judicial proceedings and orders relating to paternity and support;

''(B) information obtained from comparison with Federal, State, or local sources of information;

''(C) information on support collections and distributions; and

''(D) any other relevant information.

''(f) INFORMATION COMPARISONS AND OTHER DISCLOSURES OF INFORMATION.—The State shall use the automated system required by this section to extract information from (at such times, and in such standardized format or formats, as may be required by the Secretary), to share and compare information with, and to receive information from, other data bases and information comparison services, in order to obtain (or provide) information necessary to enable the State agency (or the Secretary or other State or Federal agencies) to carry out this part, subject to section 6103 of the Internal Revenue Code of 1986. Such information comparison activities shall include the following:

''(1) FEDERAL CASE REGISTRY OF CHILD SUPPORT ORDERS.—Furnishing to the Federal Case Registry of Child Support Orders established under section 453(h) (and update as necessary, with information including notice of expiration of orders) the minimum amount of information on child support cases recorded in the State case registry that is necessary to operate the registry (as specified by the Secretary in regulations).

''(2) FEDERAL PARENT LOCATOR SERVICE.—Exchanging information with the Federal Parent Locator Service for the purposes specified in section 453.

''(3) TEMPORARY FAMILY ASSISTANCE AND MEDICAID AGENCIES.—Exchanging information with State agencies (of the State and of other States) administering programs funded under part A, programs operated under a State plan approved under title XIX, and other programs designated by the Secretary, as necessary to perform State agency responsibilities under this part and under such programs.

''(4) INTRASTATE AND INTERSTATE INFORMATION COMPARISONS.—Exchanging information with other agencies of the State, agencies of other States, and interstate information networks, as necessary and appropriate to carry out (or assist other States to carry out) the purposes of this part.''.

SEC. 4312. COLLECTION AND DISBURSEMENT OF SUPPORT PAYMENTS.

(a) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 654), as amended by sections 4301(b) and 4303(a) of this Act, is amended—

(1) by striking ''and'' at the end of paragraph (25);

(2) by striking the period at the end of paragraph (26) and inserting ''; and''; and

(3) by adding after paragraph (26) the following new paragraph:

''(27) provide that, on and after October 1, 1998, the State agency will—

''(A) operate a State disbursement unit in accordance with section 454B; and

''(B) have sufficient State staff (consisting of State employees) and (at State option) contractors reporting directly to the State agency to—

''(i) monitor and enforce support collections through the unit in cases being enforced by the State pursuant to section 454(4) (including carrying out the automated data processing responsibilities described in section 454A(g)); and

''(ii) take the actions described in section 466(c)(1) in appropriate cases.''.

(b) ESTABLISHMENT OF STATE DISBURSEMENT UNIT.—Part D of title IV (42 U.S.C. 651–669), as amended by section 4344(a)(2) of this Act, is amended by inserting after section 454A the following new section:

''SEC. 454B. COLLECTION AND DISBURSEMENT OF SUPPORT PAYMENTS.

''(a) STATE DISBURSEMENT UNIT.—

''(1) IN GENERAL.—In order for a State to meet the requirements of this section, the State agency must establish and operate a unit (which shall be known as the 'State disbursement unit') for the collection and disbursement of payments under support orders—

''(A) in all cases being enforced by the State pursuant to section 454(4); and

''(B) in all cases not being enforced by the State under this part in which the support order is initially issued in the State on or after January 1, 1994, and in which the income of the noncustodial parent are subject to withholding pursuant to section 466(a)(8)(B).

''(2) OPERATION.—The State disbursement unit shall be operated—

''(A) directly by the State agency (or 2 or more State agencies under a regional cooperative agreement), or (to the extent appropriate) by a contractor responsible directly to the State agency; and

''(B) except in cases described in paragraph (1)(B), in coordination with the automated system established by the State pursuant to section 454A.

''(3) LINKING OF LOCAL DISBURSEMENT UNITS.—The State disbursement unit may be established by linking local disbursement units through an automated information network, subject to this section, if the Secretary agrees that the system will not cost more nor take more time to establish or operate than a centralized system. In addition, employers shall be given 1 location to which income withholding is sent.

''(b) REQUIRED PROCEDURES.—The State disbursement unit shall use automated procedures, electronic processes, and computer-driven technology to the maximum extent feasible, efficient, and economical, for the collection and disbursement of support payments, including procedures—

''(1) for receipt of payments from parents, employers, and other States, and for disbursements to custodial parents and other obligees, the State agency, and the agencies of other States;

''(2) for accurate identification of payments;

''(3) to ensure prompt disbursement of the custodial parent's share of any payment; and

''(4) to furnish to any parent, upon request, timely information on the current status of support payments under an order requiring payments to be made by or to the parent, except that, with respect to a case described in subsection (a)(1)(B), the State disbursement unit shall not be required to maintain records of payments which, after the effective date of this section, are made to, and distributed by, the unit.

''(c) TIMING OF DISBURSEMENTS.—

''(1) IN GENERAL.—Except as provided in paragraph (2), the State disbursement unit shall distribute all amounts payable under section 457(a) within 2 business days after receipt from the employer or other source of periodic income, if sufficient information identifying the payee is provided.

''(2) PERMISSIVE RETENTION OF ARREARAGES.—The State disbursement unit may delay the distribution of collections toward arrearages until the resolution of any timely appeal with respect to such arrearages.

''(d) BUSINESS DAY DEFINED.—As used in this section, the term 'business day' means a day on which State offices are open for regular business.''.

(c) USE OF AUTOMATED SYSTEM.—Section 454A, as added by section 4344(a)(2) and as amended by section 4311 of this Act, is amended by adding at the end the following new subsection:

''(g) COLLECTION AND DISTRIBUTION OF SUPPORT PAYMENTS.—

''(1) IN GENERAL.—The State shall use the automated system required by this section, to the maximum extent feasible, to assist and facilitate the collection and disbursement of support payments through the State disbursement unit operated under section 454B, through the performance of functions, including, at a minimum—

''(A) transmission of orders and notices to employers (and other debtors) for the withholding of income—

''(i) within 2 business days after receipt of notice of, and the income source subject to, such withholding from a court, another State, an employer, the Federal Parent Locator Service, or another source recognized by the State; and

''(ii) using uniform formats prescribed by the Secretary;

''(B) ongoing monitoring to promptly identify failures to make timely payment of support; and

''(C) automatic use of enforcement procedures (including procedures authorized pursuant to section 466(c)) if payments are not timely made.

''(2) BUSINESS DAY DEFINED.—As used in paragraph (1), the term 'business day' means a day on which State offices are open for regular business.''.

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall become effective on October 1, 1998.

(2) LIMITED EXCEPTION TO UNIT HANDLING PAYMENTS.—Notwithstanding section 454B(b)(1) of the Social Security Act, as added by this section, any State which, as of the date of the enactment of this Act, processes the receipt of child support payments through local courts may, at the option of the State, continue to process through September 30, 1999, such payments through such courts as processed such payments on or before such date of enactment.

(e) SENSE OF THE CONGRESS.—It is the sense of the Congress that, in determining whether to comply with section 454B of the Social Security Act by establishing a single, centralized unit for the collection and disbursement of support payments or by linking together through automation local units for the collection and disbursement of support payments, a State should choose the method of compliance which best meets the needs of parents, employers, and children.

SEC. 4313. STATE DIRECTORY OF NEW HIRES.

(a) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 654), as amended by sections

4301(b), 4303(a) and 4312(a) of this Act, is amended—

(1) by striking ''and'' at the end of paragraph (26);

(2) by striking the period at the end of paragraph (27) and inserting ''; and''; and

(3) by adding after paragraph (27) the following new paragraph:

''(28) provide that, on and after October 1, 1997, the State will operate a State Directory of New Hires in accordance with section 453A.''.

(b) STATE DIRECTORY OF NEW HIRES.—Part D of title IV (42 U.S.C. 651–669) is amended by inserting after section 453 the following new section:

''SEC. 453A. STATE DIRECTORY OF NEW HIRES.

''(a) ESTABLISHMENT.—

''(1) IN GENERAL.—

''(A) REQUIREMENT FOR STATES THAT HAVE NO DIRECTORY.—Except as provided in subparagraph (B), not later than October 1, 1997, each State shall establish an automated directory (to be known as the 'State Directory of New Hires') which shall contain information supplied in accordance with subsection (b) by employers on each newly hired employee.

''(B) STATES WITH NEW HIRE REPORTING IN EXISTENCE.—A State which has a new hire reporting law in existence on the date of the enactment of this section may continue to operate under the State law, but the State must meet the requirements of subsection (g)(2) not later than October 1, 1997, and the requirements of this section (other than subsection (g)(2)) not later than October 1, 1998.

''(2) DEFINITIONS.—As used in this section:

''(A) EMPLOYEE.—The term 'employee'—

''(i) means an individual who is an employee within the meaning of chapter 24 of the Internal Revenue Code of 1986; and

''(ii) does not include an employee of a Federal or State agency performing intelligence or counterintelligence functions, if the head of such agency has determined that reporting pursuant to paragraph (1) with respect to the employee could endanger the safety of the employee or compromise an ongoing investigation or intelligence mission.

''(B) EMPLOYER.—

''(i) IN GENERAL.—The term 'employer' has the meaning given such term in section 3401(d) of the Internal Revenue Code of 1986 and includes any governmental entity and any labor organization.

''(ii) LABOR ORGANIZATION.—The term 'labor organization' shall have the meaning given such term in section 2(5) of the National Labor Relations Act, and includes any entity (also known as a 'hiring hall') which is used by the organization and an employer to carry out requirements described in section 8(f)(3) of such Act of an agreement between the organization and the employer.

''(b) EMPLOYER INFORMATION.—

''(1) REPORTING REQUIREMENT.—

''(A) IN GENERAL.—Except as provided in subparagraphs (B) and (C), each employer shall furnish to the Directory of New Hires of the State in which a newly hired employee works, a report that contains the name, address, and social security number of the employee, and the name and address of, and identifying number assigned under section 6109 of the Internal Revenue Code of 1986 to, the employer.

''(B) MULTISTATE EMPLOYERS.—An employer that has employees who are employed in 2 or more States and that transmits reports magnetically or electronically may comply with subparagraph (A) by designating 1 State in which such employer has employees to which the employer will transmit the report described in subparagraph (A), and transmitting such report to such State. Any employer that transmits reports pursuant to this subparagraph shall notify the Secretary in writing as to which State such employer designates for the purpose of sending reports.

''(C) FEDERAL GOVERNMENT EMPLOYERS.—Any department, agency, or instrumentality of the United States shall comply with subparagraph (A) by transmitting the report described in subparagraph (A) to the National Directory of New Hires established pursuant to section 453.

''(2) TIMING OF REPORT.—Each State may provide the time within which the report required by paragraph (1) shall be made with respect to an employee, but such report shall be made—

''(A) not later than 20 days after the date the employer hires the employee; or

''(B) in the case of an employer transmitting reports magnetically or electronically, by 2 monthly transmissions (if necessary) not less than 12 days nor more than 16 days apart.

''(c) REPORTING FORMAT AND METHOD.—Each report required by subsection (b) shall be made on a W–4 form or, at the option of the employer, an equivalent form, and may be transmitted by 1st class mail, magnetically, or electronically.

''(d) CIVIL MONEY PENALTIES ON NONCOMPLYING EMPLOYERS.—The State shall have the option to set a State civil money penalty which shall be less than—

''(1) $25; or

''(2) $500 if, under State law, the failure is the result of a conspiracy between the employer and the employee to not supply the required report or to supply a false or incomplete report.

''(e) ENTRY OF EMPLOYER INFORMATION.—Information shall be entered into the data base maintained by the State Directory of New Hires within 5 business days of receipt from an employer pursuant to subsection (b).

''(f) INFORMATION COMPARISONS.—

''(1) IN GENERAL.—Not later than May 1, 1998, an agency designated by the State shall, directly or by contract, conduct automated comparisons of the social security numbers reported by employers pursuant to subsection (b) and the social security numbers appearing in the records of the State case registry for cases being enforced under the State plan.

''(2) NOTICE OF MATCH.—When an information comparison conducted under paragraph (1) reveals a match with respect to the social security number of an individual required to provide support under a support order, the State Directory of New Hires shall provide the agency administering the State plan approved under this part of the appropriate State with the name, address, and social security number of the employee to whom the social security number is assigned, and the name and address of, and identifying number assigned under section 6109 of the Internal Revenue Code of 1986 to, the employer.

''(g) TRANSMISSION OF INFORMATION.—

''(1) TRANSMISSION OF WAGE WITHHOLDING NOTICES TO EMPLOYERS.—Within 2 business days after the date information regarding a newly hired employee is entered into the State Directory of New Hires, the State agency enforcing the employee's child support obligation shall transmit a notice to the employer of the employee directing the employer to withhold from the income of the employee an amount equal to the monthly (or other periodic) child support obligation (including any past due support obligation) of the employee, unless the employee's income is not subject to withholding pursuant to section 466(b)(3).

''(2) TRANSMISSIONS TO THE NATIONAL DIRECTORY OF NEW HIRES.—

''(A) NEW HIRE INFORMATION.—Within 3 business days after the date information regarding a newly hired employee is entered into the State Directory of New Hires, the State Directory of New Hires shall furnish the information to the National Directory of New Hires.

''(B) WAGE AND UNEMPLOYMENT COMPENSATION INFORMATION.—The State Directory of New Hires shall, on a quarterly basis, furnish to the National Directory of New Hires extracts of the reports required under section 303(a)(6) to be made to the Secretary of Labor concerning the wages and unemployment compensation paid to individuals, by such dates, in such format, and containing such information as the Secretary of Health and Human Services shall specify in regulations.

''(3) BUSINESS DAY DEFINED.—As used in this subsection, the term 'business day' means a day on which State offices are open for regular business.

''(h) OTHER USES OF NEW HIRE INFORMATION.—

''(1) LOCATION OF CHILD SUPPORT OBLIGORS.—The agency administering the State plan approved under this part shall use information received pursuant to subsection (f)(2) to locate individuals for purposes of establishing paternity and establishing, modifying, and enforcing child support obligations, and may disclose such information to any agent of the agency that is under contract with the agency to carry out such purposes.

''(2) VERIFICATION OF ELIGIBILITY FOR CERTAIN PROGRAMS.—A State agency responsible for administering a program specified in section 1137(b) shall have access to information reported by employers pursuant to subsection (b) of this section for purposes of verifying eligibility for the program.

''(3) ADMINISTRATION OF EMPLOYMENT SECURITY AND WORKERS' COMPENSATION.—State agencies operating employment security and workers' compensation programs shall have access to information reported by employers pursuant to subsection (b) for the purposes of administering such programs.''.

(c) QUARTERLY WAGE REPORTING.—Section 1137(a)(3) (42 U.S.C. 1320b–7(a)(3)) is amended—

(1) by inserting ''(including State and local governmental entities and labor organizations (as defined in section 453A(a)(2)(B)(iii))'' after ''employers''; and

(2) by inserting '', and except that no report shall be filed with respect to an employee of a State or local agency performing intelligence or counterintelligence functions, if the head of such agency has determined that filing such a report could endanger the safety of the employee or compromise an ongoing investigation or intelligence mission'' after ''paragraph (2)''.

(d) DISCLOSURE TO CERTAIN AGENTS.—Section 303(e) (42 U.S.C. 503(e)) is amended by adding at the end the following:

''(5) A State or local child support enforcement agency may disclose to any agent of the agency that is under contract with the agency to carry out the purposes described in paragraph (1)(B) wage information that is disclosed to an officer or employee of the agency under paragraph (1)(A). Any agent of a State or local child support agency that receives wage information under this paragraph shall comply with the safeguards established pursuant to paragraph (1)(B).''.

SEC. 4314. AMENDMENTS CONCERNING INCOME WITHHOLDING.

(a) MANDATORY INCOME WITHHOLDING.—

(1) IN GENERAL.—Section 466(a)(1) (42 U.S.C. 666(a)(1)) is amended to read as follows:

''(1)(A) Procedures described in subsection (b) for the withholding from income of amounts payable as support in cases subject to enforcement under the State plan.

''(B) Procedures under which the income of a person with a support obligation imposed by a support order issued (or modified) in the

State before October 1, 1996, if not otherwise subject to withholding under subsection (b), shall become subject to withholding as provided in subsection (b) if arrearages occur, without the need for a judicial or administrative hearing.''.

(2) CONFORMING AMENDMENTS.—

(A) Section 466(b) (42 U.S.C. 666(b)) is amended in the matter preceding paragraph (1), by striking ''subsection (a)(1)'' and inserting ''subsection (a)(1)(A)''.

(B) Section 466(b)(4) (42 U.S.C. 666(b)(4)) is amended to read as follows:

''(4)(A) Such withholding must be carried out in full compliance with all procedural due process requirements of the State, and the State must send notice to each noncustodial parent to whom paragraph (1) applies—

''(i) that the withholding has commenced; and

''(ii) of the procedures to follow if the noncustodial parent desires to contest such withholding on the grounds that the withholding or the amount withheld is improper due to a mistake of fact.

''(B) The notice under subparagraph (A) of this paragraph shall include the information provided to the employer under paragraph (6)(A).''.

(C) Section 466(b)(5) (42 U.S.C. 666(b)(5)) is amended by striking all that follows ''administered by'' and inserting ''the State through the State disbursement unit established pursuant to section 454B, in accordance with the requirements of section 454B.''.

(D) Section 466(b)(6)(A) (42 U.S.C. 666(b)(6)(A)) is amended—

(i) in clause (i), by striking ''to the appropriate agency'' and all that follows and inserting ''to the State disbursement unit within 5 business days after the date the amount would (but for this subsection) have been paid or credited to the employee, for distribution in accordance with this part. The employer shall withhold funds as directed in the notice. For terms and conditions for withholding income that are not specified in a notice issued by another State, the employer shall apply the law of the State in which the obligor works. An employer who complies with an income withholding notice that is regular on its face shall not be subject to civil liability to any individual or agency for conduct in compliance with the notice.''.

(ii) in clause (ii), by inserting ''be in a standard format prescribed by the Secretary, and'' after ''shall''; and

(iii) by adding at the end the following new clause:

''(iii) As used in this subparagraph, the term 'business day' means a day on which State offices are open for regular business.''.

(E) Section 466(b)(6)(D) (42 U.S.C. 666(b)(6)(D)) is amended by striking ''any employer'' and all that follows and inserting ''any employer who—

''(i) discharges from employment, refuses to employ, or takes disciplinary action against any noncustodial parent subject to income withholding required by this subsection because of the existence of such withholding and the obligations or additional obligations which it imposes upon the employer; or

''(ii) fails to withhold support from income or to pay such amounts to the State disbursement unit in accordance with this subsection.''.

(F) Section 466(b) (42 U.S.C. 666(b)) is amended by adding at the end the following new paragraph:

''(11) Procedures under which the agency administering the State plan approved under this part may execute a withholding order without advance notice to the obligor, including issuing the withholding order through electronic means.''.

(b) DEFINITION OF INCOME.—

(1) IN GENERAL.—Section 466(b)(8) (42 U.S.C. 666(b)(8)) is amended to read as follows:

''(8) For purposes of subsection (a) and this subsection, the term 'income' means any periodic form of payment due to an individual, regardless of source, including wages, salaries, commissions, bonuses, worker's compensation, disability, payments pursuant to a pension or retirement program, and interest.''.

(2) CONFORMING AMENDMENTS.—

(A) Subsections (a)(8)(A), (a)(8)(B)(i), (b)(3)(A), (b)(3)(B), (b)(6)(A)(i), and (b)(6)(C), and (b)(7) of section 466 (42 U.S.C. 666(a)(8)(A), (a)(8)(B)(i), (b)(3)(A), (b)(3)(B), (b)(6)(A)(i), and (b)(6)(C), and (b)(7)) are each amended by striking ''wages'' each place such term appears and inserting ''income''.

(B) Section 466(b)(1) (42 U.S.C. 666(b)(1)) is amended by striking ''wages (as defined by the State for purposes of this section)'' and inserting ''income''.

(c) CONFORMING AMENDMENT.—Section 466(c) (42 U.S.C. 666(c)) is repealed.

SEC. 4315. LOCATOR INFORMATION FROM INTERSTATE NETWORKS.

Section 466(a) (42 U.S.C. 666(a)) is amended by inserting after paragraph (11) the following new paragraph:

''(12) LOCATOR INFORMATION FROM INTERSTATE NETWORKS.—Procedures to ensure that all Federal and State agencies conducting activities under this part have access to any system used by the State to locate an individual for purposes relating to motor vehicles or law enforcement.''.

SEC. 4316. EXPANSION OF THE FEDERAL PARENT LOCATOR SERVICE.

(a) EXPANDED AUTHORITY TO LOCATE INDIVIDUALS AND ASSETS.—Section 453 (42 U.S.C. 653) is amended—

(1) in subsection (a), by striking all that follows ''subsection (c))'' and inserting '', for the purpose of establishing parentage, establishing, setting the amount of, modifying, or enforcing child support obligations, or enforcing child custody or visitation orders—

''(1) information on, or facilitating the discovery of, the location of any individual—

''(A) who is under an obligation to pay child support or provide child custody or visitation rights;

''(B) against whom such an obligation is sought;

''(C) to whom such an obligation is owed,

including the individual's social security number (or numbers), most recent address, and the name, address, and employer identification number of the individual's employer;

''(2) information on the individual's wages (or other income) from, and benefits of, employment (including rights to or enrollment in group health care coverage); and

''(3) information on the type, status, location, and amount of any assets of, or debts owed by or to, any such individual.''; and

(2) in subsection (b)—

(A) in the matter preceding paragraph (1), by striking ''social security'' and all that follows through ''absent parent'' and inserting ''information described in subsection (a)''; and

(B) in the flush paragraph at the end, by adding the following: ''No information shall be disclosed to any person if the State has notified the Secretary that the State has reasonable evidence of domestic violence or child abuse and the disclosure of such information could be harmful to the custodial parent or the child of such parent. Information received or transmitted pursuant to this section shall be subject to the safeguard provisions contained in section 454(26).''.

(b) AUTHORIZED PERSON FOR INFORMATION REGARDING VISITATION RIGHTS.—Section 453(c) (42 U.S.C. 653(c)) is amended—

(1) in paragraph (1), by striking ''support'' and inserting ''support or to seek to enforce orders providing child custody or visitation rights''; and

(2) in paragraph (2), by striking '', or any agent of such court; and'' and inserting ''or to issue an order against a resident parent for child custody or visitation rights, or any agent of such court;''.

(c) REIMBURSEMENT FOR INFORMATION FROM FEDERAL AGENCIES.—Section 453(e)(2) (42 U.S.C. 653(e)(2)) is amended in the 4th sentence by inserting ''in an amount which the Secretary determines to be reasonable payment for the information exchange (which amount shall not include payment for the costs of obtaining, compiling, or maintaining the information)'' before the period.

(d) REIMBURSEMENT FOR REPORTS BY STATE AGENCIES.—Section 453 (42 U.S.C. 653) is amended by adding at the end the following new subsection:

''(g) REIMBURSEMENT FOR REPORTS BY STATE AGENCIES.—The Secretary may reimburse Federal and State agencies for the costs incurred by such entities in furnishing information requested by the Secretary under this section in an amount which the Secretary determines to be reasonable payment for the information exchange (which amount shall not include payment for the costs of obtaining, compiling, or maintaining the information).''.

(e) CONFORMING AMENDMENTS.—

(1) Sections 452(a)(9), 453(a), 453(b), 463(a), 463(e), and 463(f) (42 U.S.C. 652(a)(9), 653(a), 653(b), 663(a), 663(e), and 663(f)) are each amended by inserting ''Federal'' before ''Parent'' each place such term appears.

(2) Section 453 (42 U.S.C. 653) is amended in the heading by adding ''FEDERAL'' before ''PARENT''.

(f) NEW COMPONENTS.—Section 453 (42 U.S.C. 653), as amended by subsection (d) of this section, is amended by adding at the end the following new subsections:

''(h) FEDERAL CASE REGISTRY OF CHILD SUPPORT ORDERS.—

''(1) IN GENERAL.—Not later than October 1, 1998, in order to assist States in administering programs under State plans approved under this part and programs funded under part A, and for the other purposes specified in this section, the Secretary shall establish and maintain in the Federal Parent Locator Service an automated registry (which shall be known as the 'Federal Case Registry of Child Support Orders'), which shall contain abstracts of support orders and other information described in paragraph (2) with respect to each case in each State case registry maintained pursuant to section 454A(e), as furnished (and regularly updated), pursuant to section 454A(f), by State agencies administering programs under this part.

''(2) CASE INFORMATION.—The information referred to in paragraph (1) with respect to a case shall be such information as the Secretary may specify in regulations (including the names, social security numbers or other uniform identification numbers, and State case identification numbers) to identify the individuals who owe or are owed support (or with respect to or on behalf of whom support obligations are sought to be established), and the State or States which have the case.

''(i) NATIONAL DIRECTORY OF NEW HIRES.—

''(1) IN GENERAL.—In order to assist States in administering programs under State plans approved under this part and programs funded under part A, and for the other purposes specified in this section, the Secretary shall, not later than October 1, 1997, establish and maintain in the Federal Parent Locator Service an automated directory to be known as the National Directory of New Hires, which shall contain the information supplied pursuant to section 453A(g)(2).

''(2) ENTRY OF DATA.—Information shall be entered into the data base maintained by the National Directory of New Hires within 2 business days of receipt pursuant to section 453A(g)(2).

''(3) ADMINISTRATION OF FEDERAL TAX LAWS.—The Secretary of the Treasury shall have access to the information in the National Directory of New Hires for purposes of administering section 32 of the Internal Revenue Code of 1986, or the advance payment of the earned income tax credit under section 3507 of such Code, and verifying a claim with respect to employment in a tax return.

''(4) LIST OF MULTISTATE EMPLOYERS.—The Secretary shall maintain within the National Directory of New Hires a list of multistate employers that report information regarding newly hired employees pursuant to section 453A(b)(1)(B), and the State which each such employer has designated to receive such information.

''(j) INFORMATION COMPARISONS AND OTHER DISCLOSURES.—

''(1) VERIFICATION BY SOCIAL SECURITY ADMINISTRATION.—

''(A) IN GENERAL.—The Secretary shall transmit information on individuals and employers maintained under this section to the Social Security Administration to the extent necessary for verification in accordance with subparagraph (B).

''(B) VERIFICATION BY SSA.—The Social Security Administration shall verify the accuracy of, correct, or supply to the extent possible, and report to the Secretary, the following information supplied by the Secretary pursuant to subparagraph (A):

''(i) The name, social security number, and birth date of each such individual.

''(ii) The employer identification number of each such employer.

''(2) INFORMATION COMPARISONS.—For the purpose of locating individuals in a paternity establishment case or a case involving the establishment, modification, or enforcement of a support order, the Secretary shall—

''(A) compare information in the National Directory of New Hires against information in the support case abstracts in the Federal Case Registry of Child Support Orders not less often than every 2 business days; and

''(B) within 2 business days after such a comparison reveals a match with respect to an individual, report the information to the State agency responsible for the case.

''(3) INFORMATION COMPARISONS AND DISCLOSURES OF INFORMATION IN ALL REGISTRIES FOR TITLE IV PROGRAM PURPOSES.—To the extent and with the frequency that the Secretary determines to be effective in assisting States to carry out their responsibilities under programs operated under this part and programs funded under part A, the Secretary shall—

''(A) compare the information in each component of the Federal Parent Locator Service maintained under this section against the information in each other such component (other than the comparison required by paragraph (2)), and report instances in which such a comparison reveals a match with respect to an individual to State agencies operating such programs; and

''(B) disclose information in such registries to such State agencies.

''(4) PROVISION OF NEW HIRE INFORMATION TO THE SOCIAL SECURITY ADMINISTRATION.—The National Directory of New Hires shall provide the Commissioner of Social Security with all information in the National Directory, which shall be used to determine the accuracy of payments under the supplemental security income program under title XVI and in connection with benefits under title II.

''(5) RESEARCH.—The Secretary may provide access to information reported by employers pursuant to section 453A(b) for research purposes found by the Secretary to be likely to contribute to achieving the purposes of part A or this part, but without personal identifiers.

''(k) FEES.—

''(1) FOR SSA VERIFICATION.—The Secretary shall reimburse the Commissioner of Social Security, at a rate negotiated between the Secretary and the Commissioner, for the costs incurred by the Commissioner in performing the verification services described in subsection (j).

''(2) FOR INFORMATION FROM STATE DIRECTORIES OF NEW HIRES.—The Secretary shall reimburse costs incurred by State directories of new hires in furnishing information as required by subsection (j)(3), at rates which the Secretary determines to be reasonable (which rates shall not include payment for the costs of obtaining, compiling, or maintaining such information).

''(3) FOR INFORMATION FURNISHED TO STATE AND FEDERAL AGENCIES.—A State or Federal agency that receives information from the Secretary pursuant to this section shall reimburse the Secretary for costs incurred by the Secretary in furnishing the information, at rates which the Secretary determines to be reasonable (which rates shall include payment for the costs of obtaining, verifying, maintaining, and comparing the information).

''(l) RESTRICTION ON DISCLOSURE AND USE.—Information in the Federal Parent Locator Service, and information resulting from comparisons using such information, shall not be used or disclosed except as expressly provided in this section, subject to section 6103 of the Internal Revenue Code of 1986.

''(m) INFORMATION INTEGRITY AND SECURITY.—The Secretary shall establish and implement safeguards with respect to the entities established under this section designed to—

''(1) ensure the accuracy and completeness of information in the Federal Parent Locator Service; and

''(2) restrict access to confidential information in the Federal Parent Locator Service to authorized persons, and restrict use of such information to authorized purposes.

''(n) FEDERAL GOVERNMENT REPORTING.—Each department, agency, and instrumentality of the United States shall on a quarterly basis report to the Federal Parent Locator Service the name and social security number of each employee and the wages paid to the employee during the previous quarter, except that such a report shall not be filed with respect to an employee of a department, agency, or instrumentality performing intelligence or counterintelligence functions, if the head of such department, agency, or instrumentality has determined that filing such a report could endanger the safety of the employee or compromise an ongoing investigation or intelligence mission.''.

(g) CONFORMING AMENDMENTS.—

(1) TO PART D OF TITLE IV OF THE SOCIAL SECURITY ACT.—

(A) Section 454(8)(B) (42 U.S.C. 654(8)(B)) is amended to read as follows:

''(B) the Federal Parent Locator Service established under section 453;''.

(B) Section 454(13) (42 U.S.C.654(13)) is amended by inserting ''and provide that information requests by parents who are residents of other States be treated with the same priority as requests by parents who are residents of the State submitting the plan'' before the semicolon.

(2) TO FEDERAL UNEMPLOYMENT TAX ACT.—Section 3304(a)(16) of the Internal Revenue Code of 1986 is amended—

(A) by striking ''Secretary of Health, Education, and Welfare'' each place such term appears and inserting ''Secretary of Health and Human Services'';

(B) in subparagraph (B), by striking ''such information'' and all that follows and inserting ''information furnished under subparagraph (A) or (B) is used only for the purposes authorized under such subparagraph;'';

(C) by striking ''and'' at the end of subparagraph (A);

(D) by redesignating subparagraph (B) as subparagraph (C); and

(E) by inserting after subparagraph (A) the following new subparagraph:

''(B) wage and unemployment compensation information contained in the records of such agency shall be furnished to the Secretary of Health and Human Services (in accordance with regulations promulgated by such Secretary) as necessary for the purposes of the National Directory of New Hires established under section 453(i) of the Social Security Act, and''.

(3) TO STATE GRANT PROGRAM UNDER TITLE III OF THE SOCIAL SECURITY ACT.—Subsection (h) of section 303 (42 U.S.C. 503) is amended to read as follows:

''(h)(1) The State agency charged with the administration of the State law shall, on a reimbursable basis—

''(A) disclose quarterly, to the Secretary of Health and Human Services, wage and claim information, as required pursuant to section 453(i)(1), contained in the records of such agency;

''(B) ensure that information provided pursuant to subparagraph (A) meets such standards relating to correctness and verification as the Secretary of Health and Human Services, with the concurrence of the Secretary of Labor, may find necessary; and

''(C) establish such safeguards as the Secretary of Labor determines are necessary to insure that information disclosed under subparagraph (A) is used only for purposes of section 453(i)(1) in carrying out the child support enforcement program under title IV.

''(2) Whenever the Secretary of Labor, after reasonable notice and opportunity for hearing to the State agency charged with the administration of the State law, finds that there is a failure to comply substantially with the requirements of paragraph (1), the Secretary of Labor shall notify such State agency that further payments will not be made to the State until the Secretary of Labor is satisfied that there is no longer any such failure. Until the Secretary of Labor is so satisfied, the Secretary shall make no future certification to the Secretary of the Treasury with respect to the State.

''(3) For purposes of this subsection—

''(A) the term 'wage information' means information regarding wages paid to an individual, the social security account number of such individual, and the name, address, State, and the Federal employer identification number of the employer paying such wages to such individual; and

''(B) the term 'claim information' means information regarding whether an individual is receiving, has received, or has made application for, unemployment compensation, the amount of any such compensation being received (or to be received by such individual), and the individual's current (or most recent) home address.''.

(4) DISCLOSURE OF CERTAIN INFORMATION TO AGENTS OF CHILD SUPPORT ENFORCEMENT AGENCIES.—

(A) IN GENERAL.—Paragraph (6) of section 6103(l) of the Internal Revenue Code of 1986 (relating to disclosure of return information to Federal, State, and local child support enforcement agencies) is amended by redesignating subparagraph (B) as subparagraph (C) and by inserting after subparagraph (A) the following new subparagraph:

''(B) DISCLOSURE TO CERTAIN AGENTS.—The following information disclosed to any child

support enforcement agency under subparagraph (A) with respect to any individual with respect to whom child support obligations are sought to be established or enforced may be disclosed by such agency to any agent of such agency which is under contract with such agency to carry out the purposes described in subparagraph (C):

''(i) The address and social security account number (or numbers) of such individual.

''(ii) The amount of any reduction under section 6402(c) (relating to offset of past-due support against overpayments) in any overpayment otherwise payable to such individual.''

(B) CONFORMING AMENDMENTS.—

(i) Paragraph (3) of section 6103(a) of such Code is amended by striking ''(l)(12)'' and inserting ''paragraph (6) or (12) of subsection (l)''.

(ii) Subparagraph (C) of section 6103(l)(6) of such Code, as redesignated by subsection (a), is amended to read as follows:

''(C) RESTRICTION ON DISCLOSURE.—Information may be disclosed under this paragraph only for purposes of, and to the extent necessary in, establishing and collecting child support obligations from, and locating, individuals owing such obligations.''

(iii) The material following subparagraph (F) of section 6103(p)(4) of such Code is amended by striking ''subsection (l)(12)(B)'' and inserting ''paragraph (6)(A) or (12)(B) of subsection (l)''.

(h) REQUIREMENT FOR COOPERATION.—The Secretary of Labor and the Secretary of Health and Human Services shall work jointly to develop cost-effective and efficient methods of accessing the information in the various State directories of new hires and the National Directory of New Hires as established pursuant to the amendments made by this chapter. In developing these methods the Secretaries shall take into account the impact, including costs, on the States, and shall also consider the need to insure the proper and authorized use of wage record information.

SEC. 4317. COLLECTION AND USE OF SOCIAL SECURITY NUMBERS FOR USE IN CHILD SUPPORT ENFORCEMENT.

(a) STATE LAW REQUIREMENT.—Section 466(a) (42 U.S.C. 666(a)), as amended by section 4315 of this Act, is amended by inserting after paragraph (12) the following new paragraph:

''(13) RECORDING OF SOCIAL SECURITY NUMBERS IN CERTAIN FAMILY MATTERS.—Procedures requiring that the social security number of—

''(A) any applicant for a professional license, commercial driver's license, occupational license, or marriage license be recorded on the application;

''(B) any individual who is subject to a divorce decree, support order, or paternity determination or acknowledgment be placed in the records relating to the matter; and

''(C) any individual who has died be placed in the records relating to the death and be recorded on the death certificate.

For purposes of subparagraph (A), if a State allows the use of a number other than the social security number, the State shall so advise any applicants.''.

(b) CONFORMING AMENDMENTS.—Section 205(c)(2)(C) (42 U.S.C. 405(c)(2)(C)), as amended by section 321(a)(9) of the Social Security Independence and Program Improvements Act of 1994, is amended—

(1) in clause (i), by striking ''may require'' and inserting ''shall require'';

(2) in clause (ii), by inserting after the 1st sentence the following: ''In the administration of any law involving the issuance of a marriage certificate or license, each State shall require each party named in the certificate or license to furnish to the State (or political subdivision thereof), or any State agency having administrative responsibility for the law involved, the social security number of the party.'';

(3) in clause (ii), by inserting ''or marriage certificate'' after ''Such numbers shall not be recorded on the birth certificate''.

(4) in clause (vi), by striking ''may'' and inserting ''shall''; and

(5) by adding at the end the following new clauses:

''(x) An agency of a State (or a political subdivision thereof) charged with the administration of any law concerning the issuance or renewal of a license, certificate, permit, or other authorization to engage in a profession, an occupation, or a commercial activity shall require all applicants for issuance or renewal of the license, certificate, permit, or other authorization to provide the applicant's social security number to the agency for the purpose of administering such laws, and for the purpose of responding to requests for information from an agency operating pursuant to part D of title IV.

''(xi) All divorce decrees, support orders, and paternity determinations issued, and all paternity acknowledgments made, in each State shall include the social security number of each party to the decree, order, determination, or acknowledgment in the records relating to the matter, for the purpose of responding to requests for information from an agency operating pursuant to part D of title IV.''.

CHAPTER 3—STREAMLINING AND UNIFORMITY OF PROCEDURES

SEC. 4321. ADOPTION OF UNIFORM STATE LAWS.

Section 466 (42 U.S.C. 666) is amended by adding at the end the following new subsection:

''(f) UNIFORM INTERSTATE FAMILY SUPPORT ACT.—

''(1) ENACTMENT AND USE.—In order to satisfy section 454(20)(A), on and after January 1, 1998, each State must have in effect the Uniform Interstate Family Support Act, as approved by the American Bar Association on February 9, 1993, together with any amendments officially adopted before January 1, 1998 by the National Conference of Commissioners on Uniform State Laws.

''(2) EMPLOYERS TO FOLLOW PROCEDURAL RULES OF STATE WHERE EMPLOYEE WORKS.—The State law enacted pursuant to paragraph (1) shall provide that an employer that receives an income withholding order or notice pursuant to section 501 of the Uniform Interstate Family Support Act follow the procedural rules that apply with respect to such order or notice under the laws of the State in which the obligor works.''.

SEC. 4322. IMPROVEMENTS TO FULL FAITH AND CREDIT FOR CHILD SUPPORT ORDERS.

