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REPORT
104–430

PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY ACT OF 1995

CONFERENCE REPORT

TO ACCOMPANY

H.R. 4

DECEMBER 20, 1995.—Ordered to be printed

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104TH CONGRESS, 1st Session | HOUSE OF REPRESENTATIVES | REPORT 104–430

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Mr. ARCHER, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany H.R. 4]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4), to restore the American family, reduce illegitimacy, control welfare spending and reduce welfare dependence, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate to the text of the bill and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment, insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Personal Responsibility and Work Opportunity Act of 1995".

SEC. 2. TABLE OF CONTENTS.

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

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Sec. 102. Reference to Social Security Act.
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Sec. 108. Conforming amendments to the Social Security Act.

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Sec. 109. Conforming amendments to the Food Stamp Act of 1977 and related provisions.
Sec. 110. Conforming amendments to other laws.
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Sec. 114. Medicaid eligibility under title IV of the Social Security Act.
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Sec. 116. Effective date; transition rule.

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Sec. 202. Denial of SSI benefits for fugitive felons and probation and parole violators.

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TITLE I—BLOCK GRANTS FOR TEMPORARY ASSISTANCE FOR NEEDY FAMILIES

SEC. 101. FINDINGS.

The Congress makes the following findings:

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

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

(3) Promotion of responsible fatherhood and motherhood is integral to successful child rearing and the well-being of children.

(4) In 1992, only 54 percent of single-parent families with children had a child support order established and, of that 54 percent, only about one-half received the full amount due. Of the cases enforced through the public child support enforcement system, only 18 percent of the caseload has a collection.

(5) The number of individuals receiving aid to families with dependent children (in this section referred to as "AFDC") has more than tripled since 1965. More than two-thirds of these recipients are children. Eighty-nine percent of children receiving AFDC benefits now live in homes in which no father is present.

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

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

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

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

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

(ii) While the number of children receiving AFDC benefits increased nearly threefold between 1965 and 1992, the total number of children in the United States aged 0 to 18 has declined by 5.5 percent.

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

(C) The increase in the number of children receiving public assistance is closely related to the increase in births to unmarried women. Between 1970 and 1991, the percentage of live births to unmarried women increased nearly threefold, from 10.7 percent to 29.5 percent.

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

(A) It is estimated that the rate of nonmarital teen pregnancy rose 23 percent from 54 pregnancies per 1,000 unmarried teenagers in 1976 to 66.7 pregnancies in 1991. The overall rate of nonmarital pregnancy rose 14 percent from 90.8 pregnancies per 1,000 unmarried women in 1980 to 103 in both 1991 and 1992. In contrast, the overall pregnancy rate for married couples decreased 7.3 percent between 1980 and 1991, from 126.9 pregnancies per 1,000 married women in 1980 to 117.6 pregnancies in 1991.

(B) The total of all out-of-wedlock births between 1970 and 1991 has risen from 10.7 percent to 29.5 percent and

if the current trend continues, 50 percent of all births by the year 2015 will be out-of-wedlock.

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

(A) Young women 17 and under who give birth outside of marriage are more likely to go on public assistance and to spend more years on welfare once enrolled. These combined effects of "younger and longer" increase total AFDC costs per household by 25 percent to 30 percent for 17-year olds.

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

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

(D) Children born out-of-wedlock were more likely to have lower cognitive scores, lower educational aspirations, and a greater likelihood of becoming teenage parents themselves.

(E) Being born out-of-wedlock significantly reduces the chances of the child growing up to have an intact marriage.

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

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

(A) Only 9 percent of married-couple families with children under 18 years of age have income below the national poverty level. In contrast, 46 percent of female-headed households with children under 18 years of age are below the national poverty level.

(B) Among single-parent families, nearly ½ of the mothers who never married received AFDC while only ⅕ of divorced mothers received AFDC.

(C) Children born into families receiving welfare assistance are 3 times more likely to be on welfare when they reach adulthood than children not born into families receiving welfare.

(D) Mothers under 20 years of age are at the greatest risk of bearing low-birth-weight babies.

(E) The younger the single parent mother, the less likely she is to finish high school.

(F) Young women who have children before finishing high school are more likely to receive welfare assistance for a longer period of time.

(G) Between 1985 and 1990, the public cost of births to teenage mothers under the aid to families with dependent

children program, the food stamp program, and the medicaid program has been estimated at $120,000,000,000.

(H) The absence of a father in the life of a child has a negative effect on school performance and peer adjustment.

(I) Children of teenage single parents have lower cognitive scores, lower educational aspirations, and a greater likelihood of becoming teenage parents themselves.

(J) Children of single-parent homes are 3 times more likely to fail and repeat a year in grade school than are children from intact 2-parent families.

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

(L) Neighborhoods with larger percentages of youth aged 12 through 20 and areas with higher percentages of single-parent households have higher rates of violent crime.

(M) Of those youth held for criminal offenses within the State juvenile justice system, only 29.8 percent lived primarily in a home with both parents. In contrast to these incarcerated youth, 73.9 percent of the 62,800,000 children in the Nation's resident population were living with both parents.

(9) Therefore, in light of this demonstration of the crisis in our Nation, it is the sense of the Congress that prevention of out-of-wedlock pregnancy and reduction in out-of-wedlock birth are very important Government interests and the policy contained in part A of title IV of the Social Security Act (as amended by section 103 of this Act) is intended to address the crisis.

SEC. 102. REFERENCE TO SOCIAL SECURITY ACT.

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

SEC. 103. BLOCK GRANTS TO STATES.

Part A of title IV (42 U.S.C. 601 et seq.) is amended to read as follows:

"PART A—BLOCK GRANTS TO STATES FOR TEMPORARY ASSISTANCE FOR NEEDY FAMILIES

"SEC. 401. PURPOSE.

"(a) IN GENERAL.—The purpose of this part is to increase the flexibility of States in operating a program designed to—

"(1) provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives;

"(2) end the dependence of needy parents on government benefits by promoting job preparation, work, and marriage;

"(3) prevent and reduce the incidence of out-of-wedlock pregnancies and establish annual numerical goals for preventing and reducing the incidence of these pregnancies; and

"(4) encourage the formation and maintenance of two-parent families.

"(b) NO INDIVIDUAL ENTITLEMENT.—This part shall not be interpreted to entitle any individual or family to assistance under any State program funded under this part.

"SEC. 402. ELIGIBLE STATES; STATE PLAN.

"(a) IN GENERAL.—As used in this part, the term 'eligible State' means, with respect to a fiscal year, a State that, during the 2-year period immediately preceding the fiscal year, has submitted to the Secretary a plan that includes the following:

"(1) OUTLINE OF FAMILY ASSISTANCE PROGRAM.—

"(A) GENERAL PROVISIONS.—A written document that outlines how the State intends to do the following:

"(i) Conduct a program, designed to serve all political subdivisions in the State, that provides assistance to needy families with (or expecting) children and provides parents with job preparation, work, and support services to enable them to leave the program and become self-sufficient.

"(ii) Require a parent or caretaker receiving assistance under the program to engage in work (as defined by the State) once the State determines the parent or caretaker is ready to engage in work, or once the parent or caretaker has received assistance under the program for 24 months (whether or not consecutive), whichever is earlier.

"(iii) Ensure that parents and caretakers receiving assistance under the program engage in work activities in accordance with section 407.

"(iv) Take such reasonable steps as the State deems necessary to restrict the use and disclosure of information about individuals and families receiving assistance under the program attributable to funds provided by the Federal Government.

"(v) Establish goals and take action to prevent and reduce the incidence of out-of-wedlock pregnancies, with special emphasis on teenage pregnancies, and establish numerical goals for reducing the illegitimacy ratio of the State (as defined in section 403(a)(2)(B)) for calendar years 1996 through 2005.

"(B) SPECIAL PROVISIONS.—

"(i) The document shall indicate whether the State intends to treat families moving into the State from another State differently than other families under the program, and if so, how the State intends to treat such families under the program.

"(ii) The document shall indicate whether the State intends to provide assistance under the program to individuals who are not citizens of the United States, and if so, shall include an overview of such assistance.

"(2) CERTIFICATION THAT THE STATE WILL OPERATE A CHILD SUPPORT ENFORCEMENT PROGRAM.—A certification by the chief executive officer of the State that, during the fiscal year, the

State will operate a child support enforcement program under the State plan approved under part D.

"(3) CERTIFICATION THAT THE STATE WILL OPERATE A CHILD PROTECTION PROGRAM.—A certification by the chief executive officer of the State that, during the fiscal year, the State will operate a child protection program under the State plan approved under part B.

"(4) CERTIFICATION OF THE ADMINISTRATION OF THE PROGRAM.—A certification by the chief executive officer of the State specifying which State agency or agencies will administer and supervise the program referred to in paragraph (1) for the fiscal year, which shall include assurances that local governments and private sector organizations—

"(A) have been consulted regarding the plan and design of welfare services in the State so that services are provided in a manner appropriate to local populations; and

"(B) have had at least 60 days to submit comments on the plan and the design of such services.

"(5) CERTIFICATION THAT THE STATE WILL PROVIDE INDIANS WITH EQUITABLE ACCESS TO ASSISTANCE.—A certification by the chief executive officer of the State that, during the fiscal year, the State will provide each Indian who is a member of an Indian tribe in the State that does not have a tribal family assistance plan approved under section 412 with equitable access to assistance under the State program funded under this part attributable to funds provided by the Federal Government.

"(b) PUBLIC AVAILABILITY OF STATE PLAN SUMMARY.—The State shall make available to the public a summary of any plan submitted by the State under this section.

"SEC. 403. GRANTS TO STATES.

"(a) GRANTS.—

"(1) FAMILY ASSISTANCE GRANT.—

"(A) IN GENERAL.—Each eligible State shall be entitled to receive from the Secretary, for each of fiscal years 1996, 1997, 1998, 1999, 2000, and 2001 a grant in an amount equal to the State family assistance grant.

"(B) STATE FAMILY ASSISTANCE GRANT DEFINED.—As used in this part, the term 'State family assistance grant' means the greatest of—

"(i) ⅓ of the total amount required to be paid to the State under former section 403 (as in effect on September 30, 1995) for fiscal years 1992, 1993, and 1994 (other than with respect to amounts expended by the State for child care under subsection (g) or (i) of former section 402 (as so in effect));

"(ii)(I) the total amount required to be paid to the State under former section 403 for fiscal year 1994 (other than with respect to amounts expended by the State for child care under subsection (g) or (i) of former section 402 (as so in effect)); plus

"(II) an amount equal to 85 percent of the amount (if any) by which the total amount required to be paid to the State under former section 403(a)(5) for emergency assistance for fiscal year 1995 exceeds the total

amount required to be paid to the State under former section 403(a)(5) for fiscal year 1994, if, during fiscal year 1994, the Secretary approved under former section 402 an amendment to the former State plan with respect to the provision of emergency assistance in the context of family preservation; or

"(iii) ⅔ of the total amount required to be paid to the State under former section 403 (as in effect on September 30, 1995) for the 1st 3 quarters of fiscal year 1995 (other than with respect to amounts expended by the State under the State plan approved under part F (as so in effect) or for child care under subsection (g) or (i) of former section 402 (as so in effect)), plus the total amount required to be paid to the State for fiscal year 1995 under former section 403(l) (as so in effect).

"(C) TOTAL AMOUNT REQUIRED TO BE PAID TO THE STATE UNDER FORMER SECTION 403 DEFINED.—As used in this part, the term 'total amount required to be paid to the State under former section 403' means, with respect to a fiscal year—

"(i) in the case of a State to which section 1108 does not apply, the sum of—

"(I) the Federal share of maintenance assistance expenditures for the fiscal year, before reduction pursuant to subparagraph (B) or (C) of section 403(b)(2) (as in effect on September 30, 1995), as reported by the State on ACF Form 231;

"(II) the Federal share of administrative expenditures (including administrative expenditures for the development of management information systems) for the fiscal year, as reported by the State on ACF Form 231;

"(III) the Federal share of emergency assistance expenditures for the fiscal year, as reported by the State on ACF Form 231;

"(IV) the Federal share of expenditures for the fiscal year with respect to child care pursuant to subsections (g) and (i) of former section 402 (as in effect on September 30, 1995), as reported by the State on ACF Form 231; and

"(V) the aggregate amount required to be paid to the State for the fiscal year with respect to the State program operated under part F (as in effect on September 30, 1995), as determined by the Secretary, including additional obligations or reductions in obligations made after the close of the fiscal year; and

"(ii) in the case of a State to which section 1108 applies, the lesser of—

"(I) the sum described in clause (i); or

"(II) the total amount certified by the Secretary under former section 403 (as in effect during the fiscal year) with respect to the territory.

"(D) INFORMATION TO BE USED IN DETERMINING AMOUNTS.—

"(i) FOR FISCAL YEARS 1992 AND 1993.—

"(I) In determining the amounts described in subclauses (I) through (IV) of subparagraph (C)(i) for any State for each of fiscal years 1992 and 1993, the Secretary shall use information available as of April 28, 1995.

"(II) In determining the amount described in subparagraph (C)(i)(V) for any State for each of fiscal years 1992 and 1993, the Secretary shall use information available as of January 6, 1995.

"(ii) FOR FISCAL YEAR 1994.—In determining the amounts described in subparagraph (C)(i) for any State for fiscal year 1994, the Secretary shall use information available as of April 28, 1995.

"(iii) FOR FISCAL YEAR 1995.—

"(I) In determining the amount described in subparagraph (B)(ii)(II) for any State for fiscal year 1995, the Secretary shall use the information which was reported by the States and estimates made by the States with respect to emergency assistance expenditures and was available as of August 11, 1995.

"(I) In determining the amounts described in subclauses (I) through (IV) of subparagraph (C)(i) for any State for fiscal year 1995, the Secretary shall use information available as of October 2, 1995.

"(II) In determining the amount described in subparagraph (C)(i)(V) for any State for fiscal year 1995, the Secretary shall use information available as of October 5, 1995.

"(E) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for fiscal years 1996, 1997, 1998, 1999, 2000, and 2001 such sums as are necessary for grants under this paragraph.

"(2) GRANT TO REWARD STATES THAT REDUCE OUT-OF-WEDLOCK BIRTHS.—

"(A) IN GENERAL.—In addition to any grant under paragraph (1), each eligible State shall be entitled to receive from the Secretary for fiscal year 1998 or any succeeding fiscal year, a grant in an amount equal to the State family assistance grant multiplied by—

"(i) 5 percent if—

"(I) the illegitimacy ratio of the State for the fiscal year is at least 1 percentage point lower than the illegitimacy ratio of the State for fiscal year 1995; and

"(II) the rate of induced pregnancy terminations in the State for the fiscal year is less than the rate of induced pregnancy terminations in the State for fiscal year 1995; or

"(ii) 10 percent if—

"(I) the illegitimacy ratio of the State for the fiscal year is at least 2 percentage points lower than the illegitimacy ratio of the State for fiscal year 1995; and

"(II) the rate of induced pregnancy terminations in the State for the fiscal year is less than the rate of induced pregnancy terminations in the State for fiscal year 1995.

"(B) ILLEGITIMACY RATIO.—As used in this paragraph, the term 'illegitimacy ratio' means, with respect to a State and a fiscal year—

"(i) the number of out-of-wedlock births that occurred in the State during the most recent fiscal year for which such information is available; divided by

"(ii) the number of births that occurred in the State during the most recent fiscal year for which such information is available.

"(C) DISREGARD OF CHANGES IN DATA DUE TO CHANGED REPORTING METHODS.—For purposes of subparagraph (A), the Secretary shall disregard—

"(i) any difference between the illegitimacy ratio of a State for a fiscal year and the illegitimacy ratio of the State for fiscal year 1995 which is attributable to a change in State methods of reporting data used to calculate the illegitimacy ratio; and

"(ii) any difference between the rate of induced pregnancy terminations in a State for a fiscal year and such rate for fiscal year 1995 which is attributable to a change in State methods of reporting data used to calculate such rate.

"(D) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for fiscal year 1998 and for each succeeding fiscal year such sums as are necessary for grants under this paragraph.

"(3) SUPPLEMENTAL GRANT FOR POPULATION INCREASES IN CERTAIN STATES.—

"(A) IN GENERAL.—Each qualifying State shall, subject to subparagraph (F), be entitled to receive from the Secretary—

"(i) for fiscal year 1997 a grant in an amount equal 2.5 percent of the total amount required to be paid to the State under former section 403 (as in effect during fiscal year 1994) for fiscal year 1994; and

"(ii) for each of fiscal years 1998, 1999, and 2000, a grant in an amount equal to the sum of—

"(I) the amount (if any) required to be paid to the State under this paragraph for the immediately preceding fiscal year; and

"(II) 2.5 percent of the sum of—

"(aa) the total amount required to be paid to the State under former section 403 (as in ef-

fect during fiscal year 1994) for fiscal year 1994; and

"(bb) the amount (if any) required to be paid to the State under this paragraph for the fiscal year preceding the fiscal year for which the grant is to be made.

"(B) PRESERVATION OF GRANT WITHOUT INCREASES FOR STATES FAILING TO REMAIN QUALIFYING STATES.—Each State that is not a qualifying State for a fiscal year specified in subparagraph (A)(ii) but was a qualifying State for a prior fiscal year shall, subject to subparagraph (F), be entitled to receive from the Secretary for the specified fiscal year, a grant in an amount equal to the amount required to be paid to the State under this paragraph for the most recent fiscal year for which the State was a qualifying State.

"(C) QUALIFYING STATE.—

"(i) IN GENERAL.—For purposes of this paragraph, a State is a qualifying State for a fiscal year if—

"(I) the level of welfare spending per poor person by the State for the immediately preceding fiscal year is less than the national average level of State welfare spending per poor person for such preceding fiscal year; and

"(II) the population growth rate of the State (as determined by the Bureau of the Census for the most recent fiscal year for which information is available exceeds the average population growth rate for all States (as so determined) for such most recent fiscal year.

"(ii) STATE MUST QUALIFY IN FISCAL YEAR 1997.—Notwithstanding clause (i), a State shall not be a qualifying State for any fiscal year after 1997 by reason of clause (i) if the State is not a qualifying State for fiscal year 1997 by reason of clause (i).

"(iii) CERTAIN STATES DEEMED QUALIFYING STATES.—For purposes of this paragraph, a State is deemed to be a qualifying State for fiscal years 1997, 1998, 1999, and 2000 if—

"(I) the level of welfare spending per poor person by the State for fiscal year 1996 is less than 35 percent of the national average level of State welfare spending per poor person for fiscal year 1996; or

"(II) the population of the State increased by more than 10 percent from April 1, 1990 to July 1, 1994, as determined by the Bureau of the Census.

"(D) DEFINITIONS.—As used in this paragraph:

"(i) LEVEL OF WELFARE SPENDING PER POOR PERSON.—The term 'level of State welfare spending per poor person' means, with respect to a State and a fiscal year—

"(I) the sum of—

"(aa) the total amount required to be paid to the State under former section 403 (as in effect during fiscal year 1994) for fiscal year 1994; and

"(bb) the amount (if any) paid to the State under this paragraph for the immediately preceding fiscal year; divided by

"(II) the number of individuals, according to the 1990 decennial census, who were residents of the State and whose income was below the poverty line.

"(ii) NATIONAL AVERAGE LEVEL OF STATE WELFARE SPENDING PER POOR PERSON.—The term 'national average level of State welfare spending per poor person' means, with respect to a fiscal year, an amount equal to—

"(I) the total amount required to be paid to the States under former section 403 (as in effect during fiscal year 1994) for fiscal year 1994; divided by

"(II) the number of individuals, according to the 1990 decennial census, who were residents of any State and whose income was below the poverty line.

"(iii) STATE.—The term 'State' means each of the 50 States of the United States and the District of Columbia.

"(E) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for fiscal years 1997, 1998, 1999, and 2000 such sums as are necessary for grants under this paragraph, in a total amount not to exceed $800,000,000.

"(F) GRANTS REDUCED PRO RATA IF INSUFFICIENT APPROPRIATIONS.—If the amount appropriated pursuant to this paragraph for a fiscal year is less than the total amount of payments otherwise required to be made under this paragraph for the fiscal year, then the amount otherwise payable to any State for the fiscal year under this paragraph shall be reduced by a percentage equal to the amount so appropriated divided by such total amount.

"(G) BUDGET SCORING.—Notwithstanding section 257(b)(2) of the Balanced Budget and Emergency Deficit Control Act of 1985, the baseline shall assume that no grant shall be made under this paragraph after fiscal year 2000.

"(b) CONTINGENCY FUND.—

"(1) ESTABLISHMENT.—There is hereby established in the Treasury of the United States a fund which shall be known as the 'Contingency Fund for State Welfare Programs' (in this section referred to as the 'Fund').

"(2) DEPOSITS INTO FUND.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for fiscal years 1997, 1998, 1999, 2000, and 2001

such sums as are necessary for payment to the Fund in a total amount not to exceed $1,000,000,000.

"(3) GRANTS.—From amounts appropriated pursuant to paragraph (2), the Secretary of the Treasury shall pay to each eligible State for a fiscal year an amount equal to the lesser of—

"(A) the Federal medical assistance percentage for the State for the fiscal year (as defined in section 1905(b), as in effect on September 30, 1995) of the amount (if any) by which the expenditures of the State in the fiscal year under the State program funded under this part exceed the historic State expenditures (as defined in section 409(a)(7)(B)(iii)) for the State with respect to the fiscal year; or

"(B) 20 percent of the State family assistance grant for the fiscal year.

"(4) ELIGIBLE STATE.—For purposes of this subsection, a State is an eligible State for a fiscal year, if—

"(A) the average rate of total unemployment in such State (seasonally adjusted) for the period consisting of the most recent 3 months for which data for all States are published equals or exceeds 6.5 percent;

"(B) the average rate of total unemployment in such State (seasonally adjusted) for the 3-month period equals or exceeds 110 percent of such average rate for either (or both) of the corresponding 3-month periods ending in the 2 preceding calendar years; and

"(C) the total amount expended by the State during the fiscal year under the State program funded under this part is not less than 100 percent of the level of historic State expenditures (as defined in section 409(a)(7)(B)(iii)) with respect to the fiscal year.

"(5) STATE.—As used in this subsection, the term 'State' means each of the 50 States of the United States and the District of Columbia.

"(6) PAYMENT PRIORITY.—The Secretary shall make payments under paragraph (3) in the order in which the Secretary receives claims for such payments.

"(7) ANNUAL REPORTS.—The Secretary of the Treasury shall annually report to the Congress on the status of the Fund.

"(8) BUDGET SCORING.—Notwithstanding section 257(b)(2) of the Balanced Budget and Emergency Deficit Control Act of 1985, the baseline shall assume that no grant shall be made under this subsection after fiscal year 2001.

"SEC. 404. USE OF GRANTS.

"(a) GENERAL RULES.—Subject to this part, a State to which a grant is made under section 403 may use the grant—

"(1) in any manner that is reasonably calculated to accomplish the purpose of this part, including to provide low income households with assistance in meeting home heating and cooling costs; or

"(2) in any manner that the State was authorized to use amounts received under part A or F, as such parts were in effect on September 30, 1995.

"(b) LIMITATION ON USE OF GRANT FOR ADMINISTRATIVE PURPOSES.—

"(1) LIMITATION.—A State to which a grant is made under section 403 shall not expend more than 15 percent of the grant for administrative purposes.

"(2) EXCEPTION.—Paragraph (1) shall not apply to the use of a grant for information technology and computerization needed for tracking or monitoring required by or under this part.

"(c) AUTHORITY TO TREAT INTERSTATE IMMIGRANTS UNDER RULES OF FORMER STATE.—A State operating a program funded under this part may apply to a family the rules (including benefit amounts) of the program funded under this part of another State if the family has moved to the State from the other State and has resided in the State for less than 12 months.

"(d) AUTHORITY TO USE PORTION OF GRANT FOR OTHER PURPOSES.—

"(1) IN GENERAL.—A State may use not more than 30 percent of the amount of the grant made to the State under section 403 for a fiscal year to carry out a State program pursuant to any or all of the following provisions of law:

"(A) Part B of this title.

"(B) Title XX of this Act.

"(C) The Child Care and Development Block Grant Act of 1990.

"(2) APPLICABLE RULES.—Any amount paid to the State under this part that is used to carry out a State program pursuant to a provision of law specified or described in paragraph (1) shall not be subject to the requirements of this part, but shall be subject to the requirements that apply to Federal funds provided directly under the provision of law to carry out the program.

"(e) AUTHORITY TO RESERVE CERTAIN AMOUNTS FOR ASSISTANCE.—A State may reserve amounts paid to the State under this part for any fiscal year for the purpose of providing, without fiscal year limitation, assistance under the State program funded under this part.

"(f) AUTHORITY TO OPERATE EMPLOYMENT PLACEMENT PROGRAM.—A State to which a grant is made under section 403 may use the grant to make payments (or provide job placement vouchers) to State-approved public and private job placement agencies that provide employment placement services to individuals who receive assistance under the State program funded under this part.

"(g) IMPLEMENTATION OF ELECTRONIC BENEFIT TRANSFER SYSTEM.—A State to which a grant is made under section 403 is encouraged to implement an electronic benefit transfer system for providing assistance under the State program funded under this part, and may use the grant for such purpose.

"SEC. 405. ADMINISTRATIVE PROVISIONS.

"(a) QUARTERLY.—The Secretary shall pay each grant payable to a State under section 403 in quarterly installments.

"(b) NOTIFICATION.—Not later than 3 months before the payment of any such quarterly installment to a State, the Secretary

shall notify the State of the amount of any reduction determined under section 412(a)(1)(B) with respect to the State.

"(c) COMPUTATION AND CERTIFICATION OF PAYMENTS TO STATES.—

"(1) COMPUTATION.—The Secretary shall estimate the amount to be paid to each eligible State for each quarter under this part, such estimate to be based on a report filed by the State containing an estimate by the State of the total sum to be expended by the State in the quarter under the State program funded under this part and such other information as the Secretary may find necessary.

"(2) CERTIFICATION.—The Secretary of Health and Human Services shall certify to the Secretary of the Treasury the amount estimated under paragraph (1) with respect to a State, reduced or increased to the extent of any overpayment or underpayment which the Secretary of Health and Human Services determines was made under this part to the State for any prior quarter and with respect to which adjustment has not been made under this paragraph.

"(d) PAYMENT METHOD.—Upon receipt of a certification under subsection (c)(2) with respect to a State, the Secretary of the Treasury shall, through the Fiscal Service of the Department of the Treasury and before audit or settlement by the General Accounting Office, pay to the State, at the time or times fixed by the Secretary of Health and Human Services, the amount so certified.

"(e) COLLECTION OF STATE OVERPAYMENTS TO FAMILIES FROM FEDERAL TAX REFUNDS.—

"(1) IN GENERAL.—Upon receiving notice from the Secretary of Health and Human Services that a State agency administering a program funded under this part has notified the Secretary that a named individual has been overpaid under the State program funded under this part, the Secretary of the Treasury shall determine whether any amounts as refunds of Federal taxes paid are payable to such individual, regardless of whether the individual filed a tax return as a married or unmarried individual. If the Secretary of the Treasury finds that any such amount is so payable, the Secretary shall withhold from such refunds an amount equal to the overpayment sought to be collected by the State and pay such amount to the State agency.

"(2) REGULATIONS.—The Secretary of the Treasury shall issue regulations, after review by the Secretary of Health and Human services, that provide—

"(A) that a State may only submit under paragraph (1) requests for collection of overpayments with respect to individuals—

"(i) who are no longer receiving assistance under the State program funded under this part;

"(ii) with respect to whom the State has already taken appropriate action under State law against the income or resources of the individuals or families involved to collect the past-due legally enforceable debt; and

"(iii) to whom the State agency has given notice of its intent to request withholding by the Secretary of the Treasury from the income tax refunds of such individuals;

"(B) that the Secretary of the Treasury will give a timely and appropriate notice to any other person filing a joint return with the individual whose refund is subject to withholding under paragraph (1); and

"(C) the procedures that the State and the Secretary of the Treasury will follow in carrying out this subsection which, to the maximum extent feasible and consistent with the provisions of this subsection, will be the same as those issued pursuant to section 464(b) applicable to collection of past-due child support.

"SEC. 406. FEDERAL LOANS FOR STATE WELFARE PROGRAMS.

"(a) LOAN AUTHORITY.—

"(1) IN GENERAL.—The Secretary shall make loans to any loan-eligible State, for a period to maturity of not more than 3 years.

"(2) LOAN-ELIGIBLE STATE.—As used in paragraph (1), the term 'loan-eligible State' means a State against which a penalty has not been imposed under section 409(a)(1).

"(b) RATE OF INTEREST.—The Secretary shall charge and collect interest on any loan made under this section at a rate equal to the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the period to maturity of the loan.

"(c) USE OF LOAN.—A State shall use a loan made to the State under this section only for any purpose for which grant amounts received by the State under section 403(a) may be used, including—

"(1) welfare anti-fraud activities; and

"(2) the provision of assistance under the State program to Indian families that have moved from the service area of an Indian tribe with a tribal family assistance plan approved under section 412.

"(d) LIMITATION ON TOTAL AMOUNT OF LOANS TO A STATE.—The cumulative dollar amount of all loans made to a State under this section during fiscal years 1997 through 2001 shall not exceed 10 percent of the State family assistance grant.

"(e) LIMITATION ON TOTAL AMOUNT OF OUTSTANDING LOANS.—The total dollar amount of loans outstanding under this section may not exceed $1,700,000,000.

"(f) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated such sums as may be necessary for the cost of loans under this section.

"SEC. 407. MANDATORY WORK REQUIREMENTS.

"(a) PARTICIPATION RATE REQUIREMENTS.—

"(1) ALL FAMILIES.—A State to which a grant is made under section 403 for a fiscal year shall achieve the minimum participation rate specified in the following table for the fiscal year with respect to all families receiving assistance under the State program funded under this part:

"If the fiscal year is:	*The minimum participation rate is:*
1996	*15*
1997	*20*
1998	*25*
1999	*30*
2000	*35*
2001	*40*
2002 or thereafter	*50.*

"(2) 2-PARENT FAMILIES.—A State to which a grant is made under section 403 for a fiscal year shall achieve the minimum participation rate specified in the following table for the fiscal year with respect to 2-parent families receiving assistance under the State program funded under this part:

"If the fiscal year is:	*The minimum participation rate is:*
1996	*50*
1997	*75*
1998	*75*
1999 or thereafter	*90.*

"(b) CALCULATION OF PARTICIPATION RATES.—

"(1) ALL FAMILIES.—

"(A) AVERAGE MONTHLY RATE.—For purposes of subsection (a)(1), the participation rate for all families of a State for a fiscal year is the average of the participation rates for all families of the State for each month in the fiscal year.

"(B) MONTHLY PARTICIPATION RATES.—The participation rate of a State for all families of the State for a month, expressed as a percentage, is—

"(i) the number of families receiving assistance under the State program funded under this part that include an adult who is engaged in work for the month; divided by

"(ii) the amount by which—

"(I) the number of families receiving such assistance during the month that include an adult receiving such assistance; exceeds

"(II) the number of families receiving such assistance that are subject in such month to a penalty described in subsection (e)(1) but have not been subject to such penalty for more than 3 months within the preceding 12-month period (whether or not consecutive).

"(2) 2-PARENT FAMILIES.—

"(A) AVERAGE MONTHLY RATE.—For purposes of subsection (a)(2), the participation rate for 2-parent families of a State for a fiscal year is the average of the participation rates for 2-parent families of the State for each month in the fiscal year.

"(B) MONTHLY PARTICIPATION RATES.—The participation rate of a State for 2-parent families of the State for a month shall be calculated by use of the formula set forth in paragraph (1)(B), except that in the formula the term

'number of 2-parent families' shall be substituted for the term 'number of families' each place such latter term appears.

"(3) PRO RATA REDUCTION OF PARTICIPATION RATE DUE TO CASELOAD REDUCTIONS NOT REQUIRED BY FEDERAL LAW.—

"(A) IN GENERAL.—The Secretary shall prescribe regulations for reducing the minimum participation rate otherwise required by this section for a fiscal year by the number of percentage points equal to the number of percentage points (if any) by which—

"(i) the number of families receiving assistance during the fiscal year under the State program funded under this part is less than

"(ii) the number of families that received aid under the State plan approved under part A (as in effect on September 30, 1995) during fiscal year 1995.

The minimum participation rate shall not be reduced to the extent that the Secretary determines that the reduction in the number of families receiving such assistance is required by Federal law.

"(B) ELIGIBILITY CHANGES NOT COUNTED.—The regulations described in subparagraph (A) shall not take into account families that are diverted from a State program funded under this part as a result of differences in eligibility criteria under a State program funded under this part and eligibility criteria under the State program operated under the State plan approved under part A (as such plan and such part were in effect on September 30, 1995). Such regulations shall place the burden on the Secretary to prove that such families were diverted as a direct result of differences in such eligibility criteria.

"(4) STATE OPTION TO INCLUDE INDIVIDUALS RECEIVING ASSISTANCE UNDER A TRIBAL FAMILY ASSISTANCE PLAN.—For purposes of paragraphs (1)(B) and (2)(B), a State may, at its option, include families receiving assistance under a tribal family assistance plan approved under section 412.

"(5) STATE OPTION FOR PARTICIPATION REQUIREMENT EXEMPTIONS.—For any fiscal year, a State may, at its option, not require an individual who is a single custodial parent caring for a child who has not attained 12 months of age to engage in work and may disregard such an individual in determining the participation rates under subsection (a).

"(c) ENGAGED IN WORK.—

"(1) ALL FAMILIES.—For purposes of subsection (b)(1)(B)(i), a recipient is engaged in work for a month in a fiscal year if the recipient is participating in such activities for at least the minimum average number of hours per week specified in the following table during the month, not fewer than 20 hours per week of which are attributable to an activity described in paragraph (1), (2), (3), (4), (5), (7), or (8) of subsection (d) (or, in the case of the first 4 weeks for which the recipient is required pursuant to this section to participate in work activities, an activity described in subsection (d)(6)):

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

"(2) 2-PARENT FAMILIES.—For purposes of subsection (b)(2)(B)(i), an adult is engaged in work for a month in a fiscal year if the adult is making progress in such activities for at least 35 hours per week during the month, not fewer than 30 hours per week of which are attributable to an activity described in paragraph (1), (2), (3), (4), (5), (7), or (8) of subsection (d) (or, in the case of the first 4 weeks for which the recipient is required pursuant to this section to participate in work activities, an activity described in subsection (d)(6)).

"(3) LIMITATION ON VOCATIONAL EDUCATION ACTIVITIES COUNTED AS WORK.—For purposes of determining monthly participation rates under paragraphs (1)(B)(i) and (2)(B)(i) of subsection (b), not more than 20 percent of adults in all families and in 2-parent families determined to be engaged in work in the State for a month may meet the work activity requirement through participation in vocational educational training.

"(d) WORK ACTIVITIES DEFINED.—As used in this section, the term 'work activities' means—

"(1) unsubsidized employment;

"(2) subsidized private sector employment;

"(3) subsidized public sector employment;

"(4) work experience (including work associated with the refurbishing of publicly assisted housing) if sufficient private sector employment is not available;

"(5) on-the-job training;

"(6) job search and job readiness assistance;

"(7) community service programs;

"(8) vocational educational training (not to exceed 12 months with respect to any individual);

"(9) job skills training directly related to employment;

"(10) education directly related to employment, in the case of a recipient who has not attained 20 years of age, and has not received a high school diploma or a certificate of high school equivalency; and

"(11) satisfactory attendance at secondary school, in the case of a recipient who—

"(A) has not completed secondary school; and

"(B) is a dependent child, or a head of household who has not attained 20 years of age.

"(e) PENALTIES AGAINST INDIVIDUALS.—

"(1) IN GENERAL.—Except as provided in paragraph (2), if an adult in a family receiving assistance under the State program funded under this part refuses to engage in work required in accordance with this section, the State shall—

"(A) reduce the amount of assistance otherwise payable to the family pro rata (or more, at the option of the State) with respect to any period during a month in which the adult so refuses; or

"(B) terminate such assistance,

subject to such good cause and other exceptions as the State may establish.

"(2) EXCEPTION.—Notwithstanding paragraph (1), a State may not reduce or terminate assistance under the State program funded under this part based on a refusal of an adult to work if the adult is a single custodial parent caring for a child who has not attained 6 years of age, and the adult proves that the adult has a demonstrated inability (as determined by the State) to obtain needed child care, for 1 or more of the following reasons:

"(A) Unavailability of appropriate child care within a reasonable distance from the individual's home or work site.

"(B) Unavailability or unsuitability of informal child care by a relative or under other arrangements.

"(C) Unavailability of appropriate and affordable formal child care arrangements.

"(f) NONDISPLACEMENT IN WORK ACTIVITIES.—

"(1) IN GENERAL.—Subject to paragraph (2), an adult in a family receiving assistance under a State program funded under this part attributable to funds provided by the Federal Government may fill a vacant employment position in order to engage in a work activity described in subsection (d).

"(2) NO FILLING OF CERTAIN VACANCIES.—No adult in a work activity described in subsection (d) which is funded, in whole or in part, by funds provided by the Federal Government shall be employed or assigned—

"(A) when any other individual is on layoff from the same or any substantially equivalent job; or

"(B) if the employer has terminated the employment of any regular employee or otherwise caused an involuntary reduction of its workforce in order to fill the vacancy so created with an adult described in paragraph (1).

"(3) NO PREEMPTION.—Nothing in this subsection shall preempt or supersede any provision of State or local law that provides greater protection for employees from displacement.

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

"(h) SENSE OF THE CONGRESS THAT STATES SHOULD IMPOSE CERTAIN REQUIREMENTS ON NONCUSTODIAL, NONSUPPORTING MINOR PARENTS.—It is the sense of the Congress that the States should require noncustodial, nonsupporting parents who have not attained 18 years of age to fulfill community work obligations and attend appropriate parenting or money management classes after school.

"SEC. 408. PROHIBITIONS; REQUIREMENTS.

"(a) IN GENERAL.—

"(1) NO ASSISTANCE FOR FAMILIES WITHOUT A MINOR CHILD.—A State to which a grant is made under section 403 shall not use any part of the grant to provide assistance to a family, unless the family includes—

"(A) a minor child who resides with a custodial parent or other adult caretaker relative of the child; or

"(B) a pregnant individual.

"(2) NO ADDITIONAL CASH ASSISTANCE FOR CHILDREN BORN TO FAMILIES RECEIVING ASSISTANCE.—

"(A) GENERAL RULE.—A State to which a grant is made under section 403 shall not use any part of the grant to provide cash benefits for a minor child who is born to—

"(i) a recipient of assistance under the program operated under this part; or

"(ii) a person who received such assistance at any time during the 10-month period ending with the birth of the child.

"(B) EXCEPTION FOR CHILDREN BORN INTO FAMILIES WITH NO OTHER CHILDREN.—Subparagraph (A) shall not apply to a minor child who is born into a family that does not include any other children.

"(C) EXCEPTION FOR VOUCHERS.—Subparagraph (A) shall not apply to vouchers which are provided in lieu of cash benefits and which may be used only to pay for particular goods and services specified by the State as suitable for the care of the child involved.

"(D) EXCEPTION FOR RAPE OR INCEST.—Subparagraph (A) shall not apply with respect to a child who is born as a result of rape or incest.

"(E) STATE ELECTION TO OPT OUT.—Subparagraph (A) shall not apply to a State if State law specifically exempts the State program funded under this part from the application of subparagraph (A).

"(F) SUBSTITUTION OF FAMILY CAPS IN EFFECT UNDER WAIVERS.—Subparagraph (A) shall not apply to a State—

"(i) if, as of the date of the enactment of this part, there is in effect a waiver approved by the Secretary under section 1115 which permits the State to deny aid under the State plan approved under part A of this title (as in effect without regard to the amendments made by title I of the Personal Responsibility and Work Opportunity Act of 1995) to a family by reason of the birth of a child to a family member otherwise eligible for such aid; and

"(ii) for so long as the State continues to implement such policy under the State program funded under this part, under rules prescribed by the State.

"(3) REDUCTION OR ELIMINATION OF ASSISTANCE FOR NONCOOPERATION IN CHILD SUPPORT.—If the agency responsible for administering the State plan approved under part D determines that an individual is not cooperating with the State in

establishing, modifying, or enforcing a support order with respect to a child of the individual, then the State—

"(A) shall deduct from the assistance that would otherwise be provided to the family of the individual under the State program funded under this part the share of such assistance attributable to the individual; and

"(B) may deny the family any assistance under the State program.

"(4) NO ASSISTANCE FOR FAMILIES NOT ASSIGNING CERTAIN SUPPORT RIGHTS TO THE STATE.—

"(A) IN GENERAL.—A State to which a grant is made under section 403 shall require, as a condition of providing assistance to a family under the State program funded under this part, that a member of the family assign to the State any rights the family member may have (on behalf of the family member or of any other person for whom the family member has applied for or is receiving such assistance) to support from any other person, not exceeding the total amount of assistance so provided to the family, which accrue (or have accrued) before the date the family leaves the program, which assignment, on and after the date the family leaves the program, shall not apply with respect to any support (other than support collected pursuant to section 464) which accrued before the family received such assistance and which the State has not collected by—

"(i) September 30, 2000, if the assignment is executed on or after October 1, 1997, and before October 1, 2000; or

"(ii) the date the family leaves the program, if the assignment is executed on or after October 1, 2000.

"(B) LIMITATION.—A State to which a grant is made under section 403 shall not require, as a condition of providing assistance to any family under the State program funded under this part, that a member of the family assign to the State any rights to support described in subparagraph (A) which accrue after the date the family leaves the program, except to the extent necessary to enable the State to comply with section 457.

"(5) NO ASSISTANCE FOR TEENAGE PARENTS WHO DO NOT ATTEND HIGH SCHOOL OR OTHER EQUIVALENT TRAINING PROGRAM.—A State to which a grant is made under section 403 shall not use any part of the grant to provide assistance to an individual who has not attained 18 years of age, is not married, has a minor child at least 12 weeks of age in his or her care, and has not successfully completed a high-school education (or its equivalent), if the individual does not participate in—

"(A) educational activities directed toward the attainment of a high school diploma or its equivalent; or

"(B) an alternative educational or training program that has been approved by the State.

"(6) NO ASSISTANCE FOR TEENAGE PARENTS NOT LIVING IN ADULT-SUPERVISED SETTINGS.—

"(A) IN GENERAL.—

"(i) REQUIREMENT.—Except as provided in subparagraph (B), a State to which a grant is made under section 403 shall not use any part of the grant to provide assistance to an individual described in clause (ii) of this subparagraph if the individual and the minor child referred to in clause (ii)(II) do not reside in a place of residence maintained by a parent, legal guardian, or other adult relative of the individual as such parent's, guardian's, or adult relative's own home.

"(ii) INDIVIDUAL DESCRIBED.— For purposes of clause (i), an individual described in this clause is an individual who—

"(I) has not attained 18 years of age; and

"(II) is not married, and has a minor child in his or her care.

"(B) EXCEPTION.—

"(i) PROVISION OF, OR ASSISTANCE IN LOCATING, ADULT-SUPERVISED LIVING ARRANGEMENT.—In the case of an individual who is described in clause (ii), the State agency referred to in section 402(a)(4) shall provide, or assist the individual in locating, a second chance home, maternity home, or other appropriate adult-supervised supportive living arrangement, taking into consideration the needs and concerns of the individual, unless the State agency determines that the individual's current living arrangement is appropriate, and thereafter shall require that the individual and the minor child referred to in subparagraph (A)(ii)(II) reside in such living arrangement as a condition of the continued receipt of assistance under the State program funded under this part attributable to funds provided by the Federal Government (or in an alternative appropriate arrangement, should circumstances change and the current arrangement cease to be appropriate).

"(ii) INDIVIDUAL DESCRIBED.—For purposes of clause (i), an individual is described in this clause if the individual is described in subparagraph (A)(ii), and—

"(I) the individual has no parent, legal guardian or other appropriate adult relative described in subclause (II) of his or her own who is living or whose whereabouts are known;

"(II) no living parent, legal guardian, or other appropriate adult relative, who would otherwise meet applicable State criteria to act as the individual's legal guardian, of such individual allows the individual to live in the home of such parent, guardian, or relative;

"(III) the State agency determines that—

"(aa) the individual or the minor child referred to in subparagraph (A)(ii)(II) is being or has been subjected to serious physical or emotional harm, sexual abuse, or exploitation in

the residence of the individual's own parent or legal guardian; or

"(bb) substantial evidence exists of an act or failure to act that presents an imminent or serious harm if the individual and the minor child lived in the same residence with the individual's own parent or legal guardian; or

"(IV) the State agency otherwise determines that it is in the best interest of the minor child to waive the requirement of subparagraph (A) with respect to the individual or the minor child.

"(iii) SECOND-CHANCE HOME.—For purposes of this subparagraph, the term 'second-chance home' means an entity that provides individuals described in clause (ii) with a supportive and supervised living arrangement in which such individuals are required to learn parenting skills, including child development, family budgeting, health and nutrition, and other skills to promote their long-term economic independence and the well-being of their children.

"(7) NO MEDICAL SERVICES.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), a State to which a grant is made under section 403 shall not use any part of the grant to provide medical services.

"(B) EXCEPTION FOR FAMILY PLANNING SERVICES.—As used in subparagraph (A), the term 'medical services' does not include family planning services.

"(8) NO ASSISTANCE FOR MORE THAN 5 YEARS.—

"(A) IN GENERAL.—Except as provided in subparagraphs (B) and (C), a State to which a grant is made under section 403 shall not use any part of the grant to provide cash assistance to a family that includes an adult who has received assistance under any State program funded under this part attributable to funds provided by the Federal Government, for 60 months (whether or not consecutive) after the date the State program funded under this part commences.

"(B) MINOR CHILD EXCEPTION.—In determining the number of months for which an individual who is a parent or pregnant has received assistance under the State program funded under this part, the State shall disregard any month for which such assistance was provided with respect to the individual and during which the individual was—

"(i) a minor child; and

"(ii) not the head of a household or married to the head of a household.

"(C) HARDSHIP EXCEPTION.—

"(i) IN GENERAL.—The State may exempt a family from the application of subparagraph (A) by reason of hardship or if the family includes an individual who has been battered or subjected to extreme cruelty.

"(ii) LIMITATION.—The number of families with respect to which an exemption made by a State under

clause (i) is in effect for a fiscal year shall not exceed 15 percent of the average monthly number of families to which assistance is provided under the State program funded under this part.

"(iii) BATTERED OR SUBJECT TO EXTREME CRUELTY DEFINED.—For purposes of clause (i), an individual has been battered or subjected to extreme cruelty if the individual has been subjected to—

"(I) physical acts that resulted in, or threatened to result in, physical injury to the individual;

"(II) sexual abuse;

"(III) sexual activity involving a dependent child;

"(IV) being forced as the caretaker relative of a dependent child to engage in nonconsensual sexual acts or activities;

"(V) threats of, or attempts at, physical or sexual abuse;

"(VI) mental abuse; or

"(VII) neglect or deprivation of medical care.

"(D) RULE OF INTERPRETATION.—Subparagraph (A) shall not be interpreted to require any State to provide assistance to any individual for any period of time under the State program funded under this part.

"(9) DENIAL OF ASSISTANCE FOR 10 YEARS TO A PERSON FOUND TO HAVE FRAUDULENTLY MISREPRESENTED RESIDENCE IN ORDER TO OBTAIN ASSISTANCE IN 2 OR MORE STATES.—A State to which a grant is made under section 403 shall not use any part of the grant to provide cash assistance to an individual during the 10-year period that begins on the date the individual is convicted in Federal or State court of having made a fraudulent statement or representation with respect to the place of residence of the individual in order to receive assistance simultaneously from 2 or more States under programs that are funded under this title, title XIX, or the Food Stamp Act of 1977, or benefits in 2 or more States under the supplemental security income program under title XVI.

"(10) DENIAL OF ASSISTANCE FOR FUGITIVE FELONS AND PROBATION AND PAROLE VIOLATORS.—

"(A) IN GENERAL.—A State to which a grant is made under section 403 shall not use any part of the grant to provide assistance to any individual who is—

"(i) fleeing to avoid prosecution, or custody or confinement after conviction, under the laws of the place from which the individual flees, for a crime, or an attempt to commit a crime, which is a felony under the laws of the place from which the individual flees, or which, in the case of the State of New Jersey, is a high misdemeanor under the laws of such State; or

"(ii) violating a condition of probation or parole imposed under Federal or State law.

"(B) EXCHANGE OF INFORMATION WITH LAW ENFORCEMENT AGENCIES.—If a State to which a grant is made under section 403 establishes safeguards against the use or

disclosure of information about applicants or recipients of assistance under the State program funded under this part, the safeguards shall not prevent the State agency administering the program from furnishing a Federal, State, or local law enforcement officer, upon the request of the officer, with the current address of any recipient if the officer furnishes the agency with the name of the recipient and notifies the agency that—

"(i) the recipient—

"(I) is described in subparagraph (A); or

"(II) has information that is necessary for the officer to conduct the official duties of the officer; and

"(ii) the location or apprehension of the recipient is within such official duties.

"(11) DENIAL OF ASSISTANCE FOR MINOR CHILDREN WHO ARE ABSENT FROM THE HOME FOR A SIGNIFICANT PERIOD.—

"(A) IN GENERAL.—A State to which a grant is made under section 403 shall not use any part of the grant to provide assistance for a minor child who has been, or is expected by a parent (or other caretaker relative) of the child to be, absent from the home for a period of 45 consecutive days or, at the option of the State, such period of not less than 30 and not more than 90 consecutive days as the State may provide for in the State plan submitted pursuant to section 402.

"(B) STATE AUTHORITY TO ESTABLISH GOOD CAUSE EXCEPTIONS.—The State may establish such good cause exceptions to subparagraph (A) as the State considers appropriate if such exceptions are provided for in the State plan submitted pursuant to section 402.

"(C) DENIAL OF ASSISTANCE FOR RELATIVE WHO FAILS TO NOTIFY STATE AGENCY OF ABSENCE OF CHILD.—A State to which a grant is made under section 403 shall not use any part of the grant to provide assistance for an individual who is a parent (or other caretaker relative) of a minor child and who fails to notify the agency administering the State program funded under this part of the absence of the minor child from the home for the period specified in or provided for pursuant to subparagraph (A), by the end of the 5-day period that begins with the date that it becomes clear to the parent (or relative) that the minor child will be absent for such period so specified or provided for.

"(12) INCOME SECURITY PAYMENTS NOT TO BE DISREGARDED IN DETERMINING THE AMOUNT OF ASSISTANCE TO BE PROVIDED TO A FAMILY.—If a State to which a grant is made under section 403 uses any part of the grant to provide assistance for any individual who is receiving a payment under a State plan for old-age assistance approved under section 2, a State program funded under part B that provides cash payments for foster care, or the supplemental security income program under title XVI, then the State shall not disregard the payment in determining the amount of assistance to be provided under the State program

funded under this part, from funds provided by the Federal Government, to the family of which the individual is a member.

"(b) ALIENS.—For special rules relating to the treatment of aliens, see section 402 of the Personal Responsibility and Work Opportunity Act of 1995.

"SEC. 409. PENALTIES.

"(a) IN GENERAL.—Subject to this section:

"(1) USE OF GRANT IN VIOLATION OF THIS PART.—

"(A) GENERAL PENALTY.—If an audit conducted under chapter 75 of title 31, United States Code, finds that an amount paid to a State under section 403 for a fiscal year has been used in violation of this part, the Secretary shall reduce the grant payable to the State under section 403(a)(1) for the immediately succeeding fiscal year quarter by the amount so used.

"(B) ENHANCED PENALTY FOR INTENTIONAL VIOLATIONS.—If the State does not prove to the satisfaction of the Secretary that the State did not intend to use the amount in violation of this part, the Secretary shall further reduce the grant payable to the State under section 403(a)(1) for the immediately succeeding fiscal year quarter by an amount equal to 5 percent of the State family assistance grant.

"(2) FAILURE TO SUBMIT REQUIRED REPORT.—

"(A) IN GENERAL.—If the Secretary determines that a State has not, within 1 month after the end of a fiscal quarter, submitted the report required by section 411(a) for the quarter year, the Secretary shall reduce the grant payable to the State under section 403(a)(1) for the immediately succeeding fiscal year by an amount equal to 4 percent of the State family assistance grant.

"(B) RESCISSION OF PENALTY.—The Secretary shall rescind a penalty imposed on a State under subparagraph (A) with respect to a report for a fiscal quarter if the State submits the report before the end of the immediately succeeding fiscal quarter.

"(3) FAILURE TO SATISFY MINIMUM PARTICIPATION RATES.—

"(A) IN GENERAL.—If the Secretary determines that a State to which a grant is made under section 403 for a fiscal year has failed to comply with section 407(a) for the fiscal year, the Secretary shall reduce the grant payable to the State under section 403(a)(1) for the immediately succeeding fiscal year by an amount equal to not more than 5 percent of the State family assistance grant.

"(B) PENALTY BASED ON SEVERITY OF FAILURE.—The Secretary shall impose reductions under subparagraph (A) based on the degree of noncompliance.

"(4) FAILURE TO PARTICIPATE IN THE INCOME AND ELIGIBILITY VERIFICATION SYSTEM.—If the Secretary determines that a State program funded under this part is not participating during a fiscal year in the income and eligibility verification system required by section 1137, the Secretary shall reduce the grant payable to the State under section 403(a)(1) for the imme-

diately succeeding fiscal year by an amount equal to not more than 2 percent of the State family assistance grant.

"(5) FAILURE TO COMPLY WITH PATERNITY ESTABLISHMENT AND CHILD SUPPORT ENFORCEMENT REQUIREMENTS UNDER PART D.—Notwithstanding any other provision of this Act, if the Secretary determines that the State agency that administers a program funded under this part does not enforce the penalties requested by the agency administering part D against recipients of assistance under the State program who fail to cooperate in establishing paternity in accordance with such part, the Secretary shall reduce the grant payable to the State under section 403(a)(1) for the immediately succeeding fiscal year (without regard to this section) by not more than 5 percent.

"(6) FAILURE TO TIMELY REPAY A FEDERAL LOAN FUND FOR STATE WELFARE PROGRAMS.—If the Secretary determines that a State has failed to repay any amount borrowed from the Federal Loan Fund for State Welfare Programs established under section 406 within the period of maturity applicable to the loan, plus any interest owed on the loan, the Secretary shall reduce the grant payable to the State under section 403(a)(1) for the immediately succeeding fiscal year quarter (without regard to this section) by the outstanding loan amount, plus the interest owed on the outstanding amount. The Secretary shall not forgive any outstanding loan amount or interest owed on the outstanding amount.

"(7) FAILURE OF ANY STATE TO MAINTAIN CERTAIN LEVEL OF HISTORIC EFFORT.—

"(A) IN GENERAL.—The Secretary shall reduce the grant payable to the State under section 403(a)(1) for fiscal year 1997, 1998, 1999, 2000, or 2001 by the amount (if any) by which qualified State expenditures for the then immediately preceding fiscal year is less than the applicable percentage of historic State expenditures with respect to the fiscal year.

"(B) DEFINITIONS.—As used in this paragraph:

"(i) QUALIFIED STATE EXPENDITURES.—

"(I) IN GENERAL.—The term 'qualified State expenditures' means, with respect to a State and a fiscal year, the total expenditures by the State during the fiscal year, under all State programs, for any of the following with respect to eligible families:

"(aa) Cash assistance.

"(bb) Child care assistance.

"(cc) Educational activities designed to increase self-sufficiency, job training, and work.

"(dd) Administrative costs.

"(ee) Any other use of funds allowable under section 404(a)(1).

"(II) EXCLUSION OF TRANSFERS FROM OTHER STATE AND LOCAL PROGRAMS.—Such term does not include funding supplanted by transfers from other State and local programs.

"(III) ELIGIBLE FAMILIES.—As used in subclause (I), the term 'eligible families' means families eligible for assistance under the State program funded under this part, and families who would be eligible for such assistance but for the application of paragraph (2) or (8) of section 408(a) of this Act or section 402 of the Personal Responsibility and Work Opportunity Act of 1995.

"(ii) APPLICABLE PERCENTAGE.—The term 'applicable percentage' means—

"(I) for fiscal year 1996, 75 percent; and

"(II) for fiscal years 1997, 1998, 1999, and 2000, 75 percent reduced (if appropriate) in accordance with subparagraph (C)(iii).

"(iii) HISTORIC STATE EXPENDITURES.—The term 'historic State expenditures' means, with respect to a State and a fiscal year specified in subparagraph (A), the lesser of—

"(I) the expenditures by the State under parts A and F (as in effect during fiscal year 1994) for fiscal year 1994; or

"(II) the amount which bears the same ratio to the amount described in subclause (I) as—

"(aa) the State family assistance grant for the fiscal year immediately preceding the fiscal year specified in subparagraph (A), plus the total amount required to be paid to the State under former section 403 for fiscal year 1994 with respect to amounts expended by the State for child care under subsection (g) or (i) of section 402 (as in effect during fiscal year 1994); bears to

"(bb) the total amount required to be paid to the State under former section 403 (as in effect during fiscal year 1994) for fiscal year 1994.

Such term does not include any expenditures under the State plan approved under part A (as so in effect) on behalf of individuals covered by a tribal family assistance plan approved under section 412, as determined by the Secretary.

"(iv) EXPENDITURES BY THE STATE.—The term 'expenditures by the State' does not include—

"(I) any expenditures from amounts made available by the Federal Government;

"(II) State funds expended for the medicaid program under title XIX; or

"(III) any State funds which are used to match Federal funds or are expended as a condition of receiving Federal funds under Federal programs other than under this title.

"(C) APPLICABLE PERCENTAGE REDUCED FOR STATES WITH BEST OR MOST IMPROVED PERFORMANCE IN CERTAIN AREAS.—

"(i) SCORING OF STATE PERFORMANCE.—Beginning with fiscal year 1997, the Secretary shall assign to each State a score that represents the performance of the State for the fiscal year in each category described in clause (ii).

"(ii) CATEGORIES.—The categories described in this clause are the following:

"(I) Increasing the number of families that received assistance under a State program funded under this part in the fiscal year, and that, during the fiscal year, become ineligible for such assistance as a result of unsubsidized employment.

"(II) Reducing the percentage of families that, within 18 months after becoming ineligible for assistance under the State program funded under this part, become eligible for such assistance.

"(III) Increasing the average earnings of families that receive assistance under this part.

"(IV) Reducing the percentage of children in the State that receive assistance under the State program funded under this part.

"(iii) REDUCTION OF MAINTENANCE OF EFFORT THRESHOLD.—

"(I) REDUCTION FOR STATES WITH 5 GREATEST SCORES IN EACH CATEGORY OF PERFORMANCE.—The applicable percentage for a State for a fiscal year shall be reduced by 2 percentage points, with respect to each category described in clause (ii) for which the score assigned to the State under clause (i) for the immediately preceding fiscal year is 1 of the 5 highest scores so assigned to States.

"(II) REDUCTION FOR STATES WITH 5 GREATEST IMPROVEMENT IN SCORES IN EACH CATEGORY OF PERFORMANCE.—The applicable percentage for a State for a fiscal year shall be reduced by 2 percentage points for a State for a fiscal year, with respect to each category described in clause (ii) for which the difference between the score assigned to the State under clause (i) for the immediately preceding fiscal year and the score so assigned to the State for the 2nd preceding fiscal year is 1 of the 5 greatest such differences.

"(III) LIMITATION ON REDUCTION.—The applicable percentage for a State for a fiscal year may not be reduced by more than 8 percentage points pursuant to this clause.

"(8) SUBSTANTIAL NONCOMPLIANCE OF STATE CHILD SUPPORT ENFORCEMENT PROGRAM WITH REQUIREMENTS OF PART D.—

"(A) IN GENERAL.—If a State program operated under part D is found as a result of a review conducted under section 452(a)(4) not to have complied substantially with the requirements of such part for any quarter, and the Secretary determines that the program is not complying sub-

stantially with such requirements at the time the finding is made, the Secretary shall reduce the grant payable to the State under section 403(a)(1) for the quarter and each subsequent quarter that ends before the 1st quarter throughout which the program is found not to be in substantial compliance with such requirements by—

"(i) not less than 1 nor more than 2 percent;

"(ii) not less than 2 nor more than 3 percent, if the finding is the 2nd consecutive such finding made as a result of such a review; or

"(iii) not less than 3 nor more than 5 percent, if the finding is the 3rd or a subsequent consecutive such finding made as a result of such a review.

"(B) DISREGARD OF NONCOMPLIANCE WHICH IS OF A TECHNICAL NATURE.—For purposes of subparagraph (A) and section 452(a)(4), a State which is not in full compliance with the requirements of this part shall be determined to be in substantial compliance with such requirements only if the Secretary determines that any noncompliance with such requirements is of a technical nature which does not adversely affect the performance of the State's program operated under part D.

"(9) FAILURE OF STATE RECEIVING AMOUNTS FROM CONTINGENCY FUND TO MAINTAIN 100 PERCENT OF HISTORIC EFFORT.—If, at the end of any fiscal year during which amounts from the Contingency Fund for State Welfare Programs have been paid to a State, the Secretary finds that the State has failed, during the fiscal year, to expend under the State program funded under this part an amount equal to at least 100 percent of the level of historic State expenditures (as defined in paragraph (7)(B)(iii) of this subsection) with respect to the fiscal year, the Secretary shall reduce the grant payable to the State under section 403(a)(1) for the immediately succeeding fiscal year by the total of the amounts so paid to the State.

"(10) FAILURE TO EXPEND ADDITIONAL STATE FUNDS TO REPLACE GRANT REDUCTIONS.—If the grant payable to a State under section 403(a)(1) for a fiscal year is reduced by reason of this subsection, the State shall, during the immediately succeeding fiscal year, expend under the State program funded under this part an amount equal to the total amount of such reductions.

"(b) REASONABLE CAUSE EXCEPTION.—

"(1) IN GENERAL.—The Secretary may not impose a penalty on a State under subsection (a) with respect to a requirement if the Secretary determines that the State has reasonable cause for failing to comply with the requirement.

"(2) EXCEPTION.—Paragraph (1) of this subsection shall not apply to any penalty under subsection (a)(7).

"(c) CORRECTIVE COMPLIANCE PLAN.—

"(1) IN GENERAL.—

"(A) NOTIFICATION OF VIOLATION.—Before imposing a penalty against a State under subsection (a) with respect to a violation of this part, the Secretary shall notify the State of the violation and allow the State the opportunity to enter

into a corrective compliance plan in accordance with this subsection which outlines how the State will correct the violation and how the State will insure continuing compliance with this part.

"(B) 60-DAY PERIOD TO PROPOSE A CORRECTIVE COMPLIANCE PLAN.—During the 60-day period that begins on the date the State receives a notice provided under subparagraph (A) with respect to a violation, the State may submit to the Federal Government a corrective compliance plan to correct the violation.

"(C) CONSULTATION ABOUT MODIFICATIONS.—During the 60-day period that begins with the date the Secretary receives a corrective compliance plan submitted by a State in accordance with subparagraph (B), the Secretary may consult with the State on modifications to the plan.

"(D) ACCEPTANCE OF PLAN.— A corrective compliance plan submitted by a State in accordance with subparagraph (B) is deemed to be accepted by the Secretary if the Secretary does not accept or reject the plan during 60-day period that begins on the date the plan is submitted.

"(2) EFFECT OF CORRECTING VIOLATION.—The Secretary may not impose any penalty under subsection (a) with respect to any violation covered by a State corrective compliance plan accepted by the Secretary if the State corrects the violation pursuant to the plan.

"(3) EFFECT OF FAILING TO CORRECT VIOLATION.—The Secretary shall assess some or all of a penalty imposed on a State under subsection (a) with respect to a violation if the State does not, in a timely manner, correct the violation pursuant to a State corrective compliance plan accepted by the Secretary.

"(d) LIMITATION ON AMOUNT OF PENALTY.—

"(1) IN GENERAL.—In imposing the penalties described in subsection (a), the Secretary shall not reduce any quarterly payment to a State by more than 25 percent.

"(2) CARRYFORWARD OF UNRECOVERED PENALTIES.—To the extent that paragraph (1) of this subsection prevents the Secretary from recovering during a fiscal year the full amount of penalties imposed on a State under subsection (a) of this section for a prior fiscal year, the Secretary shall apply any remaining amount of such penalties to the grant payable to the State under section 403(a)(1) for the immediately succeeding fiscal year.

"SEC. 410. APPEAL OF ADVERSE DECISION.

"(a) IN GENERAL.—Within 5 days after the date the Secretary takes any adverse action under this part with respect to a State, the Secretary shall notify the chief executive officer of the State of the adverse action, including any action with respect to the State plan submitted under section 402 or the imposition of a penalty under section 409.

"(b) ADMINISTRATIVE REVIEW.—

"(1) IN GENERAL.—Within 60 days after the date a State receives notice under subsection (a) of an adverse action, the State may appeal the action, in whole or in part, to the Departmental Appeals Board established in the Department of Health and

Human Services (in this section referred to as the 'Board') by filing an appeal with the Board.

"(2) PROCEDURAL RULES.—The Board shall consider an appeal filed by a State under paragraph (1) on the basis of such documentation as the State may submit and as the Board may require to support the final decision of the Board. In deciding whether to uphold an adverse action or any portion of such an action, the Board shall conduct a thorough review of the issues and take into account all relevant evidence. The Board shall make a final determination with respect to an appeal filed under paragraph (1) not less than 60 days after the date the appeal is filed.

"(c) JUDICIAL REVIEW OF ADVERSE DECISION.—

"(1) IN GENERAL.—Within 90 days after the date of a final decision by the Board under this section with respect to an adverse action taken against a State, the State may obtain judicial review of the final decision (and the findings incorporated into the final decision) by filing an action in—

"(A) the district court of the United States for the judicial district in which the principal or headquarters office of the State agency is located; or

"(B) the United States District Court for the District of Columbia.

"(2) PROCEDURAL RULES.—The district court in which an action is filed under paragraph (1) shall review the final decision of the Board on the record established in the administrative proceeding, in accordance with the standards of review prescribed by subparagraphs (A) through (E) of section 706(2) of title 5, United States Code. The review shall be on the basis of the documents and supporting data submitted to the Board.

"SEC. 411. DATA COLLECTION AND REPORTING.

"(a) QUARTERLY REPORTS BY STATES.—

"(1) GENERAL REPORTING REQUIREMENT.—

"(A) CONTENTS OF REPORT.—Beginning July 1, 1996, each State shall collect on a monthly basis, and report to the Secretary on a quarterly basis, the following disaggregated case record information on the families receiving assistance under the State program funded under this part:

"(i) The county of residence of the family.

"(ii) Whether a child receiving such assistance or an adult in the family is disabled.

"(iii) The ages of the members of such families.

"(iv) The number of individuals in the family, and the relation of each family member to the youngest child in the family.

"(v) The employment status and earnings of the employed adult in the family.

"(vi) The marital status of the adults in the family, including whether such adults have never married, are widowed, or are divorced.

"(vii) The race and educational status of each adult in the family.

"(viii) The race and educational status of each child in the family.

"(ix) Whether the family received subsidized housing, medical assistance under the State plan approved under title XIX, food stamps, or subsidized child care, and if the latter 2, the amount received.

"(x) The number of months that the family has received each type of assistance under the program.

"(xi) If the adults participated in, and the number of hours per week of participation in, the following activities:

"(I) Education.

"(II) Subsidized private sector employment.

"(III) Unsubsidized employment.

"(IV) Public sector employment, work experience, or community service.

"(V) Job search.

"(VI) Job skills training or on-the-job training.

"(VII) Vocational education.

"(xii) Information necessary to calculate participation rates under section 407.

"(xiii) The type and amount of assistance received under the program, including the amount of and reason for any reduction of assistance (including sanctions).

"(xiv) From a sample of closed cases, whether the family left the program, and if so, whether the family left due to—

"(I) employment;

"(II) marriage;

"(III) the prohibition set forth in section 408(a)(8);

"(IV) sanction; or

"(V) State policy.

"(xv) Any amount of unearned income received by any member of the family.

"(xvi) The citizenship of the members of the family.

"(B) USE OF ESTIMATES.—

"(i) AUTHORITY.—A State may comply with subparagraph (A) by submitting an estimate which is obtained through the use of scientifically acceptable sampling methods approved by the Secretary.

"(ii) SAMPLING AND OTHER METHODS.—The Secretary shall provide the States with such case sampling plans and data collection procedures as the Secretary deems necessary to produce statistically valid estimates of the performance of State programs funded under this part. The Secretary may develop and implement procedures for verifying the quality of data submitted by the States.

"(2) REPORT ON USE OF FEDERAL FUNDS TO COVER ADMINISTRATIVE COSTS AND OVERHEAD.—The report required by paragraph (1) for a fiscal quarter shall include a statement of the

percentage of the funds paid to the State under this part for the quarter that are used to cover administrative costs or overhead.

"(3) REPORT ON STATE EXPENDITURES ON PROGRAMS FOR NEEDY FAMILIES.—The report required by paragraph (1) for a fiscal quarter shall include a statement of the total amount expended by the State during the quarter on programs for needy families.

"(4) REPORT ON NONCUSTODIAL PARENTS PARTICIPATING IN WORK ACTIVITIES.—The report required by paragraph (1) for a fiscal quarter shall include the number of noncustodial parents in the State who participated in work activities (as defined in section 407(d)) during the quarter.

"(5) REPORT ON TRANSITIONAL SERVICES.—The report required by paragraph (1) for a fiscal quarter shall include the total amount expended by the State during the quarter to provide transitional services to a family that has ceased to receive assistance under this part because of employment, along with a description of such services.

"(6) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to define the data elements with respect to which reports are required by this subsection.

"(b) ANNUAL REPORTS TO THE CONGRESS BY THE SECRETARY.—Not later than 6 months after the end of fiscal year 1997, and each fiscal year thereafter, the Secretary shall transmit to the Congress a report describing—

"(1) whether the States are meeting—

"(A) the participation rates described in section 407(a); and

"(B) the objectives of—

"(i) increasing employment and earnings of needy families, and child support collections; and

"(ii) decreasing out-of-wedlock pregnancies and child poverty;

"(2) the demographic and financial characteristics of families applying for assistance, families receiving assistance, and families that become ineligible to receive assistance;

"(3) the characteristics of each State program funded under this part; and

"(4) the trends in employment and earnings of needy families with minor children living at home.

"SEC. 412. DIRECT FUNDING AND ADMINISTRATION BY INDIAN TRIBES.

"(a) GRANTS FOR INDIAN TRIBES.—

"(1) TRIBAL FAMILY ASSISTANCE GRANT.—

"(A) IN GENERAL.—For each of fiscal years 1997, 1998, 1999, and 2000, the Secretary shall pay to each Indian tribe that has an approved tribal family assistance plan a tribal family assistance grant for the fiscal year in an amount equal to the amount determined under subparagraph (B), and shall reduce the grant payable under section 403(a)(1) to any State in which lies the service area or areas of the Indian tribe by that portion of the amount so determined that is attributable to expenditures by the State.

"(B) AMOUNT DETERMINED.—

"(i) IN GENERAL.—The amount determined under this subparagraph is an amount equal to the total amount of the Federal payments to a State or States under section 403 (as in effect during such fiscal year) for fiscal year 1994 attributable to expenditures (other than child care expenditures) by the State or States under parts A and F (as so in effect) for fiscal year 1994 for Indian families residing in the service area or areas identified by the Indian tribe pursuant to subsection (b)(1)(C) of this section.

"(ii) USE OF STATE SUBMITTED DATA.—

"(I) IN GENERAL.—The Secretary shall use State submitted data to make each determination under clause (i).

"(II) DISAGREEMENT WITH DETERMINATION.—If an Indian tribe or tribal organization disagrees with State submitted data described under subclause (I), the Indian tribe or tribal organization may submit to the Secretary such additional information as may be relevant to making the determination under clause (i) and the Secretary may consider such information before making such determination.

"(2) GRANTS FOR INDIAN TRIBES THAT RECEIVED JOBS FUNDS.—

"(A) IN GENERAL.—The Secretary shall pay to each eligible Indian tribe for each of fiscal years 1996, 1997, 1998, 1999, and 2000 a grant in an amount equal to the amount received by the Indian tribe in fiscal year 1994 under section 482(i) (as in effect during fiscal year 1994).

"(B) ELIGIBLE INDIAN TRIBE.—For purposes of subparagraph (A), the term 'eligible Indian tribe' means an Indian tribe or Alaska Native organization that conducted a job opportunities and basic skills training program in fiscal year 1995 under section 482(i) (as in effect during fiscal year 1995).

"(C) USE OF GRANT.—Each Indian tribe to which a grant is made under this paragraph shall use the grant for the purpose of operating a program to make work activities available to members of the Indian tribe.

"(D) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated $7,638,474 for each fiscal year specified in subparagraph (A) for grants under subparagraph (A).

"(b) 3-YEAR TRIBAL FAMILY ASSISTANCE PLAN.—

"(1) IN GENERAL.—Any Indian tribe that desires to receive a tribal family assistance grant shall submit to the Secretary a 3-year tribal family assistance plan that—

"(A) outlines the Indian tribe's approach to providing welfare-related services for the 3-year period, consistent with this section;

"(B) specifies whether the welfare-related services provided under the plan will be provided by the Indian tribe

or through agreements, contracts, or compacts with intertribal consortia, States, or other entities;

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

"(D) provides that a family receiving assistance under the plan may not receive duplicative assistance from other State or tribal programs funded under this part;

"(E) identifies the employment opportunities in or near the service area or areas of the Indian tribe and the manner in which the Indian tribe will cooperate and participate in enhancing such opportunities for recipients of assistance under the plan consistent with any applicable State standards; and

"(F) applies the fiscal accountability provisions of section 5(f)(1) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450c(f)(1)), relating to the submission of a single-agency audit report required by chapter 75 of title 31, United States Code.

"(2) APPROVAL.—The Secretary shall approve each tribal family assistance plan submitted in accordance with paragraph (1).

"(3) CONSORTIUM OF TRIBES.—Nothing in this section shall preclude the development and submission of a single tribal family assistance plan by the participating Indian tribes of an intertribal consortium.

"(c) MINIMUM WORK PARTICIPATION REQUIREMENTS AND TIME LIMITS.—The Secretary, with the participation of Indian tribes, shall establish for each Indian tribe receiving a grant under this section minimum work participation requirements, appropriate time limits for receipt of welfare-related services under the grant, and penalties against individuals—

"(1) consistent with the purposes of this section;

"(2) consistent with the economic conditions and resources available to each tribe; and

"(3) similar to comparable provisions in section 407(d).

"(d) EMERGENCY ASSISTANCE.—Nothing in this section shall preclude an Indian tribe from seeking emergency assistance from any Federal loan program or emergency fund.

"(e) ACCOUNTABILITY.—Nothing in this section shall be construed to limit the ability of the Secretary to maintain program funding accountability consistent with—

"(1) generally accepted accounting principles; and

"(2) the requirements of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450 et seq.).

"(f) PENALTIES.—

"(1) Subsections (a)(1), (a)(6), and (b) of section 409, shall apply to an Indian tribe with an approved tribal assistance plan in the same manner as such subsections apply to a State.

"(2) Section 409(a)(3) shall apply to an Indian tribe with an approved tribal assistance plan by substituting 'meet minimum work participation requirements established under section 412(c)' for 'comply with section 407(a)'.

"(g) DATA COLLECTION AND REPORTING.—Section 411 shall apply to an Indian tribe with an approved tribal family assistance plan.

"(h) SPECIAL RULE FOR INDIAN TRIBES IN ALASKA.—

"(1) IN GENERAL.—Notwithstanding any other provision of this section, and except as provided in paragraph (2), an Indian tribe in the State of Alaska that receives a tribal family assistance grant under this section shall use the grant to operate a program in accordance with requirements comparable to the requirements applicable to the program of the State of Alaska funded under this part. Comparability of programs shall be established on the basis of program criteria developed by the Secretary in consultation with the State of Alaska and such Indian tribes.

"(2) WAIVER.—An Indian tribe described in paragraph (1) may apply to the appropriate State authority to receive a waiver of the requirement of paragraph (1).

"SEC. 413. RESEARCH, EVALUATIONS, AND NATIONAL STUDIES.

"(a) RESEARCH.—The Secretary shall conduct research on the benefits, effects, and costs of operating different State programs funded under this part, including time limits relating to eligibility for assistance. The research shall include studies on the effects of different programs and the operation of such programs on welfare dependency, illegitimacy, teen pregnancy, employment rates, child well-being, and any other area the Secretary deems appropriate. The Secretary shall also conduct research on the costs and benefits of State activities under section 409.

"(b) DEVELOPMENT AND EVALUATION OF INNOVATIVE APPROACHES TO REDUCING WELFARE DEPENDENCY AND INCREASING CHILD WELL-BEING.—

"(1) IN GENERAL.—The Secretary may assist States in developing, and shall evaluate, innovative approaches for reducing welfare dependency and increasing the well-being of minor children living at home with respect to recipients of assistance under programs funded under this part. The Secretary may provide funds for training and technical assistance to carry out the approaches developed pursuant to this paragraph.

"(2) EVALUATIONS.—In performing the evaluations under paragraph (1), the Secretary shall, to the maximum extent feasible, use random assignment as an evaluation methodology.

"(c) DISSEMINATION OF INFORMATION.—The Secretary shall develop innovative methods of disseminating information on any research, evaluations, and studies conducted under this section, including the facilitation of the sharing of information and best practices among States and localities through the use of computers and other technologies.

"(d) ANNUAL RANKING OF STATES AND REVIEW OF MOST AND LEAST SUCCESSFUL WORK PROGRAMS.—

"(1) ANNUAL RANKING OF STATES.—The Secretary shall rank annually the States to which grants are paid under section 403 in the order of their success in placing recipients of assistance under the State program funded under this part into long-term private sector jobs, reducing the overall welfare caseload, and, when a practicable method for calculating this infor-

mation becomes available, diverting individuals from formally applying to the State program and receiving assistance. In ranking States under this subsection, the Secretary shall take into account the average number of minor children living at home in families in the State that have incomes below the poverty line and the amount of funding provided each State for such families.

"(2) ANNUAL REVIEW OF MOST AND LEAST SUCCESSFUL WORK PROGRAMS.—The Secretary shall review the programs of the 3 States most recently ranked highest under paragraph (1) and the 3 States most recently ranked lowest under paragraph (1) that provide parents with work experience, assistance in finding employment, and other work preparation activities and support services to enable the families of such parents to leave the program and become self-sufficient.

"(e) ANNUAL RANKING OF STATES AND REVIEW OF ISSUES RELATING TO OUT-OF-WEDLOCK BIRTHS.—

"(1) ANNUAL RANKING OF STATES.—

"(A) IN GENERAL.—The Secretary shall annually rank States to which grants are made under section 403 based on the following ranking factors:

"(i) ABSOLUTE OUT-OF-WEDLOCK RATIOS.—The ratio represented by—

"(I) the total number of out-of-wedlock births in families receiving assistance under the State program under this part in the State for the most recent fiscal year for which information is available; over

"(II) the total number of births in families receiving assistance under the State program under this part in the State for such year.

"(ii) NET CHANGES IN THE OUT-OF-WEDLOCK RATIO.—The difference between the ratio described in subparagraph (A)(i) with respect to a State for the most recent fiscal year for which such information is available and the ratio with respect to the State for the immediately preceding year.

"(2) ANNUAL REVIEW.—The Secretary shall review the programs of the 5 States most recently ranked highest under paragraph (1) and the 5 States most recently ranked the lowest under paragraph (1).

"(f) STATE-INITIATED EVALUATIONS.—A State shall be eligible to receive funding to evaluate the State program funded under this part if—

"(1) the State submits a proposal to the Secretary for the evaluation;

"(2) the Secretary determines that the design and approach of the evaluation is rigorous and is likely to yield information that is credible and will be useful to other States, and

"(3) unless otherwise waived by the Secretary, the State contributes to the cost of the evaluation, from non-Federal sources, an amount equal to at least 10 percent of the cost of the evaluation.

"(g) FUNDING OF STUDIES AND DEMONSTRATIONS.—

"(1) IN GENERAL.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated $15,000,000 for each fiscal year specified in section 403(a)(1) for the purpose of paying—

"(A) the cost of conducting the research described in subsection (a);

"(B) the cost of developing and evaluating innovative approaches for reducing welfare dependency and increasing the well-being of minor children under subsection (b);

"(C) the Federal share of any State-initiated study approved under subsection (f); and

"(D) an amount determined by the Secretary to be necessary to operate and evaluate demonstration projects, relating to this part, that are in effect or approved under section 1115 as of September 30, 1995, and are continued after such date.

"(2) ALLOCATION.—Of the amount appropriated under paragraph (1) for a fiscal year—

"(A) 50 percent shall be allocated for the purposes described in subparagraphs (A) and (B) of paragraph (1), and

"(B) 50 percent shall be allocated for the purposes described in subparagraphs (C) and (D) of paragraph (1).

"SEC. 414. STUDY BY THE CENSUS BUREAU.

"(a) IN GENERAL.—The Bureau of the Census shall expand the Survey of Income and Program Participation as necessary to obtain such information as will enable interested persons to evaluate the impact of the amendments made by title I of the Personal Responsibility and Work Opportunity Act of 1995 on a random national sample of recipients of assistance under State programs funded under this part and (as appropriate) other low income families, and in doing so, shall pay particular attention to the issues of out-of-wedlock birth, welfare dependency, the beginning and end of welfare spells, and the causes of repeat welfare spells.

"(b) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated $10,000,000 for each of fiscal years 1996, 1997, 1998, 1999, 2000, 2001, and 2002 for payment to the Bureau of the Census to carry out subsection (a).

"SEC. 415. WAIVERS.

"(a) CONTINUATION OF WAIVERS.—

"(1) WAIVERS IN EFFECT ON DATE OF ENACTMENT OF WELFARE REFORM.—Except as provided in paragraph (3), if any waiver granted to a State under section 1115 or otherwise which relates to the provision of assistance under a State plan under this part (as in effect on September 30, 1995) is in effect as of the date of the enactment of the Personal Responsibility and Work Opportunity Act of 1995, the amendments made by such Act shall not apply with respect to the State before the expiration (determined without regard to any extensions) of the waiver to the extent such amendments are inconsistent with the waiver.

"(2) WAIVERS GRANTED SUBSEQUENTLY.—Except as provided in paragraph (3), if any waiver granted to a State under

section 1115 or otherwise which relates to the provision of assistance under a State plan under this part (as in effect on September 30, 1995) is submitted to the Secretary before the date of the enactment of the Personal Responsibility and Work Opportunity Act of 1995 and approved by the Secretary before the effective date of this title, and the State demonstrates to the satisfaction of the Secretary that the waiver will not result in Federal expenditures under title IV of this Act (as in effect without regard to the amendments made by the Personal Responsibility and Work Opportunity Act of 1995) that are greater than would occur in the absence of the waiver, such amendments shall not apply with respect to the State before the expiration (determined without regard to any extensions) of the waiver to the extent such amendments are inconsistent with the waiver.

"(3) FINANCING LIMITATION.—Notwithstanding any other provision of law, beginning with fiscal year 1996, a State operating under a waiver described in paragraph (1) shall be entitled to payment under section 403 for the fiscal year, in lieu of any other payment provided for in the waiver.

"(b) STATE OPTION TO TERMINATE WAIVER.—

"(1) IN GENERAL.—A State may terminate a waiver described in subsection (a) before the expiration of the waiver.

"(2) REPORT.—A State which terminates a waiver under paragraph (1) shall submit a report to the Secretary summarizing the waiver and any available information concerning the result or effect of the waiver.

"(3) HOLD HARMLESS PROVISION.—

"(A) IN GENERAL.—Notwithstanding any other provision of law, a State that, not later than the date described in subparagraph (B), submits a written request to terminate a waiver described in subsection (a) shall be held harmless for accrued cost neutrality liabilities incurred under the waiver.

"(B) DATE DESCRIBED.—The date described in this subparagraph is the later of—

"(i) January 1, 1996; or

"(ii) 90 days following the adjournment of the first regular session of the State legislature that begins after the date of the enactment of the Personal Responsibility and Work Opportunity Act of 1995.

"(c) SECRETARIAL ENCOURAGEMENT OF CURRENT WAIVERS.—The Secretary shall encourage any State operating a waiver described in subsection (a) to continue the waiver and to evaluate, using random sampling and other characteristics of accepted scientific evaluations, the result or effect of the waiver.

"(d) CONTINUATION OF INDIVIDUAL WAIVERS.—A State may elect to continue 1 or more individual waivers described in subsection (a).

"SEC. 416. ASSISTANT SECRETARY FOR FAMILY SUPPORT.

"The programs under this part and part D shall be administered by an Assistant Secretary for Family Support within the Department of Health and Human Services, who shall be appointed by the President, by and with the advice and consent of the Senate, and who shall be in addition to any other Assistant Secretary of Health and Human Services provided for by law.

"SEC. 417. LIMITATION ON FEDERAL AUTHORITY.

"No officer or employee of the Federal Government may regulate the conduct of States under this part or enforce any provision of this part, except to the extent expressly provided in this part.

"SEC. 418. DEFINITIONS.

"As used in this part:

"(1) ADULT.—The term 'adult' means an individual who is not a minor child.

"(2) MINOR CHILD.—The term 'minor child' means an individual who—

"(A) has not attained 18 years of age; or

"(B) has not attained 19 years of age and is a full-time student in a secondary school (or in the equivalent level of vocational or technical training).

"(3) FISCAL YEAR.—The term 'fiscal year' means any 12-month period ending on September 30 of a calendar year.

"(4) INDIAN, INDIAN TRIBE, AND TRIBAL ORGANIZATION.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), the terms 'Indian', 'Indian tribe', and 'tribal organization' have the meaning given such terms by section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b).

"(B) SPECIAL RULE FOR INDIAN TRIBES IN ALASKA.—The term 'Indian tribe' means, with respect to the State of Alaska, only the Metlakatla Indian Community of the Annette Islands Reserve and the following Alaska Native regional nonprofit corporations:

"(i) Arctic Slope Native Association.

"(ii) Kawerak, Inc.

"(iii) Maniilaq Association.

"(iv) Association of Village Council Presidents.

"(v) Tanana Chiefs Conference.

"(vi) Cook Inlet Tribal Council.

"(vii) Bristol Bay Native Association.

"(viii) Aleutian and Pribilof Island Association.

"(ix) Chugachmuit.

"(x) Tlingit Haida Central Council.

"(xi) Kodiak Area Native Association.

"(xii) Copper River Native Association.

"(5) STATE.—Except as otherwise specifically provided, the term 'State' means the 50 States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, and American Samoa.".

SEC. 104. SERVICES PROVIDED BY CHARITABLE, RELIGIOUS, OR PRIVATE ORGANIZATIONS.

(a) IN GENERAL.—

(1) STATE OPTIONS.—A State may—

(A) administer and provide services under the programs described in subparagraphs (A) and (B)(i) of paragraph (2) through contracts with charitable, religious, or private organizations; and

(B) provide beneficiaries of assistance under the programs described in subparagraphs (A) and (B)(ii) of para-

graph (2) with certificates, vouchers, or other forms of disbursement which are redeemable with such organizations.

(2) PROGRAMS DESCRIBED.—The programs described in this paragraph are the following programs:

(A) A State program funded under part A of title IV of the Social Security Act (as amended by section 103 of this Act).

(B) Any other program established or modified under title I, II, or VI of this Act, that—

(i) permits contracts with organizations; or

(ii) permits certificates, vouchers, or other forms of disbursement to be provided to beneficiaries, as a means of providing assistance.

(b) RELIGIOUS ORGANIZATIONS.—The purpose of this section is to allow States to contract with religious organizations, or to allow religious organizations to accept certificates, vouchers, or other forms of disbursement under any program described in subsection (a)(2), on the same basis as any other nongovernmental provider without impairing the religious character of such organizations, and without diminishing the religious freedom of beneficiaries of assistance funded under such program.

(c) NONDISCRIMINATION AGAINST RELIGIOUS ORGANIZATIONS.—In the event a State exercises its authority under subsection (a), religious organizations are eligible, on the same basis as any other private organization, as contractors to provide assistance, or to accept certificates, vouchers, or other forms of disbursement, under any program described in subsection (a)(2) so long as the programs are implemented consistent with the Establishment Clause of the United States Constitution. Except as provided in subsection (k), neither the Federal Government nor a State receiving funds under such programs shall discriminate against an organization which is or applies to be a contractor to provide assistance, or which accepts certificates, vouchers, or other forms of disbursement, on the basis that the organization has a religious character.

(d) RELIGIOUS CHARACTER AND FREEDOM.—

(1) RELIGIOUS ORGANIZATIONS.—A religious organization with a contract described in subsection (a)(1)(A), or which accepts certificates, vouchers, or other forms of disbursement under subsection (a)(1)(B), shall retain its independence from Federal, State, and local governments, including such organization's control over the definition, development, practice, and expression of its religious beliefs.

(2) ADDITIONAL SAFEGUARDS.—Neither the Federal Government nor a State shall require a religious organization to—

(A) alter its form of internal governance; or

(B) remove religious art, icons, scripture, or other symbols;

in order to be eligible to contract to provide assistance, or to accept certificates, vouchers, or other forms of disbursement, funded under a program described in subsection (a)(2).

(e) RIGHTS OF BENEFICIARIES OF ASSISTANCE.—

(1) IN GENERAL.—If an individual described in paragraph (2) has an objection to the religious character of the organization or institution from which the individual receives, or would

receive, assistance funded under any program described in subsection (a)(2), the State in which the individual resides shall provide such individual (if otherwise eligible for such assistance) within a reasonable period of time after the date of such objection with assistance from an alternative provider that is accessible to the individual and the value of which is not less than the value of the assistance which the individual would have received from such organization.

(2) INDIVIDUAL DESCRIBED.—An individual described in this paragraph is an individual who receives, applies for, or requests to apply for, assistance under a program described in subsection (a)(2).

(f) EMPLOYMENT PRACTICES.—A religious organization's exemption provided under section 702 of the Civil Rights Act of 1964 (42 U.S.C. 2000e–1a) regarding employment practices shall not be affected by its participation in, or receipt of funds from, programs described in subsection (a)(2).

(g) NONDISCRIMINATION AGAINST BENEFICIARIES.—Except as otherwise provided in law, a religious organization shall not discriminate against an individual in regard to rendering assistance funded under any program described in subsection (a)(2) on the basis of religion, a religious belief, or refusal to actively participate in a religious practice.

(h) FISCAL ACCOUNTABILITY.—

(1) IN GENERAL.—Except as provided in paragraph (2), any religious organization contracting to provide assistance funded under any program described in subsection (a)(2) shall be subject to the same regulations as other contractors to account in accord with generally accepted auditing principles for the use of such funds provided under such programs.

(2) LIMITED AUDIT.—If such organization segregates Federal funds provided under such programs into separate accounts, then only the financial assistance provided with such funds shall be subject to audit.

(i) COMPLIANCE.—Any party which seeks to enforce its rights under this section may assert a civil action for injunctive relief exclusively in an appropriate State court against the entity or agency that allegedly commits such violation.

(j) LIMITATIONS ON USE OF FUNDS FOR CERTAIN PURPOSES.—No funds provided directly to institutions or organizations to provide services and administer programs under subsection (a)(1)(A) shall be expended for sectarian worship, instruction, or proselytization.

(k) PREEMPTION.—Nothing in this section shall be construed to preempt any provision of a State constitution or State statute that prohibits or restricts the expenditure of State funds in or by religious organizations.

SEC. 105. CENSUS DATA ON GRANDPARENTS AS PRIMARY CAREGIVERS FOR THEIR GRANDCHILDREN.

(a) IN GENERAL.—Not later than 90 days after the date of the enactment of this Act, the Secretary of Commerce, in carrying out section 141 of title 13, United States Code, shall expand the data collection efforts of the Bureau of the Census (in this section referred to as the "Bureau") to enable the Bureau to collect statistically sig-

nificant data, in connection with its decennial census and its mid-decade census, concerning the growing trend of grandparents who are the primary caregivers for their grandchildren.

(b) EXPANDED CENSUS QUESTION.—In carrying out subsection (a), the Secretary of Commerce shall expand the Bureau's census question that details households which include both grandparents and their grandchildren. The expanded question shall be formulated to distinguish between the following households:

(1) A household in which a grandparent temporarily provides a home for a grandchild for a period of weeks or months during periods of parental distress.

(2) A household in which a grandparent provides a home for a grandchild and serves as the primary caregiver for the grandchild.

SEC. 106. REPORT ON DATA PROCESSING.

(a) IN GENERAL.—Within 6 months after the date of the enactment of this Act, the Secretary of Health and Human Services shall prepare and submit to the Congress a report on—

(1) the status of the automated data processing systems operated by the States to assist management in the administration of State programs under part A of title IV of the Social Security Act (whether in effect before or after October 1, 1995); and

(2) what would be required to establish a system capable of—

(A) tracking participants in public programs over time; and

(B) checking case records of the States to determine whether individuals are participating in public programs of 2 or more States.

(b) PREFERRED CONTENTS.—The report required by subsection (a) should include—

(1) a plan for building on the automated data processing systems of the States to establish a system with the capabilities described in subsection (a)(2); and

(2) an estimate of the amount of time required to establish such a system and of the cost of establishing such a system.

SEC. 107. STUDY ON ALTERNATIVE OUTCOMES MEASURES.

(a) STUDY.—The Secretary shall, in cooperation with the States, study and analyze outcomes measures for evaluating the success of the States in moving individuals out of the welfare system through employment as an alternative to the minimum participation rates described in section 407 of the Social Security Act. The study shall include a determination as to whether such alternative outcomes measures should be applied on a national or a State-by-State basis and a preliminary assessment of the effects of section 409(a)(7)(C) of such Act.

(b) REPORT.—Not later than September 30, 1998, the Secretary shall submit to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives a report containing the findings of the study required by subsection (a).

SEC. 108. CONFORMING AMENDMENTS TO THE SOCIAL SECURITY ACT.

(a) AMENDMENTS TO TITLE II.—

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

(A) by inserting "an agency administering a program funded under part A of title IV or" before "an agency operating"; and

(B) by striking "A or D of title IV of this Act" and inserting "D of such title".

(2) Section 228(d)(1) (42 U.S.C. 428(d)(1)) is amended by inserting "under a State program funded under" before "part A of title IV".

(b) AMENDMENTS TO PART D OF TITLE IV.—

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

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

(A) by striking "aid to families with dependent children" and inserting "assistance under a State program funded under part A";

(B) by striking "such aid" and inserting "such assistance"; and

(C) by striking "under section 402(a)(26) or" and inserting "pursuant to section 408(a)(4) or under section".

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

(A) by striking "aid under a State plan approved" and inserting "assistance under a State program funded"; and

(B) by striking "in accordance with the standards referred to in section 402(a)(26)(B)(ii)" and inserting "by the State".

(4) Section 452(b) (42 U.S.C. 652(b)) is amended in the first sentence by striking "aid under the State plan approved under part A" and inserting "assistance under the State program funded under part A".

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

(6) Section 452(g)(2)(A)(ii)(I) (42 U.S.C. 652(g)(2)(A)(ii)(I)) is amended by striking "aid is being paid under the State's plan approved under part A or E" and inserting "assistance is being provided under the State program funded under part A".

(7) Section 452(g)(2)(A) (42 U.S.C. 652(g)(2)(A)) is amended in the matter following clause (iii) by striking "aid was being paid under the State's plan approved under part A or E" and inserting "assistance was being provided under the State program funded under part A".

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

(A) by striking "who is a dependent child" and inserting "with respect to whom assistance is being provided under the State program funded under part A";

(B) by inserting "by the State agency administering the State plan approved under this part" after "found"; and

(C) by striking "under section 402(a)(26)" and inserting "with the State in establishing paternity".

(9) Section 452(h) (42 U.S.C. 652(h)) is amended by striking "under section 402(a)(26)" and inserting "pursuant to section 408(a)(4)".

(10) Section 453(c)(3) (42 U.S.C. 653(c)(3)) is amended by striking "aid under part A of this title" and inserting "assistance under a State program funded under part A".

(11) Section 454(5)(A) (42 U.S.C. 654(5)(A))) is amended—

(A) by striking "under section 402(a)(26)" and inserting "pursuant to section 408(a)(4)"; and

(B) by striking "; except that this paragraph shall not apply to such payments for any month following the first month in which the amount collected is sufficient to make such family ineligible for assistance under the State plan approved under part A;" and inserting a comma.

(12) Section 454(6)(D) (42 U.S.C. 654(6)(D)) is amended by striking "aid under a State plan approved" and inserting "assistance under a State program funded".

(13) Section 456(a)(1) (42 U.S.C. 656(a)(1)) is amended by striking "under section 402(a)(26)".

(14) Section 466(a)(3)(B) (42 U.S.C. 666(a)(3)(B)) is amended by striking "402(a)(26)" and inserting "408(a)(4)".

(15) Section 466(b)(2) (42 U.S.C. 666(b)(2)) is amended by striking "aid" and inserting "assistance under a State program funded".

(16) Section 469(a) (42 U.S.C. 669(a)) is amended—

(A) by striking "aid under plans approved" and inserting "assistance under State programs funded"; and

(B) by striking "such aid" and inserting "such assistance".

(c) REPEAL OF PART F OF TITLE IV.—Part F of title IV (42 U.S.C. 681–687) is repealed.

(d) AMENDMENT TO TITLE X.—Section 1002(a)(7) (42 U.S.C. 1202(a)(7)) is amended by striking "aid to families with dependent children under the State plan approved under section 402 of this Act" and inserting "assistance under a State program funded under part A of title IV".

(e) AMENDMENTS TO TITLE XI.—

(1) Section 1108 (42 U.S.C. 1308) is amended—

(A) by redesignating subsection (c) as subsection (g);

(B) by striking all that precedes subsection (c) and inserting the following:

"SEC. 1108. ADDITIONAL GRANTS TO PUERTO RICO, THE VIRGIN ISLANDS, GUAM, AND AMERICAN SAMOA; LIMITATION ON TOTAL PAYMENTS.

"(a) LIMITATION ON TOTAL PAYMENTS TO EACH TERRITORY.—Notwithstanding any other provision of this Act, the total amount certified by the Secretary of Health and Human Services under titles I, X, XIV, and XVI, under parts A and B of title IV, and under subsection (b) of this section, for payment to any territory for a fiscal

year shall not exceed the ceiling amount for the territory for the fiscal year.

"(b) ENTITLEMENT TO MATCHING GRANT.—

"(1) IN GENERAL.—Each territory shall be entitled to receive from the Secretary for each fiscal year a grant in an amount equal to 75 percent of the amount (if any) by which—

"(A) the total expenditures of the territory during the fiscal year under the territory programs funded under parts A and B of title IV; exceeds

"(B) the sum of—

"(i) the total amount required to be paid to the territory (other than with respect to child care) under former section 403 (as in effect on September 30, 1995) for fiscal year 1995, which shall be determined by applying subparagraphs (C) and (D) of section 403(a)(1) to the territory;

"(ii) the total amount required to be paid to the territory under former section 434 (as so in effect) for fiscal year 1995; and

"(iii) the total amount expended by the territory during fiscal year 1995 pursuant to parts A, B, and F of title IV (as so in effect), other than for child care.

"(2) USE OF GRANT.—Any territory to which a grant is made under paragraph (1) may expend the amount under any program operated or funded under any provision of law specified in subsection (a).

"(c) DEFINITIONS.—As used in this section:

"(1) TERRITORY.—The term 'territory' means Puerto Rico, the Virgin Islands, Guam, and American Samoa.

"(2) CEILING AMOUNT.—The term 'ceiling amount' means, with respect to a territory and a fiscal year, the mandatory ceiling amount with respect to the territory plus the discretionary ceiling amount with respect to the territory, reduced for the fiscal year in accordance with subsection (f).

"(3) MANDATORY CEILING AMOUNT.—The term 'mandatory ceiling amount' means—

"(A) $105,538,000 with respect to for Puerto Rico;

"(B) $4,902,000 with respect to Guam;

"(C) $3,742,000 with respect to the Virgin Islands; and

"(D) $1,122,000 with respect to American Samoa.

"(4) DISCRETIONARY CEILING AMOUNT.—The term 'discretionary ceiling amount' means, with respect to a territory and a fiscal year, the total amount appropriated pursuant to subsection (d)(3) for the fiscal year for payment to the territory.

"(5) TOTAL AMOUNT EXPENDED BY THE TERRITORY.—The term 'total amount expended by the territory'—

"(A) does not include expenditures during the fiscal year from amounts made available by the Federal Government; and

"(B) when used with respect to fiscal year 1995, also does not include—

"(i) expenditures during fiscal year 1995 under subsection (g) or (i) of section 402 (as in effect on September 30, 1995); or

"(ii) any expenditures during fiscal year 1995 for which the territory (but for section 1108, as in effect on September 30, 1995) would have received reimbursement from the Federal Government.

"(d) DISCRETIONARY GRANTS.—

"(1) IN GENERAL.—The Secretary shall make a grant to each territory for any fiscal year in the amount appropriated pursuant to paragraph (3) for the fiscal year for payment to the territory.

"(2) USE OF GRANT.—Any territory to which a grant is made under paragraph (1) may expend the amount under any program operated or funded under any provision of law specified in subsection (a).

"(3) LIMITATION ON AUTHORIZATION OF APPROPRIATIONS.—For grants under paragraph (1), there are authorized to be appropriated to the Secretary for each fiscal year—

"(A) $7,951,000 for payment to Puerto Rico;

"(B) $345,000 for payment to Guam;

"(C) $275,000 for payment to the Virgin Islands; and

"(D) $190,000 for payment to American Samoa.

"(e) AUTHORITY TO TRANSFER FUNDS AMONG PROGRAMS.—Notwithstanding any other provision of this Act, any territory to which an amount is paid under any provision of law specified in subsection (a) may use part or all of the amount to carry out any program operated by the territory, or funded, under any other such provision of law.

"(f) MAINTENANCE OF EFFORT.—The ceiling amount with respect to a territory shall be reduced for a fiscal year by an amount equal to the amount (if any) by which—

"(1) the total amount expended by the territory under all programs of the territory operated pursuant to the provisions of law specified in subsection (a) (as such provisions were in effect for fiscal year 1995) for fiscal year 1995; exceeds

"(2) the total amount expended by the territory under all programs of the territory that are funded under the provisions of law specified in subsection (a) for the fiscal year that immediately precedes the fiscal year referred to in the matter preceding paragraph (1)."; and

(C) by striking subsections (d) and (e).

(2) Section 1109 (42 U.S.C. 1309) is amended by striking "or part A of title IV,".

(3) Section 1115 (42 U.S.C. 1315) is amended—

(A) in subsection (a)(2)—

(i) by inserting "(A)" after "(2)";

(ii) by striking "403,";

(iii) by striking the period at the end and inserting ", and"; and

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

"(B) costs of such project which would not otherwise be a permissible use of funds under part A of title IV and which are not included as part of the costs of projects under section 1110, shall to the extent and for the period prescribed by the Sec-

retary, be regarded as a permissible use of funds under such part.''; and

(B) in subsection (c)(3), by striking ''under the program of aid to families with dependent children'' and inserting ''part A of such title''.

(4) Section 1116 (42 U.S.C. 1316) is amended—

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

(B) in subsection (a)(3), by striking ''404,''.

(5) Section 1118 (42 U.S.C. 1318) is amended—

(A) by striking ''403(a),'';

(B) by striking ''and part A of title IV,''; and

(C) by striking '', and shall, in the case of American Samoa, mean 75 per centum with respect to part A of title IV''.

(6) Section 1119 (42 U.S.C. 1319) is amended—

(A) by striking ''or part A of title IV''; and

(B) by striking ''403(a),''.

(7) Section 1133(a) (42 U.S.C. 1320b–3(a)) is amended by striking ''or part A of title IV,''.

(8) Section 1136 (42 U.S.C. 1320b–6) is repealed.

(9) Section 1137 (42 U.S.C. 1320b–7) is amended—

(A) in subsection (b), by striking paragraph (1) and inserting the following:

''(1) any State program funded under part A of title IV of this Act;''; and

(B) in subsection (d)(1)(B)—

(i) by striking ''In this subsection—'' and all that follows through ''(ii) in'' and inserting ''In this subsection, in'';

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

(iii) by moving such redesignated material 2 ems to the left.

(f) AMENDMENT TO TITLE XIV.—Section 1402(a)(7) (42 U.S.C. 1352(a)(7)) is amended by striking ''aid to families with dependent children under the State plan approved under section 402 of this Act'' and inserting ''assistance under a State program funded under part A of title IV''.

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

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

(i) AMENDMENT TO TITLE XIX.—Section 1902(j) (42 U.S.C. 1396a(j)) is amended by striking ''1108(c)'' and inserting ''1108(g)''.

SEC. 109. CONFORMING AMENDMENTS TO THE FOOD STAMP ACT OF 1977 AND RELATED PROVISIONS.

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

(1) in the second sentence of subsection (a), by striking "plan approved" and all that follows through "title IV of the Social Security Act" and inserting "program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.)";

(2) in subsection (d)—

(A) in paragraph (5), by striking "assistance to families with dependent children" and inserting "assistance under a State program funded"; and

(B) by striking paragraph (13) and redesignating paragraphs (14), (15), and (16) as paragraphs (13), (14), and (15), respectively;

(3) in subsection (j), by striking "plan approved under part A of title IV of such Act (42 U.S.C. 601 et seq.)" and inserting "program funded under part A of title IV of the Act (42 U.S.C. 601 et seq.)"; and

(4) by striking subsection (m).

(b) Section 6 of such Act (7 U.S.C. 2015) is amended—

(1) in subsection (c)(5), by striking "the State plan approved" and inserting "the State program funded"; and

(2) in subsection (e)(6), by striking "aid to families with dependent children" and inserting "benefits under a State program funded".

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

(d) Section 17 of such Act (7 U.S.C. 2026) is amended—

(1) in the first sentence of subsection (b)(1)(A), by striking "to aid to families with dependent children under part A of title IV of the Social Security Act" and inserting "or are receiving assistance under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.)"; and

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

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

(e) Section 20 of such Act (7 U.S.C. 2029) is amended—

(1) in subsection (a)(2)(B) by striking "operating—" and all that follows through "(ii) any other" and inserting "operating any"; and

(2) in subsection (b)—

(A) in paragraph (1)—

(i) by striking "(b)(1) A household" and inserting "(b) A household"; and

(ii) in subparagraph (B), by striking "training program" and inserting "activity";

(B) by striking paragraph (2); and

(C) by redesignating subparagraphs (A) through (F) as paragraphs (1) through (6), respectively.

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

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

(1) in subsection (b)—

(A) in paragraph (2)(C)(ii)(II)—

(i) by striking "program for aid to families with dependent children" and inserting "State program funded"; and

(ii) by inserting before the period at the end the following: "that the Secretary determines complies with standards established by the Secretary that ensure that the standards under the State program are comparable to or more restrictive than those in effect on June 1, 1995"; and

(B) in paragraph (6)—

(i) in subparagraph (A)(ii)—

(I) by striking "an AFDC assistance unit (under the aid to families with dependent children program authorized" and inserting "a family (under the State program funded"; and

(II) by striking ", in a State" and all that follows through "9902(2)))" and inserting "that the Secretary determines complies with standards established by the Secretary that ensure that the standards under the State program are comparable to or more restrictive than those in effect on June 1, 1995"; and

(ii) in subparagraph (B), by striking "aid to families with dependent children" and inserting "assistance under the State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) that the Secretary determines complies with standards established by the Secretary that ensure that the standards under the State program are comparable to or more restrictive than those in effect on June 1, 1995"; and

(2) in subsection (d)(2)(C)—

(A) by striking "program for aid to families with dependent children" and inserting "State program funded"; and

(B) by inserting before the period at the end the following: "that the Secretary determines complies with standards established by the Secretary that ensure that the standards under the State program are comparable to or more restrictive than those in effect on June 1, 1995".

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

(1) by striking "program for aid to families with dependent children established" and inserting "State program funded"; and

(2) by inserting before the semicolon the following: "that the Secretary determines complies with standards established by the Secretary that ensure that the standards under the State program are comparable to or more restrictive than those in effect on June 1, 1995".

SEC. 110. CONFORMING AMENDMENTS TO OTHER LAWS.

(a) Subsection (b) of section 508 of the Unemployment Compensation Amendments of 1976 (42 U.S.C. 603a; Public Law 94–566; 90 Stat. 2689) is amended to read as follows:

"(b) PROVISION FOR REIMBURSEMENT OF EXPENSES.—For purposes of section 455 of the Social Security Act, expenses incurred to reimburse State employment offices for furnishing information requested of such offices—

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

"(2) by a State or local agency charged with the duty of carrying a State plan for child support approved under part D of title IV of the Social Security Act,

shall be considered to constitute expenses incurred in the administration of such State plan.".

(b) Section 9121 of the Omnibus Budget Reconciliation Act of 1987 (42 U.S.C. 602 note) is repealed.

(c) Section 9122 of the Omnibus Budget Reconciliation Act of 1987 (42 U.S.C. 602 note) is repealed.

(d) Section 221 of the Housing and Urban-Rural Recovery Act of 1983 (42 U.S.C. 602 note), relating to treatment under AFDC of certain rental payments for federally assisted housing, is repealed.

(e) Section 159 of the Tax Equity and Fiscal Responsibility Act of 1982 (42 U.S.C. 602 note) is repealed.

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

(g) Section 903 of the Stewart B. McKinney Homeless Assistance Amendments Act of 1988 (42 U.S.C. 11381 note), relating to demonstration projects to reduce number of AFDC families in welfare hotels, is amended—

(1) in subsection (a), by striking "aid to families with dependent children under a State plan approved" and inserting "assistance under a State program funded"; and

(2) in subsection (c), by striking "aid to families with dependent children in the State under a State plan approved" and inserting "assistance in the State under a State program funded".

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

(1) in section 404C(c)(3) (20 U.S.C. 1070a–23(c)(3)), by striking "(Aid to Families with Dependent Children)"; and

(2) in section 480(b)(2) (20 U.S.C. 1087vv(b)(2)), by striking "aid to families with dependent children under a State plan ap-

proved" and inserting "assistance under a State program funded".

(i) The Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2301 et seq.) is amended—

(1) in section 231(d)(3)(A)(ii) (20 U.S.C. 2341(d)(3)(A)(ii)), by striking "the program for aid to dependent children" and inserting "the State program funded";

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

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

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

(1) in section 1113(a)(5) (20 U.S.C. 6313(a)(5)), by striking "Aid to Families with Dependent Children Program" and inserting "State program funded under part A of title IV of the Social Security Act";

(2) in section 1124(c)(5) (20 U.S.C. 6333(c)(5)), by striking "the program of aid to families with dependent children under a State plan approved under" and inserting "a State program funded under part A of"; and

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

(A) in subparagraph (A)(xi), by striking "Aid to Families with Dependent Children benefits" and inserting "assistance under a State program funded under part A of title IV of the Social Security Act"; and

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

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

"(1) after April 29, 1985, and before October 1, 1995, on the basis of Aid to Families with Dependent Children (AFDC) standards of need; and

"(2) on and after October 1, 1995, on the basis of standards of need established under the State program funded under part A of title IV of the Social Security Act,

except that where a State ratably reduces its AFDC or State program payments, the Bureau shall reduce general assistance payments in such State by the same percentage as the State has reduced the AFDC or State program payment.".

(l) The Internal Revenue Code of 1986 (26 U.S.C. 1 et seq.) is amended—

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

(2) in section 3304(a)(16) (26 U.S.C. 3304(a)(16)), by striking "eligibility for aid or services," and all that follows through "children approved" and inserting "eligibility for assistance, or the amount of such assistance, under a State program funded";

(3) in section 6103(l)(7)(D)(i) (26 U.S.C. 6103(l)(7)(D)(i)), by striking "aid to families with dependent children provided under a State plan approved" and inserting "a State program funded";

(4) in section 6103(l)(10) (26 U.S.C. 6103(l)(10))—

(A) by striking "(c) or (d)" each place it appears and inserting "(c), (d), or (e)"; and

(B) by adding at the end of subparagraph (B) the following new sentence: "Any return information disclosed with respect to section 6402(e) shall only be disclosed to officers and employees of the State agency requesting such information.";

(5) in section 6103(p)(4) (26 U.S.C. 6103(p)(4)), in the matter preceding subparagraph (A)—

(A) by striking "(5), (10)" and inserting "(5)"; and

(B) by striking "(9), or (12)" and inserting "(9), (10), or (12)";

(6) in section 6334(a)(11)(A) (26 U.S.C. 6334(a)(11)(A)), by striking "(relating to aid to families with dependent children)";

(7) in section 6402 (26 U.S.C. 6402)—

(A) in subsection (a), by striking "(c) and (d)" and inserting "(c), (d), and (e)";

(B) by redesignating subsections (e) through (i) as subsections (f) through (j), respectively; and

(C) by inserting after subsection (d) the following:

"(e) COLLECTION OF OVERPAYMENTS UNDER TITLE IV–A OF THE SOCIAL SECURITY ACT.—The amount of any overpayment to be refunded to the person making the overpayment shall be reduced (after reductions pursuant to subsections (c) and (d), but before a credit against future liability for an internal revenue tax) in accordance with section 405(e) of the Social Security Act (concerning recovery of overpayments to individuals under State plans approved under part A of title IV of such Act)."; and

(8) in section 7523(b)(3)(C) (26 U.S.C. 7523(b)(3)(C)), by striking "aid to families with dependent children" and inserting "assistance under a State program funded under part A of title IV of the Social Security Act".

(m) Section 3(b) of the Wagner-Peyser Act (29 U.S.C. 49b(b)) is amended by striking "State plan approved under part A of title IV" and inserting "State program funded under part A of title IV".

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

(1) in section 4(29)(A)(i) (29 U.S.C. 1503(29)(A)(i)), by striking "(42 U.S.C. 601 et seq.)";

(2) in section 106(b)(6)(C) (29 U.S.C. 1516(b)(6)(C)), by striking "State aid to families with dependent children records," and inserting "records collected under the State program funded under part A of title IV of the Social Security Act,";

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

(A) by striking "the JOBS program" and inserting "the work activities required under title IV of the Social Security Act"; and

(B) by striking the second sentence;

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

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

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

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

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

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

"(4) the portions of title IV of the Social Security Act relating to work activities;";

(8) in section 253 (29 U.S.C. 1632)—

(A) in subsection (b)(2), by repealing subparagraph (C); and

(B) in paragraphs (1)(B) and (2)(B) of subsection (c), by striking "the JOBS program or" each place it appears;

(9) in section 264 (29 U.S.C. 1644)—

(A) in subparagraphs (A) and (B) of subsection (b)(1), by striking "(such as the JOBS program)" each place it appears; and

(B) in subparagraphs (A) and (B) of subsection (d)(3), by striking "and the JOBS program" each place it appears;

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

"(6) the portion of title IV of the Social Security Act relating to work activities;";

(11) in the second sentence of section 429(e) (29 U.S.C. 1699(e)), by striking "and shall be in an amount that does not exceed the maximum amount that may be provided by the State pursuant to section 402(g)(1)(C) of the Social Security Act (42 U.S.C. 602(g)(1)(C))";

(12) in section 454(c) (29 U.S.C. 1734(c)), by striking "JOBS and";

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

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

(15) in section 506(1)(A) (29 U.S.C. 1791e(1)(A)), by striking "aid to families with dependent children" and inserting "assistance under the State program funded";

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

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

(A) in clause (v), by striking the semicolon and inserting "; and"; and

(B) by striking clause (vi).

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

> *"(iv) assistance under a State program funded under part A of title IV of the Social Security Act".*

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

> *"(i) assistance under the State program funded under part A of title IV of the Social Security Act;".*

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

(1) by striking "(A)"; and

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

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

(1) in the first section 255(h) (2 U.S.C. 905(h)), by striking "Aid to families with dependent children (75–0412–0–1–609);" and inserting "Block grants to States for temporary assistance for needy families;"; and

(2) in section 256 (2 U.S.C. 906)—

(A) by striking subsection (k); and

(B) by redesignating subsection (l) as subsection (k).

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

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

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

(A) in paragraph (1)(A)(i), by striking "program of aid to families with dependent children" and inserting "State program of assistance"; and

(B) in paragraph (2)(B), by striking "aid to families with dependent children" and inserting "assistance under a State program funded under part A of title IV of the Social Security Act"; and

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

(t) Section 640(a)(4)(B)(i) of the Head Start Act (42 U.S.C. 9835(a)(4)(B)(i)) is amended by striking "program of aid to families with dependent children under a State plan approved" and inserting "State program of assistance funded".

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

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

> *"(E) part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) relating to work activities;".*

(w) Section 552a(a)(8)(B)(iv)(III) of title 5, United States Code, is amended by striking "section 464 or 1137 of the Social Security Act" and inserting "section 404(e), 464, or 1137 of the Social Security Act.".

SEC. 111. DEVELOPMENT OF PROTOTYPE OF COUNTERFEIT-RESISTANT SOCIAL SECURITY CARD REQUIRED.

(a) DEVELOPMENT.—

(1) IN GENERAL.—The Commissioner of Social Security (in this section referred to as the "Commissioner") shall, in accordance with this section, develop a prototype of a counterfeit-resistant social security card. Such prototype card shall—

(A) be made of a durable, tamper-resistant material such as plastic or polyester,

(B) employ technologies that provide security features, such as magnetic stripes, holograms, and integrated circuits, and

(C) be developed so as to provide individuals with reliable proof of citizenship or legal resident alien status.

(2) ASSISTANCE BY ATTORNEY GENERAL.—The Attorney General of the United States shall provide such information and assistance as the Commissioner deems necessary to enable the Commissioner to comply with this section.

(b) STUDY AND REPORT.—

(1) IN GENERAL.—The Commissioner shall conduct a study and issue a report to Congress which examines different methods of improving the social security card application process.

(2) ELEMENTS OF STUDY.—The study shall include an evaluation of the cost and work load implications of issuing a counterfeit-resistant social security card for all individuals over a 3-, 5-, and 10-year period. The study shall also evaluate the feasibility and cost implications of imposing a user fee for replacement cards and cards issued to individuals who apply for such a card prior to the scheduled 3-, 5-, and 10-year phase-in options.

(3) DISTRIBUTION OF REPORT.—The Commissioner shall submit copies of the report described in this subsection along with a facsimile of the prototype card as described in subsection (a) to the Committees on Ways and Means and Judiciary of the House of Representatives and the Committees on Finance and Judiciary of the Senate within 1 year after the date of the enactment of this Act.

SEC. 112. DISCLOSURE OF RECEIPT OF FEDERAL FUNDS.

(a) IN GENERAL.—Whenever an organization that accepts Federal funds under this Act or the amendments made by this Act makes any communication that in any way intends to promote public support or opposition to any policy of a Federal, State, or local government through any broadcasting station, newspaper, magazine, outdoor advertising facility, direct mailing, or any other type of general public advertising, such communication shall state the following: "This was prepared and paid for by an organization that accepts taxpayer dollars.".

(b) FAILURE TO COMPLY.—If an organization makes any communication described in subsection (a) and fails to provide the statement required by that subsection, such organization shall be ineligible to receive Federal funds under this Act or the amendments made by this Act.

(c) DEFINITION.—For purposes of this section, the term "organization" means an organization described in section 501(c) of the Internal Revenue Code of 1986.

(d) EFFECTIVE DATES.—This section shall take effect—

(1) with respect to printed communications 1 year after the date of enactment of this Act; and

(2) with respect to any other communication on the date of enactment of this Act.

SEC. 113. MODIFICATIONS TO THE JOB OPPORTUNITIES FOR CERTAIN LOW-INCOME INDIVIDUALS PROGRAM.

Section 505 of the Family Support Act of 1988 (42 U.S.C. 1315 note) is amended—

*(1) in the heading, by striking "**DEMONSTRATION**";*

(2) by striking "demonstration" each place such term appears;

(3) in subsection (a), by striking "in each of fiscal years" and all that follows through "10" and inserting "shall enter into agreements with";

(4) in subsection (b)(3), by striking "aid to families with dependent children under part A of title IV of the Social Security Act" and inserting "assistance under the program funded part A of title IV of the Social Security Act of the State in which the individual resides";

(5) in subsection (c)—

(A) in paragraph (1)(C), by striking "aid to families with dependent children under part A of title IV of the Social Security Act" and inserting "assistance under a State program funded part A of title IV of the Social Security Act";

(B) in paragraph (2), by striking "aid to families with dependent children under title IV of such Act" and inserting "assistance under a State program funded part A of title IV of the Social Security Act";

(6) in subsection (d), by striking "job opportunities and basic skills training program (as provided for under title IV of the Social Security Act)" and inserting "the State program funded under part A of title IV of the Social Security Act"; and

(7) by striking subsections (e) through (g) and inserting the following:

"(e) AUTHORIZATION OF APPROPRIATIONS.—For the purpose of conducting projects under this section, there is authorized to be appropriated an amount not to exceed $25,000,000 for any fiscal year.".

SEC. 114. MEDICAID ELIGIBILITY UNDER TITLE IV OF THE SOCIAL SECURITY ACT.

(a) IN GENERAL.—Section 1902(a)(10)(A) (42 U.S.C. 1396a(a)(10)(A)) is amended—

(1) in clause (i), by amending subclause (I) to read as follows:

> *"(I) who are receiving a foster care maintenance payment described in section 423(b)(1)(A) or an adoption assistance payment described in section 423(b)(1)(B),"; and*

(2) in clause (ii)—

(A) by striking "or" at the end of subclause (XI),

(B) by adding "or" at the end of subclause (XII), and

(C) by adding at the end the following new subclause:

"(XIII) to individuals (which may include individuals who receive payment under any plan of the State approved under title I, X, XIV, or XVI, or a program funded under part A of title IV of this Act, as amended by the Personal Responsibility and Work Opportunity Act of 1995, and other similar individuals) who meet such eligibility criteria as the State establishes, so long as the State demonstrates to the satisfaction of the Secretary that the application of such criteria does not result in Federal expenditures under this title that are greater than the Federal expenditures that would have been made under this title if such Act had not been enacted,".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to medical assistance for items and services furnished on or after the date of the enactment of this Act.

SEC. 115. SECRETARIAL SUBMISSION OF LEGISLATIVE PROPOSAL FOR TECHNICAL AND CONFORMING AMENDMENTS.

Not later than 90 days after the date of the enactment of this Act, the Secretary of Health and Human Services and the Commissioner of Social Security, in consultation, as appropriate, with the heads of other Federal agencies, shall submit to the appropriate committees of Congress a legislative proposal proposing such technical and conforming amendments as are necessary to bring the law into conformity with the policy embodied in this title.

SEC. 116. EFFECTIVE DATE; TRANSITION RULE.

(a) IN GENERAL.—Except as otherwise provided in this title, this title and the amendments made by this title shall take effect on October 1, 1996.

(b) TRANSITION RULES.—

(1) STATE OPTION TO ACCELERATE EFFECTIVE DATE.—

(A) IN GENERAL.—If, within 3 months after the date of the enactment of this Act, the Secretary of Health and Human Services receives from a State a plan described in section 402(a) of the Social Security Act (as added by the amendment made by section 103 of this Act), this title and the amendments made by this title (except section 409(a)(7) of the Social Security Act, as added by the amendment made by such section 103) shall also apply with respect to the State during the period that begins on the date of such receipt and ends on September 30, 1996, except that the State shall be considered an eligible State for fiscal year 1996 for purposes of part A of title IV of the Social Security Act (as in effect pursuant to the amendment made by such section 103).

(B) LIMITATIONS ON FEDERAL OBLIGATIONS.—

(i) UNDER AFDC PROGRAM.—If the Secretary receives from a State the plan referred to in subparagraph (A), the total obligations of the Federal Govern-

ment to the State under part A of title IV of the Social Security Act (as in effect on September 30, 1995) with respect to expenditures by the State after the date of the enactment of this Act shall not exceed an amount equal to—

(I) the State family assistance grant (as defined in section 403(a)(1)(B) of the Social Security Act (as in effect pursuant to the amendment made by section 103 of this Act)); minus

(II) any obligations of the Federal Government to the State under part A of title IV of the Social Security Act (as in effect on September 30, 1995) with respect to expenditures by the State during the period that begins on October 1, 1995, and ends on the day before the date of the enactment of this Act.

(ii) UNDER TEMPORARY FAMILY ASSISTANCE PROGRAM.—Notwithstanding section 403(a)(1) of the Social Security Act (as in effect pursuant to the amendment made by section 103 of this Act), the total obligations of the Federal Government to a State under such section 403(a)(1) for fiscal year 1996 after the termination of the State AFDC program shall not exceed an amount equal to—

(I) the amount described in clause (i)(I) of this subparagraph; minus

(II) any obligations of the Federal Government to the State under part A of title IV of the Social Security Act (as in effect on September 30, 1995) with respect to expenditures by the State on or after October 1, 1995.

"(iii) CHILD CARE OBLIGATIONS EXCLUDED IN DETERMINING FEDERAL AFDC OBLIGATIONS.—As used in this subparagraph, the term "obligations of the Federal Government to the State under part A of title IV of the Social Security Act" does not include any obligation of the Federal Government with respect to child care expenditures by the State.

(C) SUBMISSION OF STATE PLAN FOR FISCAL YEAR 1996 DEEMED ACCEPTANCE OF GRANT LIMITATIONS AND FORMULA.—The submission of a plan by a State pursuant to subparagraph (A) is deemed to constitute the State's acceptance of the grant reductions under subparagraph (B)(ii) (including the formula for computing the amount of the reduction).

(D) DEFINITIONS.—As used in this paragraph:

(i) STATE AFDC PROGRAM.—The term "State AFDC program" means the State program under parts A and F of title IV of the Social Security Act (as in effect on September 30, 1995).

"(ii) STATE.—The term "State" means the 50 States and the District of Columbia.

(2) CLAIMS, ACTIONS, AND PROCEEDINGS.—The amendments made by this title shall not apply with respect to—

(A) powers, duties, functions, rights, claims, penalties, or obligations applicable to aid, assistance, or services provided before the effective date of this title under the provisions amended; and

(B) administrative actions and proceedings commenced before such date, or authorized before such date to be commenced, under such provisions.

(3) CLOSING OUT ACCOUNT FOR THOSE PROGRAMS TERMINATED OR SUBSTANTIALLY MODIFIED BY THIS TITLE.—In closing out accounts, Federal and State officials may use scientifically acceptable statistical sampling techniques. Claims made with respect to State expenditures under a State plan approved under part A of title IV of the Social Security Act (as in effect before the effective date of this Act) with respect to assistance or services provided on or before September 30, 1995, shall be treated as claims with respect to expenditures during fiscal year 1995 for purposes of reimbursement even if payment was made by a State on or after October 1, 1995. Each State shall complete the filing of all claims under the State plan (as so in effect) no later than September 30, 1997. The head of each Federal department shall—

(A) use the single audit procedure to review and resolve any claims in connection with the close out of programs under such State plans; and

(B) reimburse States for any payments made for assistance or services provided during a prior fiscal year from funds for fiscal year 1995, rather than from funds authorized by this title.

(4) CONTINUANCE IN OFFICE OF ASSISTANT SECRETARY FOR FAMILY SUPPORT.—The individual who, on the day before the effective date of this title, is serving as Assistant Secretary for Family Support within the Department of Health and Human Services shall, until a successor is appointed to such position—

(A) continue to serve in such position; and

(B) except as otherwise provided by law—

(i) continue to perform the functions of the Assistant Secretary for Family Support under section 417 of the Social Security Act (as in effect before such effective date); and

(ii) have the powers and duties of the Assistant Secretary for Family Support under section 416 of the Social Security Act (as in effect pursuant to the amendment made by section 103 of this Act).

TITLE II—SUPPLEMENTAL SECURITY INCOME

SEC. 200. REFERENCE TO SOCIAL SECURITY ACT.

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

Subtitle A—Eligibility Restrictions

SEC. 201. DENIAL OF SSI BENEFITS FOR 10 YEARS TO INDIVIDUALS FOUND TO HAVE FRAUDULENTLY MISREPRESENTED RESIDENCE IN ORDER TO OBTAIN BENEFITS SIMULTANEOUSLY IN 2 OR MORE STATES.

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

"(5) An individual shall not be considered an eligible individual for the purposes of this title during the 10-year period that begins on the date the individual is convicted in Federal or State court of having made a fraudulent statement or representation with respect to the place of residence of the individual in order to receive assistance simultaneously from 2 or more States under programs that are funded under title IV, title XIX, or the Food Stamp Act of 1977, or benefits in 2 or more States under the supplemental security income program under this title.".

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date of the enactment of this Act.

SEC. 202. DENIAL OF SSI BENEFITS FOR FUGITIVE FELONS AND PROBATION AND PAROLE VIOLATORS.

(a) IN GENERAL.—Section 1611(e) (42 U.S.C. 1382(e)) is amended by inserting after paragraph (3) the following new paragraph:

"(4) A person shall not be considered an eligible individual or eligible spouse for purposes of this title with respect to any month if during such month the person is—

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

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

(b) EXCHANGE OF INFORMATION WITH LAW ENFORCEMENT AGENCIES.—Section 1611(e) (42 U.S.C. 1382(e)), as amended by subsection (a), is amended by inserting after paragraph (4) the following new paragraph:

"(5) Notwithstanding any other provision of law, the Commissioner shall furnish any Federal, State, or local law enforcement officer, upon the request of the officer, with the current address, Social Security number, and photograph (if applicable) of any recipient of benefits under this title, if the officer furnishes the Commissioner with the name of the recipient and notifies the Commissioner that—

"(A) the recipient—

"(i) is described in subparagraph (A) or (B) of paragraph (4); or

"(ii) has information that is necessary for the officer to conduct the officer's official duties; and

"(B) the location or apprehension of the recipient is within the officer's official duties.".

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

Subtitle B—Benefits for Disabled Children

SEC. 211. DEFINITION AND ELIGIBILITY RULES.

(a) DEFINITION OF CHILDHOOD DISABILITY.—Section 1614(a)(3) (42 U.S.C. 1382c(a)(3)), as amended by section 201(a), is amended—

(1) in subparagraph (A), by striking "An individual" and inserting "Except as provided in subparagraph (C), an individual";

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

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

(4) by inserting after subparagraph (B) the following new subparagraph:

"(C) An individual under the age of 18 shall be considered disabled for the purposes of this title if that individual has a medically determinable physical or mental impairment, which results in marked and severe functional limitations, and which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months. Notwithstanding the preceding sentence, no individual under the age of 18 who engages in substantial gainful activity (determined in accordance with regulations prescribed pursuant to subparagraph (E)) may be considered to be disabled."; and

(5) in subparagraph (F), as redesignated by paragraph (3), by striking "(D)" and inserting "(E)".

(b) CHANGES TO CHILDHOOD SSI REGULATIONS.—

(1) MODIFICATION TO MEDICAL CRITERIA FOR EVALUATION OF MENTAL AND EMOTIONAL DISORDERS.—The Commissioner of Social Security shall modify sections 112.00C.2. and 112.02B.2.c.(2) of appendix 1 to subpart P of part 404 of title 20, Code of Federal Regulations, to eliminate references to maladaptive behavior in the domain of personal/behavorial function.

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

(c) MEDICAL IMPROVEMENT REVIEW STANDARD AS IT APPLIES TO INDIVIDUALS UNDER THE AGE OF 18.—Section 1614(a)(4) (42 U.S.C. 1382(a)(4)) is amended—

(1) by redesignating subclauses (I) and (II) of clauses (i) and (ii) of subparagraph (B) as items (aa) and (bb), respectively;

(2) by redesignating clauses (i) and (ii) of subparagraphs (A) and (B) as subclauses (I) and (II), respectively;

(3) by redesignating subparagraphs (A) through (C) as clauses (i) through (iii), respectively, and by moving their left hand margin 2 ems to the right;

(4) by inserting before clause (i) (as redesignated by paragraph (3)) the following:

"(A) in the case of an individual who is age 18 or older—";

(5) at the end of subparagraph (A)(iii) (as redesignated by paragraphs (3) and (4)), by striking the period and inserting "; or";

(6) by inserting after and below subparagraph (A)(iii) (as so redesignated) the following:

"(B) in the case of an individual who is under the age of 18—

"(i) substantial evidence which demonstrates that there has been medical improvement in the individual's impairment or combination of impairments, and that such impairment or combination of impairments no longer results in marked and severe functional limitations; or

"(ii) substantial evidence which demonstrates that, as determined on the basis of new or improved diagnostic techniques or evaluations, the individual's impairment or combination of impairments, is not as disabling as it was considered to be at the time of the most recent prior decision that the individual was under a disability or continued to be under a disability, and such impairment or combination of impairments does not result in marked or severe functional limitations; or";

(7) by redesignating subparagraph (D) as subparagraph (C) and by inserting in such subparagraph "in the case of any individual," before "substantial evidence"; and

(8) in the first sentence following subparagraph (C) (as redesignated by paragraph (7)), by—

(A) inserting "(i)" before "to restore"; and

(B) inserting ", or (ii) in the case of an individual under the age of 18, to eliminate or improve the individual's impairment or combination of impairments so that it no longer results in marked and severe functional limitations" immediately before the period.

(d) AMOUNT OF BENEFITS.—Section 1611(b) (42 U.S.C. 1382(b)) is amended by adding at the end the following new paragraph:

"(3)(A) Except with respect to individuals described in subparagraph (B), the benefit under this title for an individual described in section 1614(a)(3)(C) shall be payable at a rate equal to 75 percent of the rate otherwise determined under this subsection.

"(B) An individual is described in this subparagraph if such individual is described in section 1614(a)(3)(C), and—

"(i) in the case of such an individual under the age of 6, such individual has a medical impairment that severely limits the individual's ability to function in a manner appropriate to individuals of the same age and who without special personal assistance would require specialized care outside the home; or

"(ii) in the case of such an individual who has attained the age of 6, such individual requires personal care assistance with—

"(I) at least 2 activities of daily living;

"(II) continual 24-hour supervision or monitoring to avoid causing injury or harm to self or others; or

"(III) the administration of medical treatment; and

who without such assistance would require full-time or part-time specialized care outside the home.

"(C)(i) For purposes of subparagraph (B), the term 'specialized care' means medical care beyond routine administration of medication.

"(ii) For purposes of subparagraph (B)(ii)—

"(I) the term 'personal care assistance' means at least hands-on and stand-by assistance, supervision, or cueing; and

"(II) the term 'activities of daily living' means eating, toileting, dressing, bathing, and mobility.".

(e) EFFECTIVE DATES, ETC.—

(1) EFFECTIVE DATES.—

(A) IN GENERAL.—The provisions of, and amendments made by, subsections (a), (b), and (c) shall apply to applicants for benefits under title XVI of the Social Security Act for months beginning on or after the date of the enactment of this Act, without regard to whether regulations have been issued to implement such provisions and amendments.

(B) ELIGIBILITY RULES.—The amendments made by subsection (d) shall apply to—

(i) applicants for benefits under title XVI of the Social Security Act for months beginning on or after January 1, 1997; and

(ii) with respect to continuing disability reviews of eligibility for benefits under such title occurring on or after such date.

(2) APPLICATION TO CURRENT RECIPIENTS.—

(A) ELIGIBILITY DETERMINATIONS.—Not later than 1 year after the date of the enactment of this Act, the Commissioner of Social Security shall redetermine the eligibility of any individual under age 18 who is receiving supplemental security income benefits by reason of disability under title XVI of the Social Security Act as of the date of the enactment of this Act and whose eligibility for such benefits may terminate by reason of the provisions of, or amendments made by, subsections (a), (b), and (c). With respect to any redetermination under this subparagraph—

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

(ii) the Commissioner of Social Security shall apply the eligibility criteria for new applicants for benefits under title XVI of such Act;

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

(iv) such redetermination shall be counted as a review or redetermination otherwise required to be made under section 208 of the Social Security Independence and Program Improvements Act of 1994 or any other provision of title XVI of the Social Security Act.

(B) GRANDFATHER PROVISION.—The provisions of, and amendments made by, subsections (a), (b), and (c), and the redetermination under subparagraph (A), shall only apply with respect to the benefits of an individual described in subparagraph (A) for months beginning on or after January 1, 1997.

(C) NOTICE.—Not later than 90 days after the date of the enactment of this Act, the Commissioner of Social Security shall notify an individual described in subparagraph (A) of the provisions of this paragraph.

(3) REPORT.—The Commissioner of Social Security shall report to the Congress regarding the progress made in implementing the provisions of, and amendments made by, this section on child disability evaluations not later than 180 days after the date of the enactment of this Act.

(4) REGULATIONS.—The Commissioner of Social Security shall submit for review to the committees of jurisdiction in the Congress any final regulation pertaining to the eligibility of individuals under age 18 for benefits under title XVI of the Social Security Act at least 45 days before the effective date of such regulation. The submission under this paragraph shall include supporting documentation providing a cost analysis, workload impact, and projections as to how the regulation will effect the future number of recipients under such title.

(5) APPROPRIATIONS.—

(A) IN GENERAL.—Out of any money in the Treasury not otherwise appropriated, there are authorized to be appropriated and are hereby appropriated, to remain available without fiscal year limitation, $200,000,000 for fiscal year 1996, $75,000,000 for fiscal year 1997, and $25,000,000 for fiscal year 1998, for the Commissioner of Social Security to utilize only for continuing disability reviews and redeterminations under title XVI of the Social Security Act, with reviews and redeterminations for individuals affected by the provisions of subsection (b) given highest priority.

(B) ADDITIONAL FUNDS.—Amounts appropriated under subparagraph (A) shall be in addition to any funds otherwise appropriated for continuing disability reviews and redeterminations under title XVI of the Social Security Act.

(6) BENEFITS UNDER TITLE XVI.—For purposes of this subsection, the term "benefits under title XVI of the Social Security Act" includes supplementary payments pursuant to an agreement for Federal administration under section 1616(a) of the Social Security Act, and payments pursuant to an agreement entered into under section 212(b) of Public Law 93–66.

SEC. 212. ELIGIBILITY REDETERMINATIONS AND CONTINUING DISABILITY REVIEWS.

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

(1) by inserting "(i)" after "(H)"; and

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

"(ii)(I) Not less frequently than once every 3 years, the Commissioner shall review in accordance with paragraph (4) the continued eligibility for benefits under this title of each individual who has not attained 18 years of age and is eligible for such benefits by reason of an impairment (or combination of impairments) which may improve (or, at the option of the Commissioner, which is unlikely to improve).

"(II) A representative payee of a recipient whose case is reviewed under this clause shall present, at the time of review, evidence demonstrating that the recipient is, and has been, receiving treatment, to the extent considered medically necessary and available, of the condition which was the basis for providing benefits under this title.

"(III) If the representative payee refuses to comply without good cause with the requirements of subclause (II), the Commissioner of Social Security shall, if the Commissioner determines it is in the best interest of the individual, promptly terminate payment of benefits to the representative payee, and provide for payment of benefits to an alternative representative payee of the individual or, if the interest of the individual under this title would be served thereby, to the individual.

"(IV) Subclause (II) shall not apply to the representative payee of any individual with respect to whom the Commissioner determines such application would be inappropriate or unnecessary. In making such determination, the Commissioner shall take into consideration the nature of the individual's impairment (or combination of impairments). Section 1631(c) shall not apply to a finding by the Commissioner that the requirements of subclause (II) should not apply to an individual's representative payee.".

(b) DISABILITY ELIGIBILITY REDETERMINATIONS REQUIRED FOR SSI RECIPIENTS WHO ATTAIN 18 YEARS OF AGE.—

(1) IN GENERAL.—Section 1614(a)(3)(H) (42 U.S.C. 1382c(a)(3)(H)), as amended by subsection (a), is amended by adding at the end the following new clause:

"(iii) If an individual is eligible for benefits under this title by reason of disability for the month preceding the month in which the individual attains the age of 18 years, the Commissioner shall redetermine such eligibility—

"(I) during the 1-year period beginning on the individual's 18th birthday; and

"(II) by applying the criteria used in determining the initial eligibility for applicants who are age 18 or older.

With respect to a redetermination under this clause, paragraph (4) shall not apply and such redetermination shall be considered a substitute for a review or redetermination otherwise required under any other provision of this subparagraph during that 1-year period.".

(2) CONFORMING REPEAL.—Section 207 of the Social Security Independence and Program Improvements Act of 1994 (42 U.S.C. 1382 note; 108 Stat. 1516) is hereby repealed.

(c) CONTINUING DISABILITY REVIEW REQUIRED FOR LOW BIRTH WEIGHT BABIES.—Section 1614(a)(3)(H) (42 U.S.C. 1382c(a)(3)(H)), as amended by subsections (a) and (b), is amended by adding at the end the following new clause:

"(iv)(I) Not later than 12 months after the birth of an individual, the Commissioner shall review in accordance with paragraph

(4) the continuing eligibility for benefits under this title by reason of disability of such individual whose low birth weight is a contributing factor material to the Commissioner's determination that the individual is disabled.

"(II) A review under subclause (I) shall be considered a substitute for a review otherwise required under any other provision of this subparagraph during that 12-month period.

"(III) A representative payee of a recipient whose case is reviewed under this clause shall present, at the time of review, evidence demonstrating that the recipient is, and has been, receiving treatment, to the extent considered medically necessary and available, of the condition which was the basis for providing benefits under this title.

"(IV) If the representative payee refuses to comply without good cause with the requirements of subclause (III), the Commissioner of Social Security shall, if the Commissioner determines it is in the best interest of the individual, promptly terminate payment of benefits to the representative payee, and provide for payment of benefits to an alternative representative payee of the individual or, if the interest of the individual under this title would be served thereby, to the individual.

"(V) Subclause (III) shall not apply to the representative payee of any individual with respect to whom the Commissioner determines such application would be inappropriate or unnecessary. In making such determination, the Commissioner shall take into consideration the nature of the individual's impairment (or combination of impairments). Section 1631(c) shall not apply to a finding by the Commissioner that the requirements of subclause (III) should not apply to an individual's representative payee.".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to benefits for months beginning on or after the date of the enactment of this Act, without regard to whether regulations have been issued to implement such amendments.

SEC. 213. ADDITIONAL ACCOUNTABILITY REQUIREMENTS.

(a) DISPOSAL OF RESOURCES FOR LESS THAN FAIR MARKET VALUE.—

(1) IN GENERAL.—Section 1613(c) (42 U.S.C. 1382b(c)) is amended to read as follows:

"Disposal of Resources for Less Than Fair Market Value

"(c)(1)(A)(i) If an individual who has not attained 18 years of age (or any person acting on such individual's behalf) disposes of resources of the individual for less than fair market value on or after the look-back date specified in clause (ii)(I), the individual is ineligible for benefits under this title for months during the period beginning on the date specified in clause (iii) and equal to the number of months specified in clause (iv).

"(ii)(I) The look-back date specified in this subclause is a date that is 36 months before the date specified in subclause (II).

"(II) The date specified in this subclause is the date on which the individual applies for benefits under this title or, if later, the date on which the disposal of the individual's resources for less than fair market value occurs.

"(iii) The date specified in this clause is the first day of the first month that follows the month in which the individual's resources were disposed of for less than fair market value and that does not occur in any other period of ineligibility under this paragraph.

"(iv) The number of months of ineligibility under this clause for an individual shall be equal to—

"(I) the total, cumulative uncompensated value of all the individual's resources so disposed of on or after the look-back date specified in clause (ii)(I), divided by

"(II) the amount of the maximum monthly benefit payable under section 1611(b) to an eligible individual for the month in which the date specified in clause (ii)(II) occurs.

"(B) An individual shall not be ineligible for benefits under this title by reason of subparagraph (A) if the Commissioner determines that—

"(i) the individual intended to dispose of the resources at fair market value;

"(ii) the resources were transferred exclusively for a purpose other than to qualify for benefits under this title;

"(iii) all resources transferred for less than fair market value have been returned to the individual; or

"(iv) the denial of eligibility would work an undue hardship on the individual (as determined on the basis of criteria established by the Commissioner in regulations).

"(C) For purposes of this paragraph, in the case of a resource held by an individual in common with another person or persons in a joint tenancy, tenancy in common, or similar arrangement, the resource (or the affected portion of such resource) shall be considered to be disposed of by such individual when any action is taken, either by such individual or by any other person, that reduces or eliminates such individual's ownership or control of such resource.

"(D)(i) Notwithstanding subparagraph (A), this subsection shall not apply to a transfer of a resource to a trust if the portion of the trust attributable to such resource is considered a resource available to the individual pursuant to subsection (e)(3) (or would be so considered, but for the application of subsection (e)(4)).

"(ii) In the case of a trust established by an individual (within the meaning of subsection (e)(2)(A)), if from such portion of the trust (if any) that is considered a resource available to the individual pursuant to subsection (e)(3) (or would be so considered but for the application of subsection (e)(2)) or the residue of such portion upon the termination of the trust—

"(I) there is made a payment other than to or for the benefit of the individual, or

"(II) no payment could under any circumstance be made to the individual,

then the payment described in subclause (I) or the foreclosure of payment described in subclause (II) shall be considered a disposal of resources by the individual subject to this subsection, as of the date of such payment or foreclosure, respectively.

"(2)(A) At the time an individual (and the individual's eligible spouse, if any) applies for benefits under this title, and at the time the eligibility of an individual (and such spouse, if any) for such

benefits is redetermined, the Commissioner of Social Security shall—

"(i) inform such individual of the provisions of paragraph (1) providing for a period of ineligibility for benefits under this title for individuals who make certain dispositions of resources for less than fair market value, and inform such individual that information obtained pursuant to clause (ii) will be made available to the State agency administering a State plan approved under title XIX (as provided in subparagraph (B)); and

"(ii) obtain from such individual information which may be used in determining whether or not a period of ineligibility for such benefits would be required by reason of paragraph (1).

"(B) The Commissioner of Social Security shall make the information obtained under subparagraph (A)(ii) available, on request, to any State agency administering a State plan approved under title XIX.

"(3) For purposes of this subsection—

"(A) the term 'trust' includes any legal instrument or device that is similar to a trust; and

"(B) the term 'benefits under this title' includes supplementary payments pursuant to an agreement for Federal administration under section 1616(a), and payments pursuant to an agreement entered into under section 212(b) of Public Law 93–66.".

(2) EFFECTIVE DATE.—The amendment made by this subsection shall be effective with respect to transfers that occur at least 90 days after the date of the enactment of this Act.

(b) TREATMENT OF ASSETS HELD IN TRUST.—

(1) TREATMENT AS RESOURCE.—Section 1613 (42 U.S.C. 1382) is amended by adding at the end the following new subsection:

"Trusts

"(e)(1) In determining the resources of an individual who has not attained 18 years of age, the provisions of paragraph (3) shall apply to a trust established by such individual.

"(2)(A) For purposes of this subsection, an individual shall be considered to have established a trust if any assets of the individual were transferred to the trust.

"(B) In the case of an irrevocable trust to which the assets of an individual and the assets of any other person or persons were transferred, the provisions of this subsection shall apply to the portion of the trust attributable to the assets of the individual.

"(C) This subsection shall apply without regard to—

"(i) the purposes for which the trust is established;

"(ii) whether the trustees have or exercise any discretion under the trust;

"(iii) any restrictions on when or whether distributions may be made from the trust; or

"(iv) any restrictions on the use of distributions from the trust.

"(3)(A) In the case of a revocable trust, the corpus of the trust shall be considered a resource available to the individual.

"(B) In the case of an irrevocable trust, if there are any circumstances under which payment from the trust could be made to or for the benefit of the individual, the portion of the corpus from which payment to or for the benefit of the individual could be made shall be considered a resource available to the individual.

"(4) The Commissioner may waive the application of this subsection with respect to any individual if the Commissioner determines, on the basis of criteria prescribed in regulations, that such application would work an undue hardship on such individual.

"(5) For purposes of this subsection—

"(A) the term 'trust' includes any legal instrument or device that is similar to a trust;

"(B) the term 'corpus' means all property and other interests held by the trust, including accumulated earnings and any other addition to such trust after its establishment (except that such term does not include any such earnings or addition in the month in which such earnings or addition is credited or otherwise transferred to the trust);

"(C) the term 'asset' includes any income or resource of the individual, including—

"(i) any income otherwise excluded by section 1612(b);

"(ii) any resource otherwise excluded by this section; and

"(iii) any other payment or property that the individual is entitled to but does not receive or have access to because of action by—

"(I) such individual;

"(II) a person or entity (including a court) with legal authority to act in place of, or on behalf of, such individual; or

"(III) a person or entity (including a court) acting at the direction of, or upon the request of, such individual; and

"(D) the term 'benefits under this title' includes supplementary payments pursuant to an agreement for Federal administration under section 1616(a), and payments pursuant to an agreement entered into under section 212(b) of Public Law 93–66.".

(2) TREATMENT AS INCOME.—Section 1612(a)(2) (42 U.S.C. 1382a(a)(2)) is amended—

(A) by striking "and" at the end of subparagraph (E);

(B) by striking the period at the end of subparagraph (F) and inserting "; and"; and

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

"(G) any earnings of, and additions to, the corpus of a trust (as defined in section 1613(f)) established by an individual (within the meaning of section 1613(e)(2)(A)) and of which such individual is a beneficiary (other than a trust to which section 1613(e)(4) applies), except that in the case of an irrevocable trust, there shall exist circumstances under which payment from such earnings or additions could be made to, or for the benefit of, such individual.".

(3) EFFECTIVE DATE.—The amendments made by this subsection shall take effect on January 1, 1996, and shall apply to trusts established on or after such date.

(c) REQUIREMENT TO ESTABLISH ACCOUNT.—

(1) IN GENERAL.—Section 1631(a)(2) (42 U.S.C. 1383(a)(2)) is amended—

(A) by redesignating subparagraphs (F) and (G) as subparagraphs (G) and (H), respectively; and

(B) by inserting after subparagraph (E) the following new subparagraph:

"(F)(i)(I) Each representative payee of an eligible individual under the age of 18 who is eligible for the payment of benefits described in subclause (II) shall establish on behalf of such individual an account in a financial institution into which such benefits shall be paid, and shall thereafter maintain such account for use in accordance with clause (ii).

"(II) Benefits described in this subclause are past-due monthly benefits under this title (which, for purposes of this subclause, include State supplementary payments made by the Commissioner pursuant to an agreement under section 1616 or section 212(b) of Public Law 93–66) in an amount (after any withholding by the Commissioner for reimbursement to a State for interim assistance under subsection (g)) that exceeds the product of—

"(aa) 6, and

"(bb) the maximum monthly benefit payable under this title to an eligible individual.

"(ii)(I) A representative payee may use funds in the account established under clause (i) to pay for allowable expenses described in subclause (II).

"(II) An allowable expense described in this subclause is an expense for—

"(aa) education or job skills training;

"(bb) personal needs assistance;

"(cc) special equipment;

"(dd) housing modification;

"(ee) medical treatment;

"(ff) therapy or rehabilitation; or

"(gg) any other item or service that the Commissioner determines to be appropriate;

provided that such expense benefits such individual and, in the case of an expense described in item (cc), (dd), (ff), or (gg), is related to the impairment (or combination of impairments) of such individual.

"(III) The use of funds from an account established under clause (i) in any manner not authorized by this clause—

"(aa) by a representative payee shall constitute misuse of benefits for all purposes of this paragraph, and any representative payee who knowingly misuses benefits from such an account shall be liable to the Commissioner in an amount equal to the total amount of such misused benefits; and

"(bb) by an eligible individual who is his or her own representative payee shall be considered an overpayment subject to recovery under subsection (b).

"(IV) This clause shall continue to apply to funds in the account after the child has reached age 18, regardless of whether benefits

are paid directly to the beneficiary or through a representative payee.

"(iii) The representative payee may deposit into the account established pursuant to clause (i)—

"(I) past-due benefits payable to the eligible individual in an amount less than that specified in clause (i)(II), and

"(II) any other funds representing an underpayment under this title to such individual, provided that the amount of such underpayment is equal to or exceeds the maximum monthly benefit payable under this title to an eligible individual.

"(iv) The Commissioner of Social Security shall establish a system for accountability monitoring whereby such representative payee shall report, at such time and in such manner as the Commissioner shall require, on activity respecting funds in the account established pursuant to clause (i).".

(2) EXCLUSION FROM RESOURCES.—Section 1613(a) (42 U.S.C. 1382b(a)) is amended—

(A) in paragraph (9), by striking "; and" and inserting a semicolon;

(B) in the first paragraph (10), by striking the period and inserting a semicolon;

(C) by redesignating the second paragraph (10) as paragraph (11), and by striking the period and inserting "; and"; and

(D) by adding at the end the following:

"(12) the assets and accrued interest or other earnings of any account established and maintained in accordance with section 1631(a)(2)(F).".

(3) EXCLUSION FROM INCOME.—Section 1612(b) (42 U.S.C. 1382a(b)) is amended—

(A) by striking "and" at the end of paragraph (19);

(B) by striking the period at the end of paragraph (20) and inserting "; and"; and

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

"(21) the interest or other earnings on any account established and maintained in accordance with section 1631(a)(2)(F).".

(4) EFFECTIVE DATE.—The amendments made by this subsection shall apply to payments made after the date of the enactment of this Act.

SEC. 214. REDUCTION IN CASH BENEFITS PAYABLE TO INSTITUTIONALIZED INDIVIDUALS WHOSE MEDICAL COSTS ARE COVERED BY PRIVATE INSURANCE.

(a) IN GENERAL.—Section 1611(e)(1)(B) (42 U.S.C. 1382(e)(1)(B)) is amended—

(1) by striking "title XIX, or" and inserting "title XIX,"; and

(2) by inserting "or, in the case of an eligible individual under the age of 18 receiving payments (with respect to such individual) under any health insurance policy issued by a private provider of such insurance" after "section 1614(f)(2)(B),".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to benefits for months beginning 90 or more days after the date of the enactment of this Act, without regard to whether regulations have been issued to implement such amendments.

SEC. 215. REGULATIONS.

Within 3 months after the date of the enactment of this Act, the Commissioner of Social Security shall prescribe such regulations as may be necessary to implement the amendments made by this subtitle.

Subtitle C—State Supplementation Programs

SEC. 221. REPEAL OF MAINTENANCE OF EFFORT REQUIREMENTS APPLICABLE TO OPTIONAL STATE PROGRAMS FOR SUPPLEMENTATION OF SSI BENEFITS.

Section 1618 (42 U.S.C. 1382g) is hereby repealed.

Subtitle D—Studies Regarding Supplemental Security Income Program

SEC. 231. ANNUAL REPORT ON THE SUPPLEMENTAL SECURITY INCOME PROGRAM.

Title XVI (42 U.S.C. 1381 et seq.), as amended by section 201(c), is amended by adding at the end the following new section:

"ANNUAL REPORT ON PROGRAM

"SEC. 1637. (a) Not later than May 30 of each year, the Commissioner of Social Security shall prepare and deliver a report annually to the President and the Congress regarding the program under this title, including—

"(1) a comprehensive description of the program;

"(2) historical and current data on allowances and denials, including number of applications and allowance rates at initial determinations, reconsiderations, administrative law judge hearings, council of appeals hearings, and Federal court appeal hearings;

"(3) historical and current data on characteristics of recipients and program costs, by recipient group (aged, blind, work disabled adults, and children);

"(4) projections of future number of recipients and program costs, through at least 25 years;

"(5) number of redeterminations and continuing disability reviews, and the outcomes of such redeterminations and reviews;

"(6) data on the utilization of work incentives;

"(7) detailed information on administrative and other program operation costs;

"(8) summaries of relevant research undertaken by the Social Security Administration, or by other researchers;

"(9) State supplementation program operations;

"(10) a historical summary of statutory changes to this title; and

"(11) such other information as the Commissioner deems useful.

"(b) Each member of the Social Security Advisory Board shall be permitted to provide an individual report, or a joint report if agreed, of views of the program under this title, to be included in the annual report under this section.".

SEC. 232. STUDY OF DISABILITY DETERMINATION PROCESS.

(a) IN GENERAL.—Not later than 90 days after the date of the enactment of this Act, and from funds otherwise appropriated, the Commissioner of Social Security shall make arrangements with the National Academy of Sciences, or other independent entity, to conduct a study of the disability determination process under titles II and XVI of the Social Security Act. This study shall be undertaken in consultation with professionals representing appropriate disciplines.

(b) STUDY COMPONENTS.—The study described in subsection (a) shall include—

(1) an initial phase examining the appropriateness of, and making recommendations regarding—

(A) the definitions of disability in effect on the date of the enactment of this Act and the advantages and disadvantages of alternative definitions; and

(B) the operation of the disability determination process, including the appropriate method of performing comprehensive assessments of individuals under age 18 with physical and mental impairments;

(2) a second phase, which may be concurrent with the initial phase, examining the validity, reliability, and consistency with current scientific knowledge of the standards and individual listings in the Listing of Impairments set forth in appendix 1 of subpart P of part 404 of title 20, Code of Federal Regulations, and of related evaluation procedures as promulgated by the Commissioner of Social Security; and

(3) such other issues as the applicable entity considers appropriate.

(c) REPORTS AND REGULATIONS.—

(1) REPORTS.—The Commissioner of Social Security shall request the applicable entity, to submit an interim report and a final report of the findings and recommendations resulting from the study described in this section to the President and the Congress not later than 18 months and 24 months, respectively, from the date of the contract for such study, and such additional reports as the Commissioner deems appropriate after consultation with the applicable entity.

(2) REGULATIONS.—The Commissioner of Social Security shall review both the interim and final reports, and shall issue regulations implementing any necessary changes following each report.

SEC. 233. STUDY BY GENERAL ACCOUNTING OFFICE.

Not later than January 1, 1998, the Comptroller General of the United States shall study and report on—

(1) the impact of the amendments made by, and the provisions of, this title on the supplemental security income program under title XVI of the Social Security Act; and

(2) extra expenses incurred by families of children receiving benefits under such title that are not covered by other Federal, State, or local programs.

Subtitle E—National Commission on the Future of Disability

SEC. 241. ESTABLISHMENT.

There is established a commission to be known as the National Commission on the Future of Disability (referred to in this subtitle as the "Commission").

SEC. 242. DUTIES OF THE COMMISSION.

(a) IN GENERAL.—The Commission shall develop and carry out a comprehensive study of all matters related to the nature, purpose, and adequacy of all Federal programs serving individuals with disabilities. In particular, the Commission shall study the disability insurance program under title II of the Social Security Act and the supplemental security income program under title XVI of such Act.

(b) MATTERS STUDIED.—The Commission shall prepare an inventory of Federal programs serving individuals with disabilities, and shall examine—

(1) trends and projections regarding the size and characteristics of the population of individuals with disabilities, and the implications of such analyses for program planning;

(2) the feasibility and design of performance standards for the Nation's disability programs;

(3) the adequacy of Federal efforts in rehabilitation research and training, and opportunities to improve the lives of individuals with disabilities through all manners of scientific and engineering research; and

(4) the adequacy of policy research available to the Federal Government, and what actions might be undertaken to improve the quality and scope of such research.

(c) RECOMMENDATIONS.—The Commission shall submit to the appropriate committees of the Congress and to the President recommendations and, as appropriate, proposals for legislation, regarding—

(1) which (if any) Federal disability programs should be eliminated or augmented;

(2) what new Federal disability programs (if any) should be established;

(3) the suitability of the organization and location of disability programs within the Federal Government;

(4) other actions the Federal Government should take to prevent disabilities and disadvantages associated with disabilities; and

(5) such other matters as the Commission considers appropriate.

SEC. 243. MEMBERSHIP.

(a) NUMBER AND APPOINTMENT.—

(1) IN GENERAL.—The Commission shall be composed of 15 members, of whom—

(A) five shall be appointed by the President, of whom not more than 3 shall be of the same major political party;

(B) three shall be appointed by the Majority Leader of the Senate;

(C) two shall be appointed by the Minority Leader of the Senate;

(D) three shall be appointed by the Speaker of the House of Representatives; and

(E) two shall be appointed by the Minority Leader of the House of Representatives.

