

104TH CONGRESS
1ST SESSION

H. R. 4

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

IN THE HOUSE OF REPRESENTATIVES

JANUARY 4, 1995

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

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

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

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

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

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

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

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

A BILL

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

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Personal Responsibility
 5 Act of 1995”.

1 **SEC. 2. TABLE OF CONTENTS.**

2 The table of contents for this Act is as follows:

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

TITLE I—REDUCING ILLEGITIMACY

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

TITLE II—REQUIRING WORK

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

TITLE III—CAPPING THE AGGREGATE GROWTH OF WELFARE SPENDING

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

TITLE IV—RESTRICTING WELFARE FOR ALIENS

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

TITLE V—CONSOLIDATING FOOD ASSISTANCE PROGRAMS

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

TITLE VI—EXPANDING STATUTORY FLEXIBILITY OF STATES

- Sec. 601. Option to convert AFDC into a block grant program.
- Sec. 602. Option to treat new residents of a State under rules of former State.
- Sec. 603. Option to impose penalty for failure to attend school.

- Sec. 604. Option to provide married couple transition benefit.
- Sec. 605. Option to disregard income and resources designated for education, training, and employability, or related to self-employment.
- Sec. 606. Option to require attendance at parenting and money management classes, and prior approval of any action that would result in a change of school for a dependent child.

TITLE VII—DRUG TESTING FOR WELFARE RECIPIENTS

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

TITLE VIII—EFFECTIVE DATE

- Sec. 801. Effective date.

1 **TITLE I—REDUCING** 2 **ILLEGITIMACY**

3 **SEC. 100. SENSE OF THE CONGRESS.**

4 It is the sense of the Congress that—

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

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

10 (3) the negative consequences of an out-of-wed-
11 lock birth on the child, the mother, and society are
12 well documented as follows:

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

16 (B) the illegitimacy rate among white
17 Americans has risen tenfold, from 2.29 percent
18 in 1960 to 22 percent today;

1 (C) the total of all out-of-wedlock births
2 between 1970 and 1991 has risen from 10 per-
3 cent to 30 percent and if the current trend con-
4 tinues, 50 percent of all births by the year 2015
5 will be out-of-wedlock;

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

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

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

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

18 (H) children born out-of-wedlock are more
19 likely to experience low verbal cognitive attain-
20 ment, child abuse, and neglect;

21 (I) young people from single parent or
22 stepparent families are 2 to 3 times more likely
23 to have emotional or behavioral problems than
24 those from intact families;

1 (J) young white women who were raised in
2 a single parent family are more than twice as
3 likely to have children out-of-wedlock and to be-
4 come parents as teenagers, and almost twice as
5 likely to have their marriages end in divorce, as
6 are children from 2-parent families;

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

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

12 (M) between 1985 and 1990, the public
13 cost of births to teenage mothers under the aid
14 to families with dependent children program,
15 the food stamp program, and the medicaid pro-
16 gram has been estimated at \$120,000,000,000;

17 (N) the absence of a father in the life of
18 a child has a negative effect on school perform-
19 ance and peer adjustment;

20 (O) the likelihood that a young black man
21 will engage in criminal activities doubles if he
22 is raised without a father and triples if he lives
23 in a neighborhood with a high concentration of
24 single parent families; and

1 (P) the greater the incidence of single par-
2 ent families in a neighborhood, the higher the
3 incidence of violent crime and burglary; and

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

9 **SEC. 101. REDUCTION OR DENIAL OF AFDC FOR CERTAIN**
10 **CHILDREN WHOSE PATERNITY IS NOT ESTAB-**
11 **LISHED.**

12 (a) IN GENERAL.—Section 402(a) of the Social Secu-
13 rity Act (42 U.S.C. 602(a)) is amended—

14 (1) by striking “and” at the end of paragraph
15 (44);

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

18 (3) by inserting after paragraph (45) the fol-
19 lowing:

20 “(46) provide that—

21 “(A) except as provided in subparagraph
22 (B), aid under the State plan shall not be pay-
23 able, to a family on whose behalf an application
24 for such aid is made after the effective date of
25 this paragraph, with respect to a dependent

1 child whose paternity has not been established,
2 unless—

3 “(i) the child was conceived as a re-
4 sult of rape or incest; or

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

9 “(B) if the paternity of a dependent child
10 has not been established, the relative claiming
11 such aid alleges that any of not more than 3
12 named individuals may be the biological father
13 of the child and provides the address of each of
14 the named individuals (or, if the relative is not
15 aware of the address of such a named individ-
16 ual, the address of the immediate relatives of
17 the named individual), and the State has not
18 disproved the allegation, then aid under the
19 State plan may not be denied to the family by
20 reason of subparagraph (A), but the needs of
21 the dependent child shall be disregarded in de-
22 termining the amount of such aid;

23 “(C) the relative claiming such aid shall
24 have the burden of proving any allegation of pa-
25 ternity of a dependent child by an individual

1 who is deceased, in accordance with procedures
2 established by the State in consultation with
3 the Secretary; and

4 “(D) if the amount of aid payable to a
5 family under the State plan is reduced by rea-
6 son of this paragraph, each member of the fam-
7 ily shall be considered to be receiving such aid
8 for purposes of eligibility for medical assistance
9 under the State plan approved under title XIX
10 for so long as such aid would otherwise not be
11 so reduced.”.

12 (b) NO EFFECT ON ELIGIBILITY FOR FOSTER CARE
13 MAINTENANCE PAYMENTS.—Section 472(a)(4)(B) of
14 such Act (42 U.S.C. 672(a)(4)(B)) is amended—

15 (1) in clause (i), by inserting “and section
16 402(a)(46) were not applied to the child” before the
17 comma; and

18 (2) in clause (ii), by inserting “, section
19 402(a)(46) were not applied to the child,” before
20 “and application”.

21 (c) NO EFFECT ON ELIGIBILITY FOR ADOPTION AS-
22 SISTANCE PAYMENTS.—Section 473(a)(2)(B)(ii) of such
23 Act (42 U.S.C. 673(a)(2)(B)(ii)) is amended—

1 (1) in subclause (I), by inserting “and section
2 402(a)(46) were not applied to the child” before the
3 comma; and

4 (2) in subclause (II), by inserting “, section
5 402(a)(46) were not applied to the child,” before
6 “and application”.

7 **SEC. 102. TEENS RECEIVING AFDC REQUIRED TO LIVE AT**
8 **HOME.**

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

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

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

14 **SEC. 103. EARLIER PATERNITY ESTABLISHMENT EFFORTS**
15 **BY STATES.**

16 (a) IN GENERAL.—Section 466(a)(5)(C) of the Social
17 Security Act (42 U.S.C. 666(a)(5)(C)) is amended by re-
18 designating clauses (i) and (ii) as clauses (ii) and (iii) and
19 by inserting before clause (ii) (as so redesignated) the fol-
20 lowing: “(i) a requirement that, as soon as an officer or
21 employee of the State becomes aware, in the performance
22 of official duties, of a pregnant, unmarried individual, the
23 officer or employee (I) inform the individual, orally and
24 in writing, that she will be ineligible for aid under the
25 State plan under part A unless she informs the State of

1 the identity of the prospective father and, after the child
2 is born, cooperates in establishing the paternity of the
3 child, and (II) encourage the individual to urge the pro-
4 spective father to acknowledge paternity.”.

5 (b) CONFORMING AMENDMENTS.—Section 466(a)(5)
6 of such Act (42 U.S.C. 666(a)(5)) is amended in each of
7 subparagraphs (D) and (E) by striking “(C)(ii)” and in-
8 serting “(C)(iii)”.

9 (c) SENSE OF THE CONGRESS.—The Congress en-
10 courages the States to—

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

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

17 **SEC. 104. INCREASE IN PATERNITY ESTABLISHMENT PER-**
18 **CENTAGE.**

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

22 “(A) 90 percent;

23 “(B) for a State with a paternity establishment
24 percentage of not less than 50 percent but less than
25 90 percent for such fiscal year, the paternity estab-

1 lishment percentage of the State for the immediately
2 preceding fiscal year plus 6 percentage points; or

3 “(C) for a State with a paternity establishment
4 percentage of less than 50 percent for such fiscal
5 year, the paternity establishment percentage of the
6 State for the immediately preceding fiscal year plus
7 10 percentage points.”.

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

10 (a) DENIAL OF AFDC.—Section 402(a) of the Social
11 Security Act (42 U.S.C. 602(a)), as amended by section
12 101(a) of this Act, is amended—

13 (1) by striking “and” at the end of paragraph
14 (45);

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

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

19 “(47) provide that—

20 “(A) aid under the plan shall not be pay-
21 able with respect to a child born out-of-wedlock,
22 on or after the effective date of this paragraph,
23 to an individual who, at the time of such birth,
24 had not attained 18 years of age, unless, after
25 the birth of the child—

1 “(i) the individual marries an individ-
2 ual who the State determines is the bio-
3 logical father of the child; or

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

8 “(B) if the amount of aid payable to a
9 family under the State plan is reduced by rea-
10 son of this paragraph, each member of the fam-
11 ily shall be considered to be receiving such aid
12 for purposes of eligibility for medical assistance
13 under the State plan approved under title XIX
14 for so long as such aid would otherwise not be
15 so reduced.”.

16 (b) NO EFFECT ON ELIGIBILITY FOR FOSTER CARE
17 MAINTENANCE PAYMENTS.—Section 472(a)(4)(B) of
18 such Act (42 U.S.C. 672(a)(4)(B)), as amended by section
19 101(b) of this Act, is amended in each of clauses (i) and
20 (ii) by striking “section 402(a)(46)” and inserting “para-
21 graphs (46) and (47) of section 402(a)”.

22 (c) NO EFFECT ON ELIGIBILITY FOR ADOPTION AS-
23 SISTANCE PAYMENTS.—Section 473(a)(2)(B)(ii) of such
24 Act (42 U.S.C. 673(a)(2)(B)(ii)), as amended by section
25 101(b) of this Act, is amended in each of subclauses (I)

1 and (II) by striking “section 402(a)(46)” and inserting
2 “paragraphs (46) and (47) of section 402(a)”.

3 **SEC. 106. DENIAL OF AFDC FOR ADDITIONAL CHILDREN.**

4 (a) IN GENERAL.—Section 402(a) of the Social Secu-
5 rity Act (42 U.S.C. 602(a)), as amended by sections
6 101(a) and 105(a)(1) of this Act, is amended—

7 (1) by striking “and” at the end of paragraph
8 (46);

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

11 (3) by inserting after paragraph (47) the fol-
12 lowing:

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

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

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

23 “(B) if the amount of aid payable to a family
24 under the State plan is reduced by reason of this
25 paragraph, each member of the family shall be con-

1 sidered to be receiving such aid for purposes of eligi-
2 bility for medical assistance under the State plan ap-
3 proved under title XIX for so long as such aid would
4 otherwise not be so reduced.”.

5 (b) NO EFFECT ON ELIGIBILITY FOR FOSTER CARE
6 MAINTENANCE PAYMENTS.—Section 472(a)(4)(B) of
7 such Act (42 U.S.C. 672(a)(4)(B)), as amended by sec-
8 tions 101(b) and 105(b) of this Act, is amended in each
9 of clauses (i) and (ii) by striking “and (47)” and inserting
10 “, (47), and (48)”.

11 (c) NO EFFECT ON ELIGIBILITY FOR ADOPTION AS-
12 SISTANCE PAYMENTS.—Section 473(a)(2)(B)(ii) of such
13 Act (42 U.S.C. 673(a)(2)(B)(ii)), as amended by sections
14 101(c) and 105(c) of this Act, is amended in each of
15 subclauses (I) and (II) by striking “and (47)” and insert-
16 ing “, (47), and (48)”.