Section 1738B of title 28, United States Code, is amended—

(1) in subsection (a)(2), by striking ''subsection (e)'' and inserting ''subsections (e), (f), and (i)'';

(2) in subsection (b), by inserting after the 2nd undesignated paragraph the following:

''''child's home State' means the State in which a child lived with a parent or a person acting as parent for at least 6 consecutive months immediately preceding the time of filing of a petition or comparable pleading for support and, if a child is less than 6 months old, the State in which the child lived from birth with any of them. A period of temporary absence of any of them is counted as part of the 6-month period.'';

(3) in subsection (c), by inserting ''by a court of a State'' before ''is made'';

(4) in subsection (c)(1), by inserting ''and subsections (e), (f), and (g)'' after ''located'';

(5) in subsection (d)—

(A) by inserting ''individual'' before ''contestant''; and

(B) by striking ''subsection (e)'' and inserting ''subsections (e) and (f)'';

(6) in subsection (e), by striking ''make a modification of a child support order with respect to a child that is made'' and inserting ''modify a child support order issued'';

(7) in subsection (e)(1), by inserting ''pursuant to subsection (i)'' before the semicolon;

(8) in subsection (e)(2)—

(A) by inserting ''individual'' before ''contestant'' each place such term appears; and

(B) by striking ''to that court's making the modification and assuming'' and inserting ''with the State of continuing, exclusive jurisdiction for a court of another State to modify the order and assume'';

(9) by redesignating subsections (f) and (g) as subsections (g) and (h), respectively;

(10) by inserting after subsection (e) the following new subsection:

''(f) RECOGNITION OF CHILD SUPPORT ORDERS.—If 1 or more child support orders have been issued with regard to an obligor and a child, a court shall apply the following rules in determining which order to recognize for purposes of continuing, exclusive jurisdiction and enforcement:

''(1) If only 1 court has issued a child support order, the order of that court must be recognized.

''(2) If 2 or more courts have issued child support orders for the same obligor and child, and only 1 of the courts would have continuing, exclusive jurisdiction under this section, the order of that court must be recognized.

''(3) If 2 or more courts have issued child support orders for the same obligor and child, and more than 1 of the courts would have continuing, exclusive jurisdiction under this section, an order issued by a court in the current home State of the child must be recognized, but if an order has not been issued in the current home State of the child, the order most recently issued must be recognized.

''(4) If 2 or more courts have issued child support orders for the same obligor and child, and none of the courts would have continuing, exclusive jurisdiction under this section, a court may issue a child support order, which must be recognized.

''(5) The court that has issued an order recognized under this subsection is the court having continuing, exclusive jurisdiction.'';

(11) in subsection (g) (as so redesignated)—

(A) by striking ''PRIOR'' and inserting ''MODIFIED''; and

(B) by striking ''subsection (e)'' and inserting ''subsections (e) and (f)'';

(12) in subsection (h) (as so redesignated)—

(A) in paragraph (2), by inserting ''including the duration of current payments and other obligations of support'' before the comma; and

(B) in paragraph (3), by inserting ''arrears under'' after ''enforce''; and

(13) by adding at the end the following new subsection:

''(i) REGISTRATION FOR MODIFICATION.—If there is no individual contestant or child residing in the issuing State, the party or support enforcement agency seeking to modify, or to modify and enforce, a child support order issued in another State shall register that order in a State with jurisdiction over the nonmovant for the purpose of modification.''.

SEC. 4323. ADMINISTRATIVE ENFORCEMENT IN INTERSTATE CASES.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 4315 and 4317(a) of this Act, is amended by inserting after paragraph (13) the following new paragraph:

''(14) ADMINISTRATIVE ENFORCEMENT IN INTERSTATE CASES.—Procedures under which—

''(A)(i) the State shall respond within 5 business days to a request made by another State to enforce a support order; and

''(ii) the term 'business day' means a day on which State offices are open for regular business;

''(B) the State may, by electronic or other means, transmit to another State a request for assistance in a case involving the enforcement of a support order, which request—

''(i) shall include such information as will enable the State to which the request is transmitted to compare the information about the case to the information in the data bases of the State; and

''(ii) shall constitute a certification by the requesting State—

''(I) of the amount of support under the order the payment of which is in arrears; and

''(II) that the requesting State has complied with all procedural due process requirements applicable to the case;

''(C) if the State provides assistance to another State pursuant to this paragraph with respect to a case, neither State shall consider the case to be transferred to the caseload of such other State; and

''(D) the State shall maintain records of—

''(i) the number of such requests for assistance received by the State;

''(ii) the number of cases for which the State collected support in response to such a request; and

''(iii) the amount of such collected support.''.

SEC. 4324. USE OF FORMS IN INTERSTATE ENFORCEMENT.

(a) PROMULGATION.—Section 452(a) (42 U.S.C. 652(a)) is amended—

(1) by striking ''and'' at the end of paragraph (9);

(2) by striking the period at the end of paragraph (10) (as amended by section 4346(a) of this Act) and inserting ''; and''; and

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

''(11) not later than October 1, 1996, after consulting with the State directors of programs under this part, promulgate forms to be used by States in interstate cases for—

''(A) collection of child support through income withholding;

''(B) imposition of liens; and

''(C) administrative subpoenas.''.

(b) USE BY STATES.—Section 454(9) (42 U.S.C. 654(9)) is amended—

(1) by striking ''and'' at the end of subparagraph (C);

(2) by inserting ''and'' at the end of subparagraph (D); and

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

''(E) not later than March 1, 1997, in using the forms promulgated pursuant to section 452(a)(11) for income withholding, imposition of liens, and issuance of administrative subpoenas in interstate child support cases;''.

SEC. 4325. STATE LAWS PROVIDING EXPEDITED PROCEDURES.

(a) STATE LAW REQUIREMENTS.—Section 466 (42 U.S.C. 666), as amended by section 4314 of this Act, is amended—

(1) in subsection (a)(2), by striking the first sentence and inserting the following: ''Expedited administrative and judicial procedures (including the procedures specified in subsection (c)) for establishing paternity and for establishing, modifying, and enforcing support obligations.''; and

(2) by inserting after subsection (b) the following new subsection:

''(c) EXPEDITED PROCEDURES.—The procedures specified in this subsection are the following:

''(1) ADMINISTRATIVE ACTION BY STATE AGENCY.—Procedures which give the State agency the authority to take the following actions relating to establishment of paternity or to establishment, modification, or enforcement of support orders, without the necessity of obtaining an order from any other judicial or administrative tribunal, and to recognize and enforce the authority of State agencies of other States to take the following actions:

''(A) GENETIC TESTING.—To order genetic testing for the purpose of paternity establishment as provided in section 466(a)(5).

''(B) FINANCIAL OR OTHER INFORMATION.—To subpoena any financial or other information needed to establish, modify, or enforce a support order, and to impose penalties for failure to respond to such a subpoena.

''(C) RESPONSE TO STATE AGENCY REQUEST.—To require all entities in the State (including for-profit, nonprofit, and governmental employers) to provide promptly, in response to a request by the State agency of that or any other State administering a program under this part, information on the employment, compensation, and benefits of any individual employed by such entity as an employee or contractor, and to sanction failure to respond to any such request.

''(D) ACCESS TO INFORMATION CONTAINED IN CERTAIN RECORDS.—To obtain access, subject to safeguards on privacy and information security, and subject to the nonliability of entities that afford such access under this subparagraph, to information contained in the following records (including automated access, in the case of records maintained in automated data bases):

''(i) Records of other State and local government agencies, including—

''(I) vital statistics (including records of marriage, birth, and divorce);

''(II) State and local tax and revenue records (including information on residence address, employer, income and assets);

''(III) records concerning real and titled personal property;

''(IV) records of occupational and professional licenses, and records concerning the ownership and control of corporations, partnerships, and other business entities;

''(V) employment security records;

''(VI) records of agencies administering public assistance programs;

''(VII) records of the motor vehicle department; and

''(VIII) corrections records.

''(ii) Certain records held by private entities with respect to individuals who owe or are owed support (or against or with respect to whom a support obligation is sought), consisting of—

''(I) the names and addresses of such individuals and the names and addresses of the employers of such individuals, as appearing in customer records of public utilities and cable television companies, pursuant to an administrative subpoena authorized by subparagraph (B); and

''(II) information (including information on assets and liabilities) on such individuals held by financial institutions.

''(E) CHANGE IN PAYEE.—In cases in which support is subject to an assignment in order to comply with a requirement imposed pursuant to part A or section 1912, or to a requirement to pay through the State disbursement unit established pursuant to section 454B, upon providing notice to obligor and obligee, to direct the obligor or other payor to change the payee to the appropriate government entity.

''(F) INCOME WITHHOLDING.—To order income withholding in accordance with subsections (a)(1)(A) and (b) of section 466.

''(G) SECURING ASSETS.—In cases in which there is a support arrearage, to secure assets to satisfy the arrearage by—

''(i) intercepting or seizing periodic or lump-sum payments from—

''(I) a State or local agency, including unemployment compensation, workers' compensation, and other benefits; and

''(II) judgments, settlements, and lotteries;

''(ii) attaching and seizing assets of the obligor held in financial institutions;

''(iii) attaching public and private retirement funds; and

''(iv) imposing liens in accordance with subsection (a)(4) and, in appropriate cases, to force sale of property and distribution of proceeds.

''(H) INCREASE MONTHLY PAYMENTS.—For the purpose of securing overdue support, to increase the amount of monthly support payments to include amounts for arrearages, subject to such conditions or limitations as the State may provide.

Such procedures shall be subject to due process safeguards, including (as appropriate) requirements for notice, opportunity to contest the action, and opportunity for an appeal on the record to an independent administrative or judicial tribunal.

''(2) SUBSTANTIVE AND PROCEDURAL RULES.—The expedited procedures required under subsection (a)(2) shall include the following rules and authority, applicable with respect to all proceedings to establish paternity or to establish, modify, or enforce support orders:

''(A) LOCATOR INFORMATION; PRESUMPTIONS CONCERNING NOTICE.—Procedures under which—

''(i) each party to any paternity or child support proceeding is required (subject to privacy safeguards) to file with the tribunal and the State case registry upon entry of an order, and to update as appropriate, information on location and identity of the party, including social security number, residential and mailing addresses, telephone number, driver's license number, and name, address, and telephone number of employer; and

''(ii) in any subsequent child support enforcement action between the parties, upon sufficient showing that diligent effort has been made to ascertain the location of such a party, the tribunal may deem State due process requirements for notice and service of process to be met with respect to the party, upon delivery of written notice to the most recent residential or employer address filed with the tribunal pursuant to clause (i).

''(B) STATEWIDE JURISDICTION.—Procedures under which—

''(i) the State agency and any administrative or judicial tribunal with authority to hear child support and paternity cases exerts statewide jurisdiction over the parties; and

''(ii) in a State in which orders are issued by courts or administrative tribunals, a case may be transferred between local jurisdictions in the State without need for any additional filing by the petitioner, or service of process upon the respondent, to retain jurisdiction over the parties.

''(3) COORDINATION WITH ERISA.—Notwithstanding subsection (d) of section 514 of the Employee Retirement Income Security Act of 1974 (relating to effect on other laws), nothing in this subsection shall be construed to alter, amend, modify, invalidate, impair, or supersede subsections (a), (b), and (c) of such section 514 as it applies with respect to any procedure referred to in paragraph (1) and any expedited procedure referred to in paragraph (2), except to the extent that such procedure would be consistent with the requirements of section 206(d)(3) of such Act (relating to qualified domestic relations orders) or the requirements of section 609(a) of

such Act (relating to qualified medical child support orders) if the reference in such section 206(d)(3) to a domestic relations order and the reference in such section 609(a) to a medical child support order were a reference to a support order referred to in paragraphs (1) and (2) relating to the same matters, respectively.''.

(b) AUTOMATION OF STATE AGENCY FUNCTIONS.—Section 454A, as added by section 4344(a)(2) and as amended by sections 4311 and 4312(c) of this Act, is amended by adding at the end the following new subsection:

''(h) EXPEDITED ADMINISTRATIVE PROCEDURES.—The automated system required by this section shall be used, to the maximum extent feasible, to implement the expedited administrative procedures required by section 466(c).''.

CHAPTER 4—PATERNITY ESTABLISHMENT

SEC. 4331. STATE LAWS CONCERNING PATERNITY ESTABLISHMENT.

(a) STATE LAWS REQUIRED.—Section 466(a)(5) (42 U.S.C. 666(a)(5)) is amended to read as follows:

''(5) PROCEDURES CONCERNING PATERNITY ESTABLISHMENT.—

''(A) ESTABLISHMENT PROCESS AVAILABLE FROM BIRTH UNTIL AGE 18.—

''(i) Procedures which permit the establishment of the paternity of a child at any time before the child attains 18 years of age.

''(ii) As of August 16, 1984, clause (i) shall also apply to a child for whom paternity has not been established or for whom a paternity action was brought but dismissed because a statute of limitations of less than 18 years was then in effect in the State.

''(B) PROCEDURES CONCERNING GENETIC TESTING.—

''(i) GENETIC TESTING REQUIRED IN CERTAIN CONTESTED CASES.—Procedures under which the State is required, in a contested paternity case (unless otherwise barred by State law) to require the child and all other parties (other than individuals found under section 454(29) to have good cause and other exceptions for refusing to cooperate) to submit to genetic tests upon the request of any such party, if the request is supported by a sworn statement by the party—

''(I) alleging paternity, and setting forth facts establishing a reasonable possibility of the requisite sexual contact between the parties; or

''(II) denying paternity, and setting forth facts establishing a reasonable possibility of the nonexistence of sexual contact between the parties.

''(ii) OTHER REQUIREMENTS.—Procedures which require the State agency, in any case in which the agency orders genetic testing—

''(I) to pay costs of such tests, subject to recoupment (if the State so elects) from the alleged father if paternity is established; and

''(II) to obtain additional testing in any case if an original test result is contested, upon request and advance payment by the contestant.

''(C) VOLUNTARY PATERNITY ACKNOWLEDGMENT.—

''(i) SIMPLE CIVIL PROCESS.—Procedures for a simple civil process for voluntarily acknowledging paternity under which the State must provide that, before a mother and a putative father can sign an acknowledgment of paternity, the mother and the putative father must be given notice, orally and in writing, of the alternatives to, the legal consequences of, and the rights (including, if 1 parent is a minor, any rights afforded due to minority status) and responsibilities that arise from, signing the acknowledgment.

''(ii) HOSPITAL-BASED PROGRAM.—Such procedures must include a hospital-based program for the voluntary acknowledgment of paternity focusing on the period immediately before or after the birth of a child.

''(iii) PATERNITY ESTABLISHMENT SERVICES.—

''(I) STATE-OFFERED SERVICES.—Such procedures must require the State agency responsible for maintaining birth records to offer voluntary paternity establishment services.

''(II) REGULATIONS.—

''(aa) SERVICES OFFERED BY HOSPITALS AND BIRTH RECORD AGENCIES.—The Secretary shall prescribe regulations governing voluntary paternity establishment services offered by hospitals and birth record agencies.

''(bb) SERVICES OFFERED BY OTHER ENTITIES.—The Secretary shall prescribe regulations specifying the types of other entities that may offer voluntary paternity establishment services, and governing the provision of such services, which shall include a requirement that such an entity must use the same notice provisions used by, use the same materials used by, provide the personnel providing such services with the same training provided by, and evaluate the provision of such services in the same manner as the provision of such services is evaluated by, voluntary paternity establishment programs of hospitals and birth record agencies.

''(iv) USE OF PATERNITY ACKNOWLEDGMENT AFFIDAVIT.—Such procedures must require the State to develop and use an affidavit for the voluntary acknowledgment of paternity which includes the minimum requirements of the affidavit specified by the Secretary under section 452(a)(7) for the voluntary acknowledgment of paternity, and to give full faith and credit to such an affidavit signed in any other State according to its procedures.

''(D) STATUS OF SIGNED PATERNITY ACKNOWLEDGMENT.—

''(i) INCLUSION IN BIRTH RECORDS.—Procedures under which the name of the father shall be included on the record of birth of the child of unmarried parents only if—

''(I) the father and mother have signed a voluntary acknowledgment of paternity; or

''(II) a court or an administrative agency of competent jurisdiction has issued an adjudication of paternity.

Nothing in this clause shall preclude a State agency from obtaining an admission of paternity from the father for submission in a judicial or administrative proceeding, or prohibit the issuance of an order in a judicial or administrative proceeding which bases a legal finding of paternity on an admission of paternity by the father and any other additional showing required by State law.

''(ii) LEGAL FINDING OF PATERNITY.—Procedures under which a signed voluntary acknowledgment of paternity is considered a legal finding of paternity, subject to the right of any signatory to rescind the acknowledgment within the earlier of—

''(I) 60 days; or

''(II) the date of an administrative or judicial proceeding relating to the child (including a proceeding to establish a support order) in which the signatory is a party.

''(iii) CONTEST.—Procedures under which, after the 60-day period referred to in clause (ii), a signed voluntary acknowledgment of paternity may be challenged in court only on the basis of fraud, duress, or material mistake of fact, with the burden of proof upon the challenger, and under which the legal responsibilities (including child support obligations) of any signatory arising from the acknowledgment may not be suspended during the challenge, except for good cause shown.

''(E) BAR ON ACKNOWLEDGMENT RATIFICATION PROCEEDINGS.—Procedures under which judicial or administrative proceedings are not required or permitted to ratify an unchallenged acknowledgment of paternity.

''(F) ADMISSIBILITY OF GENETIC TESTING RESULTS.—Procedures—

''(i) requiring the admission into evidence, for purposes of establishing paternity, of the results of any genetic test that is—

''(I) of a type generally acknowledged as reliable by accreditation bodies designated by the Secretary; and

''(II) performed by a laboratory approved by such an accreditation body;

''(ii) requiring an objection to genetic testing results to be made in writing not later than a specified number of days before any hearing at which the results may be introduced into evidence (or, at State option, not later than a specified number of days after receipt of the results); and

''(iii) making the test results admissible as evidence of paternity without the need for foundation testimony or other proof of authenticity or accuracy, unless objection is made.

''(G) PRESUMPTION OF PATERNITY IN CERTAIN CASES.—Procedures which create a rebuttable or, at the option of the State, conclusive presumption of paternity upon genetic testing results indicating a threshold probability that the alleged father is the father of the child.

''(H) DEFAULT ORDERS.—Procedures requiring a default order to be entered in a paternity case upon a showing of service of process on the defendant and any additional showing required by State law.

''(I) NO RIGHT TO JURY TRIAL.—Procedures providing that the parties to an action to establish paternity are not entitled to a trial by jury.

''(J) TEMPORARY SUPPORT ORDER BASED ON PROBABLE PATERNITY IN CONTESTED CASES.—Procedures which require that a temporary order be issued, upon motion by a party, requiring the provision of child support pending an administrative or judicial determination of parentage, if there is clear and convincing evidence of paternity (on the basis of genetic tests or other evidence).

''(K) PROOF OF CERTAIN SUPPORT AND PATERNITY ESTABLISHMENT COSTS.—Procedures under which bills for pregnancy, childbirth, and genetic testing are admissible as evidence without requiring third-party foundation testimony, and shall constitute prima facie evidence of amounts incurred for such services or for testing on behalf of the child.

''(L) STANDING OF PUTATIVE FATHERS.—Procedures ensuring that the putative father has a reasonable opportunity to initiate a paternity action.

''(M) FILING OF ACKNOWLEDGMENTS AND ADJUDICATIONS IN STATE REGISTRY OF BIRTH RECORDS.—Procedures under which voluntary acknowledgments and adjudications of paternity by judicial or administrative processes are filed with the State registry of birth records for comparison with information in the State case registry.''.

(b) NATIONAL PATERNITY ACKNOWLEDGMENT AFFIDAVIT.—Section 452(a)(7) (42 U.S.C. 652(a)(7)) is amended by inserting '', and specify the minimum requirements of an affidavit to be used for the voluntary acknowledgment of paternity which shall include the social security number of each parent and, after consultation with the States, other common elements as determined by such designee'' before the semicolon.

(c) CONFORMING AMENDMENT.—Section 468 (42 U.S.C. 668) is amended by striking ''a simple civil process for voluntarily acknowledging paternity and''.

SEC. 4332. OUTREACH FOR VOLUNTARY PATERNITY ESTABLISHMENT.

Section 454(23) (42 U.S.C. 654(23)) is amended by inserting ''and will publicize the availability and encourage the use of procedures for voluntary establishment of paternity and

child support by means the State deems appropriate'' before the semicolon.

SEC. 4333. COOPERATION BY APPLICANTS FOR AND RECIPIENTS OF PART A ASSISTANCE.

Section 454 (42 U.S.C. 654), as amended by sections 4301(b), 4303(a), 4312(a), and 4313(a) of this Act, is amended—

(1) by striking ''and'' at the end of paragraph (27);

(2) by striking the period at the end of paragraph (28) and inserting ''; and''; and

(3) by inserting after paragraph (28) the following new paragraph:

''(29) provide that the State agency responsible for administering the State plan—

''(A) shall make the determination (and redetermination at appropriate intervals) as to whether an individual who has applied for or is receiving assistance under the State program funded under part A of this title or the State program under title XIX is cooperating in good faith with the State in establishing the paternity of, or in establishing, modifying, or enforcing a support order for, any child of the individual by providing the State agency with the name of, and such other information as the State agency may require with respect to, the noncustodial parent of the child, subject to good cause and other exceptions which—

''(i) shall be defined, taking into account the best interests of the child, and

''(ii) shall be applied in each case,

by, at the option of the State, the State agency administering the State program under part A, this part, or title XIX;

''(B) shall require the individual to supply additional necessary information and appear at interviews, hearings, and legal proceedings;

''(C) shall require the individual and the child to submit to genetic tests pursuant to judicial or administrative order;

''(D) may request that the individual sign a voluntary acknowledgment of paternity, after notice of the rights and consequences of such an acknowledgment, but may not require the individual to sign an acknowledgment or otherwise relinquish the right to genetic tests as a condition of cooperation and eligibility for assistance under the State program funded under part A, or the State program under title XIX; and

''(E) shall promptly notify the individual, the State agency administering the State program funded under part A, and the State agency administering the State program under title XIX, of each such determination, and if noncooperation is determined, the basis therefor.''.

CHAPTER 5—PROGRAM ADMINISTRATION AND FUNDING

SEC. 4341. PERFORMANCE-BASED INCENTIVES AND PENALTIES.

(a) DEVELOPMENT OF NEW SYSTEM.—The Secretary of Health and Human Services, in consultation with State directors of programs under part D of title IV of the Social Security Act, shall develop a new incentive system to replace, in a revenue neutral manner, the system under section 458 of such Act. The new system shall provide additional payments to any State based on such State's performance under such a program. Not later than November 1, 1996, the Secretary shall report on the new system to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate.

(b) CONFORMING AMENDMENTS TO PRESENT SYSTEM.—Section 458 (42 U.S.C. 658) is amended—

(1) in subsection (a), by striking ''aid to families with dependent children under a State plan approved under part A of this title'' and inserting ''assistance under a program funded under part A'';

(2) in subsection (b)(1)(A), by striking ''section 402(a)(26)'' and inserting ''section 408(a)(4)'';

(3) in subsections (b) and (c)—

(A) by striking ''AFDC collections'' each place it appears and inserting ''title IV–A collections'', and

(B) by striking ''non-AFDC collections'' each place it appears and inserting ''non-title IV–A collections''; and

(4) in subsection (c), by striking ''combined AFDC/non-AFDC administrative costs'' both places it appears and inserting ''combined title IV–A/non-title IV–A administrative costs''.

(c) CALCULATION OF PATERNITY ESTABLISHMENT PERCENTAGE.—

(1) Section 452(g)(1)(A) (42 U.S.C. 652(g)(1)(A)) is amended by striking ''75'' and inserting ''90''.

(2) Section 452(g)(1) (42 U.S.C. 652(g)(1)) is amended—

(A) by redesignating subparagraphs (B) through (E) as subparagraphs (C) through (F), respectively, and by inserting after subparagraph (A) the following new subparagraph:

''(B) for a State with a paternity establishment percentage of not less than 75 percent but less than 90 percent for such fiscal year, the paternity establishment percentage of the State for the immediately preceding fiscal year plus 2 percentage points;''; and

(B) by adding at the end the following new flush sentence:

''In determining compliance under this section, a State may use as its paternity establishment percentage either the State's IV–D paternity establishment percentage (as defined in paragraph (2)(A)) or the State's statewide paternity establishment percentage (as defined in paragraph (2)(B)).''.

(3) Section 452(g)(2) (42 U.S.C. 652(g)(2)) is amended—

(A) in subparagraph (A)—

(i) in the matter preceding clause (i)—

(I) by striking ''paternity establishment percentage'' and inserting ''IV–D paternity establishment percentage''; and

(II) by striking ''(or all States, as the case may be)''; and

(ii) by striking ''and'' at the end; and

(B) by redesignating subparagraph (B) as subparagraph (C) and by inserting after subparagraph (A) the following new subparagraph:

''(B) the term 'statewide paternity establishment percentage' means, with respect to a State for a fiscal year, the ratio (expressed as a percentage) that the total number of minor children—

''(i) who have been born out of wedlock, and

''(ii) the paternity of whom has been established or acknowledged during the fiscal year,

bears to the total number of children born out of wedlock during the preceding fiscal year; and''.

(4) Section 452(g)(3) (42 U.S.C. 652(g)(3)) is amended—

(A) by striking subparagraph (A) and redesignating subparagraphs (B) and (C) as subparagraphs (A) and (B), respectively; and

(B) in subparagraph (A) (as so redesignated), by striking ''the percentage of children born out-of-wedlock in a State'' and inserting ''the percentage of children in a State who are born out of wedlock or for whom support has not been established''.

(d) EFFECTIVE DATES.—

(1) INCENTIVE ADJUSTMENTS.—

(A) IN GENERAL.—The system developed under subsection (a) and the amendments made by subsection (b) shall become effective on October 1, 1998, except to the extent provided in subparagraph (B).

(B) APPLICATION OF SECTION 458.—Section 458 of the Social Security Act, as in effect on the day before the date of the enactment of this section, shall be effective for purposes of incentive payments to States for fiscal years before fiscal year 1999.

(2) PENALTY REDUCTIONS.—The amendments made by subsection (c) shall become effective with respect to calendar quarters beginning on or after the date of the enactment of this Act.

SEC. 4342. FEDERAL AND STATE REVIEWS AND AUDITS.

(a) STATE AGENCY ACTIVITIES.—Section 454 (42 U.S.C. 654) is amended—

(1) in paragraph (14), by striking ''(14)'' and inserting ''(14)(A)'';

(2) by redesignating paragraph (15) as subparagraph (B) of paragraph (14); and

(3) by inserting after paragraph (14) the following new paragraph:

''(15) provide for—

''(A) a process for annual reviews of and reports to the Secretary on the State program operated under the State plan approved under this part, including such information as may be necessary to measure State compliance with Federal requirements for expedited procedures, using such standards and procedures as are required by the Secretary, under which the State agency will determine the extent to which the program is operated in compliance with this part; and

''(B) a process of extracting from the automated data processing system required by paragraph (16) and transmitting to the Secretary data and calculations concerning the levels of accomplishment (and rates of improvement) with respect to applicable performance indicators (including paternity establishment percentages) to the extent necessary for purposes of sections 452(g) and 458;''.

(b) FEDERAL ACTIVITIES.—Section 452(a)(4) (42 U.S.C. 652(a)(4)) is amended to read as follows:

''(4)(A) review data and calculations transmitted by State agencies pursuant to section 454(15)(B) on State program accomplishments with respect to performance indicators for purposes of subsection (g) of this section and section 458;

''(B) review annual reports submitted pursuant to section 454(15)(A) and, as appropriate, provide to the State comments, recommendations for additional or alternative corrective actions, and technical assistance; and

''(C) conduct audits, in accordance with the Government auditing standards of the Comptroller General of the United States—

''(i) at least once every 3 years (or more frequently, in the case of a State which fails to meet the requirements of this part concerning performance standards and reliability of program data) to assess the completeness, reliability, and security of the data and the accuracy of the reporting systems used in calculating performance indicators under subsection (g) of this section and section 458;

''(ii) of the adequacy of financial management of the State program operated under the State plan approved under this part, including assessments of—

''(I) whether Federal and other funds made available to carry out the State program are being appropriately expended, and are properly and fully accounted for; and

''(II) whether collections and disbursements of support payments are carried out correctly and are fully accounted for; and

''(iii) for such other purposes as the Secretary may find necessary;''.

(c) EFFECTIVE DATE.—The amendments made by this section shall be effective with respect to calendar quarters beginning 12 months or more after the date of the enactment of this Act.

SEC. 4343. REQUIRED REPORTING PROCEDURES.

(a) ESTABLISHMENT.—Section 452(a)(5) (42 U.S.C. 652(a)(5)) is amended by inserting '', and establish procedures to be followed by States for collecting and reporting information required to be provided under this part, and establish uniform definitions (including those necessary to enable the measurement of State compliance with the requirements of this part relating to expedited processes) to be applied in following such procedures'' before the semicolon.

(b) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 654), as amended by sections 4301(b), 4303(a), 4312(a), 4313(a), and 4333 of this Act, is amended—

(1) by striking ''and'' at the end of paragraph (28);

(2) by striking the period at the end of paragraph (29) and inserting ''; and''; and

(3) by adding after paragraph (29) the following new paragraph:

''(30) provide that the State shall use the definitions established under section 452(a)(5) in collecting and reporting information as required under this part.''.

SEC. 4344. AUTOMATED DATA PROCESSING REQUIREMENTS.

(a) REVISED REQUIREMENTS.—

(1) IN GENERAL.—Section 454(16) (42 U.S.C. 654(16)) is amended—

(A) by striking '', at the option of the State,'';

(B) by inserting ''and operation by the State agency'' after ''for the establishment'';

(C) by inserting ''meeting the requirements of section 454A'' after ''information retrieval system'';

(D) by striking ''in the State and localities thereof, so as (A)'' and inserting ''so as'';

(E) by striking ''(i)''; and

(F) by striking ''(including'' and all that follows and inserting a semicolon.

(2) AUTOMATED DATA PROCESSING.—Part D of title IV (42 U.S.C. 651–669) is amended by inserting after section 454 the following new section:

''SEC. 454A. AUTOMATED DATA PROCESSING.

''(a) IN GENERAL.—In order for a State to meet the requirements of this section, the State agency administering the State program under this part shall have in operation a single statewide automated data processing and information retrieval system which has the capability to perform the tasks specified in this section with the frequency and in the manner required by or under this part.

''(b) PROGRAM MANAGEMENT.—The automated system required by this section shall perform such functions as the Secretary may specify relating to management of the State program under this part, including—

''(1) controlling and accounting for use of Federal, State, and local funds in carrying out the program; and

''(2) maintaining the data necessary to meet Federal reporting requirements under this part on a timely basis.

''(c) CALCULATION OF PERFORMANCE INDICATORS.—In order to enable the Secretary to determine the incentive payments and penalty adjustments required by sections 452(g) and 458, the State agency shall—

''(1) use the automated system—

''(A) to maintain the requisite data on State performance with respect to paternity establishment and child support enforcement in the State; and

''(B) to calculate the paternity establishment percentage for the State for each fiscal year; and

''(2) have in place systems controls to ensure the completeness and reliability of, and ready access to, the data described in paragraph (1)(A), and the accuracy of the calculations described in paragraph (1)(B).

''(d) INFORMATION INTEGRITY AND SECURITY.—The State agency shall have in effect safeguards on the integrity, accuracy, and completeness of, access to, and use of data in the automated system required by this section, which shall include the following (in addition to such other safeguards as the Secretary may specify in regulations):

''(1) POLICIES RESTRICTING ACCESS.—Written policies concerning access to data by State agency personnel, and sharing of data with other persons, which—

''(A) permit access to and use of data only to the extent necessary to carry out the State program under this part; and

''(B) specify the data which may be used for particular program purposes, and the personnel permitted access to such data.

''(2) SYSTEMS CONTROLS.—Systems controls (such as passwords or blocking of fields) to ensure strict adherence to the policies described in paragraph (1).

''(3) MONITORING OF ACCESS.—Routine monitoring of access to and use of the automated system, through methods such as audit trails and feedback mechanisms, to guard against and promptly identify unauthorized access or use.

''(4) TRAINING AND INFORMATION.—Procedures to ensure that all personnel (including State and local agency staff and contractors) who may have access to or be required to use confidential program data are informed of applicable requirements and penalties (including those in section 6103 of the Internal Revenue Code of 1986), and are adequately trained in security procedures.

''(5) PENALTIES.—Administrative penalties (up to and including dismissal from employment) for unauthorized access to, or disclosure or use of, confidential data.''.

(3) REGULATIONS.—The Secretary of Health and Human Services shall prescribe final regulations for implementation of section 454A of the Social Security Act not later than 2 years after the date of the enactment of this Act.

(4) IMPLEMENTATION TIMETABLE.—Section 454(24) (42 U.S.C. 654(24)), as amended by section 4303(a)(1) of this Act, is amended to read as follows:

''(24) provide that the State will have in effect an automated data processing and information retrieval system—

''(A) by October 1, 1997, which meets all requirements of this part which were enacted on or before the date of enactment of the Family Support Act of 1988, and

''(B) by October 1, 1999, which meets all requirements of this part enacted on or before the date of the enactment of the Personal Responsibility and Work Opportunity Act of 1996, except that such deadline shall be extended by 1 day for each day (if any) by which the Secretary fails to meet the deadline imposed by section 4344(a)(3) of the Personal Responsibility and Work Opportunity Act of 1996;''.

(b) SPECIAL FEDERAL MATCHING RATE FOR DEVELOPMENT COSTS OF AUTOMATED SYSTEMS.—

(1) IN GENERAL.—Section 455(a) (42 U.S.C. 655(a)) is amended—

(A) in paragraph (1)(B)—

(i) by striking ''90 percent'' and inserting ''the percent specified in paragraph (3)'';

(ii) by striking ''so much of''; and

(iii) by striking ''which the Secretary'' and all that follows and inserting '', and''; and

(B) by adding at the end the following new paragraph:

''(3)(A) The Secretary shall pay to each State, for each quarter in fiscal years 1996 and 1997, 90 percent of so much of the State expenditures described in paragraph (1)(B) as the Secretary finds are for a system meeting the requirements specified in section 454(16) (as in effect on September 30, 1995) but limited to the amount approved for States in the advance planning documents of such States submitted on or before September 30, 1995.

''(B)(i) The Secretary shall pay to each State, for each quarter in fiscal years 1996 through 2001, the percentage specified in clause (ii) of so much of the State expenditures described in paragraph (1)(B) as the Secretary finds are for a system meeting the requirements of sections 454(16) and 454A.

''(ii) The percentage specified in this clause is 80 percent.''.

(2) TEMPORARY LIMITATION ON PAYMENTS UNDER SPECIAL FEDERAL MATCHING RATE.—

(A) IN GENERAL.—The Secretary of Health and Human Services may not pay more than $400,000,000 in the aggregate under section 455(a)(3)(B) of the Social Security Act for fiscal years 1996 through 2001.

(B) ALLOCATION OF LIMITATION AMONG STATES.—The total amount payable to a State under section 455(a)(3)(B) of such Act for fiscal years 1996 through 2001 shall not exceed the limitation determined for the State by the Secretary of Health and Human Services in regulations.

(C) ALLOCATION FORMULA.—The regulations referred to in subparagraph (B) shall prescribe a formula for allocating the amount specified in subparagraph (A) among States with plans approved under part D of title IV of the Social Security Act, which shall take into account—

(i) the relative size of State caseloads under such part; and

(ii) the level of automation needed to meet the automated data processing requirements of such part.

(c) CONFORMING AMENDMENT.—Section 123(c) of the Family Support Act of 1988 (102 Stat. 2352; Public Law 100–485) is repealed.

SEC. 4345. TECHNICAL ASSISTANCE.

(a) FOR TRAINING OF FEDERAL AND STATE STAFF, RESEARCH AND DEMONSTRATION PROGRAMS, AND SPECIAL PROJECTS OF REGIONAL OR NATIONAL SIGNIFICANCE.—Section 452 (42 U.S.C. 652) is amended by adding at the end the following new subsection:

''(j) Out of any money in the Treasury of the United States not otherwise appropriated, there is hereby appropriated to the Secretary for each fiscal year an amount equal to 1 percent of the total amount paid to the Federal Government pursuant to section 457(a) during the immediately preceding fiscal year (as determined on the basis of the most recent reliable data available to the Secretary as of the end of the 3rd calendar quarter following the end of such preceding fiscal year), to cover costs incurred by the Secretary for—

''(1) information dissemination and technical assistance to States, training of State and Federal staff, staffing studies, and related activities needed to improve programs under this part (including technical assistance concerning State automated systems required by this part); and

''(2) research, demonstration, and special projects of regional or national significance relating to the operation of State programs under this part.

The amount appropriated under this subsection shall remain available until expended.''.

(b) OPERATION OF FEDERAL PARENT LOCATOR SERVICE.—Section 453 (42 U.S.C. 653), as amended by section 4316 of this Act, is amended by adding at the end the following new subsection:

''(o) RECOVERY OF COSTS.—Out of any money in the Treasury of the United States not otherwise appropriated, there is hereby appropriated to the Secretary for each fiscal year an amount equal to 2 percent of the total amount paid to the Federal Government pursuant to section 457(a) during the immediately preceding fiscal year (as determined on the basis of the most recent reliable data available to the Secretary as of the

end of the 3rd calendar quarter following the end of such preceding fiscal year), to cover costs incurred by the Secretary for operation of the Federal Parent Locator Service under this section, to the extent such costs are not recovered through user fees.''.

SEC. 4346. REPORTS AND DATA COLLECTION BY THE SECRETARY.

(a) ANNUAL REPORT TO CONGRESS.—

(1) Section 452(a)(10)(A) (42 U.S.C. 652(a)(10)(A)) is amended—

(A) by striking ''this part;'' and inserting ''this part, including—''; and

(B) by adding at the end the following new clauses:

''(i) the total amount of child support payments collected as a result of services furnished during the fiscal year to individuals receiving services under this part;

''(ii) the cost to the States and to the Federal Government of so furnishing the services; and

''(iii) the number of cases involving families—

''(I) who became ineligible for assistance under State programs funded under part A during a month in the fiscal year; and

''(II) with respect to whom a child support payment was received in the month;''.