(2) REPRESENTATION.—The Commission members shall be chosen based on their education, training, or experience. In appointing individuals as members of the Commission, the President and the Majority and Minority Leaders of the Senate and the Speaker and Minority Leader of the House of Representatives shall seek to ensure that the membership of the Commission reflects the general interests of the business and taxpaying community and the diversity of individuals with disabilities in the United States.

(b) COMPTROLLER GENERAL.—The Comptroller General of the United States shall advise the Commission on the methodology and approach of the study of the Commission.

(c) TERM OF APPOINTMENT.—The members shall serve on the Commission for the life of the Commission.

(d) MEETINGS.—The Commission shall locate its headquarters in the District of Columbia, and shall meet at the call of the Chairperson, but not less than 4 times each year during the life of the Commission.

(e) QUORUM.—Ten members of the Commission shall constitute a quorum, but a lesser number may hold hearings.

(f) CHAIRPERSON AND VICE CHAIRPERSON.—Not later than 15 days after the members of the Commission are appointed, such members shall designate a Chairperson and Vice Chairperson from among the members of the Commission.

(g) CONTINUATION OF MEMBERSHIP.—If a member of the Commission becomes an officer or employee of any government after appointment to the Commission, the individual may continue as a member until a successor member is appointed.

(h) VACANCIES.—A vacancy on the Commission shall be filled in the manner in which the original appointment was made not later than 30 days after the Commission is given notice of the vacancy.

(i) COMPENSATION.—Members of the Commission shall receive no additional pay, allowances, or benefits by reason of their service on the Commission.

(j) TRAVEL EXPENSES.—Each member of the Commission shall receive travel expenses, including per diem in lieu of subsistence, in accordance with sections 5702 and 5703 of title 5, United States Code.

SEC. 244. STAFF AND SUPPORT SERVICES.

(a) DIRECTOR.—

(1) APPOINTMENT.—Upon consultation with the members of the Commission, the Chairperson shall appoint a Director of the Commission.

(2) COMPENSATION.—The Director shall be paid the rate of basic pay for level V of the Executive Schedule.

(b) STAFF.—With the approval of the Commission, the Director may appoint such personnel as the Director considers appropriate.

(c) APPLICABILITY OF CIVIL SERVICE LAWS.—The staff of the Commission shall be appointed without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and shall be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates.

(d) EXPERTS AND CONSULTANTS.—With the approval of the Commission, the Director may procure temporary and intermittent services under section 3109(b) of title 5, United States Code.

(e) STAFF OF FEDERAL AGENCIES.—Upon the request of the Commission, the head of any Federal agency may detail, on a reimbursable basis, any of the personnel of such agency to the Commission to assist in carrying out the duties of the Commission under this subtitle.

(f) OTHER RESOURCES.—The Commission shall have reasonable access to materials, resources, statistical data, and other information from the Library of Congress and agencies and elected representatives of the executive and legislative branches of the Federal Government. The Chairperson of the Commission shall make requests for such access in writing when necessary.

(g) PHYSICAL FACILITIES.—The Administrator of the General Services Administration shall locate suitable office space for the operation of the Commission. The facilities shall serve as the headquarters of the Commission and shall include all necessary equipment and incidentals required for proper functioning of the Commission.

SEC. 245. POWERS OF COMMISSION.

(a) HEARINGS.—The Commission may conduct public hearings or forums at the discretion of the Commission, at any time and place the Commission is able to secure facilities and witnesses, for the purpose of carrying out the duties of the Commission under this subtitle.

(b) DELEGATION OF AUTHORITY.—Any member or agent of the Commission may, if authorized by the Commission, take any action the Commission is authorized to take by this section.

(c) INFORMATION.—The Commission may secure directly from any Federal agency information necessary to enable the Commission to carry out its duties under this subtitle. Upon request of the Chairperson or Vice Chairperson of the Commission, the head of a Federal agency shall furnish the information to the Commission to the extent permitted by law.

(d) GIFTS, BEQUESTS, AND DEVISES.—The Commission may accept, use, and dispose of gifts, bequests, or devises of services or property, both real and personal, for the purpose of aiding or facilitating the work of the Commission. Gifts, bequests, or devises of money and proceeds from sales of other property received as gifts, bequests, or devises shall be deposited in the Treasury and shall be available for disbursement upon order of the Commission.

(e) MAILS.—The Commission may use the United States mails in the same manner and under the same conditions as other Federal agencies.

SEC. 246. REPORTS.

(a) INTERIM REPORT.—Not later than 1 year prior to the date on which the Commission terminates pursuant to section 247, the Commission shall submit an interim report to the President and to the Congress. The interim report shall contain a detailed statement of the findings and conclusions of the Commission, together with the Commission's recommendations for legislative and administrative action, based on the activities of the Commission.

(b) FINAL REPORT.—Not later than the date on which the Commission terminates, the Commission shall submit to the Congress and to the President a final report containing—

(1) a detailed statement of final findings, conclusions, and recommendations; and

(2) an assessment of the extent to which recommendations of the Commission included in the interim report under subsection (a) have been implemented.

(c) PRINTING AND PUBLIC DISTRIBUTION.—Upon receipt of each report of the Commission under this section, the President shall—

(1) order the report to be printed; and

(2) make the report available to the public upon request.

SEC. 247. TERMINATION.

The Commission shall terminate on the date that is 2 years after the date on which the members of the Commission have met and designated a Chairperson and Vice Chairperson.

SEC. 248. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated such sums as are necessary to carry out the purposes of the Commission.

Subtitle F—Retirement Age Eligibility

SEC. 251. ELIGIBILITY FOR SUPPLEMENTAL SECURITY INCOME BENEFITS BASED ON SOCIAL SECURITY RETIREMENT AGE.

(a) IN GENERAL.—Section 1614(a)(1)(A) (42 U.S.C. 1382C(a)(1)(A)) is amended by striking "is 65 years of age or older," and inserting "has attained retirement age.".

(b) RETIREMENT AGE DEFINED.—Section 1614 (42 U.S.C. 1382c) is amended by adding at the end the following new subsection:

"Retirement Age

"(g) For purposes of this title, the term "retirement age" has the meaning given such term by section 216(l)(1).".

(c) CONFORMING AMENDMENTS.—Sections 1601, 1612(b)(4), 1615(a)(1), and 1620(b)(2) (42 U.S.C. 1381, 1382a(b)(4), 1382d(a)(1), and 1382i(b)(2)) are amended by striking "age 65" each place it appears and inserting "retirement age".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to applicants for benefits for months beginning after September 30, 1995.

TITLE III—CHILD SUPPORT

SEC. 300. REFERENCE TO SOCIAL SECURITY ACT.

Except as otherwise specifically provided, where ever in this title an amendment is expressed in terms of an amendment to or repeal of a section or other provision, the reference shall be considered to be made to that section or other provision of the Social Security Act.

Subtitle A—Eligibility for Services; Distribution of Payments

SEC. 301. STATE OBLIGATION TO PROVIDE CHILD SUPPORT ENFORCEMENT SERVICES.

(a) STATE PLAN REQUIREMENTS.—Section 454 (42 U.S.C. 654) is amended—

(1) by striking paragraph (4) and inserting the following new paragraph:

"(4) provide that the State will—

"(A) provide services relating to the establishment of paternity or the establishment, modification, or enforcement of child support obligations, as appropriate, under the plan with respect to—

"(i) each child for whom (I) assistance is provided under the State program funded under part A of this title, (II) benefits or services for foster care maintenance and adoption assistance are provided under the State program funded under part B of this title, or (III) medical assistance is provided under the State plan approved under title XIX, unless the State agency administering the plan determines (in accordance with paragraph (29)) that it is against the best interests of the child to do so; and

"(ii) any other child, if an individual applies for such services with respect to the child; and

"(B) enforce any support obligation established with respect to—

"(i) a child with respect to whom the State provides services under the plan; or

"(ii) the custodial parent of such a child."; and

(2) in paragraph (6)—

(A) by striking "provide that" and inserting "provide that—";

(B) by striking subparagraph (A) and inserting the following new subparagraph:

"(A) services under the plan shall be made available to residents of other States on the same terms as to residents of the State submitting the plan;";

(C) in subparagraph (B), by inserting "on individuals not receiving assistance under any State program funded under part A" after "such services shall be imposed";

(D) in each of subparagraphs (B), (C), (D), and (E)—

(i) by indenting the subparagraph in the same manner as, and aligning the left margin of the subparagraph with the left margin of, the matter inserted by subparagraph (B) of this paragraph; and

(ii) by striking the final comma and inserting a semicolon; and

(E) in subparagraph (E), by indenting each of clauses (i) and (ii) 2 additional ems.

(b) CONTINUATION OF SERVICES FOR FAMILIES CEASING TO RECEIVE ASSISTANCE UNDER THE STATE PROGRAM FUNDED UNDER PART A.—Section 454 (42 U.S.C. 654) is amended—

(1) by striking "and" at the end of paragraph (23);

(2) by striking the period at the end of paragraph (24) and inserting "; and"; and

(3) by adding after paragraph (24) the following new paragraph:

"(25) provide that if a family with respect to which services are provided under the plan ceases to receive assistance under the State program funded under part A, the State shall provide appropriate notice to the family and continue to provide such services, subject to the same conditions and on the same basis as in the case of other individuals to whom services are furnished under the plan, except that an application or other request to continue services shall not be required of such a family and paragraph (6)(B) shall not apply to the family.".

(c) CONFORMING AMENDMENTS.—

(1) Section 452(b) (42 U.S.C. 652(b)) is amended by striking "454(6)" and inserting "454(4)".

(2) Section 452(g)(2)(A) (42 U.S.C. 652(g)(2)(A)) is amended by striking "454(6)" each place it appears and inserting "454(4)(A)(ii)".

(3) Section 466(a)(3)(B) (42 U.S.C. 666(a)(3)(B)) is amended by striking "in the case of overdue support which a State has agreed to collect under section 454(6)" and inserting "in any other case".

(4) Section 466(e) (42 U.S.C. 666(e)) is amended by striking "paragraph (4) or (6) of section 454" and inserting "section 454(4)".

SEC. 302. DISTRIBUTION OF CHILD SUPPORT COLLECTIONS.

(a) IN GENERAL.—Section 457 (42 U.S.C. 657) is amended to read as follows:

"SEC. 457. DISTRIBUTION OF COLLECTED SUPPORT.

"(a) IN GENERAL.—An amount collected on behalf of a family as support by a State pursuant to a plan approved under this part shall be distributed as follows:

"(1) FAMILIES RECEIVING ASSISTANCE.—In the case of a family receiving assistance from the State, the State shall—

"(A) pay to the Federal Government the Federal share of the amount so collected; and

"(B) retain, or distribute to the family, the State share of the amount so collected.

"(2) FAMILIES THAT FORMERLY RECEIVED ASSISTANCE.—In the case of a family that formerly received assistance from the State:

"(A) CURRENT SUPPORT PAYMENTS.—To the extent that the amount so collected does not exceed the amount required to be paid to the family for the month in which collected, the State shall distribute the amount so collected to the family.

"(B) PAYMENTS OF ARREARAGES.—To the extent that the amount so collected exceeds the amount required to be paid to the family for the month in which collected, the State shall distribute the amount so collected as follows:

"(i) DISTRIBUTION OF ARREARAGES THAT ACCRUED AFTER THE FAMILY CEASED TO RECEIVE ASSISTANCE.—

"(I) PRE-OCTOBER 1997.—The provisions of this section (other than subsection (b)(1)) as in effect and applied on the day before the date of the enactment of section 302 of the Personal Responsibility and Work Opportunity Act of 1995 shall apply with respect to the distribution of support arrearages that—

"(aa) accrued after the family ceased to receive assistance, and

"(bb) are collected before October 1, 1997.

"(II) POST-SEPTEMBER 1997.—With respect the amount so collected on or after October 1, 1997, or before such date, at the option of the State—

"(aa) IN GENERAL.—The State shall first distribute the amount so collected (other than any amount described in clause (iv)) to the family to the extent necessary to satisfy any support arrearages with respect to the family that accrued after the family ceased to receive assistance from the State.

"(bb) REIMBURSEMENT OF GOVERNMENTS FOR ASSISTANCE PROVIDED TO THE FAMILY.—After the application of division (aa) and clause (ii)(II)(aa) with respect to the amount so collected, the State shall retain the State share of the amount so collected, and pay to the Federal Government the Federal share (as defined in subsection (c)(2)(A)) of the amount so collected, but only to the extent necessary to reimburse amounts paid to the family as assistance by the State.

"(cc) DISTRIBUTION OF THE REMAINDER TO THE FAMILY.—To the extent that neither division (aa) nor division (bb) applies to the amount so collected, the State shall distribute the amount to the family.

"(ii) DISTRIBUTION OF ARREARAGES THAT ACCRUED BEFORE THE FAMILY RECEIVED ASSISTANCE.—

"(I) PRE-OCTOBER 2000.—The provisions of this section (other than subsection (b)(1)) as in effect

and applied on the day before the date of the enactment of section 302 of the Personal Responsibility and Work Opportunity Act of 1995 shall apply with respect to the distribution of support arrearages that—

"(aa) accrued before the family received assistance, and

"(bb) are collected before October 1, 2000.

"(II) POST-SEPTEMBER 2000.—Unless, based on the report required by paragraph (4), the Congress determines otherwise, with respect to the amount so collected on or after October 1, 2000, or before such date, at the option of the State—

"(aa) IN GENERAL.—The State shall first distribute the amount so collected (other than any amount described in clause (iv)) to the family to the extent necessary to satisfy any support arrearages with respect to the family that accrued before the family received assistance from the State.

"(bb) REIMBURSEMENT OF GOVERNMENTS FOR ASSISTANCE PROVIDED TO THE FAMILY.—After the application of clause (i)(II)(aa) and division (aa) with respect to the amount so collected, the State shall retain the State share of the amount so collected, and pay to the Federal Government the Federal share (as defined in subsection (c)(2)) of the amount so collected, but only to the extent necessary to reimburse of the amounts paid to the family as assistance by the State.

"(cc) DISTRIBUTION OF THE REMAINDER TO THE FAMILY.—To the extent that neither division (aa) nor division (bb) applies to the amount so collected, the State shall distribute the amount to the family.

"(iii) DISTRIBUTION OF ARREARAGES THAT ACCRUED WHILE THE FAMILY RECEIVED ASSISTANCE.—In the case of a family described in this subparagraph, the provisions of paragraph (1) shall apply with respect to the distribution of support arrearages that accrued while the family received assistance.

"(iv) AMOUNTS COLLECTED PURSUANT TO SECTION 464.—Notwithstanding any other provision of this section, any amount of support collected pursuant to section 464 shall be retained by the State to the extent necessary to reimburse amounts paid to the family as assistance by the State. The State shall pay to the Federal Government the Federal share of the amounts so retained. To the extent the amount collected pursuant to section 464 exceeds the amount so retained, the State shall distribute the excess to the family.

"(v) ORDERING RULES FOR DISTRIBUTIONS.—For purposes of this subparagraph, the State shall treat

any support arrearages collected as accruing in the following order:

"(I) to the period after the family ceased to receive assistance;

"(II) to the period before the family received assistance; and

"(III) to the period while the family was receiving assistance.

"(3) FAMILIES THAT NEVER RECEIVED ASSISTANCE.—In the case of any other family, the State shall distribute the amount so collected to the family.

"(4) STUDY AND REPORT.—Not later than October 1, 1998, the Secretary shall report to the Congress the Secretary's findings with respect to—

"(A) whether the distribution of post-assistance arrearages to families has been effective in moving people off of welfare and keeping them off of welfare;

"(B) whether early implementation of a pre-assistance arrearage program by some states has been effective in moving people off of welfare and keeping them off of welfare;

"(C) what the overall impact has been of the amendments made by the Personal Responsibility and Work Opportunity Act of 1995 with respect to child support enforcement in moving people off of welfare and keeping them off of welfare; and

"(D) based on the information and data the Secretary has obtained, what changes, if any, should be made in the policies related to the distribution of child support arrearages.

"(b) CONTINUATION OF ASSIGNMENTS.—Any rights to support obligations, which were assigned to a State as a condition of receiving assistance from the State under part A and which were in effect on the day before the date of the enactment of the Personal Responsibility and Work Opportunity Act of 1995, shall remain assigned after such date.

"(c) DEFINITIONS.—As used in subsection (a):

"(1) ASSISTANCE.—The term 'assistance from the State' means—

"(A) assistance under the State program funded under part A or under the State plan approved under part A of this title (as in effect on the day before the date of the enactment of the Personal Responsibility and Work Opportunity Act of 1995); or

"(B) benefits under the State plan approved under part E of this title (as in effect on the day before the date of the enactment of the Personal Responsibility and Work Opportunity Act of 1995).

"(2) FEDERAL SHARE.—The term 'Federal share' means that portion of the amount collected resulting from the application of the Federal medical percentage in effect for the fiscal year in which the amount is collected.

"(3) FEDERAL MEDICAL ASSISTANCE PERCENTAGE.—The term 'Federal medical assistance percentage' means—

"(A) the Federal medical assistance percentage (as defined in section 1118), in the case of Puerto Rico, the Virgin Islands, Guam, and American Samoa; or

"(B) the Federal medical assistance percentage (as defined in section 1905(b)) in the case of any other State.

"(4) STATE SHARE.—The term 'State share' means 100 percent minus the Federal share.

"(d) HOLD HARMLESS PROVISION.—If the amounts collected which could be retained by the State in the fiscal year (to the extent necessary to reimburse the State for amounts paid to families as assistance by the State) are less than the State share of the amounts collected in fiscal year 1995 (determined in accordance with section 457 as in effect on the day before the date of the enactment of the Personal Responsibility and Work Opportunity Act of 1995), the State share for the fiscal year shall be an amount equal to the State share in fiscal year 1995.".

(b) CONFORMING AMENDMENTS.—

(1) Section 464(a)(1) (42 U.S.C. 664(a)(1)) is amended by striking "section 457(b)(4) or (d)(3)" and inserting "section 457".

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

(A) in paragraph (11)—

(i) by striking "(11)" and inserting "(11)(A)"; and

(ii) by inserting after the semicolon "and"; and

(B) by redesignating paragraph (12) as subparagraph (B) of paragraph (11).

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall be effective on October 1, 1996, or earlier at the State's option.

(2) CONFORMING AMENDMENTS.—The amendments made by subsection (b)(2) shall become effective on the date of the enactment of this Act.

SEC. 303. PRIVACY SAFEGUARDS.

(a) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 654), as amended by section 301(b) of this Act, is amended—

(1) by striking "and" at the end of paragraph (24);

(2) by striking the period at the end of paragraph (25) and inserting "; and"; and

(3) by adding after paragraph (25) the following new paragraph:

"(26) will have in effect safeguards, applicable to all confidential information handled by the State agency, that are designed to protect the privacy rights of the parties, including—

"(A) safeguards against unauthorized use or disclosure of information relating to proceedings or actions to establish paternity, or to establish or enforce support;

"(B) prohibitions against the release of information on the whereabouts of 1 party to another party against whom a protective order with respect to the former party has been entered; and

"(C) prohibitions against the release of information on the whereabouts of 1 party to another party if the State has reason to believe that the release of the information may result in physical or emotional harm to the former party.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall become effective on October 1, 1997.

SEC. 304. RIGHTS TO NOTIFICATION AND HEARINGS.

(a) IN GENERAL.—Section 454 (42 U.S.C. 654), as amended by section 302(b)(2) of this Act, is amended by inserting after paragraph (11) the following new paragraph:

"(12) provide for the establishment of procedures to require the State to provide individuals who are applying for or receiving services under the State plan, or who are parties to cases in which services are being provided under the State plan—

"(A) with notice of all proceedings in which support obligations might be established or modified; and

"(B) with a copy of any order establishing or modifying a child support obligation, or (in the case of a petition for modification) a notice of determination that there should be no change in the amount of the child support award, within 14 days after issuance of such order or determination;".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall become effective on October 1, 1997.

Subtitle B—Locate and Case Tracking

SEC. 311. STATE CASE REGISTRY.

Section 454A, as added by section 344(a)(2) of this Act, is amended by adding at the end the following new subsections:

"(e) STATE CASE REGISTRY.—

"(1) CONTENTS.—The automated system required by this section shall include a registry (which shall be known as the 'State case registry') that contains records with respect to—

"(A) each case in which services are being provided by the State agency under the State plan approved under this part; and

"(B) each support order established or modified in the State on or after October 1, 1998.

"(2) LINKING OF LOCAL REGISTRIES.—The State case registry may be established by linking local case registries of support orders through an automated information network, subject to this section.

"(3) USE OF STANDARDIZED DATA ELEMENTS.—Such records shall use standardized data elements for both parents (such as names, social security numbers and other uniform identification numbers, dates of birth, and case identification numbers), and contain such other information (such as on-case status) as the Secretary may require.

"(4) PAYMENT RECORDS.—Each case record in the State case registry with respect to which services are being provided under the State plan approved under this part and with respect to which a support order has been established shall include a record of—

"(A) the amount of monthly (or other periodic) support owed under the order, and other amounts (including arrearages, interest or late payment penalties, and fees) due or overdue under the order;

"(B) any amount described in subparagraph (A) that has been collected;

"(C) the distribution of such collected amounts;

"(D) the birth date of any child for whom the order requires the provision of support; and

"(E) the amount of any lien imposed with respect to the order pursuant to section 466(a)(4).

"(5) UPDATING AND MONITORING.—The State agency operating the automated system required by this section shall promptly establish and maintain, and regularly monitor, case records in the State case registry with respect to which services are being provided under the State plan approved under this part, on the basis of—

"(A) information on administrative actions and administrative and judicial proceedings and orders relating to paternity and support;

"(B) information obtained from comparison with Federal, State, or local sources of information;

"(C) information on support collections and distributions; and

"(D) any other relevant information.

"(f) INFORMATION COMPARISONS AND OTHER DISCLOSURES OF INFORMATION.—The State shall use the automated system required by this section to extract information from (at such times, and in such standardized format or formats, as may be required by the Secretary), to share and compare information with, and to receive information from, other data bases and information comparison services, in order to obtain (or provide) information necessary to enable the State agency (or the Secretary or other State or Federal agencies) to carry out this part, subject to section 6103 of the Internal Revenue Code of 1986. Such information comparison activities shall include the following:

"(1) FEDERAL CASE REGISTRY OF CHILD SUPPORT ORDERS.—Furnishing to the Federal Case Registry of Child Support Orders established under section 453(h) (and update as necessary, with information including notice of expiration of orders) the minimum amount of information on child support cases recorded in the State case registry that is necessary to operate the registry (as specified by the Secretary in regulations).

"(2) FEDERAL PARENT LOCATOR SERVICE.—Exchanging information with the Federal Parent Locator Service for the purposes specified in section 453.

"(3) TEMPORARY FAMILY ASSISTANCE AND MEDICAID AGENCIES.—Exchanging information with State agencies (of the State and of other States) administering programs funded under part A, programs operated under State plans under title XIX, and other programs designated by the Secretary, as necessary to perform State agency responsibilities under this part and under such programs.

"(4) INTRASTATE AND INTERSTATE INFORMATION COMPARISONS.—Exchanging information with other agencies of the State, agencies of other States, and interstate information networks, as necessary and appropriate to carry out (or assist other States to carry out) the purposes of this part.".

SEC. 312. COLLECTION AND DISBURSEMENT OF SUPPORT PAYMENTS.

(a) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 654), as amended by sections 301(b) and 303(a) of this Act, is amended—

(1) by striking "and" at the end of paragraph (25);

(2) by striking the period at the end of paragraph (26) and inserting "; and"; and

(3) by adding after paragraph (26) the following new paragraph:

"(27) provide that, on and after October 1, 1998, the State agency will—

"(A) operate a State disbursement unit in accordance with section 454B; and

"(B) have sufficient State staff (consisting of State employees) and (at State option) contractors reporting directly to the State agency to—

"(i) monitor and enforce support collections through the unit in cases being enforced by the State pursuant to section 454(4) (including carrying out the automated data processing responsibilities described in section 454A(g)); and

"(ii) take the actions described in section 466(c)(1) in appropriate cases.".

(b) ESTABLISHMENT OF STATE DISBURSEMENT UNIT.—Part D of title IV (42 U.S.C. 651–669), as amended by section 344(a)(2) of this Act, is amended by inserting after section 454A the following new section:

"SEC. 454B. COLLECTION AND DISBURSEMENT OF SUPPORT PAYMENTS.

"(a) STATE DISBURSEMENT UNIT.—

"(1) IN GENERAL.—In order for a State to meet the requirements of this section, the State agency must establish and operate a unit (which shall be known as the 'State disbursement unit') for the collection and disbursement of payments under support orders—

"(A) in all cases being enforced by the State pursuant to section 454(4); and

"(B) in all cases not being enforced by the State under this part in which the support order is initially issued in the State on or after January 1, 1994 and in which the wages of the absent parent are subject to withholding pursuant to section 466(a)(8)(B).

"(2) OPERATION.—The State disbursement unit shall be operated—

"(A) directly by the State agency (or 2 or more State agencies under a regional cooperative agreement), or (to the extent appropriate) by a contractor responsible directly to the State agency; and

"(B) except in cases described in paragraph (1)(B), in coordination with the automated system established by the State pursuant to section 454A.

"(3) LINKING OF LOCAL DISBURSEMENT UNITS.—The State disbursement unit may be established by linking local disbursement units through an automated information network, subject to this section, if the Secretary agrees that the system will not

cost more nor take more time to establish or operate than a centralized system. In addition, employers shall be given 1 location to which income withholding is sent.

"(b) REQUIRED PROCEDURES.—The State disbursement unit shall use automated procedures, electronic processes, and computer-driven technology to the maximum extent feasible, efficient, and economical, for the collection and disbursement of support payments, including procedures—

"(1) for receipt of payments from parents, employers, and other States, and for disbursements to custodial parents and other obligees, the State agency, and the agencies of other States;

"(2) for accurate identification of payments;

"(3) to ensure prompt disbursement of the custodial parent's share of any payment; and

"(4) to furnish to any parent, upon request, timely information on the current status of support payments under an order requiring payments to be made by or to the parent.

"(c) TIMING OF DISBURSEMENTS.—

"(1) IN GENERAL.—Except as provided in paragraph (2), the State disbursement unit shall distribute all amounts payable under section 457(a) within 2 business days after receipt from the employer or other source of periodic income, if sufficient information identifying the payee is provided.

"(2) PERMISSIVE RETENTION OF ARREARAGES.—The State disbursement unit may delay the distribution of collections toward arrearages until the resolution of any timely appeal with respect to such arrearages.

"(d) BUSINESS DAY DEFINED.—As used in this section, the term 'business day' means a day on which State offices are open for regular business.".

(c) USE OF AUTOMATED SYSTEM.—Section 454A, as added by section 344(a)(2) and as amended by section 311 of this Act, is amended by adding at the end the following new subsection:

"(g) COLLECTION AND DISTRIBUTION OF SUPPORT PAYMENTS.—

"(1) IN GENERAL.—The State shall use the automated system required by this section, to the maximum extent feasible, to assist and facilitate the collection and disbursement of support payments through the State disbursement unit operated under section 454B, through the performance of functions, including, at a minimum—

"(A) transmission of orders and notices to employers (and other debtors) for the withholding of wages and other income—

"(i) within 2 business days after receipt from a court, another State, an employer, the Federal Parent Locator Service, or another source recognized by the State of notice of, and the income source subject to, such withholding; and

"(ii) using uniform formats prescribed by the Secretary;

"(B) ongoing monitoring to promptly identify failures to make timely payment of support; and

"(C) automatic use of enforcement procedures (including procedures authorized pursuant to section 466(c)) if payments are not timely made.

"(2) BUSINESS DAY DEFINED.—As used in paragraph (1), the term 'business day' means a day on which State offices are open for regular business.".

(d) EFFECTIVE DATE.—The amendments made by this section shall become effective on October 1, 1998.

SEC. 313. STATE DIRECTORY OF NEW HIRES.

(a) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 654), as amended by sections 301(b), 303(a) and 312(a) of this Act, is amended—

(1) by striking "and" at the end of paragraph (26);

(2) by striking the period at the end of paragraph (27) and inserting "; and"; and

(3) by adding after paragraph (27) the following new paragraph:

"(28) provide that, on and after October 1, 1997, the State will operate a State Directory of New Hires in accordance with section 453A.".

(b) STATE DIRECTORY OF NEW HIRES.—Part D of title IV (42 U.S.C. 651–669) is amended by inserting after section 453 the following new section:

"SEC. 453A. STATE DIRECTORY OF NEW HIRES.

"(a) ESTABLISHMENT.—

"(1) IN GENERAL.—

"(A) REQUIREMENT FOR STATES THAT HAVE NO DIRECTORY.—Except as provided in subparagraph (B), not later than October 1, 1997, each State shall establish an automated directory (to be known as the 'State Directory of New Hires') which shall contain information supplied in accordance with subsection (b) by employers on each newly hired employee.

"(B) STATES WITH NEW HIRE REPORTING IN EXISTENCE.—A State which has a new hire reporting law in existence on the date of the enactment of this section may continue to operate under the State law, but the State must meet the requirements of this section (other than subsection (f)) not later than October 1, 1997.

"(2) DEFINITIONS.—As used in this section:

"(A) EMPLOYEE.—The term 'employee'—

"(i) means an individual who is an employee within the meaning of chapter 24 of the Internal Revenue Code of 1986; and

"(ii) does not include an employee of a Federal or State agency performing intelligence or counterintelligence functions, if the head of such agency has determined that reporting pursuant to paragraph (1) with respect to the employee could endanger the safety of the employee or compromise an ongoing investigation or intelligence mission.

"(B) EMPLOYER.—

"(i) IN GENERAL.—The term 'employer' has the meaning given such term in section 3401(d) of the Internal Revenue Code of 1996 and includes any governmental entity and any labor organization.

"(ii) LABOR ORGANIZATION.—The term 'labor organization' shall have the meaning given such term in section 2(5) of the National Labor Relations Act, and includes any entity (also known as a 'hiring hall') which is used by the organization and an employer to carry out requirements described in section 8(f)(3) of such Act of an agreement between the organization and the employer.

"(b) EMPLOYER INFORMATION.—

"(1) REPORTING REQUIREMENT.—

"(A) IN GENERAL.—Except as provided in subparagraphs (B) and (C), each employer shall furnish to the Directory of New Hires of the State in which a newly hired employee works, a report that contains the name, address, and social security number of the employee, and the name and address of, and identifying number assigned under section 6109 of the Internal Revenue Code of 1986 to, the employer.

"(B) MULTISTATE EMPLOYERS.—An employer that has employees who are employed in 2 or more States and that transmits reports magnetically or electronically may comply with subparagraph (A) by designating 1 State in which such employer has employees to which the employer will transmit the report described in subparagraph (A), and transmitting such report to such State. Any employer that transmits reports pursuant to this subparagraph shall notify the Secretary in writing as to which State such employer designates for the purpose of sending reports.

"(C) FEDERAL GOVERNMENT EMPLOYERS.—Any department, agency, or instrumentality of the United States shall comply with subparagraph (A) by transmitting the report described in subparagraph (A) to the National Directory of New Hires established pursuant to section 453.

"(2) TIMING OF REPORT.—Each State may provide the time within which the report required by paragraph (1) shall be made with respect to an employee, but such report shall be made—

"(A) not later than 20 days after the date the employer hires the employee; or

"(B) in the case of an employer transmitting reports magnetically or electronically, by 2 monthly transmissions (if necessary) not less than 12 days nor more than 16 days apart.

"(c) REPORTING FORMAT AND METHOD.—Each report required by subsection (b) shall be made on a W–4 form or, at the option of the employer, an equivalent form, and may be transmitted by 1st class mail, magnetically, or electronically.

"(d) CIVIL MONEY PENALTIES ON NONCOMPLYING EMPLOYERS.—The State shall have the option to set a State civil money penalty which shall be less than—

"(1) $25; or

"(2) $500 if, under State law, the failure is the result of a conspiracy between the employer and the employee to not supply the required report or to supply a false or incomplete report.

"(e) ENTRY OF EMPLOYER INFORMATION.—Information shall be entered into the data base maintained by the State Directory of New Hires within 5 business days of receipt from an employer pursuant to subsection (b).

"(f) INFORMATION COMPARISONS.—

"(1) IN GENERAL.—Not later than May 1, 1998, an agency designated by the State shall, directly or by contract, conduct automated comparisons of the social security numbers reported by employers pursuant to subsection (b) and the social security numbers appearing in the records of the State case registry for cases being enforced under the State plan.

"(2) NOTICE OF MATCH.—When an information comparison conducted under paragraph (1) reveals a match with respect to the social security number of an individual required to provide support under a support order, the State Directory of New Hires shall provide the agency administering the State plan approved under this part of the appropriate State with the name, address, and social security number of the employee to whom the social security number is assigned, and the name of, and identifying number assigned under section 6109 of the Internal Revenue Code of 1986 to, the employer.

"(g) TRANSMISSION OF INFORMATION.—

"(1) TRANSMISSION OF WAGE WITHHOLDING NOTICES TO EMPLOYERS.—Within 2 business days after the date information regarding a newly hired employee is entered into the State Directory of New Hires, the State agency enforcing the employee's child support obligation shall transmit a notice to the employer of the employee directing the employer to withhold from the wages of the employee an amount equal to the monthly (or other periodic) child support obligation (including any past due support obligation) of the employee, unless the employee's wages are not subject to withholding pursuant to section 466(b)(3).

"(2) TRANSMISSIONS TO THE NATIONAL DIRECTORY OF NEW HIRES.—

"(A) NEW HIRE INFORMATION.—Within 3 business days after the date information regarding a newly hired employee is entered into the State Directory of New Hires, the State Directory of New Hires shall furnish the information to the National Directory of New Hires.

"(B) WAGE AND UNEMPLOYMENT COMPENSATION INFORMATION.—The State Directory of New Hires shall, on a quarterly basis, furnish to the National Directory of New Hires extracts of the reports required under section 303(a)(6) to be made to the Secretary of Labor concerning the wages and unemployment compensation paid to individuals, by such dates, in such format, and containing such

information as the Secretary of Health and Human Services shall specify in regulations.

"(3) BUSINESS DAY DEFINED.—As used in this subsection, the term 'business day' means a day on which State offices are open for regular business.

"(h) OTHER USES OF NEW HIRE INFORMATION.—

"(1) LOCATION OF CHILD SUPPORT OBLIGORS.—The agency administering the State plan approved under this part shall use information received pursuant to subsection (f)(2) to locate individuals for purposes of establishing paternity and establishing, modifying, and enforcing child support obligations.

"(2) VERIFICATION OF ELIGIBILITY FOR CERTAIN PROGRAMS.—A State agency responsible for administering a program specified in section 1137(b) shall have access to information reported by employers pursuant to subsection (b) of this section for purposes of verifying eligibility for the program.

"(3) ADMINISTRATION OF EMPLOYMENT SECURITY AND WORKERS' COMPENSATION.—State agencies operating employment security and workers' compensation programs shall have access to information reported by employers pursuant to subsection (b) for the purposes of administering such programs.".

(c) QUARTERLY WAGE REPORTING.—Section 1137(a)(3) (42 U.S.C. 1320b–7(a)(3)) is amended—

(1) by inserting "(including State and local governmental entities and labor organizations (as defined in section 453A(a)(2)(B)(iii))" after "employers"; and

(2) by inserting ", and except that no report shall be filed with respect to an employee of a State or local agency performing intelligence or counterintelligence functions, if the head of such agency has determined that filing such a report could endanger the safety of the employee or compromise an ongoing investigation or intelligence mission" after "paragraph (2)".

SEC. 314. AMENDMENTS CONCERNING INCOME WITHHOLDING.

(a) MANDATORY INCOME WITHHOLDING.—

(1) IN GENERAL.—Section 466(a)(1) (42 U.S.C. 666(a)(1)) is amended to read as follows:

"(1)(A) Procedures described in subsection (b) for the withholding from income of amounts payable as support in cases subject to enforcement under the State plan.

"(B) Procedures under which the wages of a person with a support obligation imposed by a support order issued (or modified) in the State before October 1, 1996, if not otherwise subject to withholding under subsection (b), shall become subject to withholding as provided in subsection (b) if arrearages occur, without the need for a judicial or administrative hearing.".

(2) CONFORMING AMENDMENTS.—

(A) Section 466(b) (42 U.S.C. 666(b)) is amended in the matter preceding paragraph (1), by striking "subsection (a)(1)" and inserting "subsection (a)(1)(A)".

(B) Section 466(b)(4) (42 U.S.C. 666(b)(4)) is amended to read as follows:

"(4)(A) Such withholding must be carried out in full compliance with all procedural due process requirements of the

State, and the State must send notice to each noncustodial parent to whom paragraph (1) applies—

"(i) that the withholding has commenced; and

"(ii) of the procedures to follow if the noncustodial parent desires to contest such withholding on the grounds that the withholding or the amount withheld is improper due to a mistake of fact.

"(B) The notice under subparagraph (A) of this paragraph shall include the information provided to the employer under paragraph (6)(A).".

(C) Section 466(b)(5) (42 U.S.C. 666(b)(5)) is amended by striking all that follows "administered by" and inserting "the State through the State disbursement unit established pursuant to section 454B, in accordance with the requirements of section 454B.".

(D) Section 466(b)(6)(A) (42 U.S.C. 666(b)(6)(A)) is amended—

(i) in clause (i), by striking "to the appropriate agency" and all that follows and inserting "to the State disbursement unit within 2 business days after the date the amount would (but for this subsection) have been paid or credited to the employee, for distribution in accordance with this part. The employer shall comply with the procedural rules relating to income withholding of the State in which the employee works, regardless of the State where the notice originates.".

(ii) in clause (ii), by inserting "be in a standard format prescribed by the Secretary, and" after "shall"; and

(iii) by adding at the end the following new clause:

"(iii) As used in this subparagraph, the term 'business day' means a day on which State offices are open for regular business.".

(E) Section 466(b)(6)(D) (42 U.S.C. 666(b)(6)(D)) is amended by striking "any employer" and all that follows and inserting "any employer who—

"(i) discharges from employment, refuses to employ, or takes disciplinary action against any noncustodial parent subject to wage withholding required by this subsection because of the existence of such withholding and the obligations or additional obligations which it imposes upon the employer; or

"(ii) fails to withhold support from wages, or to pay such amounts to the State disbursement unit in accordance with this subsection.".

(F) Section 466(b) (42 U.S.C. 666(b)) is amended by adding at the end the following new paragraph:

"(11) Procedures under which the agency administering the State plan approved under this part may execute a withholding order without advance notice to the obligor, including issuing the withholding order through electronic means.".

(b) CONFORMING AMENDMENT.—Section 466(c) (42 U.S.C. 666(c)) is repealed.

SEC. 315. LOCATOR INFORMATION FROM INTERSTATE NETWORKS.

Section 466(a) (42 U.S.C. 666(a)) is amended by adding at the end the following new paragraph:

"(12) LOCATOR INFORMATION FROM INTERSTATE NETWORKS.—Procedures to ensure that all Federal and State agencies conducting activities under this part have access to any system used by the State to locate an individual for purposes relating to motor vehicles or law enforcement.".

SEC. 316. EXPANSION OF THE FEDERAL PARENT LOCATOR SERVICE.

(a) EXPANDED AUTHORITY TO LOCATE INDIVIDUALS AND ASSETS.—Section 453 (42 U.S.C. 653) is amended—

(1) in subsection (a), by striking all that follows "subsection (c))" and inserting ", for the purpose of establishing parentage, establishing, setting the amount of, modifying, or enforcing child support obligations, or enforcing child custody or visitation orders—

"(1) information on, or facilitating the discovery of, the location of any individual—

"(A) who is under an obligation to pay child support or provide child custody or visitation rights;

"(B) against whom such an obligation is sought;

"(C) to whom such an obligation is owed,

including the individual's social security number (or numbers), most recent address, and the name, address, and employer identification number of the individual's employer;

"(2) information on the individual's wages (or other income) from, and benefits of, employment (including rights to or enrollment in group health care coverage); and

"(3) information on the type, status, location, and amount of any assets of, or debts owed by or to, any such individual."; and

(2) in subsection (b)—

(A) in the matter preceding paragraph (1), by striking "social security" and all that follows through "absent parent" and inserting "information described in subsection (a)"; and

(B) in the flush paragraph at the end, by adding the following: "No information shall be disclosed to any person if the State has notified the Secretary that the State has reasonable evidence of domestic violence or child abuse and the disclosure of such information could be harmful to the custodial parent or the child of such parent. Information received or transmitted pursuant to this section shall be subject to the safeguard provisions contained in section 454(26).".

(b) AUTHORIZED PERSON FOR INFORMATION REGARDING VISITATION RIGHTS.—Section 453(c) (42 U.S.C. 653(c)) is amended—

(1) in paragraph (1), by striking "support" and inserting "support or to seek to enforce orders providing child custody or visitation rights"; and

(2) in paragraph (2), by striking ", or any agent of such court; and" and inserting "or to issue an order against a resident parent for child custody or visitation rights, or any agent of such court;".

(c) REIMBURSEMENT FOR INFORMATION FROM FEDERAL AGENCIES.—Section 453(e)(2) (42 U.S.C. 653(e)(2)) is amended in the 4th sentence by inserting "in an amount which the Secretary determines to be reasonable payment for the information exchange (which amount shall not include payment for the costs of obtaining, compiling, or maintaining the information)" before the period.

(d) REIMBURSEMENT FOR REPORTS BY STATE AGENCIES.—Section 453 (42 U.S.C. 653) is amended by adding at the end the following new subsection:

"(g) REIMBURSEMENT FOR REPORTS BY STATE AGENCIES.—The Secretary may reimburse Federal and State agencies for the costs incurred by such entities in furnishing information requested by the Secretary under this section in an amount which the Secretary determines to be reasonable payment for the information exchange (which amount shall not include payment for the costs of obtaining, compiling, or maintaining the information).".

(e) CONFORMING AMENDMENTS.—

(1) Sections 452(a)(9), 453(a), 453(b), 463(a), 463(e), and 463(f) (42 U.S.C. 652(a)(9), 653(a), 653(b), 663(a), 663(e), and 663(f)) are each amended by inserting "Federal" before "Parent" each place such term appears.

(2) Section 453 (42 U.S.C. 653) is amended in the heading by adding "FEDERAL" before "PARENT".

(f) NEW COMPONENTS.—Section 453 (42 U.S.C. 653), as amended by subsection (d) of this section, is amended by adding at the end the following new subsections:

"(h) FEDERAL CASE REGISTRY OF CHILD SUPPORT ORDERS.—

"(1) IN GENERAL.—Not later than October 1, 1998, in order to assist States in administering programs under State plans approved under this part and programs funded under part A, and for the other purposes specified in this section, the Secretary shall establish and maintain in the Federal Parent Locator Service an automated registry (which shall be known as the 'Federal Case Registry of Child Support Orders'), which shall contain abstracts of support orders and other information described in paragraph (2) with respect to each case in each State case registry maintained pursuant to section 454A(e), as furnished (and regularly updated), pursuant to section 454A(f), by State agencies administering programs under this part.

"(2) CASE INFORMATION.—The information referred to in paragraph (1) with respect to a case shall be such information as the Secretary may specify in regulations (including the names, social security numbers or other uniform identification numbers, and State case identification numbers) to identify the individuals who owe or are owed support (or with respect to or on behalf of whom support obligations are sought to be established), and the State or States which have the case.

"(i) NATIONAL DIRECTORY OF NEW HIRES.—

"(1) IN GENERAL.—In order to assist States in administering programs under State plans approved under this part and programs funded under part A, and for the other purposes specified in this section, the Secretary shall, not later than October 1, 1996, establish and maintain in the Federal Parent Locator Service an automated directory to be known as the National Di-

rectory of New Hires, which shall contain the information supplied pursuant to section 453A(g)(2).

"(2) ENTRY OF DATA.—Information shall be entered into the data base maintained by the National Directory of New Hires within 2 business days of receipt pursuant to section 453A(g)(2).

"(3) ADMINISTRATION OF FEDERAL TAX LAWS.—The Secretary of the Treasury shall have access to the information in the National Directory of New Hires for purposes of administering section 32 of the Internal Revenue Code of 1986, or the advance payment of the earned income tax credit under section 3507 of such Code, and verifying a claim with respect to employment in a tax return.

"(4) LIST OF MULTISTATE EMPLOYERS.—The Secretary shall maintain within the National Directory of New Hires a list of multistate employers that report information regarding newly hired employees pursuant to section 453A(b)(1)(B), and the State which each such employer has designated to receive such information.

"(j) INFORMATION COMPARISONS AND OTHER DISCLOSURES.—

"(1) VERIFICATION BY SOCIAL SECURITY ADMINISTRATION.—

"(A) IN GENERAL.—The Secretary shall transmit information on individuals and employers maintained under this section to the Social Security Administration to the extent necessary for verification in accordance with subparagraph (B).

"(B) VERIFICATION BY SSA.—The Social Security Administration shall verify the accuracy of, correct, or supply to the extent possible, and report to the Secretary, the following information supplied by the Secretary pursuant to subparagraph (A):

"(i) The name, social security number, and birth date of each such individual.

"(ii) The employer identification number of each such employer.

"(2) INFORMATION COMPARISONS.—For the purpose of locating individuals in a paternity establishment case or a case involving the establishment, modification, or enforcement of a support order, the Secretary shall—

"(A) compare information in the National Directory of New Hires against information in the support case abstracts in the Federal Case Registry of Child Support Orders not less often than every 2 business days; and

"(B) within 2 such days after such a comparison reveals a match with respect to an individual, report the information to the State agency responsible for the case.

"(3) INFORMATION COMPARISONS AND DISCLOSURES OF INFORMATION IN ALL REGISTRIES FOR TITLE IV PROGRAM PURPOSES.—To the extent and with the frequency that the Secretary determines to be effective in assisting States to carry out their responsibilities under programs operated under this part and programs funded under part A, the Secretary shall—

"(A) compare the information in each component of the Federal Parent Locator Service maintained under this section against the information in each other such component

(other than the comparison required by paragraph (2)), and report instances in which such a comparison reveals a match with respect to an individual to State agencies operating such programs; and

"(B) disclose information in such registries to such State agencies.

"(4) PROVISION OF NEW HIRE INFORMATION TO THE SOCIAL SECURITY ADMINISTRATION.—The National Directory of New Hires shall provide the Commissioner of Social Security with all information in the National Directory, which shall be used to determine the accuracy of payments under the supplemental security income program under title XVI and in connection with benefits under title II.

"(5) RESEARCH.—The Secretary may provide access to information reported by employers pursuant to section 453A(b) for research purposes found by the Secretary to be likely to contribute to achieving the purposes of part A or this part, but without personal identifiers.

"(k) FEES.—

"(1) FOR SSA VERIFICATION.—The Secretary shall reimburse the Commissioner of Social Security, at a rate negotiated between the Secretary and the Commissioner, for the costs incurred by the Commissioner in performing the verification services described in subsection (j).

"(2) FOR INFORMATION FROM STATE DIRECTORIES OF NEW HIRES.—The Secretary shall reimburse costs incurred by State directories of new hires in furnishing information as required by subsection (j)(3), at rates which the Secretary determines to be reasonable (which rates shall not include payment for the costs of obtaining, compiling, or maintaining such information).

"(3) FOR INFORMATION FURNISHED TO STATE AND FEDERAL AGENCIES.—A State or Federal agency that receives information from the Secretary pursuant to this section shall reimburse the Secretary for costs incurred by the Secretary in furnishing the information, at rates which the Secretary determines to be reasonable (which rates shall include payment for the costs of obtaining, verifying, maintaining, and comparing the information).

"(l) RESTRICTION ON DISCLOSURE AND USE.—Information in the Federal Parent Locator Service, and information resulting from comparisons using such information, shall not be used or disclosed except as expressly provided in this section, subject to section 6103 of the Internal Revenue Code of 1986.

"(m) INFORMATION INTEGRITY AND SECURITY.—The Secretary shall establish and implement safeguards with respect to the entities established under this section designed to—

"(1) ensure the accuracy and completeness of information in the Federal Parent Locator Service; and

"(2) restrict access to confidential information in the Federal Parent Locator Service to authorized persons, and restrict use of such information to authorized purposes.

"(n) FEDERAL GOVERNMENT REPORTING.—Each department, agency, and instrumentality of the United States shall on a quarterly basis report to the Federal Parent Locator Service the name

and social security number of each employee and the wages paid to the employee during the previous quarter, except that such a report shall not be filed with respect to an employee of a department, agency, or instrumentality performing intelligence or counterintelligence functions, if the head of such department, agency, or instrumentality has determined that filing such a report could endanger the safety of the employee or compromise an ongoing investigation or intelligence mission.".

(g) CONFORMING AMENDMENTS.—

(1) TO PART D OF TITLE IV OF THE SOCIAL SECURITY ACT.—

(A) Section 454(8)(B) (42 U.S.C. 654(8)(B)) is amended to read as follows:

"(B) the Federal Parent Locator Service established under section 453;".

(B) Section 454(13) (42 U.S.C.654(13)) is amended by inserting "and provide that information requests by parents who are residents of other States be treated with the same priority as requests by parents who are residents of the State submitting the plan" before the semicolon.

(2) TO FEDERAL UNEMPLOYMENT TAX ACT.—Section 3304(a)(16) of the Internal Revenue Code of 1986 is amended—

(A) by striking "Secretary of Health, Education, and Welfare" each place such term appears and inserting "Secretary of Health and Human Services";

(B) in subparagraph (B), by striking "such information" and all that follows and inserting "information furnished under subparagraph (A) or (B) is used only for the purposes authorized under such subparagraph;";

(C) by striking "and" at the end of subparagraph (A);

(D) by redesignating subparagraph (B) as subparagraph (C); and

(E) by inserting after subparagraph (A) the following new subparagraph:

"(B) wage and unemployment compensation information contained in the records of such agency shall be furnished to the Secretary of Health and Human Services (in accordance with regulations promulgated by such Secretary) as necessary for the purposes of the National Directory of New Hires established under section 453(i) of the Social Security Act, and".

(3) TO STATE GRANT PROGRAM UNDER TITLE III OF THE SOCIAL SECURITY ACT.—Subsection (h) of section 303 (42 U.S.C. 503) is amended to read as follows:

"(h)(1) The State agency charged with the administration of the State law shall, on a reimbursable basis—

"(A) disclose quarterly, to the Secretary of Health and Human Services wage and claim information, as required pursuant to section 453(i)(1), contained in the records of such agency;

"(B) ensure that information provided pursuant to subparagraph (A) meets such standards relating to correctness and verification as the Secretary of Health and Human Services, with the concurrence of the Secretary of Labor, may find necessary; and

"(C) establish such safeguards as the Secretary of Labor determines are necessary to insure that information disclosed under subparagraph (A) is used only for purposes of section 453(i)(1) in carrying out the child support enforcement program under title IV.

"(2) Whenever the Secretary of Labor, after reasonable notice and opportunity for hearing to the State agency charged with the administration of the State law, finds that there is a failure to comply substantially with the requirements of paragraph (1), the Secretary of Labor shall notify such State agency that further payments will not be made to the State until the Secretary of Labor is satisfied that there is no longer any such failure. Until the Secretary of Labor is so satisfied, the Secretary shall make no future certification to the Secretary of the Treasury with respect to the State.

"(3) For purposes of this subsection—

"(A) the term 'wage information' means information regarding wages paid to an individual, the social security account number of such individual, and the name, address, State, and the Federal employer identification number of the employer paying such wages to such individual; and

"(B) the term 'claim information' means information regarding whether an individual is receiving, has received, or has made application for, unemployment compensation, the amount of any such compensation being received (or to be received by such individual), and the individual's current (or most recent) home address.".

(4) DISCLOSURE OF CERTAIN INFORMATION TO AGENTS OF CHILD SUPPORT ENFORCEMENT AGENCIES.—

(A) IN GENERAL.—Paragraph (6) of section 6103(l) of the Internal Revenue Code of 1986 (relating to disclosure of return information to Federal, State, and local child support enforcement agencies) is amended by redesignating subparagraph (B) as subparagraph (C) and by inserting after subparagraph (A) the following new subparagraph:

"(B) DISCLOSURE TO CERTAIN AGENTS.—The following information disclosed to any child support enforcement agency under subparagraph (A) with respect to any individual with respect to whom child support obligations are sought to be established or enforced may be disclosed by such agency to any agent of such agency which is under contract with such agency to carry out the purposes described in subparagraph (C):

"(i) The address and social security account number (or numbers) of such individual.

"(ii) The amount of any reduction under section 6402(c) (relating to offset of past-due support against overpayments) in any overpayment otherwise payable to such individual."

(B) CONFORMING AMENDMENTS.—

(i) Paragraph (3) of section 6103(a) of such Code is amended by striking "(l)(12)" and inserting "paragraph (6) or (12) of subsection (l)".

(ii) Subparagraph (C) of section 6103(l)(6) of such Code, as redesignated by subsection (a), is amended to read as follows:

"(C) RESTRICTION ON DISCLOSURE.—Information may be disclosed under this paragraph only for purposes of, and to the extent necessary in, establishing and collecting child support obligations from, and locating, individuals owing such obligations."

(iii) The material following subparagraph (F) of section 6103(p)(4) of such Code is amended by striking "subsection (l)(12)(B)" and inserting "paragraph (6)(A) or (12)(B) of subsection (l)".

SEC. 317. COLLECTION AND USE OF SOCIAL SECURITY NUMBERS FOR USE IN CHILD SUPPORT ENFORCEMENT.

(a) STATE LAW REQUIREMENT.—Section 466(a) (42 U.S.C. 666(a)), as amended by section 315 of this Act, is amended by adding at the end the following new paragraph:

"(13) RECORDING OF SOCIAL SECURITY NUMBERS IN CERTAIN FAMILY MATTERS.—Procedures requiring that the social security number of—

"(A) any applicant for a professional license, commercial driver's license, occupational license, or marriage license be recorded on the application;

"(B) any individual who is subject to a divorce decree, support order, or paternity determination or acknowledgment be placed in the records relating to the matter; and

"(C) any individual who has died be placed in the records relating to the death and be recorded on the death certificate.

For purposes of subparagraph (A), if a State allows the use of a number other than the social security number, the State shall so advise any applicants.".

(b) CONFORMING AMENDMENTS.—Section 205(c)(2)(C) (42 U.S.C. 405(c)(2)(C)), as amended by section 321(a)(9) of the Social Security Independence and Program Improvements Act of 1994, is amended—

(1) in clause (i), by striking "may require" and inserting "shall require";

(2) in clause (ii), by inserting after the 1st sentence the following: "In the administration of any law involving the issuance of a marriage certificate or license, each State shall require each party named in the certificate or license to furnish to the State (or political subdivision thereof), or any State agency having administrative responsibility for the law involved, the social security number of the party.";

(3) in clause (ii), by inserting "or marriage certificate" after "Such numbers shall not be recorded on the birth certificate".

(4) in clause (vi), by striking "may" and inserting "shall"; and

(5) by adding at the end the following new clauses:

"(x) An agency of a State (or a political subdivision thereof) charged with the administration of any law concerning the issuance or renewal of a license, certificate, permit, or other authorization to engage in a pro-

fession, an occupation, or a commercial activity shall require all applicants for issuance or renewal of the license, certificate, permit, or other authorization to provide the applicant's social security number to the agency for the purpose of administering such laws, and for the purpose of responding to requests for information from an agency operating pursuant to part D of title IV.

"(xi) All divorce decrees, support orders, and paternity determinations issued, and all paternity acknowledgments made, in each State shall include the social security number of each party to the decree, order, determination, or acknowledgement in the records relating to the matter, for the purpose of responding to requests for information from an agency operating pursuant to part D of title IV.".

Subtitle C—Streamlining and Uniformity of Procedures

SEC. 321. ADOPTION OF UNIFORM STATE LAWS.

Section 466 (42 U.S.C. 666) is amended by adding at the end the following new subsection:

"(f) UNIFORM INTERSTATE FAMILY SUPPORT ACT.—

"(1) ENACTMENT AND USE.—In order to satisfy section 454(20)(A), on and after January 1, 1998, each State must have in effect the Uniform Interstate Family Support Act, as approved by the American Bar Association on February 9, 1993, together with any amendments officially adopted before January 1, 1998 by the National Conference of Commissioners on Uniform State Laws.

"(2) EMPLOYERS TO FOLLOW PROCEDURAL RULES OF STATE WHERE EMPLOYEE WORKS.—The State law enacted pursuant to paragraph (1) shall provide that an employer that receives an income withholding order or notice pursuant to section 501 of the Uniform Interstate Family Support Act follow the procedural rules that apply with respect to such order or notice under the laws of the State in which the obligor works.

SEC. 322. IMPROVEMENTS TO FULL FAITH AND CREDIT FOR CHILD SUPPORT ORDERS.

Section 1738B of title 28, United States Code, is amended—

(1) in subsection (a)(2), by striking "subsection (e)" and inserting "subsections (e), (f), and (i)";

(2) in subsection (b), by inserting after the 2nd undesignated paragraph the following:

"'child's home State' means the State in which a child lived with a parent or a person acting as parent for at least 6 consecutive months immediately preceding the time of filing of a petition or comparable pleading for support and, if a child is less than 6 months old, the State in which the child lived from birth with any of them. A period of temporary absence of any of them is counted as part of the 6-month period.";

(3) in subsection (c), by inserting "by a court of a State" before "is made";

(4) in subsection (c)(1), by inserting "and subsections (e), (f), and (g)" after "located";

(5) in subsection (d)—

(A) by inserting "individual" before "contestant"; and

(B) by striking "subsection (e)" and inserting "subsections (e) and (f)";

(6) in subsection (e), by striking "make a modification of a child support order with respect to a child that is made" and inserting "modify a child support order issued";

(7) in subsection (e)(1), by inserting "pursuant to subsection (i)" before the semicolon;

(8) in subsection (e)(2)—

(A) by inserting "individual" before "contestant" each place such term appears; and

(B) by striking "to that court's making the modification and assuming" and inserting "with the State of continuing, exclusive jurisdiction for a court of another State to modify the order and assume";

(9) by redesignating subsections (f) and (g) as subsections (g) and (h), respectively;

(10) by inserting after subsection (e) the following new subsection:

"(f) RECOGNITION OF CHILD SUPPORT ORDERS.—If 1 or more child support orders have been issued in this or another State with regard to an obligor and a child, a court shall apply the following rules in determining which order to recognize for purposes of continuing, exclusive jurisdiction and enforcement:

"(1) If only 1 court has issued a child support order, the order of that court must be recognized.

"(2) If 2 or more courts have issued child support orders for the same obligor and child, and only 1 of the courts would have continuing, exclusive jurisdiction under this section, the order of that court must be recognized.

"(3) If 2 or more courts have issued child support orders for the same obligor and child, and more than 1 of the courts would have continuing, exclusive jurisdiction under this section, an order issued by a court in the current home State of the child must be recognized, but if an order has not been issued in the current home State of the child, the order most recently issued must be recognized.

"(4) If 2 or more courts have issued child support orders for the same obligor and child, and none of the courts would have continuing, exclusive jurisdiction under this section, a court may issue a child support order, which must be recognized.

"(5) The court that has issued an order recognized under this subsection is the court having continuing, exclusive jurisdiction.";

(11) in subsection (g) (as so redesignated)—

(A) by striking "PRIOR" and inserting "MODIFIED"; and

(B) by striking "subsection (e)" and inserting "subsections (e) and (f)";

(12) in subsection (h) (as so redesignated)—

(A) in paragraph (2), by inserting "including the duration of current payments and other obligations of support" before the comma; and

(B) in paragraph (3), by inserting "arrears under" after "enforce"; and

(13) by adding at the end the following new subsection:

"(i) REGISTRATION FOR MODIFICATION.—If there is no individual contestant or child residing in the issuing State, the party or support enforcement agency seeking to modify, or to modify and enforce, a child support order issued in another State shall register that order in a State with jurisdiction over the nonmovant for the purpose of modification.".

SEC. 323. ADMINISTRATIVE ENFORCEMENT IN INTERSTATE CASES.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 315 and 317(a) of this Act, is amended by adding at the end the following new paragraph:

"(14) ADMINISTRATIVE ENFORCEMENT IN INTERSTATE CASES.—Procedures under which—

"(A)(i) the State shall respond within 5 business days to a request made by another State to enforce a support order; and

"(ii) the term 'business day' means a day on which State offices are open for regular business;

"(B) the State may, by electronic or other means, transmit to another State a request for assistance in a case involving the enforcement of a support order, which request—

"(i) shall include such information as will enable the State to which the request is transmitted to compare the information about the case to the information in the data bases of the State; and

"(ii) shall constitute a certification by the requesting State—

"(I) of the amount of support under the order the payment of which is in arrears; and

"(II) that the requesting State has complied with all procedural due process requirements applicable to the case;

"(C) if the State provides assistance to another State pursuant to this paragraph with respect to a case, neither State shall consider the case to be transferred to the caseload of such other State; and

"(D) the State shall maintain records of—

"(i) the number of such requests for assistance received by the State;

"(ii) the number of cases for which the State collected support in response to such a request; and

"(iii) the amount of such collected support.".

SEC. 324. USE OF FORMS IN INTERSTATE ENFORCEMENT.

(a) PROMULGATION.—Section 452(a) (42 U.S.C. 652(a)) is amended—

(1) by striking "and" at the end of paragraph (9);

(2) by striking the period at the end of paragraph (10) and inserting "; and"; and

(3) by adding at the end the following new paragraph:

"(11) not later than June 30, 1996, after consulting with the State directors of programs under this part, promulgate forms to be used by States in interstate cases for—

"(A) collection of child support through income withholding;

"(B) imposition of liens; and

"(C) administrative subpoenas.".

(b) USE BY STATES.—Section 454(9) (42 U.S.C. 654(9)) is amended—

(1) by striking "and" at the end of subparagraph (C);

(2) by inserting "and" at the end of subparagraph (D); and

(3) by adding at the end the following new subparagraph:

"(E) no later than October 1, 1996, in using the forms promulgated pursuant to section 452(a)(11) for income withholding, imposition of liens, and issuance of administrative subpoenas in interstate child support cases;".

SEC. 325. STATE LAWS PROVIDING EXPEDITED PROCEDURES.

(a) STATE LAW REQUIREMENTS.—Section 466 (42 U.S.C. 666), as amended by section 314 of this Act, is amended—

(1) in subsection (a)(2), by striking the 1st sentence and inserting the following: "Expedited administrative and judicial procedures (including the procedures specified in subsection (c)) for establishing paternity and for establishing, modifying, and enforcing support obligations."; and

(2) by inserting after subsection (b) the following new subsection:

"(c) EXPEDITED PROCEDURES.—The procedures specified in this subsection are the following:

"(1) ADMINISTRATIVE ACTION BY STATE AGENCY.—Procedures which give the State agency the authority to take the following actions relating to establishment or enforcement of support orders, without the necessity of obtaining an order from any other judicial or administrative tribunal, and to recognize and enforce the authority of State agencies of other States) to take the following actions:

"(A) GENETIC TESTING.—To order genetic testing for the purpose of paternity establishment as provided in section 466(a)(5).

"(B) FINANCIAL OR OTHER INFORMATION.—To subpoena any financial or other information needed to establish, modify, or enforce a support order, and to impose penalties for failure to respond to such a subpoena.

"(C) RESPONSE TO STATE AGENCY REQUEST.—To require all entities in the State (including for-profit, nonprofit, and governmental employers) to provide promptly, in response to a request by the State agency of that or any other State administering a program under this part, information on the employment, compensation, and benefits of any individual employed by such entity as an employee or contractor, and to sanction failure to respond to any such request.

"(D) ACCESS TO CERTAIN RECORDS.—To obtain access, subject to safeguards on privacy and information security,

to the following records (including automated access, in the case of records maintained in automated data bases):

"(i) Records of other State and local government agencies, including—

"(I) vital statistics (including records of marriage, birth, and divorce);

"(II) State and local tax and revenue records (including information on residence address, employer, income and assets);

"(III) records concerning real and titled personal property;

"(IV) records of occupational and professional licenses, and records concerning the ownership and control of corporations, partnerships, and other business entities;

"(V) employment security records;

"(VI) records of agencies administering public assistance programs;

"(VII) records of the motor vehicle department; and

"(VIII) corrections records.

"(ii) Certain records held by private entities, including—

"(I) customer records of public utilities and cable television companies; and

"(II) information (including information on assets and liabilities) on individuals who owe or are owed support (or against or with respect to whom a support obligation is sought) held by financial institutions (subject to limitations on liability of such entities arising from affording such access), as provided pursuant to agreements described in subsection (a)(18).

"(E) CHANGE IN PAYEE.—In cases in which support is subject to an assignment in order to comply with a requirement imposed pursuant to part A or section 1912, or to a requirement to pay through the State disbursement unit established pursuant to section 454B, upon providing notice to obligor and obligee, to direct the obligor or other payor to change the payee to the appropriate government entity.

"(F) INCOME WITHHOLDING.—To order income withholding in accordance with subsections (a)(1) and (b) of section 466.

"(G) SECURING ASSETS.—In cases in which there is a support arrearage, to secure assets to satisfy the arrearage by—

"(i) intercepting or seizing periodic or lump-sum payments from—

"(I) a State or local agency, including unemployment compensation, workers' compensation, and other benefits; and

"(II) judgments, settlements, and lotteries;

"(ii) attaching and seizing assets of the obligor held in financial institutions;

"(iii) attaching public and private retirement funds; and

"(iv) imposing liens in accordance with subsection (a)(4) and, in appropriate cases, to force sale of property and distribution of proceeds.

"(H) INCREASE MONTHLY PAYMENTS.—For the purpose of securing overdue support, to increase the amount of monthly support payments to include amounts for arrearages, subject to such conditions or limitations as the State may provide.

Such procedures shall be subject to due process safeguards, including (as appropriate) requirements for notice, opportunity to contest the action, and opportunity for an appeal on the record to an independent administrative or judicial tribunal.

"(2) SUBSTANTIVE AND PROCEDURAL RULES.—The expedited procedures required under subsection (a)(2) shall include the following rules and authority, applicable with respect to all proceedings to establish paternity or to establish, modify, or enforce support orders:

"(A) LOCATOR INFORMATION; PRESUMPTIONS CONCERNING NOTICE.—Procedures under which—

"(i) each party to any paternity or child support proceeding is required (subject to privacy safeguards) to file with the tribunal and the State case registry upon entry of an order, and to update as appropriate, information on location and identity of the party, including social security number, residential and mailing addresses, telephone number, driver's license number, and name, address, and name and telephone number of employer; and

"(ii) in any subsequent child support enforcement action between the parties, upon sufficient showing that diligent effort has been made to ascertain the location of such a party, the tribunal may deem State due process requirements for notice and service of process to be met with respect to the party, upon delivery of written notice to the most recent residential or employer address filed with the tribunal pursuant to clause (i).

"(B) STATEWIDE JURISDICTION.—Procedures under which—

"(i) the State agency and any administrative or judicial tribunal with authority to hear child support and paternity cases exerts statewide jurisdiction over the parties; and

"(ii) in a State in which orders are issued by courts or administrative tribunals, a case may be transferred between local jurisdictions in the State without need for any additional filing by the petitioner, or service of process upon the respondent, to retain jurisdiction over the parties.

"(3) COORDINATION WITH ERISA.—Notwithstanding subsection (d) of section 514 of the Employee Retirement Income Security Act of 1974 (relating to effect on other laws), nothing in this subsection shall be construed to alter, amend, modify, in-

validate, impair, or supersede subsections (a), (b), and (c) of such section 514 as it applies with respect to any procedure referred to in paragraph (1) and any expedited procedure referred to in paragraph (2), except to the extent that such procedure would be consistent with the requirements of section 206(d)(3) of such Act (relating to qualified domestic relations orders) or the requirements of section 609(a) of such Act (relating to qualified medical child support orders) if the reference in such section 206(d)(3) to a domestic relations order and the reference in such section 609(a) to a medical child support order were a reference to a support order referred to in paragraphs (1) and (2) relating to the same matters, respectively.".

(b) AUTOMATION OF STATE AGENCY FUNCTIONS.—Section 454A, as added by section 344(a)(2) and as amended by sections 311 and 312(c) of this Act, is amended by adding at the end the following new subsection:

"(h) EXPEDITED ADMINISTRATIVE PROCEDURES.—The automated system required by this section shall be used, to the maximum extent feasible, to implement the expedited administrative procedures required by section 466(c).".

Subtitle D—Paternity Establishment

SEC. 331. STATE LAWS CONCERNING PATERNITY ESTABLISHMENT.

(a) STATE LAWS REQUIRED.—Section 466(a)(5) (42 U.S.C. 666(a)(5)) is amended to read as follows:

"(5) PROCEDURES CONCERNING PATERNITY ESTABLISHMENT.—

"(A) ESTABLISHMENT PROCESS AVAILABLE FROM BIRTH UNTIL AGE 18.—

"(i) Procedures which permit the establishment of the paternity of a child at any time before the child attains 18 years of age.

"(ii) As of August 16, 1984, clause (i) shall also apply to a child for whom paternity has not been established or for whom a paternity action was brought but dismissed because a statute of limitations of less than 18 years was then in effect in the State.

"(B) PROCEDURES CONCERNING GENETIC TESTING.—

"(i) GENETIC TESTING REQUIRED IN CERTAIN CONTESTED CASES.—Procedures under which the State is required, in a contested paternity case (unless otherwise barred by State law) to require the child and all other parties (other than individuals found under section 454(29) to have good cause for refusing to cooperate) to submit to genetic tests upon the request of any such party, if the request is supported by a sworn statement by the party—

"(I) alleging paternity, and setting forth facts establishing a reasonable possibility of the requisite sexual contact between the parties; or

"(II) denying paternity, and setting forth facts establishing a reasonable possibility of the nonexistence of sexual contact between the parties.

"(ii) OTHER REQUIREMENTS.—Procedures which require the State agency, in any case in which the agency orders genetic testing—

"(I) to pay costs of such tests, subject to recoupment (if the State so elects) from the alleged father if paternity is established; and

"(II) to obtain additional testing in any case if an original test result is contested, upon request and advance payment by the contestant.

"(C) VOLUNTARY PATERNITY ACKNOWLEDGMENT.—

"(i) SIMPLE CIVIL PROCESS.—Procedures for a simple civil process for voluntarily acknowledging paternity under which the State must provide that, before a mother and a putative father can sign an acknowledgment of paternity, the mother and the putative father must be given notice, orally and in writing, of the alternatives to, the legal consequences of, and the rights (including, if 1 parent is a minor, any rights afforded due to minority status) and responsibilities that arise from, signing the acknowledgment.

"(ii) HOSPITAL-BASED PROGRAM.—Such procedures must include a hospital-based program for the voluntary acknowledgment of paternity focusing on the period immediately before or after the birth of a child, subject to such good cause exceptions, taking into account the best interests of the child, as the State may establish.

"(iii) PATERNITY ESTABLISHMENT SERVICES.—

"(I) STATE-OFFERED SERVICES.—Such procedures must require the State agency responsible for maintaining birth records to offer voluntary paternity establishment services.

"(II) REGULATIONS.—

"(aa) SERVICES OFFERED BY HOSPITALS AND BIRTH RECORD AGENCIES.—The Secretary shall prescribe regulations governing voluntary paternity establishment services offered by hospitals and birth record agencies.

"(bb) SERVICES OFFERED BY OTHER ENTITIES.—The Secretary shall prescribe regulations specifying the types of other entities that may offer voluntary paternity establishment services, and governing the provision of such services, which shall include a requirement that such an entity must use the same notice provisions used by, use the same materials used by, provide the personnel providing such services with the same training provided by, and evaluate the provision of such services in the same manner as the provision of such services is evaluated by, voluntary paternity estab-

lishment programs of hospitals and birth record agencies.

"(iv) USE OF PATERNITY ACKNOWLEDGMENT AFFIDAVIT.—Such procedures must require the State to develop and use an affidavit for the voluntary acknowledgment of paternity which includes the minimum requirements of the affidavit developed by the Secretary under section 452(a)(7) for the voluntary acknowledgment of paternity, and to give full faith and credit to such an affidavit signed in any other State according to its procedures.

"(D) STATUS OF SIGNED PATERNITY ACKNOWLEDGMENT.—

"(i) INCLUSION IN BIRTH RECORDS.—Procedures under which the name of the father shall be included on the record of birth of the child of unmarried parents only if—

"(I) the father and mother have signed a voluntary acknowledgment of paternity; or

"(II) a court or an administrative agency of competent jurisdiction has issued an adjudication of paternity.

Nothing in this clause shall preclude a State agency from obtaining an admission of paternity from the father for submission in a judicial or administrative proceeding, or prohibit the issuance of an order in a judicial or administrative proceeding which bases a legal finding of paternity on an admission of paternity by the father and any other additional showing required by State law.

"(ii) LEGAL FINDING OF PATERNITY.—Procedures under which a signed voluntary acknowledgment of paternity is considered a legal finding of paternity, subject to the right of any signatory to rescind the acknowledgment within the earlier of—

"(I) 60 days; or

"(II) the date of an administrative or judicial proceeding relating to the child (including a proceeding to establish a support order) in which the signatory is a party.

"(iii) CONTEST.—Procedures under which, after the 60-day period referred to in clause (ii), a signed voluntary acknowledgment of paternity may be challenged in court only on the basis of fraud, duress, or material mistake of fact, with the burden of proof upon the challenger, and under which the legal responsibilities (including child support obligations) of any signatory arising from the acknowledgment may not be suspended during the challenge, except for good cause shown.

"(E) BAR ON ACKNOWLEDGMENT RATIFICATION PROCEEDINGS.—Procedures under which judicial or administrative proceedings are not required or permitted to ratify an unchallenged acknowledgment of paternity.

"(F) ADMISSIBILITY OF GENETIC TESTING RESULTS.—Procedures—

"(i) requiring the admission into evidence, for purposes of establishing paternity, of the results of any genetic test that is—

"(I) of a type generally acknowledged as reliable by accreditation bodies designated by the Secretary; and

"(II) performed by a laboratory approved by such an accreditation body;

"(ii) requiring an objection to genetic testing results to be made in writing not later than a specified number of days before any hearing at which the results may be introduced into evidence (or, at State option, not later than a specified number of days after receipt of the results); and

"(iii) making the test results admissible as evidence of paternity without the need for foundation testimony or other proof of authenticity or accuracy, unless objection is made.

"(G) PRESUMPTION OF PATERNITY IN CERTAIN CASES.—Procedures which create a rebuttable or, at the option of the State, conclusive presumption of paternity upon genetic testing results indicating a threshold probability that the alleged father is the father of the child.

"(H) DEFAULT ORDERS.—Procedures requiring a default order to be entered in a paternity case upon a showing of service of process on the defendant and any additional showing required by State law.

"(I) NO RIGHT TO JURY TRIAL.—Procedures providing that the parties to an action to establish paternity are not entitled to a trial by jury.

"(J) TEMPORARY SUPPORT ORDER BASED ON PROBABLE PATERNITY IN CONTESTED CASES.—Procedures which require that a temporary order be issued, upon motion by a party, requiring the provision of child support pending an administrative or judicial determination of parentage, if there is clear and convincing evidence of paternity (on the basis of genetic tests or other evidence).

"(K) PROOF OF CERTAIN SUPPORT AND PATERNITY ESTABLISHMENT COSTS.—Procedures under which bills for pregnancy, childbirth, and genetic testing are admissible as evidence without requiring third-party foundation testimony, and shall constitute prima facie evidence of amounts incurred for such services or for testing on behalf of the child.

"(L) STANDING OF PUTATIVE FATHERS.—Procedures ensuring that the putative father has a reasonable opportunity to initiate a paternity action.

"(M) FILING OF ACKNOWLEDGMENTS AND ADJUDICATIONS IN STATE REGISTRY OF BIRTH RECORDS.—Procedures under which voluntary acknowledgments and adjudications of paternity by judicial or administrative processes

are filed with the State registry of birth records for comparison with information in the State case registry.".

(b) NATIONAL PATERNITY ACKNOWLEDGMENT AFFIDAVIT.—Section 452(a)(7) (42 U.S.C. 652(a)(7)) is amended by inserting ", and develop an affidavit to be used for the voluntary acknowledgment of paternity which shall include the social security number of each parent and, after consultation with the States, other common elements as determined by such designee" before the semicolon.

(c) CONFORMING AMENDMENT.—Section 468 (42 U.S.C. 668) is amended by striking "a simple civil process for voluntarily acknowledging paternity and".

SEC. 332. OUTREACH FOR VOLUNTARY PATERNITY ESTABLISHMENT.

Section 454(23) (42 U.S.C. 654(23)) is amended by inserting "and will publicize the availability and encourage the use of procedures for voluntary establishment of paternity and child support by means the State deems appropriate" before the semicolon.

SEC. 333. COOPERATION BY APPLICANTS FOR AND RECIPIENTS OF TEMPORARY FAMILY ASSISTANCE.

Section 454 (42 U.S.C. 654), as amended by sections 301(b), 303(a), 312(a), and 313(a) of this Act, is amended—

(1) by striking "and" at the end of paragraph (27);

(2) by striking the period at the end of paragraph (28) and inserting "; and"; and

(3) by inserting after paragraph (28) the following new paragraph:

"(29) provide that the State agency responsible for administering the State plan—

"(A) shall make the determination (and redetermination at appropriate intervals) as to whether an individual who has applied for or is receiving assistance under the State program funded under part A or the State program under title XIX is cooperating in good faith with the State in establishing the paternity of, or in establishing, modifying, or enforcing a support order for, any child of the individual by providing the State agency with the name of, and such other information as the State agency may require with respect to, the noncustodial parent of the child, subject to such good cause exceptions, taking into account the best interests of the child, as the State may establish through the State agency, or at the option of the State, through the State agencies administering the State programs funded under part A and title XIX;

"(B) shall require the individual to supply additional necessary information and appear at interviews, hearings, and legal proceedings;

"(C) shall require the individual and the child to submit to genetic tests pursuant to judicial or administrative order;

"(D) may request that the individual sign a voluntary acknowledgment of paternity, after notice of the rights and consequences of such an acknowledgment, but may not require the individual to sign an acknowledgment or otherwise relinquish the right to genetic tests as a condition of

cooperation and eligibility for assistance under the State program funded under part A or the State program under title XIX; and

"(E) shall promptly notify the individual and the State agency administering the State program funded under part A and the State agency administering the State program under title XIX of each such determination, and if noncooperation is determined, the basis therefore.".

Subtitle E—Program Administration and Funding

SEC. 341. PERFORMANCE-BASED INCENTIVES AND PENALTIES.

(a) DEVELOPMENT OF NEW SYSTEM.—The Secretary of Health and Human Services, in consultation with State directors of programs under part D of title IV of the Social Security Act, shall develop a new incentive system to replace, in a revenue neutral manner, the system under section 458 of such Act. The new system shall provide additional payments to any State based on such State's performance under such a program. Not later than June 1, 1996, the Secretary shall report on the new system to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate.

(b) CONFORMING AMENDMENTS TO PRESENT SYSTEM.—Section 458 (42 U.S.C. 658) is amended—

(1) in subsection (a), by striking "aid to families with dependent children under a State plan approved under part A of this title" and inserting "assistance under a program funded under part A";

(2) in subsection (b)(1)(A), by striking "section 402(a)(26)" and inserting "section 408(a)(4)";

(3) in subsections (b) and (c)—

(A) by striking "AFDC collections" each place it appears and inserting "title IV–A collections", and

(B) by striking "non-AFDC collections" each place it appears and inserting "non-title IV–A collections"; and

(4) in subsection (c), by striking "combined AFDC/non-AFDC administrative costs" both places it appears and inserting "combined title IV–A/non-title IV–A administrative costs".

(c) CALCULATION OF IV–D PATERNITY ESTABLISHMENT PERCENTAGE.—

(1) Section 452(g)(1)(A) (42 U.S.C. 652(g)(1)(A)) is amended by striking "75" and inserting "90".

(2) Section 452(g)(1) (42 U.S.C. 652(g)(1)) is amended by redesignating subparagraphs (B) through (E) as subparagraphs (C) through (F), respectively, and by inserting after subparagraph (A) the following new subparagraph:

"(B) for a State with a paternity establishment percentage of not less than 75 percent but less than 90 percent for such fiscal year, the paternity establishment percentage of the State for the immediately preceding fiscal year plus 2 percentage points;".

(3) Section 452(g)(2)(A) (42 U.S.C. 652(g)(2)(A)) is amended in the matter preceding clause (i)—

(A) by striking "paternity establishment percentage" and inserting "IV–D paternity establishment percentage"; and

(B) by striking "(or all States, as the case may be)".

(4) Section 452(g)(2) (42 U.S.C. 652(g)(2)) is amended by adding at the end the following new sentence: "In meeting the 90 percent paternity establishment requirement, a State may calculate either the paternity establishment rate of cases in the program funded under this part or the paternity establishment rate of all out-of-wedlock births in the State.".

(5) Section 452(g)(3) (42 U.S.C. 652(g)(3)) is amended—

(A) by striking subparagraph (A) and redesignating subparagraphs (B) and (C) as subparagraphs (A) and (B), respectively;

(B) in subparagraph (A) (as so redesignated), by striking "the percentage of children born out-of-wedlock in a State" and inserting "the percentage of children in a State who are born out of wedlock or for whom support has not been established"; and

(C) in subparagraph (B) (as so redesignated) by inserting "and securing support" before the period.

(d) EFFECTIVE DATES.—

(1) INCENTIVE ADJUSTMENTS.—

(A) IN GENERAL.—The system developed under subsection (a) and the amendments made by subsection (b) shall become effective on October 1, 1997, except to the extent provided in subparagraph (B).

(B) APPLICATION OF SECTION 458.—Section 458 of the Social Security Act, as in effect on the day before the date of the enactment of this section, shall be effective for purposes of incentive payments to States for fiscal years before fiscal year 1999.

(2) PENALTY REDUCTIONS.—The amendments made by subsection (c) shall become effective with respect to calendar quarters beginning on or after the date of the enactment of this Act.

SEC. 342. FEDERAL AND STATE REVIEWS AND AUDITS.

(a) STATE AGENCY ACTIVITIES.—Section 454 (42 U.S.C. 654) is amended—

(1) in paragraph (14), by striking "(14)" and inserting "(14)(A)";

(2) by redesignating paragraph (15) as subparagraph (B) of paragraph (14); and

(3) by inserting after paragraph (14) the following new paragraph:

"(15) provide for—

"(A) a process for annual reviews of and reports to the Secretary on the State program operated under the State plan approved under this part, including such information as may be necessary to measure State compliance with Federal requirements for expedited procedures, using such standards and procedures as are required by the Secretary, under which the State agency will determine the extent to

which the program is operated in compliance with this part; and

"(B) a process of extracting from the automated data processing system required by paragraph (16) and transmitting to the Secretary data and calculations concerning the levels of accomplishment (and rates of improvement) with respect to applicable performance indicators (including IV–D paternity establishment percentages to the extent necessary for purposes of sections 452(g) and 458.".

(b) FEDERAL ACTIVITIES.—Section 452(a)(4) (42 U.S.C. 652(a)(4)) is amended to read as follows:

"(4)(A) review data and calculations transmitted by State agencies pursuant to section 454(15)(B) on State program accomplishments with respect to performance indicators for purposes of subsection (g) of this section and section 458;

"(B) review annual reports submitted pursuant to section 454(15)(A) and, as appropriate, provide to the State comments, recommendations for additional or alternative corrective actions, and technical assistance; and

"(C) conduct audits, in accordance with the Government auditing standards of the Comptroller General of the United States—

"(i) at least once every 3 years (or more frequently, in the case of a State which fails to meet the requirements of this part concerning performance standards and reliability of program data) to assess the completeness, reliability, and security of the data, and the accuracy of the reporting systems, used in calculating performance indicators under subsection (g) of this section and section 458;

"(ii) of the adequacy of financial management of the State program operated under the State plan approved under this part, including assessments of—

"(I) whether Federal and other funds made available to carry out the State program are being appropriately expended, and are properly and fully accounted for; and

"(II) whether collections and disbursements of support payments are carried out correctly and are fully accounted for; and

"(iii) for such other purposes as the Secretary may find necessary;".

(c) EFFECTIVE DATE.—The amendments made by this section shall be effective with respect to calendar quarters beginning 12 months or more after the date of the enactment of this Act.

SEC. 343. REQUIRED REPORTING PROCEDURES.

(a) ESTABLISHMENT.—Section 452(a)(5) (42 U.S.C. 652(a)(5)) is amended by inserting ", and establish procedures to be followed by States for collecting and reporting information required to be provided under this part, and establish uniform definitions (including those necessary to enable the measurement of State compliance with the requirements of this part relating to expedited processes) to be applied in following such procedures" before the semicolon.

(b) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 654), as amended by sections 301(b), 303(a), 312(a), 313(a), and 333 of this Act, is amended—

(1) by striking "and" at the end of paragraph (28);

(2) by striking the period at the end of paragraph (29) and inserting "; and"; and

(3) by adding after paragraph (29) the following new paragraph:

"(30) provide that the State shall use the definitions established under section 452(a)(5) in collecting and reporting information as required under this part.".

SEC. 344. AUTOMATED DATA PROCESSING REQUIREMENTS.

(a) REVISED REQUIREMENTS.—

(1) IN GENERAL.—Section 454(16) (42 U.S.C. 654(16)) is amended—

(A) by striking ", at the option of the State,";

(B) by inserting "and operation by the State agency" after "for the establishment";

(C) by inserting "meeting the requirements of section 454A" after "information retrieval system";

(D) by striking "in the State and localities thereof, so as (A)" and inserting "so as";

(E) by striking "(i)"; and

(F) by striking "(including" and all that follows and inserting a semicolon.

(2) AUTOMATED DATA PROCESSING.—Part D of title IV (42 U.S.C. 651–669) is amended by inserting after section 454 the following new section:

"SEC. 454A. AUTOMATED DATA PROCESSING.

"(a) IN GENERAL.—In order for a State to meet the requirements of this section, the State agency administering the State program under this part shall have in operation a single statewide automated data processing and information retrieval system which has the capability to perform the tasks specified in this section with the frequency and in the manner required by or under this part.

"(b) PROGRAM MANAGEMENT.—The automated system required by this section shall perform such functions as the Secretary may specify relating to management of the State program under this part, including—

"(1) controlling and accounting for use of Federal, State, and local funds in carrying out the program; and

"(2) maintaining the data necessary to meet Federal reporting requirements under this part on a timely basis.

"(c) CALCULATION OF PERFORMANCE INDICATORS.—In order to enable the Secretary to determine the incentive payments and penalty adjustments required by sections 452(g) and 458, the State agency shall—

"(1) use the automated system—

"(A) to maintain the requisite data on State performance with respect to paternity establishment and child support enforcement in the State; and

"(B) to calculate the IV–D paternity establishment percentage for the State for each fiscal year; and

"(2) have in place systems controls to ensure the completeness and reliability of, and ready access to, the data described in paragraph (1)(A), and the accuracy of the calculations described in paragraph (1)(B).

"(d) INFORMATION INTEGRITY AND SECURITY.—The State agency shall have in effect safeguards on the integrity, accuracy, and completeness of, access to, and use of data in the automated system required by this section, which shall include the following (in addition to such other safeguards as the Secretary may specify in regulations):

"(1) POLICIES RESTRICTING ACCESS.—Written policies concerning access to data by State agency personnel, and sharing of data with other persons, which—

"(A) permit access to and use of data only to the extent necessary to carry out the State program under this part; and

"(B) specify the data which may be used for particular program purposes, and the personnel permitted access to such data.

"(2) SYSTEMS CONTROLS.—Systems controls (such as passwords or blocking of fields) to ensure strict adherence to the policies described in paragraph (1).

"(3) MONITORING OF ACCESS.—Routine monitoring of access to and use of the automated system, through methods such as audit trails and feedback mechanisms, to guard against and promptly identify unauthorized access or use.

"(4) TRAINING AND INFORMATION.—Procedures to ensure that all personnel (including State and local agency staff and contractors) who may have access to or be required to use confidential program data are informed of applicable requirements and penalties (including those in section 6103 of the Internal Revenue Code of 1986), and are adequately trained in security procedures.

"(5) PENALTIES.—Administrative penalties (up to and including dismissal from employment) for unauthorized access to, or disclosure or use of, confidential data.".

(3) REGULATIONS.—The Secretary of Health and Human Services shall prescribe final regulations for implementation of section 454A of the Social Security Act not later than 2 years after the date of the enactment of this Act.

(4) IMPLEMENTATION TIMETABLE.—Section 454(24) (42 U.S.C. 654(24)), as amended by section 303(a)(1) of this Act, is amended to read as follows:

"(24) provide that the State will have in effect an automated data processing and information retrieval system—

"(A) by October 1, 1997, which meets all requirements of this part which were enacted on or before the date of enactment of the Family Support Act of 1988, and

"(B) by October 1, 1999, which meets all requirements of this part enacted on or before the date of the enactment of the Personal Responsibility and Work Opportunity Act of 1995, except that such deadline shall be extended by 1 day for each day (if any) by which the Secretary fails to meet

the deadline imposed by section 344(a)(3) of the Personal Responsibility and Work Opportunity Act of 1995;".

(b) SPECIAL FEDERAL MATCHING RATE FOR DEVELOPMENT COSTS OF AUTOMATED SYSTEMS.—

(1) IN GENERAL.—Section 455(a) (42 U.S.C. 655(a)) is amended—

(A) in paragraph (1)(B)—

(i) by striking "90 percent" and inserting "the percent specified in paragraph (3)";

(ii) by striking "so much of"; and

(iii) by striking "which the Secretary" and all that follows and inserting ", and"; and

(B) by adding at the end the following new paragraph:

"(3)(A) The Secretary shall pay to each State, for each quarter in fiscal years 1996 and 1997, 90 percent of so much of the State expenditures described in paragraph (1)(B) as the Secretary finds are for a system meeting the requirements specified in section 454(16) (as in effect on September 30, 1995) but limited to the amount approved for States in the advance planning documents of such States submitted on or before May 1, 1995.

"(B)(i) The Secretary shall pay to each State, for each quarter in fiscal years 1996 through 2001, the percentage specified in clause (ii) of so much of the State expenditures described in paragraph (1)(B) as the Secretary finds are for a system meeting the requirements of sections 454(16) and 454A.

"(ii) The percentage specified in this clause is 80 percent.".

(2) TEMPORARY LIMITATION ON PAYMENTS UNDER SPECIAL FEDERAL MATCHING RATE.—

(A) IN GENERAL.—The Secretary of Health and Human Services may not pay more than $400,000,000 in the aggregate under section 455(a)(3)(B) of the Social Security Act for fiscal years 1996 through 2001.

(B) ALLOCATION OF LIMITATION AMONG STATES.—The total amount payable to a State under section 455(a)(3)(B) of such Act for fiscal years 1996 through 2001 shall not exceed the limitation determined for the State by the Secretary of Health and Human Services in regulations.

(C) ALLOCATION FORMULA.—The regulations referred to in subparagraph (B) shall prescribe a formula for allocating the amount specified in subparagraph (A) among States with plans approved under part D of title IV of the Social Security Act, which shall take into account—

(i) the relative size of State caseloads under such part; and

(ii) the level of automation needed to meet the automated data processing requirements of such part.

(c) CONFORMING AMENDMENT.—Section 123(c) of the Family Support Act of 1988 (102 Stat. 2352; Public Law 100–485) is repealed.

SEC. 345. TECHNICAL ASSISTANCE.

(a) FOR TRAINING OF FEDERAL AND STATE STAFF, RESEARCH AND DEMONSTRATION PROGRAMS, AND SPECIAL PROJECTS OF REGIONAL OR NATIONAL SIGNIFICANCE.—Section 452 (42 U.S.C. 652) is amended by adding at the end the following new subsection:

"(j) Out of any money in the Treasury of the United States not otherwise appropriated, there is hereby appropriated to the Secretary for each fiscal year an amount equal to 1 percent of the total amount paid to the Federal Government pursuant to section 457(a) during the immediately preceding fiscal year (as determined on the basis of the most recent reliable data available to the Secretary as of the end of the 3rd calendar quarter following the end of such preceding fiscal year), to cover costs incurred by the Secretary for—

"(1) information dissemination and technical assistance to States, training of State and Federal staff, staffing studies, and related activities needed to improve programs under this part (including technical assistance concerning State automated systems required by this part); and

"(2) research, demonstration, and special projects of regional or national significance relating to the operation of State programs under this part.

The amount appropriated under this subsection shall remain available until expended.".

(b) OPERATION OF FEDERAL PARENT LOCATOR SERVICE.—Section 453 (42 U.S.C. 653), as amended by section 316 of this Act, is amended by adding at the end the following new subsection:

"(o) RECOVERY OF COSTS.—Out of any money in the Treasury of the United States not otherwise appropriated, there is hereby appropriated to the Secretary for each fiscal year an amount equal to 2 percent of the total amount paid to the Federal Government pursuant to section 457(a) during the immediately preceding fiscal year (as determined on the basis of the most recent reliable data available to the Secretary as of the end of the 3rd calendar quarter following the end of such preceding fiscal year), to cover costs incurred by the Secretary for operation of the Federal Parent Locator Service under this section, to the extent such costs are not recovered through user fees.".

SEC. 346. REPORTS AND DATA COLLECTION BY THE SECRETARY.

(a) ANNUAL REPORT TO CONGRESS.—

(1) Section 452(a)(10)(A) (42 U.S.C. 652(a)(10)(A)) is amended—

(A) by striking "this part;" and inserting "this part, including—"; and

(B) by adding at the end the following new clauses:

"(i) the total amount of child support payments collected as a result of services furnished during the fiscal year to individuals receiving services under this part;

"(ii) the cost to the States and to the Federal Government of so furnishing the services; and

"(iii) the number of cases involving families—

"(I) who became ineligible for assistance under State programs funded under part A during a month in the fiscal year; and

"(II) with respect to whom a child support payment was received in the month;".

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

(A) in the matter preceding clause (i)—

(i) by striking "with the data required under each clause being separately stated for cases" and inserting "separately stated for (1) cases";

(ii) by striking "cases where the child was formerly receiving" and inserting "or formerly received";

(iii) by inserting "or 1912" after "471(a)(17)"; and

(iv) by inserting "(2)" before "all other";

(B) in each of clauses (i) and (ii), by striking ", and the total amount of such obligations";

(C) in clause (iii), by striking "described in" and all that follows and inserting "in which support was collected during the fiscal year;";

(D) by striking clause (iv); and

(E) by redesignating clause (v) as clause (vii), and inserting after clause (iii) the following new clauses:

"(iv) the total amount of support collected during such fiscal year and distributed as current support;

"(v) the total amount of support collected during such fiscal year and distributed as arrearages;

"(vi) the total amount of support due and unpaid for all fiscal years; and".

(3) Section 452(a)(10)(G) (42 U.S.C. 652(a)(10)(G)) is amended by striking "on the use of Federal courts and".

(4) Section 452(a)(10) (42 U.S.C. 652(a)(10)) is amended—

(A) in subparagraph (H), by striking "and";

(B) in subparagraph (I), by striking the period and inserting "; and"; and

(C) by inserting after subparagraph (I) the following new subparagraph:

"(J) compliance, by State, with the standards established pursuant to subsections (h) and (i).".

(5) Section 452(a)(10) (42 U.S.C. 652(a)(10)) is amended by striking all that follows subparagraph (J), as added by paragraph (4).

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall be effective with respect to fiscal year 1996 and succeeding fiscal years.

Subtitle F—Establishment and Modification of Support Orders

SEC. 351. SIMPLIFIED PROCESS FOR REVIEW AND ADJUSTMENT OF CHILD SUPPORT ORDERS.

Section 466(a)(10) (42 U.S.C. 666(a)(10)) is amended to read as follows:

"(10) REVIEW AND ADJUSTMENT OF SUPPORT ORDERS UPON REQUEST.—Procedures under which the State shall review and adjust each support order being enforced under this part upon the request of either parent or the State if there is an assignment. Such procedures shall provide the following:

"(A) IN GENERAL.—

"(i) 3-YEAR CYCLE.—Except as provided in subparagraphs (B) and (C), the State shall review and, as ap-

propriate, adjust the support order every 3 years, taking into account the best interests of the child involved.

"(ii) METHODS OF ADJUSTMENT.—The State may elect to review and, if appropriate, adjust an order pursuant to clause (i) by—

"(I) reviewing and, if appropriate, adjusting the order in accordance with the guidelines established pursuant to section 467(a) if the amount of the child support award under the order differs from the amount that would be awarded in accordance with the guidelines; or

"(II) applying a cost-of-living adjustment to the order in accordance with a formula developed by the State and permit either party to contest the adjustment, within 30 days after the date of the notice of the adjustment, by making a request for review and, if appropriate, adjustment of the order in accordance with the child support guidelines established pursuant to section 467(a).

"(iii) NO PROOF OF CHANGE IN CIRCUMSTANCES NECESSARY.—Any adjustment under this subparagraph (A) shall be made without a requirement for proof or showing of a change in circumstances.

"(B) AUTOMATED METHOD.—The State may use automated methods (including automated comparisons with wage or State income tax data) to identify orders eligible for review, conduct the review, identify orders eligible for adjustment, and apply the appropriate adjustment to the orders eligible for adjustment under the threshold established by the State.

"(C) REQUEST UPON SUBSTANTIAL CHANGE IN CIRCUMSTANCES.—The State shall, at the request of either parent subject to such an order or of any State child support enforcement agency, review and, if appropriate, adjust the order in accordance with the guidelines established pursuant to section 467(a) based upon a substantial change in the circumstances of either parent.

"(D) NOTICE OF RIGHT TO REVIEW.—The State shall provide notice not less than once every 3 years to the parents subject to such an order informing them of their right to request the State to review and, if appropriate, adjust the order pursuant to this paragraph. The notice may be included in the order.".

SEC. 352. FURNISHING CONSUMER REPORTS FOR CERTAIN PURPOSES RELATING TO CHILD SUPPORT.

Section 604 of the Fair Credit Reporting Act (15 U.S.C. 1681b) is amended by adding at the end the following new paragraphs:

"(4) In response to a request by the head of a State or local child support enforcement agency (or a State or local government official authorized by the head of such an agency), if the person making the request certifies to the consumer reporting agency that—

"(A) the consumer report is needed for the purpose of establishing an individual's capacity to make child support

payments or determining the appropriate level of such payments;

"(B) the paternity of the consumer for the child to which the obligation relates has been established or acknowledged by the consumer in accordance with State laws under which the obligation arises (if required by those laws);

"(C) the person has provided at least 10 days' prior notice to the consumer whose report is requested, by certified or registered mail to the last known address of the consumer, that the report will be requested; and

"(D) the consumer report will be kept confidential, will be used solely for a purpose described in subparagraph (A), and will not be used in connection with any other civil, administrative, or criminal proceeding, or for any other purpose.

"(5) To an agency administering a State plan under section 454 of the Social Security Act (42 U.S.C. 654) for use to set an initial or modified child support award.".

SEC. 353. NONLIABILITY FOR FINANCIAL INSTITUTIONS PROVIDING FINANCIAL RECORDS TO STATE CHILD SUPPORT ENFORCEMENT AGENCIES IN CHILD SUPPORT CASES.

(a) IN GENERAL.—Notwithstanding any other provision of Federal or State law, a financial institution shall not be liable under any Federal or State law to any person for disclosing any financial record of an individual to a State child support enforcement agency attempting to establish, modify, or enforce a child support obligation of such individual.

(b) PROHIBITION OF DISCLOSURE OF FINANCIAL RECORD OBTAINED BY STATE CHILD SUPPORT ENFORCEMENT AGENCY.—A State child support enforcement agency which obtains a financial record of an individual from a financial institution pursuant to subsection (a) may disclose such financial record only for the purpose of, and to the extent necessary in, establishing, modifying, or enforcing a child support obligation of such individual.

(c) CIVIL DAMAGES FOR UNAUTHORIZED DISCLOSURE.—

(1) DISCLOSURE BY STATE OFFICER OR EMPLOYEE.—If any person knowingly, or by reason of negligence, discloses a financial record of an individual in violation of subsection (b), such individual may bring a civil action for damages against such person in a district court of the United States.

(2) NO LIABILITY FOR GOOD FAITH BUT ERRONEOUS INTERPRETATION.—No liability shall arise under this subsection with respect to any disclosure which results from a good faith, but erroneous, interpretation of subsection (b).

(3) DAMAGES.—In any action brought under paragraph (1), upon a finding of liability on the part of the defendant, the defendant shall be liable to the plaintiff in an amount equal to the sum of—

(A) the greater of—

(i) $1,000 for each act of unauthorized disclosure of a financial record with respect to which such defendant is found liable; or

(ii) the sum of—

(I) the actual damages sustained by the plaintiff as a result of such unauthorized disclosure; plus

(II) in the case of a willful disclosure or a disclosure which is the result of gross negligence, punitive damages; plus

(B) the costs (including attorney's fees) of the action.

(d) DEFINITIONS.—For purposes of this section—

(1) FINANCIAL INSTITUTION.—The term "financial institution" means—

(A) a depository institution, as defined in section 3(c) of the Federal Deposit Insurance Act (12 U.S.C. 1813(c));

(B) an institution-affiliated party, as defined in section 3(u) of such Act (12 U.S.C. 1813(v));

(C) any Federal credit union or State credit union, as defined in section 101 of the Federal Credit Union Act (12 U.S.C. 1752), including an institution-affiliated party of such a credit union, as defined in section 206(r) of such Act (12 U.S.C. 1786(r)); and

(D) any benefit association, insurance company, safe deposit company, money-market mutual fund, or similar entity authorized to do business in the State.

(2) FINANCIAL RECORD.—The term "financial record" has the meaning given such term in section 1101 of the Right to Financial Privacy Act of 1978 (12 U.S.C. 3401).

(3) STATE CHILD SUPPORT ENFORCEMENT AGENCY.—The term "State child support enforcement agency" means a State agency which administers a State program for establishing and enforcing child support obligations.

Subtitle G—Enforcement of Support Orders

SEC. 361. INTERNAL REVENUE SERVICE COLLECTION OF ARREARAGES.

(a) COLLECTION OF FEES.—Section 6305(a) of the Internal Revenue Code of 1986 (relating to collection of certain liability) is amended—

(1) by striking "and" at the end of paragraph (3);

(2) by striking the period at the end of paragraph (4) and inserting ", and";

(3) by adding at the end the following new paragraph:

"(5) no additional fee may be assessed for adjustments to an amount previously certified pursuant to such section 452(b) with respect to the same obligor."; and

(4) by striking "Secretary of Health, Education, and Welfare" each place it appears and inserting "Secretary of Health and Human Services".

(b) EFFECTIVE DATE.—The amendments made by this section shall become effective October 1, 1997.

SEC. 362. AUTHORITY TO COLLECT SUPPORT FROM FEDERAL EMPLOYEES.

(a) CONSOLIDATION AND STREAMLINING OF AUTHORITIES.—Section 459 (42 U.S.C. 659) is amended to read as follows:

"SEC. 459. CONSENT BY THE UNITED STATES TO INCOME WITHHOLDING, GARNISHMENT, AND SIMILAR PROCEEDINGS FOR ENFORCEMENT OF CHILD SUPPORT AND ALIMONY OBLIGATIONS.

"(a) CONSENT TO SUPPORT ENFORCEMENT.—Notwithstanding any other provision of law (including section 207 of this Act and section 5301 of title 38, United States Code), effective January 1, 1975, moneys (the entitlement to which is based upon remuneration for employment) due from, or payable by, the United States or the District of Columbia (including any agency, subdivision, or instrumentality thereof) to any individual, including members of the Armed Forces of the United States, shall be subject, in like manner and to the same extent as if the United States or the District of Columbia were a private person, to withholding in accordance with State law enacted pursuant to subsections (a)(1) and (b) of section 466 and regulations of the Secretary under such subsections, and to any other legal process brought, by a State agency administering a program under a State plan approved under this part or by an individual obligee, to enforce the legal obligation of the individual to provide child support or alimony.

"(b) CONSENT TO REQUIREMENTS APPLICABLE TO PRIVATE PERSON.—With respect to notice to withhold income pursuant to subsection (a)(1) or (b) of section 466, or any other order or process to enforce support obligations against an individual (if the order or process contains or is accompanied by sufficient data to permit prompt identification of the individual and the moneys involved), each governmental entity specified in subsection (a) shall be subject to the same requirements as would apply if the entity were a private person, except as otherwise provided in this section.

"(c) DESIGNATION OF AGENT; RESPONSE TO NOTICE OR PROCESS—

"(1) DESIGNATION OF AGENT.—The head of each agency subject to this section shall—

"(A) designate an agent or agents to receive orders and accept service of process in matters relating to child support or alimony; and

"(B) annually publish in the Federal Register the designation of the agent or agents, identified by title or position, mailing address, and telephone number.

"(2) RESPONSE TO NOTICE OR PROCESS.—If an agent designated pursuant to paragraph (1) of this subsection receives notice pursuant to State procedures in effect pursuant to subsection (a)(1) or (b) of section 466, or is effectively served with any order, process, or interrogatory, with respect to an individual's child support or alimony payment obligations, the agent shall—

"(A) as soon as possible (but not later than 15 days) thereafter, send written notice of the notice or service (together with a copy of the notice or service) to the individual at the duty station or last-known home address of the individual;

"(B) within 30 days (or such longer period as may be prescribed by applicable State law) after receipt of a notice pursuant to such State procedures, comply with all applicable provisions of section 466; and

"(C) within 30 days (or such longer period as may be prescribed by applicable State law) after effective service of any other such order, process, or interrogatory, respond to the order, process, or interrogatory.

"(d) PRIORITY OF CLAIMS.—If a governmental entity specified in subsection (a) receives notice or is served with process, as provided in this section, concerning amounts owed by an individual to more than 1 person—

"(1) support collection under section 466(b) must be given priority over any other process, as provided in section 466(b)(7);

"(2) allocation of moneys due or payable to an individual among claimants under section 466(b) shall be governed by section 466(b) and the regulations prescribed under such section; and

"(3) such moneys as remain after compliance with paragraphs (1) and (2) shall be available to satisfy any other such processes on a first-come, first-served basis, with any such process being satisfied out of such moneys as remain after the satisfaction of all such processes which have been previously served.

"(e) NO REQUIREMENT TO VARY PAY CYCLES.—A governmental entity that is affected by legal process served for the enforcement of an individual's child support or alimony payment obligations shall not be required to vary its normal pay and disbursement cycle in order to comply with the legal process.

"(f) RELIEF FROM LIABILITY.—

"(1) Neither the United States, nor the government of the District of Columbia, nor any disbursing officer shall be liable with respect to any payment made from moneys due or payable from the United States to any individual pursuant to legal process regular on its face, if the payment is made in accordance with this section and the regulations issued to carry out this section.

"(2) No Federal employee whose duties include taking actions necessary to comply with the requirements of subsection (a) with regard to any individual shall be subject under any law to any disciplinary action or civil or criminal liability or penalty for, or on account of, any disclosure of information made by the employee in connection with the carrying out of such actions.

"(g) REGULATIONS.—Authority to promulgate regulations for the implementation of this section shall, insofar as this section applies to moneys due from (or payable by)—

"(1) the United States (other than the legislative or judicial branches of the Federal Government) or the government of the District of Columbia, be vested in the President (or the designee of the President);

"(2) the legislative branch of the Federal Government, be vested jointly in the President pro tempore of the Senate and the Speaker of the House of Representatives (or their designees), and

"(3) the judicial branch of the Federal Government, be vested in the Chief Justice of the United States (or the designee of the Chief Justice).

"(h) MONEYS SUBJECT TO PROCESS.—

"(1) IN GENERAL.—Subject to paragraph (2), moneys paid or payable to an individual which are considered to be based upon remuneration for employment, for purposes of this section—

"(A) consist of—

"(i) compensation paid or payable for personal services of the individual, whether the compensation is denominated as wages, salary, commission, bonus, pay, allowances, or otherwise (including severance pay, sick pay, and incentive pay);

"(ii) periodic benefits (including a periodic benefit as defined in section 228(h)(3)) or other payments—

"(I) under the insurance system established by title II;

"(II) under any other system or fund established by the United States which provides for the payment of pensions, retirement or retired pay, annuities, dependents' or survivors' benefits, or similar amounts payable on account of personal services performed by the individual or any other individual;

"(III) as compensation for death under any Federal program;

"(IV) under any Federal program established to provide 'black lung' benefits; or

"(V) by the Secretary of Veterans Affairs as compensation for a service-connected disability paid by the Secretary to a former member of the Armed Forces who is in receipt of retired or retainer pay if the former member has waived a portion of the retired or retainer pay in order to receive such compensation; and

"(iii) worker's compensation benefits paid under Federal or State law but

"(B) do not include any payment—

"(i) by way of reimbursement or otherwise, to defray expenses incurred by the individual in carrying out duties associated with the employment of the individual; or

"(ii) as allowances for members of the uniformed services payable pursuant to chapter 7 of title 37, United States Code, as prescribed by the Secretaries concerned (defined by section 101(5) of such title) as necessary for the efficient performance of duty.

"(2) CERTAIN AMOUNTS EXCLUDED.—In determining the amount of any moneys due from, or payable by, the United States to any individual, there shall be excluded amounts which—

"(A) are owed by the individual to the United States;

"(B) are required by law to be, and are, deducted from the remuneration or other payment involved, including Federal employment taxes, and fines and forfeitures ordered by court-martial;

"(C) are properly withheld for Federal, State, or local income tax purposes, if the withholding of the amounts is

authorized or required by law and if amounts withheld are not greater than would be the case if the individual claimed all dependents to which he was entitled (the withholding of additional amounts pursuant to section 3402(i) of the Internal Revenue Code of 1986 may be permitted only when the individual presents evidence of a tax obligation which supports the additional withholding);

"(D) are deducted as health insurance premiums;

"(E) are deducted as normal retirement contributions (not including amounts deducted for supplementary coverage); or

"(F) are deducted as normal life insurance premiums from salary or other remuneration for employment (not including amounts deducted for supplementary coverage).

"(i) DEFINITIONS.—For purposes of this section—

"(1) UNITED STATES.—The term 'United States' includes any department, agency, or instrumentality of the legislative, judicial, or executive branch of the Federal Government, the United States Postal Service, the Postal Rate Commission, any Federal corporation created by an Act of Congress that is wholly owned by the Federal Government, and the governments of the territories and possessions of the United States.

"(2) CHILD SUPPORT.—The term 'child support', when used in reference to the legal obligations of an individual to provide such support, means amounts required to be paid under a judgment, decree, or order, whether temporary, final, or subject to modification, issued by a court or an administrative agency of competent jurisdiction, for the support and maintenance of a child, including a child who has attained the age of majority under the law of the issuing State, or a child and the parent with whom the child is living, which provides for monetary support, health care, arrearages or reimbursement, and which may include other related costs and fees, interest and penalties, income withholding, attorney's fees, and other relief.

"(3) ALIMONY.—

"(A) IN GENERAL.—The term 'alimony', when used in reference to the legal obligations of an individual to provide the same, means periodic payments of funds for the support and maintenance of the spouse (or former spouse) of the individual, and (subject to and in accordance with State law) includes separate maintenance, alimony pendente lite, maintenance, and spousal support, and includes attorney's fees, interest, and court costs when and to the extent that the same are expressly made recoverable as such pursuant to a decree, order, or judgment issued in accordance with applicable State law by a court of competent jurisdiction.

"(B) EXCEPTIONS.—Such term does not include—

"(i) any child support; or

"(ii) any payment or transfer of property or its value by an individual to the spouse or a former spouse of the individual in compliance with any community property settlement, equitable distribution of property, or other division of property between spouses or former spouses.

"(4) PRIVATE PERSON.—The term 'private person' means a person who does not have sovereign or other special immunity or privilege which causes the person not to be subject to legal process.

"(5) LEGAL PROCESS.—The term 'legal process' means any writ, order, summons, or other similar process in the nature of garnishment—

"(A) which is issued by—

"(i) a court or an administrative agency of competent jurisdiction in any State, territory, or possession of the United States;

"(ii) a court or an administrative agency of competent jurisdiction in any foreign country with which the United States has entered into an agreement which requires the United States to honor the process; or

"(iii) an authorized official pursuant to an order of such a court or an administrative agency of competent jurisdiction or pursuant to State or local law; and

"(B) which is directed to, and the purpose of which is to compel, a governmental entity which holds moneys which are otherwise payable to an individual to make a payment from the moneys to another party in order to satisfy a legal obligation of the individual to provide child support or make alimony payments.".

(b) CONFORMING AMENDMENTS.—

(1) TO PART D OF TITLE IV.—Sections 461 and 462 (42 U.S.C. 661 and 662) are repealed.

(2) TO TITLE 5, UNITED STATES CODE.—Section 5520a of title 5, United States Code, is amended, in subsections (h)(2) and (i), by striking "sections 459, 461, and 462 of the Social Security Act (42 U.S.C. 659, 661, and 662)" and inserting "section 459 of the Social Security Act (42 U.S.C. 659)".

(c) MILITARY RETIRED AND RETAINER PAY.—

(1) DEFINITION OF COURT.—Section 1408(a)(1) of title 10, United States Code, is amended—

(A) by striking "and" at the end of subparagraph (B);

(B) by striking the period at the end of subparagraph (C) and inserting "; and"; and

(C) by adding after subparagraph (C) the following: new subparagraph

"(D) any administrative or judicial tribunal of a State competent to enter orders for support or maintenance (including a State agency administering a program under a State plan approved under part D of title IV of the Social Security Act), and, for purposes of this subparagraph, the term 'State' includes the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa.".

(2) DEFINITION OF COURT ORDER.—Section 1408(a)(2) of such title is amended—

(A) by inserting "or a support order, as defined in section 453(p) of the Social Security Act (42 U.S.C. 653(p))," before *"which—";*

(B) in subparagraph (B)(i), by striking "(as defined in section 462(b) of the Social Security Act (42 U.S.C. 662(b)))" and inserting "(as defined in section 459(i)(2) of the Social Security Act (42 U.S.C. 662(i)(2)))"; and

(C) in subparagraph (B)(ii), by striking "(as defined in section 462(c) of the Social Security Act (42 U.S.C. 662(c)))" and inserting "(as defined in section 459(i)(3) of the Social Security Act (42 U.S.C. 662(i)(3)))".

(3) PUBLIC PAYEE.—Section 1408(d) of such title is amended—

(A) in the heading, by inserting "(OR FOR BENEFIT OF)" before "SPOUSE OR"; and

(B) in paragraph (1), in the 1st sentence, by inserting "(or for the benefit of such spouse or former spouse to a State disbursement unit established pursuant to section 454B of the Social Security Act or other public payee designated by a State, in accordance with part D of title IV of the Social Security Act, as directed by court order, or as otherwise directed in accordance with such part D)" before "in an amount sufficient".

(4) RELATIONSHIP TO PART D OF TITLE IV.—Section 1408 of such title is amended by adding at the end the following new subsection:

"(j) RELATIONSHIP TO OTHER LAWS.—In any case involving an order providing for payment of child support (as defined in section 459(i)(2) of the Social Security Act) by a member who has never been married to the other parent of the child, the provisions of this section shall not apply, and the case shall be subject to the provisions of section 459 of such Act.".

(d) EFFECTIVE DATE.—The amendments made by this section shall become effective 6 months after the date of the enactment of this Act.

SEC. 363. ENFORCEMENT OF CHILD SUPPORT OBLIGATIONS OF MEMBERS OF THE ARMED FORCES.

(a) AVAILABILITY OF LOCATOR INFORMATION.—

(1) MAINTENANCE OF ADDRESS INFORMATION.—The Secretary of Defense shall establish a centralized personnel locator service that includes the address of each member of the Armed Forces under the jurisdiction of the Secretary. Upon request of the Secretary of Transportation, addresses for members of the Coast Guard shall be included in the centralized personnel locator service.

(2) TYPE OF ADDRESS.—

(A) RESIDENTIAL ADDRESS.—Except as provided in subparagraph (B), the address for a member of the Armed Forces shown in the locator service shall be the residential address of that member.

(B) DUTY ADDRESS.—The address for a member of the Armed Forces shown in the locator service shall be the duty address of that member in the case of a member—

(i) who is permanently assigned overseas, to a vessel, or to a routinely deployable unit; or

(ii) with respect to whom the Secretary concerned makes a determination that the member's residential

address should not be disclosed due to national security or safety concerns.

(3) UPDATING OF LOCATOR INFORMATION.—Within 30 days after a member listed in the locator service establishes a new residential address (or a new duty address, in the case of a member covered by paragraph (2)(B)), the Secretary concerned shall update the locator service to indicate the new address of the member.

(4) AVAILABILITY OF INFORMATION.—The Secretary of Defense shall make information regarding the address of a member of the Armed Forces listed in the locator service available, on request, to the Federal Parent Locator Service established under section 453 of the Social Security Act.

(b) FACILITATING GRANTING OF LEAVE FOR ATTENDANCE AT HEARINGS.—

(1) REGULATIONS.—The Secretary of each military department, and the Secretary of Transportation with respect to the Coast Guard when it is not operating as a service in the Navy, shall prescribe regulations to facilitate the granting of leave to a member of the Armed Forces under the jurisdiction of that Secretary in a case in which—

(A) the leave is needed for the member to attend a hearing described in paragraph (2);

(B) the member is not serving in or with a unit deployed in a contingency operation (as defined in section 101 of title 10, United States Code); and

(C) the exigencies of military service (as determined by the Secretary concerned) do not otherwise require that such leave not be granted.

(2) COVERED HEARINGS.—Paragraph (1) applies to a hearing that is conducted by a court or pursuant to an administrative process established under State law, in connection with a civil action—

(A) to determine whether a member of the Armed Forces is a natural parent of a child; or

(B) to determine an obligation of a member of the Armed Forces to provide child support.

(3) DEFINITIONS.—For purposes of this subsection—

(A) The term "court" has the meaning given that term in section 1408(a) of title 10, United States Code.

(B) The term "child support" has the meaning given such term in section 459(i) of the Social Security Act (42 U.S.C. 659(i)).

(c) PAYMENT OF MILITARY RETIRED PAY IN COMPLIANCE WITH CHILD SUPPORT ORDERS.—

(1) DATE OF CERTIFICATION OF COURT ORDER.—Section 1408 of title 10, United States Code, as amended by section 362(c)(4) of this Act, is amended—

(A) by redesignating subsections (i) and (j) as subsections (j) and (k), respectively; and

(B) by inserting after subsection (h) the following new subsection:

"(i) CERTIFICATION DATE.—It is not necessary that the date of a certification of the authenticity or completeness of a copy of a

court order for child support received by the Secretary concerned for the purposes of this section be recent in relation to the date of receipt by the Secretary.".

(2) PAYMENTS CONSISTENT WITH ASSIGNMENTS OF RIGHTS TO STATES.—Section 1408(d)(1) of such title is amended by inserting after the 1st sentence the following new sentence: "In the case of a spouse or former spouse who, pursuant to section 408(a)(4) of the Social Security Act (42 U.S.C. 607(a)(4)), assigns to a State the rights of the spouse or former spouse to receive support, the Secretary concerned may make the child support payments referred to in the preceding sentence to that State in amounts consistent with that assignment of rights.".

(3) ARREARAGES OWED BY MEMBERS OF THE UNIFORMED SERVICES.—Section 1408(d) of such title is amended by adding at the end the following new paragraph:

"(6) In the case of a court order for which effective service is made on the Secretary concerned on or after the date of the enactment of this paragraph and which provides for payments from the disposable retired pay of a member to satisfy the amount of child support set forth in the order, the authority provided in paragraph (1) to make payments from the disposable retired pay of a member to satisfy the amount of child support set forth in a court order shall apply to payment of any amount of child support arrearages set forth in that order as well as to amounts of child support that currently become due.".

(4) PAYROLL DEDUCTIONS.—The Secretary of Defense shall begin payroll deductions within 30 days after receiving notice of withholding, or for the 1st pay period that begins after such 30-day period.

SEC. 364. VOIDING OF FRAUDULENT TRANSFERS.

Section 466 (42 U.S.C. 666), as amended by section 321 of this Act, is amended by adding at the end the following new subsection:

"(g) LAWS VOIDING FRAUDULENT TRANSFERS.—In order to satisfy section 454(20)(A), each State must have in effect—

"(1)(A) the Uniform Fraudulent Conveyance Act of 1981;

"(B) the Uniform Fraudulent Transfer Act of 1984; or

"(C) another law, specifying indicia of fraud which create a prima facie case that a debtor transferred income or property to avoid payment to a child support creditor, which the Secretary finds affords comparable rights to child support creditors; and

"(2) procedures under which, in any case in which the State knows of a transfer by a child support debtor with respect to which such a prima facie case is established, the State must—

"(A) seek to void such transfer; or

"(B) obtain a settlement in the best interests of the child support creditor.".

SEC. 365. WORK REQUIREMENT FOR PERSONS OWING PAST-DUE CHILD SUPPORT.

(a) IN GENERAL.—Section 466(a) of the Social Security Act (42 U.S.C. 666(a)), as amended by sections 315, 317(a), and 323 of this Act, is amended by adding at the end the following new paragraph:

"(15) PROCEDURES TO ENSURE THAT PERSONS OWING PAST-DUE SUPPORT WORK OR HAVE A PLAN FOR PAYMENT OF SUCH SUPPORT.—

"(A) IN GENERAL.—Procedures under which the State has the authority, in any case in which an individual owes past-due support with respect to a child receiving assistance under a State program funded under part A, to seek a court order that requires the individual to—

"(i) pay such support in accordance with a plan approved by the court, or, at the option of the State, a plan approved by the State agency administering the State program under this part; or

"(ii) if the individual is subject to such a plan and is not incapacitated, participate in such work activities (as defined in section 407(d)) as the court, or, at the option of the State, the State agency administering the State program under this part, deems appropriate.

"(B) PAST-DUE SUPPORT DEFINED.—For purposes of subparagraph (A), the term 'past-due support' means the amount of a delinquency, determined under a court order, or an order of an administrative process established under State law, for support and maintenance of a child, or of a child and the parent with whom the child is living.".

(b) CONFORMING AMENDMENT.—The flush paragraph at the end of section 466(a) (42 U.S.C.666(a)) is amended by striking "and (7)" and inserting "(7), and (15)".

SEC. 366. DEFINITION OF SUPPORT ORDER.

Section 453 (42 U.S.C. 653) as amended by sections 316 and 345(b) of this Act, is amended by adding at the end the following new subsection:

"(p) SUPPORT ORDER DEFINED.—As used in this part, the term 'support order' means a judgment, decree, or order, whether temporary, final, or subject to modification, issued by a court or an administrative agency of competent jurisdiction, for the support and maintenance of a child, including a child who has attained the age of majority under the law of the issuing State, or a child and the parent with whom the child is living, which provides for monetary support, health care, arrearages, or reimbursement, and which may include related costs and fees, interest and penalties, income withholding, attorneys' fees, and other relief.".

SEC. 367. REPORTING ARREARAGES TO CREDIT BUREAUS.

Section 466(a)(7) (42 U.S.C. 666(a)(7)) is amended to read as follows:

"(7) REPORTING ARREARAGES TO CREDIT BUREAUS.—

"(A) IN GENERAL.—Procedures (subject to safeguards pursuant to subparagraph (B)) requiring the State to report periodically to consumer reporting agencies (as defined in section 603(f) of the Fair Credit Reporting Act (15 U.S.C. 1681a(f)) the name of any noncustodial parent who is delinquent in the payment of support, and the amount of overdue support owed by such parent.

"(B) SAFEGUARDS.—Procedures ensuring that, in carrying out subparagraph (A), information with respect to a noncustodial parent is reported—

"(i) only after such parent has been afforded all due process required under State law, including notice and a reasonable opportunity to contest the accuracy of such information; and

"(ii) only to an entity that has furnished evidence satisfactory to the State that the entity is a consumer reporting agency (as so defined).".

SEC. 368. LIENS.

Section 466(a)(4) (42 U.S.C. 666(a)(4)) is amended to read as follows:

"(4) LIENS.—Procedures under which—

"(A) liens arise by operation of law against real and personal property for amounts of overdue support owed by a noncustodial parent who resides or owns property in the State; and

"(B) the State accords full faith and credit to liens described in subparagraph (A) arising in another State, without registration of the underlying order.".

SEC. 369. STATE LAW AUTHORIZING SUSPENSION OF LICENSES.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 315, 317(a), 323, and 365 of this Act, is amended by adding at the end the following:

"(16) AUTHORITY TO WITHHOLD OR SUSPEND LICENSES.—Procedures under which the State has (and uses in appropriate cases) authority to withhold or suspend, or to restrict the use of driver's licenses, professional and occupational licenses, and recreational licenses of individuals owing overdue support or failing, after receiving appropriate notice, to comply with subpoenas or warrants relating to paternity or child support proceedings.".

SEC. 370. DENIAL OF PASSPORTS FOR NONPAYMENT OF CHILD SUPPORT.

(a) HHS CERTIFICATION PROCEDURE.—

(1) SECRETARIAL RESPONSIBILITY.—Section 452 (42 U.S.C. 652), as amended by section 345 of this Act, is amended by adding at the end the following new subsection:

"(k)(1) If the Secretary receives a certification by a State agency in accordance with the requirements of section 454(31) that an individual owes arrearages of child support in an amount exceeding $5,000, the Secretary shall transmit such certification to the Secretary of State for action (with respect to denial, revocation, or limitation of passports) pursuant to section 370(b) of the Personal Responsibility and Work Opportunity Act of 1995.

"(2) The Secretary shall not be liable to an individual for any action with respect to a certification by a State agency under this section.".

(2) STATE CASE AGENCY RESPONSIBILITY.—Section 454 (42 U.S.C. 654), as amended by sections 301(b), 303(a), 312(b), 313(a), 333, and 343(b) of this Act, is amended—

(A) by striking "and" at the end of paragraph (29);

(B) by striking the period at the end of paragraph (30) and inserting "; and"; and

(C) by adding after paragraph (30) the following new paragraph:

"(31) provide that the State agency will have in effect a procedure for certifying to the Secretary, for purposes of the procedure under section 452(k), determinations that individuals owe arrearages of child support in an amount exceeding $5,000, under which procedure—

"(A) each individual concerned is afforded notice of such determination and the consequences thereof, and an opportunity to contest the determination; and

"(B) the certification by the State agency is furnished to the Secretary in such format, and accompanied by such supporting documentation, as the Secretary may require.".

(b) STATE DEPARTMENT PROCEDURE FOR DENIAL OF PASSPORTS.—

(1) IN GENERAL.—The Secretary of State shall, upon certification by the Secretary of Health and Human Services transmitted under section 452(k) of the Social Security Act, refuse to issue a passport to such individual, and may revoke, restrict, or limit a passport issued previously to such individual.

(2) LIMIT ON LIABILITY.—The Secretary of State shall not be liable to an individual for any action with respect to a certification by a State agency under this section.

(c) EFFECTIVE DATE.—This section and the amendments made by this section shall become effective October 1, 1996.

SEC. 371. INTERNATIONAL CHILD SUPPORT ENFORCEMENT.

(a) AUTHORITY FOR INTERNATIONAL AGREEMENTS.—Part D of title IV, as amended by section 362(a) of this Act, is amended by adding after section 459 the following new section:

"SEC. 459A. INTERNATIONAL CHILD SUPPORT ENFORCEMENT.

"(a) AUTHORITY FOR DECLARATIONS.—

"(1) DECLARATION.—The Secretary of State, with the concurrence of the Secretary of Health and Human Services, is authorized to declare any foreign country (or a political subdivision thereof) to be a foreign reciprocating country if the foreign country has established, or undertakes to establish, procedures for the establishment and enforcement of duties of support owed to obligees who are residents of the United States, and such procedures are substantially in conformity with the standards prescribed under subsection (b).

"(2) REVOCATION.—A declaration with respect to a foreign country made pursuant to paragraph (1) may be revoked if the Secretaries of State and Health and Human Services determine that—

"(A) the procedures established by the foreign nation regarding the establishment and enforcement of duties of support have been so changed, or the foreign nation's implementation of such procedures is so unsatisfactory, that such procedures do not meet the criteria for such a declaration; or

"(B) continued operation of the declaration is not consistent with the purposes of this part.

"(3) FORM OF DECLARATION.—A declaration under paragraph (1) may be made in the form of an international agreement, in connection with an international agreement or corresponding foreign declaration, or on a unilateral basis.

"(b) STANDARDS FOR FOREIGN SUPPORT ENFORCEMENT PROCEDURES.—

"(1) MANDATORY ELEMENTS.—Child support enforcement procedures of a foreign country which may be the subject of a declaration pursuant to subsection (a)(1) shall include the following elements:

"(A) The foreign country (or political subdivision thereof) has in effect procedures, available to residents of the United States—

"(i) for establishment of paternity, and for establishment of orders of support for children and custodial parents; and

"(ii) for enforcement of orders to provide support to children and custodial parents, including procedures for collection and appropriate distribution of support payments under such orders.

"(B) The procedures described in subparagraph (A), including legal and administrative assistance, are provided to residents of the United States at no cost.

"(C) An agency of the foreign country is designated as a Central Authority responsible for—

"(i) facilitating child support enforcement in cases involving residents of the foreign nation and residents of the United States; and

"(ii) ensuring compliance with the standards established pursuant to this subsection.

"(2) ADDITIONAL ELEMENTS.—The Secretary of Health and Human Services and the Secretary of State, in consultation with the States, may establish such additional standards as may be considered necessary to further the purposes of this section.

"(c) DESIGNATION OF UNITED STATES CENTRAL AUTHORITY.—It shall be the responsibility of the Secretary of Health and Human Services to facilitate child support enforcement in cases involving residents of the United States and residents of foreign nations that are the subject of a declaration under this section, by activities including—

"(1) development of uniform forms and procedures for use in such cases;

"(2) notification of foreign reciprocating countries of the State of residence of individuals sought for support enforcement purposes, on the basis of information provided by the Federal Parent Locator Service; and

"(3) such other oversight, assistance, and coordination activities as the Secretary may find necessary and appropriate.

"(d) EFFECT ON OTHER LAWS.—States may enter into reciprocal arrangements for the establishment and enforcement of child support obligations with foreign countries that are not the subject of a

declaration pursuant to subsection (a), to the extent consistent with Federal law.".

(b) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 654), as amended by sections 301(b), 303(a), 312(b), 313(a), 333, 343(b), and 370(a)(2) of this Act, is amended—

(1) by striking "and" at the end of paragraph (30);

(2) by striking the period at the end of paragraph (31) and inserting "; and"; and

(3) by adding after paragraph (31) the following new paragraph:

"(32)(A) provide that any request for services under this part by a foreign reciprocating country or a foreign country with which the State has an arrangement described in section 459A(d)(2) shall be treated as a request by a State;

"(B) provide, at State option, notwithstanding paragraph (4) or any other provision of this part, for services under the plan for enforcement of a spousal support order not described in paragraph (4)(B) entered by such a country (or subdivision); and

"(C) provide that no applications will be required from, and no costs will be assessed for such services against, the foreign reciprocating country or foreign obligee (but costs may at State option be assessed against the obligor).".

SEC. 372. FINANCIAL INSTITUTION DATA MATCHES.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 315, 317(a), 323, 365, and 369 of this Act, is amended by adding at the end the following new paragraph:

"(17) FINANCIAL INSTITUTION DATA MATCHES.—

"(A) IN GENERAL.—Procedures under which the State agency shall enter into agreements with financial institutions doing business in the State—

"(i) to develop and operate, in coordination with such financial institutions, a data match system, using automated data exchanges to the maximum extent feasible, in which each such financial institution is required to provide for each calendar quarter the name, record address, social security number or other taxpayer identification number, and other identifying information for each noncustodial parent who maintains an account at such institution and who owes past-due support, as identified by the State by name and social security number or other taxpayer identification number; and

"(ii) in response to a notice of lien or levy, encumber or surrender, as the case may be, assets held by such institution on behalf of any noncustodial parent who is subject to a child support lien pursuant to paragraph (4).

"(B) REASONABLE FEES.—The State agency may pay a reasonable fee to a financial institution for conducting the data match provided for in subparagraph (A)(i), not to exceed the actual costs incurred by such financial institution.

"(C) LIABILITY.—A financial institution shall not be liable under any Federal or State law to any person—

"(i) for any disclosure of information to the State agency under subparagraph (A)(i);

"(ii) for encumbering or surrendering any assets held by such financial institution in response to a notice of lien or levy issued by the State agency as provided for in subparagraph (A)(ii); or

"(iii) for any other action taken in good faith to comply with the requirements of subparagraph (A).

"(D) DEFINITIONS.—For purposes of this paragraph—

"(i) FINANCIAL INSTITUTION.—The term 'financial institution' means any Federal or State commercial savings bank, including savings association or cooperative bank, Federal- or State-chartered credit union, benefit association, insurance company, safe deposit company, money-market mutual fund, or any similar entity authorized to do business in the State; and

"(ii) ACCOUNT.—The term 'account' means a demand deposit account, checking or negotiable withdrawal order account, savings account, time deposit account, or money-market mutual fund account.".

SEC. 373. ENFORCEMENT OF ORDERS AGAINST PATERNAL OR MATERNAL GRANDPARENTS IN CASES OF MINOR PARENTS.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 315, 317(a), 323, 365, 369, and 372 of this Act, is amended by adding at the end the following new paragraph:

"(18) ENFORCEMENT OF ORDERS AGAINST PATERNAL OR MATERNAL GRANDPARENTS.—Procedures under which, at the State's option, any child support order enforced under this part with respect to a child of minor parents, if the custodial parents of such child is receiving assistance under the State program under part A, shall be enforceable, jointly and severally, against the parents of the noncustodial parents of such child.".

SEC. 374. NONDISCHARGEABILITY IN BANKRUPTCY OF CERTAIN DEBTS FOR THE SUPPORT OF A CHILD.

(a) AMENDMENT TO TITLE 11 OF THE UNITED STATES CODE.—Section 523(a) of title 11, United States Code, is amended—

(1) in paragraph (16) by striking the period at the end and inserting "; or",

(2) by adding at the end the following:

"(17) to a State or municipality for assistance provided by such State or municipality under a State program funded under section 403 of the Social Security Act to the extent that such assistance is provided for the support of a child of the debtor.", and

(3) in paragraph (5), by inserting "or section 408" after "section 402(a)(26)".

(b) AMENDMENT TO THE SOCIAL SECURITY ACT.—Section 456(b) of the Social Security Act (42 U.S.C. 656(b)) is amended to read as follows:

"(b) NONDISCHARGEABILITY.—A debt (as defined in section 101 of title 11 of the United States Code) to a State (as defined in such section) or municipality (as defined in such section) for assistance provided by such State or municipality under a State program funded under section 403 is not dischargeable under section 727,

1141, 1228(a), 1228(b), or 1328(b) of title 11 of the United States Code to the extent that such assistance is provided for the support of a child of the debtor (as defined in such section).".

(c) APPLICATION OF AMENDMENTS.—The amendments made by this section shall apply only with respect to cases commenced under title 11 of the United States Code after the effective date of this section.

Subtitle H—Medical Support

SEC. 376. CORRECTION TO ERISA DEFINITION OF MEDICAL CHILD SUPPORT ORDER.

(a) IN GENERAL.—Section 609(a)(2)(B) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1169(a)(2)(B)) is amended—

(1) by striking "issued by a court of competent jurisdiction";

(2) by striking the period at the end of clause (ii) and inserting a comma; and

(3) by adding, after and below clause (ii), the following:

"if such judgment, decree, or order (I) is issued by a court of competent jurisdiction or (II) is issued through an administrative process established under State law and has the force and effect of law under applicable State law.".

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall take effect on the date of the enactment of this Act.

(2) PLAN AMENDMENTS NOT REQUIRED UNTIL JANUARY 1, 1996.—Any amendment to a plan required to be made by an amendment made by this section shall not be required to be made before the 1st plan year beginning on or after January 1, 1996, if—

(A) during the period after the date before the date of the enactment of this Act and before such 1st plan year, the plan is operated in accordance with the requirements of the amendments made by this section; and

(B) such plan amendment applies retroactively to the period after the date before the date of the enactment of this Act and before such 1st plan year.

A plan shall not be treated as failing to be operated in accordance with the provisions of the plan merely because it operates in accordance with this paragraph.

SEC. 377. ENFORCEMENT OF ORDERS FOR HEALTH CARE COVERAGE.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 315, 317(a), 323, 365, 369, 372, and 373 of this Act, is amended by adding at the end the following new paragraph:

"(19) HEALTH CARE COVERAGE.—Procedures under which all child support orders enforced pursuant to this part shall include a provision for the health care coverage of the child, and in the case in which a noncustodial parent provides such coverage and changes employment, and the new employer provides health care coverage, the State agency shall transfer notice of the provision to the employer, which notice shall operate to en-

roll the child in the noncustodial parent's health plan, unless the noncustodial parent contests the notice.".

Subtitle I—Enhancing Responsibility and Opportunity for Non-Residential Parents

SEC. 381. GRANTS TO STATES FOR ACCESS AND VISITATION PROGRAMS.

Part D of title IV (42 U.S.C. 651–669) is amended by adding at the end the following:

"SEC. 469A. GRANTS TO STATES FOR ACCESS AND VISITATION PROGRAMS.

"(a) IN GENERAL.—The Administration for Children and Families shall make grants under this section to enable States to establish and administer programs to support and facilitate noncustodial parents' access to and visitation of their children, by means of activities including mediation (both voluntary and mandatory), counseling, education, development of parenting plans, visitation enforcement (including monitoring, supervision and neutral drop-off and pickup), and development of guidelines for visitation and alternative custody arrangements.

"(b) AMOUNT OF GRANT.—The amount of the grant to be made to a State under this section for a fiscal year shall be an amount equal to the lesser of—

"(1) 90 percent of State expenditures during the fiscal year for activities described in subsection (a); or

"(2) the allotment of the State under subsection (c) for the fiscal year.

"(c) ALLOTMENTS TO STATES.—

"(1) IN GENERAL.—The allotment of a State for a fiscal year is the amount that bears the same ratio to the amount appropriated for grants under this section for the fiscal year as the number of children in the State living with only 1 biological parent bears to the total number of such children in all States.

"(2) MINIMUM ALLOTMENT.—The Administration for Children and Families shall adjust allotments to States under paragraph (1) as necessary to ensure that no State is allotted less than—

"(A) $50,000 for fiscal year 1996 or 1997; or

"(B) $100,000 for any succeeding fiscal year.

"(d) NO SUPPLANTATION OF STATE EXPENDITURES FOR SIMILAR ACTIVITIES.—A State to which a grant is made under this section may not use the grant to supplant expenditures by the State for activities specified in subsection (a), but shall use the grant to supplement such expenditures at a level at least equal to the level of such expenditures for fiscal year 1995.

"(e) STATE ADMINISTRATION.—Each State to which a grant is made under this section—

"(1) may administer State programs funded with the grant, directly or through grants to or contracts with courts, local public agencies, or non-profit private entities;

"(2) shall not be required to operate such programs on a statewide basis; and

"(3) shall monitor, evaluate, and report on such programs in accordance with regulations prescribed by the Secretary.".

Subtitle J—Effect of Enactment

SEC. 391. EFFECTIVE DATES.

(a) IN GENERAL.—Except as otherwise specifically provided (but subject to subsections (b) and (c))—

(1) the provisions of this title requiring the enactment or amendment of State laws under section 466 of the Social Security Act, or revision of State plans under section 454 of such Act, shall be effective with respect to periods beginning on and after October 1, 1996; and

(2) all other provisions of this title shall become effective upon the date of the enactment of this Act.

(b) GRACE PERIOD FOR STATE LAW CHANGES.—The provisions of this title shall become effective with respect to a State on the later of—

(1) the date specified in this title, or

(2) the effective date of laws enacted by the legislature of such State implementing such provisions,

but in no event later than the 1st day of the 1st calendar quarter beginning after the close of the 1st regular session of the State legislature that begins after the date of the enactment of this Act. For purposes of the previous sentence, in the case of a State that has a 2-year legislative session, each year of such session shall be deemed to be a separate regular session of the State legislature.

(c) GRACE PERIOD FOR STATE CONSTITUTIONAL AMENDMENT.—A State shall not be found out of compliance with any requirement enacted by this title if the State is unable to so comply without amending the State constitution until the earlier of—

(1) 1 year after the effective date of the necessary State constitutional amendment; or

(2) 5 years after the date of the enactment of this Act.

TITLE IV—RESTRICTING WELFARE AND PUBLIC BENEFITS FOR ALIENS

SEC. 400. STATEMENTS OF NATIONAL POLICY CONCERNING WELFARE AND IMMIGRATION.

The Congress makes the following statements concerning national policy with respect to welfare and immigration:

(1) Self-sufficiency has been a basic principle of United States immigration law since this country's earliest immigration statutes.

(2) It continues to be the immigration policy of the United States that—

(A) aliens within the nation's borders not depend on public resources to meet their needs, but rather rely on their own capabilities and the resources of their families, their sponsors, and private organizations, and

(B) the availability of public benefits not constitute an incentive for immigration to the United States.

(3) Despite the principle of self-sufficiency, aliens have been applying for and receiving public benefits from Federal, State, and local governments at increasing rates.

(4) Current eligibility rules for public assistance and unenforceable financial support agreements have proved wholly incapable of assuring that individual aliens not burden the public benefits system.

(5) It is a compelling government interest to enact new rules for eligibility and sponsorship agreements in order to assure that aliens be self-reliant in accordance with national immigration policy.

(6) It is a compelling government interest to remove the incentive for illegal immigration provided by the availability of public benefits.

(7) With respect to the State authority to make determinations concerning the eligibility of qualified aliens for public benefits in this title, a State that chooses to follow the Federal classification in determining the eligibility of such aliens for public assistance shall be considered to have chosen the least restrictive means available for achieving the compelling governmental interest of assuring that aliens be self-reliant in accordance with national immigration policy.

Subtitle A—Eligibility for Federal Benefits

SEC. 401. ALIENS WHO ARE NOT QUALIFIED ALIENS INELIGIBLE FOR FEDERAL PUBLIC BENEFITS.

(a) IN GENERAL.—Notwithstanding any other provision of law and except as provided in subsection (b), an alien who is not a qualified alien (as defined section 431) is not eligible for any Federal public benefit (as defined in subsection (c)).

(b) EXCEPTIONS.—

(1) Subsection (a) shall not apply with respect to the following Federal public benefits:

(A) Emergency medical services under title XIX or XXI of the Social Security Act.

(B) Short-term, non-cash, in-kind emergency disaster relief.

(C)(i) Public health assistance for immunizations.

(ii) Public health assistance for testing and treatment of a serious communicable disease if the Secretary of Health and Human Services determines that it is necessary to prevent the spread of such disease.

(D) Programs, services, or assistance (such as soup kitchens, crisis counseling and intervention, and short-term shelter) specified by the Attorney General, in the Attorney General's sole and unreviewable discretion after consultation with appropriate Federal agencies and departments, which (i) deliver in-kind services at the community level, including through public or private nonprofit agencies; (ii) do not condition the provision of assistance, the amount of assistance provided, or the cost of assistance provided on

the individual recipient's income or resources; and (iii) are necessary for the protection of life or safety.

(E) Programs for housing or community development assistance or financial assistance administered by the Secretary of Housing and Urban Development, any program under title V of the Housing Act of 1949, or any assistance under section 306C of the Consolidated Farm and Rural Development Act, to the extent that the alien is receiving such a benefit on the date of the enactment of this Act.

(2) Subsection (a) shall not apply to any benefit payable under title II of the Social Security Act to an alien who is lawfully present in the United States as determined by the Attorney General, to any benefit if nonpayment of such benefit would contravene an international agreement described in section 233 of the Social Security Act, to any benefit if nonpayment would be contrary to section 202(t) of the Social Security Act, or to any benefit payable under title II of the Social Security Act to which entitlement is based on an application filed in or before the month in which this Act becomes law.

(c) FEDERAL PUBLIC BENEFIT DEFINED.—

(1) Except as provided in paragraph (2), for purposes of this title the term "Federal public benefit" means—

(A) any grant, contract, loan, professional license, or commercial license provided by an agency of the United States or by appropriated funds of the United States; and

(B) any retirement, welfare, health, disability, public or assisted housing, post-secondary education, food assistance, unemployment benefit, or any other similar benefit for which payments or assistance are provided to an individual, household, or family eligibility unit by an agency of the United States or by appropriated funds of the United States.

(2) Such term shall not apply—

(A) to any contract, professional license, or commercial license for a nonimmigrant whose visa for entry is related to such employment in the United States; or

(B) with respect to benefits for an alien who as a work authorized nonimmigrant or as an alien lawfully admitted for permanent residence under the Immigration and Nationality Act qualified for such benefits and for whom the United States under reciprocal treaty agreements is required to pay benefits, as determined by the Attorney General, after consultation with the Secretary of State.

SEC. 402. LIMITED ELIGIBILITY OF CERTAIN QUALIFIED ALIENS FOR CERTAIN FEDERAL PROGRAMS.

(a) LIMITED ELIGIBILITY FOR SPECIFIED FEDERAL PROGRAMS.—

(1) IN GENERAL.—Notwithstanding any other provision of law and except as provided in paragraph (2), an alien who is a qualified alien (as defined in section 431) is not eligible for any specified Federal program (as defined in paragraph (3)).

(2) EXCEPTIONS.—

(A) TIME-LIMITED EXCEPTION FOR REFUGEES AND ASYLEES.—Paragraph (1) shall not apply to an alien until 5 years after the date—

(i) an alien is admitted to the United States as a refugee under section 207 of the Immigration and Nationality Act;

(ii) an alien is granted asylum under section 208 of such Act; or

(iii) an alien's deportation is withheld under section 243(h) of such Act.

(B) CERTAIN PERMANENT RESIDENT ALIENS.—Paragraph (1) shall not apply to an alien who—

(i) is lawfully admitted to the United States for permanent residence under the Immigration and Nationality Act; and

(ii)(I) has worked 40 qualifying quarters of coverage as defined under title II of the Social Security Act or can be credited with such qualifying quarters as provided under section 436, and (II) did not receive any Federal means-tested public benefit (as defined in section 403(c)) during any such quarter.

(C) VETERAN AND ACTIVE DUTY EXCEPTION.—Paragraph (1) shall not apply to an alien who is lawfully residing in any State and is—

(i) a veteran (as defined in section 101 of title 38, United States Code) with a discharge characterized as an honorable discharge and not on account of alienage,

(ii) on active duty (other than active duty for training) in the Armed Forces of the United States, or

(iii) the spouse or unmarried dependent child of an individual described in clause (i) or (ii).

(D) TRANSITION FOR ALIENS CURRENTLY RECEIVING BENEFITS.—Paragraph (1) shall apply to the eligibility of an alien for a program for months beginning on or after January 1, 1997, if, on the date of the enactment of this Act, the alien is lawfully residing in any State and is receiving benefits under such program on the date of the enactment of this Act.

(3) SPECIFIED FEDERAL PROGRAM DEFINED.—For purposes of this title, the term "specified Federal program" means any of the following:

(A) SSI.—The supplemental security income program under title XVI of the Social Security Act.

(B) FOOD STAMPS.—The food stamp program as defined in section 3(h) of the Food Stamp Act of 1977.

(b) LIMITED ELIGIBILITY FOR DESIGNATED FEDERAL PROGRAMS.—

(1) IN GENERAL.—Notwithstanding any other provision of law and except as provided in section 403 and paragraph (2), a State is authorized to determine the eligibility of an alien who is a qualified alien (as defined in section 431) for any designated Federal program (as defined in paragraph (3)).

(2) EXCEPTIONS.—Qualified aliens under this paragraph shall be eligible for any designated Federal program.

(A) TIME-LIMITED EXCEPTION FOR REFUGEES AND ASYLEES.—

(i) An alien who is admitted to the United States as a refugee under section 207 of the Immigration and Nationality Act until 5 years after the date of an alien's entry into the United States.

(ii) An alien who is granted asylum under section 208 of such Act until 5 years after the date of such grant of asylum.

(iii) An alien whose deportation is being withheld under section 243(h) of such Act until 5 years after such withholding.

(B) CERTAIN PERMANENT RESIDENT ALIENS.—An alien who—

(i) is lawfully admitted to the United States for permanent residence under the Immigration and Nationality Act; and

(ii)(I) has worked 40 qualifying quarters of coverage as defined under title II of the Social Security Act or can be credited with such qualifying quarters as provided under section 436, and (II) did not receive any Federal means-tested public benefit (as defined in section 403(c)) during any such quarter.

(C) VETERAN AND ACTIVE DUTY EXCEPTION.—An alien who is lawfully residing in any State and is—

(i) a veteran (as defined in section 101 of title 38, United States Code) with a discharge characterized as an honorable discharge and not on account of alienage,

(ii) on active duty (other than active duty for training) in the Armed Forces of the United States, or

(iii) the spouse or unmarried dependent child of an individual described in clause (i) or (ii).

(D) TRANSITION FOR THOSE CURRENTLY RECEIVING BENEFITS.—An alien who on the date of the enactment of this Act is lawfully residing in any State and is receiving benefits under such program on the date of the enactment of this Act shall continue to be eligible to receive such benefits until January 1, 1997.

(3) DESIGNATED FEDERAL PROGRAM DEFINED.—For purposes of this title, the term "designated Federal program" means any of the following:

(A) TEMPORARY ASSISTANCE FOR NEEDY FAMILIES.—The program of block grants to States for temporary assistance for needy families under part A of title IV of the Social Security Act.

(B) SOCIAL SERVICES BLOCK GRANT.—The program of block grants to States for social services under title XX of the Social Security Act.

(C) MEDICAID AND MEDIGRANT.—The program of medical assistance under title XIX and XXI of the Social Security Act.

SEC. 403. FIVE-YEAR LIMITED ELIGIBILITY OF QUALIFIED ALIENS FOR FEDERAL MEANS-TESTED PUBLIC BENEFIT.

(a) IN GENERAL.—Notwithstanding any other provision of law and except as provided in subsection (b), an alien who is a qualified alien (as defined in section 431) and who enters the United States

on or after the date of the enactment of this Act is not eligible for any Federal means-tested public benefit (as defined in subsection (c)) for a period of five years beginning on the date of the alien's entry into the United States with a status within the meaning of the term "qualified alien".

(b) EXCEPTIONS.—The limitation under subsection (a) shall not apply to the following aliens:

(1) EXCEPTION FOR REFUGEES AND ASYLEES.—

(A) An alien who is admitted to the United States as a refugee under section 207 of the Immigration and Nationality Act.

(B) An alien who is granted asylum under section 208 of such Act.

(C) An alien whose deportation is being withheld under section 243(h) of such Act.

(2) VETERAN AND ACTIVE DUTY EXCEPTION.—An alien who is lawfully residing in any State and is—

(A) a veteran (as defined in section 101 of title 38, United States Code) with a discharge characterized as an honorable discharge and not on account of alienage,

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

(C) the spouse or unmarried dependent child of an individual described in subparagraph (A) or (B).

(c) FEDERAL MEANS-TESTED PUBLIC BENEFIT DEFINED.—

(1) Except as provided in paragraph (2), for purposes of this title, the term "Federal means-tested public benefit" means a public benefit (including cash, medical, housing, and food assistance and social services) of the Federal Government in which the eligibility of an individual, household, or family eligibility unit for benefits, or the amount of such benefits, or both are determined on the basis of income, resources, or financial need of the individual, household, or unit.

(2) Such term does not include the following:

(A) Emergency medical services under title XIX or XXI of the Social Security Act.

(B) Short-term, non-cash, in-kind emergency disaster relief.

(C) Assistance or benefits under the National School Lunch Act.

(D) Assistance or benefits under the Child Nutrition Act of 1966.

(E)(i) Public health assistance for immunizations.

(ii) Public health assistance for testing and treatment of a serious communicable disease if the Secretary of Health and Human Services determines that it is necessary to prevent the spread of such disease.

(F) Payments for foster care and adoption assistance under part B of title IV of the Social Security Act for a child who would, in the absence of subsection (a), be eligible to have such payments made on the child's behalf under such part, but only if the foster or adoptive parent or parents of such child are not described under subsection (a).

(G) Programs, services, or assistance (such as soup kitchens, crisis counseling and intervention, and short-term shelter) specified by the Attorney General, in the Attorney General's sole and unreviewable discretion after consultation with appropriate Federal agencies and departments, which (i) deliver in-kind services at the community level, including through public or private nonprofit agencies; (ii) do not condition the provision of assistance, the amount of assistance provided, or the cost of assistance provided on the individual recipient's income or resources; and (iii) are necessary for the protection of life or safety.

(H) Programs of student assistance under titles IV, V, IX, and X of the Higher Education Act of 1965.

(I) Means-tested programs under the Elementary and Secondary Education Act of 1965.

SEC. 404. NOTIFICATION AND INFORMATION REPORTING.

(a) NOTIFICATION.—Each Federal agency that administers a program to which section 401, 402, or 403 applies shall, directly or through the States, post information and provide general notification to the public and to program recipients of the changes regarding eligibility for any such program pursuant to this title.

(b) INFORMATION REPORTING UNDER TITLE IV OF THE SOCIAL SECURITY ACT.—Part A of title IV of the Social Security Act is amended by inserting the following new section after section 411:

"SEC. 411A. STATE REQUIRED TO PROVIDE CERTAIN INFORMATION.

Each State to which a grant is made under section 403 of title IV of the Social Security Act (as amended by section 103 of the Personal Responsibility and Work Opportunity Act of 1995) shall, at least 4 times annually and upon request of the Immigration and Naturalization Service, furnish the Immigration and Naturalization Service with the name and address of, and other identifying information on, any individual who the State knows is unlawfully in the United States.".

(c) SSI.—Section 1631(e) of such Act (42 U.S.C. 1383(e)) is amended—

(1) by redesignating the paragraphs (6) and (7) inserted by sections 206(d)(2) and 206(f)(1) of the Social Security Independence and Programs Improvement Act of 1994 (Public Law 103–296; 108 Stat. 1514, 1515) as paragraphs (7) and (8), respectively; and

(2) by adding at the end the following new paragraph:

"(9) Notwithstanding any other provision of law, the Commissioner shall, at least 4 times annually and upon request of the Immigration and Naturalization Service (hereafter in this paragraph referred to as the 'Service'), furnish the Service with the name and address of, and other identifying information on, any individual who the Commissioner knows is unlawfully in the United States, and shall ensure that each agreement entered into under section 1616(a) with a State provides that the State shall furnish such information at such times with respect to any individual who the State knows is unlawfully in the United States.".

(d) INFORMATION REPORTING FOR HOUSING PROGRAMS.—Title I of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.), as amended by this Act, is further amended by adding at the end the following new section:

"SEC. 28. PROVISION OF INFORMATION TO LAW ENFORCEMENT AND OTHER AGENCIES.

"Notwithstanding any other provision of law, the Secretary shall, at least 4 times annually and upon request of the Immigration and Naturalization Service (hereafter in this section referred to as the 'Service'), furnish the Service with the name and address of, and other identifying information on, any individual who the Secretary knows is unlawfully in the United States, and shall ensure that each contract for assistance entered into under section 6 or 8 of this Act with a public housing agency provides that the public housing agency shall furnish such information at such times with respect to any individual who the public housing agency knows is unlawfully in the United States.".

Subtitle B—Eligibility for State and Local Public Benefits Programs

SEC. 411. ALIENS WHO ARE NOT QUALIFIED ALIENS OR NONIMMIGRANTS INELIGIBLE FOR STATE AND LOCAL PUBLIC BENEFITS.

(a) IN GENERAL.—Notwithstanding any other provision of law and except as provided in subsections (b) and (d), an alien who is not—

(1) a qualified alien (as defined in section 431),

(2) a nonimmigrant under the Immigration and Nationality Act, or

(3) an alien who is paroled into the United States under section 212(d)(5) of such Act for less than one year,

is not eligible for any State or local public benefit (as defined in subsection (c)).

(b) EXCEPTIONS.—Subsection (a) shall not apply with respect to the following State or local public benefits:

(1) Emergency medical services under title XIX or XXI of the Social Security Act.

(2) Short-term, non-cash, in-kind emergency disaster relief.

(3)(A) Public health assistance for immunizations.

(B) Public health assistance for testing and treatment of a serious communicable disease if the Secretary of Health and Human Services determines that it is necessary to prevent the spread of such disease.

(4) Programs, services, or assistance (such as soup kitchens, crisis counseling and intervention, and short-term shelter) specified by the Attorney General, in the Attorney General's sole and unreviewable discretion after consultation with appropriate Federal agencies and departments, which (A) deliver in-kind services at the community level, including through public or private nonprofit agencies; (B) do not condition the provision of assistance, the amount of assistance provided, or the cost of as-

sistance provided on the individual recipient's income or resources; and (C) are necessary for the protection of life or safety.

(c) STATE OR LOCAL PUBLIC BENEFIT DEFINED.—

(1) Except as provided in paragraph (2), for purposes of this subtitle the term "State or local public benefit" means—

(A) any grant, contract, loan, professional license, or commercial license provided by an agency of a State or local government or by appropriated funds of a State or local government; and

(B) any retirement, welfare, health, disability, public or assisted housing, post-secondary education, food assistance, unemployment benefit, or any other similar benefit for which payments or assistance are provided to an individual, household, or family eligibility unit by an agency of a State or local government or by appropriated funds of a State or local government.

(2) Such term shall not apply—

(A) to any contract, professional license, or commercial license for a nonimmigrant whose visa for entry is related to such employment in the United States; or

(B) with respect to benefits for an alien who as a work authorized nonimmigrant or as an alien lawfully admitted for permanent residence under the Immigration and Nationality Act qualified for such benefits and for whom the United States under reciprocal treaty agreements is required to pay benefits, as determined by the Secretary of State, after consultation with the Attorney General.

(d) STATE AUTHORITY TO PROVIDE FOR ELIGIBILITY OF ILLEGAL ALIENS FOR STATE AND LOCAL PUBLIC BENEFITS.—A State may provide that an alien who is not lawfully present in the United States is eligible for any State or local public benefit for which such alien would otherwise be ineligible under subsection (a) only through the enactment of a State law after the date of the enactment of this Act which affirmatively provides for such eligibility.

SEC. 412. STATE AUTHORITY TO LIMIT ELIGIBILITY OF QUALIFIED ALIENS FOR STATE PUBLIC BENEFITS.

(a) IN GENERAL.—Notwithstanding any other provision of law and except as provided in subsection (b), a State is authorized to determine the eligibility for any State public benefits (as defined in subsection (c) of an alien who is a qualified alien (as defined in section 431), a nonimmigrant under the Immigration and Nationality Act, or an alien who is paroled into the United States under section 212(d)(5) of such Act for less than one year.

(b) EXCEPTIONS.—Qualified aliens under this subsection shall be eligible for any State public benefits.

(1) TIME-LIMITED EXCEPTION FOR REFUGEES AND ASYLEES.—

(A) An alien who is admitted to the United States as a refugee under section 207 of the Immigration and Nationality Act until 5 years after the date of an alien's entry into the United States.

(B) An alien who is granted asylum under section 208 of such Act until 5 years after the date of such grant of asylum.

(C) An alien whose deportation is being withheld under section 243(h) of such Act until 5 years after such withholding.

(2) CERTAIN PERMANENT RESIDENT ALIENS.—An alien who—

(A) is lawfully admitted to the United States for permanent residence under the Immigration and Nationality Act; and

(B)(i) has worked 40 qualifying quarters of coverage as defined under title II of the Social Security Act or can be credited with such qualifying quarters as provided under section 436, and (ii) did not receive any Federal means-tested public benefit (as defined in section 403(c)) during any such quarter.

(3) VETERAN AND ACTIVE DUTY EXCEPTION.—An alien who is lawfully residing in any State and is—

(A) a veteran (as defined in section 101 of title 38, United States Code) with a discharge characterized as an honorable discharge and not on account of alienage,

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

(C) the spouse or unmarried dependent child of an individual described in subparagraph (A) or (B).