17 **SEC. 107. STATE OPTION TO DENY AFDC BENEFITS TO**
18 **CHILDREN BORN OUT-OF-WEDLOCK TO INDI-**
19 **VIDUALS AGED 18, 19, OR 20, AND TO DENY**
20 **AFDC BENEFITS AND HOUSING BENEFITS TO**
21 **SUCH INDIVIDUALS.**

22 (a) DENIAL OF AFDC.—

23 (1) IN GENERAL.—Section 402(a) of the Social
24 Security Act (42 U.S.C. 602(a)), as amended by sec-

1 tions 101(a), 105(a)(1), and 106 of this Act, is
2 amended—

3 (A) by striking “and” at the end of para-
4 graph (47);

5 (B) by striking the period at the end of
6 paragraph (48) and inserting “; and”; and

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

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

10 “(A) aid under the plan shall not be pay-
11 able with respect to a child born out-of-wedlock
12 to an individual who, at the time of such birth,
13 had attained 18 years of age but had not at-
14 tained such age not exceeding 21 years as the
15 State may determine; and

16 “(B) aid under the plan shall not be pay-
17 able with respect to an individual who has
18 borne a child out-of-wedlock after attaining 18
19 years of age but before attaining 21 years of
20 age, unless—

21 “(i) after the birth of the child—

22 “(I) the individual marries an in-
23 dividual who the State determines is
24 the biological father of the child; or

1 “(II) the biological parent of the
2 child has legal custody of the child
3 and marries an individual who legally
4 adopts the child; or

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

8 (2) NO EFFECT ON ELIGIBILITY FOR FOSTER
9 CARE MAINTENANCE PAYMENTS.—Section
10 472(a)(4)(B) of such Act (42 U.S.C. 672(a)(4)(B)),
11 as amended by sections 101(b), 105(b), and 106(b)
12 of this Act, is amended in each of clauses (i) and (ii)
13 by striking “and (48)” and inserting “(48), and
14 (49)”.

15 (3) NO EFFECT ON ELIGIBILITY FOR ADOPTION
16 ASSISTANCE PAYMENTS.—Section 473(a)(2)(B)(ii)
17 of such Act (42 U.S.C. 673(a)(2)(B)(ii)), as amend-
18 ed by sections 101(c), 105(c), and 106(c) of this
19 Act, is amended in each of subclauses (I) and (II)
20 by striking “and (48)” and inserting “(48), and
21 (49)”.

22 (4) LIMITATION ON APPLICABILITY.—The
23 amendments made by this subsection shall not apply
24 to a child born before the effective date of this Act
25 who is a member of a family whose most recent ap-

1 plication for aid to families with dependent children
2 under a State plan approved under part A of title
3 IV of the Social Security Act was made before such
4 effective date.

5 (b) HOUSING BENEFITS.—

6 (1) PROHIBITION OF ASSISTANCE.—Notwith-
7 standing any other provision of law, a household
8 whose head of household is an individual who has
9 borne a child out-of-wedlock after attaining 18 years
10 of age but before attaining 21 years of age may not
11 be provided Federal housing assistance for a dwell-
12 ing unit located in a covered State, unless—

13 (A) after the birth of the child—

14 (i) the individual marries an individ-
15 ual who has been determined by the rel-
16 evant State to be the biological father of
17 the child; or

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

21 (B) the individual is a biological and custo-
22 dial parent of another child who was not born
23 out-of-wedlock; or

24 (C) eligibility for such Federal housing as-
25 sistance is based in whole or in part on any dis-

1 ability or handicap of a member of the house-
2 hold.

3 (2) COVERED STATES.—A State shall be con-
4 sidered a covered State for purposes of this sub-
5 section only during the period that—

6 (A) begins upon certification, made by the
7 chief executive officer of the State (at the op-
8 tion of the State) to the Secretary of Housing
9 and Urban Development and the Secretary of
10 Agriculture, that the State is a covered State
11 for purposes of this subsection; and

12 (B) ends upon submission of written notice
13 (at the option of the State), by the chief execu-
14 tive officer of the State to such Secretaries,
15 that the State is not a covered State for pur-
16 poses of this subsection.

17 (3) NOTIFICATION OF HOUSING PROVIDERS.—
18 Upon certification under paragraph (2)(A) for a
19 State and periodically thereafter during the period
20 that the State is a covered State, the Secretary of
21 Housing and Urban Development and the Secretary
22 of Agriculture shall provide written notice that the
23 State is a covered State for purposes of this sub-
24 section to—

1 (A) each public housing agency whose area
2 of jurisdiction is located in whole or part within
3 the State; and

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

6 (4) DEFINITIONS.—For purposes of this sub-
7 section, the following definitions shall apply:

8 (A) COVERED PROGRAM.—The term “cov-
9 ered program” means—

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

14 (ii) the public housing program under
15 title I of the United States Housing Act of
16 1937 (42 U.S.C. 1437 et seq.);

17 (iii) the program of rent supplement
18 payments on behalf of qualified tenants
19 pursuant to contracts entered into under
20 section 101 of the Housing and Urban De-
21 velopment Act of 1965 (12 U.S.C. 1701s);

22 (iv) the program of interest reduction
23 payments pursuant to contracts entered
24 into by the Secretary of Housing and
25 Urban Development under section 236 of

1 the National Housing Act (12 U.S.C.
2 1715z-1);

3 (v) the program for mortgage insur-
4 ance provided pursuant to sections
5 221(d)(3) or (4) of the National Housing
6 Act (12 U.S.C. 1715l(d)) for multifamily
7 housing for low- and moderate-income fam-
8 ilies;

9 (vi) the rural housing loan program
10 under section 502 of the Housing Act of
11 1949 (42 U.S.C. 1472);

12 (vii) the rural housing loan guarantee
13 program under section 502(h) of the Hous-
14 ing Act of 1949 (42 U.S.C. 1472(h));

15 (viii) the loan and grant programs
16 under section 504 of the Housing Act of
17 1949 (42 U.S.C. 1474) for repairs and im-
18 provements to rural dwellings;

19 (ix) the program of loans for rental
20 and cooperative rural housing under sec-
21 tion 515 of the Housing Act of 1949 (42
22 U.S.C. 1485);

23 (x) the program of rental assistance
24 payments pursuant to contracts entered
25 into under section 521(a)(2)(A) of the

1 Housing Act of 1949 (42 U.S.C.
2 1490a(a)(2)(A));

3 (xi) the loan and assistance programs
4 under sections 514 and 516 of the Hous-
5 ing Act of 1949 (42 U.S.C. 1484, 1486)
6 for housing for farm labor;

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

11 (xiii) the program of grants for pres-
12 ervation and rehabilitation of housing
13 under section 533 of the Housing Act of
14 1949 (42 U.S.C. 1490m); and

15 (xiv) the program of site loans under
16 section 524 of the Housing Act of 1949
17 (42 U.S.C. 1490d).

18 (B) COVERED PROJECT.—The term “cov-
19 ered project” means any housing for which
20 Federal housing assistance is provided that is
21 attached to the project or specific dwelling units
22 in the project.

23 (C) FEDERAL HOUSING ASSISTANCE.—The
24 term “Federal housing assistance” means—

1 (i) assistance provided under a cov-
2 ered program in the form of any contract,
3 grant, loan, subsidy, cooperative agree-
4 ment, loan or mortgage guarantee or in-
5 surance, or other financial assistance; or

6 (ii) occupancy in a dwelling unit that
7 is—

8 (I) provided assistance under a
9 covered program; or

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

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

18 (E) STATE.—The term “State” means the
19 States of the United States, the District of Co-
20 lumbia, the Commonwealth of Puerto Rico, the
21 Commonwealth of the Northern Mariana Is-
22 lands, Guam, the Virgin Islands, American
23 Samoa, and any other territory or possession of
24 the United States.

1 (5) LIMITATIONS ON APPLICABILITY.—Para-
2 graph (1) shall not apply to Federal housing assist-
3 ance provided for a household pursuant to an appli-
4 cation or request for such assistance made by such
5 household before the effective date of this Act.

6 **SEC. 108. GRANTS TO STATES FOR ASSISTANCE TO CHIL-**
7 **DREN BORN OUT-OF-WEDLOCK.**

8 (a) IN GENERAL.—Title IV of the Social Security Act
9 (42 U.S.C. 601 et seq.) is amended by inserting after part
10 B the following:

11 “PART C—GRANTS FOR ASSISTANCE TO
12 CHILDREN BORN OUT-OF-WEDLOCK

13 “**SEC. 440. PURPOSE.**

14 “(a) IN GENERAL.—The purpose of this part is to
15 grant a qualified State the flexibility and resources nec-
16 essary to provide such services and activities as the State
17 deems appropriate to discourage out-of-wedlock births and
18 assure care for children born out-of-wedlock.

19 “(b) QUALIFIED STATE DEFINED.—For purposes of
20 this part, the term ‘qualified State’ means a State which—

21 “(1) has a plan approved under section 402;

22 “(2) has certified to the Secretary that—

23 “(A) the payments made to the State
24 under this part will be used by the State in ac-
25 cordance with this part; and

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

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

8 **“SEC. 441. USE OF GRANT FUNDS.**

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

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

14 “(2) to promote adoption;

15 “(3) to establish and operate orphanages;

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

18 “(5) in any manner that the State deems ap-
19 propriate to accomplish the purpose of this part.

20 “(b) PROHIBITIONS ON USE OF FUNDS.—

21 “(1) NO INDIVIDUAL PAYMENTS.—A qualified
22 State that receives grant funds under this part shall
23 not use such funds to provide cash payments to an
24 individual who is the parent of a child born out-of-
25 wedlock or to the child.

1 “(2) NO FUNDS USED FOR ABORTION.—No
2 grant funds received by a qualified State under this
3 part shall be used for making abortion available as
4 a method of family planning or for any counseling
5 or advising with respect to abortion.

6 “(c) PENALTY FOR MISUSE OF FUNDS.—If a quali-
7 fied State fails to comply with subsection (b) in any fiscal
8 year, the Secretary shall reduce the amount to be paid
9 to such State under this part for the succeeding fiscal year
10 by an amount equal to the amount of funds paid to the
11 State under this part that are involved in the noncompli-
12 ance.

13 **“SEC. 442. AMOUNT OF GRANT.**

14 “(a) IN GENERAL.—The Secretary shall make a pay-
15 ment to each qualified State for each fiscal year in an
16 amount equal to the Federal savings amount for the State
17 determined under subsection (b)(1) for the fiscal year.

18 “(b) DETERMINATION OF GRANT AMOUNT.—

19 “(1) IN GENERAL.—The Federal savings
20 amount for a State for a fiscal year is an amount
21 that is equal to the product of—

22 “(A) the State per capita amount for the
23 fiscal year (as determined under paragraph
24 (2)); and

1 “(B) the State’s excluded population for
2 the fiscal year (as determined under paragraph
3 (3)).

4 “(2) PER CAPITA AMOUNT.—The State per cap-
5 ita amount for a fiscal year is—

6 “(A) the total amount that the Secretary
7 estimates will be paid to the State under para-
8 graph (1) or (2) of section 403(a) during the
9 fiscal year; divided by

10 “(B) the total number of individuals who
11 the Secretary estimates will receive aid under
12 the State plan approved under section 402 dur-
13 ing the fiscal year.

14 “(3) STATE EXCLUDED POPULATION.—

15 “(A) IN GENERAL.—The Director of the
16 Office of Management and Budget shall deter-
17 mine an excluded population for each qualified
18 State for each fiscal year in accordance with
19 this paragraph.

20 “(B) DETERMINATION.—A State’s ex-
21 cluded population for a fiscal year shall equal
22 the sum of—

23 “(i) the number of excluded children
24 for the State for the fiscal year as deter-
25 mined under subparagraph (C); and

1 “(ii) the number of excluded parents
2 for the State for the fiscal year as deter-
3 mined under subparagraph (D).

4 “(C) EXCLUDED CHILDREN.—

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

8 “(I) for fiscal year 1996, zero;

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

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

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

21 “(bb) 50 percent of the
22 monthly average number of base
23 year excluded children who were
24 over age 1 and under age 2 dur-
25 ing the base year;

1 “(IV) for fiscal year 1999, the
2 sum of—

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

7 “(bb) 50 percent of the
8 monthly average number of base
9 year excluded children who were
10 over age 2 and under age 3 dur-
11 ing the base year;

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

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

18 “(bb) 50 percent of the
19 monthly average number of base
20 year excluded children who were
21 over age 3 and under age 4 dur-
22 ing the base year; and

23 “(VI) for fiscal years after fiscal
24 year 2000, a number determined by

1 the Secretary using a formula
2 which—

3 “(aa) takes into account
4 changes in out-of-wedlock birth
5 rates in previous years, State in-
6 centives to continue programs de-
7 signed to reduce illegitimate
8 births, and other factors deemed
9 relevant by the Secretary; and

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

16 “(ii) BASE YEAR EXCLUDED CHIL-
17 DREN.—The term ‘base year excluded chil-
18 dren’ means children who received aid
19 under the State plan approved under sec-
20 tion 402 during the base year who would
21 not have been eligible for such aid if para-
22 graphs (47) and (49) of section 402(a) (as
23 in effect during the applicable fiscal year)
24 had been in effect at the time such chil-
25 dren were born.