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

(A) in the matter preceding clause (i)—

(i) by striking ''with the data required under each clause being separately stated for cases'' and inserting ''separately stated for cases'';

(ii) by striking ''cases where the child was formerly receiving'' and inserting ''or formerly received'';

(iii) by inserting ''or 1912'' after ''471(a)(17)''; and

(iv) by inserting ''for'' before ''all other'';

(B) in each of clauses (i) and (ii), by striking '', and the total amount of such obligations'';

(C) in clause (iii), by striking ''described in'' and all that follows and inserting ''in which support was collected during the fiscal year;'';

(D) by striking clause (iv); and

(E) by redesignating clause (v) as clause (vii), and inserting after clause (iii) the following new clauses:

''(iv) the total amount of support collected during such fiscal year and distributed as current support;

''(v) the total amount of support collected during such fiscal year and distributed as arrearages;

''(vi) the total amount of support due and unpaid for all fiscal years; and''.

(3) Section 452(a)(10)(G) (42 U.S.C. 652(a)(10)(G)) is amended by striking ''on the use of Federal courts and''.

(4) Section 452(a)(10) (42 U.S.C. 652(a)(10)) is amended—

(A) in subparagraph (H), by striking ''and'';

(B) in subparagraph (I), by striking the period and inserting ''; and''; and

(C) by inserting after subparagraph (I) the following new subparagraph:

''(J) compliance, by State, with the standards established pursuant to subsections (h) and (i).''.

(5) Section 452(a)(10) (42 U.S.C. 652(a)(10)) is amended by striking ''The information contained in any such report under subpargraph (A)'' and all that follows through ''the State plan approved under part A.''.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall be effective with respect to fiscal year 1997 and succeeding fiscal years.

SEC. 4347. CHILD SUPPORT DELINQUENCY PENALTY.

Section 454 (42 U.S.C. 654), as amended by sections 4301(b), 4303(a), 4312(a), 4313(a), 4333, and 4343(b) of this Act, is amended—

(1) by striking ''and'' at the end of paragraph (29);

(2) by striking the period at the end of paragraph (30) and inserting ''; and''; and

(3) by adding after paragraph (30) the following new paragraph:

''(31) provide that the State shall have in effect such laws and procedures as may be necessary to ensure that—

''(A) any person who, at the end of any calendar year, is delinquent in the payment of child support is civilly liable to the State for a penalty in an amount equal to 10 percent of the amount of the delinquency (excluding any delinquency of the person with respect to which a penalty has been imposed pursuant to this paragraph for a prior calendar year); and

''(B) the State shall apply amounts collected from a person described in subparagraph (A) to the payment of penalties imposed pursuant to subparagraph (A), after all child support delinquencies of the person have been extinguished and the person has repaid the State for all public assistance provided to the person owed such support, and shall remit to the Federal Government an amount equal to 50 percent of the amount applied to the payment of such penalties.''

CHAPTER 6—ESTABLISHMENT AND MODIFICATION OF SUPPORT ORDERS

SEC. 4351. SIMPLIFIED PROCESS FOR REVIEW AND ADJUSTMENT OF CHILD SUPPORT ORDERS.

Section 466(a)(10) (42 U.S.C. 666(a)(10)) is amended to read as follows:

''(10) REVIEW AND ADJUSTMENT OF SUPPORT ORDERS UPON REQUEST.—

''(A) IN GENERAL.—Procedures under which—

''(i) upon the request of either parent, the State shall review and, as appropriate, adjust each support order being enforced under this part, taking into account the best interests of the child involved; and

''(ii) upon the State's own initiative, the State may review and, if appropriate, adjust any support order being enforced under this part with respect to which there is an assignment under part A, taking into account the best interests of the child involved.Such procedures shall provide the following:

''(B) METHODS OF ADJUSTMENT.—Such procedures shall provide that the State may elect to review and, if appropriate, adjust an order—

''(i) by reviewing and, if appropriate, adjusting the order in accordance with the guidelines established pursuant to section 467(a) if the amount of the child support award under the order differs from the amount that would be awarded in accordance with the guidelines;

''(ii) by applying a cost-of-living adjustment to the order in accordance with a formula developed by the State and permit either party to contest the adjustment, within 30 days after the date of the notice of the adjustment, by making a request for review and, if appropriate, adjustment of the order in accordance with the child support guidelines established pursuant to section 467(a); or

''(iii) by using automated methods (including automated comparisons with wage or State income tax data) to identify orders eligible for review, conduct the review, identify orders eligible for adjustment, and apply the appropriate adjustment to the orders eligible for adjustment under the threshold established by the State.

''(C) NO PROOF OF CHANGE IN CIRCUMSTANCES NECESSARY.—Such procedures shall provide that any adjustment under this paragraph shall be made without a requirement for proof or showing of a change in circumstances.

''(D) NOTICE OF RIGHT TO REVIEW.—Such procedures shall require the State to provide notice not less than once every 3 years to the parents subject to an order being enforced under this part informing them of their right to request the State to review and, if appropriate, adjust the order pursuant to this paragraph. The notice may be included in the order.''.

SEC. 4352. FURNISHING CONSUMER REPORTS FOR CERTAIN PURPOSES RELATING TO CHILD SUPPORT.

Section 604 of the Fair Credit Reporting Act (15 U.S.C. 1681b) is amended by adding at the end the following new paragraphs:

''(4) In response to a request by the head of a State or local child support enforcement agency (or a State or local government official authorized by the head of such an agency), if the person making the request certifies to the consumer reporting agency that—

''(A) the consumer report is needed for the purpose of establishing an individual's capacity to make child support payments or determining the appropriate level of such payments;

''(B) the paternity of the consumer for the child to which the obligation relates has been established or acknowledged by the consumer in accordance with State laws under which the obligation arises (if required by those laws);

''(C) the person has provided at least 10 days' prior notice to the consumer whose report is requested, by certified or registered mail to the last known address of the consumer, that the report will be requested; and

''(D) the consumer report will be kept confidential, will be used solely for a purpose described in subparagraph (A), and will not be used in connection with any other civil, administrative, or criminal proceeding, or for any other purpose.

''(5) To an agency administering a State plan under section 454 of the Social Security Act (42 U.S.C. 654) for use to set an initial or modified child support award.''.

SEC. 4353. NONLIABILITY FOR FINANCIAL INSTITUTIONS PROVIDING FINANCIAL RECORDS TO STATE CHILD SUPPORT ENFORCEMENT AGENCIES IN CHILD SUPPORT CASES.

Part D of title IV (42 U.S.C. 651–669) is amended by adding at the end the following:

''SEC. 469A. NONLIABILITY FOR FINANCIAL INSTITUTIONS PROVIDING FINANCIAL RECORDS TO STATE CHILD SUPPORT ENFORCEMENT AGENCIES IN CHILD SUPPORT CASES.

''(a) IN GENERAL.—Notwithstanding any other provision of Federal or State law, a financial institution shall not be liable under any Federal or State law to any person for disclosing any financial record of an individual to a State child support enforcement agency attempting to establish, modify, or enforce a child support obligation of such individual.

''(b) PROHIBITION OF DISCLOSURE OF FINANCIAL RECORD OBTAINED BY STATE CHILD SUPPORT ENFORCEMENT AGENCY.—A State child support enforcement agency which obtains a financial record of an individual from a financial institution pursuant to subsection (a) may disclose such financial record only for the purpose of, and to the extent necessary in, establishing, modifying, or enforcing a child support obligation of such individual.

''(c) CIVIL DAMAGES FOR UNAUTHORIZED DISCLOSURE.—

''(1) DISCLOSURE BY STATE OFFICER OR EMPLOYEE.—If any person knowingly, or by reason of negligence, discloses a financial record of an individual in violation of subsection (b), such individual may bring a civil

action for damages against such person in a district court of the United States.

''(2) NO LIABILITY FOR GOOD FAITH BUT ERRONEOUS INTERPRETATION.—No liability shall arise under this subsection with respect to any disclosure which results from a good faith, but erroneous, interpretation of subsection (b).

''(3) DAMAGES.—In any action brought under paragraph (1), upon a finding of liability on the part of the defendant, the defendant shall be liable to the plaintiff in an amount equal to the sum of—

''(A) the greater of—

''(i) $1,000 for each act of unauthorized disclosure of a financial record with respect to which such defendant is found liable; or

''(ii) the sum of—

''(I) the actual damages sustained by the plaintiff as a result of such unauthorized disclosure; plus

''(II) in the case of a willful disclosure or a disclosure which is the result of gross negligence, punitive damages; plus

''(B) the costs (including attorney's fees) of the action.

''(d) DEFINITIONS.—For purposes of this section—

''(1) FINANCIAL INSTITUTION.—The term 'financial institution' means—

''(A) a depository institution, as defined in section 3(c) of the Federal Deposit Insurance Act (12 U.S.C. 1813(c));

''(B) an institution-affiliated party, as defined in section 3(u) of such Act (12 U.S.C. 1813(u));

''(C) any Federal credit union or State credit union, as defined in section 101 of the Federal Credit Union Act (12 U.S.C. 1752), including an institution-affiliated party of such a credit union, as defined in section 206(r) of such Act (12 U.S.C. 1786(r)); and

''(D) any benefit association, insurance company, safe deposit company, money-market mutual fund, or similar entity authorized to do business in the State.

''(2) FINANCIAL RECORD.—The term 'financial record' has the meaning given such term in section 1101 of the Right to Financial Privacy Act of 1978 (12 U.S.C. 3401).''.

CHAPTER 7—ENFORCEMENT OF SUPPORT ORDERS

SEC. 4361. INTERNAL REVENUE SERVICE COLLECTION OF ARREARAGES.

(a) COLLECTION OF FEES.—Section 6305(a) of the Internal Revenue Code of 1986 (relating to collection of certain liability) is amended—

(1) by striking ''and'' at the end of paragraph (3);

(2) by striking the period at the end of paragraph (4) and inserting '', and'';

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

''(5) no additional fee may be assessed for adjustments to an amount previously certified pursuant to such section 452(b) with respect to the same obligor.''; and

(4) by striking ''Secretary of Health, Education, and Welfare'' each place it appears and inserting ''Secretary of Health and Human Services''.

(b) EFFECTIVE DATE.—The amendments made by this section shall become effective October 1, 1997.

SEC. 4362. AUTHORITY TO COLLECT SUPPORT FROM FEDERAL EMPLOYEES.

(a) CONSOLIDATION AND STREAMLINING OF AUTHORITIES.—Section 459 (42 U.S.C. 659) is amended to read as follows:

''SEC. 459. CONSENT BY THE UNITED STATES TO INCOME WITHHOLDING, GARNISHMENT, AND SIMILAR PROCEEDINGS FOR ENFORCEMENT OF CHILD SUPPORT AND ALIMONY OBLIGATIONS.

''(a) CONSENT TO SUPPORT ENFORCEMENT.—Notwithstanding any other provision of law (including section 207 of this Act and section 5301 of title 38, United States Code), effective January 1, 1975, moneys (the entitlement to which is based upon remuneration for employment) due from, or payable by, the United States or the District of Columbia (including any agency, subdivision, or instrumentality thereof) to any individual, including members of the Armed Forces of the United States, shall be subject, in like manner and to the same extent as if the United States or the District of Columbia were a private person, to withholding in accordance with State law enacted pursuant to subsections (a)(1) and (b) of section 466 and regulations of the Secretary under such subsections, and to any other legal process brought, by a State agency administering a program under a State plan approved under this part or by an individual obligee, to enforce the legal obligation of the individual to provide child support or alimony.

''(b) CONSENT TO REQUIREMENTS APPLICABLE TO PRIVATE PERSON.—With respect to notice to withhold income pursuant to subsection (a)(1) or (b) of section 466, or any other order or process to enforce support obligations against an individual (if the order or process contains or is accompanied by sufficient data to permit prompt identification of the individual and the moneys involved), each governmental entity specified in subsection (a) shall be subject to the same requirements as would apply if the entity were a private person, except as otherwise provided in this section.

''(c) DESIGNATION OF AGENT; RESPONSE TO NOTICE OR PROCESS—

''(1) DESIGNATION OF AGENT.—The head of each agency subject to this section shall—

''(A) designate an agent or agents to receive orders and accept service of process in matters relating to child support or alimony; and

''(B) annually publish in the Federal Register the designation of the agent or agents, identified by title or position, mailing address, and telephone number.

''(2) RESPONSE TO NOTICE OR PROCESS.—If an agent designated pursuant to paragraph (1) of this subsection receives notice pursuant to State procedures in effect pursuant to subsection (a)(1) or (b) of section 466, or is effectively served with any order, process, or interrogatory, with respect to an individual's child support or alimony payment obligations, the agent shall—

''(A) as soon as possible (but not later than 15 days) thereafter, send written notice of the notice or service (together with a copy of the notice or service) to the individual at the duty station or last-known home address of the individual;

''(B) within 30 days (or such longer period as may be prescribed by applicable State law) after receipt of a notice pursuant to such State procedures, comply with all applicable provisions of section 466; and

''(C) within 30 days (or such longer period as may be prescribed by applicable State law) after effective service of any other such order, process, or interrogatory, respond to the order, process, or interrogatory.

''(d) PRIORITY OF CLAIMS.—If a governmental entity specified in subsection (a) receives notice or is served with process, as provided in this section, concerning amounts owed by an individual to more than 1 person—

''(1) support collection under section 466(b) must be given priority over any other process, as provided in section 466(b)(7);

''(2) allocation of moneys due or payable to an individual among claimants under section 466(b) shall be governed by section 466(b) and the regulations prescribed under such section; and

''(3) such moneys as remain after compliance with paragraphs (1) and (2) shall be available to satisfy any other such processes on a first-come, first-served basis, with any such process being satisfied out of such moneys as remain after the satisfaction of all such processes which have been previously served.

''(e) NO REQUIREMENT TO VARY PAY CYCLES.—A governmental entity that is affected by legal process served for the enforcement of an individual's child support or alimony payment obligations shall not be required to vary its normal pay and disbursement cycle in order to comply with the legal process.

''(f) RELIEF FROM LIABILITY.—

''(1) Neither the United States, nor the government of the District of Columbia, nor any disbursing officer shall be liable with respect to any payment made from moneys due or payable from the United States to any individual pursuant to legal process regular on its face, if the payment is made in accordance with this section and the regulations issued to carry out this section.

''(2) No Federal employee whose duties include taking actions necessary to comply with the requirements of subsection (a) with regard to any individual shall be subject under any law to any disciplinary action or civil or criminal liability or penalty for, or on account of, any disclosure of information made by the employee in connection with the carrying out of such actions.

''(g) REGULATIONS.—Authority to promulgate regulations for the implementation of this section shall, insofar as this section applies to moneys due from (or payable by)—

''(1) the United States (other than the legislative or judicial branches of the Federal Government) or the government of the District of Columbia, be vested in the President (or the designee of the President);

''(2) the legislative branch of the Federal Government, be vested jointly in the President pro tempore of the Senate and the Speaker of the House of Representatives (or their designees), and

''(3) the judicial branch of the Federal Government, be vested in the Chief Justice of the United States (or the designee of the Chief Justice).

''(h) MONEYS SUBJECT TO PROCESS.—

''(1) IN GENERAL.—Subject to paragraph (2), moneys paid or payable to an individual which are considered to be based upon remuneration for employment, for purposes of this section—

''(A) consist of—

''(i) compensation paid or payable for personal services of the individual, whether the compensation is denominated as wages, salary, commission, bonus, pay, allowances, or otherwise (including severance pay, sick pay, and incentive pay);

''(ii) periodic benefits (including a periodic benefit as defined in section 228(h)(3)) or other payments—

''(I) under the insurance system established by title II;

''(II) under any other system or fund established by the United States which provides for the payment of pensions, retirement or retired pay, annuities, dependents' or survivors' benefits, or similar amounts payable on account of personal services performed by the individual or any other individual;

''(III) as compensation for death under any Federal program;

''(IV) under any Federal program established to provide 'black lung' benefits; or

''(V) by the Secretary of Veterans Affairs as compensation for a service-connected disability paid by the Secretary to a former member of the Armed Forces who is in receipt of retired or retainer pay if the former member has waived a portion of the retired or retainer pay in order to receive such compensation; and

''(iii) worker's compensation benefits paid under Federal or State law but

''(B) do not include any payment—

''(i) by way of reimbursement or otherwise, to defray expenses incurred by the individual in carrying out duties associated with the employment of the individual; or

''(ii) as allowances for members of the uniformed services payable pursuant to chapter 7 of title 37, United States Code, as prescribed by the Secretaries concerned (defined by section 101(5) of such title) as necessary for the efficient performance of duty.

''(2) CERTAIN AMOUNTS EXCLUDED.—In determining the amount of any moneys due from, or payable by, the United States to any individual, there shall be excluded amounts which—

''(A) are owed by the individual to the United States;

''(B) are required by law to be, and are, deducted from the remuneration or other payment involved, including Federal employment taxes, and fines and forfeitures ordered by court-martial;

''(C) are properly withheld for Federal, State, or local income tax purposes, if the withholding of the amounts is authorized or required by law and if amounts withheld are not greater than would be the case if the individual claimed all dependents to which he was entitled (the withholding of additional amounts pursuant to section 3402(i) of the Internal Revenue Code of 1986 may be permitted only when the individual presents evidence of a tax obligation which supports the additional withholding);

''(D) are deducted as health insurance premiums;

''(E) are deducted as normal retirement contributions (not including amounts deducted for supplementary coverage); or

''(F) are deducted as normal life insurance premiums from salary or other remuneration for employment (not including amounts deducted for supplementary coverage).

''(i) DEFINITIONS.—For purposes of this section—

''(1) UNITED STATES.—The term 'United States' includes any department, agency, or instrumentality of the legislative, judicial, or executive branch of the Federal Government, the United States Postal Service, the Postal Rate Commission, any Federal corporation created by an Act of Congress that is wholly owned by the Federal Government, and the governments of the territories and possessions of the United States.

''(2) CHILD SUPPORT.—The term 'child support', when used in reference to the legal obligations of an individual to provide such support, means amounts required to be paid under a judgment, decree, or order, whether temporary, final, or subject to modification, issued by a court or an administrative agency of competent jurisdiction, for the support and maintenance of a child, including a child who has attained the age of majority under the law of the issuing State, or a child and the parent with whom the child is living, which provides for monetary support, health care, arrearages or reimbursement, and which may include other related costs and fees, interest and penalties, income withholding, attorney's fees, and other relief.

''(3) ALIMONY.—

''(A) IN GENERAL.—The term 'alimony', when used in reference to the legal obligations of an individual to provide the same, means periodic payments of funds for the support and maintenance of the spouse (or former spouse) of the individual, and (subject to and in accordance with State law) includes separate maintenance, alimony pendente lite, maintenance, and spousal support, and includes attorney's fees, interest, and court costs when and to the extent that the same are expressly made recoverable as such pursuant to a decree, order, or judgment issued in accordance with applicable State law by a court of competent jurisdiction.

''(B) EXCEPTIONS.—Such term does not include—

''(i) any child support; or

''(ii) any payment or transfer of property or its value by an individual to the spouse or a former spouse of the individual in compliance with any community property settlement, equitable distribution of property, or other division of property between spouses or former spouses.

''(4) PRIVATE PERSON.—The term 'private person' means a person who does not have sovereign or other special immunity or privilege which causes the person not to be subject to legal process.

''(5) LEGAL PROCESS.—The term 'legal process' means any writ, order, summons, or other similar process in the nature of garnishment—

''(A) which is issued by—

''(i) a court or an administrative agency of competent jurisdiction in any State, territory, or possession of the United States;

''(ii) a court or an administrative agency of competent jurisdiction in any foreign country with which the United States has entered into an agreement which requires the United States to honor the process; or

''(iii) an authorized official pursuant to an order of such a court or an administrative agency of competent jurisdiction or pursuant to State or local law; and

''(B) which is directed to, and the purpose of which is to compel, a governmental entity which holds moneys which are otherwise payable to an individual to make a payment from the moneys to another party in order to satisfy a legal obligation of the individual to provide child support or make alimony payments.''.

(b) CONFORMING AMENDMENTS.—

(1) TO PART D OF TITLE IV.—Sections 461 and 462 (42 U.S.C. 661 and 662) are repealed.

(2) TO TITLE 5, UNITED STATES CODE.—Section 5520a of title 5, United States Code, is amended, in subsections (h)(2) and (i), by striking ''sections 459, 461, and 462 of the Social Security Act (42 U.S.C. 659, 661, and 662)'' and inserting ''section 459 of the Social Security Act (42 U.S.C. 659)''.

(c) MILITARY RETIRED AND RETAINER PAY.—

(1) DEFINITION OF COURT.—Section 1408(a)(1) of title 10, United States Code, is amended—

(A) by striking ''and'' at the end of subparagraph (B);

(B) by striking the period at the end of subparagraph (C) and inserting ''; and''; and

(C) by adding after subparagraph (C) the following new subparagraph:

''(D) any administrative or judicial tribunal of a State competent to enter orders for support or maintenance (including a State agency administering a program under a State plan approved under part D of title IV of the Social Security Act), and, for purposes of this subparagraph, the term 'State' includes the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa.''.

(2) DEFINITION OF COURT ORDER.—Section 1408(a)(2) of such title is amended—

(A) by inserting ''or a support order, as defined in section 453(p) of the Social Security Act (42 U.S.C. 653(p)),'' before ''which—'';

(B) in subparagraph (B)(i), by striking ''(as defined in section 462(b) of the Social Security Act (42 U.S.C. 662(b)))'' and inserting ''(as defined in section 459(i)(2) of the Social Security Act (42 U.S.C. 659(i)(2)))''; and

(C) in subparagraph (B)(ii), by striking ''(as defined in section 462(c) of the Social Security Act (42 U.S.C. 662(c)))'' and inserting ''(as defined in section 459(i)(3) of the Social Security Act (42 U.S.C. 659(i)(3)))''.

(3) PUBLIC PAYEE.—Section 1408(d) of such title is amended—

(A) in the heading, by inserting ''(OR FOR BENEFIT OF)'' before ''SPOUSE OR''; and

(B) in paragraph (1), in the 1st sentence, by inserting ''(or for the benefit of such spouse or former spouse to a State disbursement unit established pursuant to section 454B of the Social Security Act or other public payee designated by a State, in accordance with part D of title IV of the Social Security Act, as directed by court order, or as otherwise directed in accordance with such part D)'' before ''in an amount sufficient''.

(4) RELATIONSHIP TO PART D OF TITLE IV.—Section 1408 of such title is amended by adding at the end the following new subsection:

''(j) RELATIONSHIP TO OTHER LAWS.—In any case involving an order providing for payment of child support (as defined in section 459(i)(2) of the Social Security Act) by a member who has never been married to the other parent of the child, the provisions of this section shall not apply, and the case shall be subject to the provisions of section 459 of such Act.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall become effective 6 months after the date of the enactment of this Act.

SEC. 4363. ENFORCEMENT OF CHILD SUPPORT OBLIGATIONS OF MEMBERS OF THE ARMED FORCES.

(a) AVAILABILITY OF LOCATOR INFORMATION.—

(1) MAINTENANCE OF ADDRESS INFORMATION.—The Secretary of Defense shall establish a centralized personnel locator service that includes the address of each member of the Armed Forces under the jurisdiction of the Secretary. Upon request of the Secretary of Transportation, addresses for members of the Coast Guard shall be included in the centralized personnel locator service.

(2) TYPE OF ADDRESS.—

(A) RESIDENTIAL ADDRESS.—Except as provided in subparagraph (B), the address for a member of the Armed Forces shown in the locator service shall be the residential address of that member.

(B) DUTY ADDRESS.—The address for a member of the Armed Forces shown in the locator service shall be the duty address of that member in the case of a member—

(i) who is permanently assigned overseas, to a vessel, or to a routinely deployable unit; or

(ii) with respect to whom the Secretary concerned makes a determination that the member's residential address should not be disclosed due to national security or safety concerns.

(3) UPDATING OF LOCATOR INFORMATION.—Within 30 days after a member listed in the locator service establishes a new residential address (or a new duty address, in the case of a member covered by paragraph (2)(B)), the Secretary concerned shall update the locator service to indicate the new address of the member.

(4) AVAILABILITY OF INFORMATION.—The Secretary of Defense shall make information regarding the address of a member of the Armed Forces listed in the locator service available, on request, to the Federal Parent Locator Service established under section 453 of the Social Security Act.

(b) FACILITATING GRANTING OF LEAVE FOR ATTENDANCE AT HEARINGS.—

(1) REGULATIONS.—The Secretary of each military department, and the Secretary of Transportation with respect to the Coast Guard when it is not operating as a service in the Navy, shall prescribe regulations to facilitate the granting of leave to a member of the Armed Forces under the jurisdiction of that Secretary in a case in which—

(A) the leave is needed for the member to attend a hearing described in paragraph (2);

(B) the member is not serving in or with a unit deployed in a contingency operation (as defined in section 101 of title 10, United States Code); and

(C) the exigencies of military service (as determined by the Secretary concerned) do not otherwise require that such leave not be granted.

(2) COVERED HEARINGS.—Paragraph (1) applies to a hearing that is conducted by a court or pursuant to an administrative process established under State law, in connection with a civil action—

(A) to determine whether a member of the Armed Forces is a natural parent of a child; or

(B) to determine an obligation of a member of the Armed Forces to provide child support.

(3) DEFINITIONS.—For purposes of this subsection—

(A) The term ''court'' has the meaning given that term in section 1408(a) of title 10, United States Code.

(B) The term ''child support'' has the meaning given such term in section 459(i) of the Social Security Act (42 U.S.C. 659(i)).

(c) PAYMENT OF MILITARY RETIRED PAY IN COMPLIANCE WITH CHILD SUPPORT ORDERS.—

(1) DATE OF CERTIFICATION OF COURT ORDER.—Section 1408 of title 10, United States Code, as amended by section 4362(c)(4) of this Act, is amended—

(A) by redesignating subsections (i) and (j) as subsections (j) and (k), respectively; and

(B) by inserting after subsection (h) the following new subsection:

''(i) CERTIFICATION DATE.—It is not necessary that the date of a certification of the authenticity or completeness of a copy of a court order for child support received by the Secretary concerned for the purposes of this section be recent in relation to the date of receipt by the Secretary.''.

(2) PAYMENTS CONSISTENT WITH ASSIGNMENTS OF RIGHTS TO STATES.—Section 1408(d)(1) of such title is amended by inserting after the 1st sentence the following new sentence: ''In the case of a spouse or former spouse who, pursuant to section 408(a)(4) of the Social Security Act (42 U.S.C. 608(a)(4)), assigns to a State the rights of the spouse or former spouse to receive support, the Secretary concerned may make the child support payments referred to in the preceding sentence to that State in amounts consistent with that assignment of rights.''.

(3) ARREARAGES OWED BY MEMBERS OF THE UNIFORMED SERVICES.—Section 1408(d) of such title is amended by adding at the end the following new paragraph:

''(6) In the case of a court order for which effective service is made on the Secretary concerned on or after the date of the enactment of this paragraph and which provides for payments from the disposable retired pay of a member to satisfy the amount of child support set forth in the order, the authority provided in paragraph (1) to make payments from the disposable retired pay of a member to satisfy the amount of child support set forth in a court order shall apply to payment of any amount of child support arrearages set forth in that order as well as to amounts of child support that currently become due.''.

(4) PAYROLL DEDUCTIONS.—The Secretary of Defense shall begin payroll deductions within 30 days after receiving notice of withholding, or for the 1st pay period that begins after such 30-day period.

SEC. 4364. VOIDING OF FRAUDULENT TRANSFERS.

Section 466 (42 U.S.C. 666), as amended by section 4321 of this Act, is amended by adding at the end the following new subsection:

''(g) LAWS VOIDING FRAUDULENT TRANSFERS.—In order to satisfy section 454(20)(A), each State must have in effect—

''(1)(A) the Uniform Fraudulent Conveyance Act of 1981;

''(B) the Uniform Fraudulent Transfer Act of 1984; or

''(C) another law, specifying indicia of fraud which create a prima facie case that a debtor transferred income or property to avoid payment to a child support creditor, which the Secretary finds affords comparable rights to child support creditors; and

''(2) procedures under which, in any case in which the State knows of a transfer by a child support debtor with respect to which such a prima facie case is established, the State must—

''(A) seek to void such transfer; or

''(B) obtain a settlement in the best interests of the child support creditor.''.

SEC. 4365. WORK REQUIREMENT FOR PERSONS OWING PAST-DUE CHILD SUPPORT.

(a) IN GENERAL.—Section 466(a) (42 U.S.C. 666(a)), as amended by sections 4315, 4317(a), and 4323 of this Act, is amended by inserting after paragraph (14) the following new paragraph:

''(15) PROCEDURES TO ENSURE THAT PERSONS OWING PAST-DUE SUPPORT WORK OR HAVE A PLAN FOR PAYMENT OF SUCH SUPPORT.—

''(A) IN GENERAL.—Procedures under which the State has the authority, in any case in which an individual owes past-due support with respect to a child receiving assistance under a State program funded under part A, to issue an order or to request that a court or an administrative process established pursuant to State law issue an order that requires the individual to—

''(i) pay such support in accordance with a plan approved by the court, or, at the option of the State, a plan approved by the State agency administering the State program under this part; or

''(ii) if the individual is subject to such a plan and is not incapacitated, participate in such work activities (as defined in section 407(d)) as the court, or, at the option of the State, the State agency administering the State program under this part, deems appropriate.

''(B) PAST-DUE SUPPORT DEFINED.—For purposes of subparagraph (A), the term 'past-due support' means the amount of a delinquency, determined under a court order, or an order of an administrative process established under State law, for support and maintenance of a child, or of a child and the parent with whom the child is living.''.

(b) CONFORMING AMENDMENT.—The flush paragraph at the end of section 466(a) (42 U.S.C.666(a)) is amended by striking ''and (7)'' and inserting ''(7), and (15)''.

SEC. 4366. DEFINITION OF SUPPORT ORDER.

Section 453 (42 U.S.C. 653) as amended by sections 4316 and 4345(b) of this Act, is amended by adding at the end the following new subsection:

''(p) SUPPORT ORDER DEFINED.—As used in this part, the term 'support order' means a judgment, decree, or order, whether temporary, final, or subject to modification, issued by a court or an administrative agency of competent jurisdiction, for the support and maintenance of a child, including a child who has attained the age of majority under the law of the issuing State, or a child and the parent with whom the child is living, which provides for monetary support, health care, arrearages, or reimbursement, and which may include related costs and fees, interest and penalties, income withholding, attorneys' fees, and other relief.''.

SEC. 4367. REPORTING ARREARAGES TO CREDIT BUREAUS.

Section 466(a)(7) (42 U.S.C. 666(a)(7)) is amended to read as follows:

''(7) REPORTING ARREARAGES TO CREDIT BUREAUS.—

''(A) IN GENERAL.—Procedures (subject to safeguards pursuant to subparagraph (B)) requiring the State to report periodically to consumer reporting agencies (as defined in section 603(f) of the Fair Credit Reporting Act (15 U.S.C. 1681a(f)) the name of any noncustodial parent who is delinquent in the payment of support, and the amount of overdue support owed by such parent.

''(B) SAFEGUARDS.—Procedures ensuring that, in carrying out subparagraph (A), information with respect to a noncustodial parent is reported—

''(i) only after such parent has been afforded all due process required under State law, including notice and a reasonable opportunity to contest the accuracy of such information; and

''(ii) only to an entity that has furnished evidence satisfactory to the State that the entity is a consumer reporting agency (as so defined).''.

SEC. 4368. LIENS.

Section 466(a)(4) (42 U.S.C. 666(a)(4)) is amended to read as follows:

''(4) LIENS.—Procedures under which—

''(A) liens arise by operation of law against real and personal property for amounts of overdue support owed by a noncustodial parent who resides or owns property in the State; and

''(B) the State accords full faith and credit to liens described in subparagraph (A) arising in another State, when the State agency, party, or other entity seeking to enforce such a lien complies with the procedural rules relating to recording or serving liens that arise within the State, except that such rules may not require judicial notice or hearing prior to the enforcement of such a lien.''.

SEC. 4369. STATE LAW AUTHORIZING SUSPENSION OF LICENSES.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 4315, 4317(a), 4323, and 4365 of this Act, is amended by inserting after paragraph (15) the following:

''(16) AUTHORITY TO WITHHOLD OR SUSPEND LICENSES.—Procedures under which the State has (and uses in appropriate cases) authority to withhold or suspend, or to restrict the use of driver's licenses, professional and occupational licenses, and recreational licenses of individuals owing overdue support or failing, after receiving appropriate notice, to comply with subpoenas or warrants relating to paternity or child support proceedings.''.

SEC. 4370. DENIAL OF PASSPORTS FOR NONPAYMENT OF CHILD SUPPORT.

(a) HHS CERTIFICATION PROCEDURE.—

(1) SECRETARIAL RESPONSIBILITY.—Section 452 (42 U.S.C. 652), as amended by section 4345 of this Act, is amended by adding at the end the following new subsection:

''(k)(1) If the Secretary receives a certification by a State agency in accordance with the requirements of section 454(31) that an individual owes arrearages of child support in an amount exceeding $5,000, the Secretary shall transmit such certification to the Secretary of State for action (with respect to denial, revocation, or limitation of passports) pursuant to paragraph (2).

''(2) The Secretary of State shall, upon certification by the Secretary transmitted under paragraph (1), refuse to issue a passport to such individual, and may revoke, restrict, or limit a passport issued previously to such individual.

''(3) The Secretary and the Secretary of State shall not be liable to an individual for any action with respect to a certification by a State agency under this section.''.

(2) STATE AGENCY RESPONSIBILITY.—Section 454 (42 U.S.C. 654), as amended by sections 4301(b), 4303(a), 4312(b), 4313(a), 4333, 4343(b), and 4347 of this Act, is amended—

(A) by striking ''and'' at the end of paragraph (30);

(B) by striking the period at the end of paragraph (31) and inserting ''; and''; and

(C) by adding after paragraph (31) the following new paragraph:

''(32) provide that the State agency will have in effect a procedure for certifying to the Secretary, for purposes of the procedure under section 452(k), determinations that individuals owe arrearages of child support in an amount exceeding $5,000, under which procedure—

''(A) each individual concerned is afforded notice of such determination and the consequences thereof, and an opportunity to contest the determination; and

''(B) the certification by the State agency is furnished to the Secretary in such format, and accompanied by such supporting documentation, as the Secretary may require.''.

(b) EFFECTIVE DATE.—This section and the amendments made by this section shall become effective October 1, 1997.

SEC. 4371. INTERNATIONAL SUPPORT ENFORCEMENT.

(a) AUTHORITY FOR INTERNATIONAL AGREEMENTS.—Part D of title IV, as amended by section 4362(a) of this Act, is amended by adding after section 459 the following new section:

''SEC. 459A. INTERNATIONAL SUPPORT ENFORCEMENT.

''(a) AUTHORITY FOR DECLARATIONS.—

''(1) DECLARATION.—The Secretary of State, with the concurrence of the Secretary of Health and Human Services, is authorized to declare any foreign country (or a political subdivision thereof) to be a foreign reciprocating country if the foreign country has established, or undertakes to establish, procedures for the establishment and enforcement of duties of support owed to obligees who are residents of the United States, and such procedures are substantially in conformity with the standards prescribed under subsection (b).

''(2) REVOCATION.—A declaration with respect to a foreign country made pursuant to paragraph (1) may be revoked if the Secretaries of State and Health and Human Services determine that—

''(A) the procedures established by the foreign country regarding the establishment and enforcement of duties of support have been so changed, or the foreign country's implementation of such procedures is so unsatisfactory, that such procedures do not meet the criteria for such a declaration; or

''(B) continued operation of the declaration is not consistent with the purposes of this part.

''(3) FORM OF DECLARATION.—A declaration under paragraph (1) may be made in the form of an international agreement, in connection with an international agreement or corresponding foreign declaration, or on a unilateral basis.

''(b) STANDARDS FOR FOREIGN SUPPORT ENFORCEMENT PROCEDURES.—

''(1) MANDATORY ELEMENTS.—Support enforcement procedures of a foreign country which may be the subject of a declaration pursuant to subsection (a)(1) shall include the following elements:

''(A) The foreign country (or political subdivision thereof) has in effect procedures, available to residents of the United States—

''(i) for establishment of paternity, and for establishment of orders of support for children and custodial parents; and

''(ii) for enforcement of orders to provide support to children and custodial parents, including procedures for collection and appropriate distribution of support payments under such orders.

''(B) The procedures described in subparagraph (A), including legal and administrative assistance, are provided to residents of the United States at no cost.

''(C) An agency of the foreign country is designated as a Central Authority responsible for—

''(i) facilitating support enforcement in cases involving residents of the foreign country and residents of the United States; and

''(ii) ensuring compliance with the standards established pursuant to this subsection.

''(2) ADDITIONAL ELEMENTS.—The Secretary of Health and Human Services and the Secretary of State, in consultation with the States, may establish such additional standards as may be considered necessary to further the purposes of this section.

''(c) DESIGNATION OF UNITED STATES CENTRAL AUTHORITY.—It shall be the responsibility of the Secretary of Health and Human Services to facilitate support enforcement in cases involving residents of the United States and residents of foreign countries that are the subject of a declaration under this section, by activities including—

''(1) development of uniform forms and procedures for use in such cases;

''(2) notification of foreign reciprocating countries of the State of residence of individuals sought for support enforcement purposes, on the basis of information provided by the Federal Parent Locator Service; and

''(3) such other oversight, assistance, and coordination activities as the Secretary may find necessary and appropriate.

''(d) EFFECT ON OTHER LAWS.—States may enter into reciprocal arrangements for the establishment and enforcement of support obligations with foreign countries that are not the subject of a declaration pursuant to subsection (a), to the extent consistent with Federal law.''.

(b) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 654), as amended by sections 4301(b), 4303(a), 4312(b), 4313(a), 4333, 4343(b), 4347, and 4370(a)(2) of this Act, is amended—

(1) by striking ''and'' at the end of paragraph (31);

(2) by striking the period at the end of paragraph (32) and inserting ''; and''; and

(3) by adding after paragraph (32) the following new paragraph:

''(33)(A) provide that any request for services under this part by a foreign reciprocating country or a foreign country with which the State has an arrangement described in section 459A(d)(2) shall be treated as a request by a State;

''(B) provide, at State option, notwithstanding paragraph (4) or any other provision of this part, for services under the plan for enforcement of a spousal support order not described in paragraph (4)(B) entered by such a country (or subdivision); and

''(C) provide that no applications will be required from, and no costs will be assessed for such services against, the foreign reciprocating country or foreign obligee (but costs may at State option be assessed against the obligor).''.

SEC. 4372. FINANCIAL INSTITUTION DATA MATCHES.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 4315, 4317(a), 4323, 4365, and 4369 of this Act, is amended by inserting after paragraph (16) the following new paragraph:

''(17) FINANCIAL INSTITUTION DATA MATCHES.—

''(A) IN GENERAL.—Procedures under which the State agency shall enter into agreements with financial institutions doing business in the State—

''(i) to develop and operate, in coordination with such financial institutions, a data match system, using automated data exchanges to the maximum extent feasible, in which each such financial institution is required to provide for each calendar quarter the name, record address, social security number or other taxpayer identification number, and other identifying information for each noncustodial parent who maintains an account at such institution and who owes past-due support, as identified by the State by name and social security number or other taxpayer identification number; and

''(ii) in response to a notice of lien or levy, encumber or surrender, as the case may be, assets held by such institution on behalf of any noncustodial parent who is subject to a child support lien pursuant to paragraph (4).