(4) TRANSITION FOR THOSE CURRENTLY RECEIVING BENEFITS.—An alien who on the date of the enactment of this Act is lawfully residing in any State and is receiving benefits on the date of the enactment of this Act shall continue to be eligible to receive such benefits until January 1, 1997.

(c) STATE PUBLIC BENEFITS DEFINED.—The term "State public benefits" means any means-tested public benefit of a State or political subdivision of a State under which the State or political subdivision specifies the standards for eligibility, and does not include any Federal public benefit.

Subtitle C—Attribution of Income and Affidavits of Support

SEC. 421. FEDERAL ATTRIBUTION OF SPONSOR'S INCOME AND RESOURCES TO ALIEN.

(a) IN GENERAL.—Notwithstanding any other provision of law, in determining the eligibility and the amount of benefits of an alien for any Federal means-tested public benefits program (as defined in section 403(c)), the income and resources of the alien shall be deemed to include the following:

(1) The income and resources of any person who executed an affidavit of support pursuant to section 213A of the Immigration and Nationality Act (as added by section 423) on behalf of such alien.

(2) The income and resources of the spouse (if any) of the person.

(b) APPLICATION.—Subsection (a) shall apply with respect to an alien until such time as the alien—

(1) achieves United States citizenship through naturalization pursuant to chapter 2 of title III of the Immigration and Nationality Act; or

(2)(A) has worked 40 qualifying quarters of coverage as defined under title II of the Social Security Act or can be credited with such qualifying quarters as provided under section 436, and (B) did not receive any Federal means-tested public benefit (as defined in section 403(c)) during any such quarter.

(c) REVIEW OF INCOME AND RESOURCES OF ALIEN UPON REAPPLICATION.—Whenever an alien is required to reapply for benefits under any Federal means-tested public benefits program, the applicable agency shall review the income and resources attributed to the alien under subsection (a).

(d) APPLICATION.—

(1) If on the date of the enactment of this Act, a Federal means-tested public benefits program attributes a sponsor's income and resources to an alien in determining the alien's eligibility and the amount of benefits for an alien, this section shall apply to any such determination beginning on the day after the date of the enactment of this Act.

(2) If on the date of the enactment of this Act, a Federal means-tested public benefits program does not attribute a sponsor's income and resources to an alien in determining the alien's eligibility and the amount of benefits for an alien, this section shall apply to any such determination beginning 180 days after the date of the enactment of this Act.

SEC. 422. AUTHORITY FOR STATES TO PROVIDE FOR ATTRIBUTION OF SPONSORS INCOME AND RESOURCES TO THE ALIEN WITH RESPECT TO STATE PROGRAMS.

(a) OPTIONAL APPLICATION TO STATE PROGRAMS.—Except as provided in subsection (b), in determining the eligibility and the amount of benefits of an alien for any State public benefits (as defined in section 412(c)), the State or political subdivision that offers the benefits is authorized to provide that the income and resources of the alien shall be deemed to include—

(1) the income and resources of any individual who executed an affidavit of support pursuant to section 213A of the Immigration and Nationality Act (as added by section 423) on behalf of such alien, and

(2) the income and resources of the spouse (if any) of the individual.

(b) EXCEPTIONS.—Subsection (a) shall not apply with respect to the following State public benefits:

(1) Emergency medical services.

(2) Short-term, non-cash, in-kind emergency disaster relief.

(3) Programs comparable to assistance or benefits under the National School Lunch Act.

(4) Programs comparable to assistance or benefits under the Child Nutrition Act of 1966.

(5)(A) Public health assistance for immunizations.

(B) Public health assistance for testing and treatment of a serious communicable disease if the appropriate chief State health official determines that it is necessary to prevent the spread of such disease.

(6) Payments for foster care and adoption assistance.

(7) Programs, services, or assistance (such as soup kitchens, crisis counseling and intervention, and short-term shelter) specified by the Attorney General of a State, after consultation with appropriate agencies and departments, which (A) deliver in-kind services at the community level, including through public or private nonprofit agencies; (B) do not condition the provision of assistance, the amount of assistance provided, or the cost of assistance provided on the individual recipient's income or resources; and (C) are necessary for the protection of life or safety.

SEC. 423. REQUIREMENTS FOR SPONSOR'S AFFIDAVIT OF SUPPORT.

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

"REQUIREMENTS FOR SPONSOR'S AFFIDAVIT OF SUPPORT

"SEC. 213A. (a) ENFORCEABILITY.—(1) No affidavit of support may be accepted by the Attorney General or by any consular officer to establish that an alien is not excludable as a public charge under section 212(a)(4) unless such affidavit is executed as a contract—

"(A) which is legally enforceable against the sponsor by the sponsored alien, the Federal Government, and by any State (or any political subdivision of such State) which provides any means-tested public benefits program, but not later than 10 years after the alien last receives any such benefit;

"(B) in which the sponsor agrees to financially support the alien, so that the alien will not become a public charge; and

"(C) in which the sponsor agrees to submit to the jurisdiction of any Federal or State court for the purpose of actions brought under subsection (e)(2).

"(2) A contract under paragraph (1) shall be enforceable with respect to benefits provided to the alien until such time as the alien achieves United States citizenship through naturalization pursuant to chapter 2 of title III.

"(b) FORMS.—Not later than 90 days after the date of enactment of this section, the Attorney General, in consultation with the Secretary of State and the Secretary of Health and Human Services, shall formulate an affidavit of support consistent with the provisions of this section.

"(c) REMEDIES.—Remedies available to enforce an affidavit of support under this section include any or all of the remedies described in section 3201, 3203, 3204, or 3205 of title 28, United States Code, as well as an order for specific performance and payment of legal fees and other costs of collection, and include corresponding remedies available under State law. A Federal agency may seek to collect amounts owed under this section in accordance with the provisions of subchapter II of chapter 37 of title 31, United States Code.

"(d) NOTIFICATION OF CHANGE OF ADDRESS.—

(1) IN GENERAL.—The sponsor shall notify the Attorney General and the State in which the sponsored alien is currently resident within 30 days of any change of address of the sponsor during the period specified in subsection (a)(2).

(2) PENALTY.—Any person subject to the requirement of paragraph (1) who fails to satisfy such requirement shall be subject to a civil penalty of—

(A) not less than $250 or more than $2,000, or

(B) if such failure occurs with knowledge that the alien has received any means-tested public benefit, not less than $2,000 or more than $5,000.

"(e) REIMBURSEMENT OF GOVERNMENT EXPENSES.—(1)(A) Upon notification that a sponsored alien has received any benefit under any means-tested public benefits program, the appropriate Federal, State, or local official shall request reimbursement by the sponsor in the amount of such assistance.

"(B) The Attorney General, in consultation with the Secretary of Health and Human Services, shall prescribe such regulations as may be necessary to carry out subparagraph (A).

"(2) If within 45 days after requesting reimbursement, the appropriate Federal, State, or local agency has not received a response from the sponsor indicating a willingness to commence payments, an action may be brought against the sponsor pursuant to the affidavit of support.

"(3) If the sponsor fails to abide by the repayment terms established by such agency, the agency may, within 60 days of such failure, bring an action against the sponsor pursuant to the affidavit of support.

"(4) No cause of action may be brought under this subsection later than 10 years after the alien last received any benefit under any means-tested public benefits program.

"(5) If, pursuant to the terms of this subsection, a Federal, State, or local agency requests reimbursement from the sponsor in the amount of assistance provided, or brings an action against the sponsor pursuant to the affidavit of support, the appropriate agency may appoint or hire an individual or other person to act on behalf of such agency acting under the authority of law for purposes of collecting any moneys owed. Nothing in this subsection shall preclude any appropriate Federal, State, or local agency from directly requesting reimbursement from a sponsor for the amount of assistance provided, or from bringing an action against a sponsor pursuant to an affidavit of support.

"(f) DEFINITIONS.—For the purposes of this section—

"(1) SPONSOR.—The term 'sponsor' means an individual who—

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

"(B) is 18 years of age or over;

"(C) is domiciled in any of the 50 States or the District of Columbia; and

"(D) is the person petitioning for the admission of the alien under section 204.

"(2) MEANS-TESTED PUBLIC BENEFITS PROGRAM.—The term 'means-tested public benefits program' means a program of public benefits (including cash, medical, housing, and food assistance and social services) of the Federal Government or of a State or political subdivision of a State in which the eligibility

of an individual, household, or family eligibility unit for benefits under the program, or the amount of such benefits, or both are determined on the basis of income, resources, or financial need of the individual, household, or unit.".

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

"Sec. 213A. Requirements for sponsor's affidavit of support.".

(c) EFFECTIVE DATE.—Subsection (a) of section 213A of the Immigration and Nationality Act, as inserted by subsection (a) of this section, shall apply to affidavits of support executed on or after a date specified by the Attorney General, which date shall be not earlier than 60 days (and not later than 90 days) after the date the Attorney General formulates the form for such affidavits under subsection (b) of such section.

(d) BENEFITS NOT SUBJECT TO REIMBURSEMENT.—Requirements for reimbursement by a sponsor for benefits provided to a sponsored alien pursuant to an affidavit of support under section 213A of the Immigration and Nationality Act shall not apply with respect to the following:

(1) Emergency medical services under title XIX or XXI of the Social Security Act.

(2) Short-term, non-cash, in-kind emergency disaster relief.

(3) Assistance or benefits under the National School Lunch Act.

(4) Assistance or benefits under the Child Nutrition Act of 1966.

(5)(A) Public health assistance for immunizations.

(B) Public health assistance for testing and treatment of a serious communicable disease if the Secretary of Health and Human Services determines that it is necessary to prevent the spread of such disease.

(6) Payments for foster care and adoption assistance under part B of title IV of the Social Security Act for a child, but only if the foster or adoptive parent or parents of such child are not otherwise ineligible pursuant to section 403 of this Act.

(7) Programs, services, or assistance (such as soup kitchens, crisis counseling and intervention, and short-term shelter) specified by the Attorney General, in the Attorney General's sole and unreviewable discretion after consultation with appropriate Federal agencies and departments, which (A) deliver in-kind services at the community level, including through public or private nonprofit agencies; (B) do not condition the provision of assistance, the amount of assistance provided, or the cost of assistance provided on the individual recipient's income or resources; and (C) are necessary for the protection of life or safety.

(8) Programs of student assistance under titles IV, V, IX, and X of the Higher Education Act of 1965.

SEC. 424. COSIGNATURE OF ALIEN STUDENT LOANS.

Section 484(b) of the Higher Education Act of 1965 (20 U.S.C. 1091(b)) is amended by adding at the end the following new paragraph:

"(6) Notwithstanding sections 427(a)(2)(A), 428B(a), 428C(b)(4)(A), and 464(c)(1)(E), or any other provision of this

title, a student who is an alien lawfully admitted for permanent residence under the Immigration and Nationality Act shall not be eligible for a loan under this title unless the loan is endorsed and cosigned by the alien's sponsor under section 213A of the Immigration and Nationality Act or by another creditworthy individual who is a United States citizen.".

Subtitle D—General Provisions

SEC. 431. DEFINITIONS.

(a) IN GENERAL.—Except as otherwise provided in this title, the terms used in this title have the same meaning given such terms in section 101(a) of the Immigration and Nationality Act.

(b) QUALIFIED ALIEN.—For purposes of this title, the term "qualified alien" means an alien who, at the time the alien applies for, receives, or attempts to receive a Federal public benefit, is—

(1) an alien who is lawfully admitted for permanent residence under the Immigration and Nationality Act,

(2) an alien who is granted asylum under section 208 of such Act,

(3) a refugee who is admitted to the United States under section 207 of such Act,

(4) an alien who is paroled into the United States under section 212(d)(5) of such Act for a period of at least 1 year,

(5) an alien whose deportation is being withheld under section 243(h) of such Act, or

(6) an alien who is granted conditional entry pursuant to section 203(a)(7) of such Act as in effect prior to April 1, 1980.

SEC. 432. REAPPLICATION FOR SSI BENEFITS.

(a) APPLICATION AND NOTICE.—Notwithstanding any other provision of law, in the case of an individual who is receiving supplemental security income benefits under title XVI of the Social Security Act as of the date of the enactment of this Act and whose eligibility for such benefits would terminate by reason of the application of section 402(a)(D), the Commissioner of Social Security shall so notify the individual not later than 90 days after the date of the enactment of this Act.

(b) REAPPLICATION.—

(1) IN GENERAL.—Not later than 120 days after the date of the enactment of this Act, each individual notified pursuant to subsection (a) who desires to reapply for benefits under title XVI of the Social Security Act shall reapply to the Commissioner of Social Security.

(2) DETERMINATION OF ELIGIBILITY.—Not later than 1 year after the date of the enactment of this Act, the Commissioner of Social Security shall determine the eligibility of each individual who reapplies for benefits under paragraph (1) pursuant to the procedures of such title XVI.

SEC. 433. VERIFICATION OF ELIGIBILITY FOR FEDERAL PUBLIC BENEFITS.

(a) IN GENERAL.—Not later than 18 months after the date of the enactment of this Act, the Attorney General of the United States, after consultation with the Secretary of Health and Human Serv-

ices, shall promulgate regulations requiring verification that a person applying for a Federal public benefit (as defined in section 401(c)), to which the limitation under section 401 applies, is a qualified alien and is eligible to receive such benefit. Such regulations shall, to the extent feasible, require that information requested and exchanged be similar in form and manner to information requested and exchanged under section 1137 of the Social Security Act.

(b) STATE COMPLIANCE.—Not later than 24 months after the date the regulations described in subsection (a) are adopted, a State that administers a program that provides a Federal public benefit shall have in effect a verification system that complies with the regulations.

(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out the purpose of this section.

SEC. 434. STATUTORY CONSTRUCTION.

(a) LIMITATION.—

(1) Nothing in this title may be construed as an entitlement or a determination of an individual's eligibility or fulfillment of the requisite requirements for any Federal, State, or local governmental program, assistance, or benefits. For purposes of this title, eligibility relates only to the general issue of eligibility or ineligibility on the basis of alienage.

(2) Nothing in this title may be construed as addressing alien eligibility for a basic public education as determined by the Supreme Court of the United States under Plyler v. Doe (457 U.S. 202)(1982).

(b) NOT APPLICABLE TO FOREIGN ASSISTANCE.—This title does not apply to any Federal, State, or local governmental program, assistance, or benefits provided to an alien under any program of foreign assistance as determined by the Secretary of State in consultation with the Attorney General.

(c) SEVERABILITY.—If any provision of this title or the application of such provision to any person or circumstance is held to be unconstitutional, the remainder of this title and the application of the provisions of such to any person or circumstance shall not be affected thereby.

SEC. 435. COMMUNICATION BETWEEN STATE AND LOCAL GOVERNMENT AGENCIES AND THE IMMIGRATION AND NATURALIZATION SERVICE.

Notwithstanding any other provision of Federal, State, or local law, no State or local government entity may be prohibited, or in any way restricted, from sending to or receiving from the Immigration and Naturalization Service information regarding the immigration status, lawful or unlawful, of an alien in the United States.

SEC. 436. QUALIFYING QUARTERS.

For purposes of this title, in determining the number of qualifying quarters of coverage under title II of the Social Security Act an alien shall be credited with—

(1) all of the qualifying quarters of coverage as defined under title II of the Social Security Act worked by a parent of such alien while the alien was under age 18 if the parent did

not receive any Federal means-tested public benefit (as defined in section 403(c)) during any such quarter, and

(2) all of the qualifying quarters worked by a spouse of such alien during their marriage if the spouse did not receive any Federal means-tested public benefit (as defined in section 403(c)) during any such quarter and the alien remains married to such spouse or such spouse is deceased.

Subtitle E—Conforming Amendments

SEC. 441. CONFORMING AMENDMENTS RELATING TO ASSISTED HOUSING.

(a) LIMITATIONS ON ASSISTANCE.—Section 214 of the Housing and Community Development Act of 1980 (42 U.S.C. 1436a) is amended—

(1) by striking "Secretary of Housing and Urban Development" each place it appears and inserting "applicable Secretary";

(2) in subsection (b), by inserting after "National Housing Act," the following: "the direct loan program under section 502 of the Housing Act of 1949 or section 502(c)(5)(D), 504, 521(a)(2)(A), or 542 of such Act, subtitle A of title III of the Cranston-Gonzalez National Affordable Housing Act,";

(3) in paragraphs (2) through (6) of subsection (d), by striking "Secretary" each place it appears and inserting "applicable Secretary";

(4) in subsection (d), in the matter following paragraph (6), by striking "the term 'Secretary'" and inserting "the term 'applicable Secretary'"; and

(5) by adding at the end the following new subsection:

"(h) For purposes of this section, the term 'applicable Secretary' means—

"(1) the Secretary of Housing and Urban Development, with respect to financial assistance administered by such Secretary and financial assistance under subtitle A of title III of the Cranston-Gonzalez National Affordable Housing Act; and

"(2) the Secretary of Agriculture, with respect to financial assistance administered by such Secretary.".

(b) CONFORMING AMENDMENTS.—Section 501(h) of the Housing Act of 1949 (42 U.S.C. 1471(h)) is amended—

(1) by striking "(1)";

(2) by striking "by the Secretary of Housing and Urban Development"; and

(3) by striking paragraph (2).

TITLE V—REDUCTIONS IN FEDERAL GOVERNMENT POSITIONS

SEC. 501. REDUCTIONS.

(a) DEFINITIONS.—As used in this section:

(1) APPROPRIATE EFFECTIVE DATE.—The term "appropriate effective date", used with respect to a Department referred to in

this section, means the date on which all provisions of this Act (other than title II) that the Department is required to carry out, and amendments and repeals made by such Act to provisions of Federal law that the Department is required to carry out, are effective.

(2) COVERED ACTIVITY.—The term "covered activity", used with respect to a Department referred to in this section, means an activity that the Department is required to carry out under—

(A) a provision of this Act (other than title II); or

(B) a provision of Federal law that is amended or repealed by this Act (other than title II).

(b) REPORTS.—

(1) CONTENTS.—Not later than December 31, 1995, each Secretary referred to in paragraph (2) shall prepare and submit to the relevant committees described in paragraph (3) a report containing—

(A) the determinations described in subsection (c);

(B) appropriate documentation in support of such determinations; and

(C) a description of the methodology used in making such determinations.

(2) SECRETARY.—The Secretaries referred to in this paragraph are—

(A) the Secretary of Agriculture;

(B) the Secretary of Education;

(C) the Secretary of Labor;

(D) the Secretary of Housing and Urban Development; and

(E) the Secretary of Health and Human Services.

(3) RELEVANT COMMITTEES.—The relevant Committees described in this paragraph are the following:

(A) With respect to each Secretary described in paragraph (2), the Committee on Government Reform and Oversight of the House of Representatives and the Committee on Governmental Affairs of the Senate.

(B) With respect to the Secretary of Agriculture, the Committee on Agriculture and the Committee on Economic and Educational Opportunities of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

(C) With respect to the Secretary of Education, the Committee on Economic and Educational Opportunities of the House of Representatives and the Committee on Labor and Human Resources of the Senate.

(D) With respect to the Secretary of Labor, the Committee on Economic and Educational Opportunities of the House of Representatives and the Committee on Labor and Human Resources of the Senate.

(E) With respect to the Secretary of Housing and Urban Development, the Committee on Banking and Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate.

(F) With respect to the Secretary of Health and Human Services, the Committee on Economic and Educational Op-

portunities of the House of Representatives, the Committee on Labor and Human Resources of the Senate, the Committee on Ways and Means of the House of Representatives, and the Committee on Finance of the Senate.

(4) REPORT ON CHANGES.—Not later than December 31, 1996, and each December 31 thereafter, each Secretary referred to in paragraph (2) shall prepare and submit to the relevant Committees described in paragraph (3), a report concerning any changes with respect to the determinations made under subsection (c) for the year in which the report is being submitted.

(c) DETERMINATIONS.—Not later than December 31, 1995, each Secretary referred to in subsection (b)(2) shall determine—

(1) the number of full-time equivalent positions required by the Department headed by such Secretary to carry out the covered activities of the Department, as of the day before the date of enactment of this Act;

(2) the number of such positions required by the Department to carry out the activities, as of the appropriate effective date for the Department; and

(3) the difference obtained by subtracting the number referred to in paragraph (2) from the number referred to in paragraph (1).

(d) ACTIONS.—Each Secretary referred to in subsection (b)(2) shall take such actions as may be necessary, including reduction in force actions, consistent with sections 3502 and 3595 of title 5, United States Code, to reduce the number of positions of personnel of the Department—

(1) not later than 30 days after the appropriate effective date for the Department involved, by at least 50 percent of the difference referred to in subsection (c)(3); and

(2) not later than 13 months after such appropriate effective date, by at least the remainder of such difference (after the application of paragraph (1)).

(e) CONSISTENCY.—

(1) EDUCATION.—The Secretary of Education shall carry out this section in a manner that enables the Secretary to meet the requirements of this section.

(2) LABOR.—The Secretary of Labor shall carry out this section in a manner that enables the Secretary to meet the requirements of this section.

(3) HEALTH AND HUMAN SERVICES.—The Secretary of Health and Human Services shall carry out this section in a manner that enables the Secretary to meet the requirements of this section and sections 502 and 503.

(f) CALCULATION.—In determining, under subsection (c), the number of full-time equivalent positions required by a Department to carry out a covered activity, a Secretary referred to in subsection (b)(2), shall include the number of such positions occupied by personnel carrying out program functions or other functions (including budgetary, legislative, administrative, planning, evaluation, and legal functions) related to the activity.

(g) GENERAL ACCOUNTING OFFICE REPORT.—Not later than July 1, 1996, the Comptroller General of the United States shall prepare and submit to the committees described in subsection (b)(3),

a report concerning the determinations made by each Secretary under subsection (c). Such report shall contain an analysis of the determinations made by each Secretary under subsection (c) and a determination as to whether further reductions in full-time equivalent positions are appropriate.

SEC. 502. REDUCTIONS IN FEDERAL BUREAUCRACY.

(a) IN GENERAL.—The Secretary of Health and Human Services shall reduce the Federal workforce within the Department of Health and Human Services by an amount equal to the sum of—

(1) 75 percent of the full-time equivalent positions at such Department that relate to any direct spending program, or any program funded through discretionary spending, that has been converted into a block grant program under this Act and the amendments made by this Act; and

(2) an amount equal to 75 percent of that portion of the total full-time equivalent departmental management positions at such Department that bears the same relationship to the amount appropriated for the programs referred to in paragraph (1) as such amount relates to the total amount appropriated for use by such Department.

(b) REDUCTIONS IN THE DEPARTMENT OF HEALTH AND HUMAN SERVICES.—Notwithstanding any other provision of this Act, the Secretary of Health and Human Services shall take such actions as may be necessary, including reductions in force actions, consistent with sections 3502 and 3595 of title 5, United States Code, to reduce the full-time equivalent positions within the Department of Health and Human Services—

(1) by 245 full-time equivalent positions related to the program converted into a block grant under the amendment made by section 103; and

(2) by 60 full-time equivalent managerial positions in the Department.

SEC. 503. REDUCING PERSONNEL IN WASHINGTON, D.C. AREA.

In making reductions in full-time equivalent positions, the Secretary of Health and Human Services is encouraged to reduce personnel in the Washington, D.C., area office (agency headquarters) before reducing field personnel.

TITLE VI—REFORM OF PUBLIC HOUSING

SEC. 601. FAILURE TO COMPLY WITH OTHER WELFARE AND PUBLIC ASSISTANCE PROGRAMS.

Title I of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended by adding at the end the following new section:

"SEC. 27. FAILURE TO COMPLY WITH OTHER WELFARE AND PUBLIC ASSISTANCE PROGRAMS.

"(a) IN GENERAL.—If the benefits of a family are reduced under a Federal, State, or local law relating to welfare or a public assistance program for the failure of any member of the family to perform an action required under the law or program, the family may not,

for the duration of the reduction, receive any increased assistance under this Act as the result of a decrease in the income of the family to the extent that the decrease in income is the result of the benefits reduction.

"(b) EXCEPTION.—Subsection (a) shall not apply in any case in which the benefits of a family are reduced because the welfare or public assistance program to which the Federal, State, or local law relates limits the period during which benefits may be provided under the program.".

SEC. 602. FRAUD UNDER MEANS-TESTED WELFARE AND PUBLIC ASSISTANCE PROGRAMS.

(a) IN GENERAL.—If an individual's benefits under a Federal, State, or local law relating to a means-tested welfare or a public assistance program are reduced because of an act of fraud by the individual under the law or program, the individual may not, for the duration of the reduction, receive an increased benefit under any other means-tested welfare or public assistance program for which Federal funds are appropriated as a result of a decrease in the income of the individual (determined under the applicable program) attributable to such reduction.

(b) WELFARE OR PUBLIC ASSISTANCE PROGRAMS FOR WHICH FEDERAL FUNDS ARE APPROPRIATED.—For purposes of subsection (a), the term "means-tested welfare or public assistance program for which Federal funds are appropriated" includes the food stamp program under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.), any program of public or assisted housing under title I of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.), and State programs funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.).

SEC. 603. EFFECTIVE DATE.

This title and the amendment made by this title shall become effective on the date of enactment of this Act.

TITLE VII—CHILD PROTECTION BLOCK GRANT PROGRAM AND FOSTER CARE AND ADOPTION ASSISTANCE

Subtitle A—Block Grants to States for the Protection of Children and Matching Payments for Foster Care and Adoption Assistance

SEC. 701. ESTABLISHMENT OF PROGRAM.

Title IV of the Social Security Act (42 U.S.C. 601 et seq.) is amended by striking part B and inserting the following:

"PART B—BLOCK GRANTS TO STATES FOR THE PROTECTION OF CHILDREN AND MATCHING PAYMENTS FOR FOSTER CARE AND ADOPTION ASSISTANCE

"SEC. 421. PURPOSE.

"The purpose of this part is to enable eligible States to carry out a child protection program to—

"(1) identify and assist families at risk of abusing or neglecting their children;

"(2) operate a system for receiving reports of abuse or neglect of children;

"(3) improve the intake, assessment, screening, and investigation of reports of abuse and neglect;

"(4) enhance the general child protective system by improving risk and safety assessment tools and protocols;

"(5) improve legal preparation and representation, including procedures for appealing and responding to appeals of substantiated reports of abuse and neglect;

"(6) provide support, treatment, and family preservation services to families which are, or are at risk of, abusing or neglecting their children;

"(7) support children who must be removed from or who cannot live with their families;

"(8) make timely decisions about permanent living arrangements for children who must be removed from or who cannot live with their families;

"(9) provide for continuing evaluation and improvement of child protection laws, regulations, and services;

"(10) develop and facilitate training protocols for individuals mandated to report child abuse or neglect; and

"(11) develop and enhance the capacity of community-based programs to integrate shared leadership strategies between parents and professionals to prevent and treat child abuse and neglect at the neighborhood level.

"SEC. 422. ELIGIBLE STATES.

"(a) IN GENERAL.—As used in this part, the term 'eligible State' means a State that has submitted to the Secretary, not later than October 1, 1996, and every 3 years thereafter, a plan which has been signed by the chief executive officer of the State and that includes the following:

"(1) OUTLINE OF CHILD PROTECTION PROGRAM.—A written document that outlines the activities the State intends to conduct to achieve the purpose of this part, including the procedures to be used for—

"(A) receiving and assessing reports of child abuse or neglect;

"(B) investigating such reports;

"(C) with respect to families in which abuse or neglect has been confirmed, providing services or referral for services for families and children where the State makes a determination that the child may safely remain with the family;

"(D) protecting children by removing them from dangerous settings and ensuring their placement in a safe environment;

"(E) providing training for individuals mandated to report suspected cases of child abuse or neglect;

"(F) protecting children in foster care;

"(G) promoting timely adoptions;

"(H) protecting the rights of families, using adult relatives as the preferred placement for children separated from their parents where such relatives meet the relevant State child protection standards;

"(I) providing services to individuals, families, or communities, either directly or through referral, that are aimed at preventing the occurrence of child abuse and neglect; and

"(J) establishing and responding to citizen review panels under section 426.

"(2) CERTIFICATION OF STATE LAW REQUIRING THE REPORTING OF CHILD ABUSE AND NEGLECT.—A certification that the State has in effect laws that require public officials and other professionals to report, in good faith, actual or suspected instances of child abuse or neglect.

"(3) CERTIFICATION OF PROCEDURES FOR SCREENING, SAFETY ASSESSMENT, AND PROMPT INVESTIGATION.—A certification that the State has in effect procedures for receiving and responding to reports of child abuse or neglect, including the reports described in paragraph (2), and for the immediate screening, safety assessment, and prompt investigation of such reports.

"(4) CERTIFICATION OF STATE PROCEDURES FOR REMOVAL AND PLACEMENT OF ABUSED OR NEGLECTED CHILDREN.—A certification that the State has in effect procedures for the removal from families and placement of abused or neglected children and of any other child in the same household who may also be in danger of abuse or neglect.

"(5) CERTIFICATION OF PROVISIONS FOR IMMUNITY FROM PROSECUTION.—A certification that the State has in effect laws requiring immunity from prosecution under State and local laws and regulations for individuals making good faith reports of suspected or known instances of child abuse or neglect.

"(6) CERTIFICATION OF PROVISIONS AND PROCEDURES FOR EXPUNGEMENT OF CERTAIN RECORDS.—A certification that the State has in effect laws and procedures requiring the facilitation of the prompt expungement of any records that are accessible to the general public or are used for purposes of employment or other background checks in cases determined to be unsubstantiated or false.

"(7) CERTIFICATION OF PROVISIONS AND PROCEDURES RELATING TO APPEALS.—A certification that not later then 2 years after the date of the enactment of this part, the State shall have laws and procedures in effect affording individuals an opportunity to appeal an official finding of abuse or neglect.

"(8) CERTIFICATION OF STATE PROCEDURES FOR DEVELOPING AND REVIEWING WRITTEN PLANS FOR PERMANENT PLACEMENT OF

REMOVED CHILDREN.—A certification that the State has in effect procedures for ensuring that a written plan is prepared for children who have been removed from their families. Such plan shall specify the goals for achieving a permanent placement for the child in a timely fashion, for ensuring that the written plan is reviewed every 6 months (until such placement is achieved), and for ensuring that information about such children is collected regularly and recorded in case records, and include a description of such procedures.

"(9) CERTIFICATION OF STATE PROGRAM TO PROVIDE INDEPENDENT LIVING SERVICES.—A certification that the State has in effect a program to provide independent living services, for assistance in making the transition to self-sufficient adulthood, to individuals in the child protection program of the State who are 16, but who are not 20 (or, at the option of the State, 22), years of age, and who do not have a family to which to be returned.

"(10) CERTIFICATION OF STATE PROCEDURES TO RESPOND TO REPORTING OF MEDICAL NEGLECT OF DISABLED INFANTS.—

"(A) IN GENERAL.—A certification that the State has in place for the purpose of responding to the reporting of medical neglect of infants (including instances of withholding of medically indicated treatment from disabled infants with life-threatening conditions), procedures or programs, or both (within the State child protective services system), to provide for—

"(i) coordination and consultation with individuals designated by and within appropriate health-care facilities;

"(ii) prompt notification by individuals designated by and within appropriate health-care facilities of cases of suspected medical neglect (including instances of withholding of medically indicated treatment from disabled infants with life-threatening conditions); and

"(iii) authority, under State law, for the State child protective service to pursue any legal remedies, including the authority to initiate legal proceedings in a court of competent jurisdiction, as may be necessary to prevent the withholding of medically indicated treatment from disabled infants with life-threatening conditions.

"(B) WITHHOLDING OF MEDICALLY INDICATED TREATMENT.—As used in subparagraph (A), the term 'withholding of medically indicated treatment' means the failure to respond to the infant's life-threatening conditions by providing treatment (including appropriate nutrition, hydration, and medication) which, in the treating physician's or physicians' reasonable medical judgment, will be most likely to be effective in ameliorating or correcting all such conditions, except that such term does not include the failure to provide treatment (other than appropriate nutrition, hydration, or medication) to an infant when, in the treating physician's or physicians' reasonable medical judgment—

"(i) the infant is chronically and irreversibly comatose;

"(ii) the provision of such treatment would—

"(I) merely prolong dying;

"(II) not be effective in ameliorating or correcting all of the infant's life-threatening conditions; or

"(III) otherwise be futile in terms of the survival of the infant; or

"(iii) the provision of such treatment would be virtually futile in terms of the survival of the infant and the treatment itself under such circumstances would be inhumane.

"(11) IDENTIFICATION OF CHILD PROTECTION GOALS.—The quantitative goals of the State child protection program.

"(12) CERTIFICATION OF CHILD PROTECTION STANDARDS.—With respect to fiscal years beginning on or after April 1, 1996, a certification that the State—

"(A) has completed an inventory of all children who, before the inventory, had been in foster care under the responsibility of the State for 6 months or more, which determined—

"(i) the appropriateness of, and necessity for, the foster care placement;

"(ii) whether the child could or should be returned to the parents of the child or should be freed for adoption or other permanent placement; and

"(iii) the services necessary to facilitate the return of the child or the placement of the child for adoption or legal guardianship;

"(B) is operating, to the satisfaction of the Secretary—

"(i) a statewide information system from which can be readily determined the status, demographic characteristics, location, and goals for the placement of every child who is (or, within the immediately preceding 12 months, has been) in foster care;

"(ii) a case review system for each child receiving foster care under the supervision of the State;

"(iii) a service program designed to help children—

"(I) where appropriate, return to families from which they have been removed; or

"(II) be placed for adoption, with a legal guardian, or if adoption or legal guardianship is determined not to be appropriate for a child, in some other planned, permanent living arrangement; and

"(iv) a preplacement preventive services program designed to help children at risk for foster care placement remain with their families; and

"(C)(i) has reviewed (or not later than October 1, 1997, will review) State policies and administrative and judicial procedures in effect for children abandoned at or shortly after birth (including policies and procedures providing for legal representation of such children); and

"(ii) is implementing (or not later than October 1, 1997, will implement) such policies and procedures as the State determines, on the basis of the review described in clause

(i), to be necessary to enable permanent decisions to be made expeditiously with respect to the placement of such children.

"(13) CERTIFICATION OF REASONABLE EFFORTS BEFORE PLACEMENT OF CHILDREN IN FOSTER CARE.—A certification that the State in each case will—

"(A) make reasonable efforts prior to the placement of a child in foster care, to prevent or eliminate the need for removal of the child from the child's home, and to make it possible for the child to return home; and

"(B) with respect to families in which abuse or neglect has been confirmed, provide services or referral for services for families and children where the State makes a determination that the child may safely remain with the family.

"(14) CERTIFICATION OF COOPERATIVE EFFORTS.—A certification by the State, where appropriate, that all steps will be taken, including cooperative efforts with the State agencies administering the plans approved under parts A and D, to secure an assignment to the State of any rights to support on behalf of each child receiving foster care maintenance payments under this part.

"(15) CERTIFICATION OF CONFIDENTIALITY AND REQUIREMENTS FOR INFORMATION DISCLOSURE.—

"(A) IN GENERAL.—A certification that the State has in effect and operational—

"(i) requirements ensuring that reports and records made and maintained pursuant to the purposes of this part shall only be made available to—

"(I) individuals who are the subject of the report;

"(II) Federal, State, or local government entities having a need for such information in order to carry out their responsibilities under law to protect children from abuse and neglect;

"(III) child abuse citizen review panels;

"(IV) child fatality review panels;

"(V) a grand jury or court, upon a finding that information in the record is necessary for the determination of an issue before the court or grand jury; and

"(VI) other entities or classes of individuals statutorily authorized by the State to receive such information pursuant to a legitimate State purpose; and

"(ii) provisions that allow for public disclosure of the findings or information about cases of child abuse or neglect that have resulted in a child fatality or near fatality.

"(B) LIMITATION.—Disclosures made pursuant to clause (i) or (ii) shall not include the identifying information concerning the individual initiating a report or complaint alleging suspected instances of child abuse or neglect.

"(C) DEFINITION.—For purposes of this paragraph, the term 'near fatality' means an act that, as certified by a physician, places the child in serious or critical condition.

"(b) DETERMINATIONS.—The Secretary shall determine whether a plan submitted pursuant to subsection (a) contains the material required by subsection (a), other than the material described in paragraph (10) of such subsection. The Secretary may not require a State to include in such a plan any material not described in subsection (a).

"SEC. 423. GRANTS TO STATES FOR CHILD PROTECTION AND PAYMENTS FOR FOSTER CARE AND ADOPTION ASSISTANCE.

"(a) FUNDING OF BLOCK GRANTS.—

"(1) ENTITLEMENT COMPONENT.—Each eligible State shall be entitled to receive from the Secretary for each fiscal year specified in subsection (c)(1) a grant in an amount equal to the State share of the child protection amount for the fiscal year.

"(2) AUTHORIZATION COMPONENT.—

"(A) IN GENERAL.—For each eligible State for each fiscal year specified in subsection (c)(1), the Secretary shall supplement the grant under paragraph (1) of this subsection by an amount equal to the State share of the amount (if any) appropriated pursuant to subparagraph (B) of this paragraph for the fiscal year.

"(B) LIMITATION ON AUTHORIZATION OF APPROPRIATIONS.—For grants under subparagraph (A), there are authorized to be appropriated to the Secretary an amount not to exceed $325,000,000 for each fiscal year specified in subsection (c)(1).

"(b) MAINTENANCE PAYMENTS.—

"(1) IN GENERAL.—In addition to the grants described in subsection (a), each eligible State shall be entitled to receive from the Secretary for each quarter of each fiscal year specified in subsection (c)(1) an amount equal to the sum of—

"(A) an amount equal to the Federal medical assistance percentage (as defined in section 1905(b) of this Act as in effect on the day before the date of enactment of this part) of the total amount expended during such quarter as foster care maintenance payments under the child protection program under this part for children in foster family homes or child-care institutions; plus

"(B) an amount equal to the Federal medical assistance percentage (as defined in section 1905(b) of this Act (as so in effect)) of the total amount expended during such quarter as adoption assistance payments under the child protection program under this part pursuant to adoption assistance agreements.

"(2) ESTIMATES BY THE SECRETARY.—

"(A) IN GENERAL.—The Secretary shall, prior to the beginning of each quarter, estimate the amount to which a State will be entitled to receive under paragraph (1) for such quarter, such estimates to be based on—

"(i) a report filed by the State containing its estimate of the total sum to be expended in such quarter in accordance with paragraph (1), and stating the

amount appropriated or made available by the State and its political subdivisions for such expenditures in such quarter, and if such amount is less than the State's proportionate share of the total sum of such estimated expenditures, the source or sources from which the difference is expected to be derived;

"(ii) records showing the number of children in the State receiving assistance under this part; and

"(iii) such other information as the Secretary may find necessary.

"(B) PAYMENTS.—The Secretary shall pay to the States the amounts so estimated under subparagraph (A), reduced or increased to the extent of any overpayment or underpayment which the Secretary determines was made under this subsection to such State for any prior quarter and with respect to which adjustment has not already been made under this paragraph.

"(C) PRO RATA SHARE.— The pro rata share to which the United States is equitably entitled, as determined by the Secretary, of the net amount recovered during any quarter by the State or any political subdivision thereof with respect to foster care and adoption assistance furnished under this part shall be considered an overpayment to be adjusted under this paragraph.

"(3) ALLOWANCE OR DISALLOWANCE OF CLAIM.—

"(A) IN GENERAL.—Within 60 days after receipt of a State claim for expenditures pursuant to paragraph (2)(A), the Secretary shall allow, disallow, or defer such claim.

"(B) NOTICE.—Within 15 days after a decision to defer a State claim, the Secretary shall notify the State of the reasons for the deferral and of the additional information necessary to determine the allowability of the claim.

"(C) DECISION.—Within 90 days after receiving such necessary information (in readily reviewable form), the Secretary shall—

"(i) disallow the claim, if able to complete the review and determine that the claim is not allowable; or

"(ii) in any other case, allow the claim, subject to disallowance (as necessary)—

"(I) upon completion of the review, if it is determined that the claim is not allowable; or

"(II) on the basis of findings of an audit or financial management review.

"(c) DEFINITIONS.—As used in this section:

"(1) CHILD PROTECTION AMOUNT.—The term 'child protection amount' means—

"(A) $2,047,000,000 for fiscal year 1997;

"(B) $2,200,000,000 for fiscal year 1998;

"(C) $2,342,000,000 for fiscal year 1999;

"(D) $2,487,000,000 for fiscal year 2000;

"(E) $2,592,000,000 for fiscal year 2001; and

"(F) $2,766,000,000 for fiscal year 2002;

"(2) STATE SHARE.—

"(A) IN GENERAL.—The term 'State share' means the qualified child protection expenses of the State divided by the sum of the qualified child protection expenses of all of the States.

"(B) QUALIFIED CHILD PROTECTION EXPENSES.—The term 'qualified child protection expenses' means, with respect to a State the greater of—

"(i) the total amount of—

"(I) ⅓ of the Federal grant amounts to the State under the provisions of law specified in clauses (i), (ii), and (iii) of subparagraph (C) for fiscal years 1992, 1993, and 1994; and

"(II) ⅓ of the Federal share of expenditures (without regard to disputed expenditures) with respect to administration, training, and statewide mechanized data collection and information systems under the provision of law specified in subparagraph (C)(iv) as reported by the State on ACF Form IV-E-12 for fiscal years 1992, 1993, and 1994; or

"(ii) the total amount of—

"(I) the Federal grant amounts to the State under the provisions of law specified in clauses (i), (ii), and (iii) of subparagraph (C) for fiscal year 1994; and

"(II) the Federal share of expenditures (without regard to disputed expenditures) with respect to administration, training, and statewide mechanized data collection and information systems under the provision of law specified in subparagraph (C)(iv) as reported by the State on ACF Form IV-E-12 for fiscal year 1994.

"(C) PROVISIONS OF LAW.—The provisions of law specified in this subparagraph are the following (as in effect with respect to each of the fiscal years referred to in subparagraph (B)):

"(i) Section 423 of this Act.

"(ii) Section 434 of this Act.

"(iii) Section 474(a)(4) of this Act.

"(iv) Section 474(a)(3) of this Act.

"(D) DETERMINATION OF INFORMATION.—In determining amounts for fiscal years 1992, 1993, and 1994 under subclause (I) of clauses (i) and (ii) of subparagraph (B), the Secretary shall use information listed as actual amounts in the Justification for Estimates for Appropriation Committees of the Administration for Children and Families for fiscal years 1994, 1995, and 1996, respectively. In determining amounts for fiscal years 1992, 1993, and 1994 under subclause (II) of clauses (i) and (ii) of subparagraph (B), the Secretary shall use information available as of February 22, 1995.

"(d) USE OF GRANT.—

"(1) IN GENERAL.—A State to which a grant is made under this section may use the grant in any manner that the State deems appropriate to accomplish the purpose of this part.

"(2) TIMING OF EXPENDITURES.—A State to which a grant is made under this section for a fiscal year shall expend the total amount of the grant not later than the end of the immediately succeeding fiscal year.

"(3) RULE OF INTERPRETATION.—This part shall not be interpreted to prohibit short- and long-term foster care facilities operated for profit from receiving funds provided under this part.

"(e) TIMING OF PAYMENTS.—The Secretary shall pay each eligible State the amount of the grant payable to the State under this section in quarterly installments.

"(f) PENALTIES.—

"(1) FOR USE OF GRANT IN VIOLATION OF THIS PART.—If an audit conducted pursuant to chapter 75 of title 31, United States Code, finds that an amount paid to a State under this section for a fiscal year has been used in violation of this part, then the Secretary shall reduce the amount of the grant that would (in the absence of this paragraph) be payable to the State under this section for the immediately succeeding fiscal year by the amount so used, plus 5 percent of the grant paid under this section to the State for such fiscal year.

"(2) FOR FAILURE TO MAINTAIN EFFORT.—

"(A) IN GENERAL.—If an audit conducted pursuant to chapter 75 of title 31, United States Code, finds that the amount expended by a State (other than from amounts provided by the Federal Government) during the fiscal years specified in subparagraph (B), to carry out the State program funded under this part is less than the applicable percentage specified in such subparagraph of the total amount expended by the State (other than from amounts provided by the Federal Government) during fiscal year 1994 under parts B and E of this title (as in effect on the day before the date of the enactment of this part), then the Secretary shall reduce the amount of the grant that would (in the absence of this paragraph) be payable to the State under this section for the immediately succeeding fiscal year by the amount of the difference, plus 5 percent of the grant paid under this section to the State for such fiscal year.

"(B) SPECIFICATION OF FISCAL YEARS AND APPLICABLE PERCENTAGES.—The fiscal years and applicable percentages specified in this subparagraph are as follows:

"(i) For fiscal years 1997 and 1998, 100 percent.

"(ii) For fiscal years 1999 through 2002, 75 percent.

"(3) FOR FAILURE TO SUBMIT REQUIRED REPORT.—

"(A) IN GENERAL.—The Secretary shall reduce by 3 percent the amount of the grant that would (in the absence of this paragraph) be payable to a State under this section for a fiscal year if the Secretary determines that the State has not submitted the report required by section 427(b) for the

immediately preceding fiscal year, within 6 months after the end of the immediately preceding fiscal year.

"(B) RESCISSION OF PENALTY.—The Secretary shall rescind a penalty imposed on a State under subparagraph (A) with respect to a report for a fiscal year if the State submits the report before the end of the immediately succeeding fiscal year.

"(4) FOR FAILURE TO COMPLY WITH SAMPLING METHODS REQUIREMENTS.—The Secretary may reduce by not more than 1 percent the amount of the grant that would (in the absence of this paragraph) be payable to a State under this section for a succeeding fiscal year if the Secretary determines that the State has not complied with the Secretary's sampling methods requirements under section 427(c)(2) during the prior fiscal year.

"(5) STATE FUNDS TO REPLACE REDUCTIONS IN GRANT.—A State which has a penalty imposed against it under this subsection for a fiscal year shall expend additional State funds in an amount equal to the amount of the penalty for the purpose of carrying out the State program under this part during the immediately succeeding fiscal year.

"(6) REASONABLE CAUSE EXCEPTION.—Except in the case of the penalty described in paragraph (2), the Secretary may not impose a penalty on a State under this subsection with respect to a requirement if the Secretary determines that the State has reasonable cause for failing to comply with the requirement.

"(7) CORRECTIVE COMPLIANCE PLAN.—

"(A) IN GENERAL.—

"(i) NOTIFICATION OF VIOLATION.—Before imposing a penalty against a State under this subsection with respect to a violation of this part, the Secretary shall notify the State of the violation and allow the State the opportunity to enter into a corrective compliance plan in accordance with this paragraph which outlines how the State will correct the violation and how the State will insure continuing compliance with this part.

"(ii) 60-DAY PERIOD TO PROPOSE A CORRECTIVE COMPLIANCE PLAN.—During the 60-day period that begins on the date the State receives a notice provided under clause (i) with respect to a violation, the State may submit to the Federal Government a corrective compliance plan to correct the violation.

"(iii) CONSULTATION ABOUT MODIFICATIONS.—During the 60-day period that begins with the date the Secretary receives a corrective compliance plan submitted by a State in accordance with clause (ii), the Secretary may consult with the State on modifications to the plan.

"(iv) ACCEPTANCE OF PLAN.— A corrective compliance plan submitted by a State in accordance with clause (ii) is deemed to be accepted by the Secretary if the Secretary does not accept or reject the plan during the 60-day period that begins on the date the plan is submitted.

"(B) EFFECT OF CORRECTING VIOLATION.—The Secretary may not impose any penalty under this subsection with respect to any violation covered by a State corrective compliance plan accepted by the Secretary if the State corrects the violation pursuant to the plan.

"(C) EFFECT OF FAILING TO CORRECT VIOLATION.—The Secretary shall assess some or all of a penalty imposed on a State under this subsection with respect to a violation if the State does not, in a timely manner, correct the violation pursuant to a State corrective compliance plan accepted by the Secretary.

"(8) LIMITATION ON AMOUNT OF PENALTY.—

"(A) IN GENERAL.—In imposing the penalties described in this subsection, the Secretary shall not reduce any quarterly payment to a State by more than 25 percent.

"(B) CARRYFORWARD OF UNRECOVERED PENALTIES.—To the extent that subparagraph (A) prevents the Secretary from recovering during a fiscal year the full amount of all penalties imposed on a State under this subsection for a prior fiscal year, the Secretary shall apply any remaining amount of such penalties to the grant payable to the State under section 423(a) for the immediately succeeding fiscal year.

"(g) TREATMENT OF TERRITORIES.—

"(1) IN GENERAL.—A territory, as defined in section 1108(b)(1), shall carry out a child protection program in accordance with the provisions of this part.

"(2) PAYMENTS.—Subject to the mandatory ceiling amounts specified in section 1108, each territory, as so defined, shall be entitled to receive from the Secretary for any fiscal year an amount equal to the total obligations to the territory under section 434 (as in effect on the day before the date of the enactment of this part) for fiscal year 1995.

"(h) LIMITATION ON FEDERAL AUTHORITY.—Except as expressly provided in this Act, the Secretary may not regulate the conduct of States under this part or enforce any provision of this part.

"SEC. 424. REQUIREMENTS FOR FOSTER CARE MAINTENANCE PAYMENTS.

"(a) IN GENERAL.—Each State operating a program under this part shall make foster care maintenance payments under section 423(b) with respect to a child who would meet the requirements of section 406(a) or of section 407 (as in effect on the day before the date of the enactment of this part) but for the removal of the child from the home of a relative (specified in section 406(a)(as so in effect)), if—

"(1) the removal from the home occurred pursuant to a voluntary placement agreement entered into by the child's parent or legal guardian, or was the result of a judicial determination to the effect that continuation therein would be contrary to the welfare of such child and that reasonable efforts of the type described in section 422(a)(13) have been made;

"(2) such child's placement and care are the responsibility of—

"(A) the State; or

"(B) any other public agency with whom the State has made an agreement for the administration of the State program under this part which is still in effect;

"(3) such child has been placed in a foster family home or child-care institution as a result of the voluntary placement agreement or judicial determination referred to in paragraph (1); and

"(4) such child—

"(A) would have been eligible to receive aid under the eligibility standards under the State plan approved under section 402 (as in effect on the day before the date of the enactment of this part and adjusted for inflation, in accordance with regulations issued by the Secretary) in or for the month in which such agreement was entered into or court proceedings leading to the removal of such child from the home were initiated; or

"(B) would have received such aid in or for such month if application had been made therefore, or the child had been living with a relative specified in section 406(a) (as so in effect) within 6 months prior to the month in which such agreement was entered into or such proceedings were initiated, and would have received such aid in or for such month if in such month such child had been living with such a relative and application therefore had been made.

"(b) LIMITATION ON FOSTER CARE PAYMENTS.—Foster care maintenance payments may be made under this part only on behalf of a child described in subsection (a) of this section who is—

"(1) in the foster family home of an individual, whether the payments therefore are made to such individual or to a public or private child-placement or child-care agency; or

"(2) in a child-care institution, whether the payments therefore are made to such institution or to a public or private child-placement or child-care agency, which payments shall be limited so as to include in such payments only those items which are included in the term 'foster care maintenance payments' (as defined in section 429(6)).

"(c) VOLUNTARY PLACEMENTS.—

"(1) SATISFACTION OF CHILD PROTECTION STANDARDS.—Notwithstanding any other provision of this section, Federal payments may be made under this part with respect to amounts expended by any State as foster care maintenance payments under this part, in the case of children removed from their homes pursuant to voluntary placement agreements as described in subsection (a), only if (at the time such amounts were expended) the State has fulfilled all of the requirements of section 422(a)(12).

"(2) REMOVAL IN EXCESS OF 180 DAYS.—No Federal payment may be made under this part with respect to amounts expended by any State as foster care maintenance payments, in the case of any child who was removed from such child's home pursuant to a voluntary placement agreement as described in subsection (a) and has remained in voluntary placement for a period in excess of 180 days, unless there has been a judicial determination by a court of competent jurisdiction (within the first 180 days

of such placement) to the effect that such placement is in the best interests of the child.

"(3) DEEMED REVOCATION OF AGREEMENTS.—In any case where—

"(A) the placement of a minor child in foster care occurred pursuant to a voluntary placement agreement entered into by the parents or guardians of such child as provided in subsection (a); and

"(B) such parents or guardians request (in such manner and form as the Secretary may prescribe) that the child be returned to their home or to the home of a relative,

the voluntary placement agreement shall be deemed to be revoked unless the State opposes such request and obtains a judicial determination, by a court of competent jurisdiction, that the return of the child to such home would be contrary to the child's best interests.

"SEC. 425. REQUIREMENTS FOR ADOPTION ASSISTANCE PAYMENTS.

"(a) IN GENERAL.—A State operating a program under this part shall enter into adoption assistance agreements with the adoptive parents of children with special needs.

"(b) PAYMENTS UNDER AGREEMENTS.—Under any adoption assistance agreement entered into by a State with parents who adopt a child with special needs who meets the requirements of subsection (c), the State may make adoption assistance payments to such parents or through another public or nonprofit private agency, in amounts determined under subsection (d).

"(c) CHILDREN WITH SPECIAL NEEDS.—For purposes of subsection (b), a child meets the requirements of this subsection if such child—

"(1)(A) at the time adoption proceedings were initiated, met the requirements of section 406(a) or section 407 (as in effect on the day before the date of the enactment of this part) or would have met such requirements except for such child's removal from the home of a relative (specified in section 406(a) (as so in effect)), either pursuant to a voluntary placement agreement with respect to which Federal payments are provided under section 423(b) (or 403 (as so in effect)) or as a result of a judicial determination to the effect that continuation therein would be contrary to the welfare of such child;

"(B) meets all of the requirements of title XVI with respect to eligibility for supplemental security income benefits; or

"(C) is a child whose costs in a foster family home or childcare institution are covered by the foster care maintenance payments being made with respect to his or her minor parent;

"(2)(A) would have received aid under the eligibility standards under the State plan approved under section 402 (as in effect on the day before the date of the enactment of this part, adjusted for inflation, in accordance with regulations issued by the Secretary) in or for the month in which such agreement was entered into or court proceedings leading to the removal of such child from the home were initiated;

"(B) would have received such aid in or for such month if application had been made therefore, or had been living with a relative specified in section 406(a) (as so in effect) within 6

months prior to the month in which such agreement was entered into or such proceedings were initiated, and would have received such aid in or for such month if in such month such child had been living with such a relative and application therefore had been made; or

"(C) is a child described in subparagraph (A) or (B); and

"(3) has been determined by the State, pursuant to subsection (g) of this section, to be a child with special needs.

"(d) DETERMINATION OF PAYMENTS.—The amount of the payments to be made in any case under subsection (b) shall be determined through agreement between the adoptive parents and the State or a public or nonprofit private agency administering the program under this part, which shall take into consideration the circumstances of the adopting parents and the needs of the child being adopted, and may be readjusted periodically, with the concurrence of the adopting parents (which may be specified in the adoption assistance agreement), depending upon changes in such circumstances. However, in no case may the amount of the adoption assistance payment exceed the foster care maintenance payment which would have been paid during the period if the child with respect to whom the adoption assistance payment is made had been in a foster family home.

"(e) PAYMENT EXCEPTION.—Notwithstanding subsection (d), no payment may be made to parents with respect to any child who has attained the age of 18 (or, where the State determines that the child has a mental or physical disability which warrants the continuation of assistance, the age of 21), and no payment may be made to parents with respect to any child if the State determines that the parents are no longer legally responsible for the support of the child or if the State determines that the child is no longer receiving any support from such parents. Parents who have been receiving adoption assistance payments under this part shall keep the State or public or nonprofit private agency administering the program under this part informed of circumstances which would, pursuant to this section, make them ineligible for such assistance payments, or eligible for assistance payments in a different amount.

"(f) PRE-ADOPTION PAYMENTS.—For purposes of this part, individuals with whom a child who has been determined by the State, pursuant to subsection (g), to be a child with special needs is placed for adoption in accordance with applicable State and local law shall be eligible for adoption assistance payments during the period of the placement, on the same terms and subject to the same conditions as if such individuals had adopted such child.

"(g) DETERMINATION OF CHILD WITH SPECIAL NEEDS.—For purposes of this section, a child shall not be considered a child with special needs unless—

"(1) the State has determined that the child cannot or should not be returned to the home of the child's parents; and

"(2) the State had first determined—

"(A) that there exists with respect to the child a specific factor or condition such as the child's ethnic background, age, or membership in a minority or sibling group, or the presence of factors such as medical conditions or physical, mental, or emotional handicaps because of which it is rea-

sonable to conclude that such child cannot be placed with adoptive parents without providing adoption assistance under this part or medical assistance under title XIX or XXI; and

"(B) that, except where it would be against the best interests of the child because of such factors as the existence of significant emotional ties with prospective adoptive parents while in the care of such parents as a foster child, a reasonable, but unsuccessful, effort has been made to place the child with appropriate adoptive parents without providing adoption assistance under this section or medical assistance under title XIX or XXI.

"SEC. 426. CITIZEN REVIEW PANELS.

"(a) ESTABLISHMENT.—Each State to which a grant is made under section 423 shall establish at least 3 citizen review panels.

"(b) COMPOSITION.—Each panel established under subsection (a) shall be broadly representative of the community from which drawn.

"(c) FREQUENCY OF MEETINGS.—Each panel established under subsection (a) shall meet not less frequently than quarterly.

"(d) DUTIES.—

"(1) IN GENERAL.—Each panel established under subsection (a) shall, by examining specific cases, determine the extent to which the State and local agencies responsible for carrying out activities under this part are doing so in accordance with the State plan, with the child protection standards set forth in section 422(a)(12), and with any other criteria that the panel considers important to ensure the protection of children.

"(2) CONFIDENTIALITY.—The members and staff of any panel established under subsection (a) shall not disclose to any person or government any information about any specific child protection case with respect to which the panel is provided information.

"(e) STATE ASSISTANCE.—Each State that establishes a panel under subsection (a) shall afford the panel access to any information on any case that the panel desires to review, and shall provide the panel with staff assistance in performing its duties.

"(f) REPORTS.—Each panel established under subsection (a) shall make a public report of its activities after each meeting.

"SEC. 427. DATA COLLECTION AND REPORTING.

"(a) ANNUAL REPORTS ON STATE CHILD WELFARE GOALS.—On the date that is 3 years after the effective date of this part and annually thereafter, each State to which a grant is made under section 423 shall submit to the Secretary a report that contains quantitative information on the extent to which the State is making progress toward achieving the goals of the State child protection program.

"(b) STATE DATA REPORTS.—

"(1) BIANNUAL REPORTS.—Each State to which a grant is made under section 423 shall biannually submit to the Secretary a report that includes the following disaggregated case record information with respect to each child within the State receiving publicly-supported child welfare services under the State program funded under this part:

"(A) Whether the child received services under the program funded under this part.

"(B) The age, race, gender, and family income of the parents and child.

"(C) The county of residence of the child.

"(D) Whether the child was removed from the family.

"(E) Whether the child entered foster care under the responsibility of the State.

"(F) The type of out-of-home care in which the child was placed (including institutional care, group home care, family foster care, or relative placement).

"(G) The child's permanency planning goal, such as family reunification, kinship care, adoption, or independent living.

"(H) Whether the child was released for adoption.

"(I) Whether the child exited from foster care, and, if so, the reason for the exit, such as return to family, placement with relatives, adoption, independent living, or death.

"(J) Other information as required by the Secretary and agreed to by a majority of the States, including information necessary to ensure that there is a smooth transition of data from the Adoption and Foster Care Analysis and Reporting Systems and the National Center on Abuse and Neglect Data System to the data reporting system required under this section.

"(2) ANNUAL REPORTS.—Each State to which a grant is made under section 423 shall annually submit to the Secretary a report that includes the following information:

"(A) The number of children reported to the State during the year as alleged victims of abuse or neglect.

"(B) The number of children for whom an investigation of alleged maltreatment resulted in a determination of substantiated abuse or neglect, the number for whom a report of maltreatment was unsubstantiated, and the number for whom a report of maltreatment was determined to be false.

"(C) The number of families that received preventive services.

"(D) The number of infants abandoned during the year, the number of such infants who were adopted, and the length of time between abandonment and adoption.

"(E) The number of deaths of children resulting from child abuse or neglect.

"(F) The number of deaths occurring while children were in the custody of the State.

"(G) The number of children served by the State independent living program.

"(H) Quantitative measurements demonstrating whether the State is making progress toward the child protection goals identified by the State.

"(I) The types of maltreatment suffered by victims of child abuse and neglect.

"(J) The number of abused and neglected children receiving services.

"(K) The average length of stay of children in out-of-home care.

"(L) The response of the State to the findings and recommendations of the citizen review panels established under section 426.

"(M) Other information as required by the Secretary and agreed to by a majority of the States, including information necessary to ensure that there is a smooth transition of data from the Adoption and Foster Care Analysis and Reporting Systems and the National Center on Abuse and Neglect Data System to the data reporting system required under this section.

"(3) REGULATORY AUTHORITY.—The Secretary shall define by regulation the information required to be included in the reports submitted under paragraphs (1) and (2).

"(c) AUTHORITY OF STATES TO USE ESTIMATES.—

"(1) IN GENERAL.—A State may comply with a requirement to provide precise numerical information described in subsection (b) by submitting an estimate which is obtained through the use of scientifically acceptable sampling methods.

"(2) SECRETARIAL REVIEW OF SAMPLING METHODS.—The Secretary shall periodically review the sampling methods used by a State to comply with a requirement to provide information described in subsection (b). The Secretary may require a State to revise the sampling methods so used if such methods do not meet scientific standards and shall impose the penalty described in section 423(f)(4) upon a State if a State has not complied with such requirements.

"(d) ANNUAL REPORT BY THE SECRETARY.—Within 6 months after the end of each fiscal year, the Secretary shall prepare a report based on information provided by the States for the fiscal year pursuant to subsection (b), and shall make the report and such information available to the Congress and the public.

"(e) SCOPE OF STATE PROGRAM FUNDED UNDER THIS PART.—As used in subsection (b), the term 'State program funded under this part' includes any equivalent State program.

"SEC. 428. FUNDING FOR STUDIES OF CHILD WELFARE.

"(a) NATIONAL RANDOM SAMPLE STUDY OF CHILD WELFARE.—There are authorized to be appropriated and there are appropriated to the Secretary for each of fiscal years 1996 through 2002—

"(1) $6,000,000 to conduct a national study based on random samples of children who are at risk of child abuse or neglect, or are determined by States to have been abused or neglected under section 208 of the Child and Family Services Block Grant Act of 1995; and

"(2) $10,000,000 for such other research as may be necessary under such section.

"(b) STATE COURTS ASSESSMENT AND IMPROVEMENT OF HANDLING OF PROCEEDINGS RELATING TO FOSTER CARE AND ADOPTION.—There are authorized to be appropriated and there are appropriated to the Secretary for each of fiscal years 1996 through 1998 $10,000,000 for the purpose of carrying out section 13712 of the Omnibus Budget Reconciliation Act of 1993 (42 U.S.C. 670

note). All funds appropriated under this subsection shall be expended not later than September 30, 1999.

"SEC. 429. DEFINITIONS.

"For purposes of this part, the following definitions shall apply:

"(1) ADMINISTRATIVE REVIEW.—The term 'administrative review' means a review open to the participation of the parents of the child, conducted by a panel of appropriate persons at least one of whom is not responsible for the case management of, or the delivery of services to, either the child or the parents who are the subject of the review.

"(2) ADOPTION ASSISTANCE AGREEMENT.—The term 'adoption assistance agreement' means a written agreement, binding on the parties to the agreement, between the State, other relevant agencies, and the prospective adoptive parents of a minor child which at a minimum—

"(A) specifies the nature and amount of any payments, services, and assistance to be provided under such agreement; and

"(B) stipulates that the agreement shall remain in effect regardless of the State of which the adoptive parents are residents at any given time.

The agreement shall contain provisions for the protection (under an interstate compact approved by the Secretary or otherwise) of the interests of the child in cases where the adoptive parents and child move to another State while the agreement is effective.

"(3) CASE PLAN.—The term 'case plan' means a written document which includes at least the following:

"(A) A description of the type of home or institution in which a child is to be placed, including a discussion of the appropriateness of the placement and how the agency which is responsible for the child plans to carry out the voluntary placement agreement entered into or judicial determination made with respect to the child in accordance with section 424(a)(1).

"(B) A plan for assuring that the child receives proper care and that services are provided to the parents, child, and foster parents in order to improve the conditions in the parents' home, facilitate return of the child to his or her own home or the permanent placement of the child, and address the needs of the child while in foster care, including a discussion of the appropriateness of the services that have been provided to the child under the plan.

"(C) To the extent available and accessible, the health and education records of the child, including—

"(i) the names and addresses of the child's health and educational providers;

"(ii) the child's grade level performance;

"(iii) the child's school record;

"(iv) assurances that the child's placement in foster care takes into account proximity to the school in which the child is enrolled at the time of placement;

"(v) a record of the child's immunizations;

"(vi) the child's known medical problems;

"(vii) the child's medications; and

"(viii) any other relevant health and education information concerning the child determined to be appropriate by the State.

Where appropriate, for a child age 16 or over, the case plan must also include a written description of the programs and services which will help such child prepare for the transition from foster care to independent living.

"(4) CASE REVIEW SYSTEM.—The term 'case review system' means a procedure for assuring that—

"(A) each child has a case plan designed to achieve placement in the least restrictive (most family like) and most appropriate setting available and in close proximity to the parents' home, consistent with the best interest and special needs of the child, which—

"(i) if the child has been placed in a foster family home or child-care institution a substantial distance from the home of the parents of the child, or in a State different from the State in which such home is located, sets forth the reasons why such placement is in the best interests of the child; and

"(ii) if the child has been placed in foster care outside the State in which the home of the parents of the child is located, requires that, periodically, but not less frequently than every 12 months, a caseworker on the staff of the State in which the home of the parents of the child is located, or of the State in which the child has been placed, visit such child in such home or institution and submit a report on such visit to the State in which the home of the parents of the child is located;

"(B) the status of each child is reviewed periodically but no less frequently than once every six months by either a court or by administrative review (as defined in paragraph (1)) in order to determine the continuing necessity for and appropriateness of the placement, the extent of compliance with the case plan, and the extent of progress which has been made toward alleviating or mitigating the causes necessitating placement in foster care, and to project a likely date by which the child may be returned to the home or placed for adoption or legal guardianship;

"(C) with respect to each such child, procedural safeguards will be applied, among other things, to assure each child in foster care under the supervision of the State of a dispositional hearing to be held, in a family or juvenile court or another court (including a tribal court) of competent jurisdiction, or by an administrative body appointed or approved by the court, no later than 18 months after the original placement (and not less frequently than every 12 months thereafter during the continuation of foster care), which hearing shall determine the future status of the child (including whether the child should be returned to the parent, should be continued in foster care for a specified period, should be placed for adoption, or should (because of the child's special needs or circumstances) be continued in

foster care on a permanent or long-term basis) and, in the case of a child described in subparagraph (A)(ii), whether the out-of-State placement continues to be appropriate and in the best interests of the child, and, in the case of a child who has attained age 16, the services needed to assist the child to make the transition from foster care to independent living; and procedural safeguards shall also be applied with respect to parental rights pertaining to the removal of the child from the home of his parents, to a change in the child's placement, and to any determination affecting visitation privileges of parents; and

"(D) a child's health and education record (as described in paragraph (3)(C)) is reviewed and updated, and supplied to the foster parent or foster care provider with whom the child is placed, at the time of each placement of the child in foster care.

"(5) CHILD-CARE INSTITUTION.—The term 'child-care institution' means a private child-care institution, or a public child-care institution which accommodates no more than 25 children, which is licensed by the State in which it is situated or has been approved, by the agency of such State responsible for licensing or approval of institutions of this type, as meeting the standards established for such licensing, but the term shall not include detention facilities, forestry camps, training schools, or any other facility operated primarily for the detention of children who are determined to be delinquent.

"(6) FOSTER CARE MAINTENANCE PAYMENTS.—

"(A) IN GENERAL.—The term 'foster care maintenance payments' means payments to cover the cost of (and the cost of providing) food, clothing, shelter, daily supervision, school supplies, a child's personal incidentals, liability insurance with respect to a child, and reasonable travel to the child's home for visitation. In the case of institutional care, such term shall include the reasonable costs of administration and operation of such institution as are necessarily required to provide the items described in the preceding sentence.

"(B) SPECIAL RULE.—In cases where—

"(i) a child placed in a foster family home or child-care institution is the parent of a son or daughter who is in the same home or institution; and

"(ii) payments described in subparagraph (A) are being made under this part with respect to such child,

the foster care maintenance payments made with respect to such child as otherwise determined under subparagraph (A) shall also include such amounts as may be necessary to cover the cost of the items described in that subparagraph with respect to such son or daughter.

"(7) FOSTER FAMILY HOME.—The term 'foster family home' means a foster family home for children which is licensed by the State in which it is situated or has been approved, by the agency of such State having responsibility for licensing homes of this type, as meeting the standards established for such licensing.

"(8) STATE.—The term 'State' means the 50 States and the District of Columbia.

"(9) VOLUNTARY PLACEMENT.—The term 'voluntary placement' means an out-of-home placement of a minor, by or with participation of the State, after the parents or guardians of the minor have requested the assistance of the State and signed a voluntary placement agreement.

"(10) VOLUNTARY PLACEMENT AGREEMENT.—The term 'voluntary placement agreement' means a written agreement, binding on the parties to the agreement, between the State, any other agency acting on its behalf, and the parents or guardians of a minor child which specifies, at a minimum, the legal status of the child and the rights and obligations of the parents or guardians, the child, and the agency while the child is in placement.".

SEC. 702. CONFORMING AMENDMENTS.

(a) SECRETARIAL SUBMISSION OF LEGISLATIVE PROPOSAL FOR TECHNICAL AND CONFORMING AMENDMENTS.—Not later than 90 days after the date of the enactment of this subtitle, the Secretary of Health and Human Services, in consultation, as appropriate, with the heads of other Federal agencies, shall submit to the appropriate committees of Congress a legislative proposal providing for such technical and conforming amendments in the law as are required by the provisions of this subtitle.

(b) AMENDMENTS TO PART D OF TITLE IV OF THE SOCIAL SECURITY ACT.—

(1) Section 452(a)(10)(C) of the Social Security Act (42 U.S.C. 652(a)(10)(C)), as amended by section 108(b)(2) of this Act, is amended—

(A) by striking "under part E" and inserting "under section 423(b)(1)(A)"; and

(B) by striking "or under section 471(a)(17)".

(2) Section 452(g)(2)(A) of such Act (42 U.S.C. 652(g)(2)(A)), as amended by paragraphs (6) and (7) of section 108(b), is amended—

(A) by inserting "or benefits or services were being provided under the State child protection program funded under part B" after "part A" each place it appears; and

(B) in the matter following subparagraph (B), by striking "agency administering the plan under part E" and inserting "under the child protection program funded under part B".

(3) Section 466(a)(3)(B) of such Act (42 U.S.C. 666(a)(3)(B)), as amended by section 108(b)(14), is amended by striking "or 471(a)(17)".

(c) AMENDMENT TO TITLE XVI OF THE SOCIAL SECURITY ACT AS IN EFFECT WITH RESPECT TO THE STATES.—Section 1611(c)(5)(B) of such Act (42 U.S.C. 1382(c)(5)(B)) is amended to read as follows: "(B) section 423(b)(1)(A) of this Act (relating to foster care maintenance payments),".

(d) REPEAL OF PART E OF TITLE IV OF THE SOCIAL SECURITY ACT.—Part E of title IV of the Social Security Act (42 U.S.C. 671–679) is hereby repealed.

(e) AMENDMENT TO SECTION 9442 OF THE OMNIBUS BUDGET RECONCILIATION ACT OF 1986.—Section 9442(4) of the Omnibus Budget Reconciliation Act of 1986 (42 U.S.C. 679a(4)) is amended by inserting "(as in effect before October 1, 1995)" after "Act".

(f) REDESIGNATION AND AMENDMENTS OF SECTION 1123.—

(1) REDESIGNATION.—The Social Security Act is amended by redesignating section 1123, the second place it appears (42 U.S.C. 1320a–1a), as section 1123A.

(2) AMENDMENTS.—Section 1123A of such Act, as so redesignated, is amended—

(A) in subsection (a)—

(i) by striking "The Secretary" and inserting "Notwithstanding section 423(h), the Secretary";

(ii) in the matter preceding paragraph (1), and in paragraph (1), by striking "parts B and E" and inserting "part B"; and

(iii) in paragraph (2), by inserting "under this section" after "promulgated";

(B) in subsection (b)—

(i) in paragraph (3), by striking "matching"; and

(ii) in paragraph (4)(C), by striking "matching"; and

(C) in subsection (c)(1)(B), by striking "matching".

SEC. 703. EFFECTIVE DATE; TRANSITION RULES.

(a) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), this subtitle and the amendments made by this subtitle shall take effect on October 1, 1996.

(2) EXCEPTION.—Section 428 of part B of title IV of the Social Security Act, as added by section 701, and section 702(a) shall take effect on the date of the enactment of this subtitle.

(3) TEMPORARY REDESIGNATION OF SECTION 428.—During the period beginning on the date of the enactment of this subtitle and ending on October 1, 1996, section 428 of part B of title IV of the Social Security Act, as added by section 701, shall be redesignated as section 428A.

(b) TRANSITION RULES.—

(1) CLAIMS, ACTIONS, AND PROCEEDINGS.—The amendments made by this subtitle shall not apply with respect to—

(A) powers, duties, functions, rights, claims, penalties, or obligations applicable to aid, assistance, or services provided before the effective date of this subtitle under the provisions amended; and

(B) administrative actions and proceedings commenced before such date, or authorized before such date to be commenced, under such provisions.

(2) CLOSING OUT ACCOUNT FOR THOSE PROGRAMS TERMINATED OR SUBSTANTIALLY MODIFIED BY THIS SUBTITLE.—In closing out accounts, Federal and State officials may use scientifically acceptable statistical sampling techniques. Claims made under programs which are repealed or substantially amended in this subtitle and which involve State expenditures in cases where assistance or services were provided during a prior fiscal year, shall be treated as expenditures during fiscal

year 1995 for purposes of reimbursement even if payment was made by a State on or after October 1, 1995. States shall complete the filing of all claims no later than September 30, 1997. Federal department heads shall—

(A) use the single audit procedure to review and resolve any claims in connection with the close out of programs; and

(B) reimburse States for any payments made for assistance or services provided during a prior fiscal year from funds for fiscal year 1995, rather than the funds authorized by this subtitle.

SEC. 704. SENSE OF THE CONGRESS REGARDING TIMELY ADOPTION OF CHILDREN.

It is the sense of the Congress that—

(1) too many children who wish to be adopted are spending inordinate amounts of time in foster care;

(2) there is an urgent need for States to increase the number of waiting children being adopted in a timely and lawful manner;

(3) studies have shown that States spend an excess of $15,000 each year on each special needs child in foster care, and would save significant amounts of money if they offered incentives to families to adopt special needs children;

(4) States should allocate sufficient funds under this title for adoption assistance and medical assistance to encourage more families to adopt children who otherwise would languish in the foster care system for a period that many experts consider detrimental to their development;

(5) States should offer incentives for families that adopt special needs children to make adoption more affordable for middle-class families;

(6) when it is necessary for a State to remove a child from the home of the child's biological parents, the State should strive—

(A) to provide the child with a single foster care placement and a single coordinated case team; and

(B) to conclude an adoption of the child, when adoption is the goal of the child and the State, within one year of the child's placement in foster care; and

(7) States should participate in local, regional, or national programs to enable maximum visibility of waiting children to potential parents. Such programs should include a nationwide, interactive computer network to disseminate information on children eligible for adoption to help match them with families around the country.

Subtitle B—Child and Family Services Block Grant

SEC. 751. CHILD AND FAMILY SERVICES BLOCK GRANT.

The Child Abuse Prevention and Treatment Act (42 U.S.C. 5101 et seq.) is amended to read as follows:

"SEC. 1. SHORT TITLE.

This Act may be cited as the "Child and Family Services Block Grant Act of 1995".

"SEC. 2. FINDINGS.

"The Congress finds the following:

"(1) Each year, close to 1,000,000 American children are victims of abuse and neglect.

"(2) Many of these children and their families fail to receive adequate protection or treatment.

"(3) The problem of child abuse and neglect requires a comprehensive approach that—

"(A) integrates the work of social service, legal, health, mental health, education, and substance abuse agencies and organizations;

"(B) strengthens coordination among all levels of government, and with private agencies, civic, religious, and professional organizations, and individual volunteers;

"(C) emphasizes the need for abuse and neglect prevention, assessment, investigation, and treatment at the neighborhood level;

"(D) ensures properly trained and support staff with specialized knowledge, to carry out their child protection duties; and

"(E) is sensitive to ethnic and cultural diversity.

"(4) The child protection system should be comprehensive, child-centered, family-focused, and community-based, should incorporate all appropriate measures to prevent the occurrence or recurrence of child abuse and neglect, and should promote physical and psychological recovery and social re-integration in an environment that fosters the health, safety, self-respect, and dignity of the child.

"(5) The Federal government should provide leadership and assist communities in their child and family protection efforts by—

"(A) generating and sharing knowledge relevant to child and family protection, including the development of models for service delivery;

"(B) strengthening the capacity of States to assist communities;

"(C) helping communities to carry out their child and family protection plans by promoting the competence of professional, paraprofessional, and volunteer resources; and

"(D) providing leadership to end the abuse and neglect of the nation's children and youth.

"SEC. 3. PURPOSES.

"The purposes of this Act are the following:

"(1) To assist each State in improving the child protective service systems of such State by—

"(A) improving risk and safety assessment tools and protocols;

"(B) developing, strengthening, and facilitating training opportunities for individuals who are mandated to report child abuse or neglect or otherwise overseeing, inves-

tigating, prosecuting, or providing services to children and families who are at risk of abusing or neglecting their children; and

"(C) developing, implementing, or operating information, education, training, or other programs designed assist and provide services for families of disabled infants with life-threatening conditions.

"(2) To support State efforts to develop, operate, expand and enhance a network of community-based, prevention-focused, family resource and support programs that are culturally competent and that coordinate resources among existing education, vocational rehabilitation, disability, respite, health, mental health, job readiness, self-sufficiency, child and family development, community action, Head Start, child care, child abuse and neglect prevention, juvenile justice, domestic violence prevention and intervention, housing, and other human service organizations within the State.

"(3) To facilitate the elimination of barriers to adoption and to provide permanent and loving home environments for children who would benefit from adoption, particularly children with special needs, including disabled infants with life-threatening conditions, by—

"(A) promoting model adoption legislation and procedures in the States and territories of the United States in order to eliminate jurisdictional and legal obstacles to adoption;

"(B) providing a mechanism for the Department of Health and Human Services to—

"(i) promote quality standards for adoption services, pre-placement, post-placement, and post-legal adoption counseling, and standards to protect the rights of children in need of adoption;

"(ii) maintain a national adoption information exchange system to bring together children who would benefit from adoption and qualified prospective adoptive parents who are seeking such children, and conduct national recruitment efforts in order to reach prospective parents for children awaiting adoption; and

"(iii) demonstrate expeditious ways to free children for adoption for whom it has been determined that adoption is the appropriate plan; and

"(C) facilitating the identification and recruitment of foster and adoptive families that can meet children's needs.

"(4) To respond to the needs of children, in particular those who are drug exposed or inflicted with Acquired Immune Deficiency Syndrome (AIDS), by supporting activities aimed at preventing the abandonment of children, providing support to children and their families, and facilitating the recruitment and training of health and social service personnel.

"(5) To carry out any other activities as the Secretary determines are consistent with this Act.

"SEC. 4. DEFINITIONS.

"As used in this Act:

"(1) CHILD.—The term 'child' means a person who has not attained the lesser of—

"(A) the age of 18; or

"(B) except in the case of sexual abuse, the age specified by the child protection law of the State in which the child resides;

"(2) CHILD ABUSE AND NEGLECT.—The term 'child abuse and neglect' means, at a minimum, any recent act or failure to act on the part of a parent or caretaker, which results in death, serious physical or emotional harm, sexual abuse or exploitation, or an act or failure to act which presents an imminent risk of serious harm.

"(3) FAMILY RESOURCE AND SUPPORT PROGRAMS.—The term 'family resource and support program' means a community-based, prevention-focused entity that—

"(A) provides, through direct service, the core services required under this Act, including—

"(i) parent education, support and leadership services, together with services characterized by relationships between parents and professionals that are based on equality and respect, and designed to assist parents in acquiring parenting skills, learning about child development, and responding appropriately to the behavior of their children;

"(ii) services to facilitate the ability of parents to serve as resources to one another (such as through mutual support and parent self-help groups);

"(iii) early developmental screening of children to assess any needs of children, and to identify types of support that may be provided;

"(iv) outreach services provided through voluntary home visits and other methods to assist parents in becoming aware of and able to participate in family resources and support program activities;

"(v) community and social services to assist families in obtaining community resources; and

"(vi) follow-up services;

"(B) provides, or arranges for the provision of, other core services through contracts or agreements with other local agencies; and

"(C) provides access to optional services, directly or by contract, purchase of service, or interagency agreement, including—

"(i) child care, early childhood development and early intervention services;

"(ii) self-sufficiency and life management skills training;

"(iii) education services, such as scholastic tutoring, literacy training, and General Educational Degree services;

"(iv) job readiness skills;

"(v) child abuse and neglect prevention activities;

"(vi) services that families with children with disabilities or special needs may require;

"(vii) community and social service referral;

"(viii) peer counseling;

"(ix) referral for substance abuse counseling and treatment; and

"(x) help line services.

"(4) INDIAN TRIBE AND TRIBAL ORGANIZATION.—The terms 'Indian tribe' and 'tribal organization' shall have the same meanings given such terms in subsections (e) and (l), respectively, of section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b(e) and (l)).

"(5) RESPITE SERVICES.—The term 'respite services' means short term care services provided in the temporary absence of the regular caregiver (parent, other relative, foster parent, adoptive parent, or guardian) to children who—

"(A) are in danger of abuse or neglect;

"(B) have experienced abuse or neglect; or

"(C) have disabilities, chronic, or terminal illnesses.

Such services shall be provided within or outside the home of the child, be short-term care (ranging from a few hours to a few weeks of time, per year), and be intended to enable the family to stay together and to keep the child living in the home and community of the child.

"(6) SECRETARY.—The term 'Secretary' means the Secretary of Health and Human Services.

"(7) SEXUAL ABUSE.—The term 'sexual abuse' includes—

"(A) the employment, use, persuasion, inducement, enticement, or coercion of any child to engage in, or assist any other person to engage in, any sexually explicit conduct or simulation of such conduct for the purpose of producing a visual depiction of such conduct; or

"(B) the rape, molestation, prostitution, or other form of sexual exploitation of children, or incest with children;

"(8) STATE.—The term 'State' means each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, and the Trust Territory of the Pacific Islands.

"(9) WITHHOLDING OF MEDICALLY INDICATED TREATMENT.—The term 'withholding of medically indicated treatment' means the failure to respond to the infant's life-threatening conditions by providing treatment (including appropriate nutrition, hydration, and medication) which, in the treating physician's or physicians' reasonable medical judgment, will be most likely to be effective in ameliorating or correcting all such conditions, except that the term does not include the failure to provide treatment (other than appropriate nutrition, hydration, or medication) to an infant when, in the treating physician's or physicians' reasonable medical judgment—

"(A) the infant is chronically and irreversibly comatose;

"(B) the provision of such treatment would—

"(i) merely prolong dying;

"(ii) not be effective in ameliorating or correcting all of the infant's life-threatening conditions; or

"(iii) otherwise be futile in terms of the survival of the infant; or

"(C) the provision of such treatment would be virtually futile in terms of the survival of the infant and the treatment itself under such circumstances would be inhumane.

"TITLE I—GENERAL BLOCK GRANT

"SEC. 101. CHILD AND FAMILY SERVICES BLOCK GRANTS.

"(a) ELIGIBILITY.—The Secretary shall award grants to eligible States that file a State plan that is approved under section 102 and that otherwise meet the eligibility requirements for grants under this title.

"(b) AMOUNT OF GRANT.—The amount of a grant made to each State under subsection (a) for a fiscal year shall be based on the population of children under the age of 18 residing in each State that applies for a grant under this section.

"(c) USE OF AMOUNTS.—Amounts received by a State under a grant awarded under subsection (a) shall be used to carry out the purposes described in section 3.

"SEC. 102. ELIGIBLE STATES.

"(a) IN GENERAL.—As used in this title, the term 'eligible State' means a State that has submitted to the Secretary, not later than October 1, 1996, and every 3 years thereafter, a plan which has been signed by the chief executive officer of the State and that includes the following:

"(1) OUTLINE OF CHILD PROTECTION PROGRAM.—A written document that outlines the activities the State intends to conduct to achieve the purpose of this title, including the procedures to be used for—

"(A) receiving and assessing reports of child abuse or neglect;

"(B) investigating such reports;

"(C) with respect to families in which abuse or neglect has been confirmed, providing services or referral for services for families and children where the State makes a determination that the child may safely remain with the family;

"(D) protecting children by removing them from dangerous settings and ensuring their placement in a safe environment;

"(E) providing training for individuals mandated to report suspected cases of child abuse or neglect;

"(F) protecting children in foster care;

"(G) promoting timely adoptions;

"(H) protecting the rights of families, using adult relatives as the preferred placement for children separated from their parents where such relatives meet the relevant State child protection standards;

"(I) providing services to individuals, families, or communities, either directly or through referral, that are aimed at preventing the occurrence of child abuse and neglect.

"(2) CERTIFICATION OF STATE LAW REQUIRING THE REPORTING OF CHILD ABUSE AND NEGLECT.—A certification that the State has in effect laws that require public officials and other professionals to report, in good faith, actual or suspected instances of child abuse or neglect.

"(3) CERTIFICATION OF PROCEDURES FOR SCREENING, SAFETY ASSESSMENT, AND PROMPT INVESTIGATION.—A certification that the State has in effect procedures for receiving and responding to reports of child abuse or neglect, including the reports described in paragraph (2), and for the immediate screening, safety assessment, and prompt investigation of such reports.

"(4) CERTIFICATION OF STATE PROCEDURES FOR REMOVAL AND PLACEMENT OF ABUSED OR NEGLECTED CHILDREN.—A certification that the State has in effect procedures for the removal from families and placement of abused or neglected children and of any other child in the same household who may also be in danger of abuse or neglect.

"(5) CERTIFICATION OF PROVISIONS FOR IMMUNITY FROM PROSECUTION.—A certification that the State has in effect laws requiring immunity from prosecution under State and local laws and regulations for individuals making good faith reports of suspected or known instances of child abuse or neglect.

"(6) CERTIFICATION OF PROVISIONS AND PROCEDURES FOR EXPUNGEMENT OF CERTAIN RECORDS.—A certification that the State has in effect laws and procedures requiring the facilitation of the prompt expungement of any records that are accessible to the general public or are used for purposes of employment or other background checks in cases determined to be unsubstantiated or false.

"(7) CERTIFICATION OF PROVISIONS AND PROCEDURES RELATING TO APPEALS.—A certification that not later then 2 years after the date of the enactment of this Act, the State shall have laws and procedures in effect affording individuals an opportunity to appeal an official finding of abuse or neglect.

"(8) CERTIFICATION OF STATE PROCEDURES FOR DEVELOPING AND REVIEWING WRITTEN PLANS FOR PERMANENT PLACEMENT OF REMOVED CHILDREN.—A certification that the State has in effect procedures for ensuring that a written plan is prepared for children who have been removed from their families. Such plan shall specify the goals for achieving a permanent placement for the child in a timely fashion, for ensuring that the written plan is reviewed every 6 months (until such placement is achieved), and for ensuring that information about such children is collected regularly and recorded in case records, and include a description of such procedures.

"(9) CERTIFICATION OF STATE PROGRAM TO PROVIDE INDEPENDENT LIVING SERVICES.—A certification that the State has in effect a program to provide independent living services, for assistance in making the transition to self-sufficient adulthood, to individuals in the child protection program of the State who are 16, but who are not 20 (or, at the option of the State, 22), years of age, and who do not have a family to which to be returned.

"(10) CERTIFICATION OF STATE PROCEDURES TO RESPOND TO REPORTING OF MEDICAL NEGLECT OF DISABLED INFANTS.—A certification that the State has in place for the purpose of responding to the reporting of medical neglect of infants (including instances of withholding of medically indicated treatment from disabled infants with life-threatening conditions), procedures or programs, or both (within the State child protective services system), to provide for—

"(A) coordination and consultation with individuals designated by and within appropriate health-care facilities;

"(B) prompt notification by individuals designated by and within appropriate health-care facilities of cases of suspected medical neglect (including instances of withholding of medically indicated treatment from disabled infants with life-threatening conditions); and

"(C) authority, under State law, for the State child protective service to pursue any legal remedies, including the authority to initiate legal proceedings in a court of competent jurisdiction, as may be necessary to prevent the withholding of medically indicated treatment from disabled infants with life-threatening conditions.

"(11) IDENTIFICATION OF CHILD PROTECTION GOALS.—The quantitative goals of the State child protection program.

"(12) CERTIFICATION OF CHILD PROTECTION STANDARDS.—With respect to fiscal years beginning on or after April 1, 1996, a certification that the State—

"(A) has completed an inventory of all children who, before the inventory, had been in foster care under the responsibility of the State for 6 months or more, which determined—

"(i) the appropriateness of, and necessity for, the foster care placement;

"(ii) whether the child could or should be returned to the parents of the child or should be freed for adoption or other permanent placement; and

"(iii) the services necessary to facilitate the return of the child or the placement of the child for adoption or legal guardianship;

"(B) is operating, to the satisfaction of the Secretary—

"(i) a statewide information system from which can be readily determined the status, demographic characteristics, location, and goals for the placement of every child who is (or, within the immediately preceding 12 months, has been) in foster care;

"(ii) a case review system for each child receiving foster care under the supervision of the State;

"(iii) a service program designed to help children—

"(I) where appropriate, return to families from which they have been removed; or

"(II) be placed for adoption, with a legal guardian, or if adoption or legal guardianship is determined not to be appropriate for a child, in some other planned, permanent living arrangement; and

"(iv) a preplacement preventive services program designed to help children at risk for foster care placement remain with their families; and

"(C)(i) has reviewed (or not later than October 1, 1997, will review) State policies and administrative and judicial procedures in effect for children abandoned at or shortly after birth (including policies and procedures providing for legal representation of such children); and

"(ii) is implementing (or not later than October 1, 1997, will implement) such policies and procedures as the State determines, on the basis of the review described in clause (i), to be necessary to enable permanent decisions to be made expeditiously with respect to the placement of such children.

"(13) CERTIFICATION OF REASONABLE EFFORTS BEFORE PLACEMENT OF CHILDREN IN FOSTER CARE.—A certification that the State in each case will—

"(A) make reasonable efforts prior to the placement of a child in foster care, to prevent or eliminate the need for removal of the child from the child's home, and to make it possible for the child to return home; and

"(B) with respect to families in which abuse or neglect has been confirmed, provide services or referral for services for families and children where the State makes a determination that the child may safely remain with the family.

"(14) CERTIFICATION OF INFORMATION DISCLOSURE PROVISIONS.—A certification that the State has in effect and operational—

"(A) requirements for the prompt disclosure of all relevant information to any Federal, State, or local government entity, citizens review panel, child fatality review panel, or any agent of such government entity determined by the State to have a need for such information in order to carry out its responsibilities under law to protect children from abuse or neglect; and

"(B) provisions that allow for the public disclosure of the findings of information about a case of child abuse or neglect which has resulted in a child fatality or near-fatality, except that the public disclosure of such information shall be made in a manner that protects the privacy rights of individuals involved in the case, unless such individuals have waived such rights or criminal court proceedings have been initiated.

"(b) DETERMINATIONS.—The Secretary shall determine whether a plan submitted pursuant to subsection (a) contains the material required by subsection (a), other than the material described in paragraph (10) of such subsection. The Secretary may not require a State to include in such a plan any material not described in subsection (a).

"SEC. 103. DATA COLLECTION AND REPORTING.

"(a) ANNUAL REPORTS ON STATE CHILD WELFARE GOALS.—On the date that is 3 years after the date of enactment of this Act and annually thereafter, each State to which a grant is made under section 101 shall submit to the Secretary a report that contains quan-

titative information on the extent to which the State is making progress toward achieving the purposes of this Act.

"(b) STATE DATA REPORTS.—

"(1) BIANNUAL REPORTS.—Each State to which a grant is made under section 101 shall biannually submit to the Secretary a report that includes the following disaggregated case record information with respect to each child within the State receiving publicly-supported child welfare services under the State program funded under this Act:

"(A) Whether the child received services under the program funded under this Act.

"(B) The age, race, gender, and family income of the parents and child.

"(C) The county of residence of the child.

"(D) Whether the child was removed from the family.

"(E) Whether the child entered foster care under the responsibility of the State.

"(F) The type of out-of-home care in which the child was placed (including institutional care, group home care, family foster care, or relative placement).

"(G) The child's permanency planning goal, such as family reunification, kinship care, adoption, or independent living.

"(H) Whether the child was released for adoption.

"(I) Whether the child exited from foster care, and, if so, the reason for the exit, such as return to family, placement with relatives, adoption, independent living, or death.

"(J) Other information as required by the Secretary and agreed to by a majority of the States, including information necessary to ensure that there is a smooth transition of data from the Adoption and Foster Care Analysis and Reporting Systems and the National Center on Abuse and Neglect Data System to the data reporting system required under this section.

"(2) ANNUAL REPORTS.—Each State to which a grant is made under section 101 shall annually submit to the Secretary a report that includes the following information:

"(A) The number of children reported to the State during the year as alleged victims of abuse or neglect.

"(B) The number of children for whom an investigation of alleged maltreatment resulted in a determination of substantiated abuse or neglect, the number for whom a report of maltreatment was unsubstantiated, and the number for whom a report of maltreatment was determined to be false.

"(C) The number of families that received preventive services.

"(D) The number of infants abandoned during the year, the number of such infants who were adopted, and the length of time between abandonment and adoption.

"(E) The number of deaths of children resulting from child abuse or neglect.

"(F) The number of deaths occurring while children were in the custody of the State.

"(G) The number of children served by the State independent living program.

"(H) Quantitative measurements demonstrating whether the State is making progress toward the child protection goals identified by the State.

"(I) The types of maltreatment suffered by victims of child abuse and neglect.

"(J) The number of abused and neglected children receiving services.

"(K) The average length of stay of children in out-of-home care.

"(L) Other information as required by the Secretary and agreed to by a majority of the States, including information necessary to ensure that there is a smooth transition of data from the Adoption and Foster Care Analysis and Reporting Systems and the National Center on Abuse and Neglect Data System to the data reporting system required under this section.

"(3) REGULATORY AUTHORITY.—The Secretary shall define by regulation the information required to be included in the reports submitted under paragraphs (1) and (2).

"(c) AUTHORITY OF STATES TO USE ESTIMATES.—

"(1) IN GENERAL.—A State may comply with a requirement to provide precise numerical information described in subsection (b) by submitting an estimate which is obtained through the use of scientifically acceptable sampling methods.

"(2) SECRETARIAL REVIEW OF SAMPLING METHODS.—The Secretary shall periodically review the sampling methods used by a State to comply with a requirement to provide information described in subsection (b). The Secretary may require a State to revise the sampling methods so used if such methods do not meet scientific standards.

"(d) ANNUAL REPORT BY THE SECRETARY.—Within 6 months after the end of each fiscal year, the Secretary shall prepare a report based on information provided by the States for the fiscal year pursuant to subsection (b), and shall make the report and such information available to the Congress and the public.

"(e) SCOPE OF STATE PROGRAM FUNDED UNDER THIS ACT.—As used in subsection (b), the term 'State program funded under this Act' includes any equivalent State program.

"TITLE II—RESEARCH, DEMONSTRATIONS, TRAINING, AND TECHNICAL ASSISTANCE

"SEC. 201. RESEARCH GRANTS.

"(a) IN GENERAL.—The Secretary, in consultation with appropriate Federal officials and recognized experts in the field, shall award grants or contracts for the conduct of research in accordance with subsection (b).

"(b) RESEARCH.—Research projects to be conducted using amounts received under this section—

"(1) shall be designed to provide information to better protect children from abuse or neglect and to improve the well being of abused or neglected children, with at least a portion of any such research conducted under a project being field initiated;

"(2) shall at a minimum, focus on—

"(A) the nature and scope of child abuse and neglect;

"(B) the causes, prevention, assessment, identification, treatment, cultural and socio-economic distinctions, and the consequences of child abuse and neglect;

"(C) appropriate, effective and culturally sensitive investigative, administrative, and judicial procedures with respect to cases of child abuse; and

"(D) the national incidence of child abuse and neglect, including—

"(i) the extent to which incidents of child abuse are increasing or decreasing in number and severity;

"(ii) the incidence of substantiated and unsubstantiated reported child abuse cases;

"(iii) the number of substantiated cases that result in a judicial finding of child abuse or neglect or related criminal court convictions;

"(iv) the extent to which the number of unsubstantiated, unfounded and false reported cases of child abuse or neglect have contributed to the inability of a State to respond effectively to serious cases of child abuse or neglect;

"(v) the extent to which the lack of adequate resources and the lack of adequate training of reporters have contributed to the inability of a State to respond effectively to serious cases of child abuse and neglect;

"(vi) the number of unsubstantiated, false, or unfounded reports that have resulted in a child being placed in substitute care, and the duration of such placement;

"(vii) the extent to which unsubstantiated reports return as more serious cases of child abuse or neglect;

"(viii) the incidence and prevalence of physical, sexual, and emotional abuse and physical and emotional neglect in substitute care;

"(ix) the incidence and outcomes of abuse allegations reported within the context of divorce, custody, or other family court proceedings, and the interaction between this venue and the child protective services system; and

"(x) the cases of children reunited with their families or receiving family preservation services that result in subsequent substantiated reports of child abuse and neglect, including the death of the child; and

"(3) may include the appointment of an advisory board to—

"(A) provide recommendations on coordinating Federal, State, and local child abuse and neglect activities at the State level with similar activities at the State and local level pertaining to family violence prevention;

"(B) consider specific modifications needed in State laws and programs to reduce the number of unfounded or unsubstantiated reports of child abuse or neglect while enhancing the ability to identify and substantiate legitimate cases of abuse or neglect which place a child in danger; and

"(C) provide recommendations for modifications needed to facilitate coordinated national and Statewide data collection with respect to child protection and child welfare.

"SEC. 202. NATIONAL CLEARINGHOUSE FOR INFORMATION RELATING TO CHILD ABUSE.

"(a) ESTABLISHMENT.—The Secretary shall, through the Department of Health and Human Services, or by one or more contracts of not less than 3 years duration provided through a competition, establish a national clearinghouse for information relating to child abuse.

"(b) FUNCTIONS.—The Secretary shall, through the clearinghouse established by subsection (a)—

"(1) maintain, coordinate, and disseminate information on all programs, including private programs, that show promise of success with respect to the prevention, assessment, identification, and treatment of child abuse and neglect;

"(2) maintain and disseminate information relating to—

"(A) the incidence of cases of child abuse and neglect in the United States;

"(B) the incidence of such cases in populations determined by the Secretary under section 105(a)(1) of the Child Abuse Prevention, Adoption, and Family Services Act of 1988 (as such section was in effect on the day before the date of enactment of this Act); and

"(C) the incidence of any such cases related to alcohol or drug abuse;

"(3) disseminate information related to data collected and reported by States pursuant to section 103;

"(4) compile, analyze, and publish a summary of the research conducted under section 201; and

"(5) solicit public comment on the components of such clearinghouse.

"SEC. 203. GRANTS FOR DEMONSTRATION PROJECTS.

"(a) AWARDING OF GENERAL GRANTS.—The Secretary may make grants to, and enter into contracts with, public and nonprofit private agencies or organizations (or combinations of such agencies or organizations) for the purpose of developing, implementing, and operating time limited, demonstration programs and projects for the following purposes:

"(1) INNOVATIVE PROGRAMS AND PROJECTS.—The Secretary may award grants to public agencies that demonstrate innovation in responding to reports of child abuse and neglect including programs of collaborative partnerships between the State child protective service agency, community social service agencies and family support programs, schools, churches and synagogues, and other community agencies to allow for the establishment of a triage system that—

"(A) accepts, screens and assesses reports received to determine which such reports require an intensive intervention and which require voluntary referral to another agency, program or project;

"(B) provides, either directly or through referral, a variety of community-linked services to assist families in preventing child abuse and neglect; and

"(C) provides further investigation and intensive intervention where the child's safety is in jeopardy.

"(2) KINSHIP CARE PROGRAMS AND PROJECTS.—The Secretary may award grants to public entities to assist such entities in developing or implementing procedures using adult relatives as the preferred placement for children removed from their home, where such relatives are determined to be capable of providing a safe nurturing environment for the child and where, to the maximum extent practicable, such relatives comply with relevant State child protection standards.

"(3) ADOPTION OPPORTUNITIES.—The Secretary may award grants to public entities to assist such entities in developing or implementing programs to expand opportunities for the adoption of children with special needs.

"(4) FAMILY RESOURCE CENTERS.—The Secretary may award grants to public or nonprofit private entities to provide for the establishment of family resource programs and support services that—

"(A) develop, expand, and enhance Statewide networks of community-based, prevention-focused centers, programs, or services that provide comprehensive support for families;

"(B) promote the development of parental competencies and capacities in order to increase family stability;

"(C) support the additional needs of families with children with disabilities;

"(D) foster the development of a continuum of preventive services for children and families through State and community-based collaborations and partnerships (both public and private); and

"(E) maximize funding for the financing, planning, community mobilization, collaboration, assessment, information and referral, start-up, training and technical assistance, information management, reporting, and evaluation costs for establishing, operating, or expanding a Statewide network of community-based, prevention-focused family resource and support services.

"(5) OTHER INNOVATIVE PROGRAMS.—The Secretary may award grants to public or private nonprofit organizations to assist such entities in developing or implementing innovative programs and projects that show promise of preventing and treating cases of child abuse and neglect (such as Parents Anonymous).

"(b) GRANTS FOR ABANDONED INFANT PROGRAMS.—The Secretary may award grants to public and nonprofit private entities to assist such entities in developing or implementing procedures—

"(1) to prevent the abandonment of infants and young children, including the provision of services to members of the nat-

ural family for any condition that increases the probability of abandonment of an infant or young child;

"(2) to identify and address the needs of abandoned infants and young children;

"(3) to assist abandoned infants and young children to reside with their natural families or in foster care, as appropriate;

"(4) to recruit, train, and retain foster families for abandoned infants and young children;

"(5) to carry out residential care programs for abandoned infants and young children who are unable to reside with their families or to be placed in foster care;

"(6) to carry out programs of respite care for families and foster families of infants and young children; and

"(7) to recruit and train health and social services personnel to work with families, foster care families, and residential care programs for abandoned infants and young children.

"(c) EVALUATION.—In making grants for demonstration projects under this section, the Secretary shall require all such projects to be evaluated for their effectiveness. Funding for such evaluations shall be provided either as a stated percentage of a demonstration grant or as a separate grant entered into by the Secretary for the purpose of evaluating a particular demonstration project or group of projects.

"SEC. 204. TECHNICAL ASSISTANCE.

"(a) CHILD ABUSE AND NEGLECT.—

"(1) IN GENERAL.—The Secretary shall provide technical assistance under this title to States to assist such States in planning, improving, developing, and carrying out programs and activities relating to the prevention, assessment identification, and treatment of child abuse and neglect.

"(2) EVALUATION.—Technical assistance provided under paragraph (1) may include an evaluation or identification of—

"(A) various methods and procedures for the investigation, assessment, and prosecution of child physical and sexual abuse cases;

"(B) ways to mitigate psychological trauma to the child victim; and

"(C) effective programs carried out by the States under this Act.

"(b) ADOPTION OPPORTUNITIES.—The Secretary shall provide, directly or by grant to or contract with public or private nonprofit agencies or organizations—

"(1) technical assistance and resource and referral information to assist State or local governments with termination of parental rights issues, in recruiting and retaining adoptive families, in the successful placement of children with special needs, and in the provision of pre- and post-placement services, including post-legal adoption services; and

"(2) other assistance to help State and local governments replicate successful adoption-related projects from other areas in the United States.

"SEC. 205. TRAINING RESOURCES.

"(a) TRAINING PROGRAMS.—The Secretary may award grants to public or private non-profit organizations—

"(1) for the training of professional and paraprofessional personnel in the fields of medicine, law, education, law enforcement, social work, and other relevant fields who are engaged in, or intend to work in, the field of prevention, identification, and treatment of child abuse and neglect, including the links between domestic violence and child abuse;

"(2) to provide culturally specific instruction in methods of protecting children from child abuse and neglect to children and to persons responsible for the welfare of children, including parents of and persons who work with children with disabilities; and

"(3) to improve the recruitment, selection, and training of volunteers serving in private and public nonprofit children, youth and family service organizations in order to prevent child abuse and neglect through collaborative analysis of current recruitment, selection, and training programs and development of model programs for dissemination and replication nationally.

"(b) DISSEMINATION OF INFORMATION.—The Secretary may provide for and disseminate information relating to various training resources available at the State and local level to—

"(1) individuals who are engaged, or who intend to engage, in the prevention, identification, assessment, and treatment of child abuse and neglect; and

"(2) appropriate State and local officials, including prosecutors, to assist in training law enforcement, legal, judicial, medical, mental health, education, and child welfare personnel in appropriate methods of interacting during investigative, administrative, and judicial proceedings with children who have been subjected to abuse.

"SEC. 206. APPLICATIONS AND AMOUNTS OF GRANTS.

"(a) REQUIREMENT OF APPLICATION.—The Secretary may not make a grant to a State or other entity under this title unless—

"(1) an application for the grant is submitted to the Secretary;

"(2) with respect to carrying out the purpose for which the grant is to be made, the application provides assurances of compliance satisfactory to the Secretary; and

"(3) the application otherwise is in such form, is made in such manner, and contains such agreements, assurances, and information as the Secretary determines to be necessary to carry out this title.

"(b) AMOUNT OF GRANT.—The Secretary shall determined the amount of a grant to be awarded under this title.

"SEC. 207. PEER REVIEW FOR GRANTS.

"(a) ESTABLISHMENT OF PEER REVIEW PROCESS.—

"(1) IN GENERAL.—The Secretary shall, in consultation with experts in the field and other Federal agencies, establish a formal, rigorous, and meritorious peer review process for purposes of evaluating and reviewing applications for grants under this title and determining the relative merits of the projects for

which such assistance is requested. The purpose of this process is to enhance the quality and usefulness of research in the field of child abuse and neglect.

"(2) REQUIREMENTS FOR MEMBERS.—In establishing the process required by paragraph (1), the Secretary shall appoint to the peer review panels only members who are experts in the field of child abuse and neglect or related disciplines, with appropriate expertise in the application to be reviewed, and who are not individuals who are officers or employees of the Administration for Children and Families. The panels shall meet as often as is necessary to facilitate the expeditious review of applications for grants and contracts under this title, but may not meet less than once a year. The Secretary shall ensure that the peer review panel utilizes scientifically valid review criteria and scoring guidelines for review committees.

"(b) REVIEW OF APPLICATIONS FOR ASSISTANCE.—Each peer review panel established under subsection (a)(1) that reviews any application for a grant shall—

"(1) determine and evaluate the merit of each project described in such application;

"(2) rank such application with respect to all other applications it reviews in the same priority area for the fiscal year involved, according to the relative merit of all of the projects that are described in such application and for which financial assistance is requested; and

"(3) make recommendations to the Secretary concerning whether the application for the project shall be approved.

The Secretary shall award grants under this title on the basis of competitive review.

"(c) NOTICE OF APPROVAL.—

"(1) IN GENERAL.—The Secretary shall provide grants under this title from among the projects which the peer review panels established under subsection (a)(1) have determined to have merit.

"(2) REQUIREMENT OF EXPLANATION.—In the instance in which the Secretary approves an application for a program under this title without having approved all applications ranked above such application, the Secretary shall append to the approved application a detailed explanation of the reasons relied on for approving the application and for failing to approve each pending application that is superior in merit.

"SEC. 208. NATIONAL RANDOM SAMPLE STUDY OF CHILD WELFARE.

"(a) IN GENERAL.—The Secretary shall conduct a national study based on random samples of children who are at risk of child abuse or neglect, or are determined by States to have been abused or neglected, and such other research as may be necessary.

"(b) REQUIREMENTS.—The study required by subsection (a) shall—

"(1) have a longitudinal component; and

"(2) yield data reliable at the State level for as many States as the Secretary determines is feasible.

"(c) PREFERRED CONTENTS.—In conducting the study required by subsection (a), the Secretary should—

"(1) collect data on the child protection programs of different small States or (different groups of such States) in different years to yield an occasional picture of the child protection programs of such States;

"(2) carefully consider selecting the sample from cases of confirmed abuse or neglect; and

"(3) follow each case for several years while obtaining information on, among other things—

"(A) the type of abuse or neglect involved;

"(B) the frequency of contact with State or local agencies;

"(C) whether the child involved has been separated from the family, and, if so, under what circumstances;

"(D) the number, type, and characteristics of out-of-home placements of the child; and

"(E) the average duration of each placement.

"(d) REPORTS.—

"(1) IN GENERAL.—From time to time, the Secretary shall prepare reports summarizing the results of the study required by subsection (a).

"(2) AVAILABILITY.—The Secretary shall make available to the public any report prepared under paragraph (1), in writing or in the form of an electronic data tape.

"(3) AUTHORITY TO CHARGE FEE.—The Secretary may charge and collect a fee for the furnishing of reports under paragraph (2).

"(4) FUNDING.—The Secretary shall carry out this section using amounts made available under section 428 of the Social Security Act.

"TITLE III—GENERAL PROVISIONS

"SEC. 301. AUTHORIZATION OF APPROPRIATIONS.

"(a) TITLE I.—There are authorized to be appropriated to carry out title I, $230,000,000 for fiscal year 1996, and such sums as may be necessary for each of the fiscal years 1997 through 2002.

"(b) TITLE II.—

"(1) IN GENERAL.—Of the amount appropriated under subsection (a) for a fiscal year, the Secretary shall make available 12 percent of such amount to carry out title II (except for sections 203 and 208).

"(2) GRANTS FOR DEMONSTRATION PROJECTS.—Of the amount made available under paragraph (1) for a fiscal year, the Secretary shall make available not less than 40 percent of such amount to carry out section 203.

"(c) INDIAN TRIBES.—Of the amount appropriated under subsection (a) for a fiscal year, the Secretary shall make available 1 percent of such amount to provide grants and contracts to Indian tribes and Tribal Organizations.

"(d) AVAILABILITY OF APPROPRIATIONS.—Amounts appropriated under subsection (a) shall remain available until expended.

"SEC. 302. GRANTS TO STATES FOR PROGRAMS RELATING TO THE INVESTIGATION AND PROSECUTION OF CHILD ABUSE AND NEGLECT CASES.

"(a) GRANTS TO STATES.—The Secretary, in consultation with the Attorney General, is authorized to make grants to the States for the purpose of assisting States in developing, establishing, and operating programs designed to improve—

"(1) the handling of child abuse and neglect cases, particularly cases of child sexual abuse and exploitation, in a manner which limits additional trauma to the child victim;

"(2) the handling of cases of suspected child abuse or neglect related fatalities; and

"(3) the investigation and prosecution of cases of child abuse and neglect, particularly child sexual abuse and exploitation.

"(b) ELIGIBILITY REQUIREMENTS.—In order for a State to qualify for assistance under this section, such State shall—

"(1) be an eligible State under section 102;

"(2) establish a task force as provided in subsection (c);

"(3) fulfill the requirements of subsection (d);

"(4) submit annually an application to the Secretary at such time and containing such information and assurances as the Secretary considers necessary, including an assurance that the State will—

"(A) make such reports to the Secretary as may reasonably be required; and

"(B) maintain and provide access to records relating to activities under subsection (a); and

"(5) submit annually to the Secretary a report on the manner in which assistance received under this program was expended throughout the State, with particular attention focused on the areas described in paragraphs (1) through (3) of subsection (a).

"(c) STATE TASK FORCES.—

"(1) GENERAL RULE.—Except as provided in paragraph (2), a State requesting assistance under this section shall establish or designate, and maintain, a State multidisciplinary task force on children's justice (hereafter in this section referred to as 'State task force') composed of professionals with knowledge and experience relating to the criminal justice system and issues of child physical abuse, child neglect, child sexual abuse and exploitation, and child maltreatment related fatalities. The State task force shall include—

"(A) individuals representing the law enforcement community;

"(B) judges and attorneys involved in both civil and criminal court proceedings related to child abuse and neglect (including individuals involved with the defense as well as the prosecution of such cases);

"(C) child advocates, including both attorneys for children and, where such programs are in operation, court appointed special advocates;

"(D) health and mental health professionals;

"(E) individuals representing child protective service agencies;

"(F) individuals experienced in working with children with disabilities;

"(G) parents; and

"(H) representatives of parents' groups.

"(2) EXISTING TASK FORCE.—As determined by the Secretary, a State commission or task force established after January 1, 1983, with substantially comparable membership and functions, may be considered the State task force for purposes of this subsection.

"(d) STATE TASK FORCE STUDY.—Before a State receives assistance under this section, and at 3 year intervals thereafter, the State task force shall comprehensively—

"(1) review and evaluate State investigative, administrative and both civil and criminal judicial handling of cases of child abuse and neglect, particularly child sexual abuse and exploitation, as well as cases involving suspected child maltreatment related fatalities and cases involving a potential combination of jurisdictions, such as interstate, Federal-State, and State-Tribal; and

"(2) make policy and training recommendations in each of the categories described in subsection (e).

The task force may make such other comments and recommendations as are considered relevant and useful.

"(e) ADOPTION OF STATE TASK FORCE RECOMMENDATIONS.—

"(1) GENERAL RULE.—Subject to the provisions of paragraph (2), before a State receives assistance under this section, a State shall adopt recommendations of the State task force in each of the following categories—

"(A) investigative, administrative, and judicial handling of cases of child abuse and neglect, particularly child sexual abuse and exploitation, as well as cases involving suspected child maltreatment related fatalities and cases involving a potential combination of jurisdictions, such as interstate, Federal-State, and State-Tribal, in a manner which reduces the additional trauma to the child victim and the victim's family and which also ensures procedural fairness to the accused;

"(B) experimental, model and demonstration programs for testing innovative approaches and techniques which may improve the prompt and successful resolution of civil and criminal court proceedings or enhance the effectiveness of judicial and administrative action in child abuse and neglect cases, particularly child sexual abuse and exploitation cases, including the enhancement of performance of court-appointed attorneys and guardians ad litem for children; and

"(C) reform of State laws, ordinances, regulations, protocols and procedures to provide comprehensive protection for children from abuse, particularly child sexual abuse and exploitation, while ensuring fairness to all affected persons.

"(2) EXEMPTION.—As determined by the Secretary, a State shall be considered to be in fulfillment of the requirements of this subsection if—

"(A) the State adopts an alternative to the recommendations of the State task force, which carries out the purpose of this section, in each of the categories under paragraph (1) for which the State task force's recommendations are not adopted; or

"(B) the State is making substantial progress toward adopting recommendations of the State task force or a comparable alternative to such recommendations.

"(f) FUNDS AVAILABLE.—For grants under this section, the Secretary shall use the amount authorized by section 1404A of the Victims of Crime Act of 1984.

"SEC. 303. TRANSITIONAL PROVISION.

"A State or other entity that has a grant, contract, or cooperative agreement in effect, on the date of enactment of this Act, under the Family Resource and Support Program, the Community-Based Family Resource Program, the Family Support Center Program, the Emergency Child Abuse Prevention Grant Program, or the Temporary Child Care for Children with Disabilities and Crisis Nurseries Programs shall continue to receive funds under such grant, contract, or cooperative agreement, subject to the original terms under which such funds were provided, through the end of the applicable grant, contract, or agreement cycle.

"SEC. 304. RULE OF CONSTRUCTION.

"(a) IN GENERAL.—Nothing in this Act, or in part B of title IV of the Social Security Act, shall be construed—

"(1) as establishing a Federal requirement that a parent or legal guardian provide a child any medical service or treatment against the religious beliefs of the parent or legal guardian; and

"(2) to require that a State find, or to prohibit a State from finding, abuse or neglect in cases in which a parent or legal guardian relies solely or partially upon spiritual means rather than medical treatment, in accordance with the religious beliefs of the parent or legal guardian.

"(b) STATE REQUIREMENT.—Notwithstanding subsection (a), a State shall have in place authority under State law to permit the child protective service system of the State to pursue any legal remedies, including the authority to initiate legal proceedings in a court of competent jurisdiction, to provide medical care or treatment for a child when such care or treatment is necessary to prevent or remedy serious harm to the child, or to prevent the withholding of medically indicated treatment from children with life threatening conditions. Except with respect to the withholding of medically indicated treatments from disabled infants with life threatening conditions, case by case determinations concerning the exercise of the authority of this subsection shall be within the sole discretion of the State.

"SEC. 305. REMOVAL OF BARRIERS TO INTERETHNIC ADOPTION.

"(a) PURPOSE.—The purpose of this section is to decrease the length of time that children wait to be adopted and to prevent discrimination in the placement of children on the basis of race, color, or national origin.

"(b) MULTIETHNIC PLACEMENTS.—

"(1) PROHIBITION.—A State or other entity that receives funds from the Federal Government and is involved in adoption or foster care placements may not—

"(A) deny to any person the opportunity to become an adoptive or a foster parent, on the basis of the race, color, or national origin of the person, or of the child, involved; or

"(B) delay or deny the placement of a child for adoption or into foster care, or otherwise discriminate in making a placement decision, on the basis of the race, color, or national origin of the adoptive or foster parent, or the child, involved.

"(2) PENALTIES.—

"(A) STATE VIOLATORS.—

"(i) IN GENERAL.—If the Secretary determines that a State is in violation of paragraph (1), the Secretary shall notify the State of such violation. The State shall have 90 days from the date on which such notice is received to correct such violation. During such 90-day period, the Secretary shall provide technical assistance to the State to assist such State in complying with the requirements of paragraph (1).

"(ii) FAILURE TO COMPLY.—If after the expiration of the 90-day period described in clause (i) the Secretary determines that the State continues to be in violation of paragraph (1), the Secretary shall reduce the amount due to the State for the succeeding fiscal year under the block grant program under part B of title IV of the Social Security Act by 10 percent.

"(B) PRIVATE VIOLATORS.—Any other entity that violates paragraph (1) during a period shall remit to the Secretary all funds that were paid to the entity during the period by a State from funds provided under this part.

"(3) PRIVATE CAUSE OF ACTION.—

"(A) IN GENERAL.—Any individual who is aggrieved by a violation of paragraph (1) by a State or other entity may bring an action seeking relief in any United States district court.

"(B) STATUTE OF LIMITATIONS.—An action under this paragraph may not be brought more than 2 years after the date the alleged violation occurred.".

SEC. 752. REAUTHORIZATIONS.

(a) MISSING CHILDREN'S ASSISTANCE ACT.—Section 408 of the Missing Children's Assistance Act (42 U.S.C. 5777) is amended—

(1) by striking "To" and inserting "(a) IN GENERAL.—"

(2) by striking "and 1996" and inserting "1996, and 1997"; and

(3) by adding at the end thereof the following new subsection:

"(b) EVALUATION.—The Administrator shall use not more than 5 percent of the amount appropriated for a fiscal year under subsection (a) to conduct an evaluation of the effectiveness of the programs and activities established and operated under this title.".

(b) VICTIMS OF CHILD ABUSE ACT OF 1990.—Section 214B of the Victims of Child Abuse Act of 1990 (42 U.S.C. 13004) is amended—

(1) in subsection (a)(2), by striking "and 1996" and inserting "1996, and 1997"; and

(2) in subsection (b)(2), by striking "and 1996" and inserting "1996 and 1997".

SEC. 753. REPEALS.

(a) IN GENERAL.—The following provisions of law are repealed:

(1) Title II of the Child Abuse Prevention and Treatment and Adoption Reform Act of 1978 (42 U.S.C. 5111 et seq.).

(2) The Abandoned Infants Assistance Act of 1988 (42 U.S.C. 670 note).

(3) The Temporary Child Care for Children with Disabilities and Crisis Nurseries Act of 1986 (42 U.S.C. 5117 et seq.).

(4) Section 553 of the Howard M. Metzenbaum Multiethnic Placement Act of 1994 (42 U.S.C. 5115a).

(5) Subtitle F of title VII of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11481 et seq.).

(b) CONFORMING AMENDMENTS.—

(1) RECOMMENDED LEGISLATION.—After consultation with the appropriate committees of the Congress and the Director of the Office of Management and Budget, the Secretary of Health and Human Services shall prepare and submit to the Congress a legislative proposal in the form of an implementing bill containing technical and conforming amendments to reflect the repeals made by this section.

(2) SUBMISSION TO CONGRESS.—Not later than 6 months after the date of enactment of this chapter, the Secretary of Health and Human Services shall submit the implementing bill referred to under paragraph (1).

TITLE VIII—CHILD CARE

SEC. 801. SHORT TITLE AND REFERENCES.

(a) SHORT TITLE.—This title may be cited as the "Child Care and Development Block Grant Amendments of 1995".

(b) REFERENCES.—Except as otherwise expressly provided, whenever in this title an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858 et seq.).

SEC. 802. GOALS.

(a) GOALS.—Section 658A (42 U.S.C. 9801 note) is amended—

(1) in the section heading by inserting "AND GOALS" after "TITLE";

(2) by inserting "(a) SHORT TITLE.—" before "This"; and

(3) by adding at the end the following:

"(b) GOALS.—The goals of this subchapter are—

"(1) to allow each State maximum flexibility in developing child care programs and policies that best suit the needs of children and parents within such State;

"(2) to promote parental choice to empower working parents to make their own decisions on the child care that best suits their family's needs;

"(3) to encourage States to provide consumer education information to help parents make informed choices about child care;

"(4) to assist States to provide child care to parents trying to achieve independence from public assistance; and

"(5) to assist States in implementing the health, safety, licensing, and registration standards established in State regulations.".

SEC. 803. AUTHORIZATION OF APPROPRIATIONS AND ENTITLEMENT AUTHORITY.

(a) IN GENERAL.—Section 658B (42 U.S.C. 9858) is amended to read as follows:

"SEC. 658B. AUTHORIZATION OF APPROPRIATIONS.

"There is authorized to be appropriated to carry out this subchapter $1,000,000,000 for each of the fiscal years 1996 through 2002.".

(b) SOCIAL SECURITY ACT.—Part A of title IV of the Social Security Act (as amended by section 103) is amended—

(1) by redesignating section 418 as section 419; and

(2) by inserting after section 417, the following new section:

"SEC. 418. FUNDING FOR CHILD CARE.

"(a) GENERAL CHILD CARE ENTITLEMENT.—

"(1) GENERAL ENTITLEMENT.—Subject to the amount appropriated under paragraph (3), each State shall, for the purpose of providing child care assistance, be entitled to payments under a grant under this subsection for a fiscal year in an amount equal to—

"(A) the sum of the total amount required to be paid to the State under former section 403 for fiscal year 1994 with respect to amounts expended for child care under section—

"(i) 402(g) of this Act (as such section was in effect before October 1, 1995); and

"(ii) 403(i) of this Act (as so in effect); or

"(B) the average of the total amounts required to be paid to the State for fiscal years 1992 through 1994 under the sections referred to in subparagraph (A);

whichever is greater.

"(2) REMAINDER.—

"(A) GRANTS.—The Secretary shall use any amounts appropriated for a fiscal year under paragraph (3), and remaining after the reservation described in paragraph (5) and after grants are awarded under paragraph (1), to make grants to States under this paragraph.

"(B) AMOUNT.—Subject to subparagraph (C), the amount of a grant awarded to a State for a fiscal year under this paragraph shall be based on the formula used for determining the amount of Federal payments to the State under section 403(n) (as such section was in effect before October 1, 1995).

"(C) MATCHING REQUIREMENT.—The Secretary shall pay to each eligible State in a fiscal year an amount, under a grant under subparagraph (A), equal to the Federal medical assistance percentage for such State for fiscal year 1994 (as defined in section 1905(b)) of so much of the expenditures by the State for child care in such year as exceed the State set-aside for such State under subparagraph (A) for such year and the amount of State expenditures in fiscal year 1994 that equal the non-Federal share for the programs described in subparagraphs (A), (B) and (C) of paragraph (1).

"(3) APPROPRIATION.—There are authorized to be appropriated, and there are appropriated, to carry out this section—

"(A) $1,300,000,000 for fiscal year 1997;

"(B) $1,400,000,000 for fiscal year 1998;

"(C) $1,500,000,000 for fiscal year 1999;

"(D) $1,700,000,000 for fiscal year 2000;

"(E) $1,900,000,000 for fiscal year 2001; and

"(F) $2,050,000,000 for fiscal year 2002.

"(4) REDISTRIBUTION.—With respect to any fiscal year, if the Secretary determines that amounts under any grant awarded to a State under this subsection for such fiscal year will not be used by such State for carrying out the purpose for which the grant is made, the Secretary shall make such amounts available for carrying out such purpose to 1 or more other States which apply for such funds to the extent the Secretary determines that such other States will be able to use such additional amounts for carrying out such purpose. Such available amounts shall be redistributed to a State pursuant to section 402(i) (as such section was in effect before October 1, 1995) by substituting 'the number of children residing in all States applying for such funds' for 'the number of children residing in the United States in the second preceding fiscal year'. Any amount made available to a State from an appropriation for a fiscal year in accordance with the preceding sentence shall, for purposes of this part, be regarded as part of such State's payment (as determined under this subsection) for such year.

"(5) INDIAN TRIBES.—The Secretary shall reserve not more than 1 percent of the aggregate amount appropriated to carry out this section in each fiscal year for payments to Indian tribes and tribal organizations.

"(b) USE OF FUNDS.—

"(1) IN GENERAL.—Amounts received by a State under this section shall only be used to provide child care assistance.

"(2) USE FOR CERTAIN POPULATIONS.—A State shall ensure that not less than 70 percent of the total amount of funds received by the State in a fiscal year under this section are used to provide child care assistance to families who are receiving assistance under a State program under this part, families who are attempting through work activities to transition off of such assistance program, and families who are at risk of becoming dependent on such assistance program.

"(c) APPLICATION OF CHILD CARE AND DEVELOPMENT BLOCK GRANT ACT of 1990.—Notwithstanding any other provision of law,

amounts provided to a State under this section shall be transferred to the lead agency under the Child Care and Development Block Grant Act of 1990, integrated by the State into the programs established by the State under such Act, and be subject to requirements and limitations of such Act.

"(d) DEFINITION.—As used in this section, the term 'State' means each of the 50 States or the District of Columbia.".

SEC. 804. LEAD AGENCY.

Section 658D(b) (42 U.S.C. 9858b(b)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (A), by striking "State" the first place that such appears and inserting "governmental or nongovernmental"; and

(B) in subparagraph (C), by inserting "with sufficient time and Statewide distribution of the notice of such hearing," after "hearing in the State"; and

(2) in paragraph (2), by striking the second sentence.

SEC. 805. APPLICATION AND PLAN.

Section 658E (42 U.S.C. 9858c) is amended—

(1) in subsection (b)—

(A) by striking "implemented—" and all that follows through "(2)" and inserting "implemented"; and

(B) by striking "for subsequent State plans";

(2) in subsection (c)—

(A) in paragraph (2)—

(i) in subparagraph (A)—

(I) in clause (i) by striking ", other than through assistance provided under paragraph (3)(C),"; and

(II) by striking "except" and all that follows through "1992", and inserting "and provide a detailed description of the procedures the State will implement to carry out the requirements of this subparagraph";

(ii) in subparagraph (B)—

(I) by striking "Provide assurances" and inserting "Certify"; and

(II) by inserting before the period at the end "and provide a detailed description of such procedures";

(iii) in subparagraph (C)—

(I) by striking "Provide assurances" and inserting "Certify"; and

(II) by inserting before the period at the end "and provide a detailed description of how such record is maintained and is made available";

(iv) by amending subparagraph (D) to read as follows:

"(D) CONSUMER EDUCATION INFORMATION.—Certify that the State will collect and disseminate to parents of eligible children and the general public, consumer education information that will promote informed child care choices.";

(v) in subparagraph (E), to read as follows:

"(E) COMPLIANCE WITH STATE LICENSING REQUIREMENTS.—

"(i) IN GENERAL.—Certify that the State has in effect licensing requirements applicable to child care services provided within the State, and provide a detailed description of such requirements and of how such requirements are effectively enforced. Nothing in the preceding sentence shall be construed to require that licensing requirements be applied to specific types of providers of child care services.

"(ii) INDIAN TRIBES AND TRIBAL ORGANIZATIONS.—In lieu of any licensing and regulatory requirements applicable under State and local law, the Secretary, in consultation with Indian tribes and tribal organizations, shall develop minimum child care standards (that appropriately reflect tribal needs and available resources) that shall be applicable to Indian tribes and tribal organization receiving assistance under this subchapter.";

(vi) by striking subparagraph (F);

(vii) in subparagraph (G)—

(I) by redesignating such subparagraph as subparagraph (F);

(II) by striking "Provide assurances" and inserting "Certify"; and

(III) by striking "as described in subparagraph (F)"; and

(viii) by striking subparagraphs (H), (I), and (J) and inserting the following:

"(G) MEETING THE NEEDS OF CERTAIN POPULATIONS.—Demonstrate the manner in which the State will meet the specific child care needs of families who are receiving assistance under a State program under part A of title IV of the Social Security Act, families who are attempting through work activities to transition off of such assistance program, and families who are at risk of becoming dependent on such assistance program.";

(B) in paragraph (3)—

(i) in subparagraph (A), by striking "(B) and (C)" and inserting "(B) through (D)";

(ii) in subparagraph (B)—

(I) by striking ".—Subject to the reservation contained in subparagraph (C), the" and inserting "AND RELATED ACTIVITIES.—The";

(II) in clause (i) by striking "; and" at the end and inserting a period;

(III) by striking "for—" and all that follows through "section 658E(c)(2)(A)" and inserting "for child care services on sliding fee scale basis, activities that improve the quality or availability of such services, and any other activity that the State deems appropriate to realize any of the goals specified in paragraphs (2) through (5) of section 658A(b)"; and

(IV) by striking clause (ii);

(iii) by amending subparagraph (C) to read as follows:

"(C) LIMITATION ON ADMINISTRATIVE COSTS.—Not more than 3 percent of the aggregate amount of funds available to the State to carry out this subchapter by a State in each fiscal year may be expended for administrative costs incurred by such State to carry out all of its functions and duties under this subchapter. As used in the preceding sentence, the term 'administrative costs' shall not include the costs of providing direct services."; and

(iv) by adding at the end thereof the following:

"(D) ASSISTANCE FOR CERTAIN FAMILIES.—A State shall ensure that a substantial portion of the amounts available (after the State has complied with the requirement of section 418(b)(2) of the Social Security Act with respect to each of the fiscal years 1997 through 2002) to the State to carry out activities this subchapter in each fiscal year is used to provide assistance to low-income working families other than families described in paragraph (2)(F)."; and

(C) in paragraph (4)(A)—

(i) by striking "provide assurances" and inserting "certify";

(ii) in the first sentence by inserting "and shall provide a summary of the facts relied on by the State to determine that such rates are sufficient to ensure such access" before the period; and

(iii) by striking the last sentence.

SEC. 806. LIMITATION ON STATE ALLOTMENTS.

Section 658F(b) (42 U.S.C. 9858d(b)) is amended—

(1) in paragraph (1), by striking "No" and inserting "Except as provided for in section 658O(c)(6), no"; and

(2) in paragraph (2), by striking "referred to in section 658E(c)(2)(F)".

SEC. 807. ACTIVITIES TO IMPROVE THE QUALITY OF CHILD CARE.

Section 658G (42 U.S.C. 9858e) is amended to read as follows:

"SEC. 658G. ACTIVITIES TO IMPROVE THE QUALITY OF CHILD CARE.

"A State that receives funds to carry out this subchapter for a fiscal year, shall use not less than 3 percent of the amount of such funds for activities that are designed to provide comprehensive consumer education to parents and the public, activities that increase parental choice, and activities designed to improve the quality and availability of child care (such as resource and referral services).".

SEC. 808. REPEAL OF EARLY CHILDHOOD DEVELOPMENT AND BEFORE- AND AFTER-SCHOOL CARE REQUIREMENT.

Section 658H (42 U.S.C. 9858f) is repealed.

SEC. 809. ADMINISTRATION AND ENFORCEMENT.

Section 658I(b) (42 U.S.C. 9858g(b)) is amended—

(1) in paragraph (1), by striking ", and shall have" and all that follows through "(2)"; and

(2) in the matter following clause (ii) of paragraph (2)(A), by striking "finding and that" and all that follows through the period and inserting "finding and shall require that the State reimburse the Secretary for any funds that were improperly expended for purposes prohibited or not authorized by this subchapter, that the Secretary deduct from the administrative portion of the State allotment for the following fiscal year an amount that is less than or equal to any improperly expended funds, or a combination of such options.".

SEC. 810. PAYMENTS.

Section 658J(c) (42 U.S.C. 9858h(c)) is amended by striking "expended" and inserting "obligated".

SEC. 811. ANNUAL REPORT AND AUDITS.

Section 658K (42 U.S.C. 9858i) is amended—

(1) in the section heading by striking "ANNUAL REPORT" and inserting "REPORTS";

(2) in subsection (a), to read as follows:

"(a) REPORTS.—

"(1) COLLECTION OF INFORMATION BY STATES.—

"(A) IN GENERAL.—A State that receives funds to carry out this subchapter shall collect the information described in subparagraph (B) on a monthly basis.

"(B) REQUIRED INFORMATION.—The information required under this subparagraph shall include, with respect to a family unit receiving assistance under this subchapter information concerning—

"(i) family income;

"(ii) county of residence;

"(iii) the gender, race, and age of children receiving such assistance;

"(iv) whether the family includes only 1 parent;

"(v) the sources of family income, including the amount obtained from (and separately identified)—

"(I) employment, including self-employment;

"(II) cash or other assistance under part A of title IV of the Social Security Act;

"(III) housing assistance;

"(IV) assistance under the Food Stamp Act of 1977; and

"(V) other assistance programs;

"(vi) the number of months the family has received benefits;

"(vii) the type of child care in which the child was enrolled (such as family child care, home care, or center-based child care);

"(viii) whether the child care provider involved was a relative;

"(ix) the cost of child care for such families; and

"(x) the average hours per week of such care;

during the period for which such information is required to be submitted.

"(C) SUBMISSION TO SECRETARY.—A State described in subparagraph (A) shall, on a quarterly basis, submit the

information required to be collected under subparagraph (B) to the Secretary.

"(D) SAMPLING.—The Secretary may disapprove the information collected by a State under this paragraph if the State uses sampling methods to collect such information.

"(2) BIANNUAL REPORTS.—Not later than December 31, 1997, and every 6 months thereafter, a State described in paragraph (1)(A) shall prepare and submit to the Secretary a report that includes aggregate data concerning—

"(A) the number of child care providers that received funding under this subchapter as separately identified based on the types of providers listed in section 658P(5);

"(B) the monthly cost of child care services, and the portion of such cost that is paid for with assistance provided under this subchapter, listed by the type of child care services provided;

"(C) the number of payments made by the State through vouchers, contracts, cash, and disregards under public benefit programs, listed by the type of child care services provided;

"(D) the manner in which consumer education information was provided to parents and the number of parents to whom such information was provided; and

"(E) the total number (without duplication) of children and families served under this subchapter;

during the period for which such report is required to be submitted."; and

(2) in subsection (b)—

(A) in paragraph (1) by striking "a application" and inserting "an application";

(B) in paragraph (2) by striking "any agency administering activities that receive" and inserting "the State that receives"; and

(C) in paragraph (4) by striking "entitles" and inserting "entitled".

SEC. 812. REPORT BY THE SECRETARY.

Section 658L (42 U.S.C. 9858j) is amended—

(1) by striking "1993" and inserting "1997";

(2) by striking "annually" and inserting "biennially"; and

(3) by striking "Education and Labor" and inserting "Economic and Educational Opportunities".

SEC. 813. ALLOTMENTS.

Section 658O (42 U.S.C. 9858m) is amended—

(1) in subsection (a)—

(A) in paragraph (1)

(i) by striking "POSSESSIONS" and inserting "POSSESSIONS";

(ii) by inserting "and" after "States,"; and

(iii) by striking ", and the Trust Territory of the Pacific Islands"; and

(B) in paragraph (2), by striking "3 percent" and inserting "1 percent";

(2) in subsection (c)—

(A) in paragraph (5) by striking "our" and inserting "out"; and

(B) by adding at the end thereof the following new paragraph:

"(6) CONSTRUCTION OR RENOVATION OF FACILITIES.—

"(A) REQUEST FOR USE OF FUNDS.—An Indian tribe or tribal organization may submit to the Secretary a request to use amounts provided under this subsection for construction or renovation purposes.

"(B) DETERMINATION.—With respect to a request submitted under subparagraph (A), and except as provided in subparagraph (C), upon a determination by the Secretary that adequate facilities are not otherwise available to an Indian tribe or tribal organization to enable such tribe or organization to carry out child care programs in accordance with this subchapter, and that the lack of such facilities will inhibit the operation of such programs in the future, the Secretary may permit the tribe or organization to use assistance provided under this subsection to make payments for the construction or renovation of facilities that will be used to carry out such programs.

"(C) LIMITATION.—The Secretary may not permit an Indian tribe or tribal organization to use amounts provided under this subsection for construction or renovation if such use will result in a decrease in the level of child care services provided by the tribe or organization as compared to the level of such services provided by the tribe or organization in the fiscal year preceding the year for which the determination under subparagraph (A) is being made.

"(D) UNIFORM PROCEDURES.—The Secretary shall develop and implement uniform procedures for the solicitation and consideration of requests under this paragraph."; and

(3) in subsection (e), by adding at the end thereof the following new paragraph:

"(4) INDIAN TRIBES OR TRIBAL ORGANIZATIONS.—Any portion of a grant or contract made to an Indian tribe or tribal organization under subsection (c) that the Secretary determines is not being used in a manner consistent with the provision of this subchapter in the period for which the grant or contract is made available, shall be allotted by the Secretary to other tribes or organizations that have submitted applications under subsection (c) in accordance with their respective needs.".

SEC. 814. DEFINITIONS.

Section 658P (42 U.S.C. 9858n) is amended—

(1) in paragraph (2), in the first sentence by inserting "or as a deposit for child care services if such a deposit is required of other children being cared for by the provider" after "child care services"; and

(2) by striking paragraph (3);

(3) in paragraph (4)(B), by striking "75 percent" and inserting "85 percent";

(4) in paragraph (5)(B)—

(A) by inserting "great grandchild, sibling (if such provider lives in a separate residence)," after "grandchild,";

(B) by striking "is registered and"; and

(C) by striking "State" and inserting "applicable".

(5) by striking paragraph (10);

(6) in paragraph (13)—

(A) by inserting "or" after "Samoa,"; and

(B) by striking ", and the Trust Territory of the Pacific Islands";

(7) in paragraph (14)—

(A) by striking "The term" and inserting the following: "(A) IN GENERAL.—The term"; and

(B) by adding at the end thereof the following new subparagraph:

"(B) OTHER ORGANIZATIONS.—Such term includes a Native Hawaiian Organization, as defined in section 4009(4) of the Augustus F. Hawkins-Robert T. Stafford Elementary and Secondary School Improvement Amendments of 1988 (20 U.S.C. 4909(4)) and a private nonprofit organization established for the purpose of serving youth who are Indians or Native Hawaiians.".

SEC. 815. REPEALS.

(a) CHILD DEVELOPMENT ASSOCIATE SCHOLARSHIP ASSISTANCE ACT OF 1985.—Title VI of the Human Services Reauthorization Act of 1986 (42 U.S.C. 10901–10905) is repealed.

(b) STATE DEPENDENT CARE DEVELOPMENT GRANTS ACT.—Subchapter E of chapter 8 of subtitle A of title VI of the Omnibus Budget Reconciliation Act of 1981 (42 U.S.C. 9871–9877) is repealed.

(c) PROGRAMS OF NATIONAL SIGNIFICANCE.—Title X of the Elementary and Secondary Education Act of 1965, as amended by Public Law 103–382 (108 Stat. 3809 et seq.), is amended—

(1) in section 10413(a) by striking paragraph (4),

(2) in section 10963(b)(2) by striking subparagraph (G), and

(3) in section 10974(a)(6) by striking subparagraph (G).

(d) NATIVE HAWAIIAN FAMILY-BASED EDUCATION CENTERS.—Section 9205 of the Native Hawaiian Education Act (Public Law 103–382; 108 Stat. 3794) is repealed.

SEC. 816. EFFECTIVE DATE.

(a) IN GENERAL.—Except as provided in subsection (b), this title and the amendments made by this title shall take effect on October 1, 1996.

(b) EXCEPTION.—The amendment made by section 803(a) shall take effect on the date of enactment of this Act.

TITLE IX—CHILD NUTRITION PROGRAMS

Subtitle A—National School Lunch Act

SEC. 901. STATE DISBURSEMENT TO SCHOOLS.

(a) IN GENERAL.—Section 8 of the National School Lunch Act (42 U.S.C. 1757) is amended—

(1) in the third sentence, by striking "Nothing" and all that follows through "educational agency to" and inserting "The State educational agency may";

(2) by striking the fourth, fifth, and eighth sentences;

(3) by redesignating the first through sixth sentences, as amended by paragraph (1), as subsections (a) through (f), respectively;

(4) in subsection (b), as redesignated by paragraph (3), by striking "the preceding sentence" and inserting "subsection (a)"; and

(5) in subsection (d), as redesignated by paragraph (3), by striking "Such food costs" and inserting "Use of funds paid to States".

(b) DEFINITION OF CHILD.—Section 12(d) of the Act (42 U.S.C. 1760(d)) is amended by adding at the end the following:

"(9) 'child' includes an individual, regardless of age, who—

"(A) is determined by a State educational agency, in accordance with regulations prescribed by the Secretary, to have 1 or more mental or physical disabilities; and

"(B) is attending any institution, as defined in section 17(a), or any nonresidential public or nonprofit private school of high school grade or under, for the purpose of participating in a school program established for individuals with mental or physical disabilities.

No institution that is not otherwise eligible to participate in the program under section 17 shall be considered eligible because of this paragraph.".

SEC. 902. NUTRITIONAL AND OTHER PROGRAM REQUIREMENTS.

(a) NUTRITIONAL STANDARDS.—Section 9(a) of the National School Lunch Act (42 U.S.C. 1758(a)) is amended—

(1) in paragraph (2)—

(A) by striking "(2)(A) Lunches" and inserting "(2) Lunches";

(B) by striking subparagraph (B); and

(C) by redesignating clauses (i) and (ii) as subparagraphs (A) and (B), respectively;

(2) by striking paragraph (3); and

(3) by redesignating paragraph (4) as paragraph (3).

(b) ELIGIBILITY GUIDELINES.—Section 9(b) of the Act is amended—

(1) in paragraph (2)—

(A) by striking subparagraph (A); and

(B) by redesignating subparagraphs (B) and (C) as subparagraphs (A) and (B), respectively;

(2) in paragraph (5), by striking the third sentence; and

(3) in paragraph (6), by striking "paragraph (2)(C)" and inserting "paragraph (2)(B)".

(c) UTILIZATION OF AGRICULTURAL COMMODITIES.—Section 9(c) of the Act is amended by striking the second, fourth, and sixth sentences.

(d) CONFORMING AMENDMENT.—The last sentence of section 9(d)(1) of the Act is amended by striking "subsection (b)(2)(C)" and inserting "subsection (b)(2)(B)".

(e) NUTRITIONAL INFORMATION.—Section 9(f) of the Act is amended—

(1) by striking paragraph (1);

(2) by striking "(2)";

(3) by redesignating subparagraphs (A) through (D) as paragraphs (1) through (4), respectively;

(4) by striking paragraph (1), as redesignated by paragraph (3), and inserting the following:

"(1) NUTRITIONAL REQUIREMENTS.—Except as provided in paragraph (2), not later than the first day of the 1996–1997 school year, schools that are participating in the school lunch or school breakfast program shall serve lunches and breakfasts under the program that—

"(A) are consistent with the goals of the most recent Dietary Guidelines for Americans published under section 301 of the National Nutrition Monitoring and Related Research Act of 1990 (7 U.S.C. 5341); and

"(B) provide, on the average over each week, at least—

"(i) with respect to school lunches, ⅓ of the daily recommended dietary allowance established by the Food and Nutrition Board of the National Research Council of the National Academy of Sciences; and

"(ii) with respect to school breakfasts, ¼ of the daily recommended dietary allowance established by the Food and Nutrition Board of the National Research Council of the National Academy of Sciences.";

(5) in paragraph (3), as redesignated by paragraph (3)—

(A) by redesignating clauses (i) and (ii) as subparagraphs (A) and (B), respectively; and

(B) in subparagraph (A), as so redesignated, by redesignating subclauses (I) and (II) as clauses (i) and (ii), respectively; and

(6) in paragraph (4), as redesignated by paragraph (3), by striking the first sentence and inserting the following: "Schools may use any reasonable approach to meet the requirements of this paragraph, including any approach described in paragraph (3).".

(f) USE OF RESOURCES.—Section 9 of the Act is amended by striking subsection (h).

SEC. 903. FREE AND REDUCED PRICE POLICY STATEMENT.

Section 9(b)(2) of the National School Lunch Act (42 U.S.C. 1758(b)(2)), as amended by section 902(b)(1), is further amended by adding at the end the following:

"(C) FREE AND REDUCED PRICE POLICY STATEMENT.—After the initial submission, a school shall not be required

to submit a free and reduced price policy statement to a State educational agency under this Act unless there is a substantive change in the free and reduced price policy of the school. A routine change in the policy of a school, such as an annual adjustment of the income eligibility guidelines for free and reduced price meals, shall not be sufficient cause for requiring the school to submit a policy statement.".

SEC. 904. SPECIAL ASSISTANCE.

(a) FINANCING BASED ON NEED.—Section 11(b) of the National School Lunch Act (42 U.S.C. 1759a(b)) is amended—

(1) in the second sentence, by striking ", within" and all that follows through "all States,"; and

(2) by striking the third sentence.

(b) APPLICABILITY OF OTHER PROVISIONS.—Section 11 of the Act is amended—

(1) by striking subsection (d);

(2) in subsection (e)(2)—

(A) by striking "The" and inserting "On request of the Secretary, the"; and

(B) by striking "each month"; and

(3) by redesignating subsections (e) and (f), as so amended, as subsections (d) and (e), respectively.

SEC. 905. MISCELLANEOUS PROVISIONS AND DEFINITIONS.

(a) ACCOUNTS AND RECORDS.—Section 12(a) of the National School Lunch Act (42 U.S.C. 1760(a)) is amended by striking "at all times be available" and inserting "be available at any reasonable time".

(b) RESTRICTION ON REQUIREMENTS.—Section 12(c) of the Act is amended by striking "neither the Secretary nor the State shall" and inserting "the Secretary shall not".

(c) DEFINITIONS.—Section 12(d) of the Act, as amended by section 901(b), is further amended—

(1) in paragraph (1), by striking "the Trust Territory of the Pacific Islands" and inserting "the Commonwealth of the Northern Mariana Islands";

(2) by striking paragraphs (3) and (4); and

(3) by redesignating paragraphs (1), (2), and (5) through (9) as paragraphs (6), (7), (3), (4), (2), (5), and (1), respectively, and rearranging the paragraphs so as to appear in numerical order.

(d) ADJUSTMENTS TO NATIONAL AVERAGE PAYMENT RATES.—Section 12(f) of the Act is amended by striking "the Trust Territory of the Pacific Islands,".

(e) EXPEDITED RULEMAKING.—Section 12(k) of the Act is amended—

(1) by striking paragraphs (1), (2), and (5); and

(2) by redesignating paragraphs (3) and (4) as paragraphs (1) and (2), respectively.

(f) WAIVER.—Section 12(l) of the Act is amended—

(1) in paragraph (2)—

(A) by striking "(A)";

(B) in clause (iii), by adding "and" at the end;

(C) in clause (iv), by striking the semicolon at the end and inserting a period;

(D) by striking clauses (v) through (vii);

(E) by striking subparagraph (B); and

(F) by redesignating clauses (i) through (iv), as so amended, as subparagraphs (A) through (D), respectively;

(2) in paragraph (3)—

(A) by striking "(A)"; and

(B) by striking subparagraphs (B) through (D);

(3) in paragraph (4)—

(A) in the matter preceding subparagraph (A), by striking "of any requirement relating" and inserting "that increases Federal costs or that relates";

(B) by striking subparagraphs (B), (D), (F), (H), (J), (K), and (L);

(C) by redesignating subparagraphs (C), (E), (G), (I), (M), and (N) as subparagraphs (B) through (G), respectively; and

(D) in subparagraph (F), as redesignated by subparagraph (C), by striking "and" at the end and inserting "or"; and

(4) in paragraph (6)—

(A) by striking "(A)(i)" and all that follows through "(B)"; and

(B) by redesignating clauses (i) through (iv) as subparagraphs (A) through (D), respectively.

(g) FOOD AND NUTRITION PROJECTS.—Section 12 of the Act is amended by striking subsection (m).

SEC. 906. SUMMER FOOD SERVICE PROGRAM FOR CHILDREN.

(a) ESTABLISHMENT OF PROGRAM.—Section 13(a) of the National School Lunch Act (42 U.S.C. 1761(a)) is amended—

(1) in paragraph (1)—

(A) in the first sentence, by striking "initiate, maintain, and expand" and insert "initiate and maintain"; and

(B) in subparagraph (E) of the second sentence, by striking "the Trust Territory of the Pacific Islands,"; and

(2) in paragraph (7)(A), by striking "Except as provided in subparagraph (C), private" and inserting "Private".

(b) SERVICE INSTITUTIONS.—Section 13(b) of the Act is amended by striking "(b)(1)" and all that follows through the end of paragraph (1) and inserting the following:

"(b) SERVICE INSTITUTIONS.—

"(1) PAYMENTS.—

"(A) IN GENERAL.—Except as otherwise provided in this paragraph, payments to service institutions shall equal the full cost of food service operations (which cost shall include the costs of obtaining, preparing, and serving food, but shall not include administrative costs).

"(B) MAXIMUM AMOUNTS.—Subject to subparagraph (C), payments to any institution under subparagraph (A) shall not exceed—

"(i) $1.82 for each lunch and supper served;

"(ii) $1.13 for each breakfast served; and

"(iii) 46 cents for each meal supplement served.

"(C) ADJUSTMENTS.—Amounts specified in subparagraph (B) shall be adjusted each January 1 to the nearest lower cent increment in accordance with the changes for the 12-month period ending the preceding November 30 in the series for food away from home of the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics of the Department of Labor. Each adjustment shall be based on the unrounded adjustment for the prior 12-month period.".

(c) ADMINISTRATION OF SERVICE INSTITUTIONS.—Section 13(b)(2) of the Act is amended—

(1) in the first sentence, by striking "four meals" and inserting "3 meals, or 2 meals and 1 supplement,"; and

(2) by striking the second sentence.

(d) REIMBURSEMENTS.—Section 13(c)(2) of the Act is amended—

(1) by striking subparagraph (A);

(2) in subparagraph (B)—

(A) in the first sentence—

(i) by striking ", and such higher education institutions,"; and

(ii) by striking "without application" and inserting "upon showing residence in areas in which poor economic conditions exist or on the basis of income eligibility statements for children enrolled in the program"; and

(B) by adding at the end the following: "The higher education institutions referred to in the preceding sentence shall be eligible to participate in the program under this paragraph without application.";

(3) in subparagraph (C)(ii), by striking "severe need"; and

(4) by redesignating subparagraphs (B) through (E), as so amended, as subparagraphs (A) through (D), respectively.

(e) ADVANCE PROGRAM PAYMENTS.—Section 13(e)(1) of the Act is amended—

(1) by striking "institution: Provided, That (A) the" and inserting "institution. The";

(2) by inserting "(excluding a school)" after "any service institution"; and

(3) by striking "responsibilities, and (B) no" and inserting "responsibilities. No".

(f) FOOD REQUIREMENTS.—Section 13(f) of the Act is amended—

(1) by redesignating the first through seventh sentences as paragraphs (1) through (7), respectively;

(2) by striking paragraph (3), as redesignated by paragraph (1);

(3) in paragraph (4), as redesignated by paragraph (1), by striking "the first sentence" and inserting "paragraph (1)";

(4) in paragraph (6), as redesignated by paragraph (1), by striking "that bacteria levels" and all that follows through the period at the end and inserting "conformance with standards set by local health authorities."; and

(5) by redesignating paragraphs (4) through (7), as redesignated by paragraph (1), as paragraphs (3) through (6), respectively.

(g) PERMITTING OFFER VERSUS SERVE.—Section 13(f) of the Act, as amended by subsection (f), is further amended by adding at the end the following:

"(7) OFFER VERSUS SERVE.—A school food authority participating as a service institution may permit a child attending a site on school premises operated directly by the authority to refuse not more than 1 item of a meal that the child does not intend to consume. A refusal of an offered food item shall not affect the amount of payments made under this section to a school for the meal.".

(h) HEALTH DEPARTMENT INSPECTIONS.—Section 13(k) of the Act is amended by striking paragraph (3).

(i) FOOD SERVICE MANAGEMENT COMPANIES.—Section 13(l) of the Act is amended—

(1) by striking paragraph (4);

(2) in paragraph (5), by striking the first sentence; and

(3) by redesignating paragraph (5), as so amended, as paragraph (4).

(j) RECORDS.—The second sentence of section 13(m) of the Act is amended by striking "at all times be available" and inserting "be available at any reasonable time".

(k) REMOVING MANDATORY NOTICE TO INSTITUTIONS.—Section 13(n)(2) of the Act is amended by striking ", and its plans and schedule for informing service institutions of the availability of the program".

(l) PLAN.—Section 13(n) of the Act is amended—

(1) in paragraph (2), by striking "including the State's methods of assessing need";

(2) by striking paragraph (3);

(3) in paragraph (4), by striking "and schedule"; and

(4) by redesignating paragraphs (4) through (7), as so amended, as paragraphs (3) through (6), respectively.

(m) MONITORING AND TRAINING.—Section 13(q) of the Act is amended—

(1) by striking paragraphs (2) and (4);

(2) in paragraph (3), by striking "paragraphs (1) and (2) of this subsection" and inserting "paragraph (1)"; and

(3) by redesignating paragraph (3), as so amended, as paragraph (2).

(n) EXPIRED PROGRAM.—Section 13 of the Act is amended—

(1) by striking subsection (p); and

(2) by redesignating subsections (q) and (r), as so amended, as subsections (p) and (q), respectively.

(o) EFFECTIVE DATE.—The amendments made by subsection (b) shall become effective on January 1, 1996.

SEC. 907. COMMODITY DISTRIBUTION.

(a) CEREAL AND SHORTENING IN COMMODITY DONATIONS.—Section 14(b) of the National School Lunch Act (42 U.S.C. 1762a(b)) is amended—

(1) by striking paragraph (1); and

(2) by redesignating paragraphs (2) and (3) as paragraphs (1) and (2), respectively.

(b) IMPACT STUDY AND PURCHASING PROCEDURES.—Section 14(d) of the Act is amended by striking the second and third sentences.

(c) CASH COMPENSATION FOR PILOT PROJECT SCHOOLS.—Section 14(g) of the Act is amended by striking paragraph (3).

(d) STATE ADVISORY COUNCIL.—Section 14 is amended—

(1) by striking subsection (e); and

(2) by redesignating subsections (f) and (g), as so amended, as subsections (e) and (f), respectively.

SEC. 908. CHILD CARE FOOD PROGRAM.

(a) ESTABLISHMENT OF PROGRAM.—Section 17 of the National School Lunch Act (42 U.S.C. 1766) is amended—

(1) in the section heading, by striking "AND ADULT"; and

(2) in the first sentence of subsection (a), by striking "initiate, maintain, and expand" and inserting "initiate and maintain".

(b) PAYMENTS TO SPONSOR EMPLOYEES.—Paragraph (2) of the last sentence of section 17(a) of the Act (42 U.S.C. 1766(a)) is amended—

(1) by striking "and" at the end of subparagraph (B);

(2) by striking the period at the end of subparagraph (C) and inserting "; and"; and

(3) by adding at the end the following:

"(D) in the case of a family or group day care home sponsoring organization that employs more than 1 employee, the organization does not base payments to an employee of the organization on the number of family or group day care homes recruited.".

(c) TECHNICAL ASSISTANCE.—The last sentence of section 17(d)(1) of the Act is amended by striking ", and shall provide technical assistance" and all that follows through "its application".

(d) REIMBURSEMENT OF CHILD CARE INSTITUTIONS.—Section 17(f)(2)(B) of the Act (42 U.S.C. 1766(f)(2)(B)) is amended by striking "two meals and two supplements or three meals and one supplement" and inserting "two meals and one supplement".

(e) IMPROVED TARGETING OF DAY CARE HOME REIMBURSEMENTS.—

(1) RESTRUCTURED DAY CARE HOME REIMBURSEMENTS.—Section 17(f)(3) of the Act is amended by striking "(3)(A) Institutions" and all that follows through the end of subparagraph (A) and inserting the following:

"(3) REIMBURSEMENT OF FAMILY OR GROUP DAY CARE HOME SPONSORING ORGANIZATIONS.—

"(A) REIMBURSEMENT FACTOR.—

"(i) IN GENERAL.—An institution that participates in the program under this section as a family or group day care home sponsoring organization shall be provided, for payment to a home sponsored by the organization, reimbursement factors in accordance with this subparagraph for the cost of obtaining and preparing food and prescribed labor costs involved in providing meals under this section.

"(ii) TIER I FAMILY OR GROUP DAY CARE HOMES.—

"(I) DEFINITION.—In this paragraph, the term 'tier I family or group day care home' means—

"(aa) a family or group day care home that is located in a geographic area, as defined by the Secretary based on census data, in which at least 50 percent of the children residing in the area are members of households whose incomes meet the income eligibility guidelines for free or reduced price meals under section 9;

"(bb) a family or group day care home that is located in an area served by a school enrolling elementary students in which at least 50 percent of the total number of children enrolled are certified eligible to receive free or reduced price school meals under this Act or the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.); or

"(cc) a family or group day care home that is operated by a provider whose household meets the income eligibility guidelines for free or reduced price meals under section 9 and whose income is verified by the sponsoring organization of the home under regulations established by the Secretary.

"(II) REIMBURSEMENT.—Except as provided in subclause (III), a tier I family or group day care home shall be provided reimbursement factors under this clause without a requirement for documentation of the costs described in clause (i), except that reimbursement shall not be provided under this subclause for meals or supplements served to the children of a person acting as a family or group day care home provider unless the children meet the income eligibility guidelines for free or reduced price meals under section 9.

"(III) FACTORS.—Except as provided in subclause (IV), the reimbursement factors applied to a home referred to in subclause (II) shall be the factors in effect on the date of enactment of this subclause.

"(IV) ADJUSTMENTS.—The reimbursement factors under this subparagraph shall be adjusted on August 1, 1996, July 1, 1997, and each July 1 thereafter, to reflect changes in the Consumer Price Index for food at home for the most recent 12-month period for which the data are available. The reimbursement factors under this subparagraph shall be rounded to the nearest lower cent increment and based on the unrounded adjustment in effect on June 30 of the preceding school year.

"(iii) TIER II FAMILY OR GROUP DAY CARE HOMES.—

"(I) IN GENERAL.—

"(aa) FACTORS.—Except as provided in subclause (II), with respect to meals or supplements served under this clause by a family or group day care home that does not meet the criteria set forth in clause (ii)(I), the reimbursement factors shall be 90 cents for lunches and suppers, 25 cents for breakfasts, and 10 cents for supplements.