1 “(iii) BASE YEAR.—For purposes of
2 this part, the term ‘base year’ means—

3 “(I) 1994, if the Congressional
4 Budget Office is able to determine an
5 excluded population for each State for
6 each fiscal year that such a deter-
7 mination is required using data pro-
8 vided by the National Integrated
9 Quality Control System operated by
10 the Department of Health and
11 Human Services and other relevant
12 data sources; or

13 “(II) 1994, or another period de-
14 termined appropriate by the Sec-
15 retary, based on a survey conducted
16 or approved by the Secretary.

17 “(D) EXCLUDED PARENTS.—The number
18 of excluded parents for a State for a fiscal year
19 shall be the number of parents excluded in con-
20 nection with the exclusion of their children
21 under subparagraph (C).”.

22 (b) STUDY.—Not later than October 1, 1998, and not
23 later than October 1 of each of the 3 immediately
24 succeeding years, the Comptroller General of the United
25 States shall submit to the Congress a report on how States

1 have expended funds provided under part C of title IV of
2 the Social Security Act, the effect of such expenditures
3 on the well-being of mothers and children, and whether
4 there is evidence that illegitimacy rates have changed as
5 as result of the implementation of such part. Any such
6 report may address such related matters as the Comptrol-
7 ler General deems appropriate to examine.

8 **SEC. 109. REMOVAL OF BARRIERS TO INTERETHNIC ADOPT-**
9 **TION.**

10 (a) FINDINGS.—The Congress finds that—

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

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

15 (3) 2 years and 8 months is the median length
16 of time that children wait to be adopted;

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

21 (5) active, creative, and diligent efforts are
22 needed to recruit parents, from every race and cul-
23 ture, for children needing foster care or adoptive
24 parents.

1 (b) PURPOSE.—The purpose of this section is to de-
2 crease the length of time that children wait to be adopted
3 and to prevent discrimination in the placement of children
4 on the basis of race, color, or national origin.

5 (c) MULTIETHNIC PLACEMENTS.—

6 (1) ACTIVITIES.—

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

11 (i) deny to any person the opportunity
12 to become an adoptive or a foster parent,
13 on the basis of the race, color, or national
14 origin of the person, or of the child, in-
15 volved; or

16 (ii) delay or deny the placement of a
17 child for adoption or into foster care, or
18 otherwise discriminate in making a place-
19 ment decision, on the basis of the race,
20 color, or national origin of the adoptive or
21 foster parent, or the child, involved.

22 (B) DEFINITION.—As used in this para-
23 graph, the term “placement decision” means
24 the decision to place, or to delay or deny the
25 placement of, a child into foster care or in an

1 adoptive home, and includes the decision of the
2 agency or entity involved to seek the termi-
3 nation of birth parent rights or otherwise make
4 a child legally available for adoptive placement.

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

12 (3) PRIVATE CAUSE OF ACTION.—

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

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

23 (C) STATUTE OF LIMITATIONS.—An action
24 under this paragraph may not be brought more

1 than 2 years after the date the alleged violation
2 occurred.

3 (D) WAIVER OF STATE IMMUNITY.—This
4 paragraph is intended, among other things, to
5 authorize actions against States and State offi-
6 cials that might otherwise be barred under the
7 Eleventh Article of Amendment to the Constitu-
8 tion of the United States, and is enacted pursu-
9 ant to section 5 of the Fourteenth Article of
10 Amendment to the Constitution of the United
11 States.

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

15 **TITLE II—REQUIRING WORK**

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

17 (a) FINDINGS.—The Congress finds that—

18 (1) the cash value of the typical welfare pack-
19 age of AFDC, food stamps, and medicaid is approxi-
20 mately \$12,000 per year;

21 (2) research shows that adults who leave AFDC
22 for paid employment earn approximately \$5.50 per
23 hour, or well over \$10,000 per year, and that, when
24 combined with the Earned Income Tax Credit and

1 food stamps, the total income of former AFDC fami-
2 lies is at least \$15,000 per year;

3 (3) adults who leave AFDC for paid employ-
4 ment are on the ladder that can lead to greater fu-
5 ture income, and their children have a role model for
6 the societal value of self-sufficiency; and

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

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

11 (1) provide States with the resources and au-
12 thority necessary to help, cajole, lure, or force adults
13 off welfare and into paid employment as quickly as
14 possible, and to require adult welfare recipients,
15 when necessary, to accept jobs that will help end
16 welfare dependency;

17 (2) permit States to provide education and
18 training to welfare recipients only if, in the judg-
19 ment of State officials, doing so will enhance the
20 ability of such recipients to leave welfare for paid
21 employment;

22 (3) prohibit the States from providing adult
23 welfare recipients with more than 2 years of edu-
24 cation or training; and

1 (4) give States the flexibility to design their
2 own welfare-to-work programs and to decide who
3 must participate in such programs.

4 (c) STATEMENT OF PURPOSE.—The purpose of this
5 title is to move adult welfare recipients from welfare de-
6 pendency to paid employment as quickly as possible.

7 **SEC. 202. WORK PROGRAM.**

8 (a) IN GENERAL.—Section 402(a) of the Social Secu-
9 rity Act (42 U.S.C. 602(a)) is amended by inserting the
10 following after paragraph (28):

11 “(29) provide that—

12 “(A)(i) the State shall require recipients of
13 aid under the State plan to participate in a
14 work program in accordance with this para-
15 graph; and

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

18 “(I) a work supplementation program
19 operated under section 482(e);

20 “(II) a community work experience
21 program established under section 482(f),
22 or any other work experience program ap-
23 proved by the Secretary; or

1 “(III) any other work program estab-
2 lished by the State, which is approved by
3 the Secretary;

4 “(B)(i) except as provided in clause (ii),
5 each individual who is required under this para-
6 graph to participate in a work program and has
7 received aid under the State plan for at least 24
8 months (whether or not consecutive) after the
9 effective date of this paragraph shall participate
10 in work activities for an average of not fewer
11 than 35 hours per week during any month (or
12 for an average of not fewer than 30 hours per
13 week during any month if the individual is en-
14 gaged in job search for an average of not fewer
15 than 5 hours per week during the month), but
16 the State may not require any such individual
17 to participate in work activities for more than
18 40 hours during any week; and

19 “(ii) in the case of a family which receives
20 aid under the State plan by reason of section
21 407—

22 “(I) the State must require at least 1
23 parent in the family to engage in work ac-
24 tivities for an average of 32 hours per
25 week during any month and in job search

1 activities for an average of 8 hours per
2 week during any month; and

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

10 “(C)(i)(I) the State may impose such sanc-
11 tions as the State considers appropriate on an
12 individual who fails to satisfactorily participate
13 in any activity required under this part during
14 the first 24 months (after the effective date of
15 this paragraph) for which the individual is a re-
16 cipient of aid under the State plan;

17 “(II) the State shall reduce the amount
18 otherwise payable under the State plan for the
19 month with respect to an individual to whom
20 subparagraph (B)(i) applies, pro rata with re-
21 spect to any period during the month for which
22 the individual does not comply with subpara-
23 graph (B)(i); and

24 “(III) in the case of a family which re-
25 ceives aid under the State plan by reason of

1 section 407, the State shall reduce the cash
2 payment payable to the family pursuant to sub-
3 paragraph (B)(ii) pro rata with respect to any
4 period for which the family does not comply
5 with subparagraph (B)(ii); and

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

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

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

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

21 “(ii) has been required under this
22 paragraph for at least 12 months (whether
23 or not consecutive) after such effective
24 date to participate in a work program; and

1 “(iii) was offered a work placement at
2 the beginning of such 12-month period;

3 “(F) an adult who has received aid under
4 the State plan for 60 months (whether or not
5 consecutive) after the effective date of this
6 paragraph shall not be eligible for aid under the
7 State plan; and

8 “(G) if a family is denied aid under the
9 State plan by reason of subparagraph (E) or
10 (F), each member of the family shall be consid-
11 ered to be receiving such aid for purposes of eli-
12 gibility for medical assistance under the State
13 plan approved under title XIX for so long as
14 the family would otherwise be eligible for such
15 aid.”.

16 (b) PAYMENTS TO STATES; SANCTIONS.—Section
17 403 of such Act (42 U.S.C. 603) is amended by adding
18 at the end the following:

19 “(o)(1) Each State which has been paid under sub-
20 section (l) of this section for any fiscal year an amount
21 equal to the limitation determined under subsection (k)(2)
22 of this section for the fiscal year shall be entitled to pay-
23 ments under paragraph (4) of this subsection for the fiscal
24 year in an amount equal to the lesser of—

1 “(A) the sum of the applicable percentages
2 (specified in such paragraph (4)) of its expenditures
3 under section 402(a)(29) with respect to which pay-
4 ment has not been made under such subsection (l)
5 (subject to limitations prescribed by or pursuant to
6 part F (to the extent applicable) or such paragraph
7 (4) on expenditures that may be included for pur-
8 poses of determining payment under such paragraph
9 (4)); or

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

13 “(2) The limitation determined under this paragraph
14 with respect to a State for any fiscal year is the amount
15 that bears the same ratio to the amount specified in para-
16 graph (3) of this subsection for the fiscal year as the aver-
17 age monthly number of adult recipients (as defined in sub-
18 section (k)(4)) in the State in the preceding fiscal year
19 bears to the average monthly number of such recipients
20 in all the States for such preceding year.

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

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

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

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

25 “(D) \$2,700,000,000 for fiscal year 1999; and

1 “(E) \$4,000,000,000 for fiscal year 2000.

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

9 “(A) 50 percent of the expenditures of the
10 State for administrative costs incurred under section
11 402(a)(29) during the fiscal year (other than per-
12 sonnel costs for staff employed to carry out section
13 402(a)(29)) with respect to which payment has not
14 been made under such subsection (l); and

15 “(B) the greater of 70 percent or the Federal
16 medical assistance percentage (as defined in section
17 1118 in the case of a State to which section 1108
18 applies, or as defined in section 1905(b) in the case
19 of any other State) of the other expenditures of the
20 State incurred in carrying out section 402(a)(29)
21 during the fiscal year with respect to which payment
22 has not been made under such subsection (l).

23 “(p)(1) The Secretary shall reduce by 25 percent the
24 amount otherwise payable under subsection (o) to a State
25 for each quarter in a fiscal year if—

1 “(A) the State’s participation rate for the 3rd
2 quarter of the immediately preceding fiscal year is
3 less than the participation rate set forth in para-
4 graph (3) for the immediately preceding fiscal year;
5 or

6 “(B) for more than 2 months in the imme-
7 diately preceding fiscal year, the State’s participa-
8 tion rate for the month is less than the participation
9 rate set forth in paragraph (3) for the 2nd preceding
10 fiscal year.

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

13 “(i) the number of individuals receiving aid
14 under the State plan approved under this part who,
15 during the time period, participated in a work pro-
16 gram (within the meaning of section 402(a)(29)(A))
17 for an average of not fewer than 35 hours per week
18 during the time period (or for an average of not
19 fewer than 30 hours per week during the time period
20 if the individual is engaged in job search for an av-
21 erage of not fewer than 5 hours per week during the
22 time period); divided by

23 “(ii) the number of families receiving aid under
24 the State plan approved under this part for the time
25 period.

1 “(B) For purposes of subparagraph (A), in the case
2 of an individual who received aid under the State plan ap-
3 proved under this part for only a portion of a time period,
4 the conduct of the individual during that portion of the
5 time period is deemed to have occurred throughout the
6 time period.

7 “(3) The participation rate set forth in this para-
8 graph is—

9 “(A) 2 percent, for fiscal year 1996;

10 “(B) 4 percent, for fiscal year 1997;

11 “(C) 8 percent, for fiscal year 1998;

12 “(D) 12 percent, for fiscal year 1999;

13 “(E) 17 percent, for fiscal year 2000;

14 “(F) 29 percent, for fiscal year 2001;

15 “(G) 40 percent, for fiscal year 2002; and

16 “(H) 50 percent, for fiscal year 2003 and each
17 succeeding fiscal year.

18 “(4)(A) Before the beginning of each fiscal year, the
19 Secretary shall determine the number of individuals each
20 State is required to have participating in a work program
21 pursuant to section 402(a)(29), based on information
22 from the immediately preceding fiscal year and on any in-
23 formation submitted under subparagraph (B) of this para-
24 graph.