''(B) REASONABLE FEES.—The State agency may pay a reasonable fee to a financial institution for conducting the data match provided for in subparagraph (A)(i), not to exceed the actual costs incurred by such financial institution.

''(C) LIABILITY.—A financial institution shall not be liable under any Federal or State law to any person—

''(i) for any disclosure of information to the State agency under subparagraph (A)(i);

''(ii) for encumbering or surrendering any assets held by such financial institution in response to a notice of lien or levy issued by the State agency as provided for in subparagraph (A)(ii); or

''(iii) for any other action taken in good faith to comply with the requirements of subparagraph (A).

''(D) DEFINITIONS.—For purposes of this paragraph—

''(i) FINANCIAL INSTITUTION.—The term 'financial institution' has the meaning given to such term by section 469A(d)(1).

''(ii) ACCOUNT.—The term 'account' means a demand deposit account, checking or negotiable withdrawal order account, savings account, time deposit account, or money-market mutual fund account.''.

SEC. 4373. ENFORCEMENT OF ORDERS AGAINST PATERNAL OR MATERNAL GRANDPARENTS IN CASES OF MINOR PARENTS.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 4315, 4317(a), 4323, 4365, 4369, and 4372 of this Act, is amended by inserting after paragraph (17) the following new paragraph:

''(18) ENFORCEMENT OF ORDERS AGAINST PATERNAL OR MATERNAL GRANDPARENTS.—Procedures under which, at the State's option, any child support order enforced under this part with respect to a child of minor parents, if the custodial parent of such child is receiving assistance under the State program under part A, shall be enforceable, jointly and severally, against the parents of the noncustodial parent of such child.''.

SEC. 4374. NONDISCHARGEABILITY IN BANKRUPTCY OF CERTAIN DEBTS FOR THE SUPPORT OF A CHILD.

(a) AMENDMENT TO TITLE 11 OF THE UNITED STATES CODE.—Section 523(a) of title 11, United States Code, is amended—

(1) by striking ''or'' at the end of paragraph (16);

(2) by striking the period at the end of paragraph (17) and inserting ''; or'';

(3) by adding at the end the following:

''(18) owed under State law to a State or municipality that is—

''(A) in the nature of support, and

''(B) enforceable under part D of title IV of the Social Security Act (42 U.S.C. 601 et seq.).''; and

(4) in paragraph (5), by striking ''section 402(a)(26)'' and inserting ''section 408(a)(4)''.

(b) AMENDMENT TO THE SOCIAL SECURITY ACT.—Section 456(b) (42 U.S.C. 656(b)) is amended to read as follows:

''(b) NONDISCHARGEABILITY.—A debt (as defined in section 101 of title 11 of the United States Code) owed under State law to a State (as defined in such section) or municipality (as defined in such section) that is in the nature of support and that is enforceable under

this part is not released by a discharge in bankruptcy under title 11 of the United States Code.''.

(c) APPLICATION OF AMENDMENTS.—The amendments made by this section shall apply only with respect to cases commenced under title 11 of the United States Code after the date of the enactment of this Act.

CHAPTER 8—MEDICAL SUPPORT

SEC. 4376. CORRECTION TO ERISA DEFINITION OF MEDICAL CHILD SUPPORT ORDER.

(a) IN GENERAL.—Section 609(a)(2)(B) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1169(a)(2)(B)) is amended—

(1) by striking ''issued by a court of competent jurisdiction'';

(2) by striking the period at the end of clause (ii) and inserting a comma; and

(3) by adding, after and below clause (ii), the following:

''if such judgment, decree, or order (I) is issued by a court of competent jurisdiction or (II) is issued through an administrative process established under State law and has the force and effect of law under applicable State law.''.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall take effect on the date of the enactment of this Act.

(2) PLAN AMENDMENTS NOT REQUIRED UNTIL JANUARY 1, 1997.—Any amendment to a plan required to be made by an amendment made by this section shall not be required to be made before the 1st plan year beginning on or after January 1, 1997, if—

(A) during the period after the date before the date of the enactment of this Act and before such 1st plan year, the plan is operated in accordance with the requirements of the amendments made by this section; and

(B) such plan amendment applies retroactively to the period after the date before the date of the enactment of this Act and before such 1st plan year.

A plan shall not be treated as failing to be operated in accordance with the provisions of the plan merely because it operates in accordance with this paragraph.

SEC. 4377. ENFORCEMENT OF ORDERS FOR HEALTH CARE COVERAGE.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 4315, 4317(a), 4323, 4365, 4369, 4372, and 4373 of this Act, is amended by inserting after paragraph (18) the following new paragraph:

''(19) HEALTH CARE COVERAGE.—Procedures under which all child support orders enforced pursuant to this part shall include a provision for the health care coverage of the child, and in the case in which a noncustodial parent provides such coverage and changes employment, and the new employer provides health care coverage, the State agency shall transfer notice of the provision to the employer, which notice shall operate to enroll the child in the noncustodial parent's health plan, unless the noncustodial parent contests the notice.''.

CHAPTER 9—ENHANCING RESPONSIBILITY AND OPPORTUNITY FOR NON-RESIDENTIAL PARENTS

SEC. 4381. GRANTS TO STATES FOR ACCESS AND VISITATION PROGRAMS.

Part D of title IV (42 U.S.C. 651–669), as amended by section 4353 of this Act, is amended by adding at the end the following new section:

''SEC. 469B. GRANTS TO STATES FOR ACCESS AND VISITATION PROGRAMS.

''(a) IN GENERAL.—The Administration for Children and Families shall make grants under this section to enable States to establish and administer programs to support and facilitate noncustodial parents' access to and visitation of their children, by means of activities including mediation (both voluntary and mandatory), counseling, education, development of parenting plans, visitation enforcement (including monitoring, supervision and neutral drop-off and pickup), and development of guidelines for visitation and alternative custody arrangements.

''(b) AMOUNT OF GRANT.—The amount of the grant to be made to a State under this section for a fiscal year shall be an amount equal to the lesser of—

''(1) 90 percent of State expenditures during the fiscal year for activities described in subsection (a); or

''(2) the allotment of the State under subsection (c) for the fiscal year.

''(c) ALLOTMENTS TO STATES.—

''(1) IN GENERAL.—The allotment of a State for a fiscal year is the amount that bears the same ratio to $10,000,000 for grants under this section for the fiscal year as the number of children in the State living with only 1 biological parent bears to the total number of such children in all States.

''(2) MINIMUM ALLOTMENT.—The Administration for Children and Families shall adjust allotments to States under paragraph (1) as necessary to ensure that no State is allotted less than—

''(A) $50,000 for fiscal year 1997 or 1998; or

''(B) $100,000 for any succeeding fiscal year.

''(d) NO SUPPLANTATION OF STATE EXPENDITURES FOR SIMILAR ACTIVITIES.—A State to which a grant is made under this section may not use the grant to supplant expenditures by the State for activities specified in subsection (a), but shall use the grant to supplement such expenditures at a level at least equal to the level of such expenditures for fiscal year 1995.

''(e) STATE ADMINISTRATION.—Each State to which a grant is made under this section—

''(1) may administer State programs funded with the grant, directly or through grants to or contracts with courts, local public agencies, or nonprofit private entities;

''(2) shall not be required to operate such programs on a statewide basis; and

''(3) shall monitor, evaluate, and report on such programs in accordance with regulations prescribed by the Secretary.''.

CHAPTER 10—EFFECTIVE DATES AND CONFORMING AMENDMENTS

SEC. 4391. EFFECTIVE DATES AND CONFORMING AMENDMENTS.

(a) IN GENERAL.—Except as otherwise specifically provided (but subject to subsections (b) and (c))—

(1) the provisions of this subtitle requiring the enactment or amendment of State laws under section 466 of the Social Security Act, or revision of State plans under section 454 of such Act, shall be effective with respect to periods beginning on and after October 1, 1996; and

(2) all other provisions of this subtitle shall become effective upon the date of the enactment of this Act.

(b) GRACE PERIOD FOR STATE LAW CHANGES.—The provisions of this subtitle shall become effective with respect to a State on the later of—

(1) the date specified in this subtitle, or

(2) the effective date of laws enacted by the legislature of such State implementing such provisions,

but in no event later than the 1st day of the 1st calendar quarter beginning after the close of the 1st regular session of the State legislature that begins after the date of the enactment of this Act. For purposes of the previous sentence, in the case of a State that has a 2-year legislative session, each year of such session shall be deemed to be a separate regular session of the State legislature.

(c) GRACE PERIOD FOR STATE CONSTITUTIONAL AMENDMENT.—A State shall not be found out of compliance with any requirement enacted by this subtitle if the State is unable to so comply without amending the State constitution until the earlier of—

(1) 1 year after the effective date of the necessary State constitutional amendment; or

(2) 5 years after the date of the enactment of this Act.

(d) CONFORMING AMENDMENTS.—

(1) The following provisions are amended by striking ''absent'' each place it appears and inserting ''noncustodial'':

(A) Section 451 (42 U.S.C. 651).

(B) Subsections (a)(1), (a)(8), (a)(10)(E), (a)(10)(F), (f), and (h) of section 452 (42 U.S.C. 652).

(C) Section 453(f) (42 U.S.C. 653(f)).

(D) Paragraphs (8), (13), and (21)(A) of section 454 (42 U.S.C. 654).

(E) Section 455(e)(1) (42 U.S.C. 655(e)(1)).

(F) Section 458(a) (42 U.S.C. 658(a)).

(G) Subsections (a), (b), and (c) of section 463 (42 U.S.C. 663).

(H) Subsections (a)(3)(A), (a)(3)(C), (a)(6), and (a)(8)(B)(ii), the last sentence of subsection (a), and subsections (b)(1), (b)(3)(B), (b)(3)(B)(i), (b)(6)(A)(i), (b)(9), and (e) of section 466 (42 U.S.C. 666).

(2) The following provisions are amended by striking ''an absent'' each place it appears and inserting ''a noncustodial'':

(A) Paragraphs (2) and (3) of section 453(c) (42 U.S.C. 653(c)).

(B) Subparagraphs (B) and (C) of section 454(9) (42 U.S.C. 654(9)).

(C) Section 456(a)(3) (42 U.S.C. 656(a)(3)).

(D) Subsections (a)(3)(A), (a)(6), (a)(8)(B)(i), (b)(3)(A), and (b)(3)(B) of section 466 (42 U.S.C. 666).

(E) Paragraphs (2) and (4) of section 469(b) (42 U.S.C. 669(b)).

Subtitle D—Restricting Welfare and Public Benefits for Aliens

SEC. 4400. STATEMENTS OF NATIONAL POLICY CONCERNING WELFARE AND IMMIGRATION.

The Congress makes the following statements concerning national policy with respect to welfare and immigration:

(1) Self-sufficiency has been a basic principle of United States immigration law since this country's earliest immigration statutes.

(2) It continues to be the immigration policy of the United States that—

(A) aliens within the Nation's borders not depend on public resources to meet their needs, but rather rely on their own capabilities and the resources of their families, their sponsors, and private organizations, and

(B) the availability of public benefits not constitute an incentive for immigration to the United States.

(3) Despite the principle of self-sufficiency, aliens have been applying for and receiving public benefits from Federal, State, and local governments at increasing rates.

(4) Current eligibility rules for public assistance and unenforceable financial support agreements have proved wholly incapable of assuring that individual aliens not burden the public benefits system.

(5) It is a compelling government interest to enact new rules for eligibility and sponsorship agreements in order to assure that aliens be self-reliant in accordance with national immigration policy.

(6) It is a compelling government interest to remove the incentive for illegal immigration provided by the availability of public benefits.

(7) With respect to the State authority to make determinations concerning the eligibility of qualified aliens for public benefits in this subtitle, a State that chooses to follow the Federal classification in determining the eligibility of such aliens for public assistance shall be considered to have chosen

the least restrictive means available for achieving the compelling governmental interest of assuring that aliens be self-reliant in accordance with national immigration policy.

CHAPTER 1—ELIGIBILITY FOR FEDERAL BENEFITS

SEC. 4401. ALIENS WHO ARE NOT QUALIFIED ALIENS INELIGIBLE FOR FEDERAL PUBLIC BENEFITS.

(a) IN GENERAL.—Notwithstanding any other provision of law and except as provided in subsection (b), an alien who is not a qualified alien (as defined in section 4431) is not eligible for any Federal public benefit (as defined in subsection (c)).

(b) EXCEPTIONS.—

(1) Subsection (a) shall not apply with respect to the following Federal public benefits:

(A) Emergency medical services under title XIX of the Social Security Act.

(B) Short-term, non-cash, in-kind emergency disaster relief.

(C) Public health assistance for immunizations with respect to immunizable diseases and for testing and treatment of symptoms of communicable diseases whether or not such symptoms are caused by a communicable disease.

(D) Programs, services, or assistance (such as soup kitchens, crisis counseling and intervention, and short-term shelter) specified by the Attorney General, in the Attorney General's sole and unreviewable discretion after consultation with appropriate Federal agencies and departments, which (i) deliver in-kind services at the community level, including through public or private nonprofit agencies; (ii) do not condition the provision of assistance, the amount of assistance provided, or the cost of assistance provided on the individual recipient's income or resources; and (iii) are necessary for the protection of life or safety.

(E) Programs for housing or community development assistance or financial assistance administered by the Secretary of Housing and Urban Development, any program under title V of the Housing Act of 1949, or any assistance under section 306C of the Consolidated Farm and Rural Development Act, to the extent that the alien is receiving such a benefit on the date of the enactment of this Act.

(2) Subsection (a) shall not apply to any benefit payable under title II of the Social Security Act to an alien who is lawfully present in the United States as determined by the Attorney General, to any benefit if nonpayment of such benefit would contravene an international agreement described in section 233 of the Social Security Act, to any benefit if nonpayment would be contrary to section 202(t) of the Social Security Act, or to any benefit payable under title II of the Social Security Act to which entitlement is based on an application filed in or before the month in which this Act becomes law.

(c) FEDERAL PUBLIC BENEFIT DEFINED.—

(1) Except as provided in paragraph (2), for purposes of this subtitle the term ''Federal public benefit'' means—

(A) any grant, contract, loan, professional license, or commercial license provided by an agency of the United States or by appropriated funds of the United States; and

(B) any retirement, welfare, health, disability, public or assisted housing, post-secondary education, food assistance, unemployment benefit, or any other similar benefit for which payments or assistance are provided to an individual, household, or family eligibility unit by an agency of the United States or by appropriated funds of the United States.

(2) Such term shall not apply—

(A) to any contract, professional license, or commercial license for a nonimmigrant whose visa for entry is related to such employment in the United States; or

(B) with respect to benefits for an alien who as a work authorized nonimmigrant or as an alien lawfully admitted for permanent residence under the Immigration and Nationality Act qualified for such benefits and for whom the United States under reciprocal treaty agreements is required to pay benefits, as determined by the Attorney General, after consultation with the Secretary of State.

SEC. 4402. LIMITED ELIGIBILITY OF QUALIFIED ALIENS FOR CERTAIN FEDERAL PROGRAMS.

(a) LIMITED ELIGIBILITY FOR SPECIFIED FEDERAL PROGRAMS.—

(1) IN GENERAL.—Notwithstanding any other provision of law and except as provided in paragraph (2), an alien who is a qualified alien (as defined in section 4431) is not eligible for any specified Federal program (as defined in paragraph (3)).

(2) EXCEPTIONS.—

(A) TIME-LIMITED EXCEPTION FOR REFUGEES AND ASYLEES.—Paragraph (1) shall not apply to an alien until 5 years after the date—

(i) an alien is admitted to the United States as a refugee under section 207 of the Immigration and Nationality Act;

(ii) an alien is granted asylum under section 208 of such Act; or

(iii) an alien's deportation is withheld under section 243(h) of such Act.

(B) CERTAIN PERMANENT RESIDENT ALIENS.—Paragraph (1) shall not apply to an alien who—

(i) is lawfully admitted to the United States for permanent residence under the Immigration and Nationality Act; and

(ii)(I) has worked 40 qualifying quarters of coverage as defined under title II of the Social Security Act or can be credited with such qualifying quarters as provided under section 435, and (II) did not receive any Federal means-tested public benefit (as defined in section 4403(c)) during any such quarter.

(C) VETERAN AND ACTIVE DUTY EXCEPTION.—Paragraph (1) shall not apply to an alien who is lawfully residing in any State and is—

(i) a veteran (as defined in section 101 of title 38, United States Code) with a discharge characterized as an honorable discharge and not on account of alienage,

(ii) on active duty (other than active duty for training) in the Armed Forces of the United States, or

(iii) the spouse or unmarried dependent child of an individual described in clause (i) or (ii).

(D) TRANSITION FOR ALIENS CURRENTLY RECEIVING BENEFITS.—

(i) SSI.—

(I) IN GENERAL.—With respect to the specified Federal program described in paragraph (3)(A), during the period beginning on the date of the enactment of this Act and ending on the date which is 1 year after such date of enactment, the Commissioner of Social Security shall redetermine the eligibility of any individual who is receiving benefits under such program as of the date of the enactment of this Act and whose eligibility for such benefits may terminate by reason of the provisions of this subsection.

(II) REDETERMINATION CRITERIA.— With respect to any redetermination under subclause (I), the Commissioner of Social Security shall apply the eligibility criteria for new applicants for benefits under such program.

(III) GRANDFATHER PROVISION.—The provisions of this subsection and the redetermination under subclause (I), shall only apply with respect to the benefits of an individual described in subclause (I) for months beginning on or after the date of the redetermination with respect to such individual.

(IV) NOTICE.—Not later than January 1, 1997, the Commissioner of Social Security shall notify an individual described in subclause (I) of the provisions of this clause.

(ii) FOOD STAMPS.—

(I) IN GENERAL.—With respect to the specified Federal program described in paragraph (3)(B), during the period beginning on the date of enactment of this Act and ending on the date which is 1 year after the date of enactment, the State agency shall, at the time of the recertification, recertify the eligibility of any individual who is receiving benefits under such program as of the date of enactment of this Act and whose eligibility for such benefits may terminate by reason of the provisions of this subsection.

(II) RECERTIFICATION CRITERIA.—With respect to any recertification under subclause (I), the State agency shall apply the eligibility criteria for applicants for benefits under such program.

(III) GRANDFATHER PROVISION.—The provisions of this subsection and the recertification under subclause (I) shall only apply with respect to the eligibility of an alien for a program for months beginning on or after the date of recertification, if on the date of enactment of this Act the alien is lawfully residing in any State and is receiving benefits under such program on such date of enactment.

(iii) MEDICAID.—

(I) IN GENERAL.—With respect to the specified Federal program described in paragraph (3)(C), during the period beginning on the date of enactment of this Act and ending on the date which is 1 year after the date of enactment, the State agency shall, at the time of the redetermination, redetermine the eligibility of any individual who is receiving benefits under such program as of the date of enactment of this Act and whose eligibility for such benefits may terminate by reason of the provisions of this subsection.

(II) REDETERMINATION.—With respect to any redetermination under subclause (I), the State agency shall apply the eligibility criteria for applicants for benefits under such program.

(III) GRANDFATHER PROVISION.—The provisions of this subsection and the redetermination under subclause (I) shall only apply with respect to the eligibility of an alien for a program for months beginning on or after the date of redetermination, if on the date of enactment of this Act the alien is lawfully residing in any State and is receiving benefits under such program on such date of enactment.

(3) SPECIFIED FEDERAL PROGRAM DEFINED.—For purposes of this subtitle, the term ''specified Federal program'' means any of the following:

(A) SSI.—The supplemental security income program under title XVI of the Social Security Act, including supplementary payments pursuant to an agreement for Federal administration under section 1616(a) of the Social Security Act and payments pursuant to an agreement entered into under section 212(b) of Public Law 93–66.

(B) FOOD STAMPS.—The food stamp program as defined in section 3(h) of the Food Stamp Act of 1977.

(C) MEDICAID.—A State plan approved under title XIX of the Social Security Act.

(b) LIMITED ELIGIBILITY FOR DESIGNATED FEDERAL PROGRAMS.—

(1) IN GENERAL.—Notwithstanding any other provision of law and except as provided in section 4403 and paragraph (2), a State is authorized to determine the eligibility of an alien who is a qualified alien (as defined in

section 4431) for any designated Federal program (as defined in paragraph (3)).

(2) EXCEPTIONS.—Qualified aliens under this paragraph shall be eligible for any designated Federal program.

(A) TIME-LIMITED EXCEPTION FOR REFUGEES AND ASYLEES.—

(i) An alien who is admitted to the United States as a refugee under section 207 of the Immigration and Nationality Act until 5 years after the date of an alien's entry into the United States.

(ii) An alien who is granted asylum under section 208 of such Act until 5 years after the date of such grant of asylum.

(iii) An alien whose deportation is being withheld under section 243(h) of such Act until 5 years after such withholding.

(B) CERTAIN PERMANENT RESIDENT ALIENS.—An alien who—

(i) is lawfully admitted to the United States for permanent residence under the Immigration and Nationality Act; and

(ii)(I) has worked 40 qualifying quarters of coverage as defined under title II of the Social Security Act or can be credited with such qualifying quarters as provided under section 4435, and (II) did not receive any Federal means-tested public benefit (as defined in section 4403(c)) during any such quarter.

(C) VETERAN AND ACTIVE DUTY EXCEPTION.—An alien who is lawfully residing in any State and is—

(i) a veteran (as defined in section 101 of title 38, United States Code) with a discharge characterized as an honorable discharge and not on account of alienage,

(ii) on active duty (other than active duty for training) in the Armed Forces of the United States, or

(iii) the spouse or unmarried dependent child of an individual described in clause (i) or (ii).

(D) TRANSITION FOR THOSE CURRENTLY RECEIVING BENEFITS.—An alien who on the date of the enactment of this Act is lawfully residing in any State and is receiving benefits under such program on the date of the enactment of this Act shall continue to be eligible to receive such benefits until January 1, 1997.

(3) DESIGNATED FEDERAL PROGRAM DEFINED.—For purposes of this subtitle, the term ''designated Federal program'' means any of the following:

(A) TEMPORARY ASSISTANCE FOR NEEDY FAMILIES.—The program of block grants to States for temporary assistance for needy families under part A of title IV of the Social Security Act.

(B) SOCIAL SERVICES BLOCK GRANT.—The program of block grants to States for social services under title XX of the Social Security Act.

SEC. 4403. FIVE-YEAR LIMITED ELIGIBILITY OF QUALIFIED ALIENS FOR FEDERAL MEANS-TESTED PUBLIC BENEFIT.

(a) IN GENERAL.—Notwithstanding any other provision of law and except as provided in subsection (b), an alien who is a qualified alien (as defined in section 4431) and who enters the United States on or after the date of the enactment of this Act is not eligible for any Federal means-tested public benefit (as defined in subsection (c)) for a period of five years beginning on the date of the alien's entry into the United States with a status within the meaning of the term ''qualified alien''.

(b) EXCEPTIONS.—The limitation under subsection (a) shall not apply to the following aliens:

(1) EXCEPTION FOR REFUGEES AND ASYLEES.—

(A) An alien who is admitted to the United States as a refugee under section 207 of the Immigration and Nationality Act.

(B) An alien who is granted asylum under section 208 of such Act.

(C) An alien whose deportation is being withheld under section 243(h) of such Act.

(2) VETERAN AND ACTIVE DUTY EXCEPTION.—An alien who is lawfully residing in any State and is—

(A) a veteran (as defined in section 101 of title 38, United States Code) with a discharge characterized as an honorable discharge and not on account of alienage,

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

(C) the spouse or unmarried dependent child of an individual described in subparagraph (A) or (B).

(c) FEDERAL MEANS-TESTED PUBLIC BENEFIT DEFINED.—

(1) Except as provided in paragraph (2), for purposes of this subtitle, the term ''Federal means-tested public benefit'' means a public benefit (including cash, medical, housing, and food assistance and social services) of the Federal Government in which the eligibility of an individual, household, or family eligibility unit for benefits, or the amount of such benefits, or both are determined on the basis of income, resources, or financial need of the individual, household, or unit.

(2) Such term does not include the following:

(A) Emergency medical services under title XIX of the Social Security Act.

(B) Short-term, non-cash, in-kind emergency disaster relief.

(C) Assistance or benefits under the National School Lunch Act.

(D) Assistance or benefits under the Child Nutrition Act of 1966.

(E) Public health assistance for immunizations with respect to immunizable diseases and for testing and treatment of symptoms of communicable diseases whether or not such symptoms are caused by a communicable disease.

(F) Payments for foster care and adoption assistance under parts B and E of title IV of the Social Security Act for a child who would, in the absence of subsection (a), be eligible to have such payments made on the child's behalf under such part, but only if the foster or adoptive parent or parents of such child are not described under subsection (a).

(G) Programs, services, or assistance (such as soup kitchens, crisis counseling and intervention, and short-term shelter) specified by the Attorney General, in the Attorney General's sole and unreviewable discretion after consultation with appropriate Federal agencies and departments, which (i) deliver in-kind services at the community level, including through public or private nonprofit agencies; (ii) do not condition the provision of assistance, the amount of assistance provided, or the cost of assistance provided on the individual recipient's income or resources; and (iii) are necessary for the protection of life or safety.

(H) Programs of student assistance under titles IV, V, IX, and X of the Higher Education Act of 1965.

(I) Means-tested programs under the Elementary and Secondary Education Act of 1965.

(J) Benefits under the Head Start Act.

(K) Benefits under the Job Training Partnership Act.

SEC. 4404. NOTIFICATION AND INFORMATION REPORTING.

(a) NOTIFICATION.—Each Federal agency that administers a program to which section 4401, 4402, or 4403 applies shall, directly or through the States, post information and provide general notification to the public and to program recipients of the changes regarding eligibility for any such program pursuant to this chapter.

(b) INFORMATION REPORTING UNDER TITLE IV OF THE SOCIAL SECURITY ACT.—Part A of title IV of the Social Security Act, as amended by section 4103(a) of this Act, is amended by inserting the following new section after section 411:

''SEC. 411A. STATE REQUIRED TO PROVIDE CERTAIN INFORMATION.

''Each State to which a grant is made under section 403 shall, at least 4 times annually and upon request of the Immigration and Naturalization Service, furnish the Immigration and Naturalization Service with the name and address of, and other identifying information on, any individual who the State knows is unlawfully in the United States.''.

(c) SSI.—Section 1631(e) of such Act (42 U.S.C. 1383(e)) is amended—

(1) by redesignating the paragraphs (6) and (7) inserted by sections 206(d)(2) and 206(f)(1) of the Social Security Independence and Programs Improvement Act of 1994 (Public Law 103–296; 108 Stat. 1514, 1515) as paragraphs (7) and (8), respectively; and

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

''(9) Notwithstanding any other provision of law, the Commissioner shall, at least 4 times annually and upon request of the Immigration and Naturalization Service (hereafter in this paragraph referred to as the 'Service'), furnish the Service with the name and address of, and other identifying information on, any individual who the Commissioner knows is unlawfully in the United States, and shall ensure that each agreement entered into under section 1616(a) with a State provides that the State shall furnish such information at such times with respect to any individual who the State knows is unlawfully in the United States.''.

(d) INFORMATION REPORTING FOR HOUSING PROGRAMS.—Title I of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended by adding at the end the following new section:

''SEC. 27. PROVISION OF INFORMATION TO LAW ENFORCEMENT AND OTHER AGENCIES.

''Notwithstanding any other provision of law, the Secretary shall, at least 4 times annually and upon request of the Immigration and Naturalization Service (hereafter in this section referred to as the 'Service'), furnish the Service with the name and address of, and other identifying information on, any individual who the Secretary knows is unlawfully in the United States, and shall ensure that each contract for assistance entered into under section 6 or 8 of this Act with a public housing agency provides that the public housing agency shall furnish such information at such times with respect to any individual who the public housing agency knows is unlawfully in the United States.''.

CHAPTER 2—ELIGIBILITY FOR STATE AND LOCAL PUBLIC BENEFITS PROGRAMS

SEC. 4411. ALIENS WHO ARE NOT QUALIFIED ALIENS OR NONIMMIGRANTS INELIGIBLE FOR STATE AND LOCAL PUBLIC BENEFITS.

(a) IN GENERAL.—Notwithstanding any other provision of law and except as provided in subsections (b) and (d), an alien who is not—

(1) a qualified alien (as defined in section 4431),

(2) a nonimmigrant under the Immigration and Nationality Act, or

(3) an alien who is paroled into the United States under section 212(d)(5) of such Act for less than one year,

is not eligible for any State or local public benefit (as defined in subsection (c)).

(b) EXCEPTIONS.—Subsection (a) shall not apply with respect to the following State or local public benefits:

(1) Emergency medical services under title XIX of the Social Security Act.

(2) Short-term, non-cash, in-kind emergency disaster relief.

(3) Public health assistance for immunizations with respect to immunizable diseases and for testing and treatment of symptoms of communicable diseases whether or not such symptoms are caused by a communicable disease.

(4) Programs, services, or assistance (such as soup kitchens, crisis counseling and intervention, and short-term shelter) specified by the Attorney General, in the Attorney General's sole and unreviewable discretion after consultation with appropriate Federal agencies and departments, which (A) deliver in-kind services at the community level, including through public or private nonprofit agencies; (B) do not condition the provision of assistance, the amount of assistance provided, or the cost of assistance provided on the individual recipient's income or resources; and (C) are necessary for the protection of life or safety.

(c) STATE OR LOCAL PUBLIC BENEFIT DEFINED.—

(1) Except as provided in paragraph (2), for purposes of this chapter the term ''State or local public benefit'' means—

(A) any grant, contract, loan, professional license, or commercial license provided by an agency of a State or local government or by appropriated funds of a State or local government; and

(B) any retirement, welfare, health, disability, public or assisted housing, post-secondary education, food assistance, unemployment benefit, or any other similar benefit for which payments or assistance are provided to an individual, household, or family eligibility unit by an agency of a State or local government or by appropriated funds of a State or local government.

(2) Such term shall not apply—

(A) to any contract, professional license, or commercial license for a nonimmigrant whose visa for entry is related to such employment in the United States; or

(B) with respect to benefits for an alien who as a work authorized nonimmigrant or as an alien lawfully admitted for permanent residence under the Immigration and Nationality Act qualified for such benefits and for whom the United States under reciprocal treaty agreements is required to pay benefits, as determined by the Secretary of State, after consultation with the Attorney General.

(d) STATE AUTHORITY TO PROVIDE FOR ELIGIBILITY OF ILLEGAL ALIENS FOR STATE AND LOCAL PUBLIC BENEFITS.—A State may provide that an alien who is not lawfully present in the United States is eligible for any State or local public benefit for which such alien would otherwise be ineligible under subsection (a) only through the enactment of a State law after the date of the enactment of this Act which affirmatively provides for such eligibility.

SEC. 4412. STATE AUTHORITY TO LIMIT ELIGIBILITY OF QUALIFIED ALIENS FOR STATE PUBLIC BENEFITS.

(a) IN GENERAL.—Notwithstanding any other provision of law and except as provided in subsection (b), a State is authorized to determine the eligibility for any State public benefits (as defined in subsection (c) of an alien who is a qualified alien (as defined in section 4431), a nonimmigrant under the Immigration and Nationality Act, or an alien who is paroled into the United States under section 212(d)(5) of such Act for less than one year.

(b) EXCEPTIONS.—Qualified aliens under this subsection shall be eligible for any State public benefits.

(1) TIME-LIMITED EXCEPTION FOR REFUGEES AND ASYLEES.—

(A) An alien who is admitted to the United States as a refugee under section 207 of the Immigration and Nationality Act until 5 years after the date of an alien's entry into the United States.

(B) An alien who is granted asylum under section 208 of such Act until 5 years after the date of such grant of asylum.

(C) An alien whose deportation is being withheld under section 243(h) of such Act until 5 years after such withholding.

(2) CERTAIN PERMANENT RESIDENT ALIENS.—An alien who—

(A) is lawfully admitted to the United States for permanent residence under the Immigration and Nationality Act; and

(B)(i) has worked 40 qualifying quarters of coverage as defined under title II of the Social Security Act or can be credited with such qualifying quarters as provided under section 4435, and (ii) did not receive any Federal means-tested public benefit (as defined in section 4403(c)) during any such quarter.

(3) VETERAN AND ACTIVE DUTY EXCEPTION.—An alien who is lawfully residing in any State and is—

(A) a veteran (as defined in section 101 of title 38, United States Code) with a discharge characterized as an honorable discharge and not on account of alienage,

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

(C) the spouse or unmarried dependent child of an individual described in subparagraph (A) or (B).

(4) TRANSITION FOR THOSE CURRENTLY RECEIVING BENEFITS.—An alien who on the date of the enactment of this Act is lawfully residing in any State and is receiving benefits on the date of the enactment of this Act shall continue to be eligible to receive such benefits until January 1, 1997.

(c) STATE PUBLIC BENEFITS DEFINED.—The term ''State public benefits'' means any means-tested public benefit of a State or political subdivision of a State under which the State or political subdivision specifies the standards for eligibility, and does not include any Federal public benefit.

CHAPTER 3—ATTRIBUTION OF INCOME AND AFFIDAVITS OF SUPPORT

SEC. 4421. FEDERAL ATTRIBUTION OF SPONSOR'S INCOME AND RESOURCES TO ALIEN.

(a) IN GENERAL.—Notwithstanding any other provision of law, in determining the eligibility and the amount of benefits of an alien for any Federal means-tested public benefits program (as defined in section 4403(c)), the income and resources of the alien shall be deemed to include the following:

(1) The income and resources of any person who executed an affidavit of support pursuant to section 213A of the Immigration and Nationality Act (as added by section 4423) on behalf of such alien.

(2) The income and resources of the spouse (if any) of the person.

(b) APPLICATION.—Subsection (a) shall apply with respect to an alien until such time as the alien—

(1) achieves United States citizenship through naturalization pursuant to chapter 2 of title III of the Immigration and Nationality Act; or

(2)(A) has worked 40 qualifying quarters of coverage as defined under title II of the Social Security Act or can be credited with such qualifying quarters as provided under section 4435, and (B) did not receive any Federal means-tested public benefit (as defined in section 4403(c)) during any such quarter.

(c) REVIEW OF INCOME AND RESOURCES OF ALIEN UPON REAPPLICATION.—Whenever an alien is required to reapply for benefits under any Federal means-tested public benefits program, the applicable agency shall review the income and resources attributed to the alien under subsection (a).

(d) APPLICATION.—

(1) If on the date of the enactment of this Act, a Federal means-tested public benefits program attributes a sponsor's income and resources to an alien in determining the alien's eligibility and the amount of benefits for an alien, this section shall apply to any such determination beginning on the day after the date of the enactment of this Act.

(2) If on the date of the enactment of this Act, a Federal means-tested public benefits program does not attribute a sponsor's income and resources to an alien in determining the alien's eligibility and the amount of benefits for an alien, this section shall apply to any such determination beginning 180 days after the date of the enactment of this Act.

SEC. 4422. AUTHORITY FOR STATES TO PROVIDE FOR ATTRIBUTION OF SPONSORS INCOME AND RESOURCES TO THE ALIEN WITH RESPECT TO STATE PROGRAMS.

(a) OPTIONAL APPLICATION TO STATE PROGRAMS.—Except as provided in subsection (b), in determining the eligibility and the amount of benefits of an alien for any State public benefits (as defined in section 4412(c)), the State or political subdivision that offers the benefits is authorized to provide that the income and resources of the alien shall be deemed to include—

(1) the income and resources of any individual who executed an affidavit of support pursuant to section 213A of the Immigration and Nationality Act (as added by section 4423) on behalf of such alien, and

(2) the income and resources of the spouse (if any) of the individual.

(b) EXCEPTIONS.—Subsection (a) shall not apply with respect to the following State public benefits:

(1) Emergency medical services.

(2) Short-term, non-cash, in-kind emergency disaster relief.

(3) Programs comparable to assistance or benefits under the National School Lunch Act.

(4) Programs comparable to assistance or benefits under the Child Nutrition Act of 1966.

(5) Public health assistance for immunizations with respect to immunizable diseases and for testing and treatment of symptoms of communicable diseases whether or not such symptoms are caused by a communicable disease.

(6) Payments for foster care and adoption assistance.

(7) Programs, services, or assistance (such as soup kitchens, crisis counseling and intervention, and short-term shelter) specified by the Attorney General of a State, after consultation with appropriate agencies and departments, which (A) deliver in-kind services at the community level, including through public or private nonprofit agencies; (B) do not condition the provision of assistance, the amount of assistance provided, or the cost of assistance provided on the individual recipient's income or resources; and (C) are necessary for the protection of life or safety.

SEC. 4423. REQUIREMENTS FOR SPONSOR'S AFFIDAVIT OF SUPPORT.

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

''REQUIREMENTS FOR SPONSOR'S AFFIDAVIT OF SUPPORT

''SEC. 213A. (a) ENFORCEABILITY.—(1) No affidavit of support may be accepted by the Attorney General or by any consular officer to establish that an alien is not excludable as a public charge under section 212(a)(4) unless such affidavit is executed as a contract—

''(A) which is legally enforceable against the sponsor by the sponsored alien, the Federal Government, and by any State (or any political subdivision of such State) which provides any means-tested public benefits program, but not later than 10 years after the alien last receives any such benefit;

''(B) in which the sponsor agrees to financially support the alien, so that the alien will not become a public charge; and

''(C) in which the sponsor agrees to submit to the jurisdiction of any Federal or State court for the purpose of actions brought under subsection (e)(2).

''(2) A contract under paragraph (1) shall be enforceable with respect to benefits provided to the alien until such time as the alien achieves United States citizenship through naturalization pursuant to chapter 2 of title III.

''(b) FORMS.—Not later than 90 days after the date of enactment of this section, the Attorney General, in consultation with the Secretary of State and the Secretary of Health and Human Services, shall formulate an affidavit of support consistent with the provisions of this section.

''(c) REMEDIES.—Remedies available to enforce an affidavit of support under this section include any or all of the remedies described in section 3201, 3203, 3204, or 3205 of title 28, United States Code, as well as an order for specific performance and payment of legal fees and other costs of collection, and include corresponding remedies available under State law. A Federal agency may seek to collect amounts owed under this section in accordance with the provisions of subchapter II of chapter 37 of title 31, United States Code.

''(d) NOTIFICATION OF CHANGE OF ADDRESS.—

''(1) IN GENERAL.—The sponsor shall notify the Attorney General and the State in which the sponsored alien is currently resident within 30 days of any change of address of the sponsor during the period specified in subsection (a)(2).