"(bb) ADJUSTMENTS.—The factors shall be adjusted on July 1, 1997, and each July 1 thereafter, to reflect changes in the Consumer Price Index for food at home for the most recent 12-month period for which the data are available. The reimbursement factors under this item shall be rounded down to the nearest lower cent increment and based on the unrounded adjustment for the preceding 12-month period.

"(cc) REIMBURSEMENT.—A family or group day care home shall be provided reimbursement factors under this subclause without a requirement for documentation of the costs described in clause (i), except that reimbursement shall not be provided under this subclause for meals or supplements served to the children of a person acting as a family or group day care home provider unless the children meet the income eligibility guidelines for free or reduced price meals under section 9.

"(II) OTHER FACTORS.—A family or group day care home that does not meet the criteria set forth in clause (ii)(I) may elect to be provided reimbursement factors determined in accordance with the following requirements:

"(aa) CHILDREN ELIGIBLE FOR FREE OR REDUCED PRICE MEALS.—In the case of meals or supplements served under this subsection to children who are members of households whose incomes meet the income eligibility guidelines for free or reduced price meals under section 9, the family or group day care home shall be provided reimbursement factors set by the Secretary in accordance with clause (ii)(III).

"(bb) INELIGIBLE CHILDREN.—In the case of meals or supplements served under this subsection to children who are members of households whose incomes do not meet the income eligibility guidelines, the family or group day care home shall be provided reimbursement factors in accordance with subclause (I).

"(III) INFORMATION AND DETERMINATIONS.—

"(aa) IN GENERAL.—If a family or group day care home elects to claim the factors de-

scribed in subclause (II), the family or group day care home sponsoring organization serving the home shall collect the necessary income information, as determined by the Secretary, from any parent or other caretaker to make the determinations specified in subclause (II) and shall make the determinations in accordance with rules prescribed by the Secretary.

"(bb) CATEGORICAL ELIGIBILITY.—In making a determination under item (aa), a family or group day care home sponsoring organization may consider a child participating in or subsidized under, or a child with a parent participating in or subsidized under, a federally or State supported child care or other benefit program with an income eligibility limit that does not exceed the eligibility standard for free or reduced price meals under section 9 to be a child who is a member of a household whose income meets the income eligibility guidelines under section 9.

"(cc) FACTORS FOR CHILDREN ONLY.—A family or group day care home may elect to receive the reimbursement factors prescribed under clause (ii)(III) solely for the children participating in a program referred to in item (bb) if the home elects not to have income statements collected from parents or other caretakers.

"(IV) SIMPLIFIED MEAL COUNTING AND REPORTING PROCEDURES.—The Secretary shall prescribe simplified meal counting and reporting procedures for use by a family or group day care home that elects to claim the factors under subclause (II) and by a family or group day care home sponsoring organization that sponsors the home. The procedures the Secretary prescribes may include 1 or more of the following:

"(aa) Setting an annual percentage for each home of the number of meals served that are to be reimbursed in accordance with the reimbursement factors prescribed under clause (ii)(III) and an annual percentage of the number of meals served that are to be reimbursed in accordance with the reimbursement factors prescribed under subclause (I), based on the family income of children enrolled in the home in a specified month or other period.

"(bb) Placing a home into 1 of 2 or more reimbursement categories annually based on the percentage of children in the home whose households have incomes that meet the income eligibility guidelines under section 9, with each such reimbursement category carrying a

set of reimbursement factors such as the factors prescribed under clause (ii)(III) or subclause (I) or factors established within the range of factors prescribed under clause (ii)(III) and subclause (I).

"(cc) Such other simplified procedures as the Secretary may prescribe.

"(V) MINIMUM VERIFICATION REQUIREMENTS.—The Secretary may establish any necessary minimum verification requirements.".

(2) GRANTS TO STATES TO PROVIDE ASSISTANCE TO FAMILY OR GROUP DAY CARE HOMES.—Section 17(f)(3) of the Act is amended by adding at the end the following:

"(D) GRANTS TO STATES TO PROVIDE ASSISTANCE TO FAMILY OR GROUP DAY CARE HOMES.—

"(i) IN GENERAL.—

"(I) RESERVATION.—From amounts made available to carry out this section, the Secretary shall reserve $5,000,000 of the amount made available for fiscal year 1996.

"(II) PURPOSE.—The Secretary shall use the funds made available under subclause (I) to provide grants to States for the purpose of providing—

"(aa) assistance, including grants, to family and day care home sponsoring organizations and other appropriate organizations, in securing and providing training, materials, automated data processing assistance, and other assistance for the staff of the sponsoring organizations; and

"(bb) training and other assistance to family and group day care homes in the implementation of the amendment to subparagraph (A) made by section 913(e)(1) of the Personal Responsibility and Work Opportunity Act of 1995.

"(ii) ALLOCATION.—The Secretary shall allocate from the funds reserved under clause (i)(I)—

"(I) $30,000 in base funding to each State; and

"(II) any remaining amount among the States, based on the number of family day care homes participating in the program in a State during fiscal year 1994 as a percentage of the number of all family day care homes participating in the program during fiscal year 1994.

"(iii) RETENTION OF FUNDS.—Of the amount of funds made available to a State for fiscal year 1996 under clause (i), the State may retain not to exceed 30 percent of the amount to carry out this subparagraph.

"(iv) ADDITIONAL PAYMENTS.—Any payments received under this subparagraph shall be in addition to payments that a State receives under subparagraph (A).".

(3) PROVISION OF DATA.—Section 17(f)(3) of the Act, as amended by paragraph (2), is further amended by adding at the end the following:

"(E) PROVISION OF DATA TO FAMILY OR GROUP DAY CARE HOME SPONSORING ORGANIZATIONS.—

"(i) CENSUS DATA.—The Secretary shall provide to each State agency administering a child care food program under this section data from the most recent decennial census survey or other appropriate census survey for which the data are available showing which areas in the State meet the requirements of subparagraph (A)(ii)(I)(aa). The State agency shall provide the data to family or group day care home sponsoring organizations located in the State.

"(ii) SCHOOL DATA.—

"(I) IN GENERAL.—A State agency administering the school lunch program under this Act or the school breakfast program under the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.) shall provide to approved family or group day care home sponsoring organizations a list of schools serving elementary school children in the State in which not less than ½ of the children enrolled are certified to receive free or reduced price meals. The State agency shall collect the data necessary to create the list annually and provide the list on a timely basis to any approved family or group day care home sponsoring organization that requests the list.

"(II) USE OF DATA FROM PRECEDING SCHOOL YEAR.—In determining for a fiscal year or other annual period whether a home qualifies as a tier I family or group day care home under subparagraph (A)(ii)(I), the State agency administering the program under this section, and a family or group day care home sponsoring organization, shall use the most current available data at the time of the determination.

"(iii) DURATION OF DETERMINATION.—For purposes of this section, a determination that a family or group day care home is located in an area that qualifies the home as a tier I family or group day care home (as the term is defined in subparagraph (A)(ii)(I)), shall be in effect for 3 years (unless the determination is made on the basis of census data, in which case the determination shall remain in effect until more recent census data are available) unless the State agency determines that the area in which the home is located no longer qualifies the home as a tier I family or group day care home.".

(4) CONFORMING AMENDMENTS.—Section 17(c) of the Act is amended by inserting "except as provided in subsection (f)(3)," after "For purposes of this section," each place it appears in paragraphs (1), (2), and (3).

(f) REIMBURSEMENT.—Section 17(f) of the Act is amended—

(1) in paragraph (3)—

(A) in subparagraph (B), by striking the third and fourth sentences; and

(B) in subparagraph (C)—

(i) in clause (i)—

(I) by striking "(i)";

(II) in the first sentence, by striking "and expansion funds" and all that follows through "rural areas";

(III) by striking the second sentence; and

(IV) by striking "and expansion funds" each place it appears; and

(ii) by striking clause (ii); and

(2) by striking paragraph (4).

(g) NUTRITIONAL REQUIREMENTS.—Section 17(g)(1) of the Act is amended—

(1) in subparagraph (A), by striking the second sentence; and

(2) in subparagraph (B), by striking the second sentence.

(h) ELIMINATION OF STATE PAPERWORK AND OUTREACH BURDEN.—Section 17 of the Act is amended by striking subsection (k) and inserting the following:

"(k) TRAINING AND TECHNICAL ASSISTANCE.—A State participating in the program established under this section shall provide sufficient training, technical assistance, and monitoring to facilitate effective operation of the program. The Secretary shall assist the State in developing plans to fulfill the requirements of this subsection.".

(i) RECORDS.—The second sentence of section 17(m) of the Act is amended by striking "at all times" and inserting "at any reasonable time".

(j) MODIFICATION OF ADULT CARE FOOD PROGRAM.—Section 17(o) of the Act is amended—

(1) in the first sentence of paragraph (1)—

(A) by striking "adult day care centers" and inserting "day care centers for chronically impaired disabled persons" ; and

(B) by striking "to persons 60 years of age or older or"; and

(2) in paragraph (2)—

(A) in subparagraph (A)—

(i) by striking "adult day care center" and inserting "day care center for chronically impaired disabled persons"; and

(ii) in clause (i)—

(I) by striking "adult";

(II) by striking "adults" and inserting "persons"; and

(III) by striking "or persons 60 years of age or older"; and

(B) in subparagraph (B), by striking "adult day care services" and inserting "day care services for chronically impaired disabled persons".

(k) UNNEEDED PROVISION.—Section 17 of the Act is amended by striking subsection (q).

(l) CONFORMING AMENDMENTS.—

(1) Section 17B(f) of the Act (42 U.S.C. 1766b(f)) is amended—

(A) in the subsection heading, by striking "AND ADULT"; and

(B) in paragraph (1), by striking "and adult".

(2) Section 18(e)(3)(B) of the Act (42 U.S.C. 1769(e)(3)(B)) is amended by striking "and adult".

(3) Section 25(b)(1)(C) of the Act (42 U.S.C. 1769f(b)(1)(C)) is amended by striking "and adult".

(4) Section 3(1) of the Healthy Meals for Healthy Americans Act of 1994 (Public Law 103–448) is amended by striking "and adult".

(m) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall become effective on the date of enactment of this Act.

(2) IMPROVED TARGETING OF DAY CARE HOME REIMBURSEMENTS.—The amendments made by paragraphs (1), (3), and (4) of subsection (e) shall become effective on August 1, 1996.

(3) REGULATIONS.—

(A) INTERIM REGULATIONS.—Not later than February 1, 1996, the Secretary shall issue interim regulations to implement—

(i) the amendments made by paragraphs (1), (3), and (4) of subsection (e); and

(ii) section 17(f)(3)(C) of the National School Lunch Act (42 U.S.C. 1766(f)(3)(C)).

(B) FINAL REGULATIONS.—Not later than August 1, 1996, the Secretary shall issue final regulations to implement the provisions of law referred to in subparagraph (A).

(n) STUDY OF IMPACT OF AMENDMENTS ON PROGRAM PARTICIPATION AND FAMILY DAY CARE LICENSING.—

(1) IN GENERAL.—The Secretary of Agriculture, in conjunction with the Secretary of Health and Human Services, shall study the impact of the amendments made by this section on—

(A) the number of family day care homes participating in the child care food program established under section 17 of the National School Lunch Act (42 U.S.C. 1766);

(B) the number of day care home sponsoring organizations participating in the program;

(C) the number of day care homes that are licensed, certified, registered, or approved by each State in accordance with regulations issued by the Secretary;

(D) the rate of growth of the numbers referred to in subparagraphs (A) through (C);

(E) the nutritional adequacy and quality of meals served in family day care homes that—

(i) received reimbursement under the program prior to the amendments made by this section but do not receive reimbursement after the amendments made by this section; or

(ii) received full reimbursement under the program prior to the amendments made by this section but do not receive full reimbursement after the amendments made by this section; and

(F) the proportion of low-income children participating in the program prior to the amendments made by this section and the proportion of low-income children participating in the program after the amendments made by this section.

(2) REQUIRED DATA.—Each State agency participating in the child care food program under section 17 of the National School Lunch Act (42 U.S.C. 1766) shall submit to the Secretary data on—

(A) the number of family day care homes participating in the program on July 31, 1996, and July 31, 1997;

(B) the number of family day care homes licensed, certified, registered, or approved for service on July 31, 1996, and July 31, 1997; and

(C) such other data as the Secretary may require to carry out this subsection.

(3) SUBMISSION OF REPORT.—Not later than 2 years after the effective date of this section, the Secretary shall submit the study required under this subsection to the Committee on Economic and Educational Opportunities of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

SEC. 909. PILOT PROJECTS.

(a) UNIVERSAL FREE PILOT.—Section 18(d) of the National School Lunch Act (42 U.S.C. 1769(d)) is amended—

(1) by striking paragraph (3); and

(2) by redesignating paragraphs (4) and (5) as paragraphs (3) and (4), respectively.

(b) DEMO PROJECT OUTSIDE SCHOOL HOURS.—Section 18(e) of the Act is amended—

(1) in paragraph (1)—

(A) in subparagraph (A)—

(i) by striking "(A)"; and

(ii) by striking "shall" and inserting "may"; and

(B) by striking subparagraph (B); and

(2) by striking paragraph (5) and inserting the following:

"(5) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subsection such sums as are necessary for each of fiscal years 1997 and 1998.".

(c) ELIMINATING PROJECTS.—Section 18 of the Act is amended—

(1) by striking subsections (a) and (g) through (i); and

(2) by redesignating subsections (b) through (f), as so amended, as subsections (a) through (e), respectively.

(d) CONFORMING AMENDMENT.—Section 17B(d)(1)(A) of the Act (42 U.S.C. 1766b(d)(1)(A)) is amended by striking "18(c)" and inserting "18(b)".

SEC. 910. REDUCTION OF PAPERWORK.

Section 19 of the National School Lunch Act (42 U.S.C. 1769a) is repealed.

SEC. 911. INFORMATION ON INCOME ELIGIBILITY.

Section 23 of the National School Lunch Act (42 U.S.C. 1769d) is repealed.

SEC. 912. NUTRITION GUIDANCE FOR CHILD NUTRITION PROGRAMS.

Section 24 of the National School Lunch Act (42 U.S.C. 1769e) is repealed.

SEC. 913. INFORMATION CLEARINGHOUSE.

Section 26 of the National School Lunch Act (42 U.S.C. 1769g) is repealed.

SEC. 914. SCHOOL NUTRITION OPTIONAL BLOCK GRANT DEMONSTRATION PROGRAM.

(a) IN GENERAL.—The National School Lunch Act is amended by inserting after section 4 (42 U.S.C. 1753) the following:

"SEC. 5. SCHOOL NUTRITION OPTIONAL BLOCK GRANT DEMONSTRATION PROGRAM.

"(a) DEFINITIONS.—In this section:

"(1) BLOCK GRANT DEMONSTRATION PROGRAM.—The term 'block grant demonstration program' means the block grant program demonstration program established under subsection (b).

"(2) DEPARTMENT OF DEFENSE DOMESTIC DEPENDENTS' SCHOOL.—The term 'Department of Defense domestic dependents' school' means an elementary or secondary school established under section 2164 of title 10, United States Code.

"(3) LOW-INCOME STUDENT.—The term 'low-income student' means a student who is a member of a family whose income is less than 130 percent of the poverty line.

"(4) NEEDY STUDENT.—The term 'needy student' means a student who is a member of a family whose income is not less than 130 percent, and not more than 185 percent, of the poverty line.

"(5) POVERTY LINE.—The term 'poverty line' has the meaning provided in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)).

"(6) STATE PLAN.—The term 'State plan' means a State plan submitted to and approved by the Secretary under subsection (d).

"(b) ESTABLISHMENT.—The Secretary shall establish an optional block grant demonstration program in not more than 1 State in each of the 7 Food and Consumer Service regions of the United States Department of Agriculture to make grants to States to carry out a school lunch and breakfast program for all schoolchildren that—

"(1) safeguards the health and well-being of children through the provision of nutritious, well-balanced meals in schools;

"(2) provides children who are low-income students access to nutritious free meals;

"(3) provides children who are needy students access to nutritious low-cost meals;

"(4) ensures that children are receiving the nutrition required to take advantage of educational opportunities;

"(5) emphasizes foods that are naturally good sources of vitamins and minerals over foods that have been enriched with vitamins and minerals and are high in fat or sodium content;

"(6) provides a comprehensive school nutrition program for children, which may include offering free meals to all children at a school;

"(7) minimizes paperwork burdens and administrative expenses for participating schools; and

"(8) at the option of the State, provides meal supplements to children in afterschool care.

"(c) ELECTION BY THE STATE.—

"(1) IN GENERAL.—A State with respect to which an application submitted under subsection (d)(1) is approved may participate in the block grant demonstration program.

"(2) ELECTION IRREVOCABLE.—A State with respect to which an application under paragraph (1) is approved may not subsequently reverse the decision of the State to participate in the block grant demonstration program until the termination of the program under subsection (n).

"(3) BLOCK GRANT DEMONSTRATION PROGRAM EXCLUSIVE.—Except as otherwise provided in this section, a State that is participating in the block grant demonstration program shall not be subject to, or receive any benefit under—

"(A) the school lunch program established under this Act;

"(B) the school breakfast program established under section 4 of the Child Nutrition Act of 1966 (42 U.S.C. 1773); or

"(C) the commodity distribution programs established under sections 6 and 14.

"(4) MAINTENANCE OF SERVICE TO LOW-INCOME AND NEEDY STUDENTS.—

"(A) PROPORTIONS OF STUDENTS SERVED.—A State shall ensure that, during each year in which the State is participating in the block grant demonstration program, the proportions of school lunches and school breakfasts served to low-income students and needy students under the block grant demonstration program are not less than the proportions of school lunches and school breakfasts, respectively, served to low-income students and needy students in the last year of participation by the State in the school lunch program established under the other sections of this Act or the school breakfast program established under section 4 of the Child Nutrition Act of 1966 (42 U.S.C. 1773), respectively.

"(B) PROPORTIONS OF FUNDS USED TO PROVIDE SERVICE.—A State shall ensure that, during each year in which the State is participating in the block grant demonstration program, the proportions of funds used by the State to provide school lunches and school breakfasts for low-income students and needy students under the block grant demonstration program are not less than the proportions of

State funds used to provide school lunches and school breakfasts, respectively, for low-income students and needy students in the last year of participation by the State in the school lunch program established under the other sections of this Act or the school breakfast program established under section 4 of the Child Nutrition Act of 1966 (42 U.S.C. 1773), respectively.

"(d) APPLICATION AND STATE PLAN.—

"(1) APPLICATION.—To be eligible to receive assistance under the block grant demonstration program, a State shall prepare and submit to the Secretary an application at such time, in such manner, and containing such information as the Secretary shall by regulation reasonably require, including—

"(A) an assurance that the State will comply with the requirements of this section;

"(B) a State plan that meets the requirements of paragraph (2);

"(C) an assurance that the State will comply with the requirements of the State plan under paragraph (2); and

"(D) an assurance that the State will submit an annual report in accordance with paragraph (4).

"(2) REQUIREMENTS OF STATE PLAN.—

"(A) USE OF BLOCK GRANT DEMONSTRATION PROGRAM FUNDS.—

"(i) IN GENERAL.—Subject to clause (ii), the State plan shall provide that the State shall use the amounts provided to the State for each fiscal year under the block grant demonstration program to provide assistance to schools to provide lunches and breakfasts, including—

"(I) free lunches and breakfasts in accordance with subparagraph (E) to low-income students at the schools;

"(II) low-cost lunches and breakfasts to needy students at the schools;

"(III) at the option of the State, lunches and breakfasts to all students; and

"(IV) at the option of the State, meal supplements.

"(ii) ADMINISTRATIVE EXPENSES.—A State may not use the amounts described in clause (i) for the payment of State administrative expenses incurred in carrying out the block grant demonstration program.

"(iii) NONPROFIT OPERATION.—The school lunch and school breakfast program under the block grant demonstration program shall be operated on a nonprofit basis.

"(iv) MAINTENANCE OF STATE EFFORT.—For each fiscal year for which the State participates in the block grant demonstration program, the amount of the State revenues (excluding State revenues derived from the operation of the program) appropriated or used specifically for block grant demonstration program purposes (other than any State revenues expended for salaries

and administrative expenses of the program at the State level) shall be not less than the amount of such State revenues made available for the preceding fiscal year under this section or for the school lunch program under the other sections of this Act and the school breakfast program under section 4 of the Child Nutrition Act of 1966 (42 U.S.C. 1773), as appropriate.

"(B) NUTRITIONAL REQUIREMENTS.—

"(i) PROHIBITION ON ADDITIONAL REQUIREMENTS.—The Secretary may not impose any additional nutritional requirement beyond the requirements specified in this subparagraph.

"(ii) REQUIREMENTS.—The State plan shall provide for the establishment and implementation of minimum nutritional requirements for meals provided under the block grant demonstration program based on the most recent tested nutritional research available, except that the requirements shall not prohibit the substitution of foods to accommodate the medical or other special dietary needs of individual students.

"(iii) DIETARY GUIDELINES.—The nutritional requirements established under clause (ii) shall be consistent with the goals of the most recent Dietary Guidelines for Americans published under section 301 of the National Nutrition Monitoring and Related Research Act of 1990 (7 U.S.C. 5341).

"(iv) RECOMMENDED DIETARY ALLOWANCES.—The nutritional requirements established under clause (ii) shall require that meals provided under the block grant demonstration program provide, on the average over each week, at least—

"(I) with respect to school lunches, ⅓ of the daily recommended dietary allowance established by the Food and Nutrition Board of the National Research Council of the National Academy of Sciences; and

"(II) with respect to school breakfasts, ¼ of the daily recommended dietary allowance established by the Food and Nutrition Board of the National Research Council of the National Academy of Sciences.

"(C) REVIEW OF MEAL OPERATIONS.—The State plan shall provide that the State shall review the meal operations of each school food authority participating in the block grant demonstration program not later than 2 years, and not later than 4 years, after the implementation of the block grant demonstration program in the State.

"(D) GROUPS SERVED.—Subject to subsection (c)(4), the State plan shall describe how the block grant demonstration program will serve specific groups of students in the State.

"(E) ELIGIBILITY LIMITATIONS.—

"(i) IN GENERAL.—Subject to clauses (ii) and (iii), the State plan shall describe the income eligibility limi-

tations established for the receipt of free meals and low-cost meals under the block grant demonstration program.

"(ii) ELIGIBILITY FOR FREE MEALS.—

"(I) LOW-INCOME STUDENTS.—A low-income student who attends a school participating in the block grant demonstration program shall be eligible to receive free school lunches and school breakfasts under the block grant demonstration program.

"(II) OTHER STUDENTS.—The State plan may provide that a student who is a member of a family whose income is equal to or more than 130 percent of the poverty line and who attends a school participating in the block grant demonstration program shall be eligible to receive free school lunches and school breakfasts under the block grant demonstration program.

"(iii) ELIGIBILITY FOR LOW-COST MEALS.—

"(I) IN GENERAL.—The State plan shall provide that a needy student who attends a school participating in the block grant demonstration program shall be eligible to receive a low-cost meal under the block grant demonstration program.

"(II) PRICE.—A low-cost meal under subclause (I) shall be offered to a needy student at a price that is less than the price charged to a student who is a member of a family whose income is more than 185 percent of the poverty line.

"(III) GROUP ELIGIBILITY CRITERIA.—Subject to the other provisions of this subparagraph and to subsection (c)(4), each State may develop group eligibility criteria based on census or other accurate data that measures the income of families with school-aged children in a school district or based on prior year participation.

"(F) OPPORTUNITY FOR CONTINUED PARTICIPATION.—The State plan shall provide that each school participating in the school lunch program under the other sections of this Act or the school breakfast program under section 4 of the Child Nutrition Act of 1966 (42 U.S.C. 1773), or both, on the day before the effective date of this subparagraph shall be provided the opportunity to participate in the block grant demonstration program. Such continued participation shall include the opportunity for the school to provide the meal or combination of meals offered prior to the effective date of this subparagraph.

"(G) PROVISION OF COMMODITIES TO CASH/CLOC SCHOOLS.—

"(i) IN GENERAL.—A State plan may not require a school district, nonprofit private school, or Department of Defense domestic dependents' school described in clause (ii), except on request of the school district, private school, or domestic dependents' school, as the case

may be, to accept commodities for use in the school lunch or school breakfast program of the school district, private school, or domestic dependents' school in accordance with this section. The school district, private school, or domestic dependents' school may continue to receive commodity assistance in the form that the school received the assistance as of January 1, 1987.

"(ii) SCHOOLS.—Clause (i) applies to a school district, nonprofit private school, or Department of Defense domestic dependents' school, as the case may be, that as of January 1, 1987, was receiving all cash payments or all commodity letters of credit in lieu of entitlement commodities for the school lunch program of the school district, private school, or domestic dependents' school under section 18(b).

"(H) PRIVACY.—

"(i) IN GENERAL.—The State plan shall provide for safeguarding and restricting the use and disclosure of information about any student receiving assistance under the block grant demonstration program.

"(ii) RECIPIENTS OF FREE OR LOW-COST MEALS.—In providing assistance to schools to serve meals under the block grant demonstration program, the State shall ensure that the schools do not—

"(I) physically segregate students eligible to receive free or low-cost meals on the basis of the eligibility;

"(II) provide for the overt identification of the students by special tokens or tickets, announced or published list of names, or other means; or

"(III) otherwise discriminate against the students.

"(I) OTHER INFORMATION.—The State plan shall contain such other information as may be reasonably required by the Secretary.

"(3) APPROVAL OF APPLICATION AND STATE PLAN.—The Secretary shall approve an application and State plan that meet the requirements of this section.

"(4) REPORT.—The Secretary may provide a grant under the block grant demonstration program to a State for a fiscal year only if the State agrees that the State will submit, for the fiscal year, a report to the Secretary describing—

"(A) the number of students receiving assistance under the block grant demonstration program;

"(B) the different types of assistance provided to the students;

"(C) the extent to which the assistance was effective in achieving the goals described in subsection (b);

"(D) the total number of meals served to students under the block grant demonstration program, including the percentage of the meals served to low-income students and needy students;

"(E) the standards and methods that the State is using to ensure the nutritional quality of the meals served under the block grant demonstration program; and

"(F) any other information that may be reasonably required by the Secretary.

"(e) USE OF FUNDS.—Funds made available under this section may be expended only for—

"(1) school lunches, school breakfasts, and meal supplements; and

"(2) the purchase of equipment needed to improve school food services under the block grant demonstration program.

"(f) ENFORCEMENT.—

"(1) REVIEW OF COMPLIANCE WITH STATE PLAN.—The Secretary shall review and monitor State compliance with this section and the State plan.

"(2) NONCOMPLIANCE.—

"(A) IN GENERAL.—If the Secretary, after providing reasonable notice to a State and opportunity for a hearing, finds that—

"(i) there has been a failure by the State to comply substantially with any provision or requirement set forth in the State plan; or

"(ii) in the operation of any program or activity for which assistance is provided under the block grant demonstration program, there is a failure by the State to comply substantially with any provision of this section;

the Secretary shall notify the State of the finding and that no further payments will be made to the State under the block grant demonstration program, or, in the case of noncompliance in the operation of a program or activity, that no further payments to the State will be made with respect to the program or activity, until the Secretary determines that there is no longer any failure to comply or that the noncompliance will be promptly corrected.

"(B) OTHER SANCTIONS.—In the case of a finding of noncompliance made under subparagraph (A), the Secretary may, in addition to, or in lieu of, imposing the sanctions described in subparagraph (A), impose other appropriate sanctions, including recoupment of money improperly expended for purposes prohibited or not authorized by this section and disqualification from the receipt of financial assistance under this section.

"(C) NOTICE.—The notice required under subparagraph (A) shall include a specific identification of any additional sanction being imposed under subparagraph (B).

"(3) ISSUANCE OF REGULATIONS.—The Secretary shall establish by regulation procedures for—

"(A) receiving, processing, and determining the validity of complaints concerning any failure of a State to comply with the State plan or any requirement of this section; and

"(B) imposing sanctions under this section.

"(g) PAYMENTS.—

"(1) IN GENERAL.—For each fiscal year, the Secretary shall pay to a State that has an application approved by the Secretary under subsection (d)(3) and that complies with paragraph (3) an amount that is equal to the allotment of the State under subsection (i) for the fiscal year.

"(2) METHODS OF PAYMENT.—The Secretary shall make payments to a State for a fiscal year under this section on a quarterly basis—

"(A) by issuing letters of credit for the fiscal year, with necessary adjustments on account of overpayments or underpayments, as determined by the Secretary; and

"(B) by providing not less than 8 percent but not more than 10 percent of the amount of the allotment to the State in the form of commodities.

"(3) EXPENDITURE OF FUNDS BY STATES.—Payments to a State from an allotment under subsection (i) for a fiscal year may be expended by the State only in the fiscal year or in the succeeding fiscal year.

"(4) PROVISION OF SCHOOL LUNCHES AND BREAKFASTS.—Subject to the other provisions of this section, a State may provide school lunches and school breakfasts under the block grant demonstration program in any manner determined appropriate by the State.

"(h) AUDITS.—

"(1) REQUIREMENT.—After the close of each fiscal year, the Secretary shall carry out an audit of the expenditures from amounts received under this section by each State participating in the block grant demonstration program during the fiscal year.

"(2) RECORDS.—Each State described in paragraph (1) shall maintain such records as the Secretary may reasonably require to carry out an audit under this subsection.

"(3) REPAYMENT OF AMOUNTS.—Each State shall repay to the United States any amounts determined through an audit under this subsection to have not been expended in accordance with this section or to have not been expended in accordance with the State plan, or the Secretary may offset the amounts against any other amount paid to the State under this section.

"(i) ALLOTMENTS.—

"(1) FIRST FISCAL YEAR.—

"(A) IN GENERAL.—For the first fiscal year in which the State participates in the block grant demonstration program, the Secretary shall allot to the State, from amounts made available under section 3 of this Act and the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.), an amount that is equal to the amount that the Secretary projects would be made available to the State to carry out the school lunch program under the other sections of this Act and the school breakfast program under section 4 of the Child Nutrition Act of 1966 (42 U.S.C. 1773) (including the value of commodities made available under the commodity distribution programs established under sections 6 and 14) for the fiscal year.

"(B) BASIS FOR PROJECTIONS.—In making a projection under subparagraph (A), the Secretary shall take into account—

"(i) participation trends in the State; and

"(ii) projected changes in reimbursement rates under the school lunch program under the other sections of this Act, and the school breakfast program under section 4 of the Child Nutrition Act of 1966 (42 U.S.C. 1773).

"(C) PUBLICATION IN THE FEDERAL REGISTER.—The Secretary shall publish in the Federal Register—

"(i) not later than February 1, 1996, and each February 1 thereafter, the amount that the Secretary projects will be made available to each State that, as of the date of publication, is not participating in the block grant demonstration program to carry out the school lunch program under the other sections of this Act and the school breakfast program under section 4 of the Child Nutrition Act of 1966 (42 U.S.C. 1773) for the first fiscal year that begins after the date of publication; and

"(ii) not later than February 1, 1998, and each February 1 thereafter, with respect to each State for which a projection was made under clause (i)—

"(I) the amount that the Secretary projected would be made available to the State for the fiscal year that ended the preceding September 30; and

"(II) the amount that actually was made available to the State for the fiscal year that ended the preceding September 30.

"(2) LATER FISCAL YEARS.—For each fiscal year after the first fiscal year referred to in paragraph (1), the Secretary shall allot to the State, from amounts made available under section 3 of this Act and the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.), an amount that is equal to the sum of—

"(A) the amount allotted under paragraph (1); and

"(B) the product of—

"(i) the amount allotted under paragraph (1); and

"(ii) a factor consisting of the sum of—

"(I) ½ of the percentage change in the series for food away from home of the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics of the Department of Labor for the most recent 12-month period for which such data are available; and

"(II) ½ of the percentage change in the number of children projected to be enrolled in school in the State in the current school year (as of the first day of the fiscal year) as compared to the number of children enrolled in school in the State in the preceding school year.

"(j) RELATIONSHIP TO OTHER LAWS.—The value of assistance provided to students under the block grant demonstration program shall not be considered to be income or resources for any purpose

under any Federal or State law, including any law relating to taxation and welfare and public assistance programs.

"(k) ALTERNATIVE ASSISTANCE TO CERTAIN STUDENTS.—

"(1) ASSISTANCE.—If, by reason of any other provision of law, a State participating in the block grant demonstration program is prohibited from providing assistance from amounts received from a grant under the block grant demonstration program to a nonprofit private school or Department of Defense domestic dependents' school for a fiscal year to carry out the block grant demonstration program, or the Secretary determines that a State has substantially failed or is unwilling to provide the assistance to a nonprofit private school, Department of Defense domestic dependents' school, or public school, for the fiscal year, the Secretary shall, after consultation with appropriate representatives of the State and affected school, arrange for the provision of the assistance to the school for the fiscal year in accordance with the other sections of this Act.

"(2) REDUCTION IN AMOUNT OF STATE GRANT.—If the Secretary arranges for the provision of assistance to a nonprofit private school, Department of Defense domestic dependents' school, or public school in a State for a fiscal year under paragraph (1), the amount of the grant to the State for the fiscal year shall be reduced by the amount of the assistance provided to the school.

"(l) TRANSITION PROVISIONS.—

"(1) TRANSITION INTO BLOCK GRANT DEMONSTRATION PROGRAM.—A State for which an application and State plan are approved under subsection (d)(3) shall be eligible to use a portion (as determined by the Secretary) of the funds and commodities made available to the State for the preceding fiscal year under the school lunch program under the other sections of this Act, and the school breakfast program under section 4 of the Child Nutrition Act of 1966 (42 U.S.C. 1773), to make a transition into the block grant demonstration program.

"(2) TRANSITION UPON TERMINATION OF BLOCK GRANT DEMONSTRATION PROGRAM.—Upon termination of the block grant demonstration program, a State that participated in the block grant demonstration program shall be eligible to use a portion (as determined by the Secretary) of the funds and commodities made available to the State for the preceding fiscal year under the block grant demonstration program to make a transition back to the operation of the school lunch program under the other sections of this Act and the school breakfast program under section 4 of the Child Nutrition Act of 1966 (42 U.S.C. 1773).

"(m) EVALUATIONS BY THE SECRETARY.—

"(1) IN GENERAL.—Not later than 3 years after the establishment of the block grant demonstration program and not later than 180 days prior to the termination date specified in subsection (n), the Secretary shall conduct an evaluation, and submit a report on the evaluation to Congress (including the comments of the Comptroller General of the United States under paragraph (3)), concerning the block grant demonstration program.

"(2) CONTENTS.—In carrying out paragraph (1), the Secretary shall evaluate, using, to the extent practicable, data required to be reported by the States under this section—

"(A) the effects of the block grant demonstration program on the nutritional quality of the meals offered;

"(B) the degree to which children, especially children who are low-income students and children who are needy students, participated in the block grant demonstration program during each fiscal year covered by the evaluation as compared to the participation of the children in the block grant demonstration program, or in the school lunch program under the other sections of this Act and the school breakfast program under section 4 of the Child Nutrition Act of 1966 (42 U.S.C. 1773), during the prior fiscal year;

"(C) the income distribution of the children served and the amount of Federal assistance the children received under the block grant demonstration program for each fiscal year;

"(D) the schools participating in, and the types of meals offered under, the block grant demonstration program during each fiscal year covered by the evaluation as compared to the schools participating in, and the types of meals offered under, the block grant demonstration program, or the school lunch program under the other sections of this Act and the school breakfast program under section 4 of the Child Nutrition Act of 1966 (42 U.S.C. 1773), during the prior fiscal year;

"(E) how the implementation of the block grant demonstration program differs from the implementation of the school lunch program under the other sections of this Act and the school breakfast program under section 4 of the Child Nutrition Act of 1966 (42 U.S.C. 1773);

"(F) the effect of the block grant demonstration program on the administrative costs paid by States and schools to carry out school lunch and school breakfast programs;

"(G) the effect of the block grant demonstration program on the paperwork required to be completed by schools and parents under school lunch and school breakfast programs; and

"(H) such other issues concerning the block grant demonstration program as the Secretary considers appropriate.

"(3) COMMENTS BY THE COMPTROLLER GENERAL.—The Comptroller General of the United States shall—

"(A) comment on the evaluation conducted under paragraph (1), including the methodology used by the Secretary in conducting the evaluation; and

"(B) submit the comments to the Secretary for inclusion in the evaluation.

"(n) TERMINATION OF AUTHORITY.—The authority to carry out the block grant demonstration program shall terminate on September 30, 2000.".

(b) STATE ADMINISTRATIVE EXPENSES.—The first sentence of section 7(a)(1) of the Child Nutrition Act of 1966 (42 U.S.C. 1776(a)(1)) is amended by inserting "5," after "4,".

(c) PROHIBITION ON WAIVERS.—Section 12(l)(4) of the National School Lunch Act (42 U.S.C. 1760(l)(4)) is amended—

(1) in subparagraph (M), by striking "and" at the end;

(2) in subparagraph (N), by striking the period at the end and inserting "; and"; and

(3) by adding at the end the following:

"(O) the school nutrition optional block grant demonstration program established under section 5.".

Subtitle B—Child Nutrition Act of 1966

SEC. 921. SPECIAL MILK PROGRAM.

Section 3(a)(3) of the Child Nutrition Act of 1966 (42 U.S.C. 1772(a)(3)) is amended by striking "the Trust Territory of the Pacific Islands" and inserting "the Commonwealth of the Northern Mariana Islands".

SEC. 922. FREE AND REDUCED PRICE POLICY STATEMENT.

Section 4(b)(1) of the Child Nutrition Act of 1966 (42 U.S.C. 1773(b)(1)) is amended by adding at the end the following:

"(E) FREE AND REDUCED PRICE POLICY STATEMENT.—After the initial submission, a school shall not be required to submit a free and reduced price policy statement to a State educational agency under this Act unless there is a substantive change in the free and reduced price policy of the school. A routine change in the policy of a school, such as an annual adjustment of the income eligibility guidelines for free and reduced price meals, shall not be sufficient cause for requiring the school to submit a policy statement.".

SEC. 923. SCHOOL BREAKFAST PROGRAM AUTHORIZATION.

(a) TRAINING AND TECHNICAL ASSISTANCE IN FOOD PREPARATION.—Section 4(e)(1) of the Child Nutrition Act of 1966 (42 U.S.C. 1773(e)(1)) is amended—

(1) in subparagraph (A), by striking "(A)"; and

(2) by striking subparagraph (B).

(b) EXPANSION OF PROGRAM; STARTUP AND EXPANSION COSTS.—

(1) IN GENERAL.—Section 4 of the Act is amended by striking subsections (f) and (g).

(2) EFFECTIVE DATE.—The amendments made by paragraph (1) shall become effective on October 1, 1996.

SEC. 924. STATE ADMINISTRATIVE EXPENSES.

(a) USE OF FUNDS FOR COMMODITY DISTRIBUTION ADMINISTRATION; STUDIES.—Section 7 of the Child Nutrition Act of 1966 (42 U.S.C. 1776) is amended—

(1) by striking subsections (e) and (h); and

(2) by redesignating subsections (f), (g), and (i) as subsections (e), (f), and (g), respectively.

(b) APPROVAL OF CHANGES.—Section 7(e) of the Act, as so redesignated, is amended—

(1) by striking "each year an annual plan" and inserting "the initial fiscal year a plan"; and

(2) by adding at the end the following: "After submitting the initial plan, a State shall only be required to submit to the Secretary for approval a substantive change in the plan.".

SEC. 925. REGULATIONS.

Section 10 of the Child Nutrition Act of 1966 (42 U.S.C. 1779) is amended—

(1) in subsection (b)—

(A) in paragraph (1), by striking "(1)"; and

(B) by striking paragraphs (2) through (4); and

(2) in subsection (c), by striking "may" and inserting "shall".

SEC. 926. PROHIBITIONS.

Section 11(a) of the Child Nutrition Act of 1966 (42 U.S.C. 1780(a)) is amended by striking "neither the Secretary nor the State shall" and inserting "the Secretary shall not".

SEC. 927. MISCELLANEOUS PROVISIONS AND DEFINITIONS.

Section 15 of the Child Nutrition Act of 1966 (42 U.S.C. 1784) is amended—

(1) in paragraph (1), by striking "the Trust Territory of the Pacific Islands" and inserting "the Commonwealth of the Northern Mariana Islands"; and

(2) in the first sentence of paragraph (3)—

(A) in subparagraph (A), by inserting "and" at the end; and

(B) by striking ", and (C)" and all that follows through "Governor of Puerto Rico".

SEC. 928. ACCOUNTS AND RECORDS.

The second sentence of section 16(a) of the Child Nutrition Act of 1966 (42 U.S.C. 1785(a)) is amended by striking "at all times be available" and inserting "be available at any reasonable time".

SEC. 929. SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN.

(a) DEFINITIONS.—Section 17(b) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(b)) is amended—

(1) in paragraph (15)(B)(iii), by inserting "of not more than 90 days" after "accommodation"; and

(2) in paragraph (16)—

(A) in subparagraph (A), by adding "and" at the end; and

(B) in subparagraph (B), by striking "; and" and inserting a period; and

(C) by striking subparagraph (C).

(b) SECRETARY'S PROMOTION OF WIC.—Section 17(c) of the Act is amended by striking paragraph (5).

(c) ELIGIBLE PARTICIPANTS.—Section 17(d) of the Act is amended by striking paragraph (4).

(d) NUTRITION EDUCATION AND DRUG ABUSE EDUCATION.—Section 17(e) of the Act is amended—

(1) in the first sentence of paragraph (1), by striking "shall ensure" and all that follows through "is provided" and inserting "shall provide nutrition education and may provide drug abuse education";

(2) in paragraph (2), by striking the third sentence;

(3) by striking paragraph (4) and inserting the following:

"(4) INFORMATION.—The State agency may provide a local agency with materials describing other programs for which participants in the program may be eligible.";

(4) in paragraph (5), by striking "The State" and all that follows through "local agency shall" and inserting "A local agency may"; and

(5) by striking paragraph (6).

(e) STATE PLAN.—Section 17(f) of the Act is amended—

(1) in paragraph (1)—

(A) in subparagraph (A)—

(i) by striking "annually to the Secretary, by a date specified by the Secretary, a" and inserting "to the Secretary, by a date specified by the Secretary, an initial"; and

(ii) by adding at the end the following: "After submitting the initial plan, a State shall only be required to submit to the Secretary for approval a substantive change in the plan.";

(B) in subparagraph (C)—

(i) by striking clause (iii) and inserting the following:

"(iii) a plan to coordinate operations under the program with other services or programs that may benefit participants in, and applicants for, the program;";

(ii) in clause (vi), by inserting after "in the State" the following: "(including a plan to improve access to the program for participants and prospective applicants who are employed, or who reside in rural areas)";

(iii) by striking clauses (vii), (ix), (x), and (xii);

(iv) in clause (xiii), by striking "may require" and inserting "may reasonably require"; and

(v) by redesignating clauses (viii), (xi), and (xiii), as so amended, as clauses (vii), (viii), and (ix), respectively;

(C) by striking subparagraph (D); and

(D) by redesignating subparagraph (E) as subparagraph (D);

(2) by striking paragraphs (2), (6), (8), (20), (22), and (24);

(3) in the second sentence of paragraph (5), by striking "at all times be available" and inserting "be available at any reasonable time";

(4) in paragraph (9)(B), by striking the second sentence;

(5) in the first sentence of paragraph (11), by striking ", including standards that will ensure sufficient State agency staff";

(6) in paragraph (12), by striking the third sentence;

(7) in paragraph (14), by striking "shall" and inserting "may";

(8) in paragraph (17), by striking "and to accommodate" and all that follows through "facilities";

(9) in paragraph (19), by striking "shall" and inserting "may"; and

(10) by redesignating paragraphs (3), (4), (5), (7), (9) through (19), (21), and (23), as so amended, as paragraphs (2), (3), (4), (5), (6) through (16), (17), and (18), respectively.

(f) INFORMATION.—Section 17(g) of the Act is amended—

(1) in paragraph (5), by striking "the report required under subsection (d)(4)" and inserting "reports on program participant characteristics"; and

(2) by striking paragraph (6).

(g) PROCUREMENT OF INFANT FORMULA.—

(1) IN GENERAL.—Section 17(h) of the Act is amended—

(A) in paragraph (4)(E), by striking "and, on" and all that follows through "(d)(4)";

(B) in paragraph (8)—

(i) by striking subparagraphs (A), (C), and (M);

(ii) in subparagraph (G)—

(I) in clause (i), by striking "(i)"; and

(II) by striking clauses (ii) through (ix);

(iii) in subparagraph (I), by striking "Secretary—" and all that follows through "(v) may" and inserting "Secretary may";

(iv) by redesignating subparagraphs (B) and (D) through (L) as subparagraphs (A) and (B) through (J), respectively;

(v) in subparagraph (A)(i), as so redesignated, by striking "subparagraphs (C), (D), and (E)(iii), in carrying out subparagraph (A)," and inserting "subparagraphs (B) and (C)(iii),";

(vi) in subparagraph (B)(i), as so redesignated, by striking "subparagraph (B)" each place it appears and inserting "subparagraph (A)"; and

(vii) in subparagraph (C)(iii), as so redesignated, by striking "subparagraph (B)" and inserting "subparagraph (A)"; and

(C) in paragraph (10)(A), by striking "shall" and inserting "may".

(2) APPLICATION.—The amendments made by paragraph (1) shall not apply to a contract for the procurement of infant formula under section 17(h)(8) of the Act that is in effect on the effective date of this subsection.

(h) NATIONAL ADVISORY COUNCIL ON MATERNAL, INFANT, AND FETAL NUTRITION.—Section 17(k)(3) of the Act is amended by striking "Secretary shall designate" and inserting "Council shall elect".

(i) COMPLETED STUDY; COMMUNITY COLLEGE DEMONSTRATION; GRANTS FOR INFORMATION AND DATA SYSTEM.—Section 17 of the Act is amended by striking subsections (n), (o), and (p).

(j) DISQUALIFICATION OF VENDORS WHO ARE DISQUALIFIED UNDER THE FOOD STAMP PROGRAM.—Section 17 of the Act, as so amended, is further amended by adding at the end the following:

"(n) DISQUALIFICATION OF VENDORS WHO ARE DISQUALIFIED UNDER THE FOOD STAMP PROGRAM.—

"(1) IN GENERAL.—The Secretary shall issue regulations providing criteria for the disqualification under this section of an approved vendor that is disqualified from accepting benefits under the food stamp program established under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.).

"(2) TERMS.—A disqualification under paragraph (1)—

"(A) shall be for the same period as the disqualification from the program referred to in paragraph (1);

"(B) may begin at a later date than the disqualification from the program referred to in paragraph (1); and

"(C) shall not be subject to judicial or administrative review.".

SEC. 930. CASH GRANTS FOR NUTRITION EDUCATION.

Section 18 of the Child Nutrition Act of 1966 (42 U.S.C. 1787) is repealed.

SEC. 931. NUTRITION EDUCATION AND TRAINING.

(a) FINDINGS.—Section 19 of the Child Nutrition Act of 1966 (42 U.S.C. 1788) is amended—

(1) in subsection (a), by striking "that—" and all that follows through the period at the end and inserting "that effective dissemination of scientifically valid information to children participating or eligible to participate in the school lunch and related child nutrition programs should be encouraged."; and

(2) in subsection (b), by striking "encourage" and all that follows through "establishing" and inserting "establish".

(b) USE OF FUNDS.—Section 19(f) of the Act is amended—

(1) in paragraph (1)—

(A) by striking subparagraph (B); and

(B) in subparagraph (A)—

(i) by striking "(A)";

(ii) by striking clauses (ix) through (xix);

(iii) by redesignating clauses (i) through (viii) and (xx) as subparagraphs (A) through (H) and (I), respectively; and

(iv) in subparagraph (H), as so redesignated, by inserting "and" at the end;

(2) by striking paragraphs (2) and (4); and

(3) by redesignating paragraph (3) as paragraph (2).

(c) ACCOUNTS, RECORDS, AND REPORTS.—The second sentence of section 19(g)(1) of the Act is amended by striking "at all times be available" and inserting "be available at any reasonable time".

(d) STATE COORDINATORS FOR NUTRITION; STATE PLAN.—Section 19(h) of the Act is amended—

(1) in the second sentence of paragraph (1)—

(A) by striking "as provided in paragraph (2) of this subsection"; and

(B) by striking "as provided in paragraph (3) of this subsection";

(2) in paragraph (2), by striking the second and third sentences; and

(3) by striking paragraph (3).

(e) AUTHORIZATION OF APPROPRIATIONS.—Section 19(i) of the Act is amended—

(1) in the first sentence of paragraph (2)(A), by striking "and each succeeding fiscal year";

(2) by redesignating paragraphs (3) and (4) as paragraphs (4) and (5), respectively; and

(3) by inserting after paragraph (2) the following:

"(3) FISCAL YEARS 1997 THROUGH 2002.—

"(A) IN GENERAL.—There are authorized to be appropriated to carry out this section $10,000,000 for each of fiscal years 1997 through 2002.

"(B) GRANTS.—

"(i) IN GENERAL.—Grants to each State from the amounts made available under subparagraph (A) shall be based on a rate of 50 cents for each child enrolled in schools or institutions within the State, except that no State shall receive an amount less than $75,000 per fiscal year.

"(ii) INSUFFICIENT FUNDS.—If the amount made available for any fiscal year is insufficient to pay the amount to which each State is entitled under clause (i), the amount of each grant shall be ratably reduced.".

(f) ASSESSMENT.—Section 19 of the Act is amended by striking subsection (j).

(g) EFFECTIVE DATE.—The amendments made by subsection (e) shall become effective on October 1, 1996.

SEC. 932. BREASTFEEDING PROMOTION PROGRAM.

Section 21 of the Child Nutrition Act of 1966 (42 U.S.C. 1790) is repealed.

TITLE X—FOOD STAMPS AND COMMODITY DISTRIBUTION

SEC. 1001. SHORT TITLE.

This title may be cited as the "Food Stamp Reform and Commodity Distribution Act of 1995".

Subtitle A—Food Stamp Program

SEC. 1011. DEFINITION OF CERTIFICATION PERIOD.

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

SEC. 1012. DEFINITION OF COUPON.

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

SEC. 1013. TREATMENT OF CHILDREN LIVING AT HOME.

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

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

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

SEC. 1015. ADJUSTMENT OF THRIFTY FOOD PLAN.

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

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

"(1) make";

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

"(2) make";

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

"(3) make"; and

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

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

SEC. 1016. DEFINITION OF HOMELESS INDIVIDUAL.

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

SEC. 1017. STATE OPTION FOR ELIGIBILITY STANDARDS.

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

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

SEC. 1018. EARNINGS OF STUDENTS.

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

SEC. 1019. ENERGY ASSISTANCE.

(a) IN GENERAL.—Section 5(d) of the Food Stamp Act of 1977 (7 U.S.C. 2014(d)) is amended by striking paragraph (11) and inserting the following: "(11) a 1-time payment or allowance made under a Federal or State law for the costs of weatherization or emer-

gency repair or replacement of an unsafe or inoperative furnace or other heating or cooling device,".

(b) CONFORMING AMENDMENTS.—

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

(A) in paragraph (1)—

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

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

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

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

(C) by adding at the end the following:

"(4) THIRD PARTY ENERGY ASSISTANCE PAYMENTS.—

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

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

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

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

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

(C) by striking paragraph (2).

SEC. 1020. DEDUCTIONS FROM INCOME.

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

"(e) DEDUCTIONS FROM INCOME.—

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

"(2) EARNED INCOME DEDUCTION.—

"(A) DEFINITION OF EARNED INCOME.—In this paragraph, the term 'earned income' does not include income excluded by subsection (d) or any portion of income earned under a work supplementation or support program, as defined under section 16(b), that is attributable to public assistance.

"(B) DEDUCTION.—Except as provided in subparagraph (C), a household with earned income shall be allowed a deduction of 20 percent of all earned income (other than income excluded by subsection (d)) to compensate for taxes, other mandatory deductions from salary, and work expenses.

"(C) EXCEPTION.—The deduction described in subparagraph (B) shall not be allowed with respect to determining an overissuance due to the failure of a household to report earned income in a timely manner.

"(3) DEPENDENT CARE DEDUCTION.—

"(A) IN GENERAL.—A household shall be entitled, with respect to expenses (other than excluded expenses described in subparagraph (B)) for dependent care, to a dependent care deduction, the maximum allowable level of which shall be $200 per month for each dependent child under 2 years of age and $175 per month for each other dependent, for the actual cost of payments necessary for the care of a dependent if the care enables a household member to accept or continue employment, or training or education that is preparatory for employment.

"(B) EXCLUDED EXPENSES.—The excluded expenses referred to in subparagraph (A) are—

"(i) expenses paid on behalf of the household by a third party;

"(ii) amounts made available and excluded for the expenses referred to in subparagraph (A) under subsection (d)(3); and

"(iii) expenses that are paid under section 6(d)(4).

"(4) DEDUCTION FOR CHILD SUPPORT PAYMENTS.—

"(A) IN GENERAL.—A household shall be entitled to a deduction for child support payments made by a household member to or for an individual who is not a member of the household if the household member is legally obligated to make the payments.

"(B) METHODS FOR DETERMINING AMOUNT.—The Secretary may prescribe by regulation the methods, including calculation on a retrospective basis, that a State agency shall use to determine the amount of the deduction for child support payments.

"(5) HOMELESS SHELTER ALLOWANCE.—A State agency may develop a standard homeless shelter allowance, which shall not exceed $139 per month, for such expenses as may reasonably be expected to be incurred by households in which all members are homeless individuals but are not receiving free shelter throughout the month. A State agency that develops the allowance may use the allowance in determining eligibility and allotments for the households, except that the State agency may prohibit the use of the allowance for households with extremely low shelter costs.

"(6) EXCESS MEDICAL EXPENSE DEDUCTION.—

"(A) IN GENERAL.—A household containing an elderly or disabled member shall be entitled, with respect to expenses other than expenses paid on behalf of the household by a third party, to an excess medical expense deduction for the portion of the actual costs of allowable medical expenses, incurred by the elderly or disabled member, exclusive of special diets, that exceeds $35 per month.

"(B) METHOD OF CLAIMING DEDUCTION.—

"(i) IN GENERAL.—A State agency shall offer an eligible household under subparagraph (A) a method of claiming a deduction for recurring medical expenses that are initially verified under the excess medical expense deduction in lieu of submitting information or verification on actual expenses on a monthly basis.

"(ii) METHOD.—The method described in clause (i) shall—

"(I) be designed to minimize the burden for the eligible elderly or disabled household member choosing to deduct the recurrent medical expenses of the member pursuant to the method;

"(II) rely on reasonable estimates of the expected medical expenses of the member for the certification period (including changes that can be reasonably anticipated based on available information about the medical condition of the member, public or private medical insurance coverage, and the current verified medical expenses incurred by the member); and

"(III) not require further reporting or verification of a change in medical expenses if such a change has been anticipated for the certification period.

"(7) EXCESS SHELTER EXPENSE DEDUCTION.—

"(A) IN GENERAL.—A household shall be entitled, with respect to expenses other than expenses paid on behalf of the household by a third party, to an excess shelter expense deduction to the extent that the monthly amount expended by a household for shelter exceeds an amount equal to 50 percent of monthly household income after all other applicable deductions have been allowed.

"(B) MAXIMUM AMOUNT OF DEDUCTION.—In the case of a household that does not contain an elderly or disabled individual, the excess shelter expense deduction shall not exceed—

"(i) in the 48 contiguous States and the District of Columbia, $247 per month; and

"(ii) in Alaska, Hawaii, Guam, and the Virgin Islands of the United States, $429, $353, $300, and $182 per month, respectively.

"(C) STANDARD UTILITY ALLOWANCE.—

"(i) IN GENERAL.—In computing the excess shelter expense deduction, a State agency may use a standard utility allowance in accordance with regulations promulgated by the Secretary, except that a State agency may use an allowance that does not fluctuate within a year to reflect seasonal variations.

"(ii) RESTRICTIONS ON HEATING AND COOLING EXPENSES.—An allowance for a heating or cooling expense may not be used in the case of a household that—

"(I) does not incur a heating or cooling expense, as the case may be;

"(II) does incur a heating or cooling expense but is located in a public housing unit that has central utility meters and charges households, with regard to the expense, only for excess utility costs; or

"(III) shares the expense with, and lives with, another individual not participating in the food stamp program, another household participating in the food stamp program, or both, unless the allowance is prorated between the household and the other individual, household, or both.

"(iii) MANDATORY ALLOWANCE.—

"(I) IN GENERAL.—A State agency may make the use of a standard utility allowance mandatory for all households with qualifying utility costs if—

"(aa) the State agency has developed 1 or more standards that include the cost of heating and cooling and 1 or more standards that do not include the cost of heating and cooling; and

"(bb) the Secretary finds that the standards will not result in an increased cost to the Secretary.

"(II) HOUSEHOLD ELECTION.—A State agency that has not made the use of a standard utility allowance mandatory under subclause (I) shall allow a household to switch, at the end of a certification period, between the standard utility allowance and a deduction based on the actual utility costs of the household.

"(iv) AVAILABILITY OF ALLOWANCE TO RECIPIENTS OF ENERGY ASSISTANCE.—

"(I) IN GENERAL.—Subject to subclause (II), if a State agency elects to use a standard utility allowance that reflects heating or cooling costs, the standard utility allowance shall be made available to households receiving a payment, or on behalf of which a payment is made, under the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8621 et seq.) or other similar energy assistance program, if the household still incurs out-of-pocket heating or cooling expenses in excess of any assistance paid on behalf of the household to an energy provider.

"(II) SEPARATE ALLOWANCE.—A State agency may use a separate standard utility allowance for households on behalf of which a payment described in subclause (I) is made, but may not be required to do so.

"(III) STATES NOT ELECTING TO USE SEPARATE ALLOWANCE.—A State agency that does not elect to use a separate allowance but makes a single standard utility allowance available to households incurring heating or cooling expenses (other than a

household described in subclause (I) or (II) of subparagraph (C)(ii)) may not be required to reduce the allowance due to the provision (directly or indirectly) of assistance under the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8621 et seq.).

"(IV) PRORATION OF ASSISTANCE.—For the purpose of the food stamp program, assistance provided under the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8621 et seq.) shall be considered to be prorated over the entire heating or cooling season for which the assistance was provided.".

(b) CONFORMING AMENDMENT.—Section 11(e)(3) of the Act (7 U.S.C. 2020(e)(3)) is amended by striking ". Under rules prescribed" and all that follows through "verifies higher expenses".

SEC. 1021. VEHICLE ALLOWANCE.

Section 5(g) of the Food Stamp Act of 1977 (7 U.S.C. 2014(g)) is amended by striking paragraph (2) and inserting the following:

"(2) INCLUDED ASSETS.—

"(A) IN GENERAL.—Subject to the other provisions of this paragraph, the Secretary shall, in prescribing inclusions in, and exclusions from, financial resources, follow the regulations in force as of June 1, 1982 (other than those relating to licensed vehicles and inaccessible resources).

"(B) ADDITIONAL INCLUDED ASSETS.—The Secretary shall include in financial resources—

"(i) any boat, snowmobile, or airplane used for recreational purposes;

"(ii) any vacation home;

"(iii) any mobile home used primarily for vacation purposes;

"(iv) subject to subparagraph (C), any licensed vehicle that is used for household transportation or to obtain or continue employment to the extent that the fair market value of the vehicle exceeds $4,600; and

"(v) any savings or retirement account (including an individual account), regardless of whether there is a penalty for early withdrawal.

"(C) EXCLUDED VEHICLES.—A vehicle (and any other property, real or personal, to the extent the property is directly related to the maintenance or use of the vehicle) shall not be included in financial resources under this paragraph if the vehicle is—

"(i) used to produce earned income;

"(ii) necessary for the transportation of a physically disabled household member; or

"(iii) depended on by a household to carry fuel for heating or water for home use and provides the primary source of fuel or water, respectively, for the household.".

SEC. 1022. VENDOR PAYMENTS FOR TRANSITIONAL HOUSING COUNTED AS INCOME.

Section 5(k)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2014(k)(2)) is amended—

(1) by striking subparagraph (F); and

(2) by redesignating subparagraphs (G) and (H) as subparagraphs (F) and (G), respectively.

SEC. 1023. DOUBLED PENALTIES FOR VIOLATING FOOD STAMP PROGRAM REQUIREMENTS.

Section 6(b)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2015(b)(1)) is amended—

(1) in clause (i), by striking "six months" and inserting "1 year"; and

(2) in clause (ii), by striking "1 year" and inserting "2 years".

SEC. 1024. DISQUALIFICATION OF CONVICTED INDIVIDUALS.

Section 6(b)(1)(iii) of the Food Stamp Act of 1977 (7 U.S.C. 2015(b)(1)(iii)) is amended—

(1) in subclause (II), by striking "or" at the end;

(2) in subclause (III), by striking the period at the end and inserting "; or"; and

(3) by inserting after subclause (III) the following:

"(IV) a conviction of an offense under subsection (b) or (c) of section 15 involving an item covered by subsection (b) or (c) of section 15 having a value of $500 or more.".

SEC. 1025. DISQUALIFICATION.

(a) IN GENERAL.—Section 6(d) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)) is amended by striking "(d)(1) Unless otherwise exempted by the provisions" and all that follows through the end of paragraph (1) and inserting the following:

"(d) CONDITIONS OF PARTICIPATION.—

"(1) WORK REQUIREMENTS.—

"(A) IN GENERAL.—No physically and mentally fit individual over the age of 15 and under the age of 60 shall be eligible to participate in the food stamp program if the individual—

"(i) refuses, at the time of application and every 12 months thereafter, to register for employment in a manner prescribed by the Secretary;

"(ii) refuses without good cause to participate in an employment and training program under paragraph (4), to the extent required by the State agency;

"(iii) refuses without good cause to accept an offer of employment, at a site or plant not subject to a strike or lockout at the time of the refusal, at a wage not less than the higher of—

"(I) the applicable Federal or State minimum wage; or

"(II) 80 percent of the wage that would have governed had the minimum hourly rate under section 6(a)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)) been applicable to the offer of employment;

"(iv) refuses without good cause to provide a State agency with sufficient information to allow the State agency to determine the employment status or the job availability of the individual;

"(v) voluntarily and without good cause—

"(I) quits a job; or

"(II) reduces work effort and, after the reduction, the individual is working less than 30 hours per week; or

"(vi) fails to comply with section 20.

"(B) HOUSEHOLD INELIGIBILITY.—If an individual who is the head of a household becomes ineligible to participate in the food stamp program under subparagraph (A), the household shall, at the option of the State agency, become ineligible to participate in the food stamp program for a period, determined by the State agency, that does not exceed the lesser of—

"(i) the duration of the ineligibility of the individual determined under subparagraph (C); or

"(ii) 180 days.

"(C) DURATION OF INELIGIBILITY.—

"(i) FIRST VIOLATION.—The first time that an individual becomes ineligible to participate in the food stamp program under subparagraph (A), the individual shall remain ineligible until the later of—

"(I) the date the individual becomes eligible under subparagraph (A);

"(II) the date that is 1 month after the date the individual became ineligible; or

"(III) a date determined by the State agency that is not later than 3 months after the date the individual became ineligible.

"(ii) SECOND VIOLATION.—The second time that an individual becomes ineligible to participate in the food stamp program under subparagraph (A), the individual shall remain ineligible until the later of—

"(I) the date the individual becomes eligible under subparagraph (A);

"(II) the date that is 3 months after the date the individual became ineligible; or

"(III) a date determined by the State agency that is not later than 6 months after the date the individual became ineligible.

"(iii) THIRD OR SUBSEQUENT VIOLATION.—The third or subsequent time that an individual becomes ineligible to participate in the food stamp program under subparagraph (A), the individual shall remain ineligible until the later of—

"(I) the date the individual becomes eligible under subparagraph (A);

"(II) the date that is 6 months after the date the individual became ineligible;

"(III) a date determined by the State agency; or

"(IV) at the option of the State agency, permanently.

"(D) ADMINISTRATION.—

"(i) GOOD CAUSE.—The Secretary shall determine the meaning of good cause for the purpose of this paragraph.

"(ii) VOLUNTARY QUIT.—The Secretary shall determine the meaning of voluntarily quitting and reducing work effort for the purpose of this paragraph.

"(iii) DETERMINATION BY STATE AGENCY.—

"(I) IN GENERAL.—Subject to subclause (II) and clauses (i) and (ii), a State agency shall determine—

"(aa) the meaning of any term in subparagraph (A);

"(bb) the procedures for determining whether an individual is in compliance with a requirement under subparagraph (A); and

"(cc) whether an individual is in compliance with a requirement under subparagraph (A).

"(II) NOT LESS RESTRICTIVE.—A State agency may not determine a meaning, procedure, or determination under subclause (I) to be less restrictive than a comparable meaning, procedure, or determination under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.).

"(iv) STRIKE AGAINST THE GOVERNMENT.—For the purpose of subparagraph (A)(v), an employee of the Federal Government, a State, or a political subdivision of a State, who is dismissed for participating in a strike against the Federal Government, the State, or the political subdivision of the State shall be considered to have voluntarily quit without good cause.

"(v) SELECTING A HEAD OF HOUSEHOLD.—

"(I) IN GENERAL.—For the purpose of this paragraph, the State agency shall allow the household to select any adult parent of a child in the household as the head of the household if all adult household members making application under the food stamp program agree to the selection.

"(II) TIME FOR MAKING DESIGNATION.—A household may designate the head of the household under subclause (I) each time the household is certified for participation in the food stamp program, but may not change the designation during a certification period unless there is a change in the composition of the household.

"(vi) CHANGE IN HEAD OF HOUSEHOLD.—If the head of a household leaves the household during a period in which the household is ineligible to participate in the food stamp program under subparagraph (B)—

"(I) the household shall, if otherwise eligible, become eligible to participate in the food stamp program; and

"(II) if the head of the household becomes the head of another household, the household that becomes headed by the individual shall become ineligible to participate in the food stamp program for the remaining period of ineligibility.".

(b) CONFORMING AMENDMENT.—

(1) The second sentence of section 17(b)(2) of the Act (7 U.S.C. 2026(b)(2)) is amended by striking "6(d)(1)(i)" and inserting "6(d)(1)(A)(i)".

(2) Section 20 of the Act (7 U.S.C. 2029) is amended by striking subsection (f) and inserting the following:

"(f) DISQUALIFICATION.—An individual or a household may become ineligible under section 6(d)(1) to participate in the food stamp program for failing to comply with this section.".

SEC. 1026. CARETAKER EXEMPTION.

Section 6(d)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)(2)) is amended by striking subparagraph (B) and inserting the following: "(B) a parent or other member of a household with responsibility for the care of (i) a dependent child under the age of 6 or any lower age designated by the State agency that is not under the age of 1, or (ii) an incapacitated person;".

SEC. 1027. EMPLOYMENT AND TRAINING.

(a) IN GENERAL.—Section 6(d)(4) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)(4)) is amended—

(1) in subparagraph (A)—

(A) by striking "Not later than April 1, 1987, each" and inserting "Each";

(B) by inserting "work," after "skills, training,"; and

(C) by adding at the end the following: "Each component of an employment and training program carried out under this paragraph shall be delivered through a statewide workforce development system, unless the component is not available locally through the statewide workforce development system.";

(2) in subparagraph (B)—

(A) in the matter preceding clause (i), by striking the colon at the end and inserting the following: ", except that the State agency shall retain the option to apply employment requirements prescribed under this subparagraph to a program applicant at the time of application:";

(B) in clause (i), by striking "with terms and conditions" and all that follows through "time of application"; and

(C) in clause (iv)—

(i) by striking subclauses (I) and (II); and

(ii) by redesignating subclauses (III) and (IV) as subclauses (I) and (II), respectively;

(3) in subparagraph (D)—

(A) in clause (i), by striking "to which the application" and all that follows through "30 days or less";

(B) in clause (ii), by striking "but with respect" and all that follows through "child care"; and

(C) in clause (iii), by striking ", on the basis of" and all that follows through "clause (ii)" and inserting "the exemption continues to be valid";

(4) in subparagraph (E), by striking the third sentence;

(5) in subparagraph (G)—

(A) by striking "(G)(i) The State" and inserting "(G) The State"; and

(B) by striking clause (ii);

(6) in subparagraph (H), by striking "(H)(i) The Secretary" and all that follows through "(ii) Federal funds" and inserting "(H) Federal funds";

(7) in subparagraph (I)(i)(II), by striking ", or was in operation," and all that follows through "Social Security Act" and inserting the following: "), except that no such payment or reimbursement shall exceed the applicable local market rate";

(8)(A) by striking subparagraphs (K) and (L) and inserting the following:

"(K) LIMITATION ON FUNDING.—Notwithstanding any other provision of this paragraph, the amount of funds a State agency uses to carry out this paragraph (including under subparagraph (I)) for participants who are receiving benefits under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) shall not exceed the amount of funds the State agency used in fiscal year 1995 to carry out this paragraph for participants who were receiving benefits in fiscal year 1995 under a State program funded under part A of title IV of the Act (42 U.S.C. 601 et seq.)."; and

(B) by redesignating subparagraphs (M) and (N) as subparagraphs (L) and (M), respectively; and

(9) in subparagraph (L), as redesignated by paragraph (8)(B)—

(A) by striking "(L)(i) The Secretary" and inserting "(L) The Secretary"; and

(B) by striking clause (ii).

(b) FUNDING.—Section 16(h) of the Act (7 U.S.C. 2025(h)) is amended by striking "(h)(1)(A) The Secretary" and all that follows through the end of paragraph (1) and inserting the following:

"(h) FUNDING OF EMPLOYMENT AND TRAINING PROGRAMS.—

"(1) IN GENERAL.—

"(A) AMOUNTS.—To carry out employment and training programs, the Secretary shall reserve for allocation to State agencies from funds made available for each fiscal year under section 18(a)(1) the amount of—

"(i) for fiscal year 1996, $77,000,000;

"(ii) for fiscal year 1997, $79,000,000;

"(iii) for fiscal year 1998, $81,000,000;

"(iv) for fiscal year 1999, $84,000,000;

"(v) for fiscal year 2000, $86,000,000;

"(vi) for fiscal year 2001, $88,000,000; and

"(vii) for fiscal year 2002, $90,000,000.

"(B) ALLOCATION.—The Secretary shall allocate the amounts reserved under subparagraph (A) among the State agencies using a reasonable formula (as determined by the Secretary) that gives consideration to the population in each State affected by section 6(o).

"(C) REALLOCATION.—

"(i) NOTIFICATION.—A State agency shall promptly notify the Secretary if the State agency determines that the State agency will not expend all of the funds allocated to the State agency under subparagraph (B).

"(ii) REALLOCATION.—On notification under clause (i), the Secretary shall reallocate the funds that the State agency will not expend as the Secretary considers appropriate and equitable.

"(D) MINIMUM ALLOCATION.—Notwithstanding subparagraphs (A) through (C), the Secretary shall ensure that each State agency operating an employment and training program shall receive not less than $50,000 in each fiscal year.".

(c) ADDITIONAL MATCHING FUNDS.—Section 16(h)(2) of the Act (7 U.S.C. 2025(h)(2)) is amended by inserting before the period at the end the following: ", including the costs for case management and casework to facilitate the transition from economic dependency to self-sufficiency through work".

(d) REPORTS.—Section 16(h) of the Act (7 U.S.C. 2025(h)) is amended—

(1) in paragraph (5)—

(A) by striking "(5)(A) The Secretary" and inserting "(5) The Secretary"; and

(B) by striking subparagraph (B); and

(2) by striking paragraph (6).

SEC. 1028. COMPARABLE TREATMENT FOR DISQUALIFICATION.

(a) IN GENERAL.—Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015) is amended—

(1) by redesignating subsection (i), as added by section 107, as subsection (p); and

(2) by inserting after subsection (h) the following:

"(i) COMPARABLE TREATMENT FOR DISQUALIFICATION.—

"(1) IN GENERAL.—If a disqualification is imposed on a member of a household for a failure of the member to perform an action required under a Federal, State, or local law relating to a means-tested public assistance program, the State agency may impose the same disqualification on the member of the household under the food stamp program.

"(2) RULES AND PROCEDURES.—If a disqualification is imposed under paragraph (1) for a failure of an individual to perform an action required under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), the State agency may use the rules and procedures that apply under part A of title IV of the Act to impose the same disqualification under the food stamp program.

"(3) APPLICATION AFTER DISQUALIFICATION PERIOD.—A member of a household disqualified under paragraph (1) may, after the disqualification period has expired, apply for benefits

under this Act and shall be treated as a new applicant, except that a prior disqualification under subsection (d) shall be considered in determining eligibility.".

(b) STATE PLAN PROVISIONS.—Section 11(e) of the Act (7 U.S.C. 2020(e)) is amended—

(1) in paragraph (24), by striking "and" at the end;

(2) in paragraph (25), by striking the period at the end and inserting a semicolon; and

(3) by adding at the end the following:

"(26) the guidelines the State agency uses in carrying out section 6(i); and".

(c) CONFORMING AMENDMENT.—Section 6(d)(2)(A) of the Act (7 U.S.C. 2015(d)(2)(A)) is amended by striking "that is comparable to a requirement of paragraph (1)".

SEC. 1029. DISQUALIFICATION FOR RECEIPT OF MULTIPLE FOOD STAMP BENEFITS.

Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015), as amended by section 1028, is further amended by inserting after subsection (i) the following:

"(j) DISQUALIFICATION FOR RECEIPT OF MULTIPLE FOOD STAMP BENEFITS.—An individual shall be ineligible to participate in the food stamp program as a member of any household for a 10-year period if the individual is found by a State agency to have made, or is convicted in a Federal or State court of having made, a fraudulent statement or representation with respect to the identity or place of residence of the individual in order to receive multiple benefits simultaneously under the food stamp program.".

SEC. 1030. DISQUALIFICATION OF FLEEING FELONS.

Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015), as amended by section 1029, is further amended by inserting after subsection (j) the following:

"(k) DISQUALIFICATION OF FLEEING FELONS.—No member of a household who is otherwise eligible to participate in the food stamp program shall be eligible to participate in the program as a member of that or any other household during any period during which the individual is—

"(1) fleeing to avoid prosecution, or custody or confinement after conviction, under the law of the place from which the individual is fleeing, for a crime, or attempt to commit a crime, that is a felony under the law of the place from which the individual is fleeing or that, in the case of New Jersey, is a high misdemeanor under the law of New Jersey; or

"(2) violating a condition of probation or parole imposed under a Federal or State law.".

SEC. 1031. COOPERATION WITH CHILD SUPPORT AGENCIES.

Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015), as amended by section 1030, is further amended by inserting after subsection (k) the following:

"(l) CUSTODIAL PARENT'S COOPERATION WITH CHILD SUPPORT AGENCIES.—

"(1) IN GENERAL.—At the option of a State agency, subject to paragraphs (2) and (3), no natural or adoptive parent or other individual (collectively referred to in this subsection as

'the individual') who is living with and exercising parental control over a child under the age of 18 who has an absent parent shall be eligible to participate in the food stamp program unless the individual cooperates with the State agency administering the program established under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.)—

"(A) in establishing the paternity of the child (if the child is born out of wedlock); and

"(B) in obtaining support for—

"(i) the child; or

"(ii) the individual and the child.

"(2) GOOD CAUSE FOR NONCOOPERATION.—Paragraph (1) shall not apply to the individual if good cause is found for refusing to cooperate, as determined by the State agency in accordance with standards prescribed by the Secretary in consultation with the Secretary of Health and Human Services. The standards shall take into consideration circumstances under which cooperation may be against the best interests of the child.

"(3) FEES.—Paragraph (1) shall not require the payment of a fee or other cost for services provided under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.).

"(m) NON-CUSTODIAL PARENT'S COOPERATION WITH CHILD SUPPORT AGENCIES.—

"(1) IN GENERAL.—At the option of a State agency, subject to paragraphs (2) and (3), a putative or identified non-custodial parent of a child under the age of 18 (referred to in this subsection as 'the individual') shall not be eligible to participate in the food stamp program if the individual refuses to cooperate with the State agency administering the program established under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.)—

"(A) in establishing the paternity of the child (if the child is born out of wedlock); and

"(B) in providing support for the child.

"(2) REFUSAL TO COOPERATE.—

"(A) GUIDELINES.—The Secretary, in consultation with the Secretary of Health and Human Services, shall develop guidelines on what constitutes a refusal to cooperate under paragraph (1).

"(B) PROCEDURES.—The State agency shall develop procedures, using guidelines developed under subparagraph (A), for determining whether an individual is refusing to cooperate under paragraph (1).

"(3) FEES.—Paragraph (1) shall not require the payment of a fee or other cost for services provided under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.).

"(4) PRIVACY.—The State agency shall provide safeguards to restrict the use of information collected by a State agency administering the program established under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.) to purposes for which the information is collected.".

SEC. 1032. DISQUALIFICATION RELATING TO CHILD SUPPORT ARREARS.

Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015), as amended by section 1031, is further amended by inserting after subsection (m) the following:

"(n) DISQUALIFICATION FOR CHILD SUPPORT ARREARS.—

"(1) IN GENERAL.—No individual shall be eligible to participate in the food stamp program as a member of any household during any month that the individual is delinquent in any payment due under a court order for the support of a child of the individual.

"(2) EXCEPTIONS.—Paragraph (1) shall not apply if—

"(A) a court is allowing the individual to delay payment; or

"(B) the individual is complying with a payment plan approved by a court or the State agency designated under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.) to provide support for the child of the individual.".

SEC. 1033. WORK REQUIREMENT.

(a) IN GENERAL.—Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015), as amended by section 1032, is further amended by inserting after subsection (n) the following:

"(o) WORK REQUIREMENT.—

"(1) DEFINITION OF WORK PROGRAM.—In this subsection, the term 'work program' means—

"(A) a program under the Job Training Partnership Act (29 U.S.C. 1501 et seq.);

"(B) a program under section 236 of the Trade Act of 1974 (19 U.S.C. 2296); or

"(C) a program of employment or training operated or supervised by a State or political subdivision of a State that meets standards approved by the Governor of the State, including a program under section 6(d)(4), other than a job search program or a job search training program.

"(2) WORK REQUIREMENT.—Subject to the other provisions of this subsection, no individual shall be eligible to participate in the food stamp program as a member of any household if, during the preceding 12-month period, the individual received food stamp benefits for not less than 4 months during which the individual did not—

"(A) work 20 hours or more per week, averaged monthly; or

"(B) participate in and comply with the requirements of a work program for 20 hours or more per week, as determined by the State agency; or

"(C) participate in a program under section 20 or a comparable program established by a State or political subdivision of a State.

"(3) EXCEPTION.—Paragraph (2) shall not apply to an individual if the individual is—

"(A) under 18 or over 50 years of age;

"(B) medically certified as physically or mentally unfit for employment;

"(C) a parent or other member of a household with responsibility for a dependent child;

"(D) otherwise exempt under section 6(d)(2); or

"(E) a pregnant woman.

"(4) WAIVER.—

"(A) IN GENERAL.—On the request of a State agency, the Secretary may waive the applicability of paragraph (2) to any group of individuals in the State if the Secretary makes a determination that the area in which the individuals reside—

"(i) has an unemployment rate of over 10 percent; or

"(ii) does not have a sufficient number of jobs to provide employment for the individuals.

"(B) REPORT.—The Secretary shall report the basis for a waiver under subparagraph (A) to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

"(5) SUBSEQUENT ELIGIBILITY.—

"(A) IN GENERAL.—Paragraph (2) shall cease to apply to an individual if, during a 30-day period, the individual—

"(i) works 80 or more hours;

"(ii) participates in and complies with the requirements of a work program for 80 or more hours, as determined by a State agency; or

"(iii) participates in a program under section 20 or a comparable program established by a State or political subdivision of a State.

"(B) LIMITATION.—During the subsequent 12-month period, the individual shall be eligible to participate in the food stamp program for not more than 4 months during which the individual does not—

"(i) work 20 hours or more per week, averaged monthly;

"(ii) participate in and comply with the requirements of a work program for 20 hours or more per week, as determined by the State agency; or

"(iii) participate in a program under section 20 or a comparable program established by a State or political subdivision of a State.".

(b) TRANSITION PROVISION.—Prior to 1 year after the date of enactment of this Act, the term "preceding 12-month period" in section 6(o) of the Food Stamp Act of 1977, as amended by subsection (a), means the preceding period that begins on the date of enactment of this Act.

SEC. 1034. ENCOURAGE ELECTRONIC BENEFIT TRANSFER SYSTEMS.

(a) IN GENERAL.—Section 7(i) of the Food Stamp Act of 1977 (7 U.S.C. 2016(i)) is amended—

(1) by striking paragraph (1) and inserting the following:

"(1) ELECTRONIC BENEFIT TRANSFERS.—

"(A) IMPLEMENTATION.—Each State agency shall implement an electronic benefit transfer system in which household benefits determined under section 8(a) or 24 are

issued from and stored in a central databank before October 1, 2002, unless the Secretary provides a waiver for a State agency that faces unusual barriers to implementing an electronic benefit transfer system.

"(B) TIMELY IMPLEMENTATION.—State agencies are encouraged to implement an electronic benefit transfer system under subparagraph (A) as soon as practicable.

"(C) STATE FLEXIBILITY.—Subject to paragraph (2), a State agency may procure and implement an electronic benefit transfer system under the terms, conditions, and design that the State agency considers appropriate.

"(D) OPERATION.—An electronic benefit transfer system should take into account generally accepted standard operating rules based on—

"(i) commercial electronic funds transfer technology;

"(ii) the need to permit interstate operation and law enforcement monitoring; and

"(iii) the need to permit monitoring and investigations by authorized law enforcement agencies.";

(2) in paragraph (2)—

(A) by striking "effective no later than April 1, 1992,";

(B) in subparagraph (A)—

(i) by striking ", in any 1 year,"; and

(ii) by striking "on-line";

(C) by striking subparagraph (D) and inserting the following:

"(D)(i) measures to maximize the security of a system using the most recent technology available that the State agency considers appropriate and cost effective and which may include personal identification numbers, photographic identification on electronic benefit transfer cards, and other measures to protect against fraud and abuse; and

"(ii) effective not later than 2 years after the effective date of this clause, to the extent practicable, measures that permit a system to differentiate items of food that may be acquired with an allotment from items of food that may not be acquired with an allotment.";

(D) in subparagraph (G), by striking "and" at the end;

(E) in subparagraph (H), by striking the period at the end and inserting "; and"; and

(F) by adding at the end the following:

"(I) procurement standards."; and

(3) by adding at the end the following:

"(7) REPLACEMENT OF BENEFITS.—Regulations issued by the Secretary regarding the replacement of benefits and liability for replacement of benefits under an electronic benefit transfer system shall be similar to the regulations in effect for a paper food stamp issuance system.

"(8) REPLACEMENT CARD FEE.—A State agency may collect a charge for replacement of an electronic benefit transfer card by reducing the monthly allotment of the household receiving the replacement card.

"(9) OPTIONAL PHOTOGRAPHIC IDENTIFICATION.—

"(A) IN GENERAL.—A State agency may require that an electronic benefit card contain a photograph of 1 or more members of a household.

"(B) OTHER AUTHORIZED USERS.—If a State agency requires a photograph on an electronic benefit card under subparagraph (A), the State agency shall establish procedures to ensure that any other appropriate member of the household or any authorized representative of the household may utilize the card.".

(b) SENSE OF CONGRESS.—It is the sense of Congress that a State that operates an electronic benefit transfer system under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.) should operate the system in a manner that is compatible with electronic benefit transfer systems operated by other States.

SEC. 1035. VALUE OF MINIMUM ALLOTMENT.

The proviso in section 8(a) of the Food Stamp Act of 1977 (7 U.S.C. 2017(a)) is amended by striking ", and shall be adjusted" and all that follows through "$5".

SEC. 1036. BENEFITS ON RECERTIFICATION.

Section 8(c)(2)(B) of the Food Stamp Act of 1977 (7 U.S.C. 2017(c)(2)(B)) is amended by striking "of more than one month".

SEC. 1037. OPTIONAL COMBINED ALLOTMENT FOR EXPEDITED HOUSEHOLDS.

Section 8(c) of the Food Stamp Act of 1977 (7 U.S.C. 2017(c)) is amended by striking paragraph (3) and inserting the following:

"(3) OPTIONAL COMBINED ALLOTMENT FOR EXPEDITED HOUSEHOLDS.—A State agency may provide to an eligible household applying after the 15th day of a month, in lieu of the initial allotment of the household and the regular allotment of the household for the following month, an allotment that is equal to the total amount of the initial allotment and the first regular allotment. The allotment shall be provided in accordance with section 11(e)(3) in the case of a household that is not entitled to expedited service and in accordance with paragraphs (3) and (9) of section 11(e) in the case of a household that is entitled to expedited service.".

SEC. 1038. FAILURE TO COMPLY WITH OTHER MEANS-TESTED PUBLIC ASSISTANCE PROGRAMS.

Section 8 of the Food Stamp Act of 1977 (7 U.S.C. 2017) is amended by striking subsection (d) and inserting the following:

"(d) REDUCTION OF PUBLIC ASSISTANCE BENEFITS.—

"(1) IN GENERAL.—If the benefits of a household are reduced under a Federal, State, or local law relating to a means-tested public assistance program for the failure of a member of the household to perform an action required under the law or program, for the duration of the reduction—

"(A) the household may not receive an increased allotment as the result of a decrease in the income of the household to the extent that the decrease is the result of the reduction; and

"(B) the State agency may reduce the allotment of the household by not more than 25 percent.

"(2) RULES AND PROCEDURES.—If the allotment of a household is reduced under this subsection for a failure to perform an action required under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), the State agency may use the rules and procedures that apply under part A of title IV of the Act to reduce the allotment under the food stamp program.".

SEC. 1039. ALLOTMENTS FOR HOUSEHOLDS RESIDING IN CENTERS.

Section 8 of the Food Stamp Act of 1977 (7 U.S.C. 2017) is amended by adding at the end the following:

"(f) ALLOTMENTS FOR HOUSEHOLDS RESIDING IN CENTERS.—

"(1) IN GENERAL.—In the case of an individual who resides in a center for the purpose of a drug or alcoholic treatment program described in the last sentence of section 3(i), a State agency may provide an allotment for the individual to—

"(A) the center as an authorized representative of the individual for a period that is less than 1 month; and

"(B) the individual, if the individual leaves the center.

"(2) DIRECT PAYMENT.—A State agency may require an individual referred to in paragraph (1) to designate the center in which the individual resides as the authorized representative of the individual for the purpose of receiving an allotment.".

SEC. 1040. CONDITION PRECEDENT FOR APPROVAL OF RETAIL FOOD STORES AND WHOLESALE FOOD CONCERNS.

Section 9(a)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2018(a)(1)) is amended by adding at the end the following: "No retail food store or wholesale food concern of a type determined by the Secretary, based on factors that include size, location, and type of items sold, shall be approved to be authorized or reauthorized for participation in the food stamp program unless an authorized employee of the Department of Agriculture, a designee of the Secretary, or, if practicable, an official of the State or local government designated by the Secretary has visited the store or concern for the purpose of determining whether the store or concern should be approved or reauthorized, as appropriate.".

SEC. 1041. AUTHORITY TO ESTABLISH AUTHORIZATION PERIODS.

Section 9(a) of the Food Stamp Act of 1977 (7 U.S.C. 2018(a)) is amended by adding at the end the following:

"(3) AUTHORIZATION PERIODS.—The Secretary shall establish specific time periods during which authorization to accept and redeem coupons, or to redeem benefits through an electronic benefit transfer system, shall be valid under the food stamp program.".

SEC. 1042. INFORMATION FOR VERIFYING ELIGIBILITY FOR AUTHORIZATION.

Section 9(c) of the Food Stamp Act of 1977 (7 U.S.C. 2018(c)) is amended—

(1) in the first sentence, by inserting ", which may include relevant income and sales tax filing documents," after "submit information"; and

(2) by inserting after the first sentence the following: "The regulations may require retail food stores and wholesale food concerns to provide written authorization for the Secretary to verify all relevant tax filings with appropriate agencies and to

obtain corroborating documentation from other sources so that the accuracy of information provided by the stores and concerns may be verified.".

SEC. 1043. WAITING PERIOD FOR STORES THAT FAIL TO MEET AUTHORIZATION CRITERIA.

Section 9(d) of the Food Stamp Act of 1977 (7 U.S.C. 2018(d)) is amended by adding at the end the following: "A retail food store or wholesale food concern that is denied approval to accept and redeem coupons because the store or concern does not meet criteria for approval established by the Secretary may not, for at least 6 months, submit a new application to participate in the program. The Secretary may establish a longer time period under the preceding sentence, including permanent disqualification, that reflects the severity of the basis of the denial.".

SEC. 1044. OPERATION OF FOOD STAMP OFFICES.

Section 11 of the Food Stamp Act of 1977 (7 U.S.C. 2020), as amended by section 1020(b), is further amended—

(1) in subsection (e)—

(A) by striking paragraph (2) and inserting the following:

"(2)(A) that the State agency shall establish procedures governing the operation of food stamp offices that the State agency determines best serve households in the State, including households with special needs, such as households with elderly or disabled members, households in rural areas with low-income members, homeless individuals, households residing on reservations, and households in areas in which a substantial number of members of low-income households speak a language other than English.

"(B) In carrying out subparagraph (A), a State agency—

"(i) shall provide timely, accurate, and fair service to applicants for, and participants in, the food stamp program;

"(ii) shall develop an application containing the information necessary to comply with this Act;

"(iii) shall permit an applicant household to apply to participate in the program on the same day that the household first contacts a food stamp office in person during office hours;

"(iv) shall consider an application that contains the name, address, and signature of the applicant to be filed on the date the applicant submits the application;

"(v) shall require that an adult representative of each applicant household certify in writing, under penalty of perjury, that—

"(I) the information contained in the application is true; and

"(II) all members of the household are citizens or are aliens eligible to receive food stamps under section 6(f);

"(vi) shall provide a method of certifying and issuing coupons to eligible homeless individuals, to ensure that

participation in the food stamp program is limited to eligible households; and

"(vii) may establish operating procedures that vary for local food stamp offices to reflect regional and local differences within the State.

"(C) Nothing in this Act shall prohibit the use of signatures provided and maintained electronically, storage of records using automated retrieval systems only, or any other feature of a State agency's application system that does not rely exclusively on the collection and retention of paper applications or other records.

"(D) The signature of any adult under this paragraph shall be considered sufficient to comply with any provision of Federal law requiring a household member to sign an application or statement.";

(B) in paragraph (3)—

(i) by striking "shall—" and all that follows through "provide each" and inserting "shall provide each"; and

(ii) by striking "(B) assist" and all that follows through "representative of the State agency;";

(C) by striking paragraphs (14) and (25);

(D)(i) by redesignating paragraphs (15) through (24) as paragraphs (14) through (23), respectively; and

(ii) by redesignating paragraph (26) as paragraph (24); and

(2) in subsection (i)—

(A) by striking "(i) Notwithstanding" and all that follows through "(2)" and inserting the following:

"(i) APPLICATION AND DENIAL PROCEDURES.—

"(1) APPLICATION PROCEDURES.—Notwithstanding any other provision of law,"; and

(B) by striking "; (3) households" and all that follows through "title IV of the Social Security Act. No" and inserting a period and the following:

"(2) DENIAL AND TERMINATION.—Other than in a case of disqualification as a penalty for failure to comply with a public assistance program rule or regulation, no".

SEC. 1045. STATE EMPLOYEE AND TRAINING STANDARDS.

Section 11(e)(6) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(6)) is amended—

(1) by striking "that (A) the" and inserting "that—

"(A) the";

(2) by striking "Act; (B) the" and inserting "Act; and

"(B) the";

(3) in subparagraph (B), by striking "United States Civil Service Commission" and inserting "Office of Personnel Management"; and

(4) by striking subparagraphs (C) through (E).

SEC. 1046. EXCHANGE OF LAW ENFORCEMENT INFORMATION.

Section 11(e)(8) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(8)) is amended—

(1) by striking "that (A) such" and inserting the following: "that—

"(A) the";

(2) by striking "law, (B) notwithstanding" and inserting the following: "law;

"(B) notwithstanding";

(3) by striking "Act, and (C) such" and inserting the following: "Act;

"(C) the"; and

(4) by adding at the end the following:

"(D) notwithstanding any other provision of law, the address, social security number, and, if available, photograph of any member of a household shall be made available, on request, to any Federal, State, or local law enforcement officer if the officer furnishes the State agency with the name of the member and notifies the agency that—

"(i) the member—

"(I) is fleeing to avoid prosecution, or custody or confinement after conviction, for a crime (or attempt to commit a crime) that, under the law of the place the member is fleeing, is a felony (or, in the case of New Jersey, a high misdemeanor), or is violating a condition of probation or parole imposed under Federal or State law; or

"(II) has information that is necessary for the officer to conduct an official duty related to subclause (I);

"(ii) locating or apprehending the member is an official duty; and

"(iii) the request is being made in the proper exercise of an official duty; and

"(E) the safeguards shall not prevent compliance with paragraph (16);".

SEC. 1047. EXPEDITED COUPON SERVICE.

Section 11(e)(9) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(9)) is amended—

(1) in subparagraph (A)—

(A) by striking "five days" and inserting "7 days"; and

(B) by inserting "and" at the end;

(2) by striking subparagraphs (B) and (C);

(3) by redesignating subparagraph (D) as subparagraph (B); and

(4) in subparagraph (B), as redesignated by paragraph (3), by striking ", (B), or (C)".

SEC. 1048. WITHDRAWING FAIR HEARING REQUESTS.

Section 11(e)(10) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(10)) is amended by inserting before the semicolon at the end a period and the following: "At the option of a State, at any time prior to a fair hearing determination under this paragraph, a household may withdraw, orally or in writing, a request by the household for the fair hearing. If the withdrawal request is an oral request, the State agency shall provide a written notice to the house-

hold confirming the withdrawal request and providing the household with an opportunity to request a hearing".

SEC. 1049. INCOME, ELIGIBILITY, AND IMMIGRATION STATUS VERIFICATION SYSTEMS.

Section 11 of the Food Stamp Act of 1977 (7 U.S.C. 2020) is amended—

(1) in subsection (e)(18), as redesignated by section 1044(1)(D)—

(A) by striking "that information is" and inserting "at the option of the State agency, that information may be"; and

(B) by striking "shall be requested" and inserting "may be requested"; and

(2) by adding at the end the following:

"(p) STATE VERIFICATION OPTION.—Notwithstanding any other provision of law, in carrying out the food stamp program, a State agency shall not be required to use an income and eligibility or an immigration status verification system established under section 1137 of the Social Security Act (42 U.S.C. 1320b–7).".

SEC. 1050. DISQUALIFICATION OF RETAILERS WHO INTENTIONALLY SUBMIT FALSIFIED APPLICATIONS.

Section 12(b) of the Food Stamp Act of 1977 (7 U.S.C. 2021(b)) is amended—

(1) in paragraph (2), by striking "and" at the end;

(2) in paragraph (3), by striking the period at the end and inserting "; and"; and

(3) by adding at the end the following:

"(4) for a reasonable period of time to be determined by the Secretary, including permanent disqualification, on the knowing submission of an application for the approval or reauthorization to accept and redeem coupons that contains false information about a substantive matter that was a part of the application.".

SEC. 1051. DISQUALIFICATION OF RETAILERS WHO ARE DISQUALIFIED UNDER THE WIC PROGRAM.

Section 12 of the Food Stamp Act of 1977 (7 U.S.C. 2021) is amended by adding at the end the following:

"(g) DISQUALIFICATION OF RETAILERS WHO ARE DISQUALIFIED UNDER THE WIC PROGRAM.—

"(1) IN GENERAL.—The Secretary shall issue regulations providing criteria for the disqualification under this Act of an approved retail food store and a wholesale food concern that is disqualified from accepting benefits under the special supplemental nutrition program for women, infants, and children established under section 17 of the Child Nutrition Act of 1966 (7 U.S.C. 1786).

"(2) TERMS.—A disqualification under paragraph (1)—

"(A) shall be for the same length of time as the disqualification from the program referred to in paragraph (1);

"(B) may begin at a later date than the disqualification from the program referred to in paragraph (1); and

"(C) notwithstanding section 14, shall not be subject to judicial or administrative review.".

SEC. 1052. COLLECTION OF OVERISSUANCES.

(a) COLLECTION OF OVERISSUANCES.—Section 13 of the Food Stamp Act of 1977 (7 U.S.C. 2022) is amended—

(1) by striking subsection (b) and inserting the following:

"(b) COLLECTION OF OVERISSUANCES.—

"(1) IN GENERAL.—Except as otherwise provided in this subsection, a State agency shall collect any overissuance of coupons issued to a household by—

"(A) reducing the allotment of the household;

"(B) withholding amounts from unemployment compensation from a member of the household under subsection (c);

"(C) recovering from Federal pay or a Federal income tax refund under subsection (d); or

"(D) any other means.

"(2) COST EFFECTIVENESS.—Paragraph (1) shall not apply if the State agency demonstrates to the satisfaction of the Secretary that all of the means referred to in paragraph (1) are not cost effective.

"(3) MAXIMUM REDUCTION ABSENT FRAUD.—If a household received an overissuance of coupons without any member of the household being found ineligible to participate in the program under section 6(b)(1) and a State agency elects to reduce the allotment of the household under paragraph (1)(A), the State agency shall not reduce the monthly allotment of the household under paragraph (1)(A) by an amount in excess of the greater of—

"(A) 10 percent of the monthly allotment of the household; or

"(B) $10.

"(4) PROCEDURES.—A State agency shall collect an overissuance of coupons issued to a household under paragraph (1) in accordance with the requirements established by the State agency for providing notice, electing a means of payment, and establishing a time schedule for payment."; and

(2) in subsection (d)—

(A) by striking "as determined under subsection (b) and except for claims arising from an error of the State agency," and inserting ", as determined under subsection (b)(1),"; and

(B) by inserting before the period at the end the following: "or a Federal income tax refund as authorized by section 3720A of title 31, United States Code".

(b) CONFORMING AMENDMENTS.—Section 11(e)(8) of the Act (7 U.S.C. 2020(e)(8)) is amended—

(1) by striking "and excluding claims" and all that follows through "such section"; and

(2) by inserting before the semicolon at the end the following: "or a Federal income tax refund as authorized by section 3720A of title 31, United States Code".

(c) RETENTION RATE.—Section 16(a) of the Act (7 U.S.C. 2025(a)) is amended by striking "25 percent during the period be-

ginning October 1, 1990" and all that follows through "error of a State agency" and inserting the following: "25 percent of the overissuances collected by the State agency under section 13, except those overissuances arising from an error of the State agency".

SEC. 1053. AUTHORITY TO SUSPEND STORES VIOLATING PROGRAM REQUIREMENTS PENDING ADMINISTRATIVE AND JUDICIAL REVIEW.

Section 14(a) of the Food Stamp Act of 1977 (7 U.S.C. 2023(a)) is amended—

(1) by redesignating the first through seventeenth sentences as paragraphs (1) through (17), respectively; and

(2) by adding at the end the following:

"(18) SUSPENSION OF STORES PENDING REVIEW.—Notwithstanding any other provision of this subsection, any permanent disqualification of a retail food store or wholesale food concern under paragraph (3) or (4) of section 12(b) shall be effective from the date of receipt of the notice of disqualification. If the disqualification is reversed through administrative or judicial review, the Secretary shall not be liable for the value of any sales lost during the disqualification period.".

SEC. 1054. EXPANDED CRIMINAL FORFEITURE FOR VIOLATIONS.

(a) FORFEITURE OF ITEMS EXCHANGED IN FOOD STAMP TRAFFICKING.—The first sentence of section 15(g) of the Food Stamp Act of 1977 (7 U.S.C. 2024(g)) is amended by striking "or intended to be furnished".

(b) CRIMINAL FORFEITURE.—Section 15 of the Act (7 U.S.C. 2024) is amended by adding at the end the following:

"(h) CRIMINAL FORFEITURE.—

"(1) IN GENERAL.—In imposing a sentence on a person convicted of an offense in violation of subsection (b) or (c), a court shall order, in addition to any other sentence imposed under this subsection, that the person forfeit to the United States all property described in paragraph (2).

"(2) PROPERTY SUBJECT TO FORFEITURE.—All property, real and personal, used in a transaction or attempted transaction, to commit, or to facilitate the commission of, a violation (other than a misdemeanor) of subsection (b) or (c), or proceeds traceable to a violation of subsection (b) or (c), shall be subject to forfeiture to the United States under paragraph (1).

"(3) INTEREST OF OWNER.—No interest in property shall be forfeited under this subsection as the result of any act or omission established by the owner of the interest to have been committed or omitted without the knowledge or consent of the owner.

"(4) PROCEEDS.—The proceeds from any sale of forfeited property and any monies forfeited under this subsection shall be used—

"(A) first, to reimburse the Department of Justice for the costs incurred by the Department to initiate and complete the forfeiture proceeding;

"(B) second, to reimburse the Department of Agriculture Office of Inspector General for any costs the Office incurred in the law enforcement effort resulting in the forfeiture;

"(C) third, to reimburse any Federal or State law enforcement agency for any costs incurred in the law enforcement effort resulting in the forfeiture; and

"(D) fourth, by the Secretary to carry out the approval, reauthorization, and compliance investigations of retail stores and wholesale food concerns under section 9.".

SEC. 1055. LIMITATION OF FEDERAL MATCH.

Section 16(a)(4) of the Food Stamp Act of 1977 (7 U.S.C. 2025(a)(4)) is amended by inserting after the comma at the end the following: "but not including recruitment activities,".

SEC. 1056. STANDARDS FOR ADMINISTRATION.

(a) IN GENERAL.—Section 16 of the Food Stamp Act of 1977 (7 U.S.C. 2025) is amended by striking subsection (b).

(b) CONFORMING AMENDMENTS.—

(1) The first sentence of section 11(g) of the Act (7 U.S.C. 2020(g)) is amended by striking "the Secretary's standards for the efficient and effective administration of the program established under section 16(b)(1) or".

(2) Section 16(c)(1)(B) of the Act (7 U.S.C. 2025(c)(1)(B)) is amended by striking "pursuant to subsection (b)".

SEC. 1057. WORK SUPPLEMENTATION OR SUPPORT PROGRAM.

Section 16 of the Food Stamp Act of 1977 (7 U.S.C. 2025), as amended by section 1056(a), is further amended by inserting after subsection (a) the following:

"(b) WORK SUPPLEMENTATION OR SUPPORT PROGRAM.—

"(1) DEFINITION OF WORK SUPPLEMENTATION OR SUPPORT PROGRAM.—In this subsection, the term 'work supplementation or support program' means a program under which, as determined by the Secretary, public assistance (including any benefits provided under a program established by the State and the food stamp program) is provided to an employer to be used for hiring and employing a public assistance recipient who was not employed by the employer at the time the public assistance recipient entered the program.

"(2) PROGRAM.—A State agency may elect to use an amount equal to the allotment that would otherwise be issued to a household under the food stamp program, but for the operation of this subsection, for the purpose of subsidizing or supporting a job under a work supplementation or support program established by the State.

"(3) PROCEDURE.—If a State agency makes an election under paragraph (2) and identifies each household that participates in the food stamp program that contains an individual who is participating in the work supplementation or support program—

"(A) the Secretary shall pay to the State agency an amount equal to the value of the allotment that the household would be eligible to receive but for the operation of this subsection;

"(B) the State agency shall expend the amount received under subparagraph (A) in accordance with the work supplementation or support program in lieu of providing

the allotment that the household would receive but for the operation of this subsection;

"(C) for purposes of—

"(i) sections 5 and 8(a), the amount received under this subsection shall be excluded from household income and resources; and

"(ii) section 8(b), the amount received under this subsection shall be considered to be the value of an allotment provided to the household; and

"(D) the household shall not receive an allotment from the State agency for the period during which the member continues to participate in the work supplementation or support program.

"(4) OTHER WORK REQUIREMENTS.—No individual shall be excused, by reason of the fact that a State has a work supplementation or support program, from any work requirement under section 6(d), except during the periods in which the individual is employed under the work supplementation or support program.

"(5) LENGTH OF PARTICIPATION.—A State agency shall provide a description of how the public assistance recipients in the program shall, within a specific period of time, be moved from supplemented or supported employment to employment that is not supplemented or supported.

"(6) DISPLACEMENT.—A work supplementation or support program shall not displace the employment of individuals who are not supplemented or supported.".

SEC. 1058. WAIVER AUTHORITY.

Section 17(b)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2026(b)(1)) is amended—

(1) by redesignating subparagraph (B) as subparagraph (C); and

(2) in subparagraph (A)—

(A) by striking the second sentence; and

(B) by striking "benefits to eligible households, including" and inserting the following: "benefits to eligible households, and may waive any requirement of this Act to the extent necessary for the project to be conducted.

"(B) PROJECT REQUIREMENTS.—

"(i) PROGRAM GOAL.—The Secretary may not conduct a project under subparagraph (A) unless the project is consistent with the goal of the food stamp program of providing food assistance to raise levels of nutrition among low-income individuals.

"(ii) PERMISSIBLE PROJECTS.—The Secretary may conduct a project under subparagraph (A) to—

"(I) improve program administration;

"(II) increase the self-sufficiency of food stamp recipients;

"(III) test innovative welfare reform strategies; and

"(IV) allow greater conformity with the rules of other programs than would be allowed but for this paragraph.

"(iii) IMPERMISSIBLE PROJECTS.—The Secretary may not conduct a project under subparagraph (A) that—

"(I) involves the payment of the value of an allotment in the form of cash, unless the project was approved prior to the date of enactment of this subparagraph;

"(II) substantially transfers funds made available under this Act to services or benefits provided primarily through another public assistance program; or

"(III) is not limited to a specific time period.

"(iv) ADDITIONAL INCLUDED PROJECTS.—Pilot or experimental projects may include".

SEC. 1059. AUTHORIZATION OF PILOT PROJECTS.

Section 17(b)(1)(B) of the Food Stamp Act of 1977 (7 U.S.C. 2026(b)(1)(B)), as amended by section 1058, is further amended—

(1) in clause (iv), by striking "coupons. Any pilot" and inserting the following: "coupons.

"(v) CASH PAYMENT PILOT PROJECTS.—Any pilot"; and

(2) in clause (v), as so amended, by striking "1995" and inserting "2002".

SEC. 1060. RESPONSE TO WAIVERS.

Section 17(b)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2026(b)(1)), as amended by section 1058, is further amended by adding at the end the following:

"(D) RESPONSE TO WAIVERS.—

"(i) RESPONSE.—Not later than 60 days after the date of receiving a request for a waiver under subparagraph (A), the Secretary shall provide a response that—

"(I) approves the waiver request;

"(II) denies the waiver request and explains any modification needed for approval of the waiver request;

"(III) denies the waiver request and explains the grounds for the denial; or

"(IV) requests clarification of the waiver request.

"(ii) FAILURE TO RESPOND.—If the Secretary does not provide a response in accordance with clause (i), the waiver shall be considered approved, unless the approval is specifically prohibited by this Act.

"(iii) NOTICE OF DENIAL.—On denial of a waiver request under clause (i)(III), the Secretary shall provide a copy of the waiver request and a description of the reasons for the denial to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.".

SEC. 1061. EMPLOYMENT INITIATIVES PROGRAM.

Section 17 of the Food Stamp Act of 1977 (7 U.S.C. 2026) is amended by striking subsection (d) and inserting the following:

"(d) EMPLOYMENT INITIATIVES PROGRAM.—

"(1) ELECTION TO PARTICIPATE.—

"(A) IN GENERAL.—Subject to the other provisions of this subsection, a State may elect to carry out an employment initiatives program under this subsection.

"(B) REQUIREMENT.—A State shall be eligible to carry out an employment initiatives program under this subsection only if not less than 50 percent of the households that received food stamp benefits during the summer of 1993 also received benefits under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) during the summer of 1993.

"(2) PROCEDURE.—

"(A) IN GENERAL.—A State that has elected to carry out an employment initiatives program under paragraph (1) may use amounts equal to the food stamp allotments that would otherwise be issued to a household under the food stamp program, but for the operation of this subsection, to provide cash benefits in lieu of the food stamp allotments to the household if the household is eligible under paragraph (3).

"(B) PAYMENT.—The Secretary shall pay to each State that has elected to carry out an employment initiatives program under paragraph (1) an amount equal to the value of the allotment that each household would be eligible to receive under this Act but for the operation of this subsection.

"(C) OTHER PROVISIONS.—For purposes of the food stamp program (other than this subsection)—

"(i) cash assistance under this subsection shall be considered to be an allotment; and

"(ii) each household receiving cash benefits under this subsection shall not receive any other food stamp benefit for the period for which the cash assistance is provided.

"(D) ADDITIONAL PAYMENTS.—Each State that has elected to carry out an employment initiatives program under paragraph (1) shall—

"(i) increase the cash benefits provided to each household under this subsection to compensate for any State or local sales tax that may be collected on purchases of food by any household receiving cash benefits under this subsection, unless the Secretary determines on the basis of information provided by the State that the increase is unnecessary on the basis of the limited nature of the items subject to the State or local sales tax; and

"(ii) pay the cost of any increase in cash benefits required by clause (i).

"(3) ELIGIBILITY.—A household shall be eligible to receive cash benefits under paragraph (2) if an adult member of the household—

"(A) has worked in unsubsidized employment for not less than the preceding 90 days;

"(B) has earned not less than $350 per month from the employment referred to in subparagraph (A) for not less than the preceding 90 days;

"(C)(i) is receiving benefits under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.); or

"(ii) was receiving benefits under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) at the time the member first received cash benefits under this subsection and is no longer eligible for the State program because of earned income;

"(D) is continuing to earn not less than $350 per month from the employment referred to in subparagraph (A); and

"(E) elects to receive cash benefits in lieu of food stamp benefits under this subsection.

"(4) EVALUATION.—A State that operates a program under this subsection for 2 years shall provide to the Secretary a written evaluation of the impact of cash assistance under this subsection. The State agency, with the concurrence of the Secretary, shall determine the content of the evaluation.".

SEC. 1062. ADJUSTABLE FOOD STAMP CAP.

Section 18 of the Food Stamp Act of 1977 (7 U.S.C. 2027) is amended—

(1) in subsection (a)(1)—

(A) in the first sentence, by striking "1991 through 1995" and inserting "1996 through 2002"; and

(B) in the last sentence, by striking "In each monthly report, the Secretary shall also state" and inserting the following: "The Secretary shall file a report each February 15, April 15, and July 15, stating"; and

(2) by striking subsection (b) and inserting the following:

"(b) LIMITATION ON FOOD STAMP ALLOTMENTS.—

"(1) OBLIGATIONS.—

"(A) IN GENERAL.—Notwithstanding any other provision of law, except as provided in subparagraphs (B) and (C), obligations to carry out this Act shall not exceed—

"(i) $25,443,000,000 for fiscal year 1996;

"(ii) $24,636,000,000 for fiscal year 1997;

"(iii) $25,319,000,000 for fiscal year 1998;

"(iv) $26,307,000,000 for fiscal year 1999;

"(v) $27,568,000,000 for fiscal year 2000;

"(vi) $28,602,000,000 for fiscal year 2001; and

"(vii) $29,804,000,000 for fiscal year 2002.

"(B) COST OF FOOD ADJUSTMENT.—On October 1 of each fiscal year, the Secretary shall adjust the limit on obligations under subparagraph (A) for the fiscal year to reflect any change in the cost of the program due to any increase or decrease in the cost of the thrifty food plan compared to the cost of the thrifty food plan for the same period projected by the Director of the Congressional Budget Office prior to the date of enactment of this subparagraph.

"(C) CASELOAD ADJUSTMENT.—On May 15 of each fiscal year, the Secretary shall adjust the limit on obligations under subparagraph (A) for the fiscal year to reflect any

change in the cost of the program due to any increase or decrease in participation as estimated by comparing participation during the first 6 months of the fiscal year to participation for the same period projected by the Director of the Congressional Budget Office prior to the date of enactment of this subparagraph.

"(2) REDUCTION.—Notwithstanding any other provision of this Act, if the Secretary finds that for any fiscal year the requirements of participating States will exceed the amount of obligations specified in paragraph (1), the Secretary shall direct State agencies to reduce the value of allotments to be issued to households certified as eligible to participate in the food stamp program to the extent necessary to comply with paragraph (1).

"(3) REPORT.—The Secretary shall report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate concerning the methodology and assumptions under, effects of, and adjustments under, this subsection.".

SEC. 1063. REAUTHORIZATION OF PUERTO RICO NUTRITION ASSISTANCE PROGRAM.

The first sentence of section 19(a)(1)(A) of the Food Stamp Act of 1977 (7 U.S.C. 2028(a)(1)(A)) is amended by striking "$974,000,000" and all that follows through "fiscal year 1995" and inserting "$1,143,000,000 for each of fiscal years 1995 and 1996, $1,174,000,000 for fiscal year 1997, $1,204,000,000 for fiscal year 1998, $1,236,000,000 for fiscal year 1999, $1,268,000,000 for fiscal year 2000, $1,301,000,000 for fiscal year 2001, and $1,335,000,000 for fiscal year 2002".

SEC. 1064. SIMPLIFIED FOOD STAMP PROGRAM.

(a) IN GENERAL.—The Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.) is amended by adding at the end the following:

"SEC. 24. SIMPLIFIED FOOD STAMP PROGRAM.

"(a) DEFINITION OF FEDERAL COSTS.—In this section, the term 'Federal costs' does not include any Federal costs incurred under section 17.

"(b) ELECTION.—Subject to subsection (d), a State may elect to carry out a Simplified Food Stamp Program (referred to in this section as a 'Program'), statewide or in a political subdivision of the State, in accordance with this section.

"(c) OPERATION OF PROGRAM.—If a State elects to carry out a Program, within the State or a political subdivision of the State—

"(1) a household in which all members receive assistance under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) shall automatically be eligible to participate in the Program; and

"(2) subject to subsection (f), benefits under the Program shall be determined under rules and procedures established by the State under—

"(A) a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.);

"(B) the food stamp program (other than section 25); or

"(C) a combination of a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) and the food stamp program (other than section 25).

"(d) APPROVAL OF PROGRAM.—

"(1) STATE PLAN.—A State agency may not operate a Program unless the Secretary approves a State plan for the operation of the Program under paragraph (2).

"(2) APPROVAL OF PLAN.—The Secretary shall approve any State plan to carry out a Program if the Secretary determines that the plan—

"(A) complies with this section; and

"(B) contains sufficient documentation that the plan will not increase Federal costs for any fiscal year.

"(e) INCREASED FEDERAL COSTS.—

"(1) DETERMINATION.—During each fiscal year and not later than 90 days after the end of each fiscal year, the Secretary shall determine whether a Program being carried out by a State agency is increasing Federal costs under this Act above the Federal costs incurred under the food stamp program in operation in the State or political subdivision of the State for the fiscal year prior to the implementation of the Program, adjusted for any changes in—

"(A) participation;

"(B) the income of participants in the food stamp program that is not attributable to public assistance; and

"(C) the thrifty food plan under section 3(o).

"(2) NOTIFICATION.—If the Secretary determines that the Program has increased Federal costs under this Act for any fiscal year or any portion of any fiscal year, the Secretary shall notify the State not later than 30 days after the Secretary makes the determination under paragraph (1).

"(3) ENFORCEMENT.—

"(A) CORRECTIVE ACTION.—Not later than 90 days after the date of a notification under paragraph (2), the State shall submit a plan for approval by the Secretary for prompt corrective action that is designed to prevent the Program from increasing Federal costs under this Act.

"(B) TERMINATION.—If the State does not submit a plan under subparagraph (A) or carry out a plan approved by the Secretary, the Secretary shall terminate the approval of the State agency operating the Program and the State agency shall be ineligible to operate a future Program.

"(f) RULES AND PROCEDURES.—

"(1) IN GENERAL.—In operating a Program, a State or political subdivision of a State may follow the rules and procedures established by the State or political subdivision under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) or under the food stamp program.

"(2) STANDARDIZED DEDUCTIONS.—In operating a Program, a State or political subdivision of a State may standardize the deductions provided under section 5(e). In developing the standardized deduction, the State shall consider the work expenses, dependent care costs, and shelter costs of participating households.

"(3) REQUIREMENTS.—In operating a Program, a State or political subdivision shall comply with the requirements of—

"(A) subsections (a) through (g) of section 7;

"(B) section 8(a) (except that the income of a household may be determined under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.));

"(C) subsection (b) and (d) of section 8;

"(D) subsections (a), (c), (d), and (n) of section 11;

"(E) paragraphs (8), (12), (16), (18), (20), (24), and (25) of section 11(e);

"(F) section 11(e)(10) (or a comparable requirement established by the State under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.)); and

"(G) section 16.

"(4) LIMITATION ON ELIGIBILITY.—Notwithstanding any other provision of this section, a household may not receive benefits under this section as a result of the eligibility of the household under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), unless the Secretary determines that any household with income above 130 percent of the poverty guidelines is not eligible for the program.".

(b) STATE PLAN PROVISIONS.—Section 11(e) of the Act (7 U.S.C. 2020(e)), as amended by sections 1028(b) and 1044, is further amended by adding at the end the following:

"(25) if a State elects to carry out a Simplified Food Stamp Program under section 24, the plans of the State agency for operating the program, including—

"(A) the rules and procedures to be followed by the State agency to determine food stamp benefits;

"(B) how the State agency will address the needs of households that experience high shelter costs in relation to the incomes of the households; and

"(C) a description of the method by which the State agency will carry out a quality control system under section 16(c).".

(c) CONFORMING AMENDMENTS.—

(1) Section 8 of the Act (7 U.S.C. 2017), as amended by section 1039, is further amended—

(A) by striking subsection (e); and

(B) by redesignating subsection (f) as subsection (e).

(2) Section 17 of the Act (7 U.S.C. 2026) is amended—

(A) by striking subsection (i); and

(B) by redesignating subsections (j) through (l) as subsections (i) through (k), respectively.

SEC. 1065. STATE FOOD ASSISTANCE BLOCK GRANT.

(a) IN GENERAL.—The Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.), as amended by section 1064, is further amended by adding at the end the following:

"SEC. 25. STATE FOOD ASSISTANCE BLOCK GRANT.

"(a) DEFINITIONS.—In this section:

"(1) FOOD ASSISTANCE.—The term 'food assistance' means assistance that may be used only to obtain food, as defined in section 3(g).

"(2) STATE.—The term 'State' means each of the 50 States, the District of Columbia, Guam, and the Virgin Islands of the United States.

"(b) ESTABLISHMENT.—The Secretary shall establish a program to make grants to States in accordance with this section to provide—

"(1) food assistance to needy individuals and families residing in the State; and

"(2) funds for administrative costs incurred in providing the assistance.

"(c) ELECTION.—

"(1) IN GENERAL.—A State may annually elect to participate in the program established under subsection (b) if the State—

"(A) has fully implemented an electronic benefit transfer system that operates in the entire State;

"(B) has a payment error rate under section 16(c) that is not more than 6 percent as announced most recently by the Secretary; or

"(C) has a payment error rate in excess of 6 percent and agrees to contribute non-Federal funds for the fiscal year of the grant, for benefits and administration of the State's food assistance program, the amount determined under paragraph (2).

"(2) STATE MANDATORY CONTRIBUTIONS.—

"(A) IN GENERAL.—In the case of a State that elects to participate in the program under paragraph (1)(C), the State shall agree to contribute, for a fiscal year, an amount equal to—

"(A)(i) the benefits issued in the State; multiplied by

"(ii) the payment error rate of the State; minus

"(B)(i) the benefits issued in the State; multiplied by

"(ii) 6 percent.

"(B) DETERMINATION.—Notwithstanding sections 13 and 14, the calculation of the contribution shall be based solely on the determination of the Secretary of the payment error rate.

"(C) DATA.—For purposes of implementing subparagraph (A) for a fiscal year, the Secretary shall use the data for the most recent fiscal year available.

"(3) ELECTION LIMITATION.—

"(A) RE-ENTERING FOOD STAMP PROGRAM.—A State that elects to participate in the program under paragraph (1) may in a subsequent year decline to elect to participate in the program and instead participate in the food stamp program in accordance with the other sections of this Act.

"(B) LIMITATION.—Subsequent to re-entering the food stamp program under subparagraph (A), the State shall only be eligible to participate in the food stamp program in accordance with the other sections of this Act and shall not be eligible to elect to participate in the program established under subsection (b).

"(4) PROGRAM EXCLUSIVE.—

"(A) IN GENERAL.—A State that is participating in the program established under subsection (b) shall not be subject to, or receive any benefit under, this Act except as provided in this section.

"(B) CONTRACT WITH FEDERAL GOVERNMENT.—Nothing in this section shall prohibit a State from contracting with the Federal Government for the provision of services or materials necessary to carry out a program under this section.

"(d) LEAD AGENCY.—A State desiring to receive a grant under this section shall designate, in an application submitted to the Secretary under subsection (e)(1), an appropriate State agency responsible for the administration of the program under this section as the lead agency.

"(e) APPLICATION AND PLAN.—

"(1) APPLICATION.—To be eligible to receive assistance under this section, a State shall prepare and submit to the Secretary an application at such time, in such manner, and containing such information as the Secretary shall by regulation require, including—

"(A) an assurance that the State will comply with the requirements of this section;

"(B) a State plan that meets the requirements of paragraph (3); and

"(C) an assurance that the State will comply with the requirements of the State plan under paragraph (3).

"(2) ANNUAL PLAN.—The State plan contained in the application under paragraph (1) shall be submitted for approval annually.

"(3) REQUIREMENTS OF PLAN.—

"(A) LEAD AGENCY.—The State plan shall identify the lead agency.

"(B) USE OF BLOCK GRANT FUNDS.—The State plan shall provide that the State shall use the amounts provided to the State for each fiscal year under this section—

"(i) to provide food assistance to needy individuals and families residing in the State, other than residents of institutions who are ineligible for food stamps under section 3(i); and

"(ii) to pay administrative costs incurred in providing the assistance.

"(C) GROUPS SERVED.—The State plan shall describe how and to what extent the program will serve specific groups of individuals and families and how the treatment will differ from treatment under the food stamp program under the other sections of this Act of the individuals and families, including—

"(i) elderly individuals and families;

"(ii) migrants or seasonal farmworkers;

"(iii) homeless individuals and families;

"(iv) individuals and families who live in institutions eligible under section 3(i);

"(v) individuals and families with earnings; and

"(vi) members of Indian tribes or tribal organizations.

"(D) ASSISTANCE FOR ENTIRE STATE.—The State plan shall provide that benefits under this section shall be available throughout the entire State.

"(E) NOTICE AND HEARINGS.—The State plan shall provide that an individual or family who applies for, or receives, assistance under this section shall be provided with notice of, and an opportunity for a hearing on, any action under this section that adversely affects the individual or family.

"(F) ASSESSMENT OF NEEDS.—The State plan shall assess the food and nutrition needs of needy persons residing in the State.

"(G) ELIGIBILITY STANDARDS.—The State plan shall describe the income, resource, and other eligibility standards that are established for the receipt of assistance under this section.

"(H) DISQUALIFICATION OF FLEEING FELONS.—The State plan shall provide for the disqualification of any individual who would be disqualified from participating in the food stamp program under section 6(k).

"(I) DISQUALIFICATION FOR CHILD SUPPORT ARREARS.—The State plan shall provide for the disqualification of any individual who would be disqualified from participating in the food stamp program under section 6(n).

"(J) RECEIVING BENEFITS IN MORE THAN 1 JURISDICTION.—The State plan shall establish a system for the exchange of information with other States to verify the identity and receipt of benefits by recipients.

"(K) PRIVACY.—The State plan shall provide for safeguarding and restricting the use and disclosure of information about any individual or family receiving assistance under this section.

"(L) OTHER INFORMATION.—The State plan shall contain such other information as may be required by the Secretary.

"(4) APPROVAL OF APPLICATION AND PLAN.—The Secretary shall approve an application and State plan that satisfies the requirements of this section.

"(f) NO INDIVIDUAL OR FAMILY ENTITLEMENT TO ASSISTANCE.—Nothing in this section—

"(1) entitles any individual or family to assistance under this section; or

"(2) limits the right of a State to impose additional limitations or conditions on assistance under this section.

"(g) BENEFITS FOR ALIENS.—

"(1) ELIGIBILITY.—No individual who is an alien shall be eligible to receive benefits under a State plan approved under subsection (e)(4) if the individual is not eligible to participate in the food stamp program due to the alien status of the individual.

"(2) INCOME.—The State plan shall provide that the income of an alien shall be determined in accordance with section 5(i).

"(h) EMPLOYMENT AND TRAINING.—

"(1) WORK REQUIREMENTS.—No individual or household shall be eligible to receive benefits under a State plan funded under this section if the individual or household is not eligible to participate in the food stamp program under subsection (d) or (o) of section 6.

"(2) WORK PROGRAMS.—Each State shall implement an employment and training program in accordance with the terms and conditions of section 6(d)(4) for individuals under the program and shall be eligible to receive funding under section 16(h).

"(i) ENFORCEMENT.—

"(1) REVIEW OF COMPLIANCE WITH STATE PLAN.—The Secretary shall review and monitor State compliance with this section and the State plan approved under subsection (e)(4).

"(2) NONCOMPLIANCE.—

"(A) IN GENERAL.—If the Secretary, after reasonable notice to a State and opportunity for a hearing, finds that—

"(i) there has been a failure by the State to comply substantially with any provision or requirement set forth in the State plan approved under subsection (e)(4); or

"(ii) in the operation of any program or activity for which assistance is provided under this section, there is a failure by the State to comply substantially with any provision of this section;

the Secretary shall notify the State of the finding and that no further grants will be made to the State under this section (or, in the case of noncompliance in the operation of a program or activity, that no further grants to the State will be made with respect to the program or activity) until the Secretary is satisfied that there is no longer any failure to comply or that the noncompliance will be promptly corrected.

"(B) OTHER PENALTIES.—In the case of a finding of noncompliance made pursuant to subparagraph (A), the Secretary may, in addition to, or in lieu of, imposing the penalties described in subparagraph (A), impose other appropriate penalties, including recoupment of money improperly expended for purposes prohibited or not authorized by this section and disqualification from the receipt of financial assistance under this section.

"(C) NOTICE.—The notice required under subparagraph (A) shall include a specific identification of any additional penalty being imposed under subparagraph (B).

"(3) ISSUANCE OF REGULATIONS.—The Secretary shall establish by regulation procedures for—

"(A) receiving, processing, and determining the validity of complaints made to the Secretary concerning any failure of a State to comply with the State plan or any requirement of this section; and

"(B) imposing penalties under this section.

"(j) GRANT.—

"(1) IN GENERAL.—For each fiscal year, the Secretary shall pay to a State that has an application approved by the Secretary under subsection (e)(4) an amount that is equal to the grant of the State under subsection (m) for the fiscal year.

"(2) METHOD OF GRANT.—The Secretary shall make a grant to a State for a fiscal year under this section by issuing 1 or more letters of credit for the fiscal year, with necessary adjustments on account of overpayments or underpayments, as determined by the Secretary.

"(3) SPENDING OF GRANTS BY STATE.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), a grant to a State determined under subsection (m)(1) for a fiscal year may be expended by the State only in the fiscal year.

"(B) CARRYOVER.—The State may reserve up to 10 percent of a grant determined under subsection (m)(1) for a fiscal year to provide assistance under this section in subsequent fiscal years, except that the reserved funds may not exceed 30 percent of the total grant received under this section for a fiscal year.

"(4) FOOD ASSISTANCE AND ADMINISTRATIVE EXPENDITURES.—In each fiscal year, not more than 6 percent of the Federal and State funds required to be expended by a State under this section shall be used for administrative expenses.

"(5) PROVISION OF FOOD ASSISTANCE.—A State may provide food assistance under this section in any manner determined appropriate by the State, such as electronic benefit transfer limited to food purchases, coupons limited to food purchases, or direct provision of commodities.

"(k) QUALITY CONTROL.—Each State participating in the program established under this section shall maintain a system in accordance with, and shall be subject to section 16(c), including sanctions and eligibility for incentive payment under section 16(c), adjusted for State specific characteristics under regulations issued by the Secretary.

"(l) NONDISCRIMINATION.—

"(1) IN GENERAL.—The Secretary shall not provide financial assistance for any program, project, or activity under this section if any person with responsibilities for the operation of the program, project, or activity discriminates with respect to the program, project, or activity because of race, religion, color, national origin, sex, or disability.

"(2) ENFORCEMENT.—The powers, remedies, and procedures set forth in title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.) may be used by the Secretary to enforce paragraph (1).

"(m) GRANT CALCULATION.—

"(1) STATE GRANT.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), from the amounts made available under section 18 for each fiscal year, the Secretary shall provide a grant to each State participating in the program established under this section an amount that is equal to the sum of—

"(i) the greater of, as determined by the Secretary—

"(I) the total dollar value of all benefits issued under the food stamp program established under this Act by the State during fiscal year 1994; or

"(II) the average per fiscal year of the total dollar value of all benefits issued under the food stamp program by the State during each of fiscal years 1992 through 1994; and

"(ii) the greater of, as determined by the Secretary—

"(I) the total amount received by the State for administrative costs under section 16(a) (not including any adjustment under section 16(c)) for fiscal year 1994; or

"(II) the average per fiscal year of the total amount received by the State for administrative costs under section 16(a) (not including any adjustment under section 16(c)) for each of fiscal years 1992 through 1994.

"(B) INSUFFICIENT FUNDS.—If the Secretary finds that the total amount of grants to which States would otherwise be entitled for a fiscal year under subparagraph (A) will exceed the amount of funds that will be made available to provide the grants for the fiscal year, the Secretary shall reduce the grants made to States under this subsection, on a pro rata basis, to the extent necessary.

"(2) REDUCTION.—The Secretary shall reduce the grant of a State by the amount a State has agreed to contribute under subsection (c)(1)(C).".

(b) EMPLOYMENT AND TRAINING FUNDING.—Section 16(h) of the Act (7 U.S.C. 2025(a)), as amended by section 1027(d)(2), is further amended by adding at the end the following:

"(6) BLOCK GRANT STATES.—Each State electing to operate a program under section 25 shall—

"(A) receive the greater of—

"(i) the total dollar value of the funds received under paragraph (1) by the State during fiscal year 1994; or

"(ii) the average per fiscal year of the total dollar value of all funds received under paragraph (1) by the State during each of fiscal years 1992 through 1994; and

"(B) be eligible to receive funds under paragraph (2), within the limitations in section 6(d)(4)(K).".

(c) RESEARCH ON OPTIONAL STATE FOOD ASSISTANCE BLOCK GRANT.—Section 17 of the Act (7 U.S.C. 2026), as amended by section 1064(c)(2), is further amended by adding at the end the following:

"(l) RESEARCH ON OPTIONAL STATE FOOD ASSISTANCE BLOCK GRANT.—The Secretary may conduct research on the effects and costs of a State program carried out under section 25.".

SEC. 1066. AMERICAN SAMOA.

The Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.), as amended by section 1065, is further amended by adding at the end the following:

"SEC. 26. TERRITORY OF AMERICAN SAMOA.

From amounts made available to carry out this Act, the Secretary may pay to the Territory of American Samoa not more than $5,300,000 for each of fiscal years 1996 through 2002 to finance 100 percent of the expenditures for the fiscal year for a nutrition assistance program extended under section 601(c) of Public Law 96–597 (48 U.S.C. 1469d(c)).".

SEC. 1067. ASSISTANCE FOR COMMUNITY FOOD PROJECTS.

The Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.), as amended by section 1066, is further amended by adding at the end the following:

"SEC. 27. ASSISTANCE FOR COMMUNITY FOOD PROJECTS.

"(a) DEFINITION OF COMMUNITY FOOD PROJECTS.—In this section, the term 'community food project' means a community-based project that requires a 1-time infusion of Federal assistance to become self-sustaining and that is designed to—

"(1) meet the food needs of low-income people;

"(2) increase the self-reliance of communities in providing for their own food needs; and

"(3) promote comprehensive responses to local food, farm, and nutrition issues.

"(b) AUTHORITY TO PROVIDE ASSISTANCE.—

"(1) IN GENERAL.—From amounts made available to carry out this Act, the Secretary may make grants to assist eligible private nonprofit entities to establish and carry out community food projects.

"(2) LIMITATION ON GRANTS.—The total amount of funds provided as grants under this section for any fiscal year may not exceed $2,500,000.

"(c) ELIGIBLE ENTITIES.—To be eligible for a grant under subsection (b), a private nonprofit entity must—

"(1) have experience in the area of—

"(A) community food work, particularly concerning small and medium-sized farms, including the provision of food to people in low-income communities and the development of new markets in low-income communities for agricultural producers; or

"(B) job training and business development activities for food-related activities in low-income communities;

"(2) demonstrate competency to implement a project, provide fiscal accountability, collect data, and prepare reports and other necessary documentation; and

"(3) demonstrate a willingness to share information with researchers, practitioners, and other interested parties.

"(d) PREFERENCE FOR CERTAIN PROJECTS.—In selecting community food projects to receive assistance under subsection (b), the Secretary shall give a preference to projects designed to—

"(1) develop linkages between 2 or more sectors of the food system;

"(2) support the development of entrepreneurial projects;

"(3) develop innovative linkages between the for-profit and nonprofit food sectors; or

"(4) encourage long-term planning activities and multi-system, interagency approaches.

"(e) MATCHING FUNDS REQUIREMENTS.—

"(1) REQUIREMENTS.—The Federal share of the cost of establishing or carrying out a community food project that receives assistance under subsection (b) may not exceed 50 percent of the cost of the project during the term of the grant.

"(2) CALCULATION.—In providing for the non-Federal share of the cost of carrying out a community food project, the entity receiving the grant shall provide for the share through a payment in cash or in kind, fairly evaluated, including facilities, equipment, or services.

"(3) SOURCES.—An entity may provide for the non-Federal share through State government, local government, or private sources.

"(f) TERM OF GRANT.—

"(1) SINGLE GRANT.—A community food project may be supported by only a single grant under subsection (b).

"(2) TERM.—The term of a grant under subsection (b) may not exceed 3 years.

"(g) TECHNICAL ASSISTANCE AND RELATED INFORMATION.—

"(1) TECHNICAL ASSISTANCE.—In carrying out this section, the Secretary may provide technical assistance regarding community food projects, processes, and development to an entity seeking the assistance.

"(2) SHARING INFORMATION.—

"(A) IN GENERAL.—The Secretary may provide for the sharing of information concerning community food projects and issues among and between government, private for-profit and nonprofit groups, and the public through publications, conferences, and other appropriate forums.

"(B) OTHER INTERESTED PARTIES.—The Secretary may share information concerning community food projects with researchers, practitioners, and other interested parties.

"(h) EVALUATION.—

"(1) IN GENERAL.—The Secretary shall provide for the evaluation of the success of community food projects supported using funds under this section.

"(2) REPORT.—Not later than January 30, 2002, the Secretary shall submit a report to Congress regarding the results of the evaluation.".

Subtitle B—Commodity Distribution Programs

SEC. 1071. COMMODITY DISTRIBUTION PROGRAM; COMMODITY SUPPLEMENTAL FOOD PROGRAM.

(a) REAUTHORIZATION.—The first sentence of section 4(a) of the Agriculture and Consumer Protection Act of 1973 (Public Law 93–86; 7 U.S.C. 612c note) is amended by striking "1995" and inserting "2002".

(b) FUNDING.—Section 5 of the Act (Public Law 93–86; 7 U.S.C. 612c note) is amended—

(1) in subsection (a)(2), by striking "1995" and inserting "2002"; and

(2) in subsection (d)(2), by striking "1995" and inserting "2002".

SEC. 1072. EMERGENCY FOOD ASSISTANCE PROGRAM.

(a) DEFINITIONS.—Section 201A of the Emergency Food Assistance Act of 1983 (Public Law 98–8; 7 U.S.C. 612c note) is amended to read as follows:

"SEC. 201A. DEFINITIONS.

"In this Act:

"(1) ADDITIONAL COMMODITIES.—The term 'additional commodities' means commodities made available under section 214 in addition to the commodities made available under sections 202 and 203D.

"(2) AVERAGE MONTHLY NUMBER OF UNEMPLOYED PERSONS.—The term 'average monthly number of unemployed persons' means the average monthly number of unemployed persons in each State in the most recent fiscal year for which information concerning the number of unemployed persons is available, as determined by the Bureau of Labor Statistics of the Department of Labor.

"(3) ELIGIBLE RECIPIENT AGENCY.—The term 'eligible recipient agency' means a public or nonprofit organization—

"(A) that administers—

"(i) an emergency feeding organization;

"(ii) a charitable institution (including a hospital and a retirement home, but excluding a penal institution) to the extent that the institution serves needy persons;

"(iii) a summer camp for children, or a child nutrition program providing food service;

"(iv) a nutrition project operating under the Older Americans Act of 1965 (42 U.S.C. 3001 et seq.), including a project that operates a congregate nutrition site and a project that provides home-delivered meals; or

"(v) a disaster relief program;

"(B) that has been designated by the appropriate State agency, or by the Secretary; and

"(C) that has been approved by the Secretary for participation in the program established under this Act.

"(4) EMERGENCY FEEDING ORGANIZATION.—The term 'emergency feeding organization' means a public or nonprofit organization that administers activities and projects (including the activities and projects of a charitable institution, a food bank, a food pantry, a hunger relief center, a soup kitchen, or a similar public or private nonprofit eligible recipient agency) providing nutrition assistance to relieve situations of emergency and distress through the provision of food to needy persons, including low-income and unemployed persons.

"(5) FOOD BANK.—The term 'food bank' means a public or charitable institution that maintains an established operation involving the provision of food or edible commodities, or the products of food or edible commodities, to food pantries, soup

kitchens, hunger relief centers, or other food or feeding centers that, as an integral part of their normal activities, provide meals or food to feed needy persons on a regular basis.

"(6) FOOD PANTRY.—The term 'food pantry' means a public or private nonprofit organization that distributes food to low-income and unemployed households, including food from sources other than the Department of Agriculture, to relieve situations of emergency and distress.

"(7) POVERTY LINE.—The term 'poverty line' has the same meaning given the term in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)).

"(8) SOUP KITCHEN.—The term 'soup kitchen' means a public or charitable institution that, as integral part of the normal activities of the institution, maintains an established feeding operation to provide food to needy homeless persons on a regular basis.

"(9) TOTAL VALUE OF ADDITIONAL COMMODITIES.—The term 'total value of additional commodities' means the actual cost of all additional commodities made available under section 214 that are paid by the Secretary (including the distribution and processing costs incurred by the Secretary).

"(10) VALUE OF ADDITIONAL COMMODITIES ALLOCATED TO EACH STATE.—The term 'value of additional commodities allocated to each State' means the actual cost of additional commodities made available under section 214 and allocated to each State that are paid by the Secretary (including the distribution and processing costs incurred by the Secretary).".

(b) STATE PLAN.—Section 202A of the Act (7 U.S.C. 612c note) is amended to read as follows:

"SEC. 202A. STATE PLAN.

"(a) IN GENERAL.—To receive commodities under this Act, a State shall submit a plan of operation and administration every 4 years to the Secretary for approval. The plan may be amended at any time, with the approval of the Secretary.

"(b) REQUIREMENTS.—Each plan shall—

"(1) designate the State agency responsible for distributing the commodities received under this Act;

"(2) set forth a plan of operation and administration to expeditiously distribute commodities under this Act;

"(3) set forth the standards of eligibility for recipient agencies; and

"(4) set forth the standards of eligibility for individual or household recipients of commodities, which shall require—

"(A) individuals or households to be comprised of needy persons; and

"(B) individual or household members to be residing in the geographic location served by the distributing agency at the time of applying for assistance.

"(c) STATE ADVISORY BOARD.—The Secretary shall encourage each State receiving commodities under this Act to establish a State advisory board consisting of representatives of all interested entities, both public and private, in the distribution of commodities received under this Act in the State.".

(c) AUTHORIZATION OF APPROPRIATIONS FOR ADMINISTRATIVE FUNDS.—Section 204(a)(1) of the Act (7 U.S.C. 612c note) is amended—

(1) in the first sentence—

(A) by striking "1991 through 1995' and inserting "1996 through 2002"; and

(B) by striking "for State and local" and all that follows through "under this title" and inserting "to pay for the direct and indirect administrative costs of the State related to the processing, transporting, and distributing to eligible recipient agencies of commodities provided by the Secretary under this Act and commodities secured from other sources"; and

(2) by striking the fourth sentence.

(d) DELIVERY OF COMMODITIES.—Section 214 of the Act (7 U.S.C. 612c note) is amended—

(1) by striking subsections (a) through (e) and (j);

(2) by redesignating subsections (f) through (i) as subsections (a) through (d), respectively;

(3) in subsection (b), as redesignated by paragraph (2)—

(A) in the first sentence, by striking "subsection (f) or subsection (j) if applicable," and inserting "subsection (a)"; and

(B) in the second sentence, by striking "subsection (f)" and inserting "subsection (a)";

(4) by striking subsection (c), as redesignated by paragraph (2), and inserting the following:

"(c) ADMINISTRATION.—

"(1) IN GENERAL.—Commodities made available for each fiscal year under this section shall be delivered at reasonable intervals to States based on the grants calculated under subsection (a), or reallocated under subsection (b), before December 31 of the following fiscal year.

"(2) ENTITLEMENT.—Each State shall be entitled to receive the value of additional commodities determined under subsection (a)."; and

(5) in subsection (d), as redesignated by paragraph (2), by striking "or reduce" and all that follows through "each fiscal year".

(e) TECHNICAL AMENDMENTS.—The Act (7 U.S.C. 612c note) is amended—

(1) in the first sentence of section 203B(a), by striking "203 and 203A of this Act" and inserting "203A";

(2) in section 204(a), by striking "title" each place it appears and inserting "Act";

(3) in the first sentence of section 210(e), by striking "(except as otherwise provided for in section 214(j))"; and

(4) by striking section 212.

(f) REPORT ON EFAP.—Section 1571 of the Food Security Act of 1985 (Public Law 99–198; 7 U.S.C. 612c note) is repealed.

(g) AVAILABILITY OF COMMODITIES UNDER THE FOOD STAMP PROGRAM.—The Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.), as amended by section 1067, is further amended by adding at the end the following:

"SEC. 28. AVAILABILITY OF COMMODITIES FOR THE EMERGENCY FOOD ASSISTANCE PROGRAM.

"(a) PURCHASE OF COMMODITIES.—From amounts appropriated under this Act, for each of fiscal years 1997 through 2002, the Secretary shall purchase $300,000,000 of a variety of nutritious and useful commodities of the types that the Secretary has the authority to acquire through the Commodity Credit Corporation or under section 32 of the Act entitled 'An Act to amend the Agricultural Adjustment Act, and for other purposes', approved August 24, 1935 (7 U.S.C. 612c), and distribute the commodities to States for distribution in accordance with section 214 of the Emergency Food Assistance Act of 1983 (Public Law 98–8; 7 U.S.C. 612c note).

"(b) BASIS FOR COMMODITY PURCHASES.—In purchasing commodities under subsection (a), the Secretary shall, to the extent practicable and appropriate, make purchases based on—

"(1) agricultural market conditions;

"(2) preferences and needs of States and distributing agencies; and

"(3) preferences of recipients.".

(h) EFFECTIVE DATE.—The amendments made by subsection (d) shall become effective on October 1, 1996.

SEC. 1073. FOOD BANK DEMONSTRATION PROJECT.

Section 3 of the Charitable Assistance and Food Bank Act of 1987 (Public Law 100–232; 7 U.S.C. 612c note) is repealed.

SEC. 1074. HUNGER PREVENTION PROGRAMS.

The Hunger Prevention Act of 1988 (Public Law 100–435; 7 U.S.C. 612c note) is amended—

(1) by striking section 110;

(2) by striking subtitle C of title II; and

(3) by striking section 502.

SEC. 1075. REPORT ON ENTITLEMENT COMMODITY PROCESSING.

Section 1773 of the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101–624; 7 U.S.C. 612c note) is amended by striking subsection (f).

SEC. 1076. NATIONAL COMMODITY PROCESSING.

The first sentence of section 1114(a)(2)(A) of the Agriculture and Food Act of 1981 (7 U.S.C. 1431e(2)(A)) is amended by striking "1995" and inserting "2002".

TITLE XI—MISCELLANEOUS

SEC. 1101. EXPENDITURE OF FEDERAL FUNDS IN ACCORDANCE WITH LAWS AND PROCEDURES APPLICABLE TO EXPENDITURE OF STATE FUNDS.

(a) IN GENERAL.—Notwithstanding any other provision of law, any funds received by a State under the provisions of law specified in subsection (b) shall be expended only in accordance with the laws and procedures applicable to expenditures of the State's own revenues, including appropriation by the State legislature, consistent with the terms and conditions required under such provisions of law.

(b) PROVISIONS OF LAW.—The provisions of law specified in this subsection are the following:

(1) Part A of title IV of the Social Security Act (relating to block grants for temporary assistance for needy families).

(2) Section 25 of the Food Stamp Act of 1977 (relating to the optional State food assistance block grant).

(3) The Child Care and Development Block Grant Act of 1990 (relating to block grants for child care).

SEC. 1102. ELIMINATION OF HOUSING ASSISTANCE WITH RESPECT TO FUGITIVE FELONS AND PROBATION AND PAROLE VIOLATORS.

(a) ELIGIBILITY FOR ASSISTANCE.—The United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended—

(1) in section 6(l)—

(A) in paragraph (5), by striking "and" at the end;

(B) in paragraph (6), by striking the period at the end and inserting "; and"; and

(C) by inserting immediately after paragraph (6) the following new paragraph:

"(7) provide that it shall be cause for immediate termination of the tenancy of a public housing tenant if such tenant—

"(A) is fleeing to avoid prosecution, or custody or confinement after conviction, under the laws of the place from which the individual flees, for a crime, or attempt to commit a crime, which is a felony under the laws of the place from which the individual flees, or which, in the case of the State of New Jersey, is a high misdemeanor under the laws of such State; or

"(2) is violating a condition of probation or parole imposed under Federal or State law."; and

(2) in section 8(d)(1)(B)—

(A) in clause (iii), by striking "and" at the end;

(B) in clause (iv), by striking the period at the end and inserting "; and"; and

(C) by adding after clause (iv) the following new clause:

"(v) it shall be cause for termination of the tenancy of a tenant if such tenant—

"(I) is fleeing to avoid prosecution, or custody or confinement after conviction, under the laws of the place from which the individual flees, for a crime, or attempt to commit a crime, which is a felony under the laws of the place from which the individual flees, or which, in the case of the State of New Jersey, is a high misdemeanor under the laws of such State; or

"(II) is violating a condition of probation or parole imposed under Federal or State law;".

(b) PROVISION OF INFORMATION TO LAW ENFORCEMENT AGENCIES.—Title I of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.), as amended by section 601 of this Act, is amended by adding at the end the following:

"SEC. 28. EXCHANGE OF INFORMATION WITH LAW ENFORCEMENT AGENCIES.

"Notwithstanding any other provision of law, each public housing agency that enters into a contract for assistance under section 6 or 8 of this Act with the Secretary shall furnish any Federal, State, or local law enforcement officer, upon the request of the officer, with the current address, Social Security number, and photograph (if applicable) of any recipient of assistance under this Act, if the officer—

"(1) furnishes the public housing agency with the name of the recipient; and

"(2) notifies the agency that—

"(A) such recipient—

"(i) is fleeing to avoid prosecution, or custody or confinement after conviction, under the laws of the place from which the individual flees, for a crime, or attempt to commit a crime, which is a felony under the laws of the place from which the individual flees, or which, in the case of the State of New Jersey, is a high misdemeanor under the laws of such State; or

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

"(iii) has information that is necessary for the officer to conduct the officer's official duties;

"(B) the location or apprehension of the recipient is within such officer's official duties; and

"(C) the request is made in the proper exercise of the officer's official duties.".

SEC. 1103. SENSE OF THE SENATE REGARDING ENTERPRISE ZONES.

(a) FINDINGS.—The Senate finds that:

(1) Many of the Nation's urban centers are places with high levels of poverty, high rates of welfare dependency, high crime rates, poor schools, and joblessness;

(2) Federal tax incentives and regulatory reforms can encourage economic growth, job creation and small business formation in many urban centers;

(3) Encouraging private sector investment in America's economically distressed urban and rural areas is essential to breaking the cycle of poverty and the related ills of crime, drug abuse, illiteracy, welfare dependency, and unemployment;

(4) The empowerment zones enacted in 1993 should be enhanced by providing incentives to increase entrepreneurial growth, capital formation, job creation, educational opportunities, and home ownership in the designated communities and zones.

(b) SENSE OF THE SENATE.—Therefore, it is the Sense of the Senate that the Congress should adopt enterprise zone legislation in the One Hundred Fourth Congress, and that such enterprise zone legislation provide the following incentives and provisions:

(1) Federal tax incentives that expand access to capital, increase the formation and expansion of small businesses, and promote commercial revitalization;

(2) Regulatory reforms that allow localities to petition Federal agencies, subject to the relevant agencies' approval, for

waivers or modifications of regulations to improve job creation, small business formation and expansion, community development, or economic revitalization objectives of the enterprise zones;

(3) Home ownership incentives and grants to encourage resident management of public housing and home ownership of public housing;

(4) School reform pilot projects in certain designated enterprise zones to provide low-income parents with new and expanded educational options for their children's elementary and secondary schooling.

SEC. 1104. SENSE OF THE SENATE REGARDING THE INABILITY OF THE NON-CUSTODIAL PARENT TO PAY CHILD SUPPORT.

It is the sense of the Senate that—

(a) States should diligently continue their efforts to enforce child support payments by the non-custodial parent to the custodial parent, regardless of the employment status or location of the non-custodial parent; and

(b) States are encouraged to pursue pilot programs in which the parents of a non-adult, non-custodial parent who refuses to or is unable to pay child support must—

(1) pay or contribute to the child support owed by the non-custodial parent; or

(2) otherwise fulfill all financial obligations and meet all conditions imposed on the non-custodial parent, such as participation in a work program or other related activity.

SEC. 1105. FOOD STAMP ELIGIBILITY.

Section 6(f) of the Food Stamp Act of 1977 (7 U.S.C. 2015(f)) is amended by striking the third sentence and inserting the following:

"The State agency shall, at its option, consider either all income and financial resources of the individual rendered ineligible to participate in the food stamp program under this subsection, or such income, less a pro rata share, and the financial resources of the ineligible individual, to determine the eligibility and the value of the allotment of the household of which such individual is a member.".

SEC. 1106. ESTABLISHING NATIONAL GOALS TO PREVENT TEENAGE PREGNANCIES.

(a) IN GENERAL.—Not later than January 1, 1997, the Secretary of Health and Human Services shall establish and implement a strategy for—

(1) preventing out-of-wedlock teenage pregnancies, and

(2) assuring that at least 25 percent of the communities in the United States have teenage pregnancy prevention programs in place.

(b) REPORT.—Not later than June 30, 1998, and annually thereafter, the Secretary shall report to the Congress with respect to the progress that has been made in meeting the goals described in paragraphs (1) and (2) of subsection (a).

SEC. 1107. SENSE OF THE SENATE REGARDING ENFORCEMENT OF STATUTORY RAPE LAWS.

It is the sense of the Senate that States and local jurisdictions should aggressively enforce statutory rape laws.

SEC. 1108. SANCTIONING FOR TESTING POSITIVE FOR CONTROLLED SUBSTANCES.

Notwithstanding any other provision of law, States shall not be prohibited by the Federal Government from sanctioning welfare recipients who test positive for use of controlled substances.

SEC. 1109. ABSTINENCE EDUCATION.

(a) INCREASES IN FUNDING.—Section 501(a) of the Social Security Act (42 U.S.C. 701(a)) is amended in the matter preceding paragraph (1) by striking "Fiscal year 1990 and each fiscal year thereafter" and inserting "Fiscal years 1990 through 1995 and $761,000,000 for fiscal year 1996 and each fiscal year thereafter".

(b) ABSTINENCE EDUCATION.—Section 501(a)(1) of such Act (42 U.S.C. 701(a)(1)) is amended—

(1) in subparagraph (C), by striking "and" at the end;

(2) in subparagraph (D), by adding "and" at the end; and

(3) by adding at the end the following new subparagraph:

"(E) to provide abstinence education, and at the option of the State, where appropriate, mentoring, counseling, and adult supervision to promote abstinence from sexual activity, with a focus on those groups which are most likely to bear children out-of-wedlock.".

(c) ABSTINENCE EDUCATION DEFINED.—Section 501(b) of such Act (42 U.S.C. 701(b)) is amended by adding at the end the following new paragraph:

"(5) ABSTINENCE EDUCATION.—For purposes of this subsection, the term 'abstinence education' means an educational or motivational program which—

"(A) has as its exclusive purpose, teaching the social, psychological, and health gains to be realized by abstaining from sexual activity;

"(B) teaches abstinence from sexual activity outside marriage as the expected standard for all school age children;

"(C) teaches that abstinence from sexual activity is the only certain way to avoid out-of-wedlock pregnancy, sexually transmitted diseases, and other associated health problems;

"(D) teaches that a mutually faithful monogamous relationship in context of marriage is the expected standard of human sexual activity;

"(E) teaches that sexual activity outside of the context of marriage is likely to have harmful psychological and physical effects;

"(F) teaches that bearing children out-of-wedlock is likely to have harmful consequences for the child, the child's parents, and society;

"(G) teaches young people how to reject sexual advances and how alcohol and drug use increases vulnerability to sexual advances; and

"(H) teaches the importance of attaining self-sufficiency before engaging in sexual activity.".

(d) SET-ASIDE.—

(1) IN GENERAL.—Section 502(c) of such Act (42 U.S.C. 702(c)) is amended in the matter preceding paragraph (1) by

striking "From" and inserting "Except as provided in subsection (e), from".

(2) SET-ASIDE.—Section 502 of such Act (42 U.S.C. 702) is amended by adding at the end the following new subsection:

"(e) Of the amounts appropriated under section 501(a) for any fiscal year, the Secretary shall set aside $75,000,000 for abstinence education in accordance with section 501(a)(1)(E).

SEC. 1110. PROVISIONS TO ENCOURAGE ELECTRONIC BENEFIT TRANSFER SYSTEMS.

Section 904 of the Electronic Fund Transfer Act (15 U.S.C. 1693b) is amended—

(1) by striking "(d) In the event" and inserting "(d) APPLICABILITY TO SERVICE PROVIDERS OTHER THAN CERTAIN FINANCIAL INSTITUTIONS.—

"(1) IN GENERAL.—In the event"; and

(2) by adding at the end the following new paragraph:

"(2) STATE AND LOCAL GOVERNMENT ELECTRONIC BENEFIT TRANSFER PROGRAMS.—

"(A) EXEMPTION GENERALLY.—The disclosures, protections, responsibilities, and remedies established under this title, and any regulation prescribed or order issued by the Board in accordance with this title, shall not apply to any electronic benefit transfer program established under State or local law or administered by a State or local government.

"(B) EXCEPTION FOR DIRECT DEPOSIT INTO RECIPIENT'S ACCOUNT.—Subparagraph (A) shall not apply with respect to any electronic funds transfer under an electronic benefit transfer program for deposits directly into a consumer account held by the recipient of the benefit.

"(C) RULE OF CONSTRUCTION.—No provision of this paragraph may be construed as—

"(i) affecting or altering the protections otherwise applicable with respect to benefits established by Federal, State, or local law; or

"(ii) otherwise superseding the application of any State or local law.

"(D) ELECTRONIC BENEFIT TRANSFER PROGRAM DEFINED.—For purposes of this paragraph, the term 'electronic benefit transfer program'—

"(i) means a program under which a government agency distributes needs-tested benefits by establishing accounts to be accessed by recipients electronically, such as through automated teller machines, or point-of-sale terminals; and

"(ii) does not include employment-related payments, including salaries and pension, retirement, or unemployment benefits established by Federal, State, or local governments.".

SEC. 1111. REDUCTION IN BLOCK GRANTS TO STATES FOR SOCIAL SERVICES.

Section 2003(c) of the Social Security Act (42 U.S.C. 1397b(c)) is amended—

(1) by striking "and" at the end of paragraph (4); and

(2) by striking paragraph (5) and inserting the following:

"(5) $2,800,000,000 for each of the fiscal years 1990 through 1996 and for each fiscal year after fiscal year 2002; and

"(6) $2,520,000,000 for each of the fiscal years 1997 through 2002.".

And the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate to the title of the bill and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment, amend the title so as to read as follows: "An Act to restore the American family, enhance support and work opportunities for families with children, reduce out-of-wedlock pregnancies, reduce welfare dependence, and control welfare spending.".

And the Senate agree to the same.

BILL ARCHER,
BILL GOODLING,
PAT ROBERTS,
E. CLAY SHAW, JR.,
JAMES TALENT,
JIM NUSSLE,
TIM HUTCHINSON,
JIM MCCRERY,
LAMAR SMITH,
NANCY L. JOHNSON,
DAVE CAMP,
GARY A. FRANKS,

As an additional conferee:

BILL EMERSON,

As an additional conferee:

RANDY "DUKE" CUNNINGHAM,

Managers on the Part of the House.

WILLIAM V. ROTH, JR.,
BOB DOLE,
JOHN H. CHAFEE,
CHARLES GRASSLEY,
ORRIN HATCH,

From the Committee on Labor and Human Resources:

NANCY LANDON KASSEBAUM,
JIM JEFFORDS,
DAN COATS,
JUDD GREGG,

From the Committee on Agriculture, Nutrition, and Forestry:

JESSE HELMS,

Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4) to restore the American family, reduce illegitimacy, control welfare spending and reduce welfare dependence, submit the following joint statement to the House and Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The Senate amendment to the text of the bill struck all of the House bill after the enacting clause and inserted a substitute text.

The House recedes from its disagreement to the amendment of the Senate with an amendment that is a substitute for the House bill and the Senate amendment. The differences between the House bill, the Senate amendment, and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by agreements reached by the conferees, and minor drafting and clerical changes.

TABLE 1.—ORGANIZATION OF CONFERENCE COMPARISON DOCUMENT BY TITLE AS COMPARED WITH TITLES OF HOUSE BILL AND SENATE AMENDMENT

Name of title	Conference title	House title	Senate title
Part 1:			
Block Grants for Temporary Assistance for Needy Families	I	I	I
Supplemental Security Income	II	VI	II
Child Support Enforcement	III	VII	IX
Restricting Welfare and Public Benefits in for Aliens	IV	IV	V
Reductions in Federal Government Positions	V		XII
Housing	VI		X
Protection of Battered Individuals	([1])		VIII
Miscellaneous	XI	VIII	XIII
Part 2:			
Child Protection	VII	II	XI
Adoption Expenses	VII		VIII
Child Care Block Grant	VIII	III	VI
Part: 3			
Child Nutrition	IX	III	IV
Food Stamp Reform	X	V	III
Commodity Distribution	X	V	IV

[1] Not included.

TITLE I. BLOCK GRANTS TO STATES FOR TEMPORARY ASSISTANCE FOR NEEDY FAMILIES

1. SHORT TITLE (SECTION 1)

Present law

Not applicable.

House bill

The Personal Responsibility Act of 1995.

Senate amendment

The Work Opportunity Act of 1995.

Conference agreement

The conference agreement follows the House bill and the Senate amendment as follows: The personal Responsibility and Work Opportunity Act of 1995.

2. OBJECTIVES

Present law

To provide for the general welfare by enabling the several States to make more adequate provision for dependent children. (Social Security Act, 1935)

House bill

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

Senate amendment

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

Conference agreement

The conference agreement follows the House bill and the Senate amendment as follows: To restore the American family, enhance support and work opportunities for families with children, reduce out-of-wedlock pregnancies, reduce welfare dependence, and control welfare spending.

3. SENSE OF THE CONGRESS ON FAMILIES (SECTION 101)

Present law

No provision.