1 “(B) If the number of individuals eligible for aid
2 under the State plan approved under this part during the
3 1st 3 quarters of a fiscal year is less than such number
4 for the 1st 3 quarters of the immediately preceding fiscal
5 year, then, not later than the 1st day of the succeeding
6 fiscal year, the State may submit to the Secretary infor-
7 mation documenting the decline.

8 “(C) At the beginning of each fiscal year, the Sec-
9 retary shall publish in the Federal Register the number
10 determined pursuant to subparagraph (A) for each State
11 for the fiscal year.”.

12 (c) OTHER PROVISIONS RELATING TO UNEMPLOYED
13 PARENTS.—

14 (1) EXTENSION TO ALL STATES OF OPTION TO
15 LIMIT AFDC-UP PROGRAM.—

16 (A) IN GENERAL.—Section 407(b)(2)(B)
17 of such Act (42 U.S.C. 607(b)(2)(B)) is amend-
18 ed by striking clause (iii).

19 (B) CONFORMING AMENDMENT.—Section
20 407(b)(2)(B)(i) of such Act (42 U.S.C.
21 607(b)(2)(B)(i)) is amended by striking
22 “clauses (ii) and (iii)” and inserting “clause
23 (ii)”.

24 (2) INCREASE IN REQUIRED WORK PROGRAM
25 PARTICIPATION RATES OF UNEMPLOYED PAR-

1 ENTS.—Section 403(l)(4) of such Act (42 U.S.C.
2 603(l)(4)) is amended—

3 (A) by striking subparagraph (A);

4 (B) in subparagraph (B)—

5 (i) by striking “subparagraph (A)”
6 and inserting “section
7 402(a)(29)(B)(ii)(I)”;

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

9 (iii) in clause (iv), by striking “each of
10 the fiscal years 1997 and 1998.” and in-
11 serting “fiscal year 1997; and”; and

12 (iv) by adding at the end the follow-
13 ing:

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

16 (C) in subparagraph (C)—

17 (i) in clause (i), by striking “subpara-
18 graph (A)(i)” and inserting “section
19 402(a)(29)(B)(ii)(I)”;

20 (ii) in clause (ii), by striking “sub-
21 paragraph” and inserting “section”; and

22 (D) in subparagraph (D)—

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

1 (ii) by inserting “of this paragraph”
2 after “subparagraph (B)”; and

3 (iii) by adding after and below the end
4 the following:

5 “The Secretary may not, under this subparagraph, waive
6 a penalty with respect to the same State more than once
7 during any 5-year period.”.

8 (d) ELIMINATION OF CERTAIN JOBS PROGRAM
9 RULES.—

10 (1) PARTICIPATION REQUIREMENTS.—Section
11 403(l) of such Act (42 U.S.C. 603(l)) is amended by
12 striking paragraphs (2) and (3) and redesignating
13 paragraph (4) as paragraph (2).

14 (2) CWEP HOURS OF WORK LIMITATIONS.—
15 Section 482(f) of such Act (42 U.S.C. 682(f)) is
16 amended—

17 (A) in paragraph (1), by striking subpara-
18 graph (B) and redesignating subparagraph (C)
19 as subparagraph (B); and

20 (B) by striking paragraph (2) and redesi-
21 gnating paragraphs (3) and (4) as paragraphs
22 (2) and (3), respectively.

23 (3) RULES RELATING TO EXEMPTIONS.—Sec-
24 tion 402(a)(19) of such Act (42 U.S.C. 602(a)(19))
25 is amended by striking subparagraphs (C) and (D),

1 by redesignating subparagraphs (E) and (F) as sub-
2 paragraphs (C) and (D), respectively, and by adding
3 “and” at the end of subparagraph (C) (as so redesi-
4 gnated).

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

8 (5) LIMITATION ON AUTHORITY TO COMPEL AC-
9 CEPTANCE OF A JOB.—Section 402(a)(19) of such
10 Act (42 U.S.C. 602(a)(19)) is amended by striking
11 subparagraph (H).

12 (6) CONFORMING AMENDMENTS AND RE-
13 PEAL.—

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

16 (i) by striking “—” and all that fol-
17 lows through “(i) the” and inserting “the”;

18 (ii) by striking “subclause (I)” and in-
19 serting “clause (i)”;

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

22 (iv) by redesignating subclauses (I)
23 and (II) as clauses (i) and (ii), respec-
24 tively; and

1 (v) by moving clauses (i) and (ii) (as
2 so redesignated) 2 ems to the left.

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

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

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

9 (iii) by striking clause (v).

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

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

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

20 (e) SENSE OF THE CONGRESS.—Each State that op-
21 erates a program of aid to families with dependent chil-
22 dren under a plan approved under part A of title IV of
23 the Social Security Act is encouraged to assign the highest
24 priority to requiring families that include older preschool

1 or school-age children to participate in a work program
2 in accordance with section 402(a)(29) of such Act.

3 **SEC. 203. WORK SUPPLEMENTATION PROGRAM AMEND-**
4 **MENTS.**

5 (a) AUTHORITY OF STATES TO ASSIGN PARTICI-
6 PANTS TO UNFILLED JOBS.—Section 484(c) of the Social
7 Security Act (42 U.S.C. 684(c)) is amended by striking
8 the last sentence.

9 (b) AUTHORITY OF STATES TO USE SUMS THAT
10 WOULD OTHERWISE BE EXPENDED FOR FOOD STAMP
11 BENEFITS TO PROVIDE SUBSIDIZED JOBS FOR PARTICI-
12 PANTS.—

13 (1) IN GENERAL.—Section 482(e)(1) of such
14 Act (42 U.S.C. 682(e)(1)) is amended—

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

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

23 (2) SUBSIDIES PROVIDED TO EMPLOYERS AND
24 INCLUDED IN WAGES OF PARTICIPANTS; MINIMUM
25 EMPLOYER CONTRIBUTION.—Section 482(e)(3) of

1 such Act (42 U.S.C. 682(e)(3)) is amended by add-
2 ing at the end the following:

3 “(E) Each State operating a work supplementation
4 program under this subsection shall enter into an agree-
5 ment with the employer who is to provide an eligible indi-
6 vidual with a supplemented job under the program, under
7 which—

8 “(i) the State is required to pay the employer
9 an amount specified in the agreement as the sub-
10 sidized portion of the wages of the eligible individ-
11 ual; and

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

18 “(I) the amount that would otherwise be
19 payable as aid to families with dependent chil-
20 dren to the eligible individual if the State did
21 not have a work supplementation program
22 under this subsection in effect; and

23 “(II) if the State elects to subsidize jobs
24 for participants in the program through the res-
25 ervation of sums that would otherwise be used

1 to provide such participants with benefits under
2 title V of the Personal Responsibility Act of
3 1995, the cash value of such benefits.

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

12 “(G) Notwithstanding paragraph (1), a State may
13 use for any purpose the sums reserved under paragraph
14 (1) which are not used to subsidize jobs under this sub-
15 section attributable to savings achieved by operation of
16 subparagraph (E).”.

17 (3) CONFORMING AMENDMENT.—Section
18 482(e)(3)(A) of such Act (42 U.S.C. 682(e)(3)(A))
19 is amended by striking the 2nd sentence.

20 **SEC. 204. PAYMENTS TO STATES FOR CERTAIN INDIVID-**
21 **UALS RECEIVING FOOD ASSISTANCE FROM**
22 **THE STATE WHO PERFORM WORK ON BE-**
23 **HALF OF THE STATE.**

24 (a) IN GENERAL.—Each State (as defined in section
25 1101(a)(1) of the Social Security Act for purposes of title

1 IV of such Act) shall be entitled to receive from the Sec-
2 retary of Health and Human Services a monthly payment
3 in an amount equal to—

4 (1) \$20 (as adjusted under subsection (b) of
5 this section); multiplied by

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

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

11 (B) performed at least 32 hours of work
12 on behalf of the State or a political subdivision
13 of the State through a work program (as de-
14 fined in section 402(a)(29)(A)(i) of the Social
15 Security Act).

16 (b) INFLATION ADJUSTMENT.—The Secretary of
17 Health and Human Services shall adjust the amount re-
18 ferred to in subsection (a)(1) on October 1, 1996, and
19 each October 1 thereafter, to reflect changes in the
20 Consumer Price Index for All Urban Consumers published
21 by the Bureau of Labor Statistics, as appropriately ad-
22 justed by the Bureau of Labor Statistics after consultation
23 with the Secretary concerning the application of the Index
24 to this paragraph, for the 12 months ending the imme-
25 diately preceding June 30.

1 **TITLE III—CAPPING THE AGGRE-**
2 **GATE GROWTH OF WELFARE**
3 **SPENDING**

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

6 (a) RESTRICTIONS ON SPENDING.—(1) Effective for
7 fiscal year 1996 and any ensuing fiscal year, the total
8 amount of Federal spending for that fiscal year for the
9 programs listed in subsection (b) shall not exceed an
10 amount equal to the sum of the total estimated Federal
11 spending for the preceding fiscal year on those programs,
12 adjusted for inflation and change of the poverty population
13 as specified in paragraph (2).

14 (2)(A) The inflator used in paragraph (1) shall be
15 the percentage change in the Implicit Gross Domestic
16 Product deflator published by the Department of Com-
17 merce for the most recently available fiscal year over the
18 preceding fiscal year.

19 (B) Change of the poverty population for purposes
20 of paragraph (1) shall be the percentage by which the
21 number of poor people in the United States in the most
22 recent fiscal year for which data are available from the
23 annual report on poverty published by the Bureau of the
24 Census differs from the number of poor people in the pre-
25 ceding fiscal year, as computed by the Congressional

1 Budget Office during January of the calendar year in
2 which the fiscal year subject to the restriction begins.

3 (b) PROGRAMS SUBJECT TO SPENDING LIMIT.—The
4 programs listed in this subsection are the following:

5 (1) FAMILY SUPPORT.—The program of aid
6 and services to needy families with children under
7 part A of title IV of the Social Security Act, child
8 support enforcement program under part D of such
9 title, and the at-risk child care grant under part A
10 of such title.

11 (2) SUPPLEMENTAL SECURITY INCOME.—The
12 supplemental security income program under title
13 XVI of the Social Security Act.

14 (3) HOUSING AID.—

15 (A) Lower income housing assistance
16 under section 8 of the United States Housing
17 Act of 1937 (42 U.S.C. 1772).

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

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

23 (D) Interest reduction payments under sec-
24 tion 236 of the National Housing Act.

1 (E) Rural rental housing loans under sec-
2 tion 515 of the Housing Act of 1949.

3 (F) Rural rental assistance under section
4 521 of the Housing Act of 1949.

5 (G) Homeownership assistance for lower
6 income families under section 235 of the Na-
7 tional Housing Act.

8 (H) Rent supplements under section 101
9 of the Housing and Urban Development Act of
10 1965.

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

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

17 (K) Farm labor housing loans under sec-
18 tion 514 of the Housing Act of 1949.

19 (L) Rural housing self-help technical as-
20 sistance grants under section 523 of the Hous-
21 ing Act of 1949.

22 (M) Rural housing self-help technical as-
23 sistance loans under section 523 of the Housing
24 Act of 1949.

1 (N) Farm labor housing grants under sec-
2 tion 516 of the Housing Act of 1949.

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

6 (4) MANDATORY WORK PROGRAM.—The man-
7 datory work program under part A of title IV of the
8 Social Security Act.

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

12 (c) RECONCILIATION OF GROWTH LIMITS.—

13 (1) ALLOCATIONS.—The joint explanatory
14 statement accompanying a conference report on a
15 concurrent resolution on the budget described in sec-
16 tion 301 of the Congressional Budget Act of 1974
17 for a fiscal year shall include allocations to each
18 committee based on the spending cap imposed by
19 subsection (a) for such fiscal year.

20 (2) RECONCILIATION DIRECTIVES.—The rec-
21 onciliation directives described in section 310 of the
22 Congressional Budget Act of 1974 shall specify re-
23 ductions for each committee necessary to comply
24 with the spending caps imposed by subsection (a) for
25 such fiscal year.

1 (3) CONSULTATION WITH COMMITTEES.—In
2 conducting any activities required under paragraphs
3 (1) and (2), the Committees on the Budget of the
4 House of Representatives and the Senate shall con-
5 sult with the following committees of Congress, as
6 applicable:

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

9 (B) The Committee on Banking and Fi-
10 nancial Services of the House of Representa-
11 tives or the Committee on Banking, Housing,
12 and Urban Affairs of the Senate.