''(2) PENALTY.—Any person subject to the requirement of paragraph (1) who fails to satisfy such requirement shall be subject to a civil penalty of—

''(A) not less than $250 or more than $2,000, or

''(B) if such failure occurs with knowledge that the alien has received any means-tested public benefit, not less than $2,000 or more than $5,000.

''(e) REIMBURSEMENT OF GOVERNMENT EXPENSES.—(1)(A) Upon notification that a sponsored alien has received any benefit under any means-tested public benefits program, the appropriate Federal, State, or local official shall request reimbursement by the sponsor in the amount of such assistance.

''(B) The Attorney General, in consultation with the Secretary of Health and Human Services, shall prescribe such regulations as may be necessary to carry out subparagraph (A).

''(2) If within 45 days after requesting reimbursement, the appropriate Federal, State, or local agency has not received a response from the sponsor indicating a willingness to commence payments, an action may be brought against the sponsor pursuant to the affidavit of support.

''(3) If the sponsor fails to abide by the repayment terms established by such agency, the agency may, within 60 days of such failure, bring an action against the sponsor pursuant to the affidavit of support.

''(4) No cause of action may be brought under this subsection later than 10 years after the alien last received any benefit under any means-tested public benefits program.

''(5) If, pursuant to the terms of this subsection, a Federal, State, or local agency requests reimbursement from the sponsor in the amount of assistance provided, or brings an action against the sponsor pursuant to the affidavit of support, the appropriate agency may appoint or hire an individual or other person to act on behalf of such agency acting under the authority of law for purposes of collecting any moneys owed. Nothing in this subsection shall preclude any appropriate Federal, State, or local agency from directly requesting reimbursement from a sponsor for the amount of assistance provided, or from bringing an action against a sponsor pursuant to an affidavit of support.

''(f) DEFINITIONS.—For the purposes of this section—

''(1) SPONSOR.—The term 'sponsor' means an individual who—

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

''(B) is 18 years of age or over;

''(C) is domiciled in any of the 50 States or the District of Columbia; and

''(D) is the person petitioning for the admission of the alien under section 204.

''(2) MEANS-TESTED PUBLIC BENEFITS PROGRAM.—The term 'means-tested public benefits program' means a program of public benefits (including cash, medical, housing, and food assistance and social services) of the Federal Government or of a State or political subdivision of a State in which the eligibility of an individual, household, or family eligibility unit for benefits under the program, or the amount of such benefits, or both are determined on the basis of income, resources, or financial need of the individual, household, or unit.''.

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

''Sec. 213A. Requirements for sponsor's affidavit of support.''.

(c) EFFECTIVE DATE.—Subsection (a) of section 213A of the Immigration and Nationality Act, as inserted by subsection (a) of this section, shall apply to affidavits of support executed on or after a date specified by the Attorney General, which date shall be not earlier than 60 days (and not later than 90 days) after the date the Attorney General formulates the form for such affidavits under subsection (b) of such section.

(d) BENEFITS NOT SUBJECT TO REIMBURSEMENT.—Requirements for reimbursement by a sponsor for benefits provided to a sponsored alien pursuant to an affidavit of support under section 213A of the Immigration and Nationality Act shall not apply with respect to the following:

(1) Emergency medical services under title XIX of the Social Security Act.

(2) Short-term, non-cash, in-kind emergency disaster relief.

(3) Assistance or benefits under the National School Lunch Act.

(4) Assistance or benefits under the Child Nutrition Act of 1966.

(5) Public health assistance for immunizations with respect to immunizable diseases and for testing and treatment of symptoms of communicable diseases whether or not such symptoms are caused by a communicable disease.

(6) Payments for foster care and adoption assistance under part B of title IV of the Social Security Act for a child, but only if the foster or adoptive parent or parents of such child are not otherwise ineligible pursuant to section 4403 of this Act.

(7) Programs, services, or assistance (such as soup kitchens, crisis counseling and intervention, and short-term shelter) specified by the Attorney General, in the Attorney General's sole and unreviewable discretion after consultation with appropriate Federal agencies and departments, which (A) deliver in-kind services at the community level, including through public or private nonprofit agencies; (B) do not condition the provision of assistance, the amount of assistance provided, or the cost of assistance provided on the individual recipient's income or resources; and (C) are necessary for the protection of life or safety.

(8) Programs of student assistance under titles IV, V, IX, and X of the Higher Education Act of 1965.

(9) Benefits under the Head Start Act.

(10) Means-tested programs under the Elementary and Secondary Education Act of 1965.

(11) Benefits under the Job Training Partnership Act.

CHAPTER 4—GENERAL PROVISIONS

SEC. 4431. DEFINITIONS.

(a) IN GENERAL.—Except as otherwise provided in this subtitle, the terms used in this subtitle have the same meaning given such terms in section 101(a) of the Immigration and Nationality Act.

(b) QUALIFIED ALIEN.—For purposes of this subtitle, the term ''qualified alien'' means an alien who, at the time the alien applies for, receives, or attempts to receive a Federal public benefit, is—

(1) an alien who is lawfully admitted for permanent residence under the Immigration and Nationality Act,

(2) an alien who is granted asylum under section 208 of such Act,

(3) a refugee who is admitted to the United States under section 207 of such Act,

(4) an alien who is paroled into the United States under section 212(d)(5) of such Act for a period of at least 1 year,

(5) an alien whose deportation is being withheld under section 243(h) of such Act, or

(6) an alien who is granted conditional entry pursuant to section 203(a)(7) of such Act as in effect prior to April 1, 1980.

SEC. 4432. VERIFICATION OF ELIGIBILITY FOR FEDERAL PUBLIC BENEFITS.

(a) IN GENERAL.—Not later than 18 months after the date of the enactment of this Act, the Attorney General of the United States, after consultation with the Secretary of Health and Human Services, shall promulgate regulations requiring verification that a person applying for a Federal public benefit (as defined in section 4401(c)), to which the limitation under section 4401 applies, is a qualified alien and is eligible to receive such benefit. Such regulations shall, to the extent feasible, require that information requested and exchanged be similar in form and manner to information requested and exchanged under section 1137 of the Social Security Act.

(b) STATE COMPLIANCE.—Not later than 24 months after the date the regulations described in subsection (a) are adopted, a State that administers a program that provides a Federal public benefit shall have in effect a verification system that complies with the regulations.

(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out the purpose of this section.

SEC. 4433. STATUTORY CONSTRUCTION.

(a) LIMITATION.—

(1) Nothing in this subtitle may be construed as an entitlement or a determination of an individual's eligibility or fulfillment of the requisite requirements for any Federal, State, or local governmental program, assistance, or benefits. For purposes of this subtitle, eligibility relates only to the general issue of eligibility or ineligibility on the basis of alienage.

(2) Nothing in this subtitle may be construed as addressing alien eligibility for a basic public education as determined by the Supreme Court of the United States under Plyler v. Doe (457 U.S. 202)(1982).

(b) NOT APPLICABLE TO FOREIGN ASSISTANCE.—This subtitle does not apply to any Federal, State, or local governmental program, assistance, or benefits provided to an alien under any program of foreign assistance as determined by the Secretary of State in consultation with the Attorney General.

(c) SEVERABILITY.—If any provision of this subtitle or the application of such provision to any person or circumstance is held to be unconstitutional, the remainder of this subtitle and the application of the provisions of such to any person or circumstance shall not be affected thereby.

SEC. 4434. COMMUNICATION BETWEEN STATE AND LOCAL GOVERNMENT AGENCIES AND THE IMMIGRATION AND NATURALIZATION SERVICE.

Notwithstanding any other provision of Federal, State, or local law, no State or local government entity may be prohibited, or in any way restricted, from sending to or receiving from the Immigration and Naturalization Service information regarding the immigration status, lawful or unlawful, of an alien in the United States.

SEC. 4435. QUALIFYING QUARTERS.

For purposes of this subtitle, in determining the number of qualifying quarters of coverage under title II of the Social Security Act an alien shall be credited with—

(1) all of the qualifying quarters of coverage as defined under title II of the Social Security Act worked by a parent of such alien while the alien was under age 18 if the parent did not receive any Federal means-tested public benefit (as defined in section 4403(c)) during any such quarter, and

(2) all of the qualifying quarters worked by a spouse of such alien during their marriage if the spouse did not receive any Federal means-tested public benefit (as defined in section 4403(c)) during any such quarter and the alien remains married to such spouse or such spouse is deceased.

CHAPTER 5—CONFORMING AMENDMENTS RELATING TO ASSISTED HOUSING

SEC. 4441. CONFORMING AMENDMENTS RELATING TO ASSISTED HOUSING.

(a) LIMITATIONS ON ASSISTANCE.—Section 214 of the Housing and Community Development Act of 1980 (42 U.S.C. 1436a) is amended—

(1) by striking ''Secretary of Housing and Urban Development'' each place it appears and inserting ''applicable Secretary'';

(2) in subsection (b), by inserting after ''National Housing Act,'' the following: ''the direct loan program under section 502 of the Housing Act of 1949 or section 502(c)(5)(D), 504, 521(a)(2)(A), or 542 of such Act, subtitle A of title III of the Cranston-Gonzalez National Affordable Housing Act,'';

(3) in paragraphs (2) through (6) of subsection (d), by striking ''Secretary'' each place it appears and inserting ''applicable Secretary'';

(4) in subsection (d), in the matter following paragraph (6), by striking ''the term 'Secretary''' and inserting ''the term 'applicable Secretary'''; and

(5) by adding at the end the following new subsection:

''(h) For purposes of this section, the term 'applicable Secretary' means—

''(1) the Secretary of Housing and Urban Development, with respect to financial assistance administered by such Secretary and financial assistance under subtitle A of title III of the Cranston-Gonzalez National Affordable Housing Act; and

''(2) the Secretary of Agriculture, with respect to financial assistance administered by such Secretary.''.

(b) CONFORMING AMENDMENTS.—Section 501(h) of the Housing Act of 1949 (42 U.S.C. 1471(h)) is amended—

(1) by striking ''(1)'';

(2) by striking ''by the Secretary of Housing and Urban Development''; and

(3) by striking paragraph (2).

CHAPTER 6—EARNED INCOME CREDIT DENIED TO UNAUTHORIZED EMPLOYEES

SEC. 4451. EARNED INCOME CREDIT DENIED TO INDIVIDUALS NOT AUTHORIZED TO BE EMPLOYED IN THE UNITED STATES.

(a) IN GENERAL.—Section 32(c)(1) of the Internal Revenue Code of 1986 (relating to individuals eligible to claim the earned income credit) is amended by adding at the end the following new subparagraph:

''(F) IDENTIFICATION NUMBER REQUIREMENT.—The term 'eligible individual' does not include any individual who does not include on the return of tax for the taxable year—

''(i) such individual's taxpayer identification number, and

''(ii) if the individual is married (within the meaning of section 7703), the taxpayer identification number of such individual's spouse.''.

(b) SPECIAL IDENTIFICATION NUMBER.—Section 32 of such Code is amended by adding at the end the following new subsection:

''(l) IDENTIFICATION NUMBERS.—Solely for purposes of subsections (c)(1)(F) and (c)(3)(D), a taxpayer identification number means a social security number issued to an individual by the Social Security Administration (other than a social security number issued pursuant to clause (II) (or that portion of clause (III) that relates to clause (II)) of section 205(c)(2)(B)(i) of the Social Security Act).''.

(c) EXTENSION OF PROCEDURES APPLICABLE TO MATHEMATICAL OR CLERICAL ERRORS.—Section 6213(g)(2) of such Code (relating to the definition of mathematical or clerical errors) is amended by striking ''and' at the end of subparagraph (D), by striking the period at the end of subparagraph (E) and inserting a comma, and by inserting after subparagraph (E) the following new subparagraphs:

''(F) an omission of a correct taxpayer identification number required under section 32 (relating to the earned income tax credit) to be included on a return, and

''(G) an entry on a return claiming the credit under section 32 with respect to net earnings from self-employment described in section 32(c)(2)(A) to the extent the tax imposed by section 1401 (relating to self-employment tax) on such net earnings has not been paid.''

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

Subtitle E—Reform of Public Housing

SEC. 4601. FRAUD UNDER MEANS-TESTED WELFARE AND PUBLIC ASSISTANCE PROGRAMS.

(a) IN GENERAL.—If an individual's benefits under a Federal, State, or local law relating to a means-tested welfare or a public assistance program are reduced because of an act of fraud by the individual under the law or program, the individual may not, for the duration of the reduction, receive an increased benefit under any other means-tested welfare or public assistance program for which Federal funds are appropriated as a result of a decrease in the income of the individual (determined under the applicable program) attributable to such reduction.

(b) WELFARE OR PUBLIC ASSISTANCE PROGRAMS FOR WHICH FEDERAL FUNDS ARE APPROPRIATED.—For purposes of subsection (a), the term ''means-tested welfare or public assistance program for which Federal funds are appropriated'' includes the food stamp program under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.), any program of public or assisted housing under title I of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.), and State programs funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.).

Subtitle F—Child Protection Block Grant Programs and Foster Care, Adoption Assistance, and Independent Living Programs

CHAPTER 1—CHILD PROTECTION BLOCK GRANT PROGRAM AND FOSTER CARE, ADOPTION ASSISTANCE, AND INDEPENDENT LIVING PROGRAMS

Subchapter A—Block Grants to States for the Protection of Children

SEC. 4701. ESTABLISHMENT OF PROGRAM.

Title IV of the Social Security Act (42 U.S.C. 601 et seq.) is amended by striking part B and inserting the following:

''PART B—BLOCK GRANTS TO STATES FOR THE PROTECTION OF CHILDREN

''SEC. 421. PURPOSE.

''The purpose of this part is to enable eligible States to carry out a child protection program to—

''(1) identify and assist families at risk of abusing or neglecting their children;

''(2) operate a system for receiving reports of abuse or neglect of children;

''(3) improve the intake, assessment, screening, and investigation of reports of abuse and neglect;

''(4) enhance the general child protective system by improving risk and safety assessment tools and protocols;

''(5) improve legal preparation and representation, including procedures for appealing and responding to appeals of substantiated reports of abuse and neglect;

''(6) provide support, treatment, and family preservation services to families which are, or are at risk of, abusing or neglecting their children;

''(7) support children who must be removed from or who cannot live with their families;

''(8) make timely decisions about permanent living arrangements for children who must be removed from or who cannot live with their families;

''(9) provide for continuing evaluation and improvement of child protection laws, regulations, and services;

''(10) develop and facilitate training protocols for individuals mandated to report child abuse or neglect; and

''(11) develop and enhance the capacity of community-based programs to integrate shared leadership strategies between parents and professionals to prevent and treat child abuse and neglect at the neighborhood level.

''SEC. 422. ELIGIBLE STATES.

''(a) IN GENERAL.—As used in this part, the term 'eligible State' means a State that has submitted to the Secretary, not later than October 1, 1996, and every 3 years thereafter, a plan which has been signed by the chief executive officer of the State and that includes the following:

''(1) OUTLINE OF CHILD PROTECTION PROGRAM.—A written document that outlines the activities the State intends to conduct to achieve the purpose of this part, including the procedures to be used for—

''(A) receiving and assessing reports of child abuse or neglect;

''(B) investigating such reports;

''(C) with respect to families in which abuse or neglect has been confirmed, providing services or referral for services for families and children where the State makes a determination that the child may safely remain with the family;

''(D) protecting children by removing them from dangerous settings and ensuring their placement in a safe environment;

''(E) providing training for individuals mandated to report suspected cases of child abuse or neglect;

''(F) protecting children in foster care;

''(G) promoting timely adoptions;

''(H) protecting the rights of families, using adult relatives as the preferred placement for children separated from their parents where such relatives meet the relevant State child protection standards; and

''(I) providing services to individuals, families, or communities, either directly or through referral, that are aimed at preventing the occurrence of child abuse and neglect.

''(2) CERTIFICATION OF STATE LAW REQUIRING THE REPORTING OF CHILD ABUSE AND NEGLECT.—A certification that the State has in effect laws that require public officials and other professionals to report, in good faith, actual or suspected instances of child abuse or neglect.

''(3) CERTIFICATION OF PROCEDURES FOR SCREENING, SAFETY ASSESSMENT, AND PROMPT INVESTIGATION.—A certification that the State has in effect procedures for receiving and responding to reports of child abuse or neglect, including the reports described in paragraph (2), and for the immediate screening, safety assessment, and prompt investigation of such reports.

''(4) CERTIFICATION OF STATE PROCEDURES FOR REMOVAL AND PLACEMENT OF ABUSED OR NEGLECTED CHILDREN.—A certification that the State has in effect procedures for the removal from families and placement of abused or neglected children and of any other child in the same household who may also be in danger of abuse or neglect.

''(5) CERTIFICATION OF PROVISIONS FOR IMMUNITY FROM PROSECUTION.—A certification that the State has in effect laws requiring immunity from prosecution under State and local laws and regulations for individuals making good faith reports of suspected or known instances of child abuse or neglect.

''(6) CERTIFICATION OF PROVISIONS AND PROCEDURES RELATING TO APPEALS.—A certification that not later than 2 years after the date of the enactment of this part, the State shall have laws and procedures in effect affording individuals an opportunity to appeal an official finding of abuse or neglect.

''(7) CERTIFICATION OF STATE PROCEDURES FOR DEVELOPING AND REVIEWING WRITTEN PLANS FOR PERMANENT PLACEMENT OF REMOVED CHILDREN.—A certification that the State has in effect procedures for ensuring that a written plan is prepared for children who have been removed from their families. Such plan shall specify the goals for achieving a permanent placement for the child in a timely fashion, for ensuring that the written plan is reviewed every 6 months (until such placement is achieved), and for ensuring that information about such children is collected regularly and recorded in case records, and include a description of such procedures.

''(8) CERTIFICATION OF STATE PROGRAM TO PROVIDE INDEPENDENT LIVING SERVICES.—A certification that the State has in effect a program to provide independent living services, for assistance in making the transition to self-sufficient adulthood, to individuals in the child protection program of the State who are 16, but who are not 20 (or, at the option of the State, 22), years of age, and who do not have a family to which to be returned.

''(9) CERTIFICATION OF STATE PROCEDURES TO RESPOND TO REPORTING OF MEDICAL NEGLECT OF DISABLED INFANTS.—

''(A) IN GENERAL.—A certification that the State has in place for the purpose of responding to the reporting of medical neglect of infants (including instances of withholding of medically indicated treatment from disabled infants with life-threatening conditions), procedures or programs, or both (within the State child protective services system), to provide for—

''(i) coordination and consultation with individuals designated by and within appropriate health-care facilities;

''(ii) prompt notification by individuals designated by and within appropriate health-care facilities of cases of suspected medical neglect (including instances of withholding of medically indicated treatment from disabled infants with life-threatening conditions); and

''(iii) authority, under State law, for the State child protective service to pursue any legal remedies, including the authority to initiate legal proceedings in a court of competent jurisdiction, as may be necessary to prevent the withholding of medically indicated treatment from disabled infants with life-threatening conditions.

''(B) WITHHOLDING OF MEDICALLY INDICATED TREATMENT.—As used in subparagraph (A), the term 'withholding of medically indicated treatment' means the failure to respond to the infant's life-threatening conditions by providing treatment (including appropriate nutrition, hydration, and medication) which, in the treating physician's or physicians' reasonable medical judgment, will be most likely to be effective in ameliorating or correcting all such conditions, except that such term does not include the failure to provide treatment (other than appropriate nutrition, hydration, or medication) to an infant when, in the treating physician's or physicians' reasonable medical judgment—

''(i) the infant is chronically and irreversibly comatose;

''(ii) the provision of such treatment would—

''(I) merely prolong dying;

''(II) not be effective in ameliorating or correcting all of the infant's life-threatening conditions; or

''(III) otherwise be futile in terms of the survival of the infant; or

''(iii) the provision of such treatment would be virtually futile in terms of the survival of the infant and the treatment itself under such circumstances would be inhumane.

''(10) IDENTIFICATION OF CHILD PROTECTION GOALS.—The quantitative goals of the State child protection program.

''(11) CERTIFICATION OF CHILD PROTECTION STANDARDS.—With respect to fiscal years beginning on or after April 1, 1996, a certification that the State—

''(A) has completed an inventory of all children who, before the inventory, had been in foster care under the responsibility of the State for 6 months or more, which determined—

''(i) the appropriateness of, and necessity for, the foster care placement;

''(ii) whether the child could or should be returned to the parents of the child or should be freed for adoption or other permanent placement; and

''(iii) the services necessary to facilitate the return of the child or the placement of the child for adoption or legal guardianship;

''(B) is operating, to the satisfaction of the Secretary—

''(i) a statewide information system from which can be readily determined the status, demographic characteristics, location, and goals for the placement of every child who is (or, within the immediately preceding 12 months, has been) in foster care;

''(ii) a case review system for each child receiving foster care under the supervision of the State;

''(iii) a service program designed to help children—

''(I) where appropriate, return to families from which they have been removed; or

''(II) be placed for adoption, with a legal guardian, or if adoption or legal guardianship is determined not to be appropriate for a child, in some other planned, permanent living arrangement; and

''(iv) a preplacement preventive services program designed to help children at risk for foster care placement remain with their families; and

''(C)(i) has reviewed (or not later than October 1, 1997, will review) State policies and administrative and judicial procedures in effect for children abandoned at or shortly after birth (including policies and procedures providing for legal representation of such children); and

''(ii) is implementing (or not later than October 1, 1997, will implement) such policies and procedures as the State determines, on the basis of the review described in clause (i), to be necessary to enable permanent decisions to be made expeditiously with respect to the placement of such children.

''(12) CERTIFICATION OF REASONABLE EFFORTS BEFORE PLACEMENT OF CHILDREN IN FOSTER CARE.—A certification that the State in each case will—

''(A) make reasonable efforts prior to the placement of a child in foster care, to prevent or eliminate the need for removal of the child from the child's home, and to make it possible for the child to return home; and

''(B) with respect to families in which abuse or neglect has been confirmed, provide services or referral for services for families and children where the State makes a determination that the child may safely remain with the family.

''(13) CERTIFICATION OF COOPERATIVE EFFORTS.—A certification by the State, where appropriate, that all steps will be taken, including cooperative efforts with the State agencies administering the plans approved under parts A and D, to secure an assignment to the State of any rights to support on behalf of each child receiving foster care maintenance payments under part E.

''(14) CERTIFICATION OF CONFIDENTIALITY AND REQUIREMENTS FOR INFORMATION DISCLOSURE.—

''(A) IN GENERAL.—A certification that the State has in effect and operational—

''(i) requirements ensuring that reports and records made and maintained pursuant to the purposes of this part shall only be made available to—

''(I) individuals who are the subject of the report;

''(II) Federal, State, or local government entities, or any agent of such entities, having a need for such information in order to carry out their responsibilities under law to protect children from abuse and neglect;

''(III) child abuse citizen review panels;

''(IV) child fatality review panels;

''(V) a grand jury or court, upon a finding that information in the record is necessary for the determination of an issue before the court or grand jury; and

''(VI) other entities or classes of individuals statutorily authorized by the State to receive such information pursuant to a legitimate State purpose; and

''(ii) provisions that allow for public disclosure of the findings or information about cases of child abuse or neglect that have resulted in a child fatality or near fatality.

''(B) LIMITATION.—Disclosures made pursuant to clause (i) or (ii) shall not include the identifying information concerning the individual initiating a report or complaint alleging suspected instances of child abuse or neglect.

''(C) DEFINITION.—For purposes of this paragraph, the term 'near fatality' means an

act that, as certified by a physician, places the child in serious or critical condition.

''(b) DETERMINATIONS.—The Secretary shall determine whether a plan submitted pursuant to subsection (a) contains the material required by subsection (a), other than the material described in paragraph (9) of such subsection. The Secretary may not require a State to include in such a plan any material not described in subsection (a).

''SEC. 423. GRANTS TO STATES FOR CHILD PROTECTION.

''(a) FUNDING OF BLOCK GRANTS.—

''(1) ENTITLEMENT COMPONENT.—

''(A) ELIGIBLE STATES.—Each eligible State shall be entitled to receive from the Secretary for each fiscal year specified in subsection (b)(1) a grant in an amount equal to the State share of 99 percent of the child protection amount for the fiscal year.

''(B) INDIAN TRIBES AND TRIBAL ORGANIZATIONS.—The Secretary shall reserve for payments to Indian tribes (as defined in section 658P(7) of the Child Care and Development Block Grant Act of 1990) and tribal organizations (as defined in section 658P(14) of such Act) for each fiscal year specified in subsection (b)(1) an amount equal to 1 percent of the child protection amount for the fiscal year.

''(2) AUTHORIZATION COMPONENT.—

''(A) IN GENERAL.—

''(i) ELIGIBLE STATES.—For each eligible State for each fiscal year specified in subsection (b)(1), the Secretary shall supplement the grant under paragraph (1)(A) of this subsection by an amount equal to the State share of 99.64 percent of the amount (if any) appropriated pursuant to subparagraph (B) of this paragraph for the fiscal year.

''(ii) INDIAN TRIBES AND TRIBAL ORGANIZATIONS.—The Secretary shall supplement the amount reserved for payments pursuant to paragraph (1)(B) of this subsection for each fiscal year specified in subsection (b)(1), by an amount equal to 0.36 percent of the amount (if any) appropriated pursuant to subparagraph (B) of this paragraph for the fiscal year.

''(B) LIMITATION ON AUTHORIZATION OF APPROPRIATIONS.—For grants under subparagraph (A), there are authorized to be appropriated to the Secretary an amount not to exceed $325,000,000 for each fiscal year specified in subsection (b)(1).

''(b) DEFINITIONS.—As used in this section:

''(1) CHILD PROTECTION AMOUNT.—The term 'child protection amount' means—

''(A) $240,000,000 for fiscal year 1997;

''(B) $255,000,000 for fiscal year 1998;

''(C) $262,000,000 for fiscal year 1999;

''(D) $270,000,000 for fiscal year 2000;

''(E) $278,000,000 for fiscal year 2001; and

''(F) $286,000,000 for fiscal year 2002;

''(2) STATE SHARE.—

''(A) IN GENERAL.—The term 'State share' means the qualified child protection expenses of the State divided by the sum of the qualified child protection expenses of all of the States.

''(B) QUALIFIED CHILD PROTECTION EXPENSES.—The term 'qualified child protection expenses' means, with respect to a State the greater of—

''(i) the total amount of one-third of the Federal grant amounts to the State under the provisions of law specified in clauses (i) and (ii) of subparagraph (C) for fiscal years 1992, 1993, and 1994; or

''(ii) the total amount of the Federal grant amounts to the State under the provisions of law specified in clauses (i) and (ii) of subparagraph (C) for fiscal year 1994.

''(C) PROVISIONS OF LAW.—The provisions of law specified in this subparagraph are the following (as in effect with respect to each of the fiscal years referred to in subparagraph (B)):

''(i) Section 423 of this Act.

''(ii) Section 434 of this Act.

''(D) DETERMINATION OF INFORMATION.—In determining amounts for fiscal years 1992, 1993, and 1994 under clauses (i) and (ii) of subparagraph (B), the Secretary shall use information listed as actual amounts in the Justification for Estimates for Appropriation Committees of the Administration for Children and Families for fiscal years 1994, 1995, and 1996, respectively.

''(c) USE OF GRANT.—

''(1) IN GENERAL.—A State to which a grant is made under this section may use the grant in any manner that the State deems appropriate to accomplish the purpose of this part.

''(2) TIMING OF EXPENDITURES.—A State to which a grant is made under this section for a fiscal year shall expend the total amount of the grant not later than the end of the immediately succeeding fiscal year.

''(3) RULE OF INTERPRETATION.—This part shall not be interpreted to prohibit short- and long-term foster care facilities operated for profit from receiving funds provided under this part or part E.

''(4) PROHIBITION AGAINST USE OF FUNDS FOR FOSTER CARE MAINTENANCE OR ADOPTION ASSISTANCE PAYMENTS.—Funds provided under this part shall not be used to make foster care maintenance payments or adoption assistance payments under any State plan approved under part E.

''(d) TIMING OF PAYMENTS.—The Secretary shall pay each eligible State the amount of the grant payable to the State under this section in quarterly installments.

''(e) PENALTIES.—

''(1) FOR USE OF GRANT IN VIOLATION OF THIS PART.—If an audit conducted pursuant to chapter 75 of title 31, United States Code, finds that an amount paid to a State under this section for a fiscal year has been used in violation of this part, then the Secretary shall reduce the amount of the grant that would (in the absence of this paragraph) be payable to the State under this section for the immediately succeeding fiscal year by the amount so used, plus 5 percent of the grant paid under this section to the State for such fiscal year.

''(2) FOR FAILURE TO MAINTAIN EFFORT.—

''(A) IN GENERAL.—If an audit conducted pursuant to chapter 75 of title 31, United States Code, finds that the amount expended by a State (other than from amounts provided by the Federal Government) during the fiscal years specified in subparagraph (B), to carry out the State program funded under this part is less than the applicable percentage specified in such subparagraph of the total amount expended by the State (other than from amounts provided by the Federal Government) during fiscal year 1994 under part B of this title (as in effect on the day before the date of the enactment of this part), then the Secretary shall reduce the amount of the grant that would (in the absence of this paragraph) be payable to the State under this section for the immediately succeeding fiscal year by the amount of the difference, plus 5 percent of the grant paid under this section to the State for such fiscal year.

''(B) SPECIFICATION OF FISCAL YEARS AND APPLICABLE PERCENTAGES.—The fiscal years and applicable percentages specified in this subparagraph are as follows:

''(i) For fiscal years 1997 and 1998, 100 percent.

''(ii) For fiscal years 1999 through 2002, 75 percent.

''(3) FOR FAILURE TO SUBMIT REQUIRED REPORT.—

''(A) IN GENERAL.—The Secretary shall reduce by 3 percent the amount of the grant that would (in the absence of this paragraph) be payable to a State under this section for a fiscal year if the Secretary determines that the State has not submitted the report required by section 424 for the immediately preceding fiscal year, within 6 months after the end of the immediately preceding fiscal year.

''(B) RESCISSION OF PENALTY.—The Secretary shall rescind a penalty imposed on a State under subparagraph (A) with respect to a report for a fiscal year if the State submits the report before the end of the immediately succeeding fiscal year.

''(4) STATE FUNDS TO REPLACE REDUCTIONS IN GRANT.—A State which has a penalty imposed against it under this subsection for a fiscal year shall expend additional State funds in an amount equal to the amount of the penalty for the purpose of carrying out the State program under this part during the immediately succeeding fiscal year.

''(5) REASONABLE CAUSE EXCEPTION.—Except in the case of the penalty described in paragraph (2), the Secretary may not impose a penalty on a State under this subsection with respect to a requirement if the Secretary determines that the State has reasonable cause for failing to comply with the requirement.

''(6) CORRECTIVE COMPLIANCE PLAN.—

''(A) IN GENERAL.—

''(i) NOTIFICATION OF VIOLATION.—Before imposing a penalty against a State under this subsection with respect to a violation of this part, the Secretary shall notify the State of the violation and allow the State the opportunity to enter into a corrective compliance plan in accordance with this paragraph which outlines how the State will correct the violation and how the State will insure continuing compliance with this part.

''(ii) 60-DAY PERIOD TO PROPOSE A CORRECTIVE COMPLIANCE PLAN.—During the 60-day period that begins on the date the State receives a notice provided under clause (i) with respect to a violation, the State may submit to the Federal Government a corrective compliance plan to correct the violation.

''(iii) CONSULTATION ABOUT MODIFICATIONS.—During the 60-day period that begins with the date the Secretary receives a corrective compliance plan submitted by a State in accordance with clause (ii), the Secretary may consult with the State on modifications to the plan.

''(iv) ACCEPTANCE OF PLAN.—A corrective compliance plan submitted by a State in accordance with clause (ii) is deemed to be accepted by the Secretary if the Secretary does not accept or reject the plan during the 60-day period that begins on the date the plan is submitted.

''(B) EFFECT OF CORRECTING VIOLATION.—The Secretary may not impose any penalty under this subsection with respect to any violation covered by a State corrective compliance plan accepted by the Secretary if the State corrects the violation pursuant to the plan.

''(C) EFFECT OF FAILING TO CORRECT VIOLATION.—The Secretary shall assess some or all of a penalty imposed on a State under this subsection with respect to a violation if the State does not, in a timely manner, correct the violation pursuant to a State corrective compliance plan accepted by the Secretary.

''(7) LIMITATION ON AMOUNT OF PENALTY.—

''(A) IN GENERAL.—In imposing the penalties described in this subsection, the Secretary shall not reduce any quarterly payment to a State by more than 25 percent.

''(B) CARRYFORWARD OF UNRECOVERED PENALTIES.—To the extent that subparagraph (A) prevents the Secretary from recovering during a fiscal year the full amount of all penalties imposed on a State under this subsection for a prior fiscal year, the Secretary shall apply any remaining amount of such penalties to the grant payable to the State

under subsection (a) for the immediately succeeding fiscal year.

''(f) TREATMENT OF TERRITORIES.—

''(1) IN GENERAL.—A territory, as defined in section 1108(b)(1), shall carry out a child protection program in accordance with the provisions of this part.

''(2) PAYMENTS.—Subject to the mandatory ceiling amounts specified in section 1108, each territory, as so defined, shall be entitled to receive from the Secretary for any fiscal year an amount equal to the total obligations to the territory under section 434 (as in effect on the day before the date of the enactment of this part) for fiscal year 1995.

''(g) LIMITATION ON FEDERAL AUTHORITY.—Except as expressly provided in this Act, the Secretary may not regulate the conduct of States under this part or enforce any provision of this part.

''SEC. 424. DATA COLLECTION AND REPORTING.

''(a) NATIONAL CHILD ABUSE AND NEGLECT DATA SYSTEM.—The Secretary shall establish a national data collection and analysis program—

''(1) which, to the extent practicable, coordinates existing State child abuse and neglect reports and which shall include—

''(A) standardized data on substantiated, as well as false, unfounded, or unsubstantiated reports; and

''(B) information on the number of deaths due to child abuse and neglect; and

''(2) which shall collect, compile, analyze, and make available State child abuse and neglect reporting information which, to the extent practical, is universal and case-specific and integrated with other case-based foster care and adoption data collected by the Secretary.

''(b) ADOPTION AND FOSTER CARE AND ANALYSIS AND REPORTING SYSTEMS.—The Secretary shall implement a system for the collection of data relating to adoption and foster care in the United States. Such data collection system shall—

''(1) avoid unnecessary diversion of resources from agencies responsible for adoption and foster care;

''(2) assure that any data that is collected is reliable and consistent over time and among jurisdictions through the use of uniform definitions and methodologies;

''(3) provide comprehensive national information with respect to—

''(A) the demographic characteristics of adoptive and foster children and their biological and adoptive or foster parents;

''(B) the status of the foster care population (including the number of children in foster care, length of placement, type of placement, availability for adoption, and goals for ending or continuing foster care);

''(C) the number and characteristics of—

''(i) children placed in or removed from foster care;

''(ii) children adopted or with respect to whom adoptions have been terminated; and

''(iii) children placed in foster care outside the State which has placement and care responsibility; and

''(D) the extent and nature of assistance provided by Federal, State, and local adoption and foster care programs and the characteristics of the children with respect to whom such assistance is provided; and

''(4) utilize appropriate requirements and incentives to ensure that the system functions reliably throughout the United States.

''(c) ADDITIONAL INFORMATION.—The Secretary may require the provision of additional information under the data collection system established under subsection (b) if the addition of such information is agreed to by a majority of the States.

''(d) ANNUAL REPORT BY THE SECRETARY.—Not later than 6 months after the end of each fiscal year, the Secretary shall prepare a report based on information provided by the States for the fiscal year pursuant to this section, and shall make the report and such information available to the Congress and the public.

''SEC. 425. FUNDING FOR STUDIES OF CHILD WELFARE.

''(a) NATIONAL RANDOM SAMPLE STUDY OF CHILD WELFARE.—There are authorized to be appropriated and there are appropriated to the Secretary for each of fiscal years 1996 through 2002—

''(1) $6,000,000 to conduct a national study based on random samples of children who are at risk of child abuse or neglect, or are determined by States to have been abused or neglected under section 208 of the Child and Family Services Block Grant Act of 1996; and

''(2) $10,000,000 for such other research as may be necessary under such section.

''(b) ASSESSMENT OF STATE COURTS IMPROVEMENT OF HANDLING OF PROCEEDINGS RELATING TO FOSTER CARE AND ADOPTION.—There are authorized to be appropriated and there are appropriated to the Secretary for each of fiscal years 1996 through 1998 $10,000,000 for the purpose of carrying out section 13712 of the Omnibus Budget Reconciliation Act of 1993 (42 U.S.C. 670 note). All funds appropriated under this subsection shall be expended not later than September 30, 1999.

''SEC. 426. DEFINITIONS.

''For purposes of this part and part E, the following definitions shall apply:

''(1) ADMINISTRATIVE REVIEW.—The term 'administrative review' means a review open to the participation of the parents of the child, conducted by a panel of appropriate persons at least one of whom is not responsible for the case management of, or the delivery of services to, either the child or the parents who are the subject of the review.

''(2) ADOPTION ASSISTANCE AGREEMENT.—The term 'adoption assistance agreement' means a written agreement, binding on the parties to the agreement, between the State, other relevant agencies, and the prospective adoptive parents of a minor child which at a minimum—

''(A) specifies the nature and amount of any payments, services, and assistance to be provided under such agreement; and

''(B) stipulates that the agreement shall remain in effect regardless of the State of which the adoptive parents are residents at any given time.

The agreement shall contain provisions for the protection (under an interstate compact approved by the Secretary or otherwise) of the interests of the child in cases where the adoptive parents and child move to another State while the agreement is effective.

''(3) CASE PLAN.—The term 'case plan' means a written document which includes at least the following:

''(A) A description of the type of home or institution in which a child is to be placed, including a discussion of the appropriateness of the placement and how the agency which is responsible for the child plans to carry out the voluntary placement agreement entered into or judicial determination made with respect to the child in accordance with section 472(a)(1).

''(B) A plan for assuring that the child receives proper care and that services are provided to the parents, child, and foster parents in order to improve the conditions in the parents' home, facilitate return of the child to his or her own home or the permanent placement of the child, and address the needs of the child while in foster care, including a discussion of the appropriateness of the services that have been provided to the child under the plan.

''(C) To the extent available and accessible, the health and education records of the child, including—

''(i) the names and addresses of the child's health and educational providers;

''(ii) the child's grade level performance;

''(iii) the child's school record;

''(iv) assurances that the child's placement in foster care takes into account proximity to the school in which the child is enrolled at the time of placement;

''(v) a record of the child's immunizations;

''(vi) the child's known medical problems;

''(vii) the child's medications; and

''(viii) any other relevant health and education information concerning the child determined to be appropriate by the State.

Where appropriate, for a child age 16 or over, the case plan must also include a written description of the programs and services which will help such child prepare for the transition from foster care to independent living.