House bill

It is the sense of the Congress that marriage is the foundation of a successful society, and an essential social institution which promotes the interests of children and society at large. The negative consequences of an out-of-wedlock birth on the child, the mother, and society are well documented. Yet the nation suffers unprecedented and growing levels of illegitimacy. In light of this crisis, the reduction of out-of-wedlock births is an important government interest and the policy contained in provisions of this title address the crisis.

Senate amendment

Congress finds that marriage is the foundation of a successful society and an essential institution that promotes the interests of children. Promotion of responsible fatherhood and motherhood is integral to successful child-rearing and well-being of children. It is

the sense of Congress that prevention of out-of-wedlock pregnancy and reduction in out-of-wedlock birth are very important government interests and that the policy contained in provisions of this title is intended to address the crisis.

Conference agreement

The conference agreement follows the Senate amendment.

4. REFERENCE TO SOCIAL SECURITY ACT (SECTION 102)

Present law

Not applicable.

House bill

No provision.

Senate amendment

No provision.

Conference agreement

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

5. GRANTS TO STATES FOR NEEDY FAMILIES (SECTION 103)

A. Purpose

Present law

Title IV–A, which provides grants to States for aid and services to needy families with children (AFDC), is designed to encourage care of dependent children in their own homes by enabling States to provide cash aid and services, maintain and strengthen family life, and help parents attain maximum self-support consistent with maintaining parental care and protection.

House bill

Block grants for temporary assistance for needy families (Title IV–A) are established to increase the flexibility of States in operating a program designed to:

(1) provide assistance to needy families so that children may be cared for in their homes or in the homes of relatives;

(2) end the dependence of needy parents on government benefits by promoting work and marriage; and

(3) discourage out-of-wedlock births.

Senate amendment

Block grants for temporary assistance for needy families (Title IV–A) are established to increase the flexibility of States in operating a program designed to:

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

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

(3) prevent and reduce the incidence of out-of-wedlock pregnancies, with a special emphasis on teen pregnancies, and establish annual goals for preventing and reducing these pregnancies for fiscal years 1996 through 2000.

Conference agreement

The conference agreement follows the House bill and the Senate amendment to read as follows:

Block grants for temporary assistance for needy families (Title IV–A) are established to increase the flexibility of States in operating a program designed to:

(1) provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives;

(2) end the dependence of needy parents on government benefits by promoting job preparation, work, and marriage;

(3) prevent and reduce the incidence of out-of-wedlock pregnancies and establish annual numerical goals for preventing and reducing the incidence of these pregnancies; and

(4) encourage the formation and maintenance of two-parent families.

B. Eligible States; State Plan

Present law

A State must have an approved State plan for aid and services to needy families containing 43 provisions, ranging from single-agency administration to overpayment recovery rules. State plans explain the aid and services that are offered by the State. Aid is defined as money payments. For most parents without a child under age 3, States must provide education, work, or training under the JOBS program to help needy families with children avoid long-term welfare dependence. To receive Federal funds, States must share in program costs. The Federal share of costs (matching rate) varies among States and is inversely related to the square of State per capita income. For AFDC benefits and child care, the Medicaid matching rate is used. This rate now ranges from 50 percent to 79 percent among States and averages about 55 percent. For JOBS activities, the rate averages 60 percent; for administrative costs, 50 percent. In FY 1995, 20 percent of employable (nonexempt) adult recipients must participate in education, work, or training under JOBS, and at least one parent in 50 percent of unemployed-parent families must participate at least 16 hours weekly in an unpaid work experience or other work program. States must restrict disclosure of information to purposes directly connected to administration of the program and to any connected investigation, prosecution, legal proceeding or audit. Each State must offer family planning services to all "appropriate" cases, including minors considered sexually active. States may not require acceptance of these services. States must have in effect an approved child support program. States must also have an approved plan for foster care and adoption assistance. States must have an

income and verification system (covering AFDC, Medicaid, unemployment compensation, food stamps, and—in outlying areas—adult cash aid) in accordance with Sec. 1137 of the Social Security Act.

House bill

An "eligible State" is a State that, during the 3-year period immediately preceding the fiscal year, had submitted a plan to the Secretary of HHS for approval. The plan must include:

(1) A written document describing how the State will:

a. conduct a program that provides cash benefits to needy families with children, and provides parents with help in preparing for and obtaining employment and becoming self-sufficient;

b. require at least one parent in a family that has received benefits for 24 months to engage in work activities defined by the State;

c. ensure that parents engage in work activities in accord with section 404;

d. treat interstate immigrants, if their benefits differ from State residents;

e. take such reasonable steps as State deems necessary to restrict use and disclosure of information about recipients;

f. take actions to reduce out-of-wedlock pregnancies, including helping unmarried mothers and fathers avoid subsequent pregnancies and provide care for their children; and

g. reduce teen pregnancy, including through the provision of education and counseling to male and female teens.

(2) Certification by the Governor that the State will operate a child support enforcement program.

(3) Certification by the Governor that the State will operate a child protection program, including a foster care and adoption program.

(4) The Secretary shall determine whether the State plan contains the material required.

Senate amendment

An "eligible State" is a State that annually submits to the Secretary: an outline of its program; a 3-year strategic plan; various certifications on programs offered by the State; and an estimate of State and local expenditures. The detailed requirements of State plan submissions to the Secretary are:

(1) A written document outlining how the State intends to:

a. provide aid to needy families with at least one minor child (or any expectant family); and provide a parent or (other) caretaker in these families with work activities and support services to enable them to leave the program and become self-sufficient;

b. conduct a program designed to serve all political subdivisions;

c. provide a parent or caretaker in such families with work experience, assistance in finding employment, and

other work preparation activities and support services that the State considers appropriate to enable such families to leave the program and become self-sufficient;

d. require a parent or caretaker to engage in work, as defined by the State, after 24 months of benefits, or, if earlier, when the State finds the person ready for work (see i. below for community service rule after 3 months of benefits;

e. satisfy the minimum participation rate specified in section 404;

f. treat families with minor children moving into the State; and noncitizens of the U.S.;

g. safeguard and restrict use and disclosure of information about recipients;

h. establish goals and take action to prevent and reduce out-of-wedlock pregnancies, with emphasis on teenage pregnancies; and

i. unless the State ops out by notice to the Secretary, require participation in community service (with hours and tasks set by the State), after 3 months of benefits, by a parent or caretaker not exempt from work requirements (effective 2 years after enactment).

(2) A strategic plan that shall include:

a. a description of the goals of the 3-year strategic plan, including outcome-related goals of, and benchmarks for, program activities;

b. a description of how the above goals and benchmarks will be achieved, or progress made toward them, in the current year;

c. a description of performance indicators to be used in measuring/assessing output service levels and outcomes of activities;

d. information on external factors that could significantly affect attainment of goals and benchmarks;

e. information on a mechanism for conducting program evaluation, for use in comparing results with goals and benchmarks;

f. information on how minimum participation rates specified in section 404 will be satisfied; and

g. an estimate of the total amount of State and local expenditures under the program for the current fiscal year.

(3) Certification that the State will operate a child support enforcement program.

(4) Certification that the State will operate child protection programs, including a foster care and adoption programs, under parts B and E.

(5) Certification by the Chief Executive Officer that the State will participate during the fiscal year in the income and eligibility verification system (IEVS) required by Section 1137 of Social Security Act.

(6) Certification by the Chief Executive Officer specifying which State agency or agencies will administer and supervise the program and ensuring that local governments and private

sector organizations have been consulted about the plan and design of welfare services in the State.

(7) Certification by the Chief Executive Officer that the State shall provide the Secretary with required reports.

(8) Estimate of the total amount of State and local expenditures under the State program for the fiscal year.

(9) The Chief Executive Officer must certify that the State will provide Indians in each tribe that does not have a tribal family assistance plan with equitable access to assistance under the State block grant program.

(10) The State shall make available to the public a summary of the State plan and shall provide a copy to the "approved entity" conducting the audit of State expenditures from the block grant.

Conference agreement

An "eligible State" is a State that once every two years submits to the Secretary an outline of its program and various certifications on programs offered by the State. The detailed requirements of State plan submissions to the Secretary are:

(1) A written document describing how the State will:

a. conduct a program that provides assistance to needy families with children (or families that include a pregnant mother) and provides parents with job preparation, work and support services to enable them to leave the program and become self-sufficient;

b. conduct a program designed to serve all political subdivisions;

c. require a parent or caretaker to engage in work, as defined by the State, after 24 months of benefits, or, if earlier, when the State finds the person ready for work;

d. ensure that families engage in work activities in accord with section 407;

e. treat families moving into the State from another State, if such families are to be treated differently than other families;

f. take such reasonable steps as State deems necessary to safeguard and restrict the use and disclosure of information about recipients;

g. establish goals and take action to prevent and reduce out-of-wedlock pregnancies, with emphasis on teenage pregnancies; and

h. treat noncitizens, if the benefits for which they may be eligible will be different than those available to citizens.

(2) Certification by the chief executive officer that the State operate a child support enforcement program;

(3) Certification by the chief executive officer that the State will operate a child protection program and a foster care and adoption program under part B;

(4) Certification by the chief executive officer specifying which State agency or agencies will administer and supervise the program and ensuring that local governments and private sector organizations have had 60 days to submit comments about the plan and the design of welfare services in the State;

(5) Certification by the chief executive officer that the State will provide Indians in each tribe that does not have a tribal family assistance plan with equitable access to assistance under the program; and

(6) The State shall make available to the public a summary of the State plan.

For purposes of this section, the term "Eligible State" means, with respect to a fiscal year, a State that has submitted to the Secretary the plan described above within 3 months after the date of enactment.

C. Payments to States

(1) Entitlements

Present law

AFDC entitles States to Federal matching funds. Current law provides permanent authority for appropriations without limit for grants to States for AFDC benefits, administration, and AFDC-related child care. Over the years, because of court rulings, AFDC has evolved into an entitlement for individuals to receive cash benefits. In general, States must give AFDC to all persons whose income and resources are below State-set limits if they are in a class or category eligible under Federal rules.

There are no grants increased to reward states that reduce out-of-wedlock births (illegitimacy ratio).

There is no adjustment for population growth. Instead, current law provides unlimited matching funds. When AFDC enrollment climbs, Federal funding automatically rises.

There is no adjustment for emergency assistance (EA) plan amendments. Current law provides unlimited matching funds for EA expenditures.

There is no job placement performance bonus, performance bonus, or high performance bonus.

The law imposes an aggregate ceiling on matching funds for AFDC, adult cash welfare (aged, blind, disabled), and foster care and adoption assistance in Guam, Puerto Rico, the Virgin Islands, and American Samoa (AFDC, foster care, and adoption assistance only). (Sec. 1108(a) and (d) of the Social Security Act.) The Federal matching rate is 75 percent, except for adoption assistance and foster care maintenance payments, whose matching rate is 50 percent. (Note: American Samoa has not implemented AFDC). Separate funding ceilings apply to matching funds for AFDC family planning services (75 percent Federal) and for Medicaid (50 percent Federal) in each territory (sec. 1108(b) and (c) of the Social Security Act). The outlying areas listed above are entitled to JOBS matching funds (75 percent Federal), allocated on the same basis as States (by share of AFDC adult recipients). (Sec. 403(1)(1)(A) of the Social Security Act.)

Indian tribes and Alaska native organizations receive no special treatment regarding AFDC, and tribes and native organizations do not administer AFDC funds. Indian and Alaska families with children receive AFDC benefits on the same terms as other families in their States or from State or local AFDC agencies. More

than 80 tribes and native organizations in 24 States are JOBS grantees, having applied to conduct JOBS within 6 months of enactment of the law establishing it. Their allocation of JOBS funds is based on the percentage of AFDC adult recipients within the State who are in the tribal service area. Their JOBS allocation is subtracted from that of their State. JOBS funds granted to Indians and Alaska natives are 100 percent Federal, requiring no matching. Further, their JOBS programs need not meet participation rules of the regular JOBS program. In FY 1995 the estimated allocation of JOBS funds for these groups totaled $8.9 million.

House bill

Each eligible State is entitled to receive a grant from the Secretary for each of 5 fiscal years (1996–2000) in the amount equal to the State family assistance grant for the fiscal year. There is no individual entitlement (implicit in bill). For each fiscal year beginning with 1998, a State's grant amount is increased by 5 percent if the State illegitimacy ratio is 1 percentage point lower in that year than its 1995 illegitimacy ratio; the State grant is increased 10 percent if the illegitimacy ratio is 2 or more percentage points lower than its 1995 illegitimacy ration. In 1997, 1998, 1999, and 2000, a State's grant amount is increased by the State's percentage share of national population growth among growing States multiplied by $100 million. States that have negative population growth are omitted from the calculation. The House bill entitles territories to a cash block grant for temporary assistance to needy families (on same basis as States). It repeals AFDC and foster care/adoption assistance (and, accordingly, territorial ceilings for them and for AFDC family planning). (Sec. 104(e)(1) of H.R. 4.) It establishes new separate territorial ceilings for adult cash welfare. The bill retains territorial ceilings for Medicaid, but repeals ceilings for AFDC family planning (along with AFDC itself). As noted, the bill repeals JOBS. The basic cash block grant for outlying areas includes base-year level JOBS funds. Indian tribes and Alaska native organizations receive no special treatment regarding the cash block grant that will replace AFDC. Tribes and native organizations would not administer the new grants. The bill repeals JOBS (sec. 104(c)), and the basic cash block grant includes base-year level JOBS funds of each State (those funds include ones earmarked previously for administration by Indian tribes and Alaska native organizations). Tribes and native organizations would not administer the new grants.

Senate amendment

The Secretary is required to pay each eligible State for each of 5 fiscal years (1996–2000) a grant equal to the State family assistance grant for the fiscal year. The amendment states that no person is entitled to any assistance under Title IV–A. For fiscal years 1998, 1999 and 2000, a State's grant amount is increased if the State illegitimacy ratio is at least 1 percentage point lower than its 1995 illegitimacy ratio and the State rate of "induced pregnancy terminations" is no higher than in 1995. The bonus equals $25 times the number of children in the State in families with income below the poverty line, according to the most recently available

Census data. The bonus is $50 per poor child if the illegitimacy ratio is at least 2 percentage points lower and the abortion rate no higher than in 1995. The bonus shall not be paid if the Secretary finds that the illegitimacy ratio declined, or the abortion rate held steady, because of a change in State reporting methods. The amendment authorizes to be appropriated, and appropriates, sums necessary for these grants. For each of fiscal years 1997, 1998, 1999, and 2000, qualifying States shall receive a supplemental grant amount equal to 2.5 percent of the block grant received in the preceding fiscal year. For this purpose, a qualifying State is one with an average level of State welfare spending per poor person in the preceding fiscal year below the national average and with an estimated rate of State population growth above the average growth rate for all States for the most recent fiscal year for which information is available. Additionally, States whose population rose more than 10 percent from April 1, 1990, to July 1, 1994, are deemed eligible, as are States with a FY 1996 level of State welfare spending per poor person that is less than 35 percent of the national average level. State welfare spending per poor person is defined as the State cash block grant divided by the number of persons in the State who had an income below the poverty line, according to the 1990 decennial census. For these grants, a total of $878 million is authorized to be appropriated, and is appropriated to be spent in 1997, 1998, 1999, and 2000. The Senate amendment makes available up to a total of $800 million for grants for years FY 1996 through FY 2000 equal to increased EA expenditures in fiscal year 1995 attributable to State EA plan amendments made during fiscal year 1994. If this amount is insufficient, State EA adjustment grants are to be reduced proportionately. For each of 2 years (FY 1998 and 1999) the Secretary shall pay a job placement performance bonus to eligible States. This bonus fund shall equal 3 percent of the national cash block grant for FY1998 and 4 percent for FY1999. The DHHS Secretary shall develop a formula for allocating funds to States on the basis of the number of families who, during the previous year, lost eligibility for continued aid from the cash block grant program because of obtaining unsubsidized employment. The formula must provide a larger bonus for families who remain employed for longer periods or who are at greater risk of long-term welfare enrollment and take into account each State or geographic area's unemployment condition. For FY 2000, the Secretary shall pay a performance bonus to each qualified State. To qualify for a performance bonus, a State must exceed overall average performance of all States in a measurement category (in the time period starting 6 months after enactment and ending on September 30, 1999) or improve its own performance in a category by at least 15 percent over that of FY1994. The 5 measurement categories are: reduction in average length of time families receive cash aid, increase in the percentage of recipient families that receive child support payments, increase in the number of families who lose eligibility for continued cash aid as a result of unsubsidized work, increase in earnings of recipient families, and reduction in percentage of families that become re-eligible for cash aid within 18 months after leaving the program. The bonus fund shall equal 5 percent of the national cash block grant and is to be

deducted from that grant (by reducing each State's FY2000 grant by 5 percent). For FY 2000, in addition, "high performance" States shall be entitled to a share of a high performance bonus fund. Appropriated for the high performance bonus fund is an amount equal to penalties imposed on States (and "collected" by reductions in State grants) for FYs 1996–1999. High performance bonuses will be awarded for each of the 5 measurement categories to the 5 States with the highest percentage of improvement over their FY94 baseline in the category and to the 5 States with the highest overall average performance in the category. Retains but increases aggregate ceilings in each of the territories for cash aid to needy families, cash aid to needy aged, blind or disabled adults, and foster care/adoption assistance. Ends requirement that territories share cost of cash aid for needy families. Ceilings for Puerto Rico, Guam, and the Virgin Islands would rise by $19.521 million (representing a 12.5 percent increase in the old ceilings, plus $8.446 million for their FY1994 JOBS funds). Retains territorial ceilings for Medicaid, but repeals ceilings for AFDC family planning (along with AFDC itself). The Senate amendment repeals JOBS, but increases ceilings for the outlying areas to include their base-year level JOBS funds. The Senate amendment allows block grant funds to be directly administered by Indian tribes and Alaska native organizations. The amount is the total of Federal AFDC payments to the State for FY 1994 attributable to Indiana families. The Senate amendment requires the DHHS Secretary to continue to pay Indian tribes and Alaska native organizations that have been JOBS grantees an annual grant equal to the amount they received in FY95 for JOBS for each of fiscal years 1996, 1997, 1998, 1999 and 2000. For this purpose it appropriates $7,638,474 for each year. These funds are separate from, and in addition to, the national cash block grant.

Conference agreement

The conference agreement follows the House bill and the Senate amendment on grants for family assistance, so that each eligible State is entitled to receive a grant equal to the State family assistance grant from the Secretary for each of 5 fiscal years. The conference agreement follows the Senate amendment on the explicit statement that no person is entitled to any assistance under Title IV–A of the Social Security Act.

The conference agreement follows the House bill with respect to the amount of Grant Increases to Reward States that Reduce Out-of-Wedlock births (namely grant increases of 5 percent and 10 percent, based on reductions in illegitimacy). The conference agreement follows the Senate amendment with respect to the determination of how States may qualify for grant increases for this purpose, including the prohibition on a State's receiving a grant increase for this purpose if the State's rate of induced pregnancy terminations is higher than in 1995.

For purposes of this part, the Secretary is to disregard changes in rates of illegitimacy due to a change in State methods of reporting such data.

The conference agreement generally follows the Senate amendment with regard to the Adjustment for Population Growth, with

the modification that $800 million is authorized and appropriated for this purpose.

The conference agreement follows the House bill regarding the adjustment for Emergency Assistance Plan Amendments (no provision).

The conference agreement follows the House bill regarding the Job Placement Performance Bonus (no provision).

The conference agreement follows the Senate amendment regarding the Performance Bonus, except that States that are most successful or most improved in moving families off welfare into work may reduce their 75 percent State maintenance of effort requirement by up to 8 percentage points.

The conference agreement follows the House bill regarding the High Performance Bonus (no provision).

The conference agreement generally follows the Senate amendment regarding the treatment of outlying areas, with increases to the aggregate ceilings on cash benefits for the specified territories.

The conference agreement on H.R. 4 would:

Increase the limits on Federal grants to the territories for adult assistance and benefits and services for families with children;

Replace AFDC, EA, and JOBS with the Temporary Assistance for Needy Families (TANF) block grant;

Replace the child welfare services and family preservation program with a child protection block grant;

Continue the existing programs of adult assistance; and

Provide explicit authority for the territories to transfer funds among adult assistance, temporary assistance for needy families with children, and child protection programs.

The conference agreement would require that the territories maintain their own funding effort under adult assistance, assistance for needy families with children, and child protection. For a territory to receive funds above the FY 1995 level, it would have to spend at least as much as the Federal Government counted toward their reimbursable FY 1995 spending for the replaced programs.

The chart below provides the mandatory caps and the authorization of discretionary funds for the territories agreed to by conferees. The final column of the chart shows the maximum potential payments to the territories for adult assistance, TANF, and child protection these figures represent the level of funds that each territory would receive if the territory reached its respective cap under the mandatory programs and if Congress appropriated the full authorization amount for the discretionary grant. Under P.L. 94–241, the Northern Mariana Islands are provided the same treatment as Guam under financial assistance programs.

CAPS ON MANDATORY PAYMENTS AND AUTHORIZATION OF DISCRETIONARY GRANTS TO THE TERRITORIES PROPOSED IN H.R. 4.

[In thousands of dollars]

Territory	Cap on mandatory payments	Authorization of discretionary grant	Maximum potential payment to the territories
Puerto Rico	105,538	7,951	113,489
Guam	4,902	345	5,247

CAPS ON MANDATORY PAYMENTS AND AUTHORIZATION OF DISCRETIONARY GRANTS TO THE TERRITORIES PROPOSED IN H.R. 4.—Continued

[In thousands of dollars]

Territory	Cap on mandatory payments	Authorization of discretionary grant	Maximum potential payment to the territories
Virgin Islands	3,742	275	4,017
American Samoa	1,122	190	1,312

The conference agreement generally follows the Senate amendment regarding the treatment of Indian tribes and Alaska native organizations, except that these groups will receive benefits through their State's block grant in FY1996 and will be eligible to receive direct funding to administer their own family assistance program in FY1997 and thereafter. In order to be eligible to receive direct funding, an Indian tribe or Alaska native organization must submit a three year plan to the Secretary of HHS outlining how they will administer their program. The tribal assistance plan is subject to the approval of the Secretary of HHS. Tribes and native organizations must meet minimum work participation rates established jointly by each tribe and native organization and the Secretary of HHS. Tribes and native organizations will be subject to the same penalties as States for misusing funds, failing to pay back Federal loan funds, and failing to meet established work participation rates. Tribes and native organizations will also be required to abide by the same data collection and reporting requirements as States. In addition, all tribes and native organizations that currently receive direct funding under the JOBS program will continue to receive an annual grant equal to the amount they received in FY1995.

(2) Definitions

Present law

AFDC law defines "State" to include the 50 States, the District of Columbia, Puerto Rico, Virgin Islands, Guam, and American Samoa. However, special funding ceilings apply to them.

House bill

The "State family assistance grant" is determined by the greater of (1) the average of Federal obligations to the State for selected programs (AFDC benefits and administration, Emergency Assistance, and JOBS) authorized by Title IV–A for FY 1992–1994; or (2) the amount of Federal obligations for FY 1994, multiplied by the total amount of State outlays for these programs for FY 1994, divided by the amount of Federal obligations for FY 1994. The selected programs are all those authorized under Title IV–A of current law except the day care programs (the at-risk program, AFDC/JOBS day care, and transitional day care). If the sum of all the State shares, as calculated here, exceeds (or falls short of) the national block grant amount below ((2)(b)), each State's share will be reduced (or increased) proportionately.

In each fiscal year between 1996 and 2000, the "National Block Grant Amount" available to all eligible States will be equal to $15,390,296,000.

The State's "Illegitimacy Ratio" for a fiscal year is the sum of the number of out-of-wedlock births that occurred in the State during the most recent fiscal year for which the data are available and the amount, if any, by which the number of abortions performed in the State during the most recent year for which information is available exceeds the number of abortions performed in the State during the fiscal year that immediately precedes such most recent fiscal year, divided by the number of births that occurred in the State for the most recent fiscal year.

The term "State" includes the 50 States, the District of Columbia, Puerto Rico, Virgin Islands Guam, and American Samoa.

Senate amendment

The State share of the block grant for each year equals the total Federal payments to the State under Title IV–A in Fiscal Year 1994 (for AFDC benefits and administration, Emergency Assistance, JOBS, and three child care programs—AFDC/JOBS child care, "transitional" child care, and "at-risk child care"); reduced by any amount set aside for tribal family assistance programs in the State and (FY 2000 only) by 5 percent (for the performance bonus fund) and increased by the amount, if any, of increased FY95 Emergency Assistance spending attributable to FY94 amendments.

The block grant amount is $16,803,769,000.

(Note: A major reason for the difference between the House and Senate block grant amount is that the House removed mandatory child care funds currently authorized under Title IV–A and placed most of the money in a separate discretionary child care block grant, while the Senate kept IV–A child care funds in the cash block grant but earmarked them for child care.)

The term "illegitimacy ratio" means the number of out-of-wedlock births that occurred in the State during the most recent fiscal year for which the data are available, divided by the number of births that occurred in the State during the most recent fiscal year for which the data are available.

The term "State" is identical to the House bill. However, for supplemental grants for population increases, the term "State" applies only to the 50 States.

In general, the terms "Indian," "Indian tribe organization" have the meaning given by section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b). The Senate amendment provides that only 12 specified regional non-profit corporations of Alaska natives can administer tribal family assistance grants.

Conference agreement

The conference agreement follows the House bill and Senate amendment with regard to the State family assistance grant, except that the State share of the block grant is determined by the greater of (1) the average of Federal payments for FY 1992–94; (2) Federal payments in FY 1994; or (3) Federal payments in FY 1995. House conferees recede with regard to the proportionate reduction

in State shares included in the House bill. For all programs except JOBS, Federal payments represent the Federal share of a State's total expenditures on these programs, as reported by the States. For JOBS, the payment represents the grant amount. Table 2 summarizes the annual State allocation under the basic TANF Block Grant.

Table 2.—Estimated Annual State Allocations Under the Temporary Assistance for Needy Families Block Grant

[In thousands of dollars]

State:	*Amount*
Alabama	93,006
Alaska	63,609
Arizona	222,420
Arkansas	56,733
California	3,733,818
Colorado	135,553
Connecticut	258,392
Delaware	32,291
District of Columbia	92,610
Florida	558,436
Georgia	330,742
Hawaii	98,905
Idaho	31,851
Illinois	585,057
Indiana	206,799
Iowa	130,088
Kansas	101,931
Kentucky	181,288
Louisiana	163,972
Maine	78,121
Maryland	229,098
Massachusetts	451,843
Michigan	775,353
Minnesota	265,203
Mississippi	86,768
Missouri	211,588
Montana	45,534
Nebraska	58,029
Nevada	43,977
New Hampshire	38,263
New Jersey	394,955
New Mexico	126,103
New York	2,359,975
North Carolina	302,240
North Dakota	24,684
Ohio	717,863
Oklahoma	148,014
Oregon	167,925
Pennsylvania	719,499
Rhode Island	95,022
South Carolina	99,968
South Dakota	21,352
Tennessee	183,236
Texas	486,257
Utah	74,952
Vermont	47,353
Virginia	158,285
Washington	399,637
West Virginia	110,176
Wisconsin	318,188

Wyoming	21,781
Total	16,338,743

Source.—Table prepared by the Congressional Research Service (CRS), based on data from the U.S. Department of Health and Human Services (DHHS). Allocations based on the sum of the Federal share of expenditures for Title IV–A programs (except child care) and the grant amount for the Job Opportunity and Basic Skills (JOBS) program. Title IV–A expenditure data are based on reports by the States to the DHHS. FY1992 to FY1994 data reflect information available from DHHS, April 1995. Preliminary FY1995 data are the first 3 quarters of FY 1995 data, as reported by the States to DHHS, divided by 0.75. JOBS grant amount includes adjustments to obligations made after the close of the fiscal year. FY1992 and FY1993 JOBS grants reflect information available from DHHS, January 1995. FY1994 JOBS grants reflect information available from DHHS, April 1995. FY1995 JOBS data represent grant awards for the 4 quarters of FY1995. FY1995 data reflect information available October 1995. Allocations include an adjustment for States that had EA plan amendments related to family preservation activities in FY 1994. Estimates are based on FY1995 EA data available in August 1995. They are also based on a list of 13 States with FY 1994 EA plan amendments related to family preservation obtained by CRS from DHHS. If more States amended their EA plans for family preservation in FY 1994, the allocations for some States would be different.

The conference agreement follows the Senate amendment regarding the definition of a State's Illegitimacy Ratio.

The conference agreement follows the House bill and Senate amendment regarding the definition of "State", but the House recedes to the Senate so that, for purposes of the supplemental grants for population increases only, the term "State" applies only to the 50 States and the District of Columbia.

The conference agreement follows the Senate amendment regarding the definition of "Indian."

For purposes of determining the Federal and State shares pursuant to section 457(a)(1) of the Social Security Act of amounts collected on behalf of families receiving assistance, it is the intent of the conferees that amounts collected on behalf of families receiving assistance do not include amounts distributed to the family by the State that would have been authorized as gap payments pursuant to Section 402(a)(28) of the Social Security Act as in effect on the day before enactment of the Personal Responsibility and Work Opportunity Act of 1995.

(3) Use of grant

Present law

AFDE and JOBS funds are to be used in conformity with State plans. A State may replace a caretaker relative with a protective payee or a guardian or legal representative.

Current law sets aside some JOBS funds (deducting them from State allocations) for Indian tribes and Native Alaska organizations. See (4)(C)(1)(f).

Regulations permit States to receive Federal reimbursement funds (50 percent administrative cost-sharing rate) for operation of electronic benefit systems. To do so, States must receive advance approval from DHHS and must comply with automatic data processing rule.

House bill

States may use funds in any manner reasonably calculated to accomplish the purpose of this part (except for prohibitions listed below under (4)(F)). No part of the grant may be used to provide medical services. Explicitly allowed are noncash aid to mothers

under the age of 18 assistance to low-income households for heating and cooling costs.

The House bill has no set-aside provision.

In the case of families that have lived in a State for less than 12 months, States are authorized to provide them with the benefit level of the State from which they moved.

States may transfer up to 30 percent of the funds paid to the State under this section to any or all of the following: (1) child protection block grant; (2) social services block grant under the XX of the Social Security Act; (3) any food and nutrition block grant passed during the 104th Congress; and (4) the child care and development block grant program. Rules of the recipient program will apply to the transferred funds.

States are allowed to reserve some block grant funds received for any fiscal year for the purpose of providing emergency assistance under the block grant program.

States are encouraged to implement an electronic benefit transfer system for providing assistance under the State program funded under this part, and may use the grant for such purpose. In general, exempt State and local government electronic transfers of need-based benefits from certain rules issued by the Federal Reserve Board regarding electronic fund transfers, (i.e., Regulation E, which limits liability of cardholders).

Senate amendment

States may use funds in any manner reasonably calculated to accomplish the purpose of this part, provided that administrative costs not exceed 15 percent of the State's grant (except from prohibitions listed below, under section F).

The following rules apply to set-asides under the Senate amendment: (1) maintains current law set-asides for JOBS funding for Indian tribes and Alaska native organizations; (2) from the national cash block grant, the State Amendment earmarks for child care annually the amount paid with Federal funds in FY1994 for AFDC-related child care (about $980 million); and (3) for the Performance fund (FY2000 only), each State's share of the family assistance block grant shall be reduced by 5 percent. The set-aside funds are to finance FY2000 performance bonuses.

With regard to the treatment of "interstate immigrants", the Senate amendment includes a similar provision, with slight differences in wording, in relation to the House bill.

States may transfer up to 30 percent of block grant funds to the child care and development block grant program.

A State may reserve amounts paid to the State for any fiscal year for the purpose of providing assistance under this part. Reserve funds can be used in any fiscal year. Any funds set aside for child care, if reserved, must be used only for child care.

States may use a portion of the temporary assistance block grant to make payments (or provide job placement vouchers) to State-approved agencies that provide employment services to recipients of cash aid.

Conference agreement

The conference agreement follows the House bill and Senate amendment with respect to the general uses of the grant, clarifying that the grant may be used in any manner reasonably calculated (including activities now authorized under titles IV-A and IV-F of the Social Security Act and providing low-income households with assistance in meeting home heating and cooling costs) to increase the flexibility of States in operating a program designed to:

(1) provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives;

(2) end the dependence of needy parents on government benefits by promoting job preparation, work, and marriage;

(3) prevent and reduce the incidence of out-of-wedlock pregnancies and establish annual numerical goals for preventing and reducing the incidence of these pregnancies; and

(4) encourage the formation and maintenance of two-parent families.

The conference agreement follows the Senate amendment's 15 percent cap on administrative spending. However, spending for information technology and computerization needed to implement the tracking and monitoring required by this title are excluded from this limitation.

The conference agreement follows the House bill with regard to set-asides for child care and the performance fund, and follows the Senate amendment with regard to the set-aside for Indians (no provision).

With regard to the treatment of "interstate immigrants", the conferees agree to follow the House bill and Senate amendment.

The conference agreement follows the House bill with regard to transfer of funds.

The conference agreement follows the Senate amendment on reservation of funds.

The conference agreement follows the House bill with regard to the Electronic Benefit Transfer System.

The conference agreement follows the Senate amendment on the authority of States to use funds to operate an employment placement program.

It is the intent of Congress that, after the date of enactment, neither the Federal nor State governments can be made liable for retroactive payments required to be made by States by court order to AFDC recipients under the current AFDC program.

(4) Cost-sharing (maintenance of effort)

Present law

Current law requires States to share program costs. For administrative costs the rate is 50 percent. For other costs it varies among States (and, within limits, is inversely related to the square of State per capita income, compared to the square of National per capita income). For AFDC benefits and AFDC-related child care, the Medicaid Federal matching rate is used; it now ranges among States from a floor of 50 percent to 79 percent. For JOBS activities,

the law provides an "enhanced" rate, ranging from 60 percent to 79 percent.

House bill

No cost-sharing required.

Senate amendment

The Senate amendment requires State cost-sharing for the temporary assistance block grant for 4 years, starting in FY1997. To receive the full grant for one of these years, States must spend in the preceding year from their own funds under their temporary assistance program at least 80 percent of the amount they spent in FY1994 on the replaced programs—AFDC benefits, AFDC-related child care, Emergency Assistance, and JOBS. Grants are to be reduced one dollar for each dollar by which a State falls short of this requirement. Cost-sharing also is required for "contingency" funds and additional child care funds. To qualify for contingency funds, States must spend at least 100 percent of FY1994 expenditures on programs replaced by the cash block grant. For additional child care funds they must spend at least 100 percent of FY1994 expenditures on AFDC-related child care.

Conference agreement

The conference agreement follows the Senate amendment, with the modification that States must spend at least 75 percent of the amount they spent in FY1994.

(5) Timing of payments

Present law

The Secretary pays AFDC funds to the State on a quarterly basis.

House bill

The Secretary shall make each grant payable to a State in quarterly installments.

Senate amendment

Similar to the House provision.

Conference agreement

The conference agreement follows the House bill.

(6) Penalties

Present law

If the Secretary finds that a State has failed to comply with the State plan, she is to withhold all payments from the State (or limit payments to categories not affected by noncompliance).

There is no specific penalty for failure to submit a report, although the general noncompliance penalty could apply.

The Secretary is to reduce payments by 1 percent for failure to offer an provide family planning services to all appropriate AFDC recipients who request them.

Except as expressed provided, the Secretary may not regulate the conduct of the States or enforce any provisions of this paragraph.

The penalty against a State for noncompliance with child support enforcement rules—loss of AFDC matching funds—shall be suspended if a State submits and implements a corrective action plan.

House bill

The Secretary shall reduce the funds paid to a State by any amount found by audit to be in violation of this part, but the Secretary cannot reduce any quarterly payment by more than 25 percent. If necessary, funds will be withheld from the State's payments during the following year.

The Secretary must reduce by 3 percent the amount otherwise payable to a State for a fiscal year if the State has not submitted the annual report regarding the use of block grant funds within 6 months after the end of the immediately preceding fiscal year. The penalty is rescinded if the report has been submitted within 12 months.

The Secretary must reduce by 1 percent the amount of a State's annual grant if the State fails to participate in the IEVS designed to reduce welfare fraud.

With regard to failure to offer and provide family services, there is no penalty specified, but States are allowed to use block grant funds to pay for family planning services.

Except as expressly provided, the Secretary may not regulate the conduct of States under Part A of Title IV or enforce any provision of it.

There is no provision in the House bill regarding overdue repayments to the Federal rainy day loan fund, which is described below.

Senate amendment

For all penalties, the Secretary may not impose any of the penalties if she finds the State had reasonable cause for its failure to comply with the relevant provision. The State must spend on the block grant program a sum of its own funds to equal the amount of withheld Federal dollars. No quarterly payment may be reduced more than 25 percent. If necessary, penalty funds will be withheld from the State's payment for the next year. Except for the first item, all penalties take effect October 1, 1996.

The Secretary shall reduce funds paid to a State by any amount found by audit to be in violation of this part. If the State does not prove to the Secretary that the unlawful expenditure was not made intentionally, the Secretary shall impose an additional penalty of 5 percent of the basic block grant.

If a State fails to submit the annual report required by sec. 409 within 6 months after the end of a fiscal year, the Secretary shall reduce by 5 percent the amount otherwise payable to the State for the next year. However, the penalty shall be rescinded if the State submits the report before the end of the year in which the report was due.

The Secretary shall reduce by not more than 5 percent the annual grant of a State, if the State fails to participate in the IEVS designed to reduce welfare fraud.

If the Secretary determines that a State does not enforce penalties requested by the Title IV–D child support enforcement agency against receipts of cash aid who fail to cooperate in establishing paternity in accordance with Part D, the Secretary shall reduce the cash assistance block grant by not more than 5 percent.

Except as expressly provided, neither the DHHS Secretary nor the Treasury Secretary may regulate the conduct of States under Part A of Title IV nor enforce any provision of it.

If a State fails to pay any amount borrowed from the Federal Loan Fund for State Welfare Programs within the maturity period, plus any interest owed, the Secretary shall reduce the State's cash assistance block grant for the immediately succeeding fiscal year quarter by the outstanding loan amount, plus the interest owed on it. The Secretary may not forgive these overdue debts.

The Senate amendment requires the Federal government, before assessing a penalty against a State under any program established or modified by the act, to notify the State about the violation and allow it to enter into a corrective compliance plan within 60 days after notification. The Federal government shall have 60 days to accept or reject the plan; if it accepts the plan, and if the State corrects the violation, no penalty shall be assessed. If the State fails to make a timely correction, some or all of the penalty shall be assessed. An alternate corrective action section requires a State to correct the violation pursuant to its plan within 90 days after the Federal government accepts the plan.

Conference agreement

The conference agreement follows the Senate amendment on the general conditions for setting penalties; i.e., penalties may not be imposed if the Secretary finds the State has reasonable cause for its failure to comply; the State must spend on the block grant program a sum of its own funds to equal the amount of withheld Federal dollars; no quarterly payment may be reduced more than 25 percent; if necessary, penalty funds will be withheld from the State's payment for the next year; and that, except for the first item, all penalties take effect October 1, 1996.

The conference agreement follows the Senate amendment on penalties for use of the grant for unauthorized purposes. The conferees also agreed that if a State could not demonstrate to the Secretary that the State did not intend to use the amount in violation of this part, an additional penalty of 5 percent is imposed on the grant amount. The conference agreement follows the House bill and the Senate amendment regarding penalties for State failure to submit the required report, except that the penalty is to be a reduction of 4 percent in the block grant. The conference agreement follows the House bill and the Senate amendment regarding penalties for State failure to participate in the Income and Eligibility Verification System, except that the penalty is to be 2 percent.

The conference agreement follows the Senate amendment on penalties for State failure to cooperate on child support enforcement. The conference agreement follows the House bill and the

Senate amendment regarding penalties for failure to offer and provide family planning services (no provision). The conference agreement includes penalties for failure to satisfy minimum work participation rates. The conference agreement follows the Senate amendment regarding the limitation of Federal authority.

The conference agreement follows the Senate amendment regarding the penalty for failure to timely repay the Federal loan fund for State welfare programs. The conference agreement follows the Senate amendment regarding the Corrective Action Plan.

(7) Federal rainy day loan fund

Present law

No provision. Instead, current law provides unlimited matching funds.

House bill

The Federal government will establish a fund of $1 billion modeled on the Federal Unemployment Account, which is part of the Unemployment Compensation system. The fund is to be administered by the Secretary of Health and Human Services, who must deposit into the fund any principal or interest payments received with respect to a loan made under this provision. Funds are to remain available without fiscal year limitation for the purpose of making loans and receiving payments of principal and interest. States must repay their loans, with interest, within 3 years. The rate of interest will equal the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the period to maturity of the loan. At any given time, no State can borrow more from the fund than half its annual share of block grant funds or $100 million, whichever is less. States may borrow from the fund if their total unemployment rate for any given 3-month period is more than 6.5 percent and is at least 110 percent of the same measure in the corresponding quarter of the previous 2 years.

Senate amendment

Establishes a $1.7 billion revolving loan fund called the "Federal Loan Fund for State Welfare Programs." The Secretary shall make loans, and the rate of interest will equal the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the period to maturity of the loan. Ineligible are States that have been penalized for misspending block grant funds as determined by an audit. Loans are to mature in 3 years, at the latest, and the maximum amount loaned to a State cannot exceed 10 percent of its basic block grant, and States face penalties for failing to make timely payments on their loan.

Conference agreement

The conference agreement follows the Senate amendment.

(8) Contingency fund (for States with high unemployment)

Present law

No provision. Current law provides unlimited matching funds.

House bill

No provision.

Senate amendment

Establishes a "Contingency Fund for State Welfare Programs" and appropriates funds of up to $1 billion for a total period of 7 years (FY 1996–2002). The fund would provide matching grants (at the Medicaid matching rate) to States that have unemployment rates above specified levels, provided they first spend from their own funds a yearly sum a least equal to their FY 1994 expenditures on AFDC, AFDC-related child care, Emergency Assistance, and JOBS. The maximum contingency grant could not exceed 20 percent of a State's temporary assistance block grant. Eligible would be States that met the maintenance of effort requirement and had an average rate of total unemployment, seasonally adjusted, of at least 6.5 percent during the most recent 3 months with published data and a rate at least 10 percent above that of either or both of the corresponding 3-month periods in the 2-preceding calendar years.

Conference agreement

The conference agreement follows the Senate amendment.

(9) Additional day care funds

Present law

No provision. Current law provides unlimited matching funds for AFDC/JOBS child care and transition child care (but a capped amount for "at-risk" care).

House bill

No provision.

Senate amendment

The Senate amendment authorizes to be appropriated, and appropriates, $3 billion in matching grants to States for the 5-year period beginning in FY1996 for child care assistance (in addition to Federal funds set aside for child care in the family assistance block grant). The funds, which are allocated among the States on the basis of their share of the nation's child population, are to be used to reimburse a State, at the Medicaid matching rate, for child care spending in a fiscal year that exceeds its share of child care set-aside funds (100 percent Federal) plus the amount it spent from its own funds in FY1994 for AFDC/JOBS child care, transitional child care, and at-risk child care. Funds are to be used only for child care assistance under Part IV–A. In the last quarter of the fiscal year, FY2000, if any portion of a State allotment is not used, the Secretary shall make it available to applicant States. Notwithstanding section 658T of the Child Care and Development Block Grant Act,

the State agency administering the family assistance block grant shall determine eligibility for all child care assistance provided under Title IV–A. (For budget scoring, the Amendment states that the baseline shall assume that no grant will be made after FY2000.)

Conference agreement

See discussion in Title VIII of the conference agreement under Child Care and Development Block Grant. In general, conferees agree on a child care block grant that provides States with a total of $18 billion in funds for child care, $11 billion of which is entitlement funding.

D. Contracts/Client Agreements

(1) Terms

Present law

After assessing the needs and skills of recipients and developing an employability plan, States may require JOBS participants to negotiate and enter into an agreement that specifies their obligations.

House law

No provision.

Senate amendment

States must assess, through a case manager, the skills of each parent for use in developing and negotiating a personal responsibility contract (PRC). Each recipient family must enter into a contract developed by the State or into a limited benefit plan. The PRC means a binding contract outlining steps to be taken by the family and State to get the family "off of welfare" and specifying a negotiated time-limited period of eligibility for cash aid. An alternate provision requires the case manager to consult with the parent applicant (client) in developing a PRC, lists client activities that the PRC might require, specifies that clients must agree to accept a bona fide offer of an unsubsidized full-time job unless they have good cause not to, but does not require a time limit in the PRC nor make provision for a limited benefit plan. A State may exempt a battered person from entering into a PRC if it terms would endanger his/her well-being.

Conference agreement

The conference agreement follows the House bill (no provision).

(2) Penalties

Present law

No provision.

House bill

No provision.

Senate amendment

The PRC is to provide that if a family fails to comply with its terms, the family automatically will enter into a limited benefit plan (with a reduced benefit and later termination of aid, in accordance with a schedule determined by the State). If the State agency violates the PRC, the contract shall be invalid. The State is to establish a procedure, including the opportunity for hearing, to resolve disputes concerning participation in the PRC. The alternate PRC language provides these penalties: for the first act of noncompliance with the PRC, 33 percent reduction in the family's benefit for one month; for the second act, 66 percent reduction for 3 months; for third and subsequent acts of noncompliance, loss of eligibility for 6 months. Job refusal without good cause is treated as a third violation. However, in no case shall the penalty period extend beyond the duration of noncompliance.

Conference agreement

The conference agreement follows the House bill (no provision).

E. Mandatory Work Requirements

(1) Work activities

Present law

JOBS programs must include specified educational activities (high school or equivalent education, basic and remedial education, and education for those with limited English proficiency); jobs skills training, job readiness activities, and job development and placement. In addition, States must offer at least two of these four items: group and individual job search; on-the-job training; work supplementation or community work experience program (CWEP) (or another work experience program approved by the DHHS Secretary). The State also may offer postsecondary education in "appropriate" cases.

House bill

"Work activities" are defined as unsubsidized employment, subsidized employment, subsidized public sector employment or work experience, on-the-job training, job search, education and training directly related to employment, and jobs skills training directly related to employment. Satisfactory attendance at secondary school, at State option, may be included as a work activity for a parent under 20 who has not completed high school.

Senate amendment

Establishes this list of work activities: unsubsidized employment, subsidized employment, on-the-job training, community service programs, job search (first 4 weeks only) and vocational educational training (12 months maximum). For work participation requirements, the proportion of persons counted as engaged in "work" through participation in vocational educational training cannot exceed 25 percent. For each tribe receiving a family assistance block grant, the Secretary, with participation of Indians tribes, shall establish minimum work participation rules, appropriate time limits

for benefits, and penalties, similar to the general family assistance rules but consistent with the economic conditions and resources of the tribe.

Conference agreement

The conference agreement follows the House bill and the Senate amendment, with the modification that, for the work participation requirements, the proportion of persons counted as engaged in work through participation in vocational education cannot exceed 20 percent.

(2) Participation requirements: all families

Present law

The following minimum percentage of non-exempt AFDC families must participate in JOBS:

	Minimum Percentage
Fiscal year:	
1995 (last year)	20
1996 and thereafter (no requirement)	0

Exempt from JOBS are parents whose youngest child is under 3 (1, at State option). Other exemptions include persons who are ill, incapacitated or needed at home because of illness or incapacity of another person. Also exempt are parents of a child under 6, unless the State guarantees child care and requires no more than 20 hours weekly of JOBS activity.

Participation rates are calculated for each month. A State's rate, expressed as a percentage, equals the number of actual JOBS participants divided by the number of AFDC recipients required to participate (non-exempt from JOBS).

In calculating a State's overall JOBS participation rate, a standard of 20 hours per week is used. The welfare agency is to count as participants the largest number of persons whose combined and averaged hours in JOBS activities during the month equal 20 per week.

The law requires States to guarantee child care when needed for JOBS participants and for other AFDC parents in approved education and training activities. Regulations require States to guarantee care for children under age 13 (older if incapable of self-care) to the extent that it is needed to permit the parent to work, train, or attend school. States must continue child care benefits for 1 year to ex-AFDC working families, but must charge them an income-related fee.

House bill

The following minimum percentages of all families receiving cash assistance must engage in work activities:

	Minimum Percentage
Fiscal year:	
1996	10
1997	15
1998	20
1999	25
2000	27

Minimum Percentage—Continued

2001	29
2002	40
2003 or thereafter	50

If States achieve net caseload reductions, they receive credit for the number of families by which the caseload is reduced for purposes of meeting the overall family participation requirements. The minimum participation rate shall be reduced by the percentage by which the number of recipient families during the fiscal year falls below the number of AFDC families in fiscal year 1995, except to the extent that the Secretary determines that the caseload reduction was required by terms of Federal law.

The fiscal year participation rates are the average of the rates for each month during the year. The monthly participation rates are measured by the number of recipient families in which an individual is engaged in work activities for the month, divided by the total number of recipient families that include a person who is 18 or older.

To be counted as engaged in work activities for a month, the recipient must be making progress in qualified activities for at least the minimum average number of hours per week shown in the table below. Of these hours, at least 20 hours must be spent in unsubsidized employment, subsidized private sector employment, subsidized public sector employment, work experience, or on-the-job training. During the first 4 weeks of required work activity, hourly credit also is given for job search and job readiness assistance.

Minimum average hours weekly

Fiscal year:	
1996	20
1997	20
1998	20
1999	25
2000	30
2001	30
2002	35
2003 or thereafter	35

Although a person must work at least 20 hours weekly in order for any hours of their training or education to count toward required participation, the bill does not prohibit a State from offering cash recipients an opportunity to participate in education or training before requiring them to work. In this case, however, participation does not count toward fulfillment of the State mandatory participation rate. Note: although the above table is in a paragraph entitled "requirements applicable to all families receiving assistance," another paragraph establishes a higher hourly requirement (35 hours weekly) in all years for 2-parent families. See below.

Senate amendment

The following minimum percentages of all families receiving cash assistance (except those with a child under 1, if exempted by the State) must participate in work activities:)

Fiscal year:	*Minimum percentage*
1996	25
1997	30
1998	35
1999	40
2000 or thereafter	50

The Secretary is directed to prescribe regulations for reducing the minimum participation rate required for a State if its caseload under the new program is smaller than in the final year of AFDC, but not if the decrease was required by Federal law or results from changes in eligibility criteria adopted by the State. With these qualifications, the regulations are to reduce the participation rate by the number of percentage points, if any, by which the caseload in a fiscal year is smaller than in FY1995.

States may exempt a parent or caretaker relative of a child under one year old and may exclude them from the participation rate calculation. States may exempt a battered person if their well-being would be endangered by a work requirement.

As in the House bill, the fiscal year participation rate is the average of the rates for each month of the year. However, overall monthly rates are measured by adding (1) the number of recipient families with an adult engaged in work for the month, (2) the number subject to a work refusal penalty in the month (if not subject to the penalty for more than 3 months out of the preceding 12), and (3) the number who worked their way off the program in the previous 6 months and that include an adult who is working for the month, and then dividing this total by the number of families enrolled in the program during the month that include an adult recipient. States have the option to include in the calculation of monthly participation rates families who receive assistance under a tribal family assistance plan if the Indian or Alaska Native is participating in work under standards comparable to those of the State for being engaged in work.

To be counted as engaged in work for a month, an adult must be participating in work for at least the minimum average number of hours per week shown in the table below (of which not fewer than 20 hours per week are attributable to a work activity). See list of work activities above.

Exception to the table: In FY1999 and thereafter, when required weekly hours rise above 20, a State may count a single parent with a child under age 6 as engaged in work for a month if the parent works an average of 20 hours weekly. Also, community service participants may be treated as engaged in work if they provide child care services for another participant for the number of hours deemed appropriate by the State.

Fiscal year:	*Minimum average hours weekly*
1996	20
1997	20
1998	20
1999	25
2000	30
2001	30
2002	35

Minimum average hours weekly—Continued

2003 or thereafter	35

Note: Although the above table is in a paragraph entitled "all families," another paragraph establishes a higher hourly requirement (35 hours weekly) in all years for 2-parent families. See below.

The Senate amendment states that nothing in sec. 421 (amounts for child care) shall be construed to provide an entitlement to child care services to any child.

Conference agreement

The conference agreement follows the House bill and the Senate amendment as follows:

The following minimum percentages of all families receiving cash assistance (except those with a child under 1, if exempted by the State) must participate in work activities:

	Minimum percentage
Fiscal year:	
1996	15
1997	20
1998	25
1999	30
2000	35
2001	40
2002 or thereafter	50

The conference agreement generally follows the Senate amendment regarding reduction in the participation rate, including the requirement that regulations shall not take into account families diverted from the State program as a result of differences in eligibility criteria under the State program (in comparison with the AFDC program that operated prior to the date of enactment). The conferees agree to modify the Senate provision by requiring that regulations shall place the burden on the Secretary to prove that families were diverted as a direct result of differences in eligibility criteria.

The conference agreement follows the House bill regarding exemptions from the work requirement for battered individuals, and follows the Senate amendment regarding the State option to exempt families with a child under 1.

The conference agreement follows the House bill and the Senate amendment regarding the calculation of the fiscal year rate. The conference agreement generally follows the Senate amendment regarding the calculation of monthly rates, except that the Senate recedes on counting people who have worked their way off the rolls in the previous 6 months and including sanctioned individuals in the numerator; conferees agree that sanctioned persons are to be subtracted from the denominator in determining monthly rates.

The conference agreement follows the House bill with regard to the number counted as engaged in work, except that the phrase "making progress in qualified activities" is replaced with "participating in qualified activities."

The conference agreement follows the House bill and the Senate amendment regarding the minimum average hours of weekly work required. Conferees did not agree to the Senate provision that States have the option of allowing single parents with children

under 6 to work only 20 hours per week and still count toward the participation standard.

(3) Participation requirements: Two-parent families

Present law

The following minimum percentages of two-parent families receiving cash assistance must participate in specified work activities:

	Minimum percentage
Fiscal year:	
1995	50
1996	60
1997	75
1998 (last year)	75
1999 and thereafter (no requirement)	0

Participation rates for a month equal the number of parents who participate divided by the number of principal earners in AFDC–UP families (but excluding families who received aid for 2 months or less, if one parent engaged in intensive job search).

One parent in the 2-parent family must participate at least 16 hours weekly in on-the-job training, work supplementation, community work experience program, or a State-designated work program.

House bill

The following minimum percentages of two-parent families receiving cash assistance must engage in work activities:

	Minimum percentage
Fiscal year:	
1996	50
1997	50
1998 (last year)	90
1999 and thereafter	90

Participation rates for a month are measured by the number of two-parent recipient families in which at least one adult is engaged in work activities for the month, divided by the total number of two-parent families that received cash aid during the month.

An adult in a 2-parent family is engaged in work activities when making progress in them for 35 hours per week, at least 30 of which are in unsubsidized employment, subsidized private sector employment, subsidized public sector employment, work experience, or on-the-job training (or job search and job readiness assistance for the first 4 weeks only).

Senate amendment

The following minimum percentages of two-parent families receiving cash assistance must participate in work:

	Minimum percentage
Fiscal year:	
1996	60
1997	75
1998	75
1999 and thereafter	90

Participation rates for 2-parent families are measured (like those for all families) by adding (1) the number of 2-parent recipient families with an adult engaged in work for the month; (2) the number of 2-parent families subject to a work refusal penalty in the month (if not subject to the penalty for more than 3 months out of the preceding 12); and (3) the number of 2-parent families who worked their way off the program in the previous 6 months and that include an adult who is working for the month, and then dividing this total by the number of 2-parent families enrolled in the program during the month that include an adult recipient.

An adult in a 2-parent family must participate in work for at least 35 hours per week during the month, and at least 30 hours weekly must be attributable to one or more of the 6 work activities listed above in "4.E. Mandatory Work Requirements."

Conference agreement

The conference agreement follows the House bill and Senate amendment so that the following minimum percentages of two-parent families receiving cash assistance must participate in specified work activities:

	Minimum percentage
Fiscal year:	
1996	50
1997	75
1998	75
1999 and thereafter	90

With regard to participation rates for a month, the conference agreement for 2-parent families matches the agreement for all families described above, so that the rates equal the number of two-parent recipient families in which at least one adult is engaged in work activities for the month, divided by the total number of two-parent families that received cash assistance minus sanctioned persons.

The conference agreement follows the House bill and the Senate amendment regarding creditable activities, except the House and Senate compromise so that the percentage of the caseload able to be counted as engaged in a work activity through vocational education training cannot exceed 20 percent.

(4) Penalties

Present law

For failure to meet JOBS requirements without good cause, AFDC benefits are denied to the offending parent and payments for the children are made to a third party.

In a 2-parent family, failure of 1 parent to meet JOBS requirements without good cause results in denial of benefits for both parents (unless the other parent participates) and third-party payment on behalf of the children. Repeated failures to comply bring potentially longer penalty periods.

If a State fails to achieve the two required participation rates (overall and for 2-parent families), the Federal reimbursement rate for its JOBS spending (which ranges among States from 60 percent to 79 percent for most JOBS costs) is to be reduced to 50 percent.

House bill

If recipients refuse to participate in required work activities, their cash assistance is reduced by an amount to be determined by individual States, subject to good cause and other exceptions that the State may establish.

Recipients in two-parent families who fail to work the required number of hours receive the proportion of their monthly cash grant that equals the proportion of required work hours they actually worked during the month, or less at State option.

No officer or employee of the Federal government may regulate the conduct of States under this paragraph (about penalties against individuals) or enforce this paragraph against any State.

States not meeting the required participation rates have their overall grant (calculated without the bonus for reducing out-of-wedlock births and before other penalties listed in C(5) above) reduced by up to 5 percent the following fiscal year; penalties shall be based on the degree of noncompliance as determined by the Secretary.

Senate amendment

If an adult recipient refuses to engage in required work, the State shall reduce the amount of assistance to the family pro rata (or more, at State option) with respect to the period of work refusal, or shall discontinue aid, subject to good cause and other exceptions that the State may establish. A State may not penalize a single parent caring for a child under age 6 for refusal to work if the parent has a demonstrated inability to obtain needed child care. Penalties against individuals in 2-parent families follow those against individuals, except that the penalties may apply against parents of children under 6 who refuse to work due to an inability to obtain child care.

No specific provision about regulation of penalties against individuals. However, the amendment provides that neither the DHHS Secretary nor the Treasury Secretary may regulate the conduct of States under Title IV–A or enforce any of its provisions, except to the extent expressly provided in the Act.

If a State fails to meet minimum work participation rates, the Secretary is to reduce the family assistance block grant as follows: For the first year of failure, by 5 percent (applied in the next year); for subsequent years of failure, by an additional 5 percent (thus, by 5.25 percent). The Secretary shall impose reductions on the basis of the degree of noncompliance.

Conference agreement

The conference agreement follows the Senate amendment regarding penalties against individuals, with the modification that the burden of proof to demonstrate an inability to find needed child care rests on the parent of a child under age 6. The conference agreement follows the Senate amendment regarding penalties against individuals in two-parent families.

The conference agreement follows the House bill on penalties against States not meeting work requirements, except the House recedes to the Senate on the corrective action provision.

(5) Rule of interpretation (concerning education and training)

Present law

JOBS programs must include specified educational activities and job skills training.

House bill

This part does not prohibit a State from establishing a program for recipients that involves education and training.

Senate amendment

No provision. However, the amendment qualifies vocational educational training as a "work activity," with a 12-month maximum and a limit on the proportion of vocational educational trainees who can be counted in calculating work participation rates.

Conference agreement

The House recedes (no provision). Vocational training, however, counts in the calculation of participation standards with the limitation described above.

(6) Research (about work programs)

Present law

Authorizes States to make "initial" evaluations (in FY 1991) of demographic characteristics of JOBS participants and requires the DHHS Secretary, in consultation with the Labor Secretary, to assist the States as needed.

House bill

The Secretary is to conduct research on the costs and benefits of mandatory work requirements in the Act, and to evaluate promising State approaches in employing welfare recipients. See also "Research, Evaluations, and National Studies" below.

Senate amendment

The Secretary is to conduct research on the costs, benefits, and effects of operating different State programs of temporary assistance to needy families, including their time limits. Research shall include studies of effects on employment rates. See also "Research, Evaluations, and National Studies" below.

Conference agreement

The conference agreement generally follows the House bill and the Senate amendment.

(7) Evaluation of innovative approaches to employing recipients of assistance

Present law

No provision.

House bill

The Secretary shall evaluate innovative approaches by the States to employ recipients of assistance.

Senate amendment

The Secretary may assist States in developing, and shall evaluate innovative approaches for reducing welfare dependency and increasing the well-being of minor children, using random assignments in these evaluations "to the maximum extent feasible."

Conference agreement

The conference agreement follows the Senate amendment.

(8) Annual ranking of States and review of work programs

Present law

No provision.

House bill

The Secretary must annually rank the States in the order of their success in moving recipients into long-term private sector jobs, and review the 3 most and 3 least successful programs. HHS will develop these rankings based on data collected under the bill.

Senate amendment

Taking account of the number of poor children in the State and funds provided for them, the Secretary of HHS shall rank the States annually in the order of their success in placing recipients into long-term private sector jobs, reducing the overall caseload, and, when a practicable method for calculation becomes available, diverting persons from application and entry into the program. The Secretary shall review the 3 most and 3 least successful programs that provide work experience, help in finding jobs, and provide other support services to enable families to become independent of the program.

Conference agreement

The conference agreement follows the House bill.

(9) Annual ranking of States and review of out-of-wedlock births

Present law

No provision.

House bill

No provision.

Senate amendment

The Secretary is to annually rank States in the order of their success in reducing out-of-wedlock births and to review the programs of the 5 ranked highest and 5 ranked lowest in decreasing their absolute out-of-wedlock birth ratios (defined as the total number of out-of-wedlock births in families receiving cash assistance, divided by the total number of births in recipient families).

Conference agreement

The conference agreement follows the Senate amendment.

(10) Sense of Congress on work priority for mothers without young children

Present law

No provision.

House bill

It is the sense of Congress that States should give highest priority to requiring families with older preschool children or school-aged children to engage in work activities.

Senate amendment

Adds to highest priority group "adults in 2-parent families and adults in single-parent families with children that are older than preschool age."

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

(11) Work/school requirements for noncustodial parents

Present law

The Secretary shall permit up to 5 States, on a voluntary or mandatory basis, to provide JOBS services to unemployed noncustodial parents unable to pay child support

House bill

States must adopt procedures to ensure that persons owing past-due support to a child (or to a child and parent) receiving Title IV–A either work or have a plan for payment of that support. States must seek a court order requiring the parent to make payment, in accordance with a court-approved plan to work (unless incapacitated). It is the sense of Congress that States should require non-custodial, non-supporting parents under age 18 to fulfill community work obligations and attend appropriate parenting or money management classes after school.

Senate amendment

States must seek a court order or administrative order requiring a person who owes support to a child receiving Title IV–D services to pay the support in accordance with a court-approved plan or to work (unless incapacitated).

Conference agreement

The conference agreement follows the House bill.

(12) Delivery of work activities

Present law

Current law permits States to carry out JOBS programs directly or through arrangement or under contracts with administrative entities under the Job Training Partnership Act (JTPA), with State and local educational agencies or with private organizations, including community-based organizations as defined in JTPA (Section 485(A) of Social Security Act).

House bill

No provision.

Senate amendment

Requires that work activities for recipients of the temporary family assistance program be delivered through the Statewide workforce development system that was earlier included in the Work Opportunity Act, unless a required activity is not available locally through the Statewide workforce development system. However, as passed, the amendment does not include the workforce development title.

Conference agreement

The conference agreement follows the House bill (no provision).

(13) Displacement of workers

Present law

Under JOBS law, no work assignment may displace any currently employer worker or position (including partial displacement such as a reduction in hours of non-overtime work, wages, or employment benefits). Nor may a JOBS participant fill a position vacant because of layoff or because the employer has reduced the workforce with the effect of creating a position to be subsidized.

House bill

No provision.

Senate amendment

Provides that no adult in a Title IV–A work activity shall be employed or assigned when another person is on layoff from the same or a substantially equivalent job, or when the employer has terminated the employment of a regular worker or otherwise caused an involuntary reduction of its workforce in order to fill the vacancy thus created with a subsidized worker. This provision does not preempt or supersede any State or local law providing greater protection from displacement.

Conference agreement

The conference agreement follows the Senate amendment.

F. Prohibitions

(1) Families without a minor child

Present law

Only families with dependent children (under age 18, or 19 at State option if the child is still in secondary school or in the equivalent level of vocational or technical training) can participate in the program.

House bill

Only families with minor children (under 18 years of age or under 19 years of age for full-time students in a secondary school or the equivalent) can participate in the program.

Senate amendment

Similar to House bill, but specifies that the minor children must live with their parent or other caretaker relative.

Conference agreement

The conference agreement follows the House bill and the Senate amendment, with the modification that a pregnant individual may receive assistance under the block grant.

(2) Assistance for aliens

Present law

Illegal aliens are ineligible, but legal aliens and others permanently residing under color of law are eligible for Federal means-tested benefit programs. States must operate a System for Verification of Eligibility (SAVE) for determination of immigration or citizenship status of applicants and must verify the immigration status of aliens with the Immigration and Naturalization Service.

House bill

Block grant funds may not be used to provide cash benefits to a non-citizen unless the individual is a refugee under section 207 of the Immigration and Nationality Act who has been in the U.S. for under 5 years, a legal permanent resident over age 75 who has lived in the U.S. at least 5 years, a veteran (or the spouse or unmarried dependent child of a veteran) honorably discharged from the U.S. Armed Forces, or a legal permanent resident unable because of disability or mental impairment to comply with certain naturalization requirements. In addition, legal permanent residents who are current beneficiaries retain eligibility for the first year after enactment.

Senate amendment

Aliens entering after enactment are barred from receiving benefits for 5 years, with exceptions similar to House bill. Separately, States have the option to deny non-citizens benefits using block grant funds. Eligibility may be affected by changes in the sponsor-to-alien deeming provisions. These changes may affect their eligibility even after aliens have attained citizenship.

Conference agreement

The conference agreement generally follows the Senate amendment so that noncitizens arriving after the date of enactment may not receive benefits from the block grant during their first 5 years in the U.S.; the conference agreement modifies the Senate amendment so that there is a State option to provide block grant assistance to noncitizens currently residing in the U.S., except that noncitizens receiving AFDC benefits on the date of enactment would continue to be eligible to receive block grant benefits until January 1, 1997. The conference agreement makes specific exceptions to these restrictions for refugees, asylees, veterans and active duty military, and aliens who have worked at least 40 calendar quarters as defined under title II of the Social Security Act. For further details see Title IV: Noncitizens.

(3) No cash assistance for out-of-wedlock births

Present law

No provision forbidding eligibility. Current law permits a State to provide AFDC to an unwed mother under 18 and her child only if they live with their parent or another adult relative or in another adult-supervised arrangement; exceptions are allowed (Sec. 402(A)).

AFDC law has no provision directly comparable for funding second-chance homes (see below).

AFDC law requires States, to the extent resources permit, to require mothers under age 20 who failed to complete high school to participate in an educational activity, even if they otherwise would be exempt because of having a child under age 3 (or, at State option, under age 1). However, States may exempt some school dropout mothers under 18 years old from this requirement.

House bill

Temporary Assistance for Needy Families Block Grant funds may not be used to provide cash benefits to a child born out-of-wedlock to a mother under age 18 or to the mother until the mother reaches age 18. States must exempt mothers to whom children are born as a result of rape or incest. Block grant funds can be used to provide non-cash (e.g. voucher) assistance to young mothers and their children.

Senate amendment

Explicitly permits States to decide whether or not to give assistance to a child born out-of-wedlock to a mother under 18 years old, and to the mother until she reaches 18. However, if a State elects to extend assistance to these families, the minor mother must live with a parent, legal guardian or other adult relative unless they have no such appropriate relative or the State agency determines (1) that they had suffered, or might suffer, harm in the relative's home or (2) that the requirement should be waived for the sake of the child.

The State shall provide or assist a minor mother in finding a suitable home, a second chance home, maternity home, or other appropriate adult-supervised supportive living arrangement. The amendment authorizes to be appropriated, and appropriates fund-

ing for second-chance homes for unmarried teenage parents ($25 million yearly for FYs 1996 and 1997 and $20 million yearly for FYs 1998–2000).

Further, if a State aids these unwed minor mothers, it must require those who have not completed high school, or its equivalent, to attend school unless their child is under 12 weeks old. If the mother fails to attend high school or an approved alternative training program, the State must reduce her benefit or end it.

Conference agreement

The conference agreement follows the Senate amendment regarding the state option to deny cash assistance for out-of-wedlock births. The conference agreement follows the Senate amendment with regard to second chance homes, except that funding is authorized but not appropriated for this purpose. The conference agreement follows the Senate amendment regarding the school requirement for unwed minor mothers.

(4) No additional assistance for additional children

Present law

No provision.

House bill

Block grant funds may not be used to provide additional cash benefits for a child born to a recipient of cash welfare benefits, or an individual who received cash benefits at any time during the 10-month period ending with the birth of the child. Mothers to whom children are born as a result of rape or incest are exempted. Block grant funds can be used to provide non-cash (voucher) assistance to young mothers and their children.

Senate amendment

Explicitly permits States to deny aid to child born to a mother already receiving aid under the program or to one who received benefits from the program at any time during the 10 months ending with the baby's birth.

Conference agreement

The conference agreement represents a compromise between the House and Senate provisions. The compromise is that States must deny additional assistance to mothers already receiving assistance who have babies, but that States can exempt themselves from this requirement if they enact a law to the effect that the State wants to be excluded from this Federal requirement.

(5) No assistance for more than 5 years

Present law

No provision.

House bill

Block grant funds may not be used to provide cash benefits for the family of an individual who, after attaining 18 years of age, has

received block grant funds for 60 months, whether or not successive; States are permitted to provide hardship exemptions from the 60-month time limit for up to 10 percent of their caseload.

Senate amendment

Block grant funds may not be used to provide cash benefits for the family of a person who has received block grant aid for 60 months (or less at State option), whether or not consecutive. States may give hardship exemptions to up to 20 percent of their caseload. (Exempted from the 60-month time limit is a person who received aid as a minor child and who later applied as the head of her own household with a minor child.)

Conference agreement

The conference agreement follows the Senate amendment, with the modification that no assistance may be provided beyond 5 years and that States may exempt up to 15 percent of their caseload from this limit. Battered individuals may qualify for this exemption, but States are not required to exempt such individuals.

(6) Reduction or elimination of assistance for noncooperation in child support

Present law

As a condition of eligibility, applicants or recipients must cooperate in establishing paternity of a child born out-of-wedlock, in obtaining support payments, and in identifying any third party who may be liable to pay for medical care and services for the child.

House bill

Block grant funds may not be used to provide cash benefits to persons who fail to cooperate with the State child support enforcement agency in establishing the paternity of any child of the individual; the child support agency defines cooperation.

Senate amendment

Maintains current law. In addition, see "Payments To States" for penalty against a State that fails to enforce penalty requested by the IV–D against a person who does not cooperate in establishing paternity.

Conference agreement

The conference agreement follows the Senate amendment with the modification that States must deny a parent's share of the family welfare benefit if the parent fails to cooperate; the State may deny benefits to the entire family for failure to cooperate.

(7) No assistance for families not assigning support rights to the State

Present law

As a condition of AFDC eligibility, applicants must assign child support and spousal support rights to the State.

House bill

Block grant funds may not be used to provide cash benefits to a family with an adult who has not assigned to the State rights to child support or spousal support.

Senate amendment

Gives States the option to require applicants for temporary family assistance (and recipients) to assign child support and spousal support rights to the State.

Conference agreement

The conference agreement follows the House bill.

(8) Withholding portion of aid for child whose paternity is not established

Present law

No provision.

House bill

If, at the time a family applies for assistance, the paternity of a child in the family has not been established, the State must impose a financial penalty ($50 or 15 percent of the monthly benefits of a family of that size, whichever the State chooses) until the paternity of the child is established. Once paternity is established, all the money withheld as a penalty must be remitted to the family if it is still eligible for aid. Mothers to whom children are born as a result of rape or incest are exempted from this penalty. Provision effective 1 year after enactment (2 years at State option).

Senate amendment

No provision.

Conference agreement

The conference agreement follows the House bill with the modification that States may, but are not required to, impose a financial penalty if paternity is not established.

(9) Denial of benefits to persons who fraudulently received aid in two States

Present law

No provision.

House bill

Ineligible for block grant assistance for 10 years is any individual convicted of having fraudulently misrepresented residence (or found by a State to have made a fraudulent statement) in order to obtain benefits or services from two or more States from the block grant, Medicaid, Food Stamps, or Supplemental Security Income.

Senate amendment

Ineligible for block grant assistance for 10 years is any person convicted in Federal court or State court of having fraudulently

misrepresented residence in order to obtain benefits or services from two or more States from the cash block grant, Medicaid, Food Stamps, or Supplemental Security Income.

Conference agreement

The conference agreement follows the Senate amendment.

(10) Denial of aid for fugitive felons, probation and parole violators

Present law

No provision.

House bill

No assistance may be provided to an individual who is fleeing to avoid prosecution, custody or confinement after conviction for a crime (or an attempt to commit a crime) that is a felony (or, in New Jersey, a high misdemeanor), or who violates probation or parole imposed under Federal or State law.

Any safeguards established by the State against use or disclosure of information about individual recipients shall not prevent the agency, under certain conditions, from providing the address of a recipient to a law enforcement officer who is pursuing a fugitive felon or parole or probation violator. This provision applies also to a recipient sought by an officer not because he is a fugitive but because he has information that the officer says is necessary for his official duties. In both cases the officer must notify the State that location or apprehension of the recipient is within his official duties.

Senate amendment

A State shall furnish law enforcement officers, upon their request, the address, social security number, and photograph (if available) of any recipient if the officers notify the agency that the recipient is a fugitive felon, or a violator of probation or parole, or that he has information needed by the officers to perform their duties, and that the location or apprehension of the recipient is within the officers' official duties.

Conference agreement

The conference agreement follows the House bill.

(11) No assistance for minor children who are absent, or relatives who fail to notify agency of child's absence

Present law

Regulations allow benefits to continue for children who are "temporarily absent" from home.

House bill

No assistance may be provided for a minor child who has been absent from the home for 45 consecutive days or, at State option, between 30 and 90 consecutive days. States may establish a good cause exemption as long as it is detailed in the State report to the Secretary. No assistance can be given to a parent or caretaker who

fails to report a missing minor child within 5 days of the time it is clear that the child is absent.

Senate amendment

Similar provision to House bill, with different wording.

Conference agreement

The conference agreement follows the House bill.

G. Income/Resource Limits, Treatment of Earnings and Other Income

(1) Resource limits

Present law

$1,000 per family in counted resources (excluding home and some of the value of an auto, funeral arrangements, burial plots, real property that the family is attempting to sell, and—for two months—refunds of the Earned Income Tax Credit (EITC)).

House bill

No provision.

Senate amendment

No provision.

Conference agreement

The conference agreement follows the House bill and the Senate amendment (no provision).

(2) Income limits

Present law

Gross family income limit: 185 percent of the State standard of need.

House bill

No provision.

Senate amendment

No provision.

Conference agreement

The conference agreement follows the House bill and the Senate amendment (no provision).

(3) Earnings

Present law

Mandatory disregard: during first 4 months of a job, $120 and one-third, plus child care costs up to a limit; next 8 months, $120 plus child care; after 12 months, $90 plus child care.

House bill

No provision.

Senate amendment

No provision.

Conference agreement

The conference agreement follows the House bill and the Senate amendment (no provision).

(4) Earned income tax credit

Present law

Mandatory disregard: advance EITC payments must be disregarded.

House bill

Repeals mandatory EITC disregard (a provision of AFDC law). States would set policy about treatment of EITC payments by block grant program.

Senate amendment

Provision is identical to House position.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

(5) Child support

Present law

Mandatory disregard: first $50 monthly in child support collections is passed through to the family. In some States, child support payments that fill some or all of the gap between payment and need standard must be ignored.

House bill

In determining a family's eligibility and payment amount under the block grant, a State may not disregard child support collected by the State and distributed to the family.

Senate amendment

States are given the option of disregarding child support. Repeals required disregard of the first $50 monthly in child support collections distributed to the family (a provision of AFDC law).

Conference agreement

The conference agreement follows the Senate amendment.

(6) Other cash aid

Present law

AFDC benefits may not be paid to a recipient of old-age assistance (predecessor to Supplemental Security Income (SSI) and now available only in Puerto Rico, Guam, and the U.S. Virgin Islands), SSI, or AFDC foster care payments.

House bill

If block grant funds are used to provide payments to a recipient of old-age assistance, SSI, or payments under the Child Protection Block grant, a State may not disregard these other payments in determining a family's eligibility for and payment amount from the block grant.

Senate amendment

No provision.

Conference agreement

The conference agreement follows the House bill.

H. Various Procedural and Policy Rules

(1) Statewide requirement

Present law

AFDC must be available in all political subdivisions, and, if administered by them, be mandatory upon them.

House bill

No provision.

Senate amendment

Under the State plan, a State must outline how it intends to conduct a family assistance program "designed to serve all political subdivisions in the State."

Conference agreement

The conference agreement follows the Senate amendment.

(2) Single State agency

Present law

Single agency must administer or supervise administration of the plan.

House bill

No provision.

Senate amendment

The State's Chief Executive Officer must certify which State agency or agencies are responsible for administration and supervision of the program for the fiscal year.

Conference agreement

The conference agreement follows the Senate amendment, with the modification that public and local agencies must have 60 days to submit comments.

(3) State cost sharing

Present law

State must share in program costs.

House bill

No provision.

Senate amendment

States must continue to spend at least 80 percent of what they expended in FY1994 on AFDC or face a dollar-for-dollar reduction in their basic block grant amount for FY1997–2000.

In order to qualify for additional funding under the contingency fund or additional child care funds, States must continue to spend at least 100 percent of what they expended in FY1994.

Conference agreement

The conference agreement generally follows the House bill and the Senate amendment with the modification to require a 75 percent maintenance of effort for the basic family assistance block grant, but no maintenance of effort for child care funds under the CCDBG.

(4) Aid to all eligibles

Present law

State must furnish aid to eligible persons with reasonable promptness and give opportunity to make application to all wishing to do so.

House bill

No provision.

Senate amendment

No provision.

Conference agreement

The conference agreement follows the House bill and the Senate amendment (no provision).

(5) Fair hearing

Present law

State must give fair hearing opportunity to person whose claim is denied or not acted upon promptly.

House bill

No provision.

Senate amendment

No provision.

Conference agreement

The conference agreement follows the House bill and the Senate amendment (no provision).

(6) Administrative methods

Present law

State must adopt administrative methods found necessary by the Secretary.

House bill

No provision.

Senate amendment

No provision.

Conference agreement

The conference agreement follows the House bill and the Senate amendment (no provision).

(7) Zero benefit below $10, rounding benefits

Present law

State cannot pay AFDC below $10 monthly and must round down to the next lower dollar both the need standard and the benefit.

House bill

No provision.

Senate amendment

No provision.

Conference agreement

The conference agreement follows the House bill and the Senate amendment (no provision).

(8) Pre-eligibility fraud detection

Present law

State must have measures to detect fraudulent applications for AFDC before establishing of eligibility.

House bill

No provision

Senate amendment

No provision

Conference agreement

The conference agreement follows the House bill and the Senate amendment (no provision).

(9) Correction of erroneous payments

Present law

State must promptly correct overpayments and underpayments.

House bill

No provision

Senate amendment

Requires the Treasury Secretary, upon notification from a State that it has overpaid a former recipient of temporary cash assistance and has attempted unsuccessfully to collect the overpayment, to collect the sum from Federal tax refunds.

Conference agreement

The conference agreement follows the Senate amendment.

(10) Appeal procedure (for States)

Present Law

Current law (sec. 1116 of the Social Security Act) entitles a State to a reconsideration, which DHHS must grant upon request, of any disallowed reimbursement claim for an item of class of items. The section also provides for administrative and judicial review, upon petition of a State, of DHHS decisions about approval of State plans. At the option of a State, any plan amendment may be treated as the submission of a new plan.

House bill

Repeals reference to Title IV–A in section 1116.

Senate amendment

Requires the Secretary to notify the Governor of a State of any adverse decision or action under Title IV–A, including any decision about the State's plan or imposition of a penalty. Provides for administrative review by a Departmental Appeals Board within DHHS and requires a Board decision within 60 days after an appeal is filed. Provides for judicial review (by a United States district court) within 90 days after a final decision by the Board. The Amendment also repeals the reference to Title IV–A in section 1116.

Conference agreement

The conference agreement follows the Senate amendment.

I. Quality Control/Audits

Present law

The Secretary must operate a quality control system to determine the amount of Federal matching funds to be disallowed, if any, because of erroneous payments. The law also prescribes penalties for payment error rates above the national average. AFDC

payments to States are subject to audits conducted under the Single Audit Act [Ch. 75, Title 31, U.S.C.]

House bill

Family assistance block grants are subject to the Single Audit Act. If an audit conducted under this Act finds that a State has used block grant funds in violation of the law, its grant for the next year is to be reduced by that amount (but no quarterly payment is to be reduced by more than one-fourth).

Senate amendment

Requires a State to offset loss of Federal funds with its own, maintaining the full block grant level. Also, the penalty shall not be imposed if the State proves to the Secretary that the violation was not intentional, and if the State implements an approved corrective action plan. Each State must audit its cash block grant expenditures annually and submit a copy to the State legislature, Treasury Secretary and DHHS Secretary. The audit must be conducted by an entity that is independent from any agency administering activities under title IV–A. Also subject to the Single Audit Act.

Conference agreement

The conference agreement follows the House bill regarding audits to review States' use of funds with the modification that the funds come directly from the Department of Treasury. (See also the Penalties section below on States misusing funds and States failing to meet work requirements.)

J. Data Collection and Reporting

(1) Reporting requirements

Present law

States are required to report the average monthly number of families in each JOBS activity, their types, amounts spent per family, length of JOBS participation and the number of families aided with AFDC/JOBS child care services, the kinds of child care services provided, and sliding fee schedules. States that disallow AFDC for minor mothers in their own living quarters are required to report the number living in their parent's home or in another supervised arrangement. States also must report data (including numbers aided, types of families, how long aided, payments made) for families who receive transitional Medicaid benefits. DHHS collects data about demographic characteristics and financial circumstances of AFDC families from its National Integrated Quality Control System (NIQCS) and publishes State and national information that represents average monthly amounts for a fiscal year. The NIQCS uses monthly samples of AFDC cases.

House Bill

States are required, not later than 6 months after the end of each fiscal year, to transmit to the Secretary the following aggre-

gate information on families receiving block grant benefits during the fiscal year:

(a) the number of adults receiving assistance;

(b) the number of children receiving assistance and the average age of children;

(c) the employment status and average earnings of employed adults;

(d) the number of one-parent families in which the sole parent is a widow or widower, is divorced, is separated, or is never married;

(e) the age, race, educational attainment, and employment status of parents;

(f) the average assistance provided to families;

(g) whether, at the time of application, the families or anyone in the families receive benefits from the following public programs:

(1) Housing
(2) Food Stamps
(3) Head Start
(4) Job Training;

(h) the number of months the families have been on welfare during their current spell;

(i) the total number of months for which benefits have been provided to the families;

(j) data necessary to indicate whether the State is in compliance with the State's plan;

(k) the components of any employment and training activities, and the average monthly number of adults in each component; and

(l) the number of part-time and full-time job placements made by the program, the number of cases with reduced assistance, and the number of cases closed due to employment.

Senate amendment

States are required to make quarterly reports based on sample case records providing disaggregated data for the quality assurance system, including:

(a) age of adults and children (including pregnant women) in each family;

(b) marital and familial status of each family member (including whether family includes 2 parents and whether child is living with an adult relative other than a parent);

(c) gender, educational level, work experience, and race of each family head;

(d) health status of each family member (including whether any is seriously ill, disabled, or incapacitated and is being care for by another family member);

(e) type and amount of any benefit or assistance received, including amount of and reason for any benefit reduction, and if help is ended, whether this is because of employment, sanction, or time limit;

(f) any benefit or assistance received by a family member with respect to housing, food stamps, job training, or Head Start;

(g) number of months since the family's most recent application for aid, and if application was denied, the reason;

(h) number of times a family applied for and received aid from the cash block grant program and the number of months were received in each "spell" of assistance;

(i) employment status of adults in family (including hours worked and amount earned);

(j) date on which an adult family member began to engage in work, hours worked, work actively performed, amount of child care assistance, if any;

(k) number of persons in each family receiving, and the number not receiving, assistance, and the relationship of each person to the youngest child in the family;

(l) citizenship status of each family member;

(m) housing arrangement of each family member;

(n) amount of unearned income, child support, assets and other financial factors relevant to eligibility;

(o) location in the State of each recipient family; and

(p) any other data determined by Secretary to be necessary for efficient and effective administration.

States are required to report the following aggregated monthly data about families who received temporary family assistance for each month in the calendar quarter preceding the one in which the data are submitted, families applying for assistance in the preceding quarter, and families that became ineligible for aid during that quarter:

(1) number of families,

(2) number of adults in each family,

(3) number of children in each family, and

(4) number of families whose assistance ended because of employment, sanctions, or time limits.

The Secretary shall determine appropriate subsets of the data listed above that a State is required to submit regarding applicant and no-longer eligible families.

Conference agreement

The conference agreement generally follows the House bill and the Senate amendment, but with some modifications. Specifically, beginning July 1, 1996, each State must collect on a monthly basis, and report to the Secretary on a quarterly basis, the following information on individual families receiving assistance:

(1) the county of residence of the family;

(2) whether a child receiving assistance or an adult in the family is disabled;

(3) the ages of the members of such families;

(4) the number of individuals in the family, and the relationship of each family member to the youngest child in the family;

(5) the employment status and earnings of the employed adult in the family;

(6) the martial status of the adults in the family, including whether such adult are never married, widowed, or divorced;

(7) the race and education status of each adult in the family;

(8) the race and educational status of each child in the family;

(9) whether the family received subsidized housing, Medicaid, food stamps, or subsidized child care, and if the later two, the amount received;

(10) the number of months the family has received each type of assistance under the program;

(11) if the adults participated in, and the number of hours per week of participation in, the following activities;

(A) education;

(B) subsidized private sector employment;

(C) unsubsidized employment;

(D) public sector employment, work experience, or community service;

(E) job search;

(F) job skills training or on-the-job training; and

(G) vocational education;

(12) information necessary to calculate participation rates under section 407;

(13) the type and amount of assistance received under the program, including the amount of and reason for any reduction of assistance (including sanctions);

(14) from a sample of closed cases, whether the family left the program, and if so whether the family left due to

(A) employment;

(B) marriage;

(C) the prohibition set forth in section 408(a)(8);

(D) sanction; or

(E) State policy;

(15) any amount of unearned income received by any member of the family; and

(16) the citizenship of the members of the family.

(2) Authority of States to use estimates

Present law

The National Integrated Quality Control System (above) uses monthly samples of AFDC cases. JOBS regulations require States to submit a sample of monthly unaggregated case record data.

House bill

States may use scientifically acceptable sampling methods to estimate the data elements required for annual reports.

Senate amendment

The Secretary shall provide States with case sampling plans and data collection procedures deemed necessary for statistically valid estimates.

Conference agreement

The conference agreement follows the House bill and the Senate amendment and clarifies that sampling methods used by States must be approved by the Secretary.

(3) Other State reporting requirements

Present law

Regulations require each State to submit quarterly estimates of the total amount (and the Federal share) of expenditures for AFDC benefits and administration.

Required quarterly reports include estimates of the Federal share of child support collections made by the State; see above for transitional child care and Medicaid reporting requirements.

House bill

The report submitted by the State each fiscal year must also include:

(1) a statement of the percentage of the funds paid to the State that are used to cover administrative costs or overhead;

(2) a statement of the total amount expended by the State during the fiscal year on programs for needy families; and

(3) the number of noncustodial parents in the State who participated in work activities as defined in the bill during the fiscal year.

Senate amendment

The report required by a State for a fiscal year must include:

(1) a statement of the total amount and percentage of Federal funds paid to the State under Title IV–A that are used for administrative costs or overhead;

(2) a statement of the total amount of State funds expended on programs for the needy;

(3) the number of noncustodial parents who participated in work activities during the fiscal year;

(4) the total amount of child support collected by the State IV–D agency on behalf of a family in the cash assistance program;

(5) the total amount spent by the State for child care under Title IV–A, with a description of the types of care, including transitional care for families who no longer receive assistance because of work and "at-risk" care for persons who otherwise might become eligible for assistance; and

(6) the total amount spent by the State for providing transitional services to a family that no longer receive assistance because of employment, along with a description of those services.

Conference agreement

The conference agreement follows the House bill and Senate amendment as follows:

(1) follow the House bill regarding administrative funds;

(2) follow the House bill regarding reports of State expenditures;

(3) follow the House bill regarding noncustodial parent participation;

(4) follow the House bill regarding child support (no provision; separate reporting requirement);

(5) follow the House bill regarding child care (no provision; separate reporting requirement); and

(6) follow the Senate amendment regarding reports on transitional services.

K. Reports Required by DHHS Secretary (Sections 103, 106, and 107)

Present law

The law requires the DHHS Secretary to report promptly to Congress the results of State reevaluations of AFDC need standards and payment standards required at least every 3 years. The Secretary is to annually compile and submit to Congress annual State reports on at-risk child care. The Family Support Act required the Secretary to submit recommendations regarding JOBS performance standards by a deadline that was extended.

House bill

The DHHS Secretary must report to Congress within 6 months on the status of automatic data processing systems in the States and on what would be required to produce a system capable of tracking participants in public programs over time and checking case records across States to determine whether some individuals are participating in public programs in more than one State. The report should include a plan for building on the current automatic data processing system to produce a system capable of performing these functions as well as an estimate of the time required to put the system in place and the cost of the system.

The DHHS Secretary must, to the extent feasible, produce and publish for each State, county, and local unit of government for which data have been compiled in the most recent census of population, and for each school district, data about the incidence of poverty. Data shall include, for each school district, the number of children age 5 to 17 inclusive, in families below the poverty level, and, for each State and county for which data have been compiled by the Census Bureau, the number of persons aged 65 or older. Data shall be published for each State, county and local unit of government in 1996 and at least every second year thereafter; and for each school district, in 1998 and at least every second year thereafter. Data may be produced by means of sampling, estimation, or any other method that the Secretary determines will produce current, comprehensive, and reliable information. If reliable data could not be otherwise produced, the Secretary is given authority to aggregate school districts. The DHHS Secretary is to consult with the Secretary of Education in producing data about school districts. If unable to produce and publish the required data, the Secretary must submit a report to the President of the Senate and the Speaker of the House not later than 90 days before the start of the following year, enumerating each government or school district excluded and giving the reason for the exclusion.

Senate amendment

The Secretary must in cooperation with the States, study and analyze measures of program outcomes (as an alternative to mini-

mum participation rates) for evaluating the success of State block grant programs in helping recipients leave welfare. The study must include a determination of whether outcomes measures should be applied on a State or national basis and a preliminary assessment of the job placement performance bonus established in the Act. The Secretary must report findings to the Committee on Finance and the Committee on Ways and Means not later than September 30, 1998.

The Secretary is to report by Dec. 31, 1997, to the Committee on Ways and Means and the Committee on Economic and Educational Opportunities of the House and the Committee on Finance, the Committee on Labor and Human Resources, and the Special Committee on Aging of the Senate setting forth findings of a study on the effects of welfare changes made by the Act on grandparents who are primary caregivers for their grandchildren. The study is to identify barriers to participation in public programs by grandparent caregivers, including inconsistent policies, standards, and definitions of programs providing medical aid, cash, child support enforcement, and foster care.

Not later than March 31, 1998, and each fiscal year thereafter, the Secretary shall send Congress a report describing:

(1) whether States are meeting minimum participation rates and whether they are meeting objectives of increasing employment and earnings of needy families, increasing child support collections, and decreasing out-of-wedlock pregnancies and child poverty;

(2) demographic and financial characteristics of applicant families, recipient families, and those no longer ineligible for temporary family assistance;

(3) characteristics of each State program of temporary family assistance; and

(4) trends in employment and earnings of needy families with minor children.

Conference agreement

The conference agreement follows the House bill and Senate amendment as follows:

(1) follow the House bill with regard to the Secretary's report on data processing;

(2) follow the Senate amendment on the report on poverty (no provision);

(3) follow the Senate amendment with regard to the report on alternative outcome measures;

(4) follow the House bill on the report on grandparent caregivers (no provision); and

(5) follow the Senate amendment with regard to the annual report on State process.

L. Research, Evaluations, and National Studies

Present law

The law authorizes $5 million annually for cooperative research or demonstration projects, such as those relating to the prevention and reduction of dependency.

House bill

The Secretary may conduct research on the effects, costs, benefits, and caseloads of State programs funded under this part. The Secretary may assist the States in developing, and shall evaluate (using random assignment to experimental and control groups to the maximum extent feasible), innovative approaches to employing recipients of cash aid under this part. The Secretary may conduct studies of the welfare caseloads of States operating welfare reform programs. The Secretary shall develop innovative methods of disseminating information on research, evaluations, and studies.

Senate amendment

The Secretary may conduct research on the effects, benefits, and costs of operating different State programs of Temporary Assistance for Needy Families, including time limits for eligibility. The research shall include studies on the effects of different programs and the operation of the programs on welfare dependency, illegitimacy, teen pregnancy, employment rates, child well-being, and any other appropriate area. The Secretary may assist States in developing, and shall evaluate innovative approaches for reducing welfare dependency and increasing the well-being of minor children, using random assignments in these evaluations "to the maximum extent feasible."

The Secretary shall develop innovative methods of disseminating information on research, evaluations, and studies, including ways to facilitate sharing of information via computers and other technologies.

The Senate amendment makes a State eligible to receive funding to evaluate its family assistance program if it submits an evaluation design determined by the Secretary to be rigorous and likely to yield credible and useful information. The State must pay 10 percent of the study's cost, unless the Secretary waives this rule. For these State-initiated evaluation studies of the family assistance program (and for costs of operating and evaluating demonstration projects begun under the AFDC waiver process) the amendment authorizes to be appropriated, and appropriates, to total of $20 million annually for 5 years (FYs 1996–2000).

Conference agreement

The conference agreement follows the Senate amendment except that $15 million is appropriated annually for this purpose. Conferees agree that the Secretary can use funds appropriated for research to pay for evaluations conducted by both governmental and non-governmental organizations.

M. Waivers

Present law

The law authorizes the DHHS Secretary to waive specified requirements of State AFDC plans in order to enable a State to carry out any experimental, pilot, or demonstration project that the Secretary judges likely to assist in promoting the program's objective. (Sec. 1115 of Social Security Act) Some 34 States have received

waivers from the Clinton Administration for welfare reforms of their own.

House bill

Repeals AFDC. Also, expressly repeals authority for waiver of specified provisions of AFDC law (Sec. 402, State plan requirements, and Sec. 403, terms of payment to States) for demonstration projects.

Senate amendment

Provides that terms of AFDC waivers in effect, or approved, as of October 1, 1995, will continue until their expiration, except that beginning with FY1996 a State operating under a waiver shall receive the block grant described under Section 403 in lieu of any other payment provided for in the waiver. The amendment gives States the option to terminate waivers before their expiration, but requires that early-ended projects be summarized in written reports. The amendment provides that a State that submits a request to end a waiver by January 1, 1996, or 90 days after adjournment of the first regular session of the State legislature that begins after the date of enactment, shall be held harmless for accrued cost neutrality liabilities incurred under the waiver.

The Secretary is directed to encourage any State now operating a waiver to continue the project and to evaluate its result or effect. The amendment allows a State to elect to continue one or more individual waivers.

Conference agreement

The conference agreement follows the Senate amendment.

N. Studies by the Census Bureau (Sections 103 and 105)

Present law

No provision.

House bill

The Census Bureau must expand the Survey of Income and Program Participation (SIPP) to evaluate the impact of welfare reforms made by this title on a random national sample of recipients and, as appropriate, other low-income families. The study should focus on the impact of welfare reform on children and families, and should pay particular attention to the issues of out-of-wedlock birth, welfare dependency, the beginning and end of welfare spells, and the causes of repeat welfare spells. $10 million per year for 7 years in entitlement funds are authorized for this study.

Senate amendment

Expansion of SIPP is identical to House provision.

In addition, the Secretary of Commerce shall expand the Census Bureau's question (for the decennial census and mid-decade census) concerning households with both grandparents and their grandchildren so as to distinguish between households in which a grandparent temporarily provides a home and those where the grandparent serves as primary caregiver.

Conference agreement

The conference agreement follows the House bill regarding the expansion of SIPP to evaluate welfare programs and follows the Senate amendment regarding census data on grandparents as caregivers.

O. Services From Charitable, Religious, or Private Organizations (Section 104)

Present law

The Child Care and Development Block Grant Act prohibits use of any financial assistance provided through any grant or contract for any sectarian purpose or activity. In general, it requires religious nondiscrimination, but it does allow a sectarian organization to require employees to adhere to its religious tenets and teachings.

House bill

No provision.

Senate amendment

Authorizes States to administer and provide family assistance services (and services under Supplemental Security Income and public housing) through contracts with charitable, religious, or private organizations. Authorizes States to pay recipients by means of certificates, vouchers, or other forms of disbursement that are redeemable with these private organizations. States that religious organizations are eligible, on the same basis as any other private organization, to provide assistance as contractors or to accept certificates and vouchers so long as their programs "are implemented consistent with" the Establishment Clause of the Constitution. Stipulates that any religious organization with a contract to provide welfare services shall retain independence from all units of government and that such a religious organization (or not that redeems welfare certificates) may require employees who render service related to the contract or certificates to adhere to the religious tenets and teaching of the organization and to its rules, if any, regarding use of drugs or alcohol. Provides that, except as otherwise allowed by law, a religious organization administering the program may not discriminate against beneficiaries on the basis of religious belief, or refusal to participate in a religious practice. Requires States to provide an alternative provider for a beneficiary who objects to the religious character of the designated organization. Provides that no funds provided directly to institutions or organizations to provide services and administer programs shall be spent for sectarian worship or instruction, but does not apply this limitation to financial assistance in the form of certificates or vouchers, if the beneficiary may choose where the aid is redeemed.

Conference agreement

This section (section 104) generally follows the Senate amendment. Subsection (j) states that no funds provided directly to institutions or organizations to provide services and administer programs under subsection (a)(1)(A) shall be expended for sectarian

worship, instruction, or proselytization. Subsection (a)(1)(A) refers to contracts that States may have with charitable, religious, or private organizations. While Congress recognizes the need to ensure that money provided directly through contracts should not be expended for worship, instruction, or proselytization, Congress does not intend that the prohibition should apply when beneficiaries receive benefits in the form of certificates, vouchers, or other forms of disbursement redeemable with nongovernmental entities. Where the character of the aid goes directly to the ultimate beneficiary in the form of a voucher or certificate, the beneficiary exercises personal choice as to where to use the voucher or certificate, and may or may not choose to redeem it at a religious provider which incorporates worship or instruction in its provision of services. Congress has recognized and allowed such use of vouchers and certificates in the Child Care and Development Block Grant of 1990 (42 U.S.C. 9858 et seq.)

More importantly, a beneficiary's redemption of a government-provided voucher at a religious entity has been determined as non-violative of the Establishment Clause by the Supreme Court provided that the beneficiary has genuine choice about where to redeem the voucher or certificate. The Court has consistently held that government may confer a benefit on individuals in a manner which allows them to exercise personal choice among similarly qualified institutions, whether public, private non-sectarian, or religious, even when the benefit can be said to indirectly advance religion. *Zobrest v. Catalina Foothills School Dist.,* 113 S. Ct. 2462 (1993) (providing special education services to Catholic student not prohibited by Establishment Clause); *Witters v. Washington Dep't of Services for the Blind,* 474 U.S. 481 (1986) (upholding a State vocational rehabilitation grant to disabled student choosing to use grant for training as cleric); *Mueller v. Allen,* 463 U.S. 388 (1983) (upholding State income tax deduction for parents for educational expenses).

Subsection (k) states that nothing in this section shall be construed to preempt State constitutions or statutes which restrict the expenditure of State funds in or by religious organizations. In some States, provisions of the State constitution or a State statute prohibit the expenditure of public funds in or by sectarian institutions. It is the intent of Congress, however, to encourage States to involve religious organizations in the delivery of welfare services to the greatest extent possible. The conferees do not intend that this language be construed to require that funds provided by the Federal government referred to in subsection (a) be segregated and expended under rules different than funds provided by the State for the same purposes; however, States may revise such laws, or segregate State and Federal funds, as necessary to allow full participation in these programs by religious organizations.

In addition, the conference agreement revises Senate language on employment discrimination by religious organizations by stating that the exemption provided under section 702 of the Civil Rights Act of 1964 is not affected by participation in or receipt of funds from programs described in subsection (a).

6. TRANSFERS (SECTION 103)

A. Child Support Penalties

Present law

If a State's child support plan fails to comply substantially with Federal requirements, the Secretary is to reduce its AFDC matching funds by percentages that rise for successive violations (Sec. 403(h) of the Social Security Act).

House bill

The provision for child support review penalties—loss of Federal payments of up to 5 percent of the block grant amount—now found in 403(h) of part A of the Social Security Act is retained in the block grant.

Senate amendment

No provision. However, there is a penalty assessed against States for failure to enforce penalties requested by child support agency against recipients who do not cooperate in establishing paternity.

Conference agreement

The conference agreement follows the House bill.

B. Assistant Secretary for Family Support

Present law

An Assistant Secretary for Family Support, appointed by the President by and with consent of the Senate, is to administer AFDC, child support enforcement, and the Jobs Opportunities and Basic Skills (JOBS) program.

House bill

The provision for an Assistant Secretary for Family Support now found in section 417 of Part A of the Social Security Act is retained in the block grant (as sec. 409), but modified to remove the reference to JOBS (which the House bill repeals).

Senate amendment

Identical provision.

Conference agreement

The conference agreement follows the House bill and Senate amendment.

7. CONFORMING AMENDMENTS TO THE SOCIAL SECURITY ACT AND THE FOOD STAMP ACT (SECTIONS 108 AND 109)

Present law

No provision.

House bill

These sections make a series of technical amendments that conform the provisions of the House bill with various titles of the

Social Security Act and the Food Stamp Act and provide for the repeal of Part F of Title IV (the JOBS program).

Senate amendment

This section makes a series of amendments that conform provisions of the Senate amendment with various titles of the Social Security Act and the Food Stamp Act.

Conference agreement

The conference agreement generally follows the House bill and the Senate amendment, with changes made as appropriate.

8. CONFORMING AMENDMENTS TO OTHER LAWS (SECTION 110)

Present law

No provision.

House bill

This section makes a series of technical amendments to conform provisions of the House bill to the Internal Revenue Code, the Omnibus Reconciliation Act of 1987, the Housing and Urban-Rural Recovery Act of 1983, the Tax Equity and Fiscal Responsibility Act of 1982, and the Stewart B. McKinney Homeless Assistance Amendments Act of 1988.

Senate amendment

Section 107 makes a series of amendments that conform provisions of the Senate amendment to the Food Stamp Act, the Agriculture and Consumer Protection Act, the National School Lunch Act, and the Child Nutrition Act.

Section 108 makes a series of amendments that conform provisions of the Senate amendment to the Unemployment Compensation Amendments of 1976, the Omnibus Budget Reconciliation Act of 1987, the House and Urban-Rural Recovery Act of 1983, the Tax Equity and Fiscal Responsibility Act of 1982, the Social Security Amendments of 1967, the Stewart B. McKinney Homeless Assistance Amendments Act of 1988, the Higher Education Act of 1965, the Carl D. Perkins Vocational and Applied Technology Education Act, the Elementary and Secondary Education Act of 1965, Public Law 99–88, the Internal Revenue Code of 1986, the Wagner-Peyser Act, the Job Training Partnership Act, the Low-Income Home Energy Assistance Act of 1981, the Family Support Act of 1988, the Balanced Budget and Emergency Deficit Control Act of 1985, the Immigration and Nationality Act, the Head Start Act, and the School-to-Work Opportunities Act of 1994.

Conference agreement

The conference agreement generally follows the House bill and the Senate amendment, with changes made as appropriate.

9. CONTINUED APPLICATION OF CURRENT STANDARDS UNDER MEDICAID PROGRAM (SECTION 114)

Present law

States must continue Medicaid (or pay premiums for employer-provided health insurance) for 6 months to a family that loses AFDC eligibility because of hours of, or income from, work of the caretaker relative, or because of loss of the earned income disregard after 4 months of work. States must offer an additional 6 months of medical assistance, for which it may require a premium payment if the family's income after child care expenses is not above the poverty guideline. For extended medical aid, families must submit specified reports. States must continue Medicaid for 4 months to those who lose AFDC because of increased child or spousal support.

House bill

Although AFDC would be repealed, its standards would continue to be used by the Medicaid program. States would have to give Medicaid to families who would have received AFDC if it still existed as in effect on March 7, 1995. The frozen AFDC rules would govern Medicaid eligibility for both recipients and non-recipients of the new block grant funds, including those categorically ineligible for cash benefits.

Senate amendment

Same as House provision except for date at which AFDC rules would be "frozen" (June 1, 1995, rather than March 7, 1995). If an AFDC waiver (as of June 1, 1995) affects Medicaid eligibility, the State has the option to continue to apply the waiver in regard to Medicaid after the date when the waiver otherwise would end.

Conference agreement

The conference agreement changes both the House bill and the Senate amendment because of pending changes in Medicaid legislation. In conforming with this legislation, conferees agree that States will determine Medicaid eligibility for recipients of block grant assistance.

10. EFFECTIVE DATES (SECTION 116)

Present law

No provision.

House bill

The amendments and repeals made by this title take effect on October 1, 1995. The authority to reduce assistance for certain families that include a child whose paternity is not established will begin 1 year after the effective date or, at the option of the State, 2 years after the effective date.

Amendments made by Title I (Block Grants for Temporary Assistance for Needy Families) shall not apply to powers, duties, functions, rights, claims, penalties, or obligations applicable to aid, or services provided (under AFDC) before the effective date of the Act.

Nor shall amendments of the bill apply to administrative actions and proceedings commenced or authorized before the effective date of the bill.

Senate amendment

AFDC is repealed effective October 1, 1995. Family assistance block grant provisions also take effect October 1, 1995 (except for penalties, most of which are effective October 1, 1996), but expire on September 30, 2000. A State may continue to operate its AFDC program for 9 months, until June 30, 1996. If it does so, its FY 1996 cash block grant under the new program shall be reduced by the amount of Federal matching funds received for that year for AFDC expenditures.

Conference agreement

Conferees agree that States must begin their block grant program under this title by 1 October, 1996. However, States have the option of initiating their block grant program at any time after the date of enactment.

11. MISCELLANEOUS

A. County Authority for Demonstration Projects

Present law

No provision.

House bill

No provision.

Senate amendment

Requires the DHHS Secretary and the Agriculture Secretary jointly to enter into negotiations with all counties having a population greater than 500,000 that desire to conduct a demonstration project in which: (1) the county shall have the authority and duty to administer the operation of the family assistance program as if the county were considered a State; (2) the State shall pass through directly to the county the portion of the block grant that the State determines is attributable to the residents of the county; and (3) the project shall last 5 years.

To be eligible: (1) a county already must be administering the Title IV–A program; (2) must represent less than 25 percent of the State's total welfare caseload; and (3) the State must have more than one county with a population of greater than 500,000.

Not later than 56 months after the end of a county demonstration project, the two Secretaries shall send a report to Congress that includes a description of the project, its rules, and innovations (if any).

Conference agreement

The conference agreement follows the House bill.

B. Collection of Overpayments from Federal Tax Refunds

Present law

No provision.

House bill

No provision.

Senate amendment

Requires the Treasury Secretary, upon notification from a State that it has overpaid a former recipient of temporary cash assistance and has attempted unsuccessfully to collect the overpayment, to collect the sum from Federal tax refunds.

Conference agreement

The conference agreement follows the Senate amendment.

C. Tamper-Proof Social Security Card (Section 111)

Present law

No provision.

House bill

No provision.

Senate amendment

Requires the Commissioner of Social Security to develop a prototype of a counterfeit-resistant social security card. The card must be made of a durable, tamper-resistant material such as plastic or polyester, employ technologies that provide security features, and be developed so as to provide individuals with reliable proof of citizenship of legal resident alien status. The Commissioner is to report to Congress on the cost of issuing a tamper-proof card for all persons over a 3-, 5-, and 10-year period. Copies of the report, along with a facsimile of the prototype card, shall be submitted to the Committees on Ways and Means and Judiciary of the House and the Committees on Finance and Judiciary of the Senate within one year of enactment.

Conference agreement

The conference agreement follows the Senate amendment except that funding is not made through Title II of the Social Security Act.

D. Disclosure of Receipt of Federal Funds (Section 112)

Present law

No provision.

House bill

No provision.

Senate amendment

Requires disclosure of specified public funds received by 501(c) organizations, which are non-profit and tax-exempt. When a 501(c) organization that accepts Federal funds under the Work Opportunity Act makes any communication that intends to promote public support or opposition to any governmental policy (Federal, State or local) through any broadcasting station, newspaper, magazine, outdoor advertising facility, direct mailing, or any other type of general public advertising, the communication must state: "This was prepared and paid for by an organization that accepts taxpayer dollars".

Conference agreement

The conference agreement follows the Senate amendment.

E. Projects to Expand Job Opportunities for Certain Low-Income Individuals (JOLI) (Section 113)

Present law

The Family Support Act of 1988 (Sec. 505) directed the Secretary to enter into agreement with between 5 and 10 nonprofit organizations to conduct demonstrations to create job opportunities for AFDC recipients and other low-income persons. For these projects, $6.5 million was authorized to be appropriated for each fiscal year, 1990–1992.

House bill

No provision.

Senate amendment

Strikes the word "demonstration" from the description of these projects and converts them to grant status. The provision requires the Secretary to enter into agreements with nonprofit organizations to conduct projects that create job opportunities for recipients of family assistance and other persons with income below the poverty guideline. The sum of $25 million annually is authorized for these projects.

Conference agreement

The conference agreement follows the Senate amendment.

F. Demonstration Projects To Expand Use of Schools

Present law

The 21st Century Community Learning Centers Act (established by P.L. 103–382) makes available funds directly to rural or inner-city schools, or consortia of them, to act as centers for providing education and human resources services. Services allowed include: literacy education, parenting skills education, employment counseling, training and placement. The Elementary and Secondary Education Act includes a program called "Extend Time for Learning and Longer School Year," which support local educational agencies' efforts to lengthen learning time. Grantees may engage other community members in these efforts.

House bill

No provision.

Senate amendment

The Secretary of Education is required to make grants to not more than 5 States for demonstration grants to increase the number of hours when public school facilities are available for use. Schools selected must have a significant percentage of students receiving family assistance benefits. The longer hours are intended to enable volunteers and parents or professionals paid from other sources to teach, tutor, coach, organize, advise, or monitor students. Grants are intended also to make school facilities available for clubs, civic associations, Boy and Girl Scouts and other groups. The amendment authorizes $10 million annually (FYs 1996–2000) for grants plus $1 million annually for administration by the Secretary.

Conference agreement

The conference agreement follows the House bill (no provision).

G. Secretarial Submission of Legislative Proposal for Technical and Conforming Amendments (Section 115)

Present law

No provision.

House bill

No provision.

Senate amendment

Not later than 90 days after enactment of this Act, the Secretary must submit to the appropriate committees of Congress a legislative proposal providing for technical and conforming amendments.

Conference agreement

The conference agreement follows the Senate amendment.

TITLE II. SUPPLEMENTAL SECURITY INCOME

SUBTITLE A—ELIGIBILITY RESTRICTIONS

1. DENIAL OF SUPPLEMENTAL SECURITY INCOME BENEFITS BY REASON OF DISABILITY TO DRUG ADDICTS AND ALCOHOLICS

A. In General

Present law

Individuals whose drug addiction or alcoholism is a contributing factor material to their disability are eligible to receive SSI cash benefits for up to three years if they meet SSI income and resource requirements. These recipients must have a representative payee, must participate in an approved treatment program when available and appropriate, and must allow their participation in a treatment program to be monitored. Medicaid benefits continue be-

yond the 3-year limit, as long as the individual remains disabled, unless the individual was expelled from SSI for failure to participate in a treatment program.

House bill

Under the House provision, an individual is not considered disabled if drug addiction or alcoholism is a contributing factor material to his or her disability. Individuals with drug addiction and/or alcoholism who cannot qualify based on another disabling condition will not be eligible for SSI benefits.

Senate amendment

Identical to House bill.

Conference agreement

This section was deleted from the conference agreement on H.R. 4 because it was included in H.R. 2684, The Senior Citizens' Right to Work Act.

B. Representative Payee Requirements

Present law

SSI law requires that the SSI payments of individuals whose drug addiction or alcoholism is a contributing factor material to their disability must be made to another individual, or an appropriate public or private organization (i.e., the individual's "representative payee") for the use and benefit of the individual or eligible spouse.

House bill

No provision.

Senate amendment

Under the Senate amendment, if a disabled person also has an alcoholism or drug addiction condition (as determined by the Commissioner of Social Security), their SSI checks must be sent to a representative payee.

Conference agreement

This section was deleted from the conference agreement on H.R. 4 because it was included in H.R. 2684, The Senior Citizens' Right to Work Act.

C. Treatment Referrals for Individuals With an Alcoholism or Drug Addiction Condition

Present law

Federal law requires SSI recipients whose drug addiction or alcoholism is a contributing factor material to their disability to undergo appropriate treatment, if it is available.

House bill

No provision.

Senate amendment

The Senate amendment requires the Commissioner of Social Security to refer to the appropriate State agency administering the State plan for substance abuse services any disabled SSI recipient who is identified as having an alcoholism or drug addiction condition. Any individual who refuses to accept the referred services without good cause is no longer eligible for SSI benefits.

Conference agreement

This section was deleted from the conference agreement on H.R. 4 because it was included in H.R. 2684, The Senior Citizens' Right to Work Act.

D. Conforming Amendments

E. Supplemental Funding for Alcohol and Substance Abuse Treatment Programs

Present law

SSI cash benefits are limited to 3 years for recipients whose drug addiction or alcoholism is a contributing factor material to their disability. These individuals must undergo "appropriate substance abuse treatment." While the Social Security Administration currently contracts with agencies for referral, monitoring and reporting of compliance with treatment, it does not pay for treatment. Medicaid benefits are to continue beyond the 3-year limit, as long as the individual remains disabled, unless the individual was expelled from SSI for noncompliance with treatment.

House bill

For four years beginning with FY 1997, $100 million of the savings realized from denying cash SSI payments and Medicaid coverage to individuals whose drug addiction or alcoholism is a contributing factor material to their disability will be targeted to drug treatment and drug abuse research. Each year, $95 million will be expended through the Federal Capacity Expansion Program (CEP) to expand drug treatment availability and $5 million will be allocated to the National Institute on Drug Abuse to be expended solely on the medication development project to improve drug abuse and drug treatment research.

Senate amendment

For two years beginning with FY 1997, $50 million will be spent to fund additional drug (including alcohol) treatment programs and services through Substance Abuse Prevention and Treatment Block Grant.

Conference agreement

This section was deleted from the conference agreement on H.R. 4 because it was included in H.R. 2684, The Senior Citizens' Right to Work Act.

F. Effective Dates

Present law

Not applicable.

House bill

This section of the bill becomes effective on October 1, 1995, and applies with respect to months beginning on or after that date.

Senate amendment

Generally, changes apply to applicants for benefits for months beginning on or after the date of enactment. An individual receiving benefits on the date of enactment whose eligibility would end would continue to be eligible for benefits until January 1, 1997. The Commissioner of Social Security shall notify individuals losing eligibility within three months of the date of enactment.

In addition, in the case of an individual with an alcoholism or drug addiction condition who is receiving SSI benefits on the date of enactment, the representative payee requirement will apply on or after the first continuing disability review occurring after enactment. For recipients with an addiction who are over the age of 65, the Commissioner will determine appropriate representative payee requirements.

Conference agreement

This section was deleted from the conference agreement on H.R. 4 because it was included in H.R. 2684, The Senior Citizens' Right to Work Act.

Reapplication

Present law

Not applicable.

House bill

No provision.

Senate amendment

Individuals receiving SSI benefits on the date of enactment who are notified of their termination of eligibility and who desire to reapply for benefits must do so within four months after the date of enactment. The Commissioner of Social Security will determine within one year after the date of enactment the eligibility of individuals who reapply.

Conference agreement

This section was deleted from the conference agreement on H.R. 4 because it was included in H.R. 2684, The Senior Citizens' Right to Work Act.

2. DENIAL OF SSI BENEFITS FOR 10 YEARS TO INDIVIDUALS FOUND TO HAVE FRAUDULENTLY MISREPRESENTED RESIDENCE IN ORDER TO OBTAIN BENEFITS SIMULTANEOUSLY IN 2 OR MORE STATES (SECTION 201)

See description in section 103 of title 1 of the conference agreement.

SUBTITLE B—BENEFITS FOR DISABLED CHILDREN

1. DEFINITION AND ELIGIBILITY RULES (SECTION 211)

A. Definition of Childhood Disability

Comparable severity repealed

Present law

A needy individual under age 18 is determined eligible for SSI "if he suffers from any medically determinable physical or mental impairment of comparable severity" with that of an adult considered work disabled and otherwise eligible for SSI benefits.

House bill

The "comparable severity" test in statute for determining disability of children (defined as individuals under 18) is repealed.

Senate amendment

Similar to the House bill.

Conference agreement

The conference agreement follows the House bill and Senate amendment.

Disability definition

Present law

There is no definition of childhood disability in the statute. Under current disability evaluation procedures, to be found disabled, a child must have a medically determinable physical or mental impairment that substantially reduces his or her ability to independently and effectively engage in age-appropriate activities. This impairment must be expected to result in death or to last for a continuous period of not less than 12 months.

House bill

Eligibility, as determined by the Commissioner of Social Security, for cash benefits or new medical or non-medical services described below will be based solely on: (1) meeting the non-disability-related requirement for eligibility; (2) meeting or equalling the current Listing of Impairments set forth in the Code of Federal Regulations (i.e., the Listing which is currently in regulations is to be codified in statute); and (3) being a disabled SSI recipient in the month prior to this provision's effective date or being in a hospital, skilled nursing facility, residential treatment facility, intermediate care facility for the mentally retarded, or otherwise would be placed in such a facility if the child were not receiving personal as-

sistance necessitated by the impairment. Personal assistance refers to assistance with activities of daily living such as eating and toileting.

Senate amendment

Adds a new statutory definition of childhood disability. An individual under the age of 18 is considered disabled for the purposes of this section if the individual has a medically determinable physical or mental impairment, which results in marked and severe functional limitations, and which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months.

Conference agreement

The conference agreement follows the Senate amendment with technical modification and provides that the Commissioner of Social Security shall submit for review to the committees of jurisdiction in the Congress any final regulation with supporting documentation pertaining to the eligibility of individuals under age 18 for SSI benefits at least 45 days before the effective date of such regulation.

By this definition, the conferees intend that only needy children with severe disabilities be eligible for children's SSI and that the Listing and other disability determination regulations as modified by the conference agreement properly reflect the severity of disability contemplated by the statutory definition. In those areas of the Listing that involve domains of functioning, the conferees expect no less than market limitations in no fewer than two domains or extreme limitations in at least one domain as the standard for qualification. The conferees are also aware that the Social Security Administration uses the term "severe" to often mean "other than minor" in an initial screening procedure for disability determination and in other places. The conferees, however, use the term "severe" in its common sense meaning.

The conferees do not intend to suggest by this definition of childhood disability that every child need be especially evaluated for functional limitations, or that this definition creates a supposition for any such examination. Under current procedures for writing individual listings, level of functioning is an explicit consideration in deciding which impairment, with what medical or other findings, are of sufficient severity to be included in the Listing. Nonetheless, the conferees do not intend to limit the use of functional assessments and functional information, if reflecting sufficient severity and are otherwise appropriate.

B. Changes to Childhood SSI Regulations

Reliance on "Listing of Impairments"

Present law

Under the disability determination process for children, individuals whose impairments do not meet or equal the "Listing of Impairments" in Federal regulations are subject to an "individualized Functional Assessment (IFA)". This assessment examines whether

the child can engage in age-appropriate activities effectively. If the child cannot, he or she is determined disabled.

House bill

The Commissioner of Social Security must annually report to Congress on the Listings and recommend any needed revisions. Individualized functional assessments are no longer grounds for determination of disability.

Senate amendment

The Commissioner of Social Security shall discontinue the individualized functional assessment for children set forth in the Code of Federal Regulations.

Conference agreement

The conference agreement follows the Senate amendment. The conferees agree that a significant amount of the growth of the children's SSI program resulted from regulations issued in 1991 by the Social Security Administration establishing the individualized functional assessment which liberalized program eligibility criteria beyond Congressional intent. Children with modest conditions or impairments were made eligible for SSI due to the individualized functional assessment, and therefore should not be eligible for SSI benefits.

Multiple references to "Maladaptive Behavior" eliminated

Present law

Under the disability determination process for children, the Social Security Administration first determines if a child meets or equals the Listings of Impairments. Under the Listings that relate to mental disorders, maladaptive behavior may be scored twice, in domains of social functioning and of personal/behavior functioning.

House bill

No provision.

Senate amendment

Requires the Commissioner of Social Security to eliminate references in the Listing to maladaptive behavior among medical criteria for evaluation of mental and emotional disorders in the domain of personal/behavioral function.

Conference agreement

The conference agreement follows the Senate amendment.

C. Medical Improvement Review Standard as it Applies to Individuals Under the Age of 18

This section in the legislative language contains technical modifications to the medical improvement review standard based on the new definition of childhood disability.

D. Amount of Benefits

Present law

A child who is determined to be disabled and who is eligible on the basis of his income and resources shall be paid benefits. If the child lives at home, the parents' financial resources are deemed available to the child. If the same child is institutionalized, after the first month away home only the child's own financial resources are deemed to be available for the child's care. The child may then qualify for a reduced ("personal needs allowance") SSI benefit and for Medicare coverage. Because of these "deeming" rules, some children who could have been cared for at home might remain in institutions because, if they were to return home, they would lose Medicaid benefits. Medicaid "waivers" allow States to disregard the deeming rule, provide Medicaid coverage, and pay for support services to help families keep children at home.

House bill

Children may be eligible for cash SSI payments in one of three circumstances:

(1) if a child who is currently (defined as during the month prior to the first month for which this provision takes effect) receiving cash SSI payments by reason of disability will continue to be eligible for cash SSI benefits if the child has an impairment that meets or equals an impairment specified in the Listing of Impairments. Children receiving cash benefits under the grandfather provision whose financial eligibility is suspended would continue to receive cash benefits if financial eligibility is restored;

(2) for all other children, a child may only receive cash SSI payments if the child has an impairment which meets or equals an impairment specified in the Listings of Impairments cited above, and is either in a hospital, skilled nursing facility, residential treatment facility, intermediate care facility for the mentally retarded, or otherwise would be placed in such a facility if the child were not receiving personal assistance necessitated by the impairment. Personal assistance refers to assistance with activities of daily living such as eating and toiling; and

(3) if a child who is overseas as a dependent of a member of the U.S. Armed Forces and who is eligible for block grant services but not eligible for cash benefits under the new criteria shall be eligible for cash benefits. Cash benefits cease when the child returns to the United States.

Senate amendment

No provision.

Conference agreement

The conference agreement follows a modified version of the House bill. Once an eligible child is determined to meet the definition of disability, the amount of the individual's cash benefit will be based on whether the child meets the newly developed criteria for needing personal assistance enabling the child to remain with their family at home. This criteria is as follows:

For a child under age 6—such individual has a medical impairment that severely limits the individual's ability to function in a manner appropriate to individuals of the same age and who without special personal assistance would require specialized care outside the individual's home; or

For a child age 6 or over—such individual requires personal care assistance with: (a) at least two activities of daily living, (b) continual 24-hour supervision or monitoring to avoid causing injury or harm to self or others, or (c) the administration of medical treatment; and who without such assistance would require full-time or part-time specialized care outside the individual's home.

The conferees have provided a different definition of the eligibility for children under age 6 and over age 6 because of the differing expectations of age appropriate behavior for children above and below this age. As described below, the conferees have requested the Commissioner of Social Security to undertake a study on ways to improve these definitions and the disability determination process.

Children with disabilities meeting this criteria will receive 100 percent of the benefit amount provided by current law. Disabled children who do not meet this criteria will receive seventy-five percent of the benefit amount provided by current law. The conferees note that the SSI benefit under either tier is very generous. In 1995, the average SSI benefit for a child recipient is $5,040. Seventy-five percent of that benefit would be $3,780. Both the maximum children's SSI benefit or seventy-five percent of the maximum benefit is greater than the maximum 1995 AFDC benefit for a family of three in many States.

The conferees acknowledge that many families of disabled children incur expenses beyond those by families of nondisabled children. However, the conferees agree that the extra expenses related to a child's disability vary widely depending on the nature and degree of disability and the availability of Federal, State, and local health care and/or disability programs. In order to reduce the inequity of the current system which provides one benefit level to all families without regard to additional disability-related financial needs, the conferees agree to establish a two-tiered benefit system. The higher tier is intended for families of children with the most severe disabilities who require full or part-time personal assistance which would prevent a parent from working full-time or which would require the presence of a personal assistance provider.

The conferees also believe that Congress should investigate whether the unmet needs of families of disabled children could be better and more efficiently met through services, such as mental health treatment or purchase of items of assistive technology, rather than cash payments. In the twenty three years since the SSI program was created, substantial new Federal programs have been authorized to assist children with disabilities, including Federal, State and local funding of special education and expansion of Medicaid. The impact of these programs on cash needs of children with disabilities merits further investigation by Congress.

E. Effective Dates and Other Changes

Present law

Not applicable.

House bill

Changes apply to benefits for months beginning ninety or more days after enactment, without regard to whether regulations have been issued. Recipients of SSI cash benefits during the month of enactment who would lose eligibility under the House bill may continue to receive SSI benefits for up to 6 months.

Senate amendment

The Senate amendment changes apply to applicants for months beginning on or after the date of enactment, without regard to whether regulations have been issued. However, the Commissioner must issue necessary regulations within two months of enactment. For child SSI recipients who were eligible for SSI on the date of enactment but who would lose eligibility under the Senate amendment, the changes would not take effect until January 1, 1997. The Commissioner is to redetermine the eligibility of these persons within one year of enactment.

Conference agreement

The conference agreement follows the Senate amendment with modification that the effective date for the two-tiered benefit system is January 1, 1997, for current recipients and new applications. The conferees agreed to require the Commissioner to report to Congress within 180 days regarding the progress made in implementing the SSI children's provisions.

Notice

Present law

Not applicable.

House bill

Not later than one month after the date of enactment, the Commissioner must notify individuals whose eligibility for SSI benefits will terminate.

Senate amendment

Within three months of enactment, the Commissioner must notify individuals whose eligibility for SSI will terminate.

Conference agreement

The conference agreement follows the Senate amendment.

New provision for administrative funds for the Social Security Administration

Present law

Not applicable.

House bill

No provision.

Senate amendment

No provision.

Conference agreement

The conferees recognize that implementation of the SSI provisions by the Social Security Administration is a big job and have provided $300 million to assist the agency meeting its obligations. The conferees are very mindful of the problems encountered by the Social Security Administration in the early 1980s in conducting a large number of redeterminations and continuing disability reviews, and strongly urge the Commissioner to conduct the redeterminations and continuing disability reviews required in this bill in an orderly and careful manner.

Block grants to States for children with disabilities

Entitlement to grants

Present law

Not applicable.

House bill

Each State that meets the requirements listed below for FY 1997 or later years shall be entitled to receive a grant equal to the State's allotment for that fiscal year. The Commissioner of Social Security will make block grants to States for the purpose of providing specified medical and non-medical benefits for children who have an impairment which meets or equals an impairment specified in the Listing of Impairments. Grants are an entitlement to eligible States on behalf of qualifying children, not an entitlement to any such child.

Senate amendment

No provision.

Conference agreement

The conference agreement follows the Senate amendment (i.e., no provision).

Requirements

Present law

Not applicable.

House bill

Each State must establish a program to provide block grant services. The State will submit to the Commissioner an application for the grant. In the application, the State agrees it must spend grant funds to provide authorized services designed to meet the unique needs of qualifying children. The application must also contain information, agreements, and assurances required by the Com-

missioner. In providing authorized services, States will make every reasonable effort to obtain payment for the services from other Federal or State programs that provide such services. States will expend the grant only to the extent that payments from other programs are not available.

In order to receive a block grant under this section, the State must agree to maintain non-Federal spending for any purposes designed to meet the needs of qualifying children with physical or mental impairments. States have discretion to select the purposes for which the State expends non-Federal amounts, within the purpose of providing for the needs of qualifying children. The Consumer Price Index will be used to adjust for inflation in judging whether the State meets the maintenance of effort requirements in future years.

No child who has an impairment which meets or equals an impairment specified in the Listing of Impairments will be denied the opportunity to apply for services and to have his or her case assessed to determine the child's service needs.

Senate amendment

No provision.

Conference agreement

The conference agreement follows the Senate amendment (i.e., no provision).

Authority of State

Present law

Not applicable.

House bill

The following decisions are in the discretion of a State:

(1) which authorized services to provide;

(2) who among qualifying children receives services; and

(3) the number of services provided a qualifying child and their duration.

Senate amendment

No provision.

Conference agreement

The conference agreement follows the Senate amendment (i.e., no provision).

Authorized services

Present law

Not applicable.

House bill

The Commissioner shall issue regulations designating the purposes for which grants may be spent by States. The Commissioner must ensure that services on the list are designed to meet the

unique needs of qualifying children that arise from their physical and mental impairments, that both medical and non-medical services are included, and that cash assistance is not available through the block grant.

Senate amendment

No provision.

Conference agreement

The conference agreement follows the Senate amendment (i.e., no provision).

General provisions

Present law

Not applicable.

House bill

Necessary regulations are to be issued, but payments under the block grant must begin not later than January 1, 1997, regardless of whether final rules have been issued.

The value of the authorized services provided through the block grant cannot be taken into account in determining eligibility for, or the amount of, benefits or services under any Federal or Federally-assisted program. For the purposes of Medicaid, each qualifying child shall be considered to be a recipient of Supplemental Security Income benefits under this title.

States are encouraged to use an existing delivery system to administer block grant services.

States that do not participate in offering block grant services are not permitted to use social security numbers in the administration of any tax, public assistance, driver's license or motor vehicle registration law. (Because of the extreme duress this would impose on States, this is regarded as effectively a "requirement.")

Senate amendment

No provision.

Conference agreement

The conference agreement follows the Senate amendment (i.e., no provision).

Definitions

Present law

Not applicable.

House bill

A State's "Allotment" of block grant funds equals the product of 75 percent of the average cash SSI benefit in the State and the number of children in the State receiving non-cash SSI benefits under this section.

"Authorized Service" means each service authorized by the Commissioner.

A "Qualifying Child" means an individual under 18 years of age who is eligible for cash benefits under this title by reason of disability; or an individual under 18 years of age who is eligible for SSI non-cash benefits as described above. The Commissioner will determine whether individuals meet the criteria to the eligible for block grant services.

Senate amendment

No provision.

Conference agreement

The conference agreement follows the Senate amendment (i.e., no provision).

Effective date

Present law

Not applicable.

House bill

Block grants are available to eligible States beginning in FY 1997.

Senate amendment

No provision.

Conference agreement

The conference agreement follows the Senate amendment (i.e., no provision).

2. Eligibility redeterminations and continuing disability reviews (section 212)

A. Continuing Disability Reviews Relating to Certain Children

Present law

Federal law requires that SSI recipients be subject to a Continuing Disability Review (CDR) at least once every 3 years, except for recipients whose impairments are judged to be permanent. The Commissioner is required to conduct periodic CDRs of at least 100,000 disabled SSI recipients per year for a period of 3 years (i.e., FY 1996–1998) and report to Congress on CDRs for disabled SSI recipients no later than October 1, 1998.

House bill

In addition to the provisions of current law, at least once every 3 years the Commissioner must conduct CDRs for SSI benefits of children receiving benefits. For children who are eligible for benefits and whose medical condition is not expected to improve, the requirement to perform such reviews does not apply

Senate amendment

Same as the House bill, with minor differences in wording. At the time of review the parent or guardian must present evidence

demonstrating that the recipient is and has been receiving appropriate treatment for his or her disability.

Conference agreement

The conference agreement generally follows the Senate amendment with modification requiring evidence of needed treatment for continued representative payee status.

B. Disability Eligibility Redeterminations Required for SSI Recipients Who Attain 18 Years of Age

Present law

Current law also specifies that the Commissioner must reevaluate under adult disability criteria the eligibility of at least one-third of SSI children who turn age 18 in each of the fiscal years 1996, 1997, and 1998 (the CDR must be completed before these children reach age 19) and report to Congress no later than October 1, 1998, on CDRs for disabled children.

House bill

The eligibility for all children qualifying for SSI benefits must be redetermined using the adult criteria within one year after turning 18 years of age. The review will be considered a substitute for any other review required under the changes made in this section.

Not later than October 1, 1998, the Commissioner of Social Security must submit to the House Committee on Ways and Means and the Senate Committee on Finance a report on disability reviews for children enrolled in SSI.

The "minimum number of reviews" and the "sunset" provisions of section 207 of the Social Security Independence and Program Improvements Act of 1994 are eliminated.

Senate amendment

Same as the House bill with differences in wording. Like the House bill, the Senate amendment repeals section 207 of the Social Security Independence and Program Improvements Act of 1994.

Conference agreement

The conference agreement generally follows the House bill with modification that the Commissioner does not have to submit a report to Congress on disability reviews for SSI children.

C. Continuing Disability Review Required for Low Birth Weight Babies

Present law

Not applicable.

House bill

A review for continuing disability must be performed for all children qualifying for SSI due to low birth weight when the child has received benefits for 12 months.

Senate amendment

A review must be conducted 12 months after the birth of a child whose low birth weight is a contributing factor to the child's disability. At the time of review, the parent or guardian must present evidence demonstrating that the recipient is and has been receiving appropriate treatment for his or her disability.

Conference agreement

The conference agreement follows the Senate amendment with modification requiring evidence of needed treatment for continued representative payee status.

D. Effective Date

Present law

Not applicable.

House bill

This section applies to benefits for months beginning ninety or more days after enactment, regardless of whether regulations have been issued.

Senate amendment

Applies to benefits for months beginning on or after the date of enactment, regardless of whether regulations have been issued.

Conference agreement

The conference agreement follows the Senate amendment.

3. Additional accountability requirements (section 213)

A. Disposal Of Resources for Less Than Fair Market Value

Present law

No provision. There is a transfer of assets provision in Medicaid law that is similar to H.R. 4 provision (Sec. 1917(c) of the Social Security Act).

House bill

The House bill delays eligibility for any child applicant whose parents or guardians, in order to qualify a child for benefits, dispose of assets for less than fair market value within 36 months of the date of application. The provision stipulates that any assets in a trust in which the child (i.e., parent or representative payee) has control shall be considered assets of the child and subject to the 36-month "look-back" rule. The delay (in months) is equal to the amount of assets divided by the SSI standard benefit.

Senate amendment

No provision.

Conference agreement

The conference agreement follows the House bill with technical modifications.

B. Treatment of Assets Held in Trust

This section is included in the law as a result of technical changes submitted by the Social Security Administration.

C. Requirement to Establish Account

Present law

Not applicable.

House bill

No provision.

Senate amendment

At the request of the representative payee (i.e., the parent), the Commissioner of Social Security may pay any lump sum payment for the benefit of a child into a dedicated savings account for the purpose of covering the costs of needs related to the child's disability and/or increasing the child's independence. The dedicated savings account could only be used to purchase education and job skills training, special equipment or housing modifications related to the child's disability, and appropriate therapy and rehabilitation. The funds in these accounts would not be counted as resources in determining SSI eligibility. This provision would take effect upon enactment.

Conference agreement

The conference agreement generally follows the Senate amendment with modification requiring the dedicated savings account (instead of it being optional at the request of the representative payee), expanding the list of allowable expenses, and requiring the Commissioner to establish a system for accountability monitoring.

Conforming amendments

Present law

Not applicable.

House bill

The House bill makes a number of conforming amendments, reflecting the addition of non-cash SSI benefits as described above.

Senate amendment

No provision.

Conference agreement

The conference agreement follows the Senate Amendment (i.e. no provision).

Improvements to disability evaluations for children

Present law

Not applicable.

House bill

No provision.

Senate amendment

The Senate amendment directs the Commissioner of Social Security, within sixty days of enactment, to issue a request for comments in the Federal Register regarding improvements in the disability evaluation and determination procedures for children under age 18. The Commissioner must review the comments and issue regulations implementing changes within 18 months after enactment

Conference agreement

The conference agreement follows the House bill (i.e., no provision).

Temporary eligibity for cash benefits for poor disabled children residing in States applying alternative income eligibility standards under medicaid

Present law

States generally are required to provide Medicaid coverage for recipients of SSI. However, States may use more restrictive eligibility standards for Medicaid than those for SSI if they were using those standards on January 1, 1972 (before implementation of SSI). States that have chosen to apply at least one more restrictive standard are known as "section 209(b)" States, after the section of the Social Security Amendments of 1972 (P.L. 92–603) that established the option. These States may vary in their definition of disability, or in their standards related to income or resources. There are 12 section 209(b) States: Connecticut, Hawaii, Illinois, Indiana, Minnesota, Missouri New Hampshire, North Carolina, North Dakota, Ohio, Oklahoma, and Virginia.

House bill

The House bill provides for temporary eligibility for cash SSI benefits (through the end of FY 1996) for children who live in States that apply alternative income eligibility standards under Medicaid (also known as "209(b)" States).

Senate amendment

No provision.

Conference agreement

The conference agreement follows the Senate amendment (i.e., no provision).

4. REDUCTION OF CASH BENEFITS PAYABLE TO INSTITUTIONALIZED CHILDREN WHOSE MEDICAL COSTS ARE COVERED BY PRIVATE INSURANCE (SECTION 214)

Present law

Federal law stipulates that when an individual enters a hospital or other medical institution in which more than half of the

bill is paid by the Medicaid program, his or her monthly SSI benefit standard is reduced to $30 per month. This personal needs allowance is intended to pay for small personal expenses, with the cost of maintenance and medical care provided by the Medicaid program.

House bill

Cash SSI payments to institutionalized children would be reduced for those whose medical costs are covered by private insurance.

Senate amendment

No provision.

Conference agreement

The conference agreement follows the House bill.

Additional accountability requirements for parents or guardians

Present law

Not applicable.

House bill

No provision.

Senate amendment

The Senate amendment requires a disabled child's representative payee (usually the parent) to document expenditures. These expenditures would be subject to increased review by the Social Security Administration. Effective for benefits paid after enactment.

Conference agreement

The conference agreement follows the House bill (i.e., no provision).

5. REGULATIONS (SECTION 21)

Present law

Not applicable.

House bill

The Commissioner of Social Security and the Secretary of HHS will prescribe necessary regulations within three months after enactment of this Act.

Senate amendment

No provision.

Conference agreement

The conference agreement follows the House bill.

Examination of mental listing used to determine eligibility of children for SSI benefits by reason of disability

Present law

Section 202 of the Social Security Independence and Program Improvements Act of 1994 established a Childhood Disability Commission to study the desirability and methods of increasing the extent to which benefits are used in the effort to assist disabled children in achieving independence and engaging in substantial gainful activity. The Commission was also charged with examining the effects of the SSI program on disabled children and their families.

House bill

The Childhood Disability Commission must review the mental listing used by the Social Security Administration to determine child SSI eligibility. The Commission should conduct this investigation to ensure that the criteria in these listings are appropriate and that SSI eligibility is limited to children with serious disabilities for whom Federal assistance is necessary to improve the child's condition or quality of life.

Senate amendment

No provision.

Conference agreement

The conference agreement follows the Senate amendment (i.e., no provision) due to the Childhood Disability Commission having completed their final report.

Limitation on payments to Puerto Rico, the U.S. Virgin Islands and Guam under programs of aid to the aged, blind, or disabled

See description in section 108 of title I of the conference agreement.

SUBTITLE C—STATE SUPPLEMENTATION PROGRAMS

1. REPEAL OF MAINTENANCE OF EFFORT REQUIREMENT APPLICABLE TO OPTIONAL STATE PROGRAMS FOR SUPPLEMENTATION OF SSI BENEFITS (SECTION 221)

Present law

Since the beginning of the SSI program, States have had the option to supplement (with State funds) the Federal SSI payment. The purpose of section 1618 was to encourage States to pass along to SSI recipients the amount of any Federal SSI benefit increase. Under section 1618, a State that is found to be not in compliance with the "pass along/maintenance of effort provision" is subject to loss of its Medicaid reimbursements. Section 1618 allows States to comply with the "pass along/maintenance of effort" provision by either maintaining their State supplementary payment levels at or above 1983 levels or by maintaining total annual expenditures for supplementary payments (including any Federal cost-of-living adjustment) at a level at least equal to their prior 12-month period, provided the State was in compliance for that period. In effect, sec-

tion 1618 requires that once a State elects to provide supplementary payments it must continue to do so. [Sec. 1618 of the Social Security Act]

House bill

The House bill repeals the maintenance of effort requirements (Sec. 1618) applicable to optional State programs for supplementation of SSI benefits effective date of enactment.

Senate amendment

Similar to the House bill.

Conference agreement

The conference agreement follows the Senate amendment with modification that the effective date is the date of enactment.

Limited Eligibility of Noncitizens for SSI Benefits

See description in title IV of the conference agreement.

SUBTITLE D—STUDIES REGARDING SUPPLEMENTAL SECURITY INCOME PROGRAM

1. ANNUAL REPORT ON SSI (SECTION 231)

Present law

To date, the Department of Health and Human Services and now the Social Security Administration have collected, compiled, and published annual and monthly SSI data, but Federal law does not require an annual report on the SSI program.

House bill

No provision.

Senate amendment

The Senate amendment requires the Commissioner of Social Security to prepare and provide to the President and the Congress an annual report on the SSI program, which includes specified information and data. The report is due May 30 of each year.

Conference agreement

The conference agreement follows the Senate amendment.

2. STUDY OF DISABILITY DETERMINATION PROCESS (SECTION 232)

Present law

Not applicable.

House bill

No provision.

Senate amendment

Within 90 days of enactment, the Commissioner must contract with the National Academy of Sciences or another independent entity to conduct a comprehensive study of the disability determination process for SSI and SSDI. The study must examine the valid-

ity, reliability and consistency with current scientific standards of the Listings of Impairments cited above.

The study must also examine the appropriateness of the definitions of disability (and possible alternatives) used in connection with SSI and SSDI; and the operation of the disability determination process, including the appropriate method of performing comprehensive assessments of individuals under age 18 with physical or mental impairments.

The Commissioner must issue interim and final reports of the findings and recommendations of the study within 18 months and 24 months, respectively, from the date of contract for the study.

Conference agreement

The conference agreement follows the Senate amendment.

3. GENERAL ACCOUNTING OFFICE STUDY (SECTION 233)

Present law

Not applicable.

House bill

No provision.

Senate amendment

The Senate amendment requires the General Accounting Office to study and report on the impact of title II of the Senate amendment on the SSI program by January 1, 1998.

Conference agreement

The conference agreement follows the Senate amendment with modification that the study also include extra expenses incurred by families of children receiving SSI that are not covered by other Federal, State, or local programs.

SUBTITLE E—NATIONAL COMMISSION ON THE FUTURE OF DISABILITY

1. ESTABLISHMENT (SECTION 241)

Present law

Not applicable.

House bill

No provision.

Senate amendment

The Commission is established and expenses are to be paid from funds appropriated to the Social Security Administration.

Conference Agreement

The conference agreement follows the Senate amendment with modification that there are authorized to be appropriated such sums as are necessary to carry out the purpose of the Commission.

2. DUTIES (SECTION 242)

Present law

Not applicable.

House bill

No provision.

Senate amendment

The Commission must study all matters related to the nature, purpose and adequacy of all Federal programs for the disabled, and especially SSI and SSDI.

The Commission must examine: projected growth in the number of individuals with disabilities and the implications for program planning; possible performance standards for disability programs; the adequacy of Federal rehabilitation research and training; and the adequacy of policy research available to the Federal government and possible improvements.

The Commission must submit to the President and the proper Congressional committees recommendations and possible legislative proposals effecting needed program changes.

Conference agreement

The conference agreement follows the Senate amendment.

3. MEMBERSHIP (SECTION 243)

Present law

Not applicable.

House bill

No provision.

Senate amendment

The Commission is to be composed of 15 members, appointed by the President and Congressional leadership. Members are to be chosen based on their education, training or experience, with consideration for representing the diversity of individuals with disabilities in the U.S.

The Comptroller General must serve as an ex officio member of the Commission to advise on the methodology of the study. With the exception of the Comptroller General, no officer or employee of any government may serve on the Commission.

Members are to be appointed not later than 60 days after enactment. Members serve for the life of the Commission, which will be headquartered in D.C. and meet at least quarterly.

The Senate amendment includes a number of specific requirements on the Commission regarding quorums, the naming of chairpersons, member replacement, and benefits.

Conference agreement

The conference agreement follows the Senate amendment with modification deleting the Comptroller General as a ex officio member and deleting the prohibition against officer or employee of any

government being appointed to serve on the Commission. The conferees added that the Commission membership will also reflect the general interest of the business and taxpaying community, both of which are often impacted by Federal disability policy.

4. STAFF AND SUPPORT SERVICES (SECTION 244)

Present law

Not applicable.

House bill

No provision.

Senate amendment

The Commission will have a director, appointed by the Chair, and appropriate staff, resources, and facilities.

Conference agreement

The conference agreement follows the Senate amendment.

5. POWERS (SECTION 245)

Present law

Not applicable.

House bill

No provision.

Senate amendment

The Commission may conduct public hearings and obtain information from Federal agencies necessary to perform its duties.

Conference agreement

The conference agreement follows the Senate amendment.

6. REPORTS (SECTION 246)

Present law

Not applicable.

House bill

No provision.

Senate amendment

The Commission must issue an interim report to Congress and the President not later than 1 year prior to terminating. A final public report must be submitted prior to termination.

Conference agreement

The conference agreement follows the Senate amendment.

7. TERMINATION (SECTION 247)

Present law

Not applicable.

House bill

No provision.

Senate amendment

The Commission will terminate 2 years after first having met and named a chair and vice chair.

Conference agreement

The conference agreement follows the Senate amendment.

SUBTITLE F—RETIREMENT AGE ELIGIBILITY

1. ELIGIBILITY FOR SSI BENEFITS BASED ON SOCIAL SECURITY RETIREMENT AGE (SECTION 251)

Present law

The SSI program guarantees a minimum level of cash income to all aged, blind, or disabled persons with limited resources. The SSI program defines ''aged'' as persons age 65 and older.

House bill

No provision.

Senate amendment

The Senate amendment deletes references to age 65 and instead defines as "aged" those persons who reach "retirement age" as defined by the Social Security program. The Social Security "retirement age"—the age at which retired workers receive benefits that are not reduced for "early retirement"—gradually will rise from 65 to 67. It will do so in two steps. First, the retirement age will increase by 2 months for each year that a person was born after 1937, until it reaches age 66 for those born in 1943 (i.e., those who attain age 66 in 2009). Second, it will again increase by 2 months for each year that a person was born after 1954 until it reaches age 67 for those born after 1959.

Conference agreement

The conference agreement follows the Senate amendment.

TITLE III. CHILD SUPPORT ENFORCEMENT

SUBTITLE A—ELIGIBILITY FOR SERVICES; DISTRIBUTION OF PAYMENTS

1. REFERENCES (SECTION 300)

Present law

No provision.

House bill

Any reference in this title expressed in terms of an amendment to or repeal of a section or other provision is made to the Social Security Act.

Senate amendment

Identical provision.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

2. STATE OBLIGATION TO PROVIDE CHILD SUPPORT ENFORCEMENT SERVICES (SECTION 301)

Present law

States are required to establish paternity for children born out of wedlock if they are recipients of AFDC or Medicaid, and to obtain child and spousal support payments from noncustodial parents of children receiving AFDC, Medicaid benefits, or foster care maintenance payments. States must provide child support collection or paternity determination services to persons not otherwise eligible if the person applies for services. Federal law requires States to cooperate with other States in establishing paternity (if necessary), locating absent parents, collecting child support payments, and carrying out other child support enforcement functions.

House bill

States must provide services, including paternity establishment and establishment, modification, or enforcement of support obligations, for children receiving benefits under part A (Temporary Assistance for Needy Families block grant–TANF), part B (child protection block grant), Medicaid, and any child of an individual who applies for services. States must enforce support obligations with respect to children in their caseload and the custodial parents of such children. States must also make child support enforcement services available to individuals not residing within the State on the same terms as to individuals residing within the State. The provision also makes minor technical amendments to SSA section 454.

Senate amendment

Similar to House provision with one exception: instead of reference to part B as in House bill, reference is to part E—foster care and adoption assistance.

Conference agreement

The conference agreement follows the House bill and Senate amendment except the House recedes by agreeing that States be required to provide child support services only to children actually receiving foster care payments.

3. DISTRIBUTION OF CHILD SUPPORT COLLECTIONS (SECTIONS 302 AND 374)

A. Distribution of Collected Support

Present law

To receive AFDC benefits, a custodial parent must assign to the State any right to collect child support payments. This assign-

ment covers current support and any arrearages, and lasts as long as the family receives AFDC. Federal law requires that child support collections be distributed as follows: First, up to the first $50 in current support is paid to the AFDC family (a "disregard" that does not affect the family's AFDC benefit or eligibility status). Second, the Federal and State governments are reimbursed for the AFDC benefit paid to the family in that month. Third, if there is money left, the family receives it up to the amount of the current month's child support obligation. Fourth, if there is still money left, the State keeps it to reimburse itself for any arrearages owed to it under the AFDC assignment (with appropriate reimbursement of the Federal share of the collection to the Federal government). If no arrearages are owed the State, the money is used to pay arrearages to the family; such moneys are considered income under the AFDC program and would reduce the family's AFDC benefit.

House bill

To receive funds from the Temporary Assistance for Needy Families (TANF) block grant, custodial parents must assign to the State their right to child support payments. The bill ends the $50 child support disregard to (TANF) families. Families receiving cash assistance—States are given the option of passing the entire child support payments through to families. If States elect this option, they must pay the Federal share of the collection to the Federal government. Families that formerly received cash assistance—Current child support payments go to the family. Payments on arrearages that accrued before or after the custodial parent received cash assistance are paid to the family first if the family leaves welfare. Only after all arrearages owed to the custodial parent and children have been repaid are arrearages owed to the State and Federal government repaid. Payments on arrearages that accrued while the family received assistance must be retained by the State. The State is required to keep the State share of the collected amount, and pay to the Federal government the Federal share of the amount collected (to the extent necessary to reimburse amounts paid to the family as cash assistance). As a general rule, States must pay to the Federal government the Federal share of child support collections for parents on the Temporary Family Assistance program. This share is calculated using the State's Medicaid match rate in effect in 1995 or in subsequent years, whichever is greater. Families that never received cash assistance—All child support payments go directly to the family.

Senate amendment

Any rights to child support that were assigned to the State before the effective date of the amendment are to remain so assigned. Gives States the option of requiring TANF applicants and recipients to assign to the State their rights to child support payments. The amendment eliminates references (in both the TANF block grant title of the amendment and the CSE title) to the $50 child support disregard, but does not explicitly eliminate the $50 child support disregard. Families receiving cash assistance—States are given the option of passing the entire child support payment through to families. If States elect this option, they must pay the

Federal share of the collection to the Federal government. Families that formerly received cash assistance—Current child support payments go to the family. Payments on arrearages that accrued after the custodial parent left welfare are paid to the family. With respect to payments on arrearages that accrued before or while the family received assistance, the State may retain all or part of the State share, and if the State does so, it must retain and pay to the Federal Government the Federal share (to the extent the amount retained does not exceed the cash assistance paid to the family). The Federal share is calculated using the State's Medicaid match rate in effect in 1995 or in subsequent years, whichever is greater. Families that never received cash assistance—All child support payments go directly to the family. In addition, in the case of a family receiving cash assistance from an Indian tribe, the child support collection is to be distributed according to the agreement specified in the State plan.

Conference agreement

The conference agreement modifies the House bill and Senate amendment as follows: (1) the $50 pass-through is ended; (2) beginning October 1, 1997, arrearages that accumulate during the period after the family leaves welfare are paid to the family prior to any payments to the State for assigned support; and (3) beginning October 1, 2000, arrearages that accumulated during the period before the custodial parent went on welfare are also paid to the family prior to any payments to the State for assigned support. (This includes pre-welfare arrearages that were assigned to the State on or after October 1, 1997 but that were not collected prior to October 1, 2000.) An exception is made for any collections through the tax refund intercept program, which are paid to the State first, up to the amount of the remaining assigned support, prior to any payments to the family.

When fully implemented in 2000, the new order of assignment and distribution of arrearage payments, according to whether collections are made via the tax intercept or through any other method, will be as follows:

> Tax intercept: First, post-welfare arrearages to State; Second, pre-welfare arrearages to State; Third, post-welfare arrearages to family; and Fourth, pre-welfare arrearages to family.
>
> Other methods: First, post-welfare arrearages to family; Second, pre-welfare arrearages to family; Third, post-welfare arrearages to State; and Fourth, pre-welfare arrearages to State.

Conferees also agreed that if the amount of pre-welfare arrearages paid to the family exceeded the amount saved by a given State by ending the $50 passthrough and by other methods of improving collections contained in this legislation, the Federal government will pay that State an amount equal to the difference between pre-welfare arrearage payments to family and State savings caused by this legislation.

To further improve child support collections, conferees agree to close a loophole in the bankruptcy code that allows courts to dis-

miss child support debts that accumulated before a child support order was legally established (see Section 374).

B. Continuation of Service for Families Ceasing to Receive Assistance

Present law

Federal law requires States to continue providing child support enforcement services to AFDC, Medicaid, and foster care families who no longer qualify for AFDC benefits on the same basis as in the case of those who receive benefits or services, except that no application or request for services is required.

House bill

When families leave the TANF program, States are required to continue providing child support enforcement services to them subject to the same conditions and on the same basis as in the case of individuals who receive assistance.

Senate amendment

Identical provision.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

C. Effective Date

Present law

No provision.

House bill

The effective date for provisions relating to distribution of support collected for families who formerly received cash assistance is October 1, 1995. For all others it is October 1, 1999.

Senate amendment

The effective date for distribution of support collected for families receiving cash assistance is October 1, 1999. The effective date for the clerical amendments and provisions relating to the distribution of child support collected for families who formerly received cash assistance or who never received cash assistance is October 1, 1995.

Conference agreement

The effective date for ending the $50 passthrough is October 1, 1996 or sooner at State option. The effective date for implementing the new distribution rules applying to post-welfare arrearages is October 1, 1997; for pre-welfare arrearages, the effective date is October 1, 2000.

4. PRIVACY SAFEGUARDS (SECTION 303)

Present law

Federal law limits the use or disclosure of information concerning recipients of Child Support Enforcement Services to purposes connected with administering specified Federal welfare programs.

House bill

States must implement safeguards against unauthorized use or disclosure of information related to proceedings or actions to establish paternity or to enforce child support. These safeguards must include prohibitions on release of information where there is a protective order or where the State has reason to believe a party is at risk of physical or emotional harm from the other party. This provision is effective October 1, 1997.

Senate amendment

Identical provision.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

5. RIGHTS TO NOTIFICATION AND HEARING (SECTION 304)

Present law

Most States have procedural due process requirements with respect to wage withholding. Federal law requires States to carry out withholding in full compliance with all procedural due process requirements of the State.

House bill

No provision.

Senate amendment

Parties to child support cases under Title IV–D must receive notice of proceedings in which child support is established or modified and must receive a copy of orders establishing or modifying child support within 14 days of issuance. Individuals served by the child support program must also have access to a fair hearing or other complaint procedures. These rules and procedures become effective on October 1, 1997.

Conference agreement

The conference agreement is a compromise between the Senate and House provisions. The House recedes on the Senate requirement that parties be informed of hearings; the Senate recedes on the requirement for hearings in certain cases.

SUBTITLE B—LOCATE AND CASE TRACKING

6. STATE CASE REGISTRY (SECTION 311)

A. Contents

Present law

No provision.

House bill

The automated State Case Registry must contain a record on each case in which services are being provided by the State agency, as well as each support order established or modified in the State on or after October 1, 1998.

Senate amendment

Identical provision.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

B. Linking of Local Registries

Present law

No provision.

House bill

The Registry may be established by linking local case registries of support orders through an automated information network.

Senate amendment

Identical provision.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

C. Use of Standardized Data Elements

Present law

No provision.

House bill

The registry record will contain data elements on both parents, such as names, Social Security numbers and other uniform identification numbers, dates of birth, case identification numbers, and any other data to be Secretary may require.

Senate amendment

Identical provision.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

D. Payment Records

Present Law

Federal law requires that wage withholding be administered by a public agency capable of documenting payments of support and tracking and monitoring such payments.

House bill

Each case record will contain the amount of support owed under the order and other amounts due or overdue, any amounts that have been collected and distributed, the birth date of any child for whom the order requires the provision of support, and the amount of any lien imposed by the State.

Senate amendment

Identical provision.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

E. Updating and Monitoring

Present law

Federal law requires that child support orders be reviewed and adjusted, as appropriate, at least once every 3 years.

House bill

The State agency operating the registry will promptly establish and maintain and regularly update case records in the registry with respect to which services are being provided under the State plan. Updating will be based on administrative actions and administrative and judicial proceedings and orders relating to paternity and support, as well as information obtained from comparisons with Federal, State, and local sources of information, information on support collections and distributions, and any other relevant information.

Senate amendment

Identical provision.

Conference agreement.

The conference agreement follows the House bill and the Senate amendment

F. Information Comparisons and Other Disclosures

Present law

No provision.

House bill

The State automated system will be used to extract data for purposes of sharing and matching with Federal and State data bases and locator services, including the Federal Case Registry of

Child Support Orders, the Federal Parent Locator Service, Temporary Assistance for Needy Families and Medicaid agencies, and intra- and interstate information comparisons.

Senate amendment

Identical provision.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

7. COLLECTION AND DISBURSEMENT OF SUPPORT PAYMENTS (SECTION 312)

A. State Disbursement Unit

Present law

No provision. But States may provide that, at the request of either parent, child support payments be made through the child support enforcement agency or the agency that administers the State's income withholding system regardless of whether there is an arrearage. States must charge the parent who requests child support services a fee equal to the cost incurred by the State for these services, up to a maximum of $25 per year.

House bill

By October 1, 1998, State child support agencies are required to operate a centralized, automated unit for collection and disbursement of payments on child support orders enforced by the child support agency. The specifics of how States will establish and operate their State Disbursement Unit must be outlined in the State plan.

Senate amendment

Identical provision.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

B. Operation

Present law

No provision.

House bill

The State Disbursement Unit must be operated directly by the State agency, by two or more State agencies under a regional cooperative agreement, or by a contractor responsible directly to the State agency.

Senate amendment

Identical provision.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

C. Linking of Local Disbursement Units

Present law

No provision.

House bill

The State Disbursement Unit may be established by linking local disbursement units through an automated information network. The Secretary must agree that the system will not cost more nor take more time to establish than a centralized system. In addition, employers shall be given one location per State to which income withholding is sent.

Senate amendment

Similar provision except that whereas the House requires only that the linked local system not cost more or take more time to establish than the single State system, the Senate adds the condition that the local system also cannot take more time to operate.

Conference agreement

The House recedes to the Senate provision allowing States to establish their State Disbursement Unit by linking local disbursement units only if linking units does not cost more money nor take more time to establish and to operate.

D. Required Procedures

Present law

No provision.