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

15 (D) The Committee on Finance of the Sen-
16 ate.

17 **SEC. 302. CONVERSION OF FUNDING UNDER CERTAIN WEL-**
18 **FARE PROGRAMS.**

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

23 (1) FAMILY SUPPORT.—The program of aid
24 and services to needy families with children under
25 part A of title IV of the Social Security Act, the

1 child support enforcement program under part D of
2 such title, and the at-risk child care grant under
3 part A of such title.

4 (2) SUPPLEMENTAL SECURITY INCOME.—The
5 supplemental security income program under title
6 XVI of the Social Security Act.

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

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

14 **TITLE IV—RESTRICTING**
15 **WELFARE FOR ALIENS**

16 **SEC. 401. INELIGIBILITY OF ALIENS FOR PUBLIC WELFARE**
17 **ASSISTANCE.**

18 (a) IN GENERAL.—Notwithstanding any other provi-
19 sion of law and except as provided in subsections (b) and
20 (c), no alien shall be eligible for any program referred to
21 in subsection (d).

22 (b) EXCEPTIONS.—

23 (1) REFUGEE EXCEPTION.—Subsection (a)
24 shall not apply to an alien admitted to the United
25 States as a refugee under section 207 of the Immi-

1 gration and Nationality Act until 6 years after the
2 date of such alien's arrival into the United States.

3 (2) AGED EXCEPTION.—Subsection (a) shall
4 not apply to an alien who—

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

7 (B) is over 75 years of age; and

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

10 (3) CURRENT RESIDENT EXCEPTION.—Sub-
11 section (a) shall not apply to the eligibility of an
12 alien for a program referred to in subsection (d)
13 until 1 year after the date of the enactment of this
14 Act if, on such date of enactment, the alien is resid-
15 ing in the United States and is eligible for the pro-
16 gram.

17 (c) PROGRAM FOR WHICH ALIENS MAY BE ELIGI-
18 BLE.—The limitation under subsection (a) shall not apply
19 to medical assistance with respect to emergency services
20 (as defined for purposes of section 1916(a)(2)(D) of the
21 Social Security Act).

22 (d) PROGRAMS FOR WHICH ALIENS ARE INELI-
23 GIBLE.—The programs referred to in this subsection are
24 the following:

1 (1) The program of medical assistance under
2 title XIX of the Social Security Act, except emer-
3 gency services as provided in subsection (c).

4 (2) The Maternal and Child Health Services
5 Block Grant Program under title V of the Social Se-
6 curity Act.

7 (3) The program established in section 330 of
8 the Public Health Service Act (relating to commu-
9 nity health centers).

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

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

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

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

21 (8) The supplemental security income program
22 under title XVI of the Social Security Act.

23 (9) The program of foster care and adoption
24 assistance under part E of title IV of the Social Se-
25 curity Act.

1 (10) The food assistance block grant program
2 established under title V of this Act.

3 (11) The program of rental assistance on behalf
4 of low-income families provided under section 8 of
5 the United States Housing Act of 1937 (42 U.S.C.
6 1437f).

7 (12) The program of assistance to public hous-
8 ing under title I of the United States Housing Act
9 of 1937 (42 U.S.C. 1437 et seq.).

10 (13) The loan program under section 502 of the
11 Housing Act of 1949 (42 U.S.C. 1472).

12 (14) The program of interest reduction pay-
13 ments pursuant to contracts entered into by the Sec-
14 retary of Housing and Urban Development under
15 section 236 of the National Housing Act (12 U.S.C.
16 1715z-1).

17 (15) The program of loans for rental and coop-
18 erative housing under section 515 of the Housing
19 Act of 1949 (42 U.S.C. 1485).

20 (16) The program of rental assistance pay-
21 ments pursuant to contracts entered into under sec-
22 tion 521(a)(2)(A) of the Housing Act of 1949 (42
23 U.S.C. 1490a(a)(2)(A)).

1 (17) The program of assistance payments on
2 behalf of homeowners under section 235 of the Na-
3 tional Housing Act (12 U.S.C. 1715z).

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

8 (19) The loan and grant programs under sec-
9 tion 504 of the Housing Act of 1949 (42 U.S.C.
10 1474) for repairs and improvements to rural dwell-
11 ings.

12 (20) The loan and assistance programs under
13 sections 514 and 516 of the Housing Act of 1949
14 (42 U.S.C. 1484, 1486) for housing for farm labor.

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

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

22 (23) The program of site loans under section
23 524 of the Housing Act of 1949 (42 U.S.C. 1490d).

24 (24) The program under part B of title IV of
25 the Higher Education Act of 1965.

1 (25) The program under subpart 1 of part A of
2 title IV of the Higher Education Act of 1965.

3 (26) The program under part C of title IV of
4 the Higher Education Act of 1965.

5 (27) The program under subpart 3 of part A of
6 title IV of the Higher Education Act of 1965.

7 (28) The program under part E of title IV of
8 the Higher Education Act of 1965.

9 (29) The program under subpart 4 of part A of
10 title IV of the Higher Education Act of 1965.

11 (30) The program under title IX of the Higher
12 Education Act of 1965.

13 (31) The program under subpart 5 of part A of
14 title IV of the Higher Education Act of 1965.

15 (32) The programs established in sections 338A
16 and 338B of the Public Health Service Act and the
17 programs established in part A of title VII of such
18 Act (relating to loans and scholarships for education
19 in the health professions).

20 (33) The program established in section
21 317(j)(1) of the Public Health Service Act (relating
22 to grants for immunizations against vaccine-prevent-
23 able diseases).

24 (34) The program established in section 317A
25 of the Public Health Service Act (relating to grants

1 for screening, referrals, and education regarding
2 lead poisoning in infants and children).

3 (35) The program established in part A of title
4 XIX of the Public Health Service Act (relating to
5 block grants for preventive health and health serv-
6 ices).

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

10 (37)(A) The program of training for disadvan-
11 taged adults under part A of title II of the Job
12 Training Partnership Act (29 U.S.C. 1601 et seq.).

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

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

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

22 (40) The programs carried out under the Older
23 American Community Service Employment Act (42
24 U.S.C. 3001 et seq.).

1 (41) The programs under title III of the Older
2 Americans Act of 1965.

3 (42) The programs carried out under part B of
4 title II of the Domestic Volunteer Service Act of
5 1973 (42 U.S.C. 5011–5012).

6 (43) The programs carried out under part C of
7 title II of the Domestic Volunteer Service Act of
8 1973 (42 U.S.C. 5013).

9 (44) The program under the Low-Income En-
10 ergy Assistance Act of 1981 (42 U.S.C. 8621 et
11 seq.).

12 (45) The weatherization assistance program
13 under title IV of the Energy Conservation and Pro-
14 duction Act (42 U.S.C. 6851).

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

18 (47) The programs carried out under the Com-
19 munity Services Block Grant Act (42 U.S.C. 9901
20 et seq.).

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

24 (49) The program for emergency food and shel-
25 ter grants under title III of the Stewart B. McKin-

1 ney Homeless Assistance Act (42 U.S.C. 11331 et
2 seq.).

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

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

8 (52) The program of State legalization impact-
9 assistance grants (SLIAG) under section 204 of the
10 Immigration Reform and Control Act of 1986.

11 (e) NOTIFICATION.—Each Federal agency that ad-
12 ministers a program referred to in subsection (d) shall,
13 directly or through the States, post information and pro-
14 vide general notification to the public and program recipi-
15 ents of the changes regardingly eligibility for any such
16 program pursuant to this section.

17 **SEC. 402. STATE AFDC AGENCIES REQUIRED TO PROVIDE**
18 **INFORMATION ON ILLEGAL ALIENS TO THE**
19 **IMMIGRATION AND NATURALIZATION SERV-**
20 **ICE.**

21 Section 402(a) of the Social Security Act (42 U.S.C.
22 602(a)), as amended by title I of this Act, is amended—

23 (1) by striking “and” at the end of paragraph
24 (48);

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

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

5 “(50) require the State agency to provide to the
6 Immigration and Naturalization Service the name,
7 address, and other identifying information that the
8 agency has with respect to any individual unlawfully
9 in the United States any of whose children is a citi-
10 zen of the United States.”.

11 **TITLE V—CONSOLIDATING FOOD** 12 **ASSISTANCE PROGRAMS**

13 **SEC. 501. FOOD ASSISTANCE BLOCK GRANT PROGRAM.**

14 (a) **AUTHORITY TO MAKE BLOCK GRANTS.**—The
15 Secretary of Agriculture shall make grants in accordance
16 with this section to States to provide food assistance to
17 individuals who are economically disadvantaged and to in-
18 dividuals who are members of economically disadvantaged
19 families.

20 (b) **DISTRIBUTION OF FUNDS.**—

21 (1) **ALLOTMENTS TO STATES.**—Subject to para-
22 graph (2), the funds appropriated to carry out this
23 section for any fiscal year shall be allotted among
24 the States as follows:

1 (A) Of the aggregate amount to be distrib-
2 uted under this section, .21 percent shall be re-
3 served for grants to Guam, the Virgin Islands
4 of the United States, American Samoa, the
5 Commonwealth of the Northern Mariana Is-
6 lands, the Republic of the Marshall Islands, the
7 Federated States of Micronesia, and Palau.

8 (B) Of the aggregate amount to be distrib-
9 uted under this section, .24 percent shall be re-
10 served for grants to tribal organizations that
11 have governmental jurisdiction over geographi-
12 cally defined areas and shall be allocated equi-
13 tably by the Secretary among such organiza-
14 tions.

15 (C) The remainder of such aggregate
16 amount shall be allocated among the remaining
17 States. The amount allocated to each of the re-
18 maining States shall bear the same proportion
19 to such remainder as the number of resident in-
20 dividuals in such State who are economically
21 disadvantaged separately or as members of eco-
22 nomically disadvantaged families bears to the
23 aggregate number of resident individuals in all
24 such remaining States who are economically

1 disadvantaged separately or as members of eco-
2 nomically disadvantaged families.

3 (2) LIMITATION.—After September 30, 1996,
4 the aggregate amount allotted under paragraph (1)
5 for any fiscal year shall not exceed the aggregate
6 amount allotted under paragraph (1) for the then
7 preceding fiscal year adjusted by the Secretary to re-
8 flect—

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

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

21 (c) ELIGIBILITY TO RECEIVE GRANTS.—To be eligi-
22 ble to receive a grant in the amount allotted to a State
23 for a fiscal year, such State shall submit to the Secretary
24 an application in such form, and containing such informa-

1 tion and assurances, as the Secretary may require by rule,
2 including—

3 (1) an assurance that such grant will be ex-
4 pended by the State to provide food assistance to
5 resident individuals in such State who are economi-
6 cally disadvantaged separately or as members of eco-
7 nomically disadvantaged families,

8 (2) an assurance that not more than 5 percent
9 of such grant will be expended by the State for ad-
10 ministrative costs incurred to provide assistance
11 under this section,

12 (3) an assurance that not less than 12 percent
13 of each grant received from funds allotted for fiscal
14 years 1996 through 2000 will be expended to pro-
15 vide food assistance and nutrition education to preg-
16 nant women, postpartum women, breastfeeding
17 women, infants, and young children,

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

22 (A) nonprofit school breakfast programs
23 for students from economically disadvantaged
24 families,

1 (B) milk in nonprofit schools and in non-
2 profit nursery schools, child care centers, settle-
3 ment houses, summer camps, and similar insti-
4 tutions devoted to the care and training of chil-
5 dren, to children from economically disadvan-
6 taged families,

7 (C) nonprofit school lunch programs for
8 students from economically disadvantaged fami-
9 lies,

10 (D) expanded food service programs in in-
11 stitutions providing child care for children from
12 economically disadvantaged families, and

13 (E) summer food service programs carried
14 out by nonprofit food authorities, local govern-
15 ments, nonprofit higher education institutions
16 participating in the National Youth Sports Pro-
17 gram, and residential nonprofit summer camps,
18 to provide meals to children from economically
19 disadvantaged families; and

20 (5) an assurance that the amount of food as-
21 sistance that will be provided to any nonexempt indi-
22 vidual who is otherwise eligible to receive such as-
23 sistance will be reduced proportionally to reflect the
24 extent to which the individual has not performed 32
25 hours of work on behalf of a State or a political sub-

1 division of a State, through a program established
2 by the State or political subdivision, during the
3 month preceding the month for which such assist-
4 ance is provided.