''(4) CASE REVIEW SYSTEM.—The term 'case review system' means a procedure for assuring that—

''(A) each child has a case plan designed to achieve placement in the least restrictive (most family-like) and most appropriate setting available and in close proximity to the parents' home, consistent with the best interests and special needs of the child, which—

''(i) if the child has been placed in a foster family home or child-care institution a substantial distance from the home of the parents of the child, or in a State different from the State in which such home is located, sets forth the reasons why such placement is in the best interests of the child; and

''(ii) if the child has been placed in foster care outside the State in which the home of the parents of the child is located, requires that, periodically, but not less frequently than every 12 months, a caseworker on the staff of the State in which the home of the parents of the child is located, or of the State in which the child has been placed, visit such child in such home or institution and submit a report on such visit to the State in which the home of the parents of the child is located;

''(B) the status of each child is reviewed periodically but no less frequently than once every 6 months by either a court or by administrative review (as defined in paragraph (1)) in order to determine the continuing necessity for and appropriateness of the placement, the extent of compliance with the case plan, and the extent of progress which has been made toward alleviating or mitigating the causes necessitating placement in foster care, and to project a likely date by which the child may be returned to the home or placed for adoption or legal guardianship;

''(C) with respect to each such child, procedural safeguards will be applied, among other things, to assure each child in foster care under the supervision of the State of a dispositional hearing to be held, in a family or juvenile court or another court (including a tribal court) of competent jurisdiction, or by an administrative body appointed or approved by the court, no later than 18 months after the original placement (and not less frequently than every 12 months thereafter during the continuation of foster care), which hearing shall determine the future status of the child (including whether the child should be returned to the parent, should be continued in foster care for a specified period, should be placed for adoption, or should (because of the child's special needs or circumstances) be continued in foster care on a permanent or long-term basis) and, in the case of a child described in subparagraph (A)(ii), whether the out-of-State placement continues to be appropriate and in the best

interests of the child, and, in the case of a child who has attained age 16, the services needed to assist the child to make the transition from foster care to independent living; and procedural safeguards shall also be applied with respect to parental rights pertaining to the removal of the child from the home of his parents, to a change in the child's placement, and to any determination affecting visitation privileges of parents; and

''(D) a child's health and education record (as described in paragraph (3)(C)) is reviewed and updated, and supplied to the foster parent or foster care provider with whom the child is placed, at the time of each placement of the child in foster care.

''(5) CHILD-CARE INSTITUTION.—The term 'child-care institution' means a private child-care institution, or a public child-care institution which accommodates no more than 25 children, which is licensed by the State in which it is situated or has been approved, by the agency of such State responsible for licensing or approval of institutions of this type, as meeting the standards established for such licensing, but the term shall not include detention facilities, forestry camps, training schools, or any other facility operated primarily for the detention of children who are determined to be delinquent.

''(6) FOSTER CARE MAINTENANCE PAYMENTS.—

''(A) IN GENERAL.—The term 'foster care maintenance payments' means payments to cover the cost of (and the cost of providing) food, clothing, shelter, daily supervision, school supplies, a child's personal incidentals, liability insurance with respect to a child, and reasonable travel to the child's home for visitation. In the case of institutional care, such term shall include the reasonable costs of administration and operation of such institution as are necessarily required to provide the items described in the preceding sentence.

''(B) SPECIAL RULE.—In cases where—

''(i) a child placed in a foster family home or child-care institution is the parent of a son or daughter who is in the same home or institution; and

''(ii) payments described in subparagraph (A) are being made under this part with respect to such child,

the foster care maintenance payments made with respect to such child as otherwise determined under subparagraph (A) shall also include such amounts as may be necessary to cover the cost of the items described in that subparagraph with respect to such son or daughter.

''(7) FOSTER FAMILY HOME.—The term 'foster family home' means a foster family home for children which is licensed by the State in which it is situated or has been approved, by the agency of such State having responsibility for licensing homes of this type, as meeting the standards established for such licensing.

''(8) PARENTS.—The term 'parents' means biological or adoptive parents or legal guardians, as determined by applicable State law.

''(9) STATE.—The term 'State' means the 50 States and the District of Columbia.

''(10) VOLUNTARY PLACEMENT.—The term 'voluntary placement' means an out-of-home placement of a minor, by or with participation of the State, after the parents or guardians of the minor have requested the assistance of the State and signed a voluntary placement agreement.

''(11) VOLUNTARY PLACEMENT AGREEMENT.—The term 'voluntary placement agreement' means a written agreement, binding on the parties to the agreement, between the State, any other agency acting on its behalf, and the parents or guardians of a minor child which specifies, at a minimum, the legal status of the child and the rights and obligations of the parents or guardians, the child, and the agency while the child is in placement.''.

SEC. 4702. CONFORMING AMENDMENTS.

(a) AMENDMENTS TO PART D OF TITLE IV OF THE SOCIAL SECURITY ACT.—

(1) Section 452(a)(10)(C) of the Social Security Act (42 U.S.C. 652(a)(10)(C)), as amended by section 4108(b)(2) of this Act, is amended by striking ''or under section 471(a)(17),''.

(2) Section 452(g)(2)(A) of such Act (42 U.S.C. 652(g)(2)(A)), as amended by paragraphs (6) and (7) of section 4108(b) of this Act, is amended by inserting ''or benefits or services for foster care maintenance were being provided under the State program funded under part E'' after ''part A'' each place it appears.

(3) Section 466(a)(3)(B) of such Act (42 U.S.C. 666(a)(3)(B)), as amended by section 4108(b)(14) of this Act, is amended by striking ''or 471(a)(17)''.

(b) AMENDMENT TO SECTION 9442 OF THE OMNIBUS BUDGET RECONCILIATION ACT OF 1986.—Section 9442(4) of the Omnibus Budget Reconciliation Act of 1986 (42 U.S.C. 679a(4)) is amended by inserting ''(as in effect before October 1, 1995)'' after ''Act''.

(c) REDESIGNATION AND AMENDMENTS OF SECTION 1123.—

(1) REDESIGNATION.—The Social Security Act is amended by redesignating section 1123, the second place it appears (42 U.S.C. 1320a–1a), as section 1123A.

(2) AMENDMENTS.—Section 1123A of such Act, as so redesignated, is amended in subsection (a)—

(A) by striking ''The Secretary'' and inserting ''Notwithstanding section 423(g), the Secretary''; and

(B) in paragraph (2), by inserting ''under this section'' after ''promulgated''.

Subchapter B—Foster Care, Adoption Assistance, and Independent Living Programs

SEC. 4711. CONFORMING AMENDMENTS TO PART E OF TITLE IV.

(a) PURPOSE; APPROPRIATION.—Section 470 of the Social Security Act (42 U.S.C 670) is amended—

(1) by amending the heading to read as follows:

''SEC. 470. PURPOSE; APPROPRIATION.''; and

(2) in the second sentence, by striking ''this part'' and inserting ''section 422''.

(b) STATE PLAN FOR FOSTER CARE AND ADOPTION ASSISTANCE.—Section 471 of such Act (42 U.S.C. 671) is amended to read as follows:

''SEC. 471. ELIGIBLE STATES.

''In order for a State to be eligible for payments under this part, the State shall have submitted to the Secretary a plan which satisfies the requirements of section 422.''.

(c) FOSTER CARE MAINTENANCE PAYMENTS PROGRAM.—Section 472 of such Act (42 U.S.C. 672) is amended to read as follows:

''SEC. 472. REQUIREMENTS FOR FOSTER CARE MAINTENANCE PAYMENTS.

''(a) IN GENERAL.—Each State operating a program under this part shall make foster care maintenance payments, as defined in section 426(6) with respect to a child who would meet the requirements of section 406(a) (as in effect on the day before the date of the enactment of the Personal Responsibility and Work Opportunity Act of 1996) or of section 407 (as so in effect) but for the removal of the child from the home of a relative (specified in section 406(a) (as so in effect)), if—

''(1) the removal from the home occurred pursuant to a voluntary placement agreement entered into by the child's parent or legal guardian, or was the result of a judicial determination to the effect that continuation therein would be contrary to the welfare of such child and that reasonable efforts of the type described in section 422(a)(12) have been made;

''(2) such child's placement and care are the responsibility of—

''(A) the State; or

''(B) any other public agency with which the State has made an agreement for the administration of the State program under this part which is still in effect;

''(3) such child has been placed in a foster family home or child-care institution as a result of the voluntary placement agreement or judicial determination referred to in paragraph (1); and

''(4) such child—

''(A) would have been eligible to receive aid under the eligibility standards under the State plan approved under section 402 (as in effect on the day before the date of the enactment of this part and adjusted for inflation, in accordance with regulations issued by the Secretary) in or for the month in which such agreement was entered into or court proceedings leading to the removal of such child from the home were initiated; or

''(B) would have received such aid in or for such month if application had been made therefor, or the child had been living with a relative specified in section 406(a) (as so in effect) within 6 months prior to the month in which such agreement was entered into or such proceedings were initiated, and would have received such aid in or for such month if in such month such child had been living with such a relative and application therefor had been made.

''(b) LIMITATION ON FOSTER CARE PAYMENTS.—Foster care maintenance payments may be made under this part only on behalf of a child described in subsection (a) of this section who is—

''(1) in the foster family home of an individual, whether the payments therefore are made to such individual or to a public or private child placement or child-care agency; or

''(2) in a child-care institution, whether the payments therefore are made to such institution or to a public or private child-placement or child-care agency, which payments shall be limited so as to include in such payments only those items which are included in the term 'foster care maintenance payments' (as defined in section 426(6)).

''(c) VOLUNTARY PLACEMENTS.—

''(1) SATISFACTION OF CHILD PROTECTION STANDARDS.—Notwithstanding any other provision of this section, Federal payments may be made under this part with respect to amounts expended by any State as foster care maintenance payments under this part, in the case of children removed from their homes pursuant to voluntary placement agreements as described in subsection (a), only if (at the time such amounts were expended) the State has fulfilled all of the requirements of section 422(a)(11).

''(2) REMOVAL IN EXCESS OF 180 DAYS.—No Federal payment may be made under this part with respect to amounts expended by any State as foster care maintenance payments, in the case of any child who was removed from such child's home pursuant to a voluntary placement agreement as described in subsection (a) and has remained in voluntary placement for a period in excess of 180 days, unless there has been a judicial determination by a court of competent jurisdiction (within the first 180 days of such placement) that such placement is in the best interests of the child.

''(3) DEEMED REVOCATION OF AGREEMENTS.—In any case where—

''(A) the placement of a minor child in foster care occurred pursuant to a voluntary placement agreement entered into by the

parents or guardians of such child as provided in subsection (a); and

''(B) such parents or guardians request (in such manner and form as the Secretary may prescribe) that the child be returned to their home or to the home of a relative,

the voluntary placement agreement shall be deemed to be revoked unless the State opposes such request and obtains a judicial determination, by a court of competent jurisdiction, that the return of the child to such home would be contrary to the child's best interests.

''(d) ELIGIBILITY FOR MEDICAL ASSISTANCE.—For purposes of titles XIX and XX, any child with respect to whom foster care maintenance payments are made under this section is deemed to be a recipient of cash assistance under part A of this title. For the purposes of the preceding sentence, a child whose costs in a foster family home or child-care institution are covered by the foster care maintenance payments being made with respect to his or her minor parent, as provided in section 426(6)(B), shall be considered a child with respect to whom foster care maintenance payments are made under this section.''.

(d) ADOPTION ASSISTANCE PROGRAM.—Section 473 of such Act (42 U.S.C. 673) is amended to read as follows:

''SEC. 473. REQUIREMENTS FOR ADOPTION ASSISTANCE PAYMENTS.

''(a) IN GENERAL.—A State operating a program under this part shall enter into adoption assistance agreements with the adoptive parents of children with special needs.

''(b) PAYMENTS UNDER AGREEMENTS.—

''(1) IN GENERAL.—Under any adoption assistance agreement entered into by a State with parents who adopt a child with special needs, the State—

''(A) shall make payments of nonrecurring adoption expenses incurred by or on behalf of such parents in connection with the adoption of such child, directly through the State agency or through another public or nonprofit private agency, in amounts determined under subsection (e), and

''(B) in any case where the child meets the requirements of subsection (d), may make adoption assistance payments to such parents, directly through the State agency or through another public or nonprofit private agency, in amounts so determined.

''(2) DEFINITION OF NONRECURRING ADOPTION EXPENSES.—

''(A) IN GENERAL.—For purposes of paragraph (1)(A), the term 'nonrecurring adoption expenses' means reasonable and necessary adoption fees, court costs, attorney fees, and other expenses which are directly related to the legal adoption of a child with special needs and which are not incurred in violation of State or Federal law.

''(B) TREATMENT AS AN ADMINISTRATIVE EXPENSE.—A State's payment of nonrecurring adoption expenses under an adoption assistance agreement shall be treated as an expenditure made for the proper and efficient administration of the State plan for purposes of section 474(a)(3)(E).

''(c) ELIGIBILITY FOR MEDICAL ASSISTANCE.—For purposes of titles XIX and XX, any child—

''(1)(A) who is a child described in subsection (b), and

''(B) with respect to whom an adoption assistance agreement is in effect under this section (whether or not adoption assistance payments are provided under the agreement or are being made under this section), including any such child who has been placed for adoption in accordance with applicable State and local law (whether or not an interlocutory or other judicial decree of adoption has been issued), or

''(2) with respect to whom foster care maintenance payments are being made under section 472,

is deemed to be a recipient of cash assistance under part A of this title in the State where such child resides. For purposes of the preceding sentence, a child whose costs in a foster family home or child-care institution are covered by the foster care maintenance payments being made with respect to his or her minor parent, as provided in section 426(6)(B), shall be considered a child with respect to whom foster care maintenance payments are being made under section 472.

''(d) CHILDREN WITH SPECIAL NEEDS.—For purposes of subsection (b)(1)(B), a child meets the requirements of this subsection if such child—

''(1)(A) at the time adoption proceedings were initiated, met the requirements of section 406(a) (as in effect on the day before the date of the enactment of the Personal Responsibility and Work Opportunity Act of 1996) or section 407 (as so in effect) or would have met such requirements except for such child's removal from the home of a relative (specified in section 406(a) (as so in effect)), either pursuant to a voluntary placement agreement with respect to which Federal payments are provided under section 474 (or 403 (as so in effect)) or as a result of a judicial determination to the effect that continuation therein would be contrary to the welfare of such child;

''(B) meets all of the requirements of title XVI with respect to eligibility for supplemental security income benefits; or

''(C) is a child whose costs in a foster family home or child-care institution are covered by the foster care maintenance payments being made with respect to his or her minor parent;

''(2)(A) would have received aid under the eligibility standards under the State plan approved under section 402 (as in effect on the day before the date of the enactment of this part, adjusted for inflation, in accordance with regulations issued by the Secretary) in or for the month in which such agreement was entered into or court proceedings leading to the removal of such child from the home were initiated;

''(B) would have received such aid in or for such month if application had been made therefor, or had been living with a relative specified in section 406(a) (as so in effect) within 6 months prior to the month in which such agreement was entered into or such proceedings were initiated, and would have received such aid in or for such month if in such month such child had been living with such a relative and application therefor had been made; or

''(C) is a child described in subparagraph (A) or (B); and

''(3) has been determined by the State, pursuant to subsection (h) of this section, to be a child with special needs.

''(e) DETERMINATION OF PAYMENTS.—The amount of the payments to be made in any case under subsection (b) shall be determined through agreement between the adoptive parents and the State or a public or nonprofit private agency administering the program under this part, which shall take into consideration the circumstances of the adopting parents and the needs of the child being adopted, and may be readjusted periodically, with the concurrence of the adopting parents (which may be specified in the adoption assistance agreement), depending upon changes in such circumstances. However, in no case may the amount of the adoption assistance payment exceed the foster care maintenance payment which would have been paid during the period if the child with respect to whom the adoption assistance payment is made had been in a foster family home.

''(f) PAYMENT EXCEPTION.—Notwithstanding subsection (e), no payment may be made to parents with respect to any child who has attained the age of 18 (or, where the State determines that the child has a mental or physical disability which warrants the continuation of assistance, the age of 21), and no payment may be made to parents with respect to any child if the State determines that the parents are no longer legally responsible for the support of the child or if the State determines that the child is no longer receiving any support from such parents. Parents who have been receiving adoption assistance payments under this part shall keep the State or public or nonprofit private agency administering the program under this part informed of circumstances which would, pursuant to this section, make them ineligible for such assistance payments, or eligible for such assistance payments in a different amount.

''(g) PREADOPTION PAYMENTS.—For purposes of this part, individuals with whom a child who has been determined by the State, pursuant to subsection (h), to be a child with special needs is placed for adoption in accordance with applicable State and local law shall be eligible for adoption assistance payments during the period of the placement, on the same terms and subject to the same conditions as if such individuals had adopted such child.

''(h) DETERMINATION OF CHILD WITH SPECIAL NEEDS.—For purposes of this section, a child shall not be considered a child with special needs unless—

''(1) the State has determined that the child cannot or should not be returned to the home of the child's parents; and

''(2) the State had first determined—

''(A) that there exists with respect to the child a specific factor or condition such as the child's ethnic background, age, or membership in a minority or sibling group, or the presence of factors such as medical conditions or physical, mental, or emotional handicaps because of which it is reasonable to conclude that such child cannot be placed with adoptive parents without providing adoption assistance under this part or medical assistance under title XIX; and

''(B) that, except where it would be against the best interests of the child because of such factors as the existence of significant emotional ties with prospective adoptive parents while in the care of such parents as a foster child, a reasonable, but unsuccessful, effort has been made to place the child with appropriate adoptive parents without providing adoption assistance under this section or medical assistance under title XIX.''.

(e) PAYMENTS TO STATES; ALLOTMENTS TO STATES.—Section 474 of such Act (42 U.S.C. 674) is amended to read as follows:

''SEC. 474. PAYMENTS TO STATES; ALLOTMENTS TO STATES.

''(a) FOSTER CARE, ADOPTION ASSISTANCE, AND INDEPENDENT LIVING PROGRAMS PAYMENTS.—Each eligible State, as determined under section 471, shall be entitled to receive from the Secretary for each quarter of each fiscal year a payment equal to the sum of—

''(1) an amount equal to the Federal medical assistance percentage (as defined in section 1905(b) of this Act as in effect on the day before the date of the enactment of the Personal Responsibility and Work Opportunity Act of 1996) of the total amount expended during such quarter as foster care maintenance payments under the child protection program under this part for children in foster family homes or child-care institutions; plus

''(2) an amount equal to the Federal medical assistance percentage (as defined in section 1905(b) of this Act (as so in effect)) of the total amount expended during such quarter as adoption assistance payments under

the child protection program under this part pursuant to adoption assistance agreements; plus

''(3) an amount equal to the sum of the following proportions of the total amounts expended during such quarter as found necessary by the Secretary for the provision of child placement services and for the proper and efficient administration of the State foster care and adoption assistance program—

''(A) 75 percent of so much of such expenditures as are for the training (including both short and long-term training at educational institutions through grants to such institutions or by direct financial assistance to students enrolled in such institutions) of personnel employed or preparing for employment by the State agency or by the local agency administering the plan in the political subdivision;

''(B) 75 percent of so much of such expenditures (including travel and per diem expenses) as are for the short-term training of current or prospective foster or adoptive parents and the members of the staff of State-licensed or State-approved child care institutions providing care to foster and adopted children receiving assistance under this part, in ways that increase the ability of such current or prospective parents, staff members, and institutions to provide support and assistance to foster and adopted children, whether incurred directly by the State or by contract;

''(C) 50 percent (or, if the quarter is in fiscal year 1997, 75 percent) of so much of such expenditures as are for the planning, design, development, or installation of statewide mechanized data collection and information retrieval systems (including 50 percent (or, if the quarter is in fiscal year 1997, 75 percent) of the full amount of expenditures for hardware components for such systems) but only to the extent that such systems—

''(i) meet the requirements imposed by regulations;

''(ii) to the extent practicable, are capable of interfacing with the State data collection system that collects information relating to child abuse and neglect;

''(iii) to the extent practicable, have the capability of interfacing with, and retrieving information from, the State data collection system that collects information relating to the eligibility of individuals under part A (for the purposes of facilitating verification of eligibility of foster children); and

''(iv) are determined by the Secretary to be likely to provide more efficient, economical, and effective administration of the programs carried out under a State plan approved under this part;

''(D) 50 percent of so much of such expenditures as are for the operation of the statewide mechanized data collection and information retrieval systems referred to in subparagraph (C); and

''(E) one-half of the remainder of such expenditures; plus

''(4) an amount equal to the sum of—

''(A) so much of the amounts expended by such State to carry out a program under section 476, as do not exceed the basic amount for such State determined under subsection (e)(1) of such section; and

''(B) the lesser of—

''(i) one-half of any additional amounts expended by such State for such programs; or

''(ii) the maximum additional amount for such State under subsection (e)(1) of such section.

''(b) AUTOMATED DATA COLLECTION EXPENDITURES.—The Secretary shall treat as necessary for the proper and efficient administration of the State plan all expenditures of a State necessary in order for the State to plan, design, develop, install, and operate data collection and information retrieval systems, without regard to whether the systems may be used with respect to foster or adoptive children other than those on behalf of whom foster care maintenance payments or adoption assistance payments may be made under this part.

''(c) ESTIMATES BY THE SECRETARY.—

''(1) IN GENERAL.—The Secretary shall, prior to the beginning of each quarter, estimate the amount which a State will be entitled to receive under subsection (a) for such quarter, such estimates to be based on—

''(A) a report filed by the State containing its estimate of the total sum to be expended in such quarter in accordance with subsection (a), and stating the amount appropriated or made available by the State and its political subdivisions for such expenditures in such quarter, and if such amount is less than the State's proportionate share of the total sum of such estimated expenditures, the source or sources from which the difference is expected to be derived;

''(B) records showing the number of children in the State receiving assistance under this part; and

''(C) such other information as the Secretary may find necessary.

''(2) PAYMENTS.—The Secretary shall pay to the States the amounts so estimated under paragraph (1), reduced or increased to the extent of any overpayment or underpayment which the Secretary determines was made under this subsection to such State for any prior quarter and with respect to which adjustment has not already been made under this subsection.

''(3) PRO RATA SHARE.— The pro rata share to which the United States is equitably entitled, as determined by the Secretary, of the net amount recovered during any quarter by the State or any political subdivision thereof with respect to foster care and adoption assistance furnished under this part shall be considered an overpayment to be adjusted under this subsection.

''(d) ALLOWANCE OR DISALLOWANCE OF CLAIM.—

''(1) IN GENERAL.—Within 60 days after receipt of a State claim for expenditures pursuant to subsection (b)(1), the Secretary shall allow, disallow, or defer such claim.

''(2) NOTICE.—Within 15 days after a decision to defer a State claim, the Secretary shall notify the State of the reasons for the deferral and of the additional information necessary to determine the allowability of the claim.

''(3) DECISION.—Within 90 days after receiving such necessary information (in readily reviewable form), the Secretary shall—

''(A) disallow the claim, if able to complete the review and determine that the claim is not allowable; or

''(B) in any other case, allow the claim, subject to disallowance (as necessary)—

''(i) upon completion of the review, if it is determined that the claim is not allowable; or

''(ii) on the basis of findings of an audit or financial management review.''.

(f) DEFINITIONS.—Section 475 of such Act (42 U.S.C. 675) is amended to read as follows:

''SEC. 475. DEFINITIONS.

For definitions of terms used in this part, see section 426.''.

(g) TECHNICAL ASSISTANCE; DATA COLLECTION AND EVALUATION.—Part E of title IV of such Act is amended by striking section 476.

(h) INDEPENDENT LIVING INITIATIVES.—Part E of title IV of such Act (42 U.S.C. 670 et seq.), as amended by subsection (g) of this section, is amended—

(1) by redesignating section 477 as section 476; and

(2) by amending section 476, as so redesignated, to read as follows:

''SEC. 476. REQUIREMENTS FOR INDEPENDENT LIVING PROGRAMS.

''(a) PAYMENTS FOR INDEPENDENT LIVING PROGRAMS.—

''(1) IN GENERAL.—Payments shall be made in accordance with this section for the purpose of assisting States and localities in establishing and carrying out programs designed to assist children described in paragraph (2) who have attained age 16 in making the transition from foster care to independent living. Any State which provides for the establishment and carrying out of one or more such programs in accordance with this section for a fiscal year shall be entitled to receive payments under this section for such fiscal year, in an amount determined under subsection (e).

''(2) PROGRAM REQUIREMENTS.—A program established and carried out under paragraph (1)—

''(A) shall be designed to assist children with respect to whom foster care maintenance payments are being made by the State under this part;

''(B) may at the option of the State also include any or all other children in foster care under the responsibility of the State; and

''(C) may at the option of the State also include any child who has not attained age 21 to whom foster care maintenance payments were previously made by a State under this part and whose payments were discontinued on or after the date such child attained age 16, and any child who previously was in foster care described in subparagraph (B) and for whom such care was discontinued on or after the date such child attained age 16; and a written transitional independent living plan of the type described in subsection (d)(6) shall be developed for such child as a part of such program.

''(b) USE OF FUNDS.—Payment under this section shall be made to the State, and shall be used for the purpose of conducting and providing in accordance with this section (directly or under contracts with local governmental entities or private nonprofit organizations) the activities and services required to carry out the program or programs involved.

''(c) SUBMISSION OF PROGRAM DESCRIPTION AND ASSURANCES.—In order for a State to receive payments under this section for any fiscal year, the State, prior to February 1 of such fiscal year, must submit to the Secretary, in such manner and form as the Secretary may prescribe, a description of the program together with satisfactory assurances that the program will be operated in an effective and efficient manner and will otherwise meet the requirements of this section.

''(d) PROGRAM OBJECTIVES.—In carrying out the purpose described in subsection (a), it shall be the objective of each program established under this section to help the individuals participating in such program to prepare to live independently upon leaving foster care. Such programs may include (subject to the availability of funds) programs to—

''(1) enable participants to seek a high school diploma or its equivalent or to take part in appropriate vocational training;

''(2) provide training in daily living skills, budgeting, locating and maintaining housing, and career planning;

''(3) provide for individual and group counseling;

''(4) integrate and coordinate services otherwise available to participants;

''(5) provide for the establishment of outreach programs designed to attract individuals who are eligible to participate in the program;

''(6) provide each participant a written transitional independent living plan which

shall be based on an assessment of his needs, and which shall be incorporated into his case plan, as defined in section 426(3); and

''(7) provide participants with other services and assistance designed to improve their transition to independent living.

''(e) DETERMINATION OF PAYMENTS.—

''(1) BASIC AMOUNT.—

''(A) IN GENERAL.—The basic amount to which a State shall be entitled under section 474(a)(4) for a fiscal year shall be an amount which bears the same ratio to the basic ceiling for such fiscal year as such State's average number of children receiving foster care maintenance payments under part E in fiscal year 1984 bore to the total of the average number of children receiving such payments under such part for all States for fiscal year 1984.

''(B) MAXIMUM ADDITIONAL AMOUNT.—The maximum additional amount to which a State shall be entitled under section 474(a)(4) for a fiscal year shall be an amount which bears the same ratio to the additional ceiling for such fiscal year as the basic amount of such State bears to $45,000,000.

''(C) DEFINITIONS.—For purposes of this section:

''(i) BASIC CEILING.—The term 'basic ceiling' means, for any fiscal year, $45,000,000.

''(ii) ADDITIONAL CEILING.—The term 'additional ceiling' means, for any fiscal year, $25,000,000.

''(2) REALLOCATION OF FUNDS.—If any State does not apply for funds under this section for any fiscal year within the time provided in subsection (c), the funds to which such State would have been entitled for such fiscal year shall be reallocated to one or more other States on the basis of their relative need for additional payments under this section (as determined by the Secretary).

''(3) SUPPLEMENT TO OTHER FUNDS.—Any amounts payable to States under this section shall be in addition to amounts payable to States under paragraphs (1), (2), and (3) of section 474(a), and shall supplement and not replace any other funds which may be available for the same general purposes in the localities involved.

''(f) LIMITATION ON USE OF FUNDS.—Payments made to a State under this section for any fiscal year—

''(1) shall be used only for the specific purposes described in this section;

''(2) may not be used for the provision of room or board;

''(3) may be made on an estimated basis in advance of the determination of the exact amount, with appropriate subsequent adjustments to take account of any error in the estimates; and

''(4) shall be expended by such State in such fiscal year or in the succeeding fiscal year.

''(g) REPORTING REQUIREMENTS.—Not later than the first January 1 following the end of each fiscal year, each State shall submit to the Secretary a report on the programs carried out during such fiscal year with the amounts received under this section. Such report shall be in such form and contain such information as may be necessary to provide an accurate description of such activities, to provide a complete record of the purposes for which the funds were spent, and to indicate the extent to which the expenditure of such funds succeeded in accomplishing the purpose described in subsection (a).

''(h) ASSISTANCE NOT CONSIDERED INCOME OR RESOURCES.—Notwithstanding any other provision of this title, payments made and services provided to participants in a program under this section, as a direct consequence of their participation in such program, shall not be considered as income or resources for purposes of determining eligibility (or the eligibility of any other persons) for assistance under the State's plan approved under this part or part A, or for purposes of determining the level of such assistance.''.

(i) COLLECTION OF DATA RELATING TO ADOPTION AND FOSTER CARE.—Part E of title IV of such Act (42 U.S.C. 670 et seq.) is amended—

(1) by redesignating section 479 as section 477; and

(2) by amending section 477, as so redesignated, to read as follows:

''SEC. 477. COLLECTION OF DATA RELATING TO ADOPTION AND FOSTER CARE.

''For requirements with respect to the collection of data relating to adoption and foster care, see section 424.''.

Subchapter C—Miscellaneous

SEC. 4721. SECRETARIAL SUBMISSION OF LEGISLATIVE PROPOSAL FOR TECHNICAL AND CONFORMING AMENDMENTS.

Not later than 90 days after the date of the enactment of this chapter, the Secretary of Health and Human Services, in consultation, as appropriate, with the heads of other Federal agencies, shall submit to the appropriate committees of Congress a legislative proposal providing for such technical and conforming amendments in the law as are required by the provisions of this chapter.

SEC. 4722. SENSE OF THE CONGRESS REGARDING TIMELY ADOPTION OF CHILDREN.

It is the sense of the Congress that—

(1) too many children who wish to be adopted are spending inordinate amounts of time in foster care;

(2) there is an urgent need for States to increase the number of waiting children being adopted in a timely and lawful manner;

(3) studies have shown that States spend an excess of $15,000 each year on each special needs child in foster care, and would save significant amounts of money if they offered incentives to families to adopt special needs children;

(4) States should allocate sufficient funds under this subtitle for adoption assistance and medical assistance to encourage more families to adopt children who otherwise would languish in the foster care system for a period that many experts consider detrimental to their development;

(5) States should offer incentives for families that adopt special needs children to make adoption more affordable for middle-class families;

(6) when it is necessary for a State to remove a child from the home of the child's biological parents, the State should strive—

(A) to provide the child with a single foster care placement and a single coordinated case team; and

(B) to conclude an adoption of the child, when adoption is the goal of the child and the State, within one year of the child's placement in foster care; and

(7) States should participate in local, regional, or national programs to enable maximum visibility of waiting children to potential parents. Such programs should include a nationwide, interactive computer network to disseminate information on children eligible for adoption to help match them with families around the country.

SEC. 4723. REMOVAL OF BARRIERS TO INTERETHNIC ADOPTION.

(a) STATE PLAN REQUIREMENTS.—Section 422(a) of the Social Security Act (42 U.S.C 622(a)), as added by section 4701 of this Act, is amended by adding at the end the following:

''(15) CERTIFICATION REGARDING REMOVAL OF BARRIERS TO INTERETHNIC ADOPTION.—A certification that, not later than January 1, 1997, the State has in effect such laws and procedures as may be necessary to ensure that neither the State nor any other entity in the State that receives funds from the Federal Government and is involved in adoption or foster care placements may—

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

''(B) delay or deny the placement of a child for adoption or into foster care, on the basis of the race, color, or national origin of the adoptive or foster parent, or the child, involved.''.

(b) ENFORCEMENT.—Section 423(e) of such Act (42 U.S.C. 623(e)), as added by section 4701 of this Act, is amended by redesignating paragraphs (5), (6), and (7) as paragraphs (6), (7), and (8), respectively, and by inserting after paragraph (4) the following:

''(5) PENALTY FOR FAILURE TO REMOVE BARRIERS TO INTERETHNIC ADOPTION.—

''(A) REDUCTION OF PAYMENTS TO THE STATE.—If a State's program operated under this part is found, as a result of a review conducted under section 1123, to have violated section 422(a)(15) during a quarter with respect to any person, then, notwithstanding any regulations promulgated under section 1123(b)(3), the Secretary shall reduce the amount otherwise payable to the State under this part, for the quarter and for each subsequent quarter before the 1st quarter for which the State program is found, as a result of such a review, not to have violated section 422(a)(15) with respect to any person, by—

''(i) 2 percent of such otherwise payable amount, in the case of the 1st such finding with respect to the State;

''(ii) 5 percent of such otherwise payable amount, in the case of the 2nd such finding with respect to the State; or

''(iii) 10 percent of such otherwise payable amount, in the case of the 3rd or subsequent such finding with respect to the State.

''(B) RETURN OF FUNDS PAID TO OTHER VIOLATORS.—Any other entity which is in a State that receives funds under this part and which violates section 422(a)(15) during a quarter with respect to any person shall remit to the Secretary all funds that were paid by the State to the entity during the quarter from such funds.

''(C) PRIVATE CAUSE OF ACTION.—

''(i) IN GENERAL.—Any individual who is aggrieved by a violation of section 422(a)(15) by a State or other entity may bring an action seeking relief from the State or other entity in any United States district court.

''(ii) LIMITATION.—An action under this subparagraph may not be brought more than 2 years after the date the alleged violation occurred.

''(D) NO EFFECT ON THE INDIAN CHILD WELFARE ACT OF 1978.—This paragraph shall not be construed to affect the application of the Indian Child Welfare Act of 1978.''.

(c) CIVIL RIGHTS.—

(1) PROHIBITED CONDUCT.—A person or government that is involved in adoption or foster care placements may not—

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

(B) delay or deny the placement of a child for adoption or into foster care, on the basis of the race, color, or national origin of the adoptive or foster parent, or the child, involved.

(2) ENFORCEMENT.—Noncompliance with paragraph (1) is deemed a violation of title VI of the Civil Rights Act of 1964.

(3) NO EFFECT ON THE INDIAN CHILD WELFARE ACT OF 1978.—This subsection shall not be construed to affect the application of the Indian Child Welfare Act of 1978.

(d) CONFORMING REPEAL.—Section 553 of the Howard M. Metzenbaum Multiethnic

Placement Act of 1994 (42 U.S.C. 5115a) is repealed.

SEC. 4724. EFFECTIVE DATE; TRANSITION RULES.

(a) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), this chapter and the amendments made by this chapter shall be effective on and after October 1, 1996.

(2) EXCEPTION.—Section 425 of the Social Security Act, as added by section 4701 of this Act, shall take effect on the date of the enactment of this chapter.

(3) TEMPORARY REDESIGNATION OF SECTION 425.—During the period beginning on the date of the enactment of this chapter and ending on October 1, 1996, section 425 of the Social Security Act, as added by section 4701 of this Act, is redesignated as section 425A.

(b) TRANSITION RULES.—

(1) CLAIMS, ACTIONS, AND PROCEEDINGS.—The amendments made by this chapter shall not apply with respect to—

(A) powers, duties, functions, rights, claims, penalties, or obligations applicable to aid, assistance, or services provided before the effective date of this chapter under the provisions amended; and

(B) administrative actions and proceedings commenced before such date, or authorized before such date to be commenced, under such provisions.

(2) CLOSING OUT ACCOUNT FOR THOSE PROGRAMS TERMINATED OR SUBSTANTIALLY MODIFIED BY THIS CHAPTER.—In closing out accounts, Federal and State officials may use scientifically acceptable statistical sampling techniques. Claims made under programs which are repealed or substantially amended in this chapter and which involve State expenditures in cases where assistance or services were provided during a prior fiscal year, shall be treated as expenditures during fiscal year 1995 for purposes of reimbursement even if payment was made by a State on or after October 1, 1995. States shall complete the filing of all claims no later than September 30, 1997. Federal department heads shall—

(A) use the single audit procedure to review and resolve any claims in connection with the closeout of programs; and

(B) reimburse States for any payments made for assistance or services provided during a prior fiscal year from funds for fiscal year 1995, rather than the funds authorized by this chapter.

CHAPTER 2—CHILD AND FAMILY SERVICES BLOCK GRANT

SEC. 4751. CHILD AND FAMILY SERVICES BLOCK GRANT.

The Child Abuse Prevention and Treatment Act (42 U.S.C. 5101 et seq.) is amended to read as follows:

"SECTION 1. SHORT TITLE.

''This Act may be cited as the 'Child and Family Services Block Grant Act of 1996'.

"SEC. 2. FINDINGS.

''The Congress finds the following:

''(1) Each year, close to 1,000,000 American children are victims of abuse and neglect.

''(2) Many of these children and their families fail to receive adequate protection or treatment.

''(3) The problem of child abuse and neglect requires a comprehensive approach that—

''(A) integrates the work of social service, legal, health, mental health, education, and substance abuse agencies and organizations;

''(B) strengthens coordination among all levels of government, and with private agencies, civic, religious, and professional organizations, and individual volunteers;

''(C) emphasizes the need for abuse and neglect prevention, assessment, investigation, and treatment at the neighborhood level;

''(D) ensures properly trained and support staff with specialized knowledge, to carry out their child protection duties; and

''(E) is sensitive to ethnic and cultural diversity.

''(4) The child protection system should be comprehensive, child-centered, family-focused, and community-based, should incorporate all appropriate measures to prevent the occurrence or recurrence of child abuse and neglect, and should promote physical and psychological recovery and social reintegration in an environment that fosters the health, safety, self-respect, and dignity of the child.

''(5) The Federal Government should provide leadership and assist communities in their child and family protection efforts by—

''(A) generating and sharing knowledge relevant to child and family protection, including the development of models for service delivery;

''(B) strengthening the capacity of States to assist communities;

''(C) helping communities to carry out their child and family protection plans by promoting the competence of professional, paraprofessional, and volunteer resources; and

''(D) providing leadership to end the abuse and neglect of the Nation's children and youth.

"SEC. 3. PURPOSES.

''The purposes of this Act are the following:

''(1) To assist each State in improving the child protective service systems of such State by—

''(A) improving risk and safety assessment tools and protocols;

''(B) developing, strengthening, and facilitating training opportunities for individuals who are mandated to report child abuse or neglect or otherwise overseeing, investigating, prosecuting, or providing services to children and families who are at risk of abusing or neglecting their children; and

''(C) developing, implementing, or operating information, education, training, or other programs designed to assist and provide services for families of disabled infants with life-threatening conditions.