House bill

The Disbursement Unit will be used to collect and disburse support payments, to generate orders and notices of withholding to employers, to keep an accurate identification of payments, to promptly distribute money to custodial parents or other States, and to furnish parents with a record of the current status of support payments. The Unit shall use automated procedures, electronic processes, and computer-driven technology to the maximum extent feasible, efficient, and economical.

Senate amendment

Identical provision.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

E. Timing of Disbursements

Present law

No provision.

House bill

The Disbursement Unit must distribute all amounts payable within 2 business days after receiving money and identifying information from the employer or other source of periodic income, if sufficient information identifying the payee is provided.

Senate amendment

Similar to House provision, except permits the retention of arrearages in the case of appeals until they are resolved.

Conference agreement

The Conference agreement follows the House bill and the Senate amendment except that the House recedes to the Senate requirement that States be allowed to retain arrearages in the case of appeals until they are resolved.

F. Use of Automated System

Present law

No provision.

House bill

State must use their automated system to facilitate collection and disbursement including at least:

(1) transmission of orders and notices to employers within 2 days after receipt of the withholding notice;

(2) monitoring to identify missed payments of support; and

(3) automatic use of enforcement procedures when payments are missed.

Senate amendment

Identical provision.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

G. Effective Date

Present law

No provision.

House bill

This section of the bill will go into effect on October 1, 1998.

Senate amendment

Identical provision.

Conference agreement

The conference agreement follows the House and the Senate.

8. STATE DIRECTORY OF NEW HIRES (SECTION 313)

A. State Plan Requirement

Present law

No provision.

House bill

State plans must include the provision that by October 1, 1997 States will operate a Directory of New Hires (as outlined below).

Senate amendment

Identical provision.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

B. Establishment

Present law

No provision.

House bill

States are required to establish a State Directory of New Hires to which employers and labor organizations in the State must furnish a report for each newly hired employee, unless reporting could endanger the safety of the employee or compromise an ongoing investigation or intelligence mission as determined by the head of an agency.

Senate amendment

Identical provision.

Conference agreement

The conference agreement follows the House bill and the Senate amendment with the clarification that States that already have new hire reporting laws may continue to follow the provisions of their own law until October 1, 1997, at which time States must conform to Federal law.

C. Employer Information

Present law

No provision.

House bill

Employers must furnish to the State Directory of New Hires the name, address, and Social Security number of every new employee and the name and identification number of the employer. Multistate employers may report to the State in which they have the most employees.

Senate amendment

Similar to House provision, but allows multistate employers to report to the single State they designate. The employer must notify the DHHS Secretary as to the name of the designated State.

Conference agreement

The conference agreement follows the House bill and the Senate amendment except that the House receedes to the Senate provision allowing multistate employers to report to the State of their choice. Employers must notify the Secretary of the name of the designated State.

D. Timing of Report

Present law

No provision.

House bill

Employers must report new hire information within 15 days of the hire or on the date the employee first receives wages.

Senate amendment

Employer must report new hire information within 30 days of the hire or if the employer reports by magnetic or electronic means, the employer can report by the first business day of the week following the date on which the employee first receives wages.

Conference agreement

Conferees agree that employers must report new hire information within 20 days of the date of hire.

Employers that report new hires electronically or by magnetic tape must file twice per month; reports must be separated by not less than 12 days and not more than 16 days.

E. Reporting Format and Method

Present law

No provision.

House bill

The report required in this section will be made on a W–4 form or the equivalent, and can be transmitted magnetically, or by first class mail.

Senate amendment

Similar to House provision, but only allows the report to be filed on a W–4 form, not the equivalent.

Conference agreement

The conferees agree to follow both the House and Senate provisions except that the Senate recedes to the House provision allowing employers, at their option, to use an equivalent form. The decision of which reporting method to use is entirely up to employers.

F. Civil Money Penalties on Noncomplying Employers

Present law

In general, no provision.

Section 1128 of the Social Security Act is an antifraud provision which excludes individuals and entities that have committed fraud from participation in medicare and State health care programs. Section 1128A pertains to civil monetary penalties and describes the appropriate procedures and proceedings for such penalties.

House bill

An employer failing to make a timely report is subject to a $25 fine for each unreported employee. There is also a $500 penalty on employers for every employee for whom they do not transmit a W–4 form if, under the laws of the State, there is shown to be a conspiracy between the employer and the employee to prevent the proper information from being filed.

The House bill makes several but not all provisions of section 1128 applicable to employers that violate reporting requirements.

Senate amendment

States have the option of setting a civil money penalty which shall be not less than $25 or $500 if, under State law, the failure is the result of a conspiracy between the employer and employee. The Senate amendment does not make any provisions of section 1128 applicable to employers.

Conference agreement

The conference agreement follows both the House and Senate provisions except that the House recedes to the Senate provision of making the penalties a State option. The application of penalties from section 1128 is dropped.

G. Entry of New Hire Information

Present law

No provision.

House bill

No provision.

Senate amendment

New hire information must be entered in the State data base within five business days of receipt from employer.

Conference agreement

The House recedes to the Senate requirement of requiring States to enter New Hire information in their data base within five business days.

H. Information Comparisons

Present law

No provision.

House bill

By October 1, 1997, each State Directory of New Hires must conduct automated matches of the Social Security numbers of reported employees against the Social Security numbers of records in the State Case Registry being enforced by the State agency and report the name, Social Security number, and employer identification number on matches to the State child support agency.

Senate amendment

Similar to House provision, except requires comparisons to begin by October 1, 1998 rather than 1997.

Conference agreement

Conferees agreed to follow the House and Senate provisions but to compromise on the date by which comparisons must begin by adopting a May 1, 1998 effective date.

I. Transmission of Information

Present law

No provision.

House bill

Within two business days of the entry of data in the registry, the State must transmit a withholding order directing the employer to withhold wages in accord with the child support order. Within four days, the State Directory of New Hires must furnish employee information to the National Directory of New Hires for matching with the records of other State case registries. The State Directory of New Hires must also report quarterly to the National Directory of New Hires information on wages and unemployment compensation taken from the quarterly report to the Secretary of Labor now required by Title III of the Social Security Act.

Senate amendment

Similar to House provision, except requires State Directory to report to the National Directory within two, rather than four, days.

Conference agreement

The conference agreement is to follow the House and Senate provisions and to compromise on the reporting date by allowing States three days to report to the National Directory of New Hires.

J. Other Uses of New Hire Information

Present law

No provision.

House bill

The State child support agency must use the new hire information for purposes of establishing paternity as well as establishing, modifying, and enforcing child support obligations. New hire information (pursuant to section 1137 of the Social Security Act) must also be disclosed to the State agency administering the Temporary Assistance for Needy Families, Medicaid, Unemployment Compensation, Food Stamp, SSI, and territorial cash assistance programs for income eligibility verification, and to State agencies administering unemployment and workers' compensation programs to assist determinations of the allowability of claims.

Senate amendment

Similar to House provision, except requires State and local government agencies to be included in quarterly wage reporting unless the agency performs intelligence or counterintelligence functions and it is determined that wage reporting could endanger the safety of the employee or compromise an ongoing investigation or intelligence mission.

Conference agreement

The conference agreement allows the House and Senate provisions except that the House recedes to the Senate provision allowing State and local government agencies to exempt employees doing intelligence or counterintelligence work whose safety might be compromised by the reporting.

9. AMENDMENTS CONCERNING INCOME WITHHOLDING (SECTION 314)

Present law

Since November 1, 1990, all new or modified child support orders that were being enforced by the State's child support enforcement agency have been subject to immediate income withholding. If the noncustodial parent's wages are not subject to income withholding (pursuant to the November 1, 1990 provision), such parent's wages would become subject to withholding on the date when support payments are 30 days past due. Since January 1, 1994, the law has required States to use immediate income withholding for all new support orders, regardless of whether a parent has applied for child support enforcement services. There are two circumstances in which income withholding does not apply: (1) one of the parents demonstrates and the court or administrative agency finds that there is good cause not to do so, or (2) a written agreement is reached between both parents which provides for an alternative arrangement. States must implement procedures under which income withholding for child support can occur without the need for any amendment to the support order or for any further action by the court or administrative entity that issued the order. States are also required to implement income withholding in full compliance with all procedural due process requirements of the State, and States must send advance notice to each nonresident parent to whom income withholding applies (with an exception for some State that had income withholding before enactment of this provision that met State due process requirements). States must

extend their income withholding systems to include out-of-State support orders.

House bill

States must have laws providing that all child support orders issued or modified before October 1, 1996, which are not otherwise subject to income withholding, will become subject to income withholding immediately if arrearages occur, without the need for judicial or administrative hearing. State law must also allow the child support agency to execute a withholding order through electronic means and without advance notice to the obligor. Employers must remit to the State disbursement unit income withheld within two working days after the date such amount would have been paid or credited to the employee.

Senate amendment

Similar to House provision, but requires all child support orders which are not part of the State IV–D program to be processed through the State disbursement unit. In addition, States must notify noncustodial parents that income withholding has commenced and inform them of procedures for contesting income withholding.

Conference agreement

The conference agreement follows the House and the Senate provisions except that the House recedes to the Senate provision requiring all child support orders which are not part of the State IV–D program to be processed through the State disbursement unit. In addition, States must notify noncustodial parents that income withholding has commenced and inform them of procedures for contesting income withholdng.

10. LOCATOR INFORMATION FROM INTERSTATE NETWORKS (SECTION 315)

Present law

No provision.

House bill

All State and the Federal Child Support Enforcement agencies must have access to the motor vehicle and law enforcement locator systems of all States.

Senate amendment

Identical provision.

Conference agreement

The conference agreement follows the House bill and the Senate amendment

11. EXPANSION OF THE FEDERAL PARENT LOCATOR SERVICE (SECTION 316)

A. Expanded Authority to Locate Individuals and Assets

Present law

The law requires that the Federal Parent Locator Service (FPLS) be used to obtain and transmit information about the location of any absent parent when that information is to be used for the purpose of enforcing child support.

House bill

The purposes of the Federal Parent Locator Service are expanded. For the purposes of establishing parentage, establishing support orders or modifying them, or enforcing support orders, the Federal Parent Locator Service will provide information to locate individuals who owe child support or against whom an obligation is sought or to whom such an obligation is owed. Information in the FPLS includes Social Security number, address, name and address of employer, and wages and employee benefits (including information about health care coverage).

Senate amendment

Similar to House provision, except clarifies current law by stating that information from the Federal Parent Locator Service can be used to enforce visitation orders. Senate also allows FPLS to contain and provide information on assets and debts.

Conference agreement

The conference agreement is similar to both the House bill and the Senate amendment. The agreement clarifies the statute so that nonresident parents are given access to information from the FPLS if these requests are made through a court or through the State child support agency. In addition, States are required to treat requests for information from nonresident parents on the same basis and with the same priority as requests for information from the resident parent.

B. Reimbursements

Present law

Federal law requires that any department or agency of the United States must be reimbursed for costs incurred for providing requested information to the FPLS.

House bill

The Secretary is authorized to set reasonable rates for reimbursing Federal and State agencies for the cost of providing information to the FPLS and to set reimbursement rates that State and Federal agencies that use information from the FPLS must pay to the Secretary.

Senate amendment

Identical provision.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

C. New Components of FPLS

(1) Federal case registry of child support orders

Present law

No provision.

House bill

The House bill establishes within the FPLS an automated registry known as the Federal Case Registry of Child Support Orders. The Federal Case Registry contains abstracts of child support orders and other information specified by the Secretary (such as names, Social Security numbers or other uniform identification numbers, State case identification numbers, wages or other income, and rights to health care coverage) to identify individuals who owe or are owed support, or for or against whom support is sought to be established, and the State which has the case. States must begin reporting this information in accord with regulations issued by the Secretary by October 1, 1998.

Senate amendment

Identical provision.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

(2) National directory of new hires

Present law

No provision.

House bill

The bill establishes within the FPLS a National Directory of New Hires containing information supplied by State Directories of New Hires, beginning October 1, 1996. When fully implemented, the Federal Directory of New Hires will contain identifying information on virtually every person who is hired in the United States. In addition, the FPLS will contain quarterly data supplied by the State Directory of New Hires on wages and Unemployment Compensation paid. The Secretary of the Treasury must have access to information in the Federal Directory of New Hires for the purpose of administering section 32 of the Internal Revenue Code and the Earned Income Credit.

Senate amendment

The Senate provision is similar to the House provision with two exceptions:

(1) the Senate amendment includes the requirement that the information for the National Directory of New Hires must be entered within 2 days of receipt; and

(2) the Senate amendment requires the DHHS Secretary to maintain within the National Directory of New Hires a list of multistate employers that choose a State to send their report to and the name of the State so designated.

Conference agreement

Conferees agree to follow both the House bill and Senate amendment except that the House recedes on the points of difference. Thus, the National Directory must enter new information within 2 days and the Secretary must maintain a list of the States to which multistate employers send their new hire information.

D. Information Comparisons and Other Disclosures

Present law

Upon request, the Secretary must provide to an "authorized person" (i.e., an employee or attorney of a child support, a court with jurisdiction over the parties involved, the custodial parent, legal guardian, or attorney of the child) the most recent address and place of employment of any nonresident parent if the information is contained in the records of the Department of Health and Human Services, or can be obtained from any other department or agency of the United States or of any State. The FPLS also can be used in connection with the enforcement or determination of child custody, visitation, and parental kidnapping. Federal law requires the Secretary of Labor and the Secretary of Health and Human Services to enter into an agreement to give the FPLS prompt access to wage and unemployment compensation claims information useful in locating a noncustodial parent or his employer.

House bill

The Secretary must verify the accuracy of the name, Social Security number, birth date, and employer identification number of individuals in the Federal Parent Locator Service with the Social Security Administration. The Secretary is required to match data in the National Directory of New Hires against the child support order abstracts in the Federal Case Registry at least every 2 working days and to report information obtained from matches to the State child support agency responsible for the case within 2 days. The information is to be used for purposes of locating individuals to establish paternity, and to establish, modify, or enforce child support orders. The Secretary may also compare information across all components of the FPLS to the extent and with the frequency that the Secretary determines will be effective. The Secretary will share information from the FPLS with several potential users including State agencies administering the Temporary Assistance for Needy Families program, the Commissioner of Social Security (to determine the accuracy of Social Security and Supplemental Security Income), and researchers under some circumstances.

Senate amendment

Identical provision.

Conference agreement

The conference agreement follows the House bill and Senate amendment.

E. Fees

Present law

"Authorized persons" who request information from FPLS must be charged a fee.

House bill

The Secretary must reimburse the Commissioner of Social Security for costs incurred in performing verification of Social Security information and to States for submitting information on New Hires. States or Federal agencies that use information from FPLS must pay fees established by the Secretary.

Senate amendment

Identical provision.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

F. Restriction on Disclosure and Use

Present law

Federal law stipulates that no information shall be disclosed if the disclosure would contravene the national policy or security interests of the United States or the confidentiality of Census data.

House bill

Information from the FPLS cannot be used for purposes other than those provided in this section, subject to section 6103 of the Internal Revenue Code.

Senate amendment

Identical provision.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

G. Information Integrity and Security

Present law

No provision.

House bill

The Secretary must establish and use safeguards to ensure the accuracy and completeness of information from the FPLS and re-

strict access to confidential information in the FPLS to authorized persons and purposes.

Senate amendment

Identical provision.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

H. Quarterly Wage Reporting

Present law

Requires the Secretary of Labor to provide prompt access for the DHHS Secretary to wage and unemployment compensation claims information and data maintained by the Labor Department or State employment security agencies.

House bill

No provision.

Senate amendment

Each department in the U.S. shall submit the name, Social Security number, and wages paid the employee, on a quarterly basis to the FPLS. Quarterly wage reporting shall not be filed for a Federal or State employee performing intelligence or counter-intelligence functions if it is determined that filing such a report could endanger the employee or compromise an ongoing investigation.

Conference agreement

The conference agreement follows the Senate amendment.

I. Conforming Amendments

Present law

No provision.

House bill

This section makes several conforming amendments to Titles III and IV of the Social Security Act and the Federal Unemployment Tax Act.

Senate amendment

Similar to House provision, except amends section 303(h) to require State unemployment insurance agencies to report quarterly wage information to the Secretary of HHS or suffer financial penalties, while the House bill amends section 303(a) and simply requires quarterly reports to the Secretary of HHS.

Conference agreement

Conferees agreed to follow both the House and Senate provisions but to follow the Senate amendment by requiring State unemployment insurance agencies to file quarterly wage reports with the Secretary or pay penalties.

J. Authorized Person for Information Regarding Visitation Rights

Present law

FPLS can be used to provide information to authorized individuals and agencies making or entering a child custody order (see Sec. 463 of Social Security Act).

House bill

No provision.

Senate amendment

Expands functions of FPLS by requiring that information be made available to nonresident parents for purposes of seeking or enforcing child visitation orders.

Conference agreement

The House recedes to the Senate amendment on this provision but with the agreement that nonresident parents cannot obtain information directly from the FPLS. Rather, they must present their request through the courts or through the State child support agency. In addition, the agreement requires State child support agencies to treat requests for information from nonresident parents on the same basis and with the same priority as requests from resident parents.

Conferees also agree to add a provision to section 6103(l) of the Internal Revenue Code to allow State child support agencies to share information on the address, social security number, and tax intercept results with private agents working under contract with the State agency.

12. COLLECTION AND USE OF SOCIAL SECURITY NUMBERS FOR USE IN CHILD SUPPORT ENFORCEMENT (SECTION 317)

Present law

Federal law requires that in the administration of any law involving the issuance of a birth certificate, States must require each parent to furnish their Social Security number for the birth records. The State is required to make such numbers available to child support agencies in accordance with Federal or State law. States may not place Social Security numbers directly on birth certificates.

House bill

States must have laws requiring that Social Security numbers be placed on applications for professional licenses, commercial drivers licenses, and occupational licenses, marriage licenses, and in the records for divorce decrees, child support orders, and paternity determination or acknowledgment orders. Individuals who die will have their Social Security number placed in the records relating to the death and recorded on the death certificate. There are several conforming amendments.

Senate amendment

Similar to House provision, except gives States the option of not including Social Security numbers on applications for licenses and bars the placement of Social Security numbers on marriage licenses.

Conference agreement

The conference agreement generally follows the House bill and the Senate amendment except that the House recedes to the Senate requirements that States have the option of not including Social Security numbers on applications and that States be barred from placing Social Security numbers on marriage licenses.

SUBTITLE C—STREAMLINING AND UNIFORMITY OF PROCEDURES

13. ADOPTION OF UNIFORM STATE LAWS (SECTION 321)

Present law

States have several options available for pursuing interstate child support cases including direct income withholding, interstate income withholding, and long-arm statutes which require the use of the court system in the State of the custodial parent. In addition, States use the Uniform Reciprocal Enforcement of Support Act (URESA) and the Revised Uniform Reciprocal Enforcement of Support Act (RURESA) to conduct interstate cases. Moreover, Federal law imposes a Federal criminal penalty for the willful failure to pay past-due child support to a child who resides in a State other than the State of the obligor. In 1992, the National Conference of Commissioners on State Uniform Laws approved a new model State law for handling interstate child support cases. The new Uniform Interstate Family Support Act (UIFSA) is designed to deal with desertion and nonsupport by instituting uniform laws in all 50 States that limit control of a child support case to a single State. This approach ensures that only one child support order from one court or child support agency will be in effect at any given time. It also helps to eliminate jurisdictional disputes between States that are impediments to locating parents and enforcing child support orders across State lines. As of March, 1995, 23 States had enacted UIFSA, 15 verbatim and 8 with minor changes.

House bill

By January 1, 1997, all States must have enacted the Uniform Interstate Family Support Act (UIFSA) and have the procedures required for its implementation in effect. States are required to apply UIFSA to any case involving an order established or modified in one State that is sought to be modified in another State. States must also have a new provision on long-arm statutes and petitioning for modifications of orders, and are required to recognize as valid any method of service of process used in another State that is valid in that State.

Senate amendment

Similar to the House provision, except permits but does not require States to apply UIFSA to all interstate cases.

Conference agreement

The conference agreement is that States must adopt UIFSA by January 1, 1998. The House recedes to the Senate, however, by allowing States flexibility in deciding which specific interstate cases are pursued by using UIFSA and which cases are pursued using other methods of interstate enforcement.

14. IMPROVEMENTS TO FULL FAITH AND CREDIT FOR CHILD SUPPORT ORDERS (SECTION 322)

Present law

Federal law requires States to treat past-due support obligations as final judgments that are entitled to full faith and credit in every State. This means that a person who has a support order in one State does not have to obtain a second order in another State to obtain support due should the debtor parent move from the issuing court's jurisdiction. P.L. 103–383 restricts a State court's ability to modify a support order issued by another State unless the child and the custodial parent have moved to the State where the modification is sought or have agreed to the modification.

House bill

The provision clarifies the definition of a child's home State, makes several revisions to ensure that full faith and credit laws can be applied consistently with UIFSA, and clarifies the rules regarding which child support orders States must honor when there is more than one order.

Senate amendment

Similar to House provision

Conference agreement

The conference agreement follows both the House and Senate provisions but the House recedes on "more than one court."

15. ADMINISTRATIVE ENFORCEMENT IN INTERSTATE CASES (SECTION 323)

Present law

No provision.

House bill

States are required to have laws that permit them to send orders to and receive orders from other States without registering the underlying order unless the enforcement action is contested by the obligor on the grounds of mistake of fact or invalid order. The transmission of the order itself serves as certification to the responding State of the arrears amount and of the fact that the initiating State met all procedural due process requirements. No court action is required or permitted by the responding State. In addition, each responding State must, without requiring the case to be transferred to their State, match the case against its data bases, take appropriate action if a match occurs, and send the collections,

if any, to the initiating State. States must keep records of the number of requests they receive, the number of cases that result in a collection, and the amount collected. States must respond to interstate requests within five days.

Senate amendment

Identical provision.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

16. USE OF FORMS IN INTERSTATE ENFORCEMENT (SECTION 324)

Present law

No provision.

House bill

The Secretary must issue forms that States must use for income withholding, for imposing liens, and for issuing administrative subpoenas in interstate cases. The forms must be issued by June 30, 1996 and States must be using the forms by October 1, 1996.

Senate amendment

Requires the DHHS Secretary to establish an advisory committee which must include State child support directors, and not later than June 30, 1996, after consultation with the advisory committee, to issue forms that States must use for income withholding, for imposing liens, and for issuing administrative subpoenas in interstate cases. States must be using the forms by October 1, 1996.

Conference agreement

Conferees agree to follow both the House and Senate provisions with a compromise on requiring the Secretary to consult with States. Rather than forming an advisory committee, the conference agreement requires the Secretary to consult with States before issuing the interstate forms. It is the intention of conferees to facilitate timely issuance of the forms but also to mandate that the Secretary work closely with State child support directors in developing the forms.

17. STATE LAWS PROVIDING EXPEDITED PROCEDURES (SECTION 325)

A. Administrative Action by State Agency

Present law

States must have procedures under which expedited processes are in effect under the State judicial system or under State administrative processes for obtaining and enforcing support orders and for establishing paternity.

House bill

States must adopt a series of procedures to expedite both the establishment of paternity and the establishment, enforcement, and modification of support. These procedures provide for:

(1) ordering genetic testing in appropriate cases;

(2) entering a default order upon a showing of service of process and any other showing required by State law to establish paternity if the putative father refuses to submit to genetic testing and to establish or modify a support order when a parent fails to appear for a hearing;

(3) issuing subpoenas to obtain information necessary to establish, modify or enforce an order, with appropriate sanctions for failure to respond to the subpoena;

(4) obtaining access to records including: records of other State and local government agencies, law enforcement records, and corrections records, including automated access to records maintained in automated data bases;

(5) directing the parties to pay support to the appropriate government entity;

(6) ordering income withholding;

(7) securing assets to satisfy arrearages by intercepting or seizing periodic or lump sum payments from States or local agencies; these payments include Unemployment Compensation, workers' compensation, judgements, settlements, lottery winnings, assets held by financial institutions, and public and private retirement funds; and

(8) increasing automatically the monthly support due to include amounts to offset arrears.

Senate amendment

Similar to House provision, except requires States to include the following additional procedures:

(1) requiring all entities in the State (including for-profit, nonprofit, and governmental employers) to provide information on employment, compensation and benefits of any employee or contractor in response to a request from the State IV–D agency;

(2) obtaining access to a variety of public and private records including: vital statistics, State and local tax records, real and personal property, occupational and professional licenses and records concerning ownership and control of corporations, partnerships and other business entities, employment security records, public assistance records, motor vehicle records, corrections records, customer records of public utilities and cable TV companies, and records of financial institutions;

(3) imposing liens to force the sale of property and distribution of proceeds;

(4) requiring financial institutions (subject to the limitation on liabilities arising from affording such access) to provide information held by them on individuals who owe or are owed child support (or against or with respect to whom a support obligation is sought) to State child support agencies; and

(5) requiring that due process safeguards be follows.

The amendment does not include the House provision regarding default orders in paternity cases upon a showing of service of process.

Conference agreement

The House recedes to the Senate by including the five additional expedited procedures in the list of State requirements. The conference agreement also includes the House provision regarding default orders in paternity cases upon a showing of service of process.

B. Substantive and Procedural Rules

Present law

Federal regulations provide a number of safeguards, such as requiring that the due process rights of the parties involved be protected.

House bill

States must follow a series of procedural rules that apply to all of the expedited procedures outlined in the preceding section:

(1) Locator Information and Notice—requires parties in paternity and child support actions to file and update information about identity, address, and employer with the tribunal and with the State Case Registry upon entry of the order. The tribunal can deem due process requirements for notice and service of process to be met in any subsequent action upon delivery of written notice to the most recent residential or employer address filed with the tribunal.

(2) Statewide Jurisdiction—grants the child support agency and any administrative or judicial tribunal with authority to hear child support and paternity cases, to exert Statewide jurisdiction over the parties, and to grant orders that have Statewide effect; also permits transfer of cases between administrative areas without additional filing or service of process.

Senate amendment

Similar provision with a minor difference in wording.

Conference agreement

The conference agreement follows the House bill and the Senate amendment except the House recedes to the Senate language by replacing the term "administrative areas" with the term "local jurisdictions" in the section of Statewide jurisdiction.

C. Automation of State Agency Functions

Present law

No provision.

House bill

The automated systems being developed by States are to be used, to the maximum extent possible, to implement the expedited procedures.

Senate amendment

Identical provision.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

SUBTITLE D—PATERNITY ESTABLISHMENT

18. STATE LAW CONCERNING PATERNITY ESTABLISHMENT (SECTION 331)

A. Establishment Process Available From Birth Until Age 18

Present law

Federal law requires States to strengthen their paternity establishment laws by requiring that paternity may be established until the child reaches at 18. As of August 16, 1984, these procedures would apply to a child for whom paternity has not been established or for whom a paternity action was brought but dismissed because of statute of limitations of less than 18 years was then in effect in the State.

House bill

Same as current law.

Senate amendment

Similar to House provision, except requires that paternity may be established until age 21 rather than 18.

Conference agreement

The Senate recedes so that States are required to have laws that permit paternity establishment until at least age 18 (or a higher limit at State option).

B. Procedures Concerning Genetic Testing

Present law

Federal law requires States to implement laws under which the child and all other parties must undergo genetic testing upon the request of a party in contested cases.

House bill

The child and all other parties must undergo genetic testing upon the request of a party, where the request is supported by a sworn statement establishing a reasonable possibility of parentage or nonparentage. When the tests are ordered by the State agency, States must pay for the costs, subject to recoupment at State option from the farther if paternity is established.

Senate amendment

Similar provision. House mandates genetic tests in certain cases while Senate allows States with laws against genetic testing in some cases to follow State law.

Conference agreement

The conference agreement follows both House and Senate provisions but the House recedes on the provision allowing States to exempt certain cases from the requirement for mandatory genetic testing. No State exemption, however, can permit a putative father to avoid paternity establishment procedures.

C. Voluntary Paternity Acknowledgment

Present law

Federal law requires States to implement procedures for a simple civil process for voluntary paternity acknowledgment, including hospital-based programs.

House bill

(1) Simple Civil Process. States must have procedures that create a simple civil process for voluntary acknowledging paternity under which benefits, rights and responsibilities of acknowledgement are explained to unwed parents;

(2) Hospital Program. States must have procedures that establish a paternity acknowledgement program through hospitals and birth record agencies (and other agencies as designated by the Secretary).

(3) Paternity Services. States must have procedures that require the agency responsible for maintaining birth records to offer voluntary paternity establishment services. The Secretary must issue regulations, including regulations on other State agencies that may offer voluntary paternity acknowledgment services and the conditions such agencies must meet.

(4) Affidavit. States must have procedures that require agencies to use a uniform affidavit developed by the Secretary that is entitled to full faith and credit in any other State.

Senate amendment

(1) Simple Civil Process. Similar to House provision; Senate does not include language requiring that the explanation of alternatives, legal consequences, and rights and responsibilities be "in a language that each can understand".

(2) Hospital Program. Similar to House provision, except States must also establish good cause exceptions for not trying to establish paternity.

(3) Paternity Services. Identical to House provision.

(4) Affidavit. Similar provision but Senate amendment allows States to develop their own voluntary paternity acknowledgment form as long as they follow all the basic elements of a form developed by the Secretary.

Conference agreement

(1) Simple Civil Process. The conference agreement follows the House and Senate provisions except the House agrees to drop its requirement that the explanation be "in a language that each [parent] can understand".

(2) Hospital Program. Conferees agree to follow the House and Senate provisions but with a modification of the Senate language

on "good cause" exceptions so that such exceptions become a State option.

(3) Paternity Services. The conference agreement follows the House bill and the Senate amendment.

(4) Affidavit. The House recedes to allow States to develop their own voluntary acknowledgement form as long as the form contains all the basic elements of a form developed by the Secretary.

D. Status of Signed Paternity Acknowledgment

Present law

Federal laws requires States to implement procedures under which the voluntary acknowledgment of paternity creates a rebuttal presumption, or at State option, a conclusive presumption of paternity.

House bill

(1) Legal Finding. States must have procedures under which a signed acknowledgement of paternity is considered a legal finding of paternity unless rescinded within 60 days.

(2) Contest. States must have procedures under which a paternity acknowledgment can be challenged in court only on the basis of fraud, duress, or material mistake of fact.

(3) Rescission. States must have procedures under which minors who sign a voluntary paternity acknowledgement are allowed to rescind it until age 18 or the date of the first proceeding to establish a support order, visitation, or custody rights.

Senate amendment

(1) Legal Finding. Adds the requirement that the name of the father appear in the birth records only if there is a paternity acknowledgement signed by both parents or paternity has been established by court order;

(2) Contest. Identical to House provision.

(3) Rescission. No provision.

Conference agreement

(1) Legal Finding. The House recedes to the Senate requirement that the father's name appear in the birth records only if certain conditions are met;

(2) Contest. The conference agreement follows the House bill and the Senate amendment.

(3) Rescission. The House agrees to drop the rescission requirement, thereby leaving this decision up to States.

E. Bar on Acknowledgment Ratification Proceedings

Present law

Federal law requires States to implement procedures under which voluntary acknowledgment is admissible as evidence of paternity and the voluntary acknowledgment of paternity must be recognized as a basis for seeking a support order without requiring any further proceedings to establish paternity.

House bill

No judicial or administrative proceedings are required or permitted to ratify a paternity acknowledgement which is not challenged by the parents.

Senate amendment

Identical provision.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

F. Admissibility of Genetic Testing Results

Present law

Federal law requires States to implement procedures which provide that any objection to genetic testing results must be made in writing within a specified number of days before any hearing at which such results may be introduced into evidence. If no objection is made, the test results must be admissible as evidence of paternity without the need for foundation testimony or other proof of authenticity or accuracy.

House bill

States must have procedures for admitting into evidence accredited genetic tests, unless any objection is made within a specified number of days, and if no objection is made, clarifying that test results are admissible without the need for foundation or other testimony.

Senate amendment

Identical provision.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

G. Presumption of Paternity in Certain Cases

Present law

Federal law requires States to implement procedures which create a rebuttable or, at State option, conclusive presumption of paternity based on genetic testing results indicating a threshold probability that the alleged father is the father of the child.

House bill

States must have laws that create a rebuttable or, at State option, conclusive presumption of paternity when results from genetic testing indicate a threshold probability that the alleged father is the father of the child.

Senate amendment

Identical provision.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

H. Default Orders

Present law

Federal law requires States to implement procedures that require a default order to be entered in a paternity case upon a showing of service of process on the defendant and any additional showing required by State law.

House bill

A default order must be entered in a paternity case upon a showing of service of process on the defendant and any additional showing required by the State law.

Senate amendment

Identical provision.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

I. No Right to Jury Trial

Present law

No provision.

House bill

State laws must state that parties in a contested paternity action are not entitled to a jury trial.

Senate amendment

Identical provision.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

J. Temporary Support Based on Probable Paternity

Present law

No provision.

House bill

Upon motion of a party, State law must require issuance of a temporary support order pending an administrative or judicial determination of percentage if paternity is indicated by genetic testing or other clear and convincing evidence.

Senate amendment

Identical provision.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

K. Proof of Certain Support and Paternity Establishment Costs

Present law

No provision.

House bill

Bills for pregnancy, childbirth, and genetic testing must be admissible in judicial proceedings without foundation testimony.

Senate amendment

Identical provision.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

L. Standing of Putative Fathers

Present law

No provision.

House bill

Putative fathers must have a reasonable opportunity to initiate paternity action.

Senate amendment

Identical provision.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

M. Filing of Acknowledgments and Adjudications in State Registry

Present law

No provision.

House bill

Both voluntary acknowledgements and adjudications of paternity must be filed with the State registry of birth records for data matches with the central Case Registry of Child Support Orders established by the State.

Senate amendment

Identical provision.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

N. National Paternity Acknowledgment Affidavit

Present law

No provision.

House bill

The Secretary is required to develop an affidavit to be used for voluntary acknowledgement of paternity which includes the Social Security number of each parent.

Senate amendment

Identical provision.

Conference agreement

The conference agreement follows the House and Senate provisions but includes a clarification that the Secretary, after consulting with the State child support directors, should list the common elements that States must include on their forms.

19. OUTREACH FOR VOLUNTARY PATERNITY ESTABLISHMENT (SECTION 332)

Present law

States are required to regularly and frequently publicize, through public service announcements, the availability of child support enforcement services.

House bill

States must publicize the availability and encourage the use of procedures for voluntary establishment of paternity and child support.

Senate amendment

Identical provision.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

20. COOPERATION BY APPLICANTS FOR AND RECIPIENTS OF TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (SECTION 333)

Present law

AFDC applicants and recipients are required to cooperate with the State in establishing the paternity of a child and in obtaining child support payments unless the applicant or recipient is found to have good cause for refusing to cooperate. Under the "good cause" regulations, the child support agency may determine that it is against the best interests of the child to seek to establish paternity in cases involving incest, rape, or pending procedures for adoption. Moreover, the agency may determine that it is against the best interest of the child to require the mother to cooperate if it is anticipated that such cooperation will result in the physical or emotional harm of the child, parent, or caretaker relative.

House bill

Individuals who apply for or receive public assistance under the Temporary Assistance for Needy Families program must cooperate with child support enforcement efforts (establishing paternity, establishing, modifying or enforcing a support order) by providing specific identifying information about the other parent, unless the applicant or recipient is found to have good cause for refusing to cooperate. "Good cause" is defined by States. States may also require the applicant and child to submit to genetic testing. (See also Prohibitions in Title 1, Section 101 of the House bill.)

Senate amendment

The Senate provision is similar to the House provision except the Senate amendment places additional specific requirements on State procedures. These include requiring the custodial parent to appear at interviews, hearings, and legal proceedings; requiring the State child support agency to notify the custodial parent and the IV–A and Medicaid agencies of whether she is cooperating and if not what she must do to cooperate; and requiring that when determining the custodial parent's cooperation States take into account the best interests of the child. The Senate amendment also requires the individual and the child to submit to genetic tests pursuant to a judicial or administrative order. Responsibility for determining failure to cooperate is shifted from the agency that administers the Temporary Assistance program to the agency that administers the child support program.

Conference agreement

The House recedes to the Senate's additional requirements for cooperation by adults for or receiving IV–A benefits. In addition, conferees agree to let States decide which agency should make the determination of whether the parent is cooperating.

SUBTITLE E—PROGRAM ADMINISTRATION AND FUNDING

21. FEDERAL MATCHING PAYMENTS

Present law

The Federal Government currently reimburses each State at the rate of 66 percent for the cost of administering its child support enforcement program. The Federal Government also reimburses States 90 percent of the laboratory costs of establishing paternity, and through FY 1995, 90 percent of the costs of developing comprehensive Statewide automated systems. (There is no maintenance of effort provision in current law.)

House bill

The Federal matching payment for child support activities is maintained at 66 percent. The bill also adds a maintenance of effort requirement that the non-Federal share of IV–D funding for FY 1997 and succeeding years not be less than such funding for FY 1996.

Senate amendment

No provision. Maintains present law with respect to the Federal match rate of 66 percent.

Conference agreement

The conference agreement follows the Senate amendment.

22. PERFORMANCE-BASED INCENTIVES AND PENALTIES (SECTION 341)

A. Incentive Adjustments to Federal Matching Rate

Present law

The Federal government reimburses approved administrative expenditures of States at a rate of 66 percent. In addition, the Federal government pays States an incentive amount ranging from 6 percent to 10 percent of both AFDC and non-AFDC collections.

House bill

Beginning in 1999, a new incentive system will reward good State performance by increasing the State's basic matching rate by up to 12 percentage points for outstanding performance in establishing paternity and by up to an additional 12 percentage points for overall performance (as measured by the percentage of cases that have support orders, the percentage of cases in which support is being paid, the ratio of child support collected to child support due, and cost-effectiveness). The Secretary will design the specific features of the system. In doing so, she will maintain overall Federal reimbursement of State programs through the combined matching rate and incentives at the level projected for the current combined matching and incentive payments to States. The effect of this provision is to change Federal financing so that relatively more Federal dollars will be awarded to States for good performance. The State must spend the money from incentive payments on their child support enforcement program.

Senate amendment

As under current law, the Senate amendment provides for an incentive payment to States, the funds for which come from the reimbursement of cash welfare payments to the Federal Government that is the Federal share of child support collections paid on behalf of families. Not later than 60 days after enactment, the DHHS Secretary is required to establish a committee, which must include State child support directors, which must develop for the Secretary's approval a formula for the distribution of incentive payments to the States. The State's incentive payment is based on its comparative performance as measured by five criteria and seven factors that are stipulated in the amendment.

Conference agreement

The conferees agree to retain the present financing system of 66 percent Federal matching payments and an incentive system that enables States to increase their Federal payments by up to 10 percent of AFDC and non-AFDC collections. However, the conferees also require the Secretary, in consultation with State child support

directors, to develop a new incentive system that provides additional payments to States (i.e., above the base matching rate of 66 percent) based on their performance and to report details of the new system to the Committees on Ways and Means and Finance by June 1, 1996. The Secretary's new system must be revenue neutral. The two committees intend to study the Secretary's recommendations, as well as recommendations by other individuals and organizations, and to design and perhaps enact a new incentive system that is revenue neutral in the near future.

B. Conforming Amendments

Present law

No provision.

House bill

Two conforming amendments are made in Section 454 of the Social Security Act.

Senate amendment

No provision.

Conference agreement

The Senate recedes to the two conforming amendments in the House bill.

C. Calculation of IV–D Paternity Establishment Percentage

Present law

States are required to meet Federal standards for the establishment of paternity. The standard relates to the percentage obtained by dividing the number of children in the State who are born out of wedlock, are receiving AFDC or child support enforcement services, and for whom paternity has been established by the number of children who are born out of wedlock and are receiving AFDC or child support enforcement services. To meet Federal requirements, this percentage in a State must be at least 75 percent or meet the following standards of improvement from the preceding year: (1) if the State paternity establishment ratio is between 50 and 75 percent, the State ratio must increase by 3 or more percentage points from the ratio of the preceding year; (2) if the State ratio is between 45 and 50, the ratio must increase at least 4 percentage points; (3) if the State ratio is between 40 and 45 percent, it must increase at least 5 percentage points; and (4) if the State ratio is below 40 percent, it must increase at least 6 percentage points. If an audit finds that the State's child support enforcement program has not substantially complied with the requirements of its State plan, the State is subject to a penalty. In accord with this penalty, the Secretary must reduce a State's AFDC benefit payment by not less than 1 percent nor more than 2 percent for the first failure to comply; by not less than 2 percent nor more than 3 percent for the second consecutive failure to comply; and by not less than 3 percent nor more than 5 percent for third or subsequent consecutive failure to comply.

House bill

The IV–D paternity establishment percentage for a fiscal year is equal to: (1) the total number of children in the State who were born out-of-wedlock, who have not reached age 1 and for whom paternity is acknowledged or established during the fiscal year, divided by (2) the total number of children born out-of-wedlock in the State during the fiscal year. The requirements for meeting the standard are the same as current law except the 75 percent rule is increased to 90 percent. The noncompliance provisions of the child support program are modified so that the Secretary must take overall program performance into account and the minimum paternity establishment percentage is raised from 75 to 90.

Senate amendment

Identical provision.

Conference agreement

The conference agreement follows the House bill and the Senate amendment. States have the option of calculating the paternity establishment rate by either counting only unwed births in the State IV–D caseload or by counting all unwed births in the State.

D. Effective Dates

Present law

No provision.

House bill

The new incentive payments go into effect on October 1, 1997, but procedures for computing the State incentive payments are not actually based on the new system until fiscal year 1999; the changes in penalty procedure become effective upon enactment.

Senate amendment

Effective upon enactment, except present law applies for purposes of incentive payments for fiscal years before FY 2000.

Conference agreement

Effective upon enactment.

23. FEDERAL AND STATE REVIEWS AND AUDITS (SECTION 342)

A. State Agency Activities

Present law

States are required to maintain a full record of child support collections and disbursements and to maintain an adequate reporting system.

House bill

States are required to annually review and report to the Secretary, using data from their automatic data processing system, both information adequate to determine the State's compliance with Federal requirements for expedited procedures and timely

case processing as well as the information necessary to calculate their levels of accomplishment and rates of improvement on the performance indicators in the bill.

Senate amendment

Similar to House provision, except the Senate does not include the requirement that States submit information on State compliance with Federal mandates on timely case processing.

Conference agreement

The conference agreement follows both the House and Senate provisions but the House recedes by dropping its requirement that States submit information on timely case processing.

B. Federal Activities

Present law

The Secretary must collect and maintain, on a fiscal year basis, up-to-date State-by-State statistics on each of the services provided under the child support enforcement program. The Secretary is also required to evaluate the implementation of State child support enforcement programs and conduct audits of these programs as necessary, but not less often than once every three years (or annually if a State has been found to be out of compliance with program rules).

House bill

The Secretary is required to determine the amount (if any) of incentives or penalties. The Secretary must also review State reports on compliance with Federal requirements and provide States with recommendations for corrective action. Audits must be conducted at least once every 3 years, or more often in the case of States that fail to meet Federal requirements. The purpose of the audits is to assess the completeness, reliability, accuracy, and security of data reported for use in calculating the performance indicators and to assess the adequacy of financial management of the State program.

Senate amendment

Identical provision.

Conference agreement

The conference agreement follows the House bill and Senate amendment.

C. Effective Date

Present law

No provision.

House bill

These provisions take effect beginning with the calendar quarter that begins 12 months after enactment.

Senate amendment

Identical provision.

Conference agreement

The conference agreement follows the House bill and Senate amendment.

24. REQUIRED REPORTING PROCEDURES (SECTION 343)

Present law

The Secretary is required to assist States in establishing adequate reporting procedures and must maintain records of child support enforcement operations and of amounts collected and disbursed, including costs incurred in collecting support payments.

House bill

The Secretary is required to establish procedures and uniform definitions for State collection and reporting of information necessary to measure State compliance with expedited processes and timely case processing.

Senate amendment

Smilar to House provision, except does not mention timely case processing.

Confrence agreement

The conference agreement follow both the House and Senate provisions except, as in the State Agency Activities provision (see #23A above), the House recedes by dropping State reports on timely case processing.

25. AUTOMATED DATA PROCESSING REQUIREMENTS (SECTION 344)

A. In General

Present Law

Federal law (P.L. 104–35) requires that by October 1, 1997, States have an operational automated data processing and information retrieval system designed to control, account for, and monitor all factors in the support enforcement and paternity determination process, the collection and distribution of support payments, and the costs of all services rendered.

House bill

States are required to have a single Statewide automated data processing and information retrieval system which has the capacity to perform the necessary functions, as described in this section.

Senate amendment

Identical provision.

Conference agreement

The conference agreement follows the House bill and Senate amendment.

B. Program Management

Present law

Federal law requires the that automated data processing system be capable of providing management information on all IV–D cases from intital referral or application through collection and enforcement.

House bill

The State data system must be used to perform functions the Secretary specifies, including controlling and accounting for the use of Federal, State, and local funds and maintaining the data necessary to meet Federal reporting requirements in carrying out the program.

Senate amendment

Identical provision.

Conference agreement

The conference agreement follows the House bill and Senate amendment.

C. Calculation of Performance Indicators

Present law

No provision.

House bill

The automated system must maintain the requisite data for Federal reporting, calculate the State's performance for purposes of the incentive and penalty provisions, and have in place systems controls to ensure the completeness, reliability, and accuracy of the data.

Senate amendment

Identical provision.

Conference agreement

The conference agreement follows the House bill and Senate amendment.

D. Information Integrity and Security

Present law

Federal law requires that the automated data processing system be capable of providing security against unauthorized access to, or use of, the data in such system.

House bill

The State agency must have safeguards to protect the integrity, accuracy, and completeness of, and access to, data in the automated systems (including restricting access to passwords, monitoring of access to and use of the system, training, and imposing penalties).

Senate amendment

Identical provision.

Conference agreement

The conference agreement follows the House bill and Senate amendment.

E. Regulations

Present law

No provision.

House bill

The Secretary shall prescribe final regulations for implementation of this section no later than 2 years after the date of the enactment of this Act.

Senate amendment

Identical provision.

Conference agreement

The conference agreement follows the House bill and Senate amendment.

F. Implementation Timetable

Present law

No provision.

House bill

The statutory provisions for State implementation of Federal automatic data processing requirements are revised to provide that, first, all requirements enacted on or before the date of enactment of the Family support Act of 1988 are to be met by October 1, 1995. The requirements enacted on or before the date of enactment of this bill must be met by October 1, 1999. The October 1, 1999 deadline will be extended by one day for each day by which the Secretary fails to meet the 2-year deadline for regulations.

Senate amendment

Similar to House provision, except allows States to meet requirements of the Family Support Act by October 1, 1997 rather than 1995.

Conference agreement

The conference agreement follows both House and Senate provisions but the completion date for data requirements imposed on States by the Family Support Act follows the Senate provision of October 1, 1997.

G. Special Federal Matching Rate for Development Costs of Automated Systems

Present law

The Federal Government, through FY 1995, reimburses States at a 90 percent matching rate for the costs of developing comprehensive Statewide automated systems.

House bill

The Federal government will provide 90 percent matching funds for fiscal year 1996 that will be applied to all State activities related to developing a comprehensive Statewide automated system. For fiscal years 1997 through 2001, the matching rate for the provisions of this bill and other authorized provisions will be the higher of 80 percent or the matching rate generally applicable to the State IV–D program, including incentive payments (which could be as high as 90 percent).

Senate amendment

Similar to House provision except continues the 90 percent matching rate for 1996 and 1997 in the case of provisions outlined in advanced planning documents submitted before May 1, 1995.

Conference agreement

The conference agreement follows the House bill and Senate amendment but the House recedes on the provision to continue 90 percent reimbursement of data processing activities that were included in any advanced planning document approved by the Secretary before May 1, 1995. The 90 percent funding, which continues through October 1, 1997, includes approved expenditures by States that were made between October 1, 1995 and the date of passage of this legislation.

H. Temporary Limitation on Payments Under Special Federal Matching Rate

Present law

No provision.

House bill

The Secretary must create procedures to cap these payments at $260,000,000 over 5 years (FY 1996–2000) to be distributed among States by a formula set in regulations which takes into account the relative size of State caseloads and the level of automation needed to meet applicable automatic data processing requirements.

Senate amendment

Identical provision.

Conference agreement

The conference agreement follows the House bill and Senate amendment, except the limitation on payments is increased from $260,000,000 to $400,000,000. This increase was made necessary

by general agreement by analysts at HHS and the Congressional Budget Office that the numerous data processing requirements imposed by this Act would cost the States $400 million to implement.

26. TECHNICAL ASSISTANCE (SECTION 345)

Present law

Annual appropriations are made to cover the expenses of the Administration for Children and Families, which includes the Federal Office of Child Support Enforcement (OCSE). Among OCSE's administrative expenses are the costs of providing technical assistance to the States.

House bill

The Secretary can use 1 percent of the Federal share of child support collections on behalf of families in the Temporary Assistance for Needy Families program the preceding year to provide technical assistance to the States. Technical assistance can include training of State and Federal staff, research and demonstration programs, and special projects of regional or national significance. The Secretary must use up to 2 percent of the Federal share of collections for operation of the Federal Parent Locator Service to the extent that costs of the Parent Locator Service are not recovered by user fees.

Senate amendment

Identical provision.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

27. REPORTS AND DATA COLLECTION BY THE SECRETARY (SECTION 346)

Present law

The Secretary is required to submit to Congress, not later than 3 months after the end of the fiscal year, a complete report on all child support enforcement activities.

House bill

In addition to current reporting requirements, the Secretary is required to report the following data to Congress in her annual report each fiscal year:

(1) the total amount of child support payments collected;

(2) the cost to the State and Federal governments of furnishing child support services;

(3) the number of cases involving families that became ineligible for aid under part A with respect to whom a child support payment was received;

(4) the total amount of current support collected and distributed;

(5) the total amount of past due support collected and distributed as arrearages; and

(6) the total amount of support due and unpaid for all fiscal years.

These requirements apply to fiscal year 1996 and succeeding fiscal years.

Senate amendment

Similar to House provision, except requires the Secretary to include information on the degree to which States met Federal statutory time limits in responding to interstate requests and in distributing child support collections.

Conference agreement

Conferees agree to follow the provisions in both bills except that the House recedes on the additional requirements the Senate included in the Secretary's report to Congress.

SUBTITLE F—ESTABLISHMENT AND MODIFICATION OF SUPPORT ORDERS

28. NATIONAL CHILD SUPPORT GUIDELINES COMMISSION

Present law

No provision.

House bill

No provision.

Senate amendment

Establishes a National Child Support Guidelines Commission that is responsible for deciding whether it is appropriate to develop national child support guidelines for consideration by the Congress or for adoption by individual States and the benefits and deficiencies of such models. Several matters the Commission must consider, such as the feasibility of adapting uniform terms in all child support orders, are outlined. The Commission is to be comprised of 12 individuals, 2 each appointed by the Chairman of Finance and Ways and Means, 1 each by the ranking member of Finance and Ways and Means, and 6 by the Secretary. The Commission report must be issued within 2 years.

Conference agreement

The Senate recedes to the House provision of no National Guidelines Commission.

29. SIMPLIFIED PROCESS FOR REVIEW AND ADJUSTMENT OF CHILD SUPPORT ORDERS (SECTION 351)

Present law

A child support order legally obligates noncustodial parents to provide financial support for their child and stipulates the amount of the obligation and how it is to be paid. In 1984, P.L. 98–378 required States to establish guidelines for establishing child support orders. In 1988, P.L. 100–485 made the guidelines binding on judges and other officials who had authority to establish support orders. P.L. 100–485 also required States to review and adjust individual child support orders once every 3 years under some cir-

cumstances. States are required to notify both resident and nonresident parents of their right to a review.

House bill

States must review and, as appropriate, adjust the support order every 3 years. States may adjust child support orders by either applying the State guidelines and updating the reward amount or by applying a cost of living increase to the order. Both parties must be given 30 days after notice of adjustment to contest the results. States may use automated methods to identify orders eligible for review, conduct the review, identify orders eligible for adjustment, and apply the appropriate adjustment to the orders based on the threshold established by the State. States must also review and, upon a showing of a change in circumstances, adjust orders pursuant to the child support guidelines upon request of a party. States are required to give parties one notice of their right to request review and adjustment, which may be included in the order establishing the support amount.

Senate amendment

Similar to House provision except adds that review and adjustment must be done "upon the request of either parent or the State." If neither parent requests a review, States have the option of avoiding the 3-year requirement.

Conference agreement

Conferees agree to follow the House and Senate provisions with one exception. The House recedes to the Senate provision that States are not required to conduct reviews unless requested by either parent but with the additional requirement that States inform mothers at least once every 3 years in writing of their right to a review.

30. FURNISHING CONSUMER REPORTS FOR CERTAIN PURPOSES RELATING TO CHILD SUPPORT (SECTION 352)

Present law

P.L. 102–537 amends the Fair Credit Act to require consumer reporting agencies to include in any consumer report information on child support delinquencies provided by or verified by a child support enforcement agency, which antedates the report by 7 years.

House bill

This section amends the Fair Credit Reporting Act. In response to a request by the head of a State or local child support agency (or a State or local government official authorized by the head of such an agency), consumer credit agencies must release information if the person making the request: certifies that the consumer report is needed to establish an individual's capacity to make child support payments or determine the level of payments; gives the consumer credit agency 10 days notice that the report is being requested; and provides assurances that the consumer report will be kept confidential, will be used solely for child support purposes, and will not be used in connection with any other civil, administra-

tive, or criminal proceeding or for any other purpose. Consumer reporting agencies must also give reports to a child support agency for use to set an initial or modified award.

Senate amendment

Similar to House provision, except requires that the consumer must have been shown to be the father (i.e., paternity must be established).

Conference agreement

The conference agreement follows both the House and Senate provisions except that the House recedes to the Senate requirement that the consumer must have been shown to be the father.

31. NONLIABILITY FOR DEPOSITORY INSTITUTIONS PROVIDING FINANCIAL RECORDS (SECTION 353)

Present law

No provision.

House bill

No provision.

Senate amendment

Depository institutions are not liable for information provided to child support agencies. Child support agencies can disclose information obtained from depository institutions only for child support purposes. Individuals who knowingly disclose information from financial records can have civil actions brought against them in Federal district court; the maximum penalty is $1,000 for each disclosure or actual damages plus, in the case of "willful disclosure" resulting from "gross negligence" punitive damages, plus the costs of the action.

Conference agreement

The House recedes to the Senate requirement that States have laws protecting depository institutions when information is provided to child support agencies.

SUBTITLE G–ENFORCEMENT OF SUPPORT ORDERS

32. FEDERAL INCOME TAX REFUND OFFSET

A. Changed Order of Refund Distribution Under Internal Revenue Code

Present law

Since 1981 in AFDC cases, and 1984 in non-AFDC cases, Federal law has required States to implement procedures under which child support agencies can collect child support arrearages through the inception of Federal income tax refunds.

Child support arrearages obtained through Federal income tax refunds are distributed to the State and are retained by the State for arrearages owed to it under the AFDC assignment. States must reimburse the Federal government for their share of these arrear-

age payments. If no arrearages are owed the State, the money is used to pay arrearages to the family.

House bill

The Internal Revenue Code is amended so that offsets of child support arrears owed to individuals take priority over most debts owed Federal agencies. Proceeds from tax intercepts will be distributed as follows:

(1) for Federal education debts and debts to the Department of Health and Human Services;

(2) for child support owed to individuals;

(3) for child support arrearages owed to State governments; and

(4) for other Federal debts.

The provision also amends the Internal Revenue Code so that the order of priority for distribution of tax offsets follows the distribution rules for child support payments specified in subtitle A of this bill.

Senate amendment

No provision.

Conference agreement

The House recedes to the Senate so that the order of payments from the intercepts remains unchanged.

B. Elimination of Disparities in Treatment of Assigned and Non-Assigned Arrearages

Present law

Federal rules set different criteria for AFDC and non-AFDC cases. For example, in AFDC cases arrearages may be collected through the income tax offset program regardless of the child's age. In non-AFDC cases, the tax offset program can be used only if the postminor child is disabled (pursuant to the meaning of disability under titles II or XVI of the SSA). Moreover, the arrearage in AFDC cases must be only $150 or more, whereas the arrearage in non-AFDC cases must be at least $500.

House bill

The bill eliminates disparate treatment of families not receiving public assistance by repealing provisions applicable only to support arrears not assigned to the State. The Secretary of the Treasury is given access to information in the National Directory of new Hires for tax purposes.

Senate amendment

No provision.

Conference agreement

The conference agreement follows the Senate bill (no provision).

33. INTERNAL REVENUE SERVICE COLLECTION OF ARREARAGES (SECTION 361)

Present law

If the amount of overdue child support is at least $750, the Internal Revenue Service can enforce the child support obligation through its regular collection process, which may include seizure of property, freezing accounts, or use of other procedures if the child support enforcement agencies requests assistance according to prescribed rules (e.g., certifying that the delinquency is at least $750, etc.)

House bill

No provision.

Senate amendment

Amends the Internal Revenue Code so that no additional fees can be assessed for adjustment to previously certified amounts for the same obligor, effective October 1, 1997.

Conference agreement

The House recedes to the Senate requirement that IRS cannot charge additional fees in the case of a previously certified amount for the same obligor.

34. AUTHORITY TO COLLECT SUPPORT FROM FEDERAL EMPLOYEES (SECTION 362)

A. Consolidation and Streamlining of Authorities

Present law

Federal law allows the wages of Federal employees to be garnished to enforce legal obligations for child support or alimony. Federal law provides that moneys payable by the United States to any individual are subject to being garnished in order to meet an individual's legal obligation to provide child support or make alimony payments. An executive order issued 2/27/95 establishes the Federal government as a model employer in promoting and facilitating the establishment and enforcement of child support.

By Executive Order on 2/27/95, all Federal agencies, including the Uniformed Services, are required to cooperate fully in efforts to establish paternity and child support and to enforce the collection of child and medical support. All Federal agencies are to review their wage withhholding procedures to ensure that they are in full compliance.

Beginning no later than July 1, 1995, the Director of the Office of Personal Management must publish annually in the Federal Register the list of agents (and their addresses) designated to receive service of withholding notices for Federal employees.

Federal law states that neither the United States nor any disbursing officer or government entity shall be liable with respect to any payment made from moneys due or payable from the United States pursuant to the legal process.

Federal law provides that money that may be garnished includes compensation for personal services, whether such compensa-

tion is denominated as wages, salary, commission, bonus, pay, or otherwise, and includes but is not limited to, severance pay, sick pay, incentive payments, and periodic payments.

Includes definitions of "United States", "child support", "alimony", "private person", and "legal process".

House bill

Federal Employees are subject to wage withholding and other actions taken against them by State Child Support Enforcement Agencies.

Federal agencies are responsible for wage withholding and other child support actions taken by the State as if they were a private employer.

The head of each Federal agency must designate an agent and place the agent's name, title, address, and telephone number in the Federal Register annually. The agent must, upon receipt of process, send written notice to the individual involved as soon as possible, but no later than 15 days, and to comply with any notice of wage withholding or respond to other process within 30 days.

Amends existing law governing allocation of moneys owed by a Federal employee to give priority to child support, to require allocation of available funds, up to the amount owed, among child support claimants, and to allocate remaining funds to other claimants on a first-come, first-served basis.

A government entity served with notice of process for enforcement of child support is not required to change its normal pay and disbursement cycle to comply with the legal process.

Similar to current law, the U.S., the government of the District of Columbia, and disbursing officers are not liable for child support payments made in accord with this section; nor is any Federal employee subject to disciplinary action or civil or criminal liability for disclosing information while carrying out the provisions of this section.

The President has the authority to promulgate regulations to implement this section as it applies to Federal employees of the Administrative branch of government; the President Pro Tempore of the Senate and Speaker of the House can issue regulations governing their employees; and the Chief Justice can issue regulations applicable to the Judicial branch.

This section broadens the definition of income to include funds such as insurance benefits, retirement and pension pay, survivor's benefits, compensation for death and black lung disease, veteran's benefits, and workers' compensation; but to exclude from income funds paid to defray expenses incurred in carrying out job duties, owed to the U.S., used to pay Federal employment taxes and fines and forfeitures ordered by court martial, withheld for tax purposes, used for health insurance or life insurance premiums, normal retirement contributions, or life insurance premiums.

This section includes definitions of "United States", "child support", "alimony", "private person", and "legal process".

Senate amendment

Identical provision.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

B. Conforming Amendments

Present law

No provision.

House bill

This section includes conforming amendments to Title IV of the Social Security Act and Title 5 of the United States Code.

Senate amendment

Identical provision.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

C. Military Retired and Retainer Pay

Present law

No provision.

House bill

This section expands the definition of court to include an administrative or judicial tribunal which includes the child support enforcement agency.

Senate amendment

Identical provision.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

D. Effective Date

Present law

No provision.

House bill

This section goes into effect 6 months after the date of enactment.

Senate amendment

Identical provision.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

35. ENFORCEMENT OF CHILD SUPPORT OBLIGATIONS OF MEMBERS OF THE ARMED FORCES (SECTION 363)

A. Availability of Locator Information

Present law

The Executive Order issued February 27, 1995 requires a study which would include recommendations related to how to improve service of process for civilian employees and members of the Uniformed Services stationed outside of the United States.

House bill

The Secretary of Defense must establish a central personnel locator service that contains residential or, in specified instances, duty addresses of every member of the Armed Services (including retirees, the National Guard, and the Reserves). The locator service must be updated within 30 days of the time an individual establishes a new address. Information from the locator service must be made available to the Federal Parent Locator Service.

Senate amendment

Identical provision.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

B. Facilitating Granting of Leave for Attendance at Hearings

Present law

No provision.

House bill

The Secretary of Defense must issue regulations to facilitate granting of leave for members of the Armed Services to attend hearings to establish paternity or to establish child support orders.

Senate amendment

Identical provision.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

C. Payment of Military Retired Pay in Compliance With Child Support Orders

Present law

Federal law requires allotments from the pay and allowances of any member of the uniformed service when the member fails to pay child (or child and spousal) support payments.

House bill

The Secretary of each branch of the Armed Forces (including retirees, the Coast Guard, the National Guard, and the Reserves)

is required to make child support payments directly to any State to which a custodial parent has assigned support rights as a condition of receiving public assistance. The Secretary of Defense must also ensure that payments to satisfy current support or child support arrears are made from disposable retirement pay. Payroll deductions must begin within 30 days or the first pay period after 30 days of receiving a wage withholding order.

Senate amendment

Identical provision

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

36. VOIDING OF FRAUDULENT TRANSFERS (SECTION 364)

Present law

No provision.

House bill

States must have in effect the Uniform Fraudulent Conveyance Act of 1981, the Uniform Fraudulent Transfer Act of 1984, or an equivalent law providing for voiding transfers of income or property in order to avoid payment of child support.

Senate amendment

Identical provision.

Conference agreement

The Conference agreement follows the House bill and the Senate amendment.

37. SENSE OF THE CONGRESS THAT STATES SHOULD SUSPEND DRIVERS', BUSINESS, AND OCCUPATIONAL LICENSES OF PERSONS OWING PAST-DUE CHILD SUPPORT

Present law

No provision.

House bill

It is the sense of Congress that each State should suspend any driver's license, business license, or occupational license issued to any person who owes past-due child support.

Senate amendment

No provision.

Conference agreement

House recedes (no provision).

38. WORK REQUIREMENT FOR PERSONS OWING PAST-DUE CHILD SUPPORT (SECTION 365)

Present law

P.L. 100–485 required the Secretary to grant waivers to up to 5 States allowing them to provide JOBS services on a voluntary or mandatory basis to noncustodial parents who are unemployed and unable to meet their child support obligations. (In their report the conferees noted that the demonstrations would not grant any new powers to the States to require participation by noncustodial parents. The demonstrations were to be evaluated.)

House bill

States must have laws that direct courts to order individuals owing past-due child support for a child receiving assistance under the Temporary Family Assistance program either to pay the support due or to participate in work activities. "Past-due support" is defined.

Senate amendment

Similar to House provision, except refers to "support" rather than "past-due support."

Conference agreement

Conferees agree to follow the House and Senate provisions except that the Senate recedes to the House provision that work apply only to nonresident parents owing past-due support.

39. DEFINITION OF SUPPORT ORDER (SECTION 366)

Present law

No provision.

House bill

A support order is defined as an order issued by a court or an administrative process established under State law that requires support of a child or of a child and the parent with whom the child lives.

Senate amendment

A support order is defined as a judgement, decree, or order (whether temporary, final, or subject to modification) issued by a court or an administrative agency for the support (monetary support, health care, arrearages, or reimbursement) of a child (including a child who has reached the age of majority under State law) or of a child and the parent with whom the child lives.

Conference agreement

The House recedes to the Senate definition of a support order.

40. REPORTING ARREARAGE TO CREDIT BUREAUS (SECTION 367)

Present law

Federal law requires States to implement procedures which require them to periodically report to consumer reporting agencies

the name of debtor parents owing at least 2 months of overdue child support and the amount of child support overdue. However, if the amount overdue is less than $1,000, information regarding it shall be made available only at the option of the State. Moreover, any information may only be made available after the noncustodial parent has been notified of the proposed action and has been given reasonable opportunity to contest the accuracy of the information. States are permitted to charge consumer reporting agencies that request child support arrearage information for a fee, not to exceed the actual cost.

House bill

No provision.

Senate amendment

States are required to have procedures to periodically report to consumer credit reporting agencies the name of any noncustodial parent who is delinquent in the payment of support and the amount of overdue support owed by the parent.

Conference agreement

The House recedes to the Senate requirement that States periodically report to consumer credit reporting agencies.

41. LIENS (SECTION 368)

Present law

Federal law requires State to implement procedures under which liens are imposed against real and personal property for amounts of overdue support owed by a noncustodial parent who resides or owns property in the State.

House bill

States are required to have procedures to accord full faith and credit and to enforce in accordance with State law a lien from another State. The lien must be accompanied by a certification from the State issuing the lien of the amount of overdue support and a certification that due process requirements have been met. The second State is not required to register the underlying order, unless contested on the grounds of mistake of fact.

Senate amendment

Identical provision.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

42. STATE LAW AUTHORIZING SUSPENSION OF LICENSES (SECTION 369)

Present law

No provision.

House bill

States have the authority to withhold, suspend, or restrict the use of drivers' licenses, professionals and occupational licenses, and recreational licenses of individuals owing past-due support or failing, after receiving appropriate notice, to comply with subpoenas or warrants relating to paternity or child support proceedings.

Senate amendment

Identical provision.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

43. DENIAL OF PASSPORTS FOR NONPAYMENT OF CHILD SUPPORT (SECTION 370)

Present law

No provision.

House bill

No provision.

Senate amendment

If an individual owes arrearages in excess of $5,000 of child support, the Secretary of HHS must request that the State Department deny, revoke, or limit the individual's passport. State child support agencies must have procedures for certifying arrearages in excess of $5,000 and for notifying individuals who are in arrears.

Conference agreement

The House recedes to the Senate provision of revoking passports for individuals owing more than $5,000 in delinquent child support.

44. INTERNATIONAL CHILD SUPPORT ENFORCEMENT (SECTION 371)

Present law

The United States has not signed any of the major treaties regarding international support enforcement. Pursuant to the Uniform Reciprocal Enforcement of Support Act (URESA), most States have reciprocal agreements with at least one foreign country regarding reciprocal enforcement of support orders. State do not have the power to enter into treaties.

House bill

No provision.

Senate amendment

The Secretary of State is authorized to negotiate reciprocal agreements with foreign nations on behalf of the States, territories, and possessions of the United States regarding the international enforcement of child support obligations.

Conference agreement

The conference agreement follows the Senate amendment with substantial modification. The Secretary of State, with concurrence of the Secretary of HHS, is authorized to declare reciprocity with foreign countries having requisite procedures for establishing and enforcing support orders. The Secretary may revoke reciprocity if she determines that the enforcement procedures do not continue to meet the requisite criteria.

The requirements for reciprocity include procedures in the foreign country for U.S. residents—available at no cost—to establish parentage, to establish and enforce support orders for children and custodial parents, and to distribute payments.

The Secretary of HHS is required to facilitate enforcement services in international cases involving residents of the U.S. and of foreign reciprocating countries, including developing uniform forms and procedures, and providing information from the FPLS on the State of residence of the obligor.

Where there is no Federal reciprocity agreement, States are permitted to enter into reciprocal agreements with foreign countries.

The State plan must provide that request for services in international cases be treated the same as interstate cases, except that no application will be required and no costs will be assessed against the foreign country or the obligee (costs may be assessed at State option against the obligor).

45. DENIAL OF MEANS-TESTED FEDERAL BENEFITS TO NONCUSTODIAL PARENTS WHO ARE DELINQUENT IN PAYING CHILD SUPPORT

Present law

No provision.

House bill

No provision.

Senate amendment

Noncustodial parents who are more than 2 months delinquent in paying child support are not eligible to receive means-tested Federal benefits.

Conference agreement

Senate recede (no provision).

46. CHILD SUPPORT ENFORCEMENT FOR INDIAN TRIBES

Present law

There are about 340 Federally recognized Indian tribes in the 48 contiguous States. Among these tribes there are approximately 130 tribal courts and 17 Courts of Indian Offenses. Most tribal codes authorize their courts to hear parentage and child support matters that involve at least one member of the tribe or person living on the reservation. This jurisdiction may be exclusive or concurrent with State court jurisdiction, depending on specified circumstances.

House bill

No provision.

Senate amendment

Requires States to make reasonable efforts to enter into cooperative agreements with an Indian tribe or organization if the tribe or organization has an established tribal court system to establish paternity, establish and enforce support orders, and enter support orders in accordance with guidelines established by the tribe or organization. Such agreements shall provide for the cooperative delivery of child support enforcement services in Indian country and for the forwarding of all funds collected by the tribe or organization to the State agency, or conversely, by the State agency to the tribe or organization, which shall distribute the funds according to the agreement. The DHHS Secretary in appropriate cases is authorized to send Federal funds directly to the tribe or organization.

Conference agreement

Senate recede (no provision).

47. FINANCIAL INSTITUTION DATA MATCHES (SECTION 372)

Present law

No provision.

House bill

No provision.

Senate amendment

States are required to implement procedures under which the State child support agency shall enter into agreements with financial institutions doing business within the State to develop and operate a data match system, using automated data exchanges to the maximum extent feasible, in which such financial institutions are required to provide for each calendar quarter the name, address, Social Security number, and other identifying information for each noncustodial parent identified by the State who has an account at the institution and, in response to a notice of lien or levy, to encumber or surrender assets held by the institution on behalf of the noncustodial parent who is subject to the child support lien. Includes definition of the term "financial institution."

Conference agreement

Conferees agree that the House recede to the Senate requirement that States perform data matches on information supplied by financial institutions in the case of parents who owe past-due child support and have liens against them.

48. ENFORCEMENT OF ORDERS AGAINST PATERNAL GRANDPARENTS IN CASES OF MINOR PARENTS (SECTION 373)

Present law

No provision. However, Wisconsin and Hawaii have State laws that make grandparents financially responsible for their minor children's dependents.

House bill

No provision.

Senate amendment

States would be required to implement procedures under which any child support order enforced by a child support enforcement agency would be enforceable against the paternal grandparents of a minor father if the child's minor mother were receiving benefits from the Temporary Assistance for Needy Families block grant program.

Conference agreement

The House recedes to the Senate requirement that paternal grandparents be held accountable for paying child support in the case of minor mothers with children being supported by benefits from the Temporary Assistance for Needy Families block grant, or that the maternal grandparents be held accountable for paying child support in the case of a minor father raising children who receive benefits from the Temporary Assistance for Needy Families block grant.

SUBTITLE H—MEDICAL SUPPORT

49. TECHNICAL CORRECTION TO ERISA DEFINITION OF MEDICAL CHILD SUPPORT ORDER (SECTION 376)

Present law

P.L. 103–66 requires States to adopt laws to require health insurers and employers to enforce orders for medical and child support and forbids health insurers from denying coverage to children who are not living with the covered individual or who were born outside of marriage. Under P.L. 103–66, group health plans are required to honor "qualified medical child support orders.

House bill

This provision expands the definition of medical child support order in ERISA to clarify that any judgment, decree, or order that is issued by a court of competent jurisdiction or by an administrative adjudication has the force and effect of law.

Senate amendment

Identical provision.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

50. ENFORCEMENT OF ORDERS FOR HEALTH CARE COVERAGE (SECTION 377)

Present law

Federal law requires the Secretary to require IV–D agencies to petition for the inclusion of medical support as part of child support whenever health care coverage is available to the noncustodial parent at reasonable cost.

House bill

No provision.

Senate amendment

All orders enforced under this part must include a provision for health care coverage. If the noncustodial parent changes jobs and the new employer provides health coverage, the State must send notice of coverage, which shall operate to enroll the child in the health plan, to the new employer.

Conference agreement

The House recedes to the Senate provision on medical care coverage provided to children by nonresident parents changing jobs.

SUBTITLE I—ENHANCING RESPONSIBILITY AND OPPORTUNITY FOR NON-RESIDENTIAL PARENTS

51. GRANTSD TO STATES FOR ACCESS AND VISITATION PROGRAMS (SECTION 381)

A. In General

Present law

In 1988, Congress authorized the Secretary to fund for FY 1990 and FY 1991 demonstration projects by States to help divorcing or never-married parents cooperate with each other, especially in arranging for visits between the child and the nonresident parent.

House bill

The bill authorizes grants to States for access and visitation programs including mediation, counseling, education, development of parenting plans, and visitation enforcement. Visitation enforcement can include monitoring, supervision, neutral drop-off and pick-up, and development of guidelines for visitation and alternative custody agreements. States are required to monitor and evaluate their programs and are given the authority to subcontract the program to courts, local public agencies, or private non-profit agencies. Programs operating under the grant do not have to be Statewide. Funding is authorized as capped spending under section IV–D of the Social Security Act. Projects are required to supplement rather than supplant State funds.

Senate amendment

Identical provision.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

B. Amount of Grant

Present law

No provision.

House bill

The amount of the grant to a State is equal to either 90 percent of the State expenditures during the year for access and visitation programs or the allotment for the State for the fiscal year.

Senate amendment

Identical provision.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

C. Allotment to States

Present law

No provision.

House bill

The allotment to the State bears the same ratio to the amount appropriated for the fiscal year as the number of children living in the State with one biological parent divided by the national number of children living with one biological parent. The Administration for Children and Families must adjust allotments to ensure that no State is allotted less than $50,000 for fiscal years 1996 or 1997 or less than $100,000 for any year after 1997.

Senate amendment

Identical provision.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

D. State Administration

Present law

No provision.

House bill

States may use the money to create their own programs or to fund grant programs with courts, local public agencies, or non-profit organizations. The programs do not need to be Statewide. States must monitor, evaluate, and report on their programs in accord with the regulations issued by the Secretary.

Senate amendment

Identical provision.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

SUBTITLE J—EFFECT OF ENACTMENT

52. EFFECTIVE DATES (SECTION 391)

Present law

No provision.

House bill

Except as noted in the text of the bill for specific provisions, the general effective date for provisions in the bill is October 1, 1996. However, given that many of the changes required by this bill must be approved by State Legislatures, the bill contains a grace period tied to the meeting schedule of State Legislatures. In any given State, the bill becomes effective either on October 1, 1996 or on the first day of the first calendar quarter after the close of the first regular session of the State Legislature that begins after the date of enactment of the bill. In the case of States that require a constitutional amendment to comply with the requirements of the bill, the grace period is extended either 1 year after the effective date of the necessary State constitutional amendment or 5 years after the date of enactment of the bill.

Senate amendment

Identical provision.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

Senate amendment

The Senate amendment directs the Commissioner of Social Security, within sixty days of enactment, to issue a request for comments in the Federal Register regarding improvements in the disability evaluation and determination procedures for children under age 18. The Commissioner must review the comments and issue regulations implementing changes within 18 months after enactment.

Conference agreement

The conference agreement follows the House bill (i.e., no provision).

Temporary eligibility for cash benefits for poor disabled children residing in States applying alternative income eligibility standards under Medicaid

Present law

States generally are required to provide Medicaid coverage for recipients of SSI. However, States may use more restrictive eligibility standards for Medicaid than those for SSI if they were using those standards on January 1, 1972 (before implementation of SSI). States that have chosen to apply at least one more restrictive standard are known as "section 209(b)" States, after the section of the Social Security Amendments of 1972 (P.L. 92–603) that established the option. These States may vary in their definition of disability, or in their standards related to income or resources. There are 12 section 209(b) States: Connecticut, Hawaii, Illinois, Indiana, Minnesota, Missouri, New Hampshire, North Carolina, North Dakota, Ohio, Oklahoma, and Virginia.

House bill

The House bill provides for temporary eligibility for cash SSI benefits (through the end of FY 1996) for children who live in States that apply alternative income eligibility standards under Medicaid (also known as "209(b)" States).

Senate amendment

No provision.

Conference agreement

The conference agreement follows the Senate amendment (i.e., no provision).

4. REDUCTION OF CASH BENEFITS PAYABLE TO INSTITUTIONALIZED CHILDREN WHOSE MEDICAL COSTS ARE COVERED BY PRIVATE INSURANCE (SECTION 214)

Present law

Federal law stipulates that when an individual enters a hospital or other medical institution in which more than half of the bill is paid by the Medicaid program, his or her monthly SSI benefit standard is reduced to $30 per month. This personal needs allowance is intended to pay for small personal expenses, with the cost of maintenance and medical care provided by the Medicaid program.

House bill

Cash SSI payments to institutionalized children would be reduced for those whose medical costs are covered by private insurance.

Senate amendment

No provision.

Conference agreement

The conference agreement follows the House bill.

Additional accountability requirements for parents or guardians

Present law

Not applicable.

House bill

No provision.

Senate amendment

The Senate amendment requires a disabled child's representative payee (usually the parent) to document expenditures. These expenditures would be subject to increased review by the Social Security Administration. Effective for benefits paid after enactment.

Conference agreement

The conference agreement follow the House bill (i.e., no provision).

5. REGULATIONS (SECTION 215)

Present law

Not applicable.

House bill

The Commissioner of Social Security and the Secretary of HHS will prescribe necessary regulations within three months after enactment of this Act.

Senate amendment

No provision.

Conference agreement

The conference agreement follows the House bill.

Examination of mental listings used to determine eligibility of children for SSI benefits by reason of disability

Present law

Section 202 of the Social Security Independence and Program Improvements Act of 1994 established a Childhood Disability Commission to study the desirability and methods of increasing the extent to which benefits are used in the effort to assist disabled children in achieving independence and engaging in substantial gainful activity. The Commission was also charged with examining the effects of the SSI program on disabled children and their families.

House bill

The Childhood Disability Commission must review the mental listings used by the Social Security administration to determine child SSI eligibility. The Commission should conduct this investigation to ensure that the criteria in these listings are appropriate and that SSI eligibility is limited to children with serious disabilities for whom Federal assistance is necessary to improve the child's condition or quality of life.

Senate amendment

No provision.

Conference agreement

The conference agreement follows the Senate amendment (i.e., no provision) due to the Childhood Disability Commission having completed their final report.

Limitation on payments to Puerto Rico, the U.S. Virgin Islands and Guam under programs of aid to the aged, blind, or disabled

See description in section 108 of title I of the conference agreement.

SUBTITLE C—STATE SUPPLEMENTATION PROGRAMS

1. REPEAL OF MAINTENANCE OF EFFORT REQUIREMENT APPLICABLE TO OPTIONAL STATE PROGRAMS FOR SUPPLEMENTATION OF SSI BENEFITS (SECTION 221)

Present law

Since the beginning of the SSI program, States have had the option to supplement (with State funds) the Federal SSI payment. The purpose of section 1618 was to encourage States to pass along to SSI recipients the amount of any Federal SSI benefit increase. Under section 1618, a State that is found to be not in compliance with the "pass along/maintenance of effort provision" is subject to loss of its Medicaid reimbursements. Section 1618 allows States to comply with the "pass along/maintenance of effort" provision by either maintaining their State supplementary payment levels at or above 1983 levels or by maintaining total annual expenditures for supplementary payments (including any Federal cost-of-living adjustment) at a level at least equal to the prior 12-month period, provided the State was in compliance for that period. In effect, section 1618 requires that once a State elects to provide supplementary payments it must continue to do so. [Sec. 1618 of the Social Security Act]

House bill

The House bill repeals the maintenance of effort requirements (Sec. 1618) applicable to optional State programs for supplementation of SSI benefits effective date of enactment.

Senate amendment

Similar to the House bill.

Conference agreement

The conference agreement follows the Senate amendment with modification that the effective date is the date of enactment.

Limited eligibility of noncitizens for SSI benefits

See description in title IV of the conference agreement.

SUBTITLE D—STUDIES REGARDING SUPPLEMENTAL SECURITY INCOME PROGRAM

1. ANNUAL REPORT ON SSI (SECTION 231)

Present law

To date, the Department of Health and Human Services and now the Social Security Administration have collected, compiled, and published annual and monthly SSI data, but Federal law does not require an annual report on the SSI program.

House bill

No provision.

Senate amendment

The Senate amendment requires the Commissioner of Social Security to prepare and provide to the President and the Congress an annual report on the SSI program, which includes specified information and data. The report is due May 30 of each year.

Conference agreement

The conference agreement follows the Senate amendment.

2. STUDY OF DISABILITY DETERMINATION PROCESS (SECTION 232)

Present law

Not applicable.

House bill

No provision.

Senate amendment

Within 90 days of enactment, the Commissioner must contract with the National Academy of Sciences or another independent entity to conduct a comprehensive study of the disability determination process for SSI and SSDI. The study must examine the validity, reliability and consistency with current scientific standards of the Listings of Impairments cited above.

The study must also examine the appropriateness of the definitions of disability (and possible alternatives) used in connection with SSI and SSDI; and the operation of the disability determination process, including the appropriate method of performing comprehensive assessments of individuals under age 18 with physical or metal impairment.

The Commissioner must issue interim and final reports of the findings and recommendations of the study within 18 months and 24 months, respectively, from the date of contract for the study.

Conference agreement

The conference agreement follows the Senate amendment.

3. GENERAL ACCOUNTING OFFICE STUDY (SECTION 233)

Present law

Not applicable.

House bill

No provision.

Senate amendment

The Senate amendment requires the General Accounting Office to study and report on the impact of title II of the Senate amendment on the SSI program by January 1, 1998.

Conference agreement

The conference agreement follows the Senate amendment with modification that the study also include extra expenses incurred by families of children receiving SSI that are not covered by other Federal, State, or local programs.

SUBTITLE E—NATIONAL COMMISSION ON THE FUTURE OF DISABILITY

1. ESTABLISHMENT (SECTION 241)

Present law

Not applicable.

House bill

No provision.

Senate amendment

The Commission is established and expenses are to be paid from funds appropriated to the Social Security Administration.

Conference agreement

The conference agreement follows the Senate amendment with modification that there are authorized to be appropriated such sums as necessary to carry out the purpose of the Commission.

2. DUTIES (SECTION 242)

Present law

Not applicable.

House bill

No provision.

Senate amendment

The Commission must study all matters related in the nature, purpose and adequacy of all Federal programs for the disabled, and especially SSI and SSDI.

The Commission must examine: projected growth in the number of individuals with disabilities and the implications for program planning; possible performance standards for disability programs; the adequacy of Federal rehabilitation research and training; and the adequacy of policy research available to the Federal government and possible improvements.

The Commission must submit to the President and the proper Congressional committees recommendations and possible legislative proposals effecting needed program changes.

Conference agreement

The conference agreement follows the Senate amendment.

3. MEMBERSHIP (SECTION 243)

Present law

Not applicable.

House bill

No provision.

Senate amendment

The Commission is to be composed of 15 members, appointed by the President and Congressional leadership. Members are to be chosen based on their education, training or experience, with consideration for representing the diversity of individuals with disabilities in the U.S.

The Comptroller General must serve as an ex officio member of the Commission to advise on the methodology of the study. With the exception of the Comptroller General, no officer or employee of any government may serve on the Commission.

Members are to be appointed not later than 60 days after enactment. Members serve for the life of the Commission, which will be headquartered in D.C. and meet at least quarterly.

The Senate amendment includes a number of specific requirements on the Commission regarding quorums, the naming of chairpersons, member replacement, and benefits.

Conference agreement

The conference agreement follows the Senate amendment with modification deleting the Comptroller General as a ex officio member and deleting the prohibition against officer or employee of any government being appointed to serve on the Commission. The conferees added that the Commission membership will also reflect the general interests of the business and taxpaying community, both of which are often impacted by Federal disability policy.

4. STAFF AND SUPPORT SERVICES (SECTION 244)

Present law

Not applicable.

House bill

No provision.

Senate amendment

The Commission will have a director, appointed by the Chair, and appropriate staff, resources, and facilities.

Conference agreement

The conference agreement follows the Senate amendment.

5. POWERS (SECTION 245)

Present law

Not applicable.

House bill

No provision.

Senate amendment

The Commission may conduct public hearings and obtain information from Federal agencies necessary to perform its duties.

Conference agreement

The conference agreement follows the Senate amendment.

6. REPORTS (SECTION 246)

Present law

Not applicable.

House bill

No provision.

Senate amendment

The Commission must issue an interim report to Congress and the President not later than 1 year prior to terminating. A final public report must be submitted prior to termination.

Conference agreement

The conference agreement follows the Senate amendment.

7. TERMINATION (SECTION 247)

Present law

Not applicable.

House bill

No provision.

Senate amendment

The Commission will terminate 2 years after first having met and named a chair and vice chair.

Conference agreement

The conference agreement follows the Senate amendment.

SUBTITLE F—RETIREMENT AGE ELIGIBILITY

1. ELIGIBILITY FOR SSI BENEFITS BASED ON SOCIAL SECURITY RETIREMENT AGE (SECTION 251)

Present law

The SSI program guarantees a minimum level of cash income to all aged, blind, or disabled persons with limited resources. The SSI program defines ''aged'' as persons age 65 and older.

House bill

No provision.

Senate amendment

The Senate amendment deletes references to age 65 and instead defines as "aged" those persons who reach "retirement age" as defined by the Social Security program. The Social Security "retirement age"—the age at which retired workers receive benefits that are not reduced for "early retirement"—gradually will rise from 65 to 67. It will do so in two steps. First, the retirement age will increase by 2 months for each year that a person was born after 1937, until it reaches age 66 for those born in 1943 (i.e., those who attain age 66 in 2009). Second, it will again increase by 2 months for each year that a person was born after 1954 until it reaches age 67 for those born after 1959.

Conference agreement

The conference agreement follows the Senate amendment.

TITLE IV. RESTRICTING WELFARE AND PUBLIC BENEFITS FOR ALIENS

1. STATEMENTS OF NATIONAL POLICY CONCERNING WELFARE AND IMMIGRATION (SECTION 400)

Present law

No provision.

House bill

The Congress makes the following statements concerning national policy with respect to welfare and immigration:

(i) Self-sufficiency has been a basic principle of U.S. immigration law since this country's earliest immigration statutes;

(ii) It continues to be the immigration policy of the U.S. that aliens within the nation's borders depend not on public resources, but rely on their own capabilities and the resources of their families and sponsors and that the availability of public benefits not constitute an incentive for immigration;

(iii) Aliens have been applying for and receiving public benefits at increasing rates;

(iv) Current eligibility rules and unenforceable financial support agreements have proved incapable of assuring that individual aliens not burden the public benefits system;

(v) It is a compelling government interest to enact new rules for eligibility and sponsorship agreements to assure that aliens become self-reliant; and

(vi) It is a compelling government interest to remove the incentive for illegal immigration provided by the availability of public benefits.

Senate amendment

No provision.

Conference agreement

The conference agreement follows the House bill, with a modification regarding a State's option to choose to follow Federal classifications regarding eligibility.

SUBTITLE A—ELIGIBILITY FOR FEDERAL BENEFITS PROGRAMS

2. INELIGIBILITY OF ILLEGAL ALIENS FOR CERTAIN FEDERAL BENEFITS PROGRAMS (SECTION 401)

Present law

Current law limits alien eligibility for most major Federal assistance programs, including restrictions on, among other programs, Supplemental Security Income, Aid to Families with Dependent Children, housing assistance, and Food Stamps Programs. Current law is silent on alienage under, among other programs, school lunch and nutrition, Special Supplemental Food Program for Women, Infants, and Children (WIC), Head Start, migrant health centers, and the earned income tax credit.

Under the programs with restrictions, benefits are generally allowed for permanent resident aliens (also referred to as immigrants and green card holders), refugees, asylees, and parolees, but benefits (other than emergency Medicaid) are denied to nonimmigrants (or aliens lawfully admitted as, e.g., tourists, students, or temporary workers) and illegal aliens. Benefits are permitted under AFDC, SSI, unemployment compensation, and nonemergency Medicaid to other aliens permanently residing in the U.S. under color of law (PRUCOL).

House bill

Any alien who is not lawfully present in the U.S. shall not be eligible for any Federal means-tested public benefits program, with the exception of non-cash, in-kind emergency assistance, including emergency medical services. Housing-related assistance, which allows limited assistance for households containing both eligible and ineligible individuals, remains prohibited as under current law.

The Attorney General is to decide which aliens are lawfully present for purposes of benefit eligibility. In doing so, the Attorney General is not required to consider an alien to be lawfully present solely because the alien is considered to be permanently residing under color of law (PRUCOL) under current standards.

Senate amendment

Any individual who is not lawfully present in the U.S. is ineligible for any Federal benefit other than: emergency medical services under Medicaid; short-term emergency disaster relief; assistance under the National School Lunch Act or the Child Nutrition Act of 1966; and public health assistance for immunizations and, if found necessary by HHS, testing for and treatment of communicable diseases. Similarly, States which administer a Federally-funded benefit program (or provide benefits pursuant to such a program) are not required to assist aliens who are not lawfully present.

An individual is lawfully present for purposes of qualifying for benefits if the individual is a citizen, non-citizen national (i.e. American Samoan), permanent resident alien, refugee, asylee (including an alien who has had his/her deportation stayed because it would return the alien to a country which would persecute him/her), or an alien who has been paroled into the U.S. by the Attorney General for at least 1 year.

Noncitizens are not lawfully present for the purposes of the SSI program merely because they are considered to be permanently residing under color of law (PRUCOL).

Conference agreement

The conference agreement generally follows the House bill and the Senate amendment, except that aliens who are not lawfully present in the U.S. and nonimmigrants and aliens paroled into the U.S. for a period of less than 1 year as described below are grouped together and defined as classes "not qualified" to receive most Federal public benefits. However, even these "non-qualified" aliens may continue to receive: short-term, in-kind, emergency disaster relief; emergency medical services under Medicaid; public health assistance for immunizations and testing and treatment to prevent the spread of communicable diseases; and programs specified by the Attorney General as necessary to protect life and safety, such as soup kitchens and crisis counseling. An exception is also made for benefits payable under title II of the Social Security Act for certain legal aliens. With regard to public housing assistance, non-qualified aliens receiving benefits on the date of enactment will continue to be treated as they are under current law. This section, however, does not prevent the Secretary of Housing and Urban Development or the Secretary of Agriculture from processing all aliens currently receiving housing assistance under the rules and regulations provided for under section 214 of the housing and Community Development Act of 1980.

The conference agreement follows the Senate amendment regarding the definition of Federal public benefits for this and subsequent sections, namely: any grant, contract, loan, professional license, or commercial license provided by an agency of the United States or by appropriated funds of the United States; and any retirement, welfare, health, disability, public or assisted housing, post-secondary education, food assistance, unemployment benefit, or any other similar benefit for which payments or assistance are provided to an individual, household, or family by an agency of the U.S. or by appropriated funds of the U.S.

The allowance for treatment of communicable diseases is very narrow. The conferees intend that it only apply where absolutely necessary to prevent the spread of such diseases. This is only a stop-gap measure until the deportation of a person or persons unlawfully here. It is *not* intended to provide authority for continued treatment of such diseases for a long term.

The allowance for emergency medical services under Medicaid is very narrow. The conferees intend that it only apply to medical care that is strictly of an emergency nature, such as medical treatment administered in an emergency room, critical care unit, or intensive care unit. The conferees do not intend that emergency med-

ical services include pre-natal or delivery care assistance that is not strictly of an emergency nature as specified herein.

The intent of the conferees is that title I, part A of the Elementary and Secondary Education Act would not be affected by section 401 because the benefit is not provided to an individual, household, or family eligibility unit.

3. INELIGIBILITY OF NONIMMIGRANTS, ASYLEES, AND PAROLEES FOR CERTAIN FEDERAL BENEFITS PROGRAMS (SECTION 401)

A. In General

Present law

The Immigration and Nationality Act lists 19 categories of nonimmigrant aliens, including tourists, business visitors, foreign students, exchange visitors, temporary workers, and diplomats. Aliens granted political asylum and aliens allowed into the U.S. under the Attorney General's discretionary parole power are not among the nonimmigrant categories. Nonimmigrants generally are denied benefits under public benefits programs that have alienage restrictions. By contrast, asylees and parolees are not disqualified.

House bill

Aliens who are lawfully in the U.S. as nonimmigrants are ineligible for means-tested Federal benefits, other than the programs excepted below. Nonimmigrants admitted as temporary agricultural workers are not to be treated as nonimmigrants for public benefits purposes, but rather are to be treated as immigrants. Other aliens who also are not to be treated as nonimmigrants include aliens granted asylum and aliens paroled into the U.S. for 1 year or longer. However, aliens paroled into the U.S. for a period briefer than 1 year are subject to the nonimmigrant restrictions.

Senate amendment

Nonimmigrant aliens are not considered lawfully present for Federal benefits purposes, and are thus ineligible for any Federal benefit other than the programs specifically excepted below.

Conference agreement

The conference agreement generally follows the Senate amendment, as described in section 2 above.

B. Excepted Programs

Present law

Of Federal programs with alien eligibility restrictions, nonimmigrants are eligible for emergency services under Medicaid. Temporary agricultural workers may receive legal services funded through the Legal Services Corporation with respect to their wages, housing, and other employment rights covered by their employment contract. Those nonimmigrants whose wages are not exempt from unemployment taxes (FUTA) may qualify for unemployment compensation under certain circumstances.

House bill

Exception of the bill's blanket denial of Federal means-tested assistance to nonimmigrants is made for Emergency Assistance, including non-cash emergency medical services. Housing-related assistance is not covered by the bill's general rule, but rather existing restrictions udner housing programs are to continue to apply. These restrictions deny assisted housing to nonimmigrants except as they may incidentally benefit as members of mixed families. However, all aliens granted parole are eligible for housing assistance.

Senate amendment

Permits nonimmigrants (and all others who are not lawfully present) to receive: emergency medical services under Medicaid; short-term emergency disaster relief; school lunch and child nutrition assistance; and public health assistance for immunizations and, if found necessary by HHS, testing for and treatment of communicable diseases.

Conference agreement

The conference agreement generally follows the Senate amendment, as described in section 2 above.

The allowance for treatment of communicable diseases is very narrow. The conferees intend that it only apply where absolutely necessary to prevent the spread of such diseases. This is only a stop-gap measure until the deportation of a person or persons unlawfully here. It is *not* intended to provide authority for continued treatment of such diseases for a long term.

The allowance for emergency medical services under Medicaid is very narrow. The conferees intend that it only apply to medical care that is *strictly* of an emergency nature, such as medical treatment administered in an emergency room, critical care unit, or intensive care unit. The conferees do not intend that emergency medical services include pre-natal or delivery care assistance that is not strictly of an emergency nature as specified herein.

C. Treatment of Aliens Paroled Into the U.S.

Present law

In some cases, aliens paroled into the U.S. are entitled to public benefits while they remain in parole status.

House bill

Aliens paroled into the U.S. for less than 1 year are treated as nonimmigrants for benefits purposes (i.e., general ineligibility) but aliens paroled into the U.S. for longer than 1 year are treated as immigrants (i.e. somewhat broader, but still limited, eligibility).

Senate amendment

Aliens who have been paroled into the U.S. for a period of less than 1 year are not considered to be lawfully present for benefits purposes and therefore are generally ineligible for benefits. (Aliens who have been paroled into the U.S. for a period of 1 year or longer are considered to be lawfully present.)

Conference agreement

The conference agreement generally follows the Senate amendment, as described in section 2 above.

4. LIMITED ELIGIBILITY OF LAWFULLY PRESENT ALIENS (OTHER THAN NONIMMIGRANTS) FOR FEDERAL BENEFITS (SECTIONS 402, 403 AND 432)

A. In General

Present law

With the exception of certain buy-in rights under Medicare, immigrants (or aliens lawfully admitted for permanent residence) are eligible for major Federal benefits, but the ability of some immigrants to meet the needs tests for SSI, AFDC, and food stamps may be affected by the sponsor-to-alien deeming provisions discussed below. Refugees, asylees, and parolees also generally are eligible. Benefits are permitted under AFDC, SSI, unemployment compensation, and nonemergency Medicaid to other aliens permanently residing in the U.S. under color of law (PRUCOL).

House bill

With certain specific exceptions noted below, any alien who is lawfully present in the U.S. shall not be eligible for any of the following Federal means-tested public benefits programs (except as they provide non-cash, in-kind emergency services): Supplemental Security Income, Temporary Assistance for Needy Families, Social Services Block Grant (Title XX), Medicaid, and Food Stamps.

Under programs other than the foregoing 5 major benefits programs, the eligibility of lawfully present aliens (other than nonimmigrants) for benefits would continue to be governed by current law as modified by the sponsor-to-alien deeming provisions discussed below. The Attorney General is to determine which aliens are "lawfully present" and is not bound in doing so by current interpretations of "PRUCOL", or "permanently residing under color of law."

Senate amendment

Except for specific classes noted below, all aliens are to be denied SSI.

Except for specific classes and programs noted below, all aliens arriving after enactment are ineligible for all Federal needs-based assistance for 5 years after entry.

Except for specific classes and programs noted below, States may deny noncitizens need-based assistance funded by the Federal Government (e.g., Temporary Assistance for Needy Families and similar block grants).

For lawfully present aliens who are in the United States on the date of enactment and who have been here 5 years, current rules will continue to apply to programs other than SSI, except as eligibility may be affected by the State option to deny noncitizens needs-based assistance funded by Federal funds.

Conference agreement

The conference agreement follows the House bill and the Senate amendment with the following modifications:

(1) current resident aliens and those arriving after enactment (with the exception of the specific classes described below) may not receive SSI or food stamps until attaining citizenship or working long enough (that is, at least 10 years) to qualify for Social Security retirement benefits;

(2) aliens have no entitlement to benefits;

(3) States have the option of providing benefits to lawfully present aliens under the TANF, Medicaid, or Title XX programs; and

(4) new entrants are denied benefits under all Federal means-tested programs for five years after their entry into the United States with the exception of those programs described in section (4)(B) below.

B. Excepted Programs

Present law

Not applicable (See above.)

House bill

Only exception for non-cash, in-kind emergency services, as described above.

Senate amendment

The 5-year bar on Federally-funded assistance to new arrivals does not apply to:

(1) emergency medical services under Medicaid;

(2) short-term emergency disaster relief;

(3) assistance under the National School Lunch Act or the Child Nutrition Act of 1996;

(4) the Head Start program;

(5) foster care and adoption assistance (but foster parents or adoptive parents cannot be aliens who are ineligible for benefits due to this provision);

(6) public health assistance for immunizations and, if found necessary by HHS, testing for and treatment of communicable diseases; and

(7) programs specified by the Attorney General that

(i) deliver services at the community level,

(ii) do not condition assistance on the recipient's income or resources, and

(iii) are necessary to protect life, safety, or public health (e.g. soup kitchens).

States may deny needs-based assistance funded by the Federal government to all noncitizens except (1) programs described above in 1, 2, 3, 4, 6, or 7; or (2) assistance to noncitizens in the classes described below.

Conference agreement

The conference agreement follows the Senate amendment, with the modification that Head Start is not an excepted program but

the following programs are excepted: (1) programs of student assistance under titles IV, V, IX, and X of the Higher Education Act of 1965, and (2) means-tested programs under the Elementary and Secondary Education Act of 1965.

C. Excepted Classes

Present law

Not applicable. (See above.)

House bill

Excepted are:

(i) refugees during their first 5 years in the U.S.;

(ii) aliens who have been lawfully admitted to the U.S. for permanent residence, are over 75 years of age, and have resided in U.S. for at least 5 years;

(iii) honorably discharged veterans and active duty personnel or their spouses and unmarried dependent children lawfully residing in any State or territory or possession of the U.S.;

(iv) aliens lawfully residing in any State or Territory or Possession of the U.S. during the first year of enactment; and

(v) immigrants who are unable to comply with naturalization requirements because of disability or mental impairment.

Senate amendment

Excepted are:

(i) refugees during their first 5 years in the U.S.;

(ii) honorably discharged veterans (if determined by the Attorney General to be lawfully present), and their spouses and unmarried dependent children;

(iii) aliens receiving SSI benefits on the date of enactment (whose eligibility would end) will remain eligible for SSI until January 1, 1997;

(iv) asylees (including those who have had deportation stayed because it would return them to a country which would persecute them) during their first 5 years in the U.S.;

(v) noncitizens who have worked long enough to be fully insured for Social Security or disability insurance benefits are exempt from the ban on SSI and the prospective 5 year ban; and

(vi) agencies may exempt individuals who have been battered or subjected to extreme cruelty from the denial of State-administered Federal benefits (and the sponsor-alien "deeming" provision discussed below) if the resulting denial of assistance will endanger their well-being.

Conference agreement

The conference agreement follows the House bill and the Senate amendment so that the following classes are excepted:

(1) refugees (during their first 5 years in the U.S.), asylees (for 5 years after being adjudicated as an asylee), and aliens whose deportation has been withheld (during their first 5 years after their deportation has been withheld);

(2) with regard to current residents and with regard to noncitizens arriving after the date of enactment after their fifty year in the country, aliens who have been lawfully admitted to the U.S. for permanent residence and have worked at least 40 quarters (that is, at least 10 years which is currently the criteria for eligibility for Social Security retirement benefits);

(3) honorably discharged veterans and active duty personnel or their spouses and unmarried dependent children lawfully residing in any State, territory, or possession of the U.S.; and

(4) lawfully present aliens receiving SSI or food stamps on the date of enactment, whose eligibility would end January 1, 1997.

D. Effective Date(s)

Present law

Not applicable.

House bill

In general, applies to applicants for benefits after the date of enactment. For current residents of the U.S. on the date of enactment, restriction on eligibility does not apply until 1 year after enactment.

Senate amendment

In general, applies to benefits on or after the date of enactment. Current SSI recipients lose eligibility after January 1, 1997. The Attorney General must adopt regulations to verify the eligibility of applicants for Federal benefits no later than 18 months after enactment. States must have a verification system that complies with these regulations within 24 months of their adoption.

Conference agreement

The conference agreement follows the Senate amendment, with the modification that the eligibility of current resident noncitizens receiving SSI and food stamps on the date of enactment ends for months beginning on or after January 1, 1997.

E. Reapplication

Present law

An individual who is eligible for SSI but who thereafter becomes ineligible for a period of 12 consecutive months must reapply for benefits.

House bill

No provision.

Senate amendment

Individuals receiving SSI benefits on the date of enactment who are notified of their termination of eligibility may reapply for benefits within 4 months after the date of enactment. The Commis-

sioner of Social Security shall determine within 1 year of enactment the eligibility of individuals who reapply.

Conference agreement

The conference agreement follows the Senate amendment.

5. NOTIFICATION (SECTION 404)

Present law

Under regulation, individual advance written notice must be given of an intent to suspend, reduce, or terminate SSI benefits.

House bill

Each Federal Agency that administers an affected program shall post information and provide general notification to the public and to program recipients of changes regarding eligibility.

Senate amendment

The Commissioner of Social Security shall notify noncitizens made ineligible for SSI benefits within 3 months after the date of enactment.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

6. VERIFICATION (SECTIONS 433 AND 435) AND INFORMATION SHARING (SECTION 404)

Present law

State agencies that administer most major Federal programs with alienage restrictions generally use the SAVE (Systematic Alien Verification for Entitlements) system to verify the immigration status of aliens applying for benefits.

AFDC and SSI require safeguards that restrict the use of disclosure of information concerning applicants or recipients to purposes connected to the administration of needs-based Federal programs.

House bill

No provision.

Senate amendment

The Attorney General must adopt regulations to verity the lawful presence of applicants for Federal benefits no later than 18 months after enactment. States must have a verification system that complies with these regulations within 24 months of their adoption.

The agencies which administer SSI, housing assistance programs under the United States Housing Act of 1937, or block grants for temporary assistance for needy families (the successor program to AFDC) are required to furnish information to the Immigration and Naturalization Service (INS) about aliens they know to be unlawfully in the United States at least 4 times annually and upon INS request.

Conference agreement

The conference agreement follows the Senate amendment, with the modification that no State or local government may be restricted from communicating with the INS about the immigration status of a noncitizen in the U.S.

SUBTITLE B—ELIGIBILITY FOR STATE AND LOCAL PUBLIC BENEFITS PROGRAMS

7. INELIGIBILITY OF ILLEGAL ALIENS FOR STATE AND LOCAL PUBLIC BENEFITS PROGRAMS (SECTIONS 411 AND 435)

Present law

Under *Plyler* v. *Doe* (457 U.S. 202 (1982)), States may not deny illegal alien children access to a public elementary education. However, the narrow 5–4 Supreme Court decision may imply that illegal aliens may be denied at least some State benefits and that Congress may influence the eligibility of illegal aliens for State benefits. Many, but not all, State general assistance laws currently deny illegal aliens means-tested general assistance.

House bill

No alien who is not lawfully present in the U.S. shall be eligible for any State and local means-tested public benefits programs (see definitions below). The only exception is emergency medical services.

Senate amendment

No provision affects programs wholly administered and funded by State and local governments. Aliens who are not lawfully present are ineligible for benefits paid with Federal funds under State-administered programs (or paid with State funds pursuant to such programs).

Conference agreement

The conference agreement follows the House bill with a modification that States are permitted to affirmatively enact a State law after the date of enactment of this Act that specifies that such State wished to provide State and local benefits to illegal aliens.

No current State law, State constitutional provision, State executive order or decision of any State or Federal court shall provide a sufficient basis for a State to be relieved of the requirement to deny benefits to illegal aliens in subsection (a). Laws, ordinances, or executive orders passed by county, city or other local officials will not allow those entities to provide benefits to illegal aliens. Only the affirmative enactment of a law by a State legislature and signed by the Governor after the date of enactment of this Act, that references this provision, will meet the requirements of this section.

The phrase "affirmatively provides for such eligibility" means that the State law enacted must specify that illegal aliens are eligible for State or local benefits as defined in subsection (c). Persons residing under color of law shall be considered to be aliens unlawfully present in the U.S. and are prohibited from receiving State

or local benefits, as defined in subsection (c), regardless of the enactment of any State law.

The conference agreement provides that no State or local government entity shall prohibit, or in any way restrict, any entity or official from sending to or receiving from the INS information regarding the immigration status of an alien or the presence, whereabouts, or activities of illegal aliens. It does not require, in and of itself, any government agency or law enforcement official to communicate with the INS.

The conferees intend to give State and local officials the authority to communicate with the INS regarding the presence, whereabouts, or activities of illegal aliens. This provision is designed to prevent any State or local law, ordinance, executive order, policy, constitutional provision, or decision of any Federal or State court that prohibits or in any way restricts any communication between State and local officials and the INS. The conferees believe that immigration law enforcement is as high a priority as other aspects of Federal law enforcement, and that illegal aliens do not have the right to remain in the U.S. undetected and unapprehended.

8. INELIGIBILITY OF NONIMMIGRANTS FOR STATE AND LOCAL PUBLIC BENEFITS PROGRAMS (SECTION 411)

Present law

Currently, there is no Federal law barring nonimmigrants from State and local needs-based programs. In general, States are restricted in denying assistance to nonimmigrants where the denial is inconsistent with the terms under which the nonimmigrants were admitted. Where a denial of benefits is not inconsistent with Federal immigration law, however, States have broader authority to deny benefits and States often do deny certain benefits to nonimmigrants. Also, aliens in most nonimmigrant categories generally may have difficulty qualifying for many State and local benefits because of requirements that they be State "residents."

House bill

No alien who is lawfully present in the U.S. as a nonimmigrant shall be eligible for any State and local means-tested public benefit programs. Exceptions for: non-cash emergency assistance (including emergency medical services) aliens granted asylum, and certain temporary agricultural workers who are treated as immigrants for purposes of application for State and local means-tested benefits (see below). Aliens paroled into the U.S. for a period of less than 1 year are considered to be nonimmigrants under this part.

Senate amendment

No provision affects programs wholly administered and funded by State or local governments. Nonimmigrants are not considered to be lawfully present for Federal benefits purposes and are thus ineligible for benefits paid with Federal funds under State-administered programs (or paid with State funds pursuant to such programs).

Conference agreement

The conference agreement follows the House bill, with the modification that States may determine the eligibility of nonimmigrants and short-term parolees for State and local benefits.

9. STATE AUTHORITY TO LIMIT ELIGIBILITY OF IMMIGRANTS FOR STATE AND LOCAL MEANS-TESTED PUBLIC BENEFITS PROGRAMS (SECTION 412)

Present law

Under *Graham* v. *Richardson* (403 U.S. 365 (1971)), States are barred from denying legal permanent residents from State-funded assistance that is provided to equally needy citizens.

House bill

States are authorized to determine eligibility requirements for aliens who are lawfully present in the U.S. for any State and local means-tested public benefit program (other than non-cash emergency assistance, including emergency medical services), with exception of:

(i) refugees during their first 5 years in the U.S.;

(ii) Aliens who have been lawfully admitted to the U.S. for permanent residence, are over 75 years of age, and have resided in U.S. for five years;

(iii) Honorably discharged veterans and active duty personnel or their spouses and unmarried dependent children lawfully residing in any State or territory or possession of the U.S.; and

(iv) Aliens lawfully residing in any State or Territory or possession of the U.S. during the first year after the date of enactment. Aliens lawfully present would remain eligible for emergency medical services.

In addition to enhancing State discretion to impose alienage restrictions, eligibility for State and local needs-based benefits also would be restricted by application of new sponsor-to-alien deeming requirements discussed below.

Senate amendment

No provision restricts benefits wholly funded by State or local governments, but States may use the sponsor-alien deeming provisions, described below, to determine whether a sponsored individual qualifies for assistance under such a program.

Conference agreement

The conference agreement follows the House bill, except that excepted classes are modified so that they are identical to those excepted under (4)(C) for the purposes of the denial of Federal benefits for legal permanent resident noncitizens.

SUBTITLE C—ATTRIBUTION OF INCOME AND AFFIDAVITS OF SUPPORT

10. REQUIREMENTS FOR AFFIDAVITS OF SUPPORT (SECTIONS 423 AND 424)

A. When Required and Enforceability

Present law

Administrative authorities may request an affidavit of support on behalf of an alien seeking permanent residency. Requirements for affidavits of support are not specified under current law.

Under the Immigration and Nationality Act, an alien who is likely to become a public charge may be excluded from entry unless this restriction is waived, as is the case for refugees. By regulation and administrative practice, the State Department and the Immigration and Naturalization Service permit a prospective permanent resident alien (also immigrant or green card holder) who otherwise would be excluded as a public charge (i.e., insufficient means or prospective income) to overcome exclusion through an affidavit of support or similar document executed by a individual in the U.S. Individuals who execute affidavits of support commonly are called sponsors, even though that term also is used under immigration practice to refer to individuals and other entities who undertake various other acts (e.g., file a visa preference petition for a relative or prospective employee or undertake to resettle individuals who enter in refugee status) and who may or may not also execute affidavits of support. About one-half of the aliens who obtain legal permanent resident status have had affidavits of support filed on their behalf.

Various State court decisions and decisions by immigration courts have held that these affidavits, as currently constituted, do not impose a binding obligation on the sponsor to reimburse State agencies providing aid to the sponsored alien.

House bill

When affidavits of support are required, they must comply with the following:

(A) no affidavit of support may be accepted to overcome a public charge exclusion unless the affidavit is executed as a contract that is legally enforceable against the sponsor by the Federal government and by any State or local government with respect to any means-tested benefits paid to the sponsored alien before the alien becomes a citizen. However, affidavits of support are not to be construed to provide any right to sponsored aliens;

(B) any Federal, State or local means-tested benefits paid to sponsored alien;

(C) to qualify to execute an affidavit of support, an individual must be within the definition of sponsor set out in item G(1), below;

(D) governmental entities that provide benefits may seek reimbursement up to 10 years after a sponsored alien last receives benefits. In the affidavit of support, the sponsor must agree to submit to the jurisdiction of any Federal or State

court regarding reimbursement of the cost of benefits received by the alien; and

(E) sponsorship extends until alien becomes a citizen.

Senate amendment

When affidavits of support are required, they must comply with the following:

(A) no affidavit of support may be relied upon to overcome a public charge exclusion unless the affidavit is executed as a contract that is legally enforceable against the sponsor by the sponsored alien and by Federal, State, and local governmental entities that provide the sponsored alien with means-tested assistance during the support period described below;

(B) programs for which reimbursement shall be requested are: (1) AFDC or its successor; (2) Medicaid; (3) Food Stamps; (4) SSI; (5) any State general assistance program; and (6) any other Federal, State or local need-based program. However, governmental entities cannot seek reimbursement with respect to (1) emergency medical services under Medicaid; (2) short-term emergency disaster relief; (3) assistance provided under the National School Lunch Act or the Child Nutrition Act of 1966; (4) the Head Start program; (5) public health assistance for immunizations and, if determined necessary by HHS, testing for or treatment of communicable diseases; and (6) programs specified by the Attorney General that (i) deliver services at the community level, (ii) do not condition assistance on the recipient's income or resources, and (iii) are necessary to protect life, safety, or public health (e.g. soup kitchens);

(C) to qualify to execute an affidavit of support, an individual must be within the definition of sponsor set out in item G(1), below;

(D) governmental entities may seek reimbursement of other means-tested assistance up to 10 years after a sponsored alien last receives benefits. In the affidavit of support, the sponsor must agree to submit to the jurisdiction of any Federal or State court regarding reimbursement of the cost of benefits received by the alien; and

(E) sponsor must agree in the affidavit of support to provide sufficient financial support so that the sponsored individual will not become a public charge until the individual has worked in the U.S. for 40 qualifying quarters, regardless of whether the individual chooses to naturalize or not. A qualifying quarter is a 3-month period (1) which counts as a quarter for the purposes of social security coverage, (2) during which the individual did not receive needs-based assistance, and (3) which occurs in a tax year for which the individual had income tax liability.

Conference agreement

The conference agreement follows the House bill and the Senate amendment as follows:

When affidavits of support are required, they must comply with the following:

(A) no affidavit of support may be accepted to overcome a public charge exclusion unless the affidavit is executed as a contract that is legally enforceable against the sponsor by the Federal government with respect to any means-tested benefits paid to the sponsored alien before the alien becomes a citizen. However, affidavits of support are to to be construed to provide any right to sponsored aliens;

(B) programs for which reimbursement shall be requested are: (1) AFDC or its successor; (2) Medicaid; (3) Food Stamps; (4) SSI; (5) any State general assistance program; and (6) any other Federal, State or local need-based program. However, governmental entities cannot seek reimbursement with respect to (1) emergency medical services under Medicaid; (2) short-term emergency disaster relief; (3) assistance provided under the National School Lunch Act or the Child Nutrition Act of 1966; (4) payments for foster care and adoption assistance under part B of title IV of the Social Security Act; (5) public health assistance for immunizations and, if determined necessary by HHS, testing for or treatment of communicable diseases; (6) programs specified by the Attorney General that (i) deliver services at the community level, (ii) do no condition assistance on the recipient's income or resources, and (iii) are necessary to protect life, safety, or public health (e.g. soup kitchens); and (7) postsecondary education benefits (the conference report includes a provision that, notwithstanding sections 427(a)(2)(A), 428B(a), 428C(b)(4)(A), and 464(c)(1)(E), would prohibit a lawfully admitted alien from receiving a student loan authorized under Title IV of the Higher Education Act unless the loan is endorsed and cosigned by the alien's sponsor or by another individual who is a United States citizen. The conferees recognize that this provision is not currently a feature of the Higher Education Act and are aware that this requirement will necessitate modifications to the regulations that govern Federal student aid, and the application forms through which students apply. The conferees expect the Department of Education to minimize the regulatory burden on students and schools that may attend this provision, and instruct the Department to work closely with the higher education community to develop regulations and forms to implement this requirement);

(C) to qualify to execute an affidavit of support, an individual must be within the definition of sponsor set out in item G(1) below;

(D) governmental entities that provide benefits may seek reimbursement up to 10 years after a sponsored alien last receives benefits. In the affidavit of support, the sponsor must agree to submit to the jurisdiction of any Federal or State court regarding reimbursement of the cost of benefits received by the alien; and

(E) sponsorship extends until alien becomes a citizen.

The allowance for treatment of communicable diseases is very narrow. The conferees intend that it only apply where absolutely necessary to prevent the spread of such diseases. This is only a stop-gap measure until the deportation of a person of persons un-

lawfully here. It is not intended to provide authority for continued treatment of such diseases for a long term.

The allowance for emergency medical services under Medicaid is very narrow. The conferees intend that it only apply to medical care that is strictly of an emergency nature, such as medical treatment administered in an emergency room, critical care unit or intensive care unit. The conferees do not intend that emergency medical services include pre-natal or delivery care assistance that is not strictly of an emergency nature as specified herein.

B. Forms

Present law

No statutory provision. The Department of Justice issues a form (Form I–134) that complies with current sponsorship guidelines.

House bill

The Attorney General, in consultation with the Secretary of State and the Secretary of HHS shall formulate an affidavit of support within 90 days after enactment, consistent with this section.

Senate amendment

The Attorney General, the Secretary of State, and the Secretary of HHS shall jointly formulate an affidavit of support with 90 days after enactment, consistent with this section.

Conference agreement

The conference agreement follows the House bill.

C. Statutory Construction

Present law

No provision.

House bill

Nothing in this section shall be construed to grant third party beneficiary rights to any sponsored alien under an affidavit of support.

Senate amendment

The Senate amendment expressly requires that affidavits of support permit sponsored individuals to enforce support obligations of their sponsors as contained in the affidavits.

Conference agreement

The conference agreement follows the Senate amendment.

D. Notification of Change of Address

Present law

There is no express requirement under current administrative practice that sponsors inform welfare agencies of a change in address. However, a sponsored alien who applies for benefits for

which deeming is required must provide various information regarding the alien's sponsor.

House bill

Until they no longer are potentially liable for reimbursement of benefits paid to sponsored aliens, sponsors must notify welfare agencies of any change of their address within 30 days of moving. Failure to notify may result in a civil penalty of up to $2000 or, if the failure occurs after knowledge that the sponsored alien has received a reimbursable benefit, of up to $5000.

Senate amendment

Until they no longer are potentially liable for reimbursement of benefits paid to sponsored individuals, sponsors must notify the Attorney General and the State, district, territory or possession in which the sponsored individual resides of any change of their address within 30 days of moving. Failure to notify may result in a civil penalty of up to $2000 or, if the failure occurs after knowledge that the sponsored individual has received a reimbursable benefit, of up to $5000.

Conference agreement

The conference agreement follows the Senate amendment.

E. Reimbursement Procedures

Present law

Various State court decisions and decisions by immigration courts have held that these affidavits, as currently constituted, do not impose a binding obligation on the sponsor to reimburse State agencies providing aid to the sponsored alien.

House bill

If a sponsored alien receives any benefit under any means-tested public assistance program, the appropriate Federal, State, or local official shall request reimbursement by the sponsor in the amount of such assistance. Thereafter the official may seek reimbursement in court if the sponsor fails to respond within 45 days of the request that the sponsor is willing to begin repayments. The official also may seek reimbursement through the courts within 60 days after a sponsor fails to comply with the terms of repayment. The Attorney General, in consultation with the Secretary of HHS, shall prescribe regulations on requesting reimbursement. No action may be brought later than 10 years after the alien last received benefits.

Senate amendment

Upon notification that a sponsored individual has received a reimbursable need-based benefit (see above), the appropriate government official shall request reimbursement in accordance with the same procedures and limitations that are in the House bill. The Commissioner of Social Security is to prescribe regulations for requesting reimbursement from sponsors, and such regulations must

include the notification of sponsors (at their last known address) by certified mail.

Conference agreement

The conference agreement follows the House bill.

F. Jurisdiction

Present law

State law sets forth which types of cases its courts will hear, subject to due process requirements on minimal connections between activities, people, or property within the State and the matter being litigated.

House bill

No provision.

Senate amendment

No State court shall decline for lack of jurisdiction to hear any action brought against a sponsor for reimbursement for the cost of any benefit if the sponsored individual received public assistance while residing in the State.

Conference agreement

The conference agreement follows the Senate amendment. The conferees intend that both Federal and State courts have jurisdiction over reimbursement actions against a sponsor.

G. Definitions

Present law

No provision.

House bill

A "Sponsor" is an individual who (1) is a citizen or national of the U.S. or an alien who is lawfully admitted to the U.S. for permanent residence; (2) is at least 18 years of age; and (3) resides in any State.

A "Means-Tested Public Benefits Program" is a program of public benefits of the Federal, State or local government in which eligibility or the amount of benefits or both are determined on the basis of income, resources, or financial need.

Senate amendment

A "Sponsor" is an individual who (1) is a citizen or national of the U.S. or an alien who is lawfully admitted to the U.S. for permanent residence; (2) is at least 18 years of age; (3) resides in any State or U.S. territory; and (4) is able to demonstrate (through evidence which includes attested copies of tax returns for the 2 most recent tax years) the means to maintain an income equal to 200 percent of the Federal poverty line for the individual and the individual's family, including the person sponsored.

"Federal Poverty Line" has the same meaning as in section 673(2) of the Community Services Block Grant Act.

A "Qualifying Quarter" is a 3-month period (1) in which the sponsored individual earned at least the minimum necessary for the period to count as one of 40 calendar quarters required to qualify for Social Security retirement benefits; (2) during which the sponsored individual did not receive need-based public assistance; and (3) which falls within a tax year for which the sponsored individual had income tax liability.

Conference agreement

The conference agreement follows the House bill and the Senate amendment, except that the sponsor is not required to demonstrate the means to maintain an income equal to 200 percent of the poverty level and the Senate recedes on the conditions that a qualifying quarter is (1) one in which the sponsored individual did not receive need-based public assistance, and (2) one which falls within a tax year for which the sponsored individual has tax liability. The sponsor must also be the person petitioning for the alien's admission, and reside in one of the 50 States or the District of Columbia.

H. Clerical Amendment

Present law

Not applicable.

House bill

A minor clerical amendment.

Senate amendment

No provision.

Conference agreement

The conference agreement follows the House bill.

I. Effective Date

Present law

Not applicable.

House bill

The changes regarding affidavits of support shall apply to affidavits of support executed no earlier than 60 days or later than 90 days after the Attorney General promulgates the form.

Senate amendment

No provision.

Conference agreement

The conference agreement follows the House bill.

11. ATTRIBUTION OF SPONSOR'S INCOME AND RESOURCES TO SPONSORED IMMIGRANTS (SECTIONS 421 AND 422)

A. Federal Benefits

Present law

In determining whether an alien meets the means test for Aid to Families with Dependent Children (AFDC), Supplemental Security Income (SSI), and Food Stamps, the resources and income of an individual who filed an affidavit of support for the alien (and the income and resources of the individual's spouse) are taken into account during a designated period after entry.

House bill

During the applicable deeming period, the income and resources of an individual who files a binding affidavit of support (as required above) for an alien (and the income and resources of the individual's spouse) are taken into account under all Federal means-tested programs (with the exception of housing-related assistance) in determining a sponsored alien's neediness. Current law remains effective for aliens whose sponsors filed affidavits before the new affidavit requirements become effective (60–90 days after enactment).

Senate amendment

During the applicable deeming period, the income and resources of an individual who filed an affidavit of support for an alien (and the income and resources of the individual's spouse) are to be taken into account under all Federally-funded means-tested programs (with the exception of the programs below) in determining the sponsored individual's neediness.

Excepted programs are (1) emergency Medicaid services; (2) short-term emergency disaster relief; (3) assistance provided under the National School Lunch Act or the Child Nutrition Act of 1966; (4) the Head Start program; (5) public health assistance for immunizations and, if determined by HHS, testing for or treatment of communicable diseases; and (6) programs specified by the Attorney General that (i) deliver services at the community level, (ii) do not condition assistance on the recipient's income or resources, and (iii) are necessary to protect life, safety, or public health (e.g. soup kitchens).

Individuals who are exempt from deeming include (1) honorably discharged legal alien veterans and their spouses and unmarried children; (2) refugees; (3) asylees (including aliens who have had their deportation stayed because it would return them to a country which will persecute them); and (4) individuals who have been battered or subjected to extreme cruelty, if application of deeming would endanger their well-being.

Conference agreement

The conference agreement follows the Senate amendment, except that post-secondary education is included as an excepted program, Head Start is not included as an excepted program, individuals who have worked 40 quarters as defined in this title are in-

cluded as an excepted class, and battered individuals are not included as an excepted class.

The allowance for treatment of communicable diseases is very narrow. The conferees intend that it only apply where absolutely necessary to prevent the spread of such diseases. This is only a stop-gap measure until the deportation of a person or persons unlawfully here. It is *not* intended to provide authority for continued treatment of such diseases for a long term.

The allowance for emergency medical services under Medicaid is very narrow. The conferees intend that it only apply to medical care that is *strictly* of an emergency nature, such as medical treatment administered in an emergency room, critical care unit, or intensive care unit. The conferees do not intend that emergency medical services include pre-natal or delivery care assistance that is not strictly of an emergency nature as specified herein.

B. Amount of Income and Resources Deemed

Present law

While the offset formulas vary among the programs, the amount of income and resources deemed under AFDC, SSI, and Food Stamps is reduced by certain offsets to provide for some of the sponsor's own needs.

House bill

The full income and resources of the sponsor and the sponsor's spouse are deemed to be that of the sponsored alien.

Senate amendment

If an agency determines that a sponsored individual would not be able to obtain food and shelter without the agency's assistance (taking into account the income and resources actually provided to the individual by the sponsor and others), then deeming will not apply for a period of 12 months and the agency need take into account during this period only the amount of support the sponsor actually provides.

If the address of the sponsor is unknown to the sponsored individual, then assistance is provided until 12 months after the sponsor is located.

Conference agreement

The conference agreement follows the House bill.

C. Length of Deeming Period

Present law

For AFDC and Food Stamps, sponsor-to-alien deeming applies to a sponsored alien seeking assistance within 3 years of entry. Until September 1996, sponsor-to-alien deeming applies to a sponsored alien seeking SSI within 5 years of entry.

House bill

For aliens whose sponsors have filed binding affidavits of support as required above, the sponsors' income and resources are

deemed to the alien until the alien becomes a citizen. Current law remains effective for aliens whose sponsors filed affidavits before the new affidavit requirements become effective (60–90 days after enactment).

Senate amendment

Deeming applies until the immigrant has worked 40 qualifying quarters (the period of time future sponsors must agree to support the immigrant) or for 5 years from the alien's arrival in the U.S. (for current noncitizens), whichever is longer. Deeming continues until the above requirements are met, regardless of whether the immigrant naturalizes or not. [A qualifying quarter is a 3-month period (1) in which the sponsored individual earned at least the minimum necessary for the period to count as one of 40 calendar quarters required to qualify for Social Security retirement benefits; (2) during which the sponsored individual did not receive need-based public assistance; and (3) which falls within a tax year for which the sponsored individual had income tax liability.]

Conference agreement

The conference agreement follows the House bill, with the modification described in section A. above that sponsored noncitizens who have worked at least 40 quarters as defined in this title are excepted from deeming requirements.

D. State and Local Benefits

Present law

The highest courts of at least 2 States have held that the Supreme Court decision barring State discrimination against legal aliens in providing State benefits (*Graham* v. *Richardson*, 403 U.S. 365 (1971)) prohibits State sponsor-to-alien deeming requirements for State benefits.

House bill

In determining the eligibility and amount of benefits of an alien for any State or local means-tested public benefit program, the income and resources of the alien shall be deemed to include the income and resources of their sponsor (and their sponsor's spouse). Housing related assistance continues to be treated as under current law.

Senate amendment

With the exception of those programs exempted from all benefit restrictions (see above) and those aliens exempt from deeming requirements, States and local governments may deem a sponsor's income and resources (and those of the sponsor's spouse) to a sponsored individual in determining eligibility for and the amount of needs-based benefits. State deeming provisions must also provide for temporary assistance if the sponsor is not assisting the sponsored individual or cannot be located.

Conference agreement

The conference agreement follows the Senate amendment, except that there is no provision for temporary assistance if the sponsor is not assisting the sponsored individual or can not be located.

SUBTITLE D—GENERAL PROVISIONS

12. DEFINITIONS (SECTION 431)

A. In General

Present law

Federal assistance programs that have alien eligibility restrictions generally reference specific classes defined in the Immigration and Nationality Act.

House bill

Unless otherwise provided, the terms used in this title have the same meaning as defined in Section 101(a) of the Immigration and Nationality Act.

Senate amendment

No provision.

Conference agreement

The conference agreement follows the House bill.

B. Lawful Presence

Present law

Some programs allow benefits for otherwise eligible aliens who are "permanently residing under color of law (PRUCOL)." This term is not defined under the Immigration and Nationality Act, and there has been some inconsistency in determining which classes of aliens fit within the PRUCOL standard.

House bill

For purposes of this Title, the determination of whether an alien is lawfully present in the U.S. shall be made in accordance with regulations issued by the Attorney General. An alien shall not be considered to be lawfully present in the U.S. merely because the alien may be considered to be permanently residing in the U.S. under color of law ("PRUCOL") for purposes of any particular program.

Senate amendment

An individual is lawfully present if the individual is a citizen, non-citizen national (i.e. American Samoan), permanent resident alien, refugee, asylee (including an alien who has had his/her deportation stayed because it would return him/her to a country which would persecute him/her), or an alien who has been paroled into the U.S. by the Attorney General for at least 1 year. Individuals who are not lawfully present are ineligible for any Federal benefit.

Conference agreement

The conference agreement follows the Senate amendment with a modification that eligibility is determined by specific classes of aliens, not whether noncitizens are "lawfully present."

C. State

Present law

There is no single definition of "State" for purposes of alien eligibility under Federal assistance programs. The Immigration and Nationality Act defines "State" to include the District of Columbia, Puerto Rico, Guam, and the Virgin Islands of the United States.

House bill

The term "State" includes the District of Columbia, Puerto Rico, the U.S. Virgin Islands, Guam, the Northern Mariana Islands, and American Samoa.

Senate amendment

No provision.

Conference agreement

The conference agreement follows the House bill.

D. Public Benefits Programs

Present law

No provision.

House bill

A "Means-Tested Program" is a program of public benefits of the Federal, State, or local government in which eligibility for benefits under the program, or the amount of benefits, or both, are determined on basis of income, resources or financial need.

A "Federal Means-Tested Public Benefits Program" is a means-tested public benefit program of (or contributed to by) the Federal Government under which the Federal Government establishes standards for eligibility.

A "State Means-Tested Public Benefits Program" is a means-tested program of a State or political subdivision under which the State or political subdivision specifies the standards of eligibility, and does not include any Federal means-tested public benefits program.

Senate amendment

"Federal Benefit" means any grant, contract loan, professional or commercial license, retirement benefit, health or disability benefit, public housing, food stamps, higher education benefits, unemployment benefit, or any similar benefit provided by a Federal agency or with appropriated Federal funds. (Individuals who are not lawfully present are ineligibility for Federal benefits.)

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

13. CONSTRUCTION (SECTION 434)

Present law

Not applicable.

House bill

Nothing in this title shall be construed as addressing alien eligibility for governmental programs that are not means-tested public benefits programs.

Senate amendment

The Senate amendment's bar to Federal benefits for individuals who are not lawfully present covers a wide range of contracts, grants, licenses, and other assistance that is not means-tested.

Conference agreement

The conference agreement follows the House bill with a clarification that the subtitle is silent on alien eligibility for a basic public elementary education as determined by the U.S. Supreme Court in *Plyler* v. *Doe,* 457 U.S. 202 (1982).

SUBTITLE E—CONFORMING AMENDMENTS

14. CONFORMING AMENDMENTS RELATING TO ASSISTED HOUSING (SECTION 441)

Present law

No provision.

House bill

A series of technical and conforming amendments.

Senate amendment

No provision.

Conference agreement

The conference agreement follows the House bill.

TITLE V. REDUCTIONS IN FEDERAL GOVERNMENT POSITIONS

1. REDUCTIONS (SECTION 501)

Present law

The Department of Health and Human Services (HHS) reports that 118 employees in the Office of Family Assistance (OFA) work on AFDC and 209 (full-time equivalent positions) in regional offices of the Administration on Children and Families. The OFA employees include 30 who spend some time interpreting AFDC/JOBS policy and participating with States in State plan development.

House bill

No provision.

Senate amendment

Requires the HHS Secretary to reduce the Department workforce by 245 equivalent (FTE) positions related to the AFDC program (which the amendment would replace) and by 60 full-time equivalent managerial positions. It also requires the Secretaries of Agriculture, Education, Labor, HHS, and Housing and Urban Development to report to Congress by December 31, 1995 on the number of (FTE) positions required to carry out "covered" activities before and after enactment of the amendment and to reduce the number of employees by the difference in numbers. A covered activity is defined as one that the Department must carry out under a provision of this Act or a provision of Federal law that is amended or repealed by the Act.

Conference agreement

The conference agreement follows the Senate amendment with a modification that the reductions take place over a two-year period.

2. REDUCTIONS IN FEDERAL BUREAUCRACY (SECTION 502)

Present law

No provision.

House bill

No provision.

Senate amendment

This section also provides for a reduction of 75 percent of the FTE positions "at each such Department" that relate to any direct spending program, or program funded through discretionary spending, that is converted into a block grant program under the Act (but it calls for this action to be taken by the HHS Secretary alone to each such Department).

Conference agreement

The conference agreement follows the Senate agreement.

3. REDUCING PERSONNEL IN WASHINGTON, D.C. AREA (SECTION 503)

Present law

No provision.

House bill

No provision.

Senate amendment

In making reductions the Secretaries are encouraged to reduce personnel in the Washington, D.C. area office before reducing field personnel.

Conference agreement

The conference agreement follows the Senate amendment.

TITLE VI. HOUSING

1. CEILING RENTS

Present law

The rent paid by a public housing tenant is the greater of 30 percent of "adjusted" monthly income or 10 percent of gross income. Adjusted income deducts from annual gross income $480 per dependent, $400 for an elderly family, excess medical costs for an elderly family, and costs of child care and handicapped assistance. Regulations exclude some items from "income" by definition, among them: irregular gifts, amounts that reimburse medical expenses, earnings of children, and payments received for the care of foster children. There is no ceiling on rent paid by the tenant. When a tenant's income rises, his/her rent increases, usually by 30 cents per extra dollar of income.

House bill

No provision.

Senate amendment

The Senate amendment would permit a public housing agency to establish a ceiling on monthly rent charged to a tenant. The amendment stipulates that the amount must reflect the reasonable rental value of the unit, as compared with similar types and sizes of dwelling units in the market area, must at least equal the monthly cost to operate the housing, and must not exceed the amount payable as rent under current law (30 percent of adjusted income, or 10 percent of gross income).

Conference agreement

The conference agreement follows the House bill (no provision).

2. DEFINITION OF ADJUSTED INCOME FOR PUBLIC HOUSING

Present law

Under current law adjusted income deducts from annual gross income $480 per dependent, $400 for an elderly family, excess medical costs for an elderly family, and costs of child care and handicapped assistance. Regulations exclude some items from "income" by definition, among them: irregular gifts, amounts that reimburse medical expenses, earnings of children, and payments received for the care of foster children.

House bill

No provision.

Senate amendment

The amendment would permit a public housing agency to disregard up to 20 percent of the earned income of the family, thus reducing its rental payment. It provides that if a housing agency offers this earnings incentive, the operating subsidy for the unit

shall take no account of the resulting change in rental income until actual subsidies equal those that would have been received if all earnings were counted.

Conference agreement

The conference agreement follows the House bill (no provision).

3. FAILURE TO COMPLY WITH OTHER WELFARE AND PUBLIC ASSISTANCE PROGRAMS (SECTION 601)

Present law

See item 7, below.

House bill

No provision.

Senate amendment

The amendment would provide that there be no reduction in public or assisted housing rents in response to a tenant's reduced income resulting from non-compliance with welfare or public assistance program requirements; permits reduction where State or local law limits the period during which benefits may be provided.

Conference agreement

The conference agreement follows the Senate amendment.

4. APPLICABILITY TO INDIAN HOUSING

Present law

The Housing and Urban Development (HUD) Indian Housing Program operates through Indian housing authorities. In general Indian housing authorities are comparable to public housing authorities in structure and function.

House bill

No provision.

Senate amendment

Provisions of this title apply to public housing developed or operated pursuant to a contract between the HUD Secretary and an Indian housing authority.

Conference agreement

The conference agreement follows the House bill (no provision).

5. IMPLEMENTATION

Present law

No provision.

House bill

No provision.

Senate amendment

The Secretary must issue regulations necessary to carry out this title and its amendments.

Conference agreement

The conference agreement follows the House bill (no provision).

6. DEMONSTRATION PROJECT FOR ELIMINATION OF TAKE-ONE-TAKE-ALL REQUIREMENT

Present law

A Federal rule requires that if a multifamily rental housing owner makes at least one unit available to a person with a section 8 certificate or voucher, the owner cannot refuse another section 8 participant on the sole basis that he has a section 8 subsidy.

House bill

No provision.

Senate amendment

Creates a demonstration project in Madison, Wisconsin; the amendment would eliminate a so-called "take-one, take-all" requirement that concerns tenant applicants with section 8 certificates or vouchers.

Conference agreement

The conference agreement follows the House bill (no provision).

7. FRAUD UNDER MEANS-TESTED WELFARE AND PUBLIC ASSISTANCE PROGRAMS (SECTION 602)

Present law

If a family's adjusted cash income declines—no matter what the reason—its housing benefit is increased (that is, its rental payment is decreased, by 30 cents per dollar). This applies to cash income from any source, including means-tested benefit programs. However, the housing programs take no account of noncash income. Thus, if food stamp benefits decline, housing benefits are unaffected.

House bill

No provision.

Senate amendment

The amendment provides that if a person's means-tested benefits from a Federal, State, or local program are reduced because of an act of fraud, their benefits from public or assisted housing (and from food stamps and family assistance) may not be increased in response to the income loss caused by the penalty.

Conference agreement

The conference agreement follows the Senate amendment.

8. EFFECTIVE DATE (SECTION 603)

Present law

Not applicable.

House bill

No provision.

Senate amendment

Date of enactment.

Conference agreement

The conference agreement follows the Senate amendment.

TITLE VII. CHILD PROTECTION BLOCK GRANT PROGRAM AND FOSTER CARE AND ADOPTION ASSISTANCE

1. ESTABLISHMENT OF PROGRAM (SECTION 701)

A. Purpose

Present law

Child Welfare Services, now provided for in Title IV–B of the Social Security Act, are designed to help States provide child welfare services, family preservation and community-based family support services, and improve State court procedures related to child welfare.

Title IV–E Foster Care and Title IV–E Adoption Assistance are intended to help States finance foster care and adoption assistance maintenance payments, administration, child placement services, and training related to foster care and adoption assistance.

The purpose of the Title IV–E Independent Living program is to help older foster children make the transition to independent living.

House bill

The House provision replaces Title IV–B and Title IV–E of the Social Security Act and several additional programs (see below) by establishing a block grant to enable eligible States to carry out child protection programs to:

(1) identify and assist families at risk of abusing or neglecting their children;

(2) operate a system for receiving reports of abuse or neglect of children;

(3) investigate families reported to abuse or neglect their children;

(4) provide support, treatment, and family preservation services to families which are, or are at risk of, abusing or neglecting their children;

(5) support children who must be removed from or who cannot live with their families;

(6) make timely decisions about permanent living arrangements for children who must be removed from or who cannot live with their families; and

(7) provide for continuing evaluation and improvement of child protection laws, regulations, and services.

Additional programs to be replaced are: the Child Abuse Prevention and Treatment Act; the Abandoned Infants Assistance Act; adoption opportunities under the Child Abuse Prevention and Treatment and Adoption Reform Act; family support centers under the McKinney Homeless Assistance Act; grants to improve investigation and prosecution of child abuse cases, and children's advocacy centers under the Victims of Child Abuse Act; crisis nurseries under the Temporary Child Care and Crisis Nurseries Act; and Family Unification under Section 8 of the Housing Act.

Senate amendment

The Senate amendment would leave intact child welfare services, foster care, adoption assistance and independent living, which are permanently authorized under Title IV–B and IV–E of the Social Security Act. The Senate amendment would reauthorize the Child Abuse Prevention and Treatment Act; adoption opportunities; abandoned infants assistance; missing children's assistance; investigation and prosecution grants, and children's advocacy centers under the Victims of Child Abuse Act. The amendment would repeal both the Temporary Child Care and Crisis Nurseries Act and the Family Support Centers under the McKinney Homeless Assistance Act.

The Senate amendment gives the Secretary authority under CAPTA to make grants to the States for purposes of assisting the States in improving the child protective service system of each State in:

(1) screening intake, assessing, and investigating of reports of abuse and neglect;

(2) creating and improving the use of multidisciplinary teams and interagency protocols to enhance investigations;

(3) improving case management and delivery of services;

(4) enhancing the general child protection system by improving risk and safety assessment tools and protocols and automation systems;

(5) developing, strengthening, and facilitating training opportunities and requirements for individuals overseeing and providing services to children and their families;

(6) developing and facilitating training protocols for individuals mandated to report child abuse or neglect;

(7) developing, strengthening, and supporting child abuse and neglect prevention, treatment, and research programs in the public and private sectors;

(8) developing, implementing, or operating information and education programs or training programs designed to improve the provision of services to disabled infants with life-threatening conditions; and

(9) developing and enhancing the capacity of community-based programs to integrate shared leadership strategies between parents and professionals to prevent and treat child abuse and neglect at the neighborhood level.

Conference agreement

The Conference agreement establishes a child protection program with three major elements: open-ended entitlements for both foster care and adoption maintenance payments, a Child Protection Block Grant program focusing on prevention and services, and a Child and Family Services Block Grant program that includes research, and demonstrations as well as services. The first block grant (the Child Protection Block Grant) has two components: an entitlement component and a discretionary spending component. Funds for the entitlement component of the block grant are made available by termination of several existing entitlement programs. These include foster care administration, foster care training, adoption assistance administration, adoption assistance training, independent living, and family preservation and support.

The second block grant established by this title is the Child and Family Services Block Grant, replacing the Child Abuse Prevention and Treatment Act, the Abandoned Infants Assistance Act, adoption opportunities under the Child Abuse Prevention and Treatment and Adoption Reform Act, family support centers under the McKinney Homeless Assistance Act, and the Temporary Child Care and Crisis Nurseries Act.

The purpose of the Child Protection Block Grant is to:

(1) identify and assist families at risk of abusing or neglecting their children;

(2) operate a system for receiving reports of abuse or neglect of children;

(3) improve the intake, assessment, screening, and investigation of reports of abuse and neglect;

(4) enhance the general child protective system by improving risk and safety assessment tools and protocols;

(5) improve legal preparation and representation, including procedures for appealing and responding to appeals of substantiated reports of abuse and neglect;

(6) provide support, treatment, and family preservation services to families which are, or are at risk of, abusing or neglecting their children;

(7) support children who must be removed from or who cannot live with their families;

(8) make timely decisions about permanent living arrangements for children who must be removed from or who cannot live with their families;

(9) provide for continuing evaluation and improvement of child protection laws, regulations, and services;

(10) develop and facilitate training protocols for individuals mandated to report child abuse or neglect; and

(11) develop and enhance the capacity of community-based programs to integrate shared leadership strategies between parents and professionals to prevent and treat child abuse and neglect at the neighborhood level.

B. Eligible States

Eligible State

Present law

To be eligible for funding under Title IV–B and IV–E, States must have State plans (developed jointly with the Secretary under title IV–B, and approved by the Secretary under Title IV–E).

House bill

An "Eligible State" is one that, during the 3-year period that ends on October 1 of the fiscal year, has submitted to the Secretary a plan that describes how the State intends to pursue the purposes described above.

Senate amendment

No directly comparable provision in Titles IV–B or IV–E. Current law would remain intact. See Item 6.I., below, for summary of State eligibility under CAPTA.

Conference agreement

An "Eligible State" is one that has submitted to the Secretary, not later than October 1, 1996 and every three years thereafter, a plan (as described below) which has been signed by the Chief Executive officer of the State.

Outline of child protection program

Present law

States must have a child welfare services plan developed jointly by the Secretary and the relevant State agency which provides for single agency administration and which describes services to be provided and geographic areas where services will be available, among numerous other requirements. To receive their full allotment of incentive funds under Title IV–B, States also must comply with extensive Federal Section 427 child protections. The State plan also must meet many other requirements, such as setting forth a 5-year statement of goals for family preservation and family support and assuring the review of progress toward those goals. For foster care and adoption assistance, States must submit for approval a Title IV–E plan providing for a foster care and adoption assistance program and satisfying numerous requirements. The Child Abuse Prevention and Treatment Act requires States to have in effect a law for reporting known and suspected child abuse and neglect as well as providing for prompt investigation of child abuse and neglect reports, among many other requirements.

House bill

A State plan must include the following outline of the State's Child Protection Program including procedures to be used for:

a. receiving reports of child abuse or neglect;

b. investigating such reports;

c. protecting children in families in which child abuse or neglect is found to have occurred;

d. removing children from dangerous settings;
e. protecting children in foster care;
f. promoting timely adoptions;
g. protecting the rights of families, using adult relatives as the preferred placement for children separated from their parents if such relatives meet all relevant standards;
h. preventing child abuse and neglect; and
i. establishing and responding to citizen review panels.

Senate amendment

No directly comparable provision in Titles IV–B or IV–E. Current law would remain intact. CAPTA requires a 5-year plan that is coordinated with the State plan for child welfare services and family preservation. For amendments to CAPTA requirements, see Section 6 of this document below.

Conference agreement

A State plan must include information on the Child Protection Program including procedures to be used for:

a. receiving and assessing reports of child abuse or neglect;
b. investigating such reports;
c. with respect to families in which abuse or neglect has been confirmed, providing services or referral for services for families and children where the State makes a determination that the child may safely remain;
d. protecting children by removing them from dangerous settings and ensuring their placement in a safe environment;
e. providing training for individuals mandated to report suspected cases of child abuse or neglect;
f. protecting children in foster care;
g. promoting timely adoptions;
h. protecting the rights of families, using adult relatives as the preferred placement for children separated from their parents if such relatives meet all relevant standards;
i. providing services aimed at preventing child abuse and neglect; and
j. establishing and responding to citizen review panels.

Certifications

Present law

To receive funds under the Child Abuse Prevention and Treatment Act, States must have a law in effect that provides for reporting of known and suspected instances of child abuse and neglect and provides immunity from prosecution for reporters of abuse or neglect. States also must have a program to investigate allegations of abuse or neglect, must preserve confidentiality of records, and must provide that every abused or neglected child involved in a court proceeding is represented by a guardian ad litem. To receive funding under Title IV–B and IV–E of the Social Security Act, States must comply with certain procedures for removal of children from their families when necessary, and must develop case plans for each child that are reviewed at least every six months and contain specified information.

House bill

Also included in the submitted plan must be the following certifications;

a. certification of State law requiring reporting of child abuse and neglect;

b. certification of State program to investigate child abuse and neglect cases;

c. certification of State procedures for removal and placement of abused or neglected children;

d. certification of State procedures for developing and reviewing written plans for permanent placement of each child removed from the family that:

(1) specifies the goal for achieving a permanent placement for the child in a timely fashion;

(2) ensures that the plan is reviewed every 6 months; and

(3) ensures that information about the child is gathered regularly and placed in the case record;

e. certification that when the State begins operating under the block grant on or after October 1, 1995, families receiving adoption assistance payments at that time continue to receive adoption assistance payments;

f. certification of State program to provide Independent Living services to 16–19 year old youths (at State option to age 21) who are in the foster care system but have no family to turn to for support;

g. certification of State procedures to respond to reporting of medical neglect of disabled infants; and

h. a declaration of State child welfare goals; States must, within 3 years of the date of passage, report quantifiable information on whether they are making progress toward achieving their self-defined child protection goals. (See Data Collection and Reporting, item G. below).

Senate amendment

No directly comparable provision in Titles IV–B or IV–E. Current law would remain intact. CAPTA requires several certifications, many of which are identical to those outlined for the House bill. For amendments to CAPTA requirements, see Section 6 of this document, below.

Conference amendment

The following certifications must be included in the State plan:

(1) certification of State law requiring reporting of child abuse and neglect;

(2) certification of State procedures for the immediate screening, safety assessment, and prompt investigation of such reports;

(3) certification of State procedures for the removal and placement of abused or neglected children;

(4) certification of State laws requiring immunity from prosecution under State and local laws for individuals making good faith reports of suspected or known cases of child abuse or neglect;

(5) certification of State law and procedures for expungement of any public records on false or unsubstantiated cases;

(6) certification of State laws and procedures affording individuals an opportunity to appeal an official funding of abuse or neglect;

(7) certification of State procedures for developing and reviewing written plans for permanent placement of each child removed from the family that:

(A) specifies the goal for achieving a permanent placement for the child in a timely fashion;

(B) ensures that the plan is reviewed every 6 months; and

(C) ensures that information about the child is gathered regularly and placed in the case record;

(8) certification of State program to provide Independent Living Services to 16–19 year old youths (at State option to age 21) who are in the foster care system but have no family to turn to for support.

(9) certification of State procedures to respond to reporting of medical neglect of disabled infants;

(10) a declaration of quantifiable State child welfare goals;

(11) with respect to fiscal years beginning on or April 1, 1996, certification that—

(A) the State has completed an inventory of all children who, before the inventory, had been in foster care under the responsibility of the State for 6 months or more, which determined—

(i) the appropriateness of, and necessity for, the foster care placement;

(ii) whether the child could or should be returned to the parents of the child or should be freed for adoption or other permanent placement; and

(iii) the services necessary to facilitate the return of the child or the placement of the child for adoption or legal guardianship;

(B) is operating to the satisfaction of the Secretary—

(i) a statewide information system on children who are or have been in foster care in the last year,

(ii) a case review system for each child receiving foster care under the supervision of the State;

(iii) a service program designed to help children—

(I) return families from which they have been removed; or

(II) be placed for adoption,

(iv) a preplacement preventive service program; and

(C) has reviewed (or, will review by October 1, 1997) State policies and procedures in effect for children abandoned at birth; and is implementing (or, will implement by October 1, 1997) such policies or procedures to enable permanent decisions to be made expeditiously with respect to the placement of such children.

(12) certification of reasonable efforts to prevent placement of children in foster care;

(13) certification of cooperative efforts to secure an assignment to the States of any rights to support on behalf of each child receiving foster care maintenance payments; and

(14) certification of confidentiality and requirements for information disclosure.

Determinations

Present law

State Title IV–B plans are developed jointly with the Secretary. State Title IV–E plans must be approved by the Secretary. The Secretary must approve any plan that complies with statutory provisions.

House bill

The Secretary of HHS must determine whether the State plan includes all of the elements required above but cannot add new elements or review the adequacy of State procedures. The Secretary may not require a State to alter its child protection law regarding determination of the adequacy, type, and timing of health care.

Senate amendment

No directly comparable provision in Title IV–B or IV–E. Current law would remain intact. See item 6.N., below for description of similar CAPTA provision on medical care.

Conference agreement

The Secretary of HHS must determine whether the State plan includes the required materials and certificates (except material related to the certification of State procedures to respond to reporting of medical neglect of disabled infants). The Secretary cannot add new elements beyond those listed above.

C. Grants to States for Child Protection

Entitlement

Present law

Titles IV–B and IV–E of the Social Security Act contain several types of funding, including substantial entitlement funding, for helping States provide assistance to troubled families and their children.

House bill

The block grant money is guaranteed funding to States. Each eligible State is entitled to receive from the Secretary an amount equal to the State share of the Child Protection Grant amount for fiscal years 1996 through 2000.

Senate amendment

No directly comparable provision in Title IV–B or IV–E. Current law would remain intact. See item 6 below for description of similar CAPTA provision.

Conference Agreement

As explained above, the Child Protection Block Grant includes a capped entitlement component for States. Each eligible State is entitled to receive from the Secretary an amount equal to the State share of the child Protection Grant amount which increases from $2.047 billion in 1997 to $2.766 billion in 2002.

The Child Protection Block Grant also includes funds from the discretionary program outlined below. In addition to the Block Grant, each eligible State is entitled to receive reimbursements, on as open-ended basis, for the State share of allowable expenditures on eligible children placed in qualified foster care and adoption.

Child protection grant amount

Present law

Federal funds for child welfare and child protection activities consist both of direct spending under Titles IV–B and IV–E of the Social Security Act, and appropriated funds under Title IV–B of the Social Security Act and selected additional programs, including the Child Abuse Prevention and Treatment Act. (For additional programs, see Item 1.A. of this document, above.)

House bill

The Child Protection Grant amount is composed of both a direct spending component and an appropriated component as follows: $3.930 billion in 1996, $4.195 billion in 1997, $4.507 billion in 1998, $4.767 billion in 1999, and $5.071 billion in 2000 in direct spending; and $486 million in each year 1996–2000 in appropriated spending.

Senate amendment

No directly comparable provision in Titles IV–B or IV–E. Current law would remain intact. The amendment authorizes a total of $263 million for FY1996 and such sums as necessary for FY1997 through FY2000 for State grants, State demonstration projects, discretionary activities, and community-based family resources and support grants under CAPTA; adoption opportunities grants; and abandoned infants assistance grants.

Conference agreement

The discretionary component of the block grant includes a $325 million authorization for each year 1997–2002.

State share

Present law

No specific allocation formula governs the allocation of foster care and adoption assistance funds to States; States are reimbursed on an open-ended entitlement basis for eligible expenditures on behalf of eligible children. Independent living allocations to States are based on each State's share of Title IV–E foster children in FY1984. Family violence grants are awarded on the basis of State population. [Note: The family violence program would not be repealed by H.R. 4.] Child abuse State grants and community-

based family resource grants are awarded on the basis of population under the age of 18. State allocations for child welfare services under Title IV–B are based on per capita income and population age 21 and under.

House bill

"State Share" means each State receives the same proportion of the block grant each year as it received of payments to States by the Federal government for the following selected child welfare programs in either the average of years 1992 through 1994 or in 1994, whichever is greater:

a. foster care maintenance, administration, and training;

b. adoption assistance maintenance, administration, and training;

c. title IV–E independent living award;

d. family violence and prevention services;

e. child abuse State grants;

f. child abuse community-based prevention grants; and

g. child welfare services.

Senate amendment

No directly comparable provision in Titles IV–B or IV–E. Current law would remain intact. See Item 6 below for description of similar CAPTA provision.

Conference agreement

The conference agreement follows the House bill, except the selected child welfare programs on which the State share is to be based are:

(1) foster care administration and training;

(2) adoption assistance administration and training;

(3) child welfare services;

(4) family preservation and family support; and

(5) independent living services.

The following table shows State percentage allocations under the Child Protection Block Grant.

Table 3.—State percentage allocations under the child protection block grant

State:	*Percent of national totals*
Alabama	0.78
Alaska	0.28
Arizona	1.07
Arkansas	0.91
California	18.71
Colorado	1.27
Connecticut	1.77
Delaware	0.15
District of Columbia	0.55
Florida	3.49
Georgia	1.36
Hawaii	0.35
Idaho	0.22
Illinois	4.98
Indiana	2.36
Iowa	0.80
Kansas	0.88
Kentucky	1.60

Louisiana	1.48
Maine	0.31
Maryland	1.89
Massachusetts	2.87
Michigan	3.85
Minnesota	1.14
Mississippi	0.47
Missouri	1.49
Montana	0.24
Nebraska	0.45
Nevada	0.17
New Hampshire	0.30
New Jersey	1.27
New Mexico	0.35
New York	19.77
North Carolina	0.84
North Dakota	0.26
Ohio	4.60
Oklahoma	0.58
Oregon	1.06
Pennsylvania	4.38
Rhode Island	0.44
South Carolina	0.62
South Dakota	0.17
Tennessee	0.80
Texas	3.93
Utah	0.41
Vermont	0.27
Virginia	0.93
Washington	1.01
West Virginia	0.29
Wisconsin	1.78
Wyoming	0.06
U.S. totals	100.00

Source.—Table prepared by the Congressional Research Service based on data received from the U.S. Department of Health and Human Services in March of 1995.

Definition of State

Present law

Under Titles IV–B and IV–E of the Social Security Act, "State" means the 50 States and the District of Columbia. The Commonwealth of Puerto Rico, the U.S. Virgin Islands, Guam, and American Samoa receive funds through set-asides and under special rules.

House bill

"State" includes the several States, the District of Columbia, the Commonwealth of Puerto Rico, the U.S. Virgin Islands, Guam, and American Samoa.

Senate amendment

No directly comparable provision in Titles IV–B or IV–E. Current law would remain intact.

Conference agreement

"State"includes the several States and the District of Columbia. The territories will carry out a child protection program in accordance with this part; entitlement funding is provided under section 1108 of the Social Security Act.

Use of grant

Present law

Funds must be used for: "protecting and promoting the welfare of children, preventing unnecessary separation of children from their families, restoring children to their families if they have been removed, family preservation services, community-based family support services to promote the well-being of children and families and to increase parents' confidence and competence." Foster care maintenance and adoption assistance payments are an open-ended entitlement to individuals.

House bill

A State to which funds are paid under this section may use such funds in any manner that the State deems appropriate to accomplish the purposes of this part.

Senate amendment

No directly comparable provision in Titles IV–B or IV–E. Current law would remain intact. CAPTA grants can be used for improving child protective services, investigating and reporting of abuse and neglect, case management and delivery of services to children and families, training for service providers and abuse reporters, demonstration projects, kinship care arrangements, abuse and neglect prevention, and similar activities.

Conference agreement

The conference agreement follows the House bill. A State to which funds are paid under this section may use such funds in any manner that the State deems appropriate to accomplish the purposes of this part.

Transfer of funds

Present law

No provision.

House bill

In FY1998 and succeeding years, States may transfer up to 30 percent of funds paid under this section for activities under any or all of the following: the temporary assistance for needy families block grant; the social services block grant under Title XX of the Social Security Act; the child care and development block grant; and any food and nutrition or employment and training grants enacted during the 104th Congress. Rules of the recipient program will apply to the transferred funds. Funds may be transferred into the Child Protection Block Grant from other block grants and are then subject to the rules of this part.

Senate amendment

No provision.

Conference agreement

Conferees agree that no funds can be transferred out of the block grant.

Timing of expenditures

Present law

Provisions vary under programs to be replaced. Under Title IV–E, States have up to two fiscal years in which to claim reimbursement for expenditures.

House bill

A State to which funds are paid under this section for a fiscal year shall expend such funds not later than the end of the immediately succeeding fiscal year.

Senate amendment

No directly comparable provision in Titles IV–B or IV–E. Current law would remain intact.

Conference agreement

The conference agreement follows the House bill.

Rule of interpretation

Present law

For-profit foster care providers are not eligible for Federal funding under Title IV–E.

House bill

Nothing in this act shall preclude for-profit short- and long-term foster care facilities from being eligible to receive funds from this block grant.

Senate amendment

No provision.

Conference agreement

The conference agreement follows the House bill.

Timing of payments

Present law

Under Title IV–B, the Secretary makes payments to States periodically. Under Title IV–E, the Secretary reimburses States for expenditures on a quarterly basis.

House bill

The Secretary must make payments on a quarterly basis.

Senate amendment

No directly comparable provision in Titles IV–B or IV–E. Current law would remain intact.

Conference agreement

The conference agreement follows the House bill.