5 (d) AUTHORITY TO REDUCE CERTAIN GRANTS RE-
6 QUIREMENTS.—At the request of a State for a particular
7 fiscal year, the Secretary may reduce a percentage require-
8 ment specified in paragraph (3) or (4) of subsection (c)
9 if the Secretary determines that the purpose described in
10 such paragraph will be adequately carried out by such
11 State without expending the full amount of funds required
12 by such paragraph.

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

20 (A) is a new position,

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

24 (C) involves performing work that would other-
25 wise be performed on an overtime basis by a worker

1 who is not an individual participating in such pro-
2 gram, or

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

5 (f) AUTHORIZATION OF APPROPRIATIONS.—(1)

6 There are authorized to be appropriated to carry out this
7 section \$35,600,000,000 for fiscal year 1996 and such
8 sums as may be necessary for fiscal years 1997, 1998,
9 1999, and 2000.

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

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

18 (a) ISSUANCE, PURCHASE, AND USE OF COUPONS.—

19 The Secretary shall issue, and make available for purchase
20 by States, coupons for the retail purchase of food from
21 retail food stores that are approved in accordance with
22 subsection (b). Coupons issued, purchased, and used as
23 provided in this section shall be redeemable at face value
24 by the Secretary through the facilities of the Treasury of
25 the United States. The purchase price of each coupon is-

1 sued under this subsection shall be the face value of such
2 coupon.

3 (b) APPROVAL OF RETAIL FOOD STORES AND
4 WHOLESALE FOOD CONCERNS.—(1) Regulations issued
5 pursuant to this section shall provide for the submission
6 of applications for approval by retail food stores and
7 wholesale food concerns which desire to be authorized to
8 accept and redeem coupons under this section. In deter-
9 mining the qualifications of applicants, there shall be con-
10 sidered among such other factors as may be appropriate,
11 the following:

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

14 (B) The volume of coupon business which may
15 reasonably be expected to be conducted by the appli-
16 cant food store or wholesale food concern.

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

19 Approval of an applicant shall be evidenced by the issu-
20 ance to such applicant of a nontransferable certificate of
21 approval. The Secretary is authorized to issue regulations
22 providing for a periodic reauthorization of retail food
23 stores and wholesale food concerns.

24 (2) A buyer or transferee (other than a bona fide
25 buyer or transferee) of a retail food store or wholesale food

1 concern that has been disqualified under subsection (d)
2 may not accept or redeem coupons until the Secretary re-
3 ceives full payment of any penalty imposed on such store
4 or concern.

5 (3) Regulations issued pursuant to this section shall
6 require an applicant retail food store or wholesale food
7 concern to submit information which will permit a deter-
8 mination to be made as to whether such applicant quali-
9 fies, or continues to qualify, for approval under this sec-
10 tion or the regulations issued pursuant to this section.
11 Regulations issued pursuant to this section shall provide
12 for safeguards which limit the use or disclosure of infor-
13 mation obtained under the authority granted by this sub-
14 section to purposes directly connected with administration
15 and enforcement of this section or the regulations issued
16 pursuant to this section, except that such information may
17 be disclosed to and used by States that purchase such cou-
18 pons.

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

23 (c) REDEMPTION OF COUPONS.—Regulations issued
24 under this section shall provide for the redemption of cou-
25 pons accepted by retail food stores through approved

1 wholesale food concerns or through financial institutions
2 which are insured by the Federal Deposit Insurance Cor-
3 poration, or which are insured under the Federal Credit
4 Union Act (12 U.S.C. 1751 et seq.) and have retail food
5 stores or wholesale food concerns in their field of member-
6 ship, with the cooperation of the Treasury Department,
7 except that retail food stores defined in section
8 504(10)(D) shall be authorized to redeem their members'
9 food coupons prior to receipt by the members of the food
10 so purchased, and publicly operated community mental
11 health centers or private nonprofit organizations or insti-
12 tutions which serve meals to narcotics addicts or alcoholics
13 in drug addiction or alcoholic treatment and rehabilitation
14 programs, public and private nonprofit shelters that pre-
15 pare and serve meals for battered women and children,
16 public or private nonprofit group living arrangements that
17 serve meals to disabled or blind residents, and public or
18 private nonprofit establishments, or public or private non-
19 profit shelters that feed individuals who do not reside in
20 permanent dwellings and individuals who have no fixed
21 mailing addresses shall not be authorized to redeem cou-
22 pons through financial institutions which are insured by
23 the Federal Deposit Insurance Corporation or the Federal
24 Credit Union Act. No financial institution may impose on
25 or collect from a retail food store a fee or other charge

1 for the redemption of coupons that are submitted to the
2 financial institution in a manner consistent with the re-
3 quirements, other than any requirements relating to can-
4 cellation of coupons, for the presentation of coupons by
5 financial institutions to the Federal Reserve banks.

6 (d) CIVIL MONEY PENALTIES AND DISQUALIFICA-
7 TION OF RETAIL FOOD STORES AND WHOLESALE FOOD
8 CONCERNS.—(1) Any approved retail food store or whole-
9 sale food concern may be disqualified for a specified period
10 of time from further participation in the coupon program
11 under this section, or subjected to a civil money penalty
12 of up to \$10,000 for each violation if the Secretary deter-
13 mines that its disqualification would cause hardship to in-
14 dividuals who receive coupons, on a finding, made as speci-
15 fied in the regulations, that such store or concern has vio-
16 lated this section or the regulations issued pursuant to this
17 section.

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

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

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

25 (C) permanent upon—

1 (i) the third occasion of disqualification,
2 (ii) the first occasion or any subsequent oc-
3 casion of a disqualification based on the pur-
4 chase of coupons or trafficking in coupons by a
5 retail food store or wholesale food concern, ex-
6 cept that the Secretary shall have the discretion
7 to impose a civil money penalty of up to
8 \$20,000 for each violation (except that the
9 amount of civil money penalties imposed for
10 violations occurring during a single investiga-
11 tion may not exceed \$40,000) in lieu of dis-
12 qualification under this subparagraph, for such
13 purchase of coupons or trafficking in coupons
14 that constitutes a violation of this section or the
15 regulations issued pursuant to this section, if
16 the Secretary determines that there is substan-
17 tial evidence (including evidence that neither
18 the ownership nor management of the store or
19 food concern was aware of, approved, benefited
20 from, or was involved in the conduct or ap-
21 proval of the violation) that such store or food
22 concern had an effective policy and program in
23 effect to prevent violations of this section and
24 such regulations, or

1 (iii) a finding of the sale of firearms, am-
2 munition, explosives, or controlled substance (as
3 defined in section 802 of title 21, United States
4 Code) for coupons, except that the Secretary
5 shall have the discretion to impose a civil money
6 penalty of up to \$20,000 for each violation (ex-
7 cept that the amount of civil money penalties
8 imposed for violations occurring during a single
9 investigation may not exceed \$40,000) in lieu of
10 disqualification under this subparagraph if the
11 Secretary determines that there is substantial
12 evidence (including evidence that neither the
13 ownership nor management of the store or food
14 concern was aware of, approved, benefited from,
15 or was involved in the conduct or approval of
16 the violation) that the store or food concern had
17 an effective policy and program in effect to pre-
18 vent violations of this section.

19 (3) The action of disqualification or the imposition
20 of a civil money penalty shall be subject to review as pro-
21 vided in subsection (f).

22 (4) As a condition of authorization to accept and re-
23 deem coupons issued under subsection (a), the Secretary
24 may require a retail food store or wholesale food concern
25 which has been disqualified or subjected to a civil penalty

1 pursuant to paragraph (1) to furnish a bond to cover the
2 value of coupons which such store or concern may in the
3 future accept and redeem in violation of this section. The
4 Secretary shall, by regulation, prescribe the amount,
5 terms, and conditions of such bond. If the Secretary finds
6 that such store or concern has accepted and redeemed cou-
7 pons in violation of this section after furnishing such bond,
8 such store or concern shall forfeit to the Secretary an
9 amount of such bond which is equal to the value of cou-
10 pons accepted and redeemed by such store or concern in
11 violation of this section. Such store or concern may obtain
12 a hearing on such forfeiture pursuant to subsection (f).

13 (5)(A) In the event any retail food store or wholesale
14 food concern that has been disqualified under paragraph
15 (1) is sold or the ownership thereof is otherwise trans-
16 ferred to a purchaser or transferee, the person or persons
17 who sell or otherwise transfer ownership of the retail food
18 store or wholesale food concern shall be subjected to a civil
19 money penalty in an amount established by the Secretary
20 through regulations to reflect that portion of the disquali-
21 fication period that has not yet expired. If the retail food
22 store or wholesale food concern has been disqualified per-
23 manently, the civil money penalty shall be double the pen-
24 alty for a 10-year disqualification period, as calculated
25 under regulations issued by the Secretary. The disquali-

1 fication period imposed under paragraph (2) shall con-
2 tinue in effect as to the person or persons who sell or oth-
3 erwise transfer ownership of the retail food store or whole-
4 sale food concern notwithstanding the imposition of a civil
5 money penalty under this paragraph.

6 (B) At any time after a civil money penalty imposed
7 under subparagraph (A) has become final under sub-
8 section (f)(1), the Secretary may request the Attorney
9 General of the United States to institute a civil action
10 against the person or persons subject to the penalty in
11 a district court of the United States for any district in
12 which such person or persons are found, reside, or trans-
13 act business to collect the penalty and such court shall
14 have jurisdiction to hear and decide such action. In such
15 action, the validity and amount of such penalty shall not
16 be subject to review.

17 (C) The Secretary may impose a fine against any re-
18 tail food store or wholesale food concern that accepts cou-
19 pons that are not accompanied by the corresponding book
20 cover, other than the denomination of coupons used for
21 making change as specified in regulations issued under
22 this section. The amount of any such fine shall be estab-
23 lished by the Secretary and may be assessed and collected
24 separately in accordance with regulations issued under
25 this section or in combination with any fiscal claim estab-

1 lished by the Secretary. The Attorney General of the Unit-
2 ed States may institute judicial action in any court of com-
3 petent jurisdiction against the store or concern to collect
4 the fine.

5 (6) The Secretary may impose a fine against any per-
6 son not approved by the Secretary to accept and redeem
7 coupons who violates this section or a regulation issued
8 under this section, including violations concerning the ac-
9 ceptance of coupons. The amount of any such fine shall
10 be established by the Secretary and may be assessed and
11 collected in accordance with regulations issued under this
12 section separately or in combination with any fiscal claim
13 established by the Secretary. The Attorney General of the
14 United States may institute judicial action in any court
15 of competent jurisdiction against the person to collect the
16 fine.

17 (e) COLLECTION AND DISPOSITION OF CLAIMS.—The
18 Secretary shall have the power to determine the amount
19 of and settle and adjust any claim and to compromise or
20 deny all or part of any such claim or claims arising under
21 this section or the regulations issued pursuant to this sec-
22 tion, including, but not limited to, claims arising from
23 fraudulent and nonfraudulent overissuances to recipients,
24 including the power to waive claims if the Secretary deter-
25 mines that to do so would serve the purposes of this sec-

1 tion. Such powers with respect to claims against recipients
2 may be delegated by the Secretary to State agencies.

3 (f) ADMINISTRATIVE AND JUDICIAL REVIEW.—(1)

4 Whenever—

5 (A) an application of a retail food store or
6 wholesale food concern for approval to accept and
7 redeem coupons issued under subsection (a) is de-
8 nied pursuant to this section,

9 (B) a retail food store or wholesale food con-
10 cern is disqualified or subjected to a civil money
11 penalty under subsection (d),

12 (C) all or part of any claim of a retail food
13 store or wholesale food concern is denied under sub-
14 section (e), or

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

17 notice of such administrative action shall be issued to the
18 retail food store, wholesale food concern, or State involved.