''(2) To support State efforts to develop, operate, expand and enhance a network of community-based, prevention-focused, family resource and support programs that are culturally competent and that coordinate resources among existing education, vocational rehabilitation, disability, respite, health, mental health, job readiness, self-sufficiency, child and family development, community action, Head Start, child care, child abuse and neglect prevention, juvenile justice, domestic violence prevention and intervention, housing, and other human service organizations within the State.

''(3) To facilitate the elimination of barriers to adoption and to provide permanent and loving home environments for children who would benefit from adoption, particularly children with special needs, including disabled infants with life-threatening conditions, by—

''(A) promoting model adoption legislation and procedures in the States and territories of the United States in order to eliminate jurisdictional and legal obstacles to adoption;

''(B) providing a mechanism for the Department of Health and Human Services to—

''(i) promote quality standards for adoption services, preplacement, post-placement, and post-legal adoption counseling, and standards to protect the rights of children in need of adoption;

''(ii) maintain a national adoption information exchange system to bring together children who would benefit from adoption and qualified prospective adoptive parents who are seeking such children, and conduct national recruitment efforts in order to reach prospective parents for children awaiting adoption; and

''(iii) demonstrate expeditious ways to free children for adoption for whom it has been determined that adoption is the appropriate plan; and

''(C) facilitating the identification and recruitment of foster and adoptive families that can meet children's needs.

''(4) To respond to the needs of children, in particular those who are drug exposed or afflicted with Acquired Immune Deficiency Syndrome (AIDS), by supporting activities aimed at preventing the abandonment of children, providing support to children and their families, and facilitating the recruitment and training of health and social service personnel.

''(5) To carry out any other activities as the Secretary determines are consistent with this Act.

"SEC. 4. DEFINITIONS.

''As used in this Act:

''(1) CHILD.—The term 'child' means a person who has not attained the lesser of—

''(A) the age of 18; or

''(B) except in the case of sexual abuse, the age specified by the child protection law of the State in which the child resides.

''(2) CHILD ABUSE AND NEGLECT.—The term 'child abuse and neglect' means, at a minimum, any recent act or failure to act on the part of a parent or caretaker, which results in death, serious physical or emotional harm, sexual abuse or exploitation, or an act or failure to act which presents an imminent risk of serious harm.

''(3) FAMILY RESOURCE AND SUPPORT PROGRAMS.—The term 'family resource and support program' means a community-based, prevention-focused entity that—

''(A) provides, through direct service, the core services required under this Act, including—

''(i) parent education, support and leadership services, together with services characterized by relationships between parents and professionals that are based on equality and respect, and designed to assist parents in acquiring parenting skills, learning about child development, and responding appropriately to the behavior of their children;

''(ii) services to facilitate the ability of parents to serve as resources to one another (such as through mutual support and parent self-help groups);

''(iii) early developmental screening of children to assess any needs of children, and to identify types of support that may be provided;

''(iv) outreach services provided through voluntary home visits and other methods to assist parents in becoming aware of and able to participate in family resources and support program activities;

''(v) community and social services to assist families in obtaining community resources; and

''(vi) followup services;

''(B) provides, or arranges for the provision of, other core services through contracts or agreements with other local agencies; and

''(C) provides access to optional services, directly or by contract, purchase of service, or interagency agreement, including—

''(i) child care, early childhood development and early intervention services;

''(ii) self-sufficiency and life management skills training;

''(iii) education services, such as scholastic tutoring, literacy training, and General Educational Degree services;

''(iv) job readiness skills;

''(v) child abuse and neglect prevention activities;

''(vi) services that families with children with disabilities or special needs may require;

''(vii) community and social service referral;

''(viii) peer counseling;

''(ix) referral for substance abuse counseling and treatment; and

''(x) help line services.

''(4) INDIAN TRIBE AND TRIBAL ORGANIZATION.—The terms 'Indian tribe' and 'tribal organization' shall have the same meanings given such terms in subsections (e) and (l), respectively, of section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b(e) and (l)).

''(5) RESPITE SERVICES.—The term 'respite services' means short-term care services provided in the temporary absence of the regular caregiver (parent, other relative, foster parent, adoptive parent, or guardian) to children who—

''(A) are in danger of abuse or neglect;

''(B) have experienced abuse or neglect; or

''(C) have disabilities, chronic, or terminal illnesses.

Such services shall be provided within or outside the home of the child, be short-term care (ranging from a few hours to a few weeks of time, per year), and be intended to enable the family to stay together and to keep the child living in the home and community of the child.

''(6) SECRETARY.—The term 'Secretary' means the Secretary of Health and Human Services.

''(7) SEXUAL ABUSE.—The term 'sexual abuse' includes—

''(A) the employment, use, persuasion, inducement, enticement, or coercion of any child to engage in, or assist any other person to engage in, any sexually explicit conduct or simulation of such conduct for the purpose of producing a visual depiction of such conduct; or

''(B) the rape, molestation, prostitution, or other form of sexual exploitation of children, or incest with children.

''(8) STATE.—The term 'State' means each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, and the Trust Territory of the Pacific Islands.

''(9) WITHHOLDING OF MEDICALLY INDICATED TREATMENT.—The term 'withholding of medically indicated treatment' means the failure to respond to the infant's life-threatening conditions by providing treatment (including appropriate nutrition, hydration, and medication) which, in the treating physician's or physicians' reasonable medical judgment, will be most likely to be effective in ameliorating or correcting all such conditions, except that the term does not include the failure to provide treatment (other than appropriate nutrition, hydration, or medication) to an infant when, in the treating physician's or physicians' reasonable medical judgment—

''(A) the infant is chronically and irreversibly comatose;

''(B) the provision of such treatment would—

''(i) merely prolong dying;

''(ii) not be effective in ameliorating or correcting all of the infant's life-threatening conditions; or

''(iii) otherwise be futile in terms of the survival of the infant; or

''(C) the provision of such treatment would be virtually futile in terms of the survival of the infant and the treatment itself under such circumstances would be inhumane.

''TITLE I—GENERAL BLOCK GRANT

''SEC. 101. CHILD AND FAMILY SERVICES BLOCK GRANTS.

''(a) ELIGIBILITY.—The Secretary shall award grants to eligible States that file a State plan that is approved under section 102 and that otherwise meet the eligibility requirements for grants under this title.

''(b) AMOUNT OF GRANT.—The amount of a grant made to each State under subsection (a) for a fiscal year shall be based on the population of children under the age of 18 residing in each State that applies for a grant under this section.

''(c) USE OF AMOUNTS.—Amounts received by a State under a grant awarded under subsection (a) shall be used to carry out the purposes described in section 3.

''SEC. 102. ELIGIBLE STATES.

''(a) IN GENERAL.—As used in this title, the term 'eligible State' means a State that has submitted to the Secretary, not later than October 1, 1996, and every 3 years thereafter, a plan which has been signed by the chief executive officer of the State and that includes the following:

''(1) OUTLINE OF CHILD PROTECTION PROGRAM.—A written document that outlines the activities the State intends to conduct to achieve the purpose of this title, including the procedures to be used for—

''(A) receiving and assessing reports of child abuse or neglect;

''(B) investigating such reports;

''(C) with respect to families in which abuse or neglect has been confirmed, providing services or referral for services for families and children where the State makes a determination that the child may safely remain with the family;

''(D) protecting children by removing them from dangerous settings and ensuring their placement in a safe environment;

''(E) providing training for individuals mandated to report suspected cases of child abuse or neglect;

''(F) protecting children in foster care;

''(G) promoting timely adoptions;

''(H) protecting the rights of families, using adult relatives as the preferred placement for children separated from their parents where such relatives meet the relevant State child protection standards; and

''(I) providing services to individuals, families, or communities, either directly or through referral, that are aimed at preventing the occurrence of child abuse and neglect.

''(2) CERTIFICATION OF STATE LAW REQUIRING THE REPORTING OF CHILD ABUSE AND NEGLECT.—A certification that the State has in effect laws that require public officials and other professionals to report, in good faith, actual or suspected instances of child abuse or neglect.

''(3) CERTIFICATION OF PROCEDURES FOR SCREENING, SAFETY ASSESSMENT, AND PROMPT INVESTIGATION.—A certification that the State has in effect procedures for receiving and responding to reports of child abuse or neglect, including the reports described in paragraph (2), and for the immediate screening, safety assessment, and prompt investigation of such reports.

''(4) CERTIFICATION OF STATE PROCEDURES FOR REMOVAL AND PLACEMENT OF ABUSED OR NEGLECTED CHILDREN.—A certification that the State has in effect procedures for the removal from families and placement of abused or neglected children and of any other child in the same household who may also be in danger of abuse or neglect.

''(5) CERTIFICATION OF PROVISIONS FOR IMMUNITY FROM PROSECUTION.—A certification that the State has in effect laws requiring immunity from prosecution under State and local laws and regulations for individuals making good faith reports of suspected or known instances of child abuse or neglect.

''(6) CERTIFICATION OF PROVISIONS AND PROCEDURES RELATING TO APPEALS.—A certification that not later than 2 years after the date of the enactment of this Act, the State shall have laws and procedures in effect affording individuals an opportunity to appeal an official finding of abuse or neglect.

''(7) CERTIFICATION OF STATE PROCEDURES FOR DEVELOPING AND REVIEWING WRITTEN PLANS FOR PERMANENT PLACEMENT OF REMOVED CHILDREN.—A certification that the State has in effect procedures for ensuring that a written plan is prepared for children who have been removed from their families. Such plan shall specify the goals for achieving a permanent placement for the child in a timely fashion, for ensuring that the written plan is reviewed every 6 months (until such placement is achieved), and for ensuring that information about such children is collected regularly and recorded in case records, and include a description of such procedures.

''(8) CERTIFICATION OF STATE PROGRAM TO PROVIDE INDEPENDENT LIVING SERVICES.—A certification that the State has in effect a program to provide independent living services, for assistance in making the transition to self-sufficient adulthood, to individuals in the child protection program of the State who are 16, but who are not 20 (or, at the option of the State, 22), years of age, and who do not have a family to which to be returned.

''(9) CERTIFICATION OF STATE PROCEDURES TO RESPOND TO REPORTING OF MEDICAL NEGLECT OF DISABLED INFANTS.—

''(A) IN GENERAL.—A certification that the State has in place for the purpose of responding to the reporting of medical neglect of infants (including instances of withholding of medically indicated treatment from disabled infants with life-threatening conditions), procedures or programs, or both (within the State child protective services system), to provide for—

''(i) coordination and consultation with individuals designated by and within appropriate health-care facilities;

''(ii) prompt notification by individuals designated by and within appropriate health-care facilities of cases of suspected medical neglect (including instances of withholding of medically indicated treatment from disabled infants with life-threatening conditions); and

''(iii) authority, under State law, for the State child protective service to pursue any legal remedies, including the authority to initiate legal proceedings in a court of competent jurisdiction, as may be necessary to prevent the withholding of medically indicated treatment from disabled infants with life-threatening conditions.

''(B) WITHHOLDING OF MEDICALLY INDICATED TREATMENT.—As used in subparagraph (A), the term 'withholding of medically indicated treatment' means the failure to respond to the infant's life-threatening conditions by providing treatment (including appropriate nutrition, hydration, and medication) which, in the treating physician's or physicians' reasonable medical judgment, will be most likely to be effective in ameliorating or correcting all such conditions, except that such term does not include the failure to provide treatment (other than appropriate nutrition, hydration, or medication) to an infant when, in the treating physician's or physicians' reasonable medical judgment—

''(i) the infant is chronically and irreversibly comatose;

''(ii) the provision of such treatment would—

''(I) merely prolong dying;

''(II) not be effective in ameliorating or correcting all of the infant's life-threatening conditions; or

''(III) otherwise be futile in terms of the survival of the infant; or

''(iii) the provision of such treatment would be virtually futile in terms of the survival of the infant and the treatment itself

under such circumstances would be inhumane.

''(10) IDENTIFICATION OF CHILD PROTECTION GOALS.—The quantitative goals of the State child protection program.

''(11) CERTIFICATION OF CHILD PROTECTION STANDARDS.—With respect to fiscal years beginning on or after April 1, 1996, a certification that the State—

''(A) has completed an inventory of all children who, before the inventory, had been in foster care under the responsibility of the State for 6 months or more, which determined—

''(i) the appropriateness of, and necessity for, the foster care placement;

''(ii) whether the child could or should be returned to the parents of the child or should be freed for adoption or other permanent placement; and

''(iii) the services necessary to facilitate the return of the child or the placement of the child for adoption or legal guardianship;

''(B) is operating, to the satisfaction of the Secretary—

''(i) a statewide information system from which can be readily determined the status, demographic characteristics, location, and goals for the placement of every child who is (or, within the immediately preceding 12 months, has been) in foster care;

''(ii) a case review system for each child receiving foster care under the supervision of the State;

''(iii) a service program designed to help children—

''(I) where appropriate, return to families from which they have been removed; or

''(II) be placed for adoption, with a legal guardian, or if adoption or legal guardianship is determined not to be appropriate for a child, in some other planned, permanent living arrangement; and

''(iv) a preplacement preventive services program designed to help children at risk for foster care placement remain with their families; and

''(C)(i) has reviewed (or not later than October 1, 1997, will review) State policies and administrative and judicial procedures in effect for children abandoned at or shortly after birth (including policies and procedures providing for legal representation of such children); and

''(ii) is implementing (or not later than October 1, 1997, will implement) such policies and procedures as the State determines, on the basis of the review described in clause (i), to be necessary to enable permanent decisions to be made expeditiously with respect to the placement of such children.

''(12) CERTIFICATION OF REASONABLE EFFORTS BEFORE PLACEMENT OF CHILDREN IN FOSTER CARE.—A certification that the State in each case will—

''(A) make reasonable efforts prior to the placement of a child in foster care, to prevent or eliminate the need for removal of the child from the child's home, and to make it possible for the child to return home; and

''(B) with respect to families in which abuse or neglect has been confirmed, provide services or referral for services for families and children where the State makes a determination that the child may safely remain with the family.

''(13) CERTIFICATION OF CONFIDENTIALITY AND REQUIREMENTS FOR INFORMATION DISCLOSURE.—

''(A) IN GENERAL.—A certification that the State has in effect and operational—

''(i) requirements ensuring that reports and records made and maintained pursuant to the purposes of this part shall only be made available to—

''(I) individuals who are the subject of the report;

''(II) Federal, State, or local government entities, or any agent of such entities, having a need for such information in order to carry out their responsibilities under law to protect children from abuse and neglect;

''(III) child abuse citizen review panels;

''(IV) child fatality review panels;

''(V) a grand jury or court, upon a finding that information in the record is necessary for the determination of an issue before the court or grand jury; and

''(VI) other entities or classes of individuals statutorily authorized by the State to receive such information pursuant to a legitimate State purpose; and

''(ii) provisions that allow for public disclosure of the findings or information about cases of child abuse or neglect that have resulted in a child fatality or near fatality.

''(B) LIMITATION.—Disclosures made pursuant to clause (i) or (ii) shall not include the identifying information concerning the individual initiating a report or complaint alleging suspected instances of child abuse or neglect.

''(C) DEFINITION.—For purposes of this paragraph, the term 'near fatality' means an act that, as certified by a physician, places the child in serious or critical condition.

''(b) DETERMINATIONS.—The Secretary shall determine whether a plan submitted pursuant to subsection (a) contains the material required by subsection (a), other than the material described in paragraph (9) of such subsection. The Secretary may not require a State to include in such a plan any material not described in subsection (a).

''SEC. 103. DATA COLLECTION AND REPORTING.

''(a) NATIONAL CHILD ABUSE AND NEGLECT DATA SYSTEM.—The Secretary shall establish a national data collection and analysis program—

''(1) which, to the extent practicable, coordinates existing State child abuse and neglect reports and which shall include—

''(A) standardized data on substantiated, as well as false, unfounded, or unsubstantiated reports; and

''(B) information on the number of deaths due to child abuse and neglect; and

''(2) which shall collect, compile, analyze, and make available State child abuse and neglect reporting information which, to the extent practical, is universal and case-specific and integrated with other case-based foster care and adoption data collected by the Secretary.

''(b) ADOPTION AND FOSTER CARE AND ANALYSIS AND REPORTING SYSTEMS.—The Secretary shall implement a system for the collection of data relating to adoption and foster care in the United States. Such data collection system shall—

''(1) avoid unnecessary diversion of resources from agencies responsible for adoption and foster care;

''(2) assure that any data that is collected is reliable and consistent over time and among jurisdictions through the use of uniform definitions and methodologies;

''(3) provide comprehensive national information with respect to—

''(A) the demographic characteristics of adoptive and foster children and their biological and adoptive or foster parents;

''(B) the status of the foster care population (including the number of children in foster care, length of placement, type of placement, availability for adoption, and goals for ending or continuing foster care);

''(C) the number and characteristics of—

''(i) children placed in or removed from foster care;

''(ii) children adopted or with respect to whom adoptions have been terminated; and

''(iii) children placed in foster care outside the State which has placement and care responsibility; and

''(D) the extent and nature of assistance provided by Federal, State, and local adoption and foster care programs and the characteristics of the children with respect to whom such assistance is provided; and

''(4) utilize appropriate requirements and incentives to ensure that the system functions reliably throughout the United States.

''(c) ADDITIONAL INFORMATION.—The Secretary may require the provision of additional information under the data collection system established under subsection (b) if the addition of such information is agreed to by a majority of the States.

''(d) ANNUAL REPORT BY THE SECRETARY.—Within 6 months after the end of each fiscal year, the Secretary shall prepare a report based on information provided by the States for the fiscal year pursuant to this section, and shall make the report and such information available to the Congress and the public.

''TITLE II—RESEARCH, DEMONSTRATIONS, TRAINING, AND TECHNICAL ASSISTANCE

''SEC. 201. RESEARCH GRANTS.

''(a) IN GENERAL.—The Secretary, in consultation with appropriate Federal officials and recognized experts in the field, shall award grants or contracts for the conduct of research in accordance with subsection (b).

''(b) RESEARCH.—Research projects to be conducted using amounts received under this section—

''(1) shall be designed to provide information to better protect children from abuse or neglect and to improve the well-being of abused or neglected children, with at least a portion of any such research conducted under a project being field initiated;

''(2) shall at a minimum, focus on—

''(A) the nature and scope of child abuse and neglect;

''(B) the causes, prevention, assessment, identification, treatment, cultural and socioeconomic distinctions, and the consequences of child abuse and neglect;

''(C) appropriate, effective and culturally sensitive investigative, administrative, and judicial procedures with respect to cases of child abuse; and

''(D) the national incidence of child abuse and neglect, including—

''(i) the extent to which incidents of child abuse are increasing or decreasing in number and severity;

''(ii) the incidence of substantiated and unsubstantiated reported child abuse cases;

''(iii) the number of substantiated cases that result in a judicial finding of child abuse or neglect or related criminal court convictions;

''(iv) the extent to which the number of unsubstantiated, unfounded and false reported cases of child abuse or neglect have contributed to the inability of a State to respond effectively to serious cases of child abuse or neglect;

''(v) the extent to which the lack of adequate resources and the lack of adequate training of reporters have contributed to the inability of a State to respond effectively to serious cases of child abuse and neglect;

''(vi) the number of unsubstantiated, false, or unfounded reports that have resulted in a child being placed in substitute care, and the duration of such placement;

''(vii) the extent to which unsubstantiated reports return as more serious cases of child abuse or neglect;

''(viii) the incidence and prevalence of physical, sexual, and emotional abuse and physical and emotional neglect in substitute care;

''(ix) the incidence and outcomes of abuse allegations reported within the context of divorce, custody, or other family court proceedings, and the interaction between this

venue and the child protective services system; and

''(x) the cases of children reunited with their families or receiving family preservation services that result in subsequent substantiated reports of child abuse and neglect, including the death of the child; and

''(3) may include the appointment of an advisory board to—

''(A) provide recommendations on coordinating Federal, State, and local child abuse and neglect activities at the State level with similar activities at the State and local level pertaining to family violence prevention;

''(B) consider specific modifications needed in State laws and programs to reduce the number of unfounded or unsubstantiated reports of child abuse or neglect while enhancing the ability to identify and substantiate legitimate cases of abuse or neglect which place a child in danger; and

''(C) provide recommendations for modifications needed to facilitate coordinated national and Statewide data collection with respect to child protection and child welfare.

''SEC. 202. NATIONAL CLEARINGHOUSE FOR INFORMATION RELATING TO CHILD ABUSE.

''(a) ESTABLISHMENT.—The Secretary shall, through the Department of Health and Human Services, or by one or more contracts of not less than 3 years duration provided through a competition, establish a national clearinghouse for information relating to child abuse.

''(b) FUNCTIONS.—The Secretary shall, through the clearinghouse established by subsection (a)—

''(1) maintain, coordinate, and disseminate information on all programs, including private programs, that show promise of success with respect to the prevention, assessment, identification, and treatment of child abuse and neglect;

''(2) maintain and disseminate information relating to—

''(A) the incidence of cases of child abuse and neglect in the United States;

''(B) the incidence of such cases in populations determined by the Secretary under section 105(a)(1) of the Child Abuse Prevention, Adoption, and Family Services Act of 1988 (as such section was in effect on the day before the date of enactment of this Act); and

''(C) the incidence of any such cases related to alcohol or drug abuse;

''(3) disseminate information related to data collected and reported by States pursuant to section 103;

''(4) compile, analyze, and publish a summary of the research conducted under section 201; and

''(5) solicit public comment on the components of such clearinghouse.

''SEC. 203. GRANTS FOR DEMONSTRATION PROJECTS.

''(a) AWARDING OF GENERAL GRANTS.—The Secretary may make grants to, and enter into contracts with, public and nonprofit private agencies or organizations (or combinations of such agencies or organizations) for the purpose of developing, implementing, and operating time limited, demonstration programs and projects for the following purposes:

''(1) INNOVATIVE PROGRAMS AND PROJECTS.—The Secretary may award grants to public agencies that demonstrate innovation in responding to reports of child abuse and neglect including programs of collaborative partnerships between the State child protective service agency, community social service agencies and family support programs, schools, churches and synagogues, and other community agencies to allow for the establishment of a triage system that—

''(A) accepts, screens and assesses reports received to determine which such reports require an intensive intervention and which require voluntary referral to another agency, program or project;

''(B) provides, either directly or through referral, a variety of community-linked services to assist families in preventing child abuse and neglect; and

''(C) provides further investigation and intensive intervention where the child's safety is in jeopardy.

''(2) KINSHIP CARE PROGRAMS AND PROJECTS.—The Secretary may award grants to public entities to assist such entities in developing or implementing procedures using adult relatives as the preferred placement for children removed from their home, where such relatives are determined to be capable of providing a safe nurturing environment for the child and where, to the maximum extent practicable, such relatives comply with relevant State child protection standards.

''(3) ADOPTION OPPORTUNITIES.—The Secretary may award grants to public entities to assist such entities in developing or implementing programs to expand opportunities for the adoption of children with special needs.

''(4) FAMILY RESOURCE CENTERS.—The Secretary may award grants to public or nonprofit private entities to provide for the establishment of family resource programs and support services that—

''(A) develop, expand, and enhance statewide networks of community-based, prevention-focused centers, programs, or services that provide comprehensive support for families;

''(B) promote the development of parental competencies and capacities in order to increase family stability;

''(C) support the additional needs of families with children with disabilities;

''(D) foster the development of a continuum of preventive services for children and families through State and community-based collaborations and partnerships (both public and private); and

''(E) maximize funding for the financing, planning, community mobilization, collaboration, assessment, information and referral, startup, training and technical assistance, information management, reporting, and evaluation costs for establishing, operating, or expanding a statewide network of community-based, prevention-focused family resource and support services.

''(5) OTHER INNOVATIVE PROGRAMS.—The Secretary may award grants to public or private nonprofit organizations to assist such entities in developing or implementing innovative programs and projects that show promise of preventing and treating cases of child abuse and neglect (such as Parents Anonymous).

''(b) GRANTS FOR ABANDONED INFANT PROGRAMS.—The Secretary may award grants to public and nonprofit private entities to assist such entities in developing or implementing procedures—

''(1) to prevent the abandonment of infants and young children, including the provision of services to members of the natural family for any condition that increases the probability of abandonment of an infant or young child;

''(2) to identify and address the needs of abandoned infants and young children;

''(3) to assist abandoned infants and young children to reside with their natural families or in foster care, as appropriate;

''(4) to recruit, train, and retain foster families for abandoned infants and young children;

''(5) to carry out residential care programs for abandoned infants and young children who are unable to reside with their families or to be placed in foster care;

''(6) to carry out programs of respite care for families and foster families of infants and young children; and

''(7) to recruit and train health and social services personnel to work with families, foster care families, and residential care programs for abandoned infants and young children.

''(c) EVALUATION.—In making grants for demonstration projects under this section, the Secretary shall require all such projects to be evaluated for their effectiveness. Funding for such evaluations shall be provided either as a stated percentage of a demonstration grant or as a separate grant entered into by the Secretary for the purpose of evaluating a particular demonstration project or group of projects.

''SEC. 204. TECHNICAL ASSISTANCE.

''(a) CHILD ABUSE AND NEGLECT.—

''(1) IN GENERAL.—The Secretary shall provide technical assistance under this title to States to assist such States in planning, improving, developing, and carrying out programs and activities relating to the prevention, assessment identification, and treatment of child abuse and neglect.

''(2) EVALUATION.—Technical assistance provided under paragraph (1) may include an evaluation or identification of—

''(A) various methods and procedures for the investigation, assessment, and prosecution of child physical and sexual abuse cases;

''(B) ways to mitigate psychological trauma to the child victim; and

''(C) effective programs carried out by the States under this Act.

''(b) ADOPTION OPPORTUNITIES.—The Secretary shall provide, directly or by grant to or contract with public or private nonprofit agencies or organizations—

''(1) technical assistance and resource and referral information to assist State or local governments with termination of parental rights issues, in recruiting and retaining adoptive families, in the successful placement of children with special needs, and in the provision of pre- and post-placement services, including post-legal adoption services; and

''(2) other assistance to help State and local governments replicate successful adoption-related projects from other areas in the United States.

''SEC. 205. TRAINING RESOURCES.

''(a) TRAINING PROGRAMS.—The Secretary may award grants to public or private nonprofit organizations—

''(1) for the training of professional and paraprofessional personnel in the fields of medicine, law, education, law enforcement, social work, and other relevant fields who are engaged in, or intend to work in, the field of prevention, identification, and treatment of child abuse and neglect, including the links between domestic violence and child abuse;

''(2) to provide culturally specific instruction in methods of protecting children from child abuse and neglect to children and to persons responsible for the welfare of children, including parents of and persons who work with children with disabilities; and

''(3) to improve the recruitment, selection, and training of volunteers serving in private and public nonprofit children, youth and family service organizations in order to prevent child abuse and neglect through collaborative analysis of current recruitment, selection, and training programs and development of model programs for dissemination and replication nationally.

''(b) DISSEMINATION OF INFORMATION.—The Secretary may provide for and disseminate

information relating to various training resources available at the State and local level to—

''(1) individuals who are engaged, or who intend to engage, in the prevention, identification, assessment, and treatment of child abuse and neglect; and

''(2) appropriate State and local officials, including prosecutors, to assist in training law enforcement, legal, judicial, medical, mental health, education, and child welfare personnel in appropriate methods of interacting during investigative, administrative, and judicial proceedings with children who have been subjected to abuse.

''SEC. 206. APPLICATIONS AND AMOUNTS OF GRANTS.

''(a) REQUIREMENT OF APPLICATION.—The Secretary may not make a grant to a State or other entity under this title unless—

''(1) an application for the grant is submitted to the Secretary;

''(2) with respect to carrying out the purpose for which the grant is to be made, the application provides assurances of compliance satisfactory to the Secretary; and

''(3) the application otherwise is in such form, is made in such manner, and contains such agreements, assurances, and information as the Secretary determines to be necessary to carry out this title.

''(b) AMOUNT OF GRANT.—The Secretary shall determine the amount of a grant to be awarded under this title.

''SEC. 207. PEER REVIEW FOR GRANTS.

''(a) ESTABLISHMENT OF PEER REVIEW PROCESS.—

''(1) IN GENERAL.—The Secretary shall, in consultation with experts in the field and other Federal agencies, establish a formal, rigorous, and meritorious peer review process for purposes of evaluating and reviewing applications for grants under this title and determining the relative merits of the projects for which such assistance is requested. The purpose of this process is to enhance the quality and usefulness of research in the field of child abuse and neglect.

''(2) REQUIREMENTS FOR MEMBERS.—In establishing the process required by paragraph (1), the Secretary shall appoint to the peer review panels only members who are experts in the field of child abuse and neglect or related disciplines, with appropriate expertise in the application to be reviewed, and who are not individuals who are officers or employees of the Administration for Children and Families. The panels shall meet as often as is necessary to facilitate the expeditious review of applications for grants and contracts under this title, but may not meet less than once a year. The Secretary shall ensure that the peer review panel utilizes scientifically valid review criteria and scoring guidelines for review committees.

''(b) REVIEW OF APPLICATIONS FOR ASSISTANCE.—Each peer review panel established under subsection (a)(1) that reviews any application for a grant shall—

''(1) determine and evaluate the merit of each project described in such application;

''(2) rank such application with respect to all other applications it reviews in the same priority area for the fiscal year involved, according to the relative merit of all of the projects that are described in such application and for which financial assistance is requested; and

''(3) make recommendations to the Secretary concerning whether the application for the project shall be approved.

The Secretary shall award grants under this title on the basis of competitive review.

''(c) NOTICE OF APPROVAL.—

''(1) IN GENERAL.—The Secretary shall provide grants under this title from among the projects which the peer review panels established under subsection (a)(1) have determined to have merit.

''(2) REQUIREMENT OF EXPLANATION.—In the instance in which the Secretary approves an application for a program under this title without having approved all applications ranked above such application, the Secretary shall append to the approved application a detailed explanation of the reasons relied on for approving the application and for failing to approve each pending application that is superior in merit.

''SEC. 208. NATIONAL RANDOM SAMPLE STUDY OF CHILD WELFARE.

''(a) IN GENERAL.—The Secretary shall conduct a national study based on random samples of children who are at risk of child abuse or neglect, or are determined by States to have been abused or neglected, and such other research as may be necessary.

''(b) REQUIREMENTS.—The study required by subsection (a) shall—

''(1) have a longitudinal component; and

''(2) yield data reliable at the State level for as many States as the Secretary determines is feasible.

''(c) PREFERRED CONTENTS.—In conducting the study required by subsection (a), the Secretary should—

''(1) collect data on the child protection programs of different small States (or different groups of such States) in different years to yield an occasional picture of the child protection programs of such States;

''(2) carefully consider selecting the sample from cases of confirmed abuse or neglect; and

''(3) follow each case for several years while obtaining information on, among other things—

''(A) the type of abuse or neglect involved;

''(B) the frequency of contact with State or local agencies;

''(C) whether the child involved has been separated from the family, and, if so, under what circumstances;

''(D) the number, type, and characteristics of out-of-home placements of the child; and

''(E) the average duration of each placement.

''(d) REPORTS.—

''(1) IN GENERAL.—From time to time, the Secretary shall prepare reports summarizing the results of the study required by subsection (a).

''(2) AVAILABILITY.—The Secretary shall make available to the public any report prepared under paragraph (1), in writing or in the form of an electronic data tape.

''(3) AUTHORITY TO CHARGE FEE.—The Secretary may charge and collect a fee for the furnishing of reports under paragraph (2).

''(4) FUNDING.—The Secretary shall carry out this section using amounts made available under section 425 of the Social Security Act.

''TITLE III—GENERAL PROVISIONS

''SEC. 301. AUTHORIZATION OF APPROPRIATIONS.

''(a) TITLE I.—There are authorized to be appropriated to carry out title I, $230,000,000 for fiscal year 1996, and such sums as may be necessary for each of the fiscal years 1997 through 2002.

''(b) TITLE II.—

''(1) IN GENERAL.—Of the amount appropriated under subsection (a) for a fiscal year, the Secretary shall make available 12 percent of such amount to carry out title II (except for sections 203 and 208).

''(2) GRANTS FOR DEMONSTRATION PROJECTS.—Of the amount made available under paragraph (1) for a fiscal year, the Secretary shall make available not less than 40 percent of such amount to carry out section 203.

''(c) INDIAN TRIBES.—Of the amount appropriated under subsection (a) for a fiscal year, the Secretary shall make available 1 percent of such amount to provide grants and contracts to Indian tribes and Tribal Organizations.

''(d) AVAILABILITY OF APPROPRIATIONS.—Amounts appropriated under subsection (a) shall remain available until expended.

''SEC. 302. GRANTS TO STATES FOR PROGRAMS RELATING TO THE INVESTIGATION AND PROSECUTION OF CHILD ABUSE AND NEGLECT CASES.

''(a) GRANTS TO STATES.—The Secretary, in consultation with the Attorney General, is authorized to make grants to the States for the purpose of assisting States in developing, establishing, and operating programs designed to improve—

''(1) the handling of child abuse and neglect cases, particularly cases of child sexual abuse and exploitation, in a manner which limits additional trauma to the child victim;

''(2) the handling of cases of suspected child abuse or neglect related fatalities; and

''(3) the investigation and prosecution of cases of child abuse and neglect, particularly child sexual abuse and exploitation.

''(b) ELIGIBILITY REQUIREMENTS.—In order for a State to qualify for assistance under this section, such State shall—

''(1) be an eligible State under section 102;

''(2) establish a task force as provided in subsection (c);

''(3) fulfill the requirements of subsection (d);

''(4) submit annually an application to the Secretary at such time and containing such information and assurances as the Secretary considers necessary, including an assurance that the State will—

''(A) make such reports to the Secretary as may reasonably be required; and

''(B) maintain and provide access to records relating to activities under subsection (a); and

''(5) submit annually to the Secretary a report on the manner in which assistance received under this program was expended throughout the State, with particular attention focused on the areas described in paragraphs (1) through (3) of subsection (a).

''(c) STATE TASK FORCES.—

''(1) GENERAL RULE.—Except as provided in paragraph (2), a State requesting assistance under this section shall establish or designate, and maintain, a State multidisciplinary task force on children's justice (hereafter in this section referred to as 'State task force') composed of professionals with knowledge and experience relating to the criminal justice system and issues of child physical abuse, child neglect, child sexual abuse and exploitation, and child maltreatment related fatalities. The State task force shall include—

''(A) individuals representing the law enforcement community;

''(B) judges and attorneys involved in both civil and criminal court proceedings related to child abuse and neglect (including individuals involved with the defense as well as the prosecution of such cases);

''(C) child advocates, including both attorneys for children and, where such programs are in operation, court appointed special advocates;

''(D) health and mental health professionals;

''(E) individuals representing child protective service agencies;

''(F) individuals experienced in working with children with disabilities;

''(G) parents; and

''(H) representatives of parents' groups.

''(2) EXISTING TASK FORCE.—As determined by the Secretary, a State commission or task force established after January 1, 1983, with substantially comparable membership and functions, may be considered the State task force for purposes of this subsection.

''(d) STATE TASK FORCE STUDY.—Before a State receives assistance under this section, and at 3–year intervals thereafter, the State task force shall comprehensively—

''(1) review and evaluate State investigative, administrative and both civil and criminal judicial handling of cases of child abuse and neglect, particularly child sexual abuse and exploitation, as well as cases involving suspected child maltreatment related fatalities and cases involving a potential combination of jurisdictions, such as interstate, Federal-State, and State-Tribal; and

''(2) make policy and training recommendations in each of the categories described in subsection (e).

The task force may make such other comments and recommendations as are considered relevant and useful.

''(e) ADOPTION OF STATE TASK FORCE RECOMMENDATIONS.—

''(1) GENERAL RULE.—Subject to the provisions of paragraph (2), before a State receives assistance under this section, a State shall adopt recommendations of the State task force in each of the following categories—

''(A) investigative, administrative, and judicial handling of cases of child abuse and neglect, particularly child sexual abuse and exploitation, as well as cases involving suspected child maltreatment related fatalities and cases involving a potential combination of jurisdictions, such as interstate, Federal-State, and State-Tribal, in a manner which reduces the additional trauma to the child victim and the victim's family and which also ensures procedural fairness to the accused;

''(B) experimental, model and demonstration programs for testing innovative approaches and techniques which may improve the prompt and successful resolution of civil and criminal court proceedings or enhance the effectiveness of judicial and administrative action in child abuse and neglect cases, particularly child sexual abuse and exploitation cases, including the enhancement of performance of court-appointed attorneys and guardians ad litem for children; and

''(C) reform of State laws, ordinances, regulations, protocols and procedures to provide comprehensive protection for children from abuse, particularly child sexual abuse and exploitation, while ensuring fairness to all affected persons.

''(2) EXEMPTION.—As determined by the Secretary, a State shall be considered to be in fulfillment of the requirements of this subsection if—

''(A) the State adopts an alternative to the recommendations of the State task force, which carries out the purpose of this section, in each of the categories under paragraph (1) for which the State task force's recommendations are not adopted; or

''(B) the State is making substantial progress toward adopting recommendations of the State task force or a comparable alternative to such recommendations.

''(f) FUNDS AVAILABLE.—For grants under this section, the Secretary shall use the amount authorized by section 1404A of the Victims of Crime Act of 1984.

''SEC. 303. TRANSITIONAL PROVISION.

''A State or other entity that has a grant, contract, or cooperative agreement in effect, on the date of enactment of this Act, under the Family Resource and Support Program, the Community-Based Family Resource Program, the Family Support Center Program, the Emergency Child Abuse Prevention Grant Program, the Abandoned Infants Assistance Act of 1988, or the Temporary Child Care for Children with Disabilities and Crisis Nurseries Programs shall continue to receive funds under such grant, contract, or cooperative agreement, subject to the original terms under which such funds were provided, through the end of the applicable grant, contract, or agreement cycle.

''SEC. 304. RULE OF CONSTRUCTION.

''(a) IN GENERAL.—Nothing in this Act, or in part B or E of title IV of the Social Security Act, shall be construed—

''(1) as establishing a Federal requirement that a parent or legal guardian provide a child any medical service or treatment against the religious beliefs of the parent or legal guardian; and

''(2) to require that a State find, or to prohibit a State from finding, abuse or neglect in cases in which a parent or legal guardian relies solely or partially upon spiritual means rather than medical treatment, in accordance with the religious beliefs of the parent or legal guardian.

''(b) STATE REQUIREMENT.—Notwithstanding subsection (a), a State shall have in place authority under State law to permit the child protective service system of the State to pursue any legal remedies, including the authority to initiate legal proceedings in a court of competent jurisdiction, to provide medical care or treatment for a child when such care or treatment is necessary to prevent or remedy serious harm to the child, or to prevent the withholding of medically indicated treatment from children with life threatening conditions. Except with respect to the withholding of medically indicated treatments from disabled infants with life threatening conditions, case by case determinations concerning the exercise of the authority of this subsection shall be within the sole discretion of the State.''.