Penalties

Present law

States that do not comply with Section 427 child protections may not receive their share of Title IV–B appropriations above $141 million. However, effective April 1, 1996, these protections are to become State plan requirements and the incentive funding mechanism will no longer be in effect. Section 1123 of the Social Security Act requires the Secretary to establish by regulation a new Federal review system for child welfare, which would allow penalties for misuse of funds.

House bill

The Secretary must reduce amounts otherwise payable to a State by any amount which an audit conducted under the Single Audit Act finds has been used in violation of this part. The Secretary, however, shall not reduce any quarterly payment by more than 25 percent. The amount of misspent funds will be withheld from the State's payments during the following year, if necessary, to recover the full amount of the penalty.

If an audit conducted pursuant to the Single Audit Act finds that a State has reduced its level of expenditures in FY 1996 or 1997 below its level of non-Federal expenditures in FY 1995 under Title IV–B or Title IV–E, the Secretary must reduce subsequent amounts otherwise payable to the State by an amount equal to the difference between State spending in FY 1995 and the current year.

The Secretary must reduce by 3 percent the amount otherwise payable to a State for a fiscal year if the State has not submitted a report required (see item 7 below) for the immediately preceding fiscal year within 6 months after the end of the year. The penalty may be rescinded if the report is submitted within 12 months after the end of the year.

Senate amendment

No directly comparable provision in Titles IV–B or IV–E. Current law would remain intact.

Conference agreement

Conferees agree to maintain the detailed child protections now found in section 427 of the Social Security Act. Conferees also agree that an additional penalty equal to 5 percent of a State's block grant amount will be imposed in cases where the Secretary finds that funds have been spent in violation of the part, or where a State has failed to meet its maintenance-of-effort requirement. States will be required to maintain 100 percent of their FY 1994 non-Federal expenditure level in FY 1997 and 1998, and 75 percent of such expenditures in subsequent years.

The agreement provides that the Secretary may not impose a penalty if she determines that the State has reasonable cause for failing to comply with the requirement. Further, a State must be

informed before any penalty is imposed and be given an opportunity to enter into a corrective compliance plan. The agreement provides a series of deadlines for submission of such corrective compliance plans and review by the Federal government.

Limitation on Federal authority

Present law

See above.

House bill

Except as expressly provided in this part, the Secretary may not regulate the conduct of States under this part or enforce any provision of this part.

Senate amendment

No directly comparable provision in Titles IV–B or IV–E. Current law would remain intact.

Conference agreement

The conference agreement follows the House bill with a modification to refer to authority expressly provided in the Social Security Act

D. Child Protection Standards

Present law

In order to receive its full share of appropriations for child welfare services under subpart 1 of Title IV–B, each State must meet section 427 protections, including requirements that it: conduct an inventory of children in foster care; operate a tracking system for all children in foster care; operate a case review system for all children in foster care; and conduct a service program to reunite foster children with their families if appropriate, or be placed for adoption or another permanent placement. In addition, if Federal appropriations for the program reach $325 million for two consecutive years, States also must implement a preplacement preventive services program to help children remain with their families. [This funding level has never been reached.] Effective April 1, 1996, these provisions are scheduled to become mandatory State plan requirements, rather than funding incentives, under legislation enacted on Oct. 31, 1994 (P.L. 103–432). States also will be required to review their policies and procedures regarding abandoned children and to implement policies and procedures considered necessary to enable permanent decisions to be made expeditiously with regard to placement of such children.

House bill

The following standards are included in the bill to indicate what States must do to assure the protection of children and to provide guidance to the Citizen Review Panels:

a. the primary standard by which child welfare system shall be judged is the protection of children.

b. each State shall investigate reports of abuse and neglect promptly;

c. children removed from their homes shall have a permanency plan and a dispositional hearing within 3 months after a fact-finding hearing' and

d. all child protection cases with an out-of-home placement shall be reviewed every 6 months unless the child is already in a long-term placement.

A State receiving funds from this block grant may consider: establishing a new type of permanent foster care placement referred to as "kinship care" in which adult relatives would be the preferred placement option if they met all relevant standards, and could receive needs-payments and supportive services; and, in placing children for adoption, giving preference to adult relatives who meet applicable standards.

Senate amendment

No directly comparable provision in Titles IV–B or IV–E. Current law would remain intact. CAPTA requires a number of certifications by the State, including several that are similar to standards in the House block grant. For details see Item 6.I. below.

No directly comparable provision in Titles IV–B or IV–E. Under CAPTA, the Secretary may award grants to public entities to develop or implement procedures using adult relatives as the preferred placement for children removed from their home; see item 6.H. below.

Conference agreement

In order for a State to receive any funds under this part, such State must certify that it has conducted an inventory of children in foster care; is operating a tracking system for all children in foster care; is operating a care review for all children in foster care, and is conducting a service program to reunite foster children with their families if appropriate, or be placed for adoption or another permanent placement. States will also be required to review their policies and procedures regarding abandoned children and to implement policies and procedures considered necessary to enable permanent decisions to be made expeditiously with regard to placement of such children. These child protection standards are identical to those found in section 427 of current law.

E. Citizens Review Panels

Present law

No provision.

House bill

Each State to which funds are paid under this part must have at least three Citizen Review Panels. Each panel is to be broadly representative of the community farm which it is drawn.

The Panels, which must meet at least quarterly, are charged with the responsibility of reviewing cases from the child welfare system to determine whether State and local agencies receiving funds under this program are carrying out activities in accord with

the State plan, are achieving the child protection standards, and are meeting any other child welfare criteria that the Panels consider important.

The members and staff of any Panel must not disclose to any person or government agency any information about specific cases. States must afford a Panel access to any information on any case that the Panel desires to review, and shall provide the Panels with staff assistance in performing their duties.

Panels must produce a public report after each meeting and States must include information in their annual report detailing their responses to the panel report and recommendations. (See Data Collection and Reporting, item G. below.)

Senate amendment

No provision.

Conference agreement

The conference agreement follows the House bill.

F. Clearinghouse and Hotline for Missing and Runaway Children

Present law

The Missing Children's Assistance Act, authorized as part of the Juvenile Justice and Delinquency Prevention Act, authorizes a toll-free hotline and national clearinghouse to collect and disseminate information about missing children.

House bill

The Attorney General of the United States shall have the authority to establish and operate a national information clearinghouse, including a 24-hour toll free telephone hotline, for information on missing children cases. An appropriation not to exceed $7 million per fiscal year is authorized for this purpose.

Senate amendment

Reauthorizes the Missing Children's Assistance Act through FY 1997 (see Item 12.A. of this document, below).

Conference agreement

The House recedes.

G. Data Collection and Reporting

Present law

States are not required to report specific child welfare data. Section 479 requires the Secretary to publish regulations that implement a system for the collection of adoption and foster care data. These regulations were published as final on Dec. 22, 1993, and are mandatory for all States. In addition, section 13713 of the Omnibus Budget Reconciliation Act of 1993 (P.L. 103–66) makes available enhanced Federal matching funds (75 percent Federal match instead of 50 percent) for planning, design, development and installation of statewide automated child welfare information systems. Regulations governing these systems were published on Dec.

22, 1993, and May 19, 1995. The enhanced match expires after Sept. 30, 1996.

House bill

Three years after the effective date and annually thereafter, each State to which funds are paid under this part must submit to the Secretary a report containing quantitative information on the extent to which the State is making progress toward its child protection program goals (as described above).

Each State to which funds are paid under this part must annually submit to the Secretary of Health and Human Services a report that includes the following annual statistics:

(1) the number of children reported to the State during the year as abused or neglected;

(2) of the number of reported cases of abuse or neglect, the number that were substantiated;

(3) of the number of reported cases that were substantiated, (a) the number that received no services under the State program funded under this part; (b) the number that received services under the State program funded under this part; and (c) the number removed from their families;

(4) the number of families that received preventive services from the State;

(5) the number of children who entered foster care under the responsibility of the State;

(6) the number of children who exited foster care under the responsibility of the State;

(7) types of foster care placements made by State and the number of children in each type of care;

(8) average length of foster care placements made by State;

(9) the age, ethnicity, gender, and family income of children placed in foster care under the responsibility of the State;

(10) the number of children in foster care for whom the State has the goal of adoption;

(11) the number of children in foster care under the responsibility of the State who were freed for adoption;

(12) the number of children in foster care under the responsibility of the State whose adoptions were finalized;

(13) the number of disrupted adoptions in the State;

(14) quantitative measurements showing whether the State is making progress toward the child protection goals identified by the State;

(15) the number of infants abandoned during the year, the number of these infants who were adopted, and the length of time between abandonment and legal adoption;

(16) the number of deaths of children occurring while said children were in custody of the State;

(17) the number of deaths of children resulting from child abuse or neglect;

(18) the number of children served by the State Independent Living program;

(19) other information which the Secretary and a majority of the State agree is appropriate to collect for purposes of this part; and

(20) the response of the State to findings and recommendations of the citizen review panels.

States may fulfill the data collection and reporting requirements by collecting the required information on either individual children and families receiving child protection services or by using scientific statistical sampling methods.

Within 6 months after the end of each fiscal year, the Secretary must prepare an annual report on State data for Congress and the public.

Senate amendment

No directly comparable provision in Titles IV–B or IV–E. Current law would remain intact. States receiving CAPTA grants must submit annual data reports to the Secretary (see Item 6.I below). CAPTA requires States to report 10 data elements, many of which are substantially similar to the House reporting requirements.

Requires the Secretary, in administering CAPTA, to prepare annual reports, based on State data, for Congress and the national information clearinghouse on child abuse and neglect. (See Item 6.I below.) Requires Secretary in 6 months after receiving State reports to prepare and submit annual report to Congress.

Conference agreement

The Senate recedes with an amendment mandating two sets of data to be collected for child protection programs. There is a single data collection and reporting system required for child protection programs. Part one of the mandated data reporting requires States to report the following data every 6 months: (1) whether the child received services under the program funded under this part; (2) the age, race, gender, and family income of the parents and child; (3) county of residence; (4) whether the child was removed from the family; (5) whether the child entered foster care under the responsibility of the State; (6) the type of out of home care in which the child was placed (including institution, group home, family foster care, or relative placement); (7) the child's permanency planning goal, such as reunification, kinship care, adoption, or independent living; (8) whether the child was freed for adoption; and (9) whether the child existed from foster care, and, if so, whether the exit was due to return to the family, adoption, independent living, or death.

In addition, the States must submit the following aggregate data annually: (1) the number of children reported to the State during the year as alleged victims of abuse or neglect; (2) of the number of children for whom an investigation of alleged maltreatment resulted in a determination of substantiated abuse or neglect, the number for whom maltreatment was unsubstantiated, and the number determined to be false; (3) the number of families that received preventive services; (4) the number of infants abandoned during the year, the number of these infants who were adopted, and the length of time between abandonment and adoption; (5) the number of deaths of children occurring while the children were in custody of the State; (6) the number of deaths of children resulting from child abuse and neglect, including those which occurred while the child was in the custody of the State; (7) the number of chil-

dren served by the State Independent Living program; (8) quantitative measurements showing whether the State is making progress toward the child protection goals identified by the State; (9) the types of maltreatment suffered by victims of abuse and neglect; (10) the number of abused and neglected children receiving services; (11) the average length of stay in out-of-home care; (12) the response of the State to findings and recommendations of the citizen review panels; and (13) other information which the Secretary and a majority of the States agree is appropriate to collect for the purposes of this part. States may be required to report other information approved by the Secretary and agreed to by a majority of States, including information necessary to assure a smooth transition from AFCARS and NCANDS to the data reporting system required by this legislation. The Secretary will define by regulation the information required to be included in State data reports. States may comply with requirements for precise numerical information by using scientifically acceptable sampling methods. The Secretary will report annually to Congress and the public on information provided in State data reports.

H. Research and Training

Present law

Current law authorizes appropriations for research under Title IV–B of the Social Security Act and the Child Abuse Prevention and Treatment Act. In FY 1995, $6 million is appropriated under Title IV–B and $9 million under CAPTA.

House bill

An appropriation of $10 million per year is authorized for the Secretary to spend at her discretion on research and training in child welfare.

Senate amendment

No directly comparable provision in Titles IV–B or IV–E. Current law under Title IV–B would remain intact, and CAPTA would be reauthorized. Although CAPTA has no separate authorization for research and training, the Secretary has discretionary authority to conduct research and training. For details see Item 6.G., below.

Conference agreement

The Senate recedes with an amendment establishing specific research activities, authorized in the Child and Family Services Block Grant, to be undertaken by the Secretary of the Department of Health and Human Services. Under this part, $10 million are authorized and appropriated for each of FYs 1996–2002 for the Secretary to conduct child welfare research.

I. National Random Sample Study of Child Welfare

Present law

No provision.

House bill

The Secretary is provided with $6 million per year for fiscal years 1996–2000 to conduct a national random-sample study of child welfare. The study will have a longitudinal component, yield data reliable at the State level for as many States as the Secretary determines is feasible, and should alternate data collection in small States from year-to-year to yield an occasional picture of child welfare in small States. The Secretary has discretion in drawing the sample and in selecting measures, but should carefully consider selecting the sample from all cases of confirmed abuse and neglect and then following each case over several years while obtaining such measures as type of abuse or neglect involved, frequency of contact with agencies, whether the child was separated from the family, types and characteristics of out-of-home placements, number of placements, and average length of placement. The Secretary must prepare occasional reports on this study and make them available to the public. The reports should summarize and compare the results of this study with the data reported by States. Written reports or tapes of the raw data from the study should be made available to the public at a fee the Secretary thinks appropriate.

Senate amendment

No provision.

Conference agreement

The Senate recedes. The provisions mandating the national random sample study of child welfare are contained in the Child and Family Services Block Grant. Mandatory funds will be available to conduct the study equal to $6 million per year for FY 1996–FY 2002. In addition, $10 million are authorized and appropriated for each of FYS 1996–1998 for the Secretary to carry out the State court assessment and improvement program authorized under section 13712 of the Omnibus Budget Reconciliation Act of 1993. These funds may be expended no later than September 30, 1999.

J. Removal of Barriers to Interethnic Adoption

Present law

State law governs adoption and foster care placement. Forty three States permit race matching either in regulation, statute, policy, or practice. The Metzenbaum Multiethnic Placement Act of 1994 permits States to consider race and ethnicity in selecting a foster care or adoptive home, but States cannot delay or deny the placement of the child solely on the basis of race, color or national origin.

Noncompliance with the Metzenbaum Act is deemed a violation of title VI of the Civil Rights Act.

House bill

Section 553 of the Howard M. Metenbaum Multiethnic Placement Act of 1994 is repealed. (See conforming amendments, item 2 below.) In addition, a State or other entity that receives Federal assistance may not deny to any person the opportunity to become an adoptive or a foster parent on the basis of the race, color, or na-

tional origin of the person or of the child involved. Similarly, no State or other entity receiving Federal funds can delay or deny the placement of a child for adoption or foster care, or otherwise discriminate in making a placement decision, on the basis of the race, color, or national origin of the adoptive or foster parent or the child involved.

A State or other entity that violates this provision during a period shall remit to the Secretary all funds that were paid to the State or entity during the period.

An action under this paragraph may not be brought more than 2 years after the date the alleged violation occurred.

Senate amendment

No provision.

Conference agreement

The Senate recedes with an amendment modifying the sanctions which can be imposed on a State. This provision is authorized under the Child and Family Services Block Grant. If the State is found to be in violation of the provisions of this section, the Secretary will notify the State of the violation. The State will then have 90 days to correct the violation. If the violation continues after the 90 day period, the Secretary will reduce the amount allotted to a State for the next fiscal year under Part B of title IV of the Social Security Act by 10 percent. The conferees express their strong desire that States use some of the funding under this part to recruit loving families from all racial and national origin backgrounds from which social service departments may choose when it becomes necessary to find foster care and adoptive placements for children.

While agencies must obviously make placements based on the best interests of children, such family recruitment by the States may not cause a delay or prevent the timely placement of a child in an adoptive or pre-adoptive home.

2. CONFORMING AMENDMENTS (SECTION 702)

Present law

No provision.

House bill

This section contains technical amendments that conform provisions of the bill to Titles IV–D and XVI of the Social Security Act, and to the Omnibus Budget Reconciliation Act of 1986, and provide for the repeal of Section 553 of the Howard M. Metzenbaum Multiethnic Placement Act of 1994, Title IV–E of the Social Security Act, section 13712 of the Omnibus Budget Reconciliation Act of 1993, and subtitle C of Title 17 of the Violent Crime Control and Law Enforcement Act of 1994. (Under section 371 of Title III–C of the House bill, the following additional programs are repealed related to the Child Protection Block Grant: abandoned infants assistance, the Child Abuse Prevention and Treatment Act, adoption opportunities, crisis nurseries, mission children's assistance, family

support centers, certain activities under the Victims of Child Abuse Act, and Family Unification under the Housing Act.)

Senate amendment

No provision.

Conference agreement

The conference agreement requires the Secretary of HHS to submit, within 90 days of enactment, a legislative proposal providing necessary technical and conforming amendments.

The agreement also repeals Title IV–E of the Social Security Act, and makes conforming amendments to Title XVI and Title IV–D of the Social Security Act, section 9442 of the Omnibus Budget Reconciliation Act of 1986, and section 1123 of the Social Security Act.

3. CONTINUED APPLICATION OF CURRENT STANDARDS UNDER MEDICAID PROGRAM

Present law

Children for whom Federal foster care payments are made are deemed to be "dependent children" for purposes of Medicaid eligibility.

House bill

Conforms Medicaid coverage of this title with title I of the House bill. In general, the Medicaid provision is designed to ensure that individuals who receive Medicaid coverage under current law will continue to be covered after passage of H.R. 4. Here is a summary of Medicaid provision from title I: "An individual who on enactment was receiving AFDC, was eligible for medical assistance under the State plan under this title, and would be eligible to receive aid or assistance under a State plan approved under part A of title IV but for the prohibition on grant funds being used to provide assistance to noncitizens, minor unwed mothers or their children, or children born to families already on welfare, would continue to be eligible for Medicaid. Families leaving welfare for work would also continue to receive the 1-year Medicaid transition benefit."

Senate amendment

The Senate amendment is similar to the House bill except that States have flexibility to be more restrictive in awarding Medicaid coverage than under current law.

Conference agreement

The conference agreement changes both the House bill and the Senate amendment because of pending changes in Medicaid legislation. To conform this bill with the pending Medicaid legislation, conferees agree that States will determine Medicaid eligibility for recipients of block grant assistance. This provision is found in section 114 of Title I of the conference bill.

4. EFFECTIVE DATE (SECTION 703)

Present law

No provision.

House bill

Under otherwise indicated in particular sections of the bill, the amendments and repeals made by this title take effect on October 1, 1995. The amendments shall not apply with respect to powers, duties, functions, rights, claims, penalties, or obligations applicable to aid or services provided before the effective date, or to administrative actions and proceedings commenced, or authorized to be commenced, before the effective date.

Senate amendment

No provision.

Conference agreement

The amendments will take effect on Oct. 1, 1996, except for provisions that authorize and appropriate funds in FY 1996 for research and count improvements, and requiring the Secretary to prepare technical and conforming amendments. The agreement establishes transition rules for pending claims, actions and proceedings, and relating to the closing out of accounts for programs that are terminated or substantially modified.

5. SENSE OF THE CONGRESS REGARDING TIMELY ADOPTION OF CHILDREN (SECTION 704)

Present law

No provision.

House bill

It is the sense of the Congress that:

(1) too many adoptable children are spending too much time in foster care;

(2) States must increase the number of waiting children being adopted in a timely manner;

(3) Studies have shown that States would save significant amounts of money if they offered incentives to families to adopt special needs children who would otherwise require foster care;

(4) States should allocate sufficient funds for adoption and medical assistance to encourage families to adopt children who are languishing in foster care;

(5) States should offer incentives for families that adopt special needs children to make adoption more affordable for middle-income families;

(6) States should strive to provide children removed from their biological parents with a single foster care placement and case team and to conclude an adoption of the child, when adoption is the goal, within one year of the child's placement in foster care; and

(7) States should participate in programs to enable maximum visibility of waiting children to potential parents, includ-

ing a nationwide computer network to disseminate information on children eligible for adoption.

Senate amendment

Title VIII of the Senate amendment addresses adoption issues. See Section 13, below.

Conference agreement

The Senate recedes.

6. CHILD ABUSE PREVENTION AND TREATMENT; GENERAL PROGRAM (SECTION 751)

A. Reference

Present law

No provision.

House bill

No provision.

Senate amendment

Provides that, unless otherwise indicated, any amendments or repeals should be considered to apply to the Child Abuse Prevention and Treatment Act (CAPTA).

Conference agreement

The House recedes with an amendment renaming this chapter as Child and Family Services Block Grant.

B. Findings

Present law

Section 2 of CAPTA contains findings with regard to the scope of child abuse and neglect, the need for a comprehensive approach to address child abuse and neglect, various goals with regard to national policy, and the appropriate Federal role in this area.

House bill

No provision.

Senate amendment

Amends section 2 to update findings with regard to the scope of child abuse and neglect and to make minor changes, including change of references from "child protection" to "child and family protection."

Conference agreement

The Senate recedes with an amendment restructuring the findings to reflect the consolidation and blending of other programs.

C. Office of Child Abuse and Neglect

Present law

Section 101 of CAPTA requires the Secretary of HHS to establish a National Center on Child Abuse and Neglect.

House bill

No provision.

Senate amendment

Amends section 101 to allow the Secretary of HHS to establish an Office on Child Abuse and Neglect which would be responsible for executing and coordinating the functions and activities authorized by CAPTA. Repeals current mandate for a National Center on Child Abuse and Neglect.

Conference agreement

The Senate recedes.

D. Advisory Board on Child Abuse and Neglect

Present law

Section 102 of CAPTA requires the Secretary to appoint a U.S. Advisory Board on Child Abuse and Neglect, and specifies the composition and duties of the board.

House bill

No provision.

Senate amendment

Amends section 102 by repealing current mandate for a U.S. Advisory Board on Child Abuse and Neglect, and instead allows the Secretary of HHS to appoint an advisory board to make recommendations concerning child abuse and neglect issues. Duties of the new board would include making recommendations on coordination of Federal, State and local child abuse and neglect activities with similar activities regarding family violence at those levels; specific modification needed in Federal and State laws to reduce the number of unfounded or unsubstantiated cases of child maltreatment; and modifications needed to facilitate coordinated data collection with respect to child protection and child welfare.

Conference agreement

The Senate recedes with an amendment giving the Secretary authority to appoint an advisory board to: provide recommendations on coordinating Federal, State, and local child abuse and neglect activities at the State level with similar activities at the State and local level pertaining to family violence; consider specific modifications needed in State laws and programs to reduce the number of unfounded or unsubstantiated reports of child abuse or neglect while enhancing the ability to identify and substantiate legitimate cases of abuse or neglect which place a child in danger; and provide recommendations for modifications needed to facilitate coordinated

national and Statewide data collection with respect to child protection and child welfare.

E. Repeal of Interagency Task Force

Present law

Section 103 of CAPTA requires the Secretary to establish an Interagency Task Force on Child Abuse and Neglect.

House bill

No provision.

Senate amendment

Repeals section 103 of CAPTA.

Conference agreement

The House and Senate concur.

F. National Clearinghouse for Information Relating to Child Abuse and Neglect

Present law

Section 104 of CAPTA requires the Secretary to establish a national clearinghouse for information relating to child abuse and neglect.

House bill

No provision.

Senate amendment

Amends section 104 to retain authorization for a national information clearinghouse on child abuse and neglect, and expands the duties of the clearinghouse to include collecting data on false and unsubstantiated reports and deaths resulting from child abuse and neglect, and, through a national data collection and analysis program, to collect and make available State child abuse and neglect reporting information which, to the extent practical, is universal and case specific, and integrated with other case-based factor care and adoption data collected by HHS.

Conference agreement

The Senate recedes with an amendment placing the Clearinghouse within the Research, Demonstrations, Training, and Technical Assistance section. The function of the clearinghouse is to: maintain, coordinate, and disseminate information on all programs, including private (nongovernmental) programs, that show promise of success with respect to the prevention, assessment, identification, and treatment of child abuse and neglect; and maintain and disseminate information relating to the incidence of cases of child abuse and neglect including the incidence of such cases that are related to alcohol or drug abuse in the United States.

G. Research, Evaluation and Assistance Activities

Present law

Section 105 of CAPTA authorizes the Secretary, through the National Center, to conduct research and technical assistance related to child abuse and neglect.

House bill

Authorizes appropriations of $10 million annually for the Secretary to conduct research and training related to child welfare. (See Item 1.H., above).

Senate amendment

Amends section 105 to restructure the research activities function of the Secretary of HHS by deleting references to the National Center and by requiring research on additional issues, including substantiated and unsubstantiated reported child abuse cases. Authorizes technical assistance to include evaluated or identification of: various methods for investigation, assessment, and prosecution of child physical and sexual abuse cases; ways to mitigate psychological trauma to child victims; and effective programs carried out under CAPTA. Allows the Secretary of HHS to provide for dissemination of information related to various training resources available at the State and local levels. Continues authorization for a formal peer review process which utilizes scientifically valid review criteria.

Conference agreement

The House recedes with an amendment restructuring the research activities to focus on information designed to better protect children from abuse or neglect by examining the national incidence of child abuse and neglect, including substantiated and unsubstantiated report child abuse or neglect cases.

H. Grants for Demonstrated Programs

Present law

Section 106 of CAPTA authorizes the Secretary to make grants to public agencies and private nonprofit organizations for demonstration or service programs or projects, that must include an evaluation component; resource centers; and discretionary grants that may be used for a variety of purposes.

House bill

No provision.

Senate amendment

Amends section 106 to retain authority for the demonstration grants program and to change the criteria for awarding grants. Authorizes the following purposes for demonstration programs and projects: training programs, mutual support and self-help programs for parents, innovative programs that use collaborative partnerships between various agencies to allow for establishment of a triage system in responding to child abuse and neglect reports; kin-

ship care programs, and supervised visitation centers for families where there has been child abuse or domestic violence. All demonstration projects will be evaluated for their effectiveness.

Conference agreement

The House recedes with an amendment authorizing the following demonstration programs and projects: Innovative programs and projects that use collaborative partnerships between various agencies to allow for the establishment of a triage system in responding to child abuse and neglect; kinship care programs; programs to expand opportunities for the adoption of children with special needs; family resource and support programs; and other innovative preventative and treatment programs such as Parents Anonymous.

I. State Grants for Prevention and Treatment Programs

Present law

Section 107 of CAPTA authorizes the Secretary to make development and operation grants to States to assist them in improving their child protective service systems. States must meet certain eligibility requirements, which include having a State law in effect providing for reporting of child abuse or neglect allegations and providing immunity from prosecution for reporters of abuse or neglect.

Requires that States have in place procedures for responding to reports of medical neglect, including instances of withholding medically indicated treatment from disabled infants with life-threatening conditions.

House bill

States would receive Child Protection Block Grants, which would be used for child protective service systems, among other related activities. To receive block grants, States must certify that they have in effect a State law for reporting of child abuse or neglect, a program to investigate child abuse and neglect reports, and procedures to respond to reporting of medical neglect of disabled infants among other requirements. (See Item 1.B. (2) and (3), above.)

Requires States participating in the Child Protection Block Grant to submit detailed annual data reports to the Secretary. (See Item 1.G.2., above.) The Secretary would prepare annual reports for Congress. (See Item 1.G.4., above.)

Senate amendment

Revises section 107. Under revised eligibility requirements, States would provide an assurance or certification, signed by the chief executive officer of the State, that the State has a law or statewide program relating to procedures for: reporting of known and suspected instances of child abuse and neglect; immediate screening, safety assessment, and prompt investigation of such reports; procedures for immediate steps to be taken to protect the safety of children; provisions for immunity from prosecution for individuals making good faith reports of child abuse; methods for preserving confidentiality of records; requirements for the prompt disclosure of relevant information to appropriate entities working to

protect children; the cooperation of law enforcement officials, court personnel and human services agencies; provision for the appointment of a guardian ad litem to represent the child in any judicial proceedings; and provisions that facilitate the prompt expungement of unsubstantiated or false child abuse reports.

Requires that States have in place procedures for responding to reports of medical neglect, including instances of withholding medically indicated treatment from disabled infants with life-threatening conditions.

States must have in place, within two years of enactment, provisions by which individuals who disagree with an official finding of abuse or neglect can appeal such a finding.

States would submit a plan every 5 years, instead of 4, demonstrating their eligibility and specifics about how their grant money will be used.

States would be required to work annually with the Secretary to provide, to the maximum extent practicable, a report containing specified data on their child protective service systems, including the number of children reported as abused or neglected, data on substantiation of reports, services provided to reported children, preventive services provided to families, the number of child deaths resulting from abuse or neglect including the number of children who died while in foster care, number of caseworkers responsible for intake and screening, agency response time to abuse or neglect reports, response time with respect to provision of services to families where abuse or neglect has been alleged, and the number of caseworkers relative to the number of reports investigated in the previous year. The Secretary would prepare a report based on State data, to be submitted to Congress and the national information clearinghouse on child abuse and neglect.

Conference agreement

The Senate recedes with an amendment providing for a block grant to States for the purpose of (1) assisting each State in improving the child protective services of such State, (2) supporting State efforts to develop, operate, expand and enhance a network of community-based, prevention-focused, family resource and support programs, (3) facilitating the elimination of barriers to adoption for children with special needs, (4) responding to the needs of children, in particular those who are drug exposed or inflicted with Acquired Immune Deficiency Syndrome (AIDS), and (5) carrying out any other activities as the Secretary determines to be consistent with this chapter. Requirements regarding the State plan, eligibility for funding, assurances and certifications, and data collection and reporting are the same as those mandated for receipt of the Child Protection Block Grant, as described below.

The conference agreement establishes uniform eligibility and reporting requirements for the programs funded under Title VII of this act (Child Protection Block Grant Program and Foster Care and Adoption Assistance). To be eligible to receive funds from the child protection block grant programs included in Title VII, States must submit a written document outlining the activities which the State will undertake to ensure the protection of abused and neglected children and their families. States are required to certify

that the State has in effect and operational a State law or statewide program relating to procedures for: reporting of known and suspected instances of child abuse and neglect by public officials and professionals; the immediate screening, safety assessment, and prompt investigation of such reports; the removal of abused and neglected children from their homes (if necessary) and the placement of those children in safe environments; providing immunity from prosecution for individuals making good faith reports of child abuse; the prompt expungement of records in cases determined to be unsubstantiated or false; (within two years of enactment) appealing an official finding of abuse or neglect by individuals in disagreement with such finding; ensuring that a written plan is prepared for children who have been removed from their families; providing independent living services for older children in State protective care; responding to reports of medical neglect, including instances of withholding medically indicated treatment from disabled infants with life-threatening conditions; ensuring that reasonable efforts are made to prevent or eliminate the removal of a child from their family prior to placement in foster care or other placements outside the home; identifying quantitative goals for the State child protection services; compliance with the child protection standards specified in the Act; the prompt disclosure of relevant information to appropriate government entities working to protect children, including citizen review panels and child fatality review panels; and public disclosure of information regarding a child fatality or near-fatality caused by child abuse or neglect.

The conferees intend to preserve the confidentiality of reports and case information pertaining to child abuse and neglect except in the instances specifically delineated in this act or when a State legislature has specifically authorized limited release of such information. It is the clear intention of the conferees that case information must be shared among the various governmental agencies responsible for the protection of children form abuse or neglect in order to facilitate the most effective response to these cases. Furthermore, it also is the intent of the conferees that in the case of a fatality or near-fatality resulting from child abuse or neglect, that the factual information regarding how the case was handled may be disclosed to the public in an effort to provide public accountability for the actions or inaction of public officials.

J. Repeal

Present law

Section 108 of CAPTA authorizes the Secretary to provide training and technical assistance to States.

House bill

No provision.

Senate amendment

Repeals section 108.

Conference agreement

The House recedes with an amendment providing for technical assistance to the States in planning, improving, developing and carrying out programs and activities relating to the prevention, assessment, identification and treatment of child abuse and neglect as well as assistance to public or private non-profit agencies or organizations to expand adoption opportunities.

K. Miscellaneous Requirements

Present law

Section 110(c) of CAPTA requires the Secretary to ensure that a majority share of assistance under CAPTA is available for discretionary research and demonstration grants.

House bill

No provision.

Senate amendment

Strikes section 110(c).

Conference agreement

The House and Senate concur.

L. Definitions

Present law

Section 113 of CAPTA contains definitions.

House bill

No provision.

Senate amendment

Amends section 113 to change some definitions. Strikes definitions of "Board" and "Center," and changes the definition of "child abuse and neglect" to mean, at a minimum, "any recent act or failure to act on the part of a parent or caretaker, which results in death, serious physical or emotional harm, sexual abuse or exploitation, or an act or failure to act which presents an imminent risk of serious harm."

Conference agreement

The House recedes with an amendment striking certain definitions, and modifying other including "child abuse and neglect" to mean, "at a minimum: any act or failure to act on the part of a parent or caretaker, which results in death, serious physical or emotional harm, sexual abuse or exploitation, or an act or failure to act which presents an imminent risk of serious harm."

M. Authorization of Appropriations

Present law

Section 114(a) authorizes appropriations for Title I of CAPTA, and specifies how funds are to be allocated among authorized ac-

tivities. The authorization of appropriations expires at the end of FY 1995.

House bill

The House bill has no funding for CAPTA but includes funding for the Child Protection Block Grant; see sections C.1. and C.2., above.

Senate amendment

Amends section 114(a) to authorize $100 million in FY1996, and "such sums as necessary " in FY1997–FY2000, for title I of CAPTA. Requires that one-third of funds be spent on discretionary activities and, that of funds reserved for discretionary activities, no more than 40 percent shall be for demonstration projects under section 106.

Conference agreement

The Senate recedes with an amendment providing for $230,000,000 for FY1996, and such sums as are necessary for FY1997–FY2002, for the new Child and Family Services Block Grant.

Of the amount appropriated, 12 percent shall be made available to the Secretary to carry out subchapter B, Research, Demonstrations, Training and Technical Assistance. Not less than 40 percent of the amount made available to the Secretary may be used for Demonstration programs.

Furthermore, 1 percent of the amounts appropriated under this chapter, shall be reserved for the Secretary to make allotments to Indian tribes and tribal organizations. Block grant funds will be allocated among States according to their population of children under age 18.

N. Rule of Construction

Present law

No provision.

House bill

No directly comparable provision, but see section 1.B.4., above.

Senate amendment

Establishes a new section of CAPTA that addresses the issue of spiritual treatment of children. The section does not require a parent or legal guardian to provide a child with medical service or treatment, against his or her religious beliefs, nor does it require a State to find, or prohibit a State from finding, abuse or neglect in cases where the parent or guardian relied solely or partially on spiritual means rather than medical treatment, in accordance with their religious beliefs. The sections requires a State to have in place authority under State law to pursue any legal remedies necessary to provide medical care or treatment when such care or treatment is necessary to prevent or remedy serious harm to the child, or to prevent the withholding of medically indicated treatment from children with life-threatening conditions. In general,

each State has sole discretion over its case-by-case determinations relating to the exercise of authority of the subsection and is not foreclosed from considering treatment by non-medical or spiritual means. However, in light of special concerns about enforcement of Federal law protecting disabled infants from medical neglect (see e.g., U.S. Commission on Civil Rights, Medical Disabilities), the conference committee retains existing language concerning the Federal oversight with references to cases involving the withholding of medically indicated treatment from disabled infants with life-threatening conditions.

Conference agreement

The House recedes.

O. Technical Amendment

Present law

No provision.

House bill

No provision.

Senate amendment

Makes a technical amendment to section 1404A of the Victims of Crime Act.

Conference agreement

The Senate recedes.

7. COMMUNITY-BASED FAMILY RESOURCE AND SUPPORT GRANTS

Present law

Title II of CAPTA authorizes the Secretary to make grants to States for Community-Based Family Resource Programs.

House bill

No provision.

Senate amendment

Replaces current law with a new Title II to establish Community-Based Family Resource and Support Grants.

Conference agreement

The Senate recedes. Community-Based Family Resource and Support Services are an allowable activity under the Child and Family Block Grant funds made available to the States under Subchapter A of this Chapter and demonstration grants funded by the Secretary under Subchapter B of this Chapter.

A. Purpose and Authority

Present law

No provision.

House bill

States could use Child Protection Block Grant allotments for family resource and support services. (See Item 1.C.(5), above.)

Senate amendment

Establishes the purpose of Title II as: to support State efforts to develop, operate, expand and enhance a network of community-based, prevention-focused, family resource and support programs. Authorizes the Secretary of HHS to make grants on a formula basis to entities designated by States as "lead entities."

Conference agreement

The Senate recedes.

B. Eligibility

Present law

No provision.

House bill

No provision.

Senate amendment

Establishes eligibility requirements for States to receive grants. States are eligible if:

(1) the chief executive officer has designated a lead entity that is an existing public, quasi-public or nonprofit private entity, with priority for the State trust fund advisory board or an existing entity that leverages funds for a broad range of child abuse and neglect prevention activities and family resource programs;

(2) the chief executive officer assures that the lead entity will provide or be responsible for providing a network of community-based family resource and support programs and providing direction and oversight to the network; and

(3) the chief executive officer assures that the lead entity has a demonstrated commitment to parental participation, a demonstrated ability to work with State and community-based public and private nonprofit organizations, the capacity to provide operational support and training and technical assistance to the statewide network of community-based family resource and support programs, and will integrate its efforts with experienced individuals and organizations.

Conference agreement

The Senate recedes.

C. Amount of Grant

Present law

No provision.

House bill

No provision.

Senate amendment

Reserves 1 percent of appropriations for Title II of CAPTA for allotments to Indian tribes and tribal organizations and migrant programs. Remaining funds are allotted to States equally according to the State "minor child amount" and the State "matchable amount." The State minor child amount is based on the State's relative population of children under 18, except that no State can receive less than $250,000. The State matching amount is based upon each State's relative amount of funds (including foundation, corporate and other private funding, State revenues and Federal funds) that have been dedicated toward the purposes of this program.

Conference agreement

The Senate recedes.

D. Existing and Continuation Grants

Present law

No provision.

House bill

No provision.

Senate amendment

Provides that any State or entity that has a grant, contract, or cooperative agreement in effect on the date of enactment, under the Family Resource and Support Program, the Community-Based Family Resource Program, the Family Support Center Program, the Emergency Child Abuse Prevention Grant Program, or the Temporary Child Care and Crisis Nurseries Program, shall continue to be funded under the original terms through the end of the applicable grant cycle. Also allows the Secretary to continue grants for Family Resource and Support Program grantees and other programs funded under CAPTA on a non-competitive basis, subject to available appropriations, grantee performance, and receipt of required reports.

Conference agreement

The Senate recedes.

E. Application

Present law

No provision.

House bill

No provision.

Senate amendment

Provides that, to receive grants under Title II, States must submit an application to the Secretary containing information requested by the Secretary, including:

(1) a description of the lead entity;

(2) a description of how the network of community-based, prevention-focused, family resource and support programs will operate, and how family resource and support services will be integrated into a continuum of preventive services for children and families;

(3) an assurance that an inventory of current family resource programs, respite, child abuse and neglect prevention activities, and other family resource programs in the State, and a description of current unmet needs, will be provided;

(4) a budget for the State's network of community-based, prevention-focused, family resource and support programs that verifies that the State will spend an amount equal to no less than 20 percent of the amount received under this program (in cash, not in-kind);

(5) an assurance that funds received under this Title will supplement and not supplant other State and local public funds designated for the statewide network of family resource and support programs;

(6) an assurance that the statewide network of family resource and support programs will maintain cultural diversity, and be culturally competent and socially sensitive and responsive to the needs of families with children with disabilities;

(7) an assurance that the State has the capacity to ensure meaningful involvement of parents;

(8) a description of the criteria to be used to develop, or select and fund, individual programs to be part of the statewide network;

(9) a description of outreach activities that will be used to maximize the participation of racial and ethnic minorities, new immigrant populations, children and adults with disabilities, homeless families and those at risk of homelessness, and members of other under-served or under-represented groups;

(10) a plan for providing operational support, training and technical assistance to family resource and support programs;

(11) a description of how activities will be evaluated;

(12) a description of actions that will be taken to advocate changes in State policies, practices, procedures, and regulations to improve the delivery of family resource and support program services to all children and families; and

(13) an assurance that reports will be submitted to the Secretary on time and containing requested information.

Conference agreement

The Senate recedes.

F. Local Program Requirements

Present law

No provision.

House bill

No provision.

Senate amendment

Grants will be used for family resource and support programs that:

(1) assess community assets and needs through a planning process that includes parents, local agencies, and private sector representatives;

(2) develop a strategy to provide a continuum of preventive, holistic, family-centered services to children and families;

(3) provide "core" services, such as parent education, support and self-help, and leadership services, development screening of children, outreach, referral and follow-up services; "other core" services, which can be provided directly or through contracts, including respite services; and access to "optional" services, including child care, early childhood development and intervention, services for families with children with disabilities, job readiness, educational services, self-sufficiency and life management skills training, community referral services, and peer counseling;

(4) develop leadership roles for the meaningful involvement of parents;

(5) provide leadership in mobilizing local resources to support family resource and support programs; and

(6) participate with other community-based, prevention-focused family resource and support programs in developing and operating the statewide network.

Priority for local grants shall be given to community-based programs serving low-income communities and those serving young parents or parents with young children, and to family resource and support programs previously funded under the programs consolidated by this Title.

Conference agreement

The Senate recedes.

G. Performance Measures

Present law

No provision.

House bill

No provision.

Senate amendment

States receiving grants must submit reports to the Secretary that:

(1) demonstrate effective development of a statewide network of family resource and support programs;

(2) supply an inventory and description of services provided to families, including "core" and "optional" services;

(3) demonstrate the establishment of new respite and other new family services, and expansion of existing services, to meet identified unmet needs;

(4) describe number of families served (including families with children with disabilities), and the involvement of a di-

verse representation of families in designing, operating and evaluating the statewide network of family resource and support programs;

(5) demonstrate a high level of satisfaction among families that have used family resource and support program services;

(6) demonstrate innovative funding mechanisms that blend Federal, State, local and private funds, and innovative and interdisciplinary service delivery mechanisms;

(7) describe the results of a peer review process conducted under the State program; and

(8) demonstrate an implementation plan to ensure continued leadership of parents in family resource and support programs.

Conference agreement

Senate recedes.

H. National Network for Community-Based Family Resource Programs

Present law

No provision.

House bill

No provision.

Senate amendment

Authorizes the Secretary to allocate such sums as necessary from the amount provided under the State allotment to support State activities related to a peer review process, an information clearinghouse, a yearly symposium, a computerized communication system between State lead entities, and State-to-State technical assistance through biannual conferences.

Conference agreement

The Senate recedes.

I. Definitions

Present law

No provision.

House bill

No provision.

Senate amendment

Defines the following terms: "children with disabilities," "community referral services," "culturally competent," "family resource and support program," "national network for community-based family resource programs," "outreach services," and "respite services."

Conference agreement

The Senate recedes with an amendment which includes the definitions for Family Resource and Support programs and respite care in the definition section of the Chapter.

J. Authorization of Appropriations

Present law

No provision.

House bill

No provision.

Senate amendment

Authorizes $108 million for Title II for each of FY1996–FY2000.

Conference agreement

The Senate recedes.

8. REPEALS (SECTION 753)

Present law

No provision.

House bill

Repeals the crisis nurseries portion of Temporary Child Care and Crisis Nurseries; and family support centers under the Stewart B. McKinney Homeless Assistance Act. (See Item 2, above.)

Senate amendment

Repeals the Temporary Child Care for Children with Disabilities and Crisis Nurseries Act. Also repeals family support centers under Subtitle F of Title VII of the Stewart B. McKinney Homeless Assistance Act.

Conference agreement

This portion of the conference agreement repeals Title II of the Child Abuse Prevention and Treatment and Adoption Reform Act (adoption opportunities), the Abandoned Infants Assistance Act, section 553 of the Howard Metzenbaum Multiethnic Placement Act, family support centers under the Stewart McKinney Homeless Assistance Act, and the Temporary Child Care and Crisis Nurseries Act.

The agreement also requires the Secretary of HHS, within 6 months after enactment, to submit a legislative proposal with any necessary technical and conforming amendments.

The agreement also includes a transition provision to allow entities with a grant, contract or cooperative agreement in effect under various programs that will be terminated, to continue to receive funds through the end of the applicable grant, contract or agreement cycle.

9. FAMILY VIOLENCE PREVENTION AND SERVICES

A. State Demonstration Grants

Present law

No provision.

House bill

No provision.

Senate amendment

Amends section 303(e) of the Family Violence Prevention and Services Act, relating to non-Federal matching requirements.

Conference agreement

The Senate recedes.

B. Allotments

Present law

No provision.

House bill

No provision.

Senate amendment

Amends section 304(a)(1) of Family Violence Prevention and Services Act.

Conference agreement

The Senate recedes.

C. Authorization of Appropriations

Present law

Section 310 of the Family Violence Prevention and Services Act authorizes appropriations for the program and specifies how funds are to be allocated among activities.

House bill

No provision.

Senate amendment

Amends section 310 of Family Violence Prevention and Services Act to reduce from 80 percent to 70 percent the minimum amount of funds to be used for making grants to States for family violence activities. Also requires the Secretary to use not less than 10 percent of appropriations for grants for State family violence coalitions, and provides that Federal funds made available under this program must be used to supplement and not supplant other Federal, State or local public funds expended for similar activities.

Conference agreement

The Senate recedes.

10. ADOPTION OPPORTUNITIES; REFERENCE

A. Findings and Purpose

Present law

Section 201 of the adoption opportunities program establishes congressional findings with regard to the child welfare population, and declares the program's purpose to facilitate the elimination of barriers to adoption and to provide permanent homes for children who would benefit from adoption, particularly children with special needs.

House bill

Repeals the adoption opportunities program. (See Item 2, above.)

Senate amendment

Amends section 201 of the adoption opportunities program to update congressional findings, and delete references to the promotion of model adoption legislation and procedures.

Conference agreement

The Senate recedes.

B. Information and Services

Present law

No provision.

House bill

No provision.

Senate amendment

Amends section 203 of the adoption opportunities program, to require the Secretary of HHS to conduct studies related to kinship care, recruitment of foster and adoptive parents; and to provide technical assistance and resource and referral information related to termination of parental rights, recruitment and retention of adoptive placements, placement of special needs children, provision of pre- and post-placement services, and other assistance to help State and local governments replicate successful adoption-related projects.

Conference agreement

The Senate recedes.

C. Authorization of Appropriations

Present law

No provision.

House bill

No provision.

Senate amendment

Authorizes $20 million for FY1996, and such sums as necessary for each of FY1997–FY2000, for the adoption opportunities program.

Conference agreement

The Senate recedes.

11. ABANDONED INFANTS ASSISTANCE ACT

Present law

No provision.

House bill

Repeals abandoned infants assistance.

Senate amendment

Authorizes $35 million for each of FY1995–FY1996, and such sums as necessary for each of FY1997–FY2000, for abandoned infants assistance.

Conference agreement

The Senate recedes.

12. REAUTHORIZATION OF VARIOUS PROGRAMS (SECTION 752)

A. Missing Children's Assistance Act

Present law

The Missing Children's Assistance Act is authorized through FY1996.

House bill

Repeals the Missing Children's Assistance Act (see Item 2, above; however, authorizes appropriations of $7 million for the Attorney General to operate an information clearinghouse and telephone hotline for information on missing children (see Item 1.F, above).

Senate amendment

Extends the authorization for the Missing Children's Assistance Act through FY1997; such sums as necessary are authorized. Provides that the Department of Justice shall use no more than 5 percent of appropriations in a fiscal year to evaluate the program.

Conference agreement

The House recedes.

B. Victims of Child Abuse Act of 1990

Present law

Appropriations are authorized through FY1996 for grants to improve investigation and prosecution of child abuse cases, and for children's advocacy centers, under the Victims of Child Abuse Act.

House bill

Repeals grants to improve investigation and prosecution of child abuse and neglect cases, and children's advocacy centers, under the Victims of Child Abuse Act. (See Item 2, above.)

Senate amendment

Extends the authorization through FY1997, at such sums as necessary, for these two programs under the Victims of Child Abuse Act.

Conference agreement

The House recedes.

13. ADOPTION EXPENSES

A. Refundable Credit for Adoption Expenses

Present law

No provision.

House bill

No provision in H.R. 4, but similar provision in the House-passed H.R. 1215.

Senate amendment

Amends subpart C of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986, to insert a new section 35, adoption expenses, that would provide a tax credit for expenditures for adoption fees, court costs, attorney fees, and other expenses directly related to a legal and finalized adoption. This dollar-for-dollar tax credit of up to $5,000 per child is reduced for taxpayers with adjusted gross income above $60,000 and is fully phased out at incomes of $100,000. Married couples must file a joint return and the credit is not available for expenditures that contradict State or Federal law. The amendment prohibits double benefits. The amendment will apply to taxable beginning after Dec. 31, 1995.

Conference agreement

This provision has been moved to the tax portion of the Reconciliation Act of 1995 and, if enacted, will provide a tax credit for expenditures for adoption fees, court costs, attorney fees, and other expenses directly related to a legal and finalized adoption. This dollar-for-dollar tax credit of up to $5,000 per child is reduced for taxpayers with adjusted gross income above $75,000 and is fully phased out at incomes of $115,000. The credit is not available for expenditures that contradict State or Federal law. The amendment prohibits double benefits with respect to State and local credits, except in cases of "special children". The amendment will apply to taxable years beginning after Dec. 31, 1995 and allow for carry over of up to five years in the event tax liability does not cover the entire credit during a single year.

B. Exclusion of Adoption Assistance

Present law

No provision.

House bill

No provision.

Senate amendment

Amends part III of subchapter B of chapter 1 of the Internal Revenue Code of 1986 by inserting a new section 137, which treats as a tax-free fringe benefit employer-provided adoption assistance benefits, or reimbursement by the employer of qualified adoption expenses, provided the adoptee is physically or mentally incapable of self-care (a "special needs" child). Military adoption assistance benefits for these children also would be free of tax. The amendment will apply to taxable years beginning after Dec. 31, 1995.

Conference agreement

This provision has been moved to the tax portion of the Reconciliation Act of 1995. This provision treats as a tax-free fringe benefit employer-provided adoption assistance benefits of up to $5,000, or reimbursement by the employer of qualified adoption expenses. The amendment will apply to taxable years beginning after Dec. 31, 1995. This benefit is not available if the credit (above) is chosen.

C. Withdrawal from IRA for Adoption Expenses

Present law

No provision.

House bill

No provision.

Senate amendment

Amends subsection (d) of section 408 of the Internal Revenue Code of 1986 to permit tax-free withdrawals from an individual retirement account (IRA) for qualified adoption expenses.

Conference agreement

The Senate recedes.

TITLE VIII. CHILD CARE

1. GOALS (SECTION 802)

Present law

No provision.

House bill

Establishes the following goals as part of the Child Care and Development Block Grant:

(1) to allow each State maximum flexibility in developing child care programs and policies that best suit the needs of children and parents within such State;

(2) to promote parental choice to empower working parents to make their own decision on the child care that best suits their family's needs;

(3) to encourage States to provide consumer education information to help parents make informed choices about child care;

(4) to assist States to provide child care to parents trying to achieve independence from public assistance; and

(5) to assist States in implementing the health, safety, licensing and registration standards established in State regulation.

Senate amendment

No provision.

Conference agreement

The Senate recedes.

2. AUTHORIZATION OF APPROPRIATIONS (SECTION 803)

Present law

The authorization of appropriations expires at the end of FY1995. Appropriations in FY1995 are $935 million; such sums as necessary are authorized. (Sec. 658B of the CCDBG Act.)

(Note: In addition, entitlement funds are available for child care under the AFDC Child Care, Transitional Child Care, and At-Risk Child Care programs authorized by Title IV–A of the Social Security Act.)

House bill

Authorizes appropriations of $2,093 million for each of FY1996–2000.

(Note: Title I of the House bill repeals the AFDC Child Care, Transitional Child Care, and At-Risk Child Care programs.)

Senate amendment

Authorizes appropriations as follows: $1 billion for FY1996, and such sums as may be necessary for each of FY1997–2000.

(Note: Additional funds are provided for child care under Title I of the Senate amendment, to replace the current AFDC Child Care, Transitional Child Care, and At-Risk Child Care programs—$8 billion over 5 years in direct spending.)

Conference agreement

The conference agreement establishes a single child care block grant and State administrative system by adding mandatory funds to the existing Child Care and Development Block Grant (CCDBG). Specifically, one discretionary and two mandatory streams of funding will be consolidated in a reconstituted CCDBG. The effective date of this title will be October 1, 1996, except for the authoriza-

tion of discretionary funds, which will be effective upon date of enactment.

The child care funds made available in the Child Care Block Grant total $18 billion over 7 years; $11 billion in mandatory funds ($1.3 billion in FY1997, $1.4 billion in FY1998, $1.5 billion FY1999, $1.7 billion in FY2000, $1.9 billion in FY2001, and $2.05 in FY2002) combined with $1 billion each year (FY1996–FY2002) in discretionary funds.

Each State will receive the amount of funds it received for child care under all of the entitlement programs currently under title IV of the Social Security Act (AFDC Child Care, transitional Child Care, and At-Risk Child Care) in the 1994 fiscal year, or the average amount of funds received for those programs from FY1992 through FY1994, which ever is greater. These programs, combined, provide approximately $990 million in mandatory child care funding for the States.

The mandatory funds remaining after the State allocations based on the child care allotments from previous years will be distributed among the States based on the formula currently used in the title IV–A At-Risk Child Care grant. Specifically, funds will be distributed based on the proportion of the number of children under the age of 13 residing in the State to the number of all of the nation's children under the age of 13. States must provide matching funds in the amount of the FY1994 State Medicaid rate to receive these funds.

If a State does not use its full portion of funds, the remaining portion will be redistributed to the States according to section 402(i) (as such section was in effect before October 1, 1995).

Discretionary funds appropriated for the Child Care Block Grant will be distributed to States based on the current formula for the Child Care and Development Block Grant. This formula utilizes the number of children in low income families and the State per capita income as criteria for the distribution of funds to States. As in current law governing the CCDBG, there is no requirement for the State to provide matching funds to receive an allotment from the discretionary funds appropriated for the Child Care Block Grant (see Table 4 for State allotments over the 7 years of the Block Grant).

Table 4—Estimated total 7-year funding by State under the child care block grant

[In thousands of dollars]

State:	*Amount*
Alabama	328,208
Alaska	45,728
Arizona	305,507
Arkansas	146,212
California	2,005,717
Colorado	202,491
Connecticut	203,659
Delaware	54,264
District of Columbia	45,711
Florida	789,027
Georgia	579,921
Hawaii	66,313
Idaho	75,410
Illinois	680,274
Indiana	359,127
Iowa	151,901

Kansas	171,492
Kentucky	301,154
Louisiana	337,574
Maine	66,441
Maryland	331,868
Massachusetts	447,645
Michigan	522,624
Minnesota	321,275
Mississippi	197,315
Missouri	352,011
Montana	56,602
Nebraska	144,930
Nevada	66,512
New Hampshire	63,772
New Jersey	412,380
New Mexico	156,887
New York	1,110,049
North Carolina	732,212
North Dakota	44,315
Ohio	781,424
Oklahoma	307,398
Oregon	247,540
Pennsylvania	717,854
Rhode Island	73,756
South Carolina	229,794
South Dakota	47,719
Tennessee	452,486
Texas	1,311,075
Utah	194,779
Vermont	49,670
Virginia	346,339
Washington	458,049
West Virginia	140,340
Wisconsin	310,981
Wyoming	40,327
Puerto Rico [1]	190,438
Guam [1]	16,829
Virgin Islands [1]	11,807
Northern Marianas [1]	6,363
Indian Set-Aside	188,500
Total	18,000,000

[1] Discretionary amounts for the territories only.

Source: Table prepared by CRS. Mandatory child care allocations based on the federal share of expenditures in title IV–A programs and Census Bureau estimates (FY1996) and projections (FY1997–2002) of the Population Under 13. Discretionary child care allocations based on DHHS estimates, 2/95. FY1996 amounts for mandatory child care assume: (1) CBO baseline amounts for national totals; and (2) a distribution among the States based on the historical distribution of mandatory funds (average of FY1992–1994 or FY1994 whichever is higher).

3. LEAD AGENCY (SECTION 804)

Present law

Requires the chief executive officer of a State to designate an appropriate State agency to act as the lead agency in administering financial assistance under the Act. (Sec. 658D of the CCDBG Act)

House bill

Changes the term "agency" to "entity."

Senate amendment

Allows the State lead agency to administer financial assistance received under the Act through other "governmental or nongovernmental" agencies (instead of other "State" agencies); requires that

"sufficient time and Statewide distribution of the notice" be given of the public hearing on development of the State plan; and strikes language on issues that may be considered during consultation with local governments on development of the State plan.

Conference agreement

The House recedes.

4. APPLICATION AND PLAN (SECTION 805)

Present law

Requires States to prepare and submit to the Secretary an application that includes a State plan. The initial plan must cover a 3-year period, and subsequent plans must cover 2-year periods. Required contents of the plan include designation of a lead agency and policies and procedures regarding parental choice of providers, unlimited parental access, parental complaints, consumer education, compliance with State and local regulatory requirements, establishment of and compliance with health and safety requirements, review of State licensing and regulatory requirements, and supplementation.

In addition, the State plan must provide that funds will be used for child care services, and that 25 percent of funds will be reserved for activities to improve the quality of child care and to increase the availability of early childhood development and before- and after-school child care. (Sec. 658E of the CCDBG Act)

Further, State plans must assure that payment rates will be adequate to provide eligible children equal access to child care as compared with children whose families are not eligible for subsidies, and must assure that the State will establish and periodically revise a sliding fee scale that provides for cost sharing by families that receive child care subsidies.

House bill

Requires the State plan to cover a 2-year period. Requires States to provide a detailed description of procedures to be used to assure parental choice of providers. Changes "provide assurances" to "certify" that procedures are in effect within the State to ensure unlimited parental access to children and parental choice; also requires that the State plan provide a detailed description of such procedures. Changes "provide assurances" to "certify" that the State maintains a record of parental complaints, and requires the State to provide a detailed description of how such a record is maintained and made available. Changes the consumer education part of the State plan to require assurances that the State will collect and disseminate consumer education information. Requires that the State certify that providers comply with State and local health, safety and licensing or regulatory requirements and provide a detailed description of such requirements and how they are enforced. Eliminates current law provisions requiring establishment of and compliance with health and safety requirements, review of State licensing and regulatory requirements, notification to HHS when standards are reduced, and supplementation. Eliminates the requirement that unlicensed providers be registered.

Adds a requirement that a summary of the facts relied upon by the State to determine that payment rates are sufficient to ensure equal access to child care is included in the State plan. Eliminates the assurance that the State will establish a sliding fee scale. Also provides that funds, other than amounts transferred under section 658T (see Item 14 below), will be used for child care services, activities to improve the quality and availability of such services, and any other activity that the State deems appropriated to realize the goals specified above (see Item 1). Deletes the current law requirement that States reserve 25 percent of funds for activities to improve the quality of child care and to increase availability of early childhood development and before- and after-school care.

Requires States to spend no more than 5 percent on administrative costs.

Senate amendment

Requires the State plan to cover a 2-year period. Replaces the requirement that providers not subject to licensing or regulation be registered with the State, with a requirement that the State implement mechanisms to ensure proper payment to providers. Requires the Secretary to develop minimum standards for Indian tribes and tribal organizations receiving assistance under the Act, in lieu of State or local licensing or regulatory requirements. Eliminates provisions related to reduction in standards and reviews of State licensing and regulatory requirements.

Requires the State plan to describe the manner in which services will be provided to the working poor. Reserves 15 percent of each State's allotment for activities to improve quality of child care, instead of 25 percent for both quality improvement and before- and after-school child care services.

Requires States to spend no more than 5 percent on administrative costs, not including direct service costs. Administrative costs shall not include direct service costs.

Conference agreement

The Senate recedes, with a modification that the States must certify that they have licensing standards for child care. The Secretary must develop minimum standards for Indian tribes and tribal organizations receiving assistance under this Act, in lieu of State or local licensing or regulatory requirements. At least 70 percent of the mandatory funding must be used to provide child care for children in families who are receiving welfare, working their way off welfare, or at risk of becoming welfare dependent. A substantial portion of the discretionary funding for child care authorized under this Act is intended to be used for low-income working families who are not working their way off welfare or at risk of becoming welfare dependent. The State plan must demonstrate how the State is meeting the specific needs of each of these populations.

5. LIMITATION ON STATE ALLOTMENTS (SECTION 806)

Present law

Prohibits the use of funds for purchase or improvement of land or buildings, except in the case of sectarian agencies or organiza-

tions that need to make renovations or repairs in order to comply with specific health and safety requirements that States are required to establish. (Sec. 658F of the CCDBG Act)

House bill

Amends section 658F to make a conforming amendment referring to the elimination of specific health and safety requirements.

Senate amendment

No provision (maintains current law).

Conference agreement

The Senate recedes, with a modification that this Act prohibit the use of funds for purchase or improvement of land or buildings except for Indian tribes or tribal organizations. Indian tribes and tribal organizations may use funds for construction or renovation of facilities, upon the request by the tribe or tribal organization and subject to the approval by the Secretary.

6. ACTIVITIES TO IMPROVE THE QUALITY OF CHILD CARE (SECTION 807)

Present law

As stated above, 25 percent of State allotments must be reserved for activities to improve child care quality and to increase the availability of early childhood development and before- and after-school child care (see Item 1.D above). Section 658G specifies how these funds are to be used. Of reserved funds, States are required to use no less than 20 percent for activities to improve the quality of care, including resource and referral programs, grants or loans to assist providers in meeting State and local standards, monitoring of compliance with licensing and regulatory requirements, training of child care personnel, and improving compensation for child care personnel. (Sec. 658G of the CCDBG Act)

House bill

Repeals the requirement that 25 percent of funds be set aside for quality improvement activities (see Item 5 above). Repeals section 658G regarding the use of these set-aside funds.

Senate amendment

As stated above, reduces quality improvement set-aside to 15 percent (see Item 5 above). Amends section 658G to require States to use their quality improvement set-aside for resource and referral activities, including "providing comprehensive consumer education to parents and the public, referrals that honor parental choice, and activities designed to improve the quality and availability of child care," and for one or more "other activities," which include those listed in the current section 658G, plus activities to increase the availability of before- and after-school care, infant care, and child care between the hours of 5:00 p.m. and 8:00 a.m.

Adds new language to prohibit States from discriminating against providers that wish to participate in resource and referral systems even if they are exempt from State licensing requirements as long as they are operating legally within the State.

Conference agreement

The Senate recedes, with a modification that States retain at least a 3 percent set-aside of the total mandatory and discretionary funding received for child care under this Act for activities designed to provide comprehensive consumer education to parents and the public, activities that increase parental choice, and activities designed to improve the quality and availability of child care, such as resource and referral services.

The House recedes, with a modification to limit the amount of total child care funds made available under this Act of administrative costs to 3 percent. Administrative cost shall not include direct service costs.

7. EARLY CHILDHOOD DEVELOPMENT AND BEFORE- AND AFTER-SCHOOL CARE REQUIREMENT (SECTION 808)

Present law

Requires States to use no less than 75 percent of funds reserved for quality improvement for activities to expand and conduct early childhood development programs and before- and after-school child care. (Sec. 658H of the CCDBG Act)

House bill

Repeals section 658H.

Senate amendment

Repeals section 658H.

Conference agreement

The House and Senate concur.

8. ADMINISTRATION AND ENFORCEMENT (SECTION 809)

Present law

Requires the Secretary of Health and Human Services (HHS) to coordinate HHS and other Federal child care activities, to collect and publish a list of State child care standards every 3 years, and to provide technical assistance to States. Requires the Secretary to review, monitor, and enforce compliance with the Act and the State plan by withholding payments and imposing additional sanctions in certain cases. (Sec. 658I of the CCDBG Act)

House bill

Deletes the requirement that the Secretary of HHS collect and publish a list of child care standards every 3 years. Maintains current law for repayment.

Senate amendment

Strikes the current law requirement that the Secretary withhold further payments to a State in case of a finding of noncompliance until the noncompliance is corrected. Instead, authorizes the Secretary, in such cases, to impose additional program requirements on the State, such as a requirement that the State reimburse the Secretary for any improperly spent funds, or the Sec-

retary may deduct from the administrative portion of the State's subsequent allotment an amount equal to or less than the misspent funds, or a combination of such options. The amendment also strikes sections related to additional sanctions and notice of such additional sanctions.

Conference agreement

The House recedes, with a modification that the Secretary may not impose additional program requirements on the State for improperly spent funds, and that the Secretary shall deduct misspent funds from subsequent State administrative allotments.

9. PAYMENTS (SECTION 810)

Present law

Provides that payments received by a State for a fiscal year may be expended in that fiscal year or in the succeeding 3 fiscal years. (ec. 658J of the CCDBG Act)

House bill

Provides that payments received by a State for a fiscal year may be obligated in the fiscal year received or the succeeding fiscal year, instead of expended in the fiscal year received or the succeeding 3 fiscal years.

Senate amendment

No provision (maintains current law).

Conference agreement

The Senate recedes.

10. ANNUAL REPORT AND AUDITS (SECTION 811)

Present law

Requires each State to prepare and submit to the Secretary every year a report: specifying how funds are used; presenting data on the manner in which the child care needs of families in the State are being fulfilled, including information on the number of children served, child care programs in the State, compensation provided to child care staff, and activities to encourage public-private partnerships in child care; describing the extent to which affordability and availability of child care has increased; summarizing findings from a review of State licensing and regulatory requirements, if applicable; explaining any action taken by the State to reduce standards, if applicable; and describing standards and health and safety requirements applied to child care providers in the State, including a description of efforts to improve the quality of child care. (Sec. 658K of the CCDBG Act)

House bill

Changes the title of the section from "Annual Report and Audits" to "Annual Report, Evaluation Plans, and Audits." Changes required data elements in annual reports to include:

(1) the number and ages of children being assisted with funds provided under this subchapter;

(2) with respect to the families of such children:

—the number of other children in such families;

—the number of such families that include only 1 parent;

—the number of such families that include both parents;

—the ages of the mothers of such children;

—the ages of the fathers of such children;

—the sources of the economic resources of such families, including the amount of such resources obtained from (and separately identified as being from)—

a. employment, including self-employment;

b. assistance received under part A of title IV of the Social Security Act (SSA);

c. part B of title IV of the SSA;

d. the Child Nutrition Act of 1966;

e. the National School Lunch Act;

f. assistance received under title XVI of the SSA;

g. assistance received under title XVI of the SSA;

h. assistance received under title XIX of the SSA;

i. assistance received under title XX of the SSA; and

j. any other source of economic resources the Secretary determines to be appropriate;

(3) the number of such providers separately identified with respect to each type of child care provider specified in section 658P(5) that provided child care services obtained with assistance provided under this subchapter;

(4) the cost of child care services and the portion of such cost paid with assistance from this Act;

(5) the manner in which consumer education information was provided to parents and the number of parents to whom such information was provided;

(6) the number of parental complaints about child care that were found to have merit and a description of corrective actions taken by the State; and

(7) information on programs to which funds were transferred under section 648T (see item 15, below).

States are also required to present evidence demonstrating that they have state requirements designed to protect the health and safety of children.

Deletes current report requirements on: (1) increasing the affordability and availability of child care; (2) reviewing findings on State licensing and regulatory requirements; and (3) reducing standards.

Requires States to include an evaluation plan in their first annual report due after enactment and every 2 years thereafter, and to include the results of such evaluation in the second annual report due after enactment and every 2 years thereafter. The plan must include an evaluation regarding the extent to which the State has realized the following goals:

(1) promoting parental choice to make their own decisions on the child care that best suits their family's needs;

(2) providing consumer education information to help parents make informed choices about child care;

(3) providing child care to parents trying to achieve independence from public assistance; and

(4) implementing the health, safety, licensing, and registration standards established in State regulations.

Senate amendment

Requires States to submit reports every 2 years, rather than every year, with the first report due no later than December 31, 1996. Requires that States include information on the type of Federal child care and preschool programs serving children in the State, and requires that States describe the extent and manner to which resource and referral activities are being carried out by the State. Strikes the current requirement for information on the type and number of child care programs, providers, caregivers and support personnel in the State, and strikes the provision related to review findings of State licensing and regulatory requirements.

Conference agreement

The Senate recedes, with a modification that the State prepare and submit a data report to the Secretary every six months, and that the report include the following information on each family receiving assistance:

(1) family income;

(2) county of residence;

(3) the sex, race, age of children receiving benefits;

(4) whether the family includes only one parent;

(5) the sources of family income, including the amount obtained from (and separately identified as being from): (a) employment, including self-employment; (b) Part A cash assistance or other assistance; (c) housing assistance; (d) food stamps; and (e) other;

(6) the number of months the family has received benefits;

(7) the type of care in which the child was enrolled (family day care, center, own home);

(8) whether the provider was a relative;

(9) the cost of care; and

(10) the average hours per week of care.

Annually, the State must submit the following aggregate data:

(1) the number of providers separately identified in accord with each type of provider specified in section 658P(5) that received funding under this subchapter;

(2) the monthly cost of child care services and the portion of such cost paid with assistance from this Act by type of care;

(3) the number and total amount of payments by the State in vouchers, contracts, cash, and disregards from public benefit programs by type of care;

(4) the manner in which consumer education information was provided; and

(5) total number (unduplicated) of children and families served.

The House recedes on the requirement that States include an evaluation plan in their reports to the Secretary.

Conferees agree to delete current report requirements on: (1) increasing the affordability and availability of child care; (2) re-

viewing findings on State licensing and regulatory requirements; and (3) reducing standards.

11. REPORT BY THE SECRETARY (SECTION 812)

Present law

Requires the Secretary to prepare and submit an annual report, summarizing and analyzing information provided by States, to the House Education and Labor Committee and the Senate Labor and Human Resources Committee. This report must contain an assessment and, where appropriate, recommendations to Congress regarding efforts that should be taken to improve access of the public to quality and affordable child care. (Sec. 658L of the CCDBG Act)

House bill

Revises the Secretary's report to become a biennial report to the Speaker of the House and the President pro tempore of the Senate.

Senate amendment

Requires the Secretary to prepare and submit biennial reports, rather than annual, with the first report due no later than July 31, 1997; and replaces the reference to the House Education and Labor Committee with the House Economic and Educational Opportunities Committee.

Conference agreement

The House recedes.

12. ALLOTMENTS (SECTION 813)

Present law

Requires the Secretary to reserve one-half of 1 percent of appropriations for payment to Guam, American Samoa, the Virgin Islands, the Northern Marianas and the Trust Territory of the Pacific Islands. The Secretary also must reserve no more than 3 percent for payment to Indian tribes and tribal organizations with approved applications. Remaining funds are allocated to the States based on the States' proportion of children under age 5 and the number of children receiving free or reduced-price school lunches, as well as the States' per capita income. Any portion of a State's reallotment that the Secretary determines is not needed by the State to carry out its plan for the allotment period, must be reallotted by the Secretary to the other States in the same proportion as the original allotments. (Sec. 658O of the CCDBG Act)

House bill

Maintains the current law set-asides for the Territories and Indian tribes and tribal organizations, except that the Trust Territory of the Pacific Islands is deleted from the set-aside for Territories. Allots remaining funds to States as follows: each State will receive an amount based on its relative share of the aggregate amount of Federal funds received by the State in FY1994 under the Child Care and Development Block Grant Act, and under child care pro-

grams for AFDC recipients and former AFDC recipients and the At-Risk Child Care program under Title IV–A of the Social Security Act.

Senate amendment

Maintains current law allotment procedures. Amends section 658O(c), related to payments for the benefit of Indian children, to add new provisions allowing the use of funds by Indian tribes or tribal organizations for construction or renovation of facilities, upon request by the tribe or tribal organization and subject to approval by the Secretary. The Secretary may not permit a tribe or tribal organization to use funds for construction or renovation if such use will result in a decrease in the level of child care services. The Secretary is also allowed to reallot to other tribes any tribal allotments that are not expended, which is similar to what happens with unused State allotments.

Conference agreement

The Senate recedes, with a modification that the set-aside for Indian tribes and tribal organizations and Native Hawaiian Organizations is 1 percent of the total funds for child care made available under this Act. Any portion of a State's allotment that the Secretary determines is not needed by the State to carry out its plan for the allotment period must be realloted by the Secretary to the other States in the same proportion as the original allotments. The Secretary is also allowed to reallot to other tribes any tribal allotments that are expended, which is similar to the process for reallotment to States.

13. DEFINITIONS (SECTION 814)

Present law

Provides definitions of the following terms: caregiver, child care certificate, elementary school, eligible child, eligible child care provider, family child care provider, Indian tribe, lead agency, parent, secondary school, Secretary, sliding fee scale, State, and tribal organization. (Sec. 658P of the CCDBG Act)

House bill

Includes definitions for lead entity and child care services, and strikes definitions for elementary school, secondary school, and sliding fee scale.

Senate amendment

Revises the definition of eligible child to one whose family income does not exceed 100 percent of the State median, instead of 75 percent.

Adds the following as an allowable use of a child care certificate: "as a deposit for child care services if such a deposit is required of other children being cared for by the provider."

Revises the definition of relative child care provider by: adding great grandchild and sibling (if the provider lives in a separate residence) to the list of eligible children; striking the requirement that such providers be registered; and requiring such providers to com-

ply with any "applicable" requirements govern child care provided by a relative.

Conference agreement

The House recedes, with a modification that strikes the definition for elementary and secondary school and revises the definition of eligible child to one whose family income does not exceed 85 percent of the State median income.

14. TRANSFER OF FUNDS

Present law

No provision.

House Bill

Adds a new section 658T to the CCDBG Act, allowing a State to transfer no more than 20 percent of CCDBG funds to one or more of the following programs:

1. Part A of Title IV of the Social Security Act;
2. Part B of Title IV of the Social Security Act;
3. Child Nutrition Act of 1966;
4. National School Lunch Act; and
5. Title XX of the Social Security Act.

Senate amendment

Transfer funds would be subject to the rules of the program to which they are transferred.

States can transfer up to 30 percent of their cash assistance block grant (title IV–A) into the CCDBG.

Conference agreement

The House recedes; no funds can be transferred out of the Child Care and Development Block Grant (although funds could be transferred into the CCDBG from other block grants).

15. APPLICATION TO OTHER PROGRAMS

Present law

No provision.

House bill

No provision.

Senate amendment

Adds a new section 658T to the CCDBG Act, that requires States that use any Federal funds for child care services to ensure that such services meet the requirements, standards and criteria, with the exception of the 15 percent quality set-aside, of the CCDBG and any regulations issued under the CCDBG. These funds must be administered through a uniform State plan and, to the maximum extent practicable, shall be transferred to the lead agency and integrated into the CCDBG program.

Conference agreement

The Senate recedes (no provision).

16. REPEALS AND TECHNICAL AND CONFORMING AMENDMENTS (SECTION 815)

Present law

Not applicable.

House bill

Repeals the following programs:

(1) Child Development Associate (CDA) Scholarship Assistance;

(2) State Dependent Care Development Grants;

(3) Programs of National Significance under Title X of the Elementary and Secondary Education Assistance Act of 1965 (child care related to Cultural Partnerships for At-Risk Children and Youth, and Urban and Rural Education Assistance); and

(4) Native-Hawaiian Family-Based Education Centers.

(Note: Title I of the House bill also repeals child care assistance provided under current law by Title IV–A of the Social Security Act. This assistance is provided under 3 programs known as AFDC Child Care, Transitional Child Care, and At-Risk Child Care.)

Senate amendment

Repeals CDA Scholarship Assistance and State Dependent Care Development Grants.

Requires the Secretary of HHS, after consultation with the appropriate committees of Congress and the Director of the Office of Management and Budget, to prepare and submit to Congress, within 6 months after enactment, a legislative proposal containing technical and conforming amendments that reflect the amendments and repeals made by this Act.

(Note: Title I of the Senate amendment also earmarks and provides additional funds for child care, to replace the AFDC Child Care, Transitional Child Care, and At-Risk Child Care programs.)

Conference agreement

The Senate recedes.

TITLE IX. CHILD NUTRITION

1. CHILD NUTRITION ACT OF 1966

Present law

Authorizes the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), the School Breakfast program, the Special Milk program, assistance to States for child nutrition administrative expenses and nutrition education and training, and school breakfast assistance for Defense Department overseas dependents' schools.

The WIC program provides specific nutritious foods to lower-income pregnant, postpartum, and breastfeeding women, and infants and children (up to age 5). Recipients' family income must be below 185% of Federal poverty guidelines, and they must be judged at nutritional risk. Federal funds, set by appropriation levels, are

made available to State health agencies under a formula. States then provide funds to local health agencies, which are responsible for day-to-day operations. Funds also are used for food, nutrition assessments and counselling, referrals to other programs, breastfeeding promotion, and a farmers' market program. [Sec. 17 and 21 of the Child Nutrition Act]

Under the School Breakfast program, schools choosing to participate in the program receive per-meal Federal cash subsidies for all breakfasts they serve that meet Federal nutrition standards. Subsidies are indexed annually for inflation and differ depending on whether the meal is served free (to children from families with income below 130% of poverty), at a reduced price (to children with family income between 130% and 185% of poverty), or at "full price" (so-called "paid" meals for those with family income above 185% of poverty or who do not apply for free or reduced-price meals). Schools with high proportions of lower-income students get larger per-meal subsidies, and special grants are provided to assist in paying start-up and expansion costs. [Sec. 4 of the Child Nutrition Act]

Under the Special Milk program, schools and institutions not otherwise participating in a meal service program (and schools with split sessions for kindergartners) provide milk to all children at a low price or free, and each half-pint served is federally subsidized at a different rate—depending on whether it is served free or not. Provision of free milk is not required. [Sec. 3 of the Child Nutrition Act]

Under the State administrative expense assistance program, grants are made to States to help cover administrative costs associated with child nutrition programs. The amount available each year is 1.5% of Federal cash payments for School Lunch, School Breakfast, Child and Adult Care Food, and Special Milk programs. [Sec. 7 of the Child Nutrition Act]

For nutrition education and training, States are provided with Federal funds for training school food service personnel in food service management, instructing teachers in nutrition education, and teaching children about nutrition. [Sec. 19 of the Child Nutrition Act]

Social provisions are made for Federal assistance for school breakfast programs in Defense Department overseas dependents' schools. [Sec. 20 of the Child Nutrition Act]

House bill

Retains the designation of the Act as the Child Nutrition Act of 1966 and replaces the Act's current provisions with authorization for a Family Nutrition Block Grant Program.

Senate amendment

No comparable provisions.

Conference agreement

House recedes with an amendment to streamline provisions in the Child Nutrition Act of 1966. The following changes are intended to streamline the operation of programs under the Child Nutrition Act.

1. Strike Sec. 4(e)(1)(B) to eliminate training and technical assistance in food preparation. [Sec. 923]

2. Strike Sec. 4(f) and 4(g) to eliminate school breakfast expansion and start-up provisions. [Sec. 923]

3. Strike Sec. 7(e) to eliminate provision allowing States to use a portion of SAE funds for commodity distribution administration. [Sec. 924]

4. Revise Sec. 7(f) to provide that, after submission of an initial State plan, States are only required to submit substantive changes for approval. [Sec. 924]

5. Strike Sec. 7(h) to eliminate requirement on State to participate in Agricultural studies. [Sec. 924]

6. Strike Sec. 10(b)(2), Sec 10(b)(3) and Sec. 10(b)(4) to eliminate provisions on model competitive food language. [Sec. 925]

7. Change the provision that allows the Secretary to establish regulations providing for transfers of funds to require such regulations. This language is intended to require the Secretary to issue regulations that allow the transfer of funds on the basis of an approved State plan. It is not intended to require the Secretary to allow all States to transfer funds. [Sec. 925]

8. Strike Sec. 11(a) to eliminate the bar against States imposing curriculum or instruction requirements on school. [Sec. 926]

9. Strike Sec. 15(3)(C) to eliminate an out-of-date provision referring to Puerto Rico's special child care food program's use of schools. [Sec. 927]

10. Strike Sec. 16(a) to eliminate the requirement that accounts and records be available "at all times" and insert "at any reasonable time." [Sec. 928]

11. Revise Sec. 17(b)(15)(iii) to add limit on temporary residence of "90 days" to the definition of homeless. [Sec. 929(a)]

12. Strike 17(b)(15)(C) to eliminate the requirement for the provision of drug abuse and education materials from the definition of "Drug Abuse Education." [Sec. 929(a)]

13. Strike Sec. 17(c)(5) to eliminate the Secretary's promotion of WIC. [Sec. 929(b)]

14. Revise Sec. 17(d)(2)(A)(ii)(II) to make a conforming change with respect to the reference to AFDC.

15. Strike Sec. 17(d)(4) to eliminate provision for reports by the Secretary and the National Advisory Council. [Sec. 929(c)]

16. Revise Sec. 17(e)(1) to "allow" agencies to provide for drug abuse education. [Sec. 929(d)]

17. Revise Sec. 17(e)(2) to eliminate provision regarding evaluation of nutrition education/breastfeeding promotion. [Sec. 929(d)]

18. Revise Sec. 17(e)(4) to provide that States "may" provide local agencies with information materials on other programs for which WIC recipients may be eligible. [Sec. 929(d)]

19. Revise Sec. 17(e)(5) to provide that local agencies "may" make available information on substance abuse counseling and treatment. [Sec. 929(d)]

20. Strike Sec. 17(e)(6) to eliminate provision for "master file" information requirement for provision of nutrition education. [Sec. 929(d)]

21. Revise Sec. 17(f)(1)(A) to require that only substantive changes in the State plan be submitted annually. [Sec. 929(e)]

22. Revise Sec. 17(f)(1)(C)(iii) to provide that State agencies are required to submit a plan to coordinate with other services or programs that might benefit WIC applicants.. [Sec. 929(e)]

23. Revise Sec. 17(f)(1)(C)(vi) to require State agencies to submit a plan to improve access to the program for participants and prospective applicants who are employed, or who reside in rural areas. [Sec. 929(e)]

24. Strike Sec. 17(f)(1)(C)(vii) to eliminate requirement that State agencies submit plans to provide services to those most in need. [Sec. 929(e)]

25. Strike Sec. 17(f)(1)(C)(ix) to eliminate requirement that State agencies submit plans to provide services to those in prison. [Sec. 929(e)]

26. Strike Sec. 17(f)(1)(C)(x) Incorporates language into clause (ii). [Sec. 929(e)]

27. Strike Sec. 17(f)(1)(C)(xii) to eliminate provision for conversion of competitive bidding savings. [Sec. 929(e)]

28. Strike Sec. 17(f)(1)(C)(xiii) to eliminate requirement to State agencies to submit additional information as the Secretary may reasonably require. [Sec. 929(e)]

29. Strike Sec. 17(f)(1)(D) Technical and conforming. [Sec. 929(e)]

30. Strike Sec. 17(f)(2) to eliminate requirement for State procedures for general public comments on the State plan. [Sec. 929(e)]

31. Revise Sec. 17(f)(5) to provide that accounts and records be available at any "reasonable time." [Sec. 929(e)]

32. Strike Sec. 17(f)(6) Technical and conforming (notification of eligibility/ineligibility). [Sec. 929(e)]

33. Strike Sec. 17(f)(8) to eliminate State agency publicity/information requirements. [Sec. 929(e)]

34. Revise Sec. 17(f)(9)(B) to eliminate specific notice requirements. [Sec. 929(e)]

35. Revise Sec. 17(f)(11) to eliminate requirements regarding State staffing standards. [Sec. 929(e)]

36. Revise Sec. 17(f)(12) to eliminate provisions dealing with products specifically designed for WIC recipients. [Sec. 929(e)]

37. Revise Sec. 17(f)(14) to provide that the Secretary "may" provide education in languages other than English. [Sec. 929(e)]

38. Revise Sec. 17(f)(17) to eliminate provisions dealing with incarcerated individuals. [Sec. 929(e)]

39. Revise Sec. 17(f)(19) to provide that the Secretary "may" provide information about other potential sources of information. [Sec. 929(e)]

40. Strike Sec. 17(f)(20) to eliminate requirement for State policies on those who do not fulfill appointment schedules. [Sec. 929(e)]

41. Strike Sec. 17(f)(22) Obsolete. [Sec. 929(e)]

42. Strike Sec. 17(f)(24) Obsolete. [Sec. 929(e)]

43. Revise Sec. 17(g)(5) Technical and conforming. [Sec. 929(f)]

44. Strike Sec. 17(g)(6) Obsolete. [Sec. 929(g)]

45. Strike Sec. 17(h)(8)(A). Obsolete. [Sec. 929(g)]

46. Strike Sec. 17(h)(8)(C). Obsolete. [Sec. 929(g)]

47. Strike Sec. 17(h)(8)(G)(ii)–(ix) to eliminate specific provisions as to how the Secretary solicits bids. Insert a new clause (ii) to "grandfather" existing contracts. [Sec. 929(g)]

48. Revise Sec. 17(h)(8)(I), striking all but clause (v), which relates to funds for cost containment innovations. [Sec. 929(g)]

49. Strike Sec. 17(h)(8)(M) to eliminate requirement for product code pilot projects. [Sec. 929(g)]

50. Strike Sec. 17(h)(10) to change from "shall" to "may" the requirement for infrastructure development and breastfeeding promotion funding. [Sec. 929(g)]

51. Revise Sec. 17(k)(3) providing that the council shall elect a Chairman and a Vice-Chairman. [Sec. 929(h)]

52. Strike Sec. 17(n). Obsolete. [Sec. 929(i)]

53. Strike Sec. 17(o) to eliminate community college demonstration. [Sec. 929(i)]

54. Strike Sec. 17(p) to eliminate authorization to make grants for information/data systems. [Sec. 929(i)]

55. Strike Sec. 18 to eliminate unused authority for cash grants for nutrition education. [Sec. 930]

56. Revise Sec. 19(a) to modify language concerning Congressional findings about nutrition education and training. [Sec. 931(a)]

57. Revise Sec. 19(b) to modify language regarding purpose of nutrition education and training. [Sec. 931(a)]

58. Revise Sec. 19(f)(1)(A), striking clauses (ix)–(xix), eliminating unnecessary stipulations on uses of funds. [Sec. 931(b)]

59. Strike Sec. 19(f)(1)(B) to eliminate "language appropriate" information provision. [Sec. 931(b)]

60. Strike Sec. 19(f)(2) and 19(f)(4). Technical and conforming. [Sec. 931(b)]

61. Revise Sec. 19(g)(1) to provide that accounts and records shall be available at any "reasonable time." [Sec. 931(c)]

62. Revise Sec. 19(h)(1) to eliminate paragraph cross-references. Technical and conforming. [Sec. 931(d)]

63. Revise Sec. 19(h)(2), striking all but the first sentence to eliminate language concerning assessment of nutrition education and training needs. [Sec. 931(d)]

64. Revise Sec. 19(h)(3) to eliminate specific requirements with regard to nutrition coordinator's duties. [Sec. 931(d)]

65. Revise Sec. 19(i), to make the Nutrition Education and Training program discretionary instead of mandatory and authorize appropriations of $10 million per year. [Sec. 931(e)]

66. Strike Sec. 19(J) to eliminate requirement for Secretarial assessment of nutrition education and training. [Sec. 931(e)]

67. Repeal Sec. 21. [Sec. 932]

68. Insert, at the end of the Act, subsection (n), to disqualify approved vendors that are disqualified from accepting benefits under the food stamp program. [Sec. 929(j)]

2. AUTHORIZATION FOR FAMILY NUTRITION BLOCK GRANT

A. Requirement for Grants

Present law

The Child Nutrition Act (see item 1) and the National School Lunch Act (see item 11) require that the Secretary of Agriculture

provide Federal assistance to States for the WIC, Child and Adult Care Food Summer Food Service, and Special Milk programs, as well as other support (e.g., for State administrative expenses and nutrition education and training), under terms of agreements with States meeting Federal standards.

House bill

Directs the Secretary of Agriculture to provide to each State that submits an annual application in accordance with the revised Child Nutrition Act's requirements (see item 4) an annual family nutrition grant for the purpose of achieving the goals of the Family Nutrition Block Grant Program (see item 2B for the program's goals and item 3 for State allotments).

Senate amendment

No comparable provisions.

Conference agreement

Senate recedes with an amendment making changes to Child Nutrition Act (see Item #1).

B. Goals

Present law

The Child Nutrition Act declares it the policy of Congress to extend, expand, and strengthen child nutrition programs as a measure to safeguard the health and well-being of the Nation's children and to encourage the domestic consumption of agricultural commodities by assisting States through grants and other means to more effectively meet children's nutritional needs. [Sec. 2 of the Child Nutrition Act]

House bill

Establishes the goals of the Family Nutrition Block Grant Program:

(1) to provide nutritional risk assessments, food assistance based on the assessments, and nutrition education and counseling to economically disadvantaged pregnant, postpartum, and breastfeeding women, as well as infants and young children, determined to be at nutritional risk (see item 10 for definitions);

(2) to provide nutritional risk assessments of participating women so that food assistance and nutrition education is provided that meets their specific needs;

(3) to provide nutrition education to participating women to increase their awareness of the foods needed for good health;

(4) to provide food assistance, including nutritious supplements, to participating women in order to reduce the incidence of low-birthweight babies and babies born with birth defects because of nutritional deficiencies;

(5) to provide food assistance, including nutritious supplements, to participating women, infants, and children to ensure their future good health;

(6) to ensure that participating women, infants, and children are referred to other health services, including routine pediatric/obstetric care;

(7) to ensure that children from economically disadvantaged families in day care facilities, family day care homes, homeless shelters, settlement houses, recreational centers, Head Start centers, Even Start programs, and facilities for disabled children receive nutritious meals, supplements, and low-cost milk; (see item 10B for definition of "economically disadvantaged"); and

(8) to provide summer food service programs for children from economically disadvantaged families when school is not in session (see item 10B for definition of "economically disadvantaged").

Senate amendment

No provision.

Conference agreement

Senate recedes with an amendment making changes to the Child Nutrition Act (see Item #1).

C. Timing of Payments

Present law

No provision.

House bill

Directs that the Secretary of Agriculture make family nutrition grant payments to the States on a quarterly basis.

Senate amendment

No comparable provision.

Confernce agreement

Senate recedes with an amendment making changes to the Child Nutrition Act (see Item #1).

3. ALLOTMENT OF FAMILY NUTRITION BLOCK GRANT

Present law

Current activities that may be funded under the House bill's Family Nutrition Block Grant include those now supported by the WIC program, the Homeless Children Nutrition program (authorized under section 17B of the National School Lunch Act), the Child and Adult Care Food program (authorized under section 17 of the National School Lunch Act), the Summer Food Service program (authorized under section 13 of the National School Lunch Act), and the Special Milk program.

Under the WIC program, Federal funds, determined by appropriations levels, are made available to States under a formula that reflects State caseloads, food cost inflation, need (as evidenced by poverty and health indices) and a specified national average per participant grant; in effect, funds are allotted so that each State can maintain its caseload from year to year, and extra money is

shared so as to support expanded enrollment in States with greater need.

Under the Homeless Children Nutrition program, Federal funds are made available to existing projects to continue operations and, from any additional amounts, money is provided for new projects or to expand existing projects.

Under the Child and Adult Care Food program, child and adult care centers and family day care homes receive Federal reimbursements for each meal or supplement served at legislatively established, inflation indexed rates.

Under the Summer Food Service program, sponsors receive Federal reimbursements for each meal or supplement served, at legislatively established, inflation indexed rates.

Under the Special Milk program, schools and other participating institutions receive specified, inflation indexed Federal reimbursements for each half-pint of milk served.

House bill

As set forth below, provides for the Secretary of Agriculture to make State allotments of any appropriations for the Family Nutrition Block Grant.

Senate amendment

No comparable provisions.

Conference agreement

Senate recedes with an amendment making changes to Child Nutrition Act (see Item #1).

A. First Year State Allotments

Present law

No provisions.

House bill

For the first fiscal year in which grants are made, provides that the Secretary make allotments to States based on the proportion of funds each State received under prior law for the preceding fiscal year.

Base-year State shares.—Each State's allotment would be its prior-year share of funds received under the WIC and Homeless Children Nutrition programs, plus its prior-year share of 87.5% of the amounts received under the Child and Adult Care Food, Summer Food Service, and Special Milk programs.

Senate amendment

No comparable provisions.

Conference agreement

Senate recedes with an amendment making changes to Child Nutrition Act (see Item #1).

B. Second Year State Allotments

Present law

No provision.

House bill

For the second fiscal year in which grants are made, provides that (1) 95% of the amount appropriated be allotted according to each State's share of the amount allotted in the first year and (2) 5% of the amount allotted be based on each State's share of the number of individuals receiving assistance under the grant during the 1-year period ending the preceding June 30.

Senate amendment

No comparable provision.

Conference agreement

Senate recedes with an amendment making changes to Child Nutrition Act (see item 1).

C. Third and Fourth Year State Allotments

Present law

For the third and fourth fiscal years in which grants are made, provides that (1) 90% of the amount appropriated be allotted according to each State's share of the amount allotted in the preceding year and (2) 10% of the amount allotted be based on each State's share of the number of individuals receiving assistance under the grant during the 1-year period ending the preceding June 30.

Senate amendment

No comparable provision.

Conference agreement

Senate recedes with an amendment making changes to Child Nutrition Act (see item 1).

D. Fifth Year State Allotments

Present law

No provision.

House bill

For the fifth fiscal year in which grants are made, provides that (1) 85% of the amount appropriated be allotted according to each State's share of the amount allotted in the fourth year and (2) 15% of the amount allotted be based on each State's share of the number of individuals receiving assistance under the grant during the 1-year period ending the preceding June 30.

Senate amendment

No comparable provision.

Conference agreement

Senate recedes with an amendment making changes to Child Nutrition Act (see item 1).

4. APPLICATION FOR FAMILY NUTRITION GRANTS

Present law

Nutrition requirements for food assistance provided under the current WIC, Child and Adult Care Food, and Summer Food Service programs are established by the Secretary of Agriculture, as are the general standards for determining nutritional risk in women, infants, and children, on the basis of tested nutritional research. [Sec. 17(b)(8) & (14) and (f)(12) of the Child Nutrition Act; Sec. 17(g)(1) and Sec. 13(f) of the National School Lunch Act]

The use/disclosure of information obtained from applications for free/reduced-price meals is limited to those administering/enforcing child nutrition programs, administrators of other health or education programs (with restrictions), and the General Accounting Office and law enforcement officials. [Sec. 9(b)(2) of the National School Lunch Act]

House bill

Provides that the Secretary make a family nutrition grant to a State if it submits an application containing only the following:

(1) an agreement that the State will use the grant in accordance with Family Nutrition Block Grant program requirements (see item 5);

(2) an agreement that the State will set minimum nutrition requirements for food assistance provided under the grant based on the most recent tested nutrition research available (but the requirements may not prohibit the substitution of foods to accommodate medical or other special dietary needs, and would have to be based, at a minimum, on the weekly average nutrient content of school lunches or other standards set by the State);

(3) an agreement that, with respect to assistance to pregnant, postpartum, and breastfeeding women, and infants and children, the State will implement minimum nutrition requirements based on the most recent tested nutritional research available or the model nutrition standards developed by the National Academy of Sciences (see item 8B);

(4) an agreement that the State will take reasonable steps it deems necessary to restrict the use and disclosure of information about those receiving assistance under the grant;

(5) an agreement that the State will not use more than 5% of its grant for administrative costs incurred to provide assistance (costs associated with nutritional risk assessments of pregnant, postpartum, and breastfeeding women, and infants and children, as well as those associated with nutrition education and counseling for these individuals, would not be considered administrative costs subject to the 5% limit); and

(6) an agreement that the State will submit an annual report to the Secretary (see item 6).

Senate amendment

No comparable provisions.

Conference agreement

Senate recedes with an amendment making changes to Child Nutrition Act (see item 1).

5. USE OF AMOUNTS PROVIDED UNDER THE FAMILY NUTRITION BLOCK GRANT

A. Activities Supported

Present law

The WIC program provides nutritional risk assessment, specific nutritious foods (under Federal guidelines), nutrition education/counseling, breastfeeding support, and a farmers' market program for lower-income pregnant, postpartum, and breastfeeding women, as well as infants and children (up to age 5). Recipients' family income must be below 185% of poverty, and they must be judged at nutritional risk. [Sec. 17 of the Child Nutrition Act]

The Special Milk program provides Federal reimbursement for each half-pint of milk served in schools and other child care institutions not participating in a meal service program (and schools with split sessions for kindergartners). Milk is served at a ow price or for free and each half-pint is subsidized at a different rate depending on whether it served free or not. Provision of free milk is not required. [Sec. 3 of the Child Nutrition Act]

The Child and Adult Care Food program provides Federal per-meal/supplement reimbursements for all meals and supplements served in public and private nonprofit child care centers, public and private nonprofit adult day care centers, certain for-profit child and adult day care centers, and family day care homes. Reimbursements for meals/supplements served in child/adult care centers differ according to whether they are served free (to children from families with income below 130% of Federal poverty guidelines), at a reduced price (to children with family income between 130% and 185% of the poverty guidelines), or at "full price" (so-called "paid" meals and supplements for those with family income above 185% of poverty or who do not apply for free or reduced price meals/supplements). Reimbursements for meals and supplements served in family day care homes do not vary by the family income of the child, and sponsors of family day care homes receive monthly payments for administrative costs. [Sec. 17 of the National School Lunch Act]

The Summer Food Service program provides Federal per meal/supplement reimbursements for all summer meals and supplements served through public and private nonprofit sponsors (including schools and local governments) to children in areas where 50% or more have family income below 185% of the Federal poverty guidelines (are eligible for free or reduced-price school meals). Summer food service subsidies also are provided to public and private nonprofit summer camps and higher education institutions in the National Youth Sports program. [Sec. 13 of the National School Lunch Act]

The Homeless Children Nutrition program grants funds to public and private nonprofit sponsors providing food service (meals and supplements), similar to that provided under the Child and Adult Care Food program, to homeless children under age 6 in shelters. [Sec. 17B of the National School Lunch Act] [General Note: In addition to cash reimbursements, Federal commodity assistance is available for the Child and Adult Care Food and Summer Food Service programs.]

House bill

Provides that the Secretary of Agriculture make family nutrition grants to States if they agree to use their grant to:

(1) provide nutritional risk assessment, food assistance based on the assessment, and nutrition education and counseling to economically disadvantaged pregnant, postpartum, and breastfeeding women, and infants and young children, who are determined to be at nutritional risk (see item 10 for definitions);

(2) provide milk in nonprofit nursery schools, child care centers, settlement houses, summer camps, and similar child care settings to children from economically disadvantaged families (see item 10 for definitions) [Note: Under the School-Based Nutrition Block Grant Program, support could be provided for milk served in schools.];

(3) provide food service in institutions and family day care homes providing child care to children from economically disadvantaged families (see item 10 for definitions) [Note: Under the School-Based Nutrition Block Grant Program, support could be provided for child care food service provided through schools. Further Note: Adult-care food service would not be funded under the Family Nutrition Block Grant program.];

(4) provide summer food service to economically disadvantaged children through programs carried out by nonprofit food authorities, local governments, higher education institutions in the National Youth Sports program, and nonprofit summer camps (see item 10 for definitions) [Note: Under the School-Based Nutrition Block Grant Program, support could be provided for summer food service by schools.]; and

(5) provide nutritious meals to pre-school-age homeless children in shelters and other facilities serving the homeless.

[General Note: Federal commodity assistance would not be available for child care food and summer food service activities under the family nutrition grant.]

Senate amendment

No comparable provisions.

Conference agreement

Senate recedes with an amendment making changes to Child Nutrition Act (see item 1).

B. Additional Requirements for Assistance for Women, Infants, and Children

Present law

Under the WIC program, States must carry out cost containment measures in procuring infant formula (and, where practicable, other foods). Cost containment must be by competitive bidding (selection of a single source offering the lowest price) or another method that yields equal or greater savings. Cost savings (e.g., through manufacturer rebates) may be used by the State for WIC program purposes. The Secretary of Agriculture must provide technical assistance for cost-containment bids and offer to solicit multi-State bids for infant formula and infant cereal. In addition, certain rules against bid-rigging and anti-competitive practices are established. [Sec. 17(b) (17)–(20) and (h) (8) and (9) of the Child Nutrition Act, and Sec. 25 of the National School Lunch Act]

House bill

Requires that each State ensure that not less than 80% of its family nutrition grant is used to provide nutrition risk assessment, food assistance based on the assessment, and nutrition education and counseling to economically disadvantaged pregnant women, postpartum women, breastfeeding women, infants, and young children.

With respect to assistance provided to women, infants, and young children, requires States to establish and carry out a cost containment system for procuring infant formula. Requires States to use cost containment savings for any of the activities supported under their family nutrition grant. Requires States to submit annual reports to the Secretary (1) describing their infant formula cost containment system and (2) estimating the cost savings from the system for the report year compared to savings from the preceding year, where appropriate.

Requires States to ensure that equitable assistance for economically disadvantaged pregnant women, postpartum women, breastfeeding women, infants, and young children is provided to members of the Armed Forces and their dependents, regardless of their State of residence (see item 10 for definitions).

Senate amendment

Includes findings on the success of the WIC program in improving the health status of women, infants, and children and saving Medicaid expenditures, as well as the importance of manufacturer rebates in helping to fund the WIC program. Provides that it is the sense of the Senate that any legislation not eliminate or in any way weaken present competitive bidding requirements for the purchase of infant formula in programs supported with Federal funds.

Conference agreement

Senate recedes with an amendment making changes to Child Nutrition Act (see item 1).

C. Child Care Food Assistance on Military Installations

Present law

Assisted child care facilities must be licensed under Federal, State, or local rules. [Sec. 17(a)(1) of the National School Lunch Act]

House bill

Requires States to provide equitable assistance under its program for child care facilities to Defense Department child care programs on military installations—to the extent consistent with the number of children in the programs and after consultation with the programs' representatives.

In carrying out programs for child care facilities, bars States from requiring that those on military installations be licensed under State law if they are licensed by the Defense Department.

Senate amendment

No comparable provisions.

Conference agreement

Senate recedes with an amendment making changes to the Child Nutrition Act (see item 1).

D. Authority to Use Family Nutrition Block Grant Amounts for Other Purposes

Present law

No provision.

House bill

Allows States to use not more than 20% of amounts received from a family nutrition block grant for any fiscal year to carry out State programs under other block grants authorized by:

(1) part A of title IV of the Social Security Act (relating to welfare for families with children);

(2) part B of title IV of the Social Security Act (relating to provision of child welfare services);

(3) title XX of the Social Security Act (relating to provision of social services);

(4) the National School Lunch Act (relating to school-based nutrition block grants); and

(5) the Child Care and Development Block Grant.

Provides that States may not transfer funds to other block grants unless the appropriate State agency makes a determination that sufficient amounts will remain available for the fiscal year to carry out activities under the Family Nutrition Block Grant program.

Provides that family nutrition grant amounts States transfer to other block grants (noted above) will not be subject to the requirements of the Family Nutrition Block Grant program under the revised Child Nutrition Act, but will be subject to the requirements that apply to Federal funds provided directly to the block grant to which they are transferred.

Senate amendment

No comparable provision.

Conference agreement

Senate recedes with an amendment making changes to the Child Nutrition Act (see item 1).

6. REPORTS

Present law

No comparable provision.

House bill

Requires that States, as a condition of receiving a family nutrition grant, agree to submit an annual report to the Secretary of Agriculture describing:

(1) the number of individuals receiving assistance under the grant for the reporting (fiscal) year;

(2) the different types of assistance provided;

(3) the extent to which the assistance provided was effective in achieving the goals of the Family Nutrition Block Grant program (see item 2B);

(4) the standards and methods the State is using to ensure the nutritional quality of assistance under the grant;

(5) the number of low-birthweight births in the State in the reporting (fiscal) year compared to the number of low-birthweight births in the previous year; and

(6) any other information that can be reasonably required by the Secretary.

Senate amendment

No comparable provision.

Conference agreement

Senate recedes with an amendment making changes to the Child Nutrition Act (see item 1).

7. PENALTIES

A. Penalty for Violations

Present law

The Child Nutrition and National School Lunch Acts provide penalties for fraud in relation to assistance provided under either Act, grant the Secretary of Agriculture authority to establish and adjust claims against States, and establish a compliance and accountability program to monitor the use of Federal funds. [Sec. 12(g) and Sec. 22 of the National School Lunch Act, and Sec. 16 of the Child Nutrition Act]

House bill

Requires the Secretary of Agriculture to reduce family nutrition grant amounts otherwise payable to a State by any amount paid under the grant that an audit made under the "Single Audit Act" (chapter 75 of title 31 of the United States Code) finds has

been used in violation of the revised Child Nutrition Act. However, the Secretary is barred from reducing any quarterly payment to the State by more than 25%.

Senate amendment

No comparable provision.

Conference agreement

Senate recedes with an amendment making changes to Child Nutrition Act (see item 1).

B. Penalty for Failure to Submit a Required Report

Present law

No specific provision

House bill

Requires the Secretary to reduce by 3% the family nutrition grant amount otherwise payable to a State for any fiscal year if the Secretary determines that the State has not submitted the required annual report (see item 6) for the immediately preceding fiscal year within 6 months after the end of that fiscal year.

Senate amendment

No comparable provision.

Conference agreement

Senate recedes with an amendment making changes to Child Nutrition Act (see item 1).

8. MODEL NUTRITION STANDARDS FOR FOOD ASSISTANCE FOR WOMEN, INFANTS, AND CHILDREN

A. Requirement

Present law

No comparable provisions. [Note: The Secretary establishes nutrition standards for and foods to be made available under the WIC program; Sec. 17(b)(14) and 17(f)(12) of the Child Nutrition Act.]

House bill

Not later than April 1, 1996, requires the National Academy of Sciences to develop model nutrition standards for food assistance provided to economically disadvantaged pregnant women, postpartum women, breastfeeding women, infants, and young children under the Family Nutrition Block Grant program (see item 10 for definitions). The standards are to be developed by the Food and Nutrition Board of the Academy's Institute of Medicine, in cooperation with pediatricians, obstetricians, nutritionists, and directors of programs providing food assistance, nutrition education and counseling to these women, infants, and children.

The model standards must require that food assistance provided to these women, infants and children contain nutrients that are lacking in their diets, as determined by nutritional research.

Senate amendment

No comparable provisions.

Conference agreement

Senate recedes with an amendment making changes to Child Nutrition Act (see item 1).

B. Report to Congress

Present law

No provision.

House bill

Not later than one year after the model nutrition standards (noted above) are developed, requires the National Academy of Sciences to report to Congress regarding effort of States to implement them.

Senate amendment

No comparable provision.

Conference agreement

Senate recedes with an amendment making changes to Child Nutrition Act (See item 1).

9. AUTHORIZATION OF APPROPRIATIONS

A. Authorization

Present law

Federal appropriations for activities under current law replaced by the House bill's Family Nutrition Block Grant program are authorized at such sums as are necessary, except for the Homeless Children Nutrition program (provided specific amounts). [Sec. 13(r), 17(b), and 17B of the National School Lunch Act; Sec. 3(a) and 4(a) of the Child Nutrition Act]

House bill

Authorizes appropriations for the Family Nutrition Block Grant program under the revised Child Nutrition Act at: $4.606 billion for fiscal year 1996, $4.777 billion for fiscal year 1997, $4.936 billion for fiscal year 1998, $5.120 billion for fiscal year 1999, and $5.308 billion for fiscal year 2000.

Senate amendment

No comparable provision.

Conference agreement

Senate recedes with an amendment making changes to Child Nutrition Act (see item 1).

B. Availability

Present law

With the exception of funding for the WIC program, appropriations for the activities under current law to be replaced by the Family Nutrition Block Grant program generally cannot be carried over to the next fiscal year.

House bill

Authorizes amounts for the Family Nutrition Block Grant program to remain available until the end of the fiscal year subsequent to the year they were appropriated for.

Senate amendment

No comparable provision.

Conference agreement

Senate recedes with an amendment making changes to Child Nutrition Act (see item 1).

10. DEFINITIONS

A. Breastfeeding Women, Infants, Postpartum Women, Pregnant Women, and Young Children

Present law

For purposes of the WIC program: (1) breastfeeding women are defined as women up to 1 year postpartum who are breastfeeding their infants; (2) infants are defined as persons under 1 year of age; (3) postpartum women are defined as women up to 6 months after termination of pregnancy; (4) pregnant women are defined as those who have 1 or more fetuses in utero; and (5) young children are persons who have had their first birthday but not attained their fifth birthday. [Sec. 17(b) of the Child Nutrition Act]

House bill

For purposes of State family nutrition grant programs, adopts present-law definitions of breastfeeding women, infants, postpartum women, pregnant women, and young children.

Senate amendment

No comparable provisions.

Conference agreement

Senate recedes with an amendment making changes to Child Nutrition Act (see item 1).

B. Economically Disadvantaged

Present law

No directly comparable provisions. [Note: Under present law, means tests for assistance apply as follows: (1) for the WIC program, recipients must have family income below 185% of the Federal poverty guidelines (but States may not set standards below poverty); and (2) for those in child and adult care centers under the

Child and Adult Care Food program, persons with family income below 130% of poverty are eligible for free meals/supplements, those with family income between 130% and 185% of poverty are eligible for reduced-price meals and supplements, and those with family income above 185% of poverty (or who do not apply for free or reduced-price treatment) are eligible for "paid" (but still subsidized meals and supplements. No individual income test is applied in the family day care home component of the Child and Adult Care Food program, the Summer Food Service program, the Special Milk program, and the Homeless Children Nutrition program.

House bill

The term "economically disadvantaged" is defined to apply to individuals or families with annual income below 185% of the Federal poverty guidelines. [Note: No assistance under a family nutrition grant (other than aid to homeless children) could be given to those with family income above 185% of poverty.]

Senate amendment

No comparable provision.

Conference agreement

Senate recedes with an amendment making changes to Child Nutrition Act (see item 1).

C. School and Secretary

Present law

"Schools" are defined as public or private nonprofit elementary, intermediate, or secondary schools. The "Secretary" is defined as the Secretary of Agriculture.

House bill

"Schools" and the "Secretary" would, under the Family Nutrition Block Grant program, have the same meaning as in present law.

Senate amendment

No comparable provision.

Conference agreement

Senate recedes with an amendment making changes to Child Nutrition Act (see Item #1).

D. State

Present law

In general, "State" is defined as the 50 States, the District of Columbia, Puerto Rico, the Northern Marianas, American Samoa, Guam, and the Virgin Islands. In the WIC program, it includes an Indian tribe, band, or group recognized by the Interior Department, an intertribal council or group recognized by the Interior Department, or the Indian Health Service.

House bill

"State" would, under the Family Nutrition Block Grant program have the same meaning as in present law. In addition, Indian tribal organizations (as defined under section 4(l) of the Indian Self-Determination and Education Assistance Act) would be included as States and could apply for grants.

Senate amendment

No comparable provision.

Conference agreement

Senate recedes with an amendment making changes to Child Nutrition Act (see Item #1).

11. NATIONAL SCHOOL LUNCH ACT

Present law

Authorizes the School Lunch, Summer Food Service, Child and Adult Care Food, and Homeless Children Nutrition programs. Also authorizes commodity assistance for child nutrition programs and school lunch assistance for Defense Department overseas dependents' schools.

Under the School Lunch program, schools choosing to participate receive per-meal Federal subsidies for all lunches they serve that meet Federal nutrition standards. Subsidies are indexed annually and differ depending on whether the meal is served free (to children from families with income below 130% of Federal poverty guidelines), at a reduced price (to children with family income between 130% and 185% of poverty), or at "full price" (so-called "paid" lunches for those with family income above 185% of poverty or who do not apply for free or reduced-price meals). Schools with high proportions of free or reduced-price participants receive an additional per-meal subsidy. [Sec. 4 & 11 of the National School Lunch Act]

The Summer Food Service program provides Federal per-meal/supplement reimbursements for all summer meals and supplements served through public and private nonprofit sponsors (including schools and local governments) to children in areas where 50% or more have family income below 185% of the Federal poverty guidelines (are eligible for free or reduced-price school meals). Summer food service subsidies also are provided to public and private nonprofit summer camps and higher education institutions in the National Youth Sports program. [Sec. 13 of the National School Lunch Act]

The Child and Adult Care Food Service program provides Federal per-meal reimbursements for all meals and supplements served in public and private nonprofit child care centers, public and private nonprofit adult day care centers, certain for-profit child and adult daycare centers, and family day care homes. Reimbursements for meals/supplements in centers vary by the recipient's income, but not in family day care homes. Certain schools with after-school care programs also may receive assistance. [Sec. 17 & 17A of the National School Lunch Act] The Homeless Children Nutrition program grants funds to public and private nonprofit sponsors provid-

ing food service (meals and supplements), similar to that provided under the Child and Adult Care Food program, to homeless children under age 6 in shelters.

The Agriculture Department is required to provide commodity support for meals served by institutions in the School Lunch, Child and Adult Care Food, and Summer Food Service programs. Schools and other institutions are "entitled" to a specific dollar value of commodities based on the number of meals served. Schools and other institutions also receive "bonus" commodities donated from Federal stocks at the Agriculture Department's discretion. [Sec. 6 & 14 of the National School Lunch Act]

The Secretary of Agriculture is required to make funds available for school lunch programs in Defense Department overseas dependent's schools to the same degree as for other schools (authority for school breakfast programs in these schools is contained in Sec. 20 of the Child Nutrition Act). [Sec. 17A of the National School Lunch Act]

House bill

Retains the designation of the Act as the National School Lunch Act and replaces the Act's current provisions with authority for a School-Based Nutrition Block Grant Program.

Senate amendment

No comparable provisions.

Conference agreement

Senate recedes with an amendment to:

A. Create an optional State block grant demonstration program entitled, "School Nutrition Optional Block Grant Demonstration Program."

Optional Block Grant Demonstration Program.—Under the terms of the optional block grant demonstration program, seven States—one per USDA Food and Consumer Service Region—will be eligible to receive funds to carry out programs offering school breakfasts and lunches for all school children under a block grant demonstration program.

Decision to participate.—States opting to participate in the block grant demonstration program may not reverse such decision prior to the end of the authorization period.

State plan.—States are required to submit a State plan to the Secretary in order to participate in the block grant demonstration program.

Use of funds.—Allows States to use funds only for school lunches, breakfasts, meal supplements and for the purchase of equipment or improvement of facilities needed to improve school food services.

Nonprofit operation.—School lunch and breakfast programs are to be operated on a nonprofit basis.

Administrative expenses.—None of the funds under the block grant demonstration program are to be used for State administrative expenses (States will continue to receive such funds under current SAE provisions).

Nutritional requirements.—States are to provide minimum nutritional requirements for meals based on the most recent tested nutritional research available. Such requirements shall be consistent with the goals of the most recent Dietary Guidelines for Americans. Meals shall provide, on the average over a week, at least ⅓ of the recommended dietary allowance for lunches and ¼ of the recommended dietary allowance for breakfasts. The Secretary may not impose any additional nutritional requirements beyond those specified in this section.

State review.—States will review the meal operations in each school food authority participating in the block grant demonstration program no later than two years after implementation of the block grant demonstration program and at the end of each 5-year period thereafter.

Income eligibility.—The State plan will describe how the block grant demonstration program will serve specific groups of children in the State. The plan will further describe the income eligibility limitations established for free meals and low-cost meals. A state may use group eligibility criteria based upon census or other data that measures family income in determining eligibility.

Free meals.—State's plans are required to offer access to free meals to students who are members of families with incomes at or below 130 percent of poverty and who attend a school participating in the block grant demonstration program. In addition, the block grant demonstration program allows States to provide students who are members of families with incomes at or above 130 percent of poverty free school lunches and school breakfasts.

Low cost meals.—The State plan must provide for a low cost meal payment charge for students who are members of families whose incomes are equal to or more than 130 percent of poverty and equal to or less than 185 percent of the poverty line. States may develop their own eligibility criteria which may be based on group eligibility, census data, demographic information, and prior year participation.

Proportion of students served.—The State shall ensure that for any year the proportion of low income and needy students served meals under the block grant demonstration program is not less than the proportion of such students served meals in the last year of participation by the State in the School Lunch program or the School Breakfast program.

Proportion of funds used to provide service.—The State plan shall provide that for any year the proportion of funds used by the State to provide meals for low income and needy students under the block grant demonstration program is not less than the proportion of funds used to provide meals for such students in the last year of participation by the State in the School Lunch program or the School Breakfast program.

Continued participation.—Each school participating in the current school lunch and breakfast program in a State opting into the block grant demonstration program is to be given the opportunity to operate similar programs under the block grant demonstration program.

CASH/CLOC.—States are required to permit to permit a school district, nonprofit private school or DOD domestic dependents'

school to receive commodity assistance in the same form they received such assistance as of January 1, 1987.

Privacy.—States shall provide for safeguarding and restricting the use and disclosure of information about children receiving assistance under this Act. Physical segregation and overt identification of children participating in the block grant demonstration program is prohibited.

Required report.—In order to participate, States must agree to submit a report to the Secretary each fiscal year describing (a) the number of children receiving assistance; (b) the different types of assistance provided; (c) the extent to which assistance was effective in achieving in achieving program goals; (d) the standards and methods used to ensure the nutritional quality of meals and meal supplements; and (e) other information the Secretary can reasonably require. Failure to submit the required report will cause a 3 percent reduction in amounts otherwise payable to a State.

Compliance.—The Secretary is required to review and monitor State compliance and withhold funds to the State with respect to the program or activity for which noncompliance is found, until the Secretary determines the problem has been corrected. The sanctions to be implied may include a partial reduction of grant in subsequent years. The Secretary may seek financial restitution for misused funds.

Payments to States.—Payments to States under the block grant demonstration program shall be on a quarterly basis and may be expended by the State for the current fiscal year or the succeeding fiscal year.

Audits.—A yearly audit is required.

Allotment.—In the first year of participation, the Secretary is required to allot to each participating State an amount that is equal to the amount the Secretary projects will be made available to the State to carry out the school lunch and breakfast programs (including commodities) for the current fiscal year. In succeeding years, the amount will equal the amount provided in the preceding fiscal year, adjusted to reflect changes in the consumer price index, services for food away from home, and changes in each State's student enrollment.

State contribution.—Funds appropriated or used specifically by the State for block grant demonstration program purposes shall be not less than the amount that the State made available for the preceding fiscal year for the School Lunch program and the School Breakfast program.

Commodities.—Not less than 8 percent and not more than 10 percent of the amount of a State's allotment will be in the form of commodities.

Alternative assistance.—Requires the Secretary to arrange for the provision of assistance and reduce State allotments accordingly, in cases where a State is prohibited by law from providing assistance to a nonprofit private school or a DOD domestic dependents' school or if a State has substantially failed or is unwilling to provide such assistance to a nonprofit private school, a DOD domestic dependents' school or a public school.

Transition.—A State opting into the block grant demonstration program may use funds and commodities from the block grant

demonstration program to transition out of the block grant demonstration program at the end of the authorization period.

Evaluation.—No later than three years after the establishment of the block grant demonstration program the Secretary is to conduct an evaluation and submit a report to Congress, including the comments of the Comptroller General. The report is to include information on the effects of the block grant demonstration program on the nutritional quality of meals; the degree to which children, particularly low income children participated in the block grant demonstration program, the income distribution of children served and the amount of assistance such children received; the types of meals offered under the block grant demonstration program; how the implementation of the block grant demonstration program differs from the implementation of the school lunch and breakfast programs; the effect of the block grant demonstration program on state and school administrative costs, the effect of the block grant demonstration program on paperwork.

Authorization period.—the authority to carry out the block grant demonstration program shall terminate on September 30, 2000. [Sec. 914]

B. Streamline provisions of the National School Lunch Act of 1966.

1. Revise Sec. 8, striking the third and fourth sentences, moving the 5th sentence (defining child) to the Miscellaneous/Definitions section of the Act and striking language relating to maximum per meal reimbursements. [Sec. 901]

2. Strike Sec. 9(a)(2)(B) to eliminate the required purchase of low fat cheese equivalent to estimated decline in milk fat purchases because of elimination of whole milk requirement. [Sec. 902]

3. Strike Sec. 9(a)(3) to eliminate administrative procedures to diminish plate waste. [Sec. 902]

4. Strike Sec. 9(b)(2)(A) to eliminate requirement that State Educational Agencies and local school food authorities announce income eligibility requirements each year. [Sec. 902]

5. Revise Sec. 9(b)(5), striking sentence relating to physical segregation and overt identification (duplicative of preceding language). [Sec. 902]

6. Revise Sec. 9(c), striking the second, fourth and sixth sentences to eliminate requirement that schools use commodities that are in abundance in their lunch programs. [Sec. 902]

7. Revise Sec. 9(f), striking paragraph (1) to eliminate provision requiring schools to inform students of nutritional content of lunches and their consistency with the Dietary Guidelines for Americans. [Sec. 902]

8. Revise Sec. 9(f)(2)(D) to permit schools to use any reasonable approach to meet dietary guidelines. [Sec. 902]

9. Strike Sec. 9(h) to eliminate language providing the States can use NET funds for training to improve nutritional quality and acceptance of meals. [Sec. 902]

10. Revise Sec. 11(b), striking references to "maximum per lunch amounts." [Sec. 904]

11. Strike Sec. 11(d) to eliminate language referring to applicability of other provisions in the Act to Sec. 11. [Sec. 904]

12. Revise Sec. 11(e)(2) to require that the Secretary make a request for monthly reports rather than receive them automatically. [Sec. 904]

13. Revise Sec. 12(a) providing that accounts and records shall be available at any reasonable time. [Sec. 905]

14. Revise 12(c) to strike language that prohibits "State" from imposing requirements on teaching personnel and curricula. [Sec. 905]

15. Revise Sec. 12(d) by changing the definition of "State," by striking "the Trust Territory of the Pacific Islands" and inserting "the Commonwealth of the Northern Mariana Islands." Makes conforming changes throughout. [Sec. 905]

16. Strike Sec. 12(d)(3) to eliminate "participation need rate" definition. [Sec. 905]

17. Strike Sec. 12(d)(4) to eliminate assistance need rate definition. [Sec. 905]

18. Strike Sec. 12(k)(1),(2), and (5) to eliminate provisions dealing with the establishment of regulations on food based menus. [Sec. 905]

19. Revise Sec. 12(l)(1)(B)(2)(A), striking clauses (v), (vi), (vii), and (2)(B). [Sec. 905]

20. Strike Sec. 12(l)(3(B) to eliminate requirement that Sec. respond in writing to written waiver request. [Sec. 905]

21. Strike Sec. 12(l)(3)(C) to eliminate requirement that the result of waiver decisions be disseminated by State. [Sec. 905]

22. Strike Sec. 12(l)(3)(D)(i) and (ii) to eliminate the 2 year limit on waiver period and authority for extension. [Sec. 905]

23. Revise Sec. 12(l)(4), striking subparagraphs (B), (D), (F), (H), (J), (K), (L), and inserting a general prohibition on any waiver that will increase Federal costs. [Sec. 905]

24. Strike Sec. 12(l)(6)(A) to eliminate requirement that eligible service providers receiving waivers report annually to the State, therefore eliminating the requirement that States annually submit a summary of said reports to the Secretary. [Sec. 905]

25. Strike Sec. 12(m) to eliminate Nutrition Instruction Grants. [Sec. 905]

26. Revise Sec. 13(a)(1) to eliminate reference to expansion. [Sec. 906]

27. Revise Sec. 13(a)(7)(A). Technical and conforming. [Sec. 906]

28. Revise Sec. 13(b)(2) to change "may serve up to four meals" to "three meals or two meals and one supplement." [Sec. 906]

29. In Sec. 13, references to the National Youth Sports Program are amended by (1) striking non summer months payments; (2) striking severe needs reimbursements; and (3) requiring that participants be eligible based on residence in low income areas, or on the basis of income eligibility statements from children enrolled in the program. [Sec. 906]

30. Revise Sec. 13(f) by (1) eliminating requirement that the Secretary provide additional technical assistance to service providers having difficulty maintaining compliance; and (2) providing that contracts between service institutions and food service management companies require periodic inspections by an independent

State agency to determine conformance with standards set by local health authorities. [Sec. 906]

31. Strike Sec. 13(f)(4) to eliminate specific provisions governing advance payments. [Sec. 906]

32. Strike Sec. 13(g)(1)(A). Redundant in relation to preceding language. [Sec. 906]

33. Revise Sec. 13(g)(1)(B) by striking second statement to eliminate technical assistance for those with difficulty maintaining compliance. [Sec. 906]

34. Strike Sec. 13(k)(3) to eliminate added Federal funding to States for health department inspections. [Sec. 906]

35. Strike Sec. 13(l)(4) to eliminate provision for small business preference). [Sec. 906]

36. Strike Sec. 13(l)(5) to eliminate provision for standard contract forms. [Sec. 906]

37. Revise Sec. 13(m) to provide that accounts and records be available "at any reasonable time." [Sec. 906]

38. Revise Sec. 13(n)(2) by striking the clause beginning "including the State's methods." [Sec. 906]

39. Strike Sec. 13(n)(3) to eliminate provisions dealing with States' "best estimates" of those served. [Sec. 906]

40. Strike Sec. 13(n)(4) to eliminate requirement for a State "schedule" for providing technical assistance. [Sec. 906]

41. Strike Sec. 13(p). Obsolete. [Sec. 906]

42. Strike Sec. 13(q)(2) to eliminate requirements for training and technical assistance for private nonprofits. [Sec. 906]

43. Strike Sec. 13(q)(4). Technical and conforming. [Sec. 906]

44. Strike Sec. 14(b)(1) regarding the inclusion of cereal and shortening in commodity donations. [Sec. 907]

45. Revise Sec. 14(d) by striking the matter requiring an impact study of commodity distribution procedures. [Sec. 907]

46. Strike Sec. 14(e) to eliminate the State Advisory Council. [Sec. 907]

47. Strike Sec. 14(g)(3). Obsolete. [Sec. 907]

48. Revise Sec. 17 by, in the title of the section, striking "and Adult." [Sec. 908]

49. Revise Sec. 17(a) to eliminate reference to authorization to "expand" programs. [Sec. 908]

50. Revise Sec. 17(d)(1) to eliminate provision for technical assistance in completing applications. [Sec. 908]

51. Revise Sec. 17(f)(3)(B) by striking last two sentences. Obsolete. [Sec. 908]

52. Revise Sec. 17(f)(3)(C)(i) by striking all references to "expansion." [Sec 908]

53. Strike Sec. 17(f)(3)(C)(ii) to eliminate provision for outreach and recruitment. [Sec. 908]

54. Strike Sec. 17(f)(4) to eliminate specific provisions requiring advance payments. States would be allowed to make such payments but would not be required to do so. [Sec. 908]

55. Strike Sec. 17(g)(1)(A) to eliminate redundant provision. [Sec. 908]

56. Strike Sec. 17(g)(1)(B) to eliminate provision for added technical assistance for those with difficulty maintaining compliance. [Sec. 908]

57. Strike Sec. 17(k), replacing with language requiring States to provide sufficient training technical assistance and to facilitate effective operation of the program. [Sec. 908]

58. Revise Sec. 17(m) to provide that accounts and records be available at any "reasonable time." [Sec. 908]

59. Strike Sec. 17(o) to modify provision to limit eligibility to day care centers providing services to chronically impaired disabled persons. [Sec. 908]

60. Strike Sec. 17(q). Obsolete (provisions for WIC information). [Sec. 908]

61. Strike Sec. 18(a) to eliminate the 3 State evaluation of effect of Secretary contracting with vendors to act as States in administering programs not administered by States. [Sec. 909]

62. Strike Sec. 18(d)(3)(A),(B),(C) to eliminate the universal free pilot. [Sec. 909]

63. Revise Sec. 18(e) to make the demonstration project for outside school hours discretionary. [Sec. 909]

64. Strike Sec. 18(g) and (h) dealing with additional food choices: Fruits, vegetables, cereals, organic foods and low fat dairy products. [Sec. 909]

65. Strike Sec. 18(i) to eliminate Paperwork reduction pilot. [Sec. 909]

66. Repeal Section 19. [Sec. 910]

67. Repeal Section 23. Obsolete. [Sec. 911]

68. Repeal Section 24. [Sec. 912]

69. Repeal Section 26. [Sec. 913]

12. AUTHORIZATION FOR SCHOOL-BASED NUTRITION BLOCK GRANT

A. Entitlement

Present law

States are entitled to "performance-based" funding according to the number and type of meals and supplements served under school-based programs authorized by the National School Lunch and Child Nutrition Acts.

House bill

"Entitles" each State that submits an annual application (see item 14) to receive an annual school-based nutrition grant for the purpose of achieving the goals of the School-Based Nutrition Block Grant Program (see item 12D for the program's goals and item 13 for State entitlement allotments).

Senate amendment

No comparable provision.

Conference agreement

Senate recedes with an amendment creating an optional block grant demonstration program and making changes to National School Lunch Act (see item 11).

B. Requirement To Provide Commodities

Present law

The Secretary of Agriculture is required to ensure that no less than 12% of the total amount of "entitlement" commodity and cash assistance for the School Lunch program is in the form of commodity support (including cash in lieu of commodities in the limited instances where available and administrative costs for procuring commodities). [Sec. 6(g) of the National School Lunch Act]

House bill

Requires that 9% of the amount of assistance available under the school-based block grant be in the form of commodities.

Senate amendment

No directly comparable provision. [Note: See item 26]

Conference agreement

Senate recedes with an amendment creating an optional block grant demonstration program and making changes to National School Lunch Act (see item 11)

C. The School-Based nutrition Block grant

Present law

Federal funds for activities under existing law replaced by the House bill's school-based grant are authorized at such sums as are necessary and provided based on the number of meals, supplements, and half-pints of milk served.

The Secretary is required to make school lunch and school breakfast funding and commodities available to Defense Department overseas dependents' schools to the same degree as other schools. [Sec. 20 of the National School Lunch Act and Sec. 20 of the Child Nutrition Act]

House bill

Provides that the annual total school-based block grant provided States as their "entitlement" will be: $6.681 billion for fiscal year 1996, $6.956 billion (fiscal year 1997), $7.237 billion (fiscal year 1998), $7.538 billion (fiscal year 1999), and $7.849 billion (fiscal year 2000).

For each fiscal year, requires the Secretary to reserve from the total entitlement an amount determined necessary, in consultation with the Secretary of Defense, to establish and carry out nutritious food service programs at Defense Department overseas dependents' schools.

Permits States to obligate payments under a school-based nutrition grant in the succeeding fiscal year.

Senate amendment

No comparable provision.

Conference agreement

Senate recedes with an amendment creating an optional block grant demonstration program and making changes to National School Lunch Act (see item 11).

D. Goals

Present law

The National School Lunch Act declares it the policy of Congress, as a measure of national security, to safeguard the health and well-being of the Nation's children and to encourage the domestic consumption of agricultural commodities by assisting States through grants and other means in providing support for the establishment, maintenance, operation, and expansion of nonprofit school lunch programs. [Sec. 2 of the National School Lunch Act]

House bill

Establishes the goals of the School-Based Block Grant Program:

(1) to safeguard the health and well-being of children through the provision of nutritious, well-balanced meals and food supplements;

(2) to provide economically disadvantaged children (see item 21B for definition) access to nutritious free or low-cost meals, food supplements, and low-cost milk;

(3) to ensure that children served under the School-Based Block Grant program are receiving the nutrition they require to take advantage of educational opportunities;

(4) to emphasize foods that are naturally good sources of vitamins and minerals over enriched foods and those high in fat or sodium content;

(5) to provide a comprehensive school nutrition program for children; and

(6) to minimize paperwork burdens and administrative expenses for participating schools.

Senate amendment

No comparable provisions.

Conference agreement

Senate recedes with an amendment creating an optional block grant demonstration program and making changes to National School Lunch Act (see item 11).

E. Timing of Payments

Present law

No provision.

House bill

Directs that the Secretary of Agriculture make school-based nutrition grant payments to the States on a quarterly basis.

Senate amendment

No comparable provision.

Conference agreement

Senate recedes with an amendment creating an optional block grant demonstration program and making changes to National School Lunch Act (see item 11).

13. ALLOTMENT OF SCHOOL-BASED NUTRITION BLOCK GRANT

Present law

Current activities that may be funded under the House bill's School-Based Nutrition Block Grant program include those now supported by the School Lunch and Breakfast programs, and school-sponsored programs under the Child and Adult Care Food program, the Summer Food Service program, and the Special Milk program.

In all cases, "performance funding" is provided for each meal, supplement, or half-pint of milk served by participating schools, at legislatively established, inflation indexed rates.

House bill

As set forth below, provides for the Secretary of Agriculture to make State allotments of the School-Based Nutrition Block Grant entitlement.

Senate amendment

No comparable provisions.

Conference agreement

Senate recedes with an amendment creating an optional block grant demonstration program and making changes to National School Lunch Act (see item 11).

A. First Year State Allotments

Present law

No provisions.

House bill

For the first fiscal year in which grants are made, provides that the Secretary make allotments to States based on the proportion of funds each State received under prior law for the preceding fiscal year.

Base-year State Shares: Each State's allotment would be its prior-year share of funds received under the School Lunch and Breakfast programs, plus 12.5% of the amounts received under the Child and Adult Care Food, Summer Food Service, and Special Milk programs.

Senate amendment

No comparable provisions.

Conference agreement

Senate recedes with an amendment creating an optional block grant demonstration program and making changes to National School Lunch Act (see item 11).

B. Second Year State Allotments

Present law

No provision.

House bill

For the second fiscal year in which grants are made, provides that (1) 95% of the total entitlement amount be allotted to each State's share of the amount allotted in the first year and (2) 5% of the entitlement amount allotted be based on each State's share of the number of meals served under the grant during the 1-year period ending the preceding June 30.

Senate amendment

No comparable provision.

Conference agreement

Senate recedes with an amendment creating an optional block grant demonstration program and making changes to National School Lunch Act (see item 11).

C. Third and Fourth Year State Allotments

Present law

No provision.

House bill

For the third and fourth fiscal years in which grants are made, provides that (1) 90% of the total entitlement amount be allotted according to each State's share of the amount allotted in the preceding year and (2) 10% of the entitlement amount allotted be based on each State's share of the number of meals served under the grant during the 1-year period ending the preceding June 30.

Senate amendment

No comparable provision.

Conference agreement

Senate recedes with an amendment creating an optional block grant demonstration program and making changes to National School Lunch (see item 11).

D. Fifth Year Sale Allotments

Present law

No provision.

House bill

For the fifth fiscal year in which grants are made, provides that (1) 85% of the total entitlement amount be allotted according to each State's share of the amount allotted in the fourth year and (2) 15% of the entitlement amount allotted be based on each State's share of the number of meals served under the grant during the 1-year period ending the preceding June 30.

Senate amendment

No comparable provision.

Conference agreement

Senate recedes with an amendment creating an optional block grant demonstration program and making changes to National School Lunch Act (see item 11).

14. APPLICATION FOR SCHOOL-BASED NUTRITION GRANTS

Present law

Nutrition requirements for school-provided meals are established by the Secretary of Agriculture on the basis of tested nutritional research, are not to be construed to prohibit substitution of foods to accommodate medical or other special dietary needs, must, at a minimum, be based on the weekly average nutrient content of school lunches, and may, with certain limits on how schools may be required to implement them, be based on the Federal "Dietary Guidelines for Americans." [Sec. 9(a) and Sec. 12(k) of the National School Lunch Act, and Sec. 4(e) of the Child Nutrition Act]

The use/disclosure of information obtained from applications for free/reduced-price meals is limited to those administering and/or enforcing child nutrition programs, administrators of other health or education programs (with restrictions), and the General Accounting Office and law enforcement officials. [Sec. 9(b) of the National School Lunch Act]

House bill

Provides that the Secretary make a school-based nutrition grant to a State if it submits an application containing only the following:

(1) an agreement that the State will use the grant in accordance with the School-Based Block Grant program requirements (see item 15);

(2) an agreement that the State will set minimum nutrition requirements for meals provided under the grant based on the most recent tested nutrition research available (but the requirements could not be construed to prohibit the substitution of foods to accommodate medical or other special dietary needs and would have to be based, at a minimum, on the weekly average nutrient content of school lunches or other standards set by the State);

(3) an agreement that, with respect to provision of meals to students, the State will implement minimum nutrition requirements based on the most recent tested nutrition research

available or the model nutrition standards development by the National Academy of Sciences (see item 20);

(4) an agreement that the State will take reasonable steps it deems necessary to restrict the use and disclosure of information about those receiving assistance under the grant;

(5) an agreement that the State will not use more than 2% of its grant for administrative costs incurred to provide assistance; and

(6) an agreement that the State will submit an annual report to the Secretary (see item 16).

Senate amendment

No comparable provisions.

Conference agreement

Senate recedes with an amendment creating an optional block grant demonstration program and making changes to National School Lunch Act (see Item #11).

15. USE OF AMOUNTS PROVIDED UNDER THE SCHOOL-BASED NUTRITION BLOCK GRANT

A. Activities Supported

Present law

The School Lunch and Breakfast programs provide Federal support to schools for nonprofit meal services to schoolchildren. In addition, to a more limited degree, schools offer (and receive Federal subsidies for) after-school food assistance, milk service, and summer food service programs.

House bill

Provides that the Secretary of Agriculture make school-based nutrition grants to States if they agree to use their grant to provide assistance to schools for nutritious food service programs that provide affordable meals and supplements to students, including nonprofit:

(1) school breakfast programs;
(2) school lunch programs;
(3) before and after school supplement programs;
(4) low-cost milk services; and
(5) summer meal programs.

Senate amendment

No comparable provisions.

Conference agreement

Senate recedes with an amendment creating an optional block grant demonstration program and making changes to National School Lunch Act (see Item #11).

B. Additional Requirements

Present law

Under the School Lunch and Breakfast programs, and after-school assistance, milk service, and summer food service programs, schools are provided with specific Federal reimbursements for free and reduced-price meals, supplements, and milk for lower-income children (with family income below 185% of poverty) that are higher than those granted for "paid" meals, supplements, and milk provided those with higher income.

House bill

Requires that each State ensure that not less than 80% of its school-based grant is used to provide free or low-cost meals to economically disadvantaged children (see item 21 for definitions).

Requires that each State ensure that nutritious food service programs are established and carried out in private nonprofit and Defense Department domestic dependents' schools on an equitable basis with programs in public schools in the State—to the extent consistent with the number of children in these schools and after consultation with representatives of the schools (see item 18).

Senate amendment

No comparable provisions.

Conference agreement

Senate recedes with an amendment creating an optional block grant demonstration program and making changes to National School Lunch Act (see Item #11).

C. Authority to Use School-Based Nutrition Block Grant Amounts for Other Purposes

Present law

No provision.

(2) Sufficient funding

No provision.

(3) Amounts used for other purposes

House Bill

Allows States to use not more than 20% of amounts received from a school-based nutrition grant for any fiscal year to carry out State programs under other block grants authorized by:

(1) part A of title IV of the Social Security Act (relating to welfare for families with children);

(2) part B of title IV of the Social Security Act (relating to provision of child welfare services);

(3) title XX of the Social Security Act (relating to provision of social services);

(4) the Child Nutrition Act of 1966 (relating to family nutrition block grants); and

(5) the Child Care and Development Block Grant.

Provides that States may not transfer funds to other block grants unless the appropriate State agency makes determination that sufficient funds will remain available for the fiscal year to carry out activities under the School-Based Block Nutrition Block Grant Program.

Provides that school-based nutrition block grant amounts States transfer to other block grants (noted above) will not be subject to the requirements of the School-Based Nutrition Block Grant program under the revised National School Lunch Act, but will be subject to the requirements that apply to Federal funds provided directly to the block grant to which they are transferred.

Senate amendment

No comparable provision.

Conference agreement

Senate recedes with an amendment creating an optional block grant demonstration program and making changes to National School Lunch Act (see Item #11).

D. Limitation on Provision of Commodities

Present law

Certain schools receive cash or commodity letters of credit in lieu of entitlement commodities (so-called "Cash/CLOC" schools). [Sec. 18(b) of the National School Lunch Act]

House Bill

Provides that States may to require current Cash/CLOC schools to accept commodities in lieu of cash or commodity letters of credit.

Senate amendment

No comparable provision.

Conference agreement

Senate recedes with an amendment creating an optional block grant demonstration program and making changes to National School Lunch Act (see Item #11).

E. Segregation/Identification of Children Eligible for Free or Low-Cost Meals or Supplements

Present law

Schools may not physically segregate, overtly identify, or otherwise discriminate against any child eligible for free or reduced-price lunches. [Sec. 9(b)(4) of the National School Lunch Act]

House Bill

Requires States to ensure that schools receiving school-based nutrition grant assistance do not physically segregate, overtly identify, or otherwise discriminate against children eligible for free or low-cost meals or supplements.

Senate amendment

No Comparable provision.

Conference agreement

Senate recedes with an amendment creating an optional block grant demonstration program and making changes to National School Lunch Act (see Item #11).

16. REPORTS

Present law

No comparable provision.

House bill

Requires that States, as a condition of receiving a school-based nutrition grant, agree to submit an annual report to the Secretary of Agriculture describing:

(1) the number of individuals receiving assistance under the grant for the reporting (fiscal) year;

(2) the different types of assistance provided;

(3) the total number of meals served to students under the grant, including the percentage served to economically disadvantaged students;

(4) the extent to which the assistance provided was effective in achieving the goals of the School-Based Nutrition Block Grant program (see item 12D);

(5) the standards and methods the State is using to ensure the nutritional quality of assistance under the grant; and

(6) any other information that can be reasonably required by the Secretary.

Senate amendment

No comparable provision.

Conference agreement

Senate recedes with an amendment creating an optional block grant demonstration program and making changes to National School Lunch Act (see Item #11).

17. PENALTIES

A. Penalty for Violators

Present law

[Note: See item 7.]

House bill

Requires the Secretary of Agriculture to reduce the school-based nutrition grant amount otherwise payable to a State by any amount paid under the grant that an audit made under the "Single Audit Act" (chapter 75 of title 31 of the United States Code) finds has been used in violation of the revised National School Lunch Act. However, the Secretary is barred from reducing any quarterly payment to the State by more than 25%.

Senate amendment

No comparable provision.

Conference agreement

Senate recedes with an amendment creating an optional block grant demonstration program and making changes to National School Lunch Act (see Item #11).

B. Penalty for Failure to Submit a Required Report

Present law

No specific provision.

House bill

Requires the Secretary to reduce by 3% the school-based nutrition grant amount otherwise payable to a State for any fiscal year if the Secretary determines that the State has not submitted the required annual report (see item 16) for the immediately preceding fiscal year within 6 months after the end of that fiscal year.

Senate amendment

No comparable provision.

Conference agreement

Senate recedes with an amendment creating an optional block grant demonstration program and making changes to National School Lunch Act (see Item #11).

18. FEDERAL ASSISTANCE FOR CHILDREN IN PRIVATE NONPROFIT SCHOOLS AND DEFENSE DEPARTMENT DOMESTIC DEPENDENTS' SCHOOLS

Present law

Where States are by law precluded from providing child nutrition assistance to certain types of schools (e.g. private nonprofit schools), the Secretary is authorized to provide assistance directly.

House bill

If a State is precluded by law from providing assistance under the school-based nutrition grant to nonprofit private schools or Defense Department domestic dependents' schools, or the Secretary has determined that the State has substantially failed or is unwilling to provide assistance to the schools, requires the Secretary to arrange for provision of school-based nutrition assistance to the schools, after consultation with appropriate school representatives. In the case that the Secretary provides assistance to private nonprofit schools or Defense Department domestic dependents' schools, the State's school-based nutrition grant would be reduced to reflect the assistance provided.

Senate amendment

No comparable provision.

Conference agreement

Senate recedes with an amendment creating an optional block grant demonstration program and making changes to National School Lunch Act (see item 11).

19. FOOD SERVICE PROGRAMS FOR DEFENSE DEPARTMENT OVERSEAS DEPENDENTS' SCHOOLS

A. Assistance

Present law

[Note: See item 12C(2)]

House bill

Requires the Secretary to make available to the Secretary of Defense funds and commodities (as determined by the Secretary in consultation with the Secretary of Defense, and reserved from the total school-based grant) for establishing and carrying out nutritious food service programs providing affordable meals and supplements to students in Defense Department overseas dependents' schools.

Senate amendment

No comparable provision.

Conference agreement

Senate recedes with an amendment creating an optional block grant demonstration program and making changes to National School Lunch Act (see item 11).

B. Requirements

Present law

Federally subsidized school meal programs in Defense Department overseas dependents' schools must meet the same requirements as programs in domestic schools.

House bill

In carrying out food service programs in Defense Department overseas dependents' schools, requires the Secretary of Defense to (1) ensure that not less than 80% of the assistance is used to provide free or low-cost meals and supplements to economically disadvantaged children (see item 21B for definition) and (2) the schools will implement minimum nutrition requirements in the same way domestic schools receiving assistance under the school-based nutrition grant are required to (including optional use of model nutrition standards).

Senate amendment

No comparable provision.

Conference agreement

Senate recedes with an amendment creating an optional block grant demonstration program and making changes to National School Lunch Act (see item 11).

20. MODEL NUTRITION STANDARDS FOR STUDENT MEALS

A. Requirement

Present law

No comparable provisions. [Note: The Secretary establishes nutrition standards for school meals.]

House bill

Not later than April 1, 1996, requires the National Academy of Sciences to develop model nutrition standards for meals provided to students under the School-Based Block Grant Program. The standards are to be developed by the Food and Nutrition Board of the Academy's Institute of Medicine, in cooperation with nutritionists and directors of school meal programs.

Senate amendment

No comparable provision.

Conference agreement

Senate recedes with an amendment creating an optional block grant demonstration program and making changes to National School Lunch Act (see Item #11).

B. Report to Congress

Present law

No provision.

House bill

Not later than one year after the model nutrition standards (noted above) are developed, requires the National Academy of Sciences to report to Congress regarding the efforts of States to implement them.

Senate amendment

No comparable provision.

Conference agreement

Senate recedes with an amendment creating an optional block grant demonstration program and making changes to National School Lunch Act (see Item #11).

21. DEFINITIONS

A. Schools and Secretary

Present law

In general, "schools" are defined as public or private nonprofit elementary, intermediate, or secondary schools. The "Secretary" is defined as the Secretary of Agriculture.

House bill

"Schools" and "Secretary" would be defined as having the same meaning as in existing law. In addition, parallel definitions are added for Defense Department domestic and overseas dependents' schools.

Senate amendment

No comparable provisions.

Conference agreement

Senate recedes with an amendment creating an optional block grant demonstration program and making changes to National School Lunch Act (see Item 11).

B. Economically Disadvantaged

Present law

No directly comparable provision. [Note: Subsidies are provided for free and reduced-price meals served to children with family income under 185% of the Federal poverty guidelines. However, Federal school food service subsidies are not limited to these lower-income children.]

House bill

The term "economically disadvantaged" is defined to apply to individuals or families with annual income below 185% of the Federal poverty guidelines. [Note: Assistance under the School-Based Nutrition grant could be given to children with family income above 185% of poverty.]

Senate amendment

No comparable provision.

Conference agreement

Senate recedes with an amendment creating an optional block grant demonstration program and making changes to National School Lunch Act (see Item 11).

C. State

Present law

In general, for school food programs, "State" is defined as the 50 States, the District of Columbia, Puerto Rico, the Northern Marianas, American Samoa, and the Virgin Islands.

House bill

"State," under the School-Based Nutrition grant, would have the same meaning as in present law, except that Indian tribal organizations (as defined under section 4(l) of the Indian Self-Determination and Education Assistance Act) would be included as States and could apply for grants.

Senate amendment

No comparable provisions.

Conference agreement

Senate recedes with an amendment creating an optional block grant demonstration program and making changes to National School Lunch Act (see Item 11).

22. REPEALERS

Present law

Not applicable.

House bill

Makes conforming technical amendments repealing the Commodity Distribution Reform Act and WIC Amendments of 1987 and the Child Nutrition and WIC Reauthorization Act of 1989.

Senate amendment

No comparable provisions.

Conference agreement

Senate recedes with an amendment creating an optional block grant demonstration program and making changes to National School Lunch Act (see item 11).

23. EFFECTIVE DATE

Present law

Not applicable.

House bill

Makes amendments replacing Child Nutrition and National School Lunch Act provisions with Family Nutrition and School-Based Nutrition Block Grants effective October 1, 1995.

Senate amendment

No comparable provision.

Conference agreement

Senate recedes with an amendment creating an optional block grant demonstration program and making changes to National School Lunch Act (see item 11).

24. APPLICATION OF AMENDMENTS AND REPEALERS

Present law

Not applicable.

House bill

Provides that amendments and repealers associated with replacing Child Nutrition and National School Lunch Act provisions with Family Nutrition and School-Based Nutrition Block Grants not apply with respect to (1) financial assistance provided under prior law and (2) administrative actions or proceedings commenced or authorized to be commenced before the effective date.

Senate amendment

No comparable provisions.

Conference agreement

Senate recedes with an amendment creating an optional block grant demonstration program and making changes to National School Lunch Act (see item 11).

25. TERMINATION OF ADDITIONAL PAYMENTS FOR LUNCHES SERVED IN HIGH FREE AND REDUCED PRICE PARTICIPATION SCHOOLS

Present law

Lunches served by school food authorities where 60 percent or more of the lunches are served free or at a reduced price (to children with family income below 185 percent of the Federal poverty income guidelines) are reimbursed at a rate 2 cents a meal higher than regular subsidy rates. [Sec. 4(b) of the National School Lunch Act]

House bill

No comparable provision.

Senate amendment

Effective July 1, 1996 (the 1996–1997 school year), ends the extra 2-cent-a-lunch reimbursement to schools with high rates of free and reduced-price participation.

Conference agreement

Senate recedes.

26. VALUE OF FOOD ASSISTANCE

Present law

Schools and certain other child nutrition sponsors are "entitled" to commodities valued at a legislatively set, inflation-indexed amount per meal served. The per-meal reimbursement rate is indexed annually to reflect the annual percentage change in a 3-month average value of the Price Index for Food Used in Schools and Institutions, and rounded to the nearest ¼ cent. [Sec. 6(e) of the National School Lunch Act]

House bill

No directly comparable provision. [Note: See item 12B.]

Senate amendment

Freezes (for one year) the guaranteed per-meal reimbursement rate for entitlement commodity assistance and revises (by changing rounding rules) the method of calculating this reimbursement rate.

On January 1, 1996, the entitlement commodity reimbursement rate set under current law for the 1995–1996 school year (as rounded to the nearest ¼ cent) would be rounded down to the nearest lower cent. For the 1996–1997 school year, the rate would be frozen at the rate for the 1995–1996 school year (as rounded down to the nearest lower cent). For the 1997–1998 school year, the rate would be the unrounded rate for the 1995–1996 school year, adjusted for inflation over the most recent 12-month period and rounded down to the nearest lower cent. For following school years, the rate would be the unrounded rate for the preceding year, adjusted for inflation over the most recent 12-month period and rounded down to the nearest lower cent. (p. 348)

[Note: Current-law rules as to the inflation-adjustment factor to be used (i.e., the Price Index for Food Used in Schools and Institutions) are not changed.]

Conference agreement

Senate recedes.

27. LUNCHES, BREAKFASTS, AND SUPPLEMENTS

Present law

"Paid" lunches, breakfasts, and supplements are served to those with family income above 185 percent of the Federal poverty guidelines. Guaranteed Federal reimbursement rates for each paid lunch, breakfast, and supplement are indexed annually to reflect changes in the food away from home series of the Consumer Price Index. When indexed, all reimbursement rates (i.e., for paid, free, and reduced-price meals and supplements) are rounded to the nearest ¼ cent. [Sec. 11(a) of the National School Lunch Act]

House bill

No comparable provisions.

Senate amendment

Freezes (for two years) reimbursement rates for paid lunches, breakfasts, and supplements. Revises (by changing rounding rules) the method for calculating reimbursement rate for paid, free, and reduced-price lunches, breakfasts, and supplements. [Note: Reimbursement rates for meals and supplements served in family day care homes and the Summer Food Service program are and would be governed by separate provisions of law (see below).]

On January 1, 1996, reimbursement rates for paid, free, and reduced-price lunches, breakfasts, and supplements set under current law for the 1995–1996 school year (as rounded to the nearest ¼ cent) would be rounded down to the nearest lower cent. For the 1996–1997 and 1997–1998 school years, the reimbursement rates for paid lunches, breakfasts, and supplements would be frozen at the rates for the 1995–1996 school year (as rounded down to the nearest lower cent). For the 1998–1999 school year, the reimburse-

ment rates for paid lunches, breakfasts, and supplements would be the unrounded rates for the 1995–1996 school year adjusted for inflation over the most recent 12-month period for which data are available, and rounded down to the nearest lower cent. For following school years, the reimbursement rates for paid lunches, breakfasts, and supplements would be the unrounded rates for the preceding year adjusted for inflation over the most recent 12-month period, and rounded down to the nearest lower cent.

Reimbursement rates for free and reduced-price lunches, breakfasts, and supplements would continue to be indexed annually for inflation each school year (i.e., no two-year freeze), but would be rounded down to the nearest lower cent. [Note: Current-law rules as to the inflation-adjustment factor to be used (i.e., the food away from home series of the Consumer Price Index) are not changed.]

Conference agreement

Senate recedes.

28. SUMMER FOOD SERVICE PROGRAM FOR CHILDREN

Present law

Under the Summer Food Service program, all meals and supplements served are federally subsidized at legislatively set, inflation-indexed rates that, for the 1995 summer (set in January 1995), were $2.12 for each lunch/supper, $1.18 for each breakfast, and 55.5 cents for each supplement. In addition, sponsors receive payments for administrative costs based on the number of meals/supplements served. Basic Federal payments for lunches, breakfasts, and supplements are indexed for inflation annually based on the food away from home series of the Consumer Price Index, and rounded to the nearest ¼ cent. [Sec. 13(b) of the National School Lunch Act]

House bill

No comparable provisions.

Senate amendment

Establishes new, lower reimbursement rates for meals and supplements served in the Summer Food Service program as follows: $2 for lunches/suppers, $120 for breakfasts, and 50 cents for supplements. The new rates would become effective January 1, 1996 (for the 1996 summer program), and be adjusted each January thereafter to reflect changes in the food away from home series of the Consumer Price Index (as under current law). However, while each adjustment would be based on the unrounded rates for the prior 12-month period, it would be rounded down to the nearest cent. [Note: Additional administrative-cost payment rates to sponsors are not affected.]

Conference agreement

House recedes with an amendment establishing new, lower rates for meals and supplements served in the Summer Food serv-

ice program as follows: $1.82 for lunches served; $1.13 each breakfast served and $.46 for each meal supplement served. [Sec. 906(b)]

29. SPECIAL MILK PROGRAM

Present law

Under the Special Milk program, the minimum per-half-pint reimbursement rate is indexed annually to reflect changes in the Producer Price Index for Fresh Processed Milk, and rounded to the nearest ¼ cent. [Sec. 3(a) of the Child Nutrition Act]

House bill

No comparable provisions.

Senate amendment

Freezes (for one year) the minimum per-half-pint reimbursement rate and revises (by changing rounding rules) the method of calculating the reimbursement rate.

On Jan. 1, 1996, the minimum reimbursement rate set under current law for the 1995–1996 school year (as rounded to the nearest ¼ cent) would be rounded down to the nearest cent. For the 1996–1997 school year, the minimum reimbursement rate would be frozen at the rate for the 1995–1996 school year (as rounded down to the nearest cent). For the 1997–1998 school year, the minimum reimbursement rate would be the unrounded rate for the 1995–1996 school year adjusted for inflation over the most recent 12-month period for which data are available, and rounded down to the nearest lower cent. For following school years, the minimum reimbursement rate would be the unrounded rate for the preceding year adjusted annually for inflation, and rounded down to the nearest lower cent. [Note: Current-law rules as to the inflation adjustment factor to be used (i.e., the Producer Price Index for Fresh Processed Milk) are not changed.]

Conference agreement

Senate recedes.

30. FREE AND REDUCED PRICE BREAKFASTS

Present law

Reimbursement rates for free and reduced-price breakfasts are indexed annually for inflation and rounded to the nearest ¼ cent. [Sec. 4(b) of the Child Nutrition Act]

House bill

No comparable provision.

Senate amendment

Requires that annual adjustments to reimbursement rates for free and reduced-price breakfasts be based on the previous year's unrounded rates and, after adjustment for inflation, rounded down to the nearest lower cent.

Conference agreement

Senate recedes.

31. CONFORMING REIMBURSEMENT FOR PAID BREAKFASTS AND LUNCHES

Present law

The per-meal reimbursement for paid breakfasts (paid meals are those served to children with family income above 185 percent of the Federal poverty income guidelines) is higher than the reimbursement rate for paid lunches—by about 2 cents a meal for the 1995–1996 school year. [Sec. 4(b) of the Child Nutrition Act]

[Note: The paid breakfast reimbursement rate is roughly the same as the current-law paid lunch rate for schools with free and reduced-price participation of 60 percent or more. This special lunch rate would be eliminated under Sec. 401 of the Senate amendment (see item 25).]

House bill

No comparable provision.

Senate amendment

Requires that the reimbursement rate for paid breakfasts be the same as the rate for paid lunches.

Conference agreement

Senate recedes.

32. SCHOOL BREAKFAST STARTUP GRANTS

Present law

The Secretary is required to make competitive grants to help defray costs associated with starting or expanding school breakfast and summer food service programs. Funding of $5 million a year is provided through fiscal year 1997; $6 million is provided for fiscal year 1998; and $7 million a year is provided for fiscal year 1999 and each subsequent year. [Sec. 4(g) of the Child Nutrition Act]

House bill

No comparable provision.

Senate amendment

Repeals the startup/expansion competitive grant program.

Conference agreement

House recedes. [Sec. 923]

33. NUTRITION EDUCATION AND TRAINING PROGRAMS

Present law

The Secretary is required to make funding available to States for child nutrition program nutrition education and training activities. Funding of $10 million a year is provided. [See. 19(i) of the Child Nutrition Act]

House bill

No comparable provision.

Senate amendment

Reduces the amount that must be provided for nutrition education and training to $7 million a year.

Conference agreement

House recedes with an amendment eliminating mandatory status. Authorizes appropriations of $10 million per year. [Sec. 931]

34. EFFECTIVE DATE

Present law

Not applicable.

House bill

No comparable provision.

Senate amendment

Establishes Oct. 1, 1996 as the effective date for repeal of the startup/expansion competitive grant program and reduction of funding for nutrition education and training.

Conference agreement

Makes October 1, 1996 the effective date for reduction in funding authority for nutrition education and training. [Sec. 931(g)]

35. FREE AND REDUCED PRICE POLICY STATEMENT

Present law

[Note: See note under Senate amendment.]

House bill

No comparable provision.

Senate amendment

Provides that, after initial submission, schools may not be required to submit free and reduced-price policy statements for the School Lunch and School Breakfast programs to State education agencies—unless there is a substantive change in the school's policy. Implementation of routine changes (such as the annual adjustment in the income eligibility guidelines) would not be sufficient cause to require submission of a policy statement. [Note: Under current regulations, annual submission of policy statements is required.]

Conference agreement

House recedes. [Sec. 922]

36. SUMMER FOOD SERVICE PROGRAM FOR CHILDREN

A. Permitting Offer versus Serve

Present law

No provision. [Note: The "offer versus serve" option is permitted in school meal programs.]

House bill

No comparable provision.

Senate amendment

Allows schools operating summer food service programs to permit children attending a site on school premises to refuse one item of a meal without affecting the Federal reimbursement for the meal.

Conference agreement

House recedes. [Sec. 906(g)]

B. Removing Mandatory Notice to Institutions

Present law

Under the Summer Food Service program, States must submit to the Secretary, by February 15 of each year, a plan and schedule for informing service institutions of the availability of the program. [Sec. 13(n) of the National School Lunch Act]

House bill

No comparable provision.