19 Such notice shall be delivered by certified mail or personal
20 service. If such store, concern, or State is aggrieved by
21 such action, it may, in accordance with regulations pro-
22 mulgated under this section, within 10 days of the date
23 of delivery of such notice, file a written request for an
24 opportunity to submit information in support of its posi-
25 tion to such person or persons as the regulations may des-

1 ignate. If such a request is not made or if such store, con-
2 cern, or State fails to submit information in support of
3 its position after filing a request, the administrative deter-
4 mination shall be final. If such request is made by such
5 store, concern, or State such information as may be sub-
6 mitted by such store, concern, or State as well as such
7 other information as may be available, shall be reviewed
8 by the person or persons designated by the Secretary, who
9 shall, subject to the right of judicial review hereinafter
10 provided, make a determination which shall be final and
11 which shall take effect 30 days after the date of the deliv-
12 ery or service of such final notice of determination. If such
13 store, concern, or State feels aggrieved by such final deter-
14 mination, it may obtain judicial review thereof by filing
15 a complaint against the United States in the United
16 States court for the district in which it resides or is en-
17 gaged in business, or, in the case of a retail food store
18 or wholesale food concern, in any court of record of the
19 State having competent jurisdiction, within 30 days after
20 the date of delivery or service of the final notice of deter-
21 mination upon it, requesting the court to set aside such
22 determination. The copy of the summons and complaint
23 required to be delivered to the official or agency whose
24 order is being attacked shall be sent to the Secretary or
25 such person or persons as the Secretary may designate

1 to receive service of process. The suit in the United States
2 district court or State court shall be a trial de novo by
3 the court in which the court shall determine the validity
4 of the questioned administrative action in issue. If the
5 court determines that such administrative action is in-
6 valid, it shall enter such judgment or order as it deter-
7 mines is in accordance with the law and the evidence. Dur-
8 ing the pendency of such judicial review, or any appeal
9 therefrom, the administrative action under review shall be
10 and remain in full force and effect, unless on application
11 to the court on not less than ten days' notice, and after
12 hearing thereon and a consideration by the court of the
13 applicant's likelihood of prevailing on the merits and of
14 irreparable injury, the court temporarily stays such ad-
15 ministrative action pending disposition of such trial or ap-
16 peal.

17 (g) VIOLATIONS AND ENFORCEMENT.—(1) Subject
18 to paragraph (2), whoever knowingly uses, transfers, ac-
19 quires, alters, or possesses coupons in any manner con-
20 trary to this section or the regulations issued pursuant
21 to this section shall, if such coupons are of a value of
22 \$5,000 or more, be guilty of a felony and shall be fined
23 not more than \$250,000 or imprisoned for not more than
24 20 years, or both, and shall, if such coupons are of a value
25 of \$100 or more, but less than \$5,000, be guilty of a fel-

1 ony and shall, upon the first conviction thereof, be fined
2 not more than \$10,000 or imprisoned for not more than
3 5 years, or both, and, upon the second and any subsequent
4 conviction thereof, shall be imprisoned for not less than
5 6 months nor more than 5 years and may also be fined
6 not more than \$10,000 or, if such coupons are of a value
7 of less than \$100, shall be guilty of a misdemeanor, and,
8 upon the first conviction thereof, shall be fined not more
9 than \$1,000 or imprisoned for not more than one year,
10 or both, and upon the second and any subsequent convic-
11 tion thereof, shall be imprisoned for not more than one
12 year and may also be fined not more than \$1,000.

13 (2) In the case of any individual convicted of an of-
14 fense under paragraph (1), the court may permit such in-
15 dividual to perform work approved by the court for the
16 purpose of providing restitution for losses incurred by the
17 United States and the State as a result of the offense for
18 which such individual was convicted. If the court permits
19 such individual to perform such work and such individual
20 agrees thereto, the court shall withhold the imposition of
21 the sentence on the condition that such individual perform
22 the assigned work. Upon the successful completion of the
23 assigned work the court may suspend such sentence.

24 (3) Whoever presents, or causes to be presented, cou-
25 pons for payment or redemption of the value of \$100 or

1 more, knowing the same to have been received, trans-
2 ferred, or used in any manner in violation of this section
3 or the regulations issued under this section, shall be guilty
4 of a felony and, upon the first conviction thereof, shall
5 be fined not more than \$20,000 or imprisoned for not
6 more than 5 years, or both, and, upon the second and any
7 subsequent conviction thereof, shall be imprisoned for not
8 less than one year nor more than 5 years and may also
9 be fined not more than \$20,000, or, if such coupons are
10 of a value of less than \$100, shall be guilty of a mis-
11 demeanor and, upon the first conviction thereof, shall be
12 fined not more than \$1,000 or imprisoned for not more
13 than one year, or both, and, upon the second and any sub-
14 sequent conviction thereof, shall be imprisoned for not
15 more than one year and may also be fined not more than
16 \$1,000.

17 **SEC. 503. AUTHORITY TO SELL FEDERAL SURPLUS COM-**
18 **MODITIES.**

19 Notwithstanding any other provision of law, the Sec-
20 retary of Agriculture and the Commodity Credit Corpora-
21 tion may sell surplus commodities and surplus foodstuffs
22 to the States to provide food assistance to individuals who
23 are economically disadvantaged and to individuals who are
24 members of economically disadvantaged families.

1 **SEC. 504. DEFINITIONS.**

2 For purposes of this title—

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

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

9 (3) the term “economically disadvantaged”
10 means an individual or a family, as the case may be,
11 whose income does not exceed the most recent lower
12 living standard income level published by the De-
13 partment of Labor,

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

16 (A) is 60 years of age or older,

17 (B)(i) receives supplemental security in-
18 come benefits under title XVI of the Social Se-
19 curity Act (42 U.S.C. 1381 et seq.), or Feder-
20 ally or State administered supplemental benefits
21 of the type described in section 212(a) of Public
22 Law 93–66 (42 U.S.C. 1382 note), or

23 (ii) receives Federally or State adminis-
24 tered supplemental assistance of the type de-
25 scribed in section 1616(a) of the Social Security
26 Act (42 U.S.C. 1382e(a)), interim assistance

1 pending receipt of supplemental security in-
2 come, disability-related medical assistance
3 under title XIX of the Social Security Act (42
4 U.S.C. 1396 et seq.), or disability-based State
5 general assistance benefits, if the Secretary de-
6 termines that such benefits are conditioned on
7 meeting disability or blindness criteria at least
8 as stringent as those used under title XVI of
9 the Social Security Act,

10 (C) receives disability or blindness pay-
11 ments under title I, II, X, XIV, or XVI of the
12 Social Security Act (42 U.S.C. 301 et seq.) or
13 receives disability retirement benefits from a
14 governmental agency because of a disability
15 considered permanent under section 221(i) of
16 the Social Security Act (42 U.S.C. 421(i)),

17 (D) is a veteran who—

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

22 (ii) is considered in need of regular
23 aid and attendance or permanently house-
24 bound under such title,

1 (E) is a surviving spouse of a veteran
2 and—

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

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

14 (F) is a child of a veteran and—

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

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

1 (G) is an individual receiving an annuity
2 under section 2(a)(1)(iv) or 2(a)(1)(v) of the
3 Railroad Retirement Act of 1974 (45 U.S.C.
4 231a(a)(1)(iv) or 231a(a)(1)(v)), if the individ-
5 ual's service as an employee under the Railroad
6 Retirement Act of 1974, after December 31,
7 1936, had been included in the term "employ-
8 ment" as defined in the Social Security Act (42
9 U.S.C. 301 et seq.), and if an application for
10 disability benefits had been filed,

11 (5) the term "food" means, for purposes of sec-
12 tion 502(a) only—

13 (A) any food or food product for home con-
14 sumption except alcoholic beverages, tobacco,
15 and hot foods or hot food products ready for
16 immediate consumption other than those au-
17 thorized pursuant to subparagraphs (C), (D),
18 (E), (G), (H), and (I),

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

22 (C) in the case of those persons who are
23 60 years of age or over or who receive supple-
24 mental security income benefits or disability or
25 blindness payments under title I, II, X, XIV, or

1 XVI of the Social Security Act (42 U.S.C. 301
2 et seq.), and their spouses, meals prepared by
3 and served in senior citizens' centers, apart-
4 ment buildings occupied primarily by such per-
5 sons, public or private nonprofit establishments
6 (eating or otherwise) that feed such persons,
7 private establishments that contract with the
8 appropriate agency of the State to offer meals
9 for such persons at concessional prices, and
10 meals prepared for and served to residents of
11 federally subsidized housing for the elderly,

12 (D) in the case of persons 60 years of age
13 or over and persons who are physically or men-
14 tally handicapped or otherwise so disabled that
15 they are unable adequately to prepare all of
16 their meals, meals prepared for and delivered to
17 them (and their spouses) at their home by a
18 public or private nonprofit organization or by a
19 private establishment that contracts with the
20 appropriate State agency to perform such serv-
21 ices at concessional prices,

22 (E) in the case of narcotics addicts or alco-
23 holics, and their children, served by drug addic-
24 tion or alcoholic treatment and rehabilitation

1 programs, meals prepared and served under
2 such programs,

3 (F) in the case of eligible individuals living
4 in Alaska, equipment for procuring food by
5 hunting and fishing, such as nets, hooks, rods,
6 harpoons, and knives (but not equipment for
7 purposes of transportation, clothing, or shelter,
8 and not firearms, ammunition, and explosives)
9 if the Secretary determines that such individ-
10 uals are located in an area of the State where
11 it is extremely difficult to reach stores selling
12 food and that such individuals depend to a sub-
13 stantial extent upon hunting and fishing for
14 subsistence,

15 (G) in the case of disabled or blind recipi-
16 ents of benefits under title I, II, X, XIV, or
17 XVI of the Social Security Act (42 U.S.C. 301
18 et seq.), or are individuals described in subpara-
19 graphs (B) through (G) of paragraph (4), who
20 are residents in a public or private nonprofit
21 group living arrangement that serves no more
22 than 16 residents and is certified by the appro-
23 priate State agency or agencies under regula-
24 tions issued under section 1616(e) of the Social
25 Security Act (42 U.S.C. 1382e(e)) or under

1 standards determined by the Secretary to be
2 comparable to standards implemented by appro-
3 priate State agencies under such section, meals
4 prepared and served under such arrangement,

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

10 (I) in the case of individuals that do not
11 reside in permanent dwellings and individuals
12 that have no fixed mailing addresses, meals pre-
13 pared for and served by a public or private non-
14 profit establishment (approved by an appro-
15 priate State or local agency) that feeds such in-
16 dividuals and by private establishments that
17 contract with the appropriate agency of the
18 State to offer meals for such individuals at
19 concessional prices,

20 (6) the term “infants” means individuals under
21 1 year of age,

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

24 (A) a parent residing with a dependent
25 child under 18 years of age,

1 (B) a member of a family with responsibil-
2 ity for the care of an incapacitated family mem-
3 ber,

4 (C) mentally or physically unfit,

5 (D) under 18 years of age, or

6 (E) 63 years of age or older,

7 (8) the term “postpartum women” means
8 women during the 180-day period after the end of
9 their pregnancy,

10 (9) the term “pregnant women” means women
11 who have one or more fetuses in utero,

12 (10) the term “retail food store” means—

13 (A) an establishment or recognized depart-
14 ment thereof or house-to-house trade route,
15 over 50 percent of whose food sales volume, as
16 determined by visual inspection, sales records,
17 purchase records, or other inventory or account-
18 ing recordkeeping methods that are customary
19 or reasonable in the retail food industry, con-
20 sists of staple food items for home preparation
21 and consumption, such as meat, poultry, fish,
22 bread, cereals, vegetables, fruits, dairy prod-
23 ucts, and the like, but not including accessory
24 food items, such as coffee, tea, cocoa, carbon-

1 ated and uncarbonated drinks, candy, con-
2 diments, and spices,

3 (B) an establishment, organization, pro-
4 gram, or group living arrangement referred to
5 in subparagraph (C), (D), (E), (G), (H), or (I)
6 of paragraph (5),

7 (C) a store purveying the hunting and fish-
8 ing equipment described in paragraph (5)(F),
9 or

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

14 (11) the term “school” means an elementary,
15 intermediate, or secondary school,

16 (12) the term “Secretary” means the Secretary
17 of Agriculture,

18 (13) the term “State” means any of the several
19 States, the District of Columbia, the Commonwealth
20 of Puerto Rico, Guam, the Virgin Islands of the
21 United States, American Samoa, the Commonwealth
22 of the Northern Mariana Islands, the Republic of
23 the Marshall Islands, the Federated States of Micro-
24 nesia, Palau, or a tribal organization that exercises

1 governmental jurisdiction over a geographically de-
2 fined area,

3 (14) the term “tribal organization” has the
4 meaning given it in section 4(l) of the Indian Self-
5 Determination and Education Assistance Act (25
6 U.S.C. 450b(l)), and

7 (15) the term “young children” means individ-
8 uals who are not less than 1 year of age and not
9 more than 5 years of age.