SEC. 4752. REAUTHORIZATIONS.

(a) MISSING CHILDREN'S ASSISTANCE ACT.—Section 408 of the Missing Children's Assistance Act (42 U.S.C. 5777) is amended—

(1) by striking ''To'' and inserting ''(a) IN GENERAL.—To''

(2) by striking ''and 1996'' and inserting ''1996, and 1997''; and

(3) by adding at the end thereof the following new subsection:

''(b) EVALUATION.—The Administrator shall use not more than 5 percent of the amount appropriated for a fiscal year under subsection (a) to conduct an evaluation of the effectiveness of the programs and activities established and operated under this title.''.

(b) VICTIMS OF CHILD ABUSE ACT OF 1990.—Section 214B of the Victims of Child Abuse Act of 1990 (42 U.S.C. 13004) is amended—

(1) in subsection (a)(2), by striking ''and 1996'' and inserting ''1996, and 1997''; and

(2) in subsection (b)(2), by striking ''and 1996'' and inserting ''1996, and 1997''.

SEC. 4753. REPEALS.

(a) IN GENERAL.—The following provisions of law are repealed:

(1) Title II of the Child Abuse Prevention and Treatment and Adoption Reform Act of 1978 (42 U.S.C. 5111 et seq.).

(2) The Abandoned Infants Assistance Act of 1988 (42 U.S.C. 670 note).

(3) The Temporary Child Care for Children with Disabilities and Crisis Nurseries Act of 1986 (42 U.S.C. 5117 et seq.).

(4) Subtitle F of title VII of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11481 et seq.).

(b) CONFORMING AMENDMENTS.—

(1) RECOMMENDED LEGISLATION.—After consultation with the appropriate committees of the Congress and the Director of the Office of Management and Budget, the Secretary of Health and Human Services shall prepare and submit to the Congress a legislative proposal in the form of an implementing bill containing technical and conforming amendments to reflect the repeals made by this section.

(2) SUBMISSION TO CONGRESS.—Not later than 6 months after the date of enactment of this subchapter, the Secretary of Health and Human Services shall submit the implementing bill referred to under paragraph (1).

Subtitle G—Reductions in Federal Government Positions

SEC. 4801. REDUCTIONS.

(a) DEFINITIONS.—As used in this section:

(1) APPROPRIATE EFFECTIVE DATE.—The term ''appropriate effective date'', used with respect to a Department referred to in this section, means the date on which all provisions of this Act (other than subtitle B of this title) that the Department is required to carry out, and amendments and repeals made by this Act to provisions of Federal law that the Department is required to carry out, are effective.

(2) COVERED ACTIVITY.—The term ''covered activity'', used with respect to a Department referred to in this section, means an activity that the Department is required to carry out under—

(A) a provision of this Act (other than subtitle B of this title); or

(B) a provision of Federal law that is amended or repealed by this Act (other than subtitle B of this title).

(b) REPORTS.—

(1) CONTENTS.—Not later than January 1, 1997, each Secretary referred to in paragraph (2) shall prepare and submit to the relevant committees described in paragraph (3) a report containing—

(A) the determinations described in subsection (c);

(B) appropriate documentation in support of such determinations; and

(C) a description of the methodology used in making such determinations.

(2) SECRETARY.—The Secretaries referred to in this paragraph are—

(A) the Secretary of Agriculture;

(B) the Secretary of Education;

(C) the Secretary of Labor;

(D) the Secretary of Housing and Urban Development; and

(E) the Secretary of Health and Human Services.

(3) RELEVANT COMMITTEES.—The relevant Committees described in this paragraph are the following:

(A) With respect to each Secretary described in paragraph (2), the Committee on Government Reform and Oversight of the House of Representatives and the Committee on Governmental Affairs of the Senate.

(B) With respect to the Secretary of Agriculture, the Committee on Agriculture and the Committee on Economic and Educational Opportunities of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

(C) With respect to the Secretary of Education, the Committee on Economic and Educational Opportunities of the House of Representatives and the Committee on Labor and Human Resources of the Senate.

(D) With respect to the Secretary of Labor, the Committee on Economic and Educational Opportunities of the House of Representatives and the Committee on Labor and Human Resources of the Senate.

(E) With respect to the Secretary of Housing and Urban Development, the Committee on Banking and Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate.

(F) With respect to the Secretary of Health and Human Services, the Committee on Economic and Educational Opportunities of the House of Representatives, the Committee on Labor and Human Resources of the Senate, the Committee on Ways and Means of the House of Representatives, and the Committee on Finance of the Senate.

(4) REPORT ON CHANGES.—Not later than December 31, 1996, and each December 31 thereafter, each Secretary referred to in paragraph (2) shall prepare and submit to the relevant Committees described in paragraph (3), a report concerning any changes with respect to the determinations made under subsection (c) for the year in which the report is being submitted.

(c) DETERMINATIONS.—Not later than December 31, 1996, each Secretary referred to in subsection (b)(2) shall determine—

(1) the number of full-time equivalent positions required by the Department headed by such Secretary to carry out the covered activities of the Department, as of the day before the date of enactment of this Act;

(2) the number of such positions required by the Department to carry out the activities, as of the appropriate effective date for the Department; and

(3) the difference obtained by subtracting the number referred to in paragraph (2) from the number referred to in paragraph (1).

(d) ACTIONS.—Each Secretary referred to in subsection (b)(2) shall take such actions as may be necessary, including reduction in force actions, consistent with sections 3502 and 3595 of title 5, United States Code, to reduce the number of positions of personnel of the Department—

(1) not later than 30 days after the appropriate effective date for the Department involved, by at least 50 percent of the difference referred to in subsection (c)(3); and

(2) not later than 13 months after such appropriate effective date, by at least the remainder of such difference (after the application of paragraph (1)).

(e) CONSISTENCY.—

(1) EDUCATION.—The Secretary of Education shall carry out this section in a manner that enables the Secretary to meet the requirements of this section.

(2) LABOR.—The Secretary of Labor shall carry out this section in a manner that enables the Secretary to meet the requirements of this section.

(3) HEALTH AND HUMAN SERVICES.—The Secretary of Health and Human Services shall carry out this section in a manner that enables the Secretary to meet the requirements of this section and sections 4802 and 4803.

(f) CALCULATION.—In determining, under subsection (c), the number of full-time equivalent positions required by a Department to carry out a covered activity, a Secretary referred to in subsection (b)(2) shall include the number of such positions occupied by personnel carrying out program functions or other functions (including budgetary, legislative, administrative, planning, evaluation, and legal functions) related to the activity.

(g) GENERAL ACCOUNTING OFFICE REPORT.—Not later than July 1, 1997, the Comptroller General of the United States shall prepare and submit to the committees described in subsection (b)(3), a report concerning the determinations made by each Secretary under subsection (c). Such report shall contain an analysis of the determinations made by each Secretary under subsection (c) and a determination as to whether further reductions in full-time equivalent positions are appropriate.

SEC. 4802. REDUCTIONS IN FEDERAL BUREAUCRACY.

(a) IN GENERAL.—The Secretary of Health and Human Services shall reduce the Federal workforce within the Department of Health and Human Services by an amount equal to the sum of—

(1) 75 percent of the full-time equivalent positions at such Department that relate to any direct spending program, or any program funded through discretionary spending, that has been converted into a block grant program under this Act and the amendments made by this Act; and

(2) an amount equal to 75 percent of that portion of the total full-time equivalent departmental management positions at such Department that bears the same relationship to the amount appropriated for the programs referred to in paragraph (1) as such amount relates to the total amount appropriated for use by such Department.

(b) REDUCTIONS IN THE DEPARTMENT OF HEALTH AND HUMAN SERVICES.—Notwithstanding any other provision of this Act, the Secretary of Health and Human Services shall take such actions as may be necessary, including reductions in force actions, consistent with sections 3502 and 3595 of title 5, United States Code, to reduce the full-time equivalent positions within the Department of Health and Human Services—

(1) by 245 full-time equivalent positions related to the program converted into a block grant under the amendment made by section 103; and

(2) by 60 full-time equivalent managerial positions in the Department.

SEC. 4803. REDUCING PERSONNEL IN WASHINGTON, D.C. AREA.

In making reductions in full-time equivalent positions, the Secretary of Health and Human Services is encouraged to reduce personnel in the Washington, D.C., area office (agency headquarters) before reducing field personnel.

Subtitle H—Miscellaneous

SEC. 4901. APPROPRIATION BY STATE LEGISLATURES.

(a) IN GENERAL.—Any funds received by a State under the provisions of law specified in subsection (b) shall be subject to appropriation by the State legislature, consistent with the terms and conditions required under such provisions of law.

(b) PROVISIONS OF LAW.—The provisions of law specified in this subsection are the following:

(1) Part A of title IV of the Social Security Act (relating to block grants for temporary assistance for needy families).

(2) Section 25 of the Food Stamp Act of 1977 (relating to the optional State food assistance block grant).

(3) The Child Care and Development Block Grant Act of 1990 (relating to block grants for child care).

SEC. 4902. SANCTIONING FOR TESTING POSITIVE FOR CONTROLLED SUBSTANCES.

Notwithstanding any other provision of law, States shall not be prohibited by the Federal Government from testing welfare recipients for use of controlled substances nor from sanctioning welfare recipients who test positive for use of controlled substances.

SEC. 4903. REDUCTION IN BLOCK GRANTS TO STATES FOR SOCIAL SERVICES.

Section 2003(c) of the Social Security Act (42 U.S.C. 1397b(c)) is amended—

(1) by striking ''and'' at the end of paragraph (4); and

(2) by striking paragraph (5) and inserting the following:

''(5) $2,800,000,000 for each of the fiscal years 1990 through 1995;

''(6) $2,520,000,000 for each of the fiscal years 1997 through 2002; and

''(7) $2,380,000,000 for the fiscal year 2003 and each succeeding fiscal year.''.

The CHAIRMAN. No other amendment shall be in order except the following amendments:

First, a further amendment printed in part 2 of the report, which may be offered only by the gentleman from Ohio [Mr. KASICH] or his designee, shall be considered read, shall be debatable for the time specified in the report, equally divided and controlled by the proponent and an opponent, shall not be subject to amendment, and shall not be subject to a demand for division of the question; and

Second, a further amendment in the nature of a substitute consisting of the text of H.R. 3832, which may be offered only by the gentleman from Missouri [Mr. GEPHARDT] or his designee, shall be considered read, shall be debatable for 1 hour, equally divided and controlled by the proponent and an opponent, and shall not be subject to amendment.

AMENDMENT OFFERED BY MR. NEY

Mr. NEY. Mr. Chairman, I offer an amendment as the designee of the gentleman from Ohio [Mr. KASICH].

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment offered by Mr. NEY:

Subsection (o) of section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015), as added by section 1033(a), is amended—

(1) in paragraph (2)—

(A) by striking '', during the preceding 12-month period,'',

(B) by inserting ''after the effective date of this subsection'' after ''received'', and

(C) by striking ''4'' and insert ''3'', and

(2) in paragraph (5) by striking subparagraph (B) and making such technical and conforming changes as may be appropriate.

Section 1033 is amended by striking subsection (b) and making such technical and conforming changes as may be appropriate.

The CHAIRMAN. Pursuant to House Resolution 482, the gentleman from Ohio [Mr. NEY] and a Member opposed each will control 10 minutes.

Mr. SABO. Madam Chairman, I rise in opposition.

The CHAIRMAN. The gentleman from Minnesota [Mr. SABO] will be recognized to control the time in opposition.

The Chair recognizes the gentleman from Ohio [Mr. NEY].

Mr. NEY. Madam Chairman, I yield myself such time as I may consume.

Madam Chairman, caring for people is not necessarily synonymous with taking care of people. Anyone can say that they feel pain, and many people obviously do feel pain for others that have not had the path of opportunity in this country. We have to work with all Americans to try and alleviate and minimize and finally end the pain once and for all. We need to reach out a helping hand to every person currently in the welfare system and say to them: If you want to work, we're going to help you climb that ladder of opportunity in this great country.

My amendment, which is the Kasich-Ney amendment, and I thank my colleague, the gentleman from Ohio [Mr. KASICH], for his guidance and support on this amendment; this amendment to H.R. 3437 is just that: It is a ladder. The amendment will tell every able-bodied person without children between the ages of 18 and 50 that there is no escalator built by Washington that will carry them up the ladder of opportunity, but with a little help from us,

and if they are willing to help themselves, they can have a chance in this country.

Madam Chairman, as my colleagues know, under the base text of the bill, able-bodied adults between the ages of 18 and 50 who have no children are permitted to receive food stamps without working for 4 months out of every 12-month period. This means they could potentially work 8 months and take 4 months off. The amendment, while retaining the exemptions in the base bill; I would like to just restate those exemptions for the record; this is who the amendment does not affect: Anyone under 18 or over the age of 50, anyone medically certified as physically or mentally incapable or unable to be employed, a parent or other member of the household responsible for a dependent child or a pregnant woman.

Those are the persons that are not included in this amendment. They are exempted from it.

What I am talking about, very clearly, are people who have no dependents, that are 18 years old to 50 years old that are able to work and are receiving food stamps. So instead of the 4 months off potentially every year, there will be a 3-month lifetime ability to take off.

Now, they have to remain employed for at least 20 hours, be in a job training program or one of the workfare programs.

I believe that this is a very fair measure. I believe that this is a measure that will help people on the opportunity scale in this country.

I would ask, Madam Chairman, why does Washington continue to promote a welfare system that discourages work? Is it extreme to think that we can do better? Is it extreme to want to give welfare recipients hope instead of an endless cycle of dependency? Should we not be trying to encourage work?

And that is what this amendment does, but it is an amendment that provides some safety, it provides a course of a safety net, it has the ability to have waivers from the State departments of human services. So it is a well-crafted, very fair amendment, but it simply says: If you want assistance from your government and you are 18 to 50 years old, and you don't have any dependents, and you are capable of working, then you have to simply work.

This is a fair amendment, it provides the change that is necessary in this country, and let me just say in closing, as my colleague, the gentleman from Ohio [Mr. KASICH], many times refers to the end of the day, this amendment is referring to the end of the day because that day has come that we have to step up to the plate and take the responsibility to help people.

The easy path is to say to an individual man or woman in this country, Take the check, don't be seen, take 4 months of the year off, we don't want to address the problem of what we do with you.

What we are doing is forcing this issue to be addressed, but we are providing help to a person. But we want to say that, yes, we are going to be there. There are going to be some problems throughout the course in welfare reform, we better believe there are. But I can tell my colleagues for sure that the current system is in hard failure, and the current system is not creating opportunity, and what the bottom line of this Congress is and the bottom line of this change in this country, this is about children, and each and every one of us as human beings are responsible, we are responsible for whether this planet is going to be safe and prosperous and peaceful for children, and we do not want to have a legacy of children who know nothing but the welfare system. We want to provide opportunity.

This is another step in the right direction, it is a caring step, and it shows that we are a Congress that cares to help involve people in that ladder of opportunity.

Madam Chairman, I reserve the balance of my time.

Mr. SABO. Madam Chairman, I yield 3 minutes to the distinguished gentleman from Texas [Mr. STENHOLM].

(Mr. STENHOLM asked and was given permission to revise and extend his remarks.)

Mr. STENHOLM. Madam Chairman, I rise in opposition to this single-bullet amendment to this year's first reconciliation bill. I understand full well the political advantage which is sought with amendments such as this. I am certainly not interested in ever defending a wasteful use of food stamps. But I am also interested in abandoning people in real need, confronted by unexpected, uncontrollable circumstances who count on food stamps for their survival.

I find it amazing that the Rules Committee took the unprecedented action of allowing an amendment other than a complete substitute. Had I known there was any possibility of such amendments being made in order, I assure my colleagues I would have had a number of my own to offer, and I know dozens of other Members would have wanted to do the same.

This unprecedented change of the rules aside, I must point out that this particular amendment is not about a food stamp time limit; it is a lifetime ban on food stamp benefits if ever they have received them in their adult life for 3 months and been unable to find work during that 3 months. If they have faced unexpected and uncontrollable circumstances in their life, if they have been laid off from their job in a period of recession, if they went on food stamps, searched high and low for work and found nothing after 3 months, it is tough luck for them. They are off the food stamp program and until they have reached age 50 or until you have found a job. It does not matter if they are following all of the rules, looking for work, in real need of a hand up, the food stamp program just will not be there for them.

The implication behind this amendment is that finding some kind of job is always easy. That simply is not true.

For example, food stamp data show that more than 40 percent of those who would be affected by this provision are women, and nearly one-third of those women are over the age of 40. Whether widowed, divorced, or facing some other difficult life circumstance, these 40-plus women typically have a very difficult time finding employment. Their skills may be out of date or underdeveloped because they have been raising their families, and there simply are not many jobs out there for which they are qualified without training, which is another shortcoming of the base bill.

Coming from a rural district, I know very well that this amendment will hit particularly hard because there are an especially limited number of new employment opportunities in many small towns and rural communities of America.

This amendment is much more extreme even than the original bill passed by the House last year. Under that bill, people who were unable to find work could have continued to get food stamps if they participated in job search programs. This amendment cuts those people off the program and imposes the harshest work requirement of any proposal made during this Congress.

The amendment cannot be said to be toughening the work requirements. Such a statement assumes that for every person cut off from food stamps there is a job. Common sense tells us that is not the case. If this amendment were really intended to put people to work, it would provide a number of things, including funding for additional workfare slots. But, of course, that would cost money, and this amendment is intended to save an additional $2.2 billion. This is just another example of how extreme philosophy and this year's budget, not sound policy, are driving welfare reform.

This amendment is bad policy, a paperwork nightmare, and I urge every Member to vote against it.

Mr. SABO. Madam Chairman, I yield 2 minutes to the distinguished gentlewoman from North Carolina [Mrs. CLAYTON].

Mrs. CLAYTON. Madam Chairman, I rise today in strong opposition to the Kasich-Ney amendment.

I believe that the 4-month time limit presently contained in this legislation is egregious. This amendment would further reduce this already short period of time by 30 days.

According to data collected by USDA, three-fourths of able-bodied, nonelderly food stamp recipients leave within 9 months because they have found a job or another alternative means to augment their income, but over one-half of those people need more than 4 months to do so.

Even our current unemployment compensation system acknowledges that people need about 6 months to find a job.

That is why I offered an amendment, albeit unsuccessful, during the Agriculture Committee consideration of the food stamp title to increase the limit from 4 months to 6 months, which is consistent with last year's Senate welfare reform package.

The Congressional Budget Office has estimated that 700,000 unemployed people who are willing to work and willing to comply with the tenets of a work program would be denied food stamp assistance under the 4-month ceiling contained in H.R. 3734, whereas under the 6-month scenario of my amendment only 450,000 workers would be cut off.

If the proposed 120-day limit is shortened further to 90 days, 90 days, close to 1 million Americans will be denied food stamp assistance, 1 million of the poorest of the poor.

Madam Chairman, the majority must be credited here for the inclusion of the 4-month bridge, which is not as long as I would like it to be, but it is far better than the 3-month ceiling that this punitive amendment seeks to introduce.

Thirty days, Madam Chairman; imagine not eating for 30 days? That is the reality that some poor Americans who are actively looking for work will have to face, if the Kasich-Ney amendment passes. Is the small budget reduction gained by this proposal worth the large loss of food assistance, sustenance if my colleagues will, to those 1 million Americans denied assistance under a 90-day ceiling?

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Mr. NEY. Madam Chairman, I yield 3 minutes to my colleague, the gentleman from Ohio [Mr. KASICH].

Mr. KASICH. Madam Chairman, let me make clear what the amendment does so that there is no confusion. If you are able-bodied, single, between the ages of 18 and 50 and you get food stamps, we are saying you have to work 20 hours a week. It is no more complicated than that. If you cannot get a job, you go in a workfare program; 45 out of 50 States have a workfare program.

Let me just suggest to the Members, if there is any program that Americans who go to work are frustrated about, it is food stamps. They get frustrated to stand in line at the grocery store and just observe what goes on and the way in which people buy. They think people are trading them, they think there is a lot of fraud involved in the program. The American people, while supporting a food stamp program, they want the food stamp program cleaned up, tightened up, and fixed and reformed.

Madam Chairman, what this amendment says is that if you need to get food stamps and you are single, you are able-bodied, you are between the ages of 18 and 50, you have to do some work in exchange for the food stamps.

The opposition to this amendment, frankly, is opposed to the very premises that underlie our bill, our welfare bill. Our welfare bill says at some point you have to get trained, you have to go to work. You have to get off the system and get a job.

What this amendment says is very simple. If your people at home are frustrated about food stamps, this amendment does not take away food stamps. It says, though, if you are going to get food stamps, you are going to work 20 hours a week; 20 hours a week.

If you cannot find a job, you go to work for the State in a workfare program, and maybe you whitewash the graffiti, or maybe you clean up the neighborhood, but you participate in a program where you do some work in exchange, in exchange for the food stamps that you get.

Madam Chairman, it is not complicated. There is not a reason that I can think of as to why you should not be able to put in 20 hours a week if you are able-bodied, between the age of 18 to 50, in exchange for that program.

I would say to the House, think about this. If my colleagues support the underlying parts of this bill that call for people to work, that call for people to get trained, then clearly they support this concept. We are not asking people to work overly generous hours. In fact, there is already a requirement that says you have to work 8 months out of the year. What we say is we will give you a little exemption up front for 3 months, you have your 3 months, but after that if you need the food stamps you have to put in a little bit of work.

I think that is fair for the people who get the food stamps, and I think it is eminently reasonable and fair for the people that pay the bills for those who get the food stamps.

Support the Ney amendment.

Mr. SABO. Madam Chairman, I yield 2 minutes to the gentleman from Michigan [Mr. LEVIN].

Mr. LEVIN. Madam Chairman, I want to tell the gentleman from Ohio I fully share, and indeed I have worked hard for the concept, off of welfare and into work, with time limits. But this amendment goes far beyond it.

Take the State of Michigan in the early 1980's. We had unemployment rising for 3 years in a row. We had about 115,000 more people on food stamps. In the Detroit metropolitan area, unemployment did not hit the 10 percent mark at any point.

So what about people, able bodied, who have been working all their lives, who are thrown out on the streets because there is no work? They had been on food stamps for 3 months 10 years earlier. What the gentleman is saying to those people: Starve. Oh, Members say all they have to do is get a job through workfare. Is there a workfare program in Michigan for 50,000 people or 100,000 people thrown out of work in a recession? Of course there is not.

I believe unequivocally people on welfare, able bodied, get to work with the adequate support protections in Castle-Tanner. What I do not say is to the hard-working person, with or without kids, if you cannot find a job, if you are working hard, looking hard to find one, we are going to say you starve, because 10 years ago you were on food stamps for 3 months.

Yes, Madam Chairman, I think this shows the difference between the two bills. They just insist on thinking tough means mean. I think tough means getting people off of welfare to work, but not hurting the hard-working person who hits hard times.

Vote against this amendment. It has been considered in the Senate before and rejected, across the board, on a bipartisan basis. This violates the spirit of getting tough on work but not being mean to kids or mean to anybody else.

Mr. NEY. Madam Chairman, I yield myself the balance of my time.

The CHAIRMAN. The gentleman from Ohio [Mr. NEY] is recognized for 2 minutes.

Mr. NEY. Madam Chairman, let me make this point very clear. This does not apply to children. Let me read the exemptions once again: Anyone under 18 years old or over 50, this does not apply to them. Anyone medically certified as physically or mentally incapable or unfit for employment, it does not apply to them. A parent or other member of a household responsible for a dependent child, it does not apply to them. A pregnant woman, it does not apply to her.

Also, if the gentleman wants to talk about unemployment, if we read the text, there are hardship exemptions. It can be waived. There are safeguards in this. The bottom line is it saves $2.2 billion on the fiscal side, but the real bottom line is it is responsible. It is a good amendment. It is fair. It is an amendment, and I cannot even believe some of the statements I have heard about this amendment. It is a very responsible amendment.

Mr. KASICH. Madam Chairman, will the gentleman yield?

Mr. NEY. I yield to the gentleman from Ohio.

Mr. KASICH. In other words, Madam Chairman, if you are under the age of 18 or over the age of 50, this does not apply to you. Only if you are childless and able-bodied and if there is an unemployment rate over 10 percent, it can be waived, is that correct? So if you have high unemployment or if you have children or if you are sick, it does not apply. It is only if you are able-bodied, if you are childless, and you live in an area where you are getting food stamps and there are jobs available, then it applies.

So if you are able-bodied and there are jobs available, you go and you have to work 20 hours to get your food stamps. Then of course if you cannot find a job then you do workfare. That is what it is. But there are a number of exemptions in here for people who find themselves in particularly difficult circumstances and in a State with high

unemployment. Or you can be in job training. They can go to job training.

Mr. NEY. The gentleman is correct. It just means you simply have to work, just like everyone else. This is responsible, it is fair, it has exemptions. I urge support of the amendment.

Mr. SABO. Madam Chairman, I yield 45 seconds to the gentleman from North Carolina [Mr. HEFNER].

Mr. HEFNER. Madam Chairman, I guess I do not understand what the gentleman talks about, asking about a waiver. How would you get that? Would it have to do with the percentage of unemployment in this district?

I have been in this place for 22 years. I have seen some mean-spirited amendments in this place. To me this is the most mean-spirited amendment that I have ever seen on any bill that has come before this House. If this is what you have to do to get reelected to this Congress, I do not want to be a part of this body any longer if I have to vote for such mean-spirited legislation as this. It is not worth it to be in this most deliberative body in the world. I do not think it speaks well for this body as a whole to accept a mean-spirited amendment like this. It is degrading.

Mr. SABO. Madam Chairman, I yield the balance of my time to the gentlewoman from Florida [Mrs. THURMAN].

The CHAIRMAN. The gentlewoman from Florida [Mrs. THURMAN] is recognized for 2 minutes.

Mrs. THURMAN. Madam Chairman, I have to tell the Members, I am shocked at this attempt one more time to further erode one of the few protections we have for laidoff and downsized employees in America. The Kasich-Ney amendment actually penalizes people who play by the rules and do exactly what we want people on welfare to do: find a job.

Someone who loses her job during a recession is often forced to turn to food stamp assistance to meet her basic needs. If this person acts responsibly and finds a new job within 3 short months, she should not be disqualified, yes, for the rest of her adult years, from further food stamp assistance. If 10 years later this welfare success story is downsized, as so many people in modern America have been, the Kasich-Ney amendment would deny her the temporary assistance needed for her to get back into the job market.

Why? Because it is about money, not policy. Good policy would be to reinforce the goal of moving people to work instead of offering an amendment that penalizes people who are trying to fulfill that goal. I sit on the Committee on Agriculture in the House. No one came before our committee to offer this amendment. In fact, we had a discussion about how the 4-month time limit in the majority's bill was unrealistic if job slots are not available.

I was actually encouraged by the conversation and believed we may have been able to reach a compromise on this issue. Now, all of a sudden, an amendment surfaces to not only cut back the time limit to 3 months, but to prohibit 18- to 50-year-olds from any further food assistance. The logic escapes me. Is it not the people that we want to work that we are trying to help? This amendment simply is another example of money over policy. While the majority may believe that this saves them money, the policy is quite costly.

The CHAIRMAN. All time for debate on this amendment has expired.

The question is on the amendment offered by the gentleman from Ohio [Mr. NEY].

The question was taken; and the chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. NEY. Madam Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 239, noes 184, not voting 10, as follows:

[Roll No 328]

AYES—239

Allard
Archer
Armey
Bachus
Baesler
Baker (CA)
Baker (LA)
Ballenger
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bateman
Bereuter
Bilbray
Bilirakis
Bliley
Boehner
Bonilla
Bono
Browder
Brownback
Bryant (TN)
Bunning
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Chabot
Chambliss
Chenoweth
Christensen
Chrysler
Clement
Clinger
Coble
Coburn
Collins (GA)
Combest
Cooley
Cox
Cramer
Crane
Crapo
Cremeans
Cubin
Cunningham
Danner
Deal
DeLay
Diaz-Balart
Dickey
Dornan
Dreier
Duncan
Dunn
Ehlers
Ehrlich
English
Ensign
Everett
Ewing
Fawell
Fields (TX)
Flanagan
Foley
Fowler
Fox
Franks (CT)
Franks (NJ)
Frelinghuysen
Frisa
Funderburk
Furse
Gallegly
Ganske
Gekas
Geren
Gilchrest
Gillmor
Goodlatte
Goodling
Gordon
Goss
Graham
Greene (UT)
Greenwood
Gunderson
Gutknecht
Hall (TX)
Hamilton
Hancock
Hansen
Hastert
Hastings (WA)
Hayes
Hayworth
Hefley
Heineman
Herger
Hilleary
Hobson
Hoekstra
Hoke
Holden
Horn
Hostettler
Hunter
Hutchinson
Hyde
Inglis
Istook
Johnson (SD)
Johnson, Sam
Jones
Kasich
Kelly
Kim
King
Kingston
Klug
Knollenberg
Kolbe
LaHood
Largent
Latham
LaTourette
Laughlin
Lazio
Leach
Lewis (CA)
Lewis (KY)
Lightfoot
Linder
Lipinski
Livingston
LoBiondo
Longley
Lucas
Manzullo
Martini
McCollum
McCrery
McHale
McHugh
McInnis
McIntosh
McKeon
Metcalf
Meyers
Mica
Miller (FL)
Molinari
Moorhead
Moran
Myers
Myrick
Neumann
Ney
Norwood
Nussle
Oxley
Parker
Paxon
Peterson (MN)
Petri
Pombo
Porter
Portman
Poshard
Pryce
Quillen
Radanovich
Ramstad
Regula
Richardson
Riggs
Roberts
Roemer
Rogers
Rohrabacher
Ros-Lehtinen
Roth
Royce
Salmon
Sanford
Saxton
Schaefer
Seastrand
Sensenbrenner
Shadegg
Shaw
Shuster
Sisisky
Skeen
Skelton
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Solomon
Souder
Spence
Stearns
Stockman
Stump
Talent
Tate
Tauzin
Taylor (MS)
Taylor (NC)
Thomas
Thornberry
Tiahrt
Torkildsen
Traficant
Upton
Visclosky
Vucanovich
Walker
Wamp
Ward
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
White
Whitfield
Wicker
Williams
Wolf
Young (AK)
Zeliff
Zimmer

NOES—184

Abercrombie
Ackerman
Andrews
Baldacci
Barcia
Barrett (WI)
Becerra
Beilenson
Bentsen
Berman
Bevill
Bishop
Blumenauer
Blute
Boehlert
Bonior
Borski
Boucher
Brewster
Brown (CA)
Brown (FL)
Brown (OH)
Bryant (TX)
Bunn
Cardin
Castle
Chapman
Clay
Clayton
Clyburn
Coleman
Collins (IL)
Collins (MI)
Condit
Conyers
Costello
Coyne
Cummings
Davis
DeFazio
DeLauro
Dellums
Deutsch
Dicks
Dingell
Dixon
Doggett
Dooley
Doyle
Durbin
Edwards
Engel
Eshoo
Evans
Farr
Fattah
Fazio
Fields (LA)
Filner
Flake
Foglietta
Ford
Frank (MA)
Frost
Gejdenson
Gephardt
Gibbons
Gilman
Gonzalez
Green (TX)
Gutierrez
Hall (OH)
Harman
Hastings (FL)
Hefner
Hilliard
Hinchey
Houghton
Hoyer
Jackson (IL)
Jackson-Lee (TX)
Jacobs
Jefferson
Johnson (CT)
Johnson, E. B.
Johnston
Kanjorski
Kaptur
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
Kleczka
Klink
LaFalce
Lantos
Levin
Lewis (GA)
Lofgren
Lowey
Luther
Maloney
Manton
Markey
Martinez
Mascara
Matsui
McCarthy
McDermott
McKinney
McNulty
Meehan
Meek
Menendez
Millender-McDonald
Minge
Mink
Moakley
Mollohan
Montgomery
Morella
Murtha
Nadler
Neal
Nethercutt
Oberstar
Obey
Olver
Ortiz
Orton
Owens
Pallone
Pastor
Payne (NJ)
Payne (VA)
Pelosi
Peterson (FL)
Pickett
Pomeroy
Quinn
Rahall
Rangel
Reed
Rivers
Rose
Roukema
Roybal-Allard
Rush
Sabo
Sanders
Sawyer
Schroeder
Schumer
Scott
Serrano
Shays
Skaggs
Slaughter
Spratt
Stark
Stenholm
Stokes
Studds
Stupak
Tanner
Tejeda
Thompson
Thornton
Thurman
Torres
Torricelli
Towns
Velazquez
Vento
Volkmer
Walsh
Waters
Watt (NC)
Waxman
Wilson
Wise
Woolsey
Wynn
Yates

NOT VOTING—10

de la Garza
Doolittle
Forbes
Lincoln
McDade
Miller (CA)
Packard
Scarborough
Schiff
Young (FL)

□ 1401

The Clerk announced the following pair:

On this vote:

Mr. Forbes for, with Mrs. Lincoln against.

Messrs. NADLER, DEUTSCH, and SHAYS, and Mrs. JOHNSON of Connecticut changed their vote from ''aye'' to ''no.''

Mr. PETERSON of Minnesota, Mrs. KELLY, and Mr. JOHNSON of South Dakota changed their vote from ''no'' to ''aye.''

So the amendment was agreed to.

The result of the vote was announced as above recorded.

PERSONAL EXPLANATION

Mr. SCARBOROUGH. Madam Chairman, on rollcall No. 328, I was detained at a meeting. Had I been present, I would have voted "aye."

Mr. SHAW. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. UPTON) having assumed the chair, Ms. GREENE of Utah, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 3734) to provide for reconciliation pursuant to section 201(a)(1) of the concurrent resolution on the budget for fiscal year 1997, had come to no resolution thereon.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 3816, ENERGY AND WATER APPROPRIATIONS ACT, 1997

Mr. QUILLEN, from the Committee on Rules, submitted a privileged report (Rept. No. 104–688) on the resolution (H. Res. 483) providing for the consideration of the bill (H.R. 3816) making appropriations for energy and water development for the fiscal year ending September 30, 1997, and for other purposes, which was referred to the House Calendar and ordered to be printed.

REPORT ON H.R. 3845, DISTRICT OF COLUMBIA APPROPRIATIONS ACT, 1997

Mr. WALSH, from the Committee on Appropriations, submitted a privileged report (Rept. No. 104–689) on the bill (H.R. 3845) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending September 30, 1997, and for other purposes, which was referred to the Union Calendar and ordered to be printed.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XXI, all points of order are reserved on the bill.

PROVIDING FOR CONSIDERATION OF H.R. 3845, DISTRICT OF COLUMBIA APPROPRIATIONS ACT, 1997

Mr. LIVINGSTON. Mr. Speaker, I ask unanimous consent that it be in order at any time for the Speaker, as though pursuant to clause 1(b) of rule XXIII, to declare the House resolved into the Committee of the Whole House on the State of the Union for consideration of the bill (H.R. 3845) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending September 30, 1997, and for other purposes; that the first reading of the bill be dispensed with; that all points of order against the bill and against its consideration be waived; that general debate be confined to the bill and be limited to 1 hour equally divided and controlled by the chairman and ranking minority member of the Committee on Appropriations; that after general debate the bill be considered for amendment under the 5-minute rule; that the Chairman of the Committee of the Whole be authorized to postpone until a time during further consideration in the Committee of the Whole a request for a recorded vote on any amendment; that the Chairman of the Committee of the Whole be authorized to reduce to 5 minutes the minimum time for voting by electronic device on any postponed question that immediately follows another vote by electronic device without intervening business, provided that the time for voting by electronic device on the first in any series of questions shall be not less than 15 minutes; that after the reading of the final lines of the bill, a motion that the Committee of the Whole rise and report the bill to the House with such amendments as may have been adopted, if offered by the majority leader or a designee, have precedence over a motion to amend; that at the conclusion of consideration of the bill for amendment the Committee rise and report the bill to the House with such amendments as may have been adopted; and that the previous question be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

WELFARE AND MEDICAID REFORM ACT OF 1996

The SPEAKER pro tempore. Pursuant to House Resolution 482 and rule XXIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 3734.

□ 1407

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 3734) to provide for reconciliation pursuant to section 201(a)(1) of the concurrent resolution on the budget for fiscal year 1997, with Ms. GREENE of Utah in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee of the Whole rose earlier today, the amendment printed in part 2 of House Report 104–686 offered by the gentleman from Ohio [Mr. NEY] had been disposed of.

AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. TANNER

Mr. TANNER. Madam Chairman, as the designee of the minority leader, I offer an amendment in the nature of a substitute.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment in the nature of a substitute is as follows:

Amendment in the nature of a substitute offered by Mr. TANNER: Strike out all after the enacting clause and insert:

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Bipartisan Welfare Reform Act of 1996''.

SEC. 2. TABLE OF CONTENTS.

The table of contents of this Act is as follows:

Sec. 1. Short title.
Sec. 2. Table of contents.
TITLE I—BLOCK GRANTS FOR TEMPORARY ASSISTANCE FOR NEEDY FAMILIES
Sec. 101. Findings.
Sec. 102. Reference to Social Security Act.
Sec. 103. Block grants to States.
Sec. 104. Services provided by charitable, religious, or private organizations.
Sec. 105. Census data on grandparents as primary caregivers for their grandchildren.
Sec. 106. Report on data processing.
Sec. 107. Study on alternative outcomes measures.
Sec. 108. Conforming amendments to the Social Security Act.
Sec. 109. Conforming amendments to the Food Stamp Act of 1977 and related provisions.
Sec. 110. Conforming amendments to other laws.
Sec. 111. Development of prototype of counterfeit-resistant social security card required.
Sec. 112. Disclosure of receipt of Federal funds.
Sec. 113. Modifications to the job opportunities for certain low-income individuals program.
Sec. 114. Secretarial submission of legislative proposal for technical and conforming amendments.
Sec. 115. Application of current AFDC standards under medicaid program.
Sec. 116. Effective date; transition rule.
TITLE II—SUPPLEMENTAL SECURITY INCOME
Sec. 200. Reference to Social Security Act.
Subtitle A—Eligibility Restrictions
Sec. 201. Denial of SSI benefits for 10 years to individuals found to have fraudulently misrepresented residence in order to obtain benefits simultaneously in 2 or more States.
Sec. 202. Denial of SSI benefits for fugitive felons and probation and parole violators.
Sec. 203. Verification of eligibility for certain SSI disability benefits.
Sec. 204. Treatment of prisoners.
Sec. 205. Effective date of application for benefits.
Sec. 206. Installment payment of large past-due supplemental security income benefits.