Senate amendment

Prohibits the Secretary from requiring States to submit their plans and schedules for informing institutions of the availability of the Summer Food Service program.

Conference agreement

House recedes. [Sec. 906(k)]

37. CHILD AND ADULT CARE FOOD PROGRAM

A. Payments to Sponsor Employees

Present law

No provision.

House bill

No comparable provision.

Senate amendment

Bars Child and Adult Care Food program sponsoring organizations with more than one employee from basing payments to employees on the number of family/group day care homes recruited.

Conference agreement

House recedes. [Sec. 908(b)]

b. Improved Targeting of Day Care Home Reimbursements

Present law

Federal reimbursement rates for meals and supplements served in family/group day care homes are standard for all homes,

established separately from those for day care centers, not differentiated by the participating children's family income (as is the case for day car centers), and set approximately half-way between reimbursements for free and reduced-price meals/supplements in day care centers. They are indexed for inflation each July 1 (see item 36B(2)), and for the period July 1995–June 1996, they are: $1.5375 for all lunches/suppers, 84.5 cents for all breakfasts, and 45.75 cents for all supplements. Family/group day care home sponsors also receive separate administrative cost reimbursements based on the number of homes sponsored. [Sec. 17(f) of the National School Lunch Act]

Meal and supplement reimbursements for family/group day care homes are indexed annually to reflect changes in the Consumer Price Index for food away from home and rounded to the nearest ¼ cent. [Sec. 17(f) of the National School Lunch Act]

House bill

No comparable provisions.

Senate amendment

Restructures reimbursements for meals and supplements served in family/group day care homes. In general, homes would be divided into two "tiers," one of which would receive current-law reimbursements (with indexing adjustments, see item 37B(2) for changes in inflation indexing rules) and the other which would receive lower reimbursements as set out under the Senate amendment. [Note: Separate payments to sponsors based on the number of homes sponsored are not changed, and current rules barring certain documents requirements and reimbursements for meals/supplements served to providers' children are retained.]

Tier I homes would be paid the meal/supplement reimbursements for family/group homes in effect on the date of enactment, adjusted on August 1, 1996, and each July 1 thereafter, to reflect inflation for the most recent 12-month period for which data are available.

Tier I homes would be those (1) located in areas, as defined by the Secretary based on Census data, in which at least half of the children are members of households with income below 185 percent of the Federal poverty income guidelines, (2) located in an area served by a school enrolling elementary students in which at least 50 percent of those enrolled are certified eligible for free or reduced-price school meals (i.e., have family income below 185 percent of the Federal poverty guidelines), or (3) operated by a provider whose family income is verified by its sponsoring organization to be below 185 percent of the poverty guidelines.

In general, tier II homes would be paid reimbursements of $1 for each lunch/supper, 30 cents for each breakfast, and 15 cents for each supplement (all substantially below tier I rates), adjusted on July 1, 1997, and each July 1 thereafter, to reflect inflation for the most recent 12-month period for which data are available.

Tier II homes would be homes that do not meet the tier I low-income area/provider standards.

Tier II homes could, at their option, claim higher tier I reimbursement rates under certain conditions: Tier II homes could elect

to receive tier I reimbursements for meals/supplements served to children in households with income below 185 percent of the poverty guidelines, if the sponsoring organization collects the necessary income information and makes the appropriate eligibility determinations (in accordance with the Secretary's rules). Tier II homes also could receive tier I reimbursements for children in or subsidized under (or children of parents in or subsidized under) federally or State supported child care or other benefit programs with an income limit that does not exceed 185 percent of the poverty guidelines, and could restrict their claim for tier I reimbursements to these children if they opt not to have income statements collected from parents/caretakers.

The Secretary would be required to prescribe "simplified" meal counting/reporting procedures for use by tier II homes (and their sponsors) that elect to claim tier I reimbursements for children meeting the income or program participation requirements noted above. These procedures could include: (1) setting an annual percentage of meals/supplements to be reimbursed at tier I rates based on the family income of children enrolled during a specific month or other period, (2) placing a home in a reimbursement category based on the percentage of children with household income below 185 percent of poverty, or (3) other procedures determined by the Secretary.

The Secretary also would be permitted to establish minimum requirements for verifying income and program participation for children in tier II homes opting to claim tier I reimbursement rates.

Requires that reimbursements for family/group day care homes be indexed annually to reflect changes in the Consumer Price Index for food at home, based on the unrounded rates for the preceding 12-month period, and then rounded down to the nearest lower cent.

Requires the Secretary to reserve, from amounts available for the Child and Adult Care Food program in fiscal year 1996, $5 million—to provide grants for (1) training, materials, computer and other assistance to sponsoring organization staff and (2) training and other aid to family/group day care homes in implementing the new reimbursement-rate structure directed by the Senate amendment. The funds would be allocated among the States based on their proportion of participating homes, with a minimum of $30,000 as a State's base funding share, and State would not be allowed to retain more than 30 percent of their grant at the State level (passing the remainder to sponsors and providers).

Requires (1) the Secretary to provide State agencies with Census data necessary for determining homes' tier I status and (2) State agencies to provide the data to day care home sponsoring organizations.

Requires State agencies administering school meal programs to provide approved day care home sponsoring organizations a list of schools serving elementary school children in which at least half those enrolled are certified to receive free or reduced-price meals (one test for an area eligible for tier I reimbursements). The data for the list must be collected annually and provided on a timely basis to any requesting approved sponsoring organization.

Provides that, in determining homes' tier I status, State agencies and sponsoring organizations must use the most current data available.

Provides that a determination that a home is located in an area that qualifies it as a tier I home be in effect for three years, unless the State agency determined the area no longer qualifies the home. In the case of a determination made in on the basis of Census data, the determination is to be in effect until more recent data are available.

Makes conforming technical amendments recognizing the new structure of family/group day care home reimbursement rates.

Conference agreement

House recedes with an amendment accepting Senate provisions and establishing new lower reimbursement rates for tier II homes for meals and supplements as follows: $90 for each lunch and supper; $.25 for each breakfast; and $.10 for supplements. [Sec. 908(e)]

C. Disallowing Meal Claims

Present law

No specific provision.

House bill

No comparable provision.

Senate amendment

Makes clear that States and sponsoring organizations may recoup reimbursements to day care home providers for improperly claimed meals/supplements.

Conference agreement

Senate recedes with an amendment that deletes advance payments to sponsors. [Sec. 908(f)]

D. Elimination of State Paperwork and Outreach Burden

Present law

Provisions of the National School Lunch Act require (1) States to take affirmative action to expand availability of the Child and Adult Care Food program's benefits (including annual notification of all nonparticipating family/group day care home providers), (2) the Secretary to conduct demonstration projects to test approaches to removing or reducing barriers to participation by homes that operate in low-income areas or primarily serve low-income children, (3) the Secretary and States to provide training and technical assistance to sponsoring organizations in reaching low-income children, and (4) the Secretary to instruct States to provide information/training about child health and development through sponsoring organizations. [Sec 17(k) of the National School Lunch Act]

House bill

No comparable provision.

Senate amendment

Repeals existing "outreach" requirements noted under present law and requires that (1) States provide sufficient training, technical assistance, and monitoring to facilitate effective operation of the Child and Adult Care Food Program and (2) the Secretary assist States in carrying out this obligation.

Conference agreement

House recedes. [Sec. 908(h)]

E. Study of Impact of Amendments on Program Participation and Family Day Care Licensing.

Present law

No provision.

House bill

No comparable provision.

Senate amendment

Not later than two years after the date of enactment, requires the Secretary of Agriculture, in conjunction with the Secretary of Health and Human Services, to study the impact of the revisions to the Child and Adult Care Food program under the Senate amendment on:

(1) the number of participating family day care homes, day care home sponsoring organizations, and day care homes that are licensed, certified, registered, or approved by each State;

(2) the rate of growth in the number of participating homes, sponsors, and licensed, certified, registered, or approved homes;

(3) the nutritional adequacy/quality of meals served in family day care homes that no longer receive reimbursements or no longer receive "full" reimbursements: and

(4) the proportion of low-income children participating in the program. (p. 377)

Requires each State agency to submit data on (1) the number of participating family day care homes on July 31, 1996, and July 31, 1997, (2) the number of licensed, certified, registered, or approved family day care homes on July 31, 1996, and July 31, 1997, and (3) other matters needed to carry out the study as required by the Secretary.

Conference agreement

House recedes. [Sec. 908(n)]

F. Effective Date and Regulations

Present law

Not applicable.

House bill

No comparable provisions.

Senate amendment

Establishes the effective date for changes in the family/group day care home reimbursement structure—August 1, 1996. Other changes affecting the Child and Adult Care Food program would be effective on enactment (e.g., grants to assist in implementation of the changes, limits on payments to sponsors' employees).

Requires that, by February 1, 1996, the Secretary issue interim regulations to implement (1) the changes in the family/group day care home reimbursement structure and (2) existing provisions of law for the use of sponsoring organizations' administrative expense payments for startup/expansion and outreach and recruitment activities. Final regulations would be required by August 1, 1996.

Conference agreement

House recedes. [Sec. 908(m)]

38. REDUCING REQUIRED REPORTS TO STATE AGENCIES AND SCHOOLS

Present law

Not applicable.

House bill

No comparable provisions.

Senate amendment

Directs the Secretary to review all existing reporting requirements placed on local providers (e.g., schools) under the National School Lunch and Child Nutrition Acts and notify the appropriate committees of Congress of those requirements that are mandated by law, with recommendations as to whether any should be eliminated because their contribution to program effectiveness is not sufficient to warrant the paperwork burden imposed. The Secretary also would be required to provide justification for those reporting requirements established solely by regulation. The review and report would be due no later than one year after enactment.

Conference agreement

House recedes.

39. CATEGORICAL ELIGIBILITY

Present law

In general, children are categorically income eligible for child nutrition programs, and women, infants, and children for the WIC program, if they are recipients of AFDC benefits. [Sec. 9(b) of the National School Lunch Act and Sec. 17(d) of the Child Nutrition Act]

House bill

No comparable provisions.

Senate amendment

Amends the National School Lunch and Child Nutrition Acts to (1) technically conform citations to the new family assistance block grant (rather than the AFDC program) and (2) make categorically eligible for child nutrition and WIC programs only those recipients in family assistance block grant programs that comply with standards established by the Secretary of Agriculture to ensure that a State's family assistance block grant program standards are comparable to or more restrictive than those in effect for the AFDC program on June 1, 1995.

Conference agreement

House recedes. [Sec. 109]

TITLE X. FOOD STAMPS AND COMMODITY DISTRIBUTION

Food Stamp Reform

1. DECLARATION OF POLICY

Present law

The Food Stamp Act's declared policy is to safeguard the health and well-being of the Nation's population by raising levels of nutrition among low-income households. To alleviate hunger and malnutrition among low-income households with limited food purchasing power, the Act authorizes the food stamp program to permit low-income households to obtain a more nutritious diet through normal channels of trade by increasing the food purchasing power of all eligible households who apply. [Sec. 2]

House bill

No comparable provision.

Senate amendment

Adds to the existing Food Stamp Act declaration of policy a statement that Congress intends that the food stamp program support the employment focus and family strengthening mission of public welfare and welfare replacement programs by facilitating transition to economic self-sufficiency through work, promoting employment as the primary means of income support and reducing barriers to employment, and maintaining and strengthening healthy family functioning and family life.

Conference agreement

The Conference agreement follows the House bill.

2. SHORT TITLE

Present law

No provision.

House bill

Cites this subtitle as "The Food Stamp Simplification and Reform Act of 1995."

Senate amendment

No comparable provision.

Conference agreement

The Conference agreement follows the House bill.

3. ESTABLISHMENT OF SIMPLIFIED FOOD STAMP PROGRAM

Present law

The Secretary is directed to establish uniform national standards of eligibility for food stamps (with certain variations allowed for Alaska, Hawaii, Guam, the Virgin Islands, and certain administrative rules.). States may not impose any other standards of eligibility as a condition for participation in the program. [Sec. 5(b)]

House bill

Permits States to operate a "simplified food stamp program," either statewide or in any political subdivision. Under this program, households receiving regular cash benefits under the Temporary Assistance for Needy Families (TANF) block grant established by title I of the Personal Responsibility Act (replacing the current Aid to Families with Dependent Children (AFDC) program) could be provided food stamp benefits using the rules and procedures established by the State for its TANF block grant program, as an alternative to using regular food stamp rules.

Senate amendment

Explicitly permits non-uniform standards of eligibility. [*Note:* Also see item 38]

Conference agreement

The Conference agreement follows the Senate amendment.

4. SIMPLIFIED FOOD STAMP PROGRAM

A. Basic State Option

Present law

Households composed entirely of AFDC recipients are automatically eligible for food stamps, with few exceptions (e.g., aliens who do not meet the Food Stamp program's more stringent rules barring illegal aliens). [Sec. 5(a)]

As with other households, food stamp benefits for AFDC households are determined under Food Stamp program rules governing counting of income, expense deductions, and procedural requirements.

House bill

[Note: Sec. 542(a) of the House bill adds a new section 24 to the Food Stamp Act containing rules for the Simplified Food Stamp Program.]

If a State elects to exercise its option to use its TANF block grant rules and procedures for food stamp benefits, requires that (1) households in which all members receive regular cash benefits under a TANF block grant program be automatically eligible for

food stamps and (2) food stamp benefits for them be determined under rules and procedures established by the State or locality under the State's TANF block grant program or the regular food stamp program.

Senate amendment

[Note: Sec. 342(a) of the Senate amendment adds a new section 24 to the Food Stamp Act containing rules for the Simplified Food Stamp Program]

Permits a State to exercise an option to use rules and procedures established for its family assistance block grant (under title I of the Senate amendment) to determine food stamp benefits for households in which all members receive family assistance block grant aid: (1) households in which all members receive aid under a family assistance block grant program would be automatically eligible for food stamps; and (2) their food stamp benefits could be determined by using rules and procedures established by the State for its family assistance block grant program, regular food stamp program rules and procedures, or a combination of the two. States also would be allowed to apply a single "shelter standard" to households that receive a housing subsidy and another to households that do not.

Conference agreement

The Conference agreement follows the Senate amendment with an amendment deleting the specific reference to use of a single shelter standard.

B. Federal Cost Control

Present law

No comparable provisions.

House bill

Requres that, when approving a State's plan to exercise its option for a simplified food stamp program, the Secretary certify that the average per-household food stamp benefit received by participating TANF households is not expected to exceed the average food stamp benefit level for AFDC or TANF recipients in the preceding fiscal year—adjusted for any changes in the "Thrifty Food Plan" (the basis for food stamp benefit levels). The Secretary also is required to compute the "permissible" average per-household benefit for each State or locality exercising the simplified program option.

Requires that, if average food stamp benefits under the simplified program exceed the permissible level (the Thrifty-Food-Plan-adjusted prior year amount), the State must pay the Federal Government the benefit cost of the excess within 90 days of notification.

Senate amendment

Provides that a State may not operate a simplified food stamp program unless it has an approved plan and requires the Secretary to approve any State plan if the Secretary determines it complies with the provisions of law governing the simplified food stamp pro-

gram option and would not increase Federal costs under the Food Stamp Act. Federal costs for this purpose are defined to exclude research, demonstration, and evaluation costs.

Requires the Secretary to determine whether a State's simplified food stamp program is increasing Federal costs under the Food Stamp Act. In making the determination, the Secretary (1) could not required States to collect or report any information on households not included in the simplified food stamp program and (2) could approve State requests to use alternative accounting periods. If the Secretary determines that a simplified food stamp program has increased Federal costs, the State must be notified by January 1 of the succeeding fiscal year.

If the Secretary determines that a simplified program has increased Federal costs for a two-year period, the State must pay the Federal Government the amount of any increased costs within 90 days of the determination (or have amounts due it for administrative costs reduced).

Conference agreement

The Conference agreement follows the Senate amendment with an amendment. The Secretary must, for each fiscal year, determine whether a simplified program is increasing Federal costs above those incurred under the food stamp program in the fiscal year prior to implementation of the simplified program, adjusted for changes in participation, the non-public-assistance income of participants, and the cost of the Thrifty Food Plan. The Secretary must notify the State of a determination of increased Federal costs, and the State must submit for approval a corrective action plan designed to prevent increased Federal costs. If a State fails to submit a plan or carry out an approved plan, the Secretary must terminate approval of the State's simplified program, and the State is ineligible for future participation under simplified program rules.

C. Disqualification

Present law

Households penalized for an intentional failure to comply with a Federal, State, or local welfare program may not, for the duration of the penalty, receive an increased food stamp allotment because their welfare income has been reduced. [Sec. 8(d)]

[Note: This has been interpreted by regulation to apply only to reductions in welfare income due to repayment of overpayments resulting from a welfare violation, although a revision of the regulation is scheduled.]

House bill

Provides that (1) households receiving food stamps under the simplified program option who are sanctioned (disqualified or have their benefits reduced) under a State's TANF program may have the same penalty applied for food stamp purposes and (2) food stamp benefits to households participating under the simplified program option may not be increased as the result of a reduction in their TANF benefits caused by a sanction. Any household disqualified from food stamps as the result of a TANF program sanc-

tions would be eligible to apply for food stamps (as a new applicant) after the disqualification period has expired.

Senate amendment

[Note: See items 10 and 43.]

Conference agreement

The Conference agreement follows the Senate amendment.

D. Extending Rules to "Mixed" Households

Present law

No comparable provisions.

House bill

Allows States the further option of applying their TANF rules and procedures to food stamp households in which some, but not all, members receive TANF benefits. These households would not be automatically eligible for food stamps (they would have to meet normal food stamp eligibility rules), but their benefits could be determined under the State's TANF rules and procedures, so long as the Secretary ensures that the State's plan provides for an "equitable" distribution of benefits among all household members.

Senate amendment

No comparable provisions.

Conference agreement

The Conference agreement follows the Senate amendment. The conferees encourage the Secretary to work with States to test methods for applying a single set of rules and procedures to households in which some, but not all, members receive cash welfare benefits under State rules.

E. Cash Assistance

Present law

No comparable provisions.

House bill

Allows States exercising the simplified program option to pay food stamp benefits in cash to some participating households. Cash benefits could be paid to households with 3 or more consecutive months' earned income of at least $350 a month from a private sector employer.

Provides that: (1) cash assistance in lieu of food stamps be considered the food stamp benefit of the earner's household, (2) the value of food stamp benefits provided in cash be treated as food stamp coupons for taxation and other purposes (i.e., disregarded), and (3) the State opting for cash payments increase the payments (at State expense) to offset the effect of any food sales taxes, unless the Secretary determines it unnecessary because of the limited nature of items taxed (sales taxes on food purchases with food stamp benefits are barred by existing law).

Requires States electing the cash benefit option to submit a written evaluation the effect of cash assistance after 2 years' operation.

Senate amendment

[Note: See item 55.]

Conference agreement

The Conference agreement follows the Senate amendment.

F. Federal Food Stamp Rules

Present law

The Federal Government shares 50% of any State food stamp administrative costs (except that certain States with very low rates of erroneous benefit and eligibility determinations can receive up to 60%). States also may retain certain proportions of any overissued benefits they recoup. Special Federal cost-sharing rules apply in the case of employment and training programs for food stamp recipients. States are subject to a quality control system under which the extent of erroneous benefit and eligibility decisions is measures. Those with high rates of erroneous benefit and eligibility decisions are subject to fiscal sanctions. [Sec. 16]

House bill

Requires States exercising the simplified program option to, at a minimum, comply with certain rules mandated under the Food Stamp Act:

(1) requirements governing issuance procedures for food stamp benefits;

(2) the requirement that benefits be calculated by subtracting 30% of a household's income (as determined by state-established, not Federal, rules under the simplified program option) from the maximum food stamp benefit;

(3) the bar against counting food stamp benefits as income or resources in other programs;

(4) the requirements that State agencies assume responsibility for eligibility certification and issuance of benefits and keep records for inspection and audit;

(5) the bar against discrimination by reason of race, sex, religious creed, national origin, or political beliefs;

(6) requirements related to submission and approval of plans of operation and administration of the food stamp program on Indian reservations;

(7) limits on the use and disclosure of information about food stamp households;

(8) requirements for notice to and fair hearings for aggrieved households (or comparable requirements established by the State under its TANF program;)

(9) requirements for submission of reports and other information required by the Secretary;

(10) the requirement to report illegal aliens to the Immigration and Naturalization Service;

(11) requirements for use of certain Federal and State data sources in verifying recipients' eligibility;

(12) requirements to take measures to ensure that households are not receiving duplicate benefits; and

(13) requirements for the provision of social security numbers as a condition of eligibility and for their use by State agencies.

States electing the simplified program option would be subject to normal food stamp program cost-sharing rules.

States electing the simplified option would be subject to the food stamp quality control system (including fiscal sanctions).

Senate amendment

Permits States exercising the option for a simplified food stamp program to apply rules and procedures under their family assistance block grant, the rules/procedures of the regular food stamp program, or the rules/procedures of one program to certain matters and those of the other in remaining matters. Permits States to standardize food stamp expense "deductions," but, in doing so, States would be required to give consideration to the work expenses, dependent car costs, and shelter costs of participating households.

Otherwise, the Senate amendment is the same as the House bill, except that it also would (1) require that States follow the revised rule in the Senate amendment (see item 43) as to not increasing food stamp benefits when other public assistance benefits are decreased (see item 4C in the House bill), (2) require that eligible households be certified and receive benefits not later than 30 days after application (as now required under the regular food stamp program), and (3) require that States issue "expedited" benefits to very low-income households (as required under the regular food stamp program).

Conference agreement

The Conference agreement follows the House bill with an amendment (1) allowing States to standardize deductions and (2) requiring States to follow the revised rule in the Senate amendment as to not increasing food stamp benefits when other public assistance benefits are decreased.

G. State Plans

Present law

No comparable provision.

House bill

Requires that State plans for those States electing to exercise the simplified program option include the rules and procedures to be followed in determining benefits under the option, whether the program will include households in which not all members receive TANF grant benefits, and the method by which the State or political subdivision participating in the simplified program will carry out its quality control obligations.

Senate amendment

Requires that State plans for those States electing to exercise the simplified program option include the rules and procedures to be followed in determining benefits under the option, how the States will address the needs of households with high shelter costs, and a description of the method by which the State will carry out its quality control obligations.

Conference agreement

The Conference agreement follows the Senate amendment.

5. CONFORMING AMENDMENTS: SIMPLIFIED FOOD STAMP PROGRAM

Present law

Allows the Secretary to operate pilot projects similar to the simplified food stamp program State option proposed in the House bill. [Sec. 8(e) and Sec. 17(i)]

House bill

Deletes provisions for pilot projects similar to the simplified food stamp program State option.

Senate amendment

Same as the House bill.

Conference agreement

The Conference agreement follows the House bill with an amendment to add necessary conforming amendments.

6. THRIFTY FOOD PLAN

Present law

Maximum monthly food stamp benefits are defined as 103% of the cost of the Agriculture Department's "Thrifty Food Plan," adjusted for food-price inflation each October according to the plan's cost in the immediately preceding June and rounded down to the nearest dollar by household size. [Sec. 3(o)]

House bill

Provides that current maximum monthly food stamp benefits (103% of the cost of the Thrifty Food Plan in June 1994) be increased by 2% a year, beginning with the October 1995 adjustment, and rounded down to the nearest dollar by household size.

Senate amendment

Sets maximum monthly food stamp benefits at 100% of the cost of the Thrifty Food Plan, effective October 1, 1995, adjusted annually, as under existing law and rounded down to the nearest dollar by household size. Requires that the October 1, 1995, adjustment not reduce maximum benefit levels.

Conference agreement

The Conference agreement follows the Senate amendment, with an amendment making it effective October 1, 1996.

7. INCOME DEDUCTIONS AND ENERGY ASSISTANCE

A. Energy Assistance

Present law

Payments or allowances for energy assistance provided by State or local law are, under rules set by the Secretary, disregarded ("excluded") as income. [Sec. 5(d)(11) and 5(k)]

Payments or allowances for weatherization assistance are disregarded as energy assistance. [Sec. 5(d)(11) and 5(k)] [Note: Weatherization payments could otherwise be disregarded as lump-sum payments, vendor payments, or reimbursements.]

Federal Low-Income House Energy Assistance Program (LIHEAP) benefits are disregarded as income. [Sec. 5(d)(11) and 5(k) of the Food Stamp Act and sec. 2605(f) of the Low-Income Home Energy Assistance Act]

Certain utility allowances under Department of Housing and Urban Development (HUD) programs are disregarded. [Sec. 5(d)(11) and 5(k)]

Shelter expense deductions may be claimed for utility costs covered by LIHEAP benefits, but not in the case of other disregarded energy assistance unless the household has additional out-of-pocket expenses. [Sec. 5(e) of the Food Stamp Act and Sec. 2605(f) of the Low-Income Home Energy Assistance Act]

House bill

Requires that State/local energy assistance be counted as income.

Continues to disregard as income payments or allowances for weatherization assistance under a Federal energy assistance program. Other weatherization assistance could be disregarded as lump-sum payments, vendor payments, or reimbursements.

Bars claiming shelter expense deductions for utility costs covered either directly or indirectly by the LIHEAP and other disregarded energy assistance.

Senate amendment

Requires that State/local energy assistance be counted as income.

Requires an income disregard for one-time payments/allowances under a Federal or State law for the costs of weatherization or emergency repair/replacement of unsafe/inoperative furnaces or other heating/cooling devices.

Counts Federal LIHEAP benefits as income.

Counts HUD utility allowances as income.

Allows claiming shelter expense deductions for utility costs covered directly or indirectly by the LIHEAP and other counted energy assistance.

Conference agreement

The Conference agreement follows the Senate amendment.

B. Standard Deductions

Present law

For purposes of determining food stamp benefits and eligibility, applicant/recipient households may claim standard deductions from their otherwise countable income. Standard deductions are indexed annually (each October 1) for inflation based on the Consumer Price Index for items other than food and rounded down to the nearest dollar. For FY1995, standard deductions are set at: $134 a month for the 48 States and the District of Columbia, $229 for Alaska, $189 for Hawaii, $269 for Guam, and $118 for the Virgin Islands. For FY1996, they were "scheduled" to rise to: $138, $236, $195, $277, and $122, respectively, but this was barred by the FY1996 agriculture appropriations act. (Sec. 5(e)]

House bill

Sets standard deductions at their FY1995 levels, effective October 1, 1995

Senate amendment

Reduces standard deductions:

(1) for FY1996, they would be $132, $225, $186, $265, and $116; and

(2) for FY1997–2002, they would be $124, $211, $174, $248, and $109.

Inflation indexing of standard deductions would resume October 1, 2002 (using existing indexing rules).

Conference agreement

The Conference agreement follows the House bill and continues to set standard deductions at their FY1995 levels.

C. Earned Income Deduction

Present law

Households may claim a deduction for 20% of any earned income. This deduction is not allowed with respect to any income that a household willfully or fraudulently fails to report in a timely manner (as proven in a fraud hearing proceeding)—i.e., it is not allowed when determining the amount of a benefit overissuance. [Sec. 5(e)]

House bill

Denies an earned income deduction for the food stamp benefit portion of income earned under a work supplementation/support program. [Note: See item 15.]

Senate amendment

Disallows an earned income deduction for any income not reported in a timely manner—i.e., the deduction would not be allowed in determining the amount of any overissued benefits.

Conference agreement

The Conference agreement follows the Senate amendment, with an amendment denying an earned income deduction for the public assistance portion of income earned under a work supplementation/support program.

D. Excess Shelter Expense Deduction

Present law

For purposes of determining food stamp benefits and eligibility, applicant/recipient households may claim excess shelter expense deductions from their otherwise countable income—in the amount of any shelter expenses (including utility costs) above 50% of their countable income after all other deductions have been applied. For households with elderly or disabled members, these deductions are unlimited. For other households, they are limited by law through December 1996; limits are lifted as of January 1, 1997. For FY1995, excess shelter expense deductions were capped at: $231 a month for the 48 States and the District of Columbia, $402 for Alaska, $330 for Hawaii, $280 for Guam, and $171 for the Virgin Islands. For October 1995 through December 1996, the caps rose to $247, $248, $353, $300, and $182, respectively. [Sec. 5(e)]

States may use "standard utility allowances" (as approved by the Secretary) in calculating households' shelter expenses. However, households may claim actual expenses instead of the allowance and may switch between an actual expense claim and the standard allowance at the end of any certification period and one additional time during any 12-month period. [Sec. 5(e)]

House bill

Sets the limits on excess shelter expense deductions at FY1995 levels.

Senate amendment

Permits States to make the use of standard utility allowances mandatory for all households if (1) the State has developed separate standards that include the cost of heating and cooling and do not include these costs and (2) the Secretary finds that the standards will not result in increased Federal costs.

Removes the option for households to switch between a standard utility allowance and actual costs once during every 12-month period.

Conference agreement

The Conference agreement follows the Senate amendment with an amendment that establishes excess shelter expense deduction limits at the October 1995/December 1996 levels.

E. Homeless Shelter Deduction

Present law

For homeless households not receiving free shelter throughout the month, States may develop a homeless shelter expenses estimate (a standard amount) to be used in calculating an excess shel-

ter expense deduction. States must use this amount unless the household verifies higher expenses. The Secretary may prohibit the use of the deduction for households with extremely low shelter costs. The amounts is inflation indexed, and, for FY 1995, it is limited to $139 a month; effective October 1, 1995, it is scheduled to rise to $143. [Sec. 11(e)(3)]

House bill

Sets the homeless shelter deduction at the FY 1995 $139 a month amount and requires that it be used in establishig homeless households' excess shelter expense deductions when they do not receive free shelter throughout the month.

Senate amendment

Same as the House bill, except that States may prohibit the use of the deduction for households with extremely low shelter costs.

Conference agreement

The Conference agreement follows the Senate amendment.

8. VEHICLE ALLOWANCE

A. Threshold for Counting a Vehicle's Value

Present law

In determining a household's liquid assets for food stamp eligibility purposes, a vehicle's fair market value in excess of $4,550 is counted. This threshold rose to $4,600 in October 1995 and is scheduled to be annually indexed for inflation beginning in fiscal year 1997. [Sec. 5(g)(2)] [Note: Eligible households may have liquid assets of no more than $2,000 ($3,000 for households with elderly members).]

House bill

Sets the threshold above which the fair marekt value of a vehicle is counted as an assets at $4,550.

Senate amendment

Eliminates the October 1, 1995, increase in the increase in the threshold to $4,600 and reqires that the $4,550 threshold begin to be inflation adjusted on October 1, 1996.

Conference agreement

The Conference agreement follows the House bill, with an amendment setting the threshold at $4,600.

B. Vehicles Carrying Fuel or Water

Present law

In determining a household's liquid assets for food stamp eligibility purposes, the value of a vehicle that the household depends on to carry fuel for heating or water for home use is excluded. [Sec. 5(g)(2)

House bill

Deletes the asset exclusion for vehicles used to carry fuel or water.

Senate amendment

No provision.

Conference agreement

The conference agreement follows the Senate amendment.

9. WORK REQUIREMENTS

Non-exempt recipients between 16 and 60 are ineligible for food stamps if they refuse to register for employment, refuse to participate in an employment/training program when required to do so by the State, or refuse a job offer meeting minimum standards. [Sec. 6(d)]

Exempt individuals are: (1) those who are not physically or mentally fit, (2) those subject to and complying with a work/training requirement under the AFDC program or the unemployment compensation system (although failure to comply with an AFDC/unemployment system requirement is treated as a failure to comply with food stamp rules, if the requirement is "comparable"), (3) parents and other household members with the responsibility for care of a dependent child under age 6 or an incapacitated person, (4) postsecondary students enrolled at least half-time (separate rules bar eligibility for most postsecondary students who are not working or do not have dependents), (5) regular participants in drug addiction or alcoholic treatment programs, (6) persons employed at least 30 hours a week or receiving the minimum wage equivalent, and (7) persons between 16 and 18 who are not head of household and are in school at least half time. [Sec. 6(d) (1) and (2)]

In addition, if a non-exempt head of household fails to comply with one of the above-noted requirements or voluntarily quits a job without good cause, or if any non-exempt household member is on strike, the entire household is ineligible for food stamps. [Sec. 6(d) (1) & (3)]

A. Job Search

Present law

As noted above, non-exempt individuals refusing to participate in an employment/training program when required to do so by the State are ineligible for food stamps (if they are head of household, the entire household is ineligible). State-designed employment and training programs may include a requirement to perform job search activities. [Sec. 6(d) (1) & (2)]

House bill

Makes ineligible non-exempt individuals (and their households if they are head of household) who refuse to participate in a State-established job search program. [Note: Able-bodied non-elderly adults without dependents would be subject to new work requirements, see below.]

Senate amendment

No provision.

Conference agreement

The Conference agreement follows the Senate amendment.

B. Comparable Work Requirements

Present law

As noted above, individuals are exempt from food stamp employment/training requirements if they are subject to and complying with an AFDC or unemployment compensation work/training requirement, and failure to comply with such an AFDC or unemployment compensation requirement is treated as failure to comply with food stamp employment/training requirements, if the requirement is "comparable." [Sec. 6(d)(2)]

House bill

Requires that failure to comply with an TANF or unemployment compensation system work/training requirement be treated as failure to comply with a food stamp employment/training requirement, whether or not the requirement is "comparable."

Senate amendment

Same as the House bill.

Conference agreement

The Conference agreement follows the House bill.

C. New Work Requirement

Present law

As noted above, non-exempt individuals are ineligible for food stamps if they refuse to participate in an employment/training program when required to do so by the State. [Sec. 6(d)(1)]

House bill

Deletes provisions of law barring eligibility to those refusing to participate in State-established employment/training programs.

In their place, adds a new work requirement: non-exempt recipients (see below) would be disqualified if they are not employed a minimum of 20 hours a week or are not participating in the work program newly established under the House bill (see below) within 90 days of certification of eligibility.

Allows individuals who have been disqualified under the new work requirement to re-establish food stamp eligibility if they become exempt (under the rules noted immediately below), become employed at least 20 hours a week during any consecutive 30-day period, or participate in a work program (see below).

Exempt from the new requirement would be: (1) those under 18 or over 50, (2) those medically certified as physically or mentally unfit for employment, (3) parents or other household members responsible for the care of a dependent child, and (4) those who are

otherwise exempt from work registration and job search rules (see present law description above).

Upon a State's request, allows the Secretary to waive application of the new work requirement for some or all individuals in all or part of a State if the Secretary determines that the area (1) has an unemployment rate over 10% or (2) does not have sufficient jobs to provide employment for those subject to the new requirement. The Secretary would be required to report to the Agriculture Committees the basis for any waiver based on lack of sufficient jobs.

Senate amendment

Adds a new work requirement: non-exempt persons (see below) would be ineligible if, during the preceding 12-month period, they received food stamps for 6 months or more while not working 20 hours or more a week (averaged monthly) or participating in and complying with a work/training program (see *note* regarding exemptions below) for at least 20 hours a week.

Exempt from the new requirement would be: (1) those under 18 or over 50, (2) those certified by a physician as physically or mentally unfit for employment, (3) parents or other household members responsible for the care of a dependent, (4) those participating a minimum of 20 hours a week in (and complying with the requirements of) a Job Training partnership Act (JTPA) program, a Trade Adjustment Assistance Act training program, or a State or local government employment or training program meeting Governor-approved standards, and (5) those otherwise exempt from work registration and job search rules (see present law description above.) [Note: The new work requirement could be met by those participating in and complying with (for 20 hours a week or more) a JTPA program, a Trade Adjustment Assistance training program, or a State/local employment or training program meeting Governor-approved standards (including a food stamp program employment/training activity other than job search or job search training).]

As in the House bill, waivers are allowed, except that the unemployment rate threshold is 8% and the Secretary must report the basis for *any* waiver.

Provides for a transition to the new work requirement. Prior to October 1, 1996, administrators would not "look back" a full 12 months in determining whether a recipient had been receiving food stamps and not meeting the new requirement; they would look back only to October 1, 1995.

Conference agreement

The Conference agreement follows the House bill, with an amendment. Non-exempt persons (see below) are ineligible if, during the preceding 12-month period, they received food stamps for 4 months or more while not working 20 hours or more a week (averaged monthly), participating in and complying with a work program (see below) for at least 20 hours a week, or participating in a workfare program.

Exempt from the new requirement are: (1) those under 18 or over 50, (2) those medically certified as physically or mentally unfit for employment, (3) parents or other household members responsible for the care of a dependent child, (4) those otherwise exempt

from work registration or job search rules (e.g., those caring for incapacitated persons), and (5) pregnant women.

Work programs allowing an exemption are programs under the JTPA or the Trade Adjustment Assistance Act, or employment/training programs operated or supervised by a State or locality meeting standards approved by the Governor (including a food stamp employment/training program)—except for job search or job search training programs.

Waiver reports are required for any waiver based on unemployment rates (over 10%) or lack of sufficient jobs.

The disqualification imposed by the new work requirement ceases to apply if, during a 30-day period, an individual works 80 hours or more, participates in and complies with a work program for at least 80 hours, or participates in a workfare program. In the subsequent 12-month period, an individual is eligible for food stamps for up to 4 months while not working for at least 20 hours a week, participating in a work program for at least 20 hours a week, or participating in a workfare program.

As in the Senate amendment, a transition to the new work requirement is provided.

D. Disqualification

Present law

[Note: See present law description above. In addition, disqualification periods for failure to fulfill work requirements are (1) 2 months or until compliance (whichever is first) for most failures and (2) 90 days in case of a voluntary quit.]

House bill

No comparable provisions. [Note: The House bill creates new disqualification penalties for those covered by its new work requirement.]

Senate amendment

Rewrites and adds to rules governing disqualification for violation of work and employment/training requirements (other than those for the new work requirement noted above).

In addition to existing provisions for disqualification (e.g., job refusal, failure to participate in an employment/training program), makes ineligible (1) individuals who refuse without good cause to provide sufficient information to allow a determination of their employment status or job availability, (2) all individuals (in addition to heads of household) who voluntarily and without good cause quit a job, and (3) individuals who voluntarily and without good cause reduce their work effort (and, after the reduction, are working less than 30 hours a week).

Establishes a new household ineligibility rule: if any individual who is head of household is disqualified under a work rule, the entire household would, at State option, be ineligible for the lesser of the duration of the individual's ineligibility or 180 days—as determined by the State.

Establishes new mandatory minimum work-rule disqualification periods for individuals. For the first violation, individuals

would be ineligible until the later of the date they fulfill work rules, for 1 month, or a period (determined by the State) not to exceed 3 months. For the second violation, individuals would be ineligible until the later of the date they fulfill work rules, for 3 months, or a period (determined by the State) not to exceed 6 months. For a third or subsequent violation, individuals would be ineligible until the later of the date they fulfill work rules, 6 months, a date determined by the State, or (at State option) permanently. These disqualification period also would apply to those failing to meet workfare requirements

In establishing good cause, voluntary quits, and reduction of work effort, the Secretary would determine the meaning of the terms. States would determine the meaning of other terms and the procedures for making compliance decisions, but could not make a determination that would be less restrictive than a comparable one under the State's family assistance block grant program.

States would be required to include the standards and procedures they use in making work-rule disqualification/compliance decisions in their State plan.

Conference agreement

The Conference agreement follows the Senate amendment

E. Caretaker Exemption

Present law

Parents or other household members with responsibility for the care of a dependent child under age 6 or of an incapacitated person are exempt from food stamp work rules [Sec. 6(d)(2)]

House bill

No provision.

Senate amendment

Permits States to lower the age at which a child "exempts" a parent/caretaker from 6 to not under the age of 1.

Conference agreement

The Conference agreement follows the Senate amendment.

F. Work and Employment/Training Programs

Present law

States must operate employment and training programs for non-exempt food stamp recipients and place at least 15% of those covered in a program component. Exempt are those listed above and those States opt to exempt under Federal rules. Program components can range from job search or education activities to work experience/training and "workfare" assignments. [Sec. 6(d)(4)]

Work experience/training program components must limit assignments to projects serving a useful public purpose, use the prior training/experience of assignees, not provide work that has the effect of replacing others, and provide the same benefits and working conditions provided to other comparable employees. [Sec. 6(d)(4)(B)]

States and political subdivisions also may operate workfare programs under which non-exempt recipients may be required to perform work in return for the minimum wage equivalent of their household's monthly food stamp allotment. In general, those exempt are those listed above (p. 16). [Sec. 20]

Workfare assignments may not have the effect of replacing or preventing the employment of others and must provide the same benefits and working conditions provided to other comparable employees. [Sec. 20(d)]

The total hours of work required of a household under an employment/training program (including workfare) cannot in any month exceed the minimum wage equivalent of the household's monthly food stamp benefit. The total hours of participation in an employment and training program required of any household member cannot in any month exceed 120 hours (when added to other work). And, workfare hours (when added to other work) cannot exceed 30 hours a week for a household member. [Sec. 6(d)(4)(F) and Sec. 20(c)]

Under employment and training programs for food stamp recipients, States must provide or pay for transportation and other costs directly related to participation (up to $25 a month for each participant) and necessary dependent care expenses (in general, up to $175 or $200 a month for each dependent, depending on the dependent's age). Under workfare programs, States must reimburse participants for transportation and other costs directly related to participation (up to $25 a month for each participant). [Sec. 6(d)(4)(I) and Sec. 20 (d)(3)]

House bill

Deletes the requirement for States to operate employment and training programs and current provisions for work experience/training and workfare programs.

Instead, requires the Secretary to permit any State that applies and submits a plan in compliance with the Secretary's guidelines to operate a work program for food stamp recipients subject to the new work requirement (see above) in the State or any political subdivision. A State's work program would require those accepting an offer of a work position in order to maintain food stamp eligibility to perform work on the State or local jurisdiction's behalf, or on behalf of a private nonprofit entity. The Secretary's guidelines would be required to allow States and localities to operate a work program that is consistent and compatible with similar programs they might operate.

Requires that, in order to be approved, a State's work program provide that participants work no more than the minimum wage equivalent of their household's monthly food stamp benefit (i.e., the number of hours equivalent to their household's monthly benefit divided by the minimum wage).

Limits the degree to which a State or locality can assign participants to replace other workers. No State/locality could replace an employed worker with a work program participant, but participants could be placed in (1) new positions, (2) positions that became available during the normal course of business, (3) positions that involve performing work that would otherwise be performed

on an overtime basis, or (4) positions that became available by shifting current employees to an alternate position. [Note: States would receive Federal costsharing for work program participant expenses (see below).]

Senate amendment

Revises the existing requirements for State-operated employment/training programs for food stamp recipients:

(1) makes clear the work experience is a purpose of employment/training programs;

(2) requires that each component of an employment/training program be delivered through a "statewide workforce development system," unless the component is not available locally;

(3) expands the existing State option to apply work rules to applicants at application to all work requirements, not only job search;

(4) removes specific rules governing job search components (i.e., tied to those for the AFDC program);

(5) removes provisions for employment/training components related to work experience requiring that they be in public service work and use (to the extent possible) recipients' prior training and experience;

(6) removes specific Federal rules as to States' authority to exempt categories and individuals from employment/training requirements;

(7) removes the requirement to serve volunteers in employment/training programs;

(8) removes the requirement for "conciliation procedures" for resolution of disputes involving participation in an employment or training program;

(9) limits employment/training funding provided by the food stamp program for services to AFDC or family assistance block grant funding recipients to the amount used by the State for AFDC recipients in FY1995; and

(10) removes Federal performance standards on States for employment/training programs for food stamp recipients.

Conference agreement

The Conference agreement follows the Senate amendment.

G. Funding Work and Employment/Training Programs

Present law

To support employment and training programs for food stamp recipients, States receive a formula share of $75 million a year (based partially on their share of food stamp recipients not exempt from work registration and employment/training requirements and partially on their share of those placed in employment/training program components). Minimum State annual allocations are $50,000.

In addition to its portion of the $75 million annual grant, each State is entitled to (1) 50% of any additional costs incurred, (2) 50% of any transportation or other participant costs paid or incurred up to half of $25 a month for each participant, and (3) 50% of any dependent care costs paid or incurred up to half of certain limits (gen-

erally, $175/$200 a month for each dependent, depending on the dependent's age). [Sec. 16(h)]

House bill

To support work programs for food stamp recipients, requires the Secretary to allocate among States and localities operating them $75 million a year, based on their share of recipients subject to the new work requirement (see above). Minimum State allocations would be $50,000.

Requires States to notify the Secretary as to their intention to operate a work program, and requires the Secretary to reallocate unclaimed portions of the $75 million annual grant to other States, as the Secretary deems appropriate and equitable.

Requires that, in addition to its portion of the $75 million annual grant, the Secretary pay each State (1) 50% of any additional costs incurred and (2) 50% of any transportation or other participant costs paid or incurred up to half of $25 a month for each participant.

Allows the Secretary to suspend or cancel some or all payments made to States for the work program, or withdraw approval, on a finding of noncompliance.

Senate amendment

To support employment/training programs for food stamp recipients, requires the Secretary to "reserve for allocation" to States: $77 million for FY1996, $80 million for FY1997, $83 million for FY1998, $86 million for FY1999, $89 million for FY2000, $92 million for FY2001, and $95 million for FY2002. Allocations would be based on a "reasonable formula" (determined by the Secretary) that gives consideration to States' shares of the population affected by the new work requirement (see above). Minimum State allocations would be $50,000.

Requires reallocations as in the House bill.

Continues existing provisions for payments for additional costs, but adds explicit permission for a 50% Federal share of State case management costs.

Conference agreement

The Conference agreement follows the Senate amendment with an amendment. The amounts "reserved for allocation" to states are: $77 million for FY 1996; $79 million for FY 1997; $81 million for FY 1998; $84 million for FY 1999; $86 million for FY 2000; $88 million for FY 2001; and $90 million for FY 2002.

H. Conforming Amendment

Present law

There is authorized a demonstration project similar to the new work requirement in the House bill; it has not been implemented. [Sec. 17(d)]

House bill

Deletes authorization for a demonstration project similar to the new work requirement in the House bill.

Senate amendment

Makes several technical and conforming amendments to employment and training provisions.

Conference agreement

The Conference agreement follows the House bill and makes technical and conforming amendments.

10. COMPARABLE TREATMENT OF DISQUALIFIED INDIVIDUALS

Present law

[Note: See item 4C.]

House bill

Requires that individuals who have been disqualified for noncompliance with requirements under a TANF program not be eligible to participate for food stamps during the disqualification period.

Senate amendment

If an individual is disqualified for failure to perform an action required under a Federal, State, or local welfare/public assistance program, permits States to impose the same disqualification for food stamps.

If a disqualification is imposed under the family assistance block grant, permits States to use the family assistance block grant's rules and procedures to impose the same disqualification for food stamps.

Permits individuals disqualified from food stamps because of failure to perform a required action under another welfare/public assistance program to apply for food stamps as new applicants after the disqualification period has expired—except that a prior disqualification under food stamp work requirements must be considered in determining eligibility.

Requires States to include the guidelines they use in carrying out food stamp disqualification for failure to perform a required action in another welfare/public assistance program in their State plans.

Conference agreement

The Conference agreement follows the Senate amendment, with an amendment changing references to welfare or public assistance programs to references to needs-tested public assistance programs.

11. ENCOURAGE ELECTRONIC BENEFIT TRANSFER SYSTEMS

A. Regulation E

Present law

The Federal Reserve Board has ruled that, as of March 1997 and with some minor modifications, its "Regulation E" will apply to electronic benefit transfer systems. Regulation E provides certain protections for consumers using cards to access their accounts. It limits the liability of cardholders for unauthorized withdrawals (to $50, if notification is made) and requires periodic account state-

ments and certain error resolution procedures. [Federal Register of Mar. 7, 1994]

House bill

[Note: See item 56 for optional block grants for States fully implementing electronic benefit transfer systems.]

Provides that Regulation E not apply to any electronic benefit transfer program (distributing needs-tested benefits) established or administered by States or localities.

Senate amendment

Provides that Regulation E not apply to food stamp benefits delivered through any electronic benefit transfer system.

Conference agreement

The Conference agreement follows the House bill.

B. Charging for Electronic Benefit Transfer Card Replacement

Present law

No specific provision.

House bill

No provision.

Senate amendment

Provides that States may charge recipients for the cost of replacing a lost or stolen electronic benefit transfer card and may collect the charge by reducing the recipient's food stamp benefit.

Confernce agreement

The Conference agreement follows Senate amendment.

C. Photographic Identification

Present law

No provision.

House bill

Requires that each electronic benefit transfer card bear a photograph of the members of the household to which the card is issued.

Senate amendment

Permits States to require that electronic benefit transfer cards contain a photograph of 1 or more household members and requires that, if a State requires a photograph, it shall establish procedures to ensure that other appropriate members of the household and authorized representatives may use the card.

Conference agreement

The Conference agreement follows the Senate amendment.

D. Rules for Electronic Benefit Transfer Systems

Present law

State agencies, with the Secretary's approval, may implement on-line electronic benefit transfer systems for delivering food stamp benefits, in lieu of coupons. No State may implement or expand an electronic benefit transfer system without prior approval from the Secretary. States are responsible for 50% of any electronic benefit transfer system costs (as with any benefit issuance system), including equipment and electronic benefit transfer cards. [Sec. 7(i)]

The Secretary's regulations for approval must (1) include standards that require that, in any one year, the operational cost of an electronic benefit transfer system does not exceed costs of prior issuance systems and (2) include system security standards. [Sec. 7(i)]

House bill

Deletes requirements for the Secretary's prior approval, "encourages" State agencies to implement on-line electronic benefit transfer systems for delivering food stamp benefits, and authorizes States to procure and implement these systems (under terms, conditions and designs that the State deems appropriate).

Allows the Secretary to waive, on a State's request, any provision of the Food Stamp Act that prohibits effective implementation of an electronic benefit transfer system for food stamp benefits.

Requires re-issuance and revision of regulations governing food stamp electronic benefit transfer systems (current regulations for approval of these systems were issued in April 1992).

Deletes the requirement that the Secretary's regulations for electronic benefit transfer systems require that costs of the electronic benefit transfer system in any one year not exceed costs of prior issuance systems.

Adds requirements that the Secretary's standards for electronic benefit transfer systems include (1) measures to maximize system security using the most recent technology the State considers appropriate (including personal identification numbers, photographic identification on electronic benefit transfer cards, and other measures to protect against fraud and abuse) and (2) effective not later than 2 years after enactment, measures that permit electronic benefit transfer systems to differentiate food items that may be acquired with food stamp benefits from those that may not.

Senate amendment

Permits States to implement EBT systems under rules separate from those in existing law as amended, if a State notifies the Secretary of its intent to convert to a statewide system within 3 years of enactment. The Secretary may not provide coupons to a State beginning 3 years after the chief executive gives notification of intent to convert under the EBT option—but the State may extend this deadline by 2 years and the Secretary may grant a waiver of up to 6 months for good cause. [Note: The Secretary is authorized to provide coupons for disaster relief.]

Places requirements on the Secretary under the EBT option. The Secretary must:

(1) assist States in converting to an EBT system and (in consultation with the Inspector General and the Secret Service) inform States about proper security features, management techniques, and counterfeit deterrence;

(2) reimburse States for purchasing and issuing EBT cards [Note: The Secretary may charge recipients (through allotment reduction or otherwise) for the cost of replacing lost or stolen cards, unless stolen by force or threat of force];

(3) assign additional employees to investigate and monitor compliance with EBT and retailer participation rules;

(4) establish a Transition Conversion Account (TCA) to be funded with transaction fees of no more than 2 cents a transaction (maximum of 16 cents a month) taken from each EBT household's benefits [Note: Fees would be imposed during the 10-year period beginning with the first full fiscal year after enactment. They would be imposed to the extent necessary to not increase the Secretary's costs under the EBT option and could not be greater not be greater than needed for the purposes of the TCA (see below). Fees could be reduced for households receiving maximum benefits.]

(5) from the TCA and, to the extent necessary, from food stamp appropriations, provide funds to States choosing the EBT option for (1) reasonable purchase and installation costs (including reimbursements to retailers) of single-function point-of-sale equipment to be used only for Federal/State assistance programs, (2) reasonable start-up purchase and installation costs for telephone equipment and connections to the point-of-sale equipment, and (3) modification of existing EBT systems to the extent necessary to operate Statewide or interstate;

(6) from the TCA, provide funds to implement the EBT option and for (1) start-up training, (2) reasonable one-time costs of converting to a system capable of interstate and law enforcement functions, (3) liabilities assumed by the Secretary under the EBT option (e.g., for replaced replaced benefits), and (4) implementing and expanding a nationwide program for compliance with EBT and retailer rules; and

(7) consult with government, food industry, financial services, and food advocacy representatives in the conversion to EBT as to (1) integrating EBT systems into commercial networks, (2) EBT system security, (3) use of laser scanner technology to ensure that only eligible items are purchased, (4) use of EBT system data to identify fraud (5) means of ensuring confidentiality, (6) using existing terminals and systems top reduce costs (7) using EBT systems for multiple benefits.

Places requirements and conditions on States under the EBT option. States:

(1) must take into account generally accepted operating rules based on commercial technology and the need to permit interstate operations and law enforcement monitoring and investigations;

(2) may use paper-based and other benefit transfer approaches for special-need retailers (located in very rural areas,

without access to dependable electricity or regular telephone service, farmers' markets, and house-to-house trade routes);

(3) must purchase and install (or reimburse for) single-function point-of-sale (and related telephone) equipment, usuable only for Federal/State assistance, for retailers that do not have point-of-sale EBT equipment and do not intend to obtain it in the near future [Note: Equipment must be capable of interstate operations (based on commericial operating principles) that permit law enforcement monitoring and be capable of giving recipients access to multiple benefits.];

(4) must purchase (or reimburse for) point-of-sale paper-based or alternative benefit transfer equipment for special-need retailers without this equipment who do not intend to obtain it in the near future (equipment would be usuable only for Federal/State assistance);

(5) must be competitive bidding systems in purchasing EBT equipment and cards [Note: States may not have purchase agreements conditioned on buying additional services or equipment, the Secretary must monitor prices paid, and the Inspector General must investigate possible wrongdoing,];

(6) must advise recipients how to promptly report lost, stolen, damaged, improperly manufactured, dysfunctional, or destroyed EBT cards;

(7) must not (following the Secretary's regulations) replace benefits lost due to unauthorized use an EBT card, but recipients would receive replacement benefits for losses caused by (1) force or threat of force, (2) unauthorized use after the State gets notice by (1) force or threat of force, (2) unauthorized use of the State and gets notice a card was lost/stolen, or (3) problems with the EBT system [Note: Except for losses caused by force or threat of force, States must reimburse the Secretary for benefit replacements, and States may obtain reimbursement from service providers for losses caused by system problems.];

(8) may require an explanation from recipients on occasions where they report lost or stolen cards or cards are used for an unauthorized transaction;

(9) must, in appropriate circumstances, investigate and act on (through administrative disqualification or court referral) cases of lost or stolen cards or unauthorized use;

(10) must (1) take into account the needs of law enforcement personnel and the need to permit and encourage technological/scientific advances, (2) ensure security is protected, (3) provide for recipient privacy, ease of EBT card use, and access to and service by retailers, (4) provide for financial accountability and system capability for interstate operations and law enforcement monitoring, (5) prohibit retailer participation unless appropriate equipment is operational and reasonably available to recipients, and (6) provide for monitoring and investigation by law enforcement agencies;

(11) must, on a recipient's request, provide, once a month, a statement of benefit transfers and balances for the preceding month; and

(12) must design systems to timely resolve disputes over errors. [Note: Recipients able to obtain error corrections under the system would not be entitled to a fair hearing.]

Provides that retailers may return equipment provided by the State and obtain equipment with their own funds and that the cost of documents or systems under the EBT option may not be imposed on retailers.

Provides that EBT retailer fraud and related activities be governed by the Food Stamp Act and 18 U.S.C. 1029.

Makes technical and conforming amendments and defines electronic benefit transfer system, retail food store, special-need retail food store, and electronic benefit transfer card

Conference agreement

The Conference agreement follows the House bill, with an amendment. States are required to implement an electronic benefit transfer system ("on-line" or "off-line") before October 1, 2002, unless the Secretary waives the requirement because a State agency faces unusual barriers to implementation, and State are encouraged to implement an electronic benefit transfer system as soon as practicable. Subject to Federal standards, states are allowed to procure and implement an electronic benefit transfer system under terms, conditions, and design that they consider appropriate, and a new requirement for Federal procurement standards is added. A requirement is added for electronic benefit transfer standards following generally accepted standard operating rules based on commercial technology, the need to permit interstate operation and law enforcement, and the need to permit monitoring and investigations by authorized law enforcement officials. A requirement that regulations regarding replacement of benefits under an electronic benefit transfer system be similar to those in effect for a paper food stamp issuance system is added. The Conferees intend that regulations issued by the Secretary regarding the replacement of benefits and liability for replacement of benefits under an EBT system will not require greater replacement of benefits or impose greater liability than those regulations in effect for a paper-based food stamp issuance system. Provisions in the House bill that are retained are: a provision deleting the requirement that electronic benefit transfer systems be cost-neutral in any one year, requirements as to measures to maximize security, and a provision requiring measures to permit electronic benefit systems to differentiate among food items (to the extent practicable). The House bill provision allowing the Secretary to waive Food Stamp Act provisions that prohibit effective implementation of electronic benefit transfer systems is deleted.

12. VALUE OF MINIMUM ALLOTMENT

Present law

The minimum monthly allotment for 1- and 2-person households is set at $10. It is scheduled to rise to $15 in FY 1997 or 1998 (depending on food-price inflation). [Sec. 9(a)]

House bill

Sets the minimum monthly allotment for 1- and 2-person households at $10.

Senate amendment

Same as the House bill.

Conference agreement

The Conference agreement follows the House bill.

13. INITIAL MONTH BENEFIT DETERMINATION

Present law

Recipient households not fulfilling eligibility recertification requirements in the last month of their certification period are allowed a 1-month "grace period" in which to fulfill the requirements before their benefits are pro-rated (reduced) to reflect the delay in meeting recertification requirements. [Sec. 8(c)(2)(B)]

House bill

For those who do not complete all eligibility recertification requirements in the last month of their certification period, but are then determined eligible after their certification period has expired, requires that they receive reduced benefits in the first month of their new certification period (i.e., their benefits would be pro-rated to the date they met the requirements and were judged eligible).

Senate amendment

Same as the House bill.

Conference agreement

The Conference agreement follows the Senate amendment.

14. IMPROVING FOOD STAMP MANAGEMENT

A. Quality Control Fiscal Sanctions

Present law

States are assessed fiscal sanctions if their "quality control" combined (overpayment and underpayment) error rate for a given fiscal year is higher than the national average for that year. The amount of each State's sanction is determined by using a "sliding scale" so that its penalty assessment reflects the degree to which its combined error rate exceeds the national average tolerance level. In effect, the current system requires that States be sanctioned for a portion of every benefit dollar that exceeds the tolerance level. For example, if the tolerance level were 10% and the State's combined error rate were 12%, or 2 percentage points (20%) above the tolerance level, the State would be assessed a penalty of .2% of benefits issued in the State that year (i.e., 20% of the excess above the threshold). [Sec. 16(c)]

House bill

Requires the assessment of fiscal sanctions if a State's combined error rate is above a tolerance level set at the lowest national

average combined error rate ever achieved, plus 1 percentage point. States would be assessed a dollar penalty for each dollar in error above the tolerance level. For example, if a State's combined error rate were 2 percentage points above the lowest ever national average tolerance level, plus 1 percentage point, it would be assessed a penalty of 2% of benefits issued in the State that year.

Senate amendment

No provision.

Conference agreement

The Conference agreement follows the Senate amendment.

B. Quality Control Administrative Rules

Present law

Errors resulting from the application of new regulations are not included in a State's error rate for assessing sanctions during the first 120 days from required implementation of the regulations. [Sec. 16(c)(3)(A)]

Specific time frames are set out for completion of quality control reviews, determining final error rates, and various steps of the appeals process. Administrative law judges are required to consider all grounds for denying a sanction claim against a State, including contentions that a claim should be waived for good cause. [Sec. 16(c)(8)]

For judging to what degree a State should be sanctioned, "good cause" is defined as including: (1) a natural disaster or civil disorder that adversely affects food stamp operations, (2) a strike by State employees who are necessary for food stamp operations, (3) a significant growth in food stamp caseload, (4) a change in the Food Stamp program (or other Federal or State program) that has a substantial adverse impact on the management of the Food Stamp program, and (5) a significant circumstance beyond the control of a State agency. [Sec. 16(c)(9)]

If a State appeals a quality control sanction claim, interest on any unpaid portion of the claim accrues from the date of the decision on the administrative appeal or from a date that is 1 year after the date a bill for the sanction is received, whichever is earlier. [Sec. 13(a)(1)]

House bill

Bars inclusion of errors resulting from the application of new regulations for 60 days (or 90 days at the Secretary's discretion).

Deletes specific time frames for reviews, error rates, and the appeals process. Deletes the directive that administrative law judges consider all grounds for denying a sanction claim against a State.

Deletes the Act's definition of good cause for the quality control system.

Requires that interest on sanction claims begin to accrue from the date of the administrative appeal decision or 2 years after the sanction bill is received, whichever is earlier.

Senate amendment

No provision.

Conference agreement

The Conference agreement follows the Senate amendment.

15. WORK SUPPLEMENTATION OR SUPPORT PROGRAM

Present law

No provision.

Permits States having a work supplementation or support program (under which public assistance benefits are provided to employers who hire public assistance recipients and then used to pay part of their wages) to include the cash value of a recipient's household food stamp benefits in the amount paid the employer to subsidize wages paid. Work supplementation/support programs would be required to meet standards set by the Secretary in order to avail themselves of the option to include food stamp benefits. The food stamp benefit value of the supplement could not be considered income for other purposes, and the household of the participating member would not receive regular food stamp allotments while the member was in a work supplementation/support program. States would be required to include any plans for including food stamp recipients in work supplementation or support programs in their State plans.

Senate amendment

Same as the House bill, except (1) a qualified work supplementation/support program may not allow participation of any individual for longer than one year (unless the Secretary approves a longer period), and (2) a qualified work supplementation/support program must be used for hiring and employing new employees.

Conference agreement

The Conference agreement follows the House bill, with an amendment to provide that (1) States must provide a description of how recipients in the program will, within a specific period of time, be moved to employment that is not supplemented or supported and (2) programs not displace employment of those who are not supplemented or supported.

16. OBLIGATIONS AND ALLOTMENTS

Present law

The Food Stamp Act authorizes to be appropriated such sums as are necessary for each FY1991–1995. [Sec. 18(a)]

House bill

Provides that the amount obligated under the Act will not be in excess of the cost estimate of the Congressional Budget Office for fiscal year 1996, with adjustments for additional fiscal year—in both cases reflecting amendments made by the Personal Responsibility Act.

Requires the Secretary to file reports (each February, April, and July) stating whether there is a need for additional obligational authority and authorizes the Secretary to provide recommendations as to how to equitably achieve spending reductions if allotments must be limited in any fiscal year.

Senate amendment

Authorizes such sums as are necessary through FY2002.

Conference agreement

The Conference agreement follows the House bill with the following amendments. Appropriations (such sums as are necessary) are authorized through FY2002. Annual obligations are limited to $25,443,000,000 in FY 1996; $24,636,000,000 in FY 1997; $25,319,000,000 in FY 1998; $26,307,000,000 in FY 1999; $27,568,000,000 in FY 2000; $28,602,000,000 in FY 2001; and $29,804,000,000 in FY 2002. On May 15 of each year, the Secretary must adjust that year's obligation limit based on the increase or decrease in participation during the first 6 months of the year. On October 1 each year (the beginning of the fiscal year), the Secretary also must adjust the upcoming year's obligation limit based on the degree to which the cost of the Thrifty Food Plan in the immediately preceding June (the basis for each October's food stamp benefit adjustment) is higher or lower than projected by the Congressional Budget Office in its estimates made prior to enactment. If the Secretary finds that program funding requirements for a year will exceed allowed obligations, the Secretary must direct States to reduce allotments to the extent necessary to stay within the obligation limits for the year. The Secretary is required to report to the House and Senate Agriculture Committees.

17. REAUTHORIZATION OF PUERTO RICO NUTRITION ASSISTANCE PROGRAM

Present law

The Food Stamp Act requires the Secretary to pay specific sums for Puerto Rico's nutrition assistance block grant for FY1991–1995. The FY1995 amount is $1.143 billion. [Sec. 19(a)]

House bill

No provision.

Senate amendment

Requires the following payments for Puerto Rico's nutrition assistance block grant: $1.143 billion for each of FY1995 and FY1996, $1.182 billion for FY1997, $1.223 billion for FY1998, $1.266 billion for FY1999, $1.310 billion for FY2000, $1.343 billion for FY2001, and $1.376 billion for FY2002.

Conference agreement

The Conference agreement follows the Senate amendment, with an amendment to require the following payments for Puerto Rico's block grant: $1.143 billion for FY1996, $1.174 billion for FY1997, $1.204 billion for FY1998, $1.236 billion for FY1999,

$1.268 billion for FY2000, $1.301 billion for FY2001, and $.1335 billion for FY2002.

18. AUTHORITY TO ESTABLISH AUTHORIZATION PERIODS

Present law

No provision.

House bill

Requires the Secretary to establish specific time periods during which retail food stores' and wholesale food concerns' authorization to accept and redeem food stamps coupons (or redeem food stamp benefits through an electronic benefit transfer system) will be valid.

Senate amendment

Permits the Secretary to issue regulations establishing specific time periods during which authorization to accept and redeem food stamp coupons will be valid.

Conference agreement

The Conference agreement follows the House bill.

19. CONDITION PRECEDENT FOR APPROVAL OF RETAIL FOOD STORES AND WHOLESALE FOOD CONCERNS

Present law

No provision.

House bill

Provides that no retail food stores or wholesale food concerns be approved for participation in the Food Stamp program unless an Agriculture Department employee (or, whenever possible, a State or local government official designated by the Department) has visited it.

Senate amendment

No provision.

Conference agreement

The Conference agreement follows the House bill, with an amendment limiting stores and food concerns that must be visited to those of a type, determined by the Secretary, based on factors that include size, location, and type of items sold.

20. WAITING PERIOD FOR RETAIL FOOD STORES AND WHOLESALE FOOD CONCERNS THAT ARE DENIED APPROVAL TO ACCEPT COUPONS

Present law

No provision.

House bill

Provides that retail food stores and wholesale food concerns that have failed to be approved for participation in the Food Stamp program may not submit a new application for approval for 6

months from the date they receive a notice of denial. Current law provisions granting denied retailers and wholesalers a hearing on a refusal are retained.

Senate amendment

Same as the House bill, except that stores and concerns may not submit a new application for 6 months from the date of the denial.

Conference agreement

The Conference agreement follows the Senate amendment, with an amendment providing that stores and concerns denied approval because they do not meet the Secretary's approval criteria may not, for at least 6 months, submit a new application. The Secretary is allowed to establish longer waiting periods, including permanent disqualification, that reflect the severity of the basis for denial.

21. DISQUALIFICATION OF RETAIL FOOD STORES AND WHOLESALE FOOD CONCERNS

Present law

No provision.

House bill

Requires that a retail food store or wholesale food concern that is disqualified from participation in the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) also be disqualified from participating in the Food Stamp program for the period of time it is disqualified from the WIC program.

Senate amendment

Requires the Secretary to issue regulations providing criteria for disqualifying from food stamps retail food stores and wholesale food concerns disqualified from the WIC program. Disqualification must be for the same period as under the WIC program, may begin at a later date, and would not be subject to food stamp administrative/judicial review procedures.

Conference agreement

The Conference agreement follows the Senate amendment with a technical amendment.

22. AUTHORITY TO SUSPEND STORES VIOLATING PROGRAM REQUIREMENTS PENDING ADMINISTRATIVE AND JUDICIAL REVIEW

Present law

No provision.

House bill

Requires that, where a retail food store or wholesale food concern has been permanently disqualified (for its third offense or for certain instances of trafficking), the disqualification period will be effective from the date it receives notice of disqualification, pending administrative and judicial review.

Senate amendment

Permits regulations establishing criteria under which authorization of a retail food store or wholesale food concern may be suspended at the time the store/concern is initially found to have committed a violation that would result in permanent disqualification; the suspension may coincide with the period of administrative/judicial review. The Secretary would not be liable for the value of any lost sales during any suspension/disqualification period.

Requires notice in suspension cases. Stipulates that a suspension period remains in effect pending administrative/judicial review and that the suspension period be part of any disqualification imposed.

Removes provisions for courts temporarily staying administrative actions against stores, concerns, and States pending judicial appeal.

Conference agreement

The Conference agreement follows the Senate amendment with an amendment providing that any permanent disqualification of a store or concern be effective from the date the notice of disqualification is received. If the disqualification is reverse through administrative or judicial review, the Secretary is not liable for the value of lost sales during the disqualification period.

23. CRIMINAL FORFEITURE

Present law

"Administrative forfeiture" rules allow the Secretary to subject property involved in a program violation to forfeiture to the United States. [Sec. 15(g)]

House bill

Establishes "criminal forfeiture" rules. Requires courts, in imposing sentence on those convicted of trafficking in food stamp benefits, to order that the person forfeit property to the United States (in addition to any other sentence imposed). Property subject to forfeiture would include all property (real and personal) used in a transaction (or attempted transaction) to commit (or facilitate the commission of) a trafficking violation (other than a misdemeanor); proceeds traceable to the violation also would be subject to forfeiture. An owner's property interest would not be subject to forfeiture if the owner establishes that the violation was committed without the owner's knowledge or consent. (p. 246).

Requires that the proceeds from any sale of forfeited properties, and any money forfeited, be used (1) to reimburse the Justice Department for costs incurred in initiating and completing forfeiture proceedings, (2) to reimburse the Agriculture Department's Office of Inspector General for costs incurred in the law enforcement effort that led to the forfeiture, (3) to reimburse Federal or State law enforcement agencies for costs incurred in the law enforcement effort that led to the forfeiture, and (4) by the Secretary to carry out store approval, reauthorization, and compliance activities.

Senate amendment

Removes provisions for administrative forfeiture for property "intended to be furnished" in trafficking cases.

Establishes "criminal forfeiture" rules similar to those in the House bill, but applied only in trafficking cases involving benefits of $5,000 or more. Property subject to forfeiture would include: (1) food stamp benefits, and any property constituting, derived from, or traceable to any proceeds obtained directly or indirectly as the result of the violation and (2) food stamp benefits, and any property used or intended to be used to commit or facilitate the violation.

Food stamp benefits and property subject to criminal forfeiture, any seizure or disposition of the benefits/property, and any administrative/judicial proceeding relating to the benefits/property would be subject to forfeiture provisions of the Drug Abuse Prevention and Control Act of 1970 (where consistent with Food Stamp Act provisions). [Note: No specific Food Stamp Act provisions for use of the proceeds from forfeited property are included]

Conference agreement

The Conference agreement follows the House bill.

24. EXPANDED DEFINITION OF "COUPON"

Present law

The Act defines "coupon" to mean any coupon, stamp, or type of certificate issued under the provisions of the Food Stamp Act. [Sec. 3(d)]

House bill

In order to expand the types of items to which trafficking penalties apply, revises the current definition of "coupon" to include authorization cards, cash or checks issued in lieu of coupons, and "access devices" for electronic benefit transfer systems (including electronic benefit transfer cards and personal identification numbers).

Senate amendment

Same as the House bill.

Conference agreement

The Conference agreement follows the Senate amendment.

25. DOUBLED PENALTIES FOR VIOLATING FOOD STAMP REQUIREMENTS

Present law

The disqualification penalty for the first intentional violation of program requirements is 6 months. The penalty for a second intentional violation (and the first violation involving trading of a controlled substance) is 1 year. [Sec. 6(b)(1)]

House bill

Inreases the disqualification penalty for a first intentional violation to 1 year. Increases the disqualification penalty for a second

intentional violation (and the first violation involving a controlled substance) to 2 years.

Senate amendment

Same as the House bill.

Conference agreement

The Conference agreement follows the Senate amendment.

26. DISQUALIFICATION OF CONVICTED INDIVIDUALS

Present law

Permanent disqualification is required for the third intentional violation of program requirements, the second violation involving trading of a controlled substance, and the first violation involving trading of firearms, ammunition, or explosives. [Sec. 6(b)(1)]

House bill

Adds a requirement for permanent disqualification of persons convicted of trafficking in food stamp benefits where the benefits trafficked have a value of $500 or more.

Senate amendment

No comparable provision.

Conference agreement

The Conference agreement follows the House bill, with a technical amendment.

27. CLAIMS COLLECTION

A. Federal Income Tax Refunds

Present law

Otherwise uncollected overissued benefits may, except for claims arising out of State agency error, may be recovered from Federal pay or pensions. [See 13(d) and Sec. 11(e)(8)]

House bill

Requires collection of otherwise uncollected overissued benefits, other than those arising out of State agency error, from Federal pay or pensions and from Federal income tax refunds.

Senate amendment

Permits collection of all otherwise uncollected overissued benefits from Federal pay or pensions and from Federal income tax refunds.

Conference agreement

The Conference agreement follows the Senate amendment.

B. Authority to Collect Overissuances

Present law

State collection of overissued benefits is limited in certain circumstances. In the case of overissuances due to an intentional program violation, households must agree to repayment by either a reduction in future benefits or cash repayment; States also are required to collect overissuances to these households through other means, such as tax refund or unemployment compensation collections (if a cash repayment or reduction is not forthcoming), unless they demonstrate that the other means are not cost effective. In cases of overissuance because of inadvertent household "error," States must collect the overissuance through a reduction in future benefits—except that households must be given 10 days' notice to elect another means, and collections are limited to 10% of the monthly allotment or $10 a month (whichever would result in faster collection)—and may use other means of collection. In cases of overissuances because of State agency error, States may request repayment or use other means of collection (not including reduction in future benefits). [Sec. 13(b)] States may retain 25% of "non-fraud" collections not caused by State error and 50% of "fraud" collections (increased from 10% and 25% on October 1, 1995). [Sec. 16(a)]

House bill

No provisions

Senate amendment

Replaces existing overissuance collection rules with provisions requiring States to collect any overissuance of benefits by reducing future benefits, withholding unemployment compensation, recovering from Federal pay or income tax refunds, or any other means—unless the State demonstrates that all of the means are not cost effective. Bars the use of future benefit reductions as a claims collection mechanism if it would cause a hardship on the household (as determined by the State) and limits benefit reductions (absent intentional program violations) to the greater of 10% of the monthly benefit or $10 a month. Provides that States must collect overissued benefits in accordance with State-established requirements for notice, electing a means of payment, and setting a schedule for payment.

Conference agreement

The Conference agreement follows the Senate amendment, with an amendment (1) deleting the specific bar against collections in hardship cases and (2) setting the percentage of collections (other than in cases of State agency error) that a State may retain at a uniform 25%.

28. DENIAL OF FOOD STAMP BENEFITS FOR 10 YEARS TO INDIVIDUALS FOUND TO HAVE FRAUDULENTLY MISREPRESENTED RESIDENCE IN ORDER TO OBTAIN BENEFITS SIMULTANEOUSLY IN 2 OR MORE STATES

Present law

Disqualification periods ranging from 6 months to permanent disqualification are prescribed for intentional violations of Food Stamp program requirements. [Sec. 6(b)]

House bill

Disqualifies from food stamps for 10 years an individual found to have fraudulently misrepresented the individual's place of residence in order to receive food stamp, Medicaid, TANF, or Supplemental Security Income (SSI) benefits in two or more States.

Senate amendment

Disqualifies from food stamps permanently an individual found to have fraudulently misrepresented the individual's place of residence in order to receive food stamps in two or more States.

Conference agreement

The Conference agreement follows the Senate amendment, with an amendment disqualifying from food stamps for 10 years an individual found by a State agency or court to have made a fraudulent misrepresentation of identity or residence in order to receive multiple benefits. The conferees note that State agency hearing processes have sufficient recipient protections to warrant a decision to impose a 10-year disqualification in these cases.

29. DISQUALIFICATION RELATING TO CHILD SUPPORT ARREARS

Present law

No provision.

House bill

Disqualifies individuals during any period the individual has an unpaid liability that is under a court child support order, unless the court is allowing delayed payments.

Senate amendment

Same as the House bill, except that States are permitted to apply a child support arrears disqualification and compliance with a child support agency payment plan also exempts individuals from disqualification.

Conference agreement

The Conference agreement follows the Senate amendment, with an amendment that requires disqualification.

30. ELIMINATION OF FOOD STAMP BENEFITS WITH RESPECT TO FUGITIVE FELONS AND PROBATION AND PAROLE VIOLATORS

A. Disqualification of Fleeing Felons

Present law

No provision.

House bill

Disqualifies individuals while they are (1) fleeing to avoid prosecution or custody after conviction for a crime (or crime attempt) which is a felony or (2) violating a condition of parole under Federal or State law.

Senate amendment

Same as the House bill.

Conference agreement

The Conference agreement follows the Senate amendment with a technical amendment.

B. Exchange of Information

Present law

Requires State agencies to immediately report to the Immigration and Naturalization Service a determination that a food stamp household member is ineligible for food stamps because the individual is present in the United States in violation of the Immigration and Nationality Act. [Sec. 11(e)(17)]

House bill

Requires State food stamp agencies to make available to law enforcement officers the address of a food stamp recipient if the officer furnishes the recipient's name and notifies the agency that (1) the individual is fleeing to avoid prosecution or custody for a felony crime (or attempt) or the individual has information necessary for the officer to conduct official duties, (2) the location or apprehension of the individual is within the officer's official duties, and (3) the request is made in the proper exercise of official duties.

Senate amendment

Similar to the House bill, requires State food stamp agencies to make available to law enforcement officers the address, social security number, and (when available) photograph of a food stamp recipient if the officer furnishes the recipient's name and notifies the agency as stipulated in the House bill.

Requires State agencies to furnish the Immigration and Naturalization Service with the name of, address of, and identifying information on any individual the agency knows is unlawfully in the United States.

Conference agreement

The Conference agreement follows the Senate amendment, with an amendment (1) deleting the requirement for Immigration

and Naturalization Service notification and (2) making clear that the requested information must be related to apprehension of a felon or parolee.

31. EFFECTIVE DATES

Present law

No provision.

House bill

Except for amendments dealing with the Food Stamp program's quality control system (effective October 1, 1994), the food stamp and commodity distribution program amendments made by the Personal Responsibility Act would be effective October 1, 1995.

Senate amendment

Provides that Food Stamp Act amendments would be effective October 1, 1995.

Conference agreement

The Conference agreement provides that (1) provisions affecting deduction levels are effective October 1, 1996. and (2) all other provisions are effective on enactment.

32. SENSE OF CONGRESS

Present law

No provision.

House bill

Provides that it is the sense of Congress the States operating electronic benefit transfer systems to provide food stamp benefits should operate systems that are compatible with each other.

Senate amendment

No provision.

Conference agreement

The Conference agreement follows the House bill.

33. DEFICIT REDUCTION

Present law

No provision.

House bill

Provides that it is the sense of the House Committee on Agriculture that reductions in outlays resulting from Food Stamp Act (and commodity distribution program) provisions of the Personal Responsibility Act not be taken into account for purposes of Section 252 of the Balanced Budget and Emergency Deficit Control Act (relating to enforcement of "pay-as-you-go" provisions of the Budget Act).

Senate amendment

No provision

Conference agreement

The Conference agreement follows the Senate amendment.

34. CERTIFICATION PERIOD

Present law

For households subject to periodic (monthly) reporting of their circumstances, eligibility certification periods must be 6–12 months, except that the Secretary may waive this rule to improve program administration. For households receiving federally aided public assistance or general assistance, certification periods must coincide with the certification periods for the other public assistance. For other households, certification periods generally must be not less than 3 months—but they can be (1) up to 12 months for those consisting entirely of unemployable, elderly, or primarily self-employed persons or (2) as short as circumstances require for those with a substantial likehood of frequent changes in income or other household circumstances and for any household on initial eligibility determination (as judged by the Secretary). The Secretary may waive the maximum 12-month limit to improve program administration. [See 3(c)]

House bill

No provision

Senate amendment

Replaces existing provisions as to certification periods with a requirement that certification periods not exceed 12 months—but can be up to 24 months if all adult household members are elderly, disabled, or primarily self-employed.

Requires State agencies to have at least 1 personal contact with each certified household every 12 months.

Conference agreement

The Conference agreement follows the Senate amendment, with an amendment allowing certification periods of up to 24 months for households whose adult members are all elderly or disabled and deleting the reference to a "personal" contact.

35. TREATMENT OF CHILDREN LIVING AT HOME

Present law

Parents and their children 21 years of age or younger who live together must apply for food stamps as a single household (thereby reducing aggregate household benefits)—except for children who are themselves parents living with their children and children who are married and living with their spouses. [Sec. 3(i)]

House bill

No provision.

Senate amendment

Removes the existing exception for children who are themselves parents living with their children and children who are married and living with their spouses.

Conference agreement

The Conference agreement follows the Senate amendment.

36. OPTIONAL ADDITIONAL CRITERIA FOR SEPARATE HOUSEHOLD DETERMINATIONS

Present law

Certain persons who live together may apply for food stamps as separate households (thereby increasing aggregate household benefits) if they (1) are unrelated and purchase food and prepare meals separately or (2) are related but are not spouses or children living with their parents (See item 35). In addition, elderly persons who live with others and cannot purchase food and prepare meals separately because of a substantial disability may apply a separate households as long as their co-residents' income is below prescribed limits (165% of the Federal poverty income guidelines). [Sec. 3(i)]

House bill

No provision.

Senate amendment

Permits States to establish criteria that prescribe when individuals living together, and would otherwise be allowed to apply as separate households, must apply as a single household (without regard to common purchase of food and preparation of meals).

Conference agreement

The Conference agreement follows the Senate amendment.

37. DEFINITION OF HOMELESS INDIVIDUAL

Present law

For food stamp eligibility and benefit determination purposes, a "homeless individual" is a person lacking a fixed/regular nighttime residence or one whose primary nighttime residence is a shelter, a residence intended for those to be institutionalize, a temporary accommodation in the resident of another, or a public or private place not designed to be a regular sleeping accommodation for humans. [Sec. 3(s)]

House bill

No provision.

Senate amendment

Provides that persons whose primary nighttime residence is a temporary accommodation in the home of another may only be considered homeless if the accommodation is for no more than 90 days.

Conference agreement

The Conference agreement follows the Senate amendment.

38. STATE OPTIONS IN REGULATIONS

Present law

The Secretary is directed to establish uniform national standards of eligibility for food stamps (with certain variations allowed for Alaska, Hawaii, Guam, and the Virgin Islands) and in other cases (e.g., imposition of monthly reporting requirements). States may not impose any other standards of eligibility as a condition of participation in the program. [Sec. 5(b)]

House bill

No directly comparable provision. [Note: See item 3.]

Senate amendment

Explicitly permits non-uniform standards of eligibility.

Conference agreement

The Conference agreement follows the Senate amendment.

39. EARNINGS OF STUDENTS

Present law

The earnings of an elementary/secondary student are disregarded as income until the student's 22nd birthday. [Sec. 5(d)(7)]

House bill

No provision.

Senate amendment

Requires that earnings of an elementary/secondary student be counted as income once the student turns age 20.

Conference agreement

The Conference agreement follows the Senate amendment, with an amendment requiring that earnings be counted for students who are 20 or older.

40. BENEFITS FOR ALIENS

A. Deeming Sponsors' Income and Resources

Present law

A portion of the income and resources of the sponsor of a lawfully admitted alien must be deemed as available to the sponsored alien for 3 years after the alien's entry. Income is deemed to the extent it exceeds the appropriate food stamp income eligibility limit (130% of the Federal income poverty guidelines); liquid resources are deemed to the extent they exceed $1,500. [Sec. 5(i)]

House bill

No directly comparable provision.

Senate amendment

Extends the deeming period for sponsored legal aliens to 5 years from lawful admittance or the period of time agreed to in the sponsor's affidavit, whichever is longer. [Note: See conference comparison for title IV in the House bill and title V in the Senate amendment.]

Conference agreement

The Conference agreement follows the House bill.

B. Counting Aliens' Income and Resources

Present law

The income (less a pro rata share) and all resources of aliens who are ineligible for food stamps under provisions of the Food Stamp Act are counted as income/resources to the rest of the household living with the alien. [Sec. 6(f)]

House bill

No provision.

Senate amendment

Permits States to count all of the income and resources of aliens ineligible for food stamps under the provisions of the Food Stamp Act as income/resources to the rest of the household.

Conference agreement

The Conference agreement follows the Senate amendment.

41. COOPERATION WITH CHILD SUPPORT AGENCIES

A. Custodial Parents

Present law

No provisions.

House bill

No provisions.

Senate amendment

Permits States to disqualify custodial parents of children under the age of 18 who have an absent parent unless the custodial parent cooperates with the State child support agency in establishing the child's paternity and obtaining support for the child and the custodial parent. Cooperation would not be required if the State finds there is good cause (in accordance with Federal standards taking into account the child's best interest). Fees or other costs for services could not be charged.

Conference agreement

The Conference agreement follows the Senate amendment.

B. Non-custodial Parents

Present law

No provisions.

House bill

No provisions.

Senate amendment

Permits States to disqualify putative or identified non-custodial parents of children under 18 if they refuse to cooperate with the State child support agency in establishing the child's paternity and providing support for the child. The Secretary and the Secretary of Health and Human Services would develop guidelines for what constitutes a refusal to cooperate, and States would develop procedures (using these guidelines) for determining whether there has been a refusal to cooperate. Fees or other costs for services could not be charged. States would be required to provide safeguards to restrict the use of information collected by the child support agency to the purposes for which it was collected.

Conference agreement

The Conference agreement follows the Senate amendment.

42. OPTIONAL COMBINED ALLOTMENT FOR EXPEDITED HOUSEHOLDS

Present law

For households applying after the 15th day of the month, States may provide an allotment that is the aggregate of the initial (pro-rated) allotment and the first regular allotment—but combined allotments must be provided to households applying after the 15th of the month who are entitled to expedited service. [Sec. 8(c)(3)]

House bill

No provision.

Senate amendment

Makes provision of combined allotments a State option both for regular and expedited service applicants.

Conference agreement

The Conference agreement follows the Senate amendment.

43. FAILURE TO COMPLY WITH OTHER WELFARE AND PUBLIC ASSISTANCE PROGRAMS

Present law

Households penalized for an intentional failure to comply with a Federal, State, or local welfare program may not, for the duration of the penalty, receive an increased food stamp allotment because their welfare income has been reduced. [Sec. 8(d)]

[Note: This has been interpreted by regulation to apply only to reductions in welfare income due to repayment of overpayments resulting from a welfare violation, although a revision of the regulation is scheduled.]

House bill

[Note: See item 4C.]

Senate amendment

Bars increased food stamp allotments because the benefits of a household are reduced under a Federal, State, or local welfare or public assistance program for failure to perform a required action. In carrying out this requirement, States may, in determining food stamp allotments for the duration of the public assistance reduction, use the household's pre-reduction welfare benefits.

Permits States also to reduce the household's food stamp allotment by up to 25%. If the allotment is reduced for failure to perform an action required under a family assistance block grant program, the State may use the rules and procedures of that program to reduce the food stamp allotment.

Conference agreement

The Conference agreement follows the Senate amendment, with an amendment changing references to welfare or public assistance programs to references to mean-tested public assistance programs.

44. ALLOTMENTS FOR HOUSEHOLDS RESIDING IN INSTITUTIONS

Present law

Homeless shelters and residential drug or alcoholic treatment centers may be designated as recipients' authorized representatives. [Note: In the case of residential treatment centers, benefits generally are provided to the center.]

House bill

No provision.

Senate amendment

Permits States to divide a month's food stamp benefits between the shelter/center and an individual who leaves the shelter/center.

Permits States to require residents of shelters/centers to designate the shelter/center as authorized representatives.

Conference agreement

The Conference agreement follows the Senate amendment, with an amendment deleting homeless shelters from those institutions covered by the amendment.

45. OPERATION OF FOOD STAMP OFFICES

A. State Plan Requirements

Present law

States must:

(1) allow households contacting the food stamp office in person during office hours to make an oral/written request for aid and receive and file an application on the same day;

(2) use a simplified, uniform federally designed application, unless a waiver is approved;

(3) include certain, specific information in applications;

(4) waive in-person interviews under certain circumstances (they may use telephone interviews or home visits instead);

(5) provide for telephone contact and mail application by household with transportation or similar difficulties;

(6) require an adult representative of the household to certify as to household members' citizenship/alien status;

(7) assist households in obtaining verification and completing applications;

(8) not require additional verification of currently verified information (unless there is reason to believe that the information is inaccurate, incomplete, or inconsistent);

(9) not deny an application solely because a non-household member fails to cooperate;

(10) process applications if the household meets cooperation requirements;

(11) provide households (at certification and recertification) with a statement of reporting responsibilities;

(12) provide a toll-free or local telephone number at which households may reach State personnel;

(13) display and make available nutrition information; and

(14) use mail issuance in rural areas where low-income households face substantial difficulties in obtaining transportation (with exceptions for high mail losses). [Sec. 11(e)(2), (3), (14), & (25)]

House bill

No Provisions.

Senate amendment

Replaces noted existing State plan requirements with requirements that the State:

(1) establish procedures governing the operation of food stamp offices that it determines best serve households in the State, including those with special needs (such as households with elderly or disabled members, those in rural areas, the homeless, households residing on reservations, and households speaking a language other than English);

(2) provide timely, accurate, and fair service to applicants and participants;

(3) permit applicants to apply and participate on the same day they first contact the food stamp office during office hours; and

(4) consider an application field on the date the applicant submits an application that contains the applicant's name, address, and signature.

Permits States to establish operating procedures that vary for local food stamp offices to reflect regional and local differences.

Conference agreement

The Conference agreement follows the Senate amendment, with an amendment that also (1) requires applicants to certify in writing as the truth of information on application (including citizenship status), (2) stipulates that the signature of a single adult

will be sufficient to comply with any provision of Federal law requiring applicant's signatures, (3) requires that States have methods for certifying homeless households, (4) makes clear that nothing in the Food Stamp Act prohibits electronic storage of application and other information, and (5) makes technical amendments.

B. Application and Denial Procedures

Present law

A single interview for determining AFDC and food stamp benefits if required. Food stamp applications generally are required to be contained in public assistance applications, and applications and information on how to apply for food stamps must be provided local assistance applicants. Applicants (including those who have recently lost or been public assistance) must be certified eligible for food stamps based on the information in their public assistance casefile (to the extent it is reasonably verified).

No household may be terminated from or denied food stamps solely on the basis that it has terminated from or denied other public assistance and without a separate food stamp eligibility determination.

House bill

No provisions.

Senate amendment

Deletes noted existing requirements for single interviews, applications, and food stamp determinations based on public assistance information.

Permits disqualification for food stamps based on another public assistance program's disqualification for failure to comply with its rules or regulations.

Conference agreement

The Conference agreement follows the Senate amendment.

46. STATE EMPLOYEE AND TRAINING STANDARDS

Present law

States must employ agency personnel doing food stamp certifications in accordance with current Federal "merit system" standards. States must provide continuing, comprehensive training for all certification personnel. States may undertake intensive training of certification personnel to ensure they are qualified for certifying farming households. States may provide or contract for the provision of training/assistance to persons working with volunteer or nonprofit organizations that provide outreach and eligibility screening activities. [Sec. 11(e)(6)]

House bill

No provision.

Senate amendment

Deletes noted existing provisions for merit system standards and training.

Conference agreement

The Conference agreement follows the Senate amendment, with an amendment retaining existing provisions for merit system standards.

47. EXPEDITED COUPON SERVICE

Present law

States must provide expedited benefits to applicant households that (1) have gross income under $150 a month (or are "destitute" migrant or seasonal farmworker households) and have liquid resources of no more then $100, (2) homeless households, and (3) households that have combined gross income and liquid resources less than the household's monthly shelter expenses.

Expedited service means providing an allotment no later than 5 days after application. [Sec. 11(e)(9)]

House bill

No provision.

Senate amendment

Deletes noted existing requirements to provide expedited service to the homeless and households with shelter expenses in excess of their income/resources.

Lengthens the period in which expedited benefits must be provided to 7 business days.

Conference agreement

The Conference agreement follows the Senate amendment, with an amendment providing that expedited benefits must be provided in 7 calendar days.

48. FAIR HEARINGS

Present law

No provision.

House bill

No provision.

Senate amendment

Permits households to withdraw fair hearing requests orally or in writing. If it is an oral request, the State must provide a written notice to the household confirming the request and providing the household with another chance to request a hearing.

Conference agreement

The Conference agreement follows the Senate amendment, with an amendment providing that permission for households to withdraw fair hearing requests orally or in writing is a State option.

49. INCOME AND ELIGIBILITY VERIFICATION SYSTEM

Present law

States must use the "income and eligibility verification systems" established under Sec. 1137 of the Social Security Act to assist in verifying household circumstances; this includes a system for verifying financial circumstances (IEVS) and a system for verifying alien status (SAVE). [Sec. 11(e)(19) of the Food Stamp Act and Sec. 1137 of the Social Security Act.]

House bill

No provision.

Senate amendment

Makes use of IEVS and SAVE optional with the States.

Conference agreement

The Conference agreement follows the Senate amendment, with an amendment making clear that the option applies to both IEVS and SAVE.

50. TERMINATION OF FEDERAL MARCH FOR OPTIONAL INFORMATION ACTIVITIES

Present law

If a State opts to conduct informational ("outreach") activities for the food stamp program, the Federal Government shares half the cost. [Sec. 11(e)(1) & Sec. 16(a)]

House bill

No provision.

Senate amendment

Terminates the Federal share of optional State outreach activities. [Note: Sec. 333(b) makes a technical amendment to Sec. 16(g) of the Food Stamp Act.]

Conference agreement

The Conference agreement follows the Senate amendment, with an amendment that does not terminate the Federal share of optional State outreach activities but bar a Federal share for "recruitment activities."

51. STANDARDS FOR ADMINISTRATION

Present law

The Secretary is required to (1) establish standards for efficient and effective administration of the program, including standards for review of food stamp office hours to ensure that employed individuals are adequately served, and (2) instruct States to submit reports on administrative actions taken to meet the standards. [Sec. 16(b)]

House bill

No provision.

Senate amendment

Deletes the noted existing requirements relating to Federal standards for efficient and effective administration.

Conference agreement

The Conference agreement follows the Senate amendment.

52. WAIVER AUTHORITY

Present law

The Secretary may waive Food Stamp Act requirements to the degree necessary to conduct pilot/demonstration projects, but no project may be implemented that would lower or further restrict food stamp income/resource eligibility standards or benefit levels (other than certain projects involving the payment of the average value of allotments in cash and certain work program demonstrations). [Sec. 17(b)(1)]

House bill

No provision.

Senate amendment

Replaces existing waiver authority with authority for the Secretary to waive Food Stamp Act requirements to the extent necessary to conduct pilot/experimental projects, including those designed to test innovative welfare reform, promote work, and allow conformity with other assistance programs.

Requires that any project involving the payment of benefits in the form of cash maintain the average value of allotments for affected households.

Conference agreement

The Conference agreement follows the Senate amendment. The Secretary is permitted to conduct pilot or experimental projects and waive Food Stamp Act requirements as long as the project is consistent with the goal of the food stamp program, to provide food to increase the level of nutrition among needy families. The Secretary is permitted to conduct projects that will improve the administration of the program, increase self-sufficiency of food stamp participants, test innovative welfare reform strategies, or allow greater conformity among public assistance programs than is otherwise allowed in the Food Stamp Act. The Secretary is not permitted to conduct projects that involve issuing food stamp benefits in the form of cash (beyond those approved at enactment), substantially transfer program benefits to other public assistance programs, or are not limited to specific time periods.

53. AUTHORIZATION OF PILOT PROJECTS

Present law

Existing pilot projects for the payment of food stamp benefits in the form of cash to households composed of elderly persons or SSI recipients are authorized to continue through October 1, 1995, if a State requests. [Sec. 17(b)(1)]

House bill

No provision.

Senate amendment

Extends the authorization for elderly/SSI cash-out projects through October 1, 2002.

Conference agreement

The Conference agreement follows the Senate amendment.

54. RESPONSE TO WAIVERS

Present law

No provisions.

Present law

No provisions.

House bill

No provision.

Senate amendment

Requires that, not later than 60 days after receiving a demonstration project waiver request, the Secretary (1) approve the request, (2) deny the request and explain any modifications needed for approval, (3) deny the request and explain the grounds for denial, or (4) ask for clarification of the request. If a response is not forthcoming in 60 days, the waiver would be considered approved. If a waiver request is denied, the Secretary must provide a copy of the waiver request and the grounds for denial to the House and Senate Agriculture Committees.

Conference agreement

The Conference agreement follows the Senate amendment.

55. PRIVATE SECTOR EMPLOYMENT INITIATIVES

Present law

No provision.

House bill

[Note: See item 4E.]

Senate amendment

Allows certain States to operate 'private sector employment initiatives" under which food stamp benefits could be paid in cash to some participants households. States would be eligible to operate private sector employment initiatives if not less than 50% of the households that received food stamp benefits in the summer of 1993 also received AFDC benefits. Households would be eligible to receive cash payments if an adult member so elects and (1) has worked in unsubsidized private sector employment for not less than the 90 preceding days, (2) has earned not less than $350 a month from that employment, (3) is eligible to receive family assistance

block grant benefits (or was eligible when cash payments were first received and is no longer eligible because of earned income), and (4) is continuing to earn not less than $350 a month from private sector employment. States operating a private sector employment initiative for 2 years must provide a written evaluation of the impact of cash assistance (the content of the evaluation would be determined by the State).

Conference agreement

The Conference agreement follows the Senate amendment, with an amendment requiring States that select this option to increase benefits to compensate for State or local sales taxes on food purchases.

56. OPTIONAL BLOCK GRANTS

Present law

No provisions.

House bill

[Note: Sec. 556(b) of the House bill adds a new section 25 to the Food Stamp Act containing provisions for an optional block grant.]

Allows States that have fully implemented an electronic benefit transfer system to elect an annual block grant to operate a low-income nutrition assistance program in lieu of the food stamp program.

Grants funds to States electing a block grant.—States would receive (1) the greater of: the total fiscal year 1994 amount they received as food stamp benefits; or the fiscal years 1992–1994 average they received as food stamp benefits and (2) the greater of: the fiscal year 1994 Federal share of administrative costs; or the fiscal years 1992–1994 average they received as the Federal share of administrative costs. Grant payments would be made at times and in a manner determined by the Secretary.

Requires annual submission of a State plan specifying the manner in which the block grant nutrition assistance program will be conducted. The plan must:

(1) certify that the State has implemented a State-wide electronic benefit transfer system under Food Stamp Act conditions;

(2) designate a single State agency responsible for administration;

(3) assess the food and nutrition needs of needy persons in the State;

(4) limit assistance to the purchase of food;

(5) describe the persons to whom aid will be provided;

(6) assure that assistance will be provided to the most needy;

(7) assure that applicants for assistance have adequate notice and fair hearing rights comparable to those under the regular food stamp program;

(8) provide that there be no discrimination on the basis of race, sex, religion, national origin, or political beliefs; and

(9) include other information as required by the Secretary.

In general, permits block grant payments to be expended only in the fiscal year in which they are distributed to a State. States may reserve up to 5% of a fiscal year's grant to provide assistance in subsequent years, but reserved funds may not total more than 20% of the total grant received for a fiscal year.

Requires States to keep records concerning block grant program operations and make them available to the Secretary and the Comptroller General.

If the Secretary finds there is substantial failure by a State to comply, requires the Secretary to (1) suspend all or part of a grant payment until the State is determined in substantial compliance, (2) withhold all/part of a grant payment until the Secretary determines that there is no longer a failure to comply, or (3) terminate the State's authority to operate a nutrition assistance block grant program.

Requires States to provide for biennial audits of block grant expenditures, provide the Secretary with the audit, and make it available for public inspection.

Requires an annual "activities report" comparing actual spending for nutrition assistance in each fiscal year with the spending predicted in the State plan; the report must be made available for public inspection.

Requires that whoever knowingly and willfully embezzles, misapplies, steals, or obtains by fraud, false statement, or forgery any funds or property provided or financed under a nutrition assistance block grant be fined not more than $10,000, imprisoned for not more than 5 years, or both.

Requires that the State plan provide that there will be no discrimination on the basis of race, sex, religion, national origin, or political beliefs.

Requires that all assistance provided under the block grant be limited to the purchase of food. [Note: Because the State would have fully implemented an electronic benefit transfer system, benefits would be provided through these systems.]

Senate amendment

[Note: Sec. 343(a) of the Senate amendment adds a new section 25 to the Food Stamp Act containing provisions for an optional block grant.]

Requires the Secretary to establish a program to make grants to States, in lieu of the food stamp program, to provide food assistance to needy individuals and families, wage subsidies and payments in return for work for needy individuals, funds to operate an employment and training program for needy individuals, and funds for administrative costs incurred in providing assistance.

Grants funds to States electing a block grant—States would receive (1) the greater of: the total fiscal year 1994 amount they received as food stamp benefits; or the fiscal years 1992–1994 average they received as food stamp benefits and (2) the greater of: the fiscal year 1994 Federal share of administrative costs and employment/training program costs; or the fiscal years 1992–1994 average they received as the Federal share of administrative costs and employment/training program costs. If total allotments for a fiscal

year would exceed the amount of funds made available to provide them, the Secretary is required to reduce allotments on a pro rata basis to the extent necessary. Grant payments would be made by issuing 1 or more letters of credit, with necessary adjustments for overpayments and underpayments.

Requires annual submission of a State plan containing information as required by the Secretary. The plan:

(1) must have an assurance that the State will comply with block grant requirements;

(2) must identify a "lead agency" responsible for administration, development of the plan, and coordination with other programs;

(3) must provide that the State will use grant funds as follows:

(a) to give food assistance to needy persons (other than certain residents of institutions);

(b) at State option, to provide wage subsidies and workfare for needy persons;

(c) to administer an employment and training program for needy persons (and provide reimbursement for support services); and

(d) to pay administrative costs incurred in providing assistance;

(4) must describe how the program will serve specific groups of persons (and how that treatment will differ from the regular food stamp program) including the elderly, migrants or seasonal farmworkers, the homeless, those under the supervision of institutions, those with earnings, and Indians;

(5) must provide that benefits be available statewide;

(6) must provide that applicants and recipients are provided with notice and fair hearing rights;

(7) may coordinate block grant assistance with aid under the family assistance block grant;

(8) may reduce food assistance or otherwise penalize persons or families penalized for violating family assistance block grant rules;

(9) must assess the food and nutrition needs of needy persons in the State;

(10) must describe the income and resource eligibility limits established under the block grant;

(11) must establish a system to ensure that no persons receive block grant benefits in more than 1 jurisdiction;

(12) must provide for safeguarding and restricting the use and disclosure of information about recipients; and

(13) must contain other information as required by the Secretary.

Same as the House bill, except that States may reserve up to 10% a year and reserve funds may not total more than 30% of the total grant received.

Requires the Secretary to review and monitor State compliance with block grant rules and State plans. If the Secretary (after notice and opportunity for a hearing) finds that there has been a failure to substantially comply with the State's plan or the provisions of the block grant, the Secretary must notify the State and no fur-

ther payments would be made until the Secretary is satisfied that there is no longer a failure to comply or that noncompliance will be promptly corrected.

Allows the Secretary (in cases of noncompliance) to impose other appropriate sanctions on States in addition to, or in lieu of, withholding block grant payments; these sanctions may include recoupment of money improperly spent and disqualification from receipt of a block grant. The Secretary also is required to establish procedures for (1) receiving, processing, and determining the validity of complaints about States' failure to comply with block grant obligations and (2) imposing sanctions. In addition, the Secretary is permitted to withhold not more than 5% of a State's annual allotment if the State does not use an "income and eligibility verification system'" established under Sec. 1137 of the Social Security Act.

Requires States to arrange for annual independent audits of block grant expenditures. Each annual audit must include an audit of payment accuracy based on a statistically valid sample and be submitted to the State legislature and the Secretary. States must repay any amounts the audit determines have not been expended in accordance with the State plan, or the Secretary can offset amounts against any other amount paid the State under the block grant.

Provides that a State that elects a food assistance block grant option may subsequently reverse that choice only once.

Finds that the Senate has adopted a resolution that Congress should not enact/adopt any legislation that will increase the number of hungry children, that it is not its intent to cause more children to be hungry, that the food stamp program serves to prevent child hunger, and that a State's election for a food assistance block grant should not serve to increase the number hungry children in the State.

Provides that a State's election for a food assistance block grant be permanently revoked 180 days after the Secretary of Health and Human Services has made 2 successive findings (over a 6-year period) that the "hunger rate" among children is significantly higher in a food assistance block grant State than it would have been if the State had not made the choice.

Specifies procedures for a finding that a State's child hunger rate has risen significantly. Every 3 years, the Secretary must develop data and report with respect to any significant increase in child hunger in States that have elected a food assistance block grant. The Secretary must provide the report to states that have elected a block grant and must provide States with a higher child hunger rate with an opportunity to respond. If the State's response does not result in a reversal of the Secretary's determination that the child hunger rate is significantly higher than it would have been without the State's block grant election, the Secretary must publish a determination that the State's block grant choice is revoked.

Requires States to designate a lead administrative agency. The agency must administer (either directly or through other agencies) the food assistance block grant aid, develop the State plan, hold at least 1 hearing for public comment on the plan, and coordinate food

assistance block grant aid with other government assistance. In developing the State plan, the lead agency must consult with local governments and private sector organizations so that services are provided in a manner appropriate to local populations.

Provides that nothing in the new food assistance block grant section of the Food Stamp Act entitles anyone to assistance or limits the right of States to impose additional limits or conditions.

Requires that no funds under the food assistance block grant be spent for the purchase or improvement of land, or for the purchase, construction, or permanent improvement of any building/facility.

Requires that no alien otherwise ineligible to participate in the regular food stamp program be eligible to participate in a food assistance block grant program, and that the income of the sponsor of an alien be counted as in the regular food stamp program.

Requires that (1) no person be eligible to receive food assistance block grant benefits if they do not meet regular food stamp program work requirements and (2) that each State operating a food assistance block grant implement an employment and training program under regular food stamp program rules.

Bars the Secretary from providing assistance for any program, project, or activity under a food assistance block grant if any person with operational responsibilities discriminates because of race, religion, color, national origin, sex, or disability. Also provides for enforcement through title VI of the Civil Rights Act.

Requires that, in each fiscal year, at least 80% of Federal funds expended under a State's block grant be for good assistance and not more than 6% be for administrative expenses. A State could provide food assistance to meet the 80% requirement in any manner it determines appropriate (such as electronic benefit transfers, coupons, or direct provision of commodities), but "food assistance" would be limited to assistance that may only be used to obtain food (as defined in the Food Stamp Act).

Provides that the Secretary may conduct research on the effects and costs of a State food assistance block grant program.

Conference agreement

The Conference agreement follows the House bill with and amendment. States that meet one of three conditions may elect to receive an annual block grant to operate a food assistance program for needy persons in lieu of the food stamp program. Eligible States may opt for a block grant at any time, but, if the State chooses to withdraw from the block grant or is disqualified, it may not again opt for a block grant. Eligible States include: (1) those that have fully implemented a statewide electronic benefit transfer system, (2) those for which the dollar value of erroneous benefit and eligibility determinations (overpayments, payments to ineligibles, and underpayments) in the food stamp program or their food assistance block grant program is 6% of benefits issued or less (a "payment error rate" of 6% or less), and (3) those with a payment error rate higher than 6% that agree to contribute, from non-Federal sources, a dollar amount equal to the difference between their payment error rate and a 6% rate to pay for benefits and administration of their food assistance block grant program. A State's payment error

rate for block grant purposes is the most recent rate available, as determined by the Secretary.

States electing a block grant would be provided an annual grant equal to: (1) the greater of the FY1994 amount they received as food stamp benefits, or the 1992–1994 average they received as food stamp benefits and (2) the greater of the FY 1994 Federal share of administrative costs, or the 1992–1994 average they received as the Federal share of administrative costs. However, grants to States with payment error rates above 6% would be reduced by the amount they are required to contribute (i.e., the dollar amount equal to the difference between their payment error rate and a 6% rate). In general, block grant payments must be expended in the fiscal year for which they were distributed; but States may reserve up to 10% a year, up to a total of 30% of the block grant. If total allotments for a fiscal year would exceed the amount of funds made available to provide them, the Secretary is required to reduce allotments or a pro rata basis to the extent necessary. Grant payments would be made by issuing letters of credit.

Block grant funding may only be used for food assistance and administrative costs related to its provision, and, in each fiscal year, not more than 6% of total funds expended (including State funds required to be spent) may be used for administrative costs.

Each participating block grant State is required to maintain a food stamp quality control program to measure erroneous benefit and eligibility determinations, and block grant States would continue to be subject to the food stamp program's quality control system (including eligibility for incentive payments and imposition of fiscal sanction for very high payment error rates). Each participating State is required to implement an employment and training program under Food Stamp Act terms and conditions and is eligible to receive Federal funding for employment and training activities (in addition to the food stamp block grant amount).

In order to receive a block grant, a State must annually submit a State plan for approval by the Secretary. The State plan must: (1) identify a lead administering agency, (2) describe how and to what extent the State's program serves specific groups (e.g., the elderly, migrant and seasonal farmworkers, the homeless, those with earnings, Indian) and how the treatment differs from their treatment under the food stamp program, (3) provide that benefits are available statewide, (4) provide for notice and an opportunity for a hearing to those adversely affected, (5) assess the food and nutrition needs of needy persons in the State, (6) describe the State's eligibility standards for assistance under the block grant program, (7) establish a system for exchanging information with other States to verify recipients' identity and the possible receipt of benefits in another State, (8) provide for safeguarding and restricting the use and disclosure of information about recipients, and (9) other information required by the Secretary.

Eligibility for assistance under the block grant is determined by the State, and there is not individual entitlement to assistance. However, certain Federal rules apply: (1) aliens who would not be eligible under the food stamp program are not eligible for block grant aid; (2) persons and households who would be ineligible under the food stamp program's work rules are not eligible for

block grant aid; (3) disqualification of fleeing felons; and (4) disqualification for child support arrears.

If the Secretary finds that here has been a failure to comply with provisions of the block grant or the State's approved plan or finds that, in the operation of any program or activity for which assistance is provided, there is a State failure to comply substantially with block grant provisions—the Secretary must withhold funding, as appropriate, until satisfied there is no longer a failure to comply or that the noncompliance will be promptly corrected. In addition, the Secretary may impose other appropriate penalties, including recoupment of improperly spent money and disqualification from the block grant. States must be provided notice and an opportunity for a hearing in this process.

The Secretary is authorized to conduct research on the effects and costs of a State food assistance block grant.

57. SPECIFIC PERIOD FOR PROHIBITING PARTICIPATION OF STORES BASED ON LACK OF BUSINESS INTEGRITY

Present law

No provision.

House bill

No provision.

Senate amendment

Authorizes the Secretary to issue regulations establishing specific time periods during which retailers/wholesalers that have been denied approval or had approval withdrawn on the basis of "business integrity and reputation" may not submit a new application for approval. The periods established would be required to reflect the severity of the business integrity infractions on which the denial/withdrawal was based.

Conference agreement

See item 20 above.

58. INFORMATION FOR VERIFYING ELIGIBILITY FOR AUTHORIZATION

Present law

No provision.

House bill

No provision.

Senate amendment

Permits the Secretary to require that retailers and wholesalers seeking approval submit relevant income and sales tax filing documents. Permits regulations requiring retailers and wholesalers to provide written authorization for the Secretary to verify all relevant tax filings and to obtain corroborating documentation from other sources in order to verify the accuracy of information provided by retailers and wholesalers.

Conference agreement

The Conference agreement follows the Senate amendment.

59. BASES FOR SUSPENSIONS AND DISQUALIFICATIONS

Present law

No provision.

House bill

No provision.

Senate amendment

Requires criteria for finding violations by retailers and wholesalers (and their suspension or disqualification) on the basis of evidence including on-site investigations, inconsistent redemption data, or electronic benefit transfer system transaction reports.

Conference agreement

The Conference agreement follows the House bill. The Conferees note that the Secretary currently has the authority contained in the Senate amendment.

60. PERMANENT DEBARMENT OF RETAILERS WHO INTENTIONALLY SUBMIT FALSIFIED APPLICATIONS

Present law

No provision.

House bill

No provision.

Senate amendment

Requires regulations permanently disqualifying retailers and wholesalers that knowingly submit an application or approval that contains false information about a substantive matter. A permanent disqualification or a knowingly false application would be subject to administrative and judicial review, but the disqualification would remain in effect pending the review.

Conference agreement

The Conference agreement follows the Senate amendment, with an amendment permitting the Secretary to disqualify a store or concern, including permanently, upon knowing submission of false information on an application.

61. CATEGORICAL ELIGIBILITY

Present law

Households in which all members are recipients of AFDC are categorically eligible for food stamps. [Sec. 5(a)]

Child support payments received by a household and excluded under the AFDC program may be disregarded for food stamps, at State option and expense. [Sec. 5(d)(13)]

Household members who are AFDC recipients are considered to have met food stamp resource (asset) eligibility standards. [Sec. 5(j)]

Persons who are AFDC recipients are exempt from food stamp rules barring eligibility to most postsecondary students. [Sec. 6(e)]

In general, food stamp eligibility is barred to those with total (gross) household income above 130% of the Federal income poverty guidelines. [Sec. 5(c)]

Political subdivisions electing to operate workfare programs for food stamp recipients may comply with food stamp requirements by operating a workfare program under title IV of the Social Security Act. [Sec. 20(a)]

Households exempt from food stamp work rules because of participation in an AFDC community work experience program are subject to a limit on the number of hours of work—their cash assistance plus food stamps, divided by the minimum wage (but no person can be required to work more than 120 hours a month). [Sec. 20(a)]

House bill

No provision. [Note: TANF households would presumably be categorically eligible for food stamps under existing provisions of law.]

No provision. [Note: TANF recipients would presumably be considered to have met food stamp resource standards under existing provisions of law.]

No provision. [Note: TANF recipients would presumably not be exempt from food stamp postsecondary student rules under existing provisions of law.]

Senate amendment

Provides that households in which all members are recipients of benefits under a State's family assistance block grant program be categorically eligible for food stamps, if the Secretary determines that the program complies with Secretarial standards that ensure that State program standards are comparable to or more restrictive than those in effect June 1, 1995.

Deletes the existing provision for a State-option child support disregard. [Note: A separate provision (Sec. 5(m) of the Food Stamp Act) providing for State funding of the disregard is not deleted.]

Provides that persons receiving benefits under a State's family assistance block grant program will be considered to have met food stamp resource eligibility standards, if the Secretary determines that the program complies with Secretarial standards that ensure that State program standards are comparable to or more restrictive than those in effect June 1, 1995.

Provides that persons receiving benefits under a State's family assistance block grant program are exempt from food stamp rules barring eligibility to most postsecondary students, if the Secretary determines that the program complies with Secretarial standards that ensure that State program standards are comparable to or more restrictive than those in effect June 1, 1995.

Provides that households may not receive food stamp benefits as the result of eligibility under a State's family assistance block

grant program unless the Secretary determines that households with income above 130% of the poverty guidelines are not eligible for the State's program—notwithstanding any other provision of the Food Stamp Act.

Deletes the existing provision allowing compliance with food stamp workfare rules by operating a workfare program under title IV of the Social Security Act.

Deletes the existing rule placing limits on hours worked for food stamp recipients in community work experience programs.

Makes various technical amendments to the Food Stamp Act conforming its existing references to the AFDC program to cite the new family assistance block grant program.

Conference agreement

The Conference agreement follows the Senate amendment.

62. PROTECTION OF BATTERED INDIVIDUALS

Present law

No provision. [Note: Certain work rules contain a "good cause" exemption.]

House bill

No provision.

Senate amendment

In the case of individuals who were battered or subjected to extreme cruelty, permits states to exempt them from the following provisions of food stamp law (or modify their application) if their physical, mental, or emotional well-being would be endangered:

(1) the requirement that the income and resources of a sponsor of an alien be deemed to the sponsored alien;

(2) the requirement that custodial parents cooperate with child support agencies (as added by the senate amendment); and

(3) all work requirements (including the new work requirement added by the Senate amendment).

Conference agreement

The Conference agreement follows the House bill. The conferees note that the Food Stamp act already provides protection to battered individuals in the application of child support enforcement and work rules.

63. RECONCILIATION PROVISIONS

A. Transitional Housing

Present law

Payments from regular welfare benefits made on behalf of households in transitional housing are disregarded as income. [(Sec. 5(k)]

House bill

No provision.

Senate amendment

Deletes disregard of transitional housing payments.

Conference agreement

The Conference agreement follows the Senate amendment.

B. American Samoa

Present law

No provision. [Note: A food assistance program for American Samoa is supported under provisions of law granting Secretarial discretion to extend Agriculture Department programs to American Samoa.]

House bill

No provision.

Senate amendment

Provides for funding of not more than $5.3 million a year through FY2002 for a nutrition assistance program in America Samoa.

Conference agreement

The Conference agreement follows the Senate amendment.

C. Assistance for Community Food Projects

Present law

No provision.

House bill

No provision.

Senate amendment

Authorizes $2.5 million a year for community food project grants to meet the food needs of low-income people, increase the self-reliance of communities in providing for their own food needs, and promote comprehensive responses to local food, farm, and nutrition issues.

Conference agreement

The Conference agreement follows the Senate amendment, with an amendment making the funding for community food projects mandatory.

Commodity Distribution

1. SHORT TITLE

Present law

The Emergency Food Assistance Act (EFAA), the Hunger Prevention Act of 1988, the Commodity Distribution Reform Act and WIC Amendments, the Charitable Assistance and Food Bank Act of 1987, the Food Security Act of 1985, the Agriculture and

Consumer Protection Act of 1973, and the Food, Agriculture, Conservation, and Trade Act of 1990.

House bill

Combines several existing commodity donation programs and authorities under one title, the Commodity Distribution Act of 1995.

Senate amendment

No provision.

Conference agreement

The Conference agreement follows the House bill with an amendment striking the House provision and replacing it with a provision combining the emergency food assistance program (TEFAP) with the soup kitchen/food bank program into one program to be known as the TEFAP. The revised TEFAP is reauthorized through 2002, and the Secretary is required to purchase $300 million of commodities each year through 2002 for distribution through the TEFAP. The requirement to purchase $300 million of commodities is included in the Food Stamp Act authorization for appropriations.

2. AVAILABILITY OF COMMODITIES

Present law

Requires the Secretary to purchase a variety of nutritious and useful commodities using the resources of the CCC or Section 32 to supplement commodities acquired from the excess inventories of CCC for distribution to emergency feeding organizations. [Sec. 214(c) of Emergency Food Assistance Act (EFAA)]

In addition to commodities donated from excess CCC holdings, authorizes the Secretary to donate Section 32 commodities to eligible recipient agencies participating in TEFAP. [Sec. 202(c)]

Requires the Secretary to make available to eligible recipient agencies CCC commodities in excess of those needed to meet domestic and international obligations and market development and food aid commitments and to carry out farm price and income stabilization features of the AAA of 1938, the AA of 1949, and the CCC Charter. [Sec. 202(a), EFAA]

House bill

For fiscal years 1996–2000, authorizes the Secretary of Agriculture to purchase a variety of nutritious and useful commodities to distribute to the States for purposes laid out in the subtitle.

Similar to current law, but also authorizes the use of Section 32 *funds* not otherwise used or needed, to purchase, process, and distribute commodities for purposes under the new program.

Leaves current general authority untouched; maintains EFAA requirement but adds language stipulating that donations are to be in addition to authorized Section 32 donations.

Senate amendment

Extends existing law purchasing authorities through FY 2002.

Conference agreement

See item 1 above.

3. BASIS FOR COMMODITY PURCHASES

Present law

Requires that commodities made available under the EFAA include a variety of items most useful to eligible recipient agencies, including dairy products, wheat and wheat products, rice, honey, and cornmeal. [Sec. 202(d), EFAA]

House bill

Requires the Secretary to determine the types, varieties, and amounts of commodities purchased under this subtitle, and to make such purchases, to the maximum extent practicable and appropriate, on the basis of agricultural market conditions, State and distribution agency preferences and needs, and the preferences of recipients.

Senate amendment

No provision.

Conference agreement

See Item #1 above.

4. STATE AND LOCAL SUPPLEMENTATION OF COMMODITIES

Present law

Requires the Secretary to establish procedures by which State and local agencies, charitable institutions, or other person may supplement the commodities distributed under TEFAP for use by emergency feeding organizations with donations of nutritious and wholesome commodities. [Sec. 203D(a), EFAA]

Allows States and emergency feeding organizations to use TEFAP funds, equipment, structures, vehicles, and all other facilities and personnel involved in the storage, handling, and distribution of TEFAP commodities to store, handle, or distribute commodities donated to supplement TEFAP commodities. [Sec. 203D(b), EFAA]

Requires States and emergency feeding organizations to continue to use volunteer workers and commodities and foods donated by charitable and other organizations, to the maximum extent practical, in operating TEFAP.

House bill

Similar to current law except that supplementation applies to all programs eligible to receive commodities under the new program, not just TEFAP.

Similar to current law except it allows use of these sources to all programs eligible to participate in the new program (not just TEFAP), and explicitly identifies the funds that States and eligible agencies may use to help with supplemental commodities as those appropriated for administrative costs under the new Section 519(b).

Same as current law, except substitutes recipient agencies for emergency feeding organizations to reflect expansion of provisions to cover other commodity donation programs as well as TEFAP.

Senate amendment

No provision.

Conference agreement

See Item #1 above.

5. STATE PLAN

Present law

Requires Secretary to expedite the distribution of commodities to agencies designated by the Governor, or directly distribute commodities to eligible recipient agencies engaged in national commodity processing; allows States to give priority to donations to existing food bank networks serving low-income households. Requires States to expeditiously distribute commodities to eligible recipient agencies, and to encourage distribution to rural areas. Also requires States to distribute commodities only to agencies that serve needy persons and to set their own need criteria, with the approval of the Secretary. [Sec. 203B (a) and (c) of EFAA]

House bill

Requires that States seeking commodities under this program submit a plan of operation and administration every four years for approval by the Secretary and allows amendment of the plan at any time.

Requires that, at a minimum, the State receiving commodities include in its plan:

designation of the State agency responsible for distributing commodities;

the plan of operation and administration to expeditiously distribute commodities in amounts requested by eligible recipient agencies;

the standards of eligibility for recipient agencies; and

the individual or household eligibility standards for commodity recipients, which shall require that they be needy, and residing in the geographic location served by the recipient agency.

Senate amendment

No provision.

Conference agreement

The Conference agreement follows the House bill.

6. ADVISORY BOARD

Present law

No provision.

House bill

Requires the Secretary to encourage States to establish advisory boards consisting of representatives of all interested entities, public and private, in the distribution of commodities.

Senate amendment

No provision.

Conference agreement

The Conference agreement follows the House bill.

7. COOPERATIVE AGREEMENTS/TRANSFERS

Present law

Permits States receiving TEFAP commodities to enter into cooperative agreements with agencies of other States to jointly provide commodities serving eligible recipients from each State in a single area, or to transfer commodities [Sec. 203B(d)]

House bill

Similar to current law, except adds language specifying that the State may advise the Secretary of such agreements and transfers. Note: Because the new commodity distribution program covers more than TEFAP agencies, this represents a new provision for other recipient agencies now receiving commodities (e.g. CSFP, charitable institutions).

Senate amendment

No provision.

Conference agreement

See Item #1 above.

8. ALLOCATION OF COMMODITIES TO STATES

Present law

Requires Secretary to allocate commodities purchased for TEFAP to States in the following proportions:

60% of the value of commodities available based on each State's proportion of the national total of persons with incomes below the poverty line; and

40% based on each State's proportion of the national total of the average monthly number of unemployed persons.

House bill

Similar to current law as relates to allocation of TEFAP commodities. CSFP commodities are exempted from the allocation method, however, other recipient agencies currently receiving commodities under authority other than the EFAA (e.g. charitable institutions) are covered by the allocation formula.

Senate amendment

No provision.

Conference agreement

See Item #1 above.

9. NOTIFICATION

Present law

Requires the Secretary to notify each State of the amount of commodities it is allotted to receive. Requires each State to notify the Secretary promptly if it will not accept commodities available to it, and requires the Secretary to reallocate and distribute such commodities as he deems appropriate and equitable. Further requires the Secretary to establish procedures to permit State to decline portions of commodity allocations during each fiscal year and to reallocate and distribute such commodities, as deemed appropriate and equitable. [Sec. 214(g), EFAA]

House bill

Same as current law, except applies to all eligible agencies receiving commodities, not just TEFAP agencies.

Senate amendment

No provision.

Conference agreement

See Item #1 above.

10. DISASTERS

Present law

Permits the Secretary to request that States consider assisting other States where substantial number of persons have been affected by drought, flood, hurricane or other natural disasters by allowing the Secretary to reallocate commodities to those States affected by such disasters. [Sec. 214(g), EFAA]

House bill

Same as current law.

Senate amendment

No provision.

Conference agreement

See Item #1 above.

11. NATIONAL COMMODITY PROCESSING

Present law

Requires through FY1995 that the Secretary encourage agreements with private companies for reprocessing into end-use products those commodities donated at no charge to nutrition programs. [Sec. 1114(a)(2)(A) of Agriculture of Food Act of 1981]

House bill

No provision.

Senate amendment

Extends national commodity processing provision through FY2002.

Conference agreement

The Conference agreement follows the Senate amendment.

12. PURCHASES AND TIMING

Present law

Requires that in each fiscal year, the Secretary purchase commodities at times and under conditions determined appropriate; deliver such commodities at reasonable intervals to States (but no later than the end of the fiscal year), based on the allocation formula, and entitles each State to the additional commodities purchased for TEFAP in amounts based on the allocation formula. [Sec. 214(h), EFAA]

House bill

Similar to current law except for reference to CSFP, deletion of language relating to "additional" commodities, and requirement that commodities be delivered by December 31 of the following fiscal year.

Senate amendment

No provision.

Conference agreement

See Item #1 above.

13. PRIORITY SYSTEM FOR STATE DISTRIBUTION OF COMMODITIES

A. Emergency Feeding Organizations

Present law

Requires States to give priority for commodities to emergency feeding organizations if sufficient commodities are not available to meet requests of all eligible agencies, and encourages States to distribute commodities to rural areas. [Sec. 203B(b), EFAA]

House bill

Requires that in distributing commodities allocated under this section for other than CSFP, the State agency offer its full allocation of commodities to emergency feeding organizations.

Senate amendment

No provision.

Conference agreement

See Item #1 above.

B. Charitable Institutions

Present law

No provision.

House bill

Permits States agencies to distribute commodities that are not able to be used by emergency feeding organizations to charitable institutions (excluding penal institutions) that do not receive commodities as emergency feeding organizations.

Senate amendment

No provision.

Conference agreement

The Conference agreement follows the Senate amendment.

C. Other Eligible Agencies

Present law

No provision.

House bill

Permits the State agency to distribute commodities that are not able to be used by emergency feeding organizations or other charitable institutions to other eligible recipient agencies not receiving commodities under the previous distributions.

Senate amendment

No provision.

Conference agreement

The Conference agreement follows the Senate amendment.

14. INITIAL PROCESSING COSTS

Present law

Permits the Secretary to use CCC funds to pay the cost of initial processing and packaging of commodities distributed under this Act into forms and quantities the Secretary determines are suitable for use by individual households or institutional use. Permits payment in the form of commodities equal in value to the cost, and requires the Secretary to ensure that such payments in kind do not displace commercial sales. [Sec. 203A, EFAA]

House bill

Similar to present law, except substitutes term "eligible recipient agencies" for "institutional use."

Senate amendment

No provision.

Conference agreement

See Item #1 above.

15. ASSURANCES; ANTICIPATED USE

Present law

Requires the Secretary to take precautions to assure that eligible recipient agencies and persons receiving commodities do not di-

minish their normal expenditures for food because of receipt of commodities, and to ensure that commodities made available under the Act do not displace commercial sales. Prohibits Secretary from donating commodities in a quantity or manner that will substitute for agricultural produce that otherwise would be purchased in the market. Requires Secretary to submit a report to the Congress each year on whether and to what extent displacement or substitution is occurring. [Sec. 203C(a)]

House bill

Similar to current law but does not refer to individual displacement or substitutions or prohibit donation in a quantity or manner that might interfere with market sales. Also sets December 1997, and at least every two years thereafter as the dates for displacement reports.

Senate amendment

No provision.

Conference agreement

See Item #1 above.

16. WASTE

Present law

Requires that the Secretary purchase and distribute commodities in quantities that can be consumed without waste, and prohibits eligible recipient agencies receiving commodities under this Act from receiving commodities in excess of anticipated use (based on inventory records and controls), or in excess of their ability to accept and store. [Sec. 203C(b)]

House bill

Same as present law.

Senate amendment

No provision.

Conference agreement

See Item #1 above.

17. AUTHORIZATION OF APPROPRIATIONS

Present law

Authorizes $175 million for FY 1991, $190 million for FY 1992, and $220 million for each of FY 1993–1995 to purchase, process and distribute additional commodities to TEFAP agencies. [Sec. 214(e)]

House bill

Authorizes $260 million annually for each of fiscal years 1996 through 2000 to purchase, process, and distribute commodities to States for distribution to eligible recipient agencies, which include charitable institutions and CSFP agencies, as well as TEFAP agencies.

Senate amendment

Extends funding authority for commodity purchases at $220 million annually through FY 2002.

Conference agreement

See Item #1 above.

Present law

Authorizes $50 million for FY 1991–95 for the Secretary to make available to States for State and local payments of costs associated with the distribution of commodities by eligible recipient agencies. Requires Secretary to allocate funds to States on advance basis in the same proportion as the proportion each State receives of allocated commodities, and requires the Secretary to reallocate funds not able to be used by a State to other States in an appropriate and equitable manner. Permits States to use funds for costs associated with the distribution of additional commodities purchased for the program and for soup kitchens and food banks. [See 204(a)(1)]

House bill

Authorizes $40 million annually for each of fiscal years 1996 through 2000 for payments to States and local agencies (except for the CSFP) for the costs associated with transporting storing, and handling commodities other than those distributed to CSFP agencies. Same as current law with respect to allocations and reallocations, and advanced funding. No specific reference to soup kitchens and food banks, which are included as eligible recipient agencies.

Senate amendment

Extends authority for administrative funding at $50 million annually through FY 2002.

Conference agreement

The Conference agreement follows the Senate amendment with an amendment providing that administrative funds may be used for processing, transporting, or distributing commodities other than TEFAP commodities.

18. LOCAL ADMINISTRATIVE PAYMENTS

Present law

Requires each State to make available not less than 40% of the funds it receives for administrative costs in each fiscal year to pay for, or provide advance payments to eligible recipient agencies, for allowable expenses incurred by such agencies in distributing commodities to needy persons. Defines "allowable expenses" to include the costs of transporting, storing, handling, repackaging and distributing commodities after receipt by the eligible recipient agency; costs associated with eligibility, verification, and documentation of eligibility; costs of providing information to commodity recipients on appropriate storage and preparation of commodities; and costs

of recordkeeping, auditing, and other required administrative procedures. [Sec. 204(a)(2), EFAA]

House bill

Same as current law except also applies to non-TEFAP agencies.

Senate amendment

No provision.

Conference agreement

See Item #1 above.

19. STATE COVERAGE OF LOCAL COSTS

Present law

Requires that amounts of funding that States use to cover the allowable expenses of eligible recipient agencies be counted toward the amount a State must make available from administrative funding provided under this Act for eligible recipient agencies. [Sec. 204(a)(2), EFAA]

House bill

Same as present law except that it references the CSFP, which is excluded from this rule.

Senate amendment

No provision.

Conference agreement

See Item #1 above.

20. FINANCIAL REPORTS

Present law

Requires States receiving funds to submit financial reports on a regular basis to the Secretary on the use of such funds and prohibits any such funds from being used by States for costs other than those used to the distribution of commodities by eligible recipient agencies. [Sec. 204(a)(3), EFAA]

House bill

Same as present law.

Senate amendment

No provision.

Conference agreement

See Item #1 above.

21. NON-FEDERAL MATCHING FUNDS

Present law

Requires that each State receiving administrative funds under this subsection provide cash or in-kind contributions from non-Fed-

eral sources in an amount equal to the amount of Federal administrative funds it receives that are not distributed to eligible recipient agencies or used to cover the expenses of such agencies. Permits States to receive administrative funding prior to satisfying the matching requirement, based on their estimated contribution, and requires the Secretary to periodically reconcile estimated and actual contributions to correct for overpayments and underpayments. [Sec. 204(a)(4), EFAA]

House bill

Same as present law, except excludes administrative funds distributed for the CSFP from the non-Federal matching requirements and rules.

Senate amendment

No provision.

Conference agreement

See Item #1 above.

22. FEDERAL CHARGES

Present law

Prohibits any charge against the appropriations authorized by this section for the value of commodities donated for the purposes of this Act, or for the funds used by the CCC for the costs of initial processing, packaging, and delivery of program commodities to the States. [Sec. 204(b), EFAA]

House bill

Similar to present law except it applies the prohibition to bonus donations of Section 32 and CCC commodities, as well as those bought for the program.

Senate amendment

No provision.

Conference agreement

See Item #1 above.

23. STATE CHARGES

Present law

Prohibits States from charging for commodities made available to eligible recipient agencies and from passing along the cost of matching requirements. [Sec. 204(a)(5), EFAA]

House bill

Same as present law.

Senate amendment

No provision.

Conference agreement

See Item #1 above.

24. MANDATORY FUNDING FOR NUTRITION PROGRAM COMMODITIES

Present law

For each of fiscal years 1994–1996, requires $230,000 of Treasury funds not otherwise appropriated to be provided to the Secretary to purchase, process and distribute commodities that are low in saturated fats, sodium, and sugar, and a good source of calcium, protein, and other nutrients to 2 States, selected by the Secretary, to carry out a three year project to improve the health of low-income participants of TEFAP. Requires that commodities be easy for low-income families to store, use, and handle, and include low-sodium peanut butter, low-fat and low sodium cheese and canned meats, fruits, and vegetables. Also requires that $5000 of the amount provided be given to each of the participating States to help with administrative costs. [Sec. 13962 of OBRA, 1993]

House bill

No provision.

Senate amendment

Extends this requirement through FY2002.

Conference agreement

The Conference agreement follows the House bill.

25. COMMODITY SUPPLEMENTAL FOOD PROGRAM (CSFP)—AUTHORIZATION

Present law

For each of fiscal years 1991—1995, authorizes the Secretary to purchase and distribute sufficient agricultural commodities with appropriated funds to maintain the traditional level of assistance for food programs including the supplemental food programs for women, infants, children, and the elderly. [Sec. 4(a), Agriculture and Consumer Protection Act of 1973]

House bill

Requires that $94.5 million of the amount appropriated for programs under this subtitle for the period FY 1996–2000 be used each fiscal year to purchase and distribute commodities to supplemental feeding programs for women, infants, and children, or elderly individuals participating in the commodity supplemental food program.

Senate amendment

Extends present law authority through FY2002.

Conference agreement

The Conference agreement follows the Senate amendment.

26. CSFP ADMINISTRATIVE FUNDING

Present law

Requires the Secretary to provide administrative funds to State and local agencies administering the CSFP for each of fiscal

years 1991–1995. Authorizes appropriations in an amount equal to not more than 20% of the value of commodities purchased for the program. [Sec. 5(a) Agriculture and Consumer Protection Act of 1973]

Defines administrative costs to include expenses for information and referral, operation, monitoring, nutrition education, start-up costs, and general administration (including staff, warehouse, and transportation personnel, insurance and administration of the State or local office. [Sec. 5(c), Agriculture and Consumer Protection Act of 1973]

House bill

Requires that not more than 20% of the funds made available for commodity purchase and distribution for the CSFP be made available to States for the State and local payments of costs associated with the distribution of commodities by CSFP agencies.

Senate amendment

Extends present law authority through FY2002.

Conference agreement

The Conference agreement follows the Senate amendment.

27. CSFP—COMMODITY PURCHASES AND ADVANCE WARNING

Present law

Permits the Secretary to determine the types, varieties, and amounts of commodities purchased for the CSFP, but requires the Secretary to report to the House and Senate Agriculture Committees plans for significant changes from commodities available or planned at the beginning of the fiscal year before implementing such changes.

House bill

Same as present law.

Senate amendment

No provision.

Conference agreement

The Conference agreement follows the Senate amendment.

28. CHEESE AND NONFAT DRY MILK

Present law

In each of fiscal years 1991–1995, the CCC is required to provide at least 9 million pounds of cheese and 4 million pounds of nonfat dry milk (to the extent inventory levels permit), for the Secretary to use, before the end of each fiscal year, to carry out the CSFP. [Sec. 5(d)(2), Agriculture and Consumer Protection Act of 1973]

House bill

Implements this present law provision for fiscal years 1996–2000, otherwise it is exactly the same as present law.

Senate amendment

Extends present law provision through FY2002.

Conference agreement

The Conference agreement follows the Senate amendment.

29. ADDITIONAL CSFP SITES

Present law

Requires the Secretary to approve additional sites each fiscal year, including sites serving the elderly, in areas where the program does not operate to the full extent that applications can be approved within the funding available, and without reducing participation levels (including the elderly) in areas where the program is in effect. [Sec. 5(f), Agriculture and Consumer Protection Act of 1973]

House bill

Same as present law.

Senate amendment

No provision.

Conference agreement

The Conference agreement follows the Senate amendment.

30. ADDITIONAL RECIPIENTS

Present law

Permits a local agency to serve low-income elderly persons, with the approval of the Secretary, if it determines that the amount of assistance it receives is more than is needed to provide assistance to women, infants and children. [Sec. 5(g), Agriculture and Consumer Protection Act of 1973]

House bill

Same as present law.

Senate amendment

No provision.

Conference agreement

The Conference agreement follows the Senate amendment.

31. COMMODITY PRICE INCREASES

Present law

Requires the Secretary to determine the decline in the number of persons able to be served by the CSFP if the price of one or more commodities purchased for the program is significantly higher than expected; to promptly notify State agencies operating programs of the decline; and ensure that State agencies notify local agencies of the decline. [Sec. 5(j)(1) and (2), Agriculture and Consumer Protection Act of 1973]

House bill

Same as present law.

Senate amendment

No provision.

Conference agreement

The Conference agreement follows the Senate amendment.

32. AFFECT OF CSFP COMMODITIES ON OTHER RECIPIENT AGENCIES

Present law

No provision.

House bill

Stipulates that commodities distributed to CSFP agencies under this section not be considered when determining commodity allocations to States for other eligible recipient agencies receiving commodities under this Act, or in following the priority for distribution of commodities to such agencies.

Senate amendment

No provision.

Conference agreement

The Conference agreement follows the Senate amendment.

33. COMMODITIES NOT INCOME

Present law

Specifies that commodities distributed under this Act not be considered income or resources for any purposes under Federal, State, or local law. [Sec. 206, EFAA]

House bill

Similar to present law, but narrower. Specifies that receipt of commodities cannot be considered in "determining eligibility for any Federal, State, or local "means-tested program," instead of the broader "any purposes" outlined in present law.

Senate amendment

No provision.

Conference agreement

The Conference agreement follows the Senate amendment.

34. PROHIBITION ON STATE CHARGES

Present law

Prohibits States from charging eligible recipient agencies any amount that exceeds the difference between the State's direct costs of storing and transporting commodities to recipient agencies and the amount of funds provided for this purpose by the Secretary. [Sec. 208, EFAA]

House bill

Same as present law.

Senate amendment

No provision.

Conference agreement

The Conference agreement follows the Senate amendment.

35. DEFINITIONS

A. Average Monthly Number of Unemployed Persons

Present law

The average monthly number of unemployed persons within a State in the most recent fiscal year for which information is available, as determined by the Bureau of Labor Statistics of the Department of Labor. [Sec. 2143(b), EFAA]

House bill

Same as present law.

Senate amendment

No provision.

Conference agreement

The Conference agreement follows the House bill with an amendment providing that all definitions included in the TEFAP and soup kitchen/food bank program will be included in the revised TEFAP.

B. Elderly Persons

Present law

No provision.

House bill

Defines "elderly persons" to mean persons 60 years or older.

Senate amendment

No provision.

Conference agreement

See Item 35A above.

C. Eligible Recipient Agencies; Emergency Feeding Organizations

Present law

Combines definition of "eligible recipient agencies" and "emergency feeding organizations, as follows: "Eligible recipient agency" means public or non-profit organizations that administer activities or projects providing nutrition assistance to relieve situations of emergency and distress through the provision of food to needy persons (including those in charitable institutions, food banks, hunger

centers, soup kitchens, and similar non-profit recipient agencies (hereinafter referred to as "emergency feeding organizations"); and school lunch, summer camps, and child nutrition meal service, elderly feeding programs, CSFP, charitable institutions for the needy, and disaster relief. [Sec. 201A, EFAA]

House bill

Similar to present law, but separates into two separate definitions, as follows: Defines "eligible recipient agency" to mean a public or non-profit organization that administers:

An institution operating a CSFP;

An emergency feeding organization (EFO);

A charitable institution (including a hospital and a retirement home, but excluding a penal institution) serving need persons;

A summer camp for children or a child nutrition food service program;

An elderly feeding program; or

A disaster relief program.

Defines "emergency feeding organization" to mean public or private organizations that administer activities and projects (including charitable institutions, food banks and pantries, hunger relief centers, soup kitchens, or similar non-profit eligible agencies) providing nutrition assistance to relieve situations of emergency and distress by providing food to needy persons, including low-income and unemployed persons.

Senate amendment

No provision.

Conference agreement

See Item 35A above.

D. Food Bank

Present law

The term "food bank" means a public and charitable institution that maintains an established operation providing food to food pantries, soup kitchens, hunger relief centers, or other feeding centers that provide meals or food to feed needy persons on a regular basis as an integral part of their normal activity. [Sec. 110, Hunger Prevention Act of 1988]

House bill

Same as present law.

Senate amendment

No provision.

Conference agreement

See Item 35A above.

E. Food Pantry

Present law

Defines "food pantry" to mean a public or private nonprofit organization distributing food (including other than USDA food) to low-income and unemployed households to relieve situations of emergency and distress. [Sec. 110, Hunger Prevention Act of 1988]

House bill

Same as present law.

Senate amendment

No provision.

Conference agreement

See Item 35A above.

F. Needy Persons

Present law

No provision.

House bill

Defines "needy persons" to mean individuals who have low incomes or are unemployed as determined by the State, as long as this is not higher than 185% of the poverty line; households certified as food stamp participants or individuals participating in other Federally-supported means-tested programs.

Senate amendment

No provision.

Conference agreement

See Item 35A above.

G. Poverty Line

Present law

The term "poverty line" is the same as the term used in Section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)). [Sec. 110, Hunger Prevention Act]

House bill

Same as present law.

Senate amendment

No provision.

Conference agreement

See Item 35A above.

H. Soup Kitchen

Present law

The term "soup kitchen" means a public and charitable institution that, as an integral part of its normal activities, maintains an established feeding operation for needy homeless persons on a regular basis. [Sec. 110, Hunger Prevention Act]

House bill

Same as present law.

Senate amendment

No provision.

Conference agreement

See Item 35A above.

36. REGULATIONS

Present law

Requires the Secretary to issue regulations within 30 days to implement this subtitle; to minimize to the extent practicable the regulatory, recordkeeping and paperwork requirements imposed on eligible recipient agencies, to publish in the Federal Register as early as feasible, but not later than the beginning of each fiscal year, an estimate of the types and quantitites of commodities anticipated to be available; and to include in regulations provisions that set standards relating to liability for commodity losses when there is no evidence of negligence or fraud, and establish conditions for payment to cover such losses, taking into account the special needs and circumstances of the recipient agencies. [Sec. 210, EFAA]

House bill

Similar to present law except provides 120 days for Secretary to issue regulations and includes reference to "non-binding" nature of Secretary's estimates of donations.

Senate amendment

No provision.

Conference agreement

The Conference agreement follows the Senate amendment.

37. FINALITY OF DETERMINATIONS

Present law

Specifies that determinations made by the Secretary concerning the types and quantities of commodities donated under this subtitle, when in conformance with applicable regulations, be final and conclusive and not reviewable by any other officer or agency of the Government. [Sec. 211, EFAA]

House bill

Same as present law.

Senate amendment

No provision.

Conference agreement

The Conference agreement follows the Senate amendment.

38. PROHIBITION ON SALE OF COMMODITIES

Present law

Prohibits the sale or disposal of commodities in commercial channels in any form, except as permitted under Section 517 for in-kind payment of initial processing costs by the CCC. [Sec. 205(b), EFAA]

House bill

Same as present law.

Senate amendment

No provision.

Conference agreement

The Conference agreement follows the Senate amendment.

39. SETTLEMENT OF CLAIMS

Present law

Gives the Secretary or designee authority to determine the amount of, settle and adjust any claim arising under this subtitle, and waive any claim when the Secretary determines it will serve the purposes of this Act. Specifies that nothing in this Act diminishes the authority of the Attorney General to conduct litigation on behalf of the United States. [Sec. 215, EFAA]

House bill

Same as present law.

Senate amendment

No provision.

Conference agreement

The Conference agreement follows the Senate amendment.

40. REPEALERS AND AMENDMENTS

Present law

No provision.

House bill

Repeals the Emergency Food Assistance Act of 1983.

In the Hunger Prevention Act of 1988, strikes Section 110 (soup kitchens and food banks); Subtitle C of Title II (Food processing and distribution); and Section 502 (food bank demonstration project).

Stikes Section 4 of the Commodity Distribution Reform Act of 1987 (Food bank demonstration).

Strikes Section 3 of the Charitable Assistance and Food Bank Act of 1987.

Amends the Food Security At of 1985 by striking Section 1571, and striking Section 4 of the Agriculture and Consumer Protection Act (CSFP) and inserting Section 110 of the Commodity Distribution Act of 1995.

In the Agriculture and Consumer Protection Act of 1973: In Section 4(a) strikes "institutions (including hospitals and facilities caring for needy infants and children) supplemental feeding programs serving women, infants, and children, and elderly, or both, wherever located, disaster areas, summer camps for children" and inserting "disaster areas;" In subsection 4(c) strikes "the Emergency Food Assistance Act of 1983" and inserts "The Commodity Distribution Act of 1995"; and strikes Section 5.

In the Food Agriculture, Conservation, and Trade Act of 1990, strikes Section 1773(f).

Senate amendment

No provision.

Conference agreement

The Conference agreement follows the Senate amendment with an amendment repealing section 110 (soup kitchens and food banks), subtitle C of title III (food processing and distribution), and section 502 (food bank demonstration project) of the Hunger Prevention Act of 1988, and section 3 (food bank demonstration) of the Charitable Institution and Food Bank Act of 1987.

TITLE XI. MISCELLANEOUS

1. EXPENDITURE OF FEDERAL FUNDS IN ACCORDANCE WITH LAWS AND PROCEDURES APPLICABLE TO EXPENDITURE OF STATES FUNDS (SUBTITLE A—SECTION 1101)

Present law

According to the National Conference of State Legislatures, there currently are six States in which Federal funds go to the Governor rather than the State legislature. Those States are Arizona, Colorado, Connecticut, Delaware, New Mexico, and Oklahoma.

House bill

No provision.

Senate amendment

Stipulates that funds from certain Federal block grants to the States are to be expended in accordance with the laws and procedures applicable to the expenditure of the State's own resources, (i.e., appropriated through the State legislature in all States). This provision applies to the following block grants: temporary assistance to needy families block grant under title I, the optional State food assistance block grant under title III, and the child care block grant under title VI of the Senate amendment. Thus, in the States in which the Governor previously had control over Federal funds,

the State legislatures now would share control according to State laws regarding State expenditures.

Conference agreement

The conference agreement follows the Senate amendment.

2. ELIMINATION OF HOUSING ASSISTANCE WITH RESPECT TO FUGITIVE FELONS AND PROBATION AND PAROLE VIOLATORS (SUBTITLE A—SECTION 1102)

Present law

No provision.

House bill

No provision.

Senate amendment

Ends eligibility for public housing and Section 8 housing assistance of a person who is fleeing to avoid prosecution after conviction for a crime, or attempt to commit a crime, that is a felony where committed (or, in the case of New Jersey, is a high misdemeanor), or who is violating a condition of probation or parole. The amendment states that the person's flight shall be cause for immediate termination of their housing aid.

Requires specified public housing agencies to furnish any Federal, State, or local law enforcement officer, upon the request of the officer, with the current address, social security number, and photograph (if applicable) of any SSI recipient, if the officer furnishes the public housing agency with the person's name and notifies the agency that the recipient is a fugitive felon (or in the case of New Jersey a person fleeing because of a high misdemeanor) or a probation or parole violator or that the person has information that is necessary for the officer to conduct his official duties, and the location or apprehension of the recipient is within the officer's official duties.

Conference agreement

The conference agreement follows the Senate amendment.

3. SENSE OF THE SENATE REGARDING ENTERPRISE ZONES (SUBTITLE A—SECTION 1103)

Present law

No specific provision. However, as stated, the provisions outlined in the Sense of the Senate language already can be done under present law.

House bill

No provision.

Senate amendment

Outlines findings related to urban centers and empowerment zones and includes sense of the Senate language that urges the 104th Congress to pass an enterprise zone bill that provides Federal tax incentives to increase the formation and expansion of

small businesses and to promote commercial revitalization; allows localities to request waivers to accomplish the objectives of the enterprise zones; encourages resident management of public housing and home ownership of public housing; and authorizes pilot projects in designated enterprise zones to expand the educational opportunities for elementary and secondary school children.

Conference agreement

The conference agreement follows the senate amendment.

4. SENSE OF THE SENATE REGARDING THE INABILITY OF THE NON-CUSTODIAL PARENT TO PAY CHILD SUPPORT (SUBTITLE A—SECTION 1104)

Present law

No provision.

House bill

No provision.

Senate amendment

It is the sense of the Senate that States should pursue child support payments under all circumstances even if the noncustodial parent is unemployed or his or her whereabouts are unknown; and that States are encouraged to pursue pilot programs in which the parent of a minor non-custodial parent who refuses or is unable to pay child support contribute to the child support owed.

Conference agreement

The conference agreement follows the Senate amendment.

5. FOOD STAMP ELIGIBILITY (SUBTITLE A—SECTION 1105)

Present law

For purposes of determining eligibility and benefits under the Food Stamp program, the income—less a pro rata share—and financial resources of an ineligible alien are included in the income and resources of the household of which the alien is a member. [Sec. 6(f) of the Food Stamp Act]

House bill

No provision.

Senate amendment

Permits States to include all of an ineligible alien's income and resource in the income and resources of the household of which the alien is a member. (Note: This provision applies only to those aliens made ineligible under present food stamp law, not to those who might be made ineligible for food stamps under new provisions in Senate amendment.)

Conference agreement

The conference agreement follows the Senate amendment.

6. SENSE OF THE SENATE ON LEGISLATIVE ACCOUNTABILITY FOR UNFUNDED MANDATES IN WELFARE REFORM LEGISLATION

Present law

P.L. 104–4, the Unfunded Mandates Reform Act of 1995, enacted March 22, 1995, responds to the concern of many State and local officials regarding costs placed upon them by "unfunded mandates." The Act addresses this issue by requiring the Congressional Budget Office (CBO) to estimate the costs to State, local, and tribal governments and the private sector of unfunded intergovernmental mandates that exceed a specified amount and to make the information available to the Congress before a final vote on a given piece of legislation is taken.

House bill

No provision.

Senate amendment

Includes the "purposes" section of P.L. 104–4 as findings and states that it is the Sense of the Senate that before the Senate acts on the conference agreement on H.R. 4 (or any other welfare reform legislation), CBO include in its 7-year estimates the costs to States of meeting all work requirements (and other requirements) in the conference agreement, including those for single-parent families, two-parent families, and those who have received cash assistance for 2 years; the resources available to the State to meet these work requirements and what States are projected to spend under current welfare law; and the amount of additional revenue needed by the States to meet the work requirements. In addition, the Senate would like CBO to estimate how many States would pay a penalty rather than raise the additional revenue needed to comply with the specified work requirements.

Conference agreement

The conference agreement follows the House bill (no provision).

7. SENSE OF THE SENATE REGARDING COMPETITIVE BIDDING FOR INFANT FORMULA

Present law

Under the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), States must carry out cost containment measures in procuring infant formula (and, where practicable, other foods). Cost containment must be by competitive bidding or another method that yields equal or greater savings. Any cost savings may be used by the State for WIC program purposes. [Sec. 17(b) and (h) of the Child Nutrition Act]

House bill

With respect to assistance provided to women, infants, and young children under the Family Nutrition Block Grant, States are required to establish and carry out a cost containment system for procuring infant formula. States must use cost containment savings for any of the activities supported under the Family Nutrition

Block Grant and must report on their system and the estimated cost savings compared to the previous year.

Senate amendment

Includes findings on the success of the WIC program in: improving the health status of women, infants, and children, saving Medicaid expenditures, and establishing the importance of infant formula manufacture rebates in helping to fund the WIC program. The amendment states that it is the sense of the Senate that any legislation enacted by Congress must not eliminate or in any way weaken present competitive bidding requirements for the purchase of infant formula supported with Federal funds.

Cjonference agreement

The conference agreement is to drop the provision on competitive bidding for infant formula.

8. ESTABLISHING NATIONAL GOALS TO PREVENT TEENAGE PREGNANCIES (SUBTITLE A—SECTION 1106)

A. Goals

Present law

No provision.

House bill

No provision.

Senate amendment

Requires the Secretary of HHS to establish and implement by January 1, 1997, a strategy for:

(1) preventing an additional 2 percent of out-of-wedlock teenage pregnancies a year; and

(2) assuring that at least 25 percent of U.S. communities have teenage pregnancy programs in place.

HHS is required to report to Congress by June 30, 1998, on progress made toward meeting these 2 goals.

Conference agreement

The conference agreement follows the Senate amendment, but eliminates the reference to "an additional 2 percent" in (1).

B. Prevention Programs

Present law

The Social Services block grant (SSBG) (sec. 2002 of SSA, 42 USC 1397a) entitles States to an allotment for services not limited to, but including: child day care; protective services for children and adults; services for children and adults in foster care; home management services; adult day care; transportation; family planning services; training and related services; employment services; information, referral and counseling; meal preparation and delivery; health support services; and, combinations of services to meet the special needs of children, the aged, the mentally retarded, the blind, the emotionally disturbed, the physically handicapped, alco-

holics, and drug addicts. Also, Title XX of the Public Health Service Act establishes the Adolescent Family Life (AFL) program to encourage adolescents to delay sexual activity and to provide services to alleviate the problems surrounding adolescent parenthood. One-third of all funding for AFL program services go to projects that provide "prevention services." The purpose of the prevention component is to find effective means within the context of the family of reaching adolescents, both male and female, before they become sexually active to maximize the guidance and support of parents and other family members in promoting abstinence from adolescent premarital sexual relations. (The FY 1995 appropriation for AFL was $6.7 million.)

House bill

No provision.

Senate amendment

Amends the Social Services block grant (SSBG) (sec. 2002 of the Social Security Act) to require the Secretary to conduct a study of the relative effectiveness of different State programs to prevent out-of-wedlock and teenage pregnancies and to require States conducting programs under this provision to provide data required by the Secretary to evaluate these programs.

Conference agreement

The conference agreement follows the House bill (no provision).

9. SENSE OF THE SENATE REGARDING ENFORCEMENT OF STATUTORY RAPE LAWS (SUBTITLE A—SECTION 1107)

Present law

No provision.

House bill

No provision.

Senate amendment

Includes Sense of the Senate that States and local jurisdictions should aggressively enforce statutory rape laws.

Conference agreement

The conference agreement follows the Senate amendment.

10. SANCTIONING FOR TESTING POSITIVE FOR CONTROLLED SUBSTANCES (SUBTITLE A—SECTION 1108)

Present law

Eligibility and benefit status for most of the Federal welfare programs are not affected by a recipient's use of illegal drugs. Even under the SSI program, as long as a recipient who is classified as a drug addict or alcoholic participates in an approved treatment plan when so directed and allows his or her treatment to be monitored, he or she is in compliance with the SSI rules, and in most cases the SSI benefit would continue without interruption.

House bill

No provision.

Senate amendment

Stipulates that States shall not be prohibited by the Federal Government from sanctioning welfare recipients who test positive for use of controlled substances.

Conference agreement

The conference agreement follows the Senate amendment.

11. ABSTINENCE EDUCATION (SUBTITLE A—SECTION 1109)

Present law

The Maternal and Child Health (MCH) block grants (title V of the SSA, 42 U.S.C. 701) provides grants to States and insular areas to fund a broad range of preventive health and primary care activities to improve the health status of mothers and children, with a special emphasis on those with low income or with limited availability of health services. Sec. 502 includes a set-aside program for projects of national or regional significance. (The FY 1995 appropriation for MCH was $684 million.) See also: Title XX of the Public Health Service Act establishes the Adolescent Family Life (AFL) program to encourage adolescents to delay sexual activity and to provide services to alleviate the problems surrounding adolescent parenthood. One-third of all funding for AFL program services goes to projects that provide "prevention services." The purpose of the prevention component is to find effective means within the context of the family of reaching adolescents, both male and female, before they become sexually active to maximize the guidance and support of parents and other family members in promoting abstinence from adolescent premarital sexual relations. (The FY 1995 appropriation for AFL was $6.7 million.)

House bill

No provision.

Senate amendment

Amends the Maternal and Child Health (MCH) block grants (title V of the SSA) to set aside $75 million to provide abstinence education—defined as an educational or motivational program that has abstaining from sexual activity as its exclusive purpose—and to provide at the option of the State mentoring, counseling and adult supervision to promote abstinence with a focus on those groups most likely to bear children out-of-wedlock. Also increases the authorization level of MCH to $761 million.

Conference agreement

The conference agreement follows the Senate amendment.

12. PROVISIONS TO ENCOURAGE ELECTRONIC BENEFIT TRANSFER SYSTEMS (SUBTITLE A—SECTION 1110)

Present law

In 1978, Congress passed the Electronic Fund Transfer Act to provide a basic framework establishing the rights, liabilities, and responsibilities of participants in electronic fund transfer systems and required the Federal Reserve Board to develop implementing regulations, which generally are referred to as Regulation E.

House bill

The House bill exempts from Regulation E requirements any electronic benefit transfer program (distributing needs-tested benefits) established under State or local law or administered by a State or local government.

Senate amendment

See Sec. 320 in Senate amendment, which exempts from Regulation E any food stamp electronic benefit transfers.

Conference agreement

The conference agreement follows the House bill.

13. SOCIAL SERVICES BLOCK GRANT (SUBTITLE A—SECTION 1111)

Present law

The Social Services Block Grant (Title XX) provides funds to States in order to provide a wide variety of social services, including:

(1) Child care;
(2) Family planning;
(3) Protective services for children and adults;
(4) Services for children and adults on foster care; and
(5) Employment services.

States have wide discretion over how they use Social Services Block Grant funds. States set their own eligibility requirements and are allowed to transfer up to 10 percent of their allotment to certain Federal health block grants, and for low-income home energy assistance (LIHEAP).

States can also use their block grant funds for staff training in the field of social services. This includes training at workshops, conferences, seminars, and educational institutions.

Funding for the Social Services Block Grant is capped at $2.8 billion a year. Funds are allocated among States according to the State's share of its total population. No State matching funds are required to receive Social services Block Grant money.

House bill

No provision.

Senate amendment

Beginning in FY 1997, the Social Services Block Grant will be reduced by 20 percent.

Conference agreement

The House recedes to the Senate amendment, with the modification that the Social Services Block Grant will be reduced by only 10 percent.

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