10 **SEC. 505. REPEALERS; AMENDMENTS.**

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

12 (1) The Food Stamp Act of 1977 (7 U.S.C.
13 2011 et seq.).

14 (2) The Child Nutrition Act of 1966 (42 U.S.C.
15 1771 et seq.).

16 (3) The National School Lunch Act (42 U.S.C.
17 1751 et seq.)

18 (4) The Emergency Food Assistance Act of
19 1983 (7 U.S.C. 612c note).

20 (5) The Hunger Prevention Act of 1988 (Public
21 Law 100–435; 102 Stat. 1645).

22 (6) The Commodity Distribution Reform Act
23 and WIC Amendments of 1987 (Public Law 100–
24 237; 101 Stat. 1733).

1 (7) The Child Nutrition and WIC Reauthoriza-
2 tion Act of 1989 (Public Law 101-147; 103 Stat.
3 877).

4 (b) AMENDMENTS.—

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

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

10 (A) in the first undesignated paragraph—

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

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

15 (B) by striking the last sentence.

16 (3) The Agriculture and Consumer Protection
17 Act of 1973 (7 U.S.C. 612c note) is amended by
18 striking sections 4 and 5.

19 (4) The Agriculture and Food Act of 1981 (7
20 U.S.C. 1431) is amended by striking section 1114.

21 (5) Section 402 of the Mutual Security Act of
22 1954 (22 U.S.C. 1922) is amended by striking the
23 last sentence.

1 (6) The Act of September 6, 1958 (Public Law
2 83–931; 7 U.S.C. 1431b) is amended by striking
3 section 9.

4 (7) The Agricultural Act of 1965 (7 U.S.C.
5 1446a–1) is amended by striking section 709.

6 **SEC. 506. EFFECTIVE DATE; APPLICATION OF REPEALERS**
7 **AND AMENDMENTS.**

8 (a) EFFECTIVE DATES.—

9 (1) GENERAL EFFECTIVE DATE.—Except as
10 provided in subsection (b), this title and the amend-
11 ments made by this title shall take effect on the date
12 of the enactment of this Act.

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

18 (b) APPLICATION OF REPEALERS AND AMEND-
19 MENTS.—A repeal or amendment made by section 505
20 shall not apply with respect to—

21 (1) powers, duties, functions, rights, claims,
22 penalties, or obligations applicable to financial as-
23 sistance provided under the Act repealed or amended
24 before the effective date of such repeal or amend-
25 ment, and

1 (2) administrative actions and proceedings com-
2 menced before such date, or authorized before such
3 date to be commenced, under such Acts.

4 **TITLE VI—EXPANDING STATU-**
5 **TORY FLEXIBILITY OF**
6 **STATES**

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

9 Section 403 of the Social Security Act (42 U.S.C.
10 603) is amended by inserting after subsection (b) the fol-
11 lowing:

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

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

24 “(3) Each State to which an amount is paid under
25 paragraph (2) for a fiscal year shall expend the amount

1 to carry out any program established by the State to pro-
2 vide benefits to needy families with dependent children.

3 “(4) Within 3 months after the end of each fiscal
4 year, each State that has made an election under para-
5 graph (1) shall submit to the Secretary a report that ac-
6 counts for all expenditures of amounts paid to the State
7 under this subsection for the fiscal year.

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

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

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

21 **SEC. 602. OPTION TO TREAT NEW RESIDENTS OF A STATE**

22 **UNDER RULES OF FORMER STATE.**

23 Section 402(a) of the Social Security Act (42 U.S.C.
24 602(a)), as amended by titles I and IV of this Act, is
25 amended—

1 (1) by striking “and” at the end of paragraph
2 (49);

3 (2) by striking the period at the end of para-
4 graph (50) and inserting “; and”; and

5 (3) by inserting after paragraph (50) the fol-
6 lowing:

7 “(51) at the option of the State, in the case of
8 a family applying for aid under the State plan that
9 has moved to the State from another jurisdiction of
10 the United States that has a plan approved under
11 this part or has made an election under section
12 403(c)(1), and has resided in the State for less than
13 12 months consecutively, apply the rules that would
14 have been applied by such other jurisdiction if the
15 family had not moved from such other jurisdiction,
16 in determining the eligibility of the family for bene-
17 fits, and the amount of benefits payable to the fam-
18 ily, under the State plan.”.

19 **SEC. 603. OPTION TO IMPOSE PENALTY FOR FAILURE TO**
20 **ATTEND SCHOOL.**

21 Section 402(a) of the Social Security Act (42 U.S.C.
22 602(a)), as amended by titles I and IV, and section 602,
23 of this Act, is amended—

24 (1) by striking “and” at the end of paragraph
25 (50);

1 (2) by striking the period at the end of para-
2 graph (51) and inserting “; and”; and

3 (3) by inserting after paragraph (51) the fol-
4 lowing:

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

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

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

21 (1) by striking “and” at the end of paragraph
22 (51);

23 (2) by striking the period at the end of para-
24 graph (52) and inserting “; and”; and

1 (3) by inserting after paragraph (52) the fol-
2 lowing:

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

4 “(A) if a recipient of aid under the plan
5 marries an individual who is not a parent of a
6 child of the recipient and (but for this para-
7 graph) the resulting family would have become
8 ineligible for such aid by reason of the mar-
9 riage, then the family shall remain eligible for
10 aid under the plan, in an amount equal to 50
11 percent of the aid payable to the recipient im-
12 mediately before the marriage, for a period
13 (specified by the State) of not more than 12
14 months, but only for so long as the income of
15 the family is less than 150 percent of the in-
16 come official poverty line (as defined by the Of-
17 fice of Management and Budget, and revised
18 annually in accordance with section 673(2) of
19 the Omnibus Budget Reconciliation Act of
20 1981) applicable to a family of the size in-
21 volved; and

22 “(B) if a recipient of aid under the plan
23 marries an individual who is not a parent of a
24 child of the recipient and the resulting family
25 would (in the absence of this subparagraph) be

1 eligible for such aid by reason of section 407,
2 then the State may provide aid to the family in
3 accordance with section 407 or subparagraph
4 (A) of this paragraph, but not both.”.

5 (b) APPLICABILITY.—The amendments made by sub-
6 section (a) shall apply only with respect to individuals who
7 first become recipients of aid under State plans approved
8 under part A of title IV of the Social Security Act on or
9 after the effective date of this Act.

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

14 (a) RESOURCE DISREGARDS.—Section 402(a)(7)(B)
15 of the Social Security Act (42 U.S.C. 602(a)(7)(B)) is
16 amended—

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

18 (2) by inserting “(v) at the option of the State,
19 in the case of a family receiving aid under the State
20 plan (and a family not receiving such aid but which
21 received such aid in at least 1 of the preceding 4
22 months or became ineligible for such aid during the
23 preceding 12 months because of excessive earnings),
24 any amount (determined by the State) not to exceed
25 \$10,000 in a qualified asset account (as defined in

1 section 406(i)) of the family, or (vi) at the option of
2 the State, the first \$10,000 of the net worth (assets
3 reduced by liabilities with respect thereto) of all
4 microenterprises (as defined in section 406(j)(1))
5 owned, in whole or in part, by such child, relative,
6 or other individual, for a period not to exceed 2
7 years” before “; and”.

8 (b) DISREGARD OF INCOME FROM QUALIFIED ASSET
9 ACCOUNTS.—Section 402(a)(8)(A) of such Act (42 U.S.C.
10 602(a)(8)(A)) is amended—

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

12 and

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

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

22 (c) NONRECURRING LUMP SUM EXEMPT FROM
23 LUMP SUM RULE.—Section 402(a)(17) of such Act (42
24 U.S.C. 602(a)(17)) is amended by adding at the end the
25 following: “; and, at the option of the State, that this para-

1 graph shall not apply to earned or unearned income re-
2 ceived in a month on a nonrecurring basis to the extent
3 that such income is placed in a qualified asset account
4 (as defined in section 406(i)) the total amounts in which,
5 after such placement, does not exceed \$10,000;”.

6 (d) ONLY NET PROFITS OF MICROENTERPRISE
7 TREATED AS INCOME.—Section 402(a)(7) of such Act (42
8 U.S.C. 602(a)(7)), as amended by subsection (a) of this
9 section, is amended—

10 (1) by striking “and” at the end of subpara-
11 graph (B);

12 (2) by striking the semicolon at the end of sub-
13 paragraph (C) and inserting “; and”; and

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

15 “(D) at the option of the State, may take
16 into consideration as earned income of the fam-
17 ily of which the child is a member, only the net
18 profits (as defined in section 406(j)(2)) of
19 microenterprises (as defined in section
20 406(j)(1)) owned, in whole or in part, by such
21 child, relative, or other individual, for a period
22 not to exceed 2 years.”.

23 (e) DEFINITIONS.—Section 406 of such Act (42
24 U.S.C. 606) is amended by adding at the end the follow-
25 ing:

1 “(i)(1) The term ‘qualified asset account’ means a
2 mechanism approved by the State (such as individual re-
3 tirement accounts, escrow accounts, or savings bonds) that
4 allows savings of a family receiving aid to families with
5 dependent children to be used for qualified distributions.

6 “(2) The term ‘qualified distribution’ means a dis-
7 tribution from a qualified asset account for expenses di-
8 rectly related to 1 or more of the following purposes:

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

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

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

15 “(D) A change of the family residence.

16 “(j)(1) The term ‘microenterprise’ means a commer-
17 cial enterprise which has 5 or fewer employees, 1 or more
18 of whom owns the enterprise.

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

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

24 “(B) transportation expenses;

25 “(C) inventory costs;

1 “(D) expenditures to purchase capital equip-
2 ment;

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

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

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

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

10 “(ii) the losses incurred by the business
11 that are not reimbursed by the insurer solely by
12 reason of the existence of a deductible with re-
13 spect to the insurance policy;

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

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

18 **SEC. 606. OPTION TO REQUIRE ATTENDANCE AT**
19 **PARENTING AND MONEY MANAGEMENT**
20 **CLASSES, AND PRIOR APPROVAL OF ANY AC-**
21 **TION THAT WOULD RESULT IN A CHANGE OF**
22 **SCHOOL FOR A DEPENDENT CHILD.**

23 (a) IN GENERAL.—Section 402(a) of the Social Secu-
24 rity Act (42 U.S.C. 602(a)), as amended by titles I and

1 IV, and sections 602, 603, and 604, of this Act, is amend-
2 ed—

3 (1) by striking “and” at the end of paragraph
4 (52);

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

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

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

17 **TITLE VII—DRUG TESTING FOR**
18 **WELFARE RECIPIENTS**

19 **SEC. 701. AFDC RECIPIENTS REQUIRED TO UNDERGO NEC-**
20 **CESSARY SUBSTANCE ABUSE TREATMENT AS A**
21 **CONDITION OF RECEIVING AFDC.**

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

25 “(35) provide that—

1 “(A) each applicant or recipient of aid
2 under the State plan who is addicted (as deter-
3 mined by the State) to alcohol or drugs must
4 agree to participate and maintain satisfactory
5 participation (as determined by the State) in an
6 appropriate addiction treatment program (if
7 available), and must agree to submit to tests
8 for the presence of alcohol or drugs, without ad-
9 vance notice, during and after such participa-
10 tion; and

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

20 (b) DELAYED APPLICABILITY PERMITTED IF STATE
21 LEGISLATION REQUIRED.—In the case of a State plan ap-
22 proved under section 402(a) of the Social Security Act
23 which the Secretary of Health and Human Services deter-
24 mines requires State legislation (other than legislation ap-
25 propriating funds) in order for the plan to meet the addi-

1 tional requirement imposed by the amendment made by
 2 subsection (a) of this section, the State plan shall not be
 3 regarded as failing to comply with the requirements of
 4 such section 402(a) solely on the basis of the failure of
 5 the plan to meet such additional requirement before the
 6 end of the 2-year period that begins with the effective date
 7 of this Act.

8 **TITLE VIII—EFFECTIVE DATE**

9 **SEC. 801. EFFECTIVE DATE.**

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



HR 4 IH—2

HR 4 IH—3

HR 4 IH—4

HR 4 IH—5

HR 4 IH—6

HR 4 IH—7

HR 4 IH